

## **New Hope for Families and Children**

### **Five-Year Results of a Program to Reduce Poverty and Reform Welfare**

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In today's labor market, many people who work do not earn enough to lift their families out of poverty. Many low-wage workers are not offered health insurance through their jobs, and many families with children face prohibitive child care costs. Policymakers have responded by implementing and expanding a series of programs designed to "make work pay." The Earned Income Tax Credit (EITC) — a wage supplement that is paid via the tax system to parents with low earnings — is one example of a policy designed to support low-income working families.

The New Hope Project is another example. Conceived by a nonprofit community-based organization, New Hope was an innovative program designed to improve the lives of low-income people who were willing to work full time, by providing several benefits: an earnings supplement to raise their income above poverty, subsidized health insurance, and subsidized child care. For people who had difficulty finding full-time work, the program offered help in obtaining a job, including referral to a wage-paying community service job when necessary. Thus, the project conditioned its benefits on full-time work, because one of its key goals was to increase employment, but it offered supports to help people meet this requirement. In the demonstration project, each of the benefits was available for three years.<sup>1</sup>

New Hope was run in two inner-city areas in Milwaukee, Wisconsin, and had only four eligibility requirements: that applicants live in one of the two targeted service areas, be age 18 or over, be willing and able to work at least 30 hours per week, and have a household income at or below 150 percent of the federally defined poverty level. Participation was voluntary, and adults were eligible regardless of whether they had children and whether they were receiving welfare. A team of researchers at MDRC and the University of Texas at Austin is evaluating New Hope's effects. In the evaluation, applicants to the program were assigned through a lottery-like process either to New Hope or to a control group, and the program's effects were estimated by comparing how the two groups fared over time. This report focuses on those adults who had children, the majority of whom were single mothers receiving public assistance when they entered the study.

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<sup>1</sup>Parents who needed community service jobs could work in these jobs for up to 12 months.

The idea for New Hope originated in the early 1990s in response to structural factors in both the labor market and the welfare system that worked against low-income families. Welfare rules — which reduced benefits nearly one dollar for every dollar increase in earnings — along with low wages in the labor market and the absence of employer-provided medical insurance meant that leaving welfare for work did not always make families better off financially and often led to the loss of health coverage. After paying for child care and other work expenses, low-income families were sometimes worse off, and they were usually still living below the poverty level. New Hope's underlying principles are that people who are willing to work full time should be able to do so and that they should not be poor when they do.

Each of New Hope's components is similar in some respects to features of other programs that now help poor families, such as child care assistance, subsidized health coverage, and the EITC. In fact, the program, which ran from 1994 through 1998, operated during a time in which the policy environment faced by low-income families was changing dramatically, in terms of work mandates, work supports, and work opportunities. The EITC, for example, was increased substantially during the 1990s, making it now one of the largest antipoverty programs in the country. Both Medicaid and child care assistance were expanded, and eligibility was extended to low-income families not receiving welfare. The welfare system was also beginning a major period of reform, which culminated with the 1996 legislation requiring work mandates and time limits. The State of Wisconsin was in the forefront in the effort to reform welfare and had imposed work requirements for recipients even prior to the national legislation. The state has also been in the forefront on the work supports side, providing a generous state EITC and significantly expanding funds for child care assistance and health coverage. Finally, these increases in work mandates and work supports occurred during a period of strong economic growth, when unemployment rates both nationally and in Milwaukee were low.

Within this changing context, New Hope was unique in that it offered one package — administered conveniently in one setting — containing a suite of benefits and services that parents could take up and use according to family needs and preferences. Importantly, it also had higher income thresholds than then-existing health, child care, and earnings subsidy programs.

New Hope was designed to be replicable as government policy, and one goal of the project was to provide credible information to policymakers on the effectiveness and costs of this approach. New Hope's designers expected that its combination of benefits and services would have the direct effects of increasing parents' employment and their use of health insurance and licensed child care. These effects, in turn, might influence the well-being of the program's adults and their families. It was hoped that the ultimate beneficiaries of the program would be the children, whose development might benefit from reduced poverty, changes in the home environment, and increased time in licensed child care. Thus, the evaluation set out to answer several questions: How many eligible families would make use of New Hope's benefits? Would the program increase employment and reduce poverty? Would it affect other aspects of parents'

well-being and the lives of their children? Finally, would New Hope affect children's development and well-being?

## The Evaluation

This report is part of a series on the New Hope Project. Early reports examined the implementation of the program and participants' use of services. The most recently published report examined the effects on parents and children two years after parents applied for the program, when the study children were 3 to 12 years old.<sup>2</sup> The current report presents results five years after application to the program, when the children were 6 to 16 years old. A subsequent report will examine the program's effects after eight years.

New Hope was evaluated using a random assignment research design. After conducting outreach in the communities to identify eligible people, the study enrolled over 1,300 low-income adults. Half the applicants were randomly assigned to a program group that was eligible to receive New Hope's benefits, and the other half were randomly assigned to a control group that was not eligible for the enhanced benefits. Because the random assignment process created two groups that closely resemble each other, comparing outcomes such as employment and income for the two groups over time gives a reliable estimate of New Hope's effects. From the total sample of 1,357 people, 745 people had at least one child between the ages of 1 and 10 at the time of enrollment. These families constitute the Child and Family Study (CFS) sample and are the focus of this report.<sup>3</sup> Almost 90 percent of the adults in this sample were single or separated mothers with children when they entered the study, and 80 percent were receiving public assistance.

The evaluation makes use of several data sources. New Hope program data provide information on parents' use of the program's services. State administrative records provide data on employment and receipt of welfare and food stamp benefits. In-person surveys — administered to parents and children at two years and five years after random assignment — obtained information on families' receipt of New Hope benefits, parents' employment and earnings, family functioning, and parent-child relations. For up to two "focal" children in each family, the surveys also collected information from both parents and children on participation in child care and other activities as well as children's behavior and school performance.<sup>4</sup> Teachers were mailed surveys asking about the children's school performance and social behavior.

In order to understand in depth the dynamics of family life, the experiences of parents and children, and the contexts in which families lived and worked, an ethnographic sample of

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<sup>2</sup>J. M. Bos, A. C. Huston, R. Granger, G. Duncan, T. Brock, and V. McLoyd, *New Hope for People with Low Incomes: Two-Year Results of a Program to Reduce Poverty and Reform Welfare* (New York: MDRC, 1999).

<sup>3</sup>A separate report on the total sample is forthcoming.

<sup>4</sup>If there were more than two children in the family between the ages of 1 and 10, two were chosen at random to be the focal children.

44 families was drawn from the CFS sample. These families — half of whom were in the New Hope group and half of whom were in the control group — were followed from the third year, or the final year of the New Hope program, through the fifth year. The ethnographic data include extensive field notes as well as focused interviews covering a wide range of topics, including, for example, parents' experiences with New Hope, family routines, work experiences, family relationships, child care arrangements, and goals.

## Findings

The findings show that work supports can have a range of positive effects on low-income families and their children. First, New Hope increased work and income: Parents in the New Hope group worked more and had higher incomes than parents in the control group. Although these effects on work and income faded for the sample as a whole after Year 3, when the program ended, to a remarkable extent New Hope continued to have positive effects on a wide range of other outcomes throughout the five-year follow-up. For example, New Hope participants had more stable employment, lower rates of poverty, and higher wages at the five-year point. New Hope parents also reported lower levels of depressive symptoms than control group parents after five years, and they were more aware of community resources, including the EITC. In addition to affecting parents' economic status, New Hope influenced children's environments by increasing their time in center-based child care and in other structured activities. New Hope parents were more likely than control group parents to use center-based child care — an effect that persisted through the fifth year, or two years after New Hope child care subsidies had ended. Finally, both while the program operated and at five years after study entry, New Hope improved children's positive social behavior and performance in school. New Hope children scored higher than children in the control group on a standardized reading achievement test, and they received higher ratings from their parents on their performance in reading and literacy at school. The effects on teachers' reports of school performance and positive behavior occurred primarily for boys.

Because New Hope's benefits were offered as a package, it is not possible to determine whether one particular component led to the program's positive effects on families and children. In fact, the findings suggest that New Hope had the effects it did because it offered a menu of benefits, allowing families to choose and use services according to their needs. It is likely that some children benefited from their time in center-based child care and after-school programs; others benefited from the fact that their families had higher incomes because of the earnings supplement; and still others needed the extra support of community service jobs to get them started.

### **The Use of New Hope's Benefits**

- **The majority of families in the program group used New Hope services at some point during the three-year eligibility period, although**

**few families received benefits every month. The annual cost of providing these benefits was \$5,300 per family.**

The large majority (87 percent) of people in the program group received at least one New Hope benefit (earnings supplement, health insurance, or child care assistance) during the three-year period. However, in any given month, between 40 percent and 50 percent of the sample were receiving at least one type of benefit — the most common being the earnings supplement. In addition, families who did receive benefits received them for an average of 17 months out of the 36-month eligibility period. The fact that most families did not use benefits consistently is partly the result of New Hope’s design; for example, benefits were offered only to full-time workers, and the value of benefits decreased as family income increased. In addition, some families did not need particular benefits, such as low-cost health coverage, if they received Medicaid or employer-provided coverage. The use of benefits was also related to families’ circumstances. According to the ethnographic data, families were most likely to use benefits when they could strategically manage work and finances and when benefits complemented their current arrangements. Families who were struggling with health and personal problems were less likely to work full time and less likely to use benefits. The average annual cost of providing these benefits was \$5,300 per program group family, and the average family consisted of one adult and two or three children. The largest component of these costs was New Hope’s child care subsidies. Half the families who were still receiving benefits when the program ended reported being able to adjust to the loss of these benefits — in part owing to the efforts of New Hope staff, who worked to inform families of the upcoming end of benefits and to ensure that this adjustment went as smoothly as possible. However, about 20 percent of these families reported major difficulties adjusting to the loss of benefits.

- **New Hope staff services provided positive support for participants.**

Two years after random assignment, when families were still eligible for New Hope benefits, parents in the program group reported receiving higher levels of instrumental and emotional support — probably a reflection of New Hope staff services. In ethnographic and focus group interviews, parents praised the staff for respectful and helpful assistance.

- **By the fifth year, or two years after the end of eligibility for New Hope benefits, the program group and the control group received similar levels of benefits from public sources.**

Two years after they entered the program, when benefits were still available, more adults in the program group than in the control group were covered by health insurance and were receiving child care subsidies — a direct result of the program’s benefits. By the five-year point, however, or two years after New Hope ended, there were no differences between the two groups on these outcomes. Some families in both groups were making use of the expanded eligibility for these types of work supports, particularly with respect to health coverage.

## **Effects on Employment and Income**

- **New Hope increased employment and earnings.**

Parents in the New Hope group worked more and earned more than did those in the control group (Figure 1). For the sample as a whole, the effects occurred largely during the first three years, when the program was still operating. For some groups, however — such as Hispanic parents and parents who faced moderate barriers to employment (for example, large families, preschool-aged children) — the impacts on employment and earnings lasted throughout the five-year period. The impacts on employment and earnings, especially in the early years, would not have been as large if New Hope had not provided community service jobs to those who needed them: 30 percent of parents in the program group worked in a community service job at some point during the first three years.

- **New Hope increased stable employment and average wages.**

Parents in the New Hope program worked more consistently than did those in the control group. This increase in stable employment may have contributed to one of the program's more lasting effects: During the fifth year, the program group earned higher wages than the control group. For example, 26.6 percent of people in the program group earned more than \$11 per hour, compared with 20 percent of people in the control group.

- **New Hope had no effect on welfare receipt.**

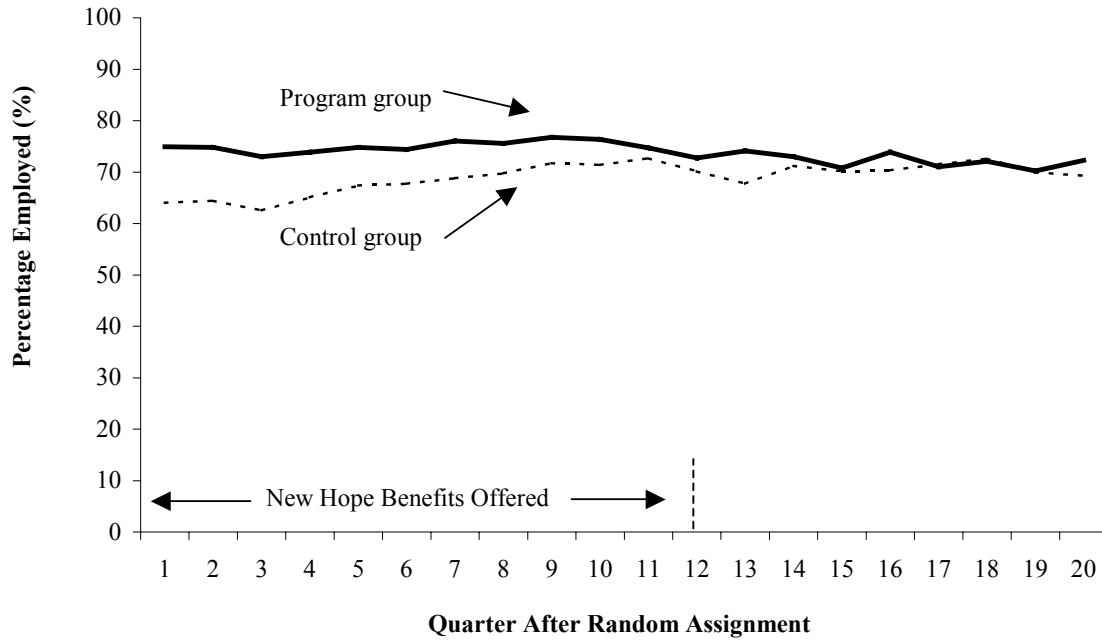
Welfare receipt fell dramatically during the five-year period for all groups in the evaluation sample, reflecting trends nationwide and in Wisconsin. However, rates of receipt were similar for the New Hope and control groups.

- **New Hope increased income and reduced poverty.**

The families in the New Hope group had higher incomes than the families in the control group, although the effects occurred mostly during the first three years. The program did continue to have large effects on income in Years 4 and 5 for some groups in the sample, such as Hispanic parents and parents who had only moderate barriers to employment. In contrast, New Hope's effects on poverty persisted throughout the five-year period for the entire sample, due in part to the fact that the effects on income — although not statistically significant in the later years — were still positive, and in part to the fact that New Hope reduced the number of families who had very low incomes. In Year 5, for example, 52 percent of the program group had incomes below the poverty line, compared with 60 percent of the control group (Figure 2).

**The New Hope Project**  
**Figure 1**  
**Impacts on Employment**

*New Hope increased employment, but the effects diminished after program services ended*



SOURCES: MDRC calculations using data from the New Hope Project MIS client-tracking database and Wisconsin unemployment insurance (UI) records.

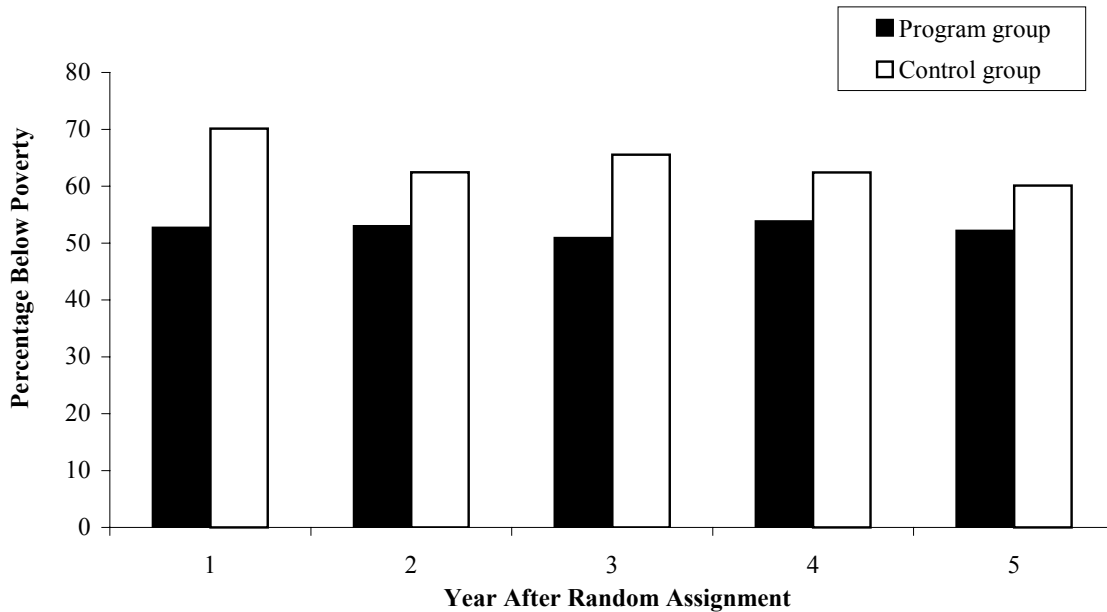
NOTE: Only for Quarters 1 through 8 and 13 are the differences between the program and control group outcomes statistically significant: Quarters 1 through 4, at the 1 percent level; Quarters 5 through 7 and 13, at the 5 percent level; and Quarter 8, at the 10 percent level.

## The New Hope Project

Figure 2

### Impacts on Poverty

*New Hope reduced the number of families below poverty*



SOURCES: MDRC calculations using data from the New Hope Project MIS client-tracking database and Wisconsin unemployment insurance (UI) records.

NOTES: The differences between the program and control group outcomes are statistically significant for all years: Years 1 and 3, at the 1 percent level; Years 2 and 4, at the 5 percent level; and Year 5, at the 10 percent level.

The poverty rates shown here are based on an income measure that includes earnings, EITC benefits, New Hope supplements, and public assistance as captured by administrative records. Because these rates do not include other sources of household income, they are not comparable to the official poverty rate.



## **Effects on Families' Well-Being**

- **New Hope had few effects on material well-being.**

Although New Hope did reduce the number of families in poverty, at both the two-year and the five-year points, the program and control groups reported similar levels of material hardship, such as food insecurity and financial worries. They also provided similar ratings of the quality of their housing and neighborhoods. (Table 1 presents selected effects on parents' well-being.)

- **Yet the program did have some positive effects on other aspects of parents' well-being and on their instrumental and coping skills.**

Parents in the New Hope group were more aware of available “helping” resources in the community, such as where to find assistance with energy costs or housing problems. More of them also knew about the EITC, an important source of support for low-income workers. Ethnographic data suggest that a significant number of families intentionally used the EITC as a savings plan for making major purchases, reducing debt, and stabilizing rent and other payments. Parents in New Hope also reported better physical health and fewer symptoms associated with depression than did parents in the control group. At the two-year point, New Hope parents reported reduced stress, increased feelings of social support, and increased time pressure. The ethnographic study found that many parents had children with disabilities or behavioral difficulties; New Hope helped the parents achieve a difficult balance among work, services, and parenting.

## **Effects on Children's Environments**

- **New Hope had few effects on parenting and parent-child relations.**

Overall, at the two-year and the five-year points, there were few differences between the program and control groups on several measures of parenting, such as parenting stress, parental warmth, and regularity of family routines. The New Hope parents did report fewer problems controlling their children, and parents of adolescents reported more effective management (better control and less need for punishment).

- **New Hope substantially increased children's time in formal center-based child care and in after-school programs.**

Even during the fifth year, after eligibility for New Hope's child care subsidies had ended, children in New Hope families spent more time in center-based child care and after-school programs than did children in control group families and correspondingly less time in home-based and unsupervised care, which includes self-care and care by siblings. As expected, these effects occurred only for children age 12 or younger (Figure 3). Ethnographic data indi-

The New Hope Project

Table 1

Impacts on Parents' Well-Being

*New Hope had few effects on parents' well-being but did increase some of their coping skills*

Outcome	Range of Outcome	Program Group	Control Group (Difference)	Impact (Difference)	P-Value	Effect Size <sup>a</sup>
<b>Material well-being</b>						
Material hardship	0=no, 1=yes	0.18	0.18	-0.01	.664	-0.04
<b>Residential well-being</b>						
Satisfaction with housing	1=low, 4=high	2.98	3.02	-0.05	.556	-0.05
<b>Physical well-being</b>						
Physical health of parent	1=low, 5=high	3.53	3.35	0.18 *	.058	0.16
<b>Coping strategies and instrumental behaviors</b>						
Sustainability <sup>b</sup>	1=sort of true for you, 4=very true	3.03	2.98	0.05	.461	0.06
Awareness of helping resources	1=low, 2=high	1.98	1.88	0.09 **	.012	0.22
<b>Psychosocial well-being</b>						
General stress	1=none of the time, 4=almost all of the time	2.49	2.48	0.01	.855	0.02
Depression	0=low, 60=high	14.32	15.86	-1.55 *	.091	-0.14
Sample size		277	276			

SOURCE: MDRC calculations using data from the New Hope five-year survey.

NOTES: Statistical significance levels are indicated as \*\*\* = 1 percent, \*\* = 5 percent, and \* = 10 percent. Actual sample sizes for individual measures may vary as a result of missing data.

<sup>a</sup>The effect size is the difference between program and control group outcomes as a proportion of the standard deviation of the outcomes for both groups combined. This standard deviation is always obtained from the entire research sample.

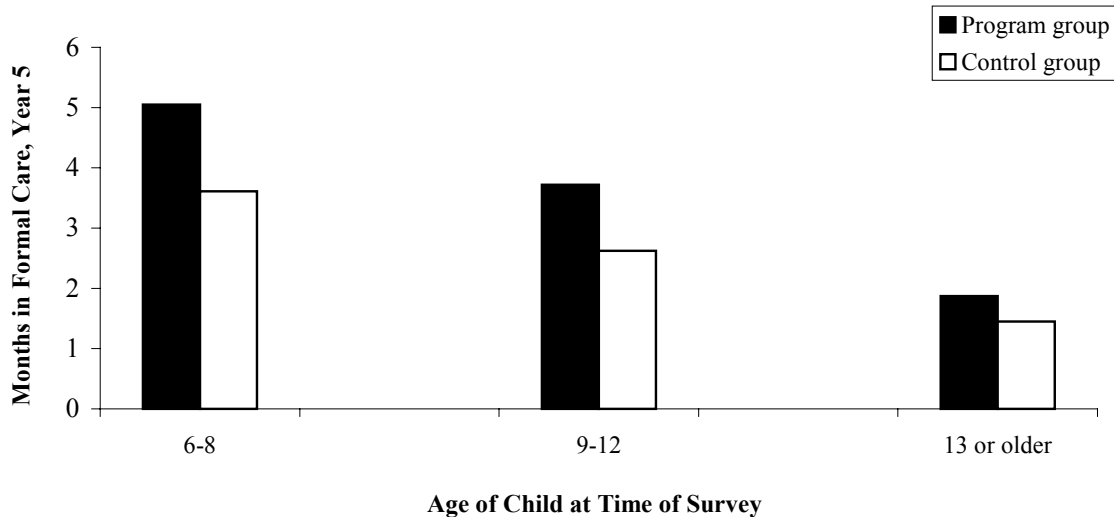
<sup>b</sup>"Sustainability" refers to the ability to manage an everyday routine of family life, which includes juggling social and material resources to achieve one's goals and provide stability.

## The New Hope Project

Figure 3

### Impacts on Child Care

*New Hope increased children's time in formal care through Year 5, or two years after the program ended; as expected, impacts occurred only for children age 12 or younger*



SOURCE: MDRC calculations using data from the New Hope five-year survey.

NOTE: Only for the younger two age groups are the differences between the program and control group outcomes statistically significant: children ages 6 to 8, at the 5 percent level; and children ages 9 to 12, at the 10 percent level.

cate that the stability of child care arrangements was higher for New Hope families than for control group families for about a year after benefits ended. Center-based care and stable center care may have contributed to parents' stability of employment and to children's academic and social skills.

- **New Hope increased children's participation in some structured activities.**

Two years after New Hope began, children in program group families participated in more structured out-of-school activities, such as team sports and youth groups or clubs. When these same children were adolescents, they still spent more time than control group adolescents participating in such structured out-of-school activities (Table 2). Program group children of all

## The New Hope Project

### Table 2

#### Impacts on Children's Activities

*New Hope increased adolescents' participation in structured activities outside school*

Outcome	Program Group	Control Group	Impact (Difference)	P-Value	Effect Size <sup>a</sup>
Structured out-of-school activities during the school year <sup>b</sup>					
All children	2.42	2.33	0.10	.218	0.10
By age at survey					
6 to 8	2.16	2.17	0.00	.973	0.00
9 to 12	2.60	2.47	0.13	.261	0.13
13 to 16	2.57	2.27	0.30 **	.029	0.32

SOURCE: MDRC calculations using data from the New Hope five-year survey.

NOTES: Statistical significance levels are indicated as \*\*\* = 1 percent, \*\* = 5 percent, and \* = 10 percent.

For all children, parent reports were available for 830 children. Actual sample sizes for individual measures may vary as a result of missing data.

<sup>a</sup>The effect size is the difference between program and control group outcomes as a proportion of the standard deviation of the outcomes for both groups combined. This standard deviation is always obtained from the entire research sample, even for subgroups.

<sup>b</sup>Using a scale that ranged from 1 ("never") to 5 ("about every day"), parents reported on children's participation in such activities as organized sports, religious classes and events, clubs, and lessons.

ages participated in activities offered by religious organizations more than did control group children (not shown in table).

### Effects on Children

- **New Hope improved children's school performance.**

At both the two-year and the five-year points, children in the New Hope group performed better than control group children on several measures of academic achievement, particularly on reading and literacy tests (Table 3). After five years, they scored higher on a standardized test of reading skills, and their parents reported that they got higher grades in reading skills. These effects were slightly more pronounced for boys than for girls. Compared with their control group counterparts, boys in New Hope also received higher ratings of academic performance from their

The New Hope Project

Table 3

Impacts on Children's Academic Achievement

*New Hope improved children's school performance*

Outcome	Program Group	Control Group	Impact (Difference)	P-Value	Effect Size <sup>a</sup>
<b>Woodcock-Johnson test of reading achievement<sup>b</sup></b>					
All children	98.05	96.01	2.05 *	.091	0.12
Boys	97.74	94.85	2.88	.106	0.18
Girls	98.71	96.94	1.78	.263	0.11
<b>Parents' ratings of reading achievement<sup>c</sup></b>					
All children	3.70	3.48	0.22 ***	.006	0.19
Boys	3.52	3.29	0.23 **	.047	0.20
Girls	3.88	3.69	0.19 *	.099	0.16
<b>Teachers' ratings of academic achievement<sup>d</sup></b>					
All children	3.21	3.15	0.06	.517	0.06
Boys	3.22	2.92	0.30 **	.035	0.30
Girls	3.19	3.36	-0.17	.171	-0.17

SOURCE: MDRC calculations using data from the New Hope five-year survey.

NOTES: Statistical significance levels are indicated as \*\*\* = 1 percent, \*\* = 5 percent, and \* = 10 percent.

Test results were available for 816 children, parent reports were available for 830 children; and teacher reports were available for 531 children. Actual sample sizes for individual measures may vary as a result of missing data.

<sup>a</sup>The effect size is the difference between program and control group outcomes as a proportion of the standard deviation of the outcomes for both groups combined. This standard deviation is always obtained from the entire research sample, even for subgroups.

<sup>b</sup>Woodcock-Johnson scores are age-standardized with a mean of 100 and a standard deviation of 15.

<sup>c</sup>Parents' ratings ranged from 1 ("below average") to 5 ("excellent").

<sup>d</sup>Teachers' ratings on the academic subscale of the Social Skills Rating System ranged from 1 ("lowest 10 percent of the class") to 5 ("highest 10 percent of the class") and covered children's performance in reading, math, intellectual functioning, motivation, oral communication, classroom behavior, and parental encouragement.

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**Table 4**

**Impacts on Children's Behavior**

*New Hope improved children's positive behavior, primarily for boys*

Outcome	Program Group	Control Group	Impact (Difference)	P-Value	Effect Size <sup>a</sup>
<b>Positive Behavior Scale<sup>b</sup></b>					
<b>All children</b>					
Parent reports	3.89	3.81	0.08 *	.061	0.15
Teacher reports	3.60	3.59	0.01	.915	0.01
<b>Boys</b>					
Parent reports	3.83	3.76	0.07	.207	0.13
Teacher reports	3.58	3.42	0.17 *	.078	0.24
<b>Girls</b>					
Parent reports	3.95	3.87	0.08	.161	0.15
Teacher reports	3.60	3.77	-0.18 **	.037	-0.26

SOURCE: MDRC calculations using data from the New Hope five-year survey.

NOTES: Statistical significance levels are indicated as \*\*\* = 1 percent, \*\* = 5 percent, and \* = 10 percent.

For all children, parent reports were available for 830 children; and teacher reports were available for 531 children. Actual sample sizes for individual measures may vary as a result of missing data.

<sup>a</sup>The effect size is the difference between program and control group outcomes as a proportion of the standard deviation of the outcomes for both groups combined. This standard deviation is always obtained from the entire research sample, even for subgroups.

<sup>b</sup>The Positive Behavior Scale of the Social Skills Rating System includes 25 items divided into three subscales: compliance and self-control, social competence and sensitivity, and autonomy. Both parents and teachers completed these scales (1="never," 5="all of the time").

teachers and were more likely to expect to attend college at both the two-year and the five-year assessments. New Hope adolescents reported more engagement with school, feelings of efficacy, and expectations to finish college than did their control group counterparts.

- **New Hope improved children's positive social behavior, especially for boys.**

At the five-year point, parents in New Hope rated their children higher on positive social behavior — including compliance, self-control, and sensitivity — than did parents in the control group (Table 4). Boys in New Hope also received higher ratings from their teachers in terms of appropriate classroom behavior and positive social behavior, and they responded to

hypothetical scenarios of peer provocation with less hostility than did control group boys, suggesting that they were less aggressive. Girls in New Hope, in contrast, received lower ratings from their teachers on classroom and social behavior and higher ratings on problem behaviors than did their control group counterparts. There were no effects on children's reports of delinquent actions or other risky behavior for either boys or girls.

The New Hope findings support the wisdom of recent expansions in work supports for poor families, including increases in the value of the EITC and expansions in eligibility for Medicaid and child care subsidies. New Hope benefits were added to a range of work supports that already existed in Wisconsin, and it was not clear in this context whether they would have any added effect. The results of this study show that they did. In addition, the program's lasting effects on children have special relevance to the redesign of the nation's income support system for low-income families. Language proposed in the 2003 reauthorization of the 1996 Temporary Assistance for Needy Families (TANF) welfare reform legislation would establish improving the well-being of poor children as the overarching purpose of welfare reform. TANF's block grant structure gives states a lot of flexibility in how these funds are used to support poor families. The New Hope findings suggest one possible means of achieving TANF's new purpose and show that the goals of increasing family income and helping poor children need not be inconsistent with the goal of moving parents to work.

## **Pathways of Effects on Children**

How and why did New Hope lead to lasting gains for children? Table 5 presents a summary of the program's effects. New Hope was designed to increase parents' employment and families' material resources, and it did. Although the program's impacts on employment and income faded somewhat for the sample as a whole after Year 3, New Hope participants had more stable employment, lower rates of poverty, and higher wages at the five-year point. Stable employment and modestly higher income may have increased family resources available for the children (for example, center-based child care) and may have improved parents' psychosocial well-being. Program group parents reported better physical health and slightly lower levels of depressive symptoms than control group parents, and these measures are both indicators of adult well-being. Perhaps more important, there is some evidence that program group parents were more aware of community resources and of the EITC.

Changes in parents' employment and family income are likely to affect children through their impacts on everyday experiences at home and away from home. Although there is a great deal of evidence from other research showing that income affects parents' well-being, which in turn contributes to positive parenting, in fact this study found only very modest evidence of program impacts on parenting practices.

## The New Hope Project

**Table 5**

### Summary of New Hope's Impacts

Outcome	Program Group Versus Control Group
Parents' employment and income	Modestly higher income Less poverty More stable employment Higher wages
Parents' well-being	No difference in material or financial well-being Slightly better physical health Fewer depressive symptoms Better awareness of public and community resources Better able to sustain daily routine
Parenting	Few overall effects Fewer problems with control in discipline situations <i>Boys:</i> More positive parent relations <i>Adolescents:</i> More effective child management
Child care	More center-based care More after-school programs Less home-based care Less unsupervised care Fewer changes in arrangements
Children's out-of-school activities	More participation in religious activities and organizations <i>Adolescents:</i> More participation in structured activities (for example, sports, lessons, community centers)
Children's academic achievement	Better scores on standardized reading achievement test Better reading performance (as reported by parents) <i>Boys:</i> Better academic skills (as reported by teachers)
Children's motivation and well-being	No overall impacts <i>Boys:</i> Higher educational expectations Greater school engagement <i>Adolescents:</i> Higher educational expectations Greater school engagement Increased feelings of efficacy to reach goals Greater future community involvement
Children's social behavior	More positive social behavior (as reported by parents) No difference in risky, delinquent behavior <i>Boys:</i> More positive social behavior (as reported by teachers) More appropriate classroom behavior (as reported by teachers) Less hostility in provocation situations <i>Girls:</i> Less positive social behavior (as reported by teachers) More problem behavior (as reported by teachers)
Children's health	No impacts



Parenting involves more than direct interaction with children; parents affect their children by the arrangements they make for children's experiences in school, the community, and other settings. New Hope had strong impacts on children's experiences outside the family over the entire five-year period. Even though New Hope child care subsidies ended after three years, parents continued to use more formal center-based and after-school child care during the school year and more formal care during the summer. By contrast, control group children were more likely to be unsupervised and to be cared for by a minor during the summer. New Hope children also had more stable child care arrangements than control group children. Previous research has concluded that stable, center-based child care and after-school programs contribute to children's academic performance.<sup>5</sup>

It is striking that parents in New Hope continued to use formal child care after their eligibility for child care benefits had ended and that older children in the program continued to participate in more structured activities. One reason may be that program group parents had gained sophistication about the public and private resources available to them, which may be an important and enduring legacy of the high-quality information and assistance they had received from New Hope project representatives. New Hope parents may have been more proactive than control group parents in using a range of programs and services, particularly for older children.

The sustained impacts of New Hope on children's academic performance may have resulted from the lasting effects of the program on children's environments at home and away from home. But the long-term gains may also have resulted from advantages accrued during the three-year benefit period that led to an upward spiral. The better school performance (as rated by teachers) that New Hope children demonstrated at the two-year point could have led to experiences of success, positive attitudes about school, and positive perceptions by teachers that were self-perpetuating. The initial treatment-induced changes in children's behavior may also have affected their home and school experiences, either by eliciting particular reactions from the people around them or by leading the children to seek out different activities, settings, and peers.

The positive effects were more pronounced for boys than for girls. Considering that, on average, boys are more "at risk" than girls, particularly in low-income families, these effects could be very important. Control group boys had lower levels of academic achievement and positive behavior than did control group girls. Ethnographic data suggest that parents were especially concerned about the dangers facing their boys and that they used the extra resources from New Hope to provide material goods and positive experiences for boys. At the same time, there were negative impacts on teachers' ratings of girls — a pattern that increased in magnitude after two years. The reasons are not clear, but these findings raise concern about girls' relations to school.

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<sup>5</sup>NICHD Early Child Care Research Network (2000), "The Relation of Child Care to Cognitive and Language Development," *Child Development* 71: 960–980.

These results suggest some of the possible pathways by which New Hope may have affected children, but they also illustrate the difficulty of pinpointing any one factor. Although time in child care and structured activities seem to be important factors, the results as a whole suggest that there may have been multiple paths of influence. Some parents had consistently higher incomes because of New Hope; others used stable, center-based child care; and still others experienced improved psychosocial well-being. All these impacts — alone or in combination — could have improved children’s well-being. This is consistent with the fact that differences across subgroups in the program’s impacts on earnings and income, for example, did not translate into similar differences in the program’s impacts on children. In addition, the ethnographic researchers observed varying responses to the New Hope offer as well as different life trajectories across the sample. It appeared that, by offering a choice of benefits, New Hope enhanced the overall ability of some program group families to find greater stability — and thus to sustain their daily routines amid the cascade of problems that so often overwhelm working-poor families.

That there are likely multiple pathways is also suggested from the fact that the New Hope offer included a “cafeteria” of supports, which enrollees could assemble into a customized package to meet their specific needs. The core benefits included a wage supplement, access to community service jobs, and assistance with both child care and health insurance. These concrete supports were “wrapped” in a variety of less tangible supports, such as the relationship with a New Hope project representative, who worked with the enrollee in administering the core benefits, as well as workshops on practical topics and informal get-togethers with other enrollees. Enrollees could avail themselves of these “softer” benefits as they saw fit. The diversity of the backgrounds and characteristics of the New Hope population, coupled with the project’s “cafeteria-style” set of supports, meant that parents were able to use the benefits in ways that fit their overall circumstances and preferences.

## **Implications for Policy**

- **As expected, the employment and income effects of a work support program are largest and affect the broadest range of people during the period in which the program operates.**

The original vision of New Hope was a program of continuous work supports, but funding constraints ultimately made it a test of a three-year “dose” of benefits. For the sample as a whole, New Hope’s effects on earnings and income were the largest and most compelling during Years 1 through 3. This pattern of results was also found for a wage supplement program in Canada, in which the positive impacts on employment and earnings faded after the supplement

payments ended.<sup>6</sup> Impacts on employment and earnings fade over time in most programs, usually because employment rates for the control group eventually catch up with rates for the program group. Because of the strong economy during this five-year follow-up period for New Hope, people in the control group could find work fairly easily. In this case, the eight-year follow-up will be important in assessing whether the increased work experience for people in the New Hope group (which included a sizable increase in stable work) helps them weather the weaker labor market of recent years.

Would New Hope's impacts have lasted longer if its benefits had been extended by several years or even indefinitely? The program's effects on income probably would have persisted, because families could continue receiving the earnings supplement, but its effects on employment may or may not have continued. On the one hand, the pattern of employment impacts suggests that people who went to work because of the New Hope offer did so fairly quickly. On the other hand, extending the supplement beyond three years might have encouraged some New Hope parents who left work after the three-year mark to find new jobs or to find them more quickly. Also, community service jobs were important in generating the early employment effects. Offering this component after three years might have increased employment among parents who could not find full-time work.

- **Nonetheless, providing even a temporary package of work supports to low-income parents can have long-term positive effects for children.**

New Hope led to positive effects on children's school performance and behavior at the two-year and five-year points. The impacts on children in Year 5 are especially persuasive because they appeared on measures obtained from multiple sources — parents, teachers, children's reports, and standardized tests.

But are the impacts large, and will they really affect children's longer-term well-being? Although New Hope's effects on school achievement were not large in an absolute sense, they are sufficiently large to be socially important, given the long time period between the program and the measured outcomes. The average child in New Hope scored above 54 percent of the children in the control group on a standardized reading test. The long-term gain in reading and math achievement produced by New Hope was about one-third the size of the gain produced by the Abecedarian program (a much-acclaimed, very intensive and expensive five-year early intervention program implemented in the 1970s). Differences of this magnitude may lead to increased probability of completing high school and post-high school education. The fact that the

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<sup>6</sup>C. Michalopoulos, D. Tattler, C. Miller, P. K. Robins, P. Morris, D. Gyarmati, C. Redcross, K. Foley, and R. Ford, *Making Work Pay: Final Report on the Self-Sufficiency Project for Long-Term Welfare Recipients* (Ottawa: Social Research and Demonstration Corporation, 2002).

impacts did not disappear after the two-year mark also suggests that they represent a shift to new trajectories that could continue in future years.

New Hope's effects are consistent with findings from other programs that improved children's outcomes and also increased parents' earnings and incomes by providing wage supplements.<sup>7</sup> In addition, the New Hope findings suggest that a key part of this strategy may be subsidized child care. New Hope created large effects on the use of formal center-based child care and out-of-school programs, which may have contributed to the improvements in academic success and positive social behavior for participants' children. These results suggest that both children and adolescents would benefit if these types of child care and activities were more readily available to low-income families.

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New Hope was offered during a time in which both work supports and work mandates were expanding rapidly for low-income families, particularly in Wisconsin. When placed in this context, the program still encouraged more parents to go to work — increasing their earnings and incomes — and it enhanced the well-being of their children. The effects are all the more impressive, given the strong economy during the period and given the fact that New Hope was an entirely voluntary program. The findings support the wisdom of recent policies that have increased the value of the EITC and begun to extend eligibility for Medicaid and child care subsidies. Unfortunately, this trend may be reversed in the next several years, given the budgetary pressures faced by states in the early part of the decade.

The New Hope findings also suggest that the goal of helping poor families and their children need not be inconsistent with the goal of moving parents to work. In fact, New Hope adds to a growing body of evidence that work-based support programs can increase parents' work, earnings, and income and, in turn, can have beneficial effects on children — effects that translate into better performance in school. The annual cost of the program — at \$5,300 per family (not per child) — is not trivial, but neither are its benefits.

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<sup>7</sup>P. A. Morris, A. C. Huston, G. J. Duncan, D. A. Crosby, and J. M. Bos, *How Welfare and Work Policies Affect Children: A Synthesis of Research* (New York: MDRC, 2001).