
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**
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- **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
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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.
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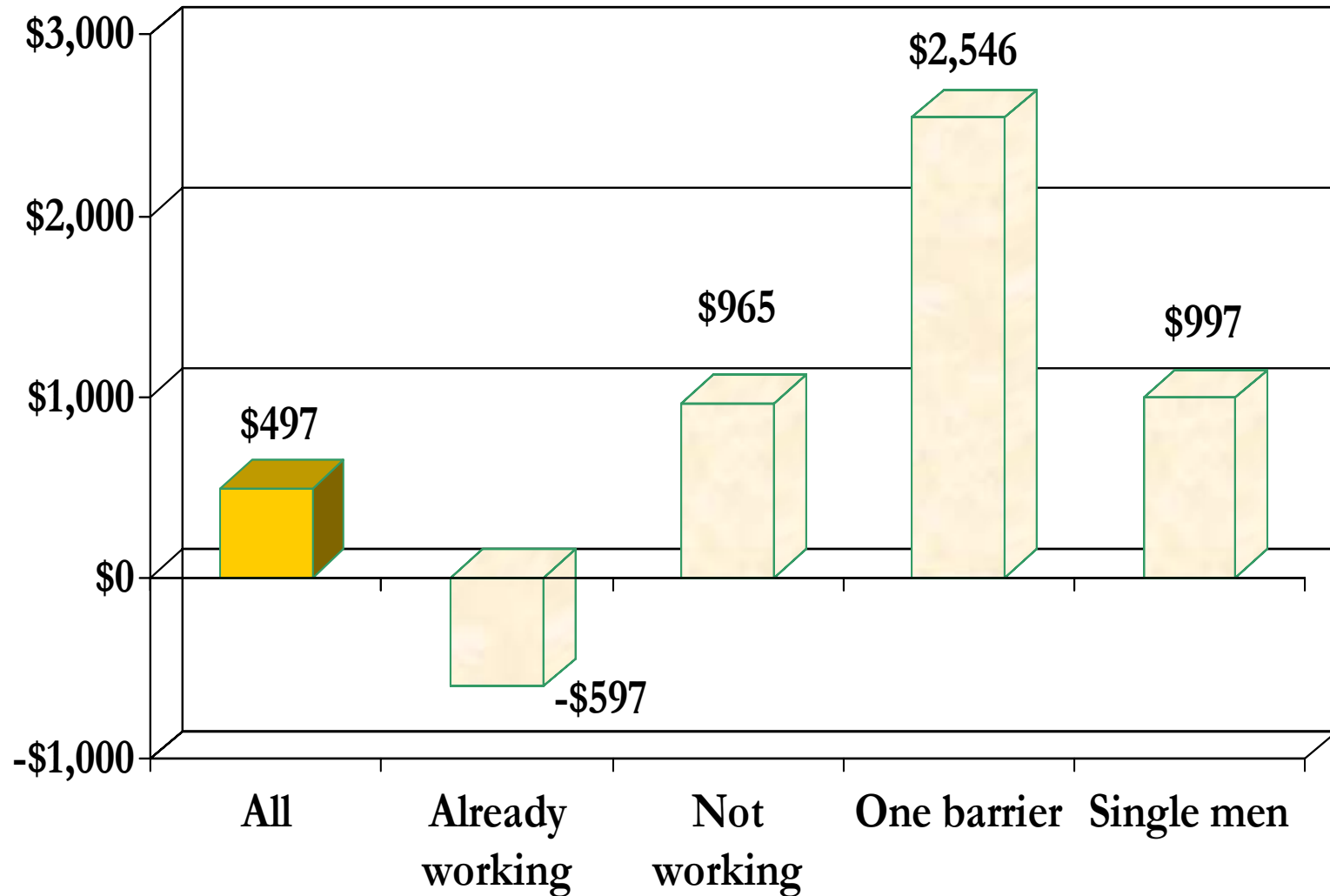
New Hope Evaluation:

- 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
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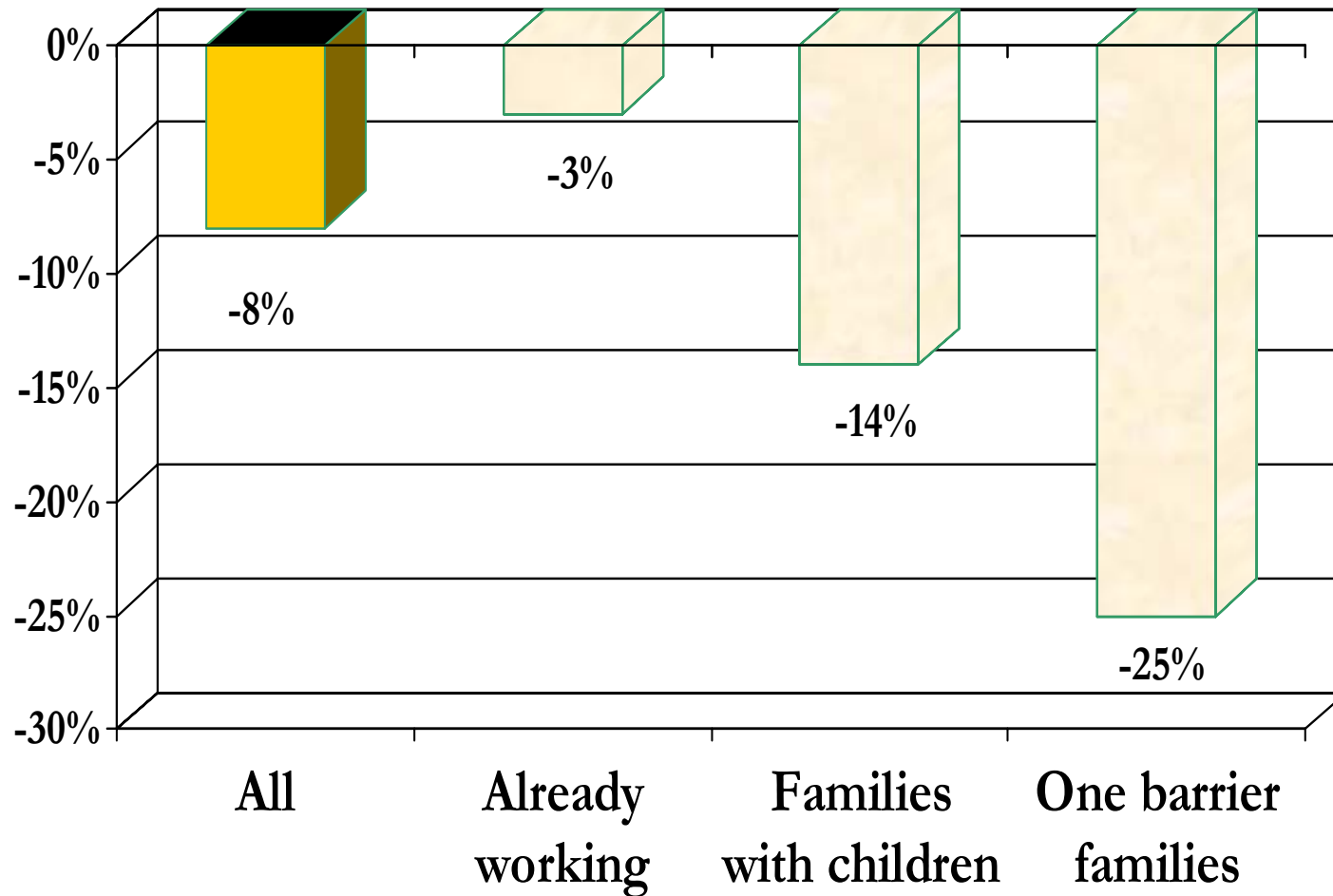
Using New Hope

- 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
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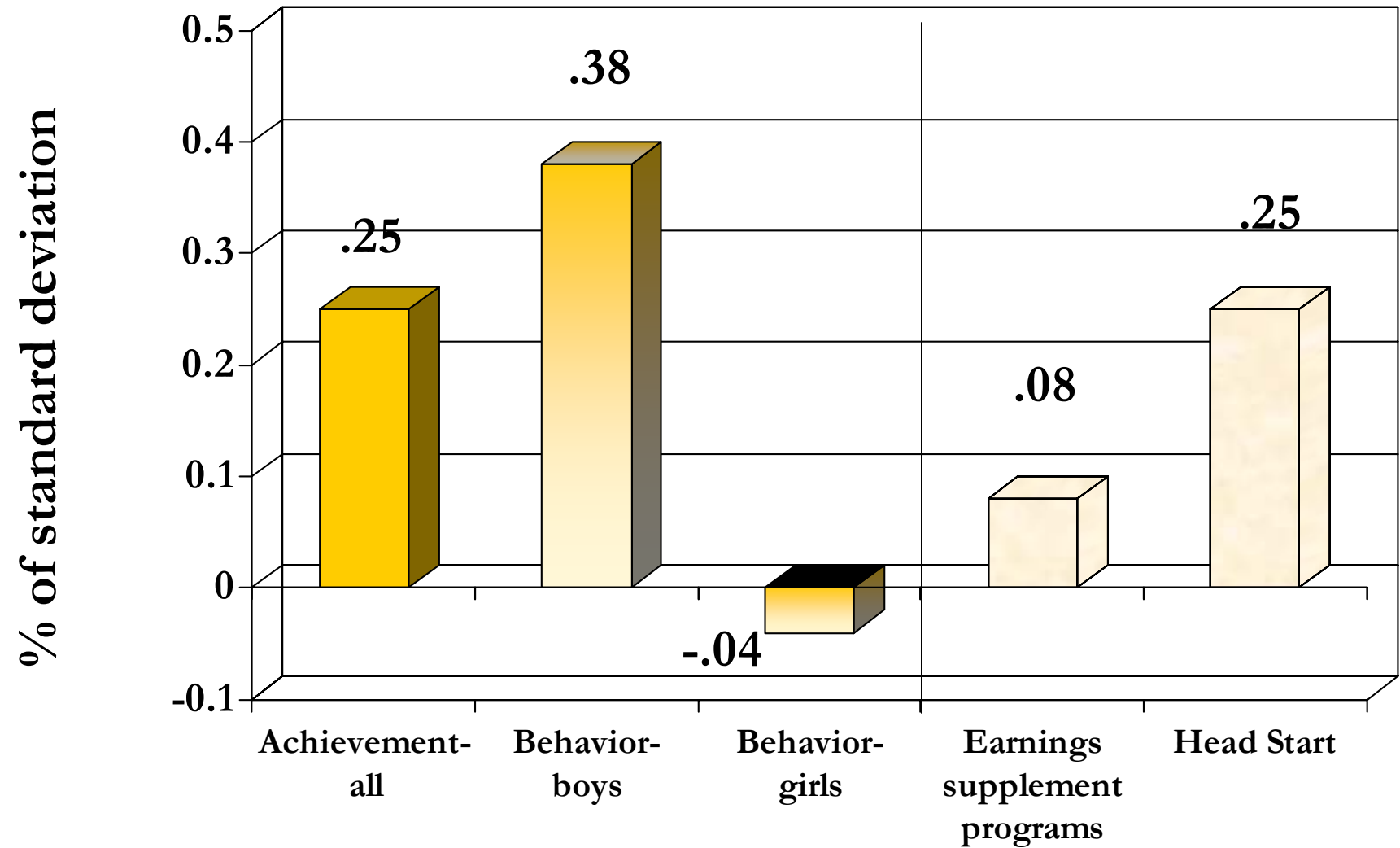
Annual earnings impacts



Poverty impacts



Child impacts (teacher report)



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**
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Our proposal:

- **5 state, 5-year test**
 - Assess impacts
 - Build on existing state workforce development structures if possible
 - \$250 million total cost
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HIGHER GROUND

New Hope for the Working Poor and Their Children

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www.newhopebook.com
