Appendix A

Data Sources

This appendix documents the data sources used to describe the implementation and context of New Hope and the use of benefits and services. Table A.1 lists the samples for whom data were collected.

- **Field Research.** MDRC staff observed New Hope program operations and interviewed participants, project representatives, and program managers. Information was collected about a range of issues, such as history of the program, recruitment strategies, program operations, and support available to participants. Materials gathered in these visits were used throughout the report, but particularly in Chapters 2, 5, and 7.

- **Baseline Data.** Baseline characteristics were collected for all program and control group members using the Background Information Form (BIF) and the Private Opinion Survey (POS). The BIF was the primary source of data on baseline characteristics. In addition, the POS elicited applicants' attitudes and opinions on their work experience and related obstacles and aids to obtaining or retaining employment. Both the BIF and POS were completed prior to random assignment. These data were used in Chapter 6.

- **New Hope Management Information System (MIS) Data.** The New Hope MIS database contains information on baseline characteristics for the full sample and tracks all program group members. It provides data on the use of benefits and community service jobs (CSJs) for all participants in New Hope. For this report, 12 months of follow-up data are available for those randomly assigned from the start of random assignment (August 1994) through August 31, 1995. The outcomes for this early cohort are presented in Chapter 9.

- **Focus Groups.** MDRC staff conducted focus groups in October 1995 with 36 New Hope participants, who were selected based on a random sample of 100 program group members who had been in the program for at least three months. The purpose of the focus groups was to learn about participants' experiences in the program, as well as to provide an opportunity for participants to assess New Hope's impact on their lives. Data gathered in these focus groups were used in Chapter 7. (See also the MDRC working paper, *Participants in the New Hope Demonstration Discuss Work, Family, and Self-Sufficiency*, by Dudley Benoit, 1996.)

- **Neighborhood Survey.** From December 1995 to June 1996, an in-person survey was conducted in the Northside and Southside neighborhoods from which New Hope candidates were recruited. A random sample of 900 dwelling units (500 on the Northside and 400 on the Southside) were selected to be surveyed. Of these, 719 surveys (80 percent) were completed, 380 on the Northside and 339 on the Southside. The purpose of the survey was to

Table A.1

The New Hope Project

Data Sources and Samples

Data Source	Sample	Number of Sample Members		Random Assignment Dates	Follow-Up Period
Baseline data					
Background Information Forms (BIFs)	All program and control group members[a]	Total sample Program group Control group	1,357 678 679	August 1994-December 1995	Data reported as of random assignment date
Private Opinion Survey (POS)	Program and control group members[b]	Total sample Program group Control group	1,079 542 537	August 1994-December 1995	Data reported as of random assignment date
New Hope MIS data					
New Hope client-tracking database	Early cohort of program group members	Program group	516	August 1994-August 1995	Twelve months following random assignment
Focus groups	Selected program group members from random assignment subsample of 100 program group members	Program group	36	August 1994-June 1995	Not applicable
Neighborhood Survey	Random sample of dwelling units in Northside and Southside neighborhoods	Total sample Northside Southside	900 500 400	Not applicable	Not applicable
		Total respondents Northside Southside	719 380 339		

NOTES: [a]Five of the 1,362 randomly assigned sample members were subsequently dropped from the analysis because of missing baseline forms (BIFs).

[b]Completion of the POS was voluntary. POS responders were 79 percent of the total sample.

determine the characteristics of households residing in the target neighborhoods, what proportion of neighborhood residents were potentially eligible for New Hope, and whether residents had heard about the program and factors associated with applying to the program. These data were used in Chapter 4. (In addition, Appendix D describes the survey methodology in detail.)

- **Program Documents and Published Materials.** Labor market information was compiled using a variety of sources. Data on job openings in the Milwaukee SMSA were obtained from reports published by the Employment and Training Institute (ETI) of the University of Wisconsin-Milwaukee. ETI also provided special runs of the survey data file. The U.S. Bureau of Labor Statistics and the Wisconsin Department of Workforce Development provided statistics on unemployment rates. Calculations on the amount of time needed to travel to jobs by bus were made using data provided by the Milwaukee County Transit System Transit Guide for 1995. These data were used in Chapter 3.

Data on the human service providers available in Milwaukee County were compiled using resource directories from three organizations: Helpline Information and Referral Directory, Lincoln Park Community Service Support Directory 1995–1996, and the Milwaukee Public Library T.A.P. Into Tutoring Guide (1995). New Hope staff reviewed the information. These data were used in Chapters 3 and 5.

Various New Hope program documents were used throughout the report, but particularly in Chapters 3, 5, and 7. These include "community outreach logs," which document recruitment efforts, and the program procedures manual.
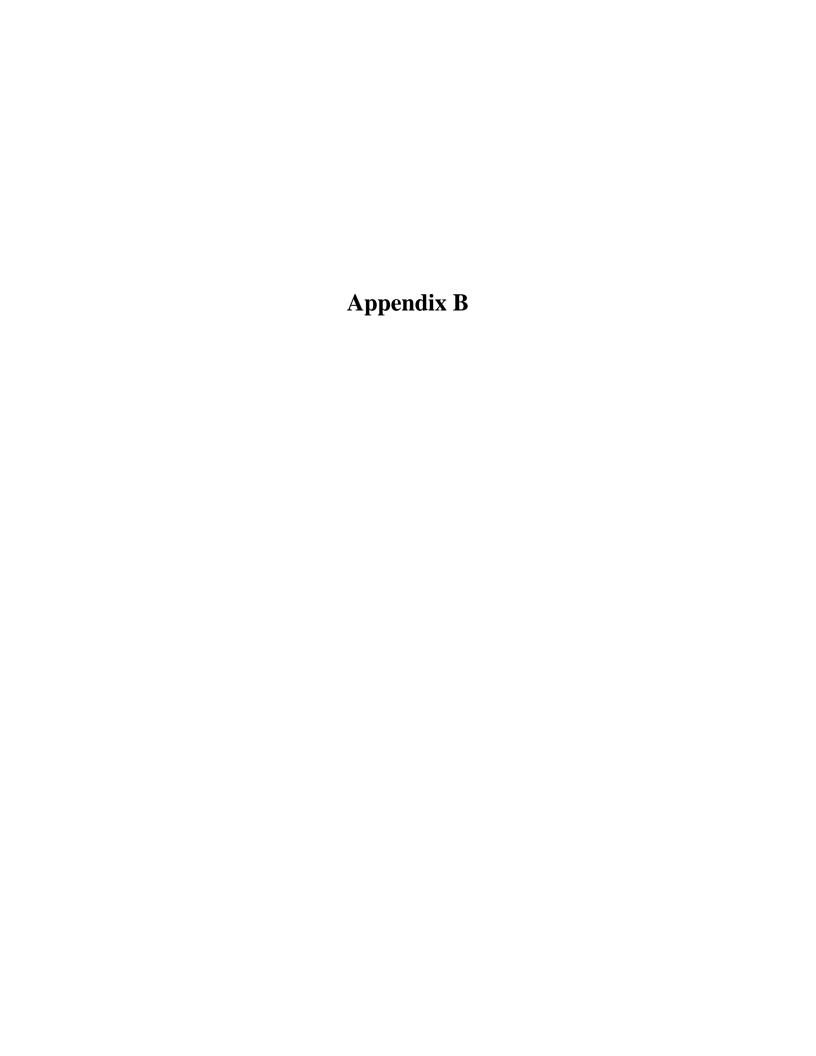
Appendix B

Table B.1

The New Hope Project

Local, State and National Donors for the Pilot and Full Program
(as of December 1996)

Amount and Donor	
$1,000,000 and over	**$25,000 to $49,999**
U.S. Department of Health and Human Services	Harley-Davidson
State of Wisconsin	Banc One
Rockefeller Foundation	Robert W. Baird and Company
Helen Bader Foundation	Marcus Corporation
	Marquette Electronics
$250,000 to $999,999	Mortgage Guaranty Insurance Corporation
Ford Foundation	Universal Foods
Charles Stewart Mott Foundation	Journal Communications
Wisconsin Energy Corporation Foundation, Inc.	Norwest Bank
Annie Casey Foundation	
Northwestern Mutual Life	**$5,000 to $24,999**
Wisconsin Bell/ AMERITECH	Abert Fund
	Bucyrus-Erie Foundation
$100,000 to $249,999	Kohl's Corporation
Firstar	Warner Cable Communications
Time Insurance	Arthur Andersen and Company
Joyce Foundation	North Shore Bank
WICOR	Emory Clark Foundation
Milwaukee Foundation	John C. and Harriet Cleaver Fund
Johnson Controls	American Express
	Dairyland Charitable Trust
$50,000 to $99,999	Steigleder Foundation
Faye McBeath Foundation	Birnschein Foundation
M and I Marshall and Ilsley Bank	Harnischfeger Industries
A.O. Smith Foundation	Judy and David Meissner
ANR Pipeline	
Blue Cross/ Blue Shield	**under $5,000**
City of Milwaukee	13 donors
Pollybill Foundation	

SOURCE: The New Hope Project.

Appendix C

Designing the New Hope Benefits Package

In designing the benefits package to be used for the demonstration the following objectives were used to guide decisions during the refinement process:

- make work pay by providing better remuneration (cash and benefits) at the low end of earnings and preserving incentives to increase earnings, that is, keep the implicit real marginal tax rates on earnings as low a possible.

- Avoid rewarding unstable earnings patterns;

- protect children in low-earnings households from inadequate resources;

- make payments as neutral as possible with respect to incentives to create or break up families or households;

- target payments to "worst off" families;

- reduce barriers to work arising from access to child care and health insurance but require some participant contribution (usually referred to as "copays") to obtain these benefits; and

- keep costs of total benefits package within politically feasible bounds.

Rather than launching into a detailed discussion of these objectives we will try to illustrate how they impinged on the design as we review the elements of the package of benefits that resulted from the refinement process.

I.   Complications in Design

It is clear that it would be very difficult to design a package that met fully all of these seven objectives; trade-offs were necessary and further compromises had to be made if the package was not to become unduly complicated.

Further complications arose because New Hope is a demonstration and not a legislated program. Existing federal, state, and local tax and expenditure programs had features that could not be eliminated by the demonstration; the benefits package had to be designed around them, trying to integrate them where they were helpful to the program goals and to "override" them where they conflicted.

The major positive feature of existing tax and expenditure policies that could be built on was the federal Earned Income Credit (EIC). The EIC started in the 1970s at very low levels (basically to offset then-current increases in employee social security taxes) but increased slowly over the years. Just as the New Hope Project began the Congress passed the Omnibus Budget Reconciliation Act (OBRA 1993) providing for a substantial increase in the levels and coverage of the EIC. Still, the EIC alone would not be sufficient to lift any individual or family earning the minimum wage above poverty. It was natural, therefore, for the designers of New Hope to take this

program as the starting point for their effort to design a system but to attempt to improve on the EIC to assure poverty alleviation; to try to assure low-income people that "work pays," particularly compared with what they could obtain through the then existing welfare programs. In addition to the federal EIC there is a Wisconsin state EIC.

The design of the New Hope benefit package fully integrates these two programs with the New Hope benefits. In calculating supplements to individuals and families it is assumed that they will claim and receive the federal and state EIC for which they are eligible, and those amounts are netted out before the New Hope payments are made. While this is in general a substantial benefit to the participants and the demonstration in terms of the resources provided, there have been some problems generated by how the EIC benefits are perceived and claimed.[1]

The major negative feature of federal and state programs that presented challenges to the designers of the New Hope package was the income-conditioning of taxes and some expenditure programs; basically, these features generate a cascading of marginal tax rates (MTRs) on income. It may be helpful here to briefly explain what we mean by the MTRs used in the context of programs like New Hope.

With respect to income taxes the MTR is calculated by considering how after-tax income changes when there is an increase in before-tax income; for example, if before-tax earnings increase by $1,000 and after tax income increases by only $750, then $250 has gone to taxes and the MTR is 25 percent ($250/$1,000). In the context of any programs where benefits received are related to income an equivalent "implicit MTR" can be calculated. For example, suppose that when a given individual's earnings are $9,000 per year the program benefit is $2,025 and when the individual's earnings increase to $10,000 the program benefit is $1,825. The reduction in benefits is $200, which can be thought of as a 20 percent ($200/$1,000) marginal tax on earnings.
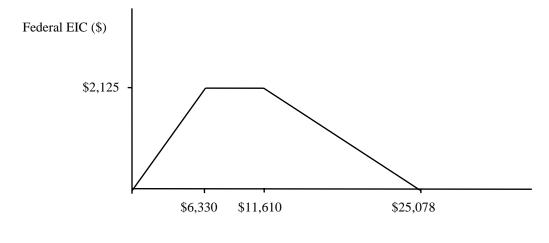
We can also talk in terms of before-tax-and-benefit income and after-tax and-benefit income and calculate total real MTRs on the basis of these concepts. Suppose that in the example above the individual earning $9,000 paid taxes (federal and state) totaling $1,179; her before-tax-and-benefit income would be $9,000 and her after-tax-and-benefit income would be $9,846 (= $9,000 + $2,025 – $1,179). When her earnings rise to $10,000, her taxes rise to $1,460, her cash benefit falls as indicated, and then her before-tax-and-benefit income would be $10,000 and her after-tax-and-benefit income would be $10,365 (= $10,000 + $1,825 – $1,460). The change in her before-tax-and-benefit income is $1,000 and the change in her after-tax-and-benefit income is $519 ($10,365 – $9,846). Taxes and benefit reductions have taken $481, so her real MTR is 48.1 percent (= $481/$1,000).

A picture of the federal EIC may facilitate the discussion of how the New Hope benefits build on it. Figure C.1 shows how the federal EIC benefits for an earner with one child were related

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[1]The problems are related to claims for EIC benefits under the Advanced Earned Income Credit provisions which allow payment of EIC benefits on a prorated monthly basis "in advance," with a year-end reconciliation. Some New Hope participants were reluctant to claim Advanced EIC in fear of having to pay something back to the government at the year end reconciliation. It has been shown that it is nearly impossible for a New Hope participant to incur such an "overpayment" of the EIC. See Feldman, 1995.

Figure C.1

The New Hope Project

Federal Earned Income Tax Credit (EIC) for a Family With One Child

Federal EIC ($)

$2,125

$6,330 $11,610 $25,078

Earnings ($)

to earnings per year in 1996. The EIC benefits increase over the range of earnings from zero to $6,330 to reach the maximum benefit ($2,125); this is referred to as the phase-in range of earnings. The range of earnings ($6,330 – $11,610) over which the EIC benefit remains constant; this is referred to as the plateau. And the range of earnings over which the benefit declines is referred to as the phase-out range of earnings. The point where benefits become zero has sometimes been referred to as the break-even level of earnings.

In Wisconsin, a state EIC program mirrors the federal EIC structure.[2] Note that when earnings are in the phase-out range the declining federal and state EICs are generating a real MTR on increased earnings. In addition, there are, of course, the standard taxes for the employee contribution to Social Security and unemployment insurance and federal and state income taxes. Each of these can add to the total real MTR on income and in different ways over different ranges of income.

In order to meet the objectives of targeting payments to the worst-off individuals and families, keeping payments within the politically feasible range, and having participants contribute to the costs of child care and health insurance, it was necessary, as will be more fully explained below, to reduce the amount of the cash supplements and to increase the copays as income increased. This income conditioning of New Hope benefits could create yet more complex total real MTRs.

The challenge was to try to develop a design that would deal with all these interactions among the federal and state tax and expenditure policies[3] and the characteristics of the New Hope benefits in such a way as best to meet the multiple objectives outlined above.

It is useful to remember that were a program similar to New Hope in structure to be legislated at either the federal or state level it would be possible to more directly integrate the various support programs (though the historical record on conscious program integration is not encouraging in this regard).

II.   The Single-Earner Package

We now turn to a detailed discussion of the various components of the New Hope benefit package. We first discuss benefits in the context of a single worker within the family, as major features can be more simply presented in this context. Then we turn to the context in which there is more than one worker in the family unit, as multiple-earner households pose some special problems.

Wage Supplement: The wage supplement is the major unique feature of the New Hope benefits. While, as noted above, the New Hope wage supplement builds on and integrates the federal and state EIC, the refined benefit structure deviates from the EICs in important ways.

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[2]For an earner with one child the Wisconsin EIC equals 4 percent of the federal EIC at each earnings level and for earners with two children or more it equals 43 percent of the federal EIC.

[3]The decision was made not to try to explicitly take into account marginal tax rates generated by participants' use of Food Stamps or assisted housing programs.

First, the EICs provide little or no supplementation for single earners without children.[4] In a sense, by making the receipt and size of EIC payments dependent on both earnings *and* the presence of children the EIC mixes two functions: supplementation of earnings and income support for children.[5] The most radical decision made by the designers of New Hope was to try to *separate these two functions*, at least conceptually, by designing separate components, a wage supplement and a child allowance, and having the level of these benefits operate somewhat separately. Thus, in designing the wage supplement the focus was on four of the objectives listed above: making work pay, family breakup, political feasibility, and unstable earnings. The separate child allowance would focus on protecting children, targeting payments to worst-off families and political feasibility.

- In mimicking to a degree the features of the EIC[6] basically four parameters of the wage supplement were to be set:

- the amount of the maximum supplement,

- the level of earnings at which the maximum would occur,

- the rate at which the supplement would increase as earnings increased (the phase-in rate up to a maximum point, and

- the rate at which the supplement would decrease (the phase-out rate) as earnings increased beyond the maximum point.

The level of earnings selected for the maximum supplement was the level approximated by full-time, full-year (40-hour weeks all year) earnings at the then-current minimum wage, which yielded about $8,500.[7] The amount of the maximum supplement was set at 25 percent of the earnings level at that point, or $2,125.[8]

The choice of the level of earnings at which the benefit would reach a maximum and the choice of the level of maximum benefit implicitly indicated the rate of phase-in, namely 25 percent. Thus, the worker supplement increases by $0.25 for each $1 of earnings.

Given the amount of maximum benefit and the level of earnings at which the phase-out begins, the phase-out rate determines the level of earnings at which the wage supplement ends. In setting the rate one considers two objectives: making work pay and political feasibility; that is, how does this phase-out rate affect MTRs, and, therefore, incentives to strive to increase earnings, and how high up in the earnings distribution is it politically feasible to have supplementation of

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[4]The 1993 OBRA legislation introduced for the first time a very small EIC for earners without children. The Wisconsin State EIC has no such benefit.

[5]The debate over extension of the federal EIC showed the tension between these two functions as advocates argued over the purposes that changes in the EIC should serve. For a brief discussion of these various functions see E. Steurele, 1995 p. 1669.

[6]One feature of the federal EIC is a range of earnings during which the benefit is held constant, sometimes referred to "the plateau." The decision was made that there was no good rational for such a "plateau" and that maintaining it in the New Hope benefit structure created problems in the phasing-out range.

[7]This was approximately the midpoint of the plateau range of earnings where the federal and state EICs are at their maximums.

[8]Various rationales for this amount of supplementation were touched upon but we will not discuss them here.

earnings extend? The decision, balancing these two considerations, was made to have the worker supplement completely phased out by $20,000 of earnings. This yielded a phase-out rate of 20 percent, that is for each additional $1 of earnings the wage supplement is reduced by $0.20. (See Table C.1.)

It is important to note that this wage supplement is designed independently of the household (or family) structure and household (or family) income, which relates it to the family breakup objective, that is, incentives that the program provides for families to break up[9] in order to maximize benefits or minimize costs. It has long been felt that the Aid to Dependent Children (AFDC) program provided strong incentives for families to break up and form a single-parent unit to qualify for benefits (though there is very limited empirical evidence of such an effect). In the tax literature these types of incentives are sometimes referred to as "the marriage penalty." The relevance here is that the amount of the wage supplement does not depend on what other earners may be in the family so there is no incentive provided to either breakup the family or to increase the family in order to gain higher benefits. We come back to this issue after discussing the child allowance below.

We have discussed here the design of the wage supplement, but, as noted above, in operation it is calculated in tandem with the estimated federal and state EIC for which the worker is eligible, and the New Hope supplement is the net above that amount which the supplement formula calls for.

Child Allowance. Given the earnings supplement structure, attention was turned to the structure of the child allowance. Again, four parameters determine the child allowance:

- the maximum benefit,

- variation in the maximum benefit with the number of children,

- the phase-in rate, and

- the phase-out rate.

Initially, how the maximum benefit should increase with the number of children was to be based on the features of the federal poverty lines - the poverty line increases in steps as the number of children increase. The governing board of New Hope felt, however, that this type of structure of the child allowance yielded total income that was too small for small-size families and too large for large-size families. In addition, since child care and health insurance would be subsidized — something not taken into account in the federal poverty line family size adjustments — some deviation from the poverty line child increments could be justified. The amounts of maximum child allowance were set at $1,600 (per annum) for the first child, an increment of $1,500 for the second, $1,400 for the third, and $1,300 for the fourth. There are no further increments for larger numbers of children.

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[9]There can also be incentives for families to add members, e.g., to claim an unrelated or weakly related child as a dependent in order to qualify for higher benefits provided to larger families.

Table C.1

The New Hope Project

New Hope Earnings Supplement

Earnings ($)	Earnings Supplement ($)
6,500	1,625
7,000	1,750
7,500	1,875
8,000	2,000
8,500	2,125
9,000	2,025
9,500	1,925
10,000	1,825
10,500	1,725
11,000	1,625
11,500	1,525
12,000	1,425
12,500	1,325
13,000	1,225
13,500	1,125
14,000	1,025
14,500	925
15,000	825
15,500	725
16,000	625
16,500	525
17,000	425
17,500	325
18,000	252
18,500	125
19,000	25
19,500	0

SOURCE: The New Hope Project.

In the pilot project, the phase-in of benefits had followed the EIC, which, as noted above, bundled the wage supplement and child allowance in a single package. In making the refinements for the actual demonstration, it was decided that there should be no phase-in of the child allowance; that it should start at the maximum amount and the lowest level of income and stay there until family income reached the phase-out point (for single-earner families $8,500). The rationale for having no phase-in was based on two objectives: protecting children and targeting payments to worst off families. A phase-in would increase resources as families' income increased (all be it the better-off would still be below-poverty households), thus not targeting the worst-off. No phase-in gives the maximum protection to the children in families with the lowest incomes.

For the phase-out, the fundamental proposition is to have the level of the child allowance related to total family earnings.[10] Added to this were concerns about the effects of the phase-out on the total real MTRs on earnings — the making work pay and political feasibility objectives.

In practice, the political feasibility objective and the MTS considerations interact. Political feasibility was taken to impinge on the determination of the highest level of total family income at which benefits could still be paid, sometimes referred to as "break-even income."[11] Once the break-even income level is set and the maximum children's allowance for a given family size has been determined, the phase-out rates must be adjusted so the total amount of the children's allowance will have been phased out by the time the break-even level of income is attained; the lower the break-even level of income, the higher must be the phase-out rates.

With respect to political feasibility, after considerable deliberation with interested parties, it was decided to set complete phase-out of the child allowance — the break-even income level — at $30,000 of total family earnings, or 200 percent of the poverty line for that family, whichever was higher.[12]

To set the phase-out rate for the child allowance one could have either a constant (linear) phase-out rate or a phase-out rate that varied across income levels. The MTR criterion required considering the combined impact of the phase-out rate for the wage supplement, the phase-out rate for the child allowance, and the MTRs rates due to federal and state taxes. It was decided that since the child allowance was to be related to total family earnings, the major concern should be to integrate its phase-out rate with federal and state income tax rates. Since there is a substantial range of low income in which federal and state income taxes are zero, it was decided that in that range the phase-out rate for the child allowance could be higher. Then, when the income taxes begin, the phase-out rate for the child allowance is lowered so as to keep the combined MTRs down. After

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[10]Ideally, it would be related to total family income but it was felt that for this demonstration, and the income level of families in the demonstration, sources of income other than earnings would be negligible.

[11]We use the "break-even level of income" terminology here because it is common in the literature. However, even below the break-even level individuals are receiving benefits but also paying taxes, and it might be better to apply the term "break-even" at the point where benefits received exactly equals taxes paid. A better term to be applied to the point where a given program's benefits are completely phased out might be the "zero-benefit level of income".

[12]Recalling again that child allowances are adjusted up to only four children, families with more than four children would face the four-children benefit schedule and have complete phase-out at an income level equivalent to 200 percent of the poverty line for a family with four children.

considerable experimentation on paper with alternative structures it was decided that the MTR objective should be to keep the combined MTRs to 70 percent or below.[13]

Although efforts were made not only to keep total MTRs under 70 percent but also to make the MTS pattern across income ranges as smooth as possible, the complications of interaction between the program and taxes and differential child allowances by family size cause the total MTPs implied to vary both across household types and over different earnings ranges for a given household type. This is shown in Figure C.2.

The total real MTRs are negative in the range up to $8,500 earnings because this is the range in which the wage supplement phases in; they jump to over 50 percent as the phase-out of both the wage supplement and child allowance begins and federal and state taxes increase and. stay at a very high level until about $27,500 of earnings. Note that the MTRs are much higher for families with more children. This is because the much larger child allowance that they receive must be phased out before reaching the 200 percent poverty limit set for benefits. It is recognized that these high MTRs may discourage efforts by New Hope participants to improve their earnings but they are an unavoidable consequence of substantial benefits at lower earnings, levels that must be phased out by the point the politically feasible break-even income level is reached combined with the effects of the federal and state tax systems.

Combined Wage Supplement and Child Allowance. We have described separately two elements of the New Hope benefits package: the wage supplement and the child allowance. It is useful, however, to note briefly a few of their combined effects. In Figure C.2 and the paragraph above we described their combined effects on total real MTRs.

It was stated at the outset that New Hope benefits were designed to be sufficient to raise family income above the poverty line when the earner works at least 40 hours a week at the minimum wage. A worker earning the minimum wage working 40 hours a week all year would earn $8500 (at the 1993 minimum wage level when the benefits were designed). At that point of earnings, the value of the New Hope wage supplement and child allowance are both at their maximum, and the gross (before tax) income of New Hope beneficiaries is above the poverty line for every family size.

In addition, we note that at this earnings level, the combined New Hope wage supplement and child allowance exceeds the value of the federal EIC and the combined value of the federal and Wisconsin State EIC for every family size.
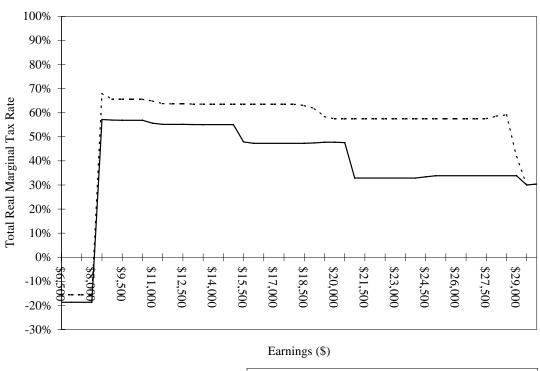
Health Benefits. Inadequate health insurance coverage has been a national concern for several years; at the same time, employer-provided health insurance has declined considerably. It

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[13]One further complication in setting phase-out rates arises from the fact that the more children in the household, the higher the maximum children's allowance. For example, the maximum child allowance with one child is $1,600 per year whereas it is $5,800 per year for four children. In order to completely phase out higher maximum amounts with more children by the "zero-benefit income level" it is necessary to have higher phase out rates than are required for households with fewer children. Thus, for example, the initial phase-out rate (before federal income taxes start) for the child allowance with one child is 27 percent whereas with four children it is 35 percent.

Figure C.2

The New Hope Project

Total Real Marginal Tax Rates (MTRs) for Two Family Sizes

Earnings ($)

Total Real Marginal Tax Rate

Total real MTRs for 1 earner with 1 child

Total real MTRs for 1 earner with 4 children

has been argued that fear of not obtaining health insurance and losing Medicaid coverage has increased the reluctance of welfare recipients to increase their work effort. The designers of New Hope insisted from the outset that assuring access to health insurance at a reasonable cost should be an integral part of the demonstration benefit package.

While assuring access to health insurance was a primary goal, the designers of New Hope felt it was important to have participants feel some personal responsibility for the costs of insurance, therefore they required some premium copays on the part of participants receiving health care benefits through New Hope.

In designing the health insurance benefit and copays, the designers were once again balancing objectives — in this case, making work pay, targeting payments to worst-off families, and reducing barriers to work but with shared responsibility for costs).

In setting the basic copays the designers looked at information regarding annual average employee contributions to HMO premiums in the Milwaukee area.[14] Here is a summary of these contributions:

Contribution	Individual	Two-Person Family	Three-Person (or more) Family
Low average	$72	$112	$168
High average	$600	$685	$1,548

Note that this information indicates that among employees in Milwaukee no employee pays the full cost of the HMO premiums.

The New Hope copays were set to start at the low average, for example, $72 for single individuals, $168 for household with three persons or more, and then to increase slowly as income increases until they reached the high average, for example, $600 for the single individual and $1,548 for the household with three persons or more.

In line with the objective of targeting payments to worst off families", in the range of earnings up to $8,000 the copay amounts are set at the low average and held constant (just like the child allowance amounts). After $8,000 of earnings the copays increase as earnings increase.

The concerns about marginal tax rates again enter in. The rate of increase in the copays was adjusted to be low in the range of income where MTRs due to the effect of the wage supplement, child allowance, and taxes were high and then increase more sharply as necessary to attain the high

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[14]They used the 1993 Annual Milwaukee Area Employer Healthcare Coverage Survey conducted by the Greater Milwaukee Business Groups on Health.

average copay when total family earnings are $30,000, or 200 percent of the poverty line for that household type, which ever is higher.[15]

If participants become unemployed, their health coverage can continue for up to three weeks. After that they must again meet the 30-hour-per-week work requirement in order to reestablish enrollment in the health care plan. This provision was included to prevent interruption of coverage as a result of short spells of unemployment.

Child Care Benefits. Inability to obtain child care, either because of access or affordability, has long been regarded as a major barrier to low-income families with children attaining the maximum potential income from work. The designers of New Hope recognized that if work was to be the centerpiece of the demonstration, steps had to be taken to reduce such child care barriers. As with health insurance, the New Hope designers felt that shared responsibility by the participants for the costs of child care was important. Thus, the benefit is organized as a partnership in which the participant arranges care and pays for a portion of the cost and the New Hope Project ensures that the provider is licensed by Milwaukee County and is paid in a timely manner. Assistance for child care is available for children under age 13 at either a child care center or at an individual provider. To be eligible for such benefits a participant who is single must work at least 30 hours per week and the spouse of a married participant must work at least 15 hours per week.

The participant cost share, or copay, is related to the number of children in child care and is calculated as a percentage of the children's allowance amount for that number of children. The base, or minimum, child care copay is as follows:

Number of Children in Child Care	Minimum Child Care CoPay
1	$400 (25% of $1,600)
2	$775 (25% of $3,100)
3	$1,125 (25% of $4,500)
4 or more	$1,450 (25% of $5,800)

These minimum copays are held constant as earnings increase up to total family earnings of $8,500 and after that they rise by 1 percent of any increase in earnings; for example, if earnings increase from $9,000 to $10,000 the child care copay increases by $10. This low rate of increase of the copay was dictated by the concern to keep real MTRs or below 70 percent. When the total family earnings exceed 200 percent of the poverty line or $30,000 (which ever is higher) the New Hope subsidy ends and the participant must pay full costs of any child care.

As with the health care coverage, if the worker becomes unemployed the participant is eligible for part-time child care subsidy from New Hope. The program will pay for a certain number of hours of child care each day for three weeks, or 20 percent of child care costs during three periods of unemployment.

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[15]For the single individual copays are increased so the high average copay ($600) is obtained at $20,000 in earnings.

III.   The Multiple-Earner Package

The basic parameters of the New Hope benefit package are as we have described them above for the single earner case. Some complications arise, however, when there is more than one earner in a household.

With multiple earners in the household, the principle of a wage supplement determined solely by each worker's earnings comes strongly into play. The amount of supplement attributed to each worker is calculated on the basis of that earner's pay without regard to what others in the family are earning. The argument for this principle is twofold: first, in the American workplace, almost without exception, the rate of workers pay is unrelated to their family circumstances, either the size of their family or the level of income or wealth of the family. At a given job, in a given establishment, all workers are rewarded for their efforts at the same rate. Second, the more the benefits are determined independent of other family members economic status, the less are incentives introduced to either break up family units or form family units in order to maximize benefits or to minimize costs (taxes) — family breakup objective. It can be argued that, like the minimum wage, this principle works against the targeting payments to worst off families objective), it is "target inefficient" because a low-earning worker in a high-income family qualifies for the same wage supplement as another worker at the same low-earnings level who is in a low-income family. However, since highlighting the incentives to work and to increase earnings is a central objective, it was decided that in this case this principle should override the objective.

Applying this principle of independent worker wage supplements can generate various complicated patterns of implicit MTRs at the household level; one earner might be in the phase-out range of earnings, for example, increasing earnings from $11,500 to $12,000, and have a benefit *reduction* rate of 20 percent while the other earner is in the phase-in range of earnings, for example, increasing earnings from $6,000 to $7,000, and has a benefit *increase* rate of 25 percent. In another family with the same initial total family earnings, for example, $17,500, one earner might be at the $9,000 earnings level and the second at the $8,500 level and both would face a benefit reduction rate of 20 percent.

The designers of the New Hope benefits package ameliorated these problems first by relating the child allowance phase-out rates to number of children, total family earnings, and the federal income tax rates and by keeping a close eye on the overall possible real MTRs (change in after-benefit-after-tax-after-copay income divided by change in before-benefit-before-tax-before-copay total family earnings) while designing the child care and health insurance co-pays.

However, another problem remained. The political feasibility objective implied that there should be some level of total family earnings at which all New Hope benefits had been terminated. As discussed above, this break-even income level was set at $30,000 or 200 percent of poverty, whichever was higher for the given family type. Given this, and the principle of worker's wage supplement determined solely by that worker's earnings, the situation could arise where a second earner was still eligible for a worker's supplement when the total family earnings hit $30,000. For example in a household with two workers with one child, if the first worker was earning $25,000 and the second worker moved up from $5,000 to $6,000. then the wage supplement formula would call for the second worker, who had been receiving $1,250. to now receive a wage supplement of $1,500. but the break-even income level cap would dictate no supplement be paid; the MTR on the

second worker's $1,000 increase in earnings would be 125 percent. This type of phenomenon, implicit MTRs in excess of 100 percent, has sometimes been referred to as a "cliff."
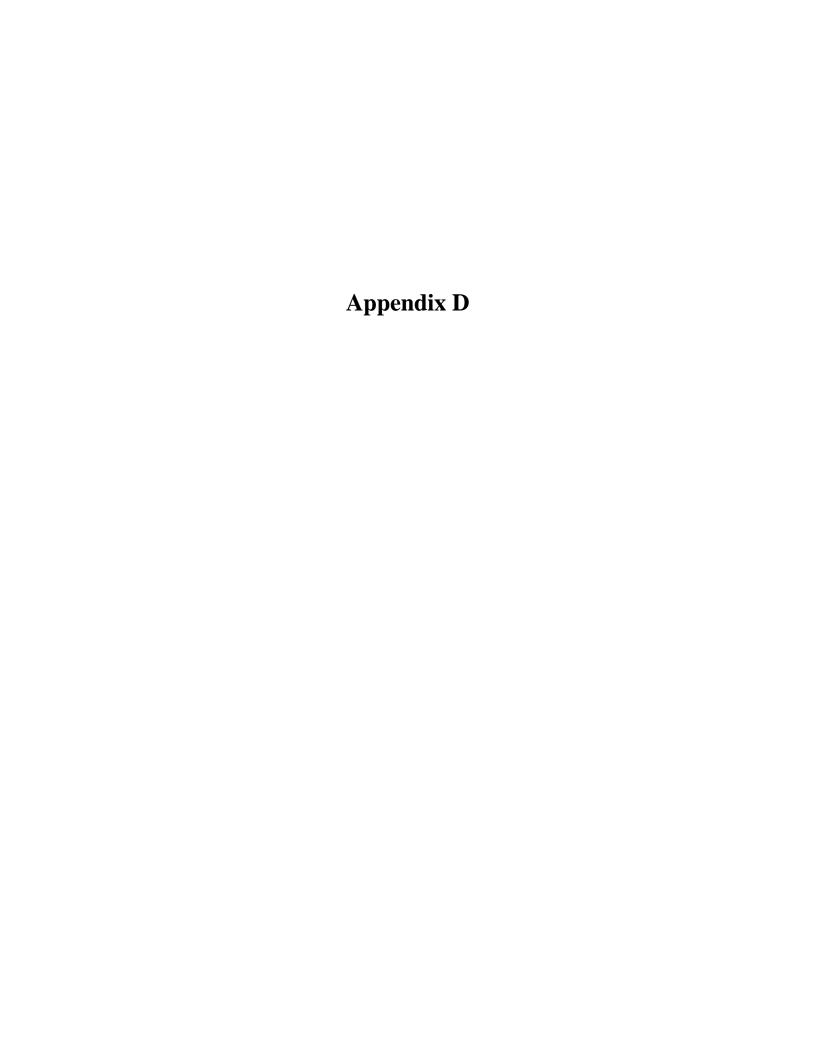
It was decided that the principle of independent worker wage supplements would be maintained even though in some cases it combined with the break-even income level cap — political feasibility objective — to generate "cliffs," that is, MTRs in excess of 100 percent right at the break-even income level. It was judged unlikely that many families in the New Hope demonstration would in fact reach this level of total family earnings. It was hoped that if they did so the family would have become so committed to high work effort and improvement in earnings that it would ignore the "cliff" effect at that level.

In the case of the two-earner family the role of the separation of the wage supplement and the child allowance in reducing the "marriage penalty" — family breakup objective — becomes more evident. The greater the portion of the total of the package of benefits is in the wage supplement, the less is the incentive to form separate family units. It is only the effect of the second earner's earnings on reducing the child allowance portion that constitutes an incentive to break up.[16]

Another issue that arises in the two-earner case is what the minimum hours of work should be in order for the second worker to qualify for a wage supplement. Recall that for the single worker there is a minimum of 30 hours of work before the worker and family qualify for any benefits. Further note that consistent with the emphasis on making work pay but also providing a child allowance, there is no addition to benefits if there is a second adult in the family who is not working; in this case the New Hope benefits are the one worker's wage supplement, the child allowance and health insurance subsidy. It was decided that the second adult must work at least 15 hours a week in order to qualify for a wage supplement and that it would be related to the level of that worker's earnings. In addition, the family would not qualify for the child care subsidy unless the second adult were working at least 15 hours a week.[17]

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[16]For example, suppose a family with two children has one worker earning $9,000 and the second $6,500. If the second worker had an opportunity to increase earnings to $7,000 his wage supplement would go up by $125 (as he is in the phase-in range). Since total family earnings rise from $15,500 to $16,000 the child allowance they are entitled to falls from $963 to $813. The increase in the wage supplement offsets to a large degree the decline in the child allowance.

[17]A further adjustment in the child care subsidy formula is made where there are two earners. The copayment requirement is held constant until total family earnings reach $15,000 and then increases slowly as family total earnings increase. Recall that in the single earner case the copayment remained constant until $8,000 of earnings and then began to increase. The rationale was that if the first earner is working 40 hours a week at the minimum wage, obtaining about $8,500 per annum, and the second worker works 30 hours a week at the minimum wage, obtaining about $6,500 per annum, the total family earnings are $15,000. Thus, holding the co-pay constant helps to encourage the second worker to increase work up to 30 hours.

Appendix D

Methodology of the New Hope Neighborhood Survey

Using the initial dwelling-based sample to make inferences about individuals or about the entire population of the target areas requires adjustment for differential sampling probability, an apparent gender bias in response rates, the New Hope Neighborhood Survey (NHNS) method of enumeration of children, and nonresponse. Each is discussed in turn.

Differential Sampling Probability. While the probability of selection for the sample was equal across all dwelling units, the probability of selection for adults was not, because the number of adults varies across households. Once a dwelling unit is selected for the sample, an adult in a household with three others aged 18 or over has only one-quarter the chance that a single adult living alone has of being interviewed. As a result, without adjustment, inferences about the situation of all adults in these neighborhoods drawn from the sample of respondents would be biased toward characteristics of adults living alone.

Table D.1 presents a first tabulation of raw NHNS data. The respondents are counted on the basis of relationship to other household members and according to the total number of adults reported to be living in the household. Only about one-third (246 of 719) of the NHNS respondents were adults living alone, so the "most recent birthday" rule was applied in almost two of every three interviews. Almost one NHNS respondent of five lives in a household comprising at least three adults. Correction for this differential probability of interviewing is relatively straightforward: in all instances of inference concerning the characteristics of all New Hope neighborhood residents in the material that follows, responses are weighted by number of adults in the household — the larger the respondent's household, the greater the weight.

Gender Bias. Weighting for the number of adults is not the only adjustment that must be made. The NHNS results exhibit a gender bias that is common to household survey data.[1] The sample includes more women (60 percent) than men (40 percent). This could reflect a gender differential in the neighborhood population; in the 1990 census men constituted only 47 percent of the adult population in these neighborhoods. However, evidence that the gender differential produced by the survey may reflect something other than actual neighborhood population is provided by tabulation of gender of the 326 respondents who report being married or living with a partner. These data are reported in Table D.2. For couples, the procedure followed to select respondents should produce equal numbers of women and men, since there is no reason to believe that on any particular date women are more likely to have been born recently than men. However, for married couples only 45 percent of respondents were male, and only 42 percent of respondents reporting living with a partner were male. The differential is roughly the same for elderly respondents as for those who were under age 65. The odds that the overall 44-56 percent

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[1]See O'Rourke and Lakner, 1989, for another example of the problem.

Table D.1

The New Hope Project

Adults in Respondent's Living Unit

Living Situation	Sample	Percent	Number of Adults in the Living Unit						Missing
			1	2	3	4	5	6+	
All circumstances	719	100.0	246	340	80	36	8	8	1
Respondent lives alone	145	20.2	145	–	–	–	–	–	0
Respondent lives with family	554	77.1	101	327	77	35	7	6	1
With children	347	48.3	98	188	36	19	3	3	0
Couple	206	28.7	0	159	27	15	3	2	0
Married	148	20.6	0	108	21	14	3	2	0
Other	58	8.1	0	51	6	1	0	0	0
Single parent	141	19.6	98	29	9	4	0	1	0
Without children	207	28.8	3	139	41	16	4	3	1
Couple	120	16.7	0	91	19	8	1	1	0
Married	91	12.7	0	68	16	7	0	0	0
Other	29	4.0	0	23	3	1	1	1	0
Other	87	12.1	3	48	22	8	3	2	1
Respondent lives in household with only other nonfamily persons	20	2.8	0	13	3	1	1	2	0
With children	2	0.3	0	1	0	1	0	0	0
Without children	18	2.5	0	12	3	0	1	2	0

SOURCE: New Hope Neighborhood Survey.

split would have appeared in a sample this large had the true probability of selection been .5 are less than 1 chance in 40.[2]

This difference in response rates between men and women may reflect both gender differences in willingness to participate in interviews and a possible tendency for women, who are more likely to be the first person contacted by interviewers, to deny survey interviewers access to men in the household. In the absence of additional information, the analysis assumes that the gender response bias evident in Table D.2 applies to all adults who do not reside alone, that is, that women are approximately 25 percent more likely to be respondents than men. The tabulations of personal and family characteristics that follow are reweighted to correct for this differential as well as the sampling bias created by variation in household size already discussed.

Enumeration of Children. The structure of questions in the NHNS in part reflected standards of eligibility for New Hope itself. This characteristic is reflected in the questioning of respondents concerning the numbers of adults and children present. The question posed concerning *adults* was straightforward: "Besides yourself, how many adults 18 years of age or older live in this household?" This is one of the bases for Table D.1. The question posed concerning the number of *children* was different. Instead of asking for the number of children present, NHNS interviewers asked for the number of children of the respondent *and/or* his or her spouse/partner who were present. Number of children reported this way is what counts in determining eligibility for some New Hope services. However, the method of posing the question creates a problem for estimating the total number of children in the respondent's household, because if the informant selected by the birthday rule turned out not to be a child's parent, guardian, or spouse or partner of his or her parent or guardian, the child would not be reported. In calculations reported in Chapter 4 for total population for New Hope target neighborhoods, responses for respondents with children who are living in households that include adults other than their spouse or partner are reweighted to reflect the fact that some such interviews failed to count children present.[3]

Nonresponse. Finally, where inferences are required for total population, adjustment for nonresponse is made by assuming that households for which interviews could not be obtained are identical to those for which interviews were obtained in the same target area. The Southside response rate was 84.75 percent, so population counts derived from responses are inflated by $1/.8475 = 1.18$ to obtain a count for the entire sample. On the Northside, where responses rates were lower, this response inflation factor is 1.25.

It would be useful to refine this procedure on the basis of other characteristics of the addresses at which interviews were not obtained, but available data offer little immediate prospect of significant estimate improvement from more elaborate approaches. The adjustments

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[2]It is likely that some of the unmarried partnerships reported in the NHNS are same-sex. If these relationships are predominantly female, then such arrangements could account for the greater gender imbalance among unmarried than married couples. It was not possible to identify such relationships from the survey responses.

[3]The adjustment applied in estimating total population is to multiply the number of children reported by each respondent by T/C, where T is the number of adults in the household and C=1 if the respondent has no spouse or partner, C=2 otherwise.

Table D.2

The New Hope Project

Distribution of Respondents With Partners, by Gender and Age

Partnership Status	Under Age 65		Age 65 or Over		Total	
	Sample	Percent	Sample	Percent	Sample	Percent
Married						
Female	115	53.5	16	66.7	131	54.8
Male	100	46.5	8	33.3	108	45.2
Partner						
Female	50	58.1	0	0.0	50	57.5
Male	36	41.9	1	100.0	37	42.5
Total						
Female	165	54.8	16	64.0	181	55.5
Male	136	45.2	9	36.0	145	44.5
Sample size	301	100.0	25	100.0	326	100.0

SOURCE: New Hope Neighborhood Survey.

applied are likely to exaggerate population and, in particular, the number of children, if refusals and other problems are concentrated among households that include only adults.

The earlier discussion of possible gender bias in responses obtained from persons who reported living with a spouse or partner emphasizes that in principle the procedure followed in the NHNS to identify respondents gave members of both marital and other partnerships equal chance to be selected. The NHNS includes questions covering partner's status. If each respondent uses the same standards to evaluate his or her partner's status as is applied personally, the result should be that the situation of respondents and partners looks the same.

Table D.3 summarizes responses regarding own and partner's unemployment for respondents under age 65 who live with a spouse or partner. Respondents tend to be marginally more likely to report themselves as having looked for work if they are jobless than they do for their partners, and they are marginally more likely to declare partners "retired" if they are not looking for full-time work than they are to so designate themselves. The standard error of the estimated difference in unemployment rates between respondents and partners is about 2.9 percentage points. The 4 percentage point difference reported in the table is not, therefore, statistically significant by common standards.

Table D.3

The New Hope Project

Respondent and Partner Employment Status

Employment Status and Barrier	Respondent	Partner
Employment status		
Employed	63.8	66.6
Not employed, but looked for job in preceding month	9.6	6.6
Not employed, did not look for job in preceding month	19.6	17.2
Not employed, did not look for job in preceding month,		
but currently available for full-time work	7.0	8.7
Didn't answer the question	0.0	0.6
Unemployment rate[a]		
Standard	13.1	9.0
Expanded	20.6	18.7
Client-reported barriers to work readiness[b]		
Retired	12.3	17.2
In school	6.2	1.6
Health/disability problems, including pregnancy	47.1	40.6
Caring for children	22.5	29.9
Disinclined to work	11.6	16.4
Needed at home	12.3	16.0
Other	8.0	7.4

SOURCE: New Hope Neighborhood Survey.

NOTES: [a]Tabulation limited to respondents reported as under age 65, and living with a spouse or living as unmarried partner with a girlfriend or boyfriend.

    [b]Respondents cited multiple reasons.

Appendix E

The New Hope Project

**Selected Characteristics of the New Hope Full Sample
at Random Assignment, by Research Status**

Sample and Characteristic	Program Group	Control Group	Full Sample	Significant Difference[a]
Demographic characteristic				
Gender (%)				
Female	71.4	71.9	71.6	
Male	28.6	28.1	28.4	
Age (%)				
18-19	6.1	6.5	6.3	
20-24	22.3	22.2	22.3	
25-34	38.6	39.6	39.1	
35-44	24.5	24.5	24.5	
45-54	5.5	5.6	5.5	
55 or over	3.1	1.6	2.4	
Average age	31.9	31.6	31.8	
Race/ethnicity (%)				
African-American, non-Hispanic	51.8	51.0	51.4	
Hispanic	25.8	27.1	26.5	
White, non-Hispanic	12.8	13.1	13.0	
Asian/Pacific Islander	5.6	6.0	5.8	
Native American/Alaskan Native	4.0	2.8	3.4	
Household status				
Shares household with[b] (%)				
Mother	7.1	11.3	9.2	***
Father	2.4	3.4	2.9	
Sibling(s)	6.8	6.9	6.9	
Spouse	12.0	11.8	11.9	
Girlfriend/boyfriend	7.7	6.6	7.2	
Children (own or partner's)	69.3	71.3	70.3	
Other relatives	6.1	4.4	5.2	
Friends/others	7.8	7.5	7.7	
Lives alone	12.8	10.8	11.8	
Marital status (%)				
Never married	59.4	60.2	59.8	
Married, living with spouse	12.5	11.9	12.2	
Married, living apart	9.4	9.7	9.6	
Separated	4.0	3.8	3.9	
Divorced	12.8	12.4	12.6	
Widowed	1.8	1.9	1.8	
Number of children in household[c]				
None	29.7	28.3	29.0	
1	19.6	21.1	20.3	
2	20.2	18.3	19.2	
3 or more	30.5	32.4	31.5	
Among households with children (N= 964),				
Age of youngest child[d]				
2 or under	44.9	47.8	46.4	
3-5	24.5	23.4	24.0	
6 or over	30.6	28.8	29.7	

(continued)

Sample and Characteristic	Program Group	Control Group	Full Sample	Significant Difference[a]
Household has second potential wage earner[e] (%)	13.1	12.5	12.8	
Labor force status				
Ever employed (%)	95.9	93.5	94.7	*
Ever employed full time (%)	85.7	84.1	84.9	
For longest full-time job, among those ever employed full time (N=1,151),				
Average length of job (months)	38.5	36.0	37.2	
Benefits provided (%)				
Paid vacation	50.9	50.1	50.5	
Paid sick leave	39.7	36.6	38.1	
Medical coverage (individual)	29.1	30.3	29.7	
Medical coverage (family)	27.4	27.9	27.6	
Coverage by a union	14.3	13.0	13.6	
Pension/retirement	21.6	18.6	20.1	
Child care	1.2	1.8	1.5	
Tuition reimbursement	8.5	7.0	7.7	
Still with that employer (%)				
Yes	15.5	14.4	15.0	
No	84.5	85.6	85.0	
Among those not with that employer (N=978),				
Average time since departure (months)	18.7	21.8	20.2	
Reason for leaving that job (%)				
Plant or division closed	8.4	9.2	8.8	
Other layoff	12.5	9.0	10.8	
Seasonal/temporary job ended	6.6	7.6	7.1	
Fired	10.0	7.8	8.9	
Quit	25.4	23.2	24.3	
Other	37.1	43.1	40.1	
Approximate earnings in past 12 months (%)				
None	30.2	32.1	31.2	
$1-999	17.4	14.1	15.8	
$1,000-4,999	24.2	26.2	25.2	
$5,000-9,999	16.1	17.4	16.7	
$10,000-14,999	8.3	7.4	7.8	
$15,000 or above	3.8	2.8	3.3	
Current work status (%)				
Employed	37.9	37.1	37.5	
Not employed	54.7	55.5	55.1	
Missing	7.4	7.4	7.4	
Among those currently employed (N=509),				
Average hourly wage ($)	7.95	8.13	8.04	
Average hours worked per week (%)				**
1-14	2.3	8.0	5.1	
15-19	3.1	4.4	3.8	
20-29	17.2	12.4	14.8	
30 or more	77.3	75.3	76.3	

(continued)

Sample and Characteristic	Program Group	Control Group	Full Sample	Significant Difference[a]
Among those not currently employed (N=748),				
Job seeking in the past month (%)				**
Looking for full time work	81.4	76.4	78.9	
Looking for part time work	5.9	3.2	4.6	
Not looking for work	8.4	12.5	10.4	
Missing	4.3	8.0	6.2	
Public assistance status				
Currently receiving AFDC, General Assistance, Food Stamps, or Medicaid (%)				
Any type	61.1	64.7	62.9	
AFDC	44.3	47.7	46.0	
General Assistance	5.2	5.6	5.4	
Food Stamps	56.1	58.9	57.5	
Medicaid	49.4	53.8	51.6	
Received assistance (AFDC, FS, GA, or Medicaid) in past 12 months (%)	68.9	72.3	70.6	
Total prior AFDC/GA cash assistance[i] (%)				
None	25.0	25.3	25.1	
Less than 4 months	8.6	8.9	8.7	
4 months or more but less than 1 year	11.4	9.2	10.3	
1 year or more but less than 2 years	10.5	10.5	10.5	
2 years or more but less than 5 years	20.0	19.4	19.7	
5 years or more but less than 10 years	14.1	16.0	15.0	
10 years or more	10.5	10.9	10.7	
Resided as a child in a household receiving AFDC (%)				
Yes				
Aid received 5 years or more	27.2	29.0	28.1	
Aid received less than 5 years	8.3	8.6	8.4	
No	56.8	57.0	56.9	
Don't know	7.7	5.5	6.6	
Educational status				
Highest diploma/degree earned (%)				
GED[g]	13.3	14.0	13.6	
High school diploma	32.5	31.3	31.9	
Technical/A.A./2-year college degree	10.5	9.7	10.1	
4-year college degree or higher	1.9	1.5	1.7	
None of the above	41.9	43.5	42.7	
Highest grade completed in school (average)	10.8	10.8	10.8	
Current and recent education and training activities				
Currently enrolled in any type of education or training (%)				
Any type	30.2	33.6	31.9	
GED preparation[g]	5.2	5.2	5.2	
English as a Second Language	2.2	2.8	2.5	
Adult Basic Education	0.9	1.8	1.3	
Vocational education/skills training	2.4	4.0	3.2	*
Post-secondary education	2.8	3.1	3.0	
Job search/job club	14.3	14.9	14.6	
Work experience	6.6	6.5	6.6	
High school	1.3	0.7	1.0	

(continued)

Sample and Characteristic	Program Group	Control Group	Full Sample	Significant Difference[a]
Enrolled in any type of education or training during the past 12 months (%)				
Any type	34.2	35.5	34.9	
GED preparation[g]	6.1	5.9	6.0	
English as a Second Language	3.2	5.0	4.1	
Adult Basic Education	1.3	2.5	1.9	
Vocational education/skills training	5.6	6.6	6.1	
Post-secondary education	3.4	3.7	3.5	
Job search/job club	10.8	10.2	10.5	
Work experience	8.0	6.2	7.1	
High school	2.1	1.6	1.8	
Other factors related to obtaining/retaining employment				
Have access to a car (%)	41.0	42.0	41.5	
Ever arrested for anything since 16th birthday (%)	21.1	26.0	23.5	**
Housing status (%)				
Rent	87.3	88.2	87.7	
Own	5.5	5.0	5.3	
Other	7.3	6.8	7.0	
Number of moves in past 2 years				
None	31.1	29.5	30.3	
1	30.8	29.2	30.0	
2 or more	33.0	37.3	35.2	
Missing	5.0	4.1	4.6	
Sample size	678	679	1,357	

SOURCE: MDRC calculations from Background Information Forms for 1,357 sample members randomly assigned from August 1994 through December 1995. Five additional sample members who were missing these forms were excluded from the sample.

NOTES: Except for three items, the nonresponse rate for all specific characteristics was less than 1 percent and therefore these missings were excluded from the calculations. For the three characteristics, for which the nonresponse rate ranged from 5 to 7 percent for the full sample, the nonresponses are shown on the table as missings.

Distributions may not add to 100.0 percent because of rounding.

[a]A chi-square test or a t-test was used to assess the statistical significance of each difference in characteristics between the program group and the control group. Statistical significance levels are indicated as *=1 percent, **=5 percent, and ***=1 percent.

[b]Because some sample members may be in more than one category, totals may not equal all categories summed.

[c]Includes all dependents under age 18.

[d]Includes all dependents under age 18.

[e]The percentage of households with a second potential wage earner represents the number of heads of household who at the time of random assignment provided the Social Security number of a second adult living in the household who might participate in New Hope.

[f]This refers to the total number of months accumulated from at least one spell on an individual's own AFDC or GA case or the case of another adult in the household.

[g]The GED credential is given to those who pass the GED test and is intended to signify knowledge of basic high school subjects.

Appendix F

Table F.1

The New Hope Project

MacArthur Child and Family Study (CFS):
Selected Characteristics, Opinions, and Employment History of the New Hope Sample
With Preadolescent Children at Random Assignment[¨]

Sample and Characteristic by Measure	CFS Sample	Full Sample
Selected Characteristics from Background Information Form		
Demographic characteristic		
Gender (%)		
Female	85.5	71.6
Male	14.5	28.4
Age (%)		
18-19	4.3	6.3
20-24	26.4	22.3
25-34	49.9	39.1
35-44	17.4	24.5
45-54	1.6	5.5
55 or over	--	2.4
Average age	29.5	31.8
Race/ethnicity (%)		
African-American, non-Hispanic	50.5	51.4
Hispanic	26.8	26.5
White, non-Hispanic	11.5	13.0
Asian/Pacific Islander	8.3	5.8
Native American/Alaskan Native	3.0	3.4
Resides in neighborhood (%)		
Northside	49.0	51.0
Southside	51.0	49.0
Household status		
Shares household with[v] (%)		
Spouse	16.1	11.9
Girlfriend/boyfriend	6.4	7.2
Children (own or partner's)	100.0	70.3
Others	15.2	24.0
Lives alone (%)	--	11.8
Marital status (%)		
Never married	58.3	59.8
Married, living with spouse	16.5	12.2
Married, living apart	9.5	9.6
Separated, divorced, or widowed	15.8	18.3
Number of children in household[c] (%)		
None	0.0	29.0
1	23.9	20.3
2	27.3	19.2
3 or more	48.8	31.5
Among households with children,		
Age of youngest child[u] (%)		
2 or under	50.1	46.4
3-5	28.4	24.0
6 or over	21.4	29.7

(continued)

Sample and Characteristic by Measure	CFS Sample	Full Sample
Household includes CFS children in age category[e] (%)		
1-3 (12-47 months)	60.7	n/a
4-10 (48-131 months)	72.4	n/a
Household has second potential wage earner (%)	17.5	12.8
Labor force status		
Ever employed (%)	93.1	95.0
Ever employed full time (%)	82.0	85.9
For longest full-time job, among those ever employed full time,		
Average length of job (months)	31.1	36.8
Benefits provided (%)		
Paid vacation	46.7	49.9
Paid sick leave	34.4	37.7
Medical coverage (individual)	23.0	29.3
Medical coverage (family)	28.8	27.4
Coverage by a union	10.8	13.5
Pension/retirement	16.8	19.8
Child care	--	1.5
Tuition reimbursement	8.1	7.6
Approximate earnings in past 12 months (%)		
None	35.2	31.2
$1-999	16.1	15.8
$1,000-4,999	22.7	25.2
$5,000-9,999	14.0	16.7
$10,000-14,999	8.3	7.8
$15,000 or above	3.7	3.3
Current employment status (%)		
Employed	39.0	37.5
Not employed	55.4	55.1
Missing	5.5	7.4
Among those currently employed,		
Average hourly wage ($)	6.53	6.36
Average hours worked per week (%)		
1-29	19.8	23.7
30 or more	80.2	76.3
Public assistance status		
Currently receiving AFDC, General Assistance,		
Food Stamps, or Medicaid (%)		
Any type	79.8	62.9
AFDC	67.1	46.0
General Assistance	--	5.4
Food Stamps	74.8	57.5
Medicaid	73.9	51.6
Received assistance (AFDC, FS, GA, or Medicaid) in past 12 months (%)	86.6	70.6
Total prior AFDC/GA cash assistance[i] (%)		
None	13.9	25.1
Less than 2 years	26.8	29.5
2 years or more but less than 5 years	26.9	19.7
5 years or more	32.5	25.7
Resided as a child in a household receiving AFDC (%)	39.9	36.5

Sample and Characteristic by Measure	CFS Sample	Full Sample
Educational status		
Received high school diploma or GED[g] (%)	57.4	57.3
Highest grade completed in school (average)	10.7	10.8
Currently enrolled in any type of education or training (%)	35.7	31.9
Other factors related to obtaining/retaining employment		
Have access to a car (%)	48.1	41.5
Ever arrested for anything since 16th birthday (%)	18.2	23.5
Housing status (%)		
Rent	91.0	87.7
Own	5.8	5.3
Other	3.2	7.0
Number of moves in past 2 years (%)		
None	29.1	30.3
1	29.9	30.0
2 or more	36.8	35.2
Missing	4.2	4.6
Sample size	812	1,357

Opinions and Employment History from Private Opinion Survey

Client-reported employment history

Number of full time jobs (more than 30 hours a week) held in last 5 years (%)		
None	22.4	19.3
1	30.5	31.0
2 or 3	36.0	36.2
4 or more	11.1	13.5
When unemployed, length of time it took to find new work (%)		
1 month or less	29.7	32.0
2-6 months	35.7	38.5
More than 6 months	13.2	12.6
Don't know	21.4	16.9

Client-reported difficulties while working

Among those ever employed, those who said that they sometimes or often had these problems when they worked (%):		
Client felt the boss or supervisor picked on or acted unfairly toward client	23.4	25.9
Family responsibilities interfered with the job and this got client into trouble	28.7	24.5
There was too little help on the job to tell what to do and what not to do and this got client into trouble	8.4	9.7
Client got in trouble even when client was only a little late	9.1	10.2
Client and the other workers argued and this got client into trouble	2.1	2.8
Client did not like the way bosses or supervisors were ordering them around	11.2	13.9
Client did not want to do work that other people should have been doing and this got client into trouble	4.0	6.2
Client could never satisfy some customers and this got client into trouble	1.9	2.8
Alcohol or drug use caused problems on client's job	2.4	4.6
Client got into trouble but never really understood the reasons why	2.0	4.4

Table F.1 (continued)

Sample and Characteristic by Measure	CFS Sample	Full Sample
Client-reported situations that affect employment		
Those who reported health problems that limit the type of work they can do (%)	10.7	14.3
Those who have (%):		
Ever been evicted from an apartment or house over the last 10 years	20.0	17.5
Ever been homeless	18.2	21.5
Ever quit a job	59.4	60.0
Client-reported education and training preferences		
Those who agreed a lot that they wanted to (%):		
Go to school part time to study basic reading and math	35.3	33.1
Go to school part time to get a GED	35.1	34.4
Get on-the-job training for 1-3 months in a type of work		
that they have not tried before	58.2	59.0
Get on-the-job training so that they would know what it is like to work	54.2	51.9
Sample size	642	1,079

SOURCES: MDRC calculations from Background Information Forms for 812 sample members randomly assigned from August 1994 through December 1995. MDRC calculations from Private Opinion Survey (POS) data for sample members randomly assigned from August 1994 through December 1995. The POS questions were voluntarily answered by 642 sample members (80 percent) just prior to random assignment.

NOTES: Except for two items, the nonresponse rate for all specific characteristics was less than 1 percent and therefore these missings were excluded from the calculations. For the two characteristics, for which the nonresponse rate ranged from 5 to 7 percent for the full sample, the nonresponses are shown on the table as missings.

   Distributions may not add to 100.0 percent because of rounding.

   Dashes indicate that the sample size is under 10; therefore the calculations were omitted.

   [a]The sample includes all New Hope sample members whose households included at least one child in the age range of 1 to 10 years (12 to 131 months) at the time of random assignment.

   [b]Because some sample members may be in more than one category, totals may not equal all categories summed.

   [c]Includes all dependents under age 18.

   [d]Includes all dependents under age 18.

   [e]Some CFS households have children in both categories.

   [f]This refers to the total number of months accumulated from at least one spell on an individual's own AFDC or GA case or the case of another adult in the household.

   [g]The GED credential is given to those who pass the GED test and is intended to signify knowledge of basic high school subjects.

Appendix G

Table G.1

The New Hope Project

Monthly Earnings Supplement for One Earner With No Children: 1996

Worker Supplement						
Phase-in 0.25	Annual Maximum $2,125	Phase-out 0.2				
Worker 1 Earnings	Worker 1 Supplement[b]	New Hope Supplement[c]	Government EIC[d]	Gross Income	Total Taxes[e]	Health Insurance Contribution
$83	$21	$15	$6	$105	$6	$6
125	31	23	10	157	10	6
167	42	30	13	210	13	6
208	52	38	16	262	16	6
250	63	46	19	315	19	6
292	73	53	22	367	22	6
333	83	61	26	420	26	6
375	94	71	26	472	29	6
417	104	82	26	525	32	6
458	115	96	24	578	35	6
500	125	110	20	631	38	6
542	135	125	17	683	41	6
583	146	139	14	736	52	6
625	156	153	11	789	63	6
667	167	168	8	842	75	6
708	177	182	4	895	86	6
750	169	176	1	928	98	8
792	160	169	0	961	110	10
833	152	160	0	994	122	12
875	144	151	0	1,026	133	14
917	135	143	0	1,059	145	16
958	127	134	0	1,092	157	19
1,000	119	125	0	1,125	168	21
1,042	110	116	0	1,158	181	23
1,083	102	108	0	1,191	193	25
1,125	94	99	0	1,224	206	27
1,167	85	90	0	1,257	218	29
1,208	77	81	0	1,290	231	31
1,250	69	72	0	1,322	243	33
1,292	60	64	0	1,355	256	35
1,333	52	55	0	1,388	268	37
1,375	44	46	0	1,421	281	40
1,417	35	37	0	1,454	293	42
1,458	27	29	0	1,487	306	44
1,500	19	20	0	1,520	318	46
1,542	10	11	0	1,553	331	48
1,583	2	2	0	1,586	343	50
1,625	0	0	0	1,625	356	120
1,667	0	0	0	1,667	369	120
1,708	0	0	0	1,708	381	120
1,750	0	0	0	1,750	394	120
1,792	0	0	0	1,792	407	120
1,833	0	0	0	1,833	419	120

Table G.1

SOURCE: The New Hope Project.

NOTES: All figures are based on 1996 Earned Income Credit (EIC) benefits and poverty guidelines.

Total New Hope financial support is made up of two parts: (1), the New Hope supplement, which is based on earnings (one worker or two) and (2), the child allowance, which is based on earnings and number of dependent children under age 13. These financial benefits are set to boost a person's gross income (earnings + New Hope supplement + government EIC) above poverty level at full-time work at the minimum wage ($708).

[a]Phase-in refers to the rate at which the total worker supplement would increase as worker's earnings increased up to the maximum point for the total worker supplement. Annual maximum refers to the maximum dollar amount of the total worker supplement that a worker could receive. Phase-out refers to the rate at which the total worker supplement would decrease as worker's earnings increased beyond the maximum point.

[b]Represents the amount that New Hope would supplement earnings before netting out federal and state earned income credits.

[c]Has been adjusted for the effects of inflation; as a result, the New Hope supplement and the government EIC do not add precisely to the Worker 1 supplement.

[d]May include the federal and state EIC. Individuals with or without children are eligible for the federal EIC, with the exception of one-earner households where the individual is under age 25 and has no children. The state EIC is available only for individuals who have children.

[e]Includes federal and state income taxes and FICA.   In addition, taxes may vary depending on income filing status.

Table G.2

The New Hope Project

Monthly Earnings Supplement for One Earner Under Age 25 With No Children: 1996

Worker Supplement					
Phase-in 0.25	Annual Maximum $2,125	Phase-out 0.2			
Worker 1 Earnings	Worker 1 Supplement	New Hope Supplement	Gross Income	Total Taxes	Health Insurance Contribution
$83	$21	$22	$105	$6	$6
125	31	33	158	10	6
167	42	44	211	13	6
208	52	55	263	16	6
250	63	66	316	19	6
292	73	77	368	22	6
333	83	88	421	26	6
375	94	99	474	29	6
417	104	110	526	32	6
458	115	121	579	35	6
500	125	132	632	38	6
542	135	143	684	41	6
583	146	154	737	52	6
625	156	165	790	63	6
667	167	176	842	75	6
708	177	187	895	86	6
750	169	178	928	98	8
792	160	169	961	110	10
833	152	160	994	122	12
875	144	151	1,026	133	14
917	135	143	1,059	145	16
958	127	134	1,092	157	19
1,000	119	125	1,125	168	21
1,042	110	116	1,158	181	23
1,083	102	108	1,191	193	25
1,125	94	99	1,224	206	27
1,167	85	90	1,257	218	29
1,208	77	81	1,290	231	31
1,250	69	72	1,322	243	33
1,292	60	64	1,355	256	35
1,333	52	55	1,388	268	37
1,375	44	46	1,421	281	40
1,417	35	37	1,454	293	42
1,458	27	29	1,487	306	44
1,500	19	20	1,520	318	46
1,542	10	11	1,553	331	48
1,583	2	2	1,586	343	50
1,625	0	0	1,625	356	120
1,667	0	0	1,667	369	120
1,708	0	0	1,708	381	120
1,750	0	0	1,750	394	120
1,792	0	0	1,792	407	120
1,833	0	0	1,833	419	120

SOURCE and NOTES: See Table G.1.

Table G.3

The New Hope Project

Monthly Earnings Supplement for One Earner With One Child: 1996

Worker Supplement								
Phase-in 0.25	Annual Maximum $2,125	Phase-out 0.2						
Worker 1 Earnings	Worker 1 Supplement	Child Allowance	New Hope Supplement	Government EIC	Gross Income	Total Taxes	Child Day Care Contribution	Health Insurance Contribution
$83	$21	$133	$131	$29	$244	$6	$33	$9
125	31	133	127	44	296	10	33	9
167	42	133	122	59	348	13	33	9
208	52	133	118	74	400	16	33	9
250	63	133	113	88	452	19	33	9
292	73	133	109	103	503	22	33	9
333	83	133	104	118	555	26	33	9
375	94	133	100	133	607	29	33	9
417	104	133	95	147	659	32	33	9
458	115	133	90	162	711	35	33	9
500	125	133	86	177	763	38	33	9
542	135	133	92	181	815	41	33	9
583	146	133	103	181	868	45	33	9
625	156	133	114	181	920	48	33	9
667	167	133	125	181	973	51	33	9
708	177	133	136	181	1,026	54	33	9
750	169	122	115	181	1,047	57	34	10
792	160	113	96	181	1,070	62	34	10
833	152	104	78	181	1,093	68	35	10
875	144	95	60	181	1,117	74	35	10
917	135	86	42	181	1,141	79	35	10
958	127	84	34	178	1,171	91	36	11
1,000	119	81	30	171	1,202	103	36	11
1,042	110	79	26	164	1,232	115	37	11
1,083	102	76	22	158	1,263	127	37	11
1,125	94	74	18	151	1,294	140	38	11

(continued)

Worker 1 Earnings	Worker 1 Supplement	Child Allowance	New Hope Supplement	Government EIC	Gross Income	Total Taxes	Child Day Care Contribution	Health Insurance Contribution
1,167	85	73	15	144	1,326	152	38	12
1,208	77	71	12	137	1,357	165	38	12
1,250	69	69	9	130	1,389	178	39	12
1,292	60	68	6	123	1,420	191	39	12
1,333	52	66	2	116	1,452	204	40	12
1,375	44	64	0	109	1,484	216	40	13
1,417	35	63	0	102	1,519	229	40	13
1,458	27	61	0	95	1,554	242	41	13
1,500	19	59	0	88	1,588	255	41	13
1,542	10	58	0	81	1,623	267	42	14
1,583	2	56	0	74	1,658	280	42	14
1,625	0	55	0	67	1,692	293	43	14
1,667	0	54	0	61	1,727	306	43	16
1,708	0	53	0	54	1,762	319	43	18
1,750	0	52	5	47	1,802	332	44	20
1,792	0	51	12	40	1,843	345	44	22
1,833	0	50	18	33	1,884	358	45	24
1,875	0	49	24	26	1,925	371	45	26
1,917	0	48	30	19	1,966	384	45	29
1,958	0	47	36	12	2,007	397	46	31
2,000	0	46	43	5	2,048	410	46	33
2,042	0	44	47	0	2,089	423	47	35
2,083	0	43	46	0	2,129	436	47	37
2,125	0	42	44	0	2,169	448	48	39
2,167	0	41	43	0	2,210	461	48	41
2,208	0	39	41	0	2,250	474	48	44
2,250	0	38	40	0	2,290	486	49	46
2,292	0	37	39	0	2,330	499	49	48
2,333	0	35	37	0	2,371	512	50	50
2,375	0	34	36	0	2,411	524	50	53
2,417	0	33	34	0	2,451	537	50	55
2,458	0	31	33	0	2,491	550	51	57
2,500	0	0	0	0	2,500	562	full cost	240
2,542	0	0	0	0	2,542	575	full cost	240

SOURCE and NOTES: See Table G.1.

Table G.4

The New Hope Project

Monthly Earnings Supplement for One Earner With Two Children: 1996

Worker Supplement								
Phase-in 0.25	Annual Maximum $2,125	Phase-out 0.2						
Worker 1 Earnings	Worker 1 Supplement	Child Allowance	New Hope Supplement	Government EIC	Gross Income	Total Taxes	Child Day Care Contribution	Health Insurance Contribution
$83	$20	$258	$254	$38	$375	$6	$65	$14
125	31	258	245	57	427	10	65	14
167	42	258	236	76	479	13	65	14
208	52	258	227	95	530	16	65	14
250	63	258	218	114	582	19	65	14
292	73	258	209	133	634	22	65	14
333	83	258	200	152	685	26	65	14
375	94	258	191	171	737	29	65	14
417	104	258	182	190	788	32	65	14
458	115	258	173	209	840	35	65	14
500	125	258	164	228	892	38	65	14
542	135	258	155	247	943	41	65	14
583	146	258	146	266	995	45	65	14
625	156	258	137	285	1,047	48	65	14
667	167	258	137	295	1,099	51	65	14
708	177	258	147	295	1,151	54	65	14
750	169	246	126	295	1,171	57	65	14
792	160	233	104	295	1,191	61	65	14
833	152	221	82	295	1,211	64	66	15
875	144	211	62	295	1,233	70	66	15
917	135	201	43	295	1,255	75	67	15
958	127	191	29	291	1,278	81	67	15
1,000	119	181	20	281	1,301	87	68	15
1,042	110	171	11	271	1,324	92	68	16
1,083	102	161	2	261	1,346	98	68	16
1,125	94	151	0	251	1,376	104	69	16
1,167	85	148	0	241	1,407	116	69	16
1,208	77	145	0	231	1,439	129	70	17
1,250	69	142	0	221	1,471	142	70	17
1,292	60	139	0	211	1,502	155	70	17
1,333	52	136	0	201	1,534	167	71	17

Table G.4 (continued)

Worker 1 Earnings	Worker 1 Supplement	Child Allowance	New Hope Supplement	Government EIC	Gross Income	Total Taxes	Child Day Care Contribution	Health Ins Contrib
1,375	44	133	0	191	1,566	180	71	17
1,417	35	130	0	181	1,597	193	72	18
1,458	27	128	0	171	1,629	206	72	18
1,500	19	125	0	161	1,661	219	73	18
1,542	10	122	0	151	1,692	231	73	18
1,583	2	119	0	141	1,724	244	73	18
1,625	0	113	0	131	1,756	257	74	19
1,667	0	107	0	121	1,787	270	74	24
1,708	0	101	0	111	1,819	283	75	29
1,750	0	95	0	101	1,851	296	75	35
1,792	0	88	0	91	1,882	309	75	40
1,833	0	82	2	81	1,916	322	76	46
1,875	0	76	6	71	1,952	335	76	51
1,917	0	70	10	61	1,988	348	77	57
1,958	0	64	14	51	2,023	361	77	62
2,000	0	58	18	41	2,059	374	78	67
2,042	0	52	23	31	2,095	387	78	73
2,083	0	46	27	21	2,131	400	78	78
2,125	0	40	31	11	2,166	412	79	84
2,167	0	33	34	1	2,202	425	79	90
2,208	0	27	29	0	2,237	438	80	96
2,250	0	21	22	0	2,272	450	80	102
2,292	0	14	15	0	2,307	463	80	107
2,333	0	8	8	0	2,342	476	81	113
2,375	0	2	2	0	2,377	488	81	119
2,417	0	0	0	0	2,417	501	82	125
2,458	0	0	0	0	2,458	514	82	129
2,500	0	0	0	0	2,500	526	full cost	360
2,542	0	0	0	0	2,542	539	full cost	360

SOURCE and NOTES: See Table G.1.

Table G.5

The New Hope Project

Monthly Earnings Supplement for One Earner With Three Children: 1996

Worker Supplement								
Phase-in 0.25	Annual Maximum $2,125	Phase-out 0.2						
Worker 1 Earnings	Worker 1 Supplement	Child Allowance	New Hope Supplement	Government EIC	Gross Income	Total Taxes	Child Day Care Contribution	Health Insurance Contribution
$83	$21	$375	$367	$48	$498	$6	$94	$14
125	31	375	353	72	549	10	94	14
167	42	375	339	95	601	13	94	14
208	52	375	324	119	652	16	94	14
250	63	375	310	143	703	19	94	14
292	73	375	296	167	755	22	94	14
333	83	375	282	191	806	26	94	14
375	94	375	268	215	857	29	94	14
417	104	375	254	238	909	32	94	14
458	115	375	240	262	960	35	94	14
500	125	375	225	286	1,011	38	94	14
542	135	375	211	310	1,063	41	94	14
583	146	375	197	334	1,114	45	94	14
625	156	375	183	358	1,166	48	94	14
667	167	375	180	371	1,218	51	94	14
708	177	375	191	371	1,270	54	94	14
750	169	361	168	371	1,289	57	94	14
792	160	348	145	371	1,307	61	95	15
833	152	334	121	371	1,325	64	95	15
875	144	320	98	371	1,344	67	95	16
917	135	307	76	371	1,363	71	96	16
958	127	296	61	365	1,384	77	96	17
1,000	119	285	54	352	1,406	82	97	17
1,042	110	273	46	340	1,428	88	97	17
1,083	102	262	39	327	1,450	94	98	18
1,125	94	251	32	315	1,472	100	98	18
1,167	85	241	26	302	1,494	107	98	19
1,208	77	231	19	290	1,517	113	99	19

(continued)

Worker 1 Earnings	Worker 1 Supplement	Child Allowance	New Hope Supplement	Government EIC	Gross Income	Total Taxes	Child Day Care Contribution	Health Insurance Contribution
1,250	69	220	13	277	1,540	120	99	19
1,292	60	210	6	264	1,562	126	100	20
1,333	52	199	0	252	1,585	133	100	20
1,375	44	194	0	239	1,614	144	100	21
1,417	35	190	0	227	1,643	157	101	21
1,458	27	186	0	214	1,673	170	101	22
1,500	19	182	0	202	1,702	183	102	22
1,542	10	177	0	189	1,731	195	102	22
1,583	2	173	0	177	1,760	208	103	23
1,625	0	165	1	164	1,790	221	103	23
1,667	0	156	5	152	1,823	234	103	28
1,708	0	147	9	139	1,856	247	104	33
1,750	0	139	13	126	1,890	260	104	38
1,792	0	130	17	114	1,923	273	105	43
1,833	0	122	22	101	1,956	286	105	48
1,875	0	113	26	89	1,990	299	105	53
1,917	0	105	30	76	2,023	312	106	58
1,958	0	96	34	64	2,056	325	106	63
2,000	0	88	38	51	2,090	338	107	68
2,042	0	79	43	39	2,123	351	107	73
2,083	0	70	47	26	2,156	364	108	78
2,125	0	62	51	13	2,189	376	108	84
2,167	0	53	55	1	2,222	389	108	90
2,208	0	44	46	0	2,255	402	109	95
2,250	0	35	37	0	2,287	414	109	101
2,292	0	26	28	0	2,319	427	110	107
2,333	0	17	18	0	2,352	440	110	112
2,375	0	9	9	0	2,384	452	110	118
2,417	0	0	0	0	2,417	465	111	124
2,458	0	0	0	0	2,458	478	111	129
2,500	0	0	0	0	2,500	490	full cost	480
2,542	0	0	0	0	2,542	503	full cost	480

SOURCE and NOTES: See Table G.1.

Table G.6

The New Hope Project

Monthly Earnings Supplement for One Earner With Four Children: 1996

Worker Supplement								
Phase-in 0.25	Annual Maximum $2,125	Phase-out 0.2						
Worker 1 Earnings	Worker 1 Supplement	Child Allowance	New Hope Supplement	Government EIC	Gross Income	Total Taxes	Child Day Care Contribution	Health Insurance Contribution
$83	$21	$483	$481	$48	$612	$6	$121	$14
125	31	483	467	72	663	10	121	14
167	42	483	453	95	715	13	121	14
208	52	483	439	119	766	16	121	14
250	63	483	424	143	817	19	121	14
292	73	483	410	167	869	22	121	14
333	83	483	396	191	920	26	121	14
375	94	483	382	215	972	29	121	14
417	104	483	368	238	1,023	32	121	14
458	115	483	354	262	1,074	35	121	14
500	125	483	340	286	1,126	38	121	14
542	135	483	326	310	1,177	41	121	14
583	146	483	311	334	1,228	45	121	14
625	156	483	297	358	1,280	48	121	14
667	167	483	294	371	1,332	51	121	14
708	177	483	305	371	1,384	54	121	14
750	169	469	281	371	1,402	57	121	16
792	160	454	257	371	1,419	61	122	17
833	152	440	233	371	1,437	64	122	19
875	144	425	209	371	1,454	67	123	21
917	135	410	185	371	1,472	70	123	22
958	127	396	167	365	1,490	73	123	24
1,000	119	383	157	352	1,510	78	124	26
1,042	110	371	149	340	1,531	84	124	27
1,083	102	359	141	327	1,551	90	125	29
1,125	94	347	133	315	1,573	96	125	31
1,167	85	336	126	302	1,595	102	125	32
1,208	77	325	118	290	1,616	109	126	34

(continued)

Table G.6 (continued)

Worker 1 Earnings	Worker 1 Supplement	Child Allowance	New Hope Supplement	Government EIC	Gross Income	Total Taxes	Child Day Care Contribution	Health Insurance Contribution
1,250	69	314	111	277	1,638	115	126	36
1,292	60	302	104	264	1,660	122	127	37
1,333	52	291	96	252	1,681	129	127	39
1,375	44	280	89	239	1,703	135	128	41
1,417	35	269	81	227	1,725	142	128	42
1,458	27	257	74	214	1,747	148	128	44
1,500	19	246	67	202	1,768	155	129	46
1,542	10	235	59	189	1,790	161	129	47
1,583	2	228	56	177	1,816	172	130	49
1,625	0	217	56	164	1,845	185	130	51
1,667	0	206	57	152	1,875	198	130	54
1,708	0	195	59	139	1,906	211	131	58
1,750	0	184	60	126	1,937	224	131	62
1,792	0	173	62	114	1,967	237	132	66
1,833	0	162	64	101	1,998	250	132	69
1,875	0	151	65	89	2,029	263	133	73
1,917	0	139	67	76	2,060	276	133	77
1,958	0	128	68	64	2,090	289	133	81
2,000	0	117	70	51	2,121	302	134	84
2,042	0	106	71	39	2,152	315	134	88
2,083	0	95	73	26	2,182	328	135	92
2,125	0	84	74	13	2,213	340	135	96
2,167	0	73	75	1	2,243	353	135	100
2,208	0	61	65	0	2,273	366	136	104
2,250	0	50	53	0	2,303	378	136	108
2,292	0	39	41	0	2,332	391	137	113
2,333	0	27	29	0	2,362	404	137	117
2,375	0	16	17	0	2,392	416	138	121
2,417	0	4	5	0	2,421	429	138	125
2,458	0	0	0	0	2,458	442	138	129
2,500	0	0	0	0	2,500	454	full cost	600
2,542	0	0	0	0	2,542	467	full cost	600

SOURCE and NOTES: See Table G.1.

Table G.7

The New Hope Project

Monthly Earnings Supplement for Two Earners With No Children: 1996

Worker Supplement										
Phase-in 0.25	Annual Maximum $2,125	Phase-out 0.2								

Worker 1 Earnings	Worker 1 Supplement	Worker 2 Earnings	Worker 2 Supplement	Total Earnings Supplement	Total Family Earnings	New Hope Supplement	Government EIC	Gross Income	Total Taxes	Health Insurance Contribution
$83	$21	$0	$0	$21	$83	$15	$6	$105	$6	$9
125	31	0	0	31	125	23	10	157	10	9
167	42	0	0	42	167	30	13	210	13	9
208	52	0	0	52	208	38	16	262	16	9
250	63	0	0	63	250	46	19	315	19	9
292	73	0	0	73	292	53	22	367	22	9
333	83	0	0	83	333	61	26	420	26	9
375	94	0	0	94	375	71	26	472	29	9
417	104	0	0	104	417	82	26	525	32	9
458	115	0	0	115	458	96	24	578	35	9
500	125	0	0	125	500	110	20	631	38	9
542	135	0	0	135	542	125	17	683	41	9
583	146	0	0	146	583	139	14	736	45	9
625	156	0	0	156	625	153	11	789	48	9
667	167	0	0	167	667	168	8	842	51	9
708	177	500	125	302	1,208	318	0	1,527	147	12
750	169	542	135	304	1,292	321	0	1,612	170	12
792	160	583	146	306	1,375	323	0	1,698	194	13
833	152	625	156	308	1,458	325	0	1,783	218	13
875	144	667	167	310	1,542	327	0	1,869	244	14
917	135	708	177	313	1,625	329	0	1,954	269	14
958	127	750	169	296	1,708	312	0	2,020	294	16
1,000	119	792	160	279	1,792	294	0	2,086	320	19
1,042	110	833	152	263	1,875	277	0	2,152	345	21
1,083	102	875	144	246	1,958	259	0	2,217	371	24
1,125	94	917	135	229	2,042	241	0	2,283	396	26
1,167	85	958	127	213	2,125	224	0	2,349	421	31
1,208	77	1,000	119	196	2,208	206	0	2,415	447	39
1,250	69	1,042	110	179	2,292	189	0	2,480	473	46
1,292	60	1,083	102	163	2,375	171	0	2,546	499	54
1,333	52	1,125	94	146	2,458	154	0	2,612	525	57
1,375	0	1,167	0	0	2,542	0	0	2,542	550	240

(continued)

Table G.7 (continued)

SOURCE and NOTES: See Table G.1.

    Two-earner tables are for illustration only because precise New Hope support depends on each person's earnings. In addition, in households with two earners the second earner must work at least part time at the minimum wage.

Table G.8

The New Hope Project

Monthly Earnings Supplement for Two Earners Under Age 25: 1996

Worker Supplement		
Phase-in	Annual Maximum	Phase-out
0.25	$2,125	0.2

Worker 1 Earnings	Worker 1 Supplement	Worker 2 Earnings	Worker 2 Supplement	Total Earnings Supplement	Total Family Earnings	New Hope Supplement	Gross Income	Total Taxes	Health Insurance Contribution
$83	$21	$0	$0	$21	$83	$22	$105	$6	$9
125	31	0	0	31	125	33	158	10	9
167	42	0	0	42	167	44	211	13	9
208	52	0	0	52	208	55	263	16	9
250	63	0	0	63	250	66	316	19	9
292	73	0	0	73	292	77	368	22	9
333	83	0	0	83	333	88	421	26	9
375	94	0	0	94	375	99	474	29	9
417	104	0	0	104	417	110	526	32	9
458	115	0	0	115	458	121	579	35	9
500	125	0	0	125	500	132	632	38	9
542	135	0	0	135	542	143	684	41	9
583	146	0	0	146	583	154	737	45	9
625	156	0	0	156	625	165	790	48	9
667	167	0	0	167	667	176	842	51	9
708	177	500	125	302	1,208	318	1,527	147	12
750	169	542	135	304	1,292	321	1,612	170	12
792	160	583	146	306	1,375	323	1,698	194	13
833	152	625	156	308	1,458	325	1,783	218	13
875	144	667	167	310	1,542	327	1,869	244	14
917	135	708	177	313	1,625	329	1,954	269	14
958	127	750	169	296	1,708	312	2,020	294	16
1,000	119	792	160	279	1,792	294	2,086	320	19
1,042	110	833	152	263	1,875	277	2,152	345	21
1,083	102	875	144	246	1,958	259	2,217	371	24
1,125	94	917	135	229	2,042	241	2,283	396	26
1,167	85	958	127	213	2,125	224	2,349	421	31
1,208	77	1,000	119	196	2,208	206	2,415	447	39
1,250	69	1,042	110	179	2,292	189	2,480	473	46
1,292	60	1,083	102	163	2,375	171	2,546	499	54
1,333	52	1,125	94	146	2,458	154	2,612	525	57
1,375	0	1,167	0	0	2,542	0	2,542	550	240

SOURCE and NOTES: See Tables G.1 and G.7.

Table G.9

The New Hope Project

Monthly Earnings Supplement for Two Earners With One Child: 1996

Worker Supplement		
Phase-in	Annual Maximum	Phase-out
0.25	$2,125	0.2

Worker 1 Earnings	Worker 1 Supplement	Worker 2 Earnings	Worker 2 Supplement	Total Earnings Supplement	Total Family Earnings	Child Allowance	New Hope Supplement	Government EIC	Gross Income	Total Taxes	Child Day Care Contribution	Health Insurance Contribution
$83	$21	$0	$0	$21	$83	$133	$131	$29	$244	$6	$33	$14
125	31	0	0	31	125	133	127	44	296	10	33	14
167	42	0	0	42	167	133	122	59	348	13	33	14
208	52	0	0	52	208	133	118	74	400	16	33	14
250	63	0	0	63	250	133	113	88	452	19	33	14
292	73	0	0	73	292	133	109	103	503	22	33	14
333	83	0	0	83	333	133	104	118	555	26	33	14
375	94	0	0	94	375	133	100	133	607	29	33	14
417	104	0	0	104	417	133	95	147	659	32	33	14
458	115	0	0	115	458	133	90	162	711	35	33	14
500	125	0	0	125	500	133	86	177	763	38	33	14
542	135	0	0	135	542	133	92	181	815	41	33	14
583	146	0	0	146	583	133	103	181	868	45	33	14
625	156	0	0	156	625	133	114	181	920	48	33	14
667	167	0	0	167	667	133	125	181	973	51	33	14
708	177	500	125	302	1,208	27	202	137	1,547	111	33	42
750	169	542	135	304	1,292	23	215	123	1,630	134	34	46
792	160	583	146	306	1,375	20	228	109	1,713	158	35	51
833	152	625	156	308	1,458	16	242	95	1,795	182	36	55
875	144	667	167	310	1,542	15	257	81	1,880	208	37	60
917	135	708	177	313	1,625	13	272	67	1,964	233	38	64
958	127	750	169	296	1,708	11	267	54	2,029	258	38	71
1,000	119	792	160	279	1,792	9	262	40	2,093	284	39	77
1,042	110	833	152	263	1,875	7	257	26	2,158	309	40	83
1,083	102	875	144	246	1,958	6	252	12	2,223	335	41	89
1,125	94	917	135	229	2,042	4	246	0	2,287	360	42	95
1,167	85	958	127	213	2,125	2	226	0	2,351	385	43	102
1,208	77	1,000	119	196	2,208	1	207	0	2,415	411	43	110
1,250	69	1,042	110	179	2,292	0	189	0	2,480	437	44	118
1,292	60	1,083	102	163	2,375	0	171	0	2,546	463	45	126
1,333	52	1,125	94	146	2,458	0	154	0	2,612	489	46	129
1,375	0	1,167	0	0	2,542	0	0	0	2,542	514	full cost	360

SOURCE and NOTES: See Tables G.1 and G.7.

Table G.10

The New Hope Project

Monthly Earnings Supplement for Two Earners With Two Children: 1996

Worker Supplement		
Phase-in	Annual Maximum	Phase-out
0.25	$2,125	0.2

Worker 1 Earnings	Worker 1 Supplement	Worker 2 Earnings	Worker 2 Supplement	Total Earnings Supplement	Total Family Earnings	Child Allowance	New Hope Supplement	Government EIC	Gross Income	Total Taxes	Child Day Care Contribution	Health Insurance Contribution
$83	$21	$0	$0	$21	$83	$258	$254	$38	$375	$6	$65	$14
125	31	0	0	31	125	258	245	57	427	10	65	14
167	42	0	0	42	167	258	236	76	479	13	65	14
208	52	0	0	52	208	258	227	95	530	16	65	14
250	63	0	0	63	250	258	218	114	582	19	65	14
292	73	0	0	73	292	258	209	133	634	22	65	14
333	83	0	0	83	333	258	200	152	685	26	65	14
375	94	0	0	94	375	258	191	171	737	29	65	14
417	104	0	0	104	417	258	182	190	788	32	65	14
458	115	0	0	115	458	258	173	209	840	35	65	14
500	125	0	0	125	500	258	164	228	892	38	65	14
542	135	0	0	135	542	258	155	247	943	41	65	14
583	146	0	0	146	583	258	146	266	995	45	65	14
625	156	0	0	156	625	258	137	285	1,047	48	65	14
667	167	0	0	167	667	258	137	295	1,099	51	65	14
708	177	500	125	302	1,208	120	202	231	1,641	105	65	39
750	169	542	135	304	1,292	100	204	211	1,707	116	65	43
792	160	583	146	306	1,375	80	206	191	1,772	127	66	47
833	152	625	156	308	1,458	68	216	171	1,846	146	67	52
875	144	667	167	310	1,542	62	233	151	1,926	172	68	56
917	135	708	177	313	1,625	56	250	131	2,006	197	69	60
958	127	750	169	296	1,708	50	248	111	2,067	222	70	66
1,000	119	792	160	279	1,792	44	245	91	2,127	248	70	71
1,042	110	833	152	263	1,875	38	242	71	2,188	273	71	77
1,083	102	875	144	246	1,958	32	239	51	2,248	299	72	83
1,125	94	917	135	229	2,042	26	237	31	2,309	324	73	89
1,167	85	958	127	213	2,125	20	234	11	2,370	349	74	95
1,208	77	1,000	119	196	2,208	15	222	0	2,430	375	75	103
1,250	69	1,042	110	179	2,292	9	198	0	2,490	401	75	110
1,292	60	1,083	102	163	2,375	3	175	0	2,550	427	76	118
1,333	52	1,125	94	146	2,458	0	154	0	2,612	452	77	125
1,375	44	1,167	85	129	2,542	0	136	0	2,678	478	78	129
1,417	0	1,208	0	0	2,625	0	0	0	2,625	504	full cost	480

SOURCE and NOTES: See Tables G.1 and G.7.

Table G.11

The New Hope Project

Monthly Earnings Supplement for Two Earners With Three Children: 1996

Worker Supplement		
Phase-in	Annual Maximum	Phase-out
0.25	$2,125	0.2

Worker 1 Earnings	Worker 1 Supplement	Worker 2 Earnings	Worker 2 Supplement	Total Earnings Supplement	Total Family Earnings	Child Allowance	New Hope Supplement	Government EIC	Gross Income	Total Taxes	Child Day Care Contribution	Health Insurance Contribution
$83	$21	$0	$0	$21	$83	$375	$367	$48	$498	$6	$94	$14
125	31	0	0	31	125	375	353	72	549	10	94	14
167	42	0	0	42	167	375	339	95	601	13	94	14
208	52	0	0	52	208	375	324	119	652	16	94	14
250	63	0	0	63	250	375	310	143	703	19	94	14
292	73	0	0	73	292	375	296	167	755	22	94	14
333	83	0	0	83	333	375	282	191	806	26	94	14
375	94	0	0	94	375	375	268	215	857	29	94	14
417	104	0	0	104	417	375	254	238	909	32	94	14
458	115	0	0	115	458	375	240	262	960	35	94	14
500	125	0	0	125	500	375	225	286	1,011	38	94	14
542	135	0	0	135	542	375	211	310	1,063	41	94	14
583	146	0	0	146	583	375	197	334	1,114	45	94	14
625	156	0	0	156	625	375	183	358	1,166	48	94	14
667	167	0	0	167	667	375	180	371	1,218	51	94	14
708	177	500	125	302	1,208	218	243	290	1,741	100	94	31
750	169	542	135	304	1,292	195	248	264	1,804	112	95	34
792	160	583	146	306	1,375	173	253	239	1,867	123	95	37
833	152	625	156	308	1,458	150	258	214	1,930	134	96	40
875	144	667	167	310	1,542	129	264	189	1,995	147	97	42
917	135	708	177	313	1,625	109	271	164	2,060	161	98	45
958	127	750	169	296	1,708	101	271	139	2,119	186	99	50
1,000	119	792	160	279	1,792	92	271	114	2,177	212	100	55
1,042	110	833	152	263	1,875	84	271	89	2,235	237	100	60
1,083	102	875	144	246	1,958	75	271	64	2,293	263	101	65
1,125	94	917	135	229	2,042	67	271	39	2,351	288	102	70
1,167	85	958	127	213	2,125	58	271	13	2,410	313	103	75
1,208	77	1,000	119	196	2,208	50	259	0	2,468	339	104	81
1,250	69	1,042	110	179	2,292	42	233	0	2,525	365	105	87
1,292	60	1,083	102	163	2,375	34	207	0	2,582	391	105	92
1,333	52	1,125	94	146	2,458	26	181	0	2,639	416	106	98
1,375	44	1,167	85	129	2,542	18	155	0	2,697	442	107	104
1,417	35	1,208	77	113	2,625	10	129	0	2,754	468	108	109
1,458	27	1,250	69	96	2,708	2	103	0	2,811	494	109	115

(continued)

Table G.11 (continued)

Worker 1 Earnings	Worker 1 Supplement	Worker 2 Earnings	Worker 2 Supplement	Total Earnings Supplement	Total Family Earnings	Child Allowance	New Hope Supplement	Government EIC	Gross Income	Total Taxes	Child Day Care Contribution	Health Insurance Contribution
1,500	19	1,292	60	79	2,792	0	83	0	2,875	520	110	121
1,542	10	1,333	52	63	2,875	0	66	0	2,941	545	110	126
1,583	2	1,375	44	46	2,958	0	48	0	3,007	571	111	132
1,625	0	1,417	0	0	3,042	0	0	0	3,042	597	full cost	600
1,667	0	1,458	0	0	3,125	0	0	0	3,125	623	full cost	600

SOURCE and NOTE: See Tables G.1 and G.7.

Table G.12

The New Hope Project

Monthly Earnings Supplement for Two Earners With Four Children: 1996

Worker Supplement		
	Annual	
Phase-in	Maximum	Phase-out
0.25	$2,125	0.2

Worker 1 Earnings	Worker 1 Supplement	Worker 2 Earnings	Worker 2 Supplement	Total Earnings Supplement	Total Family Earnings	Child Allowance	New Hope Supplement	Government EIC	Gross Income	Total Taxes	Child Day Care Contribution	Health Insurance Contribution
$83	$21	$0	$0	$21	$83	$483	$481	$48	$612	$6	$121	$14
125	31	0	0	31	125	483	467	72	663	10	121	14
167	42	0	0	42	167	483	453	95	715	13	121	14
208	52	0	0	52	208	483	439	119	766	16	121	14
250	63	0	0	63	250	483	424	143	817	19	121	14
292	73	0	0	73	292	483	410	167	869	22	121	14
333	83	0	0	83	333	483	396	191	920	26	121	14
375	94	0	0	94	375	483	382	215	972	29	121	14
417	104	0	0	104	417	483	368	238	1,023	32	121	14
458	115	0	0	115	458	483	354	262	1,074	35	121	14
500	125	0	0	125	500	483	340	286	1,126	38	121	14
542	135	0	0	135	542	483	326	310	1,177	41	121	14
583	146	0	0	146	583	483	311	334	1,228	45	121	14
625	156	0	0	156	625	483	297	358	1,280	48	121	14
667	167	0	0	167	667	483	294	371	1,332	51	121	14
708	177	500	125	302	1,208	317	347	290	1,845	96	121	32
750	169	542	135	304	1,292	294	351	264	1,907	108	122	34
792	160	583	146	306	1,375	270	355	239	1,970	119	123	37
833	152	625	156	308	1,458	247	359	214	2,032	130	123	40
875	144	667	167	310	1,542	225	365	189	2,096	143	124	43
917	135	708	177	313	1,625	203	371	164	2,160	156	125	32
958	127	750	169	296	1,708	182	357	139	2,204	169	126	35
1,000	119	792	160	279	1,792	160	343	114	2,248	182	127	39
1,042	110	833	152	263	1,875	144	335	89	2,299	201	128	42
1,083	102	875	144	246	1,958	135	334	64	2,356	226	128	45
1,125	94	917	135	229	2,042	126	333	39	2,414	252	129	49
1,167	85	958	127	213	2,125	116	332	13	2,471	277	130	53
1,208	77	1,000	119	196	2,208	107	320	0	2,528	303	131	58
1,250	69	1,042	110	179	2,292	99	293	0	2,584	329	132	63
1,292	60	1,083	102	163	2,375	90	266	0	2,641	355	133	68

(continued)

Worker 1 Earnings	Worker 1 Supplement	Worker 2 Earnings	Worker 2 Supplement	Total Earnings Supplement	Total Family Earnings	Child Allowance	New Hope Supplement	Government EIC	Gross Income	Total Taxes	Child Day Care Contribution	Health Insurance Contribution
1,333	52	1,125	94	146	2,458	81	239	0	2,697	380	133	73
1,375	44	1,167	85	129	2,542	72	212	0	2,753	406	134	78
1,417	35	1,208	77	113	2,625	63	185	0	2,810	432	135	83
1,458	27	1,250	69	96	2,708	54	158	0	2,866	458	136	88
1,500	19	1,292	60	79	2,792	45	131	0	2,923	484	137	93
1,542	10	1,333	52	63	2,875	36	104	0	2,979	509	138	99
1,583	2	1,375	44	46	2,958	27	77	0	3,035	535	138	104
1,625	0	1,417	35	35	3,042	18	57	0	3,098	561	139	109
1,667	0	1,458	27	27	3,125	9	38	0	3,163	587	140	114
1,708	0	1,500	19	19	3,208	0	20	0	3,229	613	141	119
1,750	0	1,542	10	10	3,292	0	11	0	3,303	638	142	124
1,792	0	1,583	2	2	3,375	0	2	0	3,377	664	143	129
1,833	0	1,625	0	0	3,458	0	0	0	3,458	690	full cost	720
1,875	0	1,667	0	0	3,542	0	0	0	3,542	716	full cost	720

SOURCE and NOTES: See Tables G.1 and G.7.

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About MDRC

The Manpower Demonstration Research Corporation (MDRC) is a nonprofit social policy research organization founded in 1974 and located in New York City and San Francisco. Its mission is to design and rigorously field-test promising education and employment-related programs aimed at improving the well-being of disadvantaged adults and youth, and to provide policymakers and practitioners with reliable evidence on the effectiveness of social programs. Through this work, and its technical assistance to program administrators, MDRC seeks to enhance the quality of public policies and programs. MDRC actively disseminates the results of its research through its publications and through inter-changes with a broad audience of policymakers and practitioners; state, local, and federal officials; program planners and operators; the funding community; educators; scholars; community and national organizations; the media; and the general public.

Over the past two decades — working in partnership with more than forty states, the federal government, scores of communities, and numerous private philanthropies — MDRC has developed and studied more than three dozen promising social policy initiatives.