Administering an Effective Family Self-Sufficiency Program:

A Guidebook Based on Evidence and Promising Practices

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U.S. Department of Housing and Urban Development
Office of Public and Indian Housing

Preface

The Family Self-Sufficiency (FSS) Program is a critical component of HUD's overall efforts to help Housing Choice Voucher holders and residents of public housing and Project-Based Rental Assistance (PBRA) make progress toward economic security. FSS helps participants increase their earnings and build financial capability and assets through two key features which build on the platform of stable housing created by rental assistance:

- A **financial incentive** for participants to increase their earnings in the form of an escrow savings account that increases as participants' earnings increase. The escrow account helps participants build savings that they can use to improve their quality of life and advance their personal goals. Escrow funds can also help participants cover the cost of services that may be needed to make progress toward goals while enrolled in the program, such as employment training or car repairs.
- **Case management or coaching** to help participants access services they may need to overcome barriers to employment, strengthen their financial capability, and address other challenges holding them back from achieving their goals.

This guidebook ***– Administering an Effective Family Self-Sufficiency Program: A Guidebook Based on Evidence and Promising Practices*** – provides practical hands-on guidance on how to run an effective FSS program. By applying the promising practices described in this guidebook to their local FSS programs, FSS program coordinators can strengthen their programs to provide more effective assistance to FSS participants, helping participants to successfully achieve their goals and make tangible progress toward economic security.

This guidebook is an important resource for both new and experienced FSS program coordinators, as well as PHA staff, PBRA housing owners and staff, HUD staff and others with an interest in the FSS program. The original guidebook was the result of an intensive year-long engagement of an FSS Community of Practice made up of FSS professionals from high-performing PHAs covering a range of settings. The updated version revises the guidebook to reflect changes made in the 2022 FSS regulation update and includes additional material related to the operation of FSS in PBRA properties. As an evidence-based guide to practice, this guidebook goes beyond a summary of program regulations. Among other content, the guidebook includes specific action-oriented recommendations on how to help low-income individuals increase their earnings and build assets and financial capability.

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New FSS coordinators will benefit from the detailed overview the guidebook provides of the activities involved in administering an FSS program and helping FSS participants to achieve their goals. By reviewing the guidebook from cover to cover, new coordinators can obtain a comprehensive introduction to the FSS program.

Experienced FSS coordinators may wish to jump right to one of the following chapters, which provide practical advice, based on research evidence and lessons learned by experienced practitioners, on how to achieve the core substantive objectives of FSS:

Chapter 3 – Case Management/Coaching

Chapter 4 – Helping FSS Participants Increase their Earnings

Chapter 5 – Helping FSS Participants Build Assets and Financial Capability

Chapter 6 – Building an Effective FSS Infrastructure

Chapter 7 – Establishing and Running FSS programs in Project-Based Rental Assistance Properties

The accompanying online training is based on the guidebook, providing a high-level and accessible introduction to the content. Individuals who complete the online training will find the guidebook to be a useful resource for learning more about subjects covered in the training.

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Introduction

1. INTRODUCTION

1.1 Overview of Administering an Effective Family Self-Sufficiency Program: A Guidebook Based on Evidence and Promising Practices

The original version of this guidebook was published in February 2017. This revised edition incorporates regulatory changes to the Family Self-Sufficiency (FSS) program in accordance with the FSS Final Rule published June 16, 2022, which amended the FSS regulations in 24 part CFR 984 and established 24 CFR part 887 (pertaining to FSS in PBRA properties). It also incorporates new research on best practices, particularly in supporting program participants in gaining and growing employment.

This guidebook is a resource for new and experienced FSS program coordinators and administrators on how to develop and administer a successful FSS program. Commissioned by the Office of Public and Indian Housing (PIH) and the Office of Multifamily Housing Programs, the guidebook is designed to inform the practice of FSS program coordinators serving families receiving housing assistance through one of the following programs: public housing, the Housing Choice Voucher (HCV) program (including tenant-based and project-based vouchers, all special purpose vouchers and the HCV homeownership program), the Section 8 Moderate Rehabilitation program, and the PBRA program.

The secondary audiences for this guidebook are public housing agency (PHA) and PBRA owner/agency board members and commissioners, executive directors, senior housing staff, and other staff who may not work directly with the FSS program but who may be responsible for overseeing the program's administration. The guidebook should also be useful for HUD Program and Field staff and Performance Based Contract Administrators (PBCA) responsible for overseeing and monitoring the FSS program in PHAs and PBRA properties, respectively.

A Message for PBRA Owners and FSS Programs

To help PBRA-based FSS programs make effective use of this guidebook, the guidebook notes where and how the rules applicable to the FSS programs at PBRA properties differ from those of PHA-administered FSS programs. The guidebook also includes a new chapter 7 focused on FSS programs in PBRA properties.

The guidebook uses the phrases "PHA or owner" or "PHAs and owners" when guidance pertains to both PHAs and owners of PBRA housing. By contrast, the guidebook uses the term "PHA" when guidance applies only to PHAs and the term "owner" when guidance applies only to FSS programs in PBRA properties.

This guidebook is grounded in evidence from program evaluations and other research about how to help participants increase their earnings and build assets, the experience of FSS program coordinators and administrators, and lessons learned from similar programs, including workforce programs and financial empowerment initiatives. This guidebook is not binding, and does not impose any new legal requirements. FSS program coordinators, PHAs, owners, and HUD staff should consult the program regulations and

other legally binding documents for information on the precise program requirements. A list of these documents is provided in Section 1.3.

In addition, FSS programs must comply with all applicable civil rights laws and implementing regulations, including, but not limited to, Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act, the Fair Housing Act, Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments Act of 1972, and the Age Discrimination Act.

FSS Community of Practice

Development of the original version of this guidebook was informed by the experience of current and past FSS program coordinators. To gather their input, Abt Associates held three meetings in 2015 and 2016 with a group of HUD staff, FSS program coordinators, and representatives of PBRA developments to discuss different aspects of the FSS program.

The participants were chosen with the intent of representing FSS programs in urban and rural areas, large and small programs, Moving to Work (MTW) and non-MTW PHAs, non-profit contractors and state-wide programs. During these meetings, members of this group – the FSS Community of Practice – provided invaluable practical advice and guidance on a range of topics, including how to market the program to potential FSS participants, how to recruit and partner with supportive service providers, and how to work with participants on setting and achieving self-sufficiency goals.

The FSS Community of Practice members who informed this guidebook (with affiliations as of 2017) are:

- Judson Brown, Santa Ana Housing Authority (Santa Ana, CA)
- Anice Schervish Chenault, U.S. Department of Housing and Urban Development (Washington, DC)
- Darrin Dorsett, U.S. Department of Housing and Urban Development (Washington, DC)
- Ron Fisher, DC Housing Authority (Washington, D.C.)
- Michele Haupt, Sioux City Housing Authority (Sioux City, IA)
- Biljana Jesic, Home Forward (Portland, OR)
- Michelle Molina, J D'Amelia & Associates (Waterbury, CT)
- Debbie Nutter, The Caleb Group (Swampscott, MA)
- Sherry Riva, Compass Working Capital (Boston, MA)
- Amaris Rodriguez, U.S. Department of Housing and Urban Development (Washington, DC)
- Trevor Samios, Preservation of Affordable Housing (POAH) (Boston, MA)
- Nancy Scull, Housing Opportunities Commission (retired) (Kensington, MD)
- Rene Tarver, City of Oceanside Community Development Commission (Oceanside, CA)

- Susan Tatum, Lincoln Housing Authority (Lincoln, NE)
- Tremayne Youmans, U.S. Department of Housing and Urban Development (Washington, DC)
- Patti Zatarian-Menard, Nan McKay & Associates (El Cajon, CA)

FSS Program Online Training

This written guidebook is a companion piece to the ***Family Self-Sufficiency Program Online Training*** available on the HUD Exchange website. The Family Self-Sufficiency Program Online Training is a free, self-paced training designed for both new and experienced FSS program coordinators and administrators, HUD staff, staff of PHAs, and owners and staff of PBRA developments with FSS programs or with an interest in FSS. PHA board members and commissioners, executive directors, senior housing staff, and other staff who may not work directly with the FSS program are also encouraged to take the online training to better understand how FSS can benefit their agencies and residents. The online training takes approximately 8 to 10 hours to complete and includes a machine-graded quiz to document completion.[i]

The online training introduces key themes from the guidebook, supplemented with video clips of FSS practitioners discussing their experience and links to additional tools and resources to help FSS staff successfully administer an FSS program. The chapters and sections of this guidebook correspond to the sections in the online training.

Overview of Administering an Effective Family Self-Sufficiency Program: A Guidebook Based on Evidence and Promising Practices

This guidebook is organized as follows:

Chapter 1: Introduction

- The introduction starts with an **Overview of the Administering an Effective Family Self-Sufficiency Program: A Guidebook Based on Evidence and Promising Practices**.
- **What is FSS and Why is it Important?** briefly describes the FSS program, how it works, and the benefits of the FSS program for PHAs and owners.
- The **FSS Action Plan and Core Documents for the FSS Program** section describes the requirements applicable to the FSS Action Plan and lists a range of core documents that provide requirements and guidance on the FSS program, including the FSS statute and regulations and HUD policy guidance.

[i] The graded quiz was not part of the original training materials (which included ungraded quizzes after each section). This mandatory quiz will be incorporated into updated training, incorporating policy changes introduced in the 2022 FSS regulations. This revised training and quiz are expected in Fall 2022.

Chapter 2: Outreach and Goal-Setting

- **Overview of the FSS Program Coordinator Position** summarizes the responsibilities of the FSS program coordinator, provides recommendations on qualifications and training of FSS program coordinators, and offers guidance on the number of participants each FSS program coordinator can support.
- The **Outreach and Enrollment** section describes the rules applicable to selecting FSS participants and identifies a number of innovative approaches that FSS programs have undertaken to successfully recruit individuals to enroll in FSS.
- **Contract of Participation and Individual Training and Services Plan** describes the requirements associated with these documents, as well as related provisions that promote flexibility within the FSS program.
- The **Participant Assessments** section describes how FSS program coordinators can conduct participant assessments to help identify participants' strengths, service needs, and barriers to self-sufficiency.
- **Goal Setting and Helping Participants Reach Their Goals** describes how FSS program coordinators work with participants to develop individual long-term and interim goals.

Chapter 3: Case Management/Coaching

- The section on **Working with Participants and Building Trust** describes how FSS program coordinators employ both a participant-centered approach and trauma-informed care in building strong relationships with and supporting FSS participants during the course of the FSS program.
- The **Participant Meetings and Communication** section provides guidance on the frequency, manner, and topics for meetings with participants, as well as specific techniques coordinators can employ to develop rapport and build stronger relationships with participants.
- **Referrals to Service Providers** describes the types of organizations that typically serve as service referral sources and provides guidance on when to refer to service providers in the community.
- The section on **Helping Participants Build Executive Skills** includes current research on how FSS program coordinators can help participants build critical organizational and other executive skills. Executive skills (also known as executive function skills) are the basic skills that people need to manage themselves and their resources in order to achieve a goal. The field's understanding of executive skills is grounded in science on how the brain functions.

Chapter 4: Helping Participants Increase their Earnings

- The section on **Developing an Overall Approach to Promoting and Supporting Employment** summarizes lessons from several decades of research on employment and training strategies for low-income adults and describes approaches that have shown promise in increasing participant incomes.

- **Helping Participants Access Basic Skills and Postsecondary Education and Training** highlights the importance of basic and adult skills and services available to obtain them, and provides guidance on how participants can upgrade their employment skills, including by earning postsecondary certificates and degrees.
- The section on **Helping Participants Find, Retain and Advance Employment** provides practical tips on how FSS program coordinators can help their participants with job search, retention, and advancement.

Chapter 5: Helping FSS Participants Build Assets and Financial Capability

- The **Asset-Building and Financial Capability** section explains why building savings and the ability to make good financial decisions are critical for FSS participants and describes ways to incorporate asset building and financial capability into case management and coaching services.
- The **FSS Escrow Account** section provides an overview of escrow accounts in the FSS program, including regulations governing the escrow account, best practices for program policies, how coordinators can educate participants about their escrow accounts, and how participants access their accrued account funds.
- **Homeownership and Other Housing Transitions** describes how FSS programs can help participants transition out of subsidized housing into homeownership or market-rate housing.

Chapter 6: Building an Effective FSS Infrastructure

- The **Building Partnerships** section describes the Program Coordinating Committee required of PHA-administered FSS programs and how FSS programs have maximized the use of Program Coordinating Committees. This section also provides guidance on how to identify and leverage partnerships with service providers, employers, and others to better serve FSS participants.
- The section on **FSS in the Host Environment** provides guidance on building support for FSS within the administering agency and community as well as on decisions such as whether and to what extent to ask FSS program coordinators to take on additional responsibilities, such as income reexaminations.
- The **Fundraising** section describes strategies for raising funding from a variety of sources to help support the FSS program.
- **FSS Reporting to HUD** describes program reporting requirements, including the FSS Addendum to HUD Form 50058. The section also provides guidance on how PHAs can reduce errors in reporting on the FSS program through the PIH Information Center. Form 50059 does not currently support FSS reporting. Chapter 7 describes the Multifamily Annual Reporting Tool.
- The section on **Tracking Outcomes** outlines the steps FSS programs take to track the performance of their participants, including completion of goals, graduation and other exits from the FSS program, and other program outcomes.

- The **Minimum FSS Program Size** section describes basic requirements for the minimum FSS program size for certain PHAs, including how the minimum program size is calculated. (There is no minimum size for programs in PBRA properties.)
- **Portability in the FSS Program** summarizes portability provisions within the FSS program, including the circumstances under which FSS participants can continue participation in the FSS program when they port with their HCV to another jurisdiction, reporting requirements regarding participants that port, and circumstances under which an FSS program may disburse funds if continued participation in FSS is not possible or practical given the porting circumstances.

Chapter 7: Establishing and Running FSS in Project-Based Rental Assistance Properties

- The **Rules and Considerations for Establishing an FSS program in a PBRA Property** section outlines the key differences between FSS programs for families in PBRA properties and FSS programs for families in public housing or the Housing Choice Voucher program.
- **Funding an FSS Program** describes funding options and considerations for PBRA FSS programs. Funding options may include using residual receipts to fund FSS coordinator services. This section provides information on requirements and specifications for using this funding method.
- The section on **Options for FSS Program Case Management/Coaching** outlines different structures for delivering FSS services in PBRA housing, including through a partnership with a PHA or other independent organization or through in-housing resident services. This section also discussed Cooperative Agreements that owners establish with PHAs or independent organizations delivering services.
- **Program Coordinating Committees (PCC)** outlines requirements for engaging a PCC for PBRA-based FSS programs, the role and benefits of the PCC, and options for partnering with an existing PCC or establishing a new one.
- **Best Practices for Administering the PBRA FSS Escrow Account** provides guidance on managing an FSS escrow account and working to inform FSS participants on their escrow account balances and to help them use and grow the FSS escrow account to support their goals. This section also describes the process for HUD to fund escrow account deposits through OARQ adjustment submissions (additional detail on the mechanics of this process are provided in the Appendices).
- **PBRA FSS Reporting and Compliance Review** provides a summary of the process for compliance reviews from HUD and annual reporting that owners must produce when delivering FSS.

Appendices

- The **Lessons Learned from Workforce Development Experience and Research Appendix** provides additional background on the three broad insights that can be drawn from past workforce development experience and research as described in Chapter 4.

- The **Career Pathways Framework Appendix** provides additional detail on the career pathways framework presented in Chapter 4. The framework addresses shortcomings of past education and job training efforts by incorporating and connecting promising new strategies so that workers' needs can be addressed more effectively and holistically.
- The **Technical Requirements of the FSS Addendum and Form 50058** section describes the events triggering the addendum that must be submitted every time an FSS participant enrolls in or exits the program.
- The **FSS OARQ Basics for PBRA Owners** appendix provides information and submissions examples to support PBRA owners in applying OARQ adjustments to bill HUD for escrow account deposits.

1.2 What is FSS and Why is it Important?

What is the Family Self-Sufficiency Program?

The FSS program helps families in HUD-assisted rental housing to increase their earnings and build financial capability and assets.[ii] The FSS program has two key features:

- A financial incentive for participants to increase their earnings in the form of an escrow savings account that increases as participants' earnings increase. The escrow account helps participants build savings that they can use to improve their quality of life and advance their personal goals once they complete the program. Depending on local FSS program policy, escrow funds can also help participants cover the cost of key services that may be needed to make progress toward goals while enrolled in the program, such as employment training or car repair.
- Case management or coaching to help participants access services they may need to overcome barriers to employment, strengthen their financial capability, and address other challenges holding them back from achieving their goals.

Some PHAs are required to run FSS programs, while other PHAs are not. (See Chapter 6 for more information on whether and to what extent PHAs must run an FSS program.) FSS is optional for owners of PBRA developments. Project-based voucher sites that are required to provide supportive services may offer FSS as an option to fulfill that requirement, but a resident may not lose their housing benefit as a result of not participating in FSS.

Under HUD program regulations, resident participation in FSS is completely voluntary.[iii] Residents who choose to enroll in FSS work with an FSS program coordinator who helps them identify a series of intermediate- and long-term goals and the steps they plan to take to achieve those goals. These steps include services residents may benefit from accessing, such as job training or basic skills education. The individual goals for each FSS participant

[ii] For up-to-date statistics on FSS program enrollment and outcomes in PHA-led FSS programs, see the discussion of FSS Coordinator Funding in the Congressional Justifications for the most recent HUD budget. The Congressional Justifications are available through the office of HUD's Chief Financial Officer.

[iii] PHAs participating in the MTW demonstration have the ability to request approval from HUD to make changes to the FSS program, including its voluntary nature for residents.

and the steps to achieve those goals are recorded in an Individual Training and Services Plan (ITSP). The ITSP is part of an FSS Contract of Participation signed by the agency administering the FSS program and the head of each participating household. The Contract of Participation records the commitments of the family and the FSS program to work together to achieve the identified goals.

All FSS participants are required to include the following two goals in their ITSP:

- All household members must be independent of welfare cash assistance from federal or state welfare programs at the time of graduation from the program. The requirement applies solely to ongoing cash assistance. Food stamps, Medicaid, or short-term non-recurring cash payments (such as a one-time payment of emergency assistance to help a family avoid eviction or meet a medical expense) are not included.
- The Head of FSS Family (the adult who signed the Contract of Participation) must seek and maintain suitable employment.

Participants can also identify other goals. The base Contract of Participation (CoP) lasts for up to five years from the first income re-certification after the (CoP's) execution date, but participants can graduate sooner so long as they have achieved their goals. If participants need more time to fully achieve their goals, they can request an extension of up to two years for good cause (as defined in 24 CFR 984.303(d)).

Once families enroll in FSS they become eligible to build savings through the FSS escrow account. The FSS escrow account is an account maintained by the PHA or owner that grows as the household earnings of FSS participants increase. Like most residents of subsidized housing, FSS participants pay rent based on a percentage of their household income. When residents' household income rises, the amount they must pay toward rent also rises. Unlike other residents, however, FSS participants have an opportunity to capture increased rent payments in the form of escrowed savings. For FSS participants, the PHA or owner will deposit an amount generally equal to the increase in rent due to the household's increased earnings into the FSS escrow account. This allows FSS participants to build savings over time. See 24 CFR 984.305 for HUD regulations about the FSS escrow account.

For more details on the escrow calculation, see the FSS Escrow Account Credit Worksheets

for PHAs (https://www.hud.gov/sites/dfiles/PIH/documents/PIH_FSS_Escrow_Spreadsheet_--%202022_06_07_final.xlsx), and

owners (https://www.hud.gov/sites/dfiles/PIH/documents/Multifamily_FSS_Escrow_Spreadsheet%20=_--_2022_06_07_final.xlsx) and 24 CFR §984.305(b).

FSS participants can access their escrowed savings in two main ways. First, when FSS participants graduate from the program by achieving their ITSP goals, the PHA/owner is required to issue them the full amount of their escrowed savings (minus any amount owed to the PHA/owner) which they may use for any purpose. Second, depending on the program's policies, FSS participants may be allowed to access their escrowed funds prior to

graduation when they have achieved one or more interim goals. FSS escrow funds may only be released while the participant is still in the program if the funds will be used for a purpose consistent with the participant's ITSP. For example, some FSS programs allow participants to withdraw FSS escrow funds to pay for college tuition or a job training program or repairs to a car needed to commute to work.

There are also other, less common, circumstances under which participants can access the balance of their FSS escrow accounts without graduating from the FSS program (described under "Termination with Escrow Disbursement" in Section 2.3).

All FSS programs have program coordinators who provide service coordination to participants throughout the course of their participation in the program. FSS program coordinators help participants stay on track toward achieving their goals and access resources in the community to support their progress.

To achieve their individual goals, many participants will need services and resources. These may include employment services (such as resume building, job search assistance, and job training), services to build financial capability (including credit counseling, financial education, and asset-building programs), educational programs (such as basic skills development, ESL classes, GED preparation, two- or four-year college courses, and job training), and other wrap-around services such as health care, childcare, transportation, and emergency services. HUD does not fund these services, and most PHAs and owners do not provide them directly. Instead, FSS programs generally form partnerships with service providers in the community and then refer FSS participants to those partners to access the needed services. FSS program coordinators also assess the needs of FSS participants (or make referrals for assessments), help participants set goals, and provide ongoing support and encouragement to help participants achieve their goals. (See Chapter 2 for more information on the role of the FSS program coordinator.)

FSS Program Coordinators Discuss Why FSS is Important

The FSS program is our single most important opportunity to inspire our families to create positive change in their lives and to use our housing assistance as a platform for economic security and self-sufficiency.

~ Judson Brown, Santa Ana Housing Authority

I would recommend to a housing authority that [it would be beneficial] for them to have an FSS program. It empowers individuals to better their lives, get a better job, possibly a better education, and [may] eventually help them to get off a subsidy program.

~ Michelle Molina, John D'Amelia and Associates

I think FSS is an amazing program... It's unusual to have a full five years [to work with participants]. I've never seen a program longer than one or two years. So it's a great opportunity to really help people to change, and give them hope again, and faith, and to face those changes, and to cope, to learn to cope with the welfare cliff when they start getting a job, and suddenly paying higher rent and all kinds of things, transportation needs now, and things like that. And of course the escrow savings is an automatic savings as they raise their earnings.

~ Nancy Scull, Housing Opportunities Commission (retired)

What are the Benefits of Offering an FSS Program?

FSS programs provide many benefits for PHAs and owners:

- *FSS programs support efforts by PHAs and owners to help residents make progress toward economic security*. By establishing an FSS program, PHAs and owners gain the ability to provide participants with the FSS escrow account. The escrow account provides a financial incentive (and counteracts what many residents see as a built-in disincentive) for participants to increase their earnings as well as a vehicle for participants to build savings. While enrolled in FSS, participants can also work on improving their credit, building savings, budgeting, and strengthening their financial knowledge.
- *FSS programs help support a mixed-income resident body and help PHAs and owners serve more families*. FSS helps existing residents increase their earnings and helps some residents make the transition to unassisted housing. This leads to a greater mix of incomes within public housing developments and PBRA properties, frees up space within a public housing or PBRA development for other households, and allows PHAs to offer HCVs to families on the waiting list.
- *FSS builds loyalty and economic capacity among residents*. Residents appreciate being actively engaged in a forward-looking program designed to help them make progress toward economic security. Experience with resident services programs generally suggests they may decrease the incidence of nonpayment of rent and very short tenant stays.[1]
- The participation of HCV holders in FSS may give landlords more confidence in their suitability as tenants, facilitating voucher utilization and building goodwill with landlords. Participation in FSS may also lead to improved working relationships between residents and PBRA property owners and PHAs. Some owners have observed that families participating in resident services are more likely to pay rent on time, maintain their housing units with care, and participate in other programs or opportunities in their communities.
- A 2009 study found that having a service coordinator can reduce eviction, turn-over and property damage.[2]

1.3 FSS Action Plan and Core Documents for the FSS Program

FSS Action Plan

In order to offer an FSS program, a PHA or owner must prepare an FSS Action Plan and submit it to HUD for approval.[iv] The FSS Action Plan describes the size of the FSS program, the services that it will offer, and how the program will be administered. In addition to

[iv] The PHA or owner must submit its Action Plan and obtain HUD approval of the plan before the PHA or owner carries out a voluntary FSS program, including a program that exceeds the minimum size for a mandatory program, regardless of whether the voluntary program receives HUD funding.

understanding the rules that HUD has specified for the FSS program, it is critical that FSS program coordinators be familiar with the rules that their FSS program has adopted through their HUD-approved FSS Action Plan.

The FSS Action Plan must contain the following information:

- *Family demographics:* A description of the characteristics of the families expected to be served by the FSS program (including ethnic and racial data, program size) and the supportive service needs of the expected population.
- *Estimate of participating families (program size/number of FSS slots):* An estimate of the number of eligible families who can reasonably be expected to receive service based on available resources. For PHAs, please note this is different from the minimum number of families that a PHA is funded to serve.
- *Eligible families from other self-sufficiency programs:* If applicable, the number of families, by program type, who are participating in other local self-sufficiency programs and are expected to agree to execute an FSS CoP;
- *FSS family selection procedures:* Policies and procedures for selecting FSS participants, including whether the PHA or owner will offer a preference to prospective participants who are already enrolled in, or on the waiting list for, other service programs.
- *Outreach efforts:* A description of the planned outreach efforts by the PHA or owner to recruit FSS participants from among eligible families and to provide FSS information to minority and non-minority families.
- *Incentives to encourage participation:* A description of the incentives that the PHA or owner intends to offer eligible families to encourage participation in the FSS program, including FSS escrow accounts.
- *FSS activities and supportive services:* A description of the activities and supportive services to be provided to FSS families by both public and private providers.
- *Method for identification of family support needs:* A description of how the PHA or owner will identify the needs of participating families and deliver the appropriate support services.
- *Program termination; withholding of services; and available grievance procedures*: A description of all policies concerning termination of participation in the FSS program, or withholding of coordination of supportive services, on the basis of a family's failure to comply with the requirements of the CoP; and the grievance and hearing procedures available for FSS families.
- *Assurances of non-interference with the rights of non-participating families:* A statement that provides an assurance that a family's election not to participate in the FSS program will not affect the family's participation in the rental assistance program.
- *Timetable for program implementation:* A timetable for implementation of the FSS program, as provided in § 984.301(a)(1), including the schedule for filling FSS slots with eligible FSS families, as provided in § 984.301;

- *Certification of coordination (for PHAs only):* A certification by the PHA that the development of the services and activities scheduled to be provided under the FSS program has been coordinated with public and private providers, including self-sufficiency programs of the Departments of Labor and Health and Human Services, and other employment, childcare, transportation, training, and education programs. The FSS Action Plan must state that implementation will continue to be coordinated with these local public and private providers in order to avoid duplication of services. (This provision does not apply to PBRA owners.)

Optional additional information: Any additional information that supports the soundness of the proposed FSS program. The FSS Action Plan must also describe all FSS policies over which the PHA or owner has discretion, and other information that would help HUD determine the soundness of the proposed FSS program. This may include, among other topics:

- Policies related to the modification of goals in the ITSP;
- The circumstances in which an extension of the Contract of Participation may be granted;
- Policies on the interim disbursement of escrow, including limitations on the use of the funds (if any);
- Policies regarding eligible uses of forfeited escrow funds by families in good standing;
- Policies regarding the re-enrollment of previous FSS participants, including graduates and those who exited the program without graduating;
- Policies on requirements for documentation for goal completion;
- Policies on documentation of the household's designation of the "Head of FSS Household;" and
- Policies for providing an FSS selection preference for porting families (if the PHA elects to offer such a preference).

Once an Action Plan has been approved by HUD, it does not need to be resubmitted to HUD for approval unless the PHA or owner proposes to make policy changes or to increase the size of its FSS program. In preparing the FSS Action Plan, PHAs and owners must consult with their Program Coordinating Committee. (See Section 3.3 of this guidebook for more information on Program Coordinating Committees.) PHAs and owners shall also consult with representatives of current and prospective FSS program participants and other agencies or service providers affected by the FSS program.

Core Documents for the FSS Program

FSS program coordinators and other PHA or PBRA development staff responsible for the FSS program should be familiar with a number of core documents. These include:

1. **The FSS Program Regulations,** **24 CFR Part 984 (and 24 CFR Part 887 for PBRA owners)**. The FSS regulations state the rules applicable to FSS programs

administered by PHAs and PBRA owners. The regulations, which implement and interpret the FSS Statute,[v] may be accessed through a link on PIH's FSS page.

2. **FSS Notices of Funding Opportunity (NOFOs) and FSS Grant Agreement**. PHAs or PBRA owners that receive FSS program coordinator grants from HUD are responsible for adhering to the FSS grant requirements in addition to 24 CFR parts 984 and 887. These requirements include 2 CFR part 200, the FSS Notice of Funding Opportunity (NOFO), and the FSS Grant Agreement that PHAs or PBRA owners sign upon receipt of the funding. FSS NOFOs are published on HUD's website (https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/fss#e).

3. **PIH Notice 2016-08**, the Inventory Management System/PIH Information Center (IMS/PIC) Family Self-Sufficiency (FSS) Reporting and FSS Program Portability Provisions. This notice, first published in 2016 and available through a link on PIH's FSS page, specifies the circumstances under which PHAs must submit FSS Addendums to HUD as well as requirements for handling families enrolled in FSS who exercise portability or move from one PHA program to another. The notice also includes guidance and best practices on how to ensure accurate reporting to HUD about FSS, which is required in order to access HUD funding for FSS program coordinators.

4. Contract of Participation (**HUD Form-52650**). HUD has developed a form for the FSS Contract of Participation which specifies responsibilities of the PHA or owner as well as the FSS participant. The form, available through a link on HUD's FSS page, also includes instructions that FSS programs are responsible for following.

5. **FSS Addendum and Instructions**. PHAs are required to complete the FSS Addendum – Section 17 of HUD Form 50058 – for all FSS participants. Note that some of the instructions for completing this form have been superseded by PIH Notice 2016-08. MTW PHAs are required to complete the FSS Addendum – Section 23 of HUD-50058-MTW or HUD-50058-MTW-expansion. As of the publication of this Guidebook, there is no commensurate section of the HUD-50059 for PBRA owners, but one may be added soon.

6. **Escrow Account Credit Calculation Tools**. FSS program coordinators may also benefit from consulting optional Excel tools developed by HUD that can be used to calculate the escrow credit earned by FSS participants. After enrollment in FSS, escrow credit must be determined at each reexamination and interim determination. The worksheet provides a step-by-step roadmap for completing the escrow calculation and conducts the calculation. PHAs and owners may also develop their own tools for calculating escrow.

7. PIH's **Financial Reporting for the Family Self-Sufficiency (FSS) Program Accounting Brief #26**. This brief provides information on how to report both public

[v] See 42 USC §1437u: Family Self-Sufficiency program.

housing and HCV FSS program accounting transactions in the PHA's annual FASS-PH submission. Specifically, it addresses reporting for FSS coordinator grants, reporting for FSS program expenses, reporting for FSS escrow activities, and FSS requirements associated with the Rental Assistance Demonstration program.

8. **PIH Notice 2015-06, HUD Privacy Protection Guidance for Third Parties**. This notice informs all PHAs about their responsibilities for safeguarding personally identifiable information required by HUD and preventing potential breaches of this sensitive data. HUD is committed to protecting the privacy of individuals' information stored electronically or in paper form, in accordance with federal privacy laws, guidance, and best practices. HUD expects its third-party business partners, including PHAs, who collect, use, maintain, or disseminate HUD information to protect the privacy of that information in accordance with applicable law.

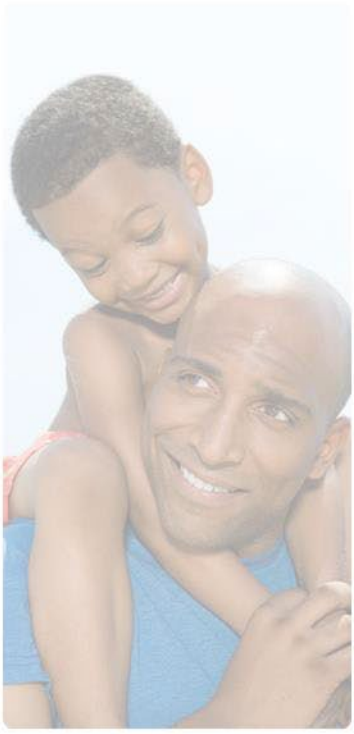
For links to documents that provide additional information on FSS program rules and regulations, please visit the online Resource Library at https://www.hudexchange.info/programs/fss/. The Resource Library also contains sample documents, best practices, and other information that may be useful in the implementation of an FSS program. Additional resources for PBRA owners, including best practices, guidance, and training, are available at https://www.hudexchange.info/programs/multifamily-fss/.

1.4 Compliance with Civil Rights Requirements

FSS programs must comply with all applicable civil rights laws and implementing regulations, including, but not limited to, Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act, the Fair Housing Act, Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments Act of 1972, and the Age Discrimination Act.

2

Outreach and Goal-Setting



2. Outreach and Goal-Setting

This chapter provides an overview of the role of the FSS program coordinator and describes the coordinator's role in recruiting new participants and helping participants to set goals. FSS program coordinators are the principal front-line staff responsible for implementing the FSS program, beginning with outreach to prospective participants. They assess the needs of FSS participants, work with participants to develop their Individual Training and Services Plans (ITSPs) and Contracts of Participation, and help them develop long-term and interim goals. FSS program coordinators are sometimes described as case managers, coaches, cheerleaders, and much more. They are a resource, a support, and a dependable and reliable presence to FSS participants at the start of, and throughout their journey in the FSS program.

This chapter includes the following sections:

- The **Overview of the FSS Program Coordinator Position** summarizes the responsibilities of the FSS program coordinator, provides recommendations on qualifications and training of FSS program coordinators, and offers guidance on the number of participants each FSS program coordinator can support.
- The **Outreach and Enrollment** section describes the rules applicable to selecting FSS participants and identifies a number of innovative approaches that FSS programs have undertaken to successfully recruit individuals to enroll in FSS.
- **Contract of Participation and Individual Training and Services Plan** describes the requirements associated with these documents, as well as related provisions that promote flexibility within the FSS program.
- The **Participant Assessment** section describes how FSS program coordinators can conduct participant assessments to help identify participants' strengths, service needs, and barriers to self-sufficiency.
- **Goal Setting and Helping Participants Reach Their Goals** describes how FSS program coordinators help participants develop individual long-term and short-term goals.

2.1 Overview of the FSS Program Coordinator Position

FSS program coordinators are the backbone of the FSS program. This section provides a brief overview of the many responsibilities of FSS program coordinators. This section also presents recommended qualifications for FSS coordinators and other organization-level best practices related to the coordinator position. (In this guidebook, the terms FSS program coordinator, FSS coordinator, program coordinator, and coordinator are used interchangeably. Note that some organizations refer to FSS program coordinators as case managers or coaches.)

Role of the FSS Program Coordinator

The many functions generally executed by FSS program coordinators are listed in the box to the right. PHAs and owners have the discretion to determine exactly how to structure their staffing for FSS. In some organizations, the FSS program coordinator will be responsible for all functions associated with running the FSS program. In others, responsibilities are divided among staff. For example, one coordinator may handle the design and implementation of the program while another coordinator has primary responsibility for case management or coaching. A larger FSS program might have an FSS program manager who is responsible for overseeing the work of several program coordinators and building strategic partnerships with service providers. Alternatively, an FSS program may take on outside contractors or work with a nonprofit or other governmental organization (workforce development agency, department of social or human services) to manage staffing needs.

FSS Coordinators Execute Many Functions, Including:

- Recruiting participants
- Assessing participants
- Helping participants set goals
- Formalizing the Individual Training and Services Plan and Contract of Participation
- Building partnerships with service providers
- Supporting participants in job search, placement, retention, and advancement
- Helping participants achieve other goals such as education, training, and preparing for homeownership
- Making referrals to service providers
- Monitoring participant progress
- Maintaining escrow accounts and approving escrow disbursement
- Determining when a participant can successfully graduate
- Keeping records of interactions with participants
- Facilitating coordination on FSS among management, finance, and program staff
- Providing information to enable the PHA to complete the required HUD reporting
- Reporting on program outcomes

FSS coordinators are outward-facing as well as participant-focused. They must be able to assess the landscape of the services available in the community, identify overlaps and gaps, convene partners, and understand systems and program designs of FSS and other partner

agencies. The FSS program coordinator also must be able to establish and maintain high quality, collaborative relationships with service provider partners in the government, non-profit, and private sectors. These skills are separate from, and in addition to, the skills of a case manager or coach, which are also necessary to do the job well.

FSS program coordinators sometimes play other roles in the PHA or PBRA development as well. In some programs, FSS coordinators may conduct annual and interim income reexaminations and other housing specialist tasks for their FSS families. Some FSS program coordinators are also responsible for maintaining and tracking escrow account balances (though in many PHAs and PBRA developments, the accounting staff perform this responsibility). Starting in 2016, the HUD Notice of Funding Opportunity (NOFO) has included a provision that permits coordinators to use FSS funds to perform these and other routine program functions so long as "these functions enhance, and do not interfere with, the FSS coordinators' ability" to fulfill their primary function. This must be approved by the HUD Field Office. See Chapter 6 for a discussion of some of the considerations involved in determining whether to ask FSS program coordinators to execute these additional functions.

Recommended Qualifications of FSS Program Coordinators

Empathy, belief in the families who enroll in the FSS program, and prior case management or coaching experience are three of the most important assets for a successful FSS program coordinator.

Many FSS programs prefer or require that coordinators have at least a four-year college degree in social work or a related field such as psychology, while other programs focus more on prior experience that demonstrates an ability to provide strong support for FSS participants. Programs may require or prioritize candidates with employment experience related to rental assistance programs, the FSS program, and case management or coaching. Knowledge of pertinent HUD regulations on the FSS program, as well as the resources available through local agencies, is beneficial. For PHA-based FSS programs, some PHAs may require coordinators to obtain HCV Housing Specialist certifications within the first year of employment if their positions also include conducting income certifications for their FSS families.

> *Without question the most important qualification is that a case manager be a person who genuinely believes in the families that we serve. They believe that they're telling the truth. They believe that they want to achieve economic self-sufficiency or self-sufficiency in employment. And they have unconditional positive regard for who they are as a person. . . .*
>
> *. . . I would rather choose someone who had respect for and a passion for the families we serve and no training, over a person who has significant training, academic or on the job, and who has disregard for the families that we serve.*
>
> *~ Patti Zatarian-Menard, Nan McKay & Associates*

It is critical that coordinators be committed to the mission of the FSS program and show an ability to be nonjudgmental in working with FSS participants. They must be comfortable working with low-income families and diverse populations, and able to understand and appreciate both the individual family circumstances that influence outcomes for FSS participants as well as the impact of larger external factors that may affect the ability of an individual to make progress toward self-sufficiency, such as the local economic landscape

and unlawful discrimination. Ideally coordinators would have a good knowledge of the local resources available to help participants increase their earnings and assets and how to build institutional relationships, but if needed, this can be learned on the job.

FSS Program Coordinator Training

Ongoing training in the following areas will help FSS program coordinators succeed:

Basic Requirements of FSS

All FSS program coordinators should have training on the basic requirements of the FSS program, including an overview of all aspects of the program, the Contract of Participation, the ITSP, and the escrow account. All FSS program coordinators, even those not responsible for calculating the escrow, must understand what the account is and how it is calculated so they can explain the account to participants. Ideally, other staff with whom residents interact should also have a basic understanding of the FSS program and how the escrow accounts works in order to field residents' initial questions and help with FSS participant recruitment.

Conducting FSS Participant Assessments

FSS program coordinators need to know how to conduct thorough and thoughtful participant assessments. This helps them to identify strengths, service needs, and barriers to education, employment, and financial management.

Working with Participants to Set Goals and Stay on Track toward Achieving Them

FSS program coordinators should be prepared to help participants define and achieve goals focused on three key areas: education and job training, employment, and financial capability. Experience and training in coaching and other participant-centered approaches are preferable to experience with a traditional case management approach alone. FSS program coordinators need flexibility, creativity, imagination, persistence and a commitment to journey with participants over several years. (See Section 3.1 for additional information on participant-centered coaching and trauma informed care to support participants in setting and achieving goals).

Finding Local Resources to Help Participants Overcome Barriers

Ideally, FSS program coordinators will come to the position with some knowledge of available community resources and services. Programs can build a database of referrals for staff to use to supplement this knowledge. This database should include the program's name, services offered, and other basic information. It should also note whether programs have current openings, accept and/or have any special arrangements or preferences for FSS participants, and have been successful in helping other FSS families. All FSS staff can benefit from training on how to locate and build relationships with service providers and effectively connect participants to services.

As part of these efforts, FSS coordinators should work with and consult the Program Coordinating Committee (PCC). See *6.1 Building Partnerships* for more information on how to establish and work with the PCC to best identify participant needs, identify community resources, and make successful referrals.

Developing Trusting, Supportive Relationships with Participants

Coordinators should understand how to develop trusting, supportive relationships with participants. While this is a skill that is often developed over time and gained through experience working with participants, it would be beneficial for coordinators to understand best practices for building mutually trusting relationships. See Chapter 3 for guidance on how to develop these relationships.

Helping Participants Overcome Challenges

Initial and ongoing training is essential for learning how to help participants overcome a broad range of challenges. Many FSS participants have inconsistent work histories and limited employment skills, complicated by low educational attainment and poor credit scores. Some have also experienced trauma and instability, and they and/or their children may have chronic mental and/or physical health issues. Many FSS participants are single parents and may lack a support system, models for effective parenting, or the belief that they can improve their lives.

Providing Crisis Intervention

FSS program coordinators should be well-versed in how to support participants experiencing a crisis. Examples of crises that coordinators may encounter in working with FSS participants include: a need for immediate financial help; medical or mental health issues; and physical safety issues related to domestic violence or other factors.

Advanced Case Management and Coaching Techniques

FSS program coordinators and their supervisors would benefit from training in more advanced case management techniques, such as Motivational Interviewing, Trauma-Informed Care, Co-Active Coaching and more. Programs may send staff to available local trainings or conduct the training themselves in-house.

Tracking Progress for Reporting

FSS program coordinators may need training on case management or other software systems used to track participant data and program outcomes. FSS coordinators can also benefit from training in monitoring and evaluative techniques, through which programmatic policies, operations, and outcomes are assessed to determine their effectiveness and efficiency. These evaluative skills can be applied internally, to understand and improve the overall FSS program and/or specific initiatives within the program, as well as externally, to assess the quality of community service providers before making participant referrals.

FSS Program Coordinator Training Materials

In addition to this guidebook and accompanying online training and other materials available through HUD, there are many training resources available for FSS through consulting firms and other organizations. While most of these resources charge a fee, some offer an initial or teaser class free of charge. A web search for “Family Self-Sufficiency program training” should identify options for such training. Some PHAs develop and offer their own FSS trainings for free or for a nominal fee.

Caseload Size

There is no hard and fast rule for determining the ideal caseload size for each FSS program coordinator. 24 CFR § 984.107 provides guidelines on the minimum number of FSS participants that PHA-based FSS programs must serve in order to qualify for specific levels of coordinator funding from HUD.[vi] The number of FSS program coordinators that HUD will fund is based on the number of FSS participants served by the FSS program in the previous year. HUD requires that the first full-time FSS program coordinator have a caseload of at least 25 participants, and each subsequent coordinator have a caseload of at least 50 participants. (The 25-participant minimum was put into place so that smaller PHAs could offer an FSS program. It also allows the first coordinator to spend time building relationships with service providers.) The FSS regulation allows HUD to provide partial funding for programs serving fewer than 25 participants and to alter the specific thresholds for funding additional coordinators based on an award allocation evaluation that HUD conducts. In past NOFOs, HUD had allowed FSS programs to receive funding for a part-time coordinator if they expect to serve between 15 and 25 participants. Funded FSS programs may wish to maintain a program size that is slightly larger than the minimum required for HUD funding to ensure that the minimum is maintained. Additional recommendations for how PBRA property owners can fund FSS coordinators are provided in Chapter 7.

Note that the number of participants required to support HUD funding for each coordinator is a MINIMUM, not a MAXIMUM program size. The maximum program size is determined by the FSS Action Plan and set by the PHA or owner with approval of the field office. The maximum program size may be changed at any time by modifying the FSS Action Plan and re-submitting to the field office. Check the most recent NOFO for specific guidance about the current procedures for allocating coordinator funding, as rules may change from year to year.

Some FSS programs report average coordinator caseloads that are larger than the minimums required for receiving funding for a specific number of FSS program coordinator positions through the NOFO. For example, some FSS programs report that coordinators have caseloads of 65, 75, 100, or even more participants.

For both PHAs and owners, one obvious advantage of larger caseloads is the ability to support the enrollment of more families in FSS. On the other hand, when the caseload is too high, the ability of the FSS program coordinator to provide effective support for families diminishes. Among other things, FSS coordinators' ability to manage their caseloads will be contingent upon whether they have other responsibilities, such as income reexaminations. FSS programs considering large caseloads should be careful to monitor their programs to ensure coordinators have sufficient time to provide participants with the support they need to succeed in reaching their goals.

Some PHAs and owners manage their program through a triage system in which they provide more intensive services to participants with more intensive needs, such as unemployed or newly employed participants. These programs may wish to consider

[vi] Due to funding limitations, having a qualifying number of caseloads is no guarantee that coordinator positions will be funded.

expanding to add new participants if and to the extent their caseload shifts to triage levels requiring less intensive support.

An example of a potential assessment and triage framework is included in *2.4 Participant Assessments* under "Assessment Matrices/Triage".

2.2 Outreach and Enrollment

Because FSS is voluntary for program participants, PHAs and owners will need to proactively market FSS to their residents to encourage them to enroll. Many FSS programs have found recruitment to be a challenge given residents' wariness of an unfamiliar program and in some cases negative experiences with prior programs. An effective marketing strategy is a key component of the design and implementation on an FSS program.

This section discusses the rules applicable to the selection of FSS participants and presents recommendations from other FSS program coordinators on how to effectively market the FSS program to attract and enroll FSS participants.

The FSS Action Plan must describe the policies and procedures for admitting participants to the FSS program. PHAs and owners must describe the outreach activities they plan to use to recruit FSS participants from among eligible families and the actions they plan to take "to assure that both minority and non-minority groups are informed about the FSS program." (24 CFR §984.201(d)(6)(ii)). If the PHA adopts a selection preference for some families, the FSS Action Plan must describe the percentage of slots set aside for the preference, the programs that qualify for the preference, and how FSS programs will conduct outreach and select families to enroll.

Selection of Participants

The FSS program is open to current public housing residents, HCV participants including Project-Based Vouchers and special-purpose vouchers, HCV homeownership program participants, Moderate Rehabilitation program participants, and residents of HUD-assisted multifamily developments with Project Based Rental Assistance. Families will be selected without regard to race, color, religion, sex (including actual or perceived gender identity and sexual orientation), disability, familial status, or national origin. Although participants are required to seek suitable employment during their participation, PHAs and owners may *not* refuse to allow an applicant to participate in FSS based on a potential participant's disability status or age and must make reasonable accommodations for persons with disabilities to participate in the FSS program. PHAs and owners are encouraged to reach out to all residents who may be interested in participating in the FSS program including people with disabilities, people with limited English proficiency, veterans, formerly homeless persons, youth aging out of foster care, and formerly incarcerated people. Fostering Stable Housing Opportunities (FSHO) and the federal register notice 87 FR 3570 pages 3570-3580, which implemented FSHO, extended the period of time youth participating in FSS programs (or unable to participate in FSS programs because of unavailability) may continue to receive housing vouchers under the Family Unification Program-Youth and Foster Youth to Independence by 24 months, to a maximum of 60 months. For more information on serving youth aging out of foster care see Section 3.1.

Selection Preferences

PHAs and owners may give a selection preference for up to 50 percent of their FSS slots to families with a member already enrolled in, or on the waiting list for, an FSS-related service program (24 CFR §984.203). An FSS-related service program is defined as: "any program, publicly or privately sponsored, that offers the kinds of supportive services" that a PHA or owner "will make available, or cause to be made available to an FSS family under a contract of participation," including services related to childcare, transportation, education, employment, personal welfare, household skills and management, counseling, and other services (24 CFR §984.103(b)). Families porting into a PHA who are already participating in the FSS program may be included in this preference. This is the only selection preference that is permitted by HUD program rules. Note that any family selection preference must be listed in the FSS Action Plan (24 CFR §984.201(d)(4)).

Any residents not selected via this selection preference must be selected using an objective selection process (24 CFR 984.203(c)). For example, participants may be selected via lottery or based on the date when a potential participant was admitted into subsidized housing or first expressed interest in the FSS program.

Screening for Motivation

PHAs and owners are permitted to use residents' motivation to participate in the FSS program as a selection factor in determining which families to admit into the program (24 CFR 984.203(d)). Screening for motivation may increase the likelihood that enrolling applicants will be successful FSS participants. For example, a PHA or owner can require a resident interested in participating in FSS to complete a prerequisite to demonstrate interest, such as attending an FSS orientation or an FSS interview, or following up on a referral to a job or an education program. Any required tasks must be possible for all potential applicants to accomplish, without regard to a person's educational level, including by persons with disabilities and those with limited English ability. Ideally, childcare or transportation should also be provided where needed to ensure all families have an equal opportunity to qualify for the preference; program coordinators should consider all potential barriers if instituting a screening for motivation.

FSS programs have developed various tools to screen applicants for motivation to participate in the FSS program. Examples include:

- A pre-screening form that residents complete to show interest in participating. The form can be sent out to residents as part of new admission and reexamination mailings.
- Attendance at an FSS orientation meeting or an individual meeting with the FSS program coordinator.
- Completion of an educational workshop or training program. For example, one FSS program required all interested applicants to complete a series of financial education workshops before being admitted into its FSS program. As with all approaches, FSS providers should help to ensure that all potential FSS participants are either able to participate (through childcare considerations, multiple locations, and language accommodations) or to make accommodations or exceptions for those who cannot participate in a workshop.

- FSS is an employment program, and it is reasonable for PHAs to expect that individuals who join FSS will be willing and able to work. While PHAs must be open to defining the goal of suitable employment differently for each individual, based on their goals and abilities,[vii] PHAs may reasonably conclude that individuals who say they will not or cannot seek employment, lack the required motivation to participate in FSS.
- As a best practice, PHAs may wish to develop processes for referring individuals who say they will not or cannot seek employment to other services that meet their needs, such as services that provide health care, transportation assistance, financial coaching, or assistance with substance abuse issues.

FSS programs cannot screen FSS participation based on a family's educational level, educational or standardized motivational test results, previous job history or job performance, credit rating, marital status, number of children, sensory or manual skills, or any other factors which may result in the discriminatory treatment or effect on the basis of race, color, national origin, sex (including actual or perceived gender identity and sexual orientation), religion, familial status, or disability.

Establishing a Waiting List for the FSS Program

At some PHAs and large PBRA developments, more families may be interested in the FSS program than the number of participants the FSS program coordinators can support. These FSS programs generally establish waiting lists. FSS program coordinators recommend placing residents on a waiting list only when there is a reasonable expectation that they will be admitted into the program within a relatively short period of time, within no more than 12 to 18 months. Residents who remain on waiting lists too long may lose interest in participating in the program. In order to determine how many people to select off the waiting list each year, PHAs or owners can review data for participants in previous years to estimate the typical number of graduates, as well as data for current FSS participants to see who is likely to graduate in the coming year.

FSS program coordinators should keep in touch with residents on the waiting list to help maintain their interest in the program. For example, residents on the waiting list for the FSS program can be included in any regular mailers or communication to FSS participants. Some FSS programs offer a modest level of services to people on the waiting list if staff have the capacity to serve them. These services can include referrals to programs and services in the community or workshops on finances or job searches. Residents on the waiting list for the FSS program are not eligible to establish FSS escrow accounts.

Innovative Approaches to Participant Recruitment

There are many different approaches a PHA or owner can take to recruit FSS participants. Since residents may need to hear about FSS several times before deciding to participate, simultaneously employing a variety of tactics may be the best way to reach prospective

[vii] Defining goals of suitable employment for an individual includes the obligation to make reasonable accommodations and modifications to the program that allow individuals with disabilities to participate. Furthermore, FSS program coordinators should be aware and help facilitate reasonable accommodation requests in the employment seeking context where necessary and appropriate.

participants. Many FSS program coordinators have found the best success in recruitment by talking with potential participants face to face. The use of personal success stories has been a critical recruitment tool as many FSS participants first hear about the program through family, friends, and neighbors or presentations by current FSS participants or program graduates.

Overall, FSS program coordinators should make it as easy as possible for residents to join the FSS program. At a minimum, PHAs and owners should educate all staff who interact with residents about the basics of the FSS program and designate a central point person to whom interested participants can be referred for more detailed program information and enrollment. FSS program coordinators are also encouraged to develop written materials that describe the FSS program. Suggestions for written information materials can be found later in this section. Furthermore, FSS program coordinators should identify opportunities to increase outreach for underserved populations to further equity and affirmatively further fair housing. When conducting outreach to underserved populations, consider any barriers that may need to be overcome to allow specific populations to access and utilize the materials.

The following are examples of outreach approaches used by some FSS programs to encourage broad program participation:

Providing Information at Initial Occupancy

Most PHAs present information about the FSS program at HCV briefings and during orientations for residents living in public housing. PBRA owners and PHAs with other rental assistance programs may wish to similarly introduce the FSS program during the initial resident orientation. Residents may be most energized to join FSS when they initially receive housing assistance.

Sharing information about FSS during an orientation for new residents is a good opportunity to educate them about the program and its benefits. A form can be included in a new resident's welcome packet, allowing interested residents to easily complete and return it, and an FSS program coordinator or existing FSS participants can be given an opportunity to speak about FSS at orientation meetings. Including communication about FSS in an orientation meeting helps establish FSS as a core component of the PHA's or owner's housing program. Residents can begin thinking about the benefits of FSS so they are prepared to enroll the next time they are asked.

Reexamination Meetings and Other Meetings with Residents

Many PHAs and owners with FSS programs provide information on the FSS program to eligible residents at reexamination meetings and other individual meetings with residents. Some PHAs and owners will also refer families who have reported decreases in income or zero income to the FSS Coordinator. Since the resident's income and monthly rent are discussed at annual reexamination meetings, there is a natural segue to discuss the benefits of the FSS program in terms of building escrow. Residents who are receiving welfare assistance or expect to have increases in earnings in the upcoming year are especially good candidates for the FSS program.

Community meetings, social events, and other formal or informal resident gatherings are great opportunities to introduce and discuss the FSS program and introduce FSS program coordinators. Together, the FSS program coordinator and property management staff can

explain the program and answer residents' questions. Many coordinators also find recruitment success by going door to door and speaking with potential FSS participants directly.

Peer Representatives

Introducing potential FSS enrollees to current program participants or successful graduates can be a very effective marketing tool. Graduates who have succeeded in the program can inspire and encourage other families to join the FSS program. Current or graduated FSS participants can speak at group meetings, be listed as a resource on promotional materials, or be matched one-on-one with potential enrollees. Stories of success can be distributed widely including using newsletters or videos, on PHA or owner websites, or even published in the local press. Some FSS programs have successfully employed FSS program graduates as FSS program coordinator staff. If they have the other necessary skills for working with participants, FSS graduates can be particularly effective FSS staff as they can relate to the participants and offer advice and encouragement based on personal experience.

Branding and Messaging of the FSS Program

All programs should have a branding and marketing plan. This includes picking a color palette that's used in all communication and developing a logo. Pro-active marketing should be intentional. A great place to start is by surveying or having a focus group to find out how your residents like to receive communication. Do they open their mail? Is texting best? As you start, be sure to build in a way to assess the efficacy of different methods of communication in comparison to the cost and effort.

All programs must ensure that any oral, written, audible, visual, and electronic communication meets the recipient's effective communication requirements under Section 504 of the Rehabilitation Act and the Americans with Disabilities Act. Appropriate steps must be taken to ensure that communications are provided in the most integrated setting appropriate for individuals with disabilities, and programs should give primary consideration to the means of communication preferred by the individual with a disability. Furthermore, utilizing tag lines or full versions of the branding and marketing materials in other languages may increase the FSS program's ability to reach eligible populations in underserved communities, including persons with limited English proficiency.

Some FSS programs establish their own program names, images, or slogans to advertise their unique local programs. Several FSS programs have found the term "Self-Sufficiency" to be confusing to potential participants and have changed the names of their programs to reflect their local program focus – such as programs geared toward asset building, employment, or homeownership. This is a great way to engage a participant/graduate leadership team. The following are examples of local FSS program names:

- Oceanside, California's FSS program is called ***Section 8 Advantage*** to show that the FSS program is a supplement to their HCV program and that there are advantages to joining FSS.
- Home Forward in Portland, Oregon named its program ***GOALS*** to focus on the goals that each participant seeks to achieve through the program.

- The District of Columbia Housing Authority FSS program is named ***AYBL (Achieving Your Best Life)***.

Residents sometimes express a fear that FSS is a way to get them to give up their housing subsidy by forcing them to become "self-sufficient." Misperceptions that the conclusion of the five-year Contract of Participation signals the termination of enrollment in both the FSS program and the HCV, public housing, or PBRA program can act as a barrier preventing eligible residents from enrolling. These concerns are understandable. Many residents who receive housing assistance have waited a long time on waiting lists before receiving a voucher or being admitted into public housing and may be anxious about undertaking any activity that could jeopardize their benefits. Others have had negative experiences with other programs and do not trust assurances that their participation in FSS will not threaten their housing assistance. Some residents also find the notion of the escrow account "too good to be true." Hearing from successful program graduates can be helpful in dispelling these myths, but sometimes using a different name to brand the local FSS program can also be helpful in avoiding or minimizing these concerns.

When using images and slogans, FSS program coordinators suggest keeping it simple. Keep text to a minimum and minimize the use of acronyms or specialized terms that may be unfamiliar to many people. Coordinators also recommend not providing too much program information in one document so as not to overwhelm prospective participants.

Mass Communication

All FSS programs should have printed brochures that include basic information about FSS and how to apply. Eye-catching fliers and brochures are a good way to inform residents who are less involved in the community about the opportunities of the FSS program. Brochures should include both phone numbers and email addresses for points of contact, as well as addresses of FSS program websites and social media such as Facebook, Twitter or Instagram (if established).

There are many ways for FSS brochures to be distributed to potential applicants. Brochures can be made available at HCV briefings and public housing orientations and sent with reexamination packages to current residents. PHAs and owners can advertise the FSS program by leaving promotional materials in lobbies, posted on bulletin boards, or in other public spaces of the PHA or PBRA development, government agencies, and nonprofit service providers. Brochures should be made available at the desks of all housing specialists or other staff who work directly with residents. Materials can also be made available at public spaces of public housing developments and properties with HCV residents.

Suggested Informational Materials

Many of the recommended outreach strategies involve written informational materials. Materials can be distributed widely by the FSS program staff as well as by partners who interact regularly with residents. The following are suggested topics for informational materials:

- A **description of the FSS program,** noting that it is a voluntary program designed to last five years, but that residents can complete their goals and graduate from the program sooner or take up to two additional years if circumstances at the time make it difficult to graduate within five years.
- A **description of the process through which participants advance through the FSS program** including participant assessments, the development of Individual Training and Services Plans, the pursuit of suitable employment, etc.
- A **list of benefits of enrollment in the FSS program,** including automatic savings through an escrow account and the support, guidance, and resource linkages provided by an FSS coordinator.
- **Sample escrow calculations** that highlight how growth in earnings leads to substantial escrowed savings.
- A **list of services and supports** that the FSS program can help participants access.
- A **sample ITSP** to show potentials for goals and how they may be achieved and documented.
- **Sample profiles of successful FSS program graduates** to illustrate in an accessible story form the potential of the program to help families make progress toward economic security. All profiles should be with the explicit permission of the individual and should only include their first names or initials or use a pseudonym.

Mass mailings of brochures or other informational materials are a way to reach a lot of potential applicants without requiring a lot of staff time. Due to the low cost and significant outreach capacity, many FSS programs employ this marketing strategy. In lieu of or in addition to sending basic information about the FSS program, some programs send inspirational postcards that appeal to residents' desires to obtain higher earnings and build savings, encouraging people to come to an orientation or text a particular number to learn more about the program.

Technology and social media also help to extend the reach of marketing efforts. Some FSS programs have established their own Facebook page, on which they publish program information and announcements, promotional videos, photos and recognition of graduates (with permission), and links to resources such as online coupon websites or e-learning courses. Other programs have created Twitter accounts, which can be an effective channel through which to push out brief announcements and reminders. If you are considering this, be sure to consult with your PHA's/ownership entity's public relations/communications department to fully understand the policies surrounding social media, independent branding of programs, etc. Also carefully consider whether you wish to have commenting/posting by residents/participants enabled on your social media. Your program's reputation may be

undermined if public inquiries are not responded to because there is not a staffing plan for monitoring your social media presence.

Email is also widely used by program coordinators to reach families who may be interested in FSS. Email can be a very cost–effective way to help residents on a waiting list for FSS stay informed of upcoming events or job opportunities and maintain interest in the program. Finally, some FSS programs use software that allows them to send blast text messages about FSS opportunities and meetings to all participants and potential participants who have cell phones (for example, Simple Texting (https://simpletexting.com/) or TextIt (https://textit.com/).

2.3 Contract of Participation and Individual Training and Services Plan

This section focuses on two related documents that are completed when a participant begins the FSS program: the Contract of Participation (or "Contract") and Individual Training and Services Plan (ITSP). After reviewing the requirements of the Contract and when it can be modified, this section reviews how to determine if participants have successfully completed their contract goals and can graduate from FSS.

Contract of Participation

All FSS participant families must enter into a **Contract of Participation** (form HUD-52650) that sets out the rights and responsibilities of the FSS participant and the organization administering the FSS program . The Contract of Participation is signed by both parties and records the commitments of the participant and the FSS program to work together to achieve the identified goals. The individual signing the Contract, who does not need to be the Head of the Household (as determined by the HUD-50058 or HUD-50059), will be designated as Head of FSS Family (with associated responsibilities and privileges, including being the individual to receive escrow savings disbursals on behalf of the family). Only the Head of FSS Family may sign the Contract, but adult family members who are not the contract signers may still be participants in the FSS program and establish their own ITSPs, which are all incorporated into the household's Contract. The Contract also requires that the family comply with its lease requirements.

Note for PHAs: The ending date for the Contract of Participation will not be entered into PIC when the CoP is signed. Instead, the ending date will be added with the FSS progress report associated with the first recertification following the signing of the Contract. This is because the ending date will not be known until that time.

The Contract of Participation is effective the first of the month following the day when it was executed and ends five years **from the date of the first re-certification after the execution of the Contract**.[viii] Participants may complete their contracts in less than five years if they achieve all of their goals. If participants need more time to fully achieve their goals, they can request an extension of up to two years, for good

[viii] Note that this means the end date of the Contract will not be known at the time of contract signing and the PHA or owner will fill in this date once the first post FSS-enrollment recertification has occurred.

cause, for a maximum of seven years in FSS. (See the discussion of "Extending the Contract of Participation" below for information on what constitutes good cause.)

The Contract lists the following information as of the date of admission to the program: The family's annual income, earned income, and monthly family rent.

Increases in earnings and family rent will be compared to a family's starting point for the purposes of calculating monthly FSS escrow deposits. That starting point is the income and rent information on file based on the most recent reexamination of income conducted prior to enrollment in FSS. While PHAs were previously required to conduct a reexamination of income at the time of enrollment into FSS if the most recent reexamination was more than 120 days old, that requirement was eliminated in 2022. Enrollment into FSS is no longer a valid basis for triggering a recertification of income.

Protecting Participants' Personally Identifiable and Sensitive Information

The Contract of Participation and other documentation that families provide to the FSS program contain information that is considered sensitive and is protected by the Privacy Act. FSS program staff should follow their agency's security protocols, handling participant information with care and maintaining appropriate administrative, technical, and physical safeguards to protect the security and confidentiality of program participants' records. PIH Notice 2015-06 (http://portal.hud.gov/hudportal/documents/huddoc?id=PIH2015-06.pdf) provides further guidance on PHAs' responsibilities for safeguarding personally identifiable information.

Individual Training and Services Plan

The Contract of Participation must incorporate an ITSP for each participating family member. The ITSP records the goals identified by the participant and the steps to achieve those goals. The ITSP specifies the services that will be provided to the participant, the activities and steps that the participant will take, and the estimated, agreed-upon completion dates for the services and activities.

The Contract of Participation must include the following two goals which must be achieved before a household can graduate and receive its full escrow savings:

1. All household members must be independent of cash assistance from federal or state welfare programs as of the time of graduation. The requirement applies solely to ongoing cash assistance (defined as TANF and/or the local equivalent). Food stamps, Medicaid, or short-term non-recurring payments

Aside from the two required goals specified in the FSS Rule, the Contract of Participation *may not* include any additional mandatory goals that are applicable to every FSS program participant. All other ITSP goals must be identified on an individual basis.

(such as a one-time payment of emergency assistance to help a family avoid eviction or meet a medical expense) are not considered income assistance.[ix]

2. The Head of FSS Family must seek and maintain suitable employment. The Head of the FSS Family is defined as the individual who signed the FSS Contract of Participation. (This goal may not be required of other household members.)

PHAs and owners, with the agreement of the affected participant, determine what qualifies as suitable employment for each individual "based on the skills, education, job training, and receipt of other benefits of the household member, and based on the available job opportunities within the jurisdiction served by the PHA or in the community where the PBRA property is located." (24 CFR §984.303(b)(4)(iii)). This determination must be made on an individual-by-individual basis, and with the agreement of the individual FSS participant. FSS programs may not impose a blanket rule (such as a minimum number of hours per week or a minimum length of time the participant must be employed) applicable to all FSS participants, regardless of their individual circumstances. In addition, in making this determination, reasonable accommodations must be granted for individuals with disabilities.

Suitable Employment

The 2022 FSS regulation update states: "A determination of suitable employment shall be made by the PHA or owner, with the agreement of the affected participant, based on the skills, education, job training, and receipt of other benefits of the household member, and based on the available job opportunities within the jurisdiction served by the PHA or in the community where the PBRA property is located." (24 CFR § 984.303(b)(4)(iii))

FSS participants can also identify other goals in their ITSP. See Section 2.5 for more information on helping participants set ITSP goals. The two goals required for the ITSP of the Head of FSS Family are not (and may not be) required for non-Head FSS household members who have an ITSP.[x]

Graduation from FSS

A family enrolled in FSS is eligible to graduate from the program and receive the full amount that has accrued in the escrow account when it has completed all of its obligations under the Contract of Participation before the expiration of the Contract. These obligations include the two required goals of (a) the Head of FSS Family seeking and maintaining suitable employment and (b) all household members being free from welfare cash assistance at the time of graduation, as well as any other goals established by participants.

[ix] Prior to release of the 2022 FSS regulation update, all household members of FSS participants were required to be independent of cash assistance for the 12 months prior to graduating. The 2022 FSS Rule amended this requirement, so that household members need only be off of cash assistance at the time of graduation.

[x] Note that, while the goal that all members of the household be free of welfare cash assistance, such as TANF, will only be included on the Head of FSS Family's ITSP, this goal still incorporates the family as a whole.

FSS graduates can continue to receive housing assistance as long as they continue to meet housing program eligibility requirements. In many higher cost areas, even a well-paying full-time job may not be sufficient to enable the household to afford market-rate housing.

FSS program coordinators, often in consultation with the management staff of the PHA or owner, must determine when an FSS participant has completed their ITSP goals and is eligible to receive the funds escrowed on behalf of the participant, less the amount of any debt owed to the PHA or owner. To support this determination, FSS programs should keep detailed records of participant activities toward ITSP goals. Coordinators should closely monitor participants who are near the end of their Contract of Participation period and the process for determination of successful graduation should be codified in the FSS Action Plan.

Setting Long-Range Goals

- While an FSS family may graduate from the FSS program as soon as the Head of FSS Family obtains any suitable employment (see above), it is recommended that FSS programs work with participants to set longer range goals. This will allow FSS programs to continue supporting participants in their aspirations and growth while also growing escrow savings and skills.
- To score well on the performance measurement system that HUD has established for evaluating PHA-administered FSS programs, programs will need to help families significantly increase their earnings while achieving both strong participation in the program and high graduation rates. Too quick of a program completion will generally leave inadequate time for families to achieve large earnings increases.

FSS participants report their household income during annual and interim reexaminations. Some FSS program coordinators have access to this income data via the software systems used to track and report tenant data. Others must coordinate with reexamination specialists or other housing staff to learn when households report increases in income. If a PHA or owner has engaged an outside contractor to serve as the FSS program coordinator, the contract should include clear provisions about how income changes and escrow balances will be communicated between the contractor and the PHA or owner. Additional information about record-keeping and tracking participant outcomes can be found in Chapter 6.

Termination with FSS Escrow Disbursement

There are a few circumstances under which an FSS participant may exit the FSS program without completing the ITSP goals and without graduating from the program, but still receive full final disbursement of the escrow savings accrued. As specified in 24 CFR § 984.303(k), this type of escrow disbursement, which the FSS Regulation calls “Termination with FSS escrow disbursement,” occurs when:

1. Services that the PHA or owner and the FSS family have agreed are integral to the FSS family’s advancement towards self-sufficiency are unavailable;
2. The head of the FSS family becomes permanently disabled and unable to work or dies during the period of the contract, unless the PHA or owner and the FSS family determine that it is possible to modify the contract to designate a new head of the FSS family; or
3. An FSS family in good standing moves outside the jurisdiction of the PHA (in accordance with portability requirements at 24 CFR §982.353) for good cause, as

determined by the PHA, and continuation of the CoP after the move, or completion of the CoP prior to the move, is not possible. (See Section 6.7 for more information on portability and FSS).

FSS programs must be consistent in their determinations of whether a family has good cause for a termination with FSS escrow disbursement.

Modifying the ITSP

The ITSP is not set in stone and may be modified at any time so long as modifications are authorized by the FSS Action Plan. See 24 CFR 984.303(f) for more information. This flexibility enables FSS program coordinators and participants to revise the ITSP if needed to allow a participant who has made substantial progress to graduate. Many FSS programs value this flexibility as it ensures participants' goals can be adjusted to reflect changing circumstances or interests. Sometimes previously identified goals are no longer appropriate or obtainable.

There are several reasons why participants may want to modify their ITSP goals. Many people, including FSS participants, change goals and direction within a five-year period. In the beginning, some participants might not know exactly what they want or need. Similarly, participants may not understand the full range of their opportunities when they first enroll in FSS. For these and other reasons, it is important to take a flexible and open approach to changing goals over time. The participant and coordinator should communicate regularly about whether goals should be changed.

Participants who achieve their goals before the end of their Contract of Participation may also change their ITSP to add new goals, if approved by the FSS program coordinator. For example, a participant may have had an initial goal to complete an associate degree. Once this goal is completed, the participant may then want to establish a new goal to get a bachelor's degree or otherwise further their education. While completing a bachelor's degree may not have been envisioned when the participant enrolled in FSS, over time the participant may have come to realize this could be an important opportunity.

The Importance of Being Flexible in Allowing FSS Participants to Modify Their Goals:

[Some participants] come into the FSS program really not quite having the resources or knowing how to get a job, get a job they love, and get a higher paying job. And so we help them to look at what challenges they're facing. And we help them to look at what resources are available. And as they begin to use those resources, they learn more, and they experience more, and they reprioritize their challenges.

~ Patti Zatarian-Menard, Nan McKay & Associates

Today they may need a GED. They may need tutoring to achieve that GED. Tomorrow they may want to get an associate's degree. If you don't provide flexibility, you're setting them up for failure. Flexibility allows them to achieve those goals that they set for themselves. We can't set someone's goals for them.

~ Michelle Molina, John D'Amelia and Associates

All modifications to the Contract and ITSP must be made in writing and signed by both the PHA or owner and the family member who signed the Contract.

Some FSS programs place modest limits on the circumstances under which a family may modify its goals – for example, providing that families may not modify their goals within six

months of graduation. Any such limitations should be spelled out in the FSS Action Plan. If a program is going to institute any limitations on the timeframe vis-à-vis the end of the CoP in which goals can be modified, it will be even more essential to have a program structure that ensures that the FSS Program Coordinator is keeping track of upcoming CoP end dates and connecting with participants well before that deadline approaches.

Extending the Contract of Participation

If participants do not achieve their goals within five years, they can request an extension of up to two years for "good cause," for a maximum of seven years in the program. Requests for extensions of the Contract of Participation must be submitted in writing. Under the program regulations, good cause means:

(i) Circumstances beyond the control of the FSS family, as determined by the PHA or owner, such as a serious illness or involuntary loss of employment;

(ii) Active pursuit of a current or additional goal that will result in furtherance of self-sufficiency during the period of the extension (e.g. completion of a college degree during which the participant is unemployed or under-employed, credit repair towards being homeownership ready, etc.) as determined by the PHA or owner; or

(iii) Any other circumstances that the PHA or owner determines warrants an extension. (24 CFR §984.303(d)).

PHAs and owners should describe what constitutes "good cause" for granting an extension in their FSS Action Plans.

FSS program coordinators generally suggest allowing extensions for circumstances beyond the control of the household such as involuntary loss of employment or illness. Some FSS programs implement this provision by allowing for a one-year extension and requiring a new showing of good cause before allowing a second one-year extension. Some participants may have achieved their ITSP goals at the end of their five-year Contract of Participation period but want to set an additional goal and need additional time to achieve the new goal. The Rule allows PHAs or owners to extend the contract to give the family time to achieve goals so long as it will result in furtherance of self-sufficiency during the period of the extension.

Extensions may be especially important where participants have chosen an education/training-first approach and may need time to complete the degree or certificate and become employed in order to meet all of the required goals of the program.

Graduating in Less than 5 Years

Many FSS participants do not need a full five years in order to complete their FSS goals. In fact, the average time, nationally, that an FSS graduate spends in the program is 3.5 years. While some participants may benefit from amending their ITSPs to add new goals and staying in the program until they complete them, others are better off graduating and accessing their escrow account so they can move forward in using those funds to achieve their long-term goals. There is no penalty for completing FSS goals early, and participants who meet their final goals may access their escrow account in less than the five years permitted under the Contract of Participation. The determination of whether to extend

enrollment or finish early should be made by the FSS participant working together with the FSS program coordinator.

FSS program coordinators determine whether a participant has met obligations and is eligible to receive the funds in the escrow account. To help inform a decision about whether a participant should graduate or consider adding another goal and staying in the program, some FSS program coordinators recommend comparing the participant's current income to the income needed to comfortably support a family in the local community. This comparison can be used to determine if the family could benefit from further time in FSS to grow their earnings. The Massachusetts Institute of Technology has created a living wage calculator (http://livingwage.mit.edu) that can help with this calculation.

Re-enrollment in FSS

It is not unusual for some families to leave the FSS program without graduating. FSS programs can determine whether to allow these former participants to re-enroll in the FSS program.

A decision on whether to allow re-enrollments may be dependent on several program factors, including the total number of residents interested in the FSS program, whether there is a waiting list to participate, and the caseload and capacity of FSS program coordinator staff. FSS programs may also elect to approve re-enrollments on a case-by-case basis, based on factors such as the reason the family exited the FSS program and reasons for wanting to re-enroll, the length of time the participant was previously in FSS, the length of time the resident has been out of the FSS program, and what has changed to make the participant now ready to re-enroll.

Some FSS programs also allow FSS *graduates* to re-enroll in the FSS program or allow certain graduates to re-enroll in FSS, such as those who graduated before their initial five-year Contract of Participation period ended or those who have encountered a significant set-back such as a lay-off or illness and need to re-engage in employment. Other FSS programs limit participation to one Contract of Participation period because they want to give as many residents as possible an opportunity to participate in FSS. Some FSS programs have also developed limitations on re-enrollment, such as requiring re-enrolling participants to wait a year before allowing them to re-enroll or establishing higher standards for ITSP goals for these participants.

FSS programs should establish policies on whether they will allow FSS graduates or previous participants who withdrew from the program to re-enroll and what limitations (if any) will apply to these participants. The policies of each PHA or owner should be reflected in its FSS Action Plan.

Terminating Participants from the FSS Program

FSS programs may terminate a family's participation in the program and close-out the Contract of Participation for several reasons, including:

- The participant's housing assistance is terminated
- Mutual consent
- Failure of the family to meet the terms of the Contract of Participation without good cause

- The family withdraws from the FSS program
- Any other act deemed inconsistent with the purpose of the FSS program

See 24 CFR 983.303(h) for additional information. When a participant's participation in FSS is terminated before the participant has met the criteria for completing the Contract of Participation, the participant usually forfeits any accrued escrow funds (24 CFR 984.305(f)(1)). See "Termination with FSS Escrow Disbursement" (above) for exceptions. Policies for terminating the Contract must be included in the FSS Action Plan and must include grievance procedures to be followed if a family disagrees with the decision of the PHA or owner to terminate the Contract.

Terminating Participants from Housing Assistance

FSS participants may not lose their housing assistance as a result of failing to comply with the FSS program requirements, or as a result of deciding to join or not join FSS. Nor can admission to public housing, the Housing Choice Voucher Program, or the Project-Based Rental Assistance program be conditioned on participation in FSS. 24 CFR § 984.101(d)); 24 CFR § 887.101.

2.4 Participant Assessments

Participant assessments are a critical first step to help an FSS program coordinator understand a participant's needs and goals. Assessments also help coordinators determine how best to help participants achieve their goals. The time spent developing the initial participant assessment may be the first lengthy interaction FSS program coordinators have with a new FSS family. This moment is a good opportunity to begin establishing what will become a long-term partnership with each family.

In general, a participant assessment is intended to identify supportive service needs and barriers to education and employment, as well as strengths and skills that participants can build on to make progress toward self-sufficiency. There are many off-the-shelf assessments available, but many FSS programs tend to customize their own.

There are many ways to conduct a participant assessment ranging from informal conversations with participants to a more structured process with specific questions to follow.

Participant Assessment Tools

At a minimum, it is recommended that the assessment cover the following elements about the individual and their household:

1. **Basic information about the family** such as marital status, living situation, household members, dependents, children, and food security.

2. **Education history and goals** including the participant's educational level, and any job training, licenses, or certifications.

3. **Employment history,** goals, and barriers, including experience, career interests, legal status, and history.

4. **Finances and asset building,** including individual and household income, financial management, budget, credit, debt, whether the family is "banked" in a mainstream banking institution or uses check-cashing or payday loan-type services and savings.

5. **Family strengths, barriers, and needs,** including community networks, existing mentoring relationships, services already in place, health or mental health concerns of all family members, substance abuse, clothing, childcare needs, nutrition, and transportation.

Consider developing a single standard assessment form to be administered to each participant. Standardizing the assessment process introduces fairness, structure, and consistency into the assessment process. A standardized assessment ensures that all bases are covered and provides a better service to the participant. It also saves the FSS program coordinator time and effort since they do not have to create new forms for each participant. Electronic records ensure a smooth handoff in the event of staff turnover.

The Home Forward FSS program in Portland, Oregon developed its own 100-question assessment to capture a holistic picture of each family. The assessment covers housing, education, health, transportation, child care, savings, credit scores, voter registration, support system, and employment history. Home Forward's assessment tool and other examples of assessment tools are found in the Resource Library referenced at the end of this chapter.

Participant-Ability Assessments

In addition to an overall assessment, a number of specialized assessments focus on understanding specific participant needs or interests; for example, participant-ability assessments evaluate a participant's workforce strengths and skills. These assessment tools are intended to be used in employment counseling involving assessment, analysis, and career choice and matching, as well as counseling on educational and training choices. There are many participant-ability assessments used in the field to draw from, including the *O*Net Ability Profiler*, *Skillscan*, *and WorkKeys*.

"Interest measurement" assessments help to identify a participant's interests and types of careers to explore. Popular assessments in this category include the *Campbell Interest and Skill Survey, Holland Self-Assessment Interest Survey, O*Net Interest Profiler, and My Next Move.* State certification may be required to administer some of these tools, and unless the FSS coordinator is a trained career counselor, participants should generally receive a referral for these types of specialized assessments. Most local Workforce Development Boards can help with these assessments.

Assessment Matrices/Triage

Some organizations find it helpful to use a matrix form to structure the assessment. Matrices organize the assessment into clear categories, with suggested questions and a ranking system. A general measure of well-being may rank individuals on a scale like this one:

- **In Crisis:** Immediate support for the family is critical. For example, the family has zero income and cannot afford food or other necessities.

- **At Risk:** Support is needed to help the family move toward stability. If the situation is not addressed promptly, it will likely deteriorate and become a crisis.
- **Safe:** The family is making progress toward stability. The household can meet basic needs but requires occasional support.
- **Stable:** The family's situation is stable and immediate support is not needed.
- **Thriving:** The family is thriving and meets all criteria of self-sufficiency.

If a participant is In Crisis or At Risk, coordinators can help to identify and incorporate changes, and make referrals to other services.

If revisited periodically, a matrix can also be used to track a participant's progress over time. Additionally, a triage or matrix such as this can help an FSS program establish expectations or program policies regarding how often a program coordinator will be in contact with a participant. The closer a participant is to "thriving," the less often he or she would need to be seen. This can help avoid a "one-size-fits-all" model that may be too "hands-off" to meet the needs of some FSS participants while requiring too much engagement from others who may need less assistance.

Utilizing a triage system can also help FSS Program management to understand the differences in Case Managers/Coaches caseloads – beyond just the numbers. Programs can set suggested parameters around the intensity of "touch" families at different levels might need. A case manager/coach with many "in crisis" families might need a smaller caseload until those families are able to move down the acuity scale, while a case manager/coach with many stable or thriving families may have the capacity to take on more.

Recommendations from FSS Program Coordinators on Participant Assessments

Below are tips from FSS program coordinators on how to conduct participant assessments:

- Schedule ample time with participants to complete initial assessments at enrollment. A comprehensive assessment can take one to two hours to complete.
- Conduct in-person assessments to build the relationship between the FSS program coordinator and new participant. Consider remote coaching sessions conducted by phone or using meeting technology, especially in rural areas and/or for participants who have transportation issues.
- Take a holistic view of the family. Consider health, mental health, access to childcare, financial skills, and other conditions that create barriers to employment.
- Ask about the family's ability to overcome barriers in the past. Learning what has worked (or not) in the past is beneficial information.
- Ask about who, in their community, the family has that they have/can rely on in a crisis. It might help to develop some scenarios to ask about… "If one kid got hurt and you needed to go to the hospital, who would you ask to take care of your other kids?" "If you needed help getting groceries to your house, who would you ask to help?" "If your kid's school bus didn't show up, what would you do?" etc.

- Ask about the factors relevant to the participant's success and not topics beyond the scope of the program. This will build trust and mutual respect.
- Take steps to ensure all information shared by the participant is treated as confidential. Some of the information discussed during assessments can be quite sensitive.
- After the initial assessment, conduct follow-up assessments on a regular basis to track progress and identify any new barriers. Take this opportunity to provide referrals to services that can bolster the participant's outlook.

2.5 The Goal Setting Process

In addition to preparing an assessment of the needs of each FSS participant, FSS program coordinators need to work with each participant to set goals. FSS coordinators should be prepared to help participants define realistic, individualized, short- and long-term goals with target dates for completion in three key areas: education and job training, employment, and financial capability. (More information about setting goals in these three areas can be found in Chapters 4 and 5.)

At the simplest level, a Head of FSS Family's initial ITSP might include only the two required goals for FSS participants: to become free of welfare cash assistance and for the Head of FSS Family to seek and maintain suitable employment. Beyond those two required goals, FSS participants and coordinators are free to establish additional goals such as completing requirements toward a post-secondary degree or becoming prepared for homeownership. Establishing goals in an official setting might provide helpful motivation to encourage participants to take the steps needed to achieve their desired goals.

This section reviews the steps that FSS program coordinators should take to work with FSS families to identify goals for their FSS ITSP:

- Either as part of the assessment process or during a separate meeting, FSS program coordinators should formally ***meet with participants to establish ITSP goals***.
- Participants should be encouraged to ***develop long-term goals*** that they want to achieve by the end of their Contract of Participation period.
- Coordinators should then work with participants to break down the long-term goals into smaller, achievable steps.

More information on each component of this work follows.

The Goal-Setting Process

Participants must establish goals in their ITSPs, which are part of the Contract of Participation signed upon official enrollment in the FSS program. Often, two or more meetings are required to complete a participant assessment and establish an effective set of goals that reflects the participant's needs and wants.

Some FSS programs build in time to complete this initial goal planning before signing the Contract of Participation. In others, however, the contract is signed before the full assessment and goal-setting conversations have taken place. One approach to addressing

this timing challenge is to set up the initial ITSP using a preliminary set of goals –the two required goals plus perhaps one or two additional goals that reflect the participant's interests – and then modify the ITSP after the full participant assessment and goal-setting meetings have been held.

During goal-setting meetings, FSS program coordinators should find out not only what the participant's current goals are but what goals they have previously set for themselves and whether and under what circumstances they have been able to meet them. This can be important information for informing the interim steps that coordinators and participants identify toward achievement of a participant's goals. Some FSS programs find that new participants are most comfortable in their own homes and encourage coordinators to schedule the goal-setting meeting in the participant's home or another private setting. Other FSS programs prefer to have the goal-setting meeting at the program's office to ensure coordinators have adequate time to meet all of their responsibilities. In the wake of the COVID-19 pandemic, starting in 2020, some PHAs and owners may also have added provisions to hold meetings with participants remotely, by video or teleconference.

Ideally the goal-setting process should be directed by the participant. It is not the needs and wants of the FSS program coordinator that matter, but the needs and wants and goals of the participant that need to be determined and supported. Coordinators can help participants by affirming participants' choices. Participants are the experts in their own lives and there are no "right" answers or goals. It is the job of the FSS program coordinator to see through what participants think the coordinator wants to hear, and to get to the root of the participant's own goals.

Develop Long-Term Goals

In addition to the two required final goals of seeking employment and becoming free of cash welfare assistance, participants and coordinators can work together to establish additional long-term goals, which can be classified in the ITSP as either interim goals or a final goal. Many FSS programs only establish a single final employment goal for participants. These programs establish other employment-related goals such as education and job training as interim goals. Others prefer to identify all long-term goals as final goals, using the term "interim goals" to refer to goals that can be achieved in a relatively short time frame.

Since the Head of FSS Family must be suitably employed by the end of the Contract period, some programs focus on setting long-term goals primarily related to employment and setting interim goals related to education and training necessary for obtaining suitable employment. For example, participants who do not have a high school diploma or college degree may identify obtaining these degrees in their long-term plans as interim goals on the path to stable and higher level employment. Participants with a high school diploma or equivalent may be interested in pursuing a two- or four-year college degree or taking targeted job training courses. Completion of these programs could be included as goals for those participants.

Participant goals can also expand beyond a focus on education, training, and employment. They may address the Head of the FSS Family's health, mental health, financial literacy, as well as the needs of other household members. Some goals focus on "outputs"—which are the immediate results that indicate completion of a task, such as finishing a training program—while others focus on "outcomes"—which represent the longer-term changes that

follow an activity, such as obtaining a promotion or pay increase. Some FSS programs require goals to be framed as outcomes while listing outputs as activities undertaken to achieve those goals.

Common goals for FSS participants (beyond the required goals) include:

- Completing a specific job skills training and obtaining a license/certificate
- Obtaining a GED or high school equivalency credential
- Obtaining an associate or bachelor's degree
- Completing homeownership preparedness training (e.g., homeownership counseling for a first-time homebuyer)
- Developing a budget
- Obtaining a promotion or wage increase
- Completing a financial education course or financial coaching

Some experienced FSS program coordinators caution against including hard-to-achieve goals in the Contract of Participation because participants can work very hard and make substantial progress but nevertheless not complete the goal within the time period allotted, making it hard to graduate and get access to the escrow. Coordinators should minimize that risk to their participants by ensuring that the goals they set in the ITSP are reasonable and achievable and by documenting additional "reach" goals in other places that do not affect the participant's ability to graduate from FSS. For example, it is not recommended to set "purchase a home" as a goal, as there is no way to know if the right home at the right price will be available at the right time. An alternative goal might be "to become educated and financially ready to purchase a home," a scenario that is within the participant's control and less dependent on external factors.

Break Down Long-Term Goals into Smaller Steps

For each goal identified in the ITSP, coordinators should work with participants to determine smaller steps—sometimes called "activities"—that the participant needs to take to make progress toward meeting the goal. Some coordinators focus on setting activities in three-month increments while others look at somewhat longer time horizons of six months or more.

For example, if a long-term goal is completion of a GED or high school equivalency, activities could include learning about the requirements for obtaining a diploma, enrolling and completing specific GED preparatory courses, and taking a practice test. Establishing and tracking achievement of smaller steps is a good way to monitor participants' progress. Tracking these activities also helps participants achieve small successes and build confidence.

Compass Working Capital Founder and Executive Director Sherry Riva gives an example of breaking down a long-term goal into smaller steps:

"If the dream is sending your child to college, if the dream is becoming a home owner, if the dream is owning a business, then we take that big goal – all of our coaching is rooted in that long term goal – but we break it into steps that can feel measurable and achievable in the short term. With a good example there being if home ownership's your goal, we know you need a prime credit score, so let's start there. What can I do right now, what do I need to do in a year, what do I need to do in three years from now?"

Develop Templates for Common Goals

Coordinators may want to develop ITSP templates for common goals such as securing employment, completion of educational or job training, financial counseling/credit repair, and homeownership preparedness. Templates lay out the typical steps and timelines for completing common goals. While templates can be a good starting point for helping residents develop their own goals, each ITSP must reflect the individual needs, interests, and goals of the specific participant and their household.

Use the SMART Acronym

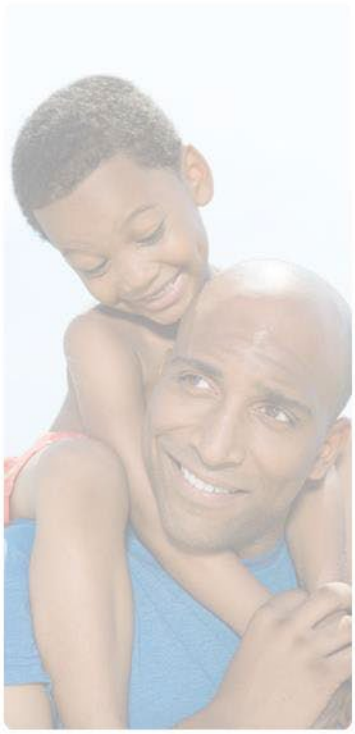
Many programs find the SMART acronym a useful tool for identifying actionable goals. This acronym is a reminder to set goals that are **Specific, Measurable, Action-oriented, Realistic, and Time-bound.**

- **Specific** goals provide enough detail to make it clear what the person wants to accomplish.
- **Measurable** goals are quantifiable. Specifying percentage increases toward the income goal would meet this requirement.
- Goals should be **action-oriented**. Participants should document specific actions that must be taken to achieve the desired outcome.
- Goals should be **realistic**. Participants should be able to realistically complete the goals within the five-year FSS period.
- **Time-bound** goals have a start and end date. Preparing a timeline helps to ensure that a goal is realistic and achievable. Deadlines hold the participant accountable.

Visit the online Resource Library at https://www.hudexchange.info/programs/fss/ for sample documents and links to HUD data sets and notices referenced in this chapter. The Resource Library also contains links to FSS program rules and regulations, best practices, and other information that may be useful in the implementation of an FSS program. While FSS program requirements and guidance are now largely the same for PHAs and owners, owners may have different management, accounting, compliance and reporting needs and requirements. Additional resources and guidance for PBRA owners wishing to start or run an effective, compliant FSS program can be found at https://www.hudexchange.info/programs/multifamily-fss/.

3

Case Management/Coaching



3. Case Management/Coaching

After FSS program coordinators have assessed participants' opportunities and barriers to self-sufficiency and participants have established Individual Training and Services Plan (ITSP) goals, the work of the FSS program coordinator shifts to helping participants meet their goals. Throughout the course of a family's participation in FSS, the coordinator actively works directly with the participant to identify services or employment training opportunities, make referrals to those resources, and provide ongoing support to help the participant achieve the goals laid out in the ITSP. Some programs refer to this role as case management while others refer to it as coaching.

This section focuses on how FSS program coordinators can develop strong foundational relationships with their participants and provides guidance on how to conduct case management and coaching tasks effectively, including providing support and helping participants troubleshoot issues and barriers that might derail their progress.

This chapter includes the following sections:

- The section on **Working with Participants and Building Trust** describes how FSS program coordinators work with participants to help them achieve their goals using participant-centered approaches, motivational interviewing, and a trauma-informed care model. This section also discusses approaches and considerations for serving youth aging out of foster care.
- The **Participant Meetings and Communication** section provides guidance on the frequency, manner, and topics for meetings with participants, as well as specific techniques coordinators can employ to develop rapport and build stronger relationships with participants.
- **Referrals to Service Providers** describes the types of organizations that typically serve as service referral sources and provides guidance on when to refer to service providers in the community.
- The section on **Helping Participants Build Executive Skills** includes current research on how FSS program coordinators can help participants build critical organizational and other executive skills.

3.1 Working with Participants and Building Trust

The most important role of an FSS program coordinator is to support FSS participants in identifying and achieving their goals. In this capacity, FSS program coordinators first conduct an assessment of the needs, interests, barriers, and strengths of new FSS participants (see Chapter 2). Coordinators then identify services and training opportunities, make referrals for services and training, and monitor completion of goals as laid out in participants' ITSPs.

To be effective in supporting and motivating participants to achieve their goals, it's important to build a rapport with participants, gain their trust and help empower them to take positive steps toward their goals. Letting participant needs and aspirations drive the process through use of a **participant-centered approach**, employing tools such as **motivational interviewing**, and employing a **trauma-informed approach** can help coordinators in

building this essential trust and rapport and supporting clients in making progress toward their goals.

A Participant-Centered Approach

In all activities involving participant needs, goal setting, and support, it is important for FSS program coordinators to take a "participant-centered" approach in which participants drive the process. Participants should select their own individual goals and determine how they wish to meet them. The program coordinator should not force any particular belief system on the participant. Also, FSS programs cannot adopt "boilerplate" goals that apply across-the-board to all participants (beyond the two goals required by regulation described in Section 2.5 – that all household members must be independent of welfare cash assistance from federal or state welfare programs at the time of graduation, and that the Head of FSS Family seek and maintain suitable employment).

Participant-Centered Coaching

The following are some of the key principles of participant-centered coaching:

1. **Individuals are the best experts** in their own experience and needs and are best placed to make decisions for themselves.
2. The coach **accepts** and **values** the participant unconditionally
3. The coach displays **empathy** for the participant
4. The coach provides **support** and **guidance** to the participant in identifying and achieving the participant's own goals and aspirations rather than focusing on the coach's recommendations

Key Coaching Strategies

Championing – Acknowledge the participant's strengths and steps they have taken and remind the client that they can succeed.

Reminding – Remind the participant of past successes.

Reframing – When there is a setback, focus on how the situation has changed and what the participant has learned.

Uncovering Potential Obstacles – Share what you know about the path toward a goal selected by the participant to help the participant prepare for and address potential obstacles.

Timelining – Provide clarity on intermediate steps and timelines to reduce the likelihood the participant becomes discouraged about the difficulty reaching a long-term goal.

Asking Permission – Ask a participant if they want a resource or are ready for it before connecting the participant to a resource.

Asking if they Have Tried it – Ask the participant for input before providing a resource of which they may already be aware.

Clearing – Serve as an active listener when the participant is preoccupied with a situation that makes it difficult for them to think ahead or take action.

Taking Charge – Direct the participant back to their goals when the participant is preoccupied with current circumstances.

Key Coaching Strategies are adapted from "Nine Foundational Coaching Strategies" (HUD and Compass Working Capital): https://files.hudexchange.info/resources/documents/Nine-Foundational-Coaching-Strategies-for-FSS-Coordinators.pdf

Coordinators should help participants to clarify their key values, challenges, and strengths, to understand the pros and cons of different approaches, and should provide encouragement and support through active listening. Coordinators should also ask motivating questions to help participants assess the best course of action and inform participants of resources and opportunities in the community, making referrals to particular services based on the assessment and expressed interests and desires of the participant. Ultimately, however, it is the participant who must decide on a course of action, supported by coordinators who understand that their role is to help participants learn to address challenges on their own. As mentioned in Section 2.1 and further elaborated in Section 3.2, case managers/coaches may wish to pursue training in advanced, evidence-based techniques, such as **Motivational Interviewing** and co-active coaching. Such practices reinforce this participant-driven approach to facilitating participants' long-term participation in the FSS Program (See box below for tips in using motivational interviewing).

Motivational Interviewing Checklist

Below is a list of questions developed by the Center for Evidence-Based Practices at Case Western Reserve University that coordinators can ask themselves to determine if they are following best practices for a client-centered approach. The checklist is intended to help practitioners tap into and support participants' internal motivation for change – a strategy known as Motivational Interviewing.

1. **Do I listen more than I talk?**
   Or am I talking more than I listen?
2. Do I keep myself sensitive and open to this person's issues, whatever they may be?
   Or am I talking about what I think the problem is?
3. **Do I ask permission to give my feedback?**
   Or am I presuming that my ideas are what they really need to hear?
4. **Do I reassure this person that ambivalence to change is normal?**
   Or am I telling them to take action and push ahead for a solution?
5. **Do I seek to understand this person?**
   Or am I spending a lot of time trying to convince them to understand me and my ideas?
6. Do I summarize for this person what I am hearing?
   Or am I just summarizing what I think?
7. Do I value this person's opinion more than my own?
   Or am I giving more value to my viewpoint?

Trauma-Informed Care

In addition to taking a participant-centered approach, FSS coordinators should ensure that the services they provide reflect the lessons of trauma-informed care. Many people participating in HUD programs have faced traumatic events in the recent past, experienced adverse childhood events, including abuse and violence, or both. Residual and ongoing trauma can erode participants' feelings of security, self-worth, belief in their own power to set or achieve goals, and executive functioning. By incorporating trauma-informed

approaches, FSS coordinators can build trust with participants who may have found reasons not to trust providers in the past, and support participants in developing and achieving their goals while avoiding inadvertently re-exposing them to trauma.

Trauma-informed care seeks to:

- Realize the widespread impact of trauma and understand paths for recovery;
- Recognize the signs and symptoms of trauma in participants, families, and staff;
- Integrate knowledge about trauma into policies, procedures, and practices; and
- Actively avoid re-traumatization.

These concepts are adapted from the Substance Abuse and Mental Health Services Administration's SAMHSA's "Concept of Trauma and Guidance for a Trauma-Informed Approach." To learn more, download the full publication at: https://store.samhsa.gov/sites/default/files/d7/priv/sma14-4884.pdf

Supporting Special Populations: Youth Aging out of Foster Care

Young adults who leave foster care by aging out, rather than through reuniting with their families or being adopted into a new family, must transition to independent adulthood both earlier and more abruptly than their peers. Young people aging out of foster care are also disproportionately likely to experience homelessness, have criminal justice system involvement, and to become pregnant as teens or young adults.[3] HUD programs, such as the Family Unification Program (FUP)-Youth and Foster Youth to Independence (FYI) HCV programs, offer housing assistance specifically aimed at supporting youth aging out of foster care. Fostering Stable Housing Opportunities (FSHO) and the Federal Register notice 87 FR 3570 pages 3570-3580, which implemented FSHO, extended the period of time youth participating in FSS programs (or unable to participate in FSS programs because of unavailability) may continue to receive housing vouchers under FUP-Youth and FYI by 24 months, to a maximum of 60 months, allowing these youth more time to work on their education, careers, and other aspects of self-sufficiency unimpeded by housing insecurity or homelessness. FSS providers who aim to serve youth aging out of foster care should remain aware of the challenges and needs of these participants, which may go beyond the challenges associated with their age and the absence of financial support or guidance alone. Youth aging out of foster care are likely to have faced trauma and adverse childhood events, increasing the importance of providing services with a trauma-informed approach. They may not have experienced a close, stable relationship with an adult, making it more difficult to build a trusting relationship with an adult, especially one in a position of authority. Approaches that empower participants and help to build trust, including participant-centered approaches based on coaching rather than case management, participant-driven tools such as motivational interviewing, and trauma-informed care (discussed above) are recommended practices for serving youth aging out of foster care.

3.2 Participant Meetings and Communication

Once the initial assessment and goal setting process is complete, the FSS program coordinator meets regularly with the participant to ensure the participant has access to the services needed to achieve their goals, to be a sounding board on the participant's goals

and challenges, to monitor the participant's progress in employment and education, and to provide encouragement and resources.

Recommended Frequency and Manner of Participant Meetings

While there are no hard and fast rules about how and how often to communicate with participants, coordinators report that regular and frequent communication is the bedrock of a strong coordinator-participant relationship and necessary to build and maintain trust with their participants.

The recommended frequency of meetings depends on several factors and generally ranges from monthly to quarterly. Some coordinators suggest weekly contact when participants are experiencing particular challenges. Other programs establish less frequent contact schedules with FSS participants based on their individual needs, employment status and educational or job training activities, and progress toward goals – an approach sometimes referred to as "triage," since it involves providing more intensive services to those with the greatest needs.

Some programs seek to meet at least monthly with participants who are not in school or employed 20 hours or more per week. Coordinators should have more frequent contact with those who are seeking employment. Once the person is settled in employment (typically around 90 days of continuous employment), coordinators can generally taper to a less frequent meeting schedule. There are times when an employed FSS participant may need extra support, especially if the participant has a limited work history. For example, program coordinators may want to meet more regularly with participants who are beginning a new job to help them adjust to and maintain the new employment, or with participants who want help in advancing to a higher paying job.

For participants who are steadily on track to meeting their goals, less frequent meetings may be appropriate, such as every three months. Whether participants are on track to meeting their goals or not, regular contact is important in maintaining a supportive trusting relationship and in monitoring progress toward their next goal.

FSS Coordinators should be careful to never schedule meetings just for the sake of meeting. The number of times a coach meets with a participant measures nothing other than both of their time spent. The question should be, was the time spent WELL? Managers should be thinking about tracking participant outcomes, not just time in chairs together.

> *The coordinator's responsibility is to show by actions and by speaking how much they care about that individual, that family, to help them to really move forward. And you don't sense that honesty, that openness, that trust and caring, and real emotional support unless you see them in person. Then they can see you, they can see your sincerity, you're helping them to be honest and open with you as well.*
>
> *It takes time. It takes regular meetings. There's a lot of distrust [among] a lot of our low-income [families], and anybody really in the world I guess, to meet somebody new and to open up about themselves. So it really takes an effort on both sides and a commitment.*
>
> *~ Nancy Scull, Housing Opportunities Commission (retired)*

In-Person Meetings and Other Methods of Communication

Many FSS program coordinators prefer to hold in-person meetings with participants. These will generally take place in the FSS program office, although meetings may also be held in another private setting, such as a participant's home or workplace. Some

FSS programs encourage an initial meeting in the participant's home if the family agrees and the program coordinator has sufficient time to make a home visit without compromising other responsibilities. Meeting participants in their home environment can provide insight into some of the barriers to self-sufficiency that the participants might not bring up on their own, or even recognize, such as furniture, clothing, and housekeeping needs. Some coordinators emphasize the importance of having a meeting in-home soon after enrollment to meet all family members in a location that is comfortable and familiar to the participants.

Other FSS programs rely on phone or Skype conversations, email, or text communications for follow-up meetings after the initial assessment, Contract of Participation, and ITSP are completed. Remote coaching sessions conducted with meeting technology may be especially helpful in rural areas or for participants who have transportation issues. These approaches can be a good way to supplement in-person meetings and increase the frequency of contact, without requiring quite as much time or resources from the coordinator and the participant. These alternative modes of communication may be particularly important for employed participants and those who are participating in education or training programs as they may have difficulty getting to the FSS program office during business hours. Remote meetings also have become more common as a result of the COVID-19 pandemic, starting in 2020.

Coordinators can set up email and text message alerts to remind program participants of outstanding goals or congratulate them on goal achievement. These alerts can also be used to monitor participants' progress in completing their ITSP goals.

Some FSS programs have also convened group meetings that provided an opportunity for FSS participants to share their experiences, knowledge, and perspectives with one another. These meetings also allow coordinators to informally check in with their participants.

Coordinators should use their best judgment and develop a communication plan for each participant based on the participant's assessment, needs, and progress, keeping in mind that this plan will likely change over time. To accommodate working participants, program coordinators may need to be prepared to work odd hours, including evenings and weekends. Ultimately, a coordinator should meet with a participant and/or the family, in person or virtually on a regular basis (such as quarterly or semi-annually) and make themselves available to talk with participants more frequently on an as-needed basis if the participant needs support in making progress toward their goals.

FSS coordinators must ensure that their chosen method of communication is accessible to participants, whether it is in person or remote meetings, emails, or phone calls. Translators, alternative material, or other inclusive alterations may be necessary.

Focus of Participant Meetings

The focus of meetings will evolve over time. The first conversations will center on the participant's current situation, conducting baseline assessments, and handling any emergency issues. In the next stage, the coordinator will help participants identify long- and short-term goals and create the ITSP with target dates to meet those goals. The focus of subsequent meetings will depend on the goals the participants have set and the target dates for each goal. In general, during most meetings with participants, coordinators should check in on how the participant and the family are doing overall, review individual goals and progress with ITSPs, and follow up on any previous referrals to service providers or programs. As described in Chapter 5, some programs also include a focus on financial capability in each participant meeting.

Use of Meeting Checklists

Some FSS programs find it useful to build in additional structure to their program to promote a consistent approach by each FSS coordinator with each participant. One way to do this is to have checklists for each participant meeting. Coordinators can use the checklists for specific follow-up items based on where the participant is in the FSS program, and check off each item once it has been discussed to ensure they cover all necessary topics. See the FSS online training at https://www.hudexchange.info/programs/fss/ for several examples of coordinators' checklists covering the following topics:

- Introductory and Assessment Meetings
- Job Search Goal Meeting
- Early Employment Review Meeting
- Monitoring Meeting
- Approaching Graduation Meeting

Practical Tips on Working with FSS Participants to Help Them Achieve Their ITSP Goals

- Revisit the ITSP at every meeting and brainstorm together as needed on better goal achievement
- Review participant goals at every meeting
- Recognize and celebrate small achievements and steps toward larger goals
- Show how much participants have accrued in their escrow account at each meeting
- Review the family budget, debt or credit issues, asset building status, and general financial stability
- Create personal reports that visually show participants' progress toward goals
- Recognize that every participant is part of a family and that the wellbeing of their family members will affect their ability to be present and successful.

Building a Trusting Relationship with Participants

Some studies have found that closer personal connections between coaches and participants contribute to improved education and labor market outcomes. By building trusting relationships with participants, FSS program coordinators can have a significant impact on the lives of FSS participants and their families. While all individuals have their own

styles of communication, research suggests several communication styles and strategies that can be used to develop stronger relationships with participants.

To build trust with participants, it is most important to demonstrate a ***non-judgmental, respectful, and supportive demeanor*** in all interactions. It is important to refrain from judging participants and to be respectful and supportive of their goals. Sometimes participants choose goals that are unlikely to be achieved during the course of the FSS program. In these cases, coordinators may need to break down the timeframe needed for each goal and help the participant realize that more time may be needed for a goal than the FSS term allows.

One FSS coordinator shared her experience learning to be non-judgmental:

"I do admit that when I first started in this industry, I had a hard time understanding some of the barriers that our clients were facing . . . I used to create these stereotypes of people who are going to do certain things regardless of what I say. [I thought I knew] best and I should just guide them through this process of their whole life transformation based on my belief and based on what I thought was the best option for them…

Over time, as I got to know our participants more… I realized that by [inserting] judgment in the conversation I was losing trust with participants and I was doing more harm.

Sometimes these judgmental comments are simple comments that we don't even realize. But they're basically putting shame and blame on our participants and we're losing that relationship. And we know that the relationship with our participants is one of the most important factors in . . . helping our participants succeed."

Remaining non-judgmental and supportive becomes especially important when a participant expresses a desire to change their goals or plan, or when the coordinator does not personally understand or accept the participant's decisions or dreams. Participants should set their own goals, and it is important for coordinators to respect and be supportive of these decisions, including decisions to change goals. Coordinators may identify red flags from a participant if the participant frequently changes their goals or does not pursue previously-identified goals. These red flags could indicate fear of change, lack of confidence, disinterest, or lack of commitment. The coordinator should address these issues but otherwise, the coordinator's primary role is to support the participant in working toward the participant's stated goals.

Techniques to Build Strong Relationships with Participants

The following are some specific techniques that coordinators can employ to develop rapport and build stronger relationships:

- Use **effective, participant-driven interviewing** to get a good read on the participant's current situation, barriers, strengths, and goals. Coordinators will learn more by asking open-ended questions and following up to elicit more than a simple yes/no from the participant. Avoid judgments, whether verbal or nonverbal, to ensure the participant feels comfortable speaking openly about sensitive topics. Similarly, pay attention to what the participant's body language might be saying, and whether it is different than what their words convey. These techniques will ensure that coordinators learn a reasonable amount about the participant and set the stage for good and open communication.

- Coordinators can develop a comfortable rapport by **relating to participants as partners** working together toward shared program and personal goals. Program coordinators may ask to be called by their first name, and should match the participant's speech and body language – the tone and tempo – during conversation. Last, but not least – coordinators should show interest and enthusiasm in what the participant has to say.
- **Listen actively to the participant** – Re-state and re-phrase what the participant says. This serves two purposes: it confirms to the participant that the coordinator is actively engaged and listening, and ensures that the participant's words have been interpreted correctly. If not sure of anything, ask a question. Finally, reflect on information the participant has shared, and add value by suggesting links between stated goals and the intended course of action.
- Throughout the relationship **motivate, support, and empower** the participant. Trust her or him to be the driver of the path to self-sufficiency, and be open to a pivot. Coordinators should leverage individual motivators – strengths, core values, and dreams – to generate optimism. It helps to focus on successes (not setbacks). Always empower individuals to see themselves as their own best resource, remembering that some participants have never had anyone tell them that they can succeed.
- Advanced participant-centered case management and coaching techniques such as **Motivational Interviewing** can be used to identify and build on participants' intrinsic motivation to make progress toward their self-sufficiency goals. This evidence-based practice trains practitioners to ground their interaction with participants on the assumption that participants are creative, resourceful, and experts on their own lives. It has four core principles:
- **Express empathy**. Create safe spaces for consumers to share their experiences by demonstrating an accepting attitude and acknowledging the concerns that participants express and the strengths they exhibit.
- **Support self-efficacy.** Help participants feel more empowered by affirming their strengths, providing resources, acknowledging autonomy, and helping to increase hope. Recognize participants' steps toward progress.
- **Roll with resistance**. Rather than trying to convince a participant to change – which may generate resistance – elicit from the participant the reasons he or she might want to change.
- **Develop discrepancy.** Help participants develop self-awareness of any discrepancies between their current behaviors and what they hope to achieve.[4]

These techniques will pay dividends in coordinators' ability to build relationships with participants and to help participants achieve goals over time.

3.3 Referrals to Service Providers

FSS participants have a diverse range of needs, and FSS program coordinators generally have insufficient time and expertise to meet all of them. By building close working relationships with service providers and then referring participants to these providers for the

specialized assessments, trainings, services, and resources they and their families need, FSS programs can serve more families than would be possible if FSS coordinators were responsible for providing services themselves.

PHAs with an FSS program are required to establish a Program Coordinating Committee (PCC) that can facilitate referrals by providing a mechanism through which service providers can become and stay invested in the success of the FSS program. (While PCCs are not required for all PBRA housing owners with FSS programs, in cases where a PCC is available in the community, owners are required to work with that PCC or to create their own PCC, either by themselves, or in conjunction with other owners. For further discussion of PCCs for PBRA FSS programs, see Chapter 7.) The PCC is usually comprised of some or all of the service providers that accept referrals for FSS participants. Additional information about establishing a PCC as well as guidance on how to identify new partners, enter into agreements with partners, and how FSS programs have maximized the utility of the PCC is provided in Chapter 6.

There are several important components to bear in mind in making referrals to service providers: where to refer participants and when and how to make referrals.

Where to Refer

Identifying where to refer FSS participants is critical and may require some upfront investment of time in building relationships with service providers. Effective referrals for services rely on identifying appropriate referral organizations and services and establishing positive partnerships that allow ongoing referrals. As part of the process of selecting referral partners, program coordinators should consider going through the process of accessing specific services themselves, from taking the bus or other public transportation to the service provider's office to going through the intake process and filling out enrollment paperwork. Personal experience with program operations from the consumer's perspective can enable the coordinator to give FSS participants more information about what to expect and any steps they can take to avoid bureaucratic delays or other barriers to accessing the service. In addition, visits to partnering providers present an opportunity to assess the quality of services provided and their potential benefit for FSS participants.

The types of organizations that provide training and services for FSS participants, their prevalence, and their interest and willingness to partner will vary substantially from community to community. In many cases, service providers willing to partner will be nonprofit community-based organizations or local governmental agencies that regularly provide free and low-cost services to the public.

While the availability and coordination of supportive services will vary from one community to the next, FSS program coordinators should strive to secure partners who can provide services in the following areas:

- ***Employment Training Programs and Placement***. Every FSS program should include employment training and placement partners. Workforce Development Boards that operate state and local workforce development and training programs can provide FSS participants with access to specific work-promoting services. Workforce Development Boards oversee the American Job Centers (formerly One-Stop Career Shops) that provide employment search and training assistance. In addition to service providers, local employers also may offer career planning advice,

job search assistance, assistance with resume-building, and training in soft skills such as communication and organizational skills, and interview practice that will help participants succeed in obtaining and maintaining employment. Chapter 4 includes resources for identifying and partnering with employment-related partners.

- ***Education and Skills Development***. Key partners in education and employment training include local basic skills education programs, community colleges, four-year colleges, job training programs, and employment placement services, including programs funded through the Supplemental Nutrition Assistance Program Employment and Training program. Chapter 4 offers recommendations on specific types of organizations that typically offer programs in basic skills and post-secondary education.
- ***Financial Education and Capability***. Partners who provide asset-building and financial education services include financial education and credit counseling providers, asset-building nonprofit organizations, homeownership counseling providers, and banks and credit unions. Chapter 5 includes recommendations for identifying and partnering with organizations that provide financial education and capability services.

Specific partners to consider include:

- ***Human Services or Temporary Assistance for Needy Families (TANF) Agency***. The local department of human services or TANF agency will be an important partner for an FSS program, and HUD recommends that the local agency be a member of the PCC. In addition to already working with many of the same families, these agencies provide services for which FSS participants may be eligible including employment services, health and mental health services for any family member, cash assistance, child care, and emergency financial assistance. The TANF agency can also be a significant source of connections to other programs that serve low-income families. These agencies typically also run the Supplemental Nutrition Assistance Program (SNAP) and SNAP Employment & Training (E&T) programs and can be a resource for connecting individuals to appropriate E&T service providers.
- ***Public Child Welfare Agency***. While the child welfare system operates differently in different states, in general child welfare agencies are charged with providing for the well-being of children, including interacting with entire families. These agencies may deliver services directly and work with community partners to improve child outcomes, and can be a useful resource to connect FSS participants who have children to reliable, high-quality day care, nutritious food, and courses on parenting skills, among other services. Child Welfare Agencies will be an especially important partner for PHAs participating in the Family Unification Program and Family Self-Sufficiency Demonstration.[xi]
- ***City or County Government***. FSS program coordinators should reach out to representatives of their city or county government, such as the office of the Mayor or City Council. Local governments have been a source of funding for some FSS

[xi] See Notice PIH 2016-01, *Family Unification Program and Family Self Sufficiency Demonstration* at https://portal.hud.gov/hudportal/documents/huddoc?id=pih2016-01.pdf.

programs by designating grant funds for some services and resources for participants such as for child care, transportation, and tuition and educational supplies.

- ***Community Volunteers***. Some FSS programs recruit, train, and supervise volunteers from the community to serve in a variety of capacities, including as mentors to FSS participants (performing a case management or coaching role), English language tutors or class teachers, GED tutors, and tutors for various college courses (as needed by participants). Federal Work Study college students and college interns may provide any of the above volunteer services; they may also do research to identify more service providers.

Other important partners include the Department of Rehabilitation Services, organizations providing literacy and English language classes, program funders, disability service providers, transportation services, child care providers, health and behavioral health clinics, and agencies providing emergency services. Non-traditional partners such as automobile service shops, which can provide low-cost car maintenance services, and higher-end consignment shops, which can provide work or interview clothes, can supplement these services. Representatives from a community farmer's market or grocery store, for example, may be willing to provide nutrition and food preparation classes free of charge. While not typically thought of as "service providers," these partners can provide important supports that make a big difference in participants' lives. All of these resources should be identified in the FSS Action Plan.

When and How to Make Referrals

Many participants will need several rounds of referrals to services throughout the course of their participation in FSS. The first opportunity to provide referrals happens at the beginning of the relationship. Through the initial FSS participant assessment and goal-setting process, the coordinator and participant can identify challenges and opportunities that could be addressed through a service referral. Providing services and resource referrals early in the coordinator-participant relationship demonstrates caring support and builds trust.

Participants' needs for services may change as they work toward their goals. Ongoing participant meetings can provide useful intervention points where FSS program coordinators can refer participants to additional or different services to help them achieve adjusted or new goals. In some cases, referrals build sequentially toward a larger goal. For example, if a participant has a goal to become prepared for homeownership, the initial referral may be to a credit union to establish a relationship with a financial institution and open and gain experience maintaining a bank account. The participant may then be referred to a credit counseling agency for help achieving an interim goal of increasing their credit score. Once the participant has worked toward improving their credit score and saving for a down payment, a homeownership education or counseling referral would be an appropriate next step to assess readiness and prepare for homeownership.

Similarly, a participant interested in advancing in a chosen career track may first be referred to a workforce center for a career assessment to help identify individual training and education plans. The participant may then be referred to a basic skills education program, community college, or workforce center to obtain training or education that is contextualized for the participant's chosen career path. Finally, the participant may be referred to a provider

that offers professional clothing as he or she begins the interview process for specific job openings.

In other cases, however, this sequence does not progress in such a straightforward manner and referrals are based first on a triage approach designed to meet the highest priority needs. A participant who presents a health crisis in the initial assessment may first be referred to a community health clinic to address immediate health concerns. After this crisis has been resolved and the participant is given time to recover, additional referrals can be made—to career planning, basic skills or literacy classes, or degree programs—to begin moving closer to achieving long-term goals.

Crisis management can happen at any time, not only at the initial assessment. Especially among very low-income individuals, crises can be debilitating and disruptive and lead to the loss of a job or housing, making it difficult to stay on track to achieve longer-term goals. Referrals and crisis intervention may be needed at various points throughout a participant's tenure in the FSS program.

Generally, the most effective referrals are made through personal contact from the FSS program coordinator to an individual at the referring agency with whom the FSS program has an ongoing relationship. Making this personal contact can help pave the way for the FSS participant to find their way to the right place. Moreover, knowing that a personal referral has been made may make the participant more likely to follow up. Just handing the FSS participant a phone number to call or an address to visit is much less likely to be successful.

In addition to making effective referrals, it is important to follow up on any referrals at the next meeting (virtual or in-person). Tracking what referral was made and whether the participant followed through on the referral is key to knowing if the participant is actively working toward the goals in the ITSP. In some cases, the agency to which a referral was provided can confirm if the participant followed up to the referral under a Memorandum of Understanding that ensures the confidentiality of the participant. Ultimately, a referral is only useful if it becomes an action that results in the family making progress toward their goals.

3.4 Helping Participants Build Executive Skills

Think about the skills that an FSS participant needs to succeed in achieving their goals: organization, persistence, flexibility, self-control, good decision-making, the ability to break large complex problems into smaller manageable ones . . . These and other similar skills are collectively known as "executive skills" (or "executive function skills") and can be critical to participants' success in achieving their employment and other goals.[xii]

Executive skills can be defined as the basic skills that people need to manage themselves and their resources in order to achieve a goal. Defined in this way, the relevance of executive skills to FSS is clear. FSS programs seek to help participants become and stay employed and achieve other personal goals. Executive skills are the basic building blocks that FSS participants need to achieve their goals.

[xii] "Executive function skills" is the more common term, particularly in the child development literature. However, we follow the lead of LaDonna Pavetti, Dick Guare, and others in using the term "executive skills" which sounds significantly less judgmental.

The box on the next page provides a list of executive skills, grouped into three categories: skills related to organizing and planning, skills related to reacting to events, and skills related to getting things done. The importance of executive skills is confirmed by a growing body of research in brain science, child welfare, early child care and education, juvenile and adult justice systems, and most recently in workforce development programs.

Everyone has executive skill strengths and deficits. In fact, one of the best ways for FSS program coordinators to understand what executive skills are and to develop an empathetic approach to working with participants who struggle with certain executive skills is to take the self-assessment referenced later in this section. Few people have developed complete mastery of all executive skills.

While everyone has executive skill strengths and deficits, the consequences of multiple executive skills deficits can vary significantly from one context to the next. A wealthy individual with multiple executive skills challenges may be insulated from the effects of these challenges by staff hired to help manage a household or by a spouse who earns enough to support the family. Individuals living in poverty, however, may have little or no insulation to help them succeed in spite of their executive skills challenges. Moreover, research indicates that the stress of living in poverty can make it more difficult for individuals to utilize the executive skills that they have to solve problems, set goals, and attain their goals.

When individuals live in conditions of chronic scarcity, experience toxic stress, or are coping with stressful environmental factors such as lack of sleep, depression, or poor nutrition, they may experience challenges utilizing the executive skills they have developed to move forward and achieve their goals. Although research in this area is fairly new, researchers and practitioners have developed a number of recommendations for ways that programs can build or restore executive skills and reduce stress triggers in order to help participants set and achieve their goals.

Many executive skills complement or support what employers call "soft skills" or "performance skills". These are the non-technical skills that employers see as critical and often feel they cannot find, particularly in entry-level workers—skills or habits such as punctuality, time management, getting along with coworkers and supervisors, working as part of a team, and communication skills. Helping participants build executive skills also will help them improve their soft skills and increase their ability to gain employment, maintain employment, or advance within a job or organization.

Definitions of Executive Skills

How We Organize and Plan Things

Organization: Knowing where I put things

Time Management: Know about how long a task will take and what the deadline is

Planning/Prioritization: Deciding what steps to take

How We React to Things

Response Inhibition: Seeing the consequence before I say or do something

Flexibility: Going with the flow, accepting change

Emotional Control: Keeping my cool when frustrated

Metacognition: Evaluating how I'm doing

How We Get Things Done

Task Initiation: Getting started without a delay

Sustained Attention: Paying attention, even when I don't feel like it

Goal-Directed Persistence: Sticking with my goal

Stress Tolerance: Managing my stress

Working Memory: Remembering what I did and what I need to do

Source: Building Better Programs

(www.buildingbetterprograms.org/wp-content/uploads/2016/02/Current-Version-Executive-Skills-Definitions.pdf)

Strategies to Help Participants Build Executive Skills

Below is a list of strategies and approaches FSS programs can use to help participants improve their executive skills or develop mechanisms for compensating for executive skills deficits:

1. Administer the Executive Skills Profile

A short assessment (www.buildingbetterprograms.org/2015/10/08/executive-skills-profile) developed by the Building Better Programs initiative of the Center on Budget and Policy Priorities identifies a participant's executive skill strengths and weaknesses and can provide FSS program coordinators with an informed understanding of how to match needed activities to a participant's existing skills. The assessment may facilitate a conversation about what has gotten in the way of goal achievement in the past or may get in the way of future success. Sometimes, program staff view a participant as belligerent, unmotivated, or lazy when the participant is actually 'shutting down' because he or she is being asked to exercise a skill that is not a strength. The profile can help FSS program coordinators understand the participant's strengths and limitations and adapt their approach in setting goals to help participants succeed.

2. Break Tasks into Smaller Incremental Steps

Many program participants struggle with the sheer enormity of achieving a challenging end goal, like becoming employed in a desired profession or becoming prepared to be a homeowner. As described in more detail in Chapter 2, breaking progress toward a final goal into a series of small steps can make the process less daunting and help the participant feel

capable of completing it. This approach also provides an opportunity for the FSS program coordinator to provide frequent support and constructive feedback.

Breaking larger tasks into smaller incremental steps that can be achieved in a relatively short period of time helps motivate participants and serves as a reminder that they are making progress to their larger goal. If the participant has not made progress in taking the incremental steps, the FSS program coordinator can focus on possible hurdles and, if need be, adjust the planned steps. FSS programs can also use peer support networks or volunteer mentors that graduated from FSS to check-in with participants on smaller interim goal progress.

3. Incorporate Tools and Techniques that Build Participants' Skills

Consider creating organizational tools such as meeting checklists and reminders to help participants stay on track in addressing the incremental steps toward a larger goal. Coordinators can assist participants with planning by sending text message reminders about up-coming appointments, deadlines, or classes. While participants ultimately will need to keep track of appointments on their own, being reminded of them at least at first may help them overcome feelings of insecurity or a sense of powerlessness ("no matter what I do nothing will change") that hinders their ability to follow through. Developing checklists and other systems for participants to follow – for example, a list of steps to take before and after every job interview – can also help participants who have challenges with organizational skills to develop work-arounds that allow them to make progress in the work world.

4. Change the Style of Interaction between Coordinators and Participants

Adopting the client-centered approach described at the beginning of this chapter empowers participants to direct their own pathway to achieving their goals and can build participants' belief in themselves and their capacity to affect change. This approach puts responsibility on the participant to set and achieve their goals, and changes the role of the FSS program coordinator from being directive or punitive to that of a coach who helps participants through the goal-setting process so that the participant can continue the process when the coordinator is no longer available. A client-centered approach does not change the level of coordinator-participant interaction, but rather changes the quality of the interactions. For example, instead of jumping into problem-solving and offering advice or resources, consider asking the participant for permission to share ideas. By asking permission, the coordinator lets the participant know the participant is in the driver's seat, helping to build trust and allowing the participant to develop a personally-relevant path to self-sufficiency that is motivated by their own goals and aspirations.

FSS program coordinators also can provide positive feedback, support positive moods and participant willingness to take on new challenges, and create more predictability and order in participant interactions to help participants build or restore executive skills.

5. Take Steps to Reduce Participant Stress

Like other individuals who have experienced poverty and toxic levels of stress or other trauma, FSS participants may be particularly sensitive to communications that inadvertently reinforce past traumatic experiences. To reduce the likelihood of this taking place, apply the principles of trauma-informed care to create a safe, trusting environment for FSS participants. For example, try to adopt a non-judgmental and empathetic attitude in all

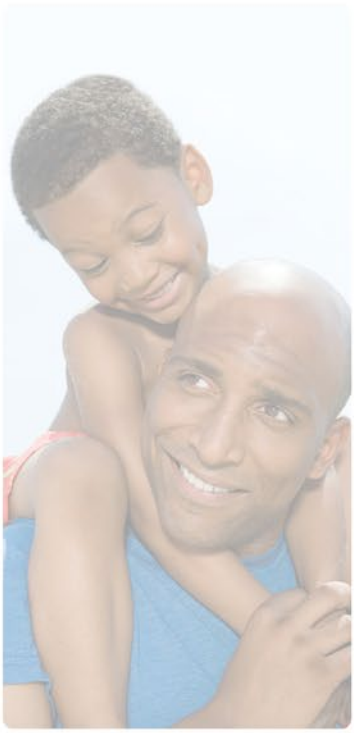
interactions with participants. Coordinators should avoid interactions designed to make participants feel guilty or embarrassed and work to describe how the program and escrow account work by emphasizing how the program supports and rewards participants.

Another approach that has been applied in the public housing context is to offer a stress management course. In New Haven, for example, under a collaboration known as MOMS, community ambassadors team up with clinicians to offer an eight-week stress management group that utilizes the principles of cognitive behavioral therapy to teach participants strategies for coping with stress. Early results suggest participants achieve lower levels of stress and depression and higher levels of executive function.

For links to more information on case management and coaching, best practices for participant meetings and communications, and helping participants build executive skills, please visit the online Resource Library at https://www.hudexchange.info/programs/fss/. The Resource Library also contains sample documents, links to program rules and regulations, and other information that may be useful as you implement an FSS program. While much of this information applies equally to PBRA owners, additional information and recommendations for PBRA owners can be found at https://www.hudexchange.info/programs/multifamily-fss/.

4

Helping FSS Participants Increase Their Earnings



4. Helping FSS Participants Increase Their Earnings

This chapter provides guidance on how FSS program coordinators can help participants increase their earnings. It covers three topics:

- **Developing an Overall Approach to Promoting and Supporting Employment** summarizes lessons from several decades of research on employment and training strategies for low-income adults and describes approaches that have shown promise in increasing participant incomes.
- **Helping Participants Access Basic Skills and Postsecondary Education and Training** highlights the importance of basic skills and services available to improve them and provides guidance on how participants can upgrade their employment skills, including by earning post-secondary certificates and degrees.
- **Helping Participants Find and Retain Employment** provides practical tips on how FSS program coordinators can help their participants with job search, retention, and advancement.

The discussion of each topic draws heavily on lessons learned from research about which approaches are most effective as well as current trends in workforce development. The discussion focuses in particular on the promising "career pathways" approach that works to prepare participants to access specific career opportunities in a job sector that pays family-sustaining wages in the regional job market. Understanding "what works" can help FSS program coordinators more effectively support participants' earnings growth.

4.1 Developing an Overall Approach to Promoting and Supporting Employment

FSS program coordinators have wide discretion to determine how best to help FSS participants increase their earnings. Lessons from several decades of research on employment and training strategies for low-income adults can help FSS program coordinators develop an evidence-based approach to supporting participants' career goals.

After briefly summarizing lessons learned from research and experience in the workforce development field, this section describes the "career pathways" approach which, when specific features are included, has shown particular promise in increasing earnings, and offers recommendations for how FSS programs can apply lessons learned from research to develop an overall approach that supports substantial and sustained earnings growth by FSS participants.

Lessons Learned from Workforce Development Experience and Research

Three broad insights can be drawn from past workforce development experience and research:[5]

Changes in the job market make it difficult for individuals to achieve family-sustaining wages without a post-secondary credential. As they work to help FSS participants increase their earnings, FSS program coordinators must grapple with the reality that workers with a high school diploma or less education have faced unstable employment and stagnating wages for the last 30 years. Three facts stand out:

1. There has been substantial growth in low-skill, low-wage service jobs that offer little room for advancement. It is difficult for individuals in these jobs to substantially increase their earnings over time solely through continued work.
2. The skills requirements for well-paying jobs have risen substantially, so that a post-secondary credential – though not necessarily a four-year degree – has increasingly become the gateway to middle-wage jobs.
3. Since the Great Recession (2007 - 2009), employers have become increasingly unwilling to hire workers who lack experience in the job for which they are hiring, making it harder for individuals to enter the workforce or switch careers. Combined with declining investment in worker training by both employers and the government, it has become increasingly difficult for jobseekers without the right skills to secure well-paying jobs.

Traditional welfare-to-work approaches did not increase employment and earnings over the long run, nor did they help participants escape poverty. Many employment and training strategies—typically stand-alone job search or basic skills education—are not successful in helping individuals outside of the most job-ready to obtain and retain jobs that could help them escape poverty and sustain a family. FSS has an advantage over these programs in that it lasts for a much longer time period (up to 5 to 7 years), allowing for more in-depth work with program participants to help them develop skills to prepare for better paid, steady work.

Post-employment job retention and advancement services generally have not increased employment and earnings, with a few limited exceptions. In order to help workers achieve higher paying jobs, a number of programs have been developed that focus on job retention and advancement to higher-paid jobs within an organization for participants who find employment. With a few exceptions, these programs have not been successful. The general failure of job retention and advancement services to increase employment and earnings after program participants land a job suggests that these services simply are not intensive enough to overcome structural problems in the labor market. In addition, effectiveness is limited by the low take-up rate by participants of post-employment education and training services.

For an in-depth review of the research evidence, please see Appendix 7.1.

Effective Workforce Program Models & the Career Pathways Framework

Workforce programs that have demonstrated the greatest capacity for assisting workers to advance to well-paying employment are highly focused on developing skills that are closely linked to local labor market demand. In general, they are also effective at:

- Assessing the workforce related strengths, weaknesses, goals, and barriers of participants
- Comprehensively addressing participants' needs for skills training, basic education, and overcoming barriers to employment, including by providing strong, participant-centered case management and connection to robust supportive services and
- Providing more intensive services that offer several employment and skill-building components simultaneously or sequentially.

There are a number of workforce program models that have been found to be effective when executed with excellence. (The elements noted above are important elements of effective execution.) These models include:

- **Sectoral Training**: programs that prepare individuals for careers within a specific industry sector that is an important source of jobs within the region. Through direct partnerships between employers in that industry and employment, education, and training providers, these programs offer training tailored to the needs of that sector. Importantly, some sectoral training programs may have higher starting skill requirements for entry.
- **Employer-Based Training**: programs that build workers' skills at the workplace in partnership with local employers. Also characterized as "work-based learning," typical models include on-the-job-training and apprenticeship. A key advantage of these strategies is that they allow participants to earn while they learn. As with sectoral training, these programs may have higher starting skill requirements for entry, though bridge programs (e.g., pre-apprenticeships) may be available to help individuals meet these requirements.
- **Structured Educational Pathways**: sometimes referred to as "guided pathways", these programs are designed to respond to the common struggle of students to successfully navigate the overwhelming array of college courses while receiving little guidance due to constraints in college advising resources. By establishing structured pathways that constrain choice, these programs have substantially increased the rate of completion. Similarly, adult education programs that previously let students enter and exit at will have moved toward "managed enrollment" models that group students with similar skills into structured classes with clearly defined content standards and completion criteria.
- **Contextualized and/or Accelerated Basic Skills Instruction:** programs that teach basic skills instruction within the context of a specific occupational field. These programs stand in contrast to a traditional model in which students are first required to achieve a certain level of basic skills prior to enrolling in skills training. This has the effect of accelerating instruction so individuals complete the necessary training more quickly. This approach is discussed in greater detail in section 4.2, below.

Career Pathways as a Framework

Well-designed career pathways provide a framework for integrating elements of the four models set out above. Career pathways are a series of interconnected education and training steps that enable students and jobseekers to progressively increase their skills and

educational attainment to further their employment. They are typically offered by community colleges as well as community-based workforce development organizations. As defined by the U.S. Department of Education:

> A basic career pathway model includes multiple entry points to facilitate access to training in occupational skills and knowledge valued by employers and stackable credentials that match labor market demand. Multiple exit points aligned with employment opportunities offer participants flexibility to access employment at different stages of the career ladder. Individuals may enter and exit career pathways at multiple points as they advance in their careers. Clearly defined career pathways allow students to see how their progression through individual educational and occupational training programs can lead to specific employment opportunities—providing students with an encouraging roadmap. Each step of the career pathway is designed for students to successfully progress to the next level of education and employment.
> [Designing and Delivering Career Pathways at Community Colleges: Practice Guide Summary (ed.gov)]

Importantly, not all career pathway programs are equally effective. A recent meta-analysis of the impact of career pathways found that while these programs, when taken as a whole, substantially increase credential completion and employment in targeted industries, they often do not improve long-term earnings. [Descriptive & Analytical Career Pathways Project]. According to this research, to generate significant earnings growth career pathway models should integrate attributes of sector training approaches along with elements of the other comprehensive student success models noted above (employer-based training, structured educational pathways, contextualized basic skills instruction. Specific strategies of effective career pathways include [Ibid]:

- **Targeting family-supporting jobs and careers from the outset,** rather than focusing on low-wage jobs initially and assuming workers will return for further education and credentials later. Research indicates that individuals often do not return, so it makes sense to support appropriate participants to complete higher-level training for better-paying jobs as an initial step.
- **Combining high expectations with high levels of structure and comprehensive support** to tackle multiple barriers to completion simultaneously. These career pathways integrate elements of sector training and structured educational pathways such as prescribed courses, full-time attendance, intensive academic and career advising, and access to other supportive services.
- Expanding access to high-quality training for students at all levels by incorporating academic support and adopting reforms that help students move into college courses more quickly. These programs integrate contextualized basic skills instruction with career training, as described above. They may also employ other strategies to help students meet or bypass developmental or remedial education requirements to quickly move into college level courses.
- **Connecting the career pathways training much more closely to career outcomes** through industry partnerships and work-based learning to improve

participants' chances to complete credentials, gain relevant work experience, build professional networks, and secure well-paying jobs.

More background on the career pathways approach may be found in Appendix 7.2. Several components of the career pathways framework and the related effective workforce program models are also discussed in the next section. In addition to these strategies, emerging research on executive skills (see Section 3.4) has brought renewed attention to the topic of personal and interpersonal behaviors that can support, or undermine, workplace success. This research is just beginning to be applied to the workforce development context; it may ultimately yield new interventions to strengthen executive skills and workplace readiness.

Implications for FSS Strategies to Boost Employment and Earnings

The lessons learned from past employment and training programs, and the growing evidence in support of career pathway models exhibiting the key attributes discussed above, can help inform the development by FSS programs of an overall approach to working with participants to increase their earnings.

Key lessons for FSS programs include:

1. Understand program participants.

To decide on the overall approach and strategies that will guide work with participants, program coordinators first need to understand the characteristics of those participants—work experience, educational attainment, basic academic skills, English language proficiency, prevalence of personal and family challenges, etc. Programs with a diverse set of participants may require coordinators to individualize strategies to a large extent; those with groups of participants with similar needs may be able to more easily partner with particular providers to help participants gain access to needed services.

2. Understand the career assessment, education, training, and job search services available in the community and – if participants are ready and able to find and retain employment – work to connect participants with programs that use career pathways or other effective workforce models.

Program coordinators should make sure job training, education, training and job search partners understand the local labor market and focus education and training on jobs for which employers are hiring, that either pay well or can be stepping stones to better jobs. Learning which employment sectors training providers have focused on through career pathway and other effective approaches enables coordinators to familiarize FSS participants with promising workforce programs. For participants who lack basic skills or who have limited English proficiency, seek out basic skills services with close connections to post-secondary education and training (see Section 4.2 for more information).

3. Build sustained and trusting relationships with FSS participants that help them build confidence and persist in building skills.

Skills and credentials matter more than ever as entry points to jobs that can support a family. FSS participants may be especially affected by this trend. According to a 2011 evaluation of the FSS program conducted for HUD, 43 percent of FSS participants lack a high school diploma, and another 36 percent have no education beyond high school. For low-income individuals, the path to gaining in-demand post-secondary credentials can be

long, especially if they start out needing to brush up on basic academic or English language skills and given that they are often juggling work, parenting, and school.

The FSS program has an advantage over other employment and training programs because FSS program coordinators work with families over several years, offering continuity in the support and guidance FSS participants receive as they work toward their education and career goals. A sustained and trusting relationship will position the FSS program coordinator to better support participants in persisting in obtaining additional education and credentials. (See Chapter 3 for guidance on how FSS program coordinators can develop trusting relationships with participants.)

4. When participants are work-ready, refer them to job search services.

FSS program coordinators can refer participants who have in-demand skills but are stuck in low-wage jobs to job search services that help them increase their earnings by matching them with a better job that leverages the skills and work experience they already have. Participants' chances of wage increases are generally going to be stronger if they change employers rather than staying with the same one, especially if they work for a small employer. Look for partners that have job developers on staff or use other strategies, such as sector partnerships, to maintain close ties to employers.

While uncommon, it may also be possible for FSS programs to secure funding to hire their own job developers. See Section 4.3 for more information on referring participants to job search services.

5. Build strong partnerships.

Partnerships are at the center of effective employment and training strategies because no single organization has the capacity to provide the full range of services that low-income adults may need or the employer contacts and labor market knowledge needed to match all participants with the right services and jobs. Strong partnerships are needed to connect the dots of employer workforce needs and basic skills education, job training, college, and support services.

To help develop strong partnerships with workforce and educational providers, work to educate potential partners about the FSS program and the needs of FSS participants. Program coordinators can describe what the FSS program can contribute toward helping low-income adults access and succeed in employment and training services, including the FSS escrow account. Explore with partners how the FSS program can fit into a broader workforce development strategy, building on the core strengths of the FSS program—the assessment process, goal-setting activities, ongoing case management/coaching, and earnings incentives through the escrow account. There is a good chance partner organizations are looking for ways to produce more successful outcomes for low-income adults, and the FSS program may offer services they cannot provide themselves. Work with partners to define shared goals and respective roles in trying to meet these goals.

PHAs and owners should keep in mind that they bring something valuable to these partnerships themselves and are not asking for one-sided support from partners. PHAs and owners house the families that many partners are funded to serve. They have information about and experience with their own participants—for example, they know where they live, participants' family demographics, and goals and desires of FSS participants. The FSS

escrow account provides an incentive for participants to increase their earned income and FSS program coordinators can help to coordinate wrap-around supports to help FSS participants be successful in the partners' programs. Overall, partners (and employers) have a better chance of success in achieving their goals when working with FSS participants than with other, non-FSS participants, who may not be stably housed or have support similar to FSS.

The *Workforce and Innovation Opportunity Act* may provide more leverage for FSS programs to approach partners because it requires public workforce systems to focus much more on low-income adults and out-of-school youth than they have in the past. It also requires them to focus on helping participants make interim progress toward employment goals, such as finishing high school, and to adopt strategies that focus on long-term job advancement, such as career pathways.

FSS coordinators could partner with local Educational Opportunity Centers (EOCs) or other programs that help low-income individuals access postsecondary education. EOCs receive federal funding to provide counseling and information on college admissions to eligible adults. The program includes academic advising, assistance with college applications, career workshops, student financial assistance and much more.[6]

Additional information about developing partnerships with local training and service providers and other partners is provided in Chapter 6.

4.2 Helping Participants Access Basic Skills and Postsecondary Education and Training

The first section in this chapter flagged the importance of post-secondary credentials for qualifying for family-supporting jobs and highlighted new employment and training strategies (the "career pathways" and other approaches) that have shown promising results for helping individuals achieve economic self-sufficiency.

This section describes key education and training strategies in more detail. The section begins with a discussion of innovative basic skills approaches to serving those with less than college-level skills or limited English language proficiency. The section then offers additional ways to help low-income adults earn post-secondary certificates and degrees, beyond basic skills innovation and career pathways. The section concludes with recommendations on how FSS programs can draw on the lessons from this research to help FSS participants.

Why Focus on Basic Skills?

It is important to assess whether FSS participants need help strengthening their basic skills. Programs often assume that only individuals without a high school diploma and/or with limited English language proficiency have need of basic skills services. In fact, a recent survey of American adults found that 60 percent of those with low skills had already completed high school. This reality is borne out by the high percentage of entering college students referred to remedial courses; according to a 2015 study by the Community College Research Center, about half of college students take at least one remedial course. This skills gap has important practical implications for enrollment in employment and training programs. Even individuals with a high school diploma may find themselves shut out of job

training and other post-secondary education opportunities if they lack the reading, writing, math, and English language proficiency needed to meet entry requirements.

Generally speaking, there are two groups of low-income adults who could benefit from more help with basic skills:

- Individuals who lack the basic skills and/or English language proficiency to access even entry-level training. Many job training programs, including those at community colleges, screen out individuals who do not have at least eighth grade reading and writing skills. If the training is for a technical field, a program may also require math skills at least that high or even higher.
- Individuals who have skills high enough to access entry-level occupational training but not enough to gain entry to intermediate and advanced education and training programs. For example, someone's basic academic skills and English language proficiency may be sufficient to gain entry to a medical assistant program but fall far short of what would be required to move up a career pathway and gain entry to a nursing program.

The bottom line is that services to improve basic skills—whether provided through the adult education system or through college remediation—are often critical both for access to a career pathway and for advancement along it. But coordinators need to be aware that basic skills services can be a dead end unless these services are paired with efforts to connect participants to further education, training, and jobs.

Why are new approaches to basic skills instruction needed?

Traditional sequences of adult education, English language instruction, and college remediation—known as developmental education—have high rates of attrition and low transition rates into job training and other post-secondary education. For example, a 2010 study by the Community College Research Center found that just 1 in 4 community college students referred to three levels of reading remediation and 1 in 10 of those referred to three levels of math remediation succeeded in completing all of those levels and moving into their first college courses.

The low rates of success with the traditional approach to developmental education are likely because the programs take too long and are too disconnected from individuals' specific career goals. These effects are compounded when low-income adults must complete several levels of basic skills courses. Some of these students would likely have succeeded in post-secondary education or training without basic remediation but are kept out by over-reliance on a "cut" score on a single test instead of a broader evaluation of their capabilities.

While there is much less research on completion of adult education and English language instruction and transition to post-secondary education or training, several state and local longitudinal studies have found that few adult education students go on to earn post-secondary credentials, though participating in adult education may boost transition rates and credit accumulation. This appears to be especially true for English language learners who may have to complete multiple levels of instruction before gaining access to post-secondary education or training.

What Kinds of Basic Skills Innovations Show Promising Results?

Fortunately, there has been a great deal of innovation in recent years in basic skills education in both the adult education and college developmental education spheres. Research to date suggests the following program design features can improve outcomes:[7]

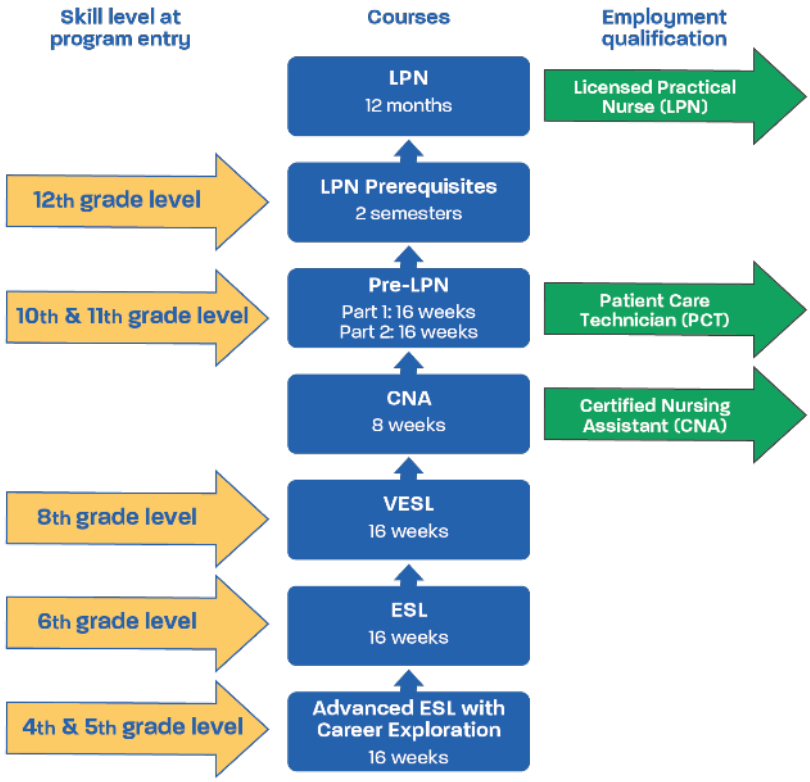
- ***Accelerate* progress through basic skills instruction** and shorten the overall timeline for students to complete credentials. This may mean students move through content faster (e.g., covering two semesters of remediation in one semester) or it may mean students meet for more hours per week (e.g., an adult education class meets for 15-20 hours a week instead of 4-6 hours).
- ***Contextualize* basic skills instruction** to occupational and/or academic gatekeeper courses in a specific career pathway. For example, a math lesson for students studying automotive technology might teach ratios and proportions, using gear ratios for illustration.[8] Students in a health care pathway might learn to use algebraic formulas to calculate patient dosages or IV flow rates.[9]
- **Provide opportunities for *concurrent enrollment* in basic skills and** post-secondary **education and training**. This may involve integrating basic skills instruction into an occupational or academic class or allowing students to enroll in basic skills at the same time as post-secondary classes, or both.
- **Create *structured pathways***—such as bridge programs embedded in career pathways—through basic skills and into post-secondary education and training instead of leaving students to find their own way through the typically disconnected, siloed services they need to advance to better jobs, which may include basic skills education, noncredit job training, and for-credit occupational and academic classes.

Career Pathways Example: Carreras en Salud Career Pathway

Carreras en Salud, a ten-year-old partnership between a community-based organization and a community college in Chicago, offers individuals a number of places to start on a health care career pathway depending on their academic skills and English language proficiency.

For individuals who test into the lowest two levels of English as a Second Language instruction (ESL), or who have only fifth or sixth grade-level basic skills and may not have a high school diploma, Carreras offers basic skills and English language instruction contextualized to healthcare careers generally, such as mastering healthcare vocabulary.

Exhibit 4-1: Carreras en Salud Career Pathway



Students who come to Carreras with somewhat higher skills or who complete that first bridge can enter the next step, an ESL class that teaches skills specific to a certified nursing assistant (CNA) and then move on to the community college's CNA exam preparation class.

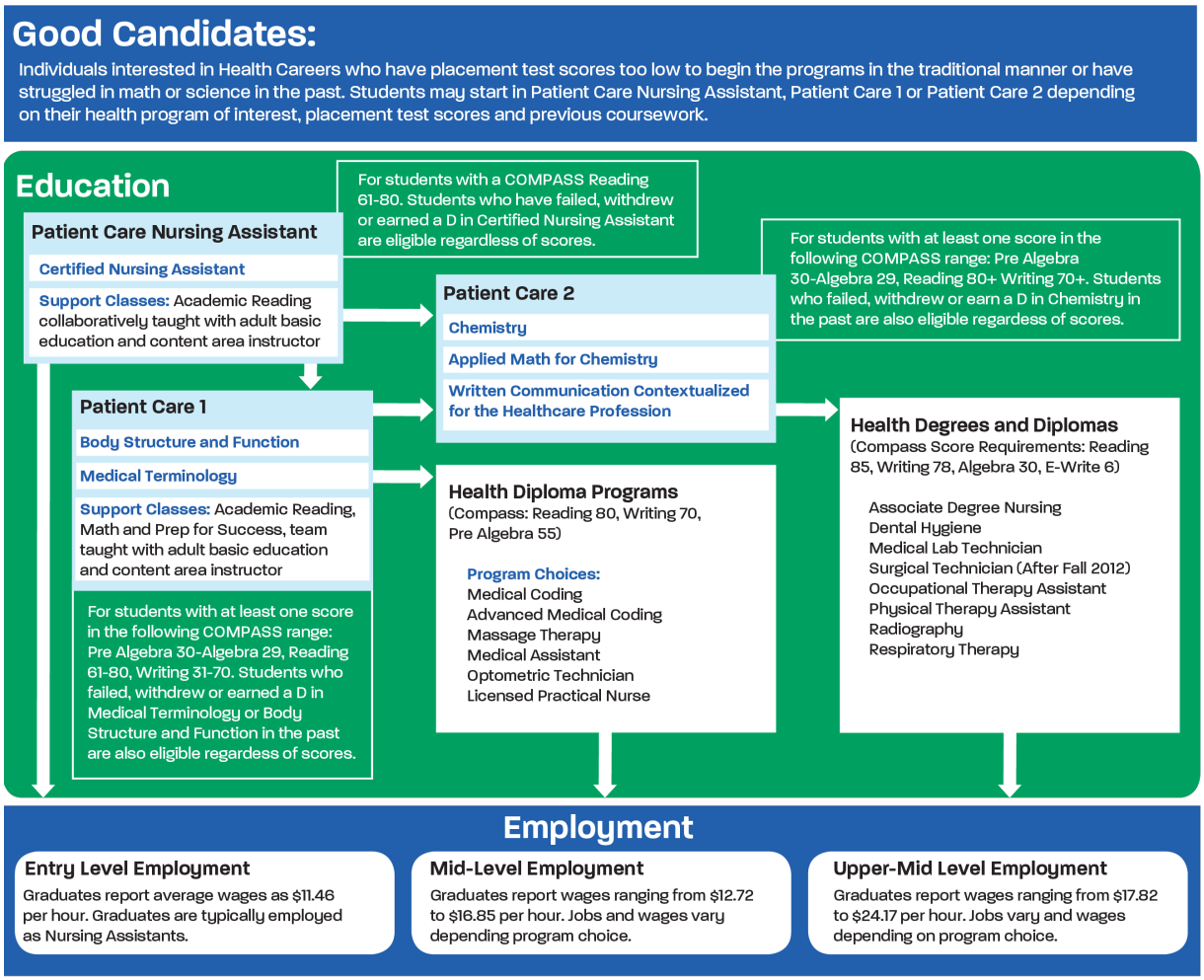
The pathway continues on, with Carreras support and articulated classes from Wright College, all the way through the RN level, with each step building toward the next.[10]

Career Pathways Example: Madison Area Technical College's Patient Care Pathway

Another example, from the college remediation field, is Madison Area Technical College's Patient Care Pathway in Wisconsin. This program accelerates entry into healthcare degree or diploma programs for those with skill levels too low to meet entry criteria (typically 8th to 10th grade proficiency) or those who have struggled with math or science in the past. Madison College contextualizes the math and English remediation, either to the healthcare field or to a gateway course in the pathway. The intermediate-level, Patient Care 2 portion of the pathway, for example, combines Chemistry, Applied Math for Chemistry, and Written Communication for Healthcare. The Patient Care Pathway also provides a range of support services to encourage students to complete classes, address issues they may face, and plan for the future. Madison College finds that students in Patient Care 2 are more likely to

pass Chemistry and continue into the college's healthcare programs than students in traditional college remedial math and writing courses.

Exhibit 4-2: Madison College Patient Care Pathway



For more information, please email patientcarepathway@madisoncollege.edu or call 608-246-6262

What are Other Promising Ways to Help Low-income Adults Earn Post-secondary Certificates and Degrees?

In addition to basic skills innovation, research on community colleges suggests that several additional elements can help low-income individuals complete post-secondary credentials, including occupational certificates, technical diplomas, and associate degrees:

- Encourage students to choose a program of study early on. Research on community college students found that those who entered a program of study in their first year were twice as likely to complete credentials as students who did not enter a program until later.[11]
- Offer financial aid, especially if coupled with other services, such as enhanced student advising. Flexible aid that can fill in the gaps left by other student aid may be especially important, such as for individuals who are ineligible for federal aid (because of student loan defaults, for example), who are in programs that are

ineligible for federal aid (such as noncredit training), who have costs that exceed Pell grants, or who need one-time, short-term emergency aid (such as for car repairs or housing security deposits).[12] This type of assistance may be available through community partners.

- Provide financial incentives, if students have the skills or knowledge required to complete the incentivized behavior. Incentives may be most effective when they target behaviors that would otherwise not occur, such as meeting with an advisor regularly, and when they can be used repeatedly over time. Incentives may also be more powerful when delivered immediately after the incentivized behavior occurs and are concretely tied to that behavior.[13]
- Utilize a structured educational pathways approach, described above, that provides constrained choices to help students find their way toward a meaningful program of study and increase completion rates.

One important takeaway from the research on ways to increase post-secondary access and success for low-income students is that multifaceted approaches that combine several innovations seem to be more effective than any one approach on its own.[14] The City University of New York's Accelerated Study in Associate Programs (ASAP) model provides a community college example. ASAP addresses multiple potential barriers to student success with academic innovations, such as special seminars and block-scheduled classes, and comprehensive supportive services, including a tuition waiver that covers any gap between a student's financial aid and tuition and fees, high-touch advising, career services, subway and bus passes, and free use of textbooks.

ASAP also requires students to attend college full-time and encourages them to attend year-round. A rigorous evaluation of ASAP found that graduation rates nearly doubled over three years. Students also earned more credits on average and were more likely to transfer to a four-year college.[15] Not surprisingly given the requirement to attend full-time, ASAP serves students who are younger than the average FSS participant. The career pathway models described above also bundle successful innovations and are more likely to serve older low-income adults.

Implications for FSS Strategies to Help Participants Upgrade Skills

As FSS programs consider how best to help their participants upgrade their skills to increase their earnings, they can incorporate the evidence-based innovations described here in two ways:

1. They can look in their communities for education and training partners that offer programs that embody at least some of these promising practices.
2. They can consider whether they have the capacity to offer any of these practices themselves, in concert with their partners' offerings, to create a comprehensive and complementary set of services and benefits.

Scanning the education and training landscape and meeting with potential partners will enable FSS programs to understand better where their FSS services fit as part of a comprehensive strategy, and how they can best add value to their partners' existing offerings. The *Workforce and Innovation Opportunity Act* requires states to engage in a collaborative planning process to develop and submit statewide workforce plans every four

years. This process may present opportunities for FSS programs to advocate on behalf of their participants and to connect their services to a regional or state-wide workforce plan.

Identify and Refer to Basic Skills Programs

In choosing education and training partners, ideally FSS program coordinators would identify basic skills classes (whether part of adult education or in college remediation) that offer the kinds of contextualized and accelerated services described earlier as part of structured academic or career pathways, including programs that allow participants to enroll in basic skills and post-secondary education and training at the same time (an arrangement known as *concurrent enrollment*).

If those types of programs are not available, FSS programs should at least look for such features as managed enrollment in adult education, which groups together students with similar skill levels and has clearly defined entry and exit criteria so that teachers can actively teach a class. By contrast, in the traditional open-entry, open-exit adult education classroom students of many levels are combined and so must work on their own in workbooks or on a computer.

Understand High School Equivalency Exam Options

FSS program coordinators should also help their participants understand new high school equivalency exam options, as there are important differences between them such as whether they are solely computer-administered or can also be taken on paper, the cost of the exams, and what share of test takers typically succeed in passing.[16] For example, changes to the GED exam in 2014 – which included moving to solely computer-based testing – have resulted in a dramatic drop in the exam's pass rates.[xiii] FSS program coordinators should reach out to local adult education providers or to the relevant state agency to find out what high school equivalency options are available to their participants. These may include alternatives to the GED such as the HiSET and TASC exams.

Refer to High-Intensity Adult Education Programs

To the extent that participants' work schedules allow, FSS program coordinators should also seek to refer participants to high intensity adult education programs that meet for 15 to 20 hours a week. High-intensity programs allow students to complete courses more quickly than in a typical four- to six- hour-a-week adult education class. In the Carreras en Salud model described earlier, for example, ESL classes meet for 16 hours a week. This is important because research suggests that adult education students who get at least 100 hours of instruction have much better education and earnings outcomes.[17] In a high intensity

[xiii] The GED Testing Service recently announced it was lowering the passing score in response.

class students can reach that threshold in just six weeks or so, whereas it would take about six months under a traditional approach (and many students drop out before then).

Identify and Refer to Effective Workforce Programs

FSS programs should look for workforce programs that utilize the models described in Section 4.1 and have at least some of the qualities described in the Job Driven Employment & Training checklist, especially those that have close ties to employers (to help ensure the training offered is in demand and up to date) and seamless transitions between entry, intermediate, and advanced education programs and credentials (such as through a career pathways framework). They should also try to identify programs that offer opportunities for work experience in the field of study, such as internships, as employers have been increasingly reluctant to hire workers without such experience (though this may change as the labor market improves).

FSS programs may also be able to cultivate their own work experience opportunities, bearing in mind that work experience will yield more benefits to participants if it is in the same sector and occupation as the career path education and training that the participant is pursuing. Having a job developer available, as the Oceanside, California FSS program does through a grant, makes it more feasible for FSS programs to arrange work experiences, whether short-term job shadowing or actual internships.

Job-Driven Employment & Training Checklist

- **Engage Employers.** Work up-front with employers to determine local hiring needs and design training programs that respond to those needs.
- **Earn and Learn.** Offer work-based learning opportunities with employers: on-the-job training, internships, pre-apprenticeships, and Registered Apprenticeships.
- **Smart Choices.** Make better use of data to drive accountability, inform what programs are offered and what is taught, and offer user-friendly information for job seekers to choose programs and pathways.
- **Measuring Matters.** Measure and evaluate employment and earnings outcomes.
- **Stepping Stones.** Promote a seamless progression from one educational stepping stone to another, and across work-based training and education, so individuals' efforts result in progress.
- **Opening Doors.** Break down barriers to accessing job-driven training and hiring for any American who is willing to work, including access to supportive services and career guidance.
- **Regional Partnerships.** Coordinate American Job Centers, local employers, education and training providers, economic development agencies, and other public and private entities, to make the most of limited resources.

Source: *Ready to Work: Job-Driven Training and American Opportunity.* July 2014. Washington, DC: The White House.

Research Past Performance of Potential Education and Training Partners

FSS programs can also request information on past performance from educational and training partners to help sift through which programs are likely to produce the best outcomes for different types of FSS participants. In adult education, for example, important data points include the number of hours of instruction students stay for, whether they transition into employment or further

education and training, and whether they attain a high school credential. In evaluating post-secondary education and training options, consider semester to semester persistence, percent completing remediation, percent attaining a credential (certificate, diploma, or degree), percent of graduates obtaining employment, wages of graduates, and whether graduates are working in the field for which they trained.

Support Education and Training through Case Management

In general, FSS coordinators should focus on helping participants access services that are available in the community, rather than providing services directly. However, there are some functions that FSS programs may wish to consider incorporating into their case management or coaching. These include:

Career Exploration

In the absence of exposure to an array of career opportunities and education and training options, low-income adults may tend to default to focusing on jobs that they have heard about from family and friends—even when those jobs are low paid and do not offer opportunities for advancement. FSS program coordinators can get information on the local labor market from career centers and state labor market information websites to help their participants understand which jobs are in demand, which offer (or can lead to) family-supporting wages, and what skills, experience, and credentials are needed to qualify for these positions.

There is a wealth of career awareness materials online, but there tend to be important differences in the populations they are aimed at helping. For lower-skilled adults, FSS program coordinators can find helpful resources, free curricula, and online training on the LINCS (Literacy Information and Communication System) website (https://lincs.ed.gov/professional-development/resource-collections/profile-246), such as the Integrating Career Awareness curriculum.

Enhanced Academic and Career Advising

Enhanced academic or career advising can be a subset of broader FSS case management and coaching services. (See Chapter 3 of this guidebook.) Enhanced academic and career advising focuses on helping participants to set academic and career goals, make choices about education and training options, progress through and complete programs, and transition successfully to the next education or employment step.

Outside of the FSS context, a number of programs have had success using a career coach or navigator model. Career coaches typically integrate both academic and career counseling, have relatively low caseloads (typically no more than 60 active cases at a time), and are proactive in reaching out to participants. They meet frequently, as often as weekly, for at least the initial months of program participation. Career coaches may also help participants understand and prepare for high stakes assessments, such as college placement tests, and learn about processes and expectations participants will encounter as college students.[18]

There are a number of ways that FSS programs can incorporate these functions into their work. A large FSS program might choose to dedicate an FSS program coordinator to serve as a career coach to provide academic and career counseling to FSS participants.

Alternatively, all FSS program coordinators could be trained to incorporate elements of academic and career counseling into their case management or coaching.

In working to help participants upgrade their educational skills, it is important to understand the credentials they will need to achieve their goals and to recognize that in some cases they may need to be ready for more advanced educational options. In addition to helping participants attain high school equivalencies, occupational certificates, associate degrees, and industry-recognized credentials, program coordinators can also help FSS participants obtain a four-year college degree. Some FSS programs report that a significant share of their participants obtains a four-year degree – in some cases, building on earlier community college degrees or other credentials – but this is not universal. Grounding work with participants on the goals to which they aspire and their readiness for whatever educational option they choose will help ensure coordinators can provide appropriate support.

Recognizing the importance of education to the long-term success of FSS participants, the Montgomery County, Maryland FSS program places a strong emphasis on participants upgrading their education during the FSS program and monitors participants' progress toward education, training, and employment goals, among other responsibilities.

Financial Aid and Incentives

Financial incentives may include financial aid linked to certain behavior, or may be cash or in-kind rewards for successful program participation. The FSS program in Lincoln, Nebraska offers direct financial assistance to participants in college, using local funds of up to $1,000 per student per year, which can be used for tuition, child care, car repair, or other FSS-related purposes. To qualify, participants have to turn in class grades and schedules and maintain a GPA of 2.0 or higher.

Rigorous research on similarly-sized financial incentives among a low-income parent population in a community college found that students offered incentives had higher grades, passed more college remedial courses, and were more likely to persist in college.[19] While the Lincoln PHA has greater flexibility than other PHAs due to its participation in the Moving to Work demonstration, other PHAs and owners may be able to identify other sources of funding for this aid, such as local foundations. In addition, all FSS programs have the option of allowing participants who accomplish one or more interim goals to access funding in their FSS accounts to pay for expenses that help them increase their earnings and meet their other goals. (See Chapter 5 for more details on escrow accounts.)

Digital Literacy

Increasingly, low-income adults must be able to successfully use technology both in the workplace and in education and training settings, as well as to search and apply for employment. FSS programs may be able to provide their participants with online training to increase digital literacy for a range of uses. For example, the Minnesota Public Library offers many different digital literacy modules for free download (http://www.tlc-mn.org/curriculum/categories/digital-literacy-curriculum/), some of which are linked to the Northstar Digital Literacy assessment and certification. The LINCS (Literacy Information and Communication System) website (https://lincs.ed.gov/professional-development/resource-collections/profile-246) is also a good resource on digital literacy.

4.3 Helping Participants Find and Retain Employment

This section describes how FSS program coordinators can help their participants with job search, retention, and advancement. While not all FSS participants will require all of these services, and many participants may need to upgrade their skills or address personal issues before they are ready to look for a job, these services will be important for helping many participants achieve their employment goals.

In thinking about how these services fit into an overall strategy for helping participants increase their earnings, FSS coordinators should bear in mind the limitations of stand-alone job search and post-employment services mentioned earlier. Research indicates that it is difficult for these services alone to overcome a lack of opportunities due to low participant basic education and job skills and/or a labor market structure that offers few well-paying jobs. This research is detailed in Appendix 7.1; in brief, studies find that job search-focused employment programs increase short-term employment and earnings but those impacts fade over time as individuals who were not enrolled in the program find the same types of jobs. Long-term follow-up shows recipients of job search assistance working in low-wage jobs, without steady employment, and no better off than similar individuals who did not receive program services.[20] This research underscores the importance of pairing job search services with other services to increase FSS participants' earnings potential, especially postsecondary education for in-demand jobs.

Helping Participants Find Employment

FSS program coordinators may provide referrals to several federally-funded programs that provide job search assistance services. The Department of Labor funds a range of programs through its American Job Centers, including Unemployment Insurance, the Adult and Dislocated Worker Program, Veterans Employment Training Service, and the Employment Service. The Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF) programs also provide job search assistance services for families receiving benefits under these programs. Federally-funded programs partner with a wide range of private or nonprofit agencies that offer workshops that address motivation, self-esteem, resume development, interview techniques, dressing for success, and job development. Local and national private, nonprofit organizations, such as Goodwill, YWCA, and SER also offer employment and training services and can be good additional partners for FSS programs.

While job search assistance programs are prevalent and diverse, research on the effectiveness of various approaches remains limited. The Employment Retention and Advancement project has provided rigorous research that supports several strategies below. However, this research is over a decade old and both the labor market and technology have changed. With that in mind, the strategies included in this section also reflect promising practices currently used by job search assistance providers and FSS program coordinators in the field.

As described in Chapter 2, FSS program coordinators often conduct assessments to better understand the needs of their participants and determine if they are ready to pursue employment or refer participants to partners to conduct specialized assessments like

participant-ability assessments. Job-ready participants may be referred to job search assistance providers for consultations with a job developer and to access resource rooms. Participants who are not job-ready may benefit from job readiness workshops offered by these or other providers. FSS program coordinators typically monitor their participants' activities at these partner agencies and often provide additional support through one-on-one case management and coaching.

Below are activities that FSS program coordinators and job search assistance providers may employ to help participants search more effectively for jobs. These include:

- Programs and services to promote job readiness
- Job development and job matching programs and services
- Use of technology and social media to find jobs

Job Readiness

While some FSS participants enter the program employed, others may benefit from job readiness services to help them build pre-employment skills, search for a job, and succeed in the workplace. Job readiness trainings typically include workshops on the skills needed to find, obtain, and retain jobs, including:

- Resume and cover letter development
- Job search techniques
- Interviewing techniques
- Completing applications
- Computer and Internet skills
- Communication skills
- Interpersonal skills
- Life management skills
- Decision-making skills
- Financial management
- Time management
- Conflict resolution

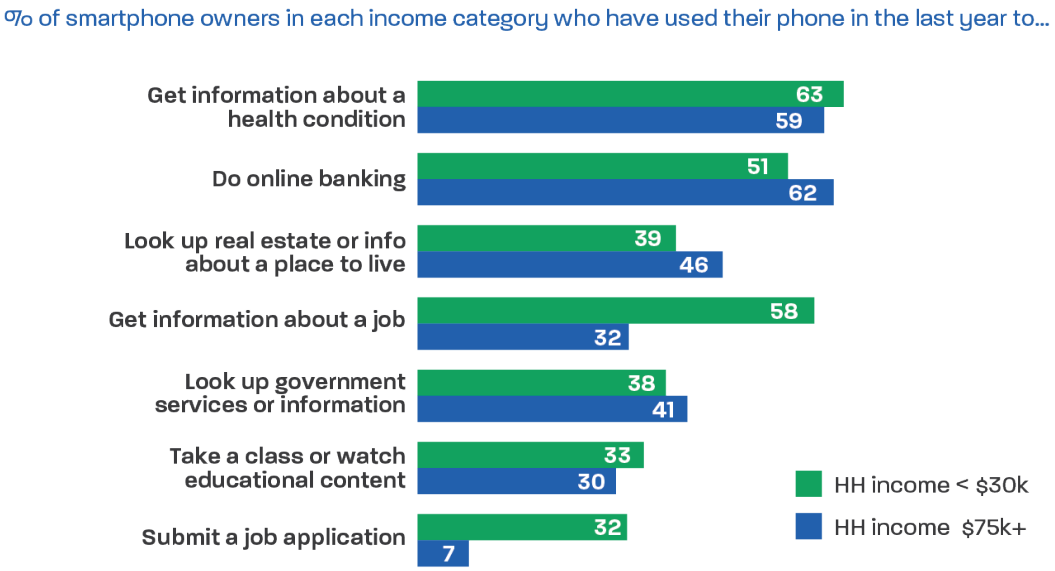
FSS program coordinators may assist participants with these job readiness activities during one-on-one meetings (a list of sample job readiness curricula is included in the Resource Library mentioned at the end of this section) or refer participants to job readiness programs offered by partners. The Brazos Valley Council of Governments FSS program in Texas is co-located with the workforce agency and has forged a strong partnership in recent years; FSS participants that need job readiness assistance participate in the American Job Center's weekly workshops.

In addition to job readiness workshops, many participants will benefit from activities to help them build executive skills. See Section 3.4 for more information.

Job Development/Job Matching Services

Job search assistance programs available through local American Job Centers or workforce partners often have a job developer on staff who screens job-ready participants and matches their skills with appropriate careers. Job developers build and maintain relationships with local employers and encourage employers to hire program participants by matching qualified candidates to job openings and educating employers about available tax incentives.

Exhibit 4-3: Smartphone Use among Lower-Income Job Seekers



Pew Research Center American Trends Panel Survey, October 3-27, 2014.
PEW RESEARCH CENTER

Job developers can be a resource for both FSS program coordinators and participants. Based on their knowledge of the local labor market, job developers can provide information about the types of jobs for which participants may be qualified that can be used to inform the identification of achievable short-term and long-term employment goals by staff and participants. Job developers can also build support for the FSS program among employers, and alert FSS staff if a participant loses a job and is in need of rapid re-employment services or needs assistance to seek a better job while still employed.[xiv]

[xiv] Job developers have been a major component of a number of successful employment programs. For example, the Los Angeles Jobs-First GAIN Evaluation found large improvements in earnings and employment and decreases in federal benefits in a TANF program with significant job development. Freedman, Stephen, Jean Tansey Knab, Lisa A. Gennetian, and David Navarro. *The Los Angeles Jobs-First GAIN Evaluation: Final Report on a Work First Program in a Major Urban Center*. New York: MDRC, 2000. However, these studies often included a bundled set of services that integrate job readiness workshops, technical training, case management, and supportive services, so the specific effect of job development on its own is unclear.

Use of Technology/Social Media

The job search process has changed dramatically over the last two decades as Internet use has expanded. Web-based job search sites such as Craigslist, LinkedIn, and Monster.com have supplanted newspaper job listings and postings on bulletin boards in American Job Centers or TANF offices. This shift allows job seekers to identify more job opportunities and to complete on-line applications.

A first step for some participants may be the creation of an email address (or a new, work-appropriate email address) for use in applying for jobs. Having a consistent telephone number and setting up a professional-sounding voicemail message are also important steps for FSS participants to take when looking for a job. As mentioned above, many jobs are now posted online, which requires the use of an email address for correspondence or even the creation of an email login to apply for jobs. Participants should be encouraged to check their email often. Email and telephone are the primary ways that employers notify candidates that they wish to interview them.

While Internet usage has increased, barriers still exist for many job seekers. Pew Research Center found that more than 20 percent of all adults do not have access to the Internet. Adults living in households earning less than $30,000 per year and adults with less than a high school education are even less likely to have Internet access.[21] Mobile technology partially bridges the digital divide, as 77 percent of low-income individuals under age 30 have smartphones. Young adults, non-whites, and those with relatively low incomes and education levels are particularly likely to use the Internet primarily through their cell phones.[22] There may still be issues of digital literacy, however, given the importance of the Internet as a modality through which individuals search and apply for jobs.

Assuming FSS participants have access to the Internet, consider using social media to stay in touch and connect them with services and job opportunities. The Department of Labor funded pilot projects in Idaho, Minnesota, and New York that tested several strategies to better connect Unemployment Insurance claimants with re-employment services. These strategies included using social media tools (e.g. Facebook, Twitter, YouTube, Pinterest, and Instagram) to inform job seekers about job opportunities, facilitate networking, provide job readiness workshops, connect job seekers with employers, and address questions and needs.[23] All three states effectively used Facebook to share employment opportunities and workforce services, particularly with individuals who may not go to an American Job Center for services. Although an evaluation has not yet been conducted to measure the effect of these social media strategies on employment outcomes, social media usage increased in all three states. Each state accumulated more “likes” on their Facebook pages, increased numbers of Twitter “followers,” and a steady increase in LinkedIn followers, demonstrating growing engagement by job seekers.

Job Retention and Advancement

Job search assistance programs may help low-income and low-skilled individuals gain employment; however, employment in the low-skilled labor market is often unstable and many new jobs end relatively quickly. For example, the Employment Retention and Advancement project, which aimed to improve job retention and career advancement for low-skilled workers, found that across the 12 project sites, only half of participants were continuously employed for a year or more during a three-year follow-up period. Project sites

were not successful in helping participants retain jobs but several sites did at least help individuals become reemployed more quickly, thereby shortening their periods of unemployment.[24]

Other studies have similar findings, suggesting that programs should broaden their definition of retention from assisting participants to retain a specific job to encompass helping them stay in the labor market generally, even if this means employment in a series of jobs.[25] This shift in the focus of retention services may benefit FSS participants, if FSS coordinators can help them change jobs strategically, because switching jobs periodically can lead to higher wages later on compared with working steadily in the same initial job.[26]

While the evidence suggests that many job retention programs are not effective, [27] one of the problems they experience is a low take-up of services by employed individuals. To the extent FSS programs can continue to engage working individuals and use the escrow account as a motivator for continued employment, FSS programs may be better positioned than other programs to help working participants to stay employed. Given the unstable nature of low wage jobs, however, the most realistic goal for many FSS participants is steady employment, with support for quick reemployment when job loss occurs, rather than retaining a particular job.

Earnings Incentives for People with Disabilities

- FSS programs are prohibited from discriminating against people with disabilities. FSS program coordinators should work with participants who have disabilities to help them overcome barriers to work and find and maintain suitable employment. At the same time, FSS coordinators should help participants with disabilities to apply for and access any Social Security Disability or Supplemental Security Income (SSI) benefits to which they may be entitled – either by assisting them directly or by referring them to providers who can help them to navigate the application process.
- Both Social Security and SSI provide incentives for people with disabilities to work even while receiving disability benefits. For an overview, see the Social Security Administration's pamphlet, *Working While Disabled—How We Can Help* (*www.ssa.gov/pubs/EN-05-10095.pdf*).

FSS program coordinators can promote employment retention by:

Developing Mechanisms to Learn about Issues that are Occurring on the Job or Job Loss

Job loss is most likely to occur within the first few months after starting a new job. FSS staff should contact newly employed participants as soon as possible after they start a job and ask probing and open-ended questions to learn about their experiences on the job. Learning about and coaching participants through any employment-related issues they encounter, either in a one-on-one or group settings, may help to resolve those issues before they lead to job loss. FSS staff may also learn about job loss or employment issues through a partner job developer or employer connections. [28]

As Patti Zatarian-Menard observed in describing the approach her FSS program took to help participants who became employed, "clients are most vulnerable after first getting a job. Once they get the job, we move the case to a second case manager to just deal with

employment retention issues (while also still keeping original case management). The case manager is available daily. It takes six months to one year to stabilize a job."

Implement Strategies Focused on Quick Re-entry into the Labor Market and Obtaining Higher Wage Jobs

Staff should establish a timeline for defined activities to follow when working with individuals who are in need of re-employment assistance or assistance finding a better job. Participants can also benefit from strong partnerships with local government agencies as well as private and nonprofit organizations that offer rapid re-employment services to minimize income loss. Partners with employer relationships in high-growth sectors can help move participants from one employer to another that offers higher wages or more favorable work arrangements. [29]

Help FSS Participants Access Earning Supplements

Earning supplements such as the Earned Income Tax Credit and SNAP can improve the economic well-being and possibly employment retention of FSS participants, particularly when coupled with case management and coaching. For example, the Employment Retention and Advancement program in Texas provided wage supplements of $200 per month for participants working full-time which, coupled with post-employment services, produced increased earnings and employment through the fourth year of follow-up.[30]

FSS program coordinators may also promote job advancement by encouraging participants to enroll in education and training programs while employed. These services and strategies for increasing their effectiveness are explored in Section 4.2 of this guidebook.

For links to more information on skills assessments, academic and career coaching, and other topics discussed in this chapter, please visit the online Resource Library at https://www.hudexchange.info/programs/fss/. The Resource Library also contains sample documents, best practices, and other information that may be useful as you implement an FSS program. PBRA owners can find additional resources specific to starting and running an FSS program in PBRA assisted housing at https://www.hudexchange.info/programs/multifamily-fss/.

5

Helping FSS Participants Build Assets and Financial Capability

5. Helping FSS Participants Build Assets and Financial Capability

While the FSS program's main focus is on helping participants increase their earnings, FSS is also an important asset-building program. A growing body of evidence suggests that efforts to assist individuals and families in building assets and financial capability can help them achieve their financial goals and make progress toward economic security.

This chapter focuses on ways that FSS program coordinators can help participants build assets and financial capability. It includes the following sections:

- The **Asset-Building and Financial Capability** section explains why building savings and the ability to make good financial decisions are critical for FSS participants and describes ways to incorporate asset building and financial capability into case management and coaching services.
- The **FSS Escrow Account** section provides an overview of escrow accounts in the FSS program, including regulations governing the escrow account, how coordinators can educate participants about their escrow accounts, and how participants access their accrued account funds.
- **Homeownership and Other Housing Transitions** describes how FSS programs can help participants transition out of subsidized housing into homeownership or market-rate housing.

5.1 Asset Building and Financial Capability

How do Asset Building and Financial Capability Promote Financial Security?

Having and building savings (assets) along with the confidence, know-how and context to make good financial decisions (financial capability) are critical goals for low-income individuals seeking to increase financial security and opportunities for the future.

Financial assets provide a family with security in the face of unanticipated expenses or income disruption. Ideally a family would hold savings to cover at least three months of living expenses in order to weather unpredictable financial shocks, such as losing a job, unexpected medical expenses, or an unanticipated expense (e.g., an expensive repair for a car needed to commute to work). Sufficient savings can prevent families facing these kinds of shocks from falling into poverty – or falling back

What are Financial Assets?

Financial assets are the store of wealth that individuals and families can draw on in hard times (such as unemployment or when faced with an unexpected health crisis) or use to invest in a family member's future (such as paying for college). Financial assets can include savings accounts, retirement accounts, college savings accounts, and other less liquid forms of wealth such as a family's house or car. Typically a calculation of a family's financial assets includes not only the assets that a family holds, but also their debts.

The FSS escrow account is an important mechanism for helping FSS participants to build assets.

into poverty. However, most families have very low levels of savings. In its Survey of Household Economics and Decision-making, the Federal Reserve Board found that, when faced with an unexpected expense of $400, nearly half of all households say they would borrow funds, sell possessions, or simply not pay.[31]

In addition to providing financial security, assets can provide people with the opportunity to invest in themselves or their families. This may mean using savings to obtain more education or training in order to earn more, achieve job security, or gain job satisfaction. Individuals and families may also use savings to start a business, put a down payment on a home, or invest in children's education.

Finally, assets help families build confidence and hope for a better future. This hope can help improve a family's well-being in and of itself, and can also be a powerful motivator for families to take action to achieve their long-term goals.[32]

Asset-building can be most effective in promoting financial security when combined with efforts to increase an individual's financial capability. Financial capability efforts aim to improve aspects of an individual's financial world, including:

- **Financial literacy** – the knowledge needed to understand financial decisions
- The **skills and behaviors** necessary to make financial decisions appropriate to family goals
- **Financial opportunities and resources** – for example, convenient access to a free or low-cost checking account

Financial capability skills include learning how to make and stick to a budget, avoid and reduce debt, and save to meet short- and long-term goals. Such skills will help FSS participants free up funds in their budget to meet key needs (such as buying nutritious food for themselves and their children or repairing a car needed to get to work), effectively deploy their FSS escrow savings and subsequent investments to achieve long-term goals, and improve their credit score so they are better able to access reasonably priced loans and credit cards.

In addition, developing financial capability helps low-income participants avoid costly financial pitfalls that perpetuate a cycle of debt and poverty. When participants have healthy credit and access to safe, affordable banking products, they can avoid expensive and risky ways of accessing money and credit, such as non-bank check-cashing and payday loans and excessive use of overdraft protection. Financial knowledge can also help participants understand the costs and consequences of paying bills late, receiving multiple parking and speeding tickets, and incurring other unnecessary costs that may chip away at one's savings or lower one's credit score.

Finally, financial health and capability are intimately related to other areas of personal, professional, and financial opportunity. For example, credit scores now impact many areas of life, from employment opportunities to housing opportunities to insurance costs.

Why Incorporate Asset-Building and Financial Capability into an FSS program?

The overall goal of the FSS program is to help unemployed and underemployed recipients of housing assistance make progress toward economic security. Incorporating financial capability and asset-building strategies and emphasis into the FSS program gives participants an increased opportunity to leave and stay out of poverty and attain their financial and personal goals.

There are a number of reasons why an FSS program that includes asset-building and financial capability programming can help participants make greater progress toward economic security:

- **Increased savings:** The FSS program's escrow account offers a unique opportunity for participants to build significant savings as part of the overall program. Assets and savings increase a family's financial stability, helping them manage the ups and downs of family income, and, in sufficient amounts, create financial and personal opportunities for family members.
- **Increased motivation:** FSS program coordinators report that the escrow account can provide substantial motivation for participants to increase their earnings.
- **Early wins in financial capability and health:** Helping participants address financial capability and savings goals may also encourage them and help build and maintain motivation by providing early "wins" – for example, progress in increasing one's credit score or decreasing one's debt. These measurable signs of progress in their financial lives may help FSS participants persist in their goals to increase earnings and long-term employment and earnings potential (e.g., through education or training).
- **Access to more affordable financial services:** Improved credit scores and savings help participants access reasonably priced financial services, which may allow them to achieve important goals, such as homeownership, post-secondary education for themselves and their children, or starting a business.
- **Increased residual income:** By learning to create and stick to a budget, reduce high-interest debt, build savings, and access mainstream financial products, participants may have more residual income available after paying for rent and other necessities. They can save this residual income or spend it on nutritious food for their children, a security deposit for an apartment, a down payment on a home or other expenses that might otherwise have been out of reach.

In short, financial capability, coupled with the opportunity and resources to save and increase assets, can help FSS participants increase their income, weather economic shocks to maintain economic stability, and, ultimately, make progress toward lasting financial self-sufficiency.

The fact that participants may experience increases in the amount of their residual income after rent heightens the importance of introducing asset building and financial capability approaches to FSS participants immediately upon enrollment. This support may help participants to start building assets or reducing high-cost debt prior to the rent increase that

occurs with the next regularly scheduled income recertification. It may also help ensure that FSS participants are prepared for this rent increase.

How can FSS Programs Help Participants Increase their Financial Capability and Build Assets?

Opportunities to help build participant assets and develop their financial capability through the FSS program are focused around four main intervention activities:

1. **The initial assessment and goal-setting.** The initial participant assessment and goal-setting meetings provide an opportunity for the FSS program coordinator to understand the family's financial and personal goals, barriers, and level of financial capability and resources. FSS program coordinators may help families set formal or informal goals for financial health (e.g., improving one's credit score or becoming debt-free) and savings. The initial goal-setting process can also include a discussion of the family's ultimate goals for the escrow account savings (for example, a down payment on a home, a substantial amount of savings for a child's education), which can help motivate the family as they progress in the FSS program.
2. **Service referrals.** In addition to referrals for employment and training, FSS programs should consider referrals and partnerships to help increase participants' financial capability and financial health, including access to financial products. These referrals – which could be to asset-building non-profits, credit counseling organizations, or financial institutions – can help participants make the most of their earnings and improve their financial health and stability.
3. **Case management and coaching.** FSS programs can support financial capability by tracking and including financial capability activities and progress in the existing FSS case management or coaching process. In some FSS programs, FSS program coordinators provide direct financial capability coaching and help with activities such as credit counseling. In other FSS programs, coordinators rely primarily on referrals for these services. At a minimum, FSS coordinators should be comfortable having conversations about finances and assets with participants as a first step toward referrals to financial empowerment partners.
4. **The escrow account.** FSS program coordinators can use ongoing communication around the escrow account – for example, framing what the account is and what it is for and communicating to participants about their balance – and authorize interim disbursements of escrow to support and motivate families to increase their earnings and reach their financial goals.

Goal-Setting and the Use of the FSS Escrow

Since achievement of the goals listed in the Individual Training and Services Plan (ITSP) is a prerequisite for graduating from the FSS program and obtaining access to the full balance in the escrow account, the ITSP goals should not include goals related to the expenditure of final escrow balances. However, as described later in this section, it is nevertheless useful to discuss with FSS participants at the outset how they might use their escrow account, as it can help strengthen the account's role as a motivator and also lead to productive conversations about other goals that should be included in the ITSP. For example, if a participant says their ultimate goal for their escrow account is to purchase a home, it may be useful to include as an ITSP goal completing a homeownership education and training course to prepare for homeownership.

Working with participants to set goals for their use of the escrow account can also be an important tool in motivating participants, shaping their plans, and increasing the likelihood that they use the final escrow funds for the purposes they intend.

The remainder of the chapter will describe opportunities for helping participants build financial capability and assets through each of these four activities.

The Participant Assessment and Goal-Setting Meetings

The initial assessment is a good opportunity for the FSS program coordinator not only to begin to understand participants' hopes and goals, but also to build a picture of their financial life. FSS programs can efficiently incorporate a focus on financial capability into the assessment by adding questions about the participant's current monthly budget, credit score, outstanding debts, use of financial products including a bank account, and overall financial goals. FSS program coordinators can probe to understand participants' limitations, barriers, opportunities and even feelings about attaining financial self-sufficiency. This information is useful in developing the Individual Training and Services Plan (ITSP) and other, informal goals, and developing an effective strategy for referrals and coaching or case management.

Some FSS providers have begun to go further, collecting more detailed information on participant debt, barriers to financial health or financial capability, financial practices (e.g., how participants manage money, cash checks, pay rent and other expenses, and borrow money), and financial aspirations for participants and their children. Compass Working Capital – a nonprofit asset-building organization headquartered in Boston, MA that runs several FSS programs in partnership with PHAs and private owners of PBRA assisted housing – uses a detailed questionnaire to create a "financial profile," detailing a participant's current financial health, financial practices, plans, barriers and worries, and aspirations. Compass also administers a survey it developed – the Financial Practices and Well-being Survey annually to measure progress in financial knowledge, confidence, and practices. A copy of the Survey may be found in the online Resource Library: https://www.hudexchange.info/programs/fss/.

The "Your Money, Your Goals" Toolkit

The Consumer Financial Protection Bureau has developed a toolkit and training materials called **Your Money, Your Goals** to help front-line service providers talk with and counsel their clients about issues around financial health and financial capability. The Toolkit includes a self-assessment designed to help program participants assess their financial health which asks the following questions:

1. Do you have dreams for your children that require money to make them happen?
2. Are you behind on rent, car payments, or your mortgage?
3. Are you behind on utility payments?
4. Can you count on having about the same amount of income every week?
5. When unexpected expenses or emergencies happen, do you have some money set aside to cover them?
6. Do your money, benefits, and other resources cover all of your bills and living expenses each month?
7. Do you have student loans or other debts you're having trouble paying?
8. Has your credit history made it hard to get a car, insurance, a phone, or a job?
9. Do you feel like you're spending too much to get your money and use it to pay your bills?
10. Have you had issues with a financial product or service like a bank account, loan, mortgage, debt collector, or credit report that you haven't been able to resolve?

Source: Your Money Your Goals: A financial empowerment toolkit for social services programs, p. 29-30 (http://www.consumerfinance.gov/your-money-your-goals/#socialservices).

Following the self-assessment, the Toolkit provides brief recommendations that FSS coordinators or their partners can use to respond to the issues that participants raise as well as chapters that cover the issues in-depth. Most FSS programs will also want to address questions of basic financial access and health, including whether participants have a checking account, whether they have seen their credit scores and credit reports, and whether they depend on high-cost products such as payday loans or non-bank check-cashing.

Incorporating Financial Capability into ITSP Goals

Incorporating participants' long- and short-term personal and financial aspirations into their ITSP goals can help participants make progress toward achieving these goals and attaining financial security.

Because the ITSP includes goals that participants must meet in order to successfully graduate from the FSS program, it is important to ensure that financial goals in the ITSP are achievable within the term of the FSS program, even if the participant faces unexpected hurdles or has particularly challenging aspirations. For example, if a participant's long-term goal is to become a homeowner, it may be appropriate to include steps in that process such as working with a credit counselor, completing a homeownership education and counseling program, or getting pre-qualified for a mortgage as an ITSP goal. However, it is not

advisable to put homeownership itself as an ITSP goal as that may be out of the participant's control.

Referrals to Financial Capability Services Providers

While a small number of FSS programs provide a full suite of financial capability services (e.g., financial education, financial coaching, budgeting, credit counseling) directly to participants, most FSS program coordinators use service referrals as a primary means of supporting participants in building financial capability. In many cases, the financial capability services providers willing to partner will be nonprofit community-based organizations or local governmental agencies that regularly provide free and low-cost services to the public. However, financial institutions (including credit unions and private, for-profit banks) may be both able and willing to partner to provide services, if approached. Some of these organizations will be local organizations, while others will be regional or even national, such as a local or regional branch of a national bank or service organization).

While this is by no means an exhaustive list, providers of financial capability services typically include:

Community-based Organizations

- ***Credit counseling organizations*** provide credit counseling and support services. These may include reviewing credit reports with the participant for errors (e.g., a misattributed unpaid medical bill) and helping to work with the credit bureau to correct the report. Credit counseling also typically includes reviewing the participant's credit profile, discussing financial practices (e.g., paying for certain expenses with a credit card vs. in cash and the timing of bill paying), and helping the participant plan to improve their credit score and creditworthiness. Some providers of credit counseling may be individuals or departments housed within community-based organizations with a broader mission.
- ***Volunteer Income Tax Assistance (VITA) providers*** provide volunteer tax preparation at low or no cost to low- or moderate-income participants. VITA is a service organized by the IRS. In addition to helping participants avoid the high costs of commercial tax preparation and the costly and unnecessary "refund anticipation loans" that commercial providers sometimes try to convince participants to purchase, VITA providers can help participants get the maximum tax refund they are entitled to by ensuring that they take advantage of tax credits and incentives such as the Earned Income Tax Credit. Many VITA providers also now counsel participants on saving their tax refunds and can help them get the refund deposited directly into a savings vehicle. Some VITA provider agencies also offer a broader set of financial education services or workshops. In 2004, HUD and the IRS signed a Memorandum of Understanding to formalize the partnership between both departments for the purpose of assisting low-income individuals and families in accessing free tax preparation, electronic filing, and asset building assistance.
- ***Housing counseling organizations*** provide participants with homeownership education and homeownership counseling. Typically, this includes guidance on how to select a home and a mortgage, and the responsibilities of homeownership (including risks tied to mortgage default). However, these agencies also sometimes

provide more preliminary pre-homeownership training or counseling which can help participants assess their readiness to buy a home and address barriers to home ownership. For example, a low credit score, a common barrier to homeownership, may be improved with credit counseling or by paying off debts. In some cases, these organizations also collaborate with credit unions or banks that provide low-cost home loans for qualified low-income participants or first-time homebuyers. More information about helping participants transition to homeownership is provided in Section 5.3.

- ***Employment services providers*** may provide financial education, budgeting support, or credit counseling in addition to job placement and training services. In some cases, these agencies may even have relationships with banks that can provide checking accounts for direct deposit following employment. Employment services providers may be nonprofit or governmental agencies.

Governmental Agencies

- ***Social services agencies*** (local, county, or state) may provide financial counseling or education services. Where services are provided, they vary substantially in how they are provided and what they include.
- ***Local Offices of Financial or Economic Empowerment*** (or departments with similar names) have recently been formed by many local (and, in some cases, state) governments. These offices typically provide financial education, financial counseling, and help accessing low-cost financial products. Sometimes they provide credit counseling. The Offices of Financial Empowerment may provide services themselves or may certify, fund, or coordinate community-based organizations that provide these services.

Partnering with Banks

We've built relationships with credit unions in particular around providing access to credit building products for our families, waiving fees for those products, providing a contact at the credit union who knows our program, who knows our families as they come in.

[…]We've developed relationships with banks that offer the most affordable and the best first time homebuyer products for low-income families. Those banks now feel more comfortable taking our phone calls and taking phone calls from our clients because they know they've had the support of a financial coaching program, they know that we'll be there post-purchase as well.

[…]Bank employees [also] . . . teach in our [financial education] classes.

~ Sherry Riva, Compass Working Capital

Financial Institutions

- ***Credit unions*** and banks may be willing to partner with PHAs and owners to offer financial education workshops and/or provide participants with safe, low-cost financial products (e.g., a checking account linked to direct deposit from a job). Credit unions and banks may also provide financial counseling, help with budgeting, and savings recommendations. In some cases, banks may want to partner in order to meet their Community Reinvestment Act requirements or improve their relationship with the community.

- ***The regional Federal Home Loan Bank (FHLB)*** may also be a productive partner. All FHLBs operate an Affordable Housing Program, through which they use a share of their earnings to provide down payment assistance and other support for lower-income households. Within the Program, different FHLBs have set up different special initiatives. For example, through its Individual Development and Empowerment Account program, the San Francisco FHLB has partnered with local FSS programs to match the funds in the FSS account for use as a down payment on a first-time home purchase.

Referral Resources

HUD Notice PIH 2014-26 (HA) (http://portal.hud.gov/hudportal/documents/huddoc?id=14-26pihn.pdf) lists federal tools and resources that are available to help housing assistance recipients improve their financial literacy and asset-building skills. The notice encourages PHAs and owners to share these resources with HUD-assisted households. Resources include websites and online toolkits maintained by the Federal Deposit Insurance Corporation, Consumer Financial Protection Bureau, and Administration for Children and Families in the Department of Health and Human Services, as well as information from non-governmental organizations.

The following are some additional national sources that may assist FSS providers in finding and connecting with local referral resources:

- The National Foundation for Credit Counseling (www.nfcc.org) connects consumers nation-wide with certified credit counselors.
- The IRS provides a zip code-based locator for Volunteer Income Tax Assistance programs (http://irs.treasury.gov/freetaxprep).
- The UnidosUS Affiliate Council (formerly known as Local affiliates of the National Council of La Raza) (https://www.unidosus.org/about/affiliates/) provides services to low-income people, ranging from financial counseling to homeownership counseling and support, thereby challenging the social, economic, and political barriers that affect Latino people.
- HUD provides a locator for HUD-approved housing counseling agencies and intermediaries (www.hudexchange.info/programs/housing-counseling). Many organizations that provide housing counseling (including homeownership counseling and education) also provide budget and money management counseling.
- HUD produced a Financial Capability webinar series for the Strong Families Initiative in April 2021 (https://www.hud.gov/program_offices/public_indian_housing/programs/ph/hope6/css/rfd/fc). These webinars can help FSS programs to support families on financial capability topics including bank accounts, using Volunteer Income Tax Assistance (VITA) centers, avoiding predatory lending and other financial practices that target

Individual Development Accounts (IDAs) are a type of matched savings account sometimes available to low-income participants. IDA programs provide matching funds to participants to promote savings that they can spend later on eligible uses such as higher education, starting a business, and homeownership. The programs aim to help low-income families save money that they can invest in high-return, long-term assets.

people in vulnerable groups, and engaging HUD-assisted residents in financial empowerment activities.

- The Consumer Financial Protection Bureau (www.consumerfinance.gov), in addition to its role as a financial regulator and watchdog, provides information and tools to help consumers make sound financial decisions and help those who serve consumers provide financial education and counseling.
- American Credit Counseling Services (www.accs.org) provides credit and financial counseling for free over its toll-free phone line and provides free seminars for organizations.
- Consumer Credit Counseling Services (www.credit.org/cccs) provides consumer credit and financial counseling and has several local offices.
- Local Consumer Credit Counseling agencies or branches are available in many communities.

When to Refer Participants to Financial Services

Participant needs for services may change as they work toward their goals, but most FSS participants are likely to benefit from financial education, financial coaching, or counseling at some point in their enrollment in the FSS program. During the assessment at initial enrollment, FSS program coordinators may find that a participant has particular financial barriers – for example, an individual with high debt loads may need financial counseling and/or debt management assistance – or faces unnecessary costs, such as paying a fee to cash checks because he or she does not have a bank account. In such cases, referrals to appropriate organizations to address these challenges will be helpful. Even participants who are experts in budgeting scarce resources may benefit from a refresher, for example if they hit a sudden benefits cliff for Temporary Assistance for Needy Families or the Supplemental Nutrition Assistance Program as a result of increased earnings.

Ongoing participant meetings can provide useful intervention points where FSS program coordinators can refer participants to additional or different financial capability services to help them achieve additional, adjusted or new goals. For example, where a participant has a long-term goal to own their own business but has little or no experience making and sticking to a budget, the initial referral may be to a financial capability skills course to help increase their knowledge and budgeting skills. Once the participant has demonstrated comfort and familiarity with the budgeting process, a referral to a business development incubator that provides additional training in development of a business plan or market analysis might be an appropriate next step.

Incorporating Asset-Building and Financial Capability into Case Management and Coaching

FSS program coordinators can support participants' progress in financial capability and health by incorporating financial coaching into the mix of case management or coaching that the FSS program coordinator already provides. The simplest way to incorporate financial coaching and financial capability support into existing activities is checking in with participants about their financial concerns, resources, practices, and goals during regular case management or coaching meetings. Incorporating these questions into check-ins

allows FSS program coordinators to note whether participants' financial health or financial practices have progressed or changed.

Some FSS program coordinators may be concerned that a focus on financial capability and savings will interfere with the overriding goal of helping participants increase their earnings. Ideally the two areas of focus would go hand in hand. Participants need to increase their earnings to build escrow and generate income to improve their quality of life. At the same time, participants with new sources of earnings will need support to manage their earnings, reduce any outstanding debt that may be holding them back, and move toward achievement of their financial goals.

Discussing these issues with participants will help FSS program coordinators make appropriate referrals so that participants can address financial capability or financial product access concerns, and make sure that participants' practices (e.g., budgeting, means of cashing a check) and interim financial goals are well-aligned with long-term financial and personal goals.

Delivering Financial Coaching

In some cases, FSS programs may wish to integrate financial coaching more explicitly into the services they provide. Under this approach, an FSS program would not only regularly assess current financial capability, financial practices, and financial health, but also provide services directly to address participants' financial capability challenges and goals. Under this model, the FSS program coordinator might provide financial education, assistance with budgeting, credit score and debt monitoring and repair counseling, and periodic reviews of goals and progress that incorporate financial capability and financial health. This approach can help participants make stronger and faster progress toward building financial capability and organize their financial lives to form and maintain a habit of saving.

Fully integrating financial capability coaching and support into the FSS program may also help ensure that participants are focused on financial capability as well as employment and that they see the benefits of improvements in financial health as tangible progress toward their goals for self-sufficiency and financial security. Successful financial coaching within an FSS program often follows a client-centered coaching model, where the coordinator assesses participant needs and priorities, works with the participant to help establish goals based on their priorities, and helps the participant identify interim steps toward those goals as he or she feels ready and motivated to proceed on this path. FSS program coordinators may then provide some of the services necessary to help the participant make interim progress. Some program operators also have a separate position for a full-time financial counselor who works with FSS and other residents.

In-house financial coaching has the benefit of fully integrating financial coaching with the FSS program as a whole. However, for most FSS programs, the funds available to provide FSS case management or coaching are extremely limited, and FSS program coordinator caseloads may be high. As a result, the degree to which FSS programs can provide financial capability coaching in-house may be limited, in the absence of outside funding sources.

Financial coaching activities may include one or more of the following (as well as other activities not listed here):

Credit and Debt

FSS program coordinators may review debt reports and credit scores with participants, soon after enrollment and periodically thereafter, in order to help participants reduce their debt and improve their credit score. This requires obtaining credit file information from a credit bureau (such as Equifax, Experian, or TransUnion) or associated service, which requires the participant's consent (and typically their social security number). Credit bureaus generally charge a fee for providers to obtain these data, though participants can access their own credit reports for free through www.annualcreditreport.com and can get free FICO credit scores through certain credit card statements (e.g. Discover Card). Reviewing this information with participants, coordinators can help them discover and correct errors in their credit files (or can make referrals elsewhere for this service) and can work with participants to prioritize and manage debt and create a plan for activities to build or improve credit scores (e.g., paying certain bills first).

For participants without access to credit, activities in this area may include investigating emerging alternative means of establishing credit, including registering on-time rent and utility payments with a tracking agency.

A Financial Coaching-Based Approach: Compass Working Capital's FSS Program

Compass Working Capital, a Boston-based nonprofit organization, collaborates with several PHAs and private owners in southern New England to offer an FSS program that focuses heavily on helping participants build assets and financial capability. In lieu of traditional case management, Compass provides client-centered financial coaching in which financial coaches work with participants across five main areas: income and employment; credit and debt management; saving and asset-building; use of quality financial products; and broader asset-building goals (e.g., home ownership, or small business development). The program provides several financial education workshops (on financial goal-setting, credit and debt management, and savings and asset-building) to establish a foundation of financial knowledge and practice for participants.

After the workshops, and periodically thereafter, participants complete a financial practices and well-being survey, detailing aspects of their financial practices, health, goals, and aspirations, which the financial coach uses to create a financial profile for the participant and assess progress as the participant continues in the FSS program. The financial coaches also use participant credit scores and debt information from a credit bureau to help participants track progress and celebrate short-term successes such as improvements in credit scores and reductions in debt.

Compass and its partner housing organizations use a mix of HUD FSS coordinator funding and money raised from local foundations to support their services. Compass markets the program to residents through postcard campaigns that appeal to aspirations for economic mobility and financial security.

Reviewing credit and debt with participants periodically can have the additional benefit of helping to motivate participants, as decreases in debt or small increases in credit score are measurable improvements in financial progress toward a goal that participants can see early on in FSS participation.

Money Management

FSS program coordinators may provide participants with financial counseling to assist with day-to-day financial management. This can include sitting down with participants to create and revise budgets, providing encouragement that participants can reach their goals over time, and helping to remove barriers to good money management. Common barriers that participants face include being daunted by the task of managing scarce resources or simply not having the bandwidth to make decisions and tradeoffs on a moment-by-moment basis throughout the day, week, and month. Coordinators can help participants overcome these types of barriers with straightforward budgets that identify priorities and heuristics or rules of thumb for how to proceed when the participant faces a tradeoff. Helping participants distinguish between "needs" and "wants" is another role played by some FSS program coordinators.

Financial coaching may also include working with participants to identify meaningful reasons to save money and to revisit savings plans and goals with participants in order to help establish a habit of saving.

Accessing Mainstream Financial Products

During the initial assessment, FSS program coordinators can ask participants about their financial practices and resources, including whether they use or have access to a checking and/or savings account, whether they have affordable sources of credit or savings for an emergency, and whether they use certain types of costly or high risk financial products or access points (e.g., payday loans, check-cashing for a fee).

With this information, FSS program coordinators can provide participants with tailored advice and information on expensive/inexpensive and predatory/high quality financial vehicles and access points. Coordinators can stress the importance of using preferable financial products, and the risks or costs of using high-risk or costly products. Coordinators can also suggest specific products, and, where they have partnerships, may be able to refer participants to a partner financial institution for access to low-cost financial products.

Financial Capability Training and Resources for FSS Staff

Most FSS program coordinators do not have a background in financial education, financial coaching, or credit counseling, so FSS programs interested in providing more direct financial counseling services will need to obtain training and other resources for staff members.

Where in-person training is not available or not practical, resources that are available at no cost online may assist FSS program coordinators and participants.

A few examples of these types of resources include:

- **Your Money, Your Goals** (www.consumerfinance.gov/your-money-your-goals) is a toolkit provided by the Consumer Financial Protection Bureau to assist social service organization staff in discussing financial health and practices with participants, providing financial coaching or education, and credit support activities. The toolkit is modular (i.e., program coordinators can incorporate any or all topics from the toolkit) and aims to help coordinators increase participants' financial empowerment.
- **Building Financial Capability: A Planning Guide for Integrated Services** (www.acf.hhs.gov/programs/ocs/resource/afi-resource-guide-building-financial-

capability) is an interactive guide to help community-based organizations interested in integrating financial capability services into existing programs (e.g. housing, job training, or Head Start), created by the HHS-funded Assets for Independence initiative. A video training series is also available as a companion to the guide (www.acf.hhs.gov/programs/ocs/training-video-series-building-financial-capability).

- **Assessment tools from the Center for Financial Services Innovation** include Measuring Financial Health: 8 Key Indicators, a 1-hour webinar geared toward helping organizations measure participants' financial health (www.cfsinnovation.com/Calendar-of-Events/April-2016/Webinar-Measuring-Financial-Health-8-Key-Metrics).
- Prospective **homebuyer information and calculators** are available from organizations such as the Consumer Financial Protection Bureau (www.consumerfinance.gov/owning-a-home/) and NeighborWorks America (www.neighborworks.org/Homes-Finances/Homeownership/Homebuyer-Tips).
- The **Change Machine** (https://change-machine.org/) is an online financial coaching platform with self-paced lessons covering a six-part framework for financial security, including tools, tips, and coaching strategies tailored for coaches working with specific financially vulnerable populations.

Financial Capability Training and Resources for FSS Participants

FSS coordinators may also show FSS participants online financial capability training and resources or help participants use these online tools.

A few examples of these types of resources include:

- Virtual Goal Coach (www.virtualgoalcoach.net) is an online tool containing links to resources that can help families achieve their employment, financial, education and homeownership goals.
- PowerPay (www.powerpay.org) provides tools to families to develop a personalized, self-directed debt elimination plan.
- Vertex42 (www.vertex42.com) provides free budget templates, financial calculators and other debt reduction and money management tools. This NerdWallet article (www.nerdwallet.com/blog/investing/budgeting-saving-tools/) reviews additional budgeting and savings tools – many for free – designed to help consumers save more and spend less.

5.2 The FSS Escrow Account

This section provides an overview of the FSS escrow account and describes promising practices for communicating with FSS participants about the escrow account and using the escrow account to motivate participants to increase their earnings. This section also discusses interim escrow withdrawals and coaching around participants' plans for using their escrowed funds.

The rules governing the accrual and disbursement of FSS escrow funds are specified in 24 CFR §984.305. PIH FSS programs should also consult PIH's Financial Reporting for the

Family Self-Sufficiency (FSS) Program Accounting Brief #26 for information on financial reporting (https://www.hud.gov/sites/dfiles/PIH/documents/AccountingBrief26FSS7_20_2022issued.pdf) PBRA owners should consult HUD Office of Housing Notice H-2016-08 (http://portal.hud.gov/hudportal/documents/huddoc?id=16-08hsgn.pdf) and subsequent guidance, to be released in the near future.

Overview of the Escrow Account

Once families enroll in FSS they become eligible to build savings through the FSS escrow account. The FSS escrow account serves two principal purposes. First, it provides a financial incentive for participating families to increase their earnings. Second, the FSS escrow account provides a unique opportunity for FSS participants to build substantial savings. Savings can help participants meet their financial goals, such as buying a home, paying for their own or a child's education, or starting a business. Savings are also important to ensure financial health and stability, including a cushion allowing families to weather a financial storm and avoid falling back into poverty. In addition, through interim disbursements, savings in the FSS escrow account can also be used to pay for services needed to help participants achieve their goals.

What is the FSS Escrow Account?

The FSS escrow account is an account maintained by the PHA or owner that grows as the earnings of FSS participants increase. Like other families in the Housing Choice Voucher or public housing programs, most FSS participants pay rent based on a percentage of their household income. When their household income rises, the amount they must pay toward rent also rises. FSS participants, however, have the opportunity to convert increases in rent due to increases in earned income into savings. For FSS participants, the PHA or owner will deposit an amount generally equal to the increase in rent due to the family's increased earnings into the FSS escrow account.[xv] This allows FSS participants to build savings over time. FSS escrow savings do not count against asset limits for means-tested programs until they are disbursed. See 24 § CFR 984.304(b).

A family's monthly credit to the FSS escrow account should be determined at every income reexamination. Families with incomes above 80 percent of the Area Median Income (AMI) are not eligible to receive any escrow. 24 CFR 984.305(b)(3). For families with lower incomes, a family's escrow credit equals the lower of:

- 30 percent of one-twelfth (1/12) (i.e., 2.5 percent) of the amount by which the family's current annual earned income exceeds the family's baseline annual earned income; or
- The increase in the family's monthly rent.

The **increase in the family's monthly rent** is defined in 24 CFR § 984.305(b)(2)(ii) as the lower of:

[xv] Under current HUD guidance, for public housing residents, the funds deposited in the escrow account come from the tenant rent, whereas for Housing Choice Voucher and Project-Based Rental Assistance participants, the funds deposited in the escrow account come from the Housing Assistance Payments funds.

- The amount by which the family's *current monthly rent* exceeds the family's *baseline monthly rent*;
- For HCV families, the difference between the *baseline monthly rent* and the current gross rent (i.e., rent to owner plus any utility allowance) or the payment standard, whichever is lower; or
- For PBV, Mod Rehab (including Mod Rehab SRO), and PBRA families, the difference between the *baseline monthly rent* and the current gross rent (i.e., rent to owner or contract rent, as applicable, plus any utility allowance).

The italicized terms are defined in 24 CFR § 984.103.

A family is eligible to receive its full escrow account balance (in excess of any amounts owed to the PHA or owner) upon graduating successfully from the FSS program.[xvi] These funds are unrestricted. However, coordinators may work with participants to coach them on how to use their escrowed funds strategically to meet personal and life goals. (This option is discussed in more detail below.)

Escrow Calculation Tools

HUD has developed Excel worksheets that FSS programs may use to calculate monthly FSS escrow deposit amounts for each family:

- FSS Escrow Spreadsheet for PHAs
- FSS Escrow Spreadsheet for PBRA Properties

Establishing the Escrow Account

PHAs and owners are required to deposit all escrow funds for all FSS participants into a single, interest-bearing depository account and to account for these funds through a subsidiary ledger that records the balance of each FSS participant's individual account value (within the single account).

PHAs and owners are required to credit interest to each family's ledger at least once per year. PHAs and owners are also required to report to the family at least once per year on the family's escrow account ledger balance, including original balance, changes during the reporting period, deductions made to the account, interest earned, and total account value at the end of the period. See 24 CFR §984.305(a) for more detail. The next section discusses communication with participants about their escrow accounts. According to a May 8, 1992 IRS letter, funds held in the escrow account and escrow funds that are distributed to the participant are not subject to federal taxation.

Interim Disbursements

Some FSS programs allow participants to make interim withdrawals from their escrow accounts prior to program graduation. While interim withdrawals can deplete escrow accrued for long-term goals, these withdrawals can also help participants meet their goals, which, for some participants, may ultimately lead to higher, more stable earnings. To qualify for an interim escrow disbursement, a participant must have completed a specific interim goal set out in the participant's Contract of Participation, as determined by the PHA or

[xvi] A family may graduate from the program by completing all of its obligations under the Contract of Participation (including having accomplished the goals stated in the Individual Training and Services Plan).

owner, and have a need for some of the escrow funds for purposes consistent with their goals (e.g., to pay for education or training or to purchase or repair a vehicle to get to work, see 24 CFR §984.305 (C)(2)(ii) for more detail). Once these conditions have been met, FSS programs have the discretion to decide whether—and under what circumstances—interim withdrawals are allowed. The guidelines for this determination should be specified by the PHA or owner in its FSS Action Plan. Failure to complete the FSS program does not trigger a requirement for a participant to pay back an interim disbursement.

> *We've seen a lot of car repairs. That's probably the number one thing that it's used for. When something [happens to the car you need to get to] work and it's $1,000 [to repair] and you're working paycheck to paycheck, you're not going to be working for that paycheck anymore if you're not getting to work.*
>
> *~ Michele Haupt, Sioux City Housing Authority*

In response to this flexibility, FSS programs have adopted a range of different policies. Many FSS programs see the ability to access FSS escrow on an interim basis as a critical benefit of the program, helping participants to overcome barriers to increasing their earnings or achieving other goals. For example, a participant may ask for an interim disbursement to purchase or repair a car which allows them to commute to work, or may want an interim disbursement to pay for an educational or training program that is necessary to meet an employment goal. These programs give families great latitude in accessing their FSS escrow funds, so long as they comply with the minimum requirements set by the FSS program and are using their interim withdrawal for purposes consistent with the Contract of Participation. Other programs prohibit interim withdrawals entirely in order to preserve as much escrow savings as possible for the family's use after completing the FSS program. Of course, even those programs that believe it is appropriate to allow interim withdrawals generally try to identify other funding sources first, where possible.

The following are examples of some of the restrictions that FSS programs have placed on interim withdrawals:

> *We try to be very mindful that this is a 'savings account' and we approach it from that perspective, so that our participants look at that really as their last resort. And often when it's communicated as such a concept, participants have great buy-in, and they become so protective of that account, because they really look at it as the savings account and 'something that I will turn to only in emergencies.'*
>
> *~ Biljana Jesic, Home Forward*

- Some FSS programs allow participants to take interim disbursements of escrow but restrict *how much* can be disbursed or *how often* participants can receive interim disbursements. This approach allows participants to access their escrow funds, but keeps them from using the escrow account as a bank account for short-term needs and depleting their escrow savings beyond a certain point.
- Some FSS programs place restrictions on the acceptable *reasons* for or *uses* of an interim disbursement. For example, some may allow disbursements for car repair or to purchase a vehicle to get to work or equipment to start a business but not to pay down debt and improve credit. FSS programs differ in particular in how they view the use of interim disbursements to pay

down debt. Some programs permit the practice for participants seeking to increase their credit score and/or become a homeowner, while others worry the practice may lead participants to spend more than they have available in their budget. One way to address this concern is to limit the use of interim withdrawals for debt repayment to debts incurred prior to joining the FSS program.

- Some programs require consultation with a knowledgeable, disinterested third party before approving an interim withdrawal. For example, if a participant is requesting money for car repair, the FSS coordinator may consult with someone who has expertise in car repair to ensure the repairs and vendor price are appropriate. This approach may help ensure that the decision to allow the interim withdrawal is objective and fair.
- Some FSS programs choose to keep formal restrictions on interim disbursements minimal and approve disbursements on a case-by-case basis in conjunction with coaching and discussion with the participant. They may believe that participants understand their own needs better than anyone else, so it is appropriate to have relaxed restrictions on interim disbursements, so long as the participants have goal-oriented reasons for requesting the disbursement, even if it means depleting the escrow account.
- PHAs and owners that wish to change the policies they use for allowing interim disbursements must update those policies in the FSS Action Plan.

Communicating about the Escrow Account

An incentive only works if the individuals to whom the incentive is offered know about it and understand it. For this reason, it is essential that FSS program coordinators clearly and effectively communicate to participants what the FSS escrow is, how it grows over time, and how participants can access it. Frequent and effective communication about the escrow in a manner accessible to and in the preferred language of the participant can also help guide and grow participant motivation and goal-oriented behavior during the program.

Explaining How the Escrow Works

Many housing assistance recipients are confused by the escrow at first. The mechanism may seem complicated and opaque—FSS participants pay more money in rent as their earnings increase (just as they would outside of the FSS program), and at the same time an amount generally equal to their rent increase is deposited in an escrow account on their behalf. In addition, “escrow” may be an unfamiliar word, or one more often associated with punitive financial interactions or lack of trust.

In order to recruit FSS participants and help them understand how they can build escrowed savings by increasing their earnings, it is important to be as clear as possible in describing the escrow account. An initial explanation may include the idea that, as participants earn more money, the additional money they pay in rent is deposited in a managed savings account for them. Another way of summarizing this is to say that the more a family earns through work, the more money they accrue in the account. One FSS program coordinator has borrowed a phrase from a participant, who noted that the FSS program lets you "save your raise."

> *When savings is linked to a specific goal, people are more likely to persist in saving, and more likely to not touch that account. …We ask [families] what their top two savings goals are. And so we actually link the escrow account statement to a goal. So it will have your name on it and it will say what your main goal in this program is.*
>
> *~ Sherry Riva, Compass Working Capital*

This relatively simple explanation can be paired with written materials that provide examples of how escrow is calculated that the participant can read and subsequently discuss with the FSS program coordinator if they have questions.

To make the escrow account easier to understand and more personal, a number of FSS programs have elected to avoid using the word "escrow" whenever possible and refer to the account as a "savings account" or "managed savings account." In addition to increasing clarity for some participants, this terminology can help participants feel ownership of the money saved in the escrow account, pride and encouragement in growth (or determination to grow the account), and an ability to connect the account to their own savings and employment goals.

Communicating about Escrow Balance

To increase the effectiveness of the FSS escrow account as an incentive and motivator, it is important to frequently inform FSS participants of their account balances. This allows them to see the account growing as they continue to generate increased earnings. One coordinator has noted that her program originally communicated with participants about their escrow balances only once per year, at the time of the annual reexamination of income, at which point participants were often confused about what the escrow was or had forgotten about the escrow account altogether. While FSS program rules specify that the balances must be shared with participants at least once per year, it is preferable to do so more often. Some FSS programs communicate the balance to participants quarterly or semi-annually. Some programs even provide the balance monthly, typically by mail.

Apart from the required annual statement to FSS participants, FSS programs may choose how to communicate about participants' escrow balances. The requirement for an annual statement is detailed in 24 CFR §984.305(a)(3)). Options include letters or in-person communication during regular appointments with participants, or by email or phone communication. In addition, FSS participants may inquire about their escrow balance at any time.

Providing the escrow balance in-person at a check-in or coaching meeting has the benefit of allowing the FSS provider to discuss the participant's progress at the same time that he or she is providing the balance.

Some FSS programs have created an escrow statement that looks like a bank statement, which may help capture participant attention and reinforce that the money they are accumulating is theirs, even if they may not be able to immediately access it in the same way as they would a checking or savings account. At least one FSS program is developing an online portal where participants can look up their balance and changes over time, similar to what one might see for online banking. Providing regular access to escrow balances and professional-looking escrow statements helps to build participant confidence and maximize the value of the escrow account as a motivator for success.

> *The more communication that happens around the [escrow] account, how much is deposited on a monthly basis, how that amount sort of grows over time, [the more the escrow account can serve as] a motivating factor for participants to continue to even save more, and to realize that 'this is actually a reward for all the hard work that I'm doing, of keeping up my employment, of staying engaged with the program.'*
>
> *~ Biljana Jesic, Home Forward*

When discussing the escrow with participants, it can be helpful to remind them of the potential for the escrow to grow as participants' earnings grow. To the extent that participants have succeeded in increasing their earnings, the communication can serve to commend and reinforce the participants' success. To the extent that participants have not made progress toward their goals, coordinators may wish to show how much the FSS escrow account would grow if their earnings were to increase.

Coaching around the Use of Escrow

While FSS programs have discretion over whether to grant an interim withdrawal (so long as they follow the policy stated in their FSS Action Plan), they do not have any control over how FSS graduates use their final escrow disbursements. Some programs are reluctant to coach FSS participants in how they should use their final escrow checks, arguing that "it's their money." Other programs perceive discussions around the eventual use of the escrow as a critical part of the FSS program coordinator's job, arguing that helping participants to identify a specific savings goal for their FSS escrow accounts helps to motivate them while also increasing the likelihood the funds are spent in a way that advances their long-term goals. The fact that few participants have experience in receiving or managing a significant amount of money is another factor arguing in favor of spending time helping participants plan for the investment of their escrow funds.

Coaching around Interim Disbursements

The FSS program coordinator has an essential role to play in talking with participants about interim disbursements and determining whether to grant such requests. At a minimum, FSS program coordinators must determine if the participant: (a) has met one or more interim goals; (b) is seeking to use the money for a purpose that is consistent with or in support of their Contract of Participation; and (c) meets the requirements for interim withdrawals specified in the PHA's or owner's FSS Action Plan. In addition, many FSS program coordinators seek to better understand the need for the activity the disbursement would pay for (e.g., a training program), and whether that activity truly supports the participant's interim

and long-term goals (e.g., is this the right training program for the participant's specific career/employment goals?). The FSS program coordinator should also discuss whether there are alternative ways to pay for the activity.

The Escrow and Long-term Goals

FSS program coordinators can also use case management or coaching to help participants identify the financial, life, and career goals they want to advance through their FSS escrow accounts. Some FSS programs work with participants from the very beginning to help set goals for the use of the escrow funds and increase the extent to which the account motivates the participant to succeed. At least one FSS program includes the participants' savings goals in every written statement of the escrow balance, reminding participants of the long-term goal toward which they are working and the money they have saved so far toward this goal.

> *The escrow account is one of the greatest motivational tools for our families. We find that in communicating the escrow account balance to our families on a regular basis, monthly in fact, in the letter we send to our assisted families, we know that encourages them. That's their savings account. They've built that up through their hard work.*
>
> *~ Judson Brown, Santa Ana Housing Authority*

Identifying and maintaining ultimate goals for the escrow can also help to increase the likelihood that the participant will use the escrow savings for the purposes they identify. Following program graduation, the graduate's use of the escrow is unrestricted and tax-free. While few graduates use the escrow for truly frivolous purposes, a graduate who receives a very substantial sum of money without a plan for spending it may find that he or she ends up spending more money than desired on short-term wants rather than on long-term needs or goals.

Most programs that do not help participants to identify savings goals early in the program will work with participants to discuss their plans for the escrow funds as graduation approaches. The more well-planned the use of the funds, the more likely it is that the participants will be able to use the funds strategically to advance their long-term goals.

5.3 Homeownership and Other Housing Transitions

While FSS graduates are not required to give up their housing subsidy, most FSS programs encourage participants to think about their future housing arrangements, including the possibility of transitioning to market-rate rental housing and/or home ownership. This transition is easier to make in some markets than in others, depending on home prices and the rent levels of market-rate housing as well as the incomes of attainable jobs.

FSS programs should tailor their discussions with participants to the realities of their housing and labor markets as well as the desires of each particular FSS participant. Does the participant want to become a homeowner? Does the participant want to transition to market-rate rental housing? If so, what do they need to do to make this transition successfully?

It is good practice to include a discussion of future housing arrangements in early conversations with new FSS participants. Those who want and expect to be financially able to purchase a home by the end of the FSS term will want to identify "prepare for homeownership" on their ITSP as one of the goals of their Contract of Participation. Some may express a desire to "move out of subsidized housing," while others may not choose

either goal. Coordinators should not list "become a homeowner" or "move out of subsidized housing" as ITSP goals since their achievement may be beyond families' ability to control; in addition, they generally cannot be achieved while the family is still an FSS participant. Goals entered in the ITSP should be achievable, as families must meet all ITSP goals in order to graduate from FSS.

Families in the HCV Homeownership program are eligible for FSS, so a family that starts out in FSS with a tenant-based HCV or project-based voucher could conceivably transfer to the HCV homeownership program while still in FSS, obtaining an interim disbursement of FSS escrow to help with a down-payment or for closing costs. Alternatively, a family with an HCV that plans to use it for homeownership could graduate first from the FSS program and then use their full escrow disbursement for a down-payment or closing costs once they transition to the HCV homeownership program.

Helping Families to Become Homeowners

Because FSS participants do not fully control their ability to purchase a home, it is better for a participant interested in homeownership to identify "prepare for homeownership" as a goal in the ITSP, rather than "purchase a home." Among other uncertainties, it is difficult to predict home sales prices and mortgage interest rate levels long before participants are ready to look for a home. FSS program coordinators should help these families to set short- and long-term goals that will enable them to achieve a high enough level of earnings and FSS escrow and a high enough credit score that they may be able to purchase a home.

Work with Participants on Credit Score and Household Budgeting

Ideally, FSS program coordinators would work with all FSS participants on their credit, budget, and other financial issues, but these issues are especially critical for participants who seek to become homeowners because these participants will need a good credit score in order to qualify for a mortgage. FSS program coordinators who are qualified to do so should review each participant's budget and credit situation to identify ways to strengthen their financial position. Financial issues should be reviewed, and goals set, at each appointment or other contact with the participant to ensure there is steady progress toward paying down debt, building savings, and raising the participant's credit score. Where program coordinators are not qualified to work on budget, credit, or debt issues with participants, they should refer participants to providers within the community (see the discussion in Section 5.1 of this guidebook as a starting point). A goal of home ownership is a strong motivator for families to take the steps needed to achieve these outcomes.

Ensure Participants are Educated on Available Home Purchase Programs

If an FSS coordinator is qualified to serve as a homeownership counselor, the coordinator may educate participants on available home purchase programs. If the coordinator is not qualified, he or she should refer participants to homeownership counseling by certified counselors. If the FSS coordinator is offering homeownership counseling, the coordinator and the agency is required to adhere to the 2016 Housing Counseling certification requirements (https://www.federalregister.gov/documents/2016/12/14/2016-29822/housing-counseling-new-certification-requirements).

Whoever works with participants should inform them of all available home purchase programs, such as sweat equity programs like Habitat for Humanity, community land trusts

and other nonprofit homeownership programs, below-market mortgage financing offered by the state or city, or a community college or high school construction program that builds affordable housing. The PHA or the city or county may also offer affordable housing for purchase; some communities have inclusionary housing programs as well that make a share of newly developed housing units affordable at below-market prices.

Require Completion of Homeownership Education Programs

Some programs have found that families striving to purchase a home are better prepared for homeownership if they take comprehensive home ownership education/training at least two years prior to their target date for a purchase. That timeline gives them an opportunity to build escrow and another savings account and/or Individual Development Account for down payment, inspection, and settlement costs. In depth learning about the home buying process and home ownership helps FSS participants to assess, with the guidance of the FSS program coordinator, whether it is a realistic option. It is also important that potential home buyers understand that they will need savings to be able to cover the cost of appliances, heating and cooling systems that break, and other necessities.

Are Participants Financially Ready to Purchase a Home?

Participants who complete homeownership education and are following a plan for home ownership readiness will still need to make sure that their financial health is good enough to afford a home purchase.

For example, one FSS program recommends that prospective homebuyers have:

- A credit score of 660 or higher
- A debt-to-income ratio of 35% or lower
- Three months of savings
- At least a 5% down payment

HUD recommends partnering with a HUD-Certified Housing Counseling Agency for these services. Coordinators should also check state and local rules for down payment assistance and low-cost mortgage programs to ensure they are aware of local requirements. For example, Massachusetts' down payment assistance program requires that prospective homeowners have completed homeownership education within the past year.

Lincoln Housing Authority Homeownership Program

The Lincoln Housing Authority (LHA) in Nebraska partners with a local high school to build houses. This gives students valuable experience in construction trades as they build one house each school year. The houses are sold to LHA residents, including FSS participants, and are priced based on the LHA's actual cost for land, materials, and some professional labor. LHA also offers down payment assistance to homebuyers who have graduated from the FSS program. Home buyer education is required through NeighborWorks America, a national organization with an office in Lincoln.

Additional Issues to Raise with Potential Homebuyers

These issues should all be covered in a homeownership education course but it is helpful for FSS coordinators to reinforce them with the participants seeking to become homeowners:

- ***Purchasing homes within their means***: If families cannot afford their home payments – including principal, interest, taxes, insurance, and home maintenance expenses – there is a risk they may not be able to sustain homeownership.

- ***Purchasing homes with safe mortgage products***: Generally, families should purchase with a 15-year or 30-year fixed-rate mortgage. This avoids the risk of adjustable-rate mortgages, which can lead to higher costs when rates adjust, resulting in unaffordable payments.
- ***Closely examining the neighborhood in which they are purchasing:*** It is important to ensure the home will hold its value (and ideally appreciate) and is located in a community the family will want to stay in for at least five years – ideally longer.
- ***Understanding the risks of homeownership:*** FSS program coordinators should also make sure potential homebuyers fully understand the risks of homeownership, including the possibility the home may fail to appreciate in value (or may even depreciate), the potential to be "locked into" a home and neighborhood they may not wish to stay in, the challenges associated with maintaining a home in good condition, especially if it has many structural defects, the risks of predatory lending and refinancing, and the threat of foreclosure should they be unable to keep up with their payments.

Housing Choice Voucher Homeownership Programs in PHAs

Some PHAs offer a Housing Choice Voucher Homeownership program in which families use their voucher to cover part of the costs of homeownership. This program may be a good option for some FSS participants. Typically, Housing Choice Voucher Homeownership programs have requirements, such as a minimum income level, stable employment, home purchase education and counseling, and a good credit score. In order to achieve the required credit score and increase their purchasing power, many FSS participants will need to pay off debts. Financial counselors can help FSS participants make progress in this and other steps needed to boost their credit scores. (See Section 5.1 of this guidebook, including a discussion of services provided by different types of agencies and where to refer participants.)

Helping Families Who Wish to Transition to Market-rate Rental Housing

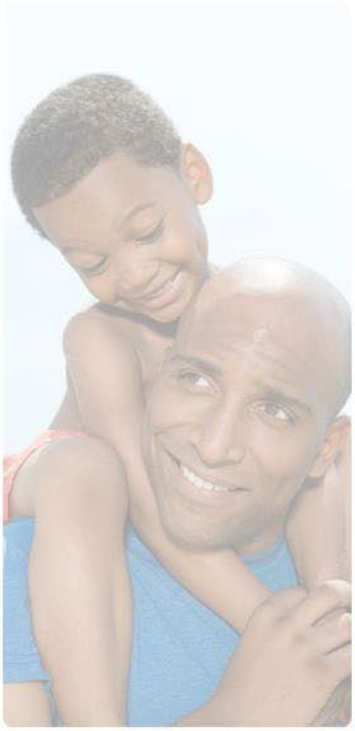
Homeownership is not the only way to successfully transition from a housing subsidy program. Some families choose to move out of public housing or give up their voucher and move into market-rate rental housing or into other housing programs – such as properties funded through the Low-Income Housing Tax Credit – in which rents are not based on income. Families make this move in order to be independent, to increase their housing choices, or to free up spots for other families in need. While FSS participants are not required to pursue a transition out of housing subsidy, they should be supported in that objective if they choose it.

Among other supports, FSS program coordinators can help participants understand the income they will need to achieve in order to afford market-rate rental housing in different neighborhoods, the addresses of properties that may be a stepping stone to market-rate housing, such as properties funded through the Low-Income Housing Tax Credit, and the pros and cons of moving out of subsidized housing.

For links to more information on asset building and financial capability, please visit the online Resource Library at https://www.hudexchange.info/programs/fss/. The Resource Library also contains sample documents, best practices, and other information that may be useful as you implement an FSS program.

6

Building an Effective FSS Infrastructure



6. Building an Effective FSS Infrastructure

This chapter includes the following sections on Building an Effective FSS Infrastructure:

- The **Building Partnerships** section describes the Program Coordinating Committee required of PHA-administered FSS programs and certain PBRA owner-administered FSS programs and how FSS programs have maximized the use of the Program Coordinating Committees. The section also provides guidance on how to identify and leverage partnerships with service providers, employers, and others to better serve FSS participants.
- The section on **FSS in the Host Environment** provides guidance on building support for FSS within the administering agency and community as well as on decisions such as whether and to what extent to ask FSS program coordinators to take on additional responsibilities, such as for income reexaminations.
- The **Fundraising** section describes strategies for raising funding from a variety of sources to help support the FSS program.
- **FSS Reporting to HUD** describes program reporting requirements, including the FSS addendum to HUD Form 50058 (for PHAs). The section also provides guidance on how PHAs can reduce errors in reporting on the FSS program through the PIH Information Center. (Reporting guidance for PBRA owners is provided in Chapter 7).
- The section on **Tracking Outcomes** outlines the steps FSS programs take to track the performance of their participants, including completion of goals, graduation and other exits from the FSS program, and other program outcomes.
- The **Minimum FSS Program Size** section describes basic requirements for minimum FSS program size for certain PHAs, including how the minimum program size is calculated. (There is no minimum size for programs in PBRA housing.)
- **Portability in the FSS Program** summarizes the portability provisions within the FSS program, including the circumstances under which FSS participants can continue participation in the FSS program when they port with their Housing Choice Voucher (HCV) to another jurisdiction and reporting requirements regarding participants that port.

6.1 Building Partnerships

FSS programs with a strong base of supportive partners are more likely to be successful in helping participants achieve their goals. Building and supporting these service partnerships is a large part of the FSS program coordinator's job, and time spent building a strong referral network is important for the success of the program. Coordinators will need to find a way to balance partnership-building with their ongoing case management and coaching to achieve the greatest benefit for all participants.

This section describes how PHAs and owners can develop and sustain partnerships with supportive service providers, government agencies, employers, and other key partners. The section begins by discussing the Program Coordinating Committee, an advisory group required for PHA FSS programs and certain PBRA owners, and then focuses on strategies for building, strengthening, and sustaining partnerships over time.

Program Coordinating Committee

FSS programs operated by PHAs are required to form a Program Coordinating Committee (PCC), a coordinating body comprised of partners with an interest in the FSS program who meet periodically to coordinate the provision of services to FSS participants. PBRA FSS programs must work with a Program Coordinating Committee (PCC) if one is available. Owners may also start their own PCC and are encouraged to do so if there isn't an existing PCC they can join.

PCC members usually include a diverse array of local service providers, government agencies, and FSS participants. If administered well, the PCC will improve service delivery not only in the FSS program but also throughout the local community.

More information about the PCC can be found at 24 CFR §984.202. Additional information on PCCs in PBRA FSS programs is provided in Chapter 7.8.

PCC Membership

FSS program regulations specify several required members of a PHA's PCC, including representatives of the PHA (including one or more FSS program coordinators), and one or more public housing residents and HCV program participants and participants in any other rental assistance program that offers FSS. Aside from these required members, FSS programs should determine who would be most effective as members of their PCC. Programs are encouraged to include representatives of local government, employment programs, educational programs, and service organizations.

PCC members may include representatives from:

Local government agencies

- City, County, or Tribal Social Services Department
- Temporary Assistance for Needy Families (TANF) or Human Services Agency
- City, County, or Tribal Departments of Health and Mental Health
- City, County, or Tribal Department of Rehabilitation Services
- Supplemental Nutrition Assistance Program (SNAP) Agency

Employment organizations

- Local Workforce Development Boards
- Job training or apprenticeship programs
- Potential employers
- Employment agencies and temporary employment agencies

Educational organizations

- K-12 public/charter school system
- Head Start
- Community and/or four-year colleges
- Basic skills education and job training providers

Financial empowerment organizations

- Financial literacy providers
- Banks and credit unions
- Credit counseling providers
- Homeownership counseling agencies

PCC members also typically include:

- Landlords
- Participants (required members for PHAs)
- Legal aid organizations
- Foundations/ funders
- Habitat for Humanity
- Transportation services
- Child care services
- Disability service providers
- Veteran-focused service providers
- Emergency services agencies
- Furniture or consignment store owners
- Clothing store owners

PHAs may, in consultation with the chief executive officer of the unit of general local government served by the PHA and one or more residents of each HUD-assisted program served by the FSS program, use an existing group as their PCC if the membership consists of the required PCC members and is drawn from appropriate organizations, but most PHAs develop their own PCCs. PHAs and owners may choose to operate a joint PCC with another FSS program.

Ideally, PCC members should have the authority to dedicate resources (services, staff time, etc.) from their organization to the FSS program, but members can also include additional representatives of the organization. It is also helpful to have PCC members who work directly with participants.

Benefits of the PCC

The benefits of PCCs to the members themselves can be grouped into two main categories: service coordination and networking/peer learning.

Service Coordination

FSS participants have diverse and often complicated needs. Public and private agencies participating in a PCC can use the PCC to discuss and implement strategies to align services, ensure that there are no gaps, and conserve scarce resources. Aligning and coordinating services ensures that FSS participants have access to the resources they need to achieve their goals, such as GED and post-secondary education classes, job training programs, and employment opportunities. By identifying a broad range of partners and building close working relationships among them, FSS programs can offer a holistic set of local services that facilitate participants' success.

Program Development and Administration

PCCs may provide counsel to the PHA or owner in both the initial development of the FSS program and FSS Action Plan and the ongoing administration of the FSS program. The PHA retains final decision-making power about its FSS program.

Action Plans for PHA FSS programs must include a certificate of coordination that the services provided by the FSS program will be coordinated with available local services, education, and employment programs. The certificate must list the names of the programs and providers.

PCC members may also contribute to the development of the FSS Action Plan in several ways:

- Providing descriptions of the programs and services that will be available to participants.
- Reviewing proposed policies regarding allowing interim escrow disbursements, re-enrollment, and Contract of Participation extensions.
- Estimating the number of participating families and their service needs based on members' experience serving low-income residents in the community.

Once the FSS program is up and running, PCCs can help guide its implementation. PCC members can market the FSS program and raise awareness among their own clients who may be eligible to enroll. PCC members can advise on any proposed modifications to the program, recognizing that the program will evolve over time as participants' needs and local circumstances change. Through the PCC, many FSS programs create a venue for addressing programmatic challenges and brainstorming solutions.

Understanding of Participant Needs

Partners may find the PCC beneficial in developing a better understanding of the needs of FSS participants and other low-income families in the community and reducing the duplication of services.

Networking/ Peer Learning

The most effective PCCs are beneficial to both the FSS program and the programs and organizations of their members. Sometimes the PCC will be a community's only coordinating

body for discussing community supportive services needs and resources. Meetings can therefore provide members an opportunity to share ideas and learn from each other.

Partners can share best practices, as there are numerous strategies that may be applicable to a diverse array of programs. Members can use the PCC as an opportunity to identify funding sources that may be beneficial to many organizations. PCC partners can jointly apply for grants or advocate for each other's programs. Finally, PCC members can raise awareness and market their own programs to recruit new clients and new FSS participants.

PCC Meetings

PCCs are not required to meet with any certain frequency but quarterly meetings are common. FSS programs can choose to hold meetings more or less often depending on how much guidance and collaboration is needed. It might be useful to hold meetings more regularly when the program is first being developed and implemented, and then scale back as desired after the program has been up and running for a year or more.

To be effective, PCCs require strong communication and leadership. Without a commitment to and investment in cultivating a meaningful experience for all participants, meetings can become routine and subsequently poorly attended. While the topics of meetings vary depending on the FSS program and the local community, typical topics of discussion include:

- Updates on outreach and enrollment
- Proposed changes to program design, policies, or procedures
- Identifying new programs and resources
- Identifying service gaps; brainstorming how to fill the gaps
- Brainstorming around unusually challenging FSS cases
- Updates from FSS participants and graduates

Our partner network, our PCC, meets quarterly, and I have been told that our meeting is the one they want to go to because it's a good collaboration of people. We don't make it last forever. People make their connections. Some other groups have actually used our PCC meeting as their official meeting to meet their requirements. So a lot of people come to the table. We probably have an average of 25 attendees… It represents a cross-section of other agencies, a couple of businesses, and at least one financial institution. … We have case managers from different agencies, but we also have the heads of agencies show up. …We get things done.

~ Michele Haupt, Sioux City Housing Authority

Developing and Sustaining Partnerships

To be successful, FSS programs will need to develop and sustain strong partnerships with service providers, employers, government agencies, and other key partners. The PCC provides one vehicle for doing so, but it is not the only vehicle for building partnerships. The discussion below highlights tips from FSS program coordinators on how to identify and connect with potential partners and the types of arrangements that programs operators typically enter into with service partners.

Identifying and Outreach to Potential Partners

There are many ways to identify potential service partners. PHAs and owners may already have a strong network of service providers but additional research might be necessary to assemble a diverse partnership network. At its simplest, an Internet search for local providers can reveal service options. Once the PCC has been established, routine Internet scans can reveal new programs or services and expand the program's network, and PCC members will also bring new ideas to the table at the meetings.

Online directories of service providers are also available in some locations. For example, the 211 network is a national initiative to provide a centralized resource for people to learn about available supportive services in their community. A directory of 211 local networks may be found at www.211.org. Other online resources include www.findhelp.org (formerly Aunt Bertha), a directory of government assistance and supportive service programs searchable by zip code.

PHAs and owners can also identify potential partners by joining or contacting existing service provider networks in the community. Often city or county government or TANF agencies will have a committee or standing meetings of organizations that serve low-income families. Nonprofit organizations such as Goodwill or United Way may have advisory committees or regular community meetings with service providers. Community newspapers, websites, and local government websites are good sources of information about community organizations and standing government committees and meetings.

PHAs and owners should also think creatively about non-traditional partners that may not be included in these directories or lists. High-end consignment shops, for example, may be willing to provide low-cost clothes that participants may need for job interviews. Representatives from the community farmer's market may be willing to provide nutrition classes or fresh produce to participants. The local bookstore may make available remaindered test preparation or job training books at no cost. Listening carefully to FSS program participants describe the barriers they face in daily life may spark additional ideas about potential partnerships in the community.

PIH Notice 2011-51 (http://portal.hud.gov/hudportal/documents/huddoc?id=pih2011-51.pdf) on *Promoting Partnerships to Utilize Housing as a Platform for Improving Quality of Life* provides guidance on how to build partnerships with a range of service providers to help improve families' quality of life. See Chapters 4 and 5 for additional resources on partnership building specific to employment and job training programs as well as programs that help individuals build assets and financial capability.

Structuring Arrangements with Partners

HUD does not require written agreements with partners, but some program operators choose to formalize partnerships in this way for some or all partners. Formal agreements, such as a Memorandums of Understanding, are helpful for clarifying expectations and deepening the partner's understanding and commitment to serving FSS participants. PIH Notice 2011-51 (http://portal.hud.gov/hudportal/documents/huddoc?id=pih2011-51.pdf) includes several sample documents that can be used as a reference. If FSS programs and partners are going to share data, it is important to have a written policy that specifies how both parties will ensure that these data are protected and remain confidential. A contract is also a good idea whenever money is going to be exchanged.

Other FSS program coordinators recommend developing informal partnerships with providers, since formal agreements take time and often money to execute and may not be necessary. Some program operators have established a middle ground, creating informal partnership agreements that establish general expectations for the services that will be provided and how they will be coordinated and reported but do not need to be signed by the heads of the organizations.

FSS programs can also vary their approach depending on the partner. For example, programs may want to develop formal agreements with a few core agencies and informal agreements with other partners.

Data-Sharing Agreements

Some FSS programs have established agreements with service providers to share participants' data with one another. Program operators can sometimes get read-only access to the databases of partner agencies so that they can track referrals and see whether participants enroll in or complete programs or services. This access can reduce the need for tracking forms and follow-up calls to service providers. If an FSS program coordinator wants to share participants' data with another agency, the participant will need to sign a release for these data to be shared. This release must be voluntary and can be incorporated into the FSS enrollment process when the participant signs the Contract of Participation. The release must indicate the types of information that will be shared and with which organizations.

Determining Relationship to Other FSS Programs

An important step in program planning, particularly for owners of multifamily assisted housing, is to consider how to structure the FSS programs in relation to other existing FSS programs administered in their area. Multifamily owners and PHAs will need to determine whether they should partner with other FSS programs, such as those run by PHAs or other private owners. HUD encourages both PHAs and multifamily owners to coordinate services among FSS programs operating within the same geographic area to avoid duplication of services and increase access to supportive services for participants of all programs. While not required, multifamily owners will also need to consider whether they should establish a PCC or other type of advisory body to facilitate the engagement of partners and provide oversight and input into their FSS programs.

HUD encourages recipients of multiple service grant programs (including but not limited to Resident Opportunities and Self-Sufficiency Service Coordinators, Elderly/Disabled Service Coordinators, Multi-Family Service Coordinators, Veterans Affairs Supportive Housing vouchers, and Family Unification Program vouchers) to coordinate among programs within their organization. One example of this coordination is to have one PCC for all services or service coordination programs.

Sustaining Partnerships over Time

Once an initial partnership has been developed, either formally or informally, it is important for FSS program coordinators to work to sustain that partnership over time. Maintaining a relationship ensures that the partner continues to be engaged in the FSS program and that FSS participants are aware of and can access appropriate supportive services when they need them.

Regular PCC meetings are a great opportunity to meet with and engage partners. Some FSS program coordinators invite all partners to participate in PCC meetings, even if they are

not formal members. In addition to PCC meetings and other FSS events, it is good practice to periodically meet one-on-one with key partners to discuss the partnership from their perspectives. Coordinators may use these meetings to discuss whether any referral or data-sharing agreements need to be modified. In addition, it is appropriate to invite partners to FSS graduations, annual parties, and other celebrations and events.

One way to keep partners engaged over time is to ensure that they benefit from the partnership. For example, consider allowing partners to present their programs and ideas at PCC meetings and through other venues and actively promote their services among FSS participants. Work together to advocate for each other's programs in the community and to seek out other funding sources or opportunities of mutual benefit. Providers who find benefits from the FSS program are more likely to remain active partners.

FSS program coordinators should assume responsibility of reaching out to the partner, setting up meetings, and following up while being mindful of the partner's time and responsibilities. PHAs and owners with large FSS programs and many service partners may elect to conduct an annual survey to learn how the partners view their participation in FSS and what improvements or adjustments could be made to the program to encourage ongoing collaboration and participation in the FSS program.

Partnering to Expand Case Management Resources

While it is recommended that every FSS program have at least one staff member whose sole or primary responsibility is administering the FSS program, PHAs and owners may find that they can serve more families if they partner with other organizations that have similar goals of helping low-income residents make progress toward economic security. These partners may include asset-building non-profit organizations, Community Action Agencies, TANF or human services agencies (or agencies funded with TANF funds), community colleges, agencies running employment and training programs, and others. To the extent these agencies share the goals of the FSS program and an interest in serving the same population, the agencies may be willing to dedicate staff to the owner's FSS program or to provide case management or coaching services for participants in FSS.

There are a number of different ways to structure these partnerships. One approach is to identify a nonprofit organization with expertise in work-promoting case management and/or financial coaching and enter into a contract with this organization to have them administer that aspect of the FSS program on the agency's behalf. In addition to leveraging the existing expertise of these nonprofits, some organizations may be able to bring other funds to the table, including funds provided by philanthropic funders or government agencies.

Alternatively, PHAs and owners can retain the primary case management role for themselves but augment their capacity by approaching government agencies or nonprofit organizations that may already be providing work-promoting case management or financial coaching to individuals similar to FSS participants. These organizations may be willing to devote some of their case management or coaching resources to FSS participants as part of a joint effort, allowing the PHA or owner to enroll more families in FSS. For example, some TANF agencies have agreed to provide work-promoting case management for FSS participants who were receiving or are eligible for TANF assistance.

Some aspects of case management for FSS participants may also be available through Early Head Start programs, SNAP Employment and Training Programs, asset-building nonprofits, and other organizations with similar missions.

When properly supervised, volunteers and college student interns may also be valuable resources to supplement paid FSS staff. (See textbox for information on Montgomery County, Maryland's FSS program which uses volunteer case managers.) For example, college students earning their degree in social work or related fields often seek hands-on training and experience. Federal Work Study college students can be helpful with data collection and other administrative tasks. FSS graduates or successful participants could also play a role by mentoring or working with other participants to help them achieve their goals. Regardless of whether supplemental staff are volunteers or staff from an outside agency, volunteers and interns will need training and ongoing supervision by the FSS program manager or coordinator.

Although program partners can provide some aspects of case management to FSS program participants, the FSS program coordinator(s) must always take responsibility for the holistic case management of each FSS family, to be sure that services are comprehensive, in-depth, and ongoing via regular participant meetings.

Cost-Saving Efficiencies in Case Management

PHAs interested in expanding their capacity to serve more families may wish to consider these options for recruiting volunteers and work-study students, using technology effectively, and holding group sessions.

Recruit Volunteers and Federal Work-Study Students

One FSS program in Montgomery County, MD uses volunteer case managers (mentors). Four of the volunteer mentors are FSS graduates themselves. This model has worked well for the program. FSS staff train the mentors, who receive a good deal of supervision from the mentoring project director. In addition, volunteer mentors are assigned to families who are less likely to experience crisis, such as smaller families where the Head of Household has at least a high school degree. Montgomery County's FSS program also uses federal work-study students to perform administrative tasks, make phone calls, research community resources, and complete other tasks to support the work of the FSS coordinators.

Use Technology Effectively

Virtual student advising (via phone, email, text message, social media such as Facebook, and other platforms) has been used to provide a low-cost, intensive replacement or supplement to traditional advising methods. One study examined advising delivered by InsideTrack to older college students enrolled in associate degree and bachelor's degree programs. The intensive advising strategy was found to be cost effective compared with other interventions shown to increase college success.

Large FSS programs may consider adapting web-based tools to help set and monitor participant goals. For example, the Larimer County Department of Human Services (Fort Collins, Colorado) is working with TuaPath, a career counseling and resources software program, to develop a web-based tool to assist TANF participants with goal setting and attainment. The tool does not replace case management, but rather creates an opportunity to individualize case planning and automate frequent conversations like finding a child care provider.

Consider Group Advising

One strategy for increasing efficiency is to conduct intake assessments and regular meetings in groups, or to assign participants with similar needs to a designated coordinator. In a group setting, participants can learn from one another's experiences. A good size ranges from 6 to 12 participants.

6.2 FSS in the Host Environment

PHAs and owners must decide how the FSS program will operate within the agency or organization and relate to other programs that the agency administers. In particular, FSS program operators should determine to what extent FSS program staff will take on additional responsibilities for the agency, such as conducting annual and interim reexaminations for FSS participants, and to what extent other agency staff will conduct tasks for the FSS program. FSS programs will also need to consider how to build support for the FSS program within their agency and the broader community.

FSS Program Coordinator Responsibilities within the Administrating Agency (for PHAs)

As a general rule, funds provided by HUD through the Public and Indian Housing FSS Notice of Funding Opportunity (NOFO) may not be used to pay for routine public housing, HCV, or other Section 8 program functions. However, HUD may provide for a limited exception in cases where the exercise of additional duties enhances the effectiveness of the FSS program. Please see each year's FSS NOFO for circumstances under which FSS coordinators may take on other roles within the PHA, and any additional documentation required to support a request to enhance the duties of the FSS program coordinator.[xvii] Prior HUD approval is required for an FSS coordinator to perform routine public housing, HCV, or other Section 8 program functions.

Activities that an FSS coordinator may be approved by HUD to take on at an agency under this limited exception include:

- Conducting annual or interim reexaminations for FSS participants
- Providing homeownership coordination services for FSS participants (if certified as a HUD Homeownership Counselor)
- Participating in termination hearings and court proceedings for FSS participants
- Processing or beginning paperwork for FSS family moves or portability.

These types of provisions are to be used only to the extent that the functions do not interfere with FSS coordinators' ability to fulfill the role of the FSS program coordinator as their primary responsibility.

Some PHAs ask FSS program coordinators to take on other roles out of financial necessity. HUD funding limits for FSS program coordinator grants may not cover the full salaries and benefits of the agency's coordinators. Some agencies, especially in high-cost areas, may have to supplement FSS program coordinator grant funds with other resources and accept the additional responsibilities that come with these other resources.

Every organization needs to determine the extent to which FSS program coordinators will take on non-FSS responsibilities in their agency. A significant consideration is the number of participants each coordinator serves and how much time FSS program coordinator staff may reasonably have available to support other PHA functions. Some administrative activities, such as interim and annual reexaminations, can be very time-consuming. FSS program coordinators that also have these other responsibilities will not be able to devote as much time to FSS case management or coaching as coordinators who can focus only on the FSS participants and their family members.

On the other hand, there can be benefits in having FSS program coordinators act as housing specialists for their caseloads or take on some of those responsibilities. A benefit of conducting income certifications for their participants is that FSS coordinators have continual access to participant income data and can ensure timely submission of 50058 reports and FSS addendums. Having FSS program coordinators conduct reexaminations

[xvii] At minimum, PHAs must obtain FSS field office permission for new FSS coordinator responsibilities.

for FSS participants and submit the FSS addendum on behalf of their participants can help to ensure that the information submitted is correct and timely.

Ultimately, PHAs will have to make choices as to what additional activities an FSS program coordinator can be expected to take on. Regardless of how a PHA allocates the responsibilities associated with the FSS program among PHA staff, there needs to be a way for coordinators and housing specialists to routinely communicate about participants and their actions. One approach is to allow FSS program coordinators read-only access to tenant records to ensure that tenant data is accurate and consistent. PHAs and owners could also establish a reporting system so that FSS program coordinators are informed whenever an update on an FSS participant is submitted to HUD. Ideally, FSS Program Coordinators should be informed any time an FSS participant:

- Reports an increase or a decrease in income
- Changes employment status
- Has a change in housing composition
- Is moving or planning to move
- Is porting out of the HCV program to another jurisdiction
- Is changing from one housing program to another
- Is an HCV participant and has reached the point where the family is paying 100 percent of the rent due to the owner and the owner no longer receives a subsidy from the PHA.

Advocating for FSS within the Administrating Agency

FSS program coordinators should educate their agency or organization about the FSS program and why the program is good for residents and the organization. Some PHA leaders or owners may not see self-sufficiency programs as an essential part of their agency's or organization's priorities, or understand how the provision of services can affect how much a resident pays in rent. They may see their role as only providing housing and may not understand the benefit of and relationship to self-sufficiency programs like FSS. Educating agency or organization leadership about the benefits of FSS for residents and the agency or organization can help to strengthen support for the program.

FSS programs at most PHAs are small, often consisting of just one or two FSS program coordinators. For PHAs, the FSS program coordinator funding likely represents a small percentage of federal funds received and therefore the FSS program may not be very visible. In addition to the small size relative to other programs, executive directors and other senior management staff may have difficulty understanding how FSS program coordinators account for their time. Case management is often difficult to quantify. Some agencies have dealt with this challenge by establishing case management meeting requirements for FSS program coordinators and by using meeting checklists to ensure that the coordinator covers specific items during each type of meeting. Regular reports from FSS coordinators and participant tracking software can also assure senior management that FSS program coordinator time is well utilized. (Examples of meeting checklists are included in the Resource Library mentioned at the end of this section.)

To build support for the FSS program within their organization, coordinators can highlight the many reasons why the FSS program is valuable to the PHA or owner:

- FSS improves participants' ability to pay rent. By helping to boost participants' earnings, FSS improves participants' ability to pay their rent on time.
- FSS helps some participants make the transition to unassisted housing, while helping others pay a larger share of the rent, reducing their subsidy needs. A move by an FSS participant to unassisted housing frees up space within subsidized housing for other needy households and allows HCV programs to offer vouchers to families on the waiting list. FSS participants who choose to remain in the development when their earnings increase contribute to a greater mix of incomes within the development. FSS graduates who stay in public housing, an assisted development or the HCV program will contribute more in rent, reducing subsidy needs.
- FSS builds stronger relationships with residents. Residents appreciate being actively engaged in a forward-looking program designed to help them make progress toward economic security. Experience with other resident services programs suggests that providing resident services can contribute to a decrease the incidence of nonpayment of rent, very short tenant stays, and resident-caused damage to units.[33]
- FSS builds goodwill between landlords and tenants. The participation of HCV holders in FSS may encourage greater landlord participation in the HCV program, facilitating voucher utilization, building goodwill between landlords and HCV holders, and helping to remedy common misperceptions and discriminatory stereotypes about HCV holders.

Additional points to consider making in the context of a PHA FSS program include:

- PHA executive staff are generally concerned about Section Eight Management Assistant Program (SEMAP) scores, which include a measure related to FSS. PHAs with mandatory FSS programs are scored on the percentage of participants compared to the number of mandatory slots and the percent of families with submitted FSS addendum progress reports and escrow balances.
- Many PHAs rely on the FSS NOFO to fund one or more valuable staff members.
- FSS program coordinators can also work to correct the common misconception that the amount of money placed into participants' escrow accounts is money that is lost to the PHA/owner. **This is not true**. The PHA or owner obtains reimbursement for funds deposited into the escrow accounts as part of its Housing Assistance Payments (HAP) and operating subsidy from HUD. (Chapter 7 provides information on how PBRA owners should apply OARQ adjustments to fund FSS the escrow deposits). Although the Total Tenant Payment increases as a family's earnings increase, the resulting HAP payment from HUD and public housing operating subsidy payment do not generally decrease.[xviii] PHAs and owners are "made whole"

[xviii] In the years in which the HAP payments or operating subsidy are pro-rated, the subsidy received from HUD to cover escrow deposits may be less than what the resident paid in additional rent. However, it is important to bear in mind that

for FSS escrow deposits so they do not lose money as a result of participating in FSS. Indeed, to the extent that FSS graduates choose to stay in subsidized housing even after their incomes increase, the FSS program can lead to reductions in per-unit subsidy levels that allow more families to be served.

FSS program coordinators can build internal support for their program by:

- Inviting their executive director, senior management, and board members to FSS events such as graduation and annual celebrations.
- Providing performance reports about FSS families to the Board and Senior Management at least annually. Reports could include:
- Number of participants and length of participation
- Change in income by year of participation in FSS
- Number of people employed and changes in employment
- Accomplishment of Individual Training and Services Plan (ITSP) goals including high school and post-secondary degrees and certificates and completion of training programs
- Average escrow account balances
- Graduates and average escrow account at graduation (and planned use of escrow if known)
- Program exits due to income above 80 percent of area median income
- Inviting participants or graduates to meet with the PHA or owner organization's executive director or appear at board meetings. Personal stories are very effective for educating the community about the benefits of the FSS program.
- Developing educational tools on the FSS Program. For example, developing a worksheet or FAQ to explain how the escrow works would be especially beneficial to senior management.

Advocating for FSS within the Local Community

PHAs and owners can also promote and advocate for their FSS programs within their communities. Many FSS programs issue press releases when they receive FSS program coordinator grant funding or post the funding announcement to their website. FSS programs can release this information to local governments, service providers, and the press. Some PHAs invite local news outlets to cover their FSS graduations or other events or programs or seek out journalists to write a feature story of a successful FSS family. For example, Montgomery County, Maryland's FSS program invites its PHA's executive director, senior management, the County Executive and Council members, federal and state representatives for Montgomery County, HUD headquarters and field office staff, community

FSS escrow deposits are only made when residents' earnings increase and some or all of those increases may be due to their successful participation in FSS. Had these families not been participating in FSS, their rents may not have increased to the same extent (or at all), so even under proration it is not at all clear there is a loss to the PHA related to FSS.

partners and PCC members to its annual graduation ceremony. Dinner is served, music played, and graduates are invited to "tell their story." The program invites a high-profile keynote speaker to attract attendance and to inspire the graduates' and current participants' families and guests.

When conducting outreach communications, consider how to make the outreach accessible to various populations in your area, including providing outreach or taglines in prevailing languages, creating accessible materials, and other methods of communication that reach populations regardless of language variations.

Another way to advocate for services needed for low-income families and for FSS programs is to seek opportunities for FSS graduates or current participants to meet elected officials or to speak at local, state, and federal events, at conferences, and on TV or radio shows that address the issues of disadvantaged and low-income families. The more that members of the public and elected officials can hear real stories from FSS participants who are working hard to improve their families' lives and those of future generations, the broader understanding becomes at all levels of community and government.

Finally, FSS programs can demonstrate their value in the community by highlighting the benefits that the PCC provides for local service providers. In some communities, the PCC is the only networking opportunity for providers of supportive services. In these communities especially, the PCC's "value add" goes both ways: FSS programs benefit from the insights, cooperation, and participation of local partners who serve on the PCC, but PCC members also benefit from the opportunity to regularly interact with their colleagues.

6.3 Fundraising

While HUD makes substantial funding available for FSS programs each year through the annual FSS NOFO, the funding is limited to the amount appropriated by Congress. As a result, some PHAs do not receive funding through the NOFO for their FSS programs, and some FSS programs do not receive sufficient funding to cover the full costs of salary and benefits for their FSS program staff. These PHAs may need to seek additional funding sources to pay for FSS staffing or other program costs. Similarly, while owners of assisted PBRA housing may access residual receipts to pay for FSS program coordinator costs, many owners do not have residual receipts and those who do may want to supplement these funds with other funding sources or to use other funding sources entirely. (See Chapter 7 for additional details on how owners may fund FSS programs.)

PHAs and owners may also want to pay for some services to ensure their availability for participating families. For example, an FSS program may arrange to pay a small fee to ensure that programs with a minimum enrollment requirement (such as a GED course) will be regularly held even if the required slots do not fill up. Some FSS programs partially fund salaries of partner staff in exchange for a guaranteed number of slots for FSS program participants. Such approaches can be particularly valuable in areas where there is high demand for particular services. Since coordinator funds from the FSS NOFO cannot be used to pay for services, PHAs and owners may need to identify other funding sources to cover these expenses.

Sources of funding for the FSS program beyond the FSS program coordinator grant and residual receipts accounts include the broader resources of the PHA or owner, philanthropic

organizations, and federal, state, and local grants. FSS programs should obtain buy-in from PHA or owner management before applying for new funding. There may be technology, accounting, and reporting requirements associated with new funding streams that will require staff time, software upgrades, or other organizational resources.

The following are some sources that PHAs and owners may wish to consider to leverage additional funding streams to support or grow their FSS programs:

PHA and Owner Resources

Some PHAs and owners may be able to dedicate staff time or other resources to the FSS program using funding streams other than the FSS program coordinator grant, such as the public housing operating fund or HCV administrative fees. PHAs and owners can also show their support for the FSS program by electing to fund additional benefits that are only available to FSS participants, such as scholarships or small grant funds to help participants achieve their FSS goals. Small cash grants could pay for education- and employment-related needs such as tuition, books, transportation, and child care.

Note for PHAs that public housing operating funds and HCV administrative fees cannot be used to pay for services of any kind. These resources can only be used to supplement the salaries and benefits of FSS staff.

Private Funding Sources

PHAs and owners (either directly or through nonprofit affiliates) can seek funding from foundations, corporations, and other private funding sources. When seeking local funding sources, FSS program coordinators should consider their community's unique local resources and labor markets. Are there large employers in the area that need employees with a specific set of skills? Do local grant-making foundations have a specific focus for their funds?

Creating a Non-Profit Affiliate

Foundations, charitable organizations, and private and public corporations sometimes restrict their giving to qualified public charities designated as 501(c)(3) organizations. PHAs do not qualify for exemptions under Section 501(c)(3) of the federal tax code and therefore may not be eligible to access these funds. In order to overcome this obstacle, some PHAs have created an affiliate 501(c)(3) nonprofit organization. These organizations can apply for grant funds with the intent of serving FSS participants and other PHA residents. Often the nonprofit's board members will overlap with the PHA's board members and/or include PHA employees. Multifamily owners may also have an affiliate 501(c)(3) nonprofit that can apply for grant funds to benefit FSS participants and other tenants.

PHAs and Multifamily owners considering creating a non-profit affiliate should consult their attorney for guidance.

Coordinators can also consider the unique goals of their FSS programs and participants. For example, if the majority of an FSS program's participants are women, FSS programs could focus their fundraising on organizations that focus on approaches that aim to narrow the gender wealth divide. Compass Working Capital in Boston, Massachusetts, has had success with this model. Other examples of this approach could be to focus on organizations that fund asset-building programs and services.

PHAs and owners located in communities with substantial philanthropic resources – such as private, corporate, or community foundations – may wish to consider approaching local philanthropic organizations to make the case for ongoing funding for FSS program

coordinators. Because HUD funds the FSS escrow accounts, a strong argument can be made to local funders that any investment they make that allows PHAs and owners to expand their FSS programs will result in the substantial leveraging of federal funding for asset-building and family strengthening efforts. There are numerous resources available for identifying grant and foundation funding opportunities, some that are free and some that charge a fee.

A few examples of online directories for private funding sources are:

- The Foundation Center's Foundation Directory Online (http://fconline.foundationcenter.org)
- The Corporation for National and Community Service (www.nationalservice.gov/resources/grant-opportunities-tagged-poverty-and-low-income-needs)
- The Grantsmanship Center Funding listing by state (http://www.tgci.com/funding-sources)

State and Local Government Funding

Some FSS programs receive grant funding from their local or state government. These allocations are often small (usually less than $50,000) but can provide funding for much needed programs and services or even additional case management. Many times FSS programs use these funds for small grants to participants to help them achieve their FSS goals or to fund specific programs or services that may be unavailable in the community. PHAs and owners should contact their local governments for information on available funding opportunities. Most state governments will announce grant funding opportunities on their agency websites.

Federal Funding

PHAs and owners can explore other federal funding opportunities through HUD and other federal agencies. In addition to FSS program coordinator funding, PHAs that operate public housing supportive services programs may apply for program coordinator funding through the HUD Resident Opportunities and Self Sufficiency program.

Additional federal grants for self-sufficiency programs at PHAs or PBRA developments may be available through other federal agencies such as the Department of Health and Human Services, Department of Labor, and the Department of Education.

PHAs and owners can access these funding opportunities by:

- Contacting their local and state governments for information on available funding opportunities
- Consulting www.grants.gov for a database of the federal government's notices of funding available for all federal programs
- Consulting the Federal Assistance Monitor (www.cdpublications.com/fam/) for bi-monthly updates on federal grant opportunities, as well as available foundation assistance

Tips from FSS Coordinators on How to Obtain Funding for FSS Programs

- When applying for funds, quantify the benefits of the FSS program in the community. A simple number to quantify is the average escrow payout to FSS program graduates. Many funders will view these escrowed savings as leverage for the funder's own contribution.
- Look for sources of funding to pay for FSS coordinators. In some cases, agencies may be able to spend a small percentage of a larger grant for staff salaries and benefits.
- Use stories of personal success in funding applications to illustrate the effect of the program on FSS participants and graduates.
- Think about programs that provide goods that may benefit FSS participants including books and educational materials, job training equipment, uniforms or business attire, or vehicles.
- Consider partnering with volunteer organizations (e.g., Habitat for Humanity) or local carpentry trade schools to build houses for FSS participants.
- Some funders may not be willing to fund ongoing programs, preferring newer initiatives or programs. Consider whether it would be helpful to create new initiatives to reinvigorate and encourage funder interest in FSS.
- Look to the PCC and other service providers for ways to reciprocate in providing services without money exchanging hands.
- Consider pooling resources with other partners to hire a grant writer by contract. Some larger PHAs may have grant writers on staff who can help with identifying and responding to funding applications.

6.4 FSS Reporting to HUD (for PHAs)

HUD monitors PHA FSS programs through household level data reported through HUD's Inventory Management System/PIH Information Center (IMS/PIC). PHAs submit data on public housing residents and families served through the HCV, PBV, Mod Rehab and public housing programs to HUD through the IMS/PIC. For each FSS participant, PHAs submit the HUD Form 50058 Family Report and the FSS addendum. (The TRACS system and Form 50059 do not currently support reporting on FSS. Information on the processes for PBRA reporting for FSS participants is provided in Chapter 7).

In addition to requirements to report household data to IMS/PIC, recipients of FSS program coordinator funds must also fulfill the reporting requirements described in each year's NOFO. Although previous FSS program coordinator grantees were required to submit an annual Logic Model that reported FSS program outputs and outcomes, HUD does not require Logic Model reporting for grants beginning in the 2016 funding round. From FY16 until further notice, reporting will be done solely through the 50058 Section 17 (FSS Addendum) in PIC. At such time as HUD institutes a new HUD-wide reporting tool, HUD will share information on the new requirements with FSS grantees.

The FSS Addendum

PIH Notice 2016-08, *Inventory Management System/PIH information Center (IMS/PIC) Family Self-Sufficiency (FSS) Reporting and FSS Program Portability Provisions* (http://portal.hud.gov/hudportal/documents/huddoc?id=pih2016-08.pdf), provides guidance to PHAs on when and how to submit the FSS addendum and how to improve the accuracy of addendum reporting.

The FSS addendum is submitted as part of the HUD Form 50058 Family Report (http://portal.hud.gov/hudportal/documents/huddoc?id=50058.pdf -- see Section 17) that PHAs are required to submit to HUD for every assisted household. HUD uses the data provided through the FSS addendum for several purposes, including to monitor program outcomes and to make funding decisions. It is essential that the information submitted through the FSS addendum is accurate and timely. Incorrect data will affect a PHA's SEMAP score, program evaluations, or funding awards. PHAs have an obligation to correct any previously submitted information that is not correct.

See Appendix 7.3 for more details on the FSS Addendum and Form 50058.

Reporting Requirements for Multifamily FSS Programs

While FSS programs at Project-based Section 8 developments are not required to submit an FSS Addendum to their Form 50058 filings, they are required to regularly report to HUD on FSS participants and their outcomes. On an annual basis, Multifamily owners must report basic information such as the Head of Household's starting and ending education level, changes in earned and adjusted income, total tenant payment, and escrow balance. HUD Housing Notice H-2016-08 (http://portal.hud.gov/hudportal/documents/huddoc?id=16-08hsgn.pdf) includes a sample reporting tool and documentation that owners must keep on file for HUD's review. HUD will also monitor progress of the FSS program through submission of data collected by the owner from the participant at required income reexaminations. Additional information and guidance on multifamily reporting and billing is provided in Chapter 7.

6.5 Tracking Outcomes

Many PIH FSS program outcomes are tracked automatically through the FSS addendums submitted to IMS/PIC in connection with the 50058 report. These data include changes in earnings, growth of FSS escrow accounts, graduation rate, and length of stay in the program. HUD will make data on three FSS performance measures – earnings growth, graduation rates, and program size relative to minimum expectations for a PHA's FSS coordinator grant – available to PHAs through a spreadsheet that will be updated regularly by HUD. FSS programs can also mine their own data using their data management software to demonstrate outcomes to program leadership, local funders, and the broader community. In addition, FSS NOFOs sometimes require PHAs to collect additional data, such as was the case through the now-discontinued FSS Logic Model. PHAs must comply with the data submission requirements associated with the FSS addendum and any FSS NOFO through which they have received funding.

PBRA FSS programs are required to submit annual reports on FSS participants and program outcomes (See Chapter 7 for more details). There is currently no mechanism for PBRA owners to report household-level FSS enrollment status, escrow account growth, or

graduation through Form 50059 or the TRACS system. Future TRACs system releases will incorporate FSS reporting functions.

Many FSS programs collect and analyze more than the required program data in order to track the success of participants and to monitor program outputs and outcomes. Some programs have established their own internal program goals or are accountable to internal management boards or external funders. Program data can also be helpful when applying for outside funding or recruiting service partners. Data showing community needs and initial program successes can be powerful information to include on funding applications. Data on participant characteristics provides service providers with essential information about participant needs. Monitoring program outcomes can help PHAs and owners refine and improve their FSS programs.

Measuring and Tracking Outcomes

PHAs and owners may find it valuable to track data on a variety of participant and program outcomes including: the number and characteristics of participants, changes in participant income and employment status, data on participants' savings, debt, and credit, amount and type of services provided and the estimated value of these services, the change in value of escrow amounts, and outcomes on graduation and other program exits.

Much of the data discussed below can be collected during participant assessments, through regular participant meetings, and through information obtained during annual and interim reexaminations. In addition to participant assessments at enrollment, some coordinators administer the initial participant assessment annually or administer other brief assessments or surveys during the term of participation in the FSS program.

Number and Characteristics of Participants

Tracking participant information can help FSS programs estimate future FSS caseloads and provide justification to HUD for FSS program coordinator funding and meeting minimum program size requirements (for PHAs). Recommended participant data to track includes:

- Number of participants served over time
- Percent of all residents enrolled in FSS
- Ratio of households enrolled in FSS to households whose head is neither elderly nor a person with disabilities
- Caseload of FSS program coordinators and trends in caseloads over time

Changes in Earnings and Employment

FSS programs may wish to take a more in-depth look at changes in earnings and employment over time and across different segments of the FSS population. Recommended data to track to understand changes in earnings/employment over time include:

- Overall changes in household earnings since enrollment in FSS
- Average annual earnings since enrollment (to capture earnings that fluctuate over time)
- Changes in employment status (e.g., share of FSS participants who progress from being unemployed to being employed, or from part-time to full-time work)

- Changes in earnings by length of time in FSS
- Changes in earnings for groups of FSS participants defined by starting earnings and employment level (e.g., for FSS participants who enter the program unemployed, employed part-time, employed full-time, or earning more than $20,000)

Savings and Debt

Some FSS programs, especially those with a specific focus on building financial capability, may want to track participant information with regard to savings, debt, and credit over time. These items can include:

- Amount of FSS escrow accumulated
- Intended use of interim disbursements
- Amount of savings acquired outside the escrow account
- Amount of credit card debt and other forms of debt
- Credit score
- Other assets
- Other data

Services Provided

FSS programs typically monitor and evaluate the services and resources provided to individual participants to ensure that their particular service needs are met. In addition, FSS programs may wish to track the following:

- Amount and types of services provided to all FSS participants (in order to find trends in participant needs and interests)
- The value of in-kind services provided to families

Graduates and Other Participant Exits

Coordinators will need to track completion of FSS goals and determine whether participants are eligible to graduate from the program and access the funds in their escrow accounts. FSS program coordinators may also find it useful to track the progress of participants who leave the FSS program even if they cannot count them as FSS program graduates.

Value of Leveraged Services

Many FSS programs have developed strategic partnerships with key partners to receive services at no cost. There is value to these services and some PHAs use this value as leverage to obtain additional funding or resources.

FSS programs may also wish to track the value of leveraged services as part of the partnership agreement with a service provider. Service providers may have experience estimating the value of services for funding applications and can often provide estimates of the values of the services they provide.

Guidelines on how to estimate value of leveraged services

FSS programs may need to develop their own estimates.

- Coordinators can consider how much they would pay for specific services or goods on the open market.
- Service providers can estimate the number of staff hours it takes to operate a program and multiply it by the cost of staff hours to the organization.
- Some case management programs may have the ability to calculate and track the value of services received.

Recommended data to track on graduates and other program exits includes:

- Number and percent of participants who graduate from the FSS program (and information on their changes in earnings and changes in employment status)
- Escrow account levels at graduation and intended use of escrow account funds
- Number and percent of participants who voluntarily leave the FSS program (and information on their changes in earnings and employment status)
- Number and percent of participants who are terminated from the FSS program (and information on their changes in earnings and employment status)
- Change in monthly housing subsidy amount for FSS participants between the time of enrollment in FSS and the time of graduation.
- Some programs try to distinguish between positive exits (family is in a better position than when they entered) and negative exits for all households who participate to better understand the positive effects of the program, even for families who do not graduate.

Participants after Graduation

Some FSS programs attempt to collect data on participants after they graduate to gauge participant success after the program ends and to obtain participant feedback on the program. As part of program enrollment, FSS programs may request (but not require) that participants sign a consent form agreeing to allow tracking for medium- or long-term outcomes. In addition to surveys administered a year or more after the graduate completes the program, coordinators can administer exit surveys or hold closeout meetings with participants prior to graduation to learn about participants':

- Experience in the FSS program
- Suggestions for identifying FSS program successes and areas for improvement
- Planned use of escrowed savings
- Future plans for employment and economic stability

Case Management Software

Many FSS programs use an off-the-shelf case management software system or create their own database with the specific fields they want to track. Case management software can be useful to support the coaching or case management of FSS participants. PHAs and owners that are already using existing property management software to track and report household data may be able to add case management or supportive services modules to their package.

Stand-alone case management software is also available. A few examples are listed here. (Note that inclusion on this page is for informational purposes only, and does not imply the endorsement of HUD or any other organization.)

- FSS Pro by HAPPY Software (www.happysoftware.com/training-support/) for tracking participants, maintaining escrow accounts, and producing required paperwork

- Elite Family Self-Sufficiency module by Emphasys Software (http://emphasyspha.com/training/) for assisting with administration of the FSS program
- Tracking-at-a-Glance by Designing Success (http://designingsuccess.us) for conducting a needs assessment and generating an ITSP based on the needs assessment, tracking FSS services and activities, and tracking and reporting specific outcome measures
- Efforts to Outcomes by Social Solutions (www.socialsolutions.com/case-management-software/) for tracking participant demographics and services, managing outcomes, and compliance reporting
- AASC Online – FSS by Pangea (www.aasconline.net/index.asp), designed to meet the unique needs of program coordinators working in senior and adult disability housing communities, provides automated outcomes tracking and real-time reporting
- Online Work Readiness Assessment Tool (https://owra.icfwebservices.com/) – While not designed specifically for FSS, this free downloadable software may be of value to FSS programs. Funded by the Department of Health and Human Services, this program was designed to help TANF agencies handle intake, assessment, development of a self-sufficiency plan, identification of career options, and reporting.

6.6 Minimum FSS Program Size (for PHAs)

Some PHAs have a mandatory minimum number of participants in their FSS program as a result of their receipt of new incremental housing assistance between 1993 and 1998. The following is a brief summary of these requirements. Detailed guidance can be found in the FSS Program Regulations in 24 CFR §984.105 and in The Housing Choice Voucher Program Guidebook (https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/guidebook). Please note that these are minimums, rather than maximums. Given the great benefits of FSS, PHAs without required FSS programs are encouraged to start them and PHAs with small minimum program requirements are encouraged to exceed them.

Minimum Program Size for Mandatory FSS Programs

Some PHAs are required to offer FSS programs because they received funding for additional HCVs/certificates and/or public housing units between 1991 and 1998. These FSS programs have a mandatory minimum number of FSS slots they must operate. The minimum FSS program size is the number of families a PHA is required to enroll and graduate from the FSS program. HUD provides an equation that PHAs can use to determine the minimum size that is required for mandatory FSS programs.

The minimum program size for a mandatory FSS program (Public Housing and HCV combined) is equal to:

- The number of public housing units the PHA received through the FSS incentive award competition in Fiscal Years 1991 and 1992

(Plus)

- The number of public housing units made available by the PHA in Fiscal Years 1993 through October 20, 1998

(Plus)

- The number of certificate and/or voucher units the PHA received through the FSS incentive award competition in Fiscal Year 1991/1992

(Plus)

- The number of additional certificate and voucher units the PHA reserved between Fiscal Year 1993 and October 20, 1998 (not counting renewal funding for the units previously reserved and funding specifically allocated for families affected by demolitions, dispositions, conversions, and other special circumstances)

(Minus)

- The number of families graduated from the PHA's public housing, rental certificate or HCV FSS program on or after October 21, 1998.

Each time a family successfully fulfills its FSS contract (on or after October 21, 1998) and graduates from the FSS program, the PHA's mandatory minimum program size is decreased by one slot. If a family leaves the program but does not complete its obligations under the Contract of Participation, the vacated slot must be filled by another eligible family.

Option to Operate a Larger Program

PHAs can operate larger FSS programs than the mandatory minimum program size and are encouraged to do so. PHAs must amend their FSS Action Plan to note the larger program size. PHAs operating with voluntary as well as mandatory FSS program slots will have their SEMAP score for the number of families with escrow accounts based on the share of all participating families with positive balances in their escrow account.

Exceptions and Reductions to the Minimum Program Size

Under special circumstances, a PHA may request an exception from the requirement to establish and carry out an FSS program or a reduction in the required minimum program size. In order to receive an exception or reduction, the PHA must demonstrate to its HUD field office that establishing an FSS program or achieving the minimum program size is not feasible because of local circumstances. Explanations may include lack of supportive services, lack of funding for reasonable administrative costs, lack of cooperation by local government, and lack of sufficient interest by residents to participate in the FSS program.

A full or partial exception to the minimum program size granted by HUD remains in effect for a period of five years from the date of HUD's approval. If a PHA needs to extend an exception beyond this time, the PHA must submit a new request and a new certification to the HUD field office.

Caseload Size and FSS Program Coordinator Funding

Since PHAs will need to provide coaching or case management to all FSS participants, the availability of funding for coordinators is an important factor to consider in determining program size after the minimum program requirements have been satisfied. While HUD is

not the only potential source of funding for FSS program coordinators (see Section 6.3) PHAs may wish to consider how HUD funds FSS program coordinators when determining FSS program size. HUD bases the funding for FSS program coordinators on the number of families served in the previous year. Generally, HUD requires that the first full-time FSS program coordinator have a caseload of at least 25 participants, and each subsequent coordinator have a caseload of at least 50 participants. HUD's formula for FSS program coordinator funding is described in Chapter 2. As described in Chapter 2, many FSS program coordinators have higher caseloads, though at some point caseloads that are too large may lead to diminished effectiveness.

Program Size for Multifamily FSS Programs

Multifamily owners that operate FSS programs are not required to maintain a minimum program size. Depending on the appropriated FSS funds available, PBRA owners may be able to compete for FSS NOFO service coordinator funding awards. However, owners can request permission to use funds in their residual receipt accounts to fund reasonable costs associated with operation of the FSS program, including the salaries and benefits of program coordinators. (See Chapter 7 for additional information.)

6.7 Portability in the FSS Program (for PHAs)

Families in the HCV program can use their voucher to continue to receive housing assistance anywhere in the country where a PHA is administering a tenant-based HCV program. Families can move from the jurisdiction of the PHA that initially issues the voucher (the initial PHA) to another jurisdiction and continue to receive housing assistance under HUD's portability provisions. The PHA that administers the HCV program in the jurisdiction to which the participant is moving (the receiving PHA) determines whether it will absorb the family into their own HCV program or whether it will bill the initial PHA on behalf of the family.

Portability Provisions in the FSS Program

PIH Notice 2016-08 (http://portal.hud.gov/hudportal/documents/huddoc?id=pih2016-08.pdf) describes the implications of portability for participants in the FSS program. The **2022 FSS regulation update** includes additional provisions related to portability in the FSS program, which are codified in 24 CFR § 984.306. In many (but not all) circumstances, FSS participants who port out of their jurisdiction can continue to participate in the FSS program and maintain their escrowed funds, either by joining the receiving PHA's FSS program (if available) or by continuing to participate in the initial PHA's FSS program.

Initial 12 months

FSS participants do not have a right to exercise portability within the initial 12 months after signing a Contract of Participation. PHAs may allow a move within this 12-month period under portability rules in 24 CFR 982.353. Beyond this 12-month timeframe, PHAs cannot restrict FSS participants from moving under portability if they are otherwise eligible to move under their standard HCV policies.

These requirements also apply to former project-based voucher holder families who received tenant-based rental assistance in accordance with § 983.261 and exercised their right to move.

Moves to a Jurisdiction that has an FSS program

If the FSS participant moves to a jurisdiction where a PHA is administering an FSS program, the receiving PHA must admit a family in good standing into their FSS program unless:

(a) the receiving PHA is already serving the number of FSS families identified in its FSS Action Plan and determines that it does not have the resources to manage the FSS contract, or

(b) the receiving PHA and the initial PHA agree to the FSS family's continued participation in the initial PHA's FSS program. Before agreeing to this arrangement, the family and initial PHA should discuss whether the family will be able to meet their obligations under the FSS contract in the new location.

Where continued FSS participation is not possible, the initial PHA must discuss the options that may be available to the family, depending on the family's specific circumstances. These could include, but are not limited to, modification of the FSS contract, termination of the FSS contract and forfeiture of escrow, termination with FSS escrow disbursement, or locating a receiving PHA that has the capacity to enroll the family into its FSS program.

Moves to a Jurisdiction that does not have an FSS program

If the FSS participant moves to a jurisdiction where a PHA is not administering the FSS program, the participant may not continue to participate in FSS. In this case, the initial PHA must discuss with the family the same set of options that are noted in the previous paragraph and an additional option to locate to a receiving PHA that has the capacity to enroll the family into its FSS program.

FSS Termination with Disbursement

A PHA may terminate an FSS participant's Contract and disburse the remaining balance of the escrow savings accrued (less any money owed to the PHA), if an FSS family in good standing moves outside the jurisdiction of the PHA (in accordance with portability requirements at 24 CFR 982.353) for good cause, as determined by the PHA, and continuation of the CoP after the move, or completion of the CoP prior to the move, is not possible. PHAs must be consistent in their determinations of whether a family has good cause for a termination with FSS escrow disbursement in these circumstances.

FSS Termination with Escrow Forfeiture

As a last resort, if the PHA, in consultation with the family, determines that a family relocating to another jurisdiction will not be able to fulfill its obligations under the CoP and that the CoP cannot be modified to allow for graduation prior to porting and that the family cannot be terminated with escrow disbursement as detailed above, the PHA must terminate the family from the FSS program and the family's escrow must be forfeited. When this is the only option, the PHA must clearly notify the family that the relocation will result in the forfeiture of their escrow funds. The forfeited escrow funds revert to the PHA maintaining the escrow account for the family and must be used for the benefit of FSS participants (in accordance with 24 CFR 983.305(f)(2)).

Contract of Participation

The PHA that administers the FSS program for a family will maintain the Contract of Participation. If the receiving PHA administers the FSS program and accepts a porting family into the program, the initial PHA terminates their Contract with the family and the family enters into a new Contract of Participation with the receiving PHA. FSS participants who port do not get any additional time to complete their ITSP goals; the Contract of Participation expiration date remains the same as for the Contract signed with the initial PHA. The baseline information (i.e., the initial annual income, family rent, and earned income information) of the original Contract of Participation also transfers to the new Contract.

FSS Escrow Accounts

FSS escrow accounts are maintained by the PHA whose Annual Contributions Contract funds the family's HAP payments under the HCV program. If the receiving PHA bills the initial PHA, the initial PHA will also maintain the escrow account. If the receiving PHA absorbs the HCV, the receiving PHA will maintain the escrow account.

If participants cannot continue participation in the FSS program, they may be allowed to receive the full balance of accrued escrow (less any amount owed to the PHA at that time), in accordance with 24 CFR § 984.303(k)(iii). FSS program coordinators should fully explain how portability affects FSS participation and the participant's escrow account prior to a participant making a portability move.

FSS Addenda for Portability

PIH Notice 2016-08 (http://portal.hud.gov/hudportal/documents/huddoc?id=pih2016-08.pdf) provides guidance on when FSS addendum reports (as described below) are required for participants who move under portability provisions. The type of FSS addendum submission (entrance, exit, or progress) will depend on whether the family will continue to participate in the FSS program after moving and if yes, whether the initial PHA or receiving PHA will administer the FSS program for the family. If a porting family continues to participate in the initial PHA's FSS program and the receiving PHA bills the initial PHA for HAP costs, the receiving PHA must submit the FSS addendum on behalf of the family. In these circumstances, the initial PHA must provide addendum information on the family to the receiving PHA on a timely basis. Additional information about FSS reporting for portability is described in Section 6.4 of this guidebook.

For links to more information on partnerships and relevant HUD notices, please visit the online Resource Library at https://www.hudexchange.info/programs/fss/. The Resource Library also contains sample documents, best practices, and other information that may be useful as you implement an FSS program. PBRA owners can find additional information, resources, guidance, and recommendations for partnering at https://www.hudexchange.info/programs/multifamily-fss/.

7

Establishing and Running FSS in Project-Based Rental Assistance

7. Establishing and Running FSS in Project-Based Rental Assistance Properties

This chapter includes the following sections on Establishing and Running an FSS Program in PBRA Properties:

- The **Rules and Considerations for Establishing an FSS program in a PBRA Property** section outlines the key differences between rules for FSS programs established in PHA-based rental assistance and those established by PBRA owners.
- **Funding an FSS Program** describes funding options and considerations for PBRA FSS programs. Funding options may include using residual receipts to fund FSS coordinator services. This section provides information on requirements and specifications for using this method.
- The section on **Options for FSS Program Case Management/Coaching** outlines possibilities for delivering FSS services, including through a partnership with a PHA or other independent organization or through in-housing resident services. This section also discusses Cooperative Agreements that owners establish with PHAs or independent organizations delivering services.
- **Program Coordinating Committees (PCC)** outlines requirements for engaging a PCC for PBRA-based FSS programs, the role and benefits of the PCC, and options for partnering with an existing PCC or establishing a new one.
- **Best Practices for Administering the PBRA FSS Escrow Account** provides guidance on managing an FSS escrow account and working to inform FSS participants of their escrow account balances and to help them use and grow the FSS escrow account to support their goals. This section also describes the process for HUD to fund escrow account deposits through OARQ adjustment submissions (additional detail on the mechanics of this process are provided in the Appendices).
- **PBRA FSS Reporting and Compliance Review** provides a summary of the process for compliance reviews from HUD and annual reporting that owners must produce when delivering FSS.

7.1 Rules and Considerations for Establishing an FSS program in a PBRA Property

In general, the practices for developing and running an effective FSS program are the same whether the FSS program is in a PBRA development or a PHA-based rental assistance program. The primary differences are in specific required actions or minimum expectations for the FSS program, the available sources for funding FSS coordinators, the mechanisms of billing HUD for FSS escrow contributions, and reporting requirements. Table 1. details these differences.

Table 1. Differences between PHA-based and PBRA FSS Programs

Program Element	Public and Indian Housing	PBRA Housing
Eligible Program Administrators	Public Housing Agencies	Owners of privately-owned PBRA properties with a project-based Section 8 contract
Availability of HUD Funding for FSS Coordinators	HUD publishes an Annual NOFO making funds available for FSS program coordinators.	Owners may submit a request to HUD to use funds from their Residual Receipts Account (See Section 7.2). In addition, HUD publishes an Annual NOFO making funds available for FSS program coordinators. See current NOFO for details on eligibility.
Program Coordinating Committee	Required	If an existing PCC is available, PBRA owners must either work with that PCC or establish their own. If no existing PCC is available for them to work with, owners are encouraged to establish their own PCC.
Minimum Program Size (not related to funding)	Some PHAs have a minimum program size tied to prior allocations of Housing Choice Vouchers and Certificates. PHAs may exceed their minimum size or start voluntary programs.	No minimum program size. The program is optional for owners of project-based Section 8 developments.
Deadline for Full Enrollment and Service Delivery (if funded)	PHAs that receive FSS grants must follow the requirements in the NOFO.	Owners that receive FSS grants must follow the requirements in the NOFO.
FSS Forms	Reporting through Form 50058 FSS addendum. Escrow calculations supported by the PHA Monthly FSS Escrow Worksheet.	Reporting with the MF FSS Reporting Tool and the Annual Report. Escrow calculations supported by the MF Monthly FSS Escrow Worksheet.

NOTE: This Table was adapted from Family Self-Sufficiency Program Guidebook for Owners of Project-Based Section 8 Developments, Appendix B.

Note that FSS participants in PBRA housing served under a cooperative agreement with a PHA or other organization are still considered participants in a PBRA program for the purpose of escrow management and accounting, program rules, and requirements.

Pursuant to the 2022 Final Rule, all PBRA FSS programs must use the new HUD 52650, Contract of Participation form. Programs established before the 2022 rule must update their contracts of participation to reflect this change.

7.2 Funding an FSS program

The largest expense associated with the FSS program is the cost of employing or retaining an FSS program coordinator. Owners who meet the criteria described in the Notice and have residual receipts available may use funds in their residual receipts account to pay for the cost of one or more FSS program coordinators. Beginning in June 2022, owners of multifamily properties with Project-Based Section 8 contracts are also eligible to apply for HUD FSS grant funding subject to the availability of appropriations.

Using Residual Receipts

Residual receipts are excess Section 8 rental subsidy. Some PBRA assisted housing properties generate residual receipts when monthly operating expenses are less than the amount of Section 8 rental subsidy paid at the beginning of each month. Because these are excess Federal funds, HUD must approve their use for property-related expenses. Not all properties generate residual receipts, so it is important to check each property's finances to determine availability.

Owners may use residual receipts to support the position of the FSS program coordinator. HUD will approve requests for release of residual receipts in accordance with the procedures found in **HUD Handbook 4350.1, Multifamily Asset Management and Project Servicing, Chapter 25, "Residual Receipts."**

HUD may approve release of residual receipts for FSS Coordinator costs as an advance rather than a reimbursement, on a semiannual basis. No more than six months of expenses will be advanced at one time. Documentation of actual expenses from the prior period for which funding was advanced must be submitted to HUD prior to approval of any subsequent requests.

HUD will make residual receipt account funds available only after approving the FSS Action Plan and the **Residual Receipts Funds Authorization form, HUD-9250 "Funds Authorizations."**

Required Caseloads for Using Residual Receipts (and Other Case Load Considerations)

Owners have discretion to determine how many participants to assign to each FSS program coordinator.

On average, PHA-based FSS programs have found that the first full-time FSS program coordinator can serve at least 25 individual participants, while each additional full-time coordinator should be able to serve at least 50 participants. The minimum caseload is set at 25 for the first full-time FSS program coordinator to allow the coordinator time to develop the program design and build relationships with service providers. This results in a caseload of approximately 75 individual participants for two full-time program coordinators. However, some PIH FSS programs report average coordinator caseloads that are larger than HUD's recommended guidelines. For example, some programs report participant caseloads of 65,

75, 100, or more for one full-time coordinator. FSS coordinators' ability to manage their caseloads will be contingent upon whether they have other responsibilities, such as income certifications.

Owners considering large caseloads should be careful to monitor their programs to ensure coordinators have sufficient time to provide participants with the support they need to succeed in reaching their goals.

Sources of Funding Outside of Residual Receipts

In addition to residual receipt funds, owners may wish to consider the following funding sources for their FSS programs:

- **HUD FSS grant funds**. Beginning in June 2022, owners of PBRA properties are eligible to apply for FSS grant funds. HUD publishes an annual Notice of Funding Opportunity to award FSS grants, subject to the availability of appropriations.
- **Cooperative Agreement**. If the local PHA or another PBRA owner in the community has an FSS program, owners can enter into a cooperative agreement to have their residents served by that program's FSS coordinator. Note that FSS participants in PBRA housing served under a cooperative agreement with a PHA, or other organization are still considered participants in a PBRA program for the purpose of escrow management and accounting, program rules, and requirements. Owners are responsible for escrow management and accounting for their own residents, even if they are being served by a PHA or other organization's FSS program.
- **Grants from philanthropic foundations.** Some FSS programs have successfully obtained grants to cover a portion of the costs associated with administering the program. In funding applications, owners can present both the residual receipts account funding and the HUD funding for the escrow account as leverage for foundation investments.
- **Partnerships with entities that have similar goals.** Owners may find that they can serve more families if they partner with other organizations that have similar goals of helping low-income residents to increase their earnings and assets. For example, case management services may be available for participants who receive Temporary Assistance for Needy Families (TANF) or Supplemental Nutrition Assistance Program (SNAP) benefits.
  - Other organizations with similar missions, such as asset-building non-profit organizations, community action agencies, community colleges, agencies running employment and training programs, and others may also provide case management services. Based on the agencies' and FSS program's common goals and interest in serving the same population, the agencies may be willing to dedicate staff time to providing case management or coaching services for FSS participants.
  - Some entities or complementary state or local programs may also be able to provide in-kind services to FSS participants. For example, a credit union may be able to provide financial education or access to free checking or savings accounts for FSS participants. A credit union, bank, local foundation, or local

government program may be able to provide an additional matched savings program for FSS participants who are able to participate.

- Volunteers. Some programs have used properly supervised volunteers, students, or interns to augment the case management or coaching capacity of the FSS program. For example, college students earning their degree in social work or related fields often seek hands-on training and experience. FSS graduates or successful participants can also play a role by mentoring or working with other participants to help them achieve their goals. However, it would be difficult for an FSS program to provide case management or coaching solely with volunteers.

Additional Costs to Consider

While FSS program staffing is likely to be the greatest expense associated with starting and operating an FSS program, owners may also need to account for the following expense types:

- **Case management software** can be useful to support the coaching or case management of FSS participants. Owners who are already using existing property management software to track and report household data may be able to add case management or supportive services modules to their package. Stand-alone case management software is also available.
- **Modifications to the owner's accounting software** can be useful to support calculation and tracking of the FSS escrow. HUD provides a template escrow worksheet and an escrow calculation tool to calculate the monthly FSS escrow deposit for each participant. As described in Chapter 5, use of the HUD-provided calculation tool is voluntary. The escrow calculation worksheet can be found here (https://www.hud.gov/sites/dfiles/Housing/documents/Multifamily_FSS_Spreadsheet_2022.xlsx).
- There are **expenses associated with managing the FSS program and program staff**. Owners need to consider whether the initial FSS program coordinator will also function as the program manager, overseeing the entire program. Owners may decide to use another staff member to manage the FSS program, such as the owner's existing resident services or property management staff.

7.3 Options for Providing FSS Case Management / Coaching

There are a few different approaches that PBRA owners can use to provide case management and coaching to FSS participants:

Owners may:

- Run their own FSS program as part of their resident services operations,
- Enter into a Cooperative Agreement with another private owner to run a joint FSS program or to allow the owners' residents to participate in the other owner's FSS program,

- Enter into a Cooperative Agreement with a PHA to run a joint FSS program or to allow the owners' residents to participate in the PHA's FSS program, or
- Work with another local nonprofit, quasi-governmental, or governmental organization or program to provide case management or coaching services.

The choice on which approach to take may include several factors, including:

- The presence/absence of existing FSS programs in the local area,
- Past and ongoing formal or informal relationships with other owners or PHAs in the local area,
- The size or scale of the FSS program planned,
- Resident Services capacity and resources, including other services resident services already provides to residents,
- Existing referral relationships or collaboration between resident services and local organizations, and
- The local landscape of services and resources provided by nonprofit, governmental, or quasi-governmental agencies.

Cooperative Agreements

If the owner decides to establish a cooperative agreement with a PHA (or other entity) to provide FSS case management or coaching, clear communication and assurance that the goals and procedures of the owner and the other entity are essential. Furthermore, Cooperative Agreements between PHAs and owners of PBRA properties must include processes for the entities to communicate with each other about any changes in either of their Action Plans to ensure continued coordination between the participating entities in administering their program (24 CFR § 887.107 and 984.106).

7.4 Program Coordinating Committees (PCC)

FSS programs run by PHAs are required to have a Program Coordinating Committee (PCC) comprised of core partner agencies. Under 24 CFR 24 § 887.105, where an existing PCC is available, PBRA housing owners who operate FSS programs are required to work with a PCC. Owners may also create their own PCC, either by themselves, or in conjunction with a PHA or one or more other owners. In areas where there is not currently a PCC that they can

Benefits of a PCC

- Convening a PCC takes an investment of effort, especially at the start. However, a PCC provides a forum for:
- Engaging partners and building and maintaining their interest in FSS
- Coordinating services among different providers to ensure the needs of FSS participants are met
- Collaborating on grant applications and funding opportunities
- Obtaining input on proposed FSS Action Plans and policy changes
- Learning about other programs in the community
- Building a network of programs that advocate for and support each other

work with, PBRA owners are encouraged but not required to establish their own PCC. If the owner does not join an existing PCC or create their own, owners are strongly encouraged to choose another avenue for receiving input from their partners and FSS participants.

A PCC helps FSS programs engage and keep the interest of service providers and provides a forum to discuss how to align services with the needs of FSS participants.

A PCC is usually comprised of some or all of the service providers that accept referrals for FSS participants. At a minimum, PCC members should include agencies focused on employment, adult education, financial education, and other key services of particular local interest. At least one PBRA recipient FSS participant must also be on any PCC that serves PBRA housing residents.

The formal role of the PCC is to help guide the administration of the FSS program and ensure that there are available supportive services to meet the needs of program participants. While there are some rules that govern PCC composition for PHA FSS programs, owners of PBRA developments can determine the size and makeup of the PCC and how frequently it meets.

Many PHA FSS program PCCs meet quarterly or twice a year. Owners may choose to meet more or less often depending on how much guidance and collaboration are needed. As an FSS program initially gets off the ground, an owner may need more frequent meetings. Typical discussion topics at PCC meetings include updates on outreach and enrollment in the FSS program, proposed changes to the program, and gaps in resources or new service needs. Owners may also want to regularly celebrate participant successes and graduations and invite graduates and other participants to PCC meetings to share their experiences in the program.

Additional guidance on best practices and considerations for building partnerships (for both PHA- and PBRA development-based FSS programs) can be found in Section 6.1.

Engaging local FSS Programs

Whether or not a PBRA owner decides to develop a formal partnership with an existing FSS program, a good place to start to identify local service providers is to contact a PHA that operates an FSS program in the owner's community. The existing FSS program should be a good source of information on the local service providers they find most valuable for their participants. A list of HUD-funded PHA FSS programs may be found on HUD's website. Some PHAs run FSS programs without HUD coordinator funding. Even if your local PHA is not on the list, it is still worthwhile to contact it to see if it offers an FSS program.

7.5 Escrow Account Administration

The following are general instructions for recording and entering FSS escrow deposits and submitting billing records to HUD to ensure the owner is appropriately compensated for escrow deposits.

Calculating and Recording Escrow

This process is largely the same for PBRA owners as it is for PHAs, but owners' experience with these types of processes may vary.

1. As part of the FSS intake process, staff should record the household's Total Tenant Payment (TTP), annual adjusted income, and annual earned income as of the date of FSS enrollment. This information should be based on the annual or interim recertification of income in place at the contract start date. There is no need or authorization to conduct a new certification at the time of FSS enrollment. Owners may store this information electronically in the property management software (and/or a separate tracking spreadsheet) as well as in writing on the FSS Contract of Participation.

Staffing and Managing the FSS Escrow Accounting Process

- Each owner, property, or management group may have a different staffing arrangement. When the staff member implementing one step is not the same person who would record information or take an action in the next step, add a step to your process to notify the person who conducts the next action.
- ***In Addition:*** The recording systems, software, and processes you use may affect these steps. (See below for more information on accounting systems and information recording).

2. FSS participants do NOT earn any escrow when they first sign up for the program. They will only earn escrow if and when a subsequent income certification shows that their earnings and TTP have increased.

3. There is no need to create a separate FSS escrow account for each FSS participant. Instead, the owner should maintain a single interest-bearing bank account for holding the FSS escrow deposits of all participants in the FSS program. The owner must also maintain a subsidiary escrow ledger that records activity for each household in the FSS program (i.e., deposits, withdrawals, interest applied). (In lieu of a ledger, the owner may track this information within its accounting system, if this functionality is available).

FSS Escrow Accounting Best Practice

- The owner should also have the ability to access, at any time, the total FSS escrow balance and corresponding monthly escrow credits for each participating household.

Ongoing Considerations

1. Every time a tenant at a property with FSS has a recertification of income, staff should check whether the household participates in FSS. If they do, the staff

member must conduct an FSS escrow calculation directly following the recertification to determine the proper amount of monthly escrow. This can be done using HUD's **Multifamily Escrow Calculation Sheet** or through your property management system (if it provides that functionality). The monthly escrow amount, if any, and effective date of the change, should be entered into your property management system (and/or a separate escrow tracking spreadsheet). *Note: the effective date of the escrow is the date that the new rent amount goes into effect for the tenant.* The tenant should be notified of the change in escrow together with notification of the change in TTP.

2. Participation in FSS does not change the amount of rent a household pays. If a household is enrolled in FSS and has a monthly escrow amount, **staff should deposit the monthly escrow amount for that tenant into the owner's established FSS escrow bank account on the tenant's behalf on a monthly basis.** Staff should deposit the money in the escrow account upon receipt of HUD's Housing Assistance Payments (HAP) for that month that reflects the households' escrow amount (see *Billing for Escrow Deposits*, below).

3. The **interest** earned on the FSS bank account must be credited, at least annually, to each participating FSS household in proportion to their escrow balance. Owners may also pro-rate interest more frequently.

4. Owners are required to notify each FSS family in writing at least once annually of: (1) their escrow balance at the beginning of the reporting period, (2) FSS escrow accruals from rent payments during the period, (3) any deductions made from the account for amounts due to the owner before interest is distributed, and (4) interest earned during the year (5) escrow balance at the end of the reporting period. More frequent notification is desirable, however, as it can serve to reinforce for participants the benefits of increasing their earnings. Semi-annual or quarterly notification is recommended.

Billing for Escrow Deposits

1. In order to ensure that owners are credited appropriately through their HAP for FSS escrow deposits and withdrawals, the owner should **submit an Owner/Agent Request (OARQ) adjustment for each FSS participant with a non-zero monthly FSS escrow accrual** (See ***OARQ Basics (Appendix)*** for more on OARQ adjustments).

    a. All FSS OARQ adjustments must indicate the Voucher Month/Year for the Escrow Credit, Unit Number, Head of Household's Last Name, and the words "FSS Participant" in the comments section.

    b. If this is the first time the participant is generating escrow, owners will need to create a new positive OARQ adjustment to reflect the household's monthly escrow credit.

    c. A process should be put in place to ensure that the same OARQ adjustment for escrow is submitted each month until the household's FSS escrow changes.

d. To ensure that the PBCA or Contract Administrator is able to correctly identify which OARQ adjustments are due to FSS, owners should submit a list of which households had FSS OARQ adjustments during that voucher month to their PBCA or Contract Administrator when they submit their voucher for that month. This list will include all FSS families that earned escrow in that voucher month or had other adjustments related to FSS escrows, and will help to avoid voucher processing delays related to FSS OARQ adjustments.

e. If the participant's escrow amount changes (due to income changes or correction of error) and the OARQ adjustment changes as a result, the owner should modify the OARQ adjustment and ensure that the correct and updated adjustment is submitted in subsequent months. *Note that the OARQ adjustment amount may differ from the escrow credit amount in a given month (e.g., because of a retroactive adjustment following a decrease in a household's earnings). It is a best practice that the owner be able to produce both the monthly OARQ adjustment amount (for HUD reporting) and the monthly escrow credit amount (for accurately informing the tenant).*

2. In some cases, such as when a household loses employment and requests a change in their rent, the owner may not know about an escrow change until the period's OARQ adjustment has already been filed. In such cases, the owner must

   a. Recalculate the monthly escrow credit,

   b. Submit a retroactive (negative) OARQ adjustment on the next monthly voucher, and

   c. Update the escrow ledger for the applicable months.

3. If there is an interim disbursement approved for an FSS participant, withdraw the funds from the escrow bank account, disburse them to the participant, and update the escrow ledger with the amount, reason, and date of the withdrawal. Remember to ensure these entries are linked to the specific FSS household receiving the disbursement. *Note: There is no need to submit an OARQ adjustment in connection with an interim disbursement.*

Important Considerations for Managing Escrow

Escrow accounting may be a part of multiple accounting components or systems. When there is a change in one place, make sure you have made necessary changes in the other systems too. All staff who deal with billing, payments, recertification, or FSS should be aware of how their jobs relate to FSS records and payments to foster communication and prevent incorrect calculations or billing.

An initial discussion and training for all staff members and occasional refreshers can help ensure that all staff are aware of their roles and responsibilities.

Best Practice: designate a single staff member with ultimate responsibility for tracking and reconciling FSS escrow and component information on a regular basis (ideally, monthly).

Graduation and Program Withdrawal

1. Once a determination has been made that a participant is **eligible to graduate** from FSS (or exit and receive escrow disbursement without graduation), the staff directly involved in recording and accounting for escrow should reconcile the data to confirm that the final escrow amount provided to the participant is accurate and up-to-date. The staff member should then:

    a. Prepare a final FSS escrow statement for the participant showing their final FSS escrow balance.

    b. Ensure that no more FSS OARQ adjustments are submitted to HUD for that participant (with the exception of any final, retroactive adjustments, related to the escrow reconciliation).

    c. Note the final withdrawal on the FSS account ledger and put procedures in place to ensure there are no further deposits to the FSS escrow account on behalf of that household.

    d. Make notations in all locations where FSS information is recorded that the tenant has graduated and is no longer participating in FSS.

    e. It is recommended that the owner seek feedback from FSS participants upon graduation or withdrawal from the FSS program to understand how the program benefited the participant, what challenges the participant encountered during the program, and any other feedback the participant might have on the FSS program. Owners may find such feedback useful in improving the quality of their FSS programs.

2. If an FSS participant withdraws from the FSS program without graduating, or has their participation in FSS terminated, take the following steps:

    a. Determine the total escrow balance attributable to that participant.

    b. Determine whether the participant is eligible for escrow disbursement without graduation (see “Termination with FSS Escrow Disbursement” in Section 2.3). **If the participant is eligible for escrow disbursement, follow the steps above, as in the case of graduation.**

    c. **If the participant will NOT receive the accrued escrow funds:** In the case of a participant who is terminated from the FSS program with a balance in their escrow account and is not eligible to receive escrow disbursement, owners must use these funds for the benefit of FSS participating households. Escrow funds from FSS participants who are terminated without graduation or disbursement cannot be used to pay the FSS coordinator’s salary or benefits.

    d. Put procedures in place to ensure that no further deposits are made to the FSS escrow account on behalf of that participant and no further OARQ adjustments are submitted to HUD related to that resident’s escrow accumulation.

7.6 PBRA FSS Reporting and Compliance

This section outlines annual reporting requirements for PBRA owners opperating an FSS program and the process for compliance review.

Typical Reporting Roles

- The **FSS coordinator** typically completes the annual reports.
- Reports are submitted to the property's Account Executive in the local HUD field office.
- **Property management staff** work with Account Executives on a regular basis and so can provide the FSS coordinator with the appropriate contact information or submit the report for them according to their organization's policies.

Annual Reporting

As specified the Federal Register Notice, owners operating an FSS program must file an annual report to HUD for review and approval for each calendar year in which they are operating an FSS program within 30 days after the HUD fiscal year ends.

Submission: The owner must email the annual report to the property's Account Executive. The report must be submitted as an encrypted attachment to email (using Microsoft's Office 365 Message Encryption, WinZip, or any other method that meets Federal encryption standards).

Families included: The annual report spreadsheet must include information on all FSS families with an active FSS Contract, FSS families who have graduated and have a completed Contract, and FSS families that have a terminated Contract.

Information included: For each family, the owner must include household and Contract of Participation information and FSS status, employment and benefits (public and private), services provided, and escrow data, including monthly escrow accruals and total escrow amounts. The annual report must include a narrative containing:

(a) a description of the activities carried out under the program;

(b) A description of the effectiveness of the program in assisting families to achieve economic independence and self-sufficiency, including the number of families enrolled and graduated and the number of established escrow accounts and positive escrow balances;

(c) A description of the effectiveness of the program in coordinating resources of communities to assist families to achieve economic independence and self-sufficiency; and

(d) Any recommendations by the owner or the appropriate local Program Coordinating Committee for legislative or administrative action that would improve the FSS program and ensure the effectiveness of the program. The reporting template for providing information on each FSS household can be found here: (https://www.hud.gov/sites/dfiles/Housing/documents/MF_FSS_Reporting_Tool_2022.xlsx).

If the owner does not submit annual reports in a timely manner, HUD may terminate the owner's FSS program and use of residual receipts (if applicable).

Management and Occupancy Reviews

The FSS program may be monitored during the next Management and Occupancy Review (MOR) conducted by either HUD or a Performance Based Contract Administrator (PBCA). During the review HUD or the PBCA may check for the following:

Action Plan: The owner must have an Action Plan approved by HUD to operate an FSS program.

Contract of Participation and Individualized Training and Service Plan: Contract is correctly executed, all applicable sections filled out and that correct family income was used. ITSP includes at least one goal and no mandatory goals.

Escrow Calculation: Check for correctness of escrow calculations.

8

Appendices

8. Appendices

8.1 Lessons Learned from Workforce Development Experience and Research

This Appendix provides additional background on the three broad insights that can be drawn from past workforce development experience and research, described in Chapter 4 of this guidebook: [34]

- Changes in the job market make it difficult for individuals to achieve family-sustaining wages without a post-secondary credential.
- Traditional welfare-to-work approaches did not increase employment and earnings over the long run, nor did they help participants escape poverty.
- Post-employment job retention and advancement services generally have not increased employment and earnings, with a few limited exceptions.

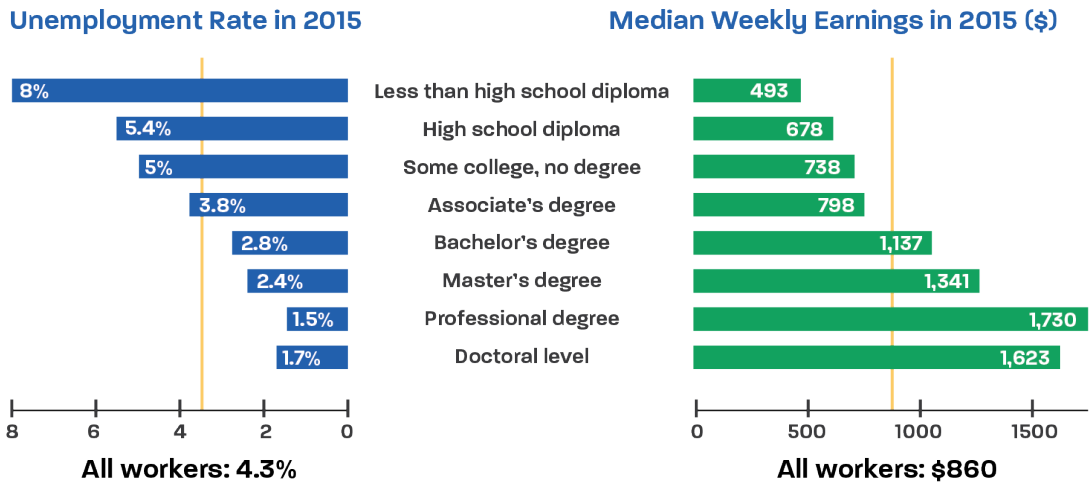
1. Changes in the job market make it difficult for individuals to achieve family-sustaining wages without a post-secondary credential.

As they work to help FSS participants increase their earnings, FSS program coordinators must grapple with the reality that workers with a high school diploma or less education have faced unstable employment and stagnating wages for the last 30 years. Several factors have contributed to this. First, there has been substantial growth in low-skill, low-wage service jobs that offer little room for advancement; it is difficult for individuals in these jobs to substantially increase their earnings over time solely through continued work. Second, the skills requirements of jobs have risen substantially so that a post-secondary credential – though not necessarily a four-year degree – has increasingly become the gateway to middle-class jobs. Third, during and after the Great Recession between 2007 and 2009, employers became increasingly unwilling to hire workers who did not already have experience in the job for which they were hiring, making it harder for individuals to enter the workforce or switch careers.

Declining employer investment in worker training coupled with declining public investment in worker training has made it difficult for workers to adjust to these new realities.

As shown in Exhibit 8-1, unemployment rates decline and earnings rise with increased education. In order to move up the economic ladder, many FSS participants will need to build skills and acquire new credentials.

Exhibit 8-1: Unemployment Rate and Median Weekly Earnings by Educational Level



Note: Data are for persons age 25 and over. Earnings are for full-time wage and salary workers.
Source: Current Population Survey, U.S. Bureau of Labor Statistics, U.S. Department of Labor.

2. Traditional welfare-to-work approaches did not increase employment and earnings over the long run, nor did they help participants escape poverty.

Many of the employment and training strategies tried in the past were not successful in helping individuals obtain and retain jobs that could help them escape poverty and sustain a family. FSS has an advantage over these programs in that it lasts for a much longer time period (up to 5 to 7 years), allowing for more in-depth work with program participants.

To understand how to take advantage of this longer time horizon, however, it's important to learn from research and experience with the older models:

- The "work first" and "basic education first" mandatory welfare-to-work models from the 1980s and 1990s both generated relatively small and short-lived employment and earnings impacts. Work-first programs were less expensive to run and got participants into jobs more quickly; basic education-focused models eventually produced the same outcomes but took longer to get there. (It is important to note that education in these programs typically consisted of stand-alone, academically-focused adult education, not job training or other post-secondary education.) Both approaches ultimately left participants working in low-wage jobs, without steady employment, and no better off than similar individuals who did not receive program services (the control group in these studies).[35]
- The best welfare-to-work results were achieved by a "mixed approach," which helped some participants get a job quickly and required others to enroll in employment-focused education or training, which was typically short-term job training. In particular, post-secondary education and training appeared to increase wages and job quality (e.g., access to benefits, full-time work) in a way that neither work-first nor basic education did, leading to larger increases in employment and earnings. The effects of mixed approach programs did fade over the long run, likely due to the fact

that training programs were short (so they prepared individuals primarily for entry-level jobs) and not connected to further education and training. The career pathways framework developed in recent years is designed to address this problem.

- Long-term analyses of welfare-to-work participants found that many remained in low-wage jobs and unstable employment ten or even fifteen years later. None of the three approaches described above lifted participants out of poverty.
- Evaluations of job training programs conducted during this same time period generally found they increased earnings modestly, but the results varied considerably by program and earnings increases were not sustained over the long term.

3. Post-employment job retention and advancement services generally have not increased employment and earnings, with a few limited exceptions.

- In order to help workers achieve higher paying jobs, a number of programs have been developed that focus on job retention and advancement. With a few exceptions, these programs have not been successful. Lessons learned include:
- The general failure of job retention and advancement services to increase employment and earnings suggests that these services simply are not intensive enough to overcome the structural problems in the labor market which low-income, lower-skilled workers face—pervasive low pay and unstable employment.
- Low take up of post-employment education and training services limits their effectiveness. Research consistently finds that the biggest barrier to participation is that low-income, working parents simply lack the time to participate in education or training that could help them qualify for better paying jobs. Further, these workers are sometimes skeptical that such services will make a difference for them.
- While only three of 12 programs in a recent retention and advancement demonstration had any effect on outcomes, their experiences suggests these services may be most effective when they:
  - focus on rapid re-employment and work supports to help individuals continue to work steadily even if at a series of jobs, rather than focusing on retention in a particular job;
  - encourage workers to make proactive job changes to move up to better jobs if their current employment and skill set offers little opportunity for advancement; and
  - include financial incentives for workers to participate in retention and advancement services.

FSS features the FSS escrow account, which functions as a financial incentive for families to increase their earnings. The relatively long duration of FSS may also allow time for participants to take advantage of more comprehensive approaches, such as the career pathways approach described below.

8.2 The Career Pathways Framework

This Appendix provides additional detail on the career pathways framework, which addresses a number of shortcomings of past education and job training efforts by incorporating and connecting promising new strategies so that workers' needs can be addressed more effectively and holistically. These strategies are described below and include sectoral training, contextualized and/or accelerated basic skills instruction, structured pathways through education and training, and enhanced academic and career advising.[36]

Sectoral Training

Sectoral training strategies typically involve partnerships that bring employers within one industry together with employment, education, and training providers to focus on the workforce needs of that industry within a regional labor market. Rigorous research on three sectoral employment programs found large increases in earnings, suggesting that a sectoral focus may result in deeper knowledge of the labor market and stronger relationships with employers, which in turn creates a better match between training and in-demand skills than in past job training efforts.

Contextualized and/or Accelerated Basic Skills Instruction

The limited research available on basic skills education (both adult basic education and college remediation) has found high attrition and low transitions into job training or other post-secondary education. Recent research suggests that approaches that accelerate and/or tailor basic skills instruction to meet the needs of a specific occupational training or other post-secondary program may produce larger basic skills gains, higher high school equivalency completion, higher post-secondary transition rates, greater accumulation of college credits, and increased attainment of occupational certificates when compared with traditional basic skills approaches.

Structured Pathways through Education and Training

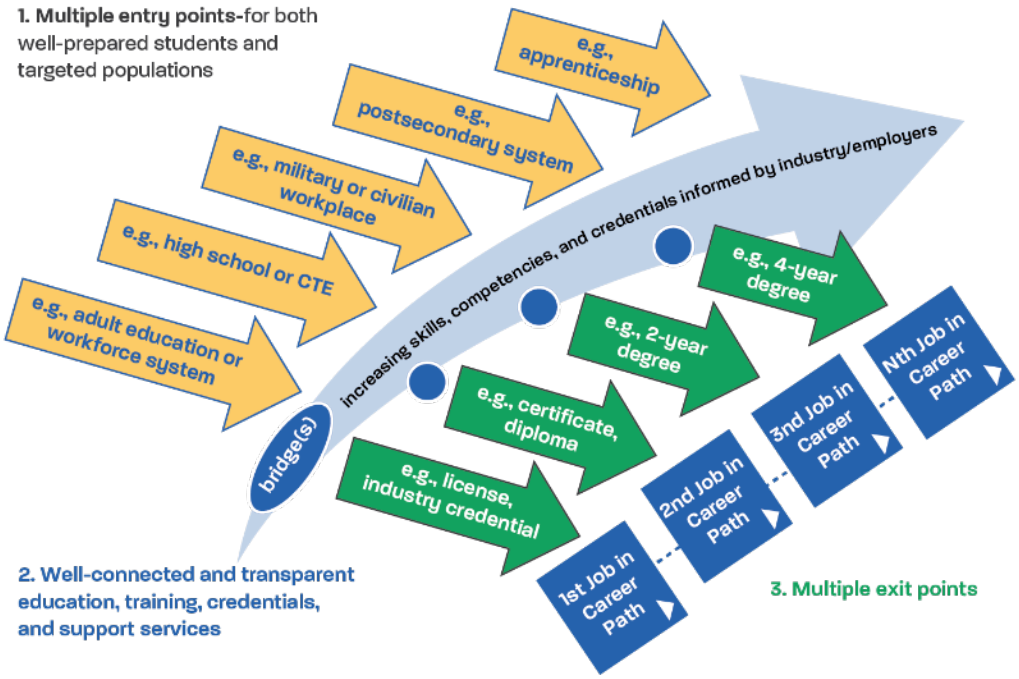
Community colleges are the single largest provider of occupational training nationally. Past research has found low completion rates, however, with researchers attributing this in part to students struggling because they are overwhelmed by the array of course choices and receive little guidance on navigating through them. Recent research suggests that imposing a more structured community college pathway with constrained choices can contribute to dramatically increased graduation rates. Similarly, adult education programs that previously let students enter and exit at will have moved toward "managed enrollment" models that group students with similar skills into structured classes with clearly defined content standards and completion criteria.

Enhanced Academic and Career Advising

Research on case management in employment and training programs and enhanced advising in community colleges suggests that it can improve outcomes, especially if coupled with other strategies to improve education and training services. Student-to-advisor ratios in community colleges, however, often run into the high hundreds. This stands in stark contrast

to the caseloads seen in programs offering more intensive academic and career counseling where advisors would more typically be responsible for a fraction of that number of cases.[37]

Exhibit 7-2: Three Essential Features of Career Pathways



Source: Alliance for Quality Career Pathways, Center for Law and Social Policy.

In addition to these strategies, emerging research on executive skills discussed in Chapter 3 has brought renewed attention to the topic of personal and interpersonal behaviors that can support, or undermine, workplace success. This research is just beginning to be applied to the workforce development context; it may ultimately yield new interventions to strengthen executive skills and workplace readiness. And work-based learning, such as on-the-job training and internships, has long shown positive results but is likely more important than ever now as employers increasingly demand job-relevant work experience when hiring.

As illustrated in Exhibit 8-2, the career pathways approach combines all of these strategies to provide:

- **Well-connected education, training, credentials, and support services** that align with the skill demands of state and local economies for a specific industry sector or cluster of occupations. For example, a career pathway might focus on manufacturing, on IT, on transportation/warehousing/logistics, or on one of several healthcare pathways (such as medical office, direct patient care, or bioresearch).
- **Multiple entry and exit points** so that individuals at a range of education and job experience levels can enter the pathway, receive the services they need to successfully earn in-demand credentials, and move into the next level of employment. At the lower levels of a pathway, students whose reading, math, or English language skills are too low to enter traditional training may gain access

through basic skills instruction combined with job training, or basic skills combined with career exploration of that sector.

Career pathways enable workers to start and stop education and training along a pathway as they are able and to move to progressively higher levels of skills and wages over time. The federal *Workforce Innovation and Opportunity Act* strongly emphasizes career pathways both for job training programs and for adult education services.

Career pathways often target "middle-skill" jobs—those that require more than a high school education but less than a four-year degree. Depending on the occupation and industry, these jobs can pay significantly better than low- skill jobs, and sometimes as well as high-skill jobs. About 20 percent of jobs in the U.S. are especially good targets for career pathways and other employment and training services because they require only middle-level skills and pay at least $35,000 a year. [38]

8.3 Technical Requirements of the FSS Addendum and Form 50058

When is the FSS Addendum Required?

The FSS addendum must be submitted every time an FSS participant enrolls in or exits the program, when the PHA conducts an annual or interim income reexamination or flat rent update, and for other reasons as described in PIH Notice 2016-08 (http://portal.hud.gov/hudportal/documents/huddoc?id=pih2016-08.pdf). PHAs must submit the addendum for every FSS participant at least annually. For most families, this requirement will be satisfied through the submission of an FSS progress report as part of the 50058 record of an annual reexamination (Action Code 2) or flat rent update (Action Code 12). PHAs may elect to submit the addendum at other times to show participant progress in the FSS program.

When submitting the addendum, PHAs must complete all fields applicable to the required report type: Enrollment, Exit, and Progress. Exhibit 8-3 summarizes when the FSS addendum must be submitted to IMS/PIC.

Exhibit 8-3: Events Triggering an FSS Addendum

#	50058 Action Code
1	**Code 1: New Admissions**. Ordinarily, a new admission will not already be enrolled in FSS so no FSS Addendum will be required. However, an FSS Addendum will be required when the family is already participating in the FSS program through another of the PHA's program (e.g., the FSS family moved from the Public Housing Program to the Housing Choice Voucher program). (See Sections 7, 8, and 9 of PIH Notice 2016-08).
2	**Code 2: Annual Reexamination**. A FSS progress report is required, regardless of whether the annual reexamination changes the family's monthly FSS credit. (See Section 4.b and 4.c of PIH Notice 2016-08).

#	50058 Action Code
3	**Code 3: Interim Reexamination.** A FSS progress report is required, regardless of whether the interim examination changes the family's monthly FSS credit. (See Section 4.b and 4c of PIH Notice 2016-08).
4	**Code 4: Portability Move-In.** If the receiving PHA will administer the FSS program, the receiving PHA must submit an FSS Enrollment record which should match the information on the initial PHA's exit record, with the exception of the enrollment date. The effective date of the addendum and the enrollment (initial start) date must be the same. If needed, the receiving PHA will then submit a FSS progress report immediately following the FSS enrollment to reflect further changes (i.e., change in participant goals) as a result of the FSS contract now being administered by the receiving PHA Using two addendum reports helps clearly identify changes / action taken by the receiving PHA. If the initial PHA will continue to administer the FSS program for the participant, the receiving PHA must submit a FSS progress report. (See Section 6 of PIH Notice 2016-08 for more information).
5	**Code 5: Portability Move-out.** If the family will leave the FSS program or the receiving PHA will administer the FSS program, the initial PHA must submit an FSS Exit report. If the initial PHA will continue to administer the FSS contract, the initial PHA must submit an FSS progress report. The FSS submission must be made before a portability move-out or portability move-in submission is made. (See Section 6 of PIH Notice 2016-08 for more information).
6	**Code 6: End of Participation**. If the family will be exiting the Public Housing or HCV program and no longer participating in FSS, submit an FSS Exit report. An FSS Exit report is also needed if the family's continued participation in FSS will be through a multifamily FSS program (e.g., RAD conversion). When a family will continue to participate in a PHA FSS program (e.g., after moving from public housing to an HCV program), submit an FSS progress report instead. The FSS submission must be made prior to the End of Participation submission. (See Sections 7, 8, and 9 of PIH Notice 2016-08).
7	**Code 12: Flat Rent Annual Update**. A FSS report is required, regardless of whether the annual reexamination changes the family's monthly FSS credit. (See Section 4.b and 4.c of PIH Notice 2016-08).

Rules for Sequencing of 50058 and FSS Addendum Records

In the past, some agencies have experienced challenges entering FSS addendum records into IMS/PIC when the effective date of the FSS addendum falls before another record that was submitted on a later date. PIH Notice 2016-08 (http://portal.hud.gov/hudportal/documents/huddoc?id=16-08pihn.pdf) includes detailed guidance on how to address this problem. The following is a brief summary:

The HUD Form-50058, Family Report includes two effective dates: the 50058 effective date and the FSS effective date.

- ***50058 Effective Date*** **(field 2b)** must be completed for all 50058 action codes and is the date that the reported 50058 action becomes effective. The 50058 effective date is not the date that the record was entered into the system. For example, for a new

admissions record the effective date would be the start date of the lease. The 50058 effective date must be completed even if the FSS addendum is the only 50058 submission (Action Code 8).

- ***FSS Addendum Effective Date (field 17c)*** must be completed for every submitted FSS addendum. The FSS addendum effective date is the date a participant enrolled in the FSS program, exited from the program, or the date of action that prompted a progress report. For FSS progress reports submitted in connection with annual or interim reexamination, portability move-ins or move-outs, and flat rent annual updates, the FSS addendum effective date must be the same as the 50058 effective date. For any other FSS progress reports, the FSS effective date should reflect the date of the meeting with the FSS participant that generated the updated information included in the progress report.

There are specific rules on the correct sequencing of FSS records that must be followed for the record to be accepted:

IMS/PIC will only accept a 50058 record if the 50058 effective date of the record is *later* than a 50058 effective date already in IMS/PIC.

The FSS addendum effective date does not affect whether or not the record is accepted. Some PHAs have experienced errors when they have tried to submit FSS addendums with 50058 effective dates that are dated earlier than the 50058 effective dates of the current record.

In order to correct these errors, PHAs can take one of two actions:

- Void the record with the later 50058 effective date, submit the FSS record with the earlier 50058 effective date, then resubmit the voided record.
- Resubmit the FSS enrollment record by using Action Code 8 (FSS addendum only) with a 50058 effective date that is later than the 50058 effective date on record.

See PIH Notice 2016-08 (http://portal.hud.gov/hudportal/documents/huddoc?id=pih2016-08.pdf) for detailed guidance on the 50058 sequencing rules, including examples, and how to correct sequencing errors in IMS/PIC. PHAs should contact their local PIC coach at their HUD field offices for assistance when needed to correct FSS reporting errors.

Always Resolve Fatal Errors and Warnings

To improve FSS reporting, the IMS/PIC system includes 5 edit checks on data submitted in the FSS addendum. PHAs that receive warnings as a result of the edit checks should take steps to correct these errors.

The five FSS warnings are:

- **Fatal Error.** The PHA is trying to submit an FSS progress report or exit report when there is no FSS enrollment record for that family.
- **Warning.** The FSS enrollment date for the family is more than seven years ago but there is no exit report.
- **Warning.** More than 12 months have passed since the PHA submitted an FSS addendum record.
- **Warning.** A 50058 end of participation report was submitted but there is no FSS exit record.
- **Warning.** A 50058 port-out record was submitted but there is no FSS exit record.

Best Practices for Accurate Reporting of FSS Information to IMS/PIC

All 50058 records are validated by the IMS/PIC system when they are uploaded, and PHAs receive an error report for each record. The error reports on fatal errors that are rejected by IMS/PIC and warnings on records that are accepted but may contain errors. PHAs are responsible for the accuracy and timeliness of all IMS/PIC 50058 data and must correct all errors. Generally errors are corrected by voiding and resubmitting 50058 records.

PHAs must populate Fields 17b and 17c or else a fatal error will occur. Field 17b is the FSS report category of either “E” for enrollment, “P” for progress, or “X” for exit. Field 17c is the FSS effective date.

The following information is suggested guidance from other PHA staff on how to improve the accuracy of FSS data submitted to IMS/PIC.

- **Development of written procedures and training.** PHAs should adopt formal written policies and procedures on the preparation and submission of the FSS addendum to ensure that both HUD and the PHA’s requirements are met and that knowledge is transferred when staff changes occur.
- **FSS program coordinators’ access to IMS/PIC system.** PHAs should consider providing FSS program coordinators read-only access to the Form 50058 Report Submodules in IMS/PIC (Viewer, Reports, and Ad-hoc Report), as well as in-house training on how to view individual FSS family data and run applicable reports.
- **Train PHA staff on PHA Management Information Systems (MIS).** In many cases, data quality problems are due not to flawed formulas in the PHA MIS but rather to the complexity of the data systems and related system training needs for PHA staff. PHAs should ensure that all PHA staff who work with FSS data are properly trained on how to use internal MIS. PHAs should review systems manuals and documents and work with their software vendor to ensure the PHAs’ procedures are in agreement with the vendor’s processing specifications/requirements.

- **Work with software providers.** A number of PHAs have reported that problems with their PHA MIS may be responsible for inaccurate FSS escrow balances. PHAs that experience problems with their MIS should contact their software providers, informing them of any processing issues, and request that the software be fixed.
- **Timely submission of FSS addendum to IMS/PIC system.** PHAs with more accurate FSS records routinely complete the FSS addendum and submit the record to IMS/PIC as soon as possible after contact is made with the FSS participant.
- **Reconciliation of PHA FSS participant data to IMS/PIC system.** PHAs are encouraged to routinely reconcile their FSS data to the IMS/PIC against their own records. PHAs can use the IMS/PIC 50058 Form-50058 Ad-Hoc Report Submodule to generate an IMS/PIC report of FSS participants and status using procedures described in PIH Notice 2016-08 (http://portal.hud.gov/hudportal/documents/huddoc?id=16-08pihn.pdf). PHAs are encouraged to reconcile their FSS data prior to the issuance of the annual FSS program coordinators Notice of Funding Opportunity (NOFO).
- **50058 fatal errors and warning messages.** PHAs are strongly encouraged to initially treat all FSS addendum warning messages as fatal errors and research the error and resubmit corrected reports.
- **PHA reconciliation of internal escrow balances**. A number of PHAs maintain multiple calculations/ listings of escrow balances by different staff (i.e., FSS program coordinators, accounting, etc.) and systems (i.e., manual calculations, MIS, Excel worksheets, etc.) for a variety of reasons such as quality control and internal agency reporting. PHAs that maintain multiple escrow balance calculations and listings should reconcile these different lists at least annually and at the time of any withdrawal for a given participant.

8.4 OARQ Adjustment Basics (for PBRA Property Owners)

This Appendix section is a quick reference guide to Owner/Agent Request (OARQ) adjustments for FSS escrow. This appendix was originally prepared for HUD as part of a PBRA FSS technical assistance initiative and is based on materials produced by Compass Working Capital.

The FSS escrow account is not funded by the owner. Money that goes into escrow is offset by additional HAP, via creating a monthly OARQ as a positive adjustment to the voucher. To obtain the funds for the FSS escrow account, the owner must post OARQ adjustments to the monthly HAP vouchers for each FSS participant household earning FSS escrow via TRACS.

Posting an FSS OARQ Adjustment

All FSS OARQ adjustments must include the following in the comments section:

- Voucher Month/Year of the Escrow Credit
- Unit Number
- Head of Household's Last Name
- "FSS Participant"

Example: 05/2018, Unit A202, Williams, FSS Participant

At times, the monthly escrow credit amount may differ from the OARQ adjustment to be posted to the voucher. This can happen for a few different reasons, including:

- A correction is needed to previously reported values (e.g., due to a data entry/reporting error or a retroactive rent change), but the credit was already posted to the voucher.
- There has been a recertification that changes the escrow credit amount retroactively (which may require a negative OARQ adjustment).
- The escrow credit was not posted in time for the next month's voucher submission.

It is important to keep track of monthly escrow credit amounts ***and*** the OARQ adjustments.

Property management staff should have access to up-to-date participant-level monthly escrow credit and total balance amounts in order to share it with the FSS participants regularly or as needed.

On the annual FSS report, HUD requires you to record both the amount of escrow that was accrued each month and the voucher month in which the OARQ adjustment was submitted.

Positive OARQ Adjustments

In general, monthly escrow credits are posted as positive OARQ adjustments to the HAP voucher.

- ***Example***: Mary's escrow credit is $50/month. Property management posts a positive OARQ adjustment of $50 to the voucher each month.

If the property management team did not include an escrow credit for a previous month, they can adjust accordingly on a future voucher.

- ***Example***: Hector's escrow credit increased to $200/month on March 1st but was never posted to that month's voucher or to subsequent vouchers. Property management caught the mistake three months later and posted three OARQ adjustments of $200 each to the May voucher specifying the month applicable to each adjustment (March, April, May) in the comments section.

Negative OARQ Adjustments

If the escrow credit decreases after the voucher has already been submitted or a positive OARQ adjustment was already submitted in error, property management will need to:

Post a negative OARQ adjustment to the next voucher. The amount of that retroactive OARQ adjustment will be [the revised amount] minus [the amount already submitted in error]. In cases where the revised escrow credit (e.g. $50) is lower than what was submitted in error (e.g., $80), the result will be a *negative* OARQ adjustment (e.g., $50 - $80 = -$30).

If the extra escrow funds have already been received from HUD and deposited in the escrow account, withdraw the amount of the negative adjustment from the escrow account and note the withdrawal on the FSS escrow ledger.

Negative OARQ adjustments can sometimes be required after an interim recertification or retroactive adjustment.

- ***Example***: Nakia's monthly escrow credit was $100/month. Since she recently stopped working, her new escrow credit is $0/month. However, a $100 OARQ adjustment was already posted to the next month's voucher. To correct her escrow balance next month, property management will need to post a negative OARQ adjustment of -$100 to the next voucher.

In the case of a participant who is terminated from the FSS program with a balance in their escrow account and is not eligible to receive escrow disbursement, owners must use these funds for the benefit of FSS participating households. Escrow funds from FSS participants who are terminated without graduation or disbursement cannot be used to pay the FSS coordinator's salary or benefits.

While it is not always possible to avoid negative OARQ adjustments, its necessity can be minimized by: (a) completing a new Escrow Credit Worksheet as soon as an FSS participant comes in for their recertification to calculate the correct monthly escrow amount and (b) immediately updating the systems used to generate the prospective OARQ adjustments to reflect the new escrow credit amount.

HUD Resources

For additional questions about billing HUD for escrow, reference the HUD resources listed below:

- Complying with Multifamily FSS Program Requirements Webinar on the MF FSS HUD Exchange.
- HUD Notice H-2016-08, pages 20-22
- Contact the MF FSS staff at HUD Headquarters directly via email: MF_FSS@hud.gov.

Endnotes

[1] See, e.g., Dunn, Adam. (2011). *Resident Services in Subsidized Housing for Low-Income Families: An Evaluation of Property, Tenant, and Community Outcomes*; Enterprise Community Partners. (2007). *Research Demonstrates Positive Impact of Family Resident Services On Property Financial Performance In Selected Mercy Housing Family Properties Over Two Years.* Note that this experience is based on resident services programs generally, rather than FSS specifically.

[2] See, e.g., Taskforce, Social Housing. "More than a roof and four walls." (2009). https://housing.communities.wa.gov.au/HousingDocuments/social_housing_taskforce_report_final.pdf

[3] Fryar, G., Jordan, E., & DeVooght, K. (2017). Supporting Young People Transitioning from Foster Care: Findings from a National Survey. Bethesda, MD: Child Trends.

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[9] Example from Illinois Community College Board, Healthcare Bridge Model Curricula, https://www.iccb.org/adult_ed/?page_id=46.

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[11] Jenkins, D., & Cho, S. (2014). *Get with the Program ... and Finish it: Building Guided Pathways to Accelerate Student Completion*. New York, NY: Columbia University, Teachers College, Community College Research Center.

[12] Castleman, B.L. & Long, B. T. (August 2013, rev. September 2015). *Looking Beyond Enrollment: the Causal Effect of Need-Based Grants on College Access, Persistence, And Graduation* (Working Paper 19306). Cambridge, MA: National Bureau of Economic Research.

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[16] Zinth, J. *GED, HiSET and TASC Test: A comparison of high school equivalency assessments*. Denver, CO: Education Commission of the States. This brief provides a helpful comparison of the features of the three primary high school equivalency exams. However, the number of states offering alternatives to the GED is continually growing, so FSS programs should not rely on the list of states in this brief but instead check with their state's adult education office for the latest information on available exam options.

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