New Hope: Fulfilling America’s ‘Make Work Pay’ Promise

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Despite EITC, welfare reforms and SCHIP:

- Full-time work leaves:
  - 3.2 million households poor
  - 3+ million children without health insurance
  - Millions of children in substandard childcare and underachieving in school

- Millions of able-bodied women and men are not working

- New Hope offers a vital package of work supports for low-wage workers and their families
What New Hope requires:
- Proof of 30+ hours of work per week

What New Hope provides:
- Earnings supplement
- Child care subsidy
- Health insurance subsidy
- If needed, a temporary community-service job
- Respect and help from New Hope staff

Who is eligible:
- *All* adult men and women with low family incomes
New Hope’s values trifecta:

- It ‘makes work pay’

- Full-time work focus resonates with the business community, the broader public and participants themselves

- Its social-contract nature is at once respectful and demanding of participants.
New Hope Evaluation:

- 3-year program in Milwaukee’s two poorest neighborhoods in 1995-98
  - 51% African-American; 27% Hispanic

- Random assignment, conducted by MDRC
  - New Hope vs. Tommy Thompson’s ambitious welfare reforms
Using New Hope

- Virtually all participants took up at least some benefits
  - But few used all of the benefits all the time
- Diverse participants and needs
  - Not all participants able to sustain 30+ hours
  - Some benefits “fit” at some times but not others
- “Cafeteria” approach matched the fluidity of needs in low-income families
Annual earnings impacts

- All: $497
- Already working: -$597
- Not working: $965
- One barrier: $2,546
- Single men: $997
Poverty impacts

-8%
-3%
-14%
-25%
-30%
-25%
-20%
-15%
-10%
-5%
0%
-5%
-10%
-15%
-20%
-25%
-30%

All
Already working
Families with children
One barrier families
Child impacts (teacher report)

![Graph showing child impacts](image)

- Achievement-all: 0.25
- Behavior-boys: 0.38
- Behavior-girls: -0.04
- Earnings supplement programs: 0.08
- Head Start: 0.25

% of standard deviation
Costs and benefits:

- $3,300/year taxpayer cost
  - National cost: $14-22 billion/year

Benefits:

- +$500/year in greater worker productivity (earnings)
- Child achievement (~$1,300/year)
- Saving only 1 in 16 boys from high risk more than covers taxpayer costs
Our proposal:

- 5 state, 5-year test
  - Assess impacts
  - Build on existing state workforce development structures if possible
  - $250 million total cost
HIGHER GROUND
New Hope for the Working Poor and Their Children
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www.newhopebook.com