

HIGHER GROUND

New Hope for the Working Poor
and Their Children

Greg J. Duncan, Aletha C. Huston,
and Thomas S. Weisner

Russell Sage Foundation • New York

The Russell Sage Foundation

The Russell Sage Foundation, one of the oldest of America's general purpose foundations, was established in 1907 by Mrs. Margaret Olivia Sage for "the improvement of social and living conditions in the United States." The Foundation seeks to fulfill this mandate by fostering the development and dissemination of knowledge about the country's political, social, and economic problems. While the Foundation endeavors to assure the accuracy and objectivity of each book it publishes, the conclusions and interpretations in Russell Sage Foundation publications are those of the authors and not of the Foundation, its Trustees, or its staff. Publication by Russell Sage, therefore, does not imply Foundation endorsement.

BOARD OF TRUSTEES

Thomas D. Cook, Chair

Kenneth D. Brody

Robert E. Denham

Christopher Edley Jr.

John A. Ferejohn

Larry V. Hedges

Jennifer L. Hochschild

Kathleen Hall Jamieson

Melvin J. Konner

Alan B. Krueger

Cora B. Marrett

Richard H. Thaler

Eric Wanner

Mary C. Waters

Library of Congress Cataloging-in-Publication Data

Duncan, Greg J.

Higher ground : New Hope for the working poor and their children / Greg J. Duncan, Aletha C. Huston, Thomas S. Weisner.

p. cm.

Includes bibliographical references and index.

ISBN-13: 978-0-87154-325-7

ISBN-10: 0-87154-325-7

1. Working poor—Wisconsin—Milwaukee. 2. Poor—Employment—Wisconsin—Milwaukee.
3. New Hope Project (Milwaukee, Wis.) I. Huston, Aletha C. II. Weisner, Thomas S., 1943– III.
Title.

HD8072.5.D85 2006

362.5'840977595—dc22

2006027799

Copyright © 2007 by Russell Sage Foundation. All rights reserved. Printed in the United States of America. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of the publisher.

Reproduction by the United States Government in whole or in part is permitted for any purpose.

The paper used in this publication meets the minimum requirements of American National Standard for Information Sciences—Permanence of Paper for Printed Library Materials. ANSI Z39.48–1992.

Text design by Genna Patacsil.

RUSSELL SAGE FOUNDATION

112 East 64th Street, New York, New York 10021

10 9 8 7 6 5 4 3 2 1

Contents

	About the Authors	vii
	Acknowledgments	ix
Chapter 1	Introduction	1
Chapter 2	Creating New Hope	15
Chapter 3	Participants	31
Chapter 4	The Evaluation	42
Chapter 5	Work and Poverty	51
Chapter 6	Children	68
Chapter 7	Families	82
Chapter 8	New Hope's Lessons	100
Chapter 9	New Hope and National Policy	113
Appendix	New Hope Program Impacts	122
	Notes	135
	References	149
	Index	159

About the Authors

GREG J. DUNCAN is Edwina S. Tarry Professor of Education and Social Policy and faculty fellow in the Institute for Policy Research at Northwestern University.

ALETHA C. HUSTON is Priscilla Pond Flawn Regents Professor of Child Development and fellow in the Population Research Institute at the University of Texas at Austin.

THOMAS S. WEISNER is professor of anthropology in the Departments of Psychiatry (Semel Institute, Center for Culture and Health) and Anthropology at the University of California, Los Angeles.

Chapter 1

Introduction

If you work, you should not be poor.” This is the implicit social contract in America. Work is a fundamental value in the United States, and hard work should bring rewards. Until recently, it generally did. As the prosperity of the country grew in the years after World War II, so did the fortunes of most of its people. In the last twenty-five years, however, the earnings of low-skilled workers have fallen further behind. It is no longer true that a rising tide lifts all boats.

The working poor are disproportionately minorities and women, particularly single mothers. Many lack the necessary resources to juggle the responsibilities of earning a living and giving their children the love and supervision they need. People at all income levels find it difficult to balance family and work, but the challenges are all the more daunting for those employed in low-wage jobs with few if any benefits. Many move from one job to another, work irregular hours, and take on a second or third job, yet find themselves taking home a paycheck that leaves them in poverty.

In the last twenty years, as awareness of working poverty has begun to permeate our political consciousness, policy makers have begun to search for solutions. In this book, we tell the story of one promising effort called The New Hope Project, an experimental program that lasted three years. New Hope was created by a dedicated and visionary group of community activists and business leaders in Milwaukee, Wisconsin, who believed that work should be the best route out of poverty. New Hope was not a welfare program, but a social contract. Its founders understood the basic inadequacies of the low-wage labor market and forged a set of work supports for full-time workers—both parents and nonparents, men and women—that would lift them out of poverty as well as provide essential benefits in the form of health insurance and child-care subsidies for people who needed them.

A decade later, there is clear evidence that New Hope reduced poverty and promoted the school achievement and development of children of working, low-income parents. We know this because the program was

subjected to a careful evaluation. The names of people who applied for New Hope were put in a lottery; half were accepted into the program and the other half became a comparison group.

We go beyond the statistical reports and surveys to tell the stories of some of the people who participated in New Hope—what their families were like and what happened to them and their children during and after the three-year New Hope program. In these individual stories, we learn about the complicated circumstances in which adults attempt to sustain a balance of work, family, and individual needs and, more important, which supports help them achieve that balance.

Our research offers some of the strongest evidence to date that work supports make a difference in the lives of people in the low-wage labor market. None of us—the founders of New Hope, the participants, or the researchers—are under the illusion that work supports can solve all the problems in the larger economy or all the individual difficulties that can impede adults' efforts to support themselves. Overall, however, we conclude that the policies tested in New Hope offer the United States a positive and feasible model to achieve the goal of the American social contract that work should pay while allowing low-income adults to sustain a reasonable balance between work and family.

AN IDEA TAKES ROOT

The story of New Hope begins in the late summer of 1979, when a group of social activists gathered at a retreat in the mountains of eastern Pennsylvania to hammer out the final details of an organization to push for large-scale changes in employment laws, policies, and programs. Called the Congress for a Working America (CWA), the organization's stated purpose was, according to Julie Kerksick, one of the key participants, "to create the right and opportunity for a decent and productive job for every American who wanted to work." Kerksick, her husband John Gardner, and many others in the group were labor organizers who thought of themselves as outsider activists pressing for change. They had joined forces with leaders from the "inside," including David Riemer, a policy expert with state and national government experience.

Almost ten years later, in Milwaukee, the organizers had scaled back their original hopes of transforming national economic and social policies but continued to search for work-based solutions to entrenched poverty in the United States. In his book, *The Prisoners of Welfare: Liberating America's Poor from Unemployment and Low Wages*, Riemer laid out a set of policies to promote and support employment for the poor.¹ Soon he and Kerksick, working with other activists and community members, combined the book's ideas with hard-won lessons from running small-

scale employment programs. The result was a proposed policy demonstration aimed at proving that such policies could work. They named the experimental program New Hope and began to mobilize community support.

Tom Schrader, the CEO of the Wisconsin Gas Company, first heard about New Hope at a meeting of the Greater Milwaukee Committee (GMC), an organization of Milwaukee business leaders that was asked to lend its support. He liked what he heard, particularly the idea that the program was based on providing incentives and reducing barriers to work.

"The idea was comprehensive," Schrader said. "It was economic-driven, and it really was going to take out some of the underpinnings that had created the dependencies that were in the social system at the time."

When Schrader was asked to assume a leadership role on behalf of the GMC, he readily agreed. A central reason for his quick agreement was a meeting that Kerksick had arranged with some mothers receiving financial and medical assistance from what was then the Aid to Families with Dependent Children (AFDC) welfare program. One of the mothers reported that she had found a job but that her earnings soon made her family ineligible for health insurance. She quit her job and returned to welfare because, she said, it was the best thing for her children. Schrader was appalled. He believed that public policies should motivate people to work and to seek better jobs that would help their families, rather than force a mother to choose between work and her family's well-being.

These three people brought different skills and personalities to a project that ultimately extended over the next decade. Riemer was an intense, intellectual visionary. Kerksick was a tireless, energetic, and dedicated community organizer who put a human face on poverty and the poor. Schrader was a thoughtful, practical business executive with a strong commitment to building his community. From these roots, New Hope's organizers assembled a remarkable and varied coalition of politicians, business leaders, community organizations, and policy experts.

In August 1994, New Hope opened its doors in two of Milwaukee's poorest neighborhoods. With its stipulation that participants must be employed full time (thirty hours a week) to qualify for its benefits, New Hope was designed to increase the incentives and reduce the barriers to work by offering an optional menu of earnings supplements, subsidized health insurance, and subsidized child care. Based on the belief that everyone deserves the opportunity to escape poverty through employment, the program was available to all adults who were willing to work, not just to those with dependent children, a significant departure from welfare policies past and present. Individuals could pick and choose the

HIGHER GROUND

supports that fit their needs, rather than adapt to a one-size-fits-all program. For those with dependent children, the system was carefully designed to make work pay more generously than welfare. If a participant could not find a job, the program provided opportunities for temporary community service jobs that paid the minimum wage but still qualified that person for benefits.

What New Hope required:

Proof of thirty or more hours of work per week

What New Hope provided:

An earnings supplement that raised income above the poverty line

Subsidized child care

Subsidized health insurance

If needed, a temporary community-service job

Respect and help from New Hope staff

Who was eligible:

All adult men and women, regardless of family status, with low family incomes and living in Milwaukee's poorest neighborhoods

New Hope was consciously different from welfare. First, it was voluntary. If an individual was not ready to meet the program's full-time work requirement, he or she could come back when ready. Second, all of New Hope's services were available in a single office to reduce the time-consuming and confusing process of dealing with multiple agencies. Third, each participant was assigned to a project representative who provided information about jobs, educational opportunities, child care, and other resources in an atmosphere of respect. Unlike most welfare offices, New Hope operated under the philosophy that the program was a social contract under which both parties bring something to the table, rather than a paternalistic scheme that tells its clients what they must and must not do. Participants provided a commitment to full-time work. New Hope offered the necessary supports to ensure that they would not be poor and that they and their families had access to basic health and child-care benefits.

THE PEOPLE OF NEW HOPE

Men and women from a wide range of backgrounds were among those hoping for help from New Hope. Because New Hope was open to all low-income adults, almost 30 percent of its applicants were men. Michael, for example, lived with his parents and shared custody of three

children younger than age five with their mother.² He had been unemployed for some time when he applied for New Hope. After a job search, he qualified for a community service job for six months (the maximum allowed) while attending a job-training course. He also used the health insurance when he needed surgery.

"It helps," Michael said of New Hope. "I like the benefits, health insurance. New Hope also helped me get on track when I didn't have a job."

Some applicants were women who had no children at home. Rachel was older than fifty and by her own account had not worked in over twenty years. Angela, a thirty-three-year-old, was frustrated because she was unable to earn enough to meet her basic needs. She applied for New Hope because she thought it might help her find a job and give her extra income every month.

"It'd help put [my income] up to where I can live off it," she said, "because Uncle Sam robs the single person, like me, without a gun, and you just don't see the money."

Others had children at home and needed a jump start or extra supports. Inez was twenty years old and already the mother of an infant, whose biological father was in prison. She was living with a new boyfriend, Marco, receiving welfare and working part time in a drugstore when she heard about the New Hope program at a job fair. "What do I have to lose?" she thought. New Hope helped her get a full-time job so that she could reach the thirty-hour threshold.

At age twenty-four, Lakeisha found herself separated from her husband and responsible for three very young children. She had neither a high school diploma nor work experience, and she had been receiving welfare continuously since the birth of her first child. She wanted to earn a high school equivalency degree (GED), but the welfare office would not continue her payments while she attended school unless she also worked full time. But how could she do that with three children and little support from her husband? New Hope's offer was different, and Lakeisha saw it as a better way of leaving welfare and getting a job.

Elena, age twenty-three in 1994, immigrated to Milwaukee from Central America when she was thirteen, living with various family members until she graduated from high school. When she applied to New Hope, her husband, Manuel, was in prison for dealing drugs, leaving her with two young children. Elena had worked as a part-time receptionist while her mother took care of the children, but when Elena switched to full-time work, she struggled to piece together child care. Her mother was unavailable in the afternoons because of her own job, and no one else in the family could help. In the first interview with her New Hope project representative, Elena repeatedly stressed that she just wanted child care to ensure that her children were safe while she worked full time.

Inez, Lakeisha, and Elena were all young mothers—the group that many welfare programs were designed to serve. To better understand the lives of the working poor, we include their stories in this book. We choose to feature these three women because they illustrate the many ways in which New Hope was used to maintain a balance between work and family. Inez, Lakeisha, and Elena all used New Hope, although not everyone in the program did so. All three are mothers and none is married to the father of her children in a conjugal household. Although New Hope included single men and women without children, 70 percent of the entire New Hope sample were—like Elena, Lakeisha, and Inez—single mothers with children. Because of the heightened interest in the effects of welfare reform on children, we were interested in how these mothers and their children were faring. Could New Hope positively affect both child and family well-being as well as participants' employment trajectories? Therefore, to learn more about these families, we spoke extensively with them and more than forty other people in the study over the course of the New Hope demonstration.

BACKDROP TO NEW HOPE: THE WORKING POOR IN AMERICA

These profiles are just some stories of the 23 million American adults in 1994 who were living in families with incomes below the official poverty line, which, in today's dollars, was about \$15,800 for a single parent with two children.³ Poverty is surprisingly common among full-time working adults in the United States. At the inception of the New Hope program in 1994, 6.5 million American adults, whether parents or not, were working full time but earning too little to lift their families above the poverty line.⁴ Even more American children—7 million—lived in families who were poor despite a parent working full time. Some 2.6 million children with working parents also lacked health insurance.

Poverty is widespread among the working population in part because economic growth is no longer creating better opportunities for people with low skills. In the years that followed World War II, economic growth generally led to improved earnings for all workers. Since the 1980s, however, many more workers have remained poor even in periods of prosperity.⁵ Jobs often have been available, but wages have fallen, leaving people working harder to stay afloat. Manufacturing jobs that paid reasonably good wages have become scarce, outnumbered by service jobs with low wages and fewer benefits.⁶ Furthermore, many of the new jobs are in the suburbs, far from the homes of the poor.

Economists attribute these changes in wages and jobs to technological

changes that favor high-skilled workers, an international economy, an influx of immigrants willing to work for low wages, and the erosion of minimum-wage and union protections. Although economists may not agree about the relative importance of these causes, they do agree that the economic and employment world faced by a person with little education in the mid-1990s offered few options for escaping poverty.

These economic changes have come on top of long-standing inequities in the labor market for women, African Americans, and other minorities.⁷ Although the earnings gap between men and women declined in the years before 1994, it has not disappeared. In 1993, women working full time were earning about 70 dollars for every 100 dollars earned by men with similar levels of education.⁸ Gender and race inequities in wages and typically low levels of schooling converged in families headed by single mothers who were African American or Hispanic, leaving the majority of them in poverty.⁹

Milwaukee, with a population in 2000 that was 39 percent black and 12 percent Latino, was one of the most highly racially segregated cities in the United States.¹⁰ The segregation was due in part to the annexation of large tracts of open land to the north and west, which would in most cities have been separate suburbs. These areas had been settled by whites in recent decades, leaving blacks in the central city, where New Hope selected its participants. Having lost much of its industrial base in the 1970s and 1980s, Milwaukee's economy echoed national trends. Although Wisconsin's economy had generated a head of steam by the mid-1990s, jobs were often located far from the inner-city neighborhoods where most of the poor lived. Milwaukee's downtown had little of the hustle and bustle of a prosperous city, and many of its poor neighborhoods were infested with drugs and gangs. Given this economic and social context, New Hope's set of work supports could be critical to working-poor adults.

ENDING WELFARE AS WE KNOW IT

New Hope was created during a time when the nation was moving toward a consensus on the moral value of work and self-sufficiency as key goals for the poor and, correspondingly, toward agreement that welfare needed to be reformed. Although there had been scattered public and private programs to assist indigent parents throughout the nation's history, the first major federal initiative was launched when Aid to Dependent Children (later Aid to Families with Dependent Children, or AFDC) was included in the Social Security Act of 1935 as part of President Franklin Roosevelt's New Deal. This program provided small cash grants

to support children whose fathers had died or left them bereft, and was designed to allow mothers to care for children who would otherwise have been sent to orphanages or forced into work at an early age.¹¹

Fast-forward to the welfare and policy debates of the 1980s and 1990s, when individuals from a wide swath of the political spectrum wanted to change the welfare system and move low-income single mothers into jobs.¹² Welfare, many argued, had become a poverty trap. It contained strong disincentives to work and yet did not pay enough to lift people out of poverty.¹³ Politicians conjured up images of welfare “queens” living comfortable lives at taxpayer expense, and because the programs increasingly served African American and Hispanic women whose children had been born outside of marriage or who were divorced rather than widowed, public perceptions became increasingly negative and racialized.¹⁴ Given the dramatic social changes in family structure and women’s work in the country, many saw no reason for poor mothers to be offered financial support to stay home with their children. Mothers of all economic stripes were divorced or unmarried, and both married and single women were entering the workforce. Why should poor single mothers not be asked to do the same?

What were the odds, however, that working would improve the situation of people such as Lakeisha, Inez, or Elena when many full-time workers were not earning enough to support themselves and their families? Even if they landed full-time jobs, they would in all likelihood merely move from welfare into the ranks of the working poor, and their children might suffer from inadequate child and health care.

By 1992, increasing awareness of the plight of working-poor families and political pressures to curtail welfare converged in the familiar themes of Bill Clinton’s first presidential campaign. People who were working, who were “playing by the rules” and doing their best to help themselves, deserved to have their basic needs met.¹⁵ They did not deserve to be poor. In line with this theme, the federal government quietly enlarged the earned income tax credit (EITC), which provided tax refunds on earnings of low-income workers. The maximum benefit available to a family with two or more children expanded from \$1,384 per year in 1992 to \$4,400 in 2005.¹⁶ In the late 1980s and early 1990s, legislation expanded both health insurance, through the Medicaid program, and child-care subsidies to children of working-poor parents outside the welfare system.¹⁷

Clinton’s other campaign theme, to “end welfare as we know it,” struck a responsive chord in a nation already primed for its message.¹⁸ Policy makers from both political parties pushed for reforms to move recipients into work. With the 1996 federal welfare reforms, cash assistance was no longer an entitlement, and almost all recipients could be required to

work.¹⁹ At the same time, federal funding for subsidized child care almost doubled between 1991 and 2000,²⁰ and the State Children’s Health Insurance Program (SCHIP) was established in the late 1990s to insure children in families whose incomes slightly exceeded the Medicaid eligibility limit.

These changes have revolutionized the way that states provide cash assistance and services to poor families with children. Although these new policies slashed welfare rolls and almost certainly encouraged or forced millions of adults, particularly single mothers, to enter the labor force, most of these individuals do not earn enough to lift their families out of poverty. Nationally, during the first ten years of New Hope, the number of poor children fell from 15.7 million in 1994 to 12.9 million in 2004. In 2004, however, the number of children in working-poor families (in which at least one adult is working full time)—6.8 million—was virtually identical to what it was in 1994. Although fewer African American children live in working-poor families, the number of Hispanic children has increased.²¹

Under Governor Tommy Thompson, Wisconsin led many of these reform efforts. Even before the 1996 federal welfare reforms, Wisconsin had abolished its General Assistance program, put in place a “diversion” system in which applicants for cash grants were required to search diligently for work before being given cash assistance, and was sanctioning families for failing to comply with work requirements.²² By the late 1990s, the number of people receiving cash assistance had plummeted, with Wisconsin leading the trend.²³ Wisconsin was also a leader in developing other policies that made working more attractive and feasible. By the late 1990s, Wisconsin had developed a health insurance program for low-income parents and children as well as generous child-care subsidies for which all low-income workers are eligible. These policy changes, coupled with a strong economy, pushed tens of thousand of families off the welfare rolls and into the labor force. Taken together, they set a high bar for judging the success of a program like New Hope.

NEW HOPE DESIGN TAILORED TO U.S. ECONOMIC CONTEXT

New Hope was created to fit the contemporary social, political, and economic context of the United States. Its package of benefits was not intended to cure all of the structural and institutional causes of poverty, or to replace a system of cash assistance for people who could not work. It was designed to address several significant barriers to work created by current conditions in the United States—low wages for people with few skills, the absence of universal health care, and the lack of universal

or low-cost child care. If the minimum wage had been higher, for example, the structural context of New Hope would have been different. If, as in most industrialized countries, the United States had universal health care, health insurance would not have been an issue. The program also took the existing national and state EITCs into account in establishing wage supplements.

New Hope was also not designed to remedy individuals' skill deficits by providing job training or education, nor was it intended to address serious personal problems. Some adults needed drug or alcohol counseling, mental health services, help with care for a disabled child or an elderly parent, relationship support, or aid in coping with domestic violence. People facing multiple problems were often unable to sustain full-time work, and the program referred them to appropriate services.

Although New Hope did not address the structural problems of labor markets and the economy or the individual characteristics that might affect skill and motivation to work, it did offer key supports that working individuals could use to cope with the world of work in the late twentieth and early twenty-first centuries. In this book, we use New Hope to address the question "Given the current structural problems, what policies can best assist working families in the United States today?"

WOULD IT WORK? THE NEW HOPE EVALUATION

All of those who created New Hope agreed that their goal was to provide a model for national policy, not simply to establish a local program. As Kerksick put it, "We haven't spent all of these years of hard work just to deliver a program to seven hundred people. However proud we are of the program, we wanted to change policies for all low-income working families."

According to Tom Schrader, the support from both the business community and foundations was predicated on the idea that New Hope was testing a model that could be replicated in other states and communities. The only way to test the efficacy of the model, they all agreed, was to design a model program and evaluate it with rigorous methods. The founders formed a technical advisory group composed of nationally recognized policy experts and scholars from a range of disciplines and political perspectives.

As a result of this group's recommendations and funding constraints, a trial program ran for three years. To gauge program impacts in the most convincing way, the New Hope Board commissioned an evaluation that used random assignment and a control-comparison group. This technique of random assignment is the most stringent and demanding

method to test a program. The board hired MDRC, a nonprofit research firm known for its high-quality evaluations of employment and welfare programs, to conduct the evaluation. Half of the individuals (678) who applied for the program were randomly selected to have access to New Hope's benefits for three years. The other half (679) became a comparison group that was ineligible for New Hope. The members of both groups continued to be eligible for all other federal, state, and local programs—and to be subject to the rules of those programs—during a period of rapidly changing welfare and poverty policies in Wisconsin and across the nation. Both groups enjoyed the fruits of Milwaukee's strong economy in the mid-1990s, and both could claim the increasingly generous federal and state EITC that supplemented earnings for workers with low incomes. The key evaluation question was whether people assigned to New Hope earned more, worked more, improved their well-being and parenting, and saw their children benefit more than people assigned to the comparison group.

The evaluation was unusually comprehensive. With work, poverty, and welfare dominating the public debate, evaluators monitored how the program was implemented and tracked patterns of employment, earnings, and receipt of food stamps and cash assistance. Two years after participants entered the program, the evaluators collected detailed information about job histories, family changes, and economic circumstances from New Hope participants and from members of the comparison group.

More than half of the applicants for New Hope had young children and most of the parents were single mothers. The evaluation therefore included assessments of the program's effects on family life and children's development among these parents in a substudy called the Child and Family Study. Although it was widely believed that adults would be better off financially after increasing their employment, there was less agreement about how children might be affected. In the raging debate over whether welfare recipients should be compelled to work, proponents argued that children would benefit because maternal employment provides a model of work, requires the family to operate on a regular schedule, and removes the stigma of welfare. Opponents worried that children would be left in dangerous child-care settings or at home with inadequate supervision, and that the stress of juggling a low-wage job with family responsibilities would leave mothers with little time or patience for their children's needs. It would be a hollow and short-lived victory if welfare reform succeeded in moving parents into employment but undermined their children's life chances.

Some New Hope benefits were intended to buffer the potential stresses of parents' employment for family life. Child-care subsidies would allow

parents to select high-quality, reliable care for their children. Health insurance would relieve anxiety about medical expenses and encourage adults to seek treatment for themselves or their children when they needed it. The extra money provided by earnings supplements might help to keep the cupboards full until the end of the month as well as ease constant worries about money.

To understand the effects of New Hope on children, the evaluators gathered extensive information about school performance, psychological well-being, and behavior problems from teachers, parents, and the children themselves. They also asked parents about their own levels of stress, depression, and hope for the future. Both children and parents reported on parent-child relationships and on children's experiences in child care and activities outside school hours.

For a close-up view of how the program was affecting families, part of the evaluation team conducted in-depth interviews during three years of periodic family visits to a representative group of forty-four parents and their children that included both families in the comparison group and New Hope families, including Inez, Lakeisha, and Elena. Rarely has so much effort been expended to understand how a program like New Hope affected the lives of both adults and children.

DID IT WORK? NEW HOPE'S EFFECTS

"If you work, you should not be poor" was the guiding principle for New Hope. The coalition of community and business leaders—conservative, independent, and liberal—that developed and implemented the program brought their passions, their interpretations of history, and their beliefs about current policy dilemmas to their vision of a program to maintain a social contract with the working poor, a contract that combined work with benefits that all workers should have and that parents could use to be both breadwinners and caregivers for their children.

The results of this vision, as we outline in the remainder of this volume, are very encouraging. New Hope reduced poverty among participants, but certainly did not eliminate it. For adults who were, for various reasons, unable to sustain full-time work when they applied to the program, New Hope boosted work and earnings both during and after the program. For those already working full time, the program sustained their work by providing subsidized child care. The program also increased the employment of single men, provided access to health insurance for uninsured adults, and increased enrollment in child-care centers among young children.

Many people for whom New Hope worked best faced just one or two important obstacles. A significant problem for Inez and Elena was the

cost of child care for their young children. Health insurance also was a major concern for Inez. Community service jobs provided an opportunity for many with several strikes against them to demonstrate that they could be reliable, competent employees, thus increasing their employment prospects. Lakeisha found such a job. In short, the goals and life circumstances of working-poor adults vary, and the effects of any program are likely to be more positive for some groups than for others.

Perhaps most important, children in New Hope families performed better in school, were more cooperative and independent, and had fewer behavior problems than comparison children. Many of these differences remained a few years after benefits ended. Because boys have a higher risk of school failure and behavior problems than girls do, it is noteworthy that New Hope was especially successful in improving boys' school performance and behavior.

The evaluation produced its share of puzzles. New Hope offered a cafeteria of benefits from which participants could pick and choose—a feature that allowed people with diverse family routines, needs, and circumstances to tailor the program to their situations. Although most people claimed wage supplements and other benefits at some point, few of the participants took advantage of all of the benefits all of the time. In any one month, fewer than half of the participants qualified for benefits. One in eight never used anything offered by the program.

The survey and the family stories from our intensive interviews helped to solve some of the puzzles and to identify who was helped, who was not, and why. The New Hope offer made a big difference for some people but it was not a good fit for everyone. Some parents refused to entrust their children to the care of someone other than a family member. Many parents worked evenings and weekends, when few child-care centers or licensed home settings were available. The child-care subsidy was therefore of little use to them.²⁴ Others had personal difficulties that kept them from regular work. The vagaries of low-wage jobs also made it difficult for some people to use the New Hope benefits. Some had irregular and unpredictable work schedules that did not allow them to meet the thirty-hour weekly work requirement.²⁵

The lessons learned from the evaluation can help states and localities design public policies that support both work and family life in low-income families. People have different needs and capabilities that good policies can accommodate; there is no panacea for the problems of poverty. People use public programs in the context of their existing resources, everyday routines, and family demands. No matter how well intentioned and otherwise well designed a policy is, it must fit the context of people's lives to make a difference. Adults who applied for New Hope were already trying to make ends meet, to sustain a family routine,

HIGHER GROUND

and to provide some moral direction for their children and their lives. New Hope, if it were to make a difference, had to contribute to these family routines and goals. Our evidence suggests that it did so for most people, but not for all.

New Hope was a small, experimental program run in a state with a booming economy and a culture of work-focused welfare reforms. Despite its considerable successes, one might doubt that a small program developed and run by a dedicated community coalition could serve as a model for state bureaucracies to replicate.

We argue that it can be done. While New Hope was in operation, Minnesota and two Canadian provinces were testing welfare models that shared some of its key features, particularly earnings supplements. Minnesota's program emphasized training caseworkers to support work efforts rather than simply to process assistance claims. Both Minnesota and Canada evaluated their programs using the same kind of lottery process as the one New Hope used. Both produced strikingly similar impacts—more work, less poverty, and higher child achievement.²⁶

In an era when we require public programs to demonstrate that they are achieving program goals and to be cost-effective as well, a New Hope-type work-support program stacks up very well. It accomplished the goal of increasing full-time work while lifting workers out of poverty. Moreover, with its positive effects on children's achievement and behavior, it shows real promise for breaking the cycle of poverty for a sizable number of families in the next generation.

Higher Ground

New Hope for the Working Poor and Their Children

January 2007, Russell Sage Foundation, \$24.95, 176 pp.

Greg J. Duncan, Aletha C. Huston, and Thomas S. Weisner

www.newhopebook.com

Higher Ground tells the story of a group of committed activists and business leaders in Milwaukee who propelled their passion and pragmatism into a fresh approach to addressing one of the country's most enduring problems, poverty.

The experiment was called **New Hope**. Through the eyes of three women, Inez, Lakeisha, and Elena, readers see first-hand how well-designed policies can make a difference in the lives of working poor adults and their children.

"If you work you should not be poor," New Hope designers believed. With poverty rates on the rise and with lower-wage service sector jobs replacing manufacturing and other higher-paying jobs, that belief resonates even more today. In 2004, 5.7 million adults were *working full-time* but still living in poverty, affecting 6.8 million children.

"Higher Ground puts the word 'hope' back into the debate about poverty, offering compelling evidence that government can make a difference in the lives of the poor."

—Kathryn Edin

failed antipoverty policies. Therefore, they put their experiment to the test, hiring a group of leading researchers to **evaluate its impact** in the most scientific and rigorous way.

The results are highly encouraging

- Poverty rates declined
- Employment and earnings increased among participants who were not initially working full-time.
- For those who faced just one barrier to employment (such as need for child care or a spotty employment history), these gains lasted several years.
- More medical needs were met

Children also benefited

- School performance improved, especially for boys
- Behavior problems declined.
- Enrollment in child care centers increased
- Participation in out-of-school activities increased

Blueprint for Antipoverty Policy

As America takes stock of the successes and shortcomings of the Clinton-era poverty and welfare policies, the authors convincingly demonstrate why New Hope could be a model for state and national efforts to assist the working poor. Evidence-based and insightfully written, *Higher Ground* illuminates how policymakers can make work pay and improve the lives of children in families struggling to escape poverty.

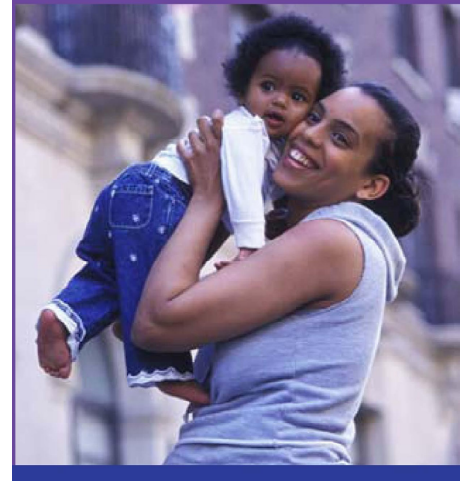
GREG J. DUNCAN is the Edwina S. Tarry professor of education and social policy at Northwestern University and a faculty fellow at the Institute for Policy Research.

ALETHA C. HUSTON is the Priscilla Pond Flawn Regents professor of child development in the Department of Human Ecology at the University of Texas, Austin, and associate director of the Population Research Center.

THOMAS S. WEISNER is professor of anthropology at the Departments of Psychiatry (Semel Institute, Center for Culture & Health) and Anthropology at the University of California, Los Angeles

HIGHER GROUND

New Hope for the Working Poor and Their Children
Greg J. Duncan | Aletha C. Huston | Thomas S. Weisner



New Hope was designed to help working poor families by offering an income supplement that lifted them above the poverty line, subsidized health care and child care, and offered them a job when they couldn't find one. New Hope was a social contract—not a welfare program—and participants were required to work at least 30 hours a week.

The New Hope designers knew well the history of many

To order the book or for information on course adoption, visit Russell Sage:

www.russellsage.org/publications/070104.061100