



Innovate, Research, Repeat

New York City's Center for Economic Opportunity

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Over the past four years, the New York City Center for Economic Opportunity (CEO) has become a leader in the fight against poverty; indeed, the federal government is adopting practices and strategies based on some of its experiences. CEO is an interesting case study because it's an incubator of new antipoverty ideas, because it's committed to testing those ideas, and because it's committed to making real headway in reducing poverty in the near term. No other city has an in-house operation of this sort. And as such, it's worthwhile to step back and assess what we've learned about fighting poverty from CEO.

At its core, CEO is about two fundamental principles: innovation and testing. CEO has a special interest in testing new ideas and in expanding, developing, and improving old ones. It's also committed to rigorously examining which of our approaches are working and which aren't, and to using the knowledge gained from both our successes *and* our failures to refine our strategies. In the pages that follow, we offer up some of the lessons learned from CEO's approach, not just from the particulars of our successes and failures, but also from our overall philosophy and institutional commitment to fighting poverty in New York City.

First, a few words on what CEO does: It develops new anti-poverty initiatives out of the New York City Mayor's Office. This small, innovative unit works with other City agencies to develop new initiatives and measure the results of those initiatives. CEO supports programs that build human capital and promote economic stability, such as education, employment, asset development, and health projects. Its interventions are based on new ideas, evolutions of local programs, and established evidence-based models; each is carefully monitored and evaluated.

CEO accomplishes these tasks through an annual "innovation fund" of approximately \$100 million in public and private funding; these resources are allocated among up to 20 City agency partners who deliver services alongside contracted nonprofits and other vendors. CEO revisits its funding decisions each year, based on performance, and allocates resources to projects with the greatest capacity to reduce poverty, fulfill unmet needs, and drive change. No agency, program, or particular population has a claim on the funding. CEO's view is that innovation and results should determine where the money goes.

What's Working?

Let's start with CEO's success stories. For us to deem a program successful, it must establish real participant impacts, and the partner agencies need to demonstrate their financial commitment and how they intend to integrate the program into their operations. Several CEO programs have attained this threshold and have fully transitioned out of the innovation fund and into ongoing City agency operations. CEO is also replicating its programs in several other cities with the support of a prestigious federal Social Innovation Fund (SIF) grant. The goal of the SIF is to build national evidence for programs with the potential for transformative social change in the form of meaningful impact, the potential for broad applicability, and cost savings through efficiency gains. The following are some of the programs that CEO has developed that demonstrate national policy potential.

SaveNYC offers a matched savings account to low-income tax filers, building on the opportunity for savings created by the Earned Income Tax Credit (EITC), the federal refundable tax credit that provides extra income support to low-income workers. The program is one of several strategic pilots developed by the Office for Financial Empowerment, a new unit funded by

CEO located in the City's Department of Consumer Affairs. Program participants receive a 50 percent match up to \$500 if they deposit at least \$200 from their tax refund into a Save Account and maintain the initial deposit for one year.

Capitalizing on lessons learned from behavioral economics, the SaveNYC Account limits choices, encourages individuals to save by facilitating a separate account for savings, and simplifies the process of committing to save, while creating certain obstacles and disincentives for withdrawing funds. The one-time decision to forego a portion of their EITC refund, combined with limited access to the account and a generous match, is designed to promote short-term savings, with the intention of moving individuals on a path toward longer-term savings and greater financial stability. The program was also designed to be easily scalable by building on the infrastructure of existing tax filing mechanisms.

Over three years, the SaveNYC Account program successfully encouraged New Yorkers with low incomes to build savings at tax time. Approximately 2,200 New Yorkers with low incomes chose to participate in the SaveNYC program, fully exhausting private matching dollars available and saving \$1.4 million in total, with an average savings of \$561. Approximately 80 percent of participants saved for the full one-year term, despite incomes averaging approximately \$17,000. Additionally, 70 percent of participants maintained their accounts beyond their program term, and 30 percent participated again in the program the following year.

Based on this evidence, SaveNYC is now available to eligible tax filers at volunteer tax preparation sites in New York City, Tulsa, San Antonio, and Newark, as part of CEO's SIF project. Now named "SaveUSA," the program is undergoing a random assignment evaluation to test the impact of tax-time savings on long-term saving, total asset holdings, and debt.

Accelerated Study in Associate Programs (ASAP) is designed to overcome barriers to graduation and to help low-income community college students graduate as quickly as possible. The program requires full-time study and offers academic counseling and a limited number of majors so that students don't waste valuable time and loan resources. Students are supported through peer cohorts, convenient block scheduling, and tutoring, and financial supports pay for books and transportation and make up any difference between financial aid and tuition.

ASAP resulted in 55 percent of students completing their associate's degrees in three years. This is a sharp difference from the nationwide community college graduation rate of approximately 20 percent and the 24 percent graduation rate of a comparison group of similar students. ASAP graduates overwhelmingly credit financial incentives and comprehensive counseling as key to their ability to complete their associate's degrees in record time. Based on these promising results, CUNY raised additional private funds to support additional students, as well

as a five-year random-assignment evaluation of the program to assess whether it is helping low-income community college students complete their degrees and ultimately succeed in the labor force (or four-year colleges) thereafter.

WorkAdvance is a sector-focused workforce development model to help unemployed and low-wage working adults increase their employment and earnings. By focusing on a particular industry, each site develops strong employer relationships and an expertise in the career paths within particular sectors and the skills and training requirements required for specific positions. Active follow-up and advancement services encourage participants to return to the program as they seek further opportunities.

WorkAdvance draws upon lessons from two CEO programs (its Sector-Focused Career Centers and Advance at Work) and several recent studies of sectoral training programs. The Transportation Center targets low-income individuals who are interested in higher-wage occupations with career advancement potential within the transportation sector. Examples of such occupations include baggage handlers, mechanics, commercial truck drivers, and customer service representatives. The focus of the transportation center is both to provide new jobs to job-seekers and to provide training and support to help incumbent workers advance. Advance at Work is designed to help low-income workers move out of poverty by providing them with career advancement services, facilitated access to benefits and work supports, training and education, and financial literacy and asset-building activities. A quasi-experimental analysis conducted by Westat showed that both CEO's Transportation Center and Advance at Work participants were more likely to be placed in jobs, earn more, and work more hours per week than those in traditional career centers.

These findings echo a multisite random assignment evaluation of sectoral training programs by Public/Private Ventures, which also showed large impacts of the approach on earnings. Moving forward, MDRC's WorkAdvance evaluation will test whether combining these promising features of prior models will produce larger effects on career advancement and economic security.

Although these are seemingly diverse programs, they share several important features. Most programs have three key pillars: *education, employment, and support services*. We have found these three robust program elements to be the most important

in re-engaging disconnected young adults and in increasing the wages of low-income workers, our target populations. This set of priorities focuses providers and participants on key activities and outcomes.

Each program also provides *realistic pathways* that lead toward long-term economic stability. So, for example, a modest savings program can help low-wage workers open bank accounts and establish savings to help weather a crisis or lead towards more ambitious savings goals such as education or homeownership. Or in the workforce development field, sector centers can either quickly place individuals in sectors with potential for advancement, or—for those ready to invest the time in training—can help them to gain new skills that lead to higher wages.

Many CEO programs embed *incentives* into the structure to sustain participation in activities with long-term benefits. These incentives eliminate barriers that too often get in the way—the need for transportation funds, part-time subsidized jobs for students, or incentive payments that offset out-of-pocket medical expenses. Incentives range from subsidized jobs to a \$40 reward for opening a bank account.

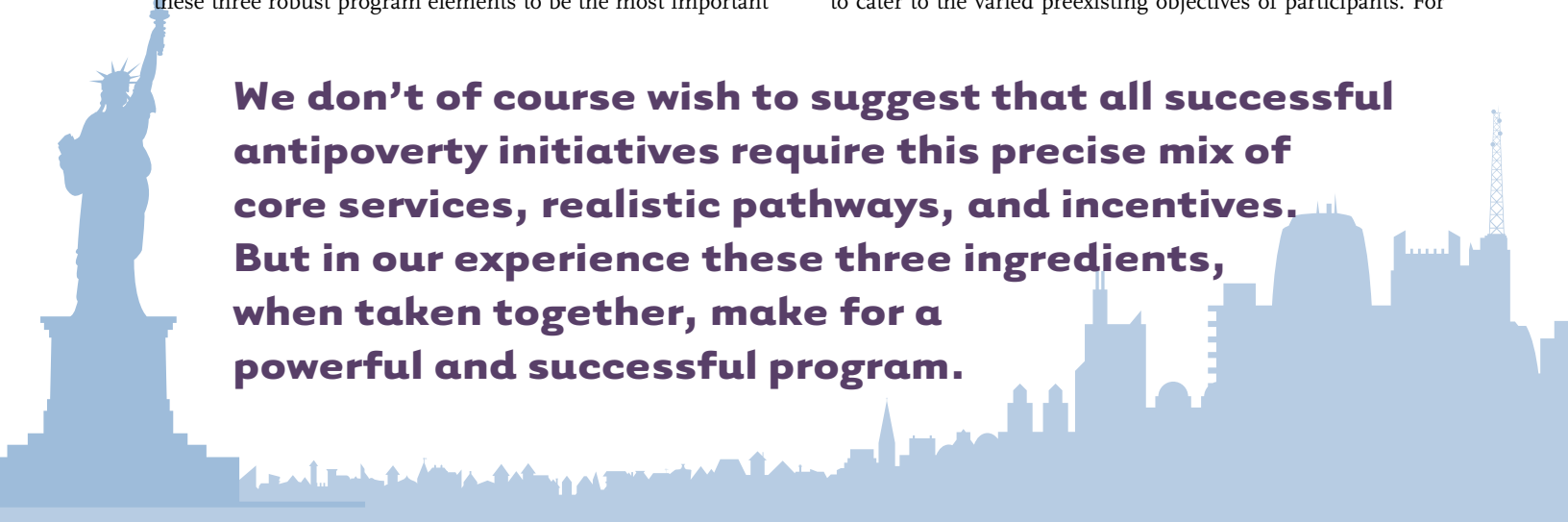
We don't of course wish to suggest that all successful anti-poverty initiatives require this precise mix of core services, realistic pathways, and incentives. But in our experience these three ingredients, when taken together, make for a powerful and successful program.

What Hasn't Worked?

Early on in the classic novel *Anna Karenina*, Leo Tolstoy writes, "Happy families are all alike; every unhappy family is unhappy in its own way." It's similar when it comes to antipoverty programs: If, as noted above, the successful program tends to combine incentives, simple choices, and realism, the unsuccessful program can, by contrast, be unsuccessful for any number of reasons. The pathways to failure are many and varied, and it is therefore difficult to derive any simple summary of why some of our programs have failed.

We can instead provide some examples. But it should be borne in mind that our observations aren't based on experimental assessments and hence must be understood as tentative.

The first lesson: *A cheap, narrow-gauge program won't typically work for a complex problem*. Although some amount of simplicity is a virtue, it's obviously important to offer enough support to cater to the varied preexisting objectives of participants. For



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example, we eliminated several GED programs that did not combine GED preparation with college preparation or a subsidized job. Without this more comprehensive mix of services, the programs did not attain the level of results or innovation that we require.

The second lesson: *Implementation matters*. An unsurprising theme across our programs is that quality implementation and oversight are as important as good ideas. Through careful management and attention to performance data, it has sometimes been possible to quickly identify and correct problems. In other cases, agencies had to terminate individual contracts for failing to perform. Take, for example, the Supportive Basic Skills Program, a literacy program for young adults leaving Rikers Island. The provider selected to implement the program was going through several leadership changes and was also poorly implementing an out-of-date curriculum. When these problems were identified, the contract was not renewed.

Out of over 40 projects launched, we've discontinued or completed 12 programs. Several of these were intended from the start as time-limited pilots, such as outreach efforts and the development of an on-line training directory. Others were worthwhile experiments that didn't ultimately earn their keep. One important lesson that we have learned is that, especially in an era of budget cuts, identifying and terminating failing programs allows good programs to receive the funding they need to thrive.

Stepping Back

CEO itself is a distinctive organization, and some of its success may be attributed to the institution of CEO itself. We thus conclude by considering what makes CEO distinctive.

The first and perhaps most obvious distinction is that CEO had strong leaders. It grew out of the recommendations of a mayoral commission on poverty, the Commission on Economic Opportunity, which was chaired by Geoffrey Canada, President of the Harlem Children's Zone, and Richard Parsons, then-President of Time Warner, and included representatives from government, the private sector, leading nonprofit organizations, and academics. From the start, Mayor Michael Bloomberg asked for bold ideas, cautioning against approaches that entailed little more than some straightforward expansion of conventional safety net programs.

A second, but no less important, distinction is that CEO demonstrates a willingness to search widely for innovative ideas, not

just from academics, not just from policymakers, and not just from the usual array of interest groups. We found that a variety of city agencies often had extraordinary ideas, many of them pilots that fit into broader reform agendas. The Department of Finance, for example, offered to send completed tax forms to households whose earnings appeared to make them eligible for the Earned Income Tax Credit (EITC). In the first year, thousands of households signed and returned the forms, resulting in \$10 million in unclaimed credits from prior tax years. The IRS has since become an advocate for the strategy and is actively promoting it with other states, including a project that recently reached out to 46,000 Californians. We also identified promising programs in other parts of the world, such as Mexico's conditional cash transfer program or the Civic Justice Corps, a re-entry program from Oregon.

Our last point: CEO's deep commitment to program evaluation is founded on the premise that there's no one-size-fits-all evaluation regime. Instead, each CEO-funded program has an individual evaluation strategy that takes into account such variables as the quality of the available administrative data, the timing of expected program outcomes, the availability of appropriate comparison groups, the existing knowledge about a particular intervention, and our level of investment. We use such evaluation methods as simple participant focus groups, analyses of administrative data, and random assignment experiments.

Early on, CEO recognized the need to be strategic about its evaluation resources. While all programs are assessed, not all assessments require the same level of investment. Our approach relies heavily on performance monitoring, existing data, and "good enough" comparisons that enable us to invest in building evidence for our most promising programs and those for which data aren't readily available. We now have three random assignment evaluations underway and several more planned as part of our Social Innovation Fund projects.

CEO, then, is a rare experiment in itself, an experiment in how far evidence-based antipoverty initiatives will take us. Although we've all heard the standard mantras in defense of evidence-based policy, CEO offers perhaps the most tangible example to date of how that mantra can deliver.

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