

**THE FEASIBILITY OF A CONDITIONAL CASH TRANSFER PROGRAM
IN PITTSBURGH**

by

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This policy paper recommends that Pittsburgh develop a small-scale pilot Conditional Cash Transfer (CCT) program. My research examines the local dynamics of poverty in Pittsburgh, and critics the poverty reduction strategies currently utilized. An analysis of the political barriers facing a proposed CCT program in Pittsburgh is included, and a political strategy concerning the development of a local CCT program is presented.

EXECUTIVE SUMMARY

As Pittsburgh continues its historic transition from an industrial based economy to one increasingly dependent on the highly skilled jobs of the service sector, many residents remain in poverty. According to the 2007 American Community Survey, 22% of the population of Pittsburgh lives below the poverty line. More alarming, a significant amount of those living in poverty are children.

The high rate of poverty in Pittsburgh represents a serious threat to the long-term social and economic health of the city. It is argued here that the current approach at poverty reduction, the safety net method, has proved to be ineffectual, and that an effective way of complementing that approach is to use monetary incentives to encourage participation in activities that build human capital and decrease the factors contributing to poverty.

This paper recommends that the city of Pittsburgh, the Allegheny County Department of Human Services, and the Pittsburgh Public Schools partner to develop a small scale pilot Conditional Cash Transfer (CCT) program to be implemented in conjunction with the proposed Homewood Children's Neighborhood. CCT programs, which have been implemented internationally and with much success, provide monetary payments to households when they complete specific activities aimed at breaking the cycle of poverty. A local CCT program would complement the mission of the Homewood Children's Village, which is to provide comprehensive services to impoverished families and children.

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1.0 INTRODUCTION

The greater Pittsburgh region thrived for decades as the center of the U.S. steel industry. But in the 1980s, Pittsburgh experienced a dramatic economic change. The steel industry in the region failed to compete with international companies with cheaper labor costs and domestic competitors more adept to the technological changes of the industry. Allegheny County, lacking a diversified economy, lost more than 142,000 manufacturing jobs from 1978 to 1998.

Impressively, Pittsburgh reinvented itself in the late 1980s as a hub for the healthcare and education industries and as an emerging center for high technology businesses and research. In the year 2000, there were more than 350,000 service industry workers in Allegheny County, while the manufacturing jobs numbered just over 60,000¹. This rapid movement toward a more highly skilled service-based economy also reflected corresponding global economic trends.

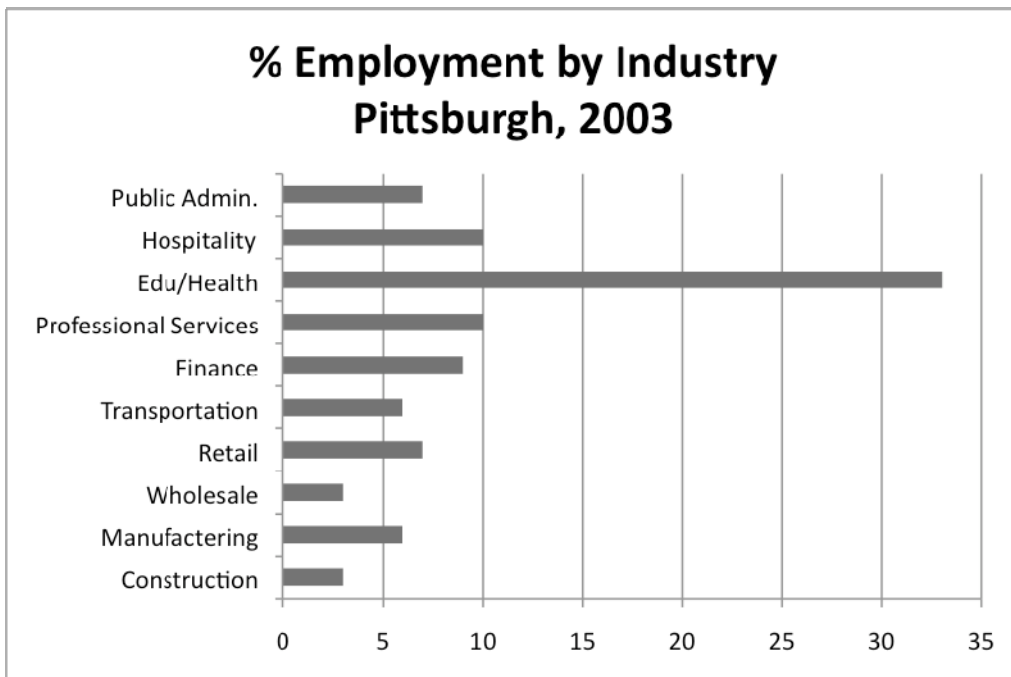
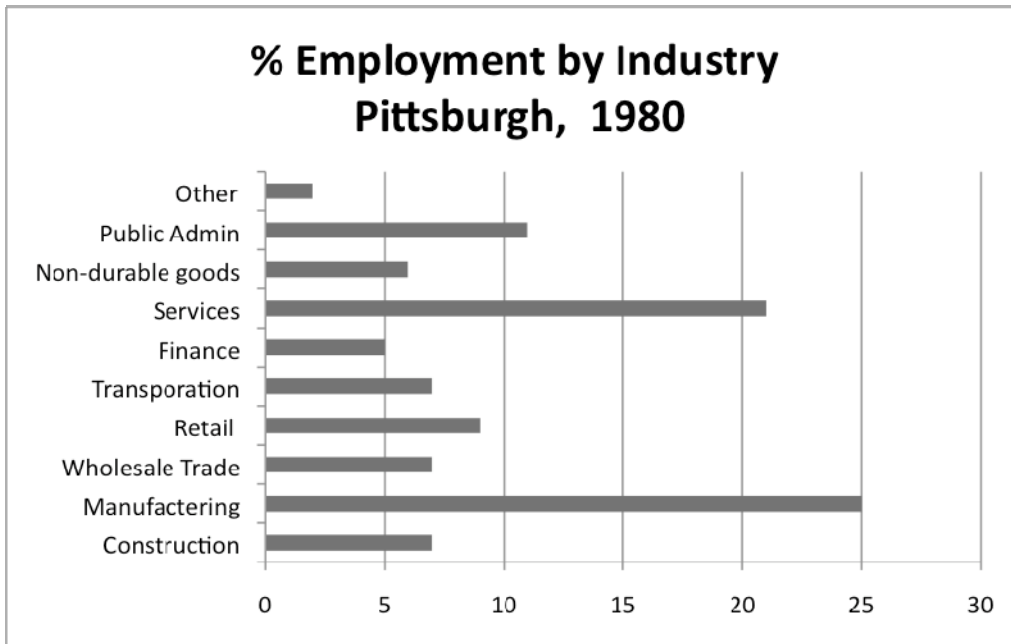
Although the emergence of the service sector in Pittsburgh greatly increased the economic vitality of the region, many were unable to gain sure economic footing in the new economy. The current poverty situation in Pittsburgh is a result of the dramatic decline of the steel industry and the resulting economic restructuring. The economic transition, from a manufacturing based economy to one based on high skills and education, left many in dire straits.

In making the economic transition to a more service sector economy, Pittsburgh displayed the ability to progress and innovate despite serious obstacles. The current poverty situation also merits bold action and a new approach. As Pittsburgh aspires to transform itself socially, culturally and economically, reducing poverty must be at the top of the list.

¹ Dietrick, Sabina, and Christopher Briem. Allegheny County Economic Trends. University of Pittsburgh Center for Social and Urban Research.
<<http://www.ucsur.pitt.edu/documents/aceconomictrends2005.pdf>>.

TABLE 1

Pittsburgh's Transition from a Manufacturing to a Service Based Economy²³



² Dietrick, Sabina, and Christopher Briem. *Allegheny County Economic Trends*. University of Pittsburgh Center for Social and Urban Research. <http://www.ucsur.pitt.edu/documents/aceconomicstrends2005.pdf>.

³ The employment figures for the education and health industries in 1980 are included as services.

1.1 Conditional Cash Transfer Programs

At the root of poverty in Pittsburgh is a workforce with deficient human capital.⁴ Those in poverty suffer as part of an undereducated and unskilled workforce, unable to successfully compete in the new knowledge based economy. Therefore, for an anti-poverty strategy in Pittsburgh to be successful, it must make human capital development a priority.

Conditional Cash Transfer programs represent an exciting and new evidence-based approach at curbing poverty that focuses specifically on the long-term development of human capital.

Founded on market principles, these programs give impoverished families monetary incentives to encourage behavior and activities that decrease the factors contributing to poverty (like regular health exams for children, ensuring school attendance, or sustaining employment). The goal of these programs are to provide impoverished families both a monetary safety net and, more importantly, an incentive to participate in activities that give them a better chance to escape long-term government dependency and intergenerational poverty.

While CCT programs represent a novel approach at curbing poverty, they remain largely untested in the developed world. Recently, however, CCT programs have been implemented in New York City and Oakland, California. And many cities throughout the United States and Western Europe are now considering CCT programs.

This paper recommends the implementation of a small scale pilot CCT program in Pittsburgh. New York City's CCT program, *Opportunity NYC*, would serve as the model for this pilot program. The goal of the Pittsburgh program, if followed over a period of time, would be to

⁴ Human capital refers to the education, work experience, training, and health of those already in or preparing to enter the workforce. It is created as people gain skills and capabilities that allow them to act in new ways.

obtain evidence of the effectiveness of the CCT program to improve social outcomes and reduce poverty. Such a program could also enhance the reputation of Pittsburgh as a policy innovator that serves its poorest residents.

2.0 RESEARCH METHODOLOGY

The research methodology used for this paper consisted of the following:

- Researching the published data on the dynamics of poverty in Pittsburgh and Allegheny County.
- Surveying the literature on CCT programs and similar incentive based anti-poverty programs.
- Examining in detail three different CCT programs: New York City's *Opportunity NYC*, Mexico's *Oportunidades*, and the *Family Independence Initiative* in Oakland, California.
- Interviewing local public officials and community leaders concerning the local dynamics of poverty in Pittsburgh, as well as the political and financial feasibility of a CCT program in Pittsburgh.

As part of my thesis project, I wrote a professional grant to be submitted to the Heinz Endowment as part of the course Grant and Proposal Writing. The grant requested funding for the initial research and development for a pilot CCT initiative in Pittsburgh.

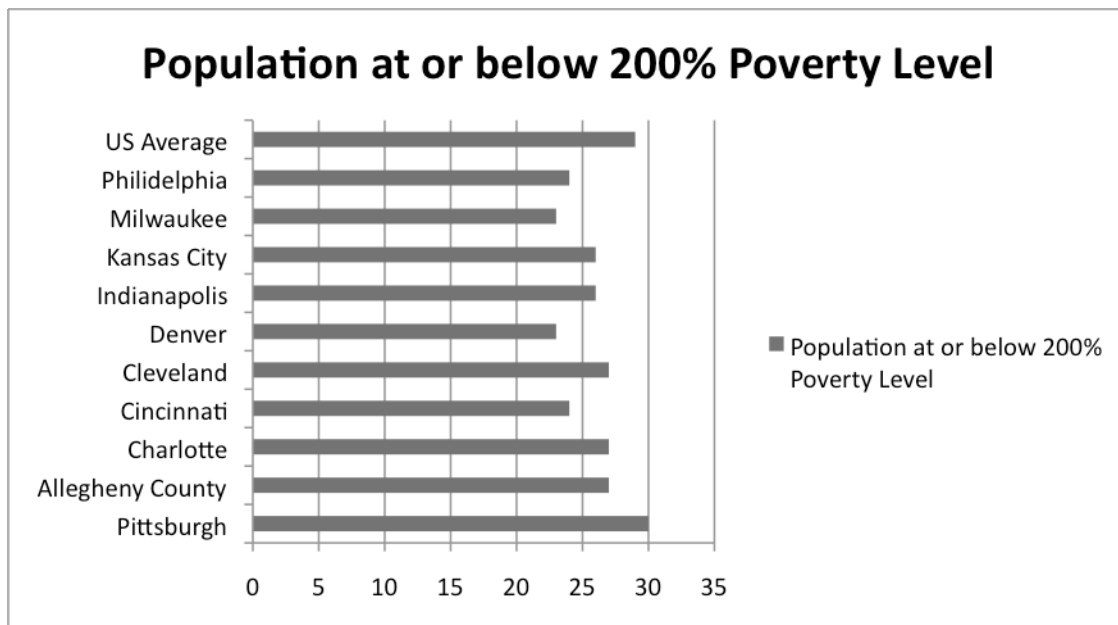
I also enrolled in a graduate-level seminar course entitled, Comparative Metropolitan Dynamics. This course furthered my knowledge of international urbanism and my understanding of the challenges of adopting policies across different countries.

3.0 CONDITIONS AND TRENDS OF POVERTY IN PITTSBURGH

A 2004 U.S. census report cites Pittsburgh as the 4th poorest large American city. In greater Allegheny County, there were 139,505 individuals and 26,527 families living in poverty. Moreover, Allegheny County (11.19%) and the City of Pittsburgh (22%) had a higher percentage of their populations living in poverty when compared to benchmark cities, including Cleveland and Cincinnati.^{5 6}

The Pittsburgh rates for households with income less than 200% of the poverty level are at about the national average but well above that of benchmark cities. Children living in families with income below this level— about \$42,000 for a family of four— are referred to as low income.

TABLE 2



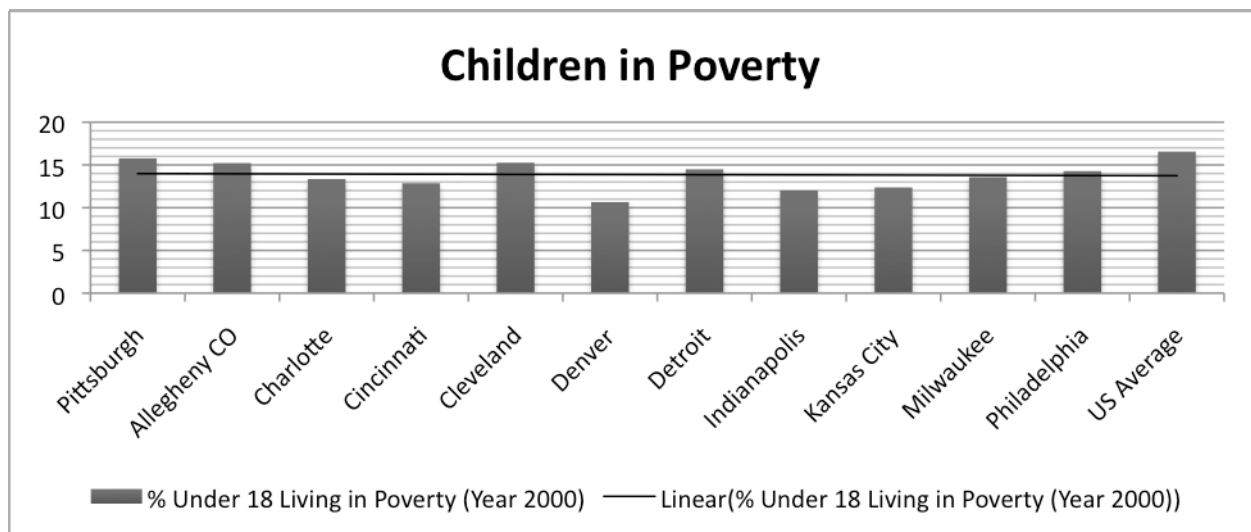
Source: 2000 U.S. Census

⁵ The 2000 U.S. Census Bureau places the income threshold for a family of four in poverty at \$21,027.

⁶ According the 2000 U.S. Census, the areas of the U.S. with the largest concentrations of poverty are in the southern states, particularly in the rural areas.

Pittsburgh and Allegheny County, though less than the national average, ranked highest among comparable U.S. cities for children who grow up in poverty. More than 15% of children living in Pittsburgh grow up in poverty.

TABLE 3



Source: 2000 U.S. Census

3.1 Poverty and Race

A 2004 report found that African Americans in Pittsburgh are the most disadvantaged in urban America.⁷ According to the 2000 U.S. census, 34% of African American’s and 46% of African American children under the age of 18 live in poverty in Pittsburgh. Allegheny County has the second highest rate— when compared to the 50 largest counties in the U.S— of single African American female households living in poverty at 50%.

⁷ Bangs, Ralph, Christine Anthon, Shannon Hughes, and Christopher Shorter. Black-White Benchmarks Report. Pittsburgh: University of Pittsburgh, 2004.

3.2 Current Economic Crisis

The negative economic impact of the global crisis certainly affects Pittsburgh. According to a recent Pittsburgh Post-Gazette article, local human service agencies and non-profit organizations are experiencing a dramatic increase in the demand for their services. ⁸As the current economic crisis unravels, it is likely that the challenges facing impoverished families and children will only escalate.

3.3 Summary of Conditions

Pittsburgh, while under the U.S. average, has higher poverty rates and more low-income families than many of its benchmark cities. Children in Pittsburgh, especially African American children, disproportionately live in households considered low-income or that fall under the federal poverty line. It is clear that poverty in Pittsburgh is a major problem.

⁸ Grant, Tim. "Economic crisis has made safety net for poorest families even weaker." 16 Dec. 2008. Pittsburgh Post-Gazette.

4.0 CONSEQUENCES OF POVERTY

Poverty is a complex issue that negatively affects a variety of social outcomes— particularly for children. Considerable research suggests the negative impact poverty can have on children’s ability to develop healthy cognitive and social skills. Poverty also has a negative affect on educational success rates and decreases the ability of families and children to build human capital. There are serious fiscal consequences associated with high rates of poverty. Ultimately, there are few societal problems as debilitating as poverty, and the consequences of families and children living in poverty in Pittsburgh are severe.

4.1 Children and Poverty

Growing up in poverty can cause children to have a multitude of social problems. Researchers at Columbia University and Northwestern University have found significant associations between poverty and children's health, cognitive development, behavior problems, emotional welfare and problems with school achievement. Furthermore, children who grow up in poverty often suffer from more negative social outcomes than children who do not grow up in poverty.⁹ The evidence is clear that growing up in poor or low-income families remains a significant barrier to children achieving their social, cognitive, and economic potential.¹⁰

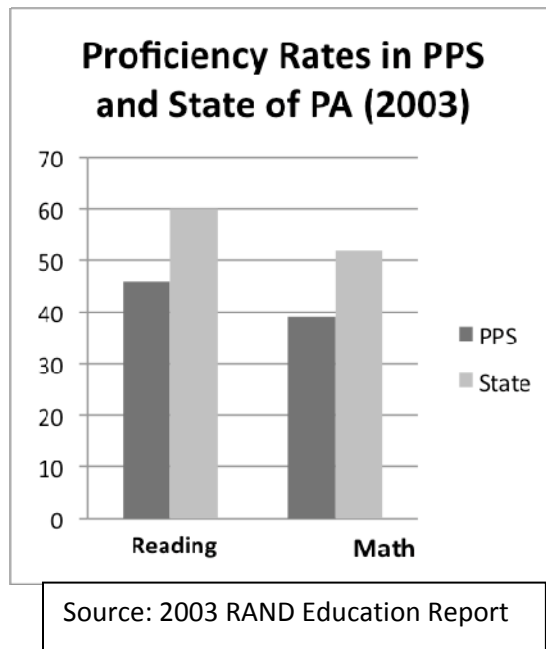
⁹ Duncan, Greg. Consequences of Growing up Poor. Ed. Jeanne Brooks-Gunn. Thousand Oaks: Russell Sage Foundation, 1999.

¹⁰ Aber, Lawrence J. "A Big New Investment in America's Poorest and Youngest Children." First Focus. 05 Apr. 2009 <<http://www.firstfocus.net/Download/18-Aber.pdf>>.

4.2 Poverty and School Achievement and Readiness

There are more than 25,000 students in the Pittsburgh Public Schools (PPS) and more than 30% live in poverty and 66% qualify for free or subsidized lunch.¹¹ With such a large number of children living in poverty, it is no surprise that achievement levels in PPS fall well below the average achievement test scores of the rest of the state and well below the benchmarks

TABLE 4



set by the state. According to the 2003 Pennsylvania System School Assessment's (PSSA), only 46% of PPS students can read proficiently and only 39% can do math proficiently. Additionally, poor academic achievement is certainly related to low attendance rates. Absenteeism in PPS

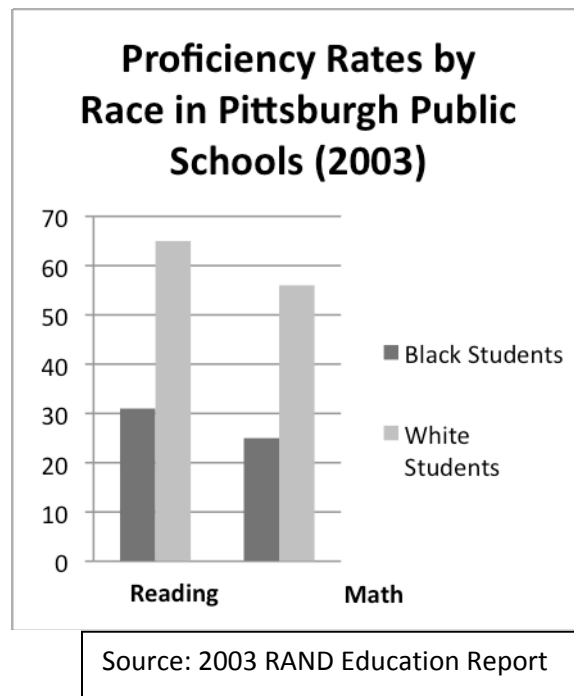
¹¹ "Early Childhood: Poverty by District." Pennsylvania Department of Education. Feb. 2009 <http://www.pde.state.pa.us/early_childhood/cwp/view.asp?a=316&q=125548>.

remains as high as 15% in the district's high schools, with a 9% absence rate in middle-school grades and 6% in elementary grades, according to PPS data.¹²

It is well documented that poverty decreases a child's readiness for school. Children from low-income homes often lack social skills and generally start school academically behind other students. Common problems for children who are raised in low income or impoverished families include parental inconsistency, poor role modeling, and lack of supervision.¹³

It is also important to note that there is a significant racial gap in student achievement. The percentage of African American children in poverty certainly contributes to this disturbing disparity.

TABLE 5



¹² Gill, Brian, Rachel Christina, Rebecca Clothey, and Deanna Hill. "Student Performance in Pittsburgh Public Schools." RAND Corporation. Sep. 2003 <<http://www.rand.org/pubs/drafts/2005/DRU3149.pdf>>.

¹³ Ferguson, H.B. "The impact of poverty on educational outcomes for children." PubMed Central Homepage. 07 Aug. 2007. <<http://www.pubmedcentral.nih.gov/articlerender.fcgi?artid=2528798>>.

The high rates of child poverty in Pittsburgh contribute to the poor student achievement rates in the Pittsburgh Public School District. Undoubtedly, this represents one of the most serious challenges for the future of this City, as a high quality and advanced education becomes even more vital for economic success in the current economy.

4.3 Fiscal Consequences

High child poverty rates also represent a serious threat to the fiscal and greater economic health of the city of Pittsburgh. According to a recent Government Accountability Office report, higher poverty rates in the general population are associated with slower economic growth.¹⁴ In this light, Pittsburgh's sustained economic growth becomes dependent on its ability to reduce poverty. Additionally, a recent report by the Center for American Progress estimated that child poverty costs the United States \$500 billion per year, roughly equivalent to 4% of GDP, through reductions in productivity and economic output, and increases in crime and health expenditures.¹⁵

The local budget situation in Pittsburgh and in greater Allegheny County further support the notion that high rates of poverty, particularly child poverty, result in large economic costs for local government. For instance, the Allegheny County Department of Human Services, the major social service provider in Allegheny County and Pittsburgh, is the most heavily funded County department. In the 2008 Allegheny County Budget, the Department of Human Services received

¹⁴ "Poverty in America." U.S. Government Accountability Office (U.S. GAO). Jan. 2007. <<http://www.gao.gov/new.items/d07344.pdf>>.

¹⁵ Holzer, Harry J. "The Economic Costs of Poverty in the United States: Subsequent Effects of Children Growing Up Poor." 24 Jan. 2007. Center for American Progress. <http://www.americanprogress.org/issues/2007/01/pdf/poverty_report.pdf>.

a total of \$349,618,442.¹⁶ Other heavily funded city and county budget costs are also affected by the high level of children in poverty, such as juvenile court, police, jail, and health care costs. A reduction in poverty could reduce the need for a multitude of city and county services and help create a more fiscally sound government.

4.4 Human Capital

Human Capital is considered a fundamental driver of economic growth and a key ingredient to a successful knowledge-based economy. Research shows that poverty can negatively affect the accumulation of human capital. The circumstances associated with poverty can prevent human capital development by limiting an individual's ability to remain healthy and develop skills.¹⁷ For instance, families and individuals in poverty must make difficult decisions, often decisions that make escaping poverty and building human capital impossible in the long term: the mother who must make the choice of taking her child to the doctor or miss a paycheck from work, or the father who must decide if he can afford the business suit that he needs for a job interview or pay the month's mortgage. These difficult opportunity costs found in the day-to-day lives of impoverished families, hinders their ability to accomplish the vital educational, health, and social activities that build human capital.

¹⁶ The Official Web Site of Allegheny County. 21 Jan. 2009
<<http://www.alleghenycounty.us/budget/2008/2008Budget.pdf>>.

¹⁷ "Poverty in America." U.S. Government Accountability Office (U.S. GAO). Jan. 2007.
<<http://www.gao.gov/new.items/d07344.pdf>>.

4.5 Summary of Consequences

The consequences of poverty for Pittsburgh are severe and threaten the long-term social and economic well being of the city. While poverty negatively affects the city in a variety of areas, it most importantly has a deleterious effect on children and their development, and presents a serious fiscal problem for the City. Fundamentally, poverty must be understood as a cyclical problem that poses enormous burdens on families and the communities in which they live.

5.0 FIVE CATEGORIES OF ANTI-POVERTY POLICY

The government, at many different levels, utilizes numerous policies to fight poverty. We can place these policies into five general categories: entitlement programs, job creation, service delivery, education training, and monetary incentives. These categories represent the different paradigms that anti-poverty policies operate.

5.1 Entitlement Programs

Entitlement programs are currently the main method used to address the problem of poverty. These programs provide basic services and payments that work to ensure that individuals and families have a basic safety net. While entitlement programs are proportionally smaller in the United States than in Europe, they still constitute a large percentage of local, state, and federal budgets. Examples of entitlement programs include welfare, food stamps, social security, and Medicaid.

5.2 Job Creation

The government creates jobs to provide employment and income to the unemployed. The most well known example of this approach was the Workers Progress Administration (WPA). Created in 1935 by President Franklin Roosevelt, the WPA hired millions of workers during the Great Depression. To this day, job creation remains a common anti-poverty method. In the American Recovery and Reinvestment Act of 2009, the government set a goal of creating 3 million new jobs by investing in infrastructure, education, research, and technology. It is also common for local governments to spend resources and use tax incentives to help create jobs. Job creation reduces unemployment and, as a result, curbs poverty.

5.3 Service Delivery

In the service delivery approach, many different services are delivered to individuals and families to fight the social problems that lie at the root of poverty. An example of this social delivery approach is the Allegheny County Department of Human Services (DHS). DHS provides prevention, early intervention, crisis management and after-care services that specifically target the most vulnerable populations within Allegheny County. DHS also operates a family support system throughout the County with a goal of providing holistic services to families in need. The service delivery method represents a comprehensive strategy to combat poverty and produce positive social outcomes.

5.4 Education Training

The educational training approach to anti-poverty policy operates under the assumption that a better education will lead to jobs. Certainly, the public school systems reflect this approach. Publicly supported educational projects span from pre-school to public universities and community colleges. Short-term vocational training that can lead to employment also falls under this category. This method identifies education as an investment that can build human capital and reduce poverty.

5.5 Monetary Incentives

Monetary incentives represent an alternative to the traditional models presented above. While the above methods characterize supply-side methods in which government supplies services or jobs to combat poverty, monetary incentives focus on encouraging the individual, through incentives, to demand certain services. Many supply-side programs provided by the government are notoriously underused, because the target population does not demand their use. For example,

schools suffer from poor attendance and graduation rates, social service programs often go underutilized, and jobs created by the government are setback by low job retention figures. Monetary incentives, however, that generate demand can complement the utilization of these supply-side programs.

Yet, the use of monetary incentives should not be seen as an alternative to quality supply side programs. Rather, incentives complement these programs and encourage people to utilize the range of services provided. For example, the Pittsburgh Promise demonstrates the use of incentives to encourage school achievement. The program promises \$5,000 a year for four years college tuition for all students in PPS that graduate from high school and show consistent school attendance. The scholarship encourages students to apply themselves in school, but does not directly add to the curriculum or teaching provided by the school. Therefore, in order for a monetary incentive (like the Pittsburgh Promise) to be successful, a quality school system or a quality supply side program is required.

Monetary incentives represent an innovative tool in the anti-poverty arsenal. Incentives can serve policy makers by complementing supply-side policy approaches and influencing positive behavior. For this reason, monetary incentives have substantial potential for use in creating innovative solutions to help solve formerly intractable social problems.

6.0 PAST AND PRESENT ANTI-POVERTY POLICIES IN PITTSBURGH

Numerous anti-poverty policies are currently being implemented in Pittsburgh. These policies range from welfare policies, to education and workforce initiatives, and many other programs that fall under the five categories presented above. This section will provide a general background of the major past and present anti-poverty policy programs and initiatives that have served the impoverished families and children in Pittsburgh.

6.1 Temporary Assistance for Needy Families (TANF)

TANF is the hallmark federal assistance program— commonly referred to as “welfare” — which provides temporary monetary payments to impoverished families. This program represents an example of an entitlement strategy at poverty reduction. In 1996 TANF replaced the Aid to Families with Dependent Children (AFDC) program, which had been the nations sole welfare program since 1936. TANF reformed the AFDC program by requiring welfare recipients to partake in workforce preparation activities, with the central goal of moving families from welfare to work. It also imposed a five-year limit on the benefits a family can receive.¹⁸

The TANF program provides monthly cash payments to low-income families based on eligibility standards, which are set by the states. In Pennsylvania the maximum amount of income for a family to be eligible for cash assistance is between \$600-799 a month.¹⁹ The income threshold,

¹⁸ "Temporary Assistance for Needy Families (TANF) Cash Assistance." National Center for Children in Poverty. Columbia University Mailman School of Public Health. <http://www.nccp.org/profiles/index_36.html>.

¹⁹"TANF Income Eligibility Thresholds." The Urban Institute | Research of Record. 20 Oct. 2004. <<http://www.urban.org/publications/900772.html>>.

however, does not guarantee families cash assistance, as an extensive interview process is also required.

Deficit Reduction Act of 2005

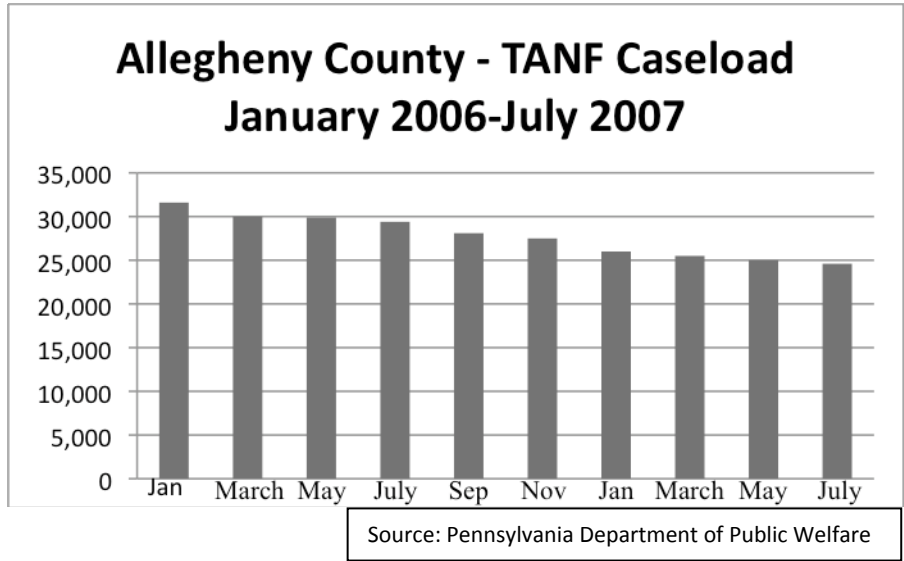
The Deficit Reduction Act (DRA) of 2005 brought new regulations and changes to TANF. The DRA substantially increased the proportion of assistance recipients who must participate in work activities, and required 50 percent of all adults in a state that are receiving TANF assistance — and 90 percent of two-parent households receiving assistance — to participate in work activities.²⁰

This required states, such as Pennsylvania, to increase the amount of welfare to work programs. It also made it more difficult for impoverished families to receive cash payments, as they had to meet the increased work force requirements. Therefore, while the DRA is credited with reducing the TANF caseload in Allegheny County's, as shown below, it did not necessarily reduce the number of household who were eligible for cash assistance.²¹

²⁰ "Welfare Reform/TANF." Center on Budget and Policy Priorities. <<http://www.cbpp.org/2-9-07tanf>>.

²¹ TANF information specific to the City of Pittsburgh was not found, as the Pennsylvania Department of Public Welfare provides the information only on the county level.

TABLE 6



TANF is widely viewed as a successful reform of the welfare system. It is credited for cutting the national welfare caseload by more than half.²² Moreover, the success of TANF at increasing workforce participation and decreasing the amount of families receiving benefits is often rightly provided as evidence of a successful monetary incentive program.

Yet, the process for enrolling in TANF is burdensome and filled with hurdles that make enrolling difficult for many families in poverty. While TANF provides good evidence to support the effectiveness of monetary incentive programs, it falls short of making a significant impact in the greater effort to reduce poverty in Allegheny County.

²² Rector, Robert, and Patrick Fagan. "The Continuing Good News About Welfare Reform." Conservative Policy Research and Analysis. 6 Feb. 2003. The Heritage Foundation. <<http://www.heritage.org/Research/Welfare/bg1620.cfm>>.

6.2 The Allegheny County Department of Human Services

The Allegheny County Department of Human Services (DHS) is the social service provider responsible for the human service needs of Allegheny County residents. Established in 1997 as part of a major government reform, DHS targets the vulnerable populations in Allegheny County and strives to create an accessible, integrated and comprehensive human services system.²³

DHS was the most heavily funded County department in the 2008 Allegheny County Budget, receiving a total of \$349,618,442.²⁴ DHS receives nearly \$1 billion in funding from local, state, and federal government sources, as well as local foundations.²⁵ The complex funding stream of DHS points to the wide variety of services the Department provides.

In addition to providing a range of services, such as mental health care, youth development programming, employment training, DHS provides basic needs care to families in poverty. Some examples of the basic need services DHS provides include: financial planning, utility assistance, tax preparation, job training, child-care, clothing, and food. All families and individuals, with income below the federal poverty line, can qualify for these services.

²³ "DHS History and Redesign." The Official Web Site of Allegheny County. <<http://www.county.allegheny.pa.us/dhs/history.aspx>>.

²⁴ The Official Web Site of Allegheny County. 21 Jan. 2009
<<http://www.alleghenycounty.us/budget/2008/2008Budget.pdf>>.

²⁵ Interview with Allegheny County Public Official. February 2009.

Integrative Service Plan

With the leadership of its current Director, Marc Cherna, the goal of DHS is to create an entirely integrative social service system. Given the vast bureaucracy of the department, this is not an easy objective. Yet, the department has taken positive steps in this direction.

DHS has designed and implemented a system in which, regardless of the point of entry, each individual will receive a comprehensive assessment that leads to the utilization of all services across the department. DHS has created a common intake process to support the system, and is currently working on developing a holistic assessment instrument that can identify needs among families.²⁶

In creating a more integrative system, DHS strives to utilize its vast resources more efficiently and provide comprehensive service to its consumers. DHS, as it fits into the service delivery paradigm of anti-poverty policy, provides a safety net to those living in poverty in Allegheny County.

²⁶ "Integrative Children's Services Plan 2008-2009." 15 Aug. 2007. Allegheny County Department of Human Services. <<http://www.alleghenycounty.us/uploadedFiles/DHS/about/ICSP%202008-2009%20DRAFT.pdf>>.

6.3 The Pittsburgh Public Schools

The Pittsburgh Public Schools play a vital role in preparing the children of Pittsburgh, many who grow up in poverty, to be successful. With a \$524 million budget, the PPS strives to create an educational system that prepares Pittsburgh youth for college and the workforce.²⁷ As a major urban school system, it receives funding from a variety of sources, with the majority coming from local and state resources.

PPS is a major education and job preparation service provider. It operates 65 schools and, as of 2006, had 29,445 students.²⁸ While Pittsburgh Public Schools has shown signs of improvement in the latest assessments scores, the district still suffers from poor outcomes. According to a recent RAND report, one fourth of ninth graders do not graduate from high school in Pittsburgh. Further, only 59% of male students and 69% of female students graduate, and 59% of black students and 70% of non-black students graduate.²⁹ While the lower graduation rates for male students and black students are consistent with nationwide trends, poor academic achievement rates for students a district that still has many challenges.

As a result of the poor educational outcomes of its graduates, the Pittsburgh Public Schools has partnered with the businesses and foundation community to create an interventionist program with the goal of boosting student achievement. This program is called the Pittsburgh Promise.

²⁷"2009 Final Budget." Dec. 2008. The Board of Public Education of the School District of Pittsburgh. <http://www.pps.k12.pa.us/14311019103352810/lib/14311019103352810/2009_General_Fund_Budget_-_Final_3_2_09.pdf>.

²⁸ Smydo, Joe. "City's schools lose more students." Pittsburgh Post-Gazette. 7 Nov. 2006. <<http://www.postgazette.com/pg/06311/736277-298.stm>>.

²⁹ Gill, Brian, Rachel Christina, Rebecca Clothey, and Deanna Hill. "Student Performance in Pittsburgh Public Schools." RAND Corporation. Sep. 2003 <<http://www.rand.org/pubs/drafts/2005/DRU3149.pdf>>.

The Pittsburgh Promise

The Pittsburgh Promise was created in 2007 to help students graduating from Pittsburgh Public Schools pursue further university education or vocational training. With over \$250 million of private funding, the program aims to incentivize academic success and achievement by offering scholarships to eligible students for up to \$5,000 a year to a Pennsylvania state school. In order to be eligible for the scholarships, students must attend a Pittsburgh Public School, maintain a 2.25 GPA, and hold a 90% attendance record.³⁰

The goal of the Promise is to motivate students toward academic achievement by offering them post-graduation scholarships as an incentive. The designers of the policy believe the program can encourage parental participation and help encourage them to play a more active role in the education of their children. Moreover, the Promise hopes to boost enrollment in Pittsburgh Public Schools and, thereby, increase the population in the city of Pittsburgh. The Promise does not add to the services or curriculum provided by Pittsburgh Public Schools, but acts as a collective incentive available to all students.

Criticism of the Pittsburgh Promise

A criticism of the Promise is that it does not serve as an immediate incentive to students, particularly students of middle school age, whose concern for their future may be limited and who do not foresee the attainment of a post-secondary education. In this sense, the program is too far reaching and provides little incentive for parents and children. In interviewing policy makers and academics throughout Pittsburgh, this criticism was commonly made.

³⁰ "The Pittsburgh Promise." Pittsburgh Public Schools. <<http://www.pittsburghpromise.org/faq.html>>.

Because the Promise has only recently been implemented, the ability of the program to boost academic achievement remains unknown. It is important to note, however, that this program incorporates a demand side incentive (the scholarship) into a supply side approach (public schooling) to boost the utilization of services.

6.4 Workforce Investment Act (WIA) of 1998

The Workforce Investment Act of 1998 provided state and local offices increased flexibility to establish a workforce training system using federal funds. While increasing flexibility, the act did not provide the freedom of a “block grant” to state and local governments, as it mandated and coordinated a range of federal training programs, including employment services, adult education and literacy programs, welfare-to-work, vocational education and vocational rehabilitation.³¹ The chief goal of the Workforce Investment Act was to provide workforce development services to employees and workers in a one-stop career center system.

The Three Rivers Workforce Investment Board

The Three Rivers Workforce Investment Board has served as the Workforce Investment Board (WIB) for Allegheny County and the city of Pittsburgh since 1999. The Board is an influential organization that informs decision makers on policy relating to Allegheny County’s workforce. It also operates a network of one-stop centers, known as PA Career Links, which are state and federally funded job-training sites.³²

³¹ "The Workforce Investment Act." The AFL-CIO Working for America Institute. <<http://www.workingforamerica.org/documents/workforce.htm>>.

³² "Three Rivers Workforce Investment Board." Welcome to the Three Rivers Workforce Investment Board. <<http://www.trwib.org/>>.

The Three Rivers Workforce Investment Board plays a major role in establishing public policy that keeps the workforce and labor market in mind. The Board also provides important job training programs. Given the devastating history of the labor market in Allegheny County and Pittsburgh, the Three Rivers Workforce Investment Board plays a major role in alleviating poverty.

6.5 Summary of Current Strategies

The current approaches used in Pittsburgh to alleviate poverty fail to utilize an adequate demand side incentive. It is a testament to the popularity and effectiveness of incentive based strategies that some of these initiatives have recently integrated incentive policies (i.e. the Pittsburgh Promise and TANF workforce requirements.) Incentive based strategies are not new to American social policy, but given the supporting evidence, they should play a more prominent and pervasive role.

The chart on the next page reviews the poverty methods currently in place and includes comments on their effectiveness at reducing poverty. While each provides an important service and many perform in a complimentary manner, the current poverty situation serves as a testament to their collective shortcomings at reducing poverty. Ultimately, these programs represent the conventional approach at poverty reduction: providing impoverished families and children a safety net.

Though I critic these initiatives, I do not dismiss their significance. Each plays an essential role at reducing poverty. Yet, the disturbing rates of poverty in Pittsburgh require a progressive spirit, and an understanding that we can do much better.

TABLE 7

Major Anti-Poverty Initiatives in Pittsburgh

MAJOR ANTI-POVERTY INITIATIVE	ACTIONS TAKEN	EFFECTIVENESS
TANF	This federal welfare program provides temporary assistance to qualifying families, while requiring workforce training.	Credited with reducing poverty through workforce requirements, but the process for enrolling is burdensome and prevents usage.
Allegheny County Department of Human Services (DHS)	The major County social service provider offers Allegheny County residents a range of services and acts as a safety net for a variety of negative social outcomes.	Provides a safety net and shows positive signs of creating a more integrative system. Fails to adequately reduce poverty as services, particularly preventive care, go underutilized. Also, has a costly budget.
Pittsburgh Public Schools (PPS)	Provides educational and vocational training to more than 25,000 youth in the city of Pittsburgh.	A challenged school district, yet new initiatives, such as the Pittsburgh Promise, may spark improvement. Suffers from an under utilization of services, as demonstrated by high rates of absenteeism.
Workforce Investment Board	Plays a key role in public policy debates relating to labor, also operates vocational training programs.	Helps create more labor jobs and provides necessary workforce training, but results are on a small scale given the large nature of the problem.

7.0 CONDITIONAL CASH TRANSFER PROGRAMS

Unlike the conventional approaches at poverty reduction, which provide social services to create a safety net, CCT programs use monetary incentives to encourage participation in activities that decrease the factors contributing to poverty. CCT programs focus on curbing poverty in the short term through immediate cash payments, while, at the same time, investing in the long-term improvement of the families by making the payments conditional upon the completion of certain beneficial activities that build human capital.

CCT programs were initially created and administered in 1997 in Mexico under the *Progresar/Oportunidades* program. A heavily evaluated and robust anti-poverty program, that program is widely credited with improving the social outcomes of Mexico's poorest. As a result of this successful program, international institutions, such as the World Bank and the United Nations, have publicly expressed support for the adoption of CCT programs around the world.

Since its development in Mexico, CCT programs have been initiated in a wide variety of developing cities and countries. Well-known programs include *Bolsa Escola* and *Bolsa Familia* in Brazil, *Red de Proteccion Social* in Nicaragua, *Programa de Asistencia Familiar* in Honduras, *Program of Advancement through Health and Education* in Jamaica, *Food-for-Education* in Bangladesh, and *Subsidio Unico Familiar* in Chile. In 2007, the Philippines piloted a CCT program and, in January 2008, implemented that program nationwide.³³ The evidence from these international programs is overwhelmingly positive, and their impact on curbing poverty in a cost-effective manner has been impressive.

³³ Son, Hyun. "Conditional Cash Transfer Program: An Effective Tool for Poverty Alleviation?" Asian Development Bank (ADB) - Fighting Poverty in Asia and the Pacific - ADB.org. July 2008. <http://www.adb.org/Documents/EDRC/Policy_Briefs/PB051.pdf>.

In the following section, I will review in more detail three CCT programs: the

Progresas/Oportunidades Program, Opportunity NYC, and the Family Independence Initiative.

As the purpose of this paper is to explore the feasibility of creating a CCT program in Pittsburgh,

I will focus primarily on the elements of these programs that would be helpful in creating a program in Pittsburgh.

7.1 The Progresa/Oportunidades Program

“Progresa is built on a simple idea: rather than just transfer income to the poor through various subsidies for food, transportation, electricity, and the like, it is better to transfer income directly, in monetary terms. However, its transfers are to help break the intergenerational transmission of poverty, receipt must be contingent on investments by the poor themselves in their own nutrition, health, and education. In sum, Progresa transforms a pure welfare approach into an offer of aid today that is linked with investments for the future- a future that is built on the direct participation of poor households in overcoming their conditions.”

James D. Wolfensohn, President of the World Bank ³⁴

The Progresa/Oportunidades Program is credited with raising millions of Mexican families out of poverty, and improving the health and educational outcomes of its poorest residents in the process. As the first Conditional Cash Transfer program, it led the way in creating this new incentive based approach to anti-poverty policy. Remarkably, the program has endured through a variety of political administrations and has emerged as a rare initiative supported by the political center in Mexico.

History and Design

In March 1995, the Mexican finance ministry proposed to the government to replace the distribution of food subsidies, which had been the main anti-poverty strategy in Mexico for 30 years, with targeted cash transfers to mothers, contingent on regular attendance at health clinics and schools. The idea was that poor households had to play a larger role in overcoming their

³⁴ Levy, Santiago. *Progress Against Poverty: Sustaining Mexico's Progresa-Oportunidades Program*. Brookings Institution. 2006

circumstances, and that providing monetary payments, instead of food subsidies, on the condition the family members do certain activities could have an empowering effect for families in poverty.

Initially the program was tested, under the name *Progresa*, with an estimated 300,000 families and control groups to help determine outcomes. Yet, by 2001, the evaluation of the program proved its effectiveness and the program was expanded in scope and with a new name, *Oportunidades*. By 2005 the program was estimated to serve 24 million people, which was slightly larger than the number of people living in extreme poverty in Mexico. In 2005 the *Oportunidades* program provided direct monetary transfers to mothers of households of \$2.3 billion US dollars.³⁵

In order to administer this very large program, the program was built on the previously existing administrative structure, as well as the health and educational infrastructure. Without such structures, the very large program could never be successfully administered. Furthermore, the program structure also relied on quality supply side schools and healthcare that could help these families improve their health and educational levels and build human capital.

Results

The *Progresa* program resulted in a reduction in the number of people with income levels below the poverty level by about 10%. The depth of poverty was reduced by 30%, and the severity index of poverty was reduced by 45%. The program increased enrollment rates and lowered drop-out rates in school and increased overall educational attainment by about 10%.

³⁵ Levy, 26

When expanded nationally, the program, *Oportunidades*, demonstrated similarly strong results at reducing poverty and boosting educational and health outcomes. The use of preventive health services rose between 30-50%, and caused an 8% increase in the number of first time prenatal care visits among first-trimester pregnant women. The program is also credited for an 11% decrease in maternal mortality and 2% decrease in infant mortality. Accordingly, the program has been heralded internationally for its public health benefit and its ability to boost preventive care. Economically, households enrolled in the program showed a 22% increase in consumption, and higher nutritional rates. Children, whose school attendance and performance was required in order to receive payments, witnessed a large (11% for girls and 7.5% for boys) increase in attendance to secondary school. And the proportion of boys who advanced regularly through school was 64% for those in the program and 38% for those not in the program; for girls the percentages were 39% and 30%.³⁶

The increased demand for services, however, strained the capacity of the supply side services. And as a result, more doctors and nurses were hired and more resources had to be channeled to schools.³⁷ But while such increased usage of services was initially costly, it was certainly a positive sign that residents were utilizing services to their fullest ability and building human capital.

While the long-term results of the program remain unknown, the program clearly improved the utilization of health and education services, and is credited with raising millions of Mexican families out of poverty. Given these encouraging results, it is likely that millions will escape from intergenerational poverty because of this program.

³⁶ Levy, 54

³⁷ Levy, 93

Lessons for a Pittsburgh CCT program

Though the program was created for the developing country of Mexico with a much different degree of poverty, there are a variety of lessons that the Pittsburgh CCT program can learn from the Mexico CCT. Certainly, the experience of this program shows the importance of a quality supply side infrastructure at poverty reduction, and the need to prepare for increased demand once incentives are in place. As a CCT program will undoubtedly boost demand for health and education services.

The ability of the Mexican program to prove its effectiveness in an initial pilot program helped alleviate the political controversy surrounding the program. A Pittsburgh CCT program should follow a similar policy process and begin as a small pilot program. Such a process will help provide supporting evidence for the program before expanding the program's size and scope. And the Pittsburgh program should do its best to maintain its perception as a program supported by the political center.

7.2 Opportunity NYC

While CCT programs have produced positive results at reducing poverty in the developing world, they have yet to be fully tested and evaluated in the United States. Programs, however, have slowly begun popping up in the United States. In 2006, Mayor Michael Bloomberg of New York City announced his intention of exploring ways in which the city could expand opportunities for low-income families and reduce poverty. He initiated a research committee to provide counsel on strategies and approaches. The committee deliberated for six months, and met with experts from across the country and world in search of a new and innovative approach to poverty reduction. After learning about the success of Mexico's program and other CCT programs, Mayor Bloomberg decided that New York City, with its high rates of poverty, could benefit from a similar Conditional Cash Transfer Program. This began the design of New York City's CCT program, *Opportunity NYC*.

Funding for the \$53 million pilot came from a variety of private sources and foundations. If the program proves successful after a two-year test period, the City envisions extending the incentives and using public funding to pay for them. The program was largely designed by the MDRC, a non-profit social policy research firm. The program is targeted in six key neighborhoods, and community based organizations were selected through a competitive process to administer the cash payments. The main objective of the program is to test the use of monetary incentives on social outcomes. Accordingly, the program includes a comprehensive evaluation structure and the first results will be published in June 2009.³⁸

³⁸ "Opportunity NYC." Center for Economic Opportunity.
<http://www.nyc.gov/html/ceo/html/programs/opportunity_nyc.shtml>.

New York City also established a Conditional Cash Transfer Learning Network. The network is designed to facilitate the exchange of ideas about CCT programs. Funded by the Rockefeller Foundation, the goal of the network is to help expand the dialogue among those interested in establishing CCT programs. And the interest is high. Public officials from around the world gathered for the announcement of the Learning Network, and showed their support for this new approach to the problem of poverty. Since its creation, New York City officials have met with community and national leaders, exchanged ideas, and participated in conferences. Cities that have sent officials to New York City to participate in the Learning Network include: Philadelphia, Chicago, Miami, Baltimore, and Savannah. It is important to note that no representative from Pittsburgh has participated in the CCT Learning Network.³⁹

Variations

The design of *Opportunity NYC* differs from the Mexican program in a few key ways. Unlike the Mexican program, which solely focused on educational and health initiatives, *Opportunity NYC* provides cash incentives for low-income families in the areas of health, education, and employment training. Rather than becoming eligible for the whole transfer if all the conditions are met, New York families become eligible for part of the transfers as each condition is met. The New York City program also added conditions based on student performance on academic achievement tests. Finally, and perhaps most importantly, the program also serves to

³⁹ The City of New York. Office of the Mayor. "Mayor Bloomberg and the Rockefeller Foundation Announce Launch of a Learning Network to Share Design and Implementation Strategies for Opportunity NYC, the nation's first Conditional Cash Transfer Program." Press release. 26 Mar. 2008. <http://www.rockfound.org/about_us/press_releases/2008/032608cct.pdf>.

complement the current supply side approaches already in place, rather than replace them, as was the case in Mexico.⁴⁰

Structure

There are three separate CCT programs included in the *Opportunity NYC* initiatives: *Family Rewards*, *Spark*, and *Worker Rewards*.

Family Rewards

The *Family Rewards* program is the most comprehensive of the three *Opportunity NYC* program, and the one most similar to the Mexican CCT program. It involves payments to low-income families that must have at least one child in the fourth, seventh, or ninth grades. These families have the opportunity to raise their income by an estimated 25-30% (\$4,000-\$6,000) if they complete targeted activities. The program includes education, health, and workforce incentives for families. Examples of the activities that family members can do to receive payments include, attending at parent-teacher conferences, parenting workshops, improved student performance on the state assessment, preventive health screenings, and many more. It is important to note that the initiative is focused primarily on the well being of children.⁴¹

⁴⁰ Aber, Lawrence J. "A Big New Investment in America's Poorest and Youngest Children." *First Focus*. 05 Apr. 2009 <<http://www.firstfocus.net/Download/18-Aber.pdf>>.

⁴¹ "Opportunity NYC: Family Rewards." Center for Economic Opportunity. <http://www.nyc.gov/html/ceo/downloads/pdf/ceo_report_family_rewards.pdf>.

Spark

This initiative aims at boosting academic achievement among students in the fourth and seventh grade. Designed by Harvard Professor Roland Fryer, students have the opportunity to earn \$250 in the fourth grade and \$500 in the seventh grade. Payments are made after the completion of ten standardized tests. There are 8,583 students currently enrolled in the *Spark* program.⁴²

Worker Rewards

This is the CCT workforce initiative that targets adults living in subsidized or Section 8 housing. Enrolled participants can earn up to \$3,000 a year by maintaining full time employment. Additional incentives are offered upon completion of educational and vocational training programs. Approximately 2,400 households are currently enrolled in the *Worker Rewards* program.⁴³

Lessons for Pittsburgh

As the first major CCT initiative to be implemented in the United States, *Opportunity NYC* provides a model for how a similar program can be implemented in Pittsburgh. The administrative process, as well as the consultation effort and private foundation support are all lessons that a Pittsburgh model can learn from. Additionally, the Pittsburgh program would likely emulate the comprehensive program, *Family Rewards*, as it provides the most potential as a holistic incentive based anti-poverty strategy. Moreover, a first step in the policy process for a

⁴² "Opportunity NYC: Spark." Center for Economic Opportunity.
<http://www.nyc.gov/html/ceo/downloads/pdf/ceo_report_spark.pdf>.

⁴³ "Opportunity NYC: Worker Rewards." Center for Economic Opportunity. 9
<http://www.nyc.gov/html/ceo/downloads/pdf/ceo_report_work_rewards.pdf>.

Pittsburgh CCT program must include public leadership engaging in the New York City CCT learning network.

7.3 Family Independence Initiative (FII)

While not directly related to the CCT program model, the Family Independence Initiative in Oakland, California, provides further evidence to support conditioning monetary payments upon incentive based strategies and also demonstrates the variety of ways to integrate incentive based strategies. As the final recommendation of this paper is the implementation of a CCT program within the greater Homewood Children's Village model, this example provides specific evidence that can be helpful in this regard.

The FII is founded on the principle that families must be the primary decision makers and actors responsible for improving their lives. Initially created in Oakland, California and supported by that city government, the program has also been tried in Hawaii, and a new pilot was administered in San Francisco, California in 2007. The program provides low income families small monetary awards based on the documentation of positive changes and actions. For example, families that show higher student achievement, increased family savings, financial training, and other improvements can receive \$2,400 a year in awards. And families who save for bigger things such as buying a home, starting a business, or going to college receive a savings match of 2:1, to a maximum of \$2,000 a year.⁴⁴

Though on a small scale, the program has largely been successful at increasing the income and human capital of its participants and essentially reducing poverty.

⁴⁴"Family Independence Initiative." <<http://www.fiinet.org/>>.

TABLE 8

Family Independence Initiative Outcomes: S.F., Hawaii and Oakland Pilots Projects:				
<i>(Average household changes since enrollment, NOT including FII awards earned.)</i>				
<i>281 Enrolled 2/3 were children or teens</i>	San Francisco (86 people - 16 Households)	Hawaii (72 people - 18 Households)	Oakland (123 people - 25 Households)	
	12 Months data	20 Months	24 Months	36 Months
INCOME	16.2%	18%	26%	40%
NET WORTH	TBD	75%	97%	282%
SAVINGS	250%	377%	144%	not. avail
HOMEOWNERS	2	1	9	11
BUSINESSES	6	6	22	25
KID GRADES UP	48%	32%	27%	35%

Chart taken directly from FII website: FII.net.org

Lessons for Pittsburgh

The success of the FII program shows the variety of ways in which monetary incentives can be utilized to encourage positive change. Moreover, the principles behind the initiative concerning family responsibility and decision making bode well with Allegheny County Department Human Service’s Family Support strategy, as well as with the larger goals of the Homewood Children’s Village. Therefore, a Pittsburgh program should also emphasize family responsibility as an important poverty reduction tool.

8.0 POLITICAL CRITICISMS OF CONDITIONAL CASH TRANSFER PROGRAMS

There are a variety of criticisms regarding CCT programs. The criticisms range from the philosophical to the financial. Below I will present the major criticisms of CCT programs.

8.1 Counter to a Culture of Responsibility

The most consistent criticism of the CCT programs is that they are antithetical to the value of personal responsibility that American's hold dear. According to a Pittsburgh City-Councilman, who asked not to be quoted in this paper, Pittsburgh's political culture is particularly inclined toward the values of personal responsibility, and would therefore be against a local CCT program. Such criticism can come from those who feel that paying people to do activities that they should do otherwise is not right.

Opportunity NYC has received similar criticism. While organizations, such as the Weekly Standard, have expressed agreement with the principle that personal behavior lies at the root of poverty, they assert that personal responsibility and not monetary incentives should be reason enough for people to complete beneficial activities.⁴⁵

8.2 Pay for Grades

Another common criticism concerns the CCT incentive program where students receive monetary payments if they show signs of achievement on standardized tests. This is the so-called "Pay for Grades" program. The argument against this program is that it represents a corruption of the system, and that education should not be pursued for material or monetary gain, but for

⁴⁵ Mac Donald, Heather. "Learning for Dollarsl." Manhattan Institute. 9 July 2007. The Weekly Standard. <http://www.manhattan-institute.org/html/_wkly_standrd-learning_for_dollars.htm>.

reasons of personal benefit and responsibility. According to the same Pittsburgh City-Councilman, the Pittsburgh Public School Board has tried many times in the past to implement a “Pay for Grades” policy, and failed repeatedly due to the political controversy surrounding the approach.

8.3 Adapting CCTs to the U.S.

Other critics argue that CCT programs cannot be easily emulated in a country like the United States. They argue that poverty in the developing world is more severe and different than poverty here, and that addressing poverty in this country requires a much different approach.⁴⁶ For example, a mother enrolled in Mexican CCT program may be forced to make a decision about sending her child to school or finding ways for the child to work to provide income for the family. In a developed country, a family is less likely to be in such dire circumstances, and, therefore, the incentive is less likely to drive behavior. Furthermore, as the results of *Opportunity NYC* are forthcoming, there is also little evidence supporting the effectiveness of CCT program in the U.S.

8.4 Financial Criticisms

A final criticism of CCT programs is that there is just no money to support such a program. City budget shortfalls are well documented, and with the current economic crisis, it would be reckless to begin new initiatives. Although the other criticisms of CCT programs are fundamentally philosophical, this financial criticism of the program is geared towards the programs

⁴⁶ Gelinias, Nicole. "New York Isn't Mexico." City Journal. 20 Oct. 2006. <<http://www.city-journal.org/html/eon2006-10-20ng.html>>.

practicability. Essentially, a CCT program, even on a small scale, will require significant financial resources from the private sector, non-profit foundations, and, potentially, the public sector.

9.0 OVERCOMING THE POLITICAL CRITICISMS

Throughout the course of my research, I have received and read about a variety of suggestions on how a local CCT program can overcome the many political barriers it may face in the process of creating a program. In the following, I will provide responses to the three criticisms described above by citing some of these suggestions and also provide my own strategic analysis.

9.1 Political Strategy

The evidence from international CCT programs demonstrates that in order for a CCT program to be effective and achieve long-term sustainability it must assume a non-partisan political identity. Professor Lawrence Abner of New York University, a major proponent of *Opportunity NYC*, argues that CCT programs, if introduced correctly in the United States, might become highly attractive to policy makers and citizens from a range of political perspectives and parties. He suggests that left wing progressives would be attracted to the idea as it increases cash assistance to very poor families and represents a new way to reduce poverty. For right wing conservatives, he argues that they would be attracted to the “new social contract” features of the policy, and would emphasize the fact that the program does not provide handouts but must be earned by good behavior. Moreover, he insists that such a program could be attractive to conservatives as it includes “accountability measures” that require parents to be responsible stakeholders in the lives of their children in order to receive the payments. Citing evidence that supports the ability of CCT programs to garner support from diverse political sectors, he boldly suggests that CCT programs could emerge as an example of “post-partisan policy making.”⁴⁷

⁴⁷ Aber, Lawrence J. "A Big New Investment in America's Poorest and Youngest Children." *First Focus*. 05 Apr. 2009 <<http://www.firstfocus.net/Download/18-Aber.pdf>>.

The initial reception of CCT programs in the U.S., however, shows little indication of universal political support for the program. As shown above, some conservative organizations find the program to contradict with their ideas of personal responsibility. Additionally, leading members of the Democratic Party, specifically in Pittsburgh, have expressed reservations about the program's fiscal costs and particularly the "Pay for Grades" feature of the program. Yet, *Opportunity NYC* is still in its premature phase, and if the results of that program are positive it is fair to assume that CCT programs will garner support from the political center in the United States.

However, including a "Pay for Grades" strategy within the Pittsburgh CCT program may threaten the feasibility of the program as a whole, as it has generated significant political controversy in the past. Furthermore, given the recent development of the Pittsburgh Promise, such a strategy might be perceived as redundant and unnecessary in the current political environment. Therefore, it is my recommendation that the Pittsburgh pilot CCT programs, at least initially, not include monetary incentives linked directly to student performance, and utilize other educational, healthcare, and workforce incentives that focus on building social and human capital.

With the current economic condition, it is likely that garnering support for a program that requires a significant financial investment and provides an economic stimulus to some while not including others will be difficult. In order to counter these legitimate concerns a more sophisticated political argument and strategy must be created that frames the program as an investment in the long-term fiscal interests of Pittsburgh.

For example, if a funding stream can be identified that supports the initiative and that stream is replenished by public savings in healthcare, public safety, or another government venture closely linked to improvements in poverty rates, a politician can make a clear and cogent argument that the program is saving the taxpayer's money. This may be the best argument in favor of the creation of a CCT program. In this way, CCT programs can be perceived as a pragmatic policy alternative that is in both the fiscal and social interests of the city.

In conclusion, the political branding of the strategy, as an example of “post-partisan policy making” is an ideal political strategy, and should be pursued in the creation of a Pittsburgh CCT program. Moreover, by not including the “Pay for Grades” approach the CCT program can lessen the political controversy surrounding the program. Ultimately, the results of the *Opportunity NYC* program may prove to be the best argument in favor of starting a CCT program in Pittsburgh. Until such evidence can be provided, an intricate political strategy that includes the recommendations presented above will be required to address the many political barriers.

10.0 ENVISIONING A CCT PROGRAM IN PITTSBURGH

This paper recommends the creation of a small-scale pilot CCT initiative as part of the proposed Homewood Children's Village. Homewood is one of the most economically depressed neighborhoods in Pittsburgh, and an area with a high concentration of poverty. A CCT program, would target children in this neighborhood and encourage participation in activities already planned for the Village. In this section, I will provide a background on the Harlem Children's Zone and the proposed Homewood Children's Village. I will then offer suggestions for how the Homewood Children's Village could be structured to incorporate a CCT program.

10.1 The Harlem Children's Zone

The Harlem Children's Zone is a successful model for poverty reduction. The program provides comprehensive services for children and families in nearly 100 blocks of Harlem. Beginning with "Baby College", a series of workshops for parents of children 0-3, the program provides a continuum of programs and services to children of every age up until college. The Harlem Children's Zone provides in-school, after-school, social service, health and community-building programs.⁴⁸

The success of the Harlem Children's Zone is well documented, and the program has received much publicity. The Obama Administration has made it a goal of establishing 20 similar neighborhoods, called Promise Neighborhoods, in cities that have high levels of poverty and crime and low levels of student academic achievement.

⁴⁸ "A Unique Approach to Inner-City Poverty." Harlem Children's Zone. <<http://www.hcz.org/programs/the-hcz-project>>.

“These Promise Neighborhoods will be modeled after the Harlem Children's Zone, which provides an entire neighborhood with a full network of services from birth to college, including early childhood education, youth violence prevention efforts, and after-school activities.”⁴⁹

Promise Zone’s incorporate a strategy similar to Oakland’s *Family Independence Initiative*, and the Family Support Programs at Pittsburgh’s DHS. They aim to provide an intensive and holistic support system to families and children with the goal of boosting academic achievement and building human capital.

10.2 The Homewood Children’s Village

The Homewood Children’s Village is the proposed Promise Zone in the struggling Pittsburgh neighborhood of Homewood. While the program has yet to receive funding from the federal government, local foundations have already begun to support the research and development required to establish the program. Additionally, a steering committee of 25 people from government, schools, nonprofits and churches has begun planning with residents of the Homewood area.⁵⁰ And according to Professor John Wallace, the chair of the steering committee, the program will be pursued whether or not they receive government funding.⁵¹

⁴⁹ "The Agenda: Poverty." [www.whitehouse.gov](http://www.whitehouse.gov/agenda/poverty/). <<http://www.whitehouse.gov/agenda/poverty/>>.

⁵⁰ Zlatos, Bill. "Homewood studies Harlem school plan." [Pittsburgh Tribune-Review](http://www.pittsburghtrib.com/x/pittsburghtrib/news/cityregion/s_612397.html). 19 Feb. 2009. <http://www.pittsburghlive.com/x/pittsburghtrib/news/cityregion/s_612397.html>.

⁵¹ Interview with Professor John Wallace. February 2009.

10.3 Program Components

A CCT program that is integrated into the Homewood Children's Village should build off the conceptual framework, operational structure and evaluation techniques of *Opportunity NYC*. The first step towards the creation of a CCT program in Pittsburgh, therefore, must be the engagement of public officials and community leaders in the New York City CCT Learning Network. For other cities, this entailed a privately funded trip to New York City for local leaders to learn more about the CCT program. Participating in this learning network will represent a critical first step in the creation of a Pittsburgh CCT program.

10.4 Budget

The budget for the pilot program in New York City was 52 million dollars. As the Pittsburgh program would certainly be smaller in scope, the budget for this program would be a fraction of the cost of the New York City program. Initial funding for the program would likely come from private entities and foundations. However, a primary goal of the pilot program would be to generate political and governmental support for an expanded program. With renewed emphasis on domestic spending in the current Obama administration, federal funding may also be available to support a large-scale CCT program in Pittsburgh in the future. Yet, it is likely that the primary funding for the program will come from local government.

10.5 Incentive Structure

The program would ideally incentivize participation in the Homewood Children's Village parenting classes, health initiatives, as well as afterschool programming. The specific nature of the incentive could be determined by the Homewood Children's Village, but include incentives linked to the education, health, and workforce areas. However, as mentioned previously, due to

the political controversy surrounding the “Pay for Grades” portion of CCT programs, it is suggested here that direct monetary incentives linked to student performance not be included in this program.

10.6 Selection Process

The program must have an objective selection process. To be eligible for the *Opportunity NYC* program, families must have an income equal to or less than 130% of the federal poverty level. Families are also required to have a child in either the 4th or 7th grade. A similar selection process would be used in the Homewood Neighborhood Village model.

10.7 MDRC Consultation and Support

The MDRC, a non-profit and non-partisan social research organization that completed the research and design for *Opportunity NYC*, would help design the structure and evaluation process of the Pittsburgh CCT program. In this effort, they could collaborate with the Allegheny County Department of Human Services (DHS), Pittsburgh Public Schools (PPS), and the Homewood Children’s Village to create a successful operational structure.

10.8 CCT Department within Homewood Children’s Village

I recommend the creation of two departments within the Homewood Children’s Village. One department would be charged with empirically evaluating the program and the effectiveness of the incentives. The other department would be responsible for administering the CCT program and distributing the cash payments. This department would create a receipt system to ensure participation in activities, similar to what was created for *Opportunity NYC*. Both departments would be formed with the full cooperation of PPS and DHS.

11.0 SUGGESTIONS FOR FURTHER RESEARCH

11.1 Integrating the Preliminary Findings from Opportunity NYC

When the preliminary results of the *Opportunity NYC* program become available in the summer of 2009, its findings and lessons can be integrated into the plans for a CCT program in Pittsburgh. If the *Opportunity NYC* program shows positive results, it may also necessitate a renewed political strategy, and research concerning such a strategy may also be merited.

11.2 CCT Programs and the Theoretical Underpinnings of Poverty

In conducting research on CCT programs, I found myself discussing, thinking, and reading about the various theories surrounding poverty and its causes. For instance, I learned about Amartya Sen's Capabilities Approach to poverty reduction. In this approach, the Nobel Prize winning economist identifies poverty as capability-deprivation, in which the poor suffer from a lack of choices and freedoms due to their situation, not just a lack of income. In further researching CCT programs, it may be helpful to study how CCT programs ideologically conform to Sen's Capabilities Approach.

11.3 Further Research into International Policy Exchange

The fact that CCT programs began in the developing world and are now being adopted in the developed world may suggest that cities, regardless of their developmental status, are able to learn from each other to effectively combat poverty. Yet, it remains unclear whether the Conditional Cash Transfer Program will be successfully integrated into a developed country. Nonetheless, if successful, the *Opportunity NYC* program and the Pittsburgh CCT program could provide evidence that alters the way cities approach the transference of social policy from one

city to another. A comparative study of the transference of CCT programs into the U.S. could address the ability of transferring a range of policies, not just social policies, from developing to developed countries and cities.

12.0 CONCLUSION

Poverty in Pittsburgh is a serious problem that poses a long-term risk to the greater prosperity and well being of the City and its residents. While the conventional methods of attacking poverty have been helpful at addressing this issue, the problems persist. In this paper, I have argued that Pittsburgh should be seeking new and innovative methods at poverty-reduction that incorporate incentive based strategies.

I have recommended the development of a pilot Conditional Cash Transfer program in Pittsburgh, to be implemented in conjunction with the proposed Homewood Children's Village. The implementation of this program could utilize infrastructure used in past programs and serve to complement the supply side programming of the Children's Village by encouraging behaviors that build human capital and plant the seeds for long-term positive change. The CCT model has been successful in other countries and is now being tested in other cities in the United States.

I have also provided an analysis of the political barriers facing a proposed CCT program and suggested a political strategy concerning the development of a program in Pittsburgh. In order for a CCT program to be successfully implemented in Pittsburgh, it should align itself with the political center and be branded as an example of "post-partisan policy making." Moreover, the program should be seen as a pragmatic policy alternative that is in both the fiscal and social interests of the city.

While Pittsburgh continues its historic economic transition and reinvention, the underlying indicator of its success will be its ability to help those families long trapped in the cycle of poverty gain the tools they need to be successful. CCT programs represent a new and exciting

method to fight poverty. Such a program, if successfully implemented with community support, has the potential to transform the lives of many living in poverty in Pittsburgh

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