

New York's Brand-new Conditional Cash Transfer Programme: What if it Succeeds?

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In 2007, emulating the Mexican experience, Mayor Bloomberg decided that New York City should also have its own conditional cash transfer programme (CCT). He named the programme Opportunity NYC after the Mexican *Oportunidades*. Is Opportunity NYC just one more CCT in the plethora of existing programmes? Or will it influence the way educational reforms have been traditionally conceptualized?

Considering the frustration in the US with past education policies, there are reasons to believe that, if Opportunity NYC succeeds, it will influence future reforms. There will be a policy shift from improving teacher quality and accountability to enhancing demand by buying student motivation.

Opportunity NYC comprises three different sub-programmes: (1) Opportunity NYC Family Rewards; (2) Opportunity NYC Work; and (3) Opportunity NYC Spark. Family Rewards is a programme in which both parents and children can obtain cash rewards for activities related to health, education and parental involvement in school. Work rewards are for recipients of housing vouchers. It provides monetary incentives for finding paid employment and enrolling in professional training courses.

This *One Pager* looks at the Spark sub-programme, which is the educational component. Spark is solely focused on low-income students in 4th and 7th grade and gives them cash rewards in exchange for academic performance. The programme is separately managed by the City's Department of Education. The Spark's conditions and rewards are as follows: "students in the fourth grade will receive up to \$25 for a perfect score on each of the 10 interim assessment tests taken throughout the year, up to a total of \$250. Seventh graders can earn up to \$50 per test for a maximum payment of \$500 per year" (Seedco, 2007).

When compared to other CCT programmes around the world, Opportunity NYC stands out for making conditions for cash transfers that are mostly performance-based. The logic behind transfer conditionalities, in the case of the Mexican *Oportunidades* and the Brazilian *Bolsa Familia*, is one of encouraging families to send their children to school as a way of breaking the intergenerational cycle of poverty. Their aim is to cope with the opportunity costs that children face to go to school. In contrast, Opportunity NYC focuses on improved academic performance as a condition for cash transfers. Despite not being the first CCT

programme to go beyond school attendance, it is certainly the first to place grades at the heart of conditionalities (Mexico, Argentina and the City of Bogota have already made transfers conditional on grade completion).

Although the programme looks like it is imported from Mexico, it was completely designed by the American Inequality Lab, led by Professor Roland Fryer from Harvard University. Fryer argues that poor children lack the incentives to perform well. He often states that they do not have a close example of the returns to investing in education. In his view, cash incentives can provide the real motivation for poor children to do better in school. This argument goes against the human capital view of education, which sees it as an investment. It also neglects the potential role of education as an empowering and liberating experience.

Opportunity NYC Spark addresses educational performance as if it were exclusively about parental and student effort and the availability of cash incentives. It does not tackle the limits of what students can achieve (no matter how motivated they are) due to, for instance, lack of teacher qualifications, violence in schools and scarcity of educational resources.

What then would be the implications of a successful Opportunity NYC? First, success will mean that the provision of cash incentives will be given priority in educational reforms, leaving aside the traditional emphasis on teaching practices, school finance and governance structures. Longstanding debates and educational research will shift to determining the exact cash amount needed to produce the highest test results. Second, performance-based conditions may spread beyond New York City borders, "contaminating" not only other US cities and states, but also CCTs in developing countries.

Consequently, what is considered a pioneering South-North cooperation between Mexico and New York, may have a boomerang effect. The South may be compelled to follow-suit after the NYC experience. If so, we need to be alarmed—supply side issues and quality of education will be set aside, focusing too much on cash-based and demand-side incentives.

Reference:

Seedco. (2007). *Mayor Bloomberg releases incentives schedule for Opportunity NYC, aimed at helping New Yorkers break the cycle of poverty*. Available at: <<http://www.seedco.org/newsreleases/newsrelease.php?id=49>>.