

**dedicated to
learning what
works to
improve the
well-being of
low-income
people**

35 YEARS OF

EXCELLENCE

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about mdrc

Building Knowledge to Improve Social Policy

MDRC is a nonprofit education and social policy research organization that develops and evaluates bold new ideas aimed at improving the well-being of low-income individuals and families. Since 1974, MDRC has earned a reputation as a trusted and authoritative source of information about what works and what doesn't work in education and social policy. We are known for the high quality, integrity, and rigor of our research and for our commitment to building evidence and improving practice in partnership with school districts; community colleges; federal, state, and local governments; foundations; and community-based organizations. Working in fields where emotion and ideology often dominate public debates, MDRC is a source of objective and unbiased evidence about cost-effective solutions that can be replicated and expanded to scale.

“MDRC is a rare organization that matches its passion for rigorous analysis with an equally passionate commitment to improve the lives of low-income people.”

— William Julius Wilson, Lewis P. and Linda L. Geysler University Professor, John F. Kennedy School of Government, Harvard University

For our research to make a difference in the lives of low-income people, it must reach a broad audience. We complement clearly written research reports with policy briefs, “how-to” guides, and videos that distill the results of our studies and review their implications. We communicate our findings widely to the media and public interest groups, in testimony before Congress and state legislatures, through news bulletins e-mailed to more than 15,000 people, and on our Web site, which receives more than 1 million visitors each year.

MDRC is funded by government agencies and some 70 private, family, and corporate foundations. With a staff of more than 200 in New York City and in Oakland, California, MDRC is engaged in close to 80 projects in five policy areas:

- Family Well-Being and Children’s Development
- K–12 Education
- Young Adults and Postsecondary Education
- Low-Wage Workers and Communities
- Health and Barriers to Employment

letter from the chairman



This year marks the 35th anniversary of the founding of MDRC, and I have been fortunate enough to be a member of its board since day one. A lot has changed since 1974 (including the very

name of the organization, which began as the Manpower Demonstration Research Corporation), but the mission has remained constant: discovering what works to improve policies and programs that serve the poor, and communicating that knowledge to decision-makers.

That mission has never been more important than it is today. Recovery from the economic crisis is expected to be slow and difficult, and setbacks may occur. The unemployment rate is approaching double digits, welfare caseloads are rising, and state and federal budgets are — and will continue to be — under unprecedented pressure, meaning that policymakers will be making very tough decisions about what is worth funding with public dollars. At the same time, federal stimulus monies have been flowing to the states, providing new opportunities to invest in cost-effective programs that can make a lasting difference in the lives of low-income families. Not surprisingly, demand for MDRC's expertise on the full range of education and social policy issues has never been greater, and the staff is working at capacity.

The new Obama Administration has committed itself to bringing research evidence to bear in policymaking, and we look forward to working with

it, as well as with leaders on Capitol Hill and in the states, to identify effective policies and programs, provide guidance on how to implement proven models, and develop new ideas and put them to the test. As usual, we hope to create a trail of excellent research and sound judgment.

Robert Solow
Chairman
MDRC Board of Directors

letter from the president



In this time of economic and human crisis, both the low-income people MDRC seeks to assist and the government programs that serve them are vulnerable. Adding to this vulnerability, an equally daunting

crisis lies just over the horizon: looming budget deficits that will put an extraordinary strain on government programs, the people they serve, taxpayers, and society as a whole. Simply put, policymakers at the federal, state, and local levels, in both the executive and legislative branch, face very difficult choices: Which investments will pay off in the long term? And which expenditures are no longer essential?

When limited government resources demand that the nation make the most of its investments in social and education programs, policymakers need credible information that identifies effective strategies for addressing serious national problems; for

example, lack of quality in preschool programs, poor educational and employment outcomes for at-risk youth, low levels of college completion among community college students, and high recidivism rates among released prisoners. MDRC provides reliable evidence about what works, builds the capacity to do what works at scale and with high quality, and uses this evidence and capacity to leverage public and private support for the long term.

How does MDRC make a difference?

We focus on solutions. Most social policy organizations study the problem; understanding the problem and its underlying causes is an important place to start, but it doesn't tell us whether any given solution will actually be effective. In fact, the first time around, most things don't work or work only a little. Sticking with a problem by building a body of evidence and using that evidence to improve capacity over time is the only way to make real progress and avoid simply repeating past mistakes and relearning the same lessons over and over again.

We focus on rigor and reliability. At MDRC we want to answer four key questions: What difference did the program make above and beyond what would have happened anyway? How did it do so? Why or why not? Is the program cost-effective and does it have a high return on investment? We do this by using reliable random assignment research designs or near equivalents when feasible and ethical (it is, most of the time) and combining these methods with a range of qualitative research tools. In short, we want to hold education and social programs to the same high standards that have been instrumental in many of medicine's stunning advances.

We are committed to capacity-building. We do more than evaluate programs; we design, develop, and improve them and the organizations that operate them. Our interest here is twofold: First, we want to know whether a particular program or model

gets results, which requires that we evaluate well-implemented programs and avoid measuring ineffectual start-ups. Second, MDRC places a premium on helping programs apply what we learn. As evidence of this commitment, roughly a quarter of the staff in our five policy areas have program expertise gained from experience in schools, nonprofit service delivery organizations, and government agencies, both as managers and as line staff — skills that position them to strengthen programs and the systems they are part of.

We are committed to partnership and active communication. MDRC is only as strong as the individuals who make up the teams that carry out our work. We partner with leading university-based academics to maintain our position on the cutting edge of social science research methods, theory, and discipline; with practitioners who have "best practice" on-the-ground experience; and with government agencies and private foundations whose cross-cutting, bird's-eye views position them to see across fields and disciplines. And we actively communicate to practitioners, policymakers, and other key stakeholders what we are learning that could help improve the lives of low-income people.

We think that this unique approach to evidence-building is making a difference, producing tangible proof that the nation can tackle some of its most intractable education and social problems. We expect the demand for MDRC's work to grow ever more insistent as the choices policymakers face become more consequential. This Corporate Report highlights examples of work under way in each of our five policy areas — innovative clusters of projects, each building on the next, to advance knowledge in a given field. We hope that they will give you a sense of the wide range of areas in which we work and the disciplined approach to evidence- and capacity-building that guides us.

Gordon L. Berlin
President

POLICY AREA:

family well-being and children's development

Children who grow up in poverty face much greater risks of academic failure, poor health, and emotional distress and, as adults, are more likely to be unemployed and poor. MDRC's studies on children and families are providing a new generation of reliable evidence for policymakers about strategies that benefit the social, emotional, and cognitive development of low-income children — some by improving the life prospects of parents and others by working directly with children.

For more than a decade, MDRC has been a leader in an expanding field of research that examines the impact on children of welfare reform and other social policies that are designed to affect the employment and income of their parents. Bolstering parents' economic security is only one of several important ways to improve the lives of children. Our work aimed at strengthening family relationships and family health focuses on understanding the impact on children and their parents of efforts to increase the emotional well-being of parents; improve parenting skills; help couples form strong marital or co-parenting relationships; and increase the ability of noncustodial parents to pay child support and stay involved with their children. Finally, MDRC's child care and early education studies seek to deepen policymakers' understanding of the effects of early care environments on the development of low-income children.



Foundations of Learning and Head Start CARES

Improving the school readiness of disadvantaged young children is a high priority for policymakers and a promising strategy for ameliorating some of the nation's most persistent social problems. But disquieting evidence that the effects of Head Start, the nation's largest federally sponsored early childhood development program for low-income children, may be small and that preschoolers are expelled at disturbingly high rates raises concern about the ability of preschool programs to deliver on that promise. An important — but too often neglected — aspect of maintaining quality in preschool programs is addressing children's socio-emotional development.

Researchers have found that children who have difficulty regulating their emotions and behaviors (those who are sad, withdrawn, or disruptive) receive less instruction, are less engaged and less positive about their role as learners, and have fewer opportunities to learn from other children. Instruction time in preschool is significantly reduced when teachers are unable to control children's acting-out behaviors in the classroom. And this is not an isolated problem — studies suggest that 20 to 40 percent of children in low-income preschool classrooms may have difficulty regulating their behavior and emotions. Left unaddressed — and compounded by later attendance at lower-quality schools — early academic disparities among disadvantaged children grow into an achievement gap that is already evident in the first grade.

However, Head Start and other early childhood programs are operating with a surprisingly thin base of evidence about which classroom practices are most effective at supporting children's socioemotional development.

Recent research has identified several fundamental skills that underlie emotional and social competence. Building on this research base, MDRC is working in partnership with government and private partners on two projects — **Foundations of Learning** and **Head Start CARES** — to learn more about interventions that focus on the social and emotional development of preschool children from low-income families. Foundations of Learning is a demonstration project developed by MDRC and funded by private foundations. Head Start CARES was conceived and is sponsored by the Administration for Children and Families in the U.S. Department of Health and Human Services. Both projects are the product of collaboration with prominent academics in the field of early childhood development.

The two projects will address whether programs targeting children's socioemotional development can improve their social and learning behavior, what leads to effective implementation of these program models, and whether such programs have long-term benefits for children's academic skills, while simultaneously improving the learning environment for all children in the classroom.

In Foundations of Learning, MDRC is working with preschool programs in Newark, New Jersey, and Chicago to test a model in which teachers are being trained in classroom management strategies that promote children's positive behavior. Mental health

SUPPORTING HEALTHY MARRIAGE

Supporting Healthy Marriage is the first large-scale, rigorous evaluation of relationship education programs for low-income married couples. MDRC is leading the nine-year study in collaboration with several partners and leading experts on family functioning, marital education, and services for low-income families. Supported by the U.S. Department of Health and Human Services, the project is motivated by research suggesting that children are most likely to thrive when raised with both parents in low-conflict households. Low-income families are affected disproportionately by family dissolution, yet historically have had little access to preventive services aimed at strengthening relationships between parents. The project is testing a yearlong program that combines facilitated group workshops for couples on relationship skills, individual coaching in these new skills, links to additional services in the community, and additional activities designed by local programs to supplement the workshops. The Supporting Healthy Marriage impact study is designed to illuminate whether increased access to this type of program for low-income couples improves the quality and stability of marital relationships, individual parents' mental health, parenting and co-parenting, and outcomes for children.

professionals coach the teachers and provide individualized clinical services to children at greatest risk. Fifty-one preschool classrooms are participating in the evaluation in Newark and 40 in Chicago. The study's findings will be available in the Newark site in late 2009 and in Chicago in 2010. But our early findings show that teachers perceived the program to be helpful, their classroom practices changed over the course of the school year, and these changes had a positive effect on the classroom environment, on reducing children's negative behaviors, and on increasing children's engagement in school.

Head Start CARES (Classroom-based Approaches and Resources for Emotion and Social skill promotion) will test the effects of new strategies to improve the social and emotional development of children enrolled in Head Start. The first approach, referred to as "socioemotional learning," provides children with specific hands-on activities and lessons to build their knowledge of emotions and their ability to consider alternative solutions when faced with a conflict. The second approach, referred to as "classroom management," trains teachers in specific behavior strategies that support the socioemotional development of preschool children — for instance, praising children for socially competent behaviors and setting clear limits for their behavior. The third approach, referred to as "scaffolded play and learning activities," targets skills such as cooperative play, self-regulation, and social problem-solving. It focuses on changing the way that make-believe play and other learning experiences are structured and supported in the classroom. This federally initiated, large-scale test of promising socioemotional programs is unprecedented in the effort to learn what works in preschool education.

The evaluation will randomly assign up to 120 centers to receive either one of three interventions or to be part of the control group. The project holds the promise of identifying the impacts of these new approaches compared with current practices in Head Start settings and providing lessons about how they can best be integrated into Head Start classrooms around the country. The project will extend to mid-2013. ■



POLICY AREA:

k-12 education

MDRC fills an important niche in the national quest to learn what works best to raise the academic achievement of young people who are at risk of failing in school — a focus on building reliable evidence using rigorous experimental research designs. At a time of growing national and state interest in improving low-performing schools and better preparing students for college and work, a commitment to rigorous evaluations and demonstration programs has established MDRC as a respected voice in education research and policy. To date, MDRC has managed 20 major education studies representing a range of both structural and instructional reforms at both the high school and elementary school level. At the high school level, these have included several prominent comprehensive reform interventions as well as specialized literacy programs aimed at students who enter ninth grade reading below grade level.

Though disparities in academic outcomes are most visible in high school, they begin much earlier in students' lives. Even as we continue to build a body of knowledge on high school reform, we are examining school-based interventions in the elementary grades and middle school that seek to give children a strong start in developing reading and math skills as well as after-school programs that extend children's learning beyond the school day. Because we recognize the value of introducing change in school systems as well as at individual schools, we have also studied reforms that involve clusters of schools or even whole districts. Across the entire span of our work, we have concentrated on key elements of students' instructional experiences: the skills of teachers, the content of what they teach, the duration of instruction, and the organizational setting in which teaching is done, which affects the relationship between adults and students in schools and in classrooms.

Central to MDRC's mission in education research is facilitating dialogue among researchers, policymakers, funders, and educators — building a shared learning community in which researchers are responsive to the needs of practitioners and practitioners are committed to taking lessons from research as they innovate.

Career Academies

In urban high schools, too many students who manage to graduate are unprepared for college or for the world of work. And these students — especially young men — often enter a labor market that offers them few opportunities for good jobs. Yet most high school reform efforts today focus solely on boosting academics. Recent findings from MDRC’s long-term study of **Career Academies** — a popular high school reform that combines academic offerings with career development opportunities — shows that preparation for college and for the workforce can go hand in hand. We found that Career Academies produced sustained employment and earnings gains, without compromising students’ capacity to graduate from high school and go on to college. In particular, they appeared to offer young men and women a boost that put them on a better earnings trajectory.

Typically serving 150–200 students in grades 9 or 10 through grade 12, Career Academies are organized as

Henry Gomez, a graduate of a Career Academy program at Valley High School in Santa Ana, California, at work in a summer job as a bank teller. Photo: J. Emilio Flores for The New York Times/Redux

small learning communities to create a supportive, personalized learning environment, combine academic and technical curricula related to a career theme (such as business, computers, or health care), and establish partnerships with local employers to provide career awareness and work-based learning opportunities. First established more than 40 years ago, Career Academies operate today in more than 2,500 high schools.

Since 1993, MDRC has been conducting a rigorous evaluation of the academies, funded by 20 private foundations and government agencies. Our random assignment study, considered to be the most reliable form of program evaluation, was the first ever conducted in a high school setting. We followed students in nine high schools around the country from their freshman year until eight years after their scheduled graduation. More than 80 percent of students in the sample were black or Hispanic.

The findings were dramatic. Career Academies produced sustained earnings gains that averaged 11 percent (or \$2,088) more per year for program partici-

“Because the career academy research by the New York-based MDRC...was so detailed and professional, we have just learned that the academies accomplished something perhaps even better than higher passing grades on reading exams. They produced young men who got better-paying jobs, were more likely to live independently with children and a spouse or partner and were more likely to be married and have custody of their children. This is a remarkable finding. It has the power not only to revitalize vocational education but to shift the emphasis of school assessment toward long-range effects on students’ lives, not just on how well they did in school and college....Thanks to MDRC, we now have a deeper sense of new ways to help urban youth. I hope the people who did this research have lots of imitators.”

— Jay Mathews, *The Washington Post*, July 21, 2008



pants than for individuals in the control group — a \$16,704 boost in total earnings over the eight years of follow-up. The additional earnings roughly equaled the earnings premium that two years of community college could provide. Young men, for example, saw an annual earnings gain of 17 percent (or \$3,731) — or nearly \$30,000 over eight years. More than 90 percent of the students graduated from high school or received a General Educational Development certificate, and half earned a postsecondary degree or credential. And in their mid-20s, former male participants in Career Academies were more likely to be married and to be custodial parents.

Particularly now that there is renewed national interest in career and technical education, the Career Academy experience highlights the potential benefits of engaging high school students in academic and career-related activities that they see as directly relevant to their future. “The research on Career Academies shows that combining preparation for college and preparation for careers can produce life-enhancing results for students,” wrote J. D. Hoyer, president of the National Academy Foundation, and David Stern, a professor at the University of California, Berkeley, in *Education Week*. “It also provides an example of how close study and evaluation over time can inform and advance educational policy and practice.”

Even after 15 years, MDRC’s commitment to helping educators implement successful Career Academies continues. The challenge now is to bring the promise of Career Academies to scale in a way that maintains — or increases — the positive labor market impacts, while also increasing high school graduation and college attendance, especially for students at high risk of school failure. To meet that challenge, MDRC and a group of partners are launching a project that enhances Career Academy students’ exposure to the world of work and provides internships, two components that may be important drivers of the large employment effects found in the Career Academies evaluation.

IMPROVING ADOLESCENT LITERACY

Millions of American high school students are reading at or below basic proficiency levels and lack the literacy skills they need to meet the demands of their high school courses. While much has been learned about literacy in the elementary grades, less is known about how to help struggling adolescent readers. In two complementary studies, MDRC is filling this knowledge gap by studying two promising approaches to improving adolescent literacy: supplemental literacy courses for ninth-graders and a program that fosters schoolwide literacy across the curriculum. In the Enhanced Reading Opportunities Study, funded by the U.S. Department of Education Institute of Education Sciences, MDRC and its partner, American Institutes for Research, are evaluating two “catch-up” literacy programs for students who enter ninth grade reading two to five years below grade level. The first two reports found that the literacy programs had very small positive impacts on the reading comprehension scores of two cohorts of students; a final report on the impact of the programs on other student academic outcomes is expected in 2010. In the Evaluation of the Content Literacy Continuum, also funded by the Institute of Education Sciences, MDRC has partnered with the Regional Educational Laboratory Midwest to evaluate the impact of the Content Literacy Continuum (CLC) on teachers’ instructional practice and students’ academic achievement. CLC is a schoolwide intervention that emphasizes literacy instruction throughout a high school student’s day and incorporates it into English, social studies, science, and math classes. Thirty-three high schools in nine school districts in Indiana, Michigan, Ohio, and Washington are participating in the study.

We will continue to collaborate closely with the leading academy networks and membership organizations — National Academy Foundation, Career Academy Support Network, and National Career Academy Coalition — which have been important consumers of MDRC’s research and played a key role in developing the National Career Academy Standards of Practice, based largely on our findings. These organizations will be ready to transfer the lessons we learn to academies around the country so that the entire field can benefit. ■



POLICY AREA:

young adults and postsecondary education

With their open admissions policies, convenient locations, and low tuition, community colleges are a critical resource for millions of adults who might otherwise be unable to go to college. Community colleges currently enroll 40 percent of all college students nationwide. For low-income people, they offer a pathway out of poverty and into better jobs. Yet nearly half of students who begin at community colleges drop out. MDRC's research in the Young Adults and Postsecondary Education policy area is aimed at discovering how to dramatically increase the success of low-income young adults in college and in the labor market. MDRC is a partner in Achieving the Dream: Community Colleges Count, a national initiative involving 102 colleges in 22 states that are working to improve student achievement by making lasting changes in their own practices and culture, monitoring student outcomes, and using data to drive change. And in a cluster of projects inspired by the success of our Opening Doors demonstration, we are collaborating with community colleges to create innovative programs aimed at increasing the number of students who stay in college and earn degrees or credentials.

Learning Communities and Performance-Based Scholarships

Many community college students are overwhelmed by the competing demands of work, family, and school. Lack of preparation for college-level work, poorly tailored instruction, insufficient financial aid, or inadequate advising may also impede their progress. With funding from nearly 20 foundations and government agencies and in partnership with the MacArthur Foundation–sponsored Network on Transitions to Adulthood, MDRC’s **Opening Doors** demonstration has found solutions — making a difference in the lives of students and building a body of evidence to guide educators. From 2003 to 2009, we worked with a group of six pioneering community colleges to design, implement, and evaluate innovative programs to help students stay in school and earn a credential, including reforms in curricula and instruction, enhanced student services, and financial aid supplements.

Learning Communities

One of the greatest challenges facing higher education today is meeting the needs of students who lack basic reading, writing, and math skills. An increasingly popular strategy is to place these students into “learning communities,” where they take remedial courses linked with other college courses. The theory is that learning communities make basic skills instruction more meaningful and relevant and provide students with more intensive support from faculty and other students.

MDRC’s study of a one-semester learning community for freshmen at Kingsborough Community College in Brooklyn, New York, offered the first experimental evidence that learning communities can be effective in helping students make a successful transition to college. The students in the program took all their first-semester courses

together, in groups of up to 25, including English, a traditional college course like sociology or health, and a course on college survival skills. Students also received tutoring, counseling, and vouchers for books. Kingsborough’s faculty designed the linked courses around a theme and met regularly to review students’ progress.

Relative to a control group of students in regular classes, students in the learning community moved more quickly through developmental English requirements, took and passed more courses, and earned more credits in their first semester. Two years later, they were also somewhat more likely to be enrolled in college. “The Opening Doors learning communities for freshmen have been very rewarding for both students and faculty at Kingsborough,” said Regina Peruggi, the college’s president. “We look forward to using the results of this study to further improve the operation of the learning communities on our campus.” As a result of these promising findings, Kingsborough has expanded its learning communities programs.

Building on Kingsborough’s experiences, MDRC has embarked on a new **Learning Communities Demonstration**, which will develop and test variations of learning communities focused on different subjects and with different levels of curriculum integration. The project is under way at six community colleges, where we are working with faculty to

BRIDGING THE GAP BETWEEN HIGH SCHOOL AND COLLEGE

Too many students enter college without sufficient skills in English and math to succeed and must take developmental (or remedial) math or English courses. They will need to spend more time in college and more money on tuition and books before they can earn a certificate or a degree. Not surprisingly, these students are less likely than others to remain in college. Summer “bridge” programs during the summer after high school graduation have emerged as a potentially promising strategy to address this problem. They offer students accelerated, focused learning opportunities that can help reduce their need for remediation and better prepare them for success in college. Despite the increased popularity of these programs, there has been little empirical research on their effectiveness. As a part of the National Center for Postsecondary Research, MDRC and its research partners are conducting a rigorous study of these programs during 2009 at seven colleges and universities in Texas, led by the Community College Research Center. Early research results are expected in 2010.

tailor the program’s design to the students who are most vulnerable to dropping out: Community College of Baltimore County in Maryland, Hillsborough Community College in Florida, Houston Community College in Texas, Kingsborough Community College in New York, Merced College in California, and Queensborough Community College in New York. The project is funded by the U.S. Department of Education Institute of Education Sciences as well as eight foundations and the U.S. Department of Labor. A final report will be published in 2011.

Performance-Based Scholarships

For many students, the cost of college is a barrier to attendance. While federal and state financial aid is available to help with tuition, fees, books, and some living expenses, students still often have

unmet needs, particularly if they are from the poorest families or are independent of their parents. Working is one answer, but too many hours on the job can contribute to poor academic performance and dropping out. Loans are another answer, but many low-income students are reluctant to take on debt — especially if they have doubts about their ability to earn a degree or if college attendance is not the norm in their family.

As part of Opening Doors, MDRC tested an innovative strategy: granting performance-based scholarships to increase financial support for students and create an incentive to complete their courses and make more timely progress toward degrees. The findings offer encouraging evidence that these scholarships, combined with counseling, can help students stay in school and progress in their studies.

In 2004–2005, at two colleges in the New Orleans area — Delgado Community College and Louisiana Technical College–West Jefferson — low-income parents were offered a \$1,000 scholarship for each of two semesters if they stayed enrolled at least half time and maintained at least a 2.0 (C) average. These scholarships were paid in addition to other financial aid for which students qualified.

The mostly single mothers in the program were more likely to register full time, persist in their studies, earn higher grades and more credits, and have better social and psychological outcomes than students in a control group. These positive impacts notably persisted into the third and fourth semesters, when most students were no longer eligible

“Ismael Pena arrived at Kingsborough Community College last fall unable to write well enough to keep up with his classwork. After a few months in a highly touted program that is being copied around the country, Pena, 20, passed a required English test with flying colors.... ‘The success rate has been unbelievable,’ said Zuleika Rodriguez, the program’s head adviser, who has helped students with everything from scheduling classes to finding houses.”

— Rachel Monahan, *New York Daily News*, April 1, 2008

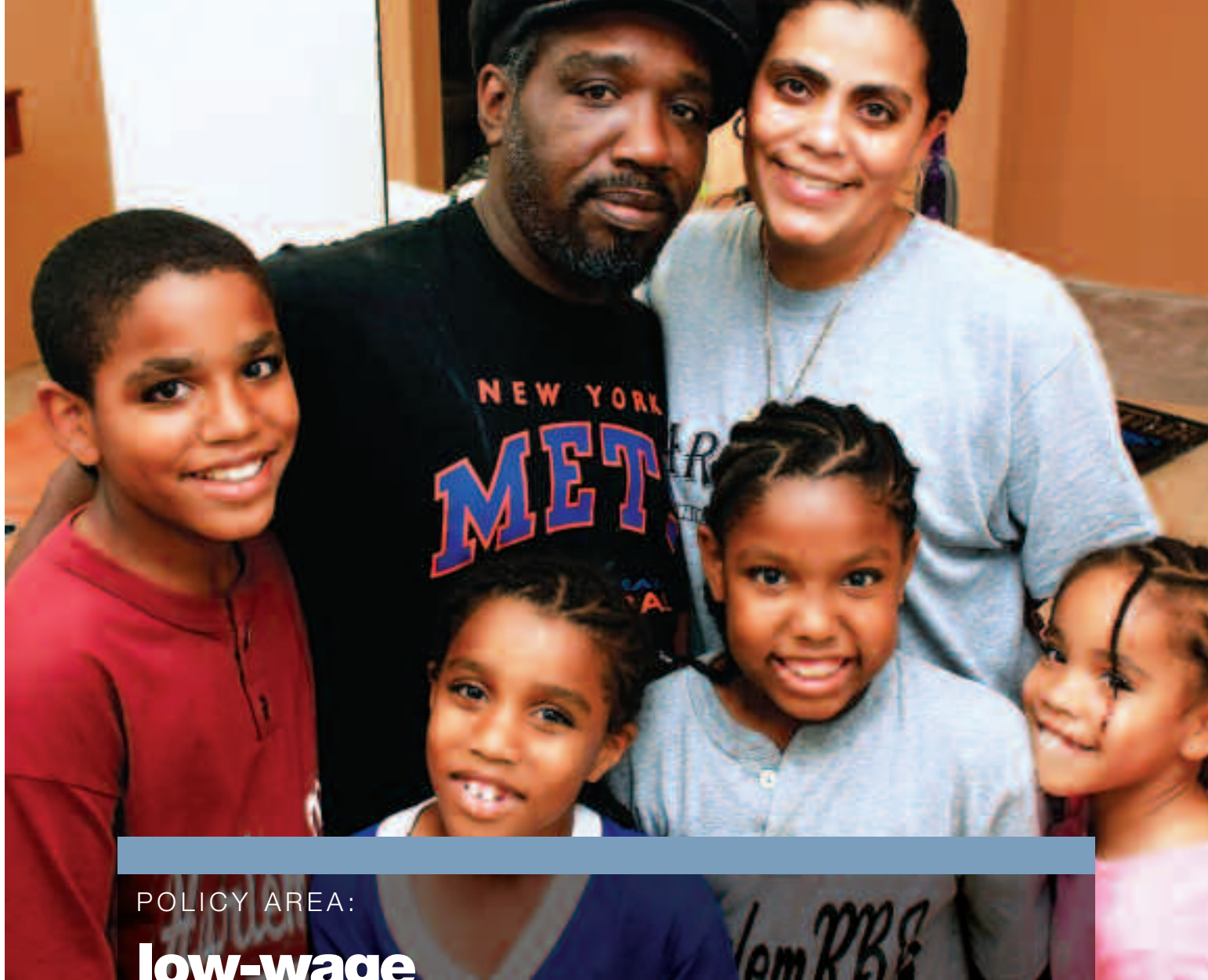
for the scholarship. Tragically, Hurricane Katrina temporarily shut down the two colleges, which disrupted the lives of the students and constrained MDRC’s ability to measure the program’s long-term impacts. Even so, the positive effects of this scholarship are among the largest in magnitude that MDRC has seen in a random assignment study of an education program and offer real hope that supplemental financial aid tied to academic performance can help low-income and nontraditional students persist in college and improve their academic performance.

“The findings from MDRC’s study reaffirm the importance of financial aid and student services to help our students succeed in college,” said Arnel Cosey, assistant vice chancellor for student affairs at Delgado Community College. “We hope that these positive results will convince our state and federal policymakers to provide more funds for performance-based scholarships.” The promising results in Louisiana have indeed spurred interest among other states in offering similar scholarships, including California, New Mexico, New York, and Ohio.

The next step is to find out whether such scholarships would be as effective in other college settings, and whether the early gains in persistence translate

into higher college completion rates and future earnings. In collaboration with financial aid officers at participating colleges, MDRC has launched a new **Performance-Based Scholarship Demonstration** to answer these questions: Do performance-based scholarships increase academic achievement? What is the right amount? What is the effect of the duration of the scholarship? For what target population do the scholarships have the greatest impacts? What is the effect of making the scholarships portable instead of tied to one institution?

More than 4,500 students are receiving scholarships at six institutions: Borough of Manhattan and Hostos Community Colleges in New York; Lorain County, Owens, and Sinclair Community Colleges in Ohio; the University of New Mexico; and statewide in California through the California Cash for College program. The project is supported by Bill & Melinda Gates Foundation, Robin Hood Foundation, College Access Foundation of California, Ohio Board of Regents, Ohio Department of Job and Family Services, and The Kresge Foundation. A final report will be published in 2012. ■



POLICY AREA:

low-wage workers and communities

Today's volatile economy is affecting workers at all wage levels, but it is particularly trying for low-wage workers with limited skills. For these workers, job stability and opportunities for advancement are increasingly out of reach, as are the essential benefits that go along with a steady job. MDRC has launched a number of projects aimed at fostering the long-term economic security of low-wage workers through more stable employment, improved skills, better access to work supports (like the Earned Income Tax Credit, food stamps, and subsidized child care), and higher earnings.

MDRC pursues its work in this area in a variety of ways. First, our job retention and advancement initia-

tives aim to identify services that help low-wage workers remain employed and advance in the workplace, and to enhance the effectiveness of the workforce development and community college systems — the two principal institutional systems that serve low-wage and low-skilled workers. Second, MDRC's "place-based" community initiatives have been geared toward areas that have a high concentration of poverty, like public housing developments and their surrounding neighborhoods, and limited access to good jobs, quality affordable housing, and economic and political resources. These initiatives encourage collaborative efforts among social service agencies, schools, government programs, community groups, and residents themselves to alleviate poverty now and in the future. Finally, MDRC is testing antipoverty strategies that use economic incentives to improve the financial security of low-income people, encourage employment, and break generational cycles of poverty and dependence.

Jobs-Plus

spotlight on

Policymakers are increasingly interested in exploring ways for rental subsidy programs to encourage tenants to work and become self-sufficient. While housing subsidies are a critical part of the nation's social safety net, they have not, by themselves, been shown to help increase work among public housing residents. Most experts agree that reform efforts should focus on new rent policies or other financial incentives to encourage work and to help low-income individuals build assets. Some advocate for better employment services tailored to the needs of low-income tenants, and some call for work requirements as a condition for getting and keeping housing assistance — but convincing evidence of what works is scant.

MDRC's **Jobs-Plus** demonstration — launched in 1998 in six cities — was one of the most ambitious employment programs ever attempted inside some of the nation's poorest inner-city housing projects, and one of the most rigorously evaluated. The program — which was developed in response to the growing concentration of joblessness, underemployment, welfare receipt, and poverty in some of the nation's most economically deprived communities — combined three components: employment-related services at convenient on-site job centers; financial incentives to work, by limiting reductions in rent increases when those increases were tied to higher earnings; and “community support for

work” in the form of neighbor-to-neighbor exchanges of information about job opportunities or employment services.

The Jobs-Plus combination of job-related services, rent incentives, and community support for work was a winning one: It boosted residents' earnings by an average of 14 percent, or \$4,564, more than a control group's earnings during the last four years of the study combined, and by 20 percent in the last year of follow-up. What's more, longer-term data now show a full seven years of large, positive effects since the study began, including an additional two years beyond the time during which the program operated. For the sites where the Jobs-Plus concept was fully tested, the program resulted in a large 16 percent change in annual average earnings gains (an average of \$1,300) for nondisabled, working-age public housing residents. Where the program was fully implemented, those effects were sustained in both good times and bad, at the tail end of a booming economy, in the midst of the 2001–2003 national recession, and during the recovery that followed. And they were sustained for housing developments in very different cities and for diverse racial and ethnic groups: Immigrant

Eustace and Vylmary Bennett, opposite page, shown with their children, are participants in the Opportunity NYC Family Rewards program, which is being pilot-tested by MDRC in six high-poverty community districts in New York City.

Photo: Adams for News

OPPORTUNITY NYC

Opportunity NYC is a set of three new incentive-based initiatives designed to break the cycle of poverty. The program offers temporary cash payments to poor families to boost their income in the short term while building their capacity to avoid longer-term and second-generation poverty. The payments, called “conditional cash transfers,” are contingent upon family members’ taking steps to build their human capital.

In collaboration with the NYC Center for Economic Opportunity in the Office of the Mayor, a host of city agencies, and a group of community-based organizations selected in conjunction with Seedco (a private, nonprofit intermediary organization), MDRC helped to design two of the Opportunity NYC initiatives and is leading a random assignment evaluation of their effectiveness. Family Rewards, which is being pilot-tested in six high-poverty community districts, targets the whole family and awards payments when households meet specific conditions in three key areas — children’s education, family preventive health care practices, and parents’ workforce efforts. Payments might be made, for example, for children’s sustained school attendance and performance and parents’ participation in parent-teacher conferences, for taking the family to medical checkups, for working full time, or for completing skills training. The program will run for three years and will be evaluated over five years.

Work Rewards, which includes the same work and skills-training rewards as Family Rewards but not the education or health components, represents the first random assignment test of an employment program for adults in families receiving U.S. Department of Housing and Urban Development Section 8 Housing Choice Vouchers. Work Rewards is testing two work-related strategies, separately and in combination with one another. It offers some of these subsidy holders bonuses for sustaining full-time work and for pursuing education or skills training, and it enrolls others in a version of the federal Family Self-Sufficiency program — an employment and asset-building program designed to promote economic advancement for low-income families receiving housing subsidies. Another group will participate in both programs. The Opportunity NYC evaluation will be completed in 2013.

Latino men, immigrant Southeast Asians, and African-American single mothers all earned more with Jobs-Plus than without the program.

Thus, Jobs-Plus offers a way for the nation’s public housing system to move beyond its core function to take on another important role — serving as a platform for work efforts. And with its emphasis on the importance of local partnerships for achieving its goals, Jobs-Plus offers lessons in how public housing authorities, welfare and workforce development agencies, and residents can collaborate to promote economic self-sufficiency.

As an initiative that has demonstrated its ability to improve the employment outlooks of low-income workers and job-seekers, the results of Jobs-Plus are relevant to other subsidized housing programs. In January 2009, Mayor Michael Bloomberg announced that a version of the Jobs-Plus program will be implemented in a large housing development in New York City, led by the NYC Center for Economic Opportunity.

In an era of scarce resources, when policymakers increasingly require information about whether programs work, Jobs-Plus offers housing authorities a tested and coordinated set of strategies for promoting work and boosting earnings, along with hard evidence that an employment-focused intervention based in public housing developments can be effective. ■

POLICY AREA:

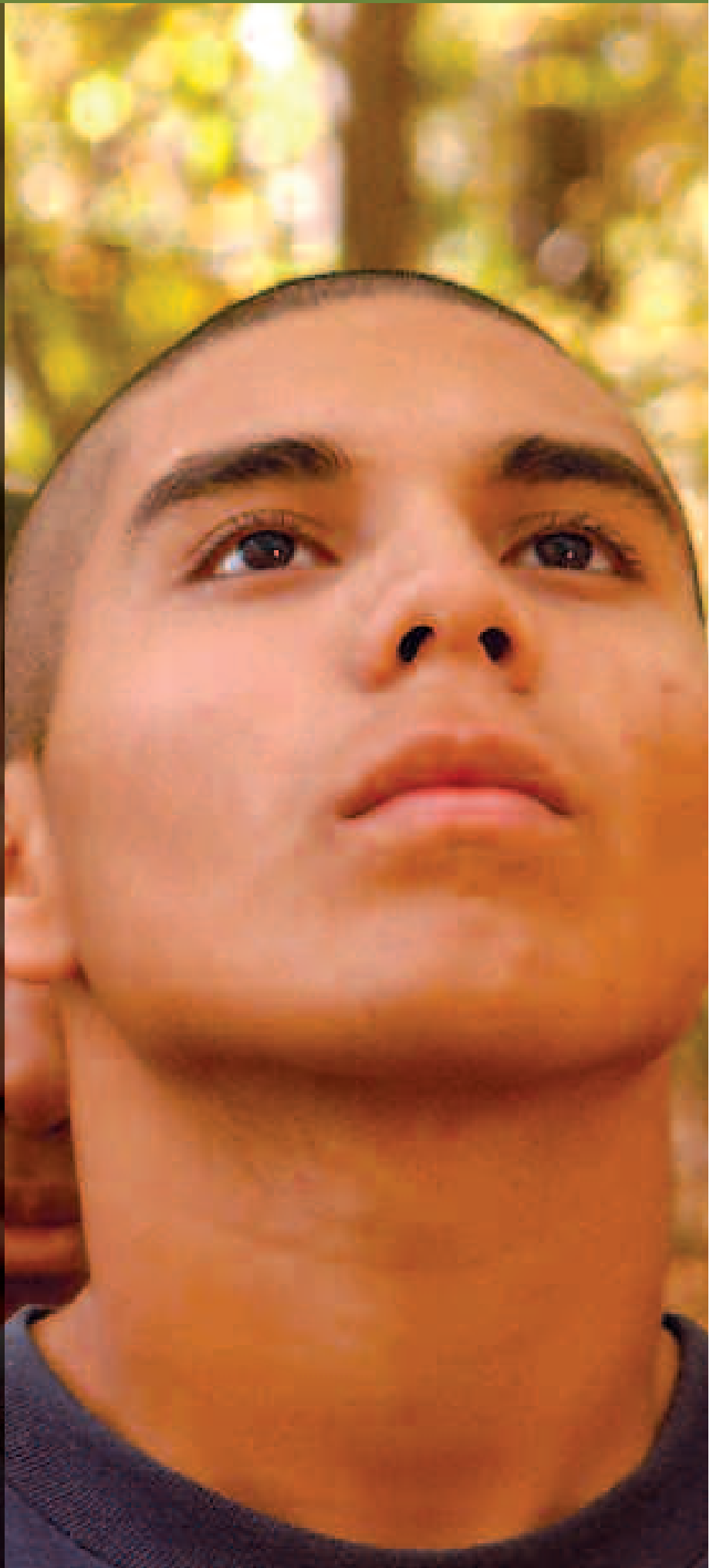
health and barriers to employment

Millions of Americans face serious obstacles to leading fully functional lives, including finding and keeping jobs. They may have low levels of education and skills, suffer from poor health or mental illness, or have substance abuse problems or criminal records and lack opportunities and support. Since its founding, MDRC has sought to identify the most effective ways to help these individuals — through our studies of work-focused welfare reform initiatives; interventions to help out-of-school youth lead independent, productive lives, including those who are in the juvenile justice system; programs to help ex-prisoners overcome the daunting problems they face when returning to their communities; and strategies for helping individuals with health problems and disabilities find jobs.

Today, MDRC is expanding its focus on finding innovative ways to improve the lives of poor and uninsured individuals who are disabled or otherwise seriously ill. MDRC's health-related evaluations are designed to inform discussions among policymakers about ways to improve health outcomes for low-income, high-needs patients and help disabled individuals return to work — and, ultimately, about the potential of such programs to strengthen our national health care system while reining in costs and reducing reliance on public assistance. “Coordinated care” models, for example, are being tested as a way to enhance the quality of care for chronically ill patients while controlling costs. And MDRC is looking at the health and employment effects of the Social Security Administration's “Accelerated Benefits” program — which provides immediate health care and related services to Social Security Disability Insurance (SSDI) beneficiaries who have no medical coverage and who must ordinarily wait more than two years for Medicare coverage after they become eligible for SSDI cash benefits.

A participant in the National Guard Youth ChalleNge program — a 17-month youth development program for high school dropouts — takes part in a physical fitness exercise. Early results from MDRC's evaluation showed that the program had positive effects on graduates' education and employment. See p. 19.

Photo: Courtesy, National Guard ChalleNge program



Coordinated Care

Health care spending in this country reached \$2.4 trillion in 2008, yet many people still do not receive the care they need. “High-needs” individuals, who face serious or multiple chronic conditions, are particularly vulnerable and may suffer deteriorating health that impairs their quality of life and ability to work while driving up health care costs if they have trouble using the health care system efficiently.

With national health care expenditures at unsustainable levels and still rising, reliable evidence about the clinical benefits and cost-effectiveness of new health care delivery models is needed. “Coordinated care” — also known as “care management” — is one model that has gained some favor for chronically ill patients who require treatment by multiple health professionals. Coordinated care programs work directly with health care providers to ensure that someone is looking after the patient’s needs while helping to prevent unnecessary or duplicative care and treatment, with the goal of helping patients to get needed care *before* they experience debilitating, even life-threatening, and costly complications. While research indicates that coordinated care is effective for particular diseases, public health systems — including Medicare and Medicaid — have only recently begun to use it. And few, if any, studies have focused specifically on its effectiveness with low-income populations. To help fill this knowledge gap, MDRC is looking at a series of coordinated care programs for an underserved group — Medicaid recipients with serious or multiple chronic conditions.

In partnership with the Center for Health Care Strategies (CHCS), a nonprofit health policy resource center, MDRC is conducting the **Coordinated Care for Medicaid Recipients with High-Cost Disabilities** evaluation. The goal of the evaluation is to generate evidence about strategies

that may be effective in improving the health outcomes of low-income, high-needs patients and reducing the public outlay for health care. To date, MDRC has begun to look at programs in Colorado and New York.

In Colorado, MDRC is evaluating two pilot programs funded by the Colorado Department of Health Care Policy and Financing — one pilot run by Colorado Access, a nonprofit health plan that provides access to health services for medically underserved Coloradans, and the second run by the Colorado region of Kaiser Permanente, the nation’s largest nonprofit health plan. Participants in the two programs are switching from the traditional fee-for-service health system to a managed care plan, through which they receive coordinated care services. Patients — all of whom are blind, aged, or disabled Medicaid recipients — are assigned to “care managers,” who work with them to assess their health care needs, develop individualized care plans, and generally do what is needed to efficiently integrate the various health services that these patients require.

MDRC is currently tracking the progress of study participants to determine whether the program can help encourage the use of primary and preventive care in order to reduce expensive hospital admissions and emergency department visits, compared

National Guard Youth ChalleNGe Program

“By his own account, Donte’ A. Dungey had no motivation in high school, sleeping through classes and sometimes showing up only for the free lunch to reduce the burden on his mother, who was struggling with nine other children. Held back three times and scheduled to enter the 10th grade at nearly 18, he knew that ‘high school just wasn’t going to work for me,’ he said.

“But he was also ready to change. More than five months ago, Mr. Dungey took up residence in a program for dropouts called Youth Challenge, run by the National Guard, that is proving effective at using military atmosphere and discipline to turn around at-risk teenagers.

“Mr. Dungey is one of 23 youths who graduated from a grueling physical and educational program on Saturday.... ‘It feels good to have discipline,’ Mr. Dungey said. Sooner than most of his fellow cadets he passed the G.E.D. exams and began tutoring others. Like all the youths, he has a personally selected adult mentor in his hometown, who will advise him over the year ahead, and this one-time aimless school dropout now hopes to join the Air Force.... The early results of a national study comparing youths who qualified for the program and were then admitted or denied on a random basis suggest that Youth Challenge may be the most successful large-scale program yet evaluated to help dropouts.”

— Erik Eckholm, *The New York Times*, March 7, 2009, on MDRC’s evaluation of the National Guard Youth ChalleNGe Program

with a traditional fee-for-service plan that does not provide coordinated care. The pilot has been launched in five counties in Colorado and is being extended to a sixth.

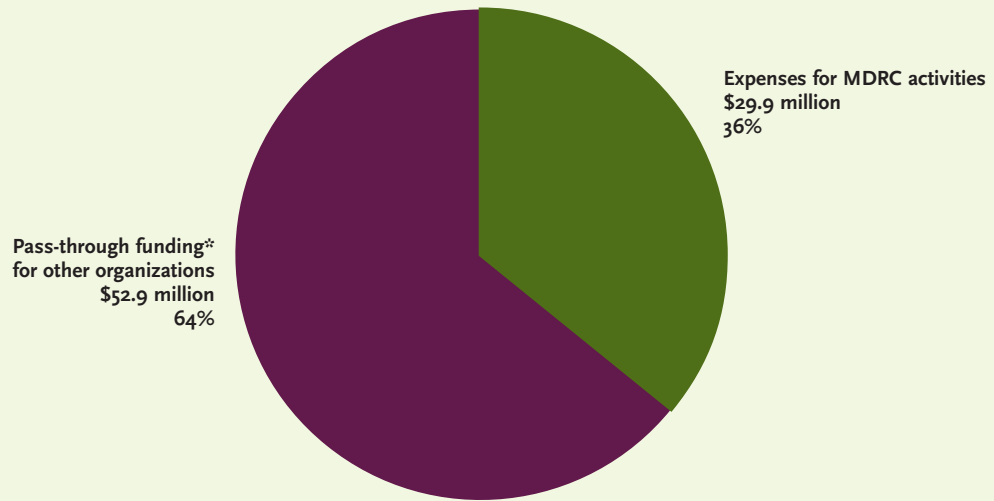
In New York State — where, in 2005, 76 percent of the state’s Medicaid budget was spent on services for only 21 percent of the program’s clients — MDRC is evaluating the Chronic Illness Demonstration Project (CIDP). Under CIDP, the state is funding seven programs to provide coordinated care to improve health outcomes and control expenses for Medicaid’s most

complex and costly beneficiaries, who comprise mainly low-income and elderly, blind, or disabled individuals. The study will be limited to people who have been recently hospitalized and have a high chance of being rehospitalized, many with mental health and substance abuse problems in addition to other chronic health conditions.

MDRC is also assessing Working toward Wellness (WtW), one of four sites in its **Enhanced Services for the Hard-to-Employ Demonstration and Evaluation Project**. WtW represents the first test of a relatively inexpensive care management intervention that provides services via telephone to help depressed parents who are receiving Medicaid to get into treatment. WtW’s care managers, who are master’s-level, licensed clinicians, help participants find and make appointments with mental health professionals, remind them to take prescribed medications, educate them about the effects of depression and its treatment, and provide phone counseling to individuals who are reluctant to seek treatment in the community. The goal of WtW is to alleviate patients’ depression so that they can return to work or become more productive in jobs they already hold, and ultimately reduce their reliance on public assistance. The early results of the evaluation are modestly encouraging. The 18-month findings are expected in 2010. ■

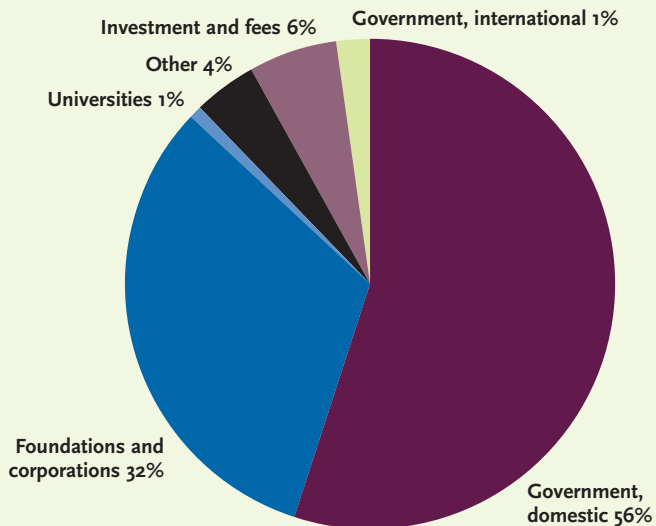
financial highlights

2010 BUDGET

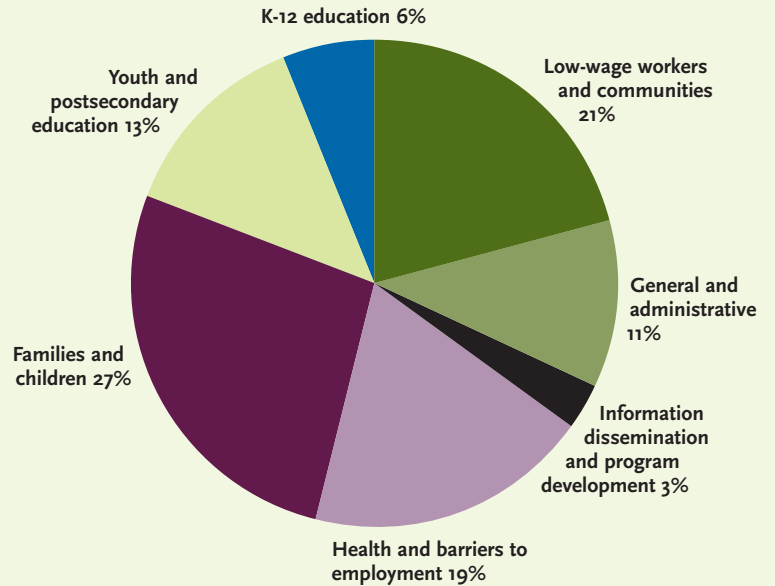


*Pass-through expenses include payments to program sites for program expenses, to subcontractors for services, and to survey firms.

SOURCES OF FUNDS, 2010



USES OF FUNDS, 2010



mdrc funders for active projects, 2007–2009

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