

# The children of New Hope, five years later

The New Hope Project, designed and implemented in Milwaukee, Wisconsin, was founded on two basic principles: that people who are willing to work full time should have the opportunity to do so, and that people who work full time should not be poor.<sup>1</sup> Conceived by a nonprofit, community-based organization and funded by a consortium of foundations and by the state and federal governments, New Hope was intended as a demonstration of work supports that could be replicable as government policy.

## The New Hope offer to participants

New Hope recruited participants in two inner-city areas of Milwaukee in 1994–95. There were only four eligibility requirements: that applicants live in one of these areas, be age 18 or over, have a household income at or below 150 percent of the federal poverty level, and be willing and able to work at least 30 hours a week.

To support work, New Hope offered a varied menu of benefits and services:

- *Job access.* Participants who were unemployed or wanted to change jobs received individual job search assistance. If they failed to find work after an eight-week search, they could apply for a community service job (CSJ) in a nonprofit organization. CSJs paid the minimum wage and might be either full or part time.
- *Earnings supplements* were offered monthly to qualifying participants (those working at least 30 hours a week) whose earnings left the family below 200 percent of the poverty level. CSJ earnings were counted toward the 30-hour work requirement, and also qualified participants for the federal and Wisconsin Earned Income Tax Credits.
- *A health insurance plan* was offered to qualifying participants who were not covered by an employer plan or Medicaid. Participants contributed to the cost on a sliding scale that took into account their income and household size.
- *Child care assistance* for children under 13 was offered to qualifying participants. Again, parents paid part of the cost, depending on their income and family size. For participants to qualify for the subsidy, their children's care had to be provided in state-licensed or county-certified homes or centers.
- *Staff support.* All participants were assigned to project representatives who could provide advice and information about employment, child care, and other

topics. The New Hope model emphasized respect and helpfulness in staff interactions with participants.

Qualifying New Hope participants could use any number or combination of program benefits or services they chose, or needed. Eligibility for earnings supplements, health insurance, and child care assistance extended for three years from the date a participant entered the program.

New Hope was designed to provide information to policymakers on a number of issues. Would the program succeed in boosting employment, increasing economic security and family well-being, and lowering the use of public assistance? Would it affect the lives and long-term development of children? To answer these and other questions, the effects of the program on parents, children, and families were intensively evaluated two and five years after New Hope was initiated. The evaluation was carried out by an independent organization, MDRC, using a sophisticated random assignment methodology to select a study sample. For the purposes of the evaluation, applicants were randomly assigned to be in the program group, which was eligible to receive New Hope services, or the control group, which was not. Both groups could receive all other community programs.<sup>2</sup>

This article discusses the effects of the program on children at the five-year point—that is, two years after participants' eligibility for the program had ended. The findings are drawn from a new report (see box) about effects on a subgroup of the sample, the Child and Family Study (CFS), that was selected to evaluate the program's effects on children and families. The CFS sample included all 745 adult New Hope participants who had one or more children between the ages of 1 and 11 at the time participants were randomly assigned either to the program or to the control group (these constituted 55 percent of the entire sample). If the family had more than one child in that age range, two children were identified as "focal children." Thus the evaluation began with 1,140 children.

This article summarizes findings from *New Hope for Families and Children: Five-Year Results of a Program to Reduce Poverty and Reform Welfare* (New York: MDRC, 2003). Authors of this MDRC report are Aletha C. Huston, Cynthia Miller, Lashawn Richburg-Hayes, Greg Duncan, Carolyn A. Eldred, Thomas S. Weisner, Edward Lowe, Vonnie C. McLoyd, Danielle A. Crosby, Marika N. Ripke, and Cindy Redcross.

The CFS evaluation drew information from state employment, public assistance, and tax records, and from New Hope's own administrative records. Parents and children were interviewed two and five years after random assignment about their receipt of New Hope services, their economic circumstances, parent-child relations, children's participation in after-school activities, and children's social and academic development. Mail surveys asked teachers of the school-age children about their school performance and social behavior. At the five-year mark, 561 parents responded to the survey; 840 children from these families, aged between 6 and 16, were interviewed. Surveys were also returned by 547 teachers to whom parents gave permission to respond. A three-year ethnographic study (1998–2000) of 44 families from the CFS sample (both program participants and controls) provided context and deeper understanding of data from administrative sources and surveys.

At the beginning of the study period, the majority of parents in the CFS sample had never been married; just over 10 percent were married and living with a spouse. Slightly over half of parents were African American, and over one-quarter were Hispanic. Almost half had three or more children, and over three-quarters of them had children under the age of 5. Furthermore, many had responsibility for the children of a partner or of other family members. Around 40 percent had neither completed high school nor received the GED. As a group they faced a number of other barriers to employment: only 44 percent had access to a car, and nearly 20 percent had been arrested at some point since their 16th birthday. When they applied for New Hope, over half were not employed and about 80 percent were receiving Aid to Families with Dependent Children (AFDC), general assistance, food stamps, and/or Medicaid.

### **Why New Hope might have lasting effects**

New Hope's designers originally conceived of the program as a set of work supports that would be in place as long as individuals needed them; the three-year eligibility limit it imposed was a function of financial constraints. The evaluation discussed here, two years after participation ended, was particularly concerned with whether three years of benefits would have lasting effects on parents, children, and family life.

There are reasons to expect that they might. First, if persons gained job experience and confidence in their ability to earn a living, the employment and income gains of New Hope might continue, especially because the EITC continued to be available as an important earnings supplement. (Evidence from the ethnographic survey suggests that families chose lump-sum EITC payments to provide a form of savings, for big-ticket purchases such as cars or appliances, and to pay down debt.)

Second, children's experiences in formal child care and structured out-of-school activities might occur during "sensitive developmental periods," in which experiences have formative and enduring effects. For example, if formal child care provides children with basic academic preparation, they may begin school already on a trajectory to success. Teachers may perceive them as more skilled and may provide more opportunities. Organized after-school activities may contribute to academic and social skills; children taking part in such activities under New Hope may later continue them. Thus advantages accrued during New Hope may lead to an upward developmental spiral, and program-induced changes in the child's behavior may elicit particular reactions from those around or lead the child to seek out different contexts.

Finally, the changed contexts brought about by New Hope—effects on employment, income, and family routines—may endure. Parents may have acquired greater skills in the workplace, in negotiating bureaucracies, and in finding community resources for themselves and their children.

This said, the rapid changes in federal, state, and local policies affecting poor parents from 1995 to 2000 unquestionably "raised the bar" for showing the effects of New Hope. These changes diminished the difference between what New Hope offered and what was available outside, for instance, through enhanced EITC, child care subsidies, health insurance for low-income children, and the state's Wisconsin Works (W-2) program.<sup>3</sup>

### **What New Hope benefits did parents actually use?**

New Hope designers expected that many participants would not need all the program's benefits in every month. The health insurance, for example, would be of little interest to participants who were already covered by Medicaid. Parents with long-standing child care arrangements might not wish to disrupt them to qualify for the subsidy.

The vast majority (almost 88 percent) of CFS program group members received at least one of the benefits during their three-year eligibility period. Almost all of these received at least one earnings supplement. Slightly more than half made use of the health insurance and child care subsidies. Benefit usage remained relatively stable over the last 18 months, though it rose slightly in the third year, particularly for health insurance. There is some evidence that this increase is due to the larger numbers of families leaving welfare and so needing additional supports.

On average, families received the earnings supplement and child care subsidies for about 15 months, and health

insurance for just over a year. Those who had lower incomes and larger families received the most substantial supplements; some 15 percent received an average supplement of over \$200 a month. The average monthly payment for health insurance on behalf of those using that benefit was \$278 a month, and the average child care subsidy paid by New Hope was around \$700 a month. At the end of eligibility, 45 percent of the sample were still receiving some type of New Hope benefit. New Hope's staff had worked hard to prepare people for the impending loss of benefits and to ensure smooth transitions out of the program. Nonetheless, about 20 percent of participants reported that the end of eligibility was a serious problem for them.

The gross costs of providing these services were approximately \$5,270 per CFS program family per year. Child care subsidies accounted for 38 percent of these costs, and case management, benefit administration, and the development and management of the CSJs accounted for another 23 percent. Health benefits absorbed 11.7 percent, and the remainder was about equally divided among the earnings supplement, CSJ wages, and program administration.

### **Setting a benchmark: The effects of New Hope two years after entry**

In exploring whether the effects of New Hope persisted after participation ended, we start with the changes observed while families were still participating. At the two-year point, when focal children were between 3 and 12 years old, parents in the New Hope program, especially those not employed full time when they entered, had significantly higher rates of employment and higher earnings than did those in the control group. There were no noticeable changes in measures of mental health (e.g., depression), but parents did report less stress, fewer financial worries, and a greater sense that they could take action and achieve their goals. They also reported greater time pressures.

At this point, New Hope had strong effects on children's experiences outside their homes but little measurable effect on the home environment or on parent-child relations. Most important, the child care subsidies encouraged greater use of formal center-based care and after-school care among preschool and elementary school children. Children aged 9 to 12 also participated more in structured lessons, sports, clubs, and religious groups. In the program group families, boys especially were making better academic progress and displaying more positive social behavior than children in control group families. The picture for girls was more mixed, less generally positive.

Teachers' higher ratings of boys' classroom behavior and work habits, and the boys' own higher expectations about

their future educational and occupational attainment, are particularly noteworthy. The ethnographic interviews suggest that parents were well aware of the risks of delinquency and school failure confronting boys and may have invested greater resources in ensuring that boys had alternative activities to hanging out with unsupervised peers after school. There is no evidence that girls assumed greater household responsibilities than boys while their mothers worked, but girls may have responded differently to the role models they observed as their mothers entered the world of low-wage work (90 percent of parents in the sample were women).

In sum, there appears to be no single, predominant pathway through which the program supported families. In effect, New Hope offered a "cafeteria" of supports, which participants could tailor to their own needs. Different families might use the program in very different ways. The ethnographic evidence suggests that most commonly, New Hope was helpful when it offered benefits that fitted into the family's already functional daily routine. For example, child care vouchers helped parents who wanted to provide better-quality care or to disentangle themselves from social networks that were not providing care reliably or well. Some parents found New Hope case representatives to be valuable allies in finding jobs and services. Others simply found New Hope a support in dealing with the cascading problems that most working-poor families faced. Income supplements, a CSJ to bridge over a patch of unemployment, or some combination of New Hope and state benefits could increase family stability and improve daily lives.

### **Benefit use after the end of New Hope eligibility**

Five years out, any significant differences in benefit use between participating and nonparticipating ("control group") families in the experimental sample had disappeared. Receipt of cash welfare (AFDC or W-2) declined dramatically over the study period for both program and control families, perhaps because W-2 made it more difficult and less desirable for both groups to remain on the welfare rolls. Nor did New Hope have significant effects on the dollar amount of welfare or food stamp receipt. For example, in the first year, the program group received average annual welfare benefits of \$3,496, and the control group received \$3,583. By Year 5, these amounts had fallen to \$476 and \$466, respectively. Around the same percentage of both groups had health insurance for adults (controls, 88 percent; program families, 86 percent), from roughly the same sources: just over 30 percent had coverage through their employer, 13–14 percent had another private or family employer plan, and 44–48 percent were covered by Medicaid or the state's BadgerCare plan. About 16 percent of both groups were receiving a child care subsidy from the welfare agency or some other organization.

**Table 1**  
**Summary of New Hope's Effects at the Five-Year Mark**

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Outcome for Program Group vs. Control Group

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**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  
*Boys:* More positive parent relations  
*Adolescents:* 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  
*Adolescents:* 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)  
*Boys:* Better academic skills (as reported by teachers)

**Children's motivation and well-being**  
 No overall impacts  
*Boys:* Higher educational expectations  
 Greater school engagement  
*Adolescents:*  
 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  
*Boys:* More positive social behavior (as reported by teachers)  
 More appropriate classroom behavior (as reported by teachers)  
 Less hostility in provocation situations  
*Girls:* Less positive social behavior (as reported by teachers)  
 More problem behavior (as reported by teachers)

**Children's health**  
 No impacts

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Table 1 summarizes differences between the program and control group families five years after they entered New Hope—two years after their eligibility for the program ended.

## Parenting, child care, and children's activities at the five-year mark

### Parenting

Measures of parenting included parents' own reports, children's reports, and ratings by interviewers. These were grouped into composite scores: effective child management, positive and negative youth-parent relations, and warm and structured parenting. In light of the meager effects of New Hope on parenting behavior while families were still participating, the program was not expected to have robust effects at the five-year point, and these low expectations were fulfilled. There was, indeed, a significant effect on only one of the many measures included—program group parents reported fewer problems controlling their children than did control group parents. These findings were not much affected by the parent's employment or race, but were strikingly linked to the child's age. New Hope parents reported that they could more effectively manage their 13-to-16-year-old children; they had higher levels of control and greater confidence in their ability to keep their children from harm, and less frequently resorted to punishment or discipline.

At the two-year point, program group boys, though not girls, had reported more positive relations with their parents than control group boys; these effects, though modest, held after five years. These longer-term program effects may reflect, in part, parents' responses to the improvements in children's behavior and school performance that were a likely consequence of the increased time in structured before/after-school programs made possible by New Hope subsidies. Parents working full time at baseline appear also to have exhibited warmer and more effective parenting approaches as a result of the New Hope experience.

### Child care

The effects of New Hope on the type of child care experienced by children in participating families were large and consistent. Children from program families spent more time in center-based care and less time in home-based care, both during the school year and in the summer (Table 2). Over the whole year, the effect of the program can be measured as an additional month of formal care, one month less of home-based care, and about two-thirds of a month less of unsupervised care. Despite the differences in the type of care that program and control children received, both sets of families spent about the same out-of-pocket amounts for child care and received about the same amounts of public child care assistance. Between ages 9 and 12, when most children discontinue formal child care, children in the program spent significantly less time in unsupervised care or in taking care of younger children. The use of formal care increased for children from African American, Hispanic, and white families, but there were some differences: use of home-

**Table 2**  
**Effect on Child Care Use and Costs, by Child's Age**

Child Care Used during the Prior Year	Program Group	Control Group	Difference
<b>Aged 6–8</b>			
Any formal care (months)	5.1	3.6	1.4**
Any home-based care (months)	5.0	6.3	-1.3*
Any unsupervised care (months)	1.7	1.6	0.2
Out-of-pocket care costs in month before survey (\$)	63.8	69.4	-5.5
<b>Aged 9–12</b>			
Any formal care (months)	3.7	2.6	1.1*
Any home-based care (months)	5.3	6.6	-1.2*
Any unsupervised care (months)	2.2	3.8	-1.7***
Out-of-pocket care costs in month before survey (\$)	45.6	24.3	21.3*
<b>Aged 13–16</b>			
Any formal care (months)	1.9	1.5	0.4
Any home-based care (months)	4.5	5.1	-0.5
Any unsupervised care (months)	4.2	4.3	-0.1
Out-of-pocket care costs in month before survey (\$)	13.4	18.1	-4.7

**Source:** Five-year report, Table 5.5, pp. 111–113.

**Note:** Difference between program and control group scores significant \* at the 10% level \*\* at the 5% level, \*\*\* at the 1% level.

based and unsupervised care diminished significantly only among white families, whereas Hispanic children in the program spent slightly more time in unsupervised settings.

Why would families continue to use more formal types of care two years after the end of the program (and the generous subsidy), even though their earnings and income were not markedly greater? The qualitative data suggest, first, that low-income parents liked the stability and predictability of formal care when they were working. Indeed, there is a feedback loop. Stable employment makes it possible to sustain formal care, and reliable child care may contribute to the ability to maintain stable employment. Some parents clearly thought that formal child care contributed to children's academic skills, and actively sought ways to maintain it, with the help of the New Hope program representatives. These may have helped them access other community sources of child care assistance; two years after eligibility for New Hope ended, program group parents were no more likely than control group parents to be receiving public child care assistance, nor were they paying significantly more out of pocket for the higher amounts of formal care their children received.

### Children's activities

Parents and children aged 9–16 provided reports about their participation in lessons, organized sports, clubs and youth groups, and religious classes and events, and about their attendance at recreation or community centers—all structured activities that afforded opportunities for adult supervision, acquiring skills, and socializing with peers. Families were asked about before- and after-school pro-

grams, day camps, and summer school, about volunteer or service activities, about social activities (shopping or eating out) with adults and peers, and about television viewing habits.

For children in late childhood and adolescence, structured and organized activities can promote positive psychological, intellectual, and social development, and provide protection from risk—advantages that may be especially pertinent for low-income children. Continuing a pattern observed three years earlier, adolescent children in the program group participated more frequently in organized activities than did control group children. But the primary difference between program and control children lay in the significantly greater amount of time program children of all ages spent in classes or activities sponsored by religious institutions, both during the school year and in the summer. They also spent more time in service or volunteer activities. Otherwise, the effects of the program on children's structured and social activities appear to be small and inconsistent; there are few differences between the two groups.

### Children's educational performance, motivation, and expectations

The school achievement of New Hope children was assessed in three different ways—through standardized achievement test scores that measure reading and mathematical skills, through parents' ratings, and through teachers' ratings that assessed children's current performance and behavior and teachers' expectations for the children's educational attainment.<sup>4</sup>

By all three measures, many of the positive effects evident after two years persisted at the five-year point. Across all age groups, children from program group families were performing better academically. Test scores and parents' reports suggest that the effects were more pronounced for reading than for math. For example, on a standardized measure of reading achievement, program group children had an average reading score of 98.1, compared to 96.0 for the control group. The average child in the United States population attains a score of 100. New Hope children scored higher than about 45 percent of the U.S. population, and the controls scored higher than about 39 percent of the population. Adolescents in the New Hope families were less likely to be retained in grade, to be receiving remedial services, or to be receiving poor grades. These children, who were in elementary school when their parents entered the program, were more engaged with school, and had higher hopes about their futures and higher educational expectations.

At the five-year evaluation, as earlier, there were insignificant differences by ethnicity or age, but large differences by gender. Teachers rated program group boys significantly higher than control group boys on both academic performance and classroom behavior. The large advantages of program boys on measures of positive social behavior (self-control, autonomy, sensitivity) had faded by the fifth year, though mostly because control group boys had improved on these measures.

The effects for girls remained weaker and less consistent at this point. As before, teachers rated program group girls lower than control group girls on some areas of achievement and classroom behavior. These less favorable ratings carried over into the girls' own motivation and engagement in school—program group girls were less engaged and had lower expectations of graduating from college than did girls in the control group.

The random assignment of families to program and control groups makes it unlikely that there were systematic differences between these two groups at the beginning. Moreover, all analyses took into account the characteristics of families when they entered the program. The large gender differences in experimental impacts appeared mostly in teachers' reports; for the most part, the program had similar impacts on achievement when measured by parents' assessments and test scores for boys and girls. Teachers were given no information about children's participation in New Hope, so the program-control group differences they observed are unlikely to have been affected by knowledge of the intervention. The few other studies that have included teachers' ratings, such as the New Chance Study, have shown a similar divergence—positive effects for boys in the program, negative effects for girls.<sup>5</sup>

The gender differences in effects should be considered in light of boys' higher risk of school failure. In the control

group, boys had lower scores than girls on academic and social behavior. In effect, New Hope raised teachers' ratings of program group boys to be approximately equal to those of girls in the control group families. Other research suggests that teachers generally rate girls more favorably than boys.<sup>6</sup>

## How important are the effects of New Hope on children?

Are the effects of New Hope on children socially and economically significant? After all, as Table 1 notes, the effects of the program for the parents were quite modest. But these modest direct effects appear to have produced real and lasting benefits for children. This is the more impressive in that all effects of New Hope on children were, by the nature of the program, indirect, mediated through effects on the parents. The New Hope Program provided no intensive early childhood interventions, and all decisions about child care, after-school care, and other activities were made by the parents. And the effects of New Hope on children are consistently present in measures obtained from multiple sources—teachers, parents, and the children themselves. Given the time that had elapsed between the end of the program and the measured outcomes, the differences summarized in Table 1 are large.

How do the New Hope effects compare with the effects of intensive early interventions designed specifically to improve the school performance of low-income children? The Abecedarian program, for example, provided full-day, high-quality child care from infancy until school entry.<sup>7</sup> At age 12, the children in the program scored 5 to 7 points higher than control group children on the Woodcock-Johnson scales of reading and math achievement. The children in New Hope scored about 1.5 to 3 points higher than control group children. Thus New Hope produced about a third of the gain that occurred in this expensive, long-run, and high-quality program.

In short, program effects are real, and they are large enough to be socially significant. The annual costs of around \$5,300 per family are not trivial. But nor are the benefits of the program. ■

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<sup>1</sup>See "The New Hope Project," *Focus* 18, no. 1 (Special Issue 1996): 82–85.

<sup>2</sup>"The New Hope Project: Two-Year Results of the MDRC Evaluation," *Focus* 20, no. 2 (Spring 1999): 49.

<sup>3</sup>For a comparison, see T. Kaplan and I. Rothe, "New Hope and W-2: Common Challenges, Different Responses," *Focus* 20, no. 2 (Spring 1999): 44–50.

<sup>4</sup>The achievement tests used were drawn from the Woodcock-Johnson Achievement Battery; teachers used the academic subscale of the Social Skills Rating System (1 = child is in lowest 10 percent of the class, 5 = child is in highest 10 percent of the class) and the Classroom

Behavior Scale, and also produced a mock “report card” on current school performance adapted from the Study of Early Child Care and Youth Development by the National Institute of Child Health and Human Development. For summaries of these test results, see Huston and colleagues, *New Hope for Families and Children*, Table 6.2.

<sup>5</sup>J. Quint, J. Bos, and D. Polit, *New Chance: Final Report on a Comprehensive Program for Young Mothers in Poverty and Their Children* (New York: MDRC, 1997).

<sup>6</sup>On the most widely used scale of behavior problems, the Child Behavior Checklist, the published norms show that teachers’ average score for boys is higher than it is for girls. See T. Achenbach, *Manual for the Child Behavior Checklist 4-18 and 1991 Profile* (Burlington, VT: Child Behavior Checklist, 1991).

<sup>7</sup>A number of these intensive early interventions are discussed in a special issue of *Focus* 19, no. 1 (1997) on “Investing in Young Children.” The Abecedarian study is discussed in C. Ramey, F. Campbell, M. Burchinal, M. Skinner, D. Gardner, and S. Ramey, “Persistent Effects of Early Childhood Education on High-Risk Children and Their Mothers,” *Applied Developmental Science* 4 (2000): 2-14. This study shows four groups compared at age 12 and age 15. The New Hope study compares the Woodcock-Johnson reading scores for the two programs because they were the significant ones in New Hope. Abecedarian had four groups: control, intervention at preschool, intervention in school years, and intervention in both school and preschool. The preschool intervention was most important. At age 12, the Woodcock-Johnson score for the control group was 84; the two groups who received preschool intervention were 89 and 91 (hence the 5-to-7-point difference). At age 15, the control group was 88, and the two preschool intervention groups were 92 and 95.