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Embargo:
Stories based on this report may be
published or broadcast
after 12:01 AM E.D.T.,
Tuesday, June 10, 2003.

New Hope for Families and Children

Major Study Finds That Strengthening the Safety Net for Working Poor Parents Has Lasting Benefits for Their Children

A new study, released today by the University of Texas at Austin and MDRC, reports that New Hope, a pioneering Milwaukee initiative designed to boost household income and to provide work supports for low-income working families, has led to long-term gains in children's school performance and improvements in children's behavior. Improving the well-being of children has been an objective of national welfare policy since welfare's beginnings in 1935. But since the 1970s — and culminating with the passage of the 1996 welfare reform law and its imposition of time limits on benefit receipt — this goal has been overshadowed by concerns about moving welfare recipients away from dependency and into employment. Now, as federal and state policymakers debate the reauthorization of the 1996 law, a consensus has emerged to make improving the well-being of children the overarching issue. The New Hope findings provide solid evidence of a policy intervention that achieves this long-deferred national goal.

New Hope for Families and Children: Five-year Results of a Program to Reduce Poverty and Reform Welfare documents the program's positive effects on parents' employment, earnings, and income. Most importantly, the New Hope study, which was based on a rigorous random assignment research design, shows that children's improved school and behavioral outcomes were durable, lasting through Year 5 of follow-up — some two years after the program ended.

“The fact that improvements in school achievement lasted well beyond parents' participation in New Hope suggests that the children are on a trajectory that will continue into the future,” said Aletha Huston, the study's director and Priscilla Pond Flawn Regents Professor of Child Development at the University of Texas at Austin. “These findings suggest that providing low-income parents with work and

income supports, including child care and health care assistance, can enable them to combine work and parenting in ways that promote positive development for their children.”

“There are important policy-relevant lessons in the New Hope experience for governors, state legislators, welfare program administrators, and even educational reformers,” said Gordon Berlin, MDRC’s senior vice president for work, community, and economic security studies. “New Hope’s child effects appear to be driven, in large measure, by the program’s positive economic effects on parents and by the increased use of center-based child care and after-school activities. The program’s initial effects on employment and income led, in turn, to sustained reductions in family poverty and increased reliance on formal child care arrangements, which together were the likely catalyst for the modest but consistent improvements in child well-being.”

The New Hope Families and Children Study and Its Key Findings

Originally designed and run by the community-based New Hope Project, Inc., which contracted with MDRC to conduct the evaluation, New Hope was an innovative program that provided several benefits for parents who worked full time: an earnings supplement to raise family income above the poverty level, subsidized health insurance, and subsidized child care. Each of these benefits was available for three years. For people who had difficulty finding full-time work, the program offered help in obtaining a job, including, when necessary, placement in a wage-paying community service job.

The New Hope project was evaluated using a rigorous random assignment research design, in which half of the applicants were assigned, using a lottery-like process, to a program group that was eligible to receive New Hope’s benefits; the other half were assigned to a control group that was not eligible for the program’s benefits. Researchers used a variety of data sources to measure the program’s effects, including employment and welfare records and in-person surveys administered to parents and children two and five years after random assignment. The surveys amassed rich information on families’ receipt of New Hope benefits, parents’ employment and earnings, family functioning, and parent-child relations. For up to two children in each family, the surveys also collected information from both parents and children on participation in child care and other activities, and on the children’s behavior and school performance. In addition, mailed surveys gathered responses from teachers about children’s academic performance and social behavior. These data were supplemented with in-depth ethnographic research for a sample of 44 families.

This report presents results five years after the families' initial application to the program, when the applicants' children were 6 to 15 years old; and it focuses on the 745 families with at least one child who was between 1 and 10 years old at the time of enrollment. The majority of this group consisted of single mothers, most of whom were receiving welfare when they entered the study.

The program produced these major results:

- **New Hope improved children's school performance and increased their positive behavior.** At both the two-year and five-year follow-up points, New Hope children performed better than control group children on several measures of academic achievement. After five years, for example, they scored higher on a standardized test of reading skills and their parents reported that they got higher grades in reading and writing. New Hope parents also rated their children higher on positive social behavior. These effects were especially pronounced for boys, a group that is at high risk of academic and behavior difficulties.
- **Parents in the New Hope program group worked more and earned more during the five-year period than parents in the control group.** New Hope was designed to encourage parents to work by making work pay. The data analysis showed that employment rates and earnings were higher for parents in the New Hope group, compared with those in the control group. The effects diminished after year three, when the supports ended, but they did persist for some groups, such as parents with moderate barriers to employment. These earlier increases in employment also produced some lasting effects — by the fifth year, New Hope parents earned higher wages than control group parents.
- **Parents in New Hope had higher incomes and were less likely to be in poverty than parents in the control group.** Because the program increased work and offered wage supplements, it increased families' incomes — another effect that was largest during the first three years. In each of the five follow-up years, poverty rates were lower among New Hope families than control group families.
- **New Hope children spent more time in formal, usually center-based, child care and out-of-school activities that were likely to make positive contributions to their development.** Child care centers often provide academic stimulation and opportunities to learn social skills. For older children, organized activities (for example, lessons and team sports) contribute to self-confidence and offer supervised experiences during out-of-school time. Even in Year 5, two years after New Hope's child care subsidies had ended, parents in New Hope were more likely to place their younger children in center-based child care, and less likely to place them in home-based and unsupervised care. New Hope

children who were adolescents were also more likely than control group adolescents to spend time in structured out-of-school activities.

Implications for Policy

Adding to the growing body of research showing that earnings supplements and other work supports designed to increase work can have positive effects not only on low-income parents but also on their children, the New Hope findings go a step further, confirming strikingly that the effects on children can be lasting. Five years after study entry, or two years after the program's benefits ended, children in New Hope were still doing better than children in the control group.

“The New Hope results demonstrate the importance for low-income families of work support policies, such as the Earned Income Tax Credit and child care subsidies,” said MDRC senior researcher Cynthia Miller, one of the report's principal authors. “Not only do work supports encourage more parents to go to work, but they can have lasting positive effects on children.”

These results speak to two critical issues facing state policymakers. First, proposals to reauthorize the 1996 welfare reform law promise to make improving the well-being of low-income children the overarching goal of welfare reform. The New Hope results (buttressed by similar findings from other programs that supplemented earnings in Minnesota and elsewhere) provide solid evidence of welfare reform strategies that have consistently benefited children. Second, as states face growing budget pressures, the New Hope results offer insights about program effectiveness that administrators can rely upon when making decisions about what to cut and what to continue funding. Policymakers and administrators now have strong evidence that work supports can play a valuable role in their efforts to advance policies affecting low-income families — not only in enabling parents to work, but also in increasing the chances that children will succeed.

“The findings from New Hope are very significant, as they demonstrate that family-sustaining wages and benefits have value not just to low-income workers but to their children, as well,” said Julia Lopez, senior vice president of the Rockefeller Foundation, which provided financial support to the New Hope initiative.

Complete findings from the five-year report are available at MDRC's Web site, www.mdrc.org.

About the New Hope Project

The New Hope Project demonstration was launched, in 1994, by a community-based organization in Milwaukee, Wisconsin, that believed in the effectiveness of taking a bold approach to encouraging work while reducing poverty. Committed to having the program rigorously assessed, the sponsors selected MDRC to conduct an evaluation of New Hope as an employment and training program. The MacArthur Foundation Research Network on Successful Pathways Through Middle Childhood joined MDRC in the evaluation and helped fund a special study of New Hope's impact on children. Later, the National Institute for Child Health and Human Development provided funding for MDRC, in partnership with researchers at the University of Texas at Austin, Northwestern University, the University of North Carolina at Chapel Hill, and UCLA, to conduct this five-year follow-up.

Although the New Hope Project's operating program ended when the demonstration was completed in December 1998, the organization continues to push for policies that reflect the lessons learned about how to design and operate a program that helps people get out of poverty through work. New Hope does this through policy analysis and advocacy, as well as providing technical assistance public and private entities.

About MDRC

Founded in 1974, MDRC is a nonprofit, nonpartisan social policy research organization that seeks to enhance the effectiveness of social policies and programs through rigorous research and the active communication of our findings. MDRC is headquartered in New York City and has an office in Oakland, California.

