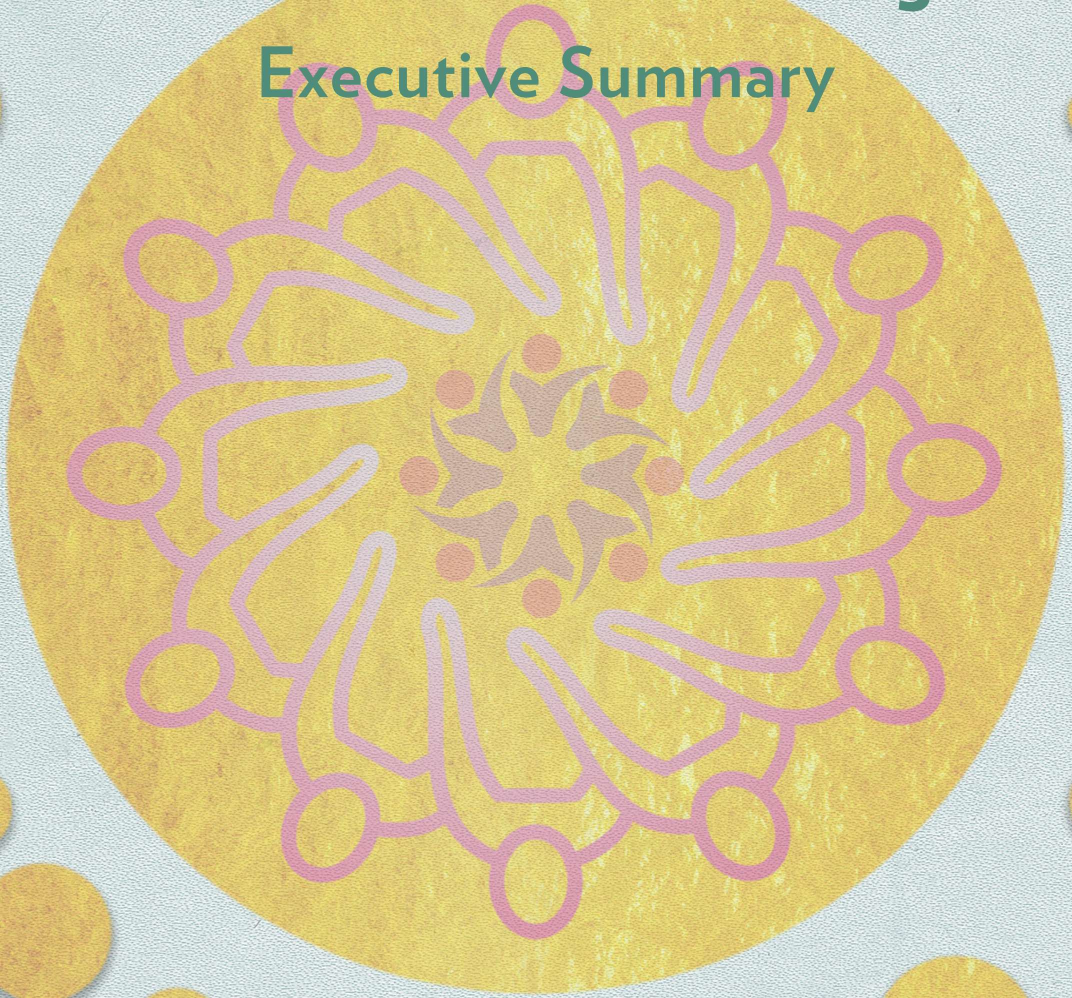
Putting Microfinance to the Test

18-Month Impacts of the Grameen America Program

Executive Summary



September 2020

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OVERVIEW

This report summarizes 18-month findings from the evaluation of the Grameen America program, a microfinance institution that provides loans to low-income women in the United States who are seeking to start or expand a small business. The program is based on the Grameen Bank model developed in Bangladesh during the late 1970s. Its objective is to reduce poverty through the provision of loans, financial training, and peer support.

The Grameen America evaluation is using a randomized controlled trial design to explore the mechanisms of program operations and whether the model leads to improved outcomes for borrowers. The evaluation includes an implementation analysis, which examines how the program operates and the experiences of borrowers and program staff; and an impact analysis, which assesses the program's effects on participants' outcomes, including the study's two primary outcomes: individual net income and types of material hardship experienced. Other outcomes include wage- and self-employment, earnings and other income, assets, and financial well-being. The implementation analysis includes outcomes from program-tracking data as well as findings from interviews with borrowers, focus groups, observations of the program, and interviews with Grameen America staff. The impact findings in this report are based on sample members' responses to an 18-month survey and credit report data from a major credit reporting agency. The Grameen America evaluation is funded by the Robin Hood Foundation.

Key Findings

- The Grameen America program resulted in increased business ownership and monthly business earnings (monthly business revenue minus expenses). At the same time, the program reduced wage-based employment and monthly earnings from wage-based employment. Due to these offsetting effects, the program did not result in an increase in overall net income (gross earnings minus business expenses) in the prior month, the first of two primary outcomes. However, the program did result in a decrease in the types of material hardship experienced, the second primary outcome.

- The pattern of impacts on the study's two primary outcomes is puzzling. The report proposes that part of the explanation for how the program decreased material hardship while not having an effect on income lies in the ways a small loan can provide liquidity to meet financial obligations. That is, borrowers may set aside some funds from the loan for a rainy day or to invest in more inventory that can later be used to maintain a steady flow of cash; they may also use funds from increased business revenue for everyday expenses. Is it possible that other aspects of the program are also contributing to ease material hardship? The study found increases in savings, access to credit, and social support, which could all contribute to reduced material hardship.

These findings are not the final word on the Grameen America evaluation. An upcoming report will assess the impacts of the program after 36 months. In addition to reporting on the same measures as those in this report, the next phase of the study will look at the impact of the program on assets such as the purchase of appliances to help support businesses. The longer-term follow-up period will provide a clearer picture of the effects of the Grameen America program.

ACKNOWLEDGEMENTS

The Grameen America evaluation is funded by the Robin Hood Foundation. We thank the foundation for its generous support.

Many people supported the evaluation and the creation of this report. First, many thanks to the Grameen America Union City branch staff, who worked hard and were ever-innovative in helping to recruit participants for this study. In particular, we would like to thank Lourdes Aguilar, Andrea Cabrera, Elida Coronel, Martha Desiderio, Mufakkharul Islam, Monica Nuñez, and Yessica Soriano. We would also like to thank Andrea Jung, Marcus Berkowitz, Habibur Chowdhury, Alethia Mendez, Katherine Rosenberg, and Shah Alam of Grameen America's headquarters in New York City. We would like to thank Amanda Stern from the Robin Hood Foundation and Steven Lee (formally of Robin Hood) for their support of the broader evaluation.

We would also like to thank the members of our expert steering group who provided valuable design advice: Jonathan Morduch, from New York University's Robert F. Wagner Graduate School of Public Service; David Zimmerman, from Williams College; Christopher Wimer, from the Center on Poverty and Social Policy at Columbia University; David Roodman, now at the Open Philanthropy Project; Lisa Servon, from the University of Pennsylvania; Michael Weinstein, from Impact Matters, who served as chief program officer for the Robin Hood Foundation; Stephen Nuñez, from the Jain Family Institute; Ralph Bradburd, from Williams College; and William Keep, from the College of New Jersey.

We are greatly appreciative of our internal staff who helped with the creation and review of the report. Gordon Berlin, Gayle Hamilton, Frieda Molina, Crystal Byndloss, John Hutchins, John Martinez, and James Riccio provided insightful comments on the report. Ron Bass (from MDRC) and David Getman (from Decision Information Resources, Inc.) oversaw the survey effort, and Simran Vazirani and Nikki Ortolani managed the project budget. Current MDRC staffer Erika Lundquist and former MDRC staffers Beatriz Gil, Rachel Pardo, Reshma Patel, and Jennifer Uribe played critical roles in the early operations of the project; Dan Gallagher and Anastasia Korolkova provided programming support; and Toni Castro-Cosio provided qualitative data collection and analysis support. Linda Ouyang coordinated preparation and production of the report. Jill Kirschenbaum edited the report, and Ann Kottner prepared it for publication. We would also like to thank our external consultant, Farhana Hossain, who created engaging exhibits for the report.

Most of all, we would like to thank the Grameen America evaluation participants, whose involvement in the study is helping us to better understand how to support and assist individuals trying to advance economically though self-employment.

The Authors

EXECUTIVE SUMMARY

Cecilia hoped to open her own grocery store one day. ***Soledad*** sold food she made in her apartment kitchen to get through a rough financial period. ***Agustina*** had been working at a restaurant for several years and wanted to be more independent. ***Laura*** was juggling a variety of jobs to support herself and her family. When these four women joined Grameen America, they all had their own individual hopes and ambitions. They also had one thing in common: They saw Grameen America, a microlending program for women entrepreneurs who experience poverty, as a way to accomplish some of their goals.

How does Grameen America help Cecilia, Soledad, Agustina, Laura, and women in similar economic circumstances develop businesses that can sustain them and their families? Does investing in a small business increase borrowers' overall income? Do they experience less material hardship as a result of their participation in the program? MDRC's evaluation of Grameen America seeks to answer these questions.

Safe and affordable financial products are not always available to everyone, especially people in the lowest income brackets. Microlending programs such as Grameen America seek to fill that gap, offering individuals low-interest loans to invest in small businesses that have the potential to both generate income and eventually improve overall well-being.[1] The field of microfinance expanded rapidly in the developing world after it emerged in the 1970s, bolstered by early excitement about its promise to reduce poverty. By the end of 2013, more than 3,000 microfinance institutions were estimated to be lending to over 211 million individuals worldwide.[2] These programs aim to provide opportunities for economic mobility by enabling users to borrow, invest, and save.

Despite the widespread implementation of such programs, only limited rigorous evidence is available on the model's effects on loan recipients' business growth, income, the reduction of economic hardship, and other outcomes, particularly in advanced economies.[3] The rigorous evidence that is available (mostly from studies in

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[1] The terms microfinance, microcredit, and microlending are often used interchangeably. In the past few decades, the definition of microfinance has expanded and now covers additional financial services — such as savings, insurance, and financial training, among other services — that are offered to low-income individuals.

[2] Larry Reed, *Mapping Pathways out of Poverty: The State of the Microcredit Summit Campaign Report 2015* (Washington, DC: Microcredit Summit Campaign, 2015).

[3] Numerous quasi-experimental studies have been conducted on group microfinance programs. However, most of these studies lack a reliable counterfactual — that is, a means of determining what would have happened in the absence of the microfinance programs being studied — making it difficult to estimate the impacts of the programs. See Dean Karlan and Nathanael Goldberg, "Microfinance Evaluation Strategies: Notes on Methodology and Findings," Pages 17-58 in Beatriz Armendáriz & Marc Labie (eds.), *The Handbook of Microfinance* (Hackensack, NJ: World Scientific, 2011) for a review of methodological issues when evaluating microfinance programs.

nonindustrialized countries) shows that microfinance can lead to modest positive impacts on some outcomes for some groups.[4] For example, studies have shown that microlending programs work better for individuals who have existing businesses.[5] It is unclear whether the results from prior studies can be generalized to a program such as Grameen America that is operating in an industrialized country like the United States.

The Grameen America Model

Grameen America provides small loans to women living in poverty so they can invest in starting or expanding a small business. The program model theorizes that investment in a small enterprise allows women to generate income to pay back their microloan as well as to grow their business, and eventually increase their income and improve the material well-being of their households. The model is based on the Grameen Bank program first launched in Bangladesh in the late 1970s with the aim of improving the material well-being of the rural poor; the original Grameen Bank model has since spread throughout the nonindustrialized world.[6] In 2008, Grameen America was established in New York City employing the same lending model as the original program. Consistent with Grameen America's mission to empower women, the organization gives loans only to women entrepreneurs.

Grameen America uses a group-lending model that requires potential borrowers to form a loan group of five women who live near and know each other before they are eligible to apply for loans. After forming a group, women participate in five days of mandatory training called Continuous Group Training (CGT), during which they learn about the terms and conditions of the Grameen America loan, the rules of the program, and their responsibilities as borrowers. Once this training is completed, the five-member loan groups are officially enrolled in the program. Each member of an approved group then receives her first loan, which is typically between $500 and $1,500, and with an interest rate of between 15 and 18 percent. The average term of a Grameen America loan is 25 weeks.[7]

Five or six loan groups come together to form loan centers of 25 to 30 women, who meet on a weekly basis, usually at the home or business of one of the borrowers, to make their loan payments. Each woman in a loan group receives her own loan and is responsible for paying it back. Grameen America reports loan payments to several of the major credit reporting agencies to help borrowers establish credit histories. For one woman to be able to receive another loan, all group members must be current on *their* payments. In this way, group vetting and group social pressure, as opposed to traditional loan underwriting, are used to ensure repayment. Subsequent loans are typically for larger amounts and are designed to help members expand their businesses.

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4 Jonathan Bauchet, Cristobal Marshall, Laura Starita, Jeanette Thomas, and Anna Yalouris, *Latest Findings from Randomized Evaluations of Microfinance* (Washington, DC: Consultative Group to Assist the Poor/The World Bank, 2011) provides a summary of the interventions and findings from several randomized experiments of microfinance programs.

5 Bruno Crépon, Florencia Devoto, Esther Duflo, and William Pariente, *Impact of Microcredit in Rural Areas of Morocco: Evidence from a Randomized Evaluation* (Cambridge, MA: MIT Working Paper, 2011); Manuela Angelucci, Dean Karlan, and Jonathan Zinman, "Win Some Lose Some? Evidence from a Randomized Microcredit Program Placement Experiment by Compartamos Banco," *Working Paper 19119* (Cambridge, MA: National Bureau of Economic Research, 2013).

6 Brett E. Coleman, "The Impact of Group Lending in Northeast Thailand." *Journal of Development Economics* 60, 1 (1999): 105-144.

7 Loan amounts have changed over time. In 2014, when the study was launched the first loan amount ranged from $500 to $1,500. In May 2018, Grameen America expanded the range of the starter loan to $2,000.

Evaluation Design

The MDRC research team evaluated the Grameen America program at the organization's branch in Union City, New Jersey. The branch was opened (for this study) in early 2014 and serves borrowers in Union City, Jersey City, Hoboken, and the surrounding municipalities in northern New Jersey.

The evaluation used a randomized controlled trial design to test whether the program translated into improved financial well-being and reduced material hardship for borrowers relative to what would have happened in the absence of the program. Given Grameen America's group-lending model, the evaluation was designed using a method known as "cluster random assignment." The researchers used the method to estimate the program's impacts by randomly assigning entire five-member loan groups to either a research group that was eligible to receive a Grameen America loan (the Grameen America group) or to a research group that was not eligible to receive a loan or to participate in the Grameen America program (the control group).[8] While randomizing intact lending groups made it difficult to recruit for the study, it helped to maximize the study's treatment contrast — that is, the difference between the percentage of Grameen America group members and the percentage of control group members who received loans. As a result, the study provides a fairer and stronger test of the group-lending model than some tests designed previously.[9]

Between March 2014 and March 2017, 1,492 women in 300 loan groups enrolled in the Grameen America evaluation. Roughly 70 percent of the women were randomly assigned to the Grameen America group and had the option to apply to the program and receive a loan, while the other 30 percent were randomly assigned to the control group and could not receive a Grameen America loan. (Control group members were free to seek out loans as individuals from other organizations and lenders.) By comparing the outcomes of the two research groups over time, the study can confidently attribute any differences in outcomes to the Grameen America program.

The Grameen America evaluation has two main components, both of which are included in this report: an *implementation analysis* and an *impact analysis*. The implementation analysis examines how the Grameen America program operated, the experiences of program staff and borrowers, and how the program might achieve its goals. The report presents a set of longitudinal case studies based on three rounds of interviews with 15 women in the Grameen America group completed over a four-year period.[10] It also presents documentation from program observations, demographic information captured at the time women entered the study, data from Grameen America's internal records on loan receipt and repayment, and interviews with Grameen America staff and from two focus groups with Grameen America group members.

[8] Randomization took place after a loan group had formed but before the group attended the five-day CGT that is required before program enrollment. For the full analysis plan, see Richard Hendra, Stephen Nuñez, and Kelsey Schaberg, "The Small Loan Study," *AEA RCT Registry* (2018), available at https://doi.org/10.1257/rct.2756-6.0.

[9] Jonathan Bauchet, Cristobal Marshall, Laura Starita, Jeanette Thomas, and Anna Yalouris, *Latest Findings from Randomized Evaluations of Microfinance* (Washington, DC: Consultative Group to Assist the Poor/The World Bank, 2011).

[10] The 15 women included in the case studies were selected from 28 participants who were initially interviewed. The initial 28 participants were randomly selected at three points in time to capture earlier and later entrants into the program. In the subsequent interviews, the research team explored borrowers' employment histories to learn more about how they combined work and their businesses; the social capital and networks in the program and the participants' communities; and topics related to financial inclusion. Each interview also included an inventory of household income sources and expenditures.

The impact analysis assessed the effect that the Grameen America program had on participant outcomes, including its impact on self- and wage-based employment, earnings and income, assets, and financial well-being. These outcomes were measured using follow-up surveys completed at 6, 18, and 36 months after women entered the study, and with credit report data collected from a major credit reporting agency. This report examined outcomes based on the 18-month survey data and credit report data as of 16 to 21 months after individuals joined the study.

This is the second report from MDRC's Grameen America evaluation, and it looks at a longer follow-up period than the previous one did. That report showed that as of the end of a roughly 6-month follow-up period, the Grameen America program increased self-employment and reduced several indicators of financial hardship. Additionally, Grameen America increased the likelihood of having a VantageScore (a credit score developed by the three major credit bureaus) between 7 and 12 months after study entry. These results were encouraging but are considered exploratory, in that the follow-up period was short and the analyses only looked at a limited set of outcomes.[11]

This report extends the follow-up period to roughly 18 months and looks at a much wider range of outcomes, including the two main outcomes (referred to in this report as the "primary outcomes") that the program aims to affect: monthly individual net income and types of material hardship experienced. Within the 18-month follow-up period, women who entered the program would have had the opportunity to access up to three microloans from Grameen America, invest in a business, and establish a credit score. The findings from this report are still considered interim, since some of the outcomes that the Grameen America program attempts to achieve may take longer to manifest. A future report will present impacts at around 36 months after study entry.

Key Findings

Analyses in this report yielded the following key findings. A high-level summary of the evaluation's impact findings can be found in **Figure** ES.1.

- Participation in the Grameen America program was high and many women continued to engage in the program over time. Based on program-tracking data collected by Grameen America, around 88 percent of Grameen America group members received at least one loan from the program within the 18-month follow-up period. Among the women who took out at least one loan, a little over half took out at least three loans within the 18-month follow-up period.

- Around 90 percent of the women in the Grameen America group and 24 percent of the women in the control group reported taking out a loan from any lender (including from Grameen America) within 18 months of study entry. The high rate of loan receipt among women in the Grameen America group, along with the large difference in rates of loan receipt between the two research groups — also called the "treatment contrast" — indicate the study was set up to have a good test of the program.

[11] Kelsey Schaberg, Victoria Quiroz-Becerra, Toni Castro-Cosio, Stephen Nuñez, and Richard Hendra, *Microfinance in the United States: Early Impacts of the Grameen America Program* (New York: MDRC, 2019).

Figure ES.1

Grameen America 18-Month Impact Snapshot

EMPLOYMENT, INCOME, MATERIAL HARDSHIP	CREDIT, SAVINGS, DEBT	SOCIAL SUPPORT, WELL-BEING

Statistically significant

MEDIATING OUTCOMES: Outcomes directly targeted by the Grameen America program and help explain the mechanisms that lead to the primary outcomes

EMPLOYMENT, INCOME, MATERIAL HARDSHIP	CREDIT, SAVINGS, DEBT	SOCIAL SUPPORT, WELL-BEING
+ 19.3 Business ownership (statistically significant)	+ 19.7 Had a VantageScore (a type of credit score) (statistically significant)	+ 8.6 Had someone they could ask for a favor or to borrow something small (statistically significant)
+ $140 Monthly business earnings (statistically significant)		+ 6.7 Had someone they could ask to borrow $250 for a few weeks due to an emergency (statistically significant)

PRIMARY OUTCOMES: The main outcomes or goals of the program

SECONDARY OUTCOMES: Those not directly targeted by the program, those that are expected to be affected by the primary outcomes, and those that are less likely to be affected given the timing of measurement

EMPLOYMENT, INCOME, MATERIAL HARDSHIP	CREDIT, SAVINGS, DEBT	SOCIAL SUPPORT, WELL-BEING
− 7.0 Employment in a wage-earning job (secondary; statistically significant)	− $325 Debt: average amount owed on loans and bills (secondary)	+ 14.5 Overall well-being: very satisfied with life (secondary; statistically significant)
− $167 Monthly wage earnings (secondary; statistically significant)	+ $740 Savings: average nonretirement savings for respondent and her live-in partner or spouse (secondary; statistically significant)	+ 6.2 Involved in at least half of household's financial decisions (secondary; statistically significant)
− $44 Total participant net income in prior month (primary)		+ 7.5 Work-life balance: ability to spend time with family (secondary; statistically significant)
+ $188 Total household net income in prior month (secondary)		
− 0.5 Types of material hardship in the last 12 months (N) (primary; statistically significant)		
− 5.2 Has health insurance (secondary)		

Grameen America borrowers often moved in and out of self- and wage-based employment and combined income from multiple sources to make ends meet.

The study found no statistically significant effect on individual net income. The increase in business earnings appears to be offset by the decrease in wage earnings. Despite no effect on individual net income, the program reduced material hardship.

Grameen America also increased savings, helped establish credit histories, strengthened social support systems, and increased overall well-being and empowerment.

SOURCE: MDRC calculations from responses to the Grameen America 18-month survey and credit report data from a major credit agency.

NOTES: Plus and minus symbols indicate increase or decrease for the Grameen America group in comparison to the control group.

All measures except dollar amount measures and "types of material hardship in the last 12 months" are percentage point increases or decreases.

- The Grameen America program increased business ownership around 18 months after study entry. Around 94 percent of women in the Grameen America group reported operating a business, compared with 75 percent of women in the control group. The program also increased both monthly business revenue (by $523) and monthly business expenses (by $384). And because the program increased business revenue by a greater amount than it increased business expenses, the program increased average monthly earnings from a business. Average monthly earnings from a business for those in the Grameen America group were $459, compared with $319 for those in the control group. All of these impacts are statistically significant.[12]

- Of the women in the Grameen America group, 45 percent reported having a wage-earning job around 18 months after they entered the study, compared with 52 percent of women in the control group. This suggests that the Grameen America program led some women to either not start working at a wage-earning job or to stop working at one. The program also decreased monthly earnings from a wage-earning job by a statistically significant amount. Grameen America group members earned, on average, $708, compared with average earnings of $876 for control group members.

- The increase in monthly earnings from a business produced by the Grameen America program (around $140) appears to be almost exactly offset by the decrease in monthly earnings from wage-based employment ($167).

- As a result, the study found no statistically significant effect on individual net income as of 18 months after entering the study, one of the study's two primary outcomes. Individual net income includes earnings from all sources — a business, earnings from a wage-based job, and income from other sources — minus business expenses. Taking into account all of these income sources, women in the Grameen America group reported having an average net income of $1,270 in the prior month, compared with an average net income of $1,313 for women in the control group.

- The study measured experiences of several types of material hardship, including not having the ability to pay the full amount of rent or a mortgage, not being able to pay for utilities, and not being able to pay for health services and medication, among others. The Grameen America program reduced the likelihood that women experienced any type of material hardship in the previous year. About 44 percent of women in the Grameen America group reported experiencing *any type* of material hardship, compared with 59 percent of women in the control group, a statistically significant reduction of 15 percentage points.

- Similarly, women in the Grameen America group reported experiencing *fewer types* of material hardship in the previous year than control group members, the study's second primary outcome. Women in the Grameen America group experienced one type of material hardship on average, compared with 1.5 types of material hardship experienced

[12] A statistically significant finding is one that can be attributed with a high degree of confidence to the program, and is unlikely to have occurred by chance alone.

by women in the control group. Reductions in material hardship might be related to women in the Grameen America group having additional cash flow from either the loan or from business revenue that enabled them to meet their household expenses.

- The estimated impacts on health insurance and retirement benefits were not statistically significant. There was no statistically significant impact on receipt of public benefits.

- Grameen America increased the likelihood of having a VantageScore. Over 79 percent of Grameen America group members had a VantageScore, a statistically significant increase of 19 percentage points over the control group average. Similarly, the program increased the likelihood of having a *prime* VantageScore — a score in the highest range, between 650 and 850 — by 10 percentage points.

- Grameen America increased the amount of nonretirement savings for women in the Grameen America group and their live-in spouses or partners. Women in the Grameen America group reported having $1,920 in average savings compared with $1,180 for women in the control group, a 63 percent increase. Some of these savings might have been funds set aside from the Grameen America loan. The estimated impact on overall debt was not statistically significant.

- The Grameen America program contributed to deepening relationships among members of the loan groups — fostering trust and broadening social support systems. Women in the Grameen America group also reported higher levels of overall well-being and financial empowerment than did control group members. These impacts may also have contributed to the reductions in material hardship. Findings related to work-life balance were mixed.

Conclusion

The evaluation found some encouraging evidence for the Grameen America program within the 18-month follow-up period. The program produced an effect on one of the study's two primary outcomes. It also led to positive effects on several other outcomes. The overall pattern of findings leads to several questions: How should the Grameen America be assessed overall, given that it did not increase net income but did reduce material hardship and led to several other positive impacts? How did Grameen America reduce material hardship without increasing net income? Will the impact findings change when more follow-up data are available?

While the findings show that the Grameen America program did not yet achieve its goal of increasing individual net income and reducing poverty, the reduction in material hardship is important. The ability to meet everyday financial obligations may have value in and of itself and might be independent of any potential earnings or income-related benefits. The report proposes that part of the explanation for how the program may have decreased material hardship while not having an effect on net income lies in the ways a small loan and increased business revenue can help with cash flow to meet financial obligations. That is, borrowers may set aside some funds from their Grameen America loan for a rainy day or to invest in more inventory that can later be used to maintain a steady flow of cash; they may also use funds from increased business revenue for everyday expenses. It is possible that other aspects of the program are also contributing to easing material hardship. For example, increased savings, access to credit, and increased social support could all contribute to reduced material hardship. Establishing a credit score can help individuals access mainstream credit and its associated lower effective interest rates. And increased social connectedness can lead to improved well-being if women can draw on these relationships for both support and resources. Effects on these types of outcomes can still improve the financial and emotional well-being of borrowers, even if their income levels remain constant.

The evaluation also found that Grameen America increased self-employment and reduced wage-based employment. There are several important trade-offs connected to working a wage-based job versus running a business. Wage-based employment potentially comes with job-related benefits such as paid vacation and health insurance. These benefits may not be available to women running their own businesses. Yet operating a business may allow for greater flexibility and potentially a better work-life balance. These trade-offs should be considered when assessing the effects of the Grameen America program.

The evaluation of the Grameen America program is ongoing, and a future report will show the impacts of the program after 36 months. Those findings may help provide clarity on the mechanisms behind the impacts of the program. In addition to reporting on the same measures as those in this report, the next report will look at several outcomes related to assets. This will provide some insight into borrowers' level of investment in their businesses and whether this investment translates into increased business earnings.

It is possible that some of the results presented in this report will change when examined over a longer follow-up period. Impacts that were not detected at 18 months could manifest themselves at 36 months. As women continue in the Grameen America program and obtain larger loans, they may be able to invest more in their businesses and increase their business earnings, thereby increasing their net income over time. It is also possible, though, that some of the impacts seen at 18 months will fade. The longer-term follow-up period will provide a clearer picture of the effects of the Grameen America program.

About MDRC

MDRC is a nonprofit, nonpartisan social and education policy research organization dedicated to learning what works to improve the well-being of low-income people. Through its research and the active communication of its findings, MDRC seeks to enhance the effectiveness of social and education policies and programs.

Founded in 1974 and located in New York; Oakland, California; Washington, DC; and Los Angeles, MDRC is best known for mounting rigorous, large-scale, real-world tests of new and existing policies and programs. Its projects are a mix of demonstrations (field tests of promising new program approaches) and evaluations of ongoing government and community initiatives. MDRC's staff members bring an unusual combination of research and organizational experience to their work, providing expertise on the latest in qualitative and quantitative methods and on program design, development, implementation, and management. MDRC seeks to learn not just whether a program is effective but also how and why the program's effects occur. In addition, it tries to place each project's findings in the broader context of related research — in order to build knowledge about what works across the social and education policy fields. MDRC's findings, lessons, and best practices are shared with a broad audience in the policy and practitioner community as well as with the general public and the media.

Over the years, MDRC has brought its unique approach to an ever-growing range of policy areas and target populations. Once known primarily for evaluations of state welfare-to-work programs, today MDRC is also studying public school reforms, employment programs for ex-prisoners, and programs to help low-income students succeed in college. MDRC's projects are organized into five areas:

- Promoting Family Well-Being and Children's Development
- Improving Public Education
- Raising Academic Achievement and Persistence in College
- Supporting Low-Wage Workers and Communities
- Overcoming Barriers to Employment

Working in almost every state, all of the nation's largest cities, and Canada and the United Kingdom, MDRC conducts its projects in partnership with national, state, and local governments, public school systems, community organizations, and numerous private philanthropies.