How an “Infrastructure for Innovation” Can Defeat Poverty

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When Mayor Michael Bloomberg declared a war on poverty in New York City in 2005, he had two clear instructions: First, he wanted a focus on helping people achieve economic success, not escape poverty through bigger transfer payments. New York City’s safety net was already strong and wide – what was needed were better strategies to break the cycle of poverty. Second, he wanted to be clear about what worked and what didn’t. Open to non-traditional approaches, his main demands were to have evidence on the results, support what works, and end what didn’t.

The result was a 4 percent drop in New York City’s poverty rate by the time the Bloomberg Administration ended – at a time when the poverty rate in most other major cities and across the nation was rising.

To carry out his vision, Bloomberg tapped Geoffrey Canada, founding director of the Harlem Children’s Zone, and Dick Parsons, then CEO of Time Warner, to head up the city’s poverty fighting shop, the Commission for Economic Opportunity. Canada and Parsons became the guiding force behind Bloomberg’s request for a data-driven war on poverty that would consider the city’s many different populations.

“When Mike Bloomberg asked me to co-chair the Commission, I just said ‘Wow, what an audacious goal—to make a real dent in poverty in New York City.’ How could I not say yes?” recalls Canada.

What eventually emerged was a four-part plan of attack: (1) to define the scope of poverty in New York City; (2) to identify the types of solutions that might make a difference; (3) to establish the inter-agency infrastructure and partnerships needed to carry out new programs; and (4) to develop a rigorous system of evaluation and data collection so that we knew what worked and why.

In its first phase – identifying the breadth of poverty in the city – the Commission’s early work explored the distinct contours of poverty in each of the city’s five boroughs by collecting data from across disparate sources and generating a complete picture of who needed help and where. Newer immigrant communities, for example, defined the concentration of poverty in northern Queens, while the South Bronx and Central Brooklyn reflected generational cycles of poverty, overwhelmingly Latino and African American, respectively. Different needs, different strategies.

“We needed to stand by the data,” explains Canada. That meant gathering the facts to know which direction to take, and setting a track to know if goals were being met. “This seems straightforward and common sense,” he says, “but pragmatism was still rare in human service delivery.”

Difficult early decisions were hammered out in long meetings to reach consensus on three distinct, sometimes overlapping populations with high degrees of poverty: working poor adults; young adults aged 16 to 24; and children 5 years old and younger. Together, these groups represented nearly 700,000 New Yorkers.

The Commission delivered its report, “Increasing Opportunity and Reducing Poverty in New York City,” to Mayor Bloomberg in September 2006 with a strong mandate for urgent action. Based on its analysis of the data, the Commission proposed eight different program areas, each tailored to a specific group of New Yorkers who needed help. For the city’s working poor adults, for example, the Commission proposed asset-building and savings strategies to promote self-sufficiency and economic success, as well as workforce development programs that would help low-wage workers climb the wage and income ladder.

The city’s high-risk youth, on the other hand, demanded a different kind of strategy aimed at connecting young people to pathways for education and careers. These proposals included internship programs and model programs for youth involved in the juvenile justice system. Children 5 and younger required a different strategy still, including new programs for nutrition assistance and nurse-family partnerships.

Many of the initiatives the Commission proposed would require an unprecedented level of innovation and cooperation between and among city agencies, as well as with third-party stakeholders, nonprofits, the state and federal government and the philanthropic community.

Accordingly, the agency created to execute the Commission's plan – the Center for Economic Opportunity (CEO) – involved a novel municipal structure: run out of City Hall but reaching well beyond the traditional welfare agencies. As its executive director, the mayor appointed Veronica White, who had both the public and private sector experience necessary to take on the task.

One of the most important things White undertook early on was to create an "Innovation Laboratory," which played a crucial role in some of the more innovative experiments we wanted to try. Few initiatives came solely from this Lab at the Center. Rather, the process invited ideas from public and private partners. We helped refine their design, supported implementation with technical assistance, and ultimately conducted evaluations to judge their effectiveness.

We also created a specially structured Innovation Fund, to help raise the resources necessary to launch these new programs. We knew that it would take too long for some CEO initiatives to earn enough political support to access public funding without cumbersome deals and caveats. The Innovation Fund, however, which was established in the city budget, proved very appealing in bringing in large foundations to the effort, starting with the mayor's own philanthropic support. Others philanthropic partners eventually included The Rockefeller Foundation, the Open Society Foundations, and The Starr Foundation, as well as The New York Community Trust and the Robin Hood Foundation.

Finally, to offer these philanthropic partners the kind of public-private relationship that would create a real-world learning environment capable of scaling up programs that proved effective, CEO joined with the Mayor's Fund to Advance New York City, a non-profit entity that professionalized the city's ability to act as a strong partner to the philanthropic investors.

Approximately $100 million in annual contributions were secured to pilot new solutions to poverty. Roughly half of this was public funding and half was private. In essence, CEO provided a runway of solid ideas to a wide group of investing and knowledgeable partners.

Ultimately, CEO worked with city agencies to develop programs to fulfill each of the Commission's recommendations. The initiatives ran the gamut from proven strategies that worked elsewhere but were untried in New York City (like conditional cash transfers) to totally untested concepts such as financially empowering the poor.

The final piece of CEO's infrastructure was its capacity for data collection and evaluation.

MDRC President Gordon Berlin, who worked with us extensively as an evaluator and intellectual resource, described how CEO was unique in the annals of state and local government. "CEO was evidence driven – it drew the best research about the underlying causes of poverty and the effectiveness of existing solutions in charting a course. But it also understood it had to be innovative where others had failed. The ultimate goal was producing successful outcomes that could be sustained."

Building evaluation into each new program proved to be one of the more difficult—and most central—tasks. The CEO team developed a range of evaluation approaches, from simple outcome tracking of performance-based contracts, up through the most rigorous random assignment. Programs were assessed by our internal team and by independent evaluators. Besides the expense and the time involved, there was—in CEO executive director Veronica White's words—"the necessity of constant evangelization of the importance of evaluation." Gordon noted, "CEO acted on evidence: programs that worked were expanded; programs that did not were cancelled. City agencies were active partners in deciding what to test and they were expected to take on programs that worked as ongoing sustainable initiatives."

Ultimately, it was this rigorous adherence to evidence and data that would prove crucial to New York City's success.