City of Milwaukee
Department of Administration Intergovernmental Relations Division
City Hall, Room 606, 200 East Wells Street, Milwaukee, Wisconsin 53202-3515

John O. Norquist
Mayor

David R. Riemer
Administration Director

Joseph J. Czarnezki
Intergovernmental Relations Director

Phone (414) 286-3747 Fax (414) 286-8547

December 13, 1996

Mr. Bruce Reed
Domestic Policy Advisor to the President
Old Executive Office Building
17th Street and Pennsylvania Avenue
Washington, D.C. 20500

Dear Mr. Reed:

Thanks for the opportunity to meet with you. The President is very lucky to have someone of your caliber and professionalism at his side.

The New Hope Project was created by several Milwaukee activists, including David Riemer, and launched by Mayor Norquist in 1992. New Hope's mission, like President Clinton's, is to promote self-sufficiency.

Today, nearly 1,000 New Hope pioneers are "Building" their own bridges toward independence. This is a program that works and needs your support.

Since we met, New Hope's executive director, Sharon Schulz, has formally requested Secretary Shalala to revise DHSS' formula for allocating federal AFDC savings to New Hope and to implement that formula for the full 20 quarters (January 1995 through December 1999) that Congress and DHSS intended.

Schulz's letter to Secretary Shalala (copy attached) states that these two changes would give New Hope a substantial portion of the funds it needs to avoid the fiscal crisis it faces in January.

I would never request any assistance, if it was unwarranted. On the merits, the New Hope Project deserves the Administration's continued support. Please contact Secretary Shalala and urge her to grant New Hope's request on the merits.

The Mayor is looking forward to meeting with you soon.

Sincerely,

Orson Porter
Assistant Director

THE NEW HOPE PROJECT, INC.

623 North 35th Street • Milwaukee, Wisconsin 53208

Telephone: (414) 342-3338
Facsimile: (414) 342-4078

December 6, 1996

Ms. Donna Shalala
Secretary
Department of Health and Human Services
Hubert Humphrey Building
Washington, D.C. 20201

Dear Secretary Shalala:

I am writing to you regarding the federal funding for the New Hope Project in Milwaukee, Wisconsin.

As you know, New Hope is an anti-poverty demonstration project that is testing the effect of wage, health care, and child care subsidies on the well-being of low-wage workers and their families. It is funded through both public and private funds, and is being evaluated by the Manpower Demonstration Research Corporation.

New Hope was originally chartered at the federal level as a five year demonstration. The clear intent of the legislation implementing New Hope (Public Law 103-432, the Social Security Act Amendments and Public Law 103-333, the FY 1995 Labor, Health, and Human Services Appropriations Act) is that the demonstration run its course and allow researchers across the country to examine the results. The need for this has become even more pressing with the passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

In the course of reviewing the legislation, we reviewed the formula that is being used to calculate the New Hope federal funding. The original formula with which we and the Department were proceeding was plausible, but a more accurate and literal reading of the law is that the method for calculating the funding should be based simply on the costs of the services and benefits to individuals in the New Hope control group: those who receive cash benefits, Medicaid and/or child care during the twenty quarters (January 1995 through December 1999). This calculation is more consistent with the legislative language: "...the Secretary shall pay...an amount equal to the aggregate amount that would otherwise have been payable to the State with

respect to participants in the program...in the absence of the program, for cash assistance and child care..., for medical assistance..., and for administrative expenses related to such assistance." We, therefore request that the formula for calculating our federal funding be modified to more accurately reflect the legislation.

We are working on several fronts to address the problems created by PRWORA for our funding. The above request, if granted, would resolve a substantial portion of the problem.

Thank you for your past support of New Hope, and for your consideration of our request.

Sincerely,

Sharon F. Schulz

Sharon F. Schulz
Executive Director

JOHN O. NORQUIST
MAYOR

OFFICE OF THE MAYOR
MILWAUKEE, WISCONSIN

November 21, 1994

Mr. Bruce Reed
Deputy Assistant to the President
on Domestic Policy
216 Old Executive Office Building
Washington, D.C. 20506

Dear Bruce,

Now that the New Hope amendment has at last been enacted into law, I wanted to thank you for everything you did to make this outcome possible.

Without your effort and your commitment, the legislation reallocating federal AFDC and Medicaid savings to the New Hope Project would have remained a concept rather than become a reality.

Now, with federal funding in place, New Hope is well on its way to enrolling the 600 participants that will allow it to operate at full scale for the next few years.

As the nation begins to focus even more on "ending welfare as we know it," I believe the value of the New Hope Project's approach--helping all the poor, making work possible, and making work pay--will become increasingly apparent.

It was a real pleasure for me to work with you in making the New Hope amendment a reality. I hope we have the chance to work together again in the future.

Sincerely,

David

David R. Riemer
Chief of Staff

City Hall, 200 E. Wells Street, Milwaukee, Wisconsin 53202. Telephone: (414) 286-2200

JOHN O. NORQUIST
MAYOR

OFFICE OF THE MAYOR
MILWAUKEE, WISCONSIN

March 23, 1994

Mr. Bruce Reed
Executive Office of the President
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Dear Mr. Reed:

Thank you for the assistance and support you provided in assuring the Department of Health and Human Services' recent grant of $750,000 to the New Hope Project.

As you know, this grant is very important to the future of the project. It will permit the New Hope Project to move from its current 50-person, pre-pilot stage to the full-scale, 600-person controlled experiment. The federal government's assistance is vital in allowing the New Hope Project to show that welfare can indeed be replaced with a work-based alternative that is humane and cost-effective.

Again, I want to convey my sincere thanks and appreciation for all your help.

Sincerely,

JOHN O. NORQUIST
Mayor

City Hall, 200 E. Wells Street, Milwaukee, Wisconsin 53202. Telephone: (414) 286-2200

File:
WR - New Hope Project

Executive Summary

The New Hope Project is a three year demonstration project that will assess the effect of subsidizing work for individuals and families who are currently poor. The Project offers participants help in finding a job, a community service job if they are unable to find a job after 8 weeks, wage subsidies that assure an income above the poverty level, health insurance, and child care. Participants may need one or two of these benefits, or all of them. The offer is designed to be flexible and adaptive to the individual circumstances.

The New Hope Project is a nationally recognized demonstration project sponsored by a unique consortium of community, government, business, labor, religious, and social service organizations and representatives. As a model program, The New Hope Project will work with six hundred families and individuals who choose to participate in the program and who live in two targeted inner urban areas in Milwaukee, Wisconsin. The program has four key components:

- **the guaranteed access to a job** : through non-subsidized private or non-profit employment, or if the participant cannot find a job after an eight week job search, a community service assignment will be provided.

- **a wage supplement** : the combination of the federal and state Earned Income Credits and direct additional supplements paid by New Hope. This combination is calculated to raise a person's gross income above the poverty line.

- **health insurance** : equivalent in benefits to Medicaid, for families and individuals not covered by Medicaid or employer insurance. The Project has a consortium of five Health Maintenance Organization (HMO's) that participants can choose from if their employer's insurance is unacceptable.

- **child care** : in a home licensed or community facility. New Hope has developed a sliding fee scale to help participants pay for quality child care.

Project members will work with each participant for three years; the fourth year will be spent analyzing and evaluating the effectiveness and cost-benefits of the program.

There are three ways in which the New Hope Project is unique:

1. Guaranteed access to a job: if the participant has not obtained a job within the first eight weeks of job search, New Hope will offer him/her a community service assignment, up to six months at a time. These are jobs that are meant to fill the gap until the participant is able to find private sector employment, which is the overall focus of New Hope. Project staff urge participants to view the community service assignments as jobs of the last resort.

2. Eligibility: the Project uses income level and the willingness and desire to work as the primary eligibility criteria. The participant's household income must be at or below 150% of poverty to enter. Participation is not limited to those currently, or recently on AFDC.

3. Means-Tested: participants are eligible for subsidies for health insurance and child care until their income reaches 200% of poverty. Their payments for benefits increase as their income increases. Wage supplements are generally phased out at approximately 150% of poverty.

Presently, the New Hope Project has begun a 50 person pilot program, designed to be a test-model of the original 600 person program. The pilot will run for a period of approximately 8 months and will precede the start of the original 600 person program. The goal of the New Hope Project is to document the effect of this offer and then translate the successes into policies at the state and federal level. It will work with 650 families when the Project is fully operating.

These first 50 participants were recruited in March and April of this year, and the first Participant Agreements were signed in May 1992. It is in this first phase that the New Hope Project is developing the actual operating procedures that will be used in the full pilot phase that will be evaluated for potential policy changes.

As of this date, the evaluator has not been chosen. That will take place over the summer of 1992 with the consultation of local and national advisory board members.

Again, the Project's ultimate goal is to allow state and national policy makers to focus attention on alleviating the harsh circumstances of poverty through programs which are more humane, cost-effective and self-motivating than current programs which focus on a welfare subsidy system.

Finally, it is the fundamental belief of The New Hope Project that all American citizens should have access to an employment opportunity which grants a sense of self-worth and provides a sustainable level of economic certainty.

DAVID R. RIEMER
DIRECTOR
DEPT. OF ADMINISTRATION
CITY OF MILWAUKEE

200 EAST WELLS ST.
ROOM 606 - CITY HALL
MILWAUKEE, WI 53202

414-278-3827

THE NEW HOPE PROJECT

Milwaukee's experiment in offering low-income adults--as an alternative to welfare and neglect--the help they really want:

- **access to employment**
- **work that pays**
- **affordable child care and health care.**

THE NEW HOPE PROJECT
CONTENTS

- Summary
- National Advisory Board
- The New Hope Offer (Provided to Enrollees)
- Project Description
- Project Update
- Preliminary Results
- Preliminary Cost Estimates
- Federal Legislation
- Request for Additional Funds to DHHS

THE NEW HOPE PROJECT

1. What is the goal of the New Hope Project?

The primary goal of the New Hope Project is to demonstrate to leaders, policy makers and citizens that there is a better, more humane, more cost-effective way to deal with poverty and joblessness than the current welfare system. We want this unique project to lead to changes in federal and state policies.

2. How will it be accomplished?

This demonstration project will offer a real alternative to welfare, unemployment and under-employment. It will offer a new social contract to 600 people in two central city Milwaukee neighborhoods by providing:

a) access to jobs in the private sector;
b) community service jobs if no job can be found in the private sector;
c) wage supplements, if necessary to bring family's income above the poverty line;
d) health care and child care subsidies up to 200% of poverty.

3. Who is the target population?

a) People currently on welfare
b) People who are unemployed, but not on welfare
c) People working, but still poor

4. What will it cost?

The total cost is $6 million per year for three years, for a total cost of $18 million. Of this, $1 million is allocated to the cost of a professional, in-depth evaluation. Funds are being sought from the following sources:

- 50/50 public/private split;
- $4.5 million from GPR in 1991-1994;
- $5.0 million from state and federal programs for post- AFDC medical care and new programs for at-risk families needing child care subsidies;
- $4.5 million from local foundations and corporations;
- $4.5 million from national foundations and corporations.

5. What questions will the evaluation answer?

a) Will people currently on public assistance respond to the opportunity to work when disincentives are removed?
b) Are there a sufficient number of jobs within the private sector?
c) Can community service jobs successfully fill any gaps between available private sector jobs and low-skilled unemployed individuals?
d) Do more people achieve economic self-sufficiency through the New Hope Project than through other means?
e) How does the cost of the New Hope Project compare to what is currently spent in direct and indirect costs for social welfare?

6. How is the New Hope Project governed?

The Project was initially developed by Congress For a Working America. It has now been incorporated with a separate Board of Directors who work within a committee structure. The Board has representatives from the business, labor, educational, and religious communities, as well as representatives of people directly affected by poverty and government. Mr. Thomas Schrader, President and CEO of Wisconsin Gas, is the Board President.

7. How is this Project different from existing state and federal welfare reform efforts?

The New Hope Project shares the goals of economic self-sufficiency with existing efforts, but goes beyond them in 3 ways:

- it guarantees access to a job;
- it removes categorizations of who the poor are, and thereby gets around some of the more perverse disincentives of the current system;
- it links subsidies to income level, rather than creating drop-off-the-cliff scenarios when the 6 or 12 month limit is reached.

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THE NEW HOPE OFFER

The New Hope Project is a time-limited demonstration project scheduled to begin operations in two Milwaukee, Wisconsin neighborhoods in 1993.

A small, pre-pilot effort of fifty participants will start in March, 1992. The New Hope Project will disband at the end of the 1996 calendar year, after the Project and the evaluation have been completed.

The New Hope Project offers to you:

* Job Access
* Financial help in purchasing Health Insurance
* Financial help in purchasing quality Child Care
* Wage Supplement Package

If you work full-time, year-round, your pay check plus your earnings supplement will give you a final income that is above the poverty level.

The New Hope Project encourages you to look for higher paying jobs and to work more hours. For every extra dollar you earn, the money you have in your pocket will be more, even after you pay your share of child care and health care.

JOB ACCESS

The New Hope Project offers you access to a job, with emphasis placed on non-subsidized employment or, if you cannot find a non-subsidized job after an eight (8) week job search, New Hope will offer you a community service assignment, which will pay the minimum wage.

You will be expected to conduct an eight (8) week job search.

You will still have access to your project representative for other support as needed.

If you are unable to get a job in the private sector or government, you will be offered a Community Service Job (CSJ).

The goal of the Community Service Job is always to encourage you to work in the regular private or public sector. Community Service Jobs include compensated labor performed at non-profits who enter an agreement with New Hope to provide participants with subsidized community service jobs.

We are offering a three (3) week intensive Job Search Club. If you are interested in this, please see your Project Representative.

Qualifying work consists of full-time employment that averages at least thirty (30) hours per week. This employment may be subsidized or non-subsidized. Such full-time work qualifies you for full New Hope benefits. A week is defined as documented work between midnight of Monday morning through midnight of the following Sunday evening.

HEALTH INSURANCE

To low-income workers who need health insurance, NHP will pay part of the cost to provide health insurance for yourself and our family.

You become eligible for health insurance, either directly from New Hope, or subsidized through your employer, on the first of the month following the date you start full-time work and fill out an application. (You do this through your Project Representative).

Your paycheck will determine how much you will pay each month to buy health insurance for yourself and your family.

Everyone in the NHP must buy health insurance, unless you are insured by your employer, Medicaid, Medicare, VA, or CHAMPUS.

For those participants who are not covered by any of the above providers, the NHP will offer a health insurance plan. This health coverage will be provided by a consortium of health maintenance organizations (HMO's).

The New Hope Project has developed a sliding fee scale based on the percentage of poverty where the individual's income fall. The more than 30% of their net income on health insurance. The sliding schedule is as follows:
Based on a average cost of $5000

Percent of Poverty	% of Participant Contribution	Cost Per Year
100% of poverty	1.25% of $5000	$62.50
125% of poverty	2.50% of $5000	$125.00
150% of poverty	5.00% of $5000	$250.00
175% of poverty	10.0% of $5000	$500.00
200% of poverty	20.0% of $5000	$1000.00

EARNINGS SUPPLEMENT PACKAGE

Low-wage workers with one or more dependent children qualify for a wage subsidy to you, so that your income will at least reach the following levels:

- Single parent with up to 4 dependents: 115% of poverty
- Two parent family with up to 3 dependents: 105% of poverty
- Any family with 5 or more: 100% of poverty

The state and federal Earned Income Credits are available to families with incomes below $22,500 in 1992. The eligibility for The New Hope Project wage supplement is similar to the state and federal Earned Income Credit, but there are some differences. Your Project Representative will help you figure out if you qualify. The wage supplement is a combination of monies from three separate sources.

- Source One: The Federal Earned Income Tax Credit

  The Federal Income Tax Credit is a credit for low wage earners. You can receive this credit one of two ways. You can receive one lump sum after filing your income tax return, or you can choose to have the federal credit added to your paycheck every pay cycle.

- Source Two: The Wisconsin Earned Income Tax Credit

  This is the state's version of the federal credit with a few differences. The state's version is a percentage of the federal credit depending on family size. You can only receive this credit at the end of the year after you file your state income tax.

- Source Three: The New Hope Wage Supplement

  The New Hope Wage Supplement will be paid on a monthly basis. The New Hope Wage Supplement will be available to participants on the 15th of each month. In order to receive your New Hope Wage Supplement, you must submit a copy of your pay stubs for the past three months to your project representative no later than the 5th of each month. (Submit for the past month if you have just begun working). If the 5th falls on the weekend, you should submit your pay stubs the Friday before the 5th.

CHILDCARE

The New Hope Project will provide participants with assistance with child care cost on a co-pay basis.

Your paycheck will determine how much you pay each month.

New Hope will help learn how and where to find child care.

In order to qualify for the New Hope co-payment, you must use a licensed or certified provider. Licensed providers include day care centers and home care providers.

You have the right not to choose licensed or certified child care, but the New Hope Project will not make any financial contribution to unlicensed or uncertified child care. You may choose to have a friend or relative certified as a child care provider by milwaukee county or by community coordinated child care (4C's). In order to be reimbursed by the new hope project by a portion of child care, the care must be offered outside the participant's home.

The sliding scale applies regardless of the cost of the child care. The sliding scale for New Hope Participant's child care is as follows:

Percent of Poverty	Percent of Cost
100% of poverty	5%
125% of poverty	10%
150% of poverty	20%
175% of poverty	40%
200% of poverty	80%

YOUR RIGHTS

As a participant in The New Hope Project you have the following rights:

Job Acccess
If you are unable to secure a job in the private or public sector, you will have the right to a Community Service Job (CSJ). These jobs will be offered in a variety of forms. All will offer at least 30 hours a week of work at minimum wage. There is a 26 week limit to each assignment and any assignment beyond two will be honored on a case-by-case basis. You will have a detailed evaluation before being assigned to a third CSJ.

Health Care
Everyone who is not covered by an employer, Medicaid, Medicare, V.A., or CHAMPUS will be covered by The New Hope Project. The New Hope Project will provide you with health insurance. Your monthly premium will range from $5.21 to $83.33, depending upon your income.

Child Care
The New Hope Project will help you purchase child care on a sliding scale.

Job Loss and Receipt of New Hope Benefits
If you lose your job, The New Hope Project will continue to insure you for the duration of that month. The New Hope Project will commit to paying a maximum of three hours a day, or 20% of a participant's child care cost during periods of unemployment. This is a three week agreement that will protect the child's arrangement and provide the participant adequate time for job search. After an unsuccessful three week job search, you will be assigned to a community service assignment, whereby The New Hope standard benefits will resume.

The New Hope Project ensures your right to privacy and respects confidentiality of information. No personal information will be used withou t your written consent.

YOUR RESPONSIBILITIES...

As a New Hope Project participant, you have the following responsibilities:

* You will be expected to conduct an eight (8) week job search.
* You must report immediately any changes in:
  --- Income
  --- Family Structure.
* Establish child care arrangements.
* Participate in a peer support group (Optional).
* Maintain a 30 hour work week in order to continue to receive your benefits.

GRIEVANCE PROCEDURES

The New Hope Project exists to help its participants fight poverty and to overcome any barriers that might prevent you from being productive working people. The New Hope staff is committed to your progress, and expects the same level of commitment from you.

There is a Good Faith Agreement that the Project asks you to sign that describes the agreement of good faith between the Project and you. In addition to signing the Good Faith Agreement, you will be asked to sign a form that states you have received your Participant Handbook and that you will read it.

There may be times that you find you have disagreements above New Hope policies or the way that the staff implements them. You have a right to file a complaint at those times. Here is the process for doing so:

1. If you have a complaint about New Hope policies or the way the staff is implementing them, begin by talking to your Project Representative about the problem.

2. If this does not solve the problem, you can meet with the Associate Director. You should put your complaint in writing. The meeting will take place within seven (7) days of your request. With ten (10) days of your meeting, the Associate Director will advise you in writing of the resolution.

3. If you are not satisfied with the resolution, you may file a grievance with the Executive Director. You will have the opportunity to meet with him within ten (10) days of the written request. Within ten (10) days of your meeting, the Executive Director will notify you in writing of the results of your hearing and any recommendations.

4. If you are not satisfied with the Executive Director's response, you may request in writing a review of that decision from the full Board of Directors. You should request this review within twenty (20) days of receiving the notice. The Board will review the request within thirty (30) days of receipt, and will notify you within ten (10) days of any decision.

LEAVING THE NEW HOPE PROJECT

The New Hope Project make a three year commitment to you. During that time, we hope that you will be able to move into steady work that will not require subsidies of any kind. If you do succeed in obtaining work that pays you more than our income limits allow, and that has benefits, you may still be active in The New Hope Project's support network, even though you will not receive monetary benefits.

There are some reasons that the New Hope Project might terminate you. These include, but are not limited to, non-participation, non-cooperation, or deliberate falsification of information.

If the New Hope Project is dissatisfied with your participation, you will receive a certified or registered letter telling you this, and asking you to contact the Project Representative to arrange a meeting. You, the Project Representative and possibly the Executive Director (or someone he designates), will attempt to resolve the situation.

If you do not reach agreement, the Executive Director will make the decision regarding your termination as a Project Participant.

If there is no response at all to the letter, the Project will assume you are no longer interested in the Project, and that you with to terminate yourself.

If you wish to appeal your termination from the Project, you may choose to request a review from the Board of Directors, with at least one representative from the Participants' Advisory Council. A formal meeting will be scheduled within thirty (30) days of the request. The Board's decision will be final.

The NEW HOPE Project
an Anti-Poverty Alternative

New Hope Project, Inc.
623 North 35th Street
Milwaukee, Wisconsin 53208
414/342-3338
FAX 414/342-4078

Contact: Donald Sykes, Executive Director
Julie Kerksick, Associate Director

A test model program to develop affordable antipoverty and employment strategies for urban core residents.

Site: Milwaukee, Wisconsin

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Executive Summary

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An Anti-Poverty Alternative:
The New Hope Project

Introduction

While there is a national consensus that the current welfare policy in the United States is an institutionalized disaster, critics differ as to causes and solutions. Some contend that recipients manipulate the system for their own personal gain and lack the motivation to be responsible contributors to the economy; others characterize the system as insensitive to the consequences of poverty in which recipients lack access to resources which would promote self-sufficiency. Solutions to the "welfare disaster" have thus far been directed toward "patching" the existing flawed system rather than conceptually reforming how a system could address the needs of those in poverty.

Welfare programs, as they currently exist, foster dependency and hopelessness. Welfare, by design, is a maintenance program, not a program to encourage people to integrate productively into the economic community, and yet this has been the expectation for recipients.

For those who are on welfare, the system keeps people below the poverty level while maintaining major disincentives to leave welfare and move into the work force. Timelines aside, recipients know that they jeopardize health and child care benefits if they move off the system and into jobs which typically do not offer these same benefits.

In this way, the structure of the welfare system discourages the work ethic and family unity; it encourages abuse and manipulation; it has not responded adequately to the changing nature of the family unit. The welfare system advances no vision, much less a strategy, for the development of stable neighborhoods and responsive institutions--both of which are critical in restoring community economies and building community resources within the inner city.

Numerous welfare reform measures have been proposed and implemented by governments. Some reforms are purposefully punitive in nature, and foster cynicism and embitterment in recipients. Other reforms concentrate on extending benefits for a set period of time, or mandating work searches, or job training and education.

While perhaps well-intended, these strategies when used as welfare reforms are programmatically fragmented and incomplete. They fail to integrate welfare with a jobs creation program and benefit retention program, and therefore lack the cohesion of a well-developed holistic approach to anti-poverty.

Meanwhile, for those who work at low-wage jobs, there is the harsh reality of working full-time and year-round, and still being poor. As our economy continues to adjust to its new base, few, if any, of these low-end jobs offer employee benefits. Federal and state governments remain deadlocked over what to do about health care for the uninsured, or whether child care is a viable benefit which should be offered through social welfare agencies. The Earned Income Credit, which supplements wages of low-wage workers with dependents, is still not enough to lift a minimum-wage worker's family above the poverty level.

Individuals and families living on the edge of survival fill this nation's city cores. Almost 14% of American people live in poverty with women and children leading the list. And, contrary to a common misconception, only one-third of the poor are on welfare--either Aid to Families with Dependent Children (AFDC) or other forms of means-tested cash equivalents. The other two thirds, over 20 million Americans, belong to the new citizen class: the working poor.

Whether the cause of poverty is unemployment or underemployment, urban poverty manifests itself in crime, drugs, violence and despair. America's inner city families are paying these high costs of poverty.

New Hope Initiatives

The core of a successful approach to fighting poverty is, to help people secure jobs and, having secured jobs, to help people keep them. The success of such efforts will depend on a skilled aggressive, and effective placement program. The New Hope Project will work with employment placement and social service agencies to direct project participants to these job openings.

For those thwarted by either job shortages or a lack of preparedness for conventional jobs, The New Hope Project will work with agencies to develop community service jobs, particularly within the project participant's community neighborhoods. Designed to meet the obvious infrastructure and social service needs of poor communities, these jobs would be slots assigned to nonprofit and/or community-based organizations.

Given the demonstrated gap between even a poverty level income and the wages paid by most jobs available to poor workers, The New Hope Project will offer a wage supplement. It would ensure that if individuals work full-time and year-round, their incomes would move them and their families above the poverty line.

And, finally, The New Hope Project will include subsidized child care and health insurance for all uninsured workers and their families. This important component, while expensive, is necessary. Project participants need to know that the two major disincentives for coming off and staying off welfare will be provided for.

Each component of the Project is designed with the goal of creating incentives for people to work full-time in the private sector and to develop career plans that can be achieved. For each family group who chooses to be a part of the Project, project staff will offer on-going assistance and counseling.

The Targeted Neighborhoods Profiled

The two neighborhoods of the New Hope Project were chosen because they are typical areas of urban poverty within the city core. They share high levels of unemployment and welfare utilization. They differ primarily in terms of racial composition.

The North Side neighborhood is 65% African-American and 29% white, while the South Side neighborhood exhibits a more diverse mix with a majority of whites, a Hispanic population of 38%, and small populations of Hmong, Vietnamese and Native Americans.

Urban poverty is evident. Both areas have a higher percentage of female headed households than the city average (50% and 40% respectively), a larger than average family size (3.1 and 2.5 persons) and a large percentage of total population under the age of eighteen (41%).

Although the Project cannot break out these neighborhoods from the overall statistics, Milwaukee leads the nation in teenage pregnancy rates, and displays the largest income gap between white and African-Americans.

The best data the Project has on welfare utilization covers a broader area than either of the targeted two neighborhoods, but there is no reason to believe they do not reflect similar statistics. The following is from a 1988 welfare study within the zip codes.

> In the North Side neighborhood, 22% of the adult population receives food stamps, 20% is on Medical Assistance, and 17% on AFDC. In the South Side neighborhood, 18% of the adult population receive food stamps, 16% are on Medical Assistance, with 14% on AFDC.
>
> The South Side area had the second highest number of job applications in the metropolitan area at Wisconsin Job Service, with 3,320 applications from January to October 1990. The North Side area was fourth highest, with 3,074 applications in the same period.

Access to a Job

Unemployed members of the New Hope Project will be assisted in an eight week job search. If that person is unable to secure employment in the private sector or in the government, that individual will qualify for a Community Service Job. These jobs are designed to be temporary and of limited duration. The goal of the New Hope Project is that individuals who are placed in Community Service Jobs will continue their search for full-time employment in the private sector.

A. Community Service Jobs

Because the Community Service Jobs comprise a critical part of New Hope's offer to low-income people without full-time jobs, the component is described here in great detail.

The Community Service Jobs are designed to meet the needs of three distinct groups of disadvantaged job-seekers:

- Job-seekers whose custodial responsibilities for children or elderly people prevent them from holding most jobs.
- Job-seekers whose personal or work histories prevent them from being hired.
- Job-seekers with severe limitations, whom no employer will hire because of physical, mental, emotional or communication problems.

In addition, Community Service Jobs must provide start-up or interim work for employees who lose work through no fault of their own but rather because of labor market limitations and fluctuations. Project offerings are triggered by participants' successful and continued working at 32 hours a week. Because many jobs at the low end of the labor market fluctuate in hours per day, days per week, or continuity of production or service, participants will predictably find themselves without work for the day. In addition to offering work for people who cannot find work, Community Service Jobs will supplement non-subsidized work so that participants can maintain continuous employment.

All Community Service Jobs pay the minimum wage, with the possible exception of long-term crew work performed directly for the Milwaukee Community Service Corps. No Community Service Jobs will pay more than forty hours a week for work performed. No Community Service Jobs will displace any current worker or infringe on any collective bargaining agreement.

We anticipate many individuals will not be successful in maintaining their first job. For this reason we will allow participants to be assigned to Community Service twice. No one will be able to hold a Community Service Job more than 26 weeks at any given time. On a case by case basis, the New Hope Project staff will determine if an exception to the 2 assignment rule should be made. In general, we would expect that exceptions would be made in very limited circumstances such as personal or family illness or a clear mismatch of skills for available job openings at any given time.

B. Contract with the Milwaukee Community Service Corps

All Community Service Jobs will be managed by the Milwaukee Community Service Corps (MCSC). The MCSC was established in 1990 to complete significant improvement projects in Milwaukee that were not being addressed by government or the private market. The MCSC also provides employment and training to economically disadvantaged Milwaukee youths between 18 and 23 years old. Under contract with the Project, the MCSC has expanded its mission to include a wider range of ages, and a different set of community service projects.

C. Community Agency Placements

Some Community Services Job's will be assignments in private, non-profit agencies and organizations. Placements are designed to provide continuous work at positions that are similar to those participants might perform for pay in the future.

Agencies must qualify as sites for Community Service Jobs by meeting the following criteria:

- They must perform a community service as identified below or as acceptable to the MCSC.
- They must commit to provide employment for a minimum period of time, as specified in a contract between the MCSC and the community agency.
- They must agree to have the participant leave the placement at any time the participant can secure non-subsidized employment.
- They must agree to the conditions of employment as specified below:

Community agencies must have authorized personnel sign statements that Community Service Jobs at their agencies do not displace current or prospective non-subsidized employers, and that a supervisor at the agency will provide supervisory and administrative oversight of the Project participant.

No Community Service Jobs work may be performed for religious purposes, although Community Service Jobs work may take place in religious institutions that sponsor community services such as recreation programs, child care, education, or meal programs, provided that these programs are not religious in nature.

Non-profit placements

The following community agencies are authorized community agency placements, subject to review and approval by the MCSC.

Head Start Programs
Non-Profit Day Care Centers
Non-Profit Schools
Youth Recreation Programs
Neighborhood Organizations

Community Service Organizations
Meal Programs
New Hope Project

D. Crew Work

Crew work is designed as comparatively long-term work, lasting at least three months but no more than 26 weeks, as part of ongoing MCSC community improvement projects. It will be available to a limited number of participants.

This work may be limited to participants who meet the MCSC's standard qualifications for jobs, including health standards, income guidelines, the completion of "Individual Development Plans," and age requirements (The MCSC normally accepts people only between eighteen and twenty-three years old).

Unlike most daily work and community agency placements, participants in the work crews will work under the direct supervision of the MCSC. Crew members will be required to abide by all MCSC standards, procedures, and discipline, just as they would any employer.

Wage Supplement Component

The New Hope Project, Inc. will offer a wage supplement to those participants who are working full-time and have one or more dependent children. The New Hope wage supplement is a combination of existing federal and state Earned Income Tax Credits and a New Hope Expanded Earned Income Tax Credit

A. Federal and State Earned Income Tax Credits

The New Hope Project will help participants with dependents who are making less than $22,000 file for the Earned Income Tax Credits that are offered by both the state and federal government. The federal credit is available on an advance payment basis or in a lump sum after you file the federal income tax return. The state credit is available only in a lump sum payment after you file the state income tax return. The New Hope Project will use its own staff and existing agencies to help participants take full advantage of these income credits.

B. New Hope Expanded Earned Income Credit

In addition to the federal and state credits, the Project will offer an expanded income credit to all participants with dependents. The Project is currently working to get tax-exempt status for this wage supplement. The New Hope wage supplement is based on the federal credit and phases out at the same point, $22,000. The goal of New Hope is that the combination of these earned income credits will boost individuals salaries over the poverty line. The wage supplements are based on the 1992 poverty levels as submitted by the federal government and vary according to family size and salary.

The Project maintains that single parent families with one to four children will receive a combination of Earned Income Tax Credits that will raise that individual's gross income to 115% of the poverty level working full-time at the minimum wage. Two-parent families with one to three children will receive a combination of Earned Income Tax Credits that will raise income to 105% of the poverty level working full-time at the minimum wage. All households over five persons will receive a combination of Earned Income tax Credits that will raise income to 100% of the poverty level working full-time at the minimum wage.

Health Care Component

For most low-wage workers, poverty is compounded by the likelihood that their employers offer no health insurance. According to an October 1990 report by the Social Development Commission, in 1986 there were 123,076 persons without health insurance in Milwaukee County, over 13% of the population. The Social Development Commission of Milwaukee estimates that this number includes 24,000 - 30,000 households of working poor without health coverage.

Health insurance has been arranged with a consortium of Health Maintenance Organizations (HMO's). New Hope will offer a co-payment plan for all participants who are not covered by their employers. All New Hope Participants must have some form of health insurance, whether it be a private HMO, Medicaid, Medicare, V.A., or CHAMPUS. Participants will be assigned to a specific HMO through a drawing process and will be subject to fees and co-payment for services received as would any person utilizing the HMO. The health insurance offered by New Hope is designed to offer both individuals and families the same level of insurance available through medicaid. This level of insurance permits both families, and individuals who may become liable for the care of dependents, to make transitions from public assistance to non-subsidized work, and to sustain non-subsidized work even when they may become liable for the care of dependents.

The New Hope Project has devised a sliding co-payment scale for participants. The co-payment increases as the participant's income increases. In all cases, the health care co-payment will never exceed 30% of a participant's net income.

A. How it works

Participants qualify for health insurance in four ways. AFDC, SSI and other recipients of public assistance qualify by meeting work and reporting requirements, and running out of their eligibility for Medicaid as a result of earning more than the maximum permitted income. Uninsured participants qualify after completing four consecutive weeks of qualifying work, or six weeks within a period of eight calendar weeks, whichever they achieve first. Working participants who can demonstrate at least four consecutive weeks of qualifying work in the eight weeks before entering the Project; or at least six weeks of qualifying work in the eight weeks before entering the Project, are eligible immediately. Working participants who already have health insurance are eligible for partial reimbursement of their individual costs, so that they pay no more than the standard sliding scale personal co-payments required of all participants.

Child Care Component

For families with children, child care is just as important a consideration as health care or pay scale. Working parents, or those seeking work, need assurance that their children will be safe and well taken care of during the hours they are away. For many inner urban parents, particularly for single parents, this task proves formidable.

Social service agencies have responded to these needs, establishing data banks which detail those child care providers who are state licensed and certified. The state of Wisconsin legislated mandatory education and training for child care workers prior to certification, and a continuing education program for those interested in expanding career options. In addition, the provider must supply background and references and the facility must meet State of Wisconsin health and safety regulations.

The New Hope Project will contract with existing agencies who monitor child care providers to allow project participants access to these certified and licensed providers. Project participants will be able to detail criteria, such as location or cultural preference or special hours, with the assurance that the list of providers not only fit these needs but also address the safety, nutrition and guidance needs of their children.

Providing accessible, affordable child care for project participants removes one of the major obstacles in the employment process. The New Hope Project also sees a second opportunity within this child care component, and that is the opportunity for project participants to become employed in the private sector as child care workers or, as part of a more innovative New Hope Initiative, as a self-employed state-certified or licensed home child care provider.

Through the Guarantee of Jobs Initiative, the Project is interested both in placing people into private or not-for-profit sector jobs and, when needed, through the Community Jobs Initiative, in creating community service jobs especially within the two targeted urban cores.

The New Hope Project will work with existing social service agencies to place interested project participants in licensed group child care centers on a paid basis if possible, and, if not, on a community service basis. The participant will be introduced to the concept of a Family Day Care Center.

To be a Family Day Care Center, the participant must enroll in a certification program. The agencies which monitor child care providers also provide the education and training necessary for this state certification and licensing. The New Hope Project would subsidize some of the costs related to this training.

Referral and Placement

Because people on welfare receive an inadequate level of income to provide for even basic necessities, the potential of having to pay for any additional expense of child care while searching for work further pushes employment out of reach for most recipients. While there are county moneys available for the child care needs of the working poor, most existing child care welfare assistance programs (e.g., Title XX and others) are inadequate and underfunded.

When seeking a job, parents need to find quality child care in a safe caring environment, for a price which is affordable, and for the variable hours needed. This task becomes particularly burdensome on single parents and is further exacerbated when more than one child is involved. More often, the job seeker must deliver his or her child to a neighbor or a friend or a relative, who themselves may be ill-equipped to deal with the care and attention a child requires. These short-term solutions rarely offer any consistency of environment for either the children or the parents.

The New Hope Project will offer:

a) Participants who are working in either the private sector or community service jobs, will receive assistance in purchasing licensed or certified child care services on a sliding scale determined by income. Co-payment will be structured so as not to put an individual below the poverty line and will increase as income increases.

b) Project staff will assist participants in locating and purchasing child care services from certified or licensed providers.

c) Participants will have access to a range of child care services including certified group day care and family day care services or other arrangements of the individual's choice.

d) The New Hope Project will seek formal agreements with existing day care centers and planned (as of the date of this proposal) day care centers to set aside slots for project participants.

e) The New Hope Project will seek agreements with counseling and referral agencies for child care placement.

f) The New Hope Project will work with public institutions, such as the Milwaukee Public Schools and Milwaukee County Parks System to take advantage of existing day care supplement programs and to develop new after-school programs particularly helpful for parents in the target areas.

g) Participants who work part-time will receive child care assistance and payments prorated to the hours they work.

h) Payments and co-payments from the Project will be made to child care providers on a direct basis, or providers will receive payments through Milwaukee County's day care Voucher Program.

i) Co-payments on behalf of participants will phase out according to Milwaukee County's child care assistance guidelines.

Evaluation

Because the ultimate goal of the New Hope Project is to transform public policy, the evaluation of this model program is of critical importance. The Project will contract with a nationally-recognized organization with a demonstrated track record of performing credible independent evaluations of employment and social service programs.

The process of evaluation will be ongoing with the project. On a pre-project basis, the contracted evaluator will approve the procedures manual as drafted by staff to assure that Project operations provide the required data, sustain a valid comparison group, and create documented records that will be credible in public discussion about Project experience, results and policy recommendations.

Some questions which the Project will answer:

- Did participants achieve results significantly greater than comparison group members? If so, what accounted for greater results with each population? If not, why did the extra services and costs for participants not produce greater results?

- Did services for Project participants cost more than services for Project comparison group members?

- Did Project members contribute significantly more in non-subsidized wages, taxes paid, and production than comparison group members?

- How do Project results compare with other employment and social service programs relative to the Project's primary goals of assisting participants earn economic independence and provide support in a manner more cost-effective than the current system?

Evaluators will also be encouraged to make interim recommendations regarding the Project during the program operations as regards to the effectiveness of the program and the integrity of data collection.

After the Project is completed, evaluators will state the policy implications based upon the Project's experience, both in performance and achievements. While recognizing that vastly differing conclusions can be drawn from identical data, evaluators will follow established criteria to conclude which programs could or should be implemented as public policy. Areas of interest include:

- Cost-effectiveness between control group and participants;
- Job preparation for sustainable employment;
- Replications and innovations of the Project;
- Integrative quality of Project components into existing system;
- Related issues such as quality of child-rearing, health impacts, reactions of employers, general economic activity in targeted urban cores, and educational retention.

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UPDATE ON THE NEW HOPE PROJECT
FEBRUARY 1993

The Offer

The New Hope Project is a three year demonstration project that will assess the effect of subsidizing work for individuals and families who are currently poor. The Project offers participants help in finding a job, a community service job if they are unable to find a job after 8 weeks, wage subsidies that assure an income above the poverty level, health insurance, and child care. Participants may need one or two of these benefits, or all of them. The offer is designed to be flexible and adaptive to individual circumstances.

There are three ways in which the New Hope Project is unique:

1. Guaranteed access to a job: if the participant has not obtained a job within the first eight weeks of job search, New Hope will offer him/her a community service assignment, up to six months at a time. These are jobs that are meant to fill the gap. The overall focus of the project is to help people get into the regular private or public sector, and Project staff urge participants to view community service jobs as truly jobs of last resort.

2. Eligibility: The Project uses income level and the willingness and desire to work as the primary eligibility criteria. The participant's household income must be at or below 150% of poverty to enter. Participation is not limited to those currently, or recently on AFDC.

3. Means-Tested: Participants are eligible for subsidies for health insurance and child care until their income reaches 200% of poverty. Their payments for the benefits increase as their income increases. Wage subsidies are generally phased out at approximately 150 - 170% of poverty.

The New Hope Project represents a **work-based offer**. Benefits are available only if an individual is working at least thirty hours per week.

National Significance

The Project has attracted national interest, both because of the growing interest in welfare reform, and the increasing awareness of the issues of the working poor. [This has been especially true since the election of President Clinton. His transition team, as well as Cabinet member Donna Shalala, have all requested additional information on New Hope. New Hope was mentioned no less than four times during the economic summit by participants from three different parts of the country. Mayor Norquist has made it a prominent part of his discussions in Washington.]

National Advisory Board

The New Hope Project has recruited an advisory board of nationally-recognized researchers and experts in these areas to help develop the concept. They have been enormously useful in guiding the Project in final design decisions, and bring both historical and current expertise on relevant experiments elsewhere.

Governance

The New Hope Project is governed by a diverse and hard-working Board of Directors. Chaired by Thomas F. Schrader, President of Wisconsin Gas, the Board has representation from the communities directly affected, as well as business, labor, and religion. Most importantly, the Board reserves six of its 23 seats for New Hope participants.

Evaluation

The goal of the New Hope Project is to document the effect of the offer, and then translate the successes into policies at the state and federal level. The Project will work with 650 families when the Project is fully operating. An independent, outside evaluation of the Project will be done by the Manpower Demonstration Research Corporation (MDRC), the premier evaluator of welfare-to-work programs. MDRC was chosen by the New Hope Board of Directors at the end of a five-month competitive process. New Hope's Directors feel confident that the evaluation will prove extremely useful to policy makers of all political persuasions. The evaluation will use a random sample design, and will follow 600 individuals who will comprise the control group, in addition to the New Hope Participants themselves.

Fifty Person Pilot

The Project has entered its first phase by identifying seventy-five participants, of whom there are an average of fifty active at any given time. These participants

were recruited in March and April of this year, and the first Participant Agreements were signed in late May. It is in this first phase that the New Hope Project is developing the actual operating procedures that will be used in the full pilot.

When the current fifty participants entered the New Hope Project, thirty four were receiving AFDC, twelve were receiving food stamps only, and four were receiving no help of any kind from the welfare system.

As of late January 1993, forty-four participants are working full time. Of these, twenty nine workers have regular sector full-time jobs, twelve workers have community service jobs, and three workers have jobs that combine both regular sector and community service part-time jobs to make them full-time. Three workers are working in regular sector jobs part-time. Three workers are in full-time job search, and three participants are inactive.

In January, thirty five New Hope participants received wage supplements (based on December earnings of $31,500), totalling $13,129.

The participants have elected three representatives to the New Hope Board of Directors, and they are working with both Congress For a Working America and New Hope staff to develop the monthly meetings. NHP receives excellent feedback from these meetings, which we are using to improve our operations. The ultimate challenge is to help workers define and act on their plans to get better jobs.

The number of part-time workers, and the number of workers who qualify for wage supplements both point up the problems of what kinds of jobs are available in this economy. New Hope is continuing to work with the fifty participants to finalize the program before we are able to expand to the full-scale project of 600 participants. We expect this expansion to begin sometime after June 1993.

Fundraising

Finally, fundraising work continues, as we work toward our goal of raising the estimated $18 million needed to run the full-scale pilot project. We have raised nearly $3 million from local foundations and corporations, $1 million from the state of Wisconsin and city of Milwaukee, and close to $1 million from national foundations, including the Ford Foundation. $1.7 million of these dollars, from the Bader Foundation and Ford Foundation, are earmarked for the evaluation.

Last fall, Congress approved a New Hope amendment, worth about $5-6 million, that was attached to the tax bill passed in October. Unfortunately, this bill was vetoed by President Bush, so we are now in the process of re-submitting the amendment. We are quite optimistic that it will be successfully re-introduced in the early part of the session.

The New Hope Project

Preliminary Evaluation Report
Pilot Phase

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Principal Investigator

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February 1993

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Executive Summary

The New Hope Project is a demonstration project assessing the effects of subsidizing work and infrastructural conditions to individuals and families living within the poverty level. The New Hope Project offers direct intervention in the provision of health insurance, child care, job access, and a unique wage supplementation to those families participating in the project. The project formally started with the pilot program in May 1992, which included 50 participants. By the end of December, those participants and the New Project staff were working steadly to delimitate and define the norms of operation of the regular program which will include 600 participants. This is a preliminary report of the pilot program evaluation of the New Hope Project.

This preliminary evaluation presents descriptive and cross-tabulation statistics of the participants, services, and the relation of both. The evaluation shows that participants have benefited greatly from the services provided by the New Hope Project. The use of benefits has been stressed and allocated properly in the needy social groups of the City of Milwaukee, especially those single with dependents. A particular component, wage supplement, is the most used benefit, whereas other components are still less used by the participants. In addition, there is an indication that New Hope is helping in the creation of a working orientation among participants in the pilot program.

Data used in this preliminary evaluation was generated from the internal-status weekly reports of the staff. Later, that information was tabulated in a data file to be analyzed in a statistical software package. Interviews of the participants were conducted three by phone, and two in person. All of the project representatives were interviewed in person in the facilities of the New Hope Project.

Participant Socio-demographic Characteristics

Since the initation of the project in March 1992, a selection of 50 participants has been constant. After the initial agreement of the original group of participants in July, another participant was included into the pilot, making a total of 51 participants. Also, new participants were included to substitute those who decided to leave or those from whom the staff did not receive required information. The present composition of the participants is 37 females or 72%, and 14 males or 28% of the total. In terms of the racial composition, as seen in

Table I.1, African-Americans composed 78%, Whites 12%, and Latinos 10% of the total number of participants.

Table I.1
Gender by Race

	African-American	Latino	White	Total
Female	29	4	4	37
	56%	8%	8%	72%
Male	11	1	2	14
	22%	2%	4%	28%
TOTAL	40 78%	5 10%	6 12%	51 100%

The participants age structure shows that almost 20% are less than 25 years old, that almost half (47%) are between 26 to 35 years-old; and that more than a quarter (27%) are between 36 to 50 years old. Only three participants are older than 50 years old, representing 8% of the total population. In other words, almost two-thirds of the participants are 35 years old or younger (See Table I.2). Also, it is important to note that of the total female population, almost three-quarters (73.%) are under the age of 35 years old. This suggests that younger women need and use programs such as the New Hope Project. In the case of males, age is normally distributed.

Table I.2
Age Structure of Participants by Gender

	Female	Male	Total	Percent
less than 20	1		1	1.9%
21-25	8	1	9	17.5%
26-30	9	1	10	19%
31-35	9	5	14	27%
36-40	5	3	8	15.5%
41-45	3	2	5	9.8%
46-50		1	1	1.9%
more than 50	2	1	3	7.8%
Total	37	14	51	100%

As seen in Table I.3 below, the level of education of the participants indicates that males tend to be less educated than females. Actually there is an indication that female participants have more education and training beyond high school, since almost half (48%) reported to have some additional education, whereas for males it was only of 21 percent. For the total population of New Hope participants, 12 years of education represented 41.2%, likewise more than 12 years of formal education represented the same 41.2%.

Table I.3
Education of Participants by Gender

Education in years	Female	Male	Total	Percent
9	1		1	2%
10	2	1	3	5.9%
11	4	1	5	9.8%
12	12	9	21	41.2%
13	7	1	8	15.7%
14	10	2	12	23.5%
16	1		1	2%
TOTAL	37	14	51	100%

The location of participants' residence is, by analyzing the data of Zip codes, in the denominated high risk area of the central city. Seven participants live in Zip codes located in the near South Side of Milwaukee whereas the other forty-four live in the North Side.

Family Composition

The participants' family composition shows that of the total New Hope participants, nine have no dependents; 23 have two to three dependent children representing almost half (46%) of the total participants. Those with four to six dependents are 15, representing 30%. And those with more than six dependents are three which represents 6% of the total participants. In terms of the family composition based on race, the majority of African Americans have five or less dependents, for Latinos all have four or less; but, for White the majority have six or more dependents (See Table II.1).

Table II.1
Family Composition by Race

Family Size	African-American	Latino	White	Total	Percent
1	9	0	1	10	19%
2	6	0	0	6	12%
3	12	4	1	17	33%
4	5	1	0	6	12%
5	5	0	1	6	12%
6	2	0	2	4	8%
8	0	0	1	1	2%
9	1	0	0	1	2%
TOTAL	40	5	6	51	100%

In an additional cross-tabulation of family size, gender was included to see what effect it had on the number of family members. Table II.2 below indicates that females are more prone to have extended families than males. Since almost one third of all participants in the program (31.4%) are females with three dependents, this group combined with those in the family size of

two together make 43% of the total population of participants. In addition, females with four or more dependents represent 26% of the total distribution. Of the females in the program, those with two to five children represent 65.5%, showing that almost two thirds of the women in the program have a significant number of dependents (2-5).

Table II.2
Family Size by Gender

Family Size	Female	Male	Total
1	2	8	10
	3.9%	15.6%	
2	6	0	6
	11.8%		
3	16	1	17
	31.4%	1.9%	
4	6	0	6
	11.8%		
5	5	1	6
	9.8%	1.9%	
6	1	3	4
	1.9%	5.8%	
8	1	0	1
	1.9%		
9	0	1	1
		1.9%	
TOTAL	37 72.55%	14 27.45%	51 100%

It is important to note in Table II.3 below, that most of the participants are singled with dependents. In this cross-tabulation of family size by marital status, it is clear that single participants represent almost two-thirds or 63 percent, married at 20 percent, and divorced at 14%. The column labeled of Trans. is for those in a transitional stage of either engaged or separated (two cases or 4%). Also, it is clear that 22 of the 32 single participants, or 69 percent of the single participant cohort, have two to five dependents. Those who are

divorced have from three to five dependents, and those who are married have the greater number of dependents, from three to nine.

Table II.3
Family Size by Marital Status

Family Size	Divorced	Married	Single	Trans.	Total
1	1	0	9	0	10
	1.9%		17.7%		
2	0	0	6	0	6
			11.8%		
3	4	2	9	2	17
	7.8%	3.9%	17.6%	3.9%	
4	1	0	5	0	6
	1.9%		9.8%		
5	1	3	2	0	6
	1.9%	5.9%	3.9%		
6	0	3	1	0	4
		5.9%	1.9%		
8	0	1	0	0	1
		1.9%			
9	0	1	0	0	1
		1.9%			
Total	7 13.7%	10 19.6%	32 62.9%	2 3.9%	51 100%

In Table II.4 below, family size when associated with gender also indicates that females are more likely to be single. Almost two-thirds (65%) of the female participants are single, or 24 participants. Of the total participants, single females represent almost half (47%), divorced represent 12%, and married 10%. For both sexes, singles represent almost two-thirds or 63 percent of the total. Males are also more represented in the single cohort; that is, more than half (57%) of the total males in the program are single.

Table II.4
Marital Status by Gender

Marital Status	Female	Male	Total
Divorced	6	1	7
	11.76%	1.96%	
Married	5	5	10
	9.8%	9.8%	
Single	24	8	32
	47.0%	15.69%	
Trans.	2	0	2
	3.92%		
Total	37 72.55%	14 27.45%	51 100%

Finally, in Table II.5, marital status when associated with race shows that of all African American participants 10 percent are married, 15 percent are divorced, and 72.5 percent are single, making this single group the more representative of all participant characteristics.

Table II.5
Marital Status by Race

Marital Status	African American	Latino	White	Total
Divorced	6	1	0	7
	15%	20%		13.7%
Married	4	2	4	10
	10%	40%	66.7%	19.6%
Single	29	2	1	32
	72.5%	40%	16.7%	62.9%
Trans.	1	0	1	2
	2.5%		2.5%	3.9%
Total	40	5	6	51 100%

Employment Conditions

The employment condition of the participants has registered significant changes. New Hope achieved an increase in employment while decreasing unemployment. Specifically, employment status of the participants as of May 1992 was 24 for 'not working' participants and 26 for 'working' participants. By December 1992, the 24 unemployed participants number was reduced two-thirds, to six; and for the working participants, the number was increased by almost half to 44 working participants.

In Table III.1 below, the employment change in the participants shows changes in full-time and part-time type status of jobs. Participants with a full-time job were 22 in May, but by December the number increased to 41. The number of unemployed declined by 75 percent, from 24 in May to 6 in December. At the beginning of the pilot program, the highest percent of employment condition was 'unemployed'; by the end of December it was 'full-time.'

Table III.1
Employment Change from May to December
1992

	May		December		
Job Status	Total	Percent	Total	Percent	Percent Change
Full time	22	43.14	41	80.39	86.36
Part Time	4	7.84	3	5.88	-25.00
Unemployed	24	47.06	6	11.76	-75.00
Unspecified	1	1.96	1	1.96	
Total	51	100.00	51	100.00	

Of those employed during December, their type of jobs are described in Table III.2. The more recurrent type is the 'clerical' type of job -12 participants- which represents 23.5% (clerical includes receptionist duties, filing or record keeping, and light typing). The category of 'semiskilled' accounts for a 22% or 11 cases respectively (semiskilled are those jobs in which additional training is required to perform the job). Unskilled includes cleaning-janitorial,

kitchen aid, maintenance assistance, and office assistance, this category also represents 22 percent of those working.

Another category with identical frequencies is 'bus driver' and 'cook' which have three participants in each respectively. Other types of employment are child care, light accounting, construction and maintenance, with one participant in each of those categories. It is clear that presently the majority of participants work in the types of jobs that pay reduced wages (See Table III.2).

Table III.2
Employment by Type of Job

Type of Job	Total	Percent
Accounting	1	2%
Bus driver	3	5.9%
Child care	1	2%
Clerical	12	23.5
Construct.	1	2%
Cook	3	5.9%
Maintenance	1	2%
Unemp/unsp	7	13.8%
Semiskilled	11	21.6%
Unskilled	11	21.6%
Total	51	100%

As seen in Table III.3, of those working participants, they work at different types of institutions. As of December 1992, half of the working participants -22 participants- (50.1%) work in some organization within the private sector (manufacturing, retail, or services). Seventeen participants or 35% work in community service jobs, and 6.8% work in the public sector (Milwaukee County Medical Complex or Milwaukee Public Schools).

Table III.3
Place or Sector of Job

Sector	Total	Percent
CSI	17	38.6%
Manufact	4	9.1%
Unspecif.	2	4.5%
Private	7	16%
Public	3	6.8%
Service	11	25%
Total	44*	100%

(*) This number represents the employed participants

Wage Supplement

In analyzing the importance of wage supplement, it is critical to understand the relationship with AFDC received by the participants. Table IV.1 shows that female participants are more likely to receive AFDC; of all of those receiving it, females account for three-fifths or 59%. But in the total female cohort, those receiving AFDC represent more than three-quarters (81%). For the male group, only two received AFDC, whereas eleven male participants were not receiving aid or 78.6%.

Table IV. 1
AFDC by Gender of Participants

AFDC	Female	Male	Total
Yes	30	2	32
Row Pct. Col Pct.	59% 81%	4% 14.3%	63%
No	7	11	18
Row Pct. Col Pct.	13.7% 18.9%	21.6% 78.6%	35.2%
TOTAL	37	14	50*
Total Pcts.	72.5% 100%	28.5% 100%	100%

(*) one case was defined as in transition.

Because of the number of cases of females receiving AFDC, it is critical that they have a possibility to improve their family conditions. And since single females with dependent children account for almost 80 percent of the female group, it is no surprise that the same group receives a wage supplement from New Hope. By analyzing the allocation of wage supplement, it is clear that the New Hope project directly helps the social groups that are more at risk.

As seen in Table IV.2 below, females receiving wage supplement are 30 or almost two-thirds (59%) of the total participants; related to their female cohort they represent more than three-quarters (79%). This table also shows that eight males or 15.7% of the total number of participants receive a wage

supplement. Of the total number of participants three-quarters (74.5%), that is 38 received wage supplement. The data of this table was reported in the last wage supplement report as of December 31, 1992.

Table IV. 2
Wage Supplement by Gender

Wage Supplement	Female	Male	Total
Yes	30	8	38
Row Pct.	58.8%	15.7	74.5%
Column Pct.	79%	21%	
No	5	2	7
Row Pct.	9.8%	3.9	13.7
Column Pct.	13.5%	14.2%	
Unsp/other	2	4	6
Totals	37	14	51
	100%	100%	100%

In Table IV.3 the configuration overtime of the wage supplement is shown. Data indicates that allocation of wage supplement is consistent with families of an average of 4 dependents. In the original distribution, the family size ranges from 2 to 9 dependents, '3 dependents' being the most frequent category. From August to November, the number of participants receiving wage supplement almost doubled (83%).

In addition, the wage allocation has been approximately constant; its variation is less than 30%. Finally, the average wage per family has declined, so that even when the number of participants receiving wage supplement increases, the cost is not increased proportionally.

Table IV.3
Wage Supplement Composition
August to November

	August	September	October	November
Num. Particpants	17	23	23	31
% change		35.2%	NC	34.8%
Average Family Size	4.53	4.3	4.04	3.9
New Hope Wage	$7,177	$9,189	$7,208	$8,988
% change		28%	-21.6%	24.7%
Average Wage per Family	$422	$400	$313	$290

Health Insurance and Child Care

The additional components or benefits provided by the New Hope Project to its participants such as health insurance and child care are still in the process of development and utilization. As of October 1992, eleven participants (24%) received health insurance through New Hope, by the end of the year were 13 or more than a quarter of all participants (25.5%). More information is needed to establish the characteristics of those who use this benefit, as well as the nature of usage (See Tables V.1 and V.2).

Table V.1 below shows that participant users of child care, as of October were 10% of the total. In the distribution of data (Nov. 1992) 22 participants or 43% have 'no use' for child care services. Also in that data, 19 participants were in the category of other which by the number of children suggests that there are private arrangements for the provision of this need. As in the health insurance case, more conclusive data need to be compiled to determine the age composition of dependents and the need for child care.

Table V.1
Health Insurance and Child Care Use

New Hope Components	Total	Percent	Cost per Participant*
Health Insurance	11	24%	$268
Child Care	3	10%	$104

* As calculated to October 1992. Substantial variations are expected due to changes in the needs of the participants.

In a closer view of the health supplement provided by New Hope at the end of 1992, it seems that New Hope is increasing its provision of health coverage to participants. In table V.2, it is shown that Title XIX still provides more health

coverage for the participants; however, New Hope provides for a quarter of them -13 participants- (25.5%). In addition, the increased number of participants working account for the fact that 12 percent of the participants are covered by the employer's health benefits.

Table V.2
Health Insurance Usage

	Total	Percent
Employer	6	11.76%
Title XIX	27	52.94%
New Hope	13	25.49%
Unespec.	5	9.80%
Total	51	100%

Staff Interviews

As part of the initial evaluation methodology, the evaluation consultant interviewed all the New Hope staff. Following is a preliminary report of the results of those interviews.

The staff is competent and experienced in attending the needs of at-risk population. Staff members can draw on their comparable backgrounds as they work with participants professionally. To have a staff identified with the socioeconomic and racial composition of the participants facilitates the interaction and communication between them. The evaluator was able to witness several telephone calls and semi-private consulting sessions in which social, cultural, and racial gaps were virtually inexistent.

Case workers -project representatives- are assigned to a specific number of cases that require total immersion in the conditions of the participant and his/her family, as well as the strategic and tactical decisions to 'break the tie.' Their views on the condition of operation of the program range from the daily operations to the strategic ones. They are concerned about potential resistance from candidates to participate in the project. For them part of the problem is the way in which the program is introduced to the participants, "...not as a penalizing process, but rather as an opportunity to growth." The most recurrent themes during the interviews were the wage supplement administration, the potential for training opportunities, and the obtention of health insurance.

On the wage supplement, a staff member stated: "...the wage supplement is the most important component, because it's immediate and real." Another staff member agreed that the wage is important, but added that also it is the way participants interpret it, "...not as an -either or- option, but rather as a control mechanism of their lives." All staff agreed that wage supplement needs to be restructured in an attractive form that does not cause a 'sense of disincentive.'

On the training side, staff members expressed some urgency in knowing in advance [from the employers] the potential requirements for hiring. This is a prerequisite for the training referral that would be eventually needed. Since community based organizations are employers of participants, staff argued that training could be the key to upgrading participants' skills. In addition, there is a sense of compromise with the CBOs in order to help the participants to create an adequate work history. According to one staff member, "...there is a sense among many participants that CSJ [Community Service Jobs] jobs in the community lack impact in the real world, that jobs in the agencies provide no

useful benefit in the labor market. Part of the problem is that CBOs see them as just temporary workers." This perception needs to be addressed soon between New Hope and community agencies participating in the project.

Finally, the staff mentioned that health insurance needs to be repackaged with some benefits to make it more attractive, especially to the single participant with two or more dependents.

Participant Interviews

Five participants were interviewed; three were inteviewed by telephone (Nov. 27), and the other two in personal interviews (Nov. 25 and 27). Three of the interviewed participants are considered as 'inactive' since they have not had any recent contact with the program representative.

The three participants considered as inactive provided a complete set of answers. When asked "why did you stop participating in the program?", all three said that "because he/she felt he/she does not need the program anymore." All are currently employed full-time in their respective jobs. Only one expressed some problems in working with the community agencies. The three gave high marks to the program. They rated the program as 'beneficial', 'useful', and 'professional.' No specific reason was given to explain their lack of communication with their program representative. This can be interpreted as a stage in which the person considers the agency or program as a part of the 'forgivable past.' Only one of the three mentioned that he/she has been unable to contact the program representative despite leaving messages.

Of the two in-person interviews, their answers provide a good approach to examining their assessment of New Hope. Both see the program as a step towards a serious professional carrer. They have received AFDC and agreed that they 'do not like the system.' Both expressed some concern about the future. Following is one respondent's answer:

> "... [W] ell, I don't know what to expect. I feel that this program is very complete, it really helped me to gain confidence in myself. I am gaining some work history and also some experience. I really like the environment of my work. But it seems to me that New Hope is experimental, and to be honest , I don't know what to do. I don't like that."

For the other participant, his/her overall assessment of the program is positive. However, the participant expressed some concerns about the way

some of the New Hope benefits are implemented. In particular, the participant dislikes a cut in the money [wage supplement] received from New Hope recently. She expressed:

> "...I understand that sometimes agencies have a job to do. But if it is related to money, it is important to give a warning to the person well in advance. In my case I was counting on a specific amount and I was shocked when I learned that I had a cut in my money. It really hurt me a lot, because I had to find the money to pay my bills. Some warning would have helped me."

Training was mentioned by both participants as a possibility to leave the 'system,' and asked for the reassurance that the program "is not going to disappear next week."

Conclusions and Recommendations

Conclusions

The pilot stage of the New Hope Project, according to the data available, indicates that the goals for this phase are satisfied. In fact, it is clear that the population attended by the project corresponds to the original targeted population; in particular, female-single-with dependents. Services provided by New Hope match the typology of needs of poor populations in central city districts. Health insurance and child care are benefits in developmental stage, more information needs to be gathered to understand their importance to the participants.

In terms of employment conditions, the wage supplement seems to be a successful benefit of the program to orient participants to work. Community service jobs also seem to have an impact in the philosophy of work for many participants. Actually, the number of participants working has increased in the original group; in fact, of those who worked at the initiation of the program, almost twice as many of them now work. In addition, more participants are working in full-time jobs. Consequently, New Hope helps to decrease the number of participants who are unemployed. More data are needed to examine factors related to a positive working philosophy.

Staff and program coordination have operated effectively by articulating the progress of participants from the initiation of the project to the present stage.

Interviewed participants expressed complacency and satisfaction for the services received. In the complete evaluation component, participants need to be interviewed in order to assess their experience and satisfaction with the program.

Recommendations

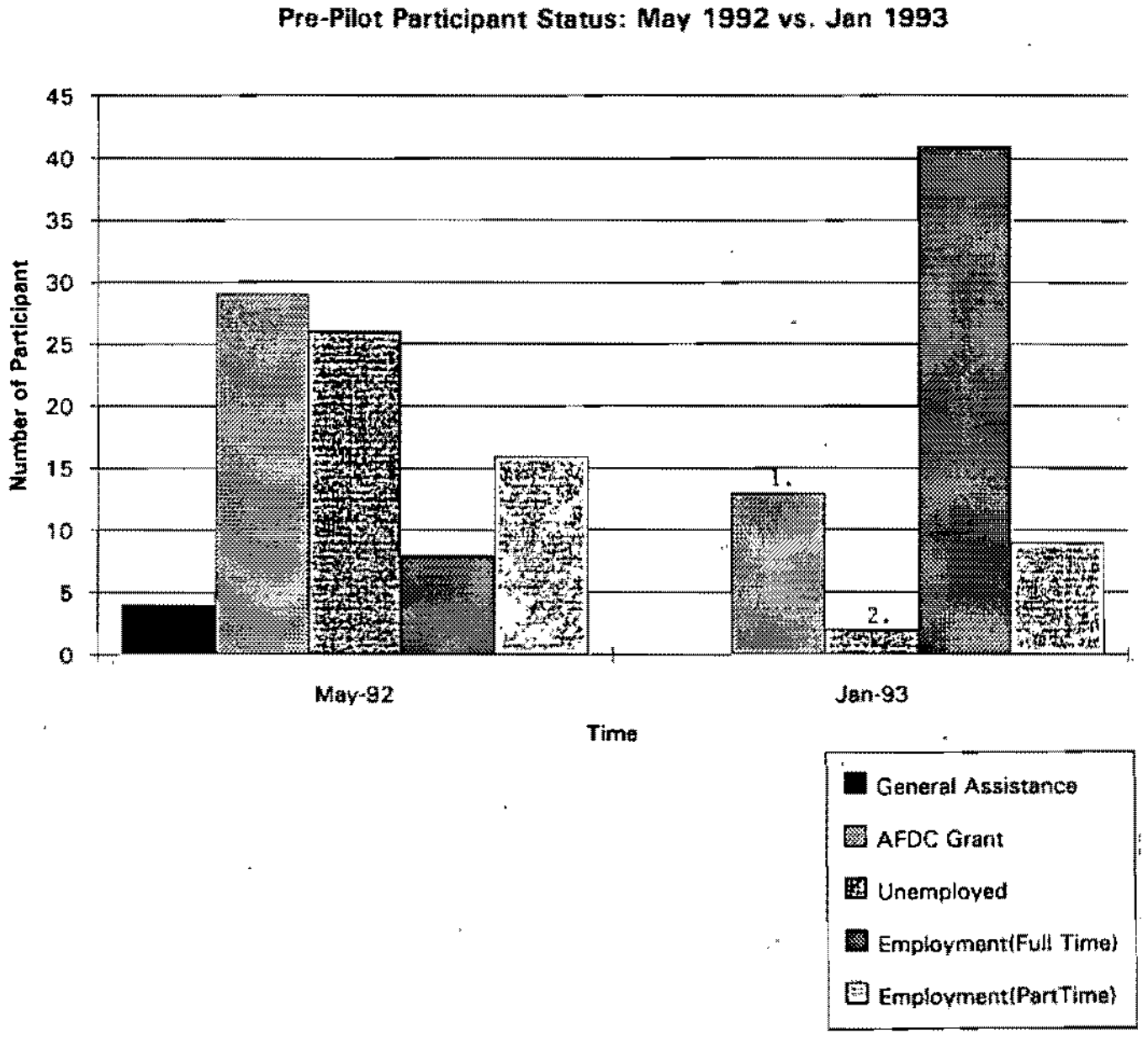
*There is a need for the standardization of the forms and their use. Weekly data reports should be concentrated in a monthly report to facilitate analysis. In the monthly concentrated form, a column-part needs to be created to include the hourly wage of those participants working. In addition, the type of job performed and the employer's characteristics are needed to assess labor market participation of all participants working.

*The importance of motivation, self-esteem, and satisfaction with the services provided by New Hope need to be addressed thoroughly in the complete pilot-program evaluation.

*Due to the present size (51) of the total number of participants, a complete qualitative analysis is advisable. This method would include two components: an in-depth interviewing with the participants, staff and directors; and a participant observation section during general meetings of participants, staff interviews, and follow-up sessions.

*It is also important to establish the degree of interaction and effectiveness with the community based organizations, since they are employers for many participants. An assessment of the degree of satisfaction of those participants working in community service jobs is needed.

New Hope Project Pre-Pilot Status



1. Since participants are employed, amount of AFDC grant is frequently reduced. Most January 1993 grants are for participants who will soon receive no grant due to their employment.

2. Unemployed participants are in 3-week, supervised job search.

3. Of the original 50, seven have left the program by their own decision. More than half of the seven were working when they discontinued participation. Of the current 52, nine of them have come in since the programs' inception.

NEW HOPE PROJECT
COST ANALYSIS (2/93)

	CURRENT COST				PROJECTED FULL SCALE OPERATION COST			
	%	Annualized	Per Participant (52)	Per Person in Partici-pant Family (174)	%	Annualized	Per Participant (600)	Per Person in Partici-pant Family* (2,008)
Management	40%	$309,660	$ 5,955	$1,780	8%	$ 386,328	$ 644	$ 192
Evaluation	0%	0	0	0	8%	384,000	640	191
Program Admin.	15%	114,420	2,200	658	3%	133,956	223	67
Program	45%	349,080	6,713	2,006	81%	3,730,704	6,218	1,858
TOTAL	100%	$773,160	$14,868	$4,443	100%	$4,634,988	$7,725	$2,308
DETAIL PROGRAM EXP.								
Wage Supplement	31%	$108,612	$ 2,089	$ 624	29%	$1,080,000	$1,800	$ 538
Health Care	8%	26,592	511	153	12%	432,000	720	215
Child Care	3%	11,556	222	66	8%	291,600	486	145
C.S.J. Wages	40%	140,940	2,710	810	42%	1,576,800	2,628	785
Program Personnel and Fees	18%	61,368	1,180	353	9%	350,304	584	174
TOTAL	100%	$349,068	$ 6,713	$2,006	100%	$3,730,704	$6,218	$1,858

*Based on current family composition remaining same for expanded group.

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PROCEEDINGS AND DEBATES OF THE 102d CONGRESS, SECOND SESSION

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Senate

SEC. 7184. NEW HOPE DEMONSTRATION PROJECT.

(a) IN GENERAL.—The Secretary of Health and Human Services (hereafter referred to in this section as the "Secretary") shall provide for a demonstration project for a qualified program to be conducted in Milwaukee, Wisconsin, in accordance with this section.

(b) PAYMENTS.—For each calendar quarter in which there is a qualified program approved under this subsection, the Secretary shall pay to the operator of the qualified program, for no more than 20 calendar quarters, an amount no greater than the aggregate amount that would otherwise have been payable to the State with respect to participants in the program for such calendar quarter, in the absence of the program, for cash assistance and child care under part A of title IV of the Social Security Act, for medical assistance under title XIX of such Act, and for administrative expenses related to such assistance.

(c) DEMONSTRATION PROJECT DESCRIBED.—For purposes of this section, the term "qualified program" means a program operated—

(1) by The New Hope Project, Inc., a private, not-for-profit corporation incorporated under the laws of the State of Wisconsin (referred to in this section as the "operator"), which offers low-income residents of Milwaukee, Wisconsin, employment, wage supplements, child care, health care, and counseling and training for job retention or advancement; and

(2) in accordance with an application submitted by the operator of the program and approved by the Secretary based on the Secretary's determination that the application satisfies the requirements of subsection (d).

(d) CONTENTS OF APPLICATION.—The operator of the qualified program shall provide, in its application to conduct a demonstration project for the program, that the following terms and conditions will be met:

(1) The operator will develop and implement an evaluation plan designed to provide reliable information on the impact and implementation of the program. The evaluation plan will include adequately sized groups of project participants and control groups assigned at random.

(2) The operator will develop and implement a plan addressing the services and assistance to be provided by the program, the timing and determination of payments from the Secretary to the operator of the program, and the roles and responsibilities of the Secretary and the operator with respect to meeting the requirements of this paragraph.

(3) The operator will specify a methodology for determining expenditures to be paid to the operator by the Secretary, with assistance from the Secretary in calculating the amount that would otherwise have been payable to the State in the absence of the program, pursuant to subsection (b).

(4) The operator will issue an interim and final report on the results of the evaluation described in paragraph (1) to the Secretary at such times as required by the Secretary.

(e) EFFECTIVE DATE.—This section shall take effect on the first day of the first calendar quarter that begins after the date of enactment of this Act.

THE NEW HOPE PROJECT: BLUEPRINT FOR THE FUTURE

PROGRAM ORIGIN

Developed by Congress for a Working America, a non-profit organization in July, 1985.

New Hope is now administered by a 23-person board of directors with broad-based representation by business, labor, education, religion, government and persons directly affected by poverty. The board is chaired by Thomas Schrader, president and chief executive officer of Wisconsin Gas Company.

INDEPENDENCE VERSUS DEPENDENCE

New Hope tests the theory that people on welfare will choose work over welfare and unemployment if given the opportunity to work, the chance to receive a decent wage, adequate healthcare and child care.

New Hope also addresses perhaps the hardest hit population segment—the working poor by offering a competitive wage and appropriate health and child care benefits so they will not fall back into welfare dependency.

PROGRAM OBJECTIVE

To change federal and state welfare and poverty policies by demonstrating that employment and work-based income and supporting services are a better, more humane, more cost effective way to deal with poverty and joblessness than the current welfare system.

HOW NEW HOPE WORKS

New Hope will select 800 households in two Milwaukee neighborhoods, one on the north side and one on the south side.

The project will offer poor people in these neighborhoods, whether receiving public assistance or not, the opportunity to choose to work full-time.

New Hope will provide help in securing private sector jobs.

New Hope will provide help in securing community service jobs if aggressive efforts to secure conventional private sector employment do not succeed.

New Hope will provide wage supplements for full-time workers whose wages are below the official poverty line, up to 115% of poverty.

New Hope will provide health care and child care coverage to allow people to secure long-term, career oriented work.

ADMINISTRATION

New Hope will be run by a full-time director beginning in 1992.

Administrative costs will stay at 10% or less of budget.

Congress For a Working America (CFWA) will be the staffing agent for the 50-person pilot.

New Hope director will work with existing agencies such as CFWA, the Private Industry Council and other community-based organizations to assist in private sector job placement.

NEW HOPE TIMETABLE

The project will be spread over a five year period with final design in 1991, a pilot phase then full implementation in 1992, 1993, 1994 and project completion and evaluation in 1995.

RESEARCHED AND ENDORSED

The New Hope concept has undergone intense scrutiny by think tanks, politicians, experts in the field of social policy, educators, business people, community leaders and people receiving some form of government assistance.

These diverse groups have come to the conclusion that New Hope offers a unique and important alternative to welfare and unemployment.

Feasibility reviewed by a Greater Milwaukee Committee Task Force, July 1990.

A panel of seven experts in the field of social policy concluded that New Hope is "a unique intervention with the potential of identifying important approaches to poverty reduction and welfare replacement."

Eleven academic experts from the Robert M. La Follette Institute of Public Affairs found that New Hope contains a unique set of program provisions and provides a stronger work test than 60 previously tested welfare reform programs.

FUNDING NEW HOPE

The total cost of the program is $15.5 million, with the bulk of the funds needed for the implementation years, 1992-1994.

The sources of these funds will be split between the public and private sector.

Approximately $8 million of federal funds will flow through the State of Wisconsin.

The state of Wisconsin has allocated $550,000 over the 1991-93 biennium for New Hope. Release of these funds are dependent upon a matching commitment from another funding source. Additional state funds will be sought in the next biennium.

The city of Milwaukee has earmarked $500,000 toward the Milwaukee Community Service Corp. for community service jobs for New Hope.

Private funds totaling about $10 million are needed from both local and national sources.

An immediate funding need of $500,000 is required so a pilot program with 50 people can begin in the first quarter of 1992.

BENEFITS TO BUSINESS

New Hope will identify workers at a time when shortages of qualified job candidates are predicted.

New Hope could replace expensive deferred and emergency medical care with normal preventive health care, and possibly reduce medical expense paid by tax funds.

Reduce welfare support paid by tax funds as people move from complete welfare support to at least partial, then full self-sufficiency.

Reduce expense of bureaucracy to deliver public assistance due to consolidation/coordination under New Hope concept.

BENEFITS TO THE COMMUNITY

Anti-poverty concepts could reshape the structure and administration of assistance provided by the state.

Promotes the value of people and their capabilities.

Potential to improve the quality of life for hundreds of Milwaukee area residents.

Invests public dollars in developing people as productive members of the workforce.

Community service jobs will add value to Milwaukee by doing work that is not now being done.

Reduce expenses to treat urban problems caused by poverty.

Positive national attention for Milwaukee and Wisconsin due to being the model for national policy change.

Redirect dollars away from some of the current welfare and criminal justice categories toward investment in our greatest natural resource—people.

NEW HOPE PROJECT, INC. BOARD OF DIRECTORS

Thomas Schrader, New Hope chair, President & Chief Executive Officer, Wisconsin Gas Company.

Miguel Berry, Director, Milwaukee Enterprise Center-South.

Thomas Brophy, Director, Milwaukee County Health & Human Services.

Artie Brown, Member, Congress For a Working America.

Chris Crawley, Executive Director, Congress For a Working America.

Charlie Dee, Instructor, Milwaukee Area Technical College.

Dr. Howard Fuller, Superintendent, Milwaukee Public Schools.

Steve Graff, Managing Partner, Arthur Andersen & Co.

Donna Ishiman, Member, Congress For a Working America.

John MacIver, Senior Partner, Michael, Best & Friedrich.

Rt. Reverend Patrick Matolengwe, Dean of All Saints Cathedral, Interfaith Conference of Greater Milwaukee.

David Meissner, President & Chief Executive Officer, Barkin, Paulsen, Meissner & Kimball, Inc.

Ameenah Muhammed, Project Director, Women Rising—Rosalie Manor, Inc.

John Parr, District Council 48, AFSCME.

Roger Peirce, President, Super Steel Products Corp.

David Riemer, Director, Milwaukee Department of Administration.

Linda Stewart, Assistant State Director, Wisconsin Board of Vocational, Technical & Adult Education.

Six additional board seats are reserved for participants from the New Hope target neighborhoods.

8. Payments to certain private aid programs

PRESENT LAW

No provision.

HOUSE BILL

The House bill requires reimbursement of a qualified private demonstration program (defined as a program operated and evaluated in the same manner as The New Hope Project, Inc., a private, not-for-profit corporation in Milwaukee, Wisconsin) with some of the aggregate savings in AFDC and Medicaid payments that are estimated by the Secretary of HHS to result from operation of the program. The payment per participant would be the lesser of $20 per day or 95 percent of estimated daily average aggregate savings. In order for a program to qualify, it has to provide low-income residents with employment, wage supplements, child care, health care, and counseling and training for job retention or advancement. It also is required to submit an annual report to the Secretary of HHS.

Effective date: The House provision is effective on the first day of the first calendar quarter that begins after the date of the enactment.

SENATE AMENDMENT

The Senate amendment allows the Secretary to provide for a demonstration project for a qualified program to be conducted in Milwaukee, Wisconsin. A qualified program is defined as a program operated by the New Hope Project, Inc., a private not-for-profit corporation in Milwaukee, which offers low-income residents employment, wage supplements, child care, heath care, and counseling and training for job retention or advancement.

The Secretary is required to make payments for no more than 20 quarters, in an amount no greater than the aggregate amount that would otherwise have been payable to the State with respect to participants in the program, in the absence of the program, for cash assistance and child care under Title IV-A and medicaid, and for administrative expenses for these programs.

The operator of the program must provide in the application that the following conditions will be met: (1) the operator will implement an evaluation plan designed to provide reliable information on the impact and implementation of the program, that will include adequately sized groups of participants and control groups assigned at random; (2) the operator will develop and implement a plan addressing the services and assistance to be provided by the program, the timing and determination of payments from the Secretary to the operator of the program, and the roles and responsibilities of the Secretary and the operator with respect to meeting specified requirements; (3) the operator will specify a methodology for determining expenditures to be paid to the operator by the Secretary, with assistance from the Secretary in calculating the amount; and (4) the operator will issue an interim and final report on the results of the evaluation of the program at such times as required by the Secretary.

Effective date.—The Senate amendment is effective on the first day of the first calendar quarter that begins after the date of enactment.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment, modified to make clear that reimbursement to the program shall be *equal* to the aggregate amount that would otherwise be payable to the State in the absence of the program, and to provide that expenses of the program relating to evaluation will qualify for 50 percent Federal matching.

F. SUPPLEMENTAL SECURITY INCOME (SSI)

1. Effect on SSI benefits when spouse or parent is absent due to military service

PRESENT LAW

If the parent or spouse of family members who receive Supplemental Security Income (SSI) payments resides in the household and then is required to be absent from the household because of an active military duty assignment, this absence can cause the family members to lose benefits or eligibility for SSI. This is because absence from the household causes more of the income of the absent member to be attributed to those receiving SSI in the household. Also, if the military duty assignment involves armed conflict, the service member may receive hazardous duty pay. This additional income, if sent back to the household, can also reduce the SSI payments or cause ineligibility of family members.

HOUSE BILL

The House bill (1) requires that a spouse or parent who is absent from an SSI household solely because of a military assignment is deemed to be still living in the household, and (2) excludes certain hazardous duty pay from countable income under the SSI program.

Effective date.—The House provision is effective on the first of the second month that begins after the date of enactment.

SENATE AMENDMENT

Same as House bill.

CONFERENCE AGREEMENT

The conference agreement follows the House bill and the Senate amendment.

2. SSI eligibility for children of armed forces personnel in Puerto Rico and U.S. territories

PRESENT LAW

SSI benefits are generally continued for children who are U.S. citizens and who accompany their parents on U.S. military assignments to foreign countries. Benefits do not continue if the parents are stationed in Puerto Rico or in the territories or possessions of the United States.

HOUSE BILL

No provision.

SENATE AMENDMENT

The Senate amendment continues SSI benefits to children who are U.S. citizens if they received SSI benefits in the United States and then accompany their parents on U.S. military assignment to Puerto Rico or territories or possessions of the United States.

Effective date.—October 1, 1992.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment, effective upon enactment.

3. Definition of disability for children under age 18 applied to all individuals under age 18

PRESENT LAW

The SSI law provides a definition of disability applicable to children. The SSI program defines a child as someone who is under age 18, except for individuals under age 18 who are married or are heads of household.

HOUSE BILL

The House bill extends the SSI childhood definition of disability to any person under age 18.

Effective date.—October 1, 1992.

SENATE AMENDMENT

Same as House bill.

CONFERENCE AGREEMENT

The conference agreement follows the House bill and the Senate amendment, effective with respect to disability determinations made on or after enactment.

4. Valuation of in-kind support and maintenance when there is a COLA

PRESENT LAW

A person who lives in the household of another person and receives in-kind support and maintenance from the householder must have his or her Federal SSI benefit reduced by one-third of the Federal benefit. Regulations provide for a "presumed maximum value" for measuring in-kind support and maintenance for a person who lives in his or her own household and receives in-kind support and maintenance, or lives in another person's household and receives food or shelter, but not both. This "presumed maximum value" is one-third of the Federal SSI benefit plus $20 per month (the amount of the unearned income exclusion from countable income).

Under the 2-month retrospective accounting principle that generally governs SSI benefit calculations, SSI benefits are determined after looking at the income in the second preceding month. In this system, an individual's countable income in the second month before the current month is used to determine the SSI benefit for the current month.

As a result of this use of retrospective accounting, the presumed value of in-kind support is not increased at the time an annual cost-of-living adjustment (COLA) to SSI benefits takes effect. Each time SSI benefits are increased by a COLA, SSI benefits for January and February are calculated using the increased value, but the reduction in benefits for receipts of support and maintenance in-kind is made on the lower pre-COLA Novem-

(ii) increasing family self-sufficiency at or above the Federal poverty level to the greatest extent possible;

(F)(i) the programs and policies as the Secretary, in consultation with the Board, determines are necessary to meet the goals for each of the 5 years; and

(ii) such recommendations for legislation, which shall not include proposals to reduce eligibility levels or impose barriers to program access, as the Secretary may determine to be necessary or desirable to reduce welfare dependency; and

(G) interim goals for reducing the proportion of children, and families with children, who are recipients of aid to families with dependent children to 10 percent of families with children, adjusted for economic conditions.

(4) SUBMISSION.—The Secretary shall submit such a report not later than 3 years after the date of the enactment of this section, and annually thereafter, to the committees specified in subsection (c)(2)(C). The report shall be transmitted during the first 60 days of each regular session of Congress.

SEC. 1386. EXTENSION OF DEMONSTRATION TO EXPAND JOB OPPORTUNITIES.

Section 505 of the Family Support Act of 1988 (42 U.S.C. 1315 note; 102 Stat. 2404) is amended—

(1) in subsection (e), by striking "3-year period" and inserting "5-year period";

(2) in subsection (f)(2), by striking "January 1, 1993" and inserting "January 1, 1994"; and

(3) in subsection (g), by striking "1991, and 1992" and inserting "1991, 1992, 1993, and 1994".

SEC. 1387. EARLY CHILDHOOD DEVELOPMENT PROJECTS.

Section 502(c) of the Family Support Act of 1988 (42 U.S.C. 1315 note; 102 Stat. 2402) is amended by inserting ", and not to exceed $3,000,000 for each of the fiscal years 1993 through 1997" before the period.

SEC. 1388. EXTENSION OF NATIONAL COMMISSION ON CHILDREN.

(a) IN GENERAL.—Section 1139(e)(1)(A) (42 U.S.C. 1320b-9(e)(1)(A)) is amended by striking "March 31, 1991" and inserting "December 31, 1992".

(b) AUTHORITY.—Notwithstanding any other provision of law, the National Commission on Children shall terminate on December 31, 1992. The Commission shall retain the authority provided to such Commission on the date of the enactment of section 1139 of the Social Security Act (42 U.S.C. 1320b-9) until December 31, 1992. The Executive Director and staff of such Commission shall have a reasonable period of time, not to extend beyond March 31, 1993, to conduct those activities that have been determined by the Chairman of the Commission to be required to close down the operations of the Commission.

SEC. 1389. SECRETARIAL REPORT ON THE DIFFERENCES IN PROGRAM RULES UNDER THE FOOD STAMP PROGRAM, AID TO FAMILIES WITH DEPENDENT CHILDREN, AND MEDICAID PROGRAMS.

(a) IN GENERAL.—No later than 6 months after the date of the enactment of this section, the Secretary of Health and Human Services and the Secretary of Agriculture shall jointly submit to the President and the Congress a report which includes—

(1) the rules which govern the food stamp program operated under the Food Stamp Act of 1977, the program of aid to families with dependent children under part A of title IV of the Social Security Act, and the program of medical assistance under title XIX of the Social Security Act;

(2) how the rules differ across such programs;

(3) which of the rules under such programs require statutory action in order to achieve complete uniformity with respect to such programs (including specific statutory citations); and

(4) which of the rules could be made uniform without statutory action.

(b) RULES TO BE EVALUATED.—

(1) IN GENERAL.—The rules to be evaluated in the report required by subsection (a) shall include all rules related to administrative procedures (described in paragraph (2) of this subsection), definitions of countable income, definitions of income disregards and exemptions, quality control sanctions and incentives, financial and other incentives to combat fraud, work and training requirements and programs, and the program under part D of title IV of the Social Security Act. Income eligibility levels shall be excluded from such report.

(2) ADMINISTRATIVE PROCEDURES DEFINED.—The administrative procedures to be evaluated in the report required by subsection (a) include procedures governing—

(A) quality control error measurements;

(B) the effective dates by which State and local agencies must implement rule changes;

(C) verification of applicant or recipient circumstances;

(D) establishment of claims for overpayment;

(E) recipient reporting requirements;

(F) income budgeting methods for applicants and recipients;

(G) eligibility redeterminations;

(H) hearings for those aggrieved by a State or local agency decision on eligibility or benefits;

(I) determinations of citizen or alien status;

(J) time limits for processing applications; and

(K) response time and other requirements with respect to notices to recipients affecting their eligibility or benefits.

(c) COORDINATION WITH REPORT OF THE ADVISORY COMMITTEE ON WELFARE SIMPLIFICATION AND COORDINATION.—The Advisory Committee on Welfare Simplification and Coordination, established by section 1778 of the Food, Agriculture, Conservation, and Trade Act of 1990, shall consider the content of the report required under this section in the preparation of the Committee's report. This section shall not be construed to extend the deadline for submission of the Committee's report specified in section 1778(e) of such Act.

SEC. 1390. NEW HOPE DEMONSTRATION PROJECT.

(a) IN GENERAL.—The Secretary of Health and Human Services (in this section referred to as the "Secretary") shall provide for a demonstration project for a qualified program to be conducted in Milwaukee, Wisconsin, in accordance with this section.

(b) PAYMENTS.—For each calendar quarter in which there is a qualified program approved under this subsection, the Secretary shall pay to the operator of the qualified program, for no more than 20 calendar quarters, an amount equal to the aggregate amount that would otherwise have been payable to the State with respect to participants in the program for such calendar quarter, in the absence of the program, for cash assistance and child care under part A of title IV of the Social Security Act, for medical assistance under title XIX of such Act, and for administrative expenses related to such assistance. In calculating the amount of such payment, the expenses of the program incurred in evaluating the effects of the program may be treated as amounts necessary for the proper and efficient administration of the program, for purposes of part A of title IV, and title XIX, of such Act.

(c) DEMONSTRATION PROJECT DESCRIBED.—For purposes of this section, the term "qualified program" means a program operated—

(1) by The New Hope Project, Inc., a private, not-for-profit corporation incorporated under the laws of the State of Wisconsin (in this section referred to as the "operator"), which offers low-income residents of Milwaukee, Wisconsin, employment, wage supplements, child care, health care, and counseling and training for job retention or advancement; and

(2) in accordance with an application submitted by the operator of the program and approved by the Secretary based on the Secretary's determination that the application satisfies the requirements of subsection (d).

(d) CONTENTS OF APPLICATION.—The operator of the qualified program shall provide, in its application to conduct a demonstration project for the program, that the following terms and conditions will be met:

(1) The operator will develop and implement an evaluation plan designed to provide reliable information on the impact and implementation of the program. The evaluation plan will include adequately sized groups of project participants and control groups assigned at random.

(2) The operator will develop and implement a plan addressing the services and assistance to be provided by the program, the timing and determination of payments from the Secretary to the operator of the program, and the roles and responsibilities of the Secretary and the operator with respect to meeting the requirements of this paragraph.

(3) The operator will specify a methodology for determining expenditures to be paid to the operator by the Secretary, with assistance from the Secretary in calculating the amount that would otherwise have been payable to the State in the absence of the program, pursuant to subsection (b).

(4) The operator will issue an interim and final report on the results of the evaluation described in paragraph (1) to the Secretary at such times as required by the Secretary.

(e) EFFECTIVE DATE.—This section shall take effect on the first day of the first calendar quarter that begins after the date of enactment of this Act.

JOHN O. NORQUIST
MAYOR

OFFICE OF THE MAYOR
MILWAUKEE, WISCONSIN

February 11, 1993

TO: Donna Shalala, Secretary
Department of Health and Human Services

FROM: John O. Norquist, Mayor
City of Milwaukee

RE: Additional DHHS Funding for the New Hope Project

The New Hope Project amendment approved last year by Congress (but vetoed because of its inclusion in a tax bill objectionable to former President Bush) will soon be re-introduced in Congress and attached to a bill likely to be easily adopted and approved by President Clinton. That amendment provides for DHHS to calculate the federal AFDC and Medicaid savings that result from the enrollment of persons in the New Hope Project and allocate an equal amount directly to New Hope.

I am requesting that, in addition to supporting this amendment as it moves through Congress and finds its way to the President, you grant discretionary DHHS funds to the New Hope Project in an amount equal to the other federal program savings and revenue gains resulting from New Hope.

When AFDC recipients and other low income persons enroll in the New Hope Project, federal expenditures in programs other than AFDC and Medicaid are reduced. Food Stamp costs go down. Housing subsidies go down. Furthermore, at least two kinds of federal revenue--Social Security tax receipts (both basic Social Security and Medicare) and income tax receipts--go up. It should be possible, if the expertise of DHHS is coordinated with that of New Hope's evaluation firm (MDRC), to come up with a fair estimate of the additional federal savings plus new federal revenues.

My proposal, thus, is that in addition to implementing the original New Hope amendment's allocation of projected AFDC and Medicaid savings to the New Hope Project, you direct the appropriate DHHS officials to provide New Hope with a dollar amount that equals all other federal program savings plus the new federal revenues that flow from New Hope.

While the technical application of current federal law may not treat this arrangement as a complete dollar-for-dollar offset, in real terms it is a fiscal "wash." Uncle Sam, i.e., the federal government as a whole, will incur no actual net cost.

Thank you for your consideration of this proposal.

City Hall, 200 E. Wells Street, Milwaukee, Wisconsin 53202. Telephone: (414) 278-2200