

ASSET BUILDING PROGRAM

ASSET-ORIENTED RENTAL ASSISTANCE

Next Generation Reforms for HUD's Family Self-Sufficiency Program

HANNAH EMPLÉ

DECEMBER 2013

Federally funded rental assistance programs in the U.S. address housing-related hardship for participants, but are unable to reach a majority of eligible households due to current funding levels. Given existing funding constraints, there are benefits to expanding programs and policies that help families move up the economic ladder, thus freeing up resources to assist more eligible families. The Family Self-Sufficiency (FSS) program is one promising initiative focused on the long-term financial security and economic mobility of rental assistance recipients through increased employment, asset building, and financial goal setting. Despite modest funding and attention from policymakers, the FSS program has the potential to significantly expand its impact at scale. Drawing on a growing body of research, and interviews with FSS program staff from diverse housing authorities, this paper presents a discussion of program successes and current challenges, and identifies policy reforms to strengthen the FSS program and make the delivery of rental assistance more effective.

This paper reviews previous evaluations of the FSS program conducted by academic researchers, non-profit organizations, and government entities, and augments the review with information collected directly from FSS program staff. FSS program coordinators, tasked with administering the program in housing authorities across the country, offer particularly valuable insights on ways to overcome both programmatic-level structural barriers and societal-level economic barriers to the program's success. They are similarly well-positioned to identify how any legislative changes at the federal level could affect participants. After describing the current structure and status of the program and reviewing recent research

findings, the paper will analyze the factors limiting the program's effectiveness and offer a set of policy recommendations to strengthen the program. These include better articulating the U.S. Department of Housing and Urban Development's leadership role in the FSS program community, developing non-profit and other non-governmental partners to champion and advocate for the FSS program, and streamlining and integrating the FSS program with other public benefits and programs to maximize its impact. With renewed attention, the FSS program can be part of a successful strategy to promote economic self-sufficiency among households that receive rental assistance in the U.S.

Contents

| | |
|--|----|
| The Rental Assistance Puzzle | 3 |
| Burdensome Housing Costs | 3 |
| Strained Rental Assistance Programs | 4 |
| The Family Self-Sufficiency Program | 5 |
| Theoretical Underpinnings | 6 |
| Creation and Objectives | 6 |
| Program Mechanics | 7 |
| Funding and Scale | 9 |
| Recent Research | 10 |
| Untapped Potential | 15 |
| Understanding FSS Program Successes and Challenges | 16 |
| Socio-Economic Barriers to Program Success | 16 |
| Administrative Barriers to Program Success | 18 |
| Community Partnerships | 20 |
| Uses of Escrow Account Funds | 21 |
| Homeownership Promotion | 22 |
| Program Awareness | 23 |
| Policy Recommendations | 23 |
| HUD's Role | 23 |
| The Role of Non-Profit Partners | 25 |
| The Role of Public Housing Authorities | 26 |
| Conclusion | 28 |
| Acknowledgments | 28 |
| References | 29 |
| Appendices | 32 |
| FSS Program Coordinator Interviews | 32 |
| FSS Program Escrow Account Structure | 33 |
| MDRC Study | 34 |
| Anthony Study | 40 |
| Assorted News Stories Highlighting FSS Program Participants' Success | 41 |

The Rental Assistance Puzzle

The federal government spent over \$35 billion on a range of assistance programs in 2012 that helped low-income households with housing costs.¹ However, millions of likely-eligible households with low incomes and high housing costs did not receive any support. According to a 2013 report by the U.S. Department of Housing and Urban Development (HUD), “The gap between the number of assisted units and the number of households with severe housing needs has never been wider. There are approximately two very low-income households with worst case needs for every very low-income household with rental assistance.”² Policymakers and program administrators face an ongoing challenge to deploy limited federal resources most effectively. Tensions over the appropriate level of housing assistance and strategies to reduce poverty and move participants sustainably off assistance have dominated the political conversation about rental assistance programs in recent years.

There are tradeoffs between offering deep or shallow subsidies to cover housing costs as well as a range of policy choices to make to most effectively encourage families to make progress toward economic security. Ideally, households with members able to work would take advantage of the stability that federally subsidized housing provides as a foundation for income and asset growth. As their economic prospects brighten, participants can eventually exit assistance programs and free up housing subsidies for other households in need. A number of factors currently confound this process, including the dynamics of the rental market, the complex needs of families with low incomes, and the design of programs themselves.

¹ U.S. Department of Housing and Urban Development. FY2013 Budget. Comparative Summary, Fiscal Years 2011-2013. Page B-1. This figure does not include assistance delivered through homeownership programs, tax credits, and other federally funded strategies to improve the supply of affordable housing.

² Steffan et al. (2013).

Burdensome Housing Costs

Paying for adequate housing poses a challenge for households with low incomes. Recent economic trends—including a steady 15 percent poverty rate in 2011 and 2012, ongoing high unemployment and foreclosures in the wake of the Great Recession, and a decline in median household income over the past six years—have created even greater obstacles for households to navigate.

Given the challenges that low-income households face in managing their housing costs, federally funded rental assistance programs represent a critical means to stabilize family finances, prevent homelessness, and address housing-related hardship.

Housing is consistently the “big ticket” item on the American household budget. The average household spent nearly \$17,000 on housing related costs in 2012, dwarfing typical spending on food, transportation, health care, education, and other items.³ Low-income households shoulder an especially heavy burden when it comes to their housing costs. HUD estimates that over 8 million unassisted renter households spend more than *half* of their annual incomes on housing costs (rent and utilities).⁴ Every state in the U.S. has an inadequate supply of rental units that are affordable and accessible to extremely low-income renters. Steffan et al. (2013) estimate there are only 36 affordable units available for occupancy for every 100 extremely-low-income renters.⁵

³ Bureau of Labor Statistics, Consumer Expenditure Survey. Table 1202. Income before taxes: Annual expenditure means, shares, standard errors, and coefficient of variation, 2012.

⁴ Steffan et al. (2013), 1.

⁵ Steffan et al. (2013), 9. From the report: “Very low incomes are those incomes of no more than 50 percent of the Area Median Income (AMI), and extremely low incomes are those incomes of

Beyond the pronounced mismatch of income to housing costs, the private rental market can be difficult to navigate. HUD and independent research groups have documented ongoing forms of discrimination in the housing market based on source of income, race, religion, sexual orientation, and other factors.⁶ Because low-income renters have less flexibility with their household budgets, they may be particularly vulnerable to violations of the Fair Housing Act. The end result is that some households, such as those with low incomes or with disabled or elderly members, have limited affordable housing options and may end up allocating greater portions of their resources to housing.

Strained Rental Assistance Programs

Given the challenges that low-income households face in managing housing costs, federally funded rental assistance programs represent a critical means to stabilize family finances, prevent homelessness, and address housing-related hardship.⁷ An estimated 5.4 million American households throughout the country receive assistance through HUD's rental assistance programs, which include the Section 8 Tenant-Based Rental Assistance program (also known as the Housing Choice Voucher program, abbreviated as HCV), residency in public housing units managed by local public housing authorities (PHAs), Project-Based Rental Assistance (PBRA), and other smaller

no more than 30 percent of AMI—typically below the poverty line. HUD programs use AMI calculated on the basis of local family incomes, with adjustments for household size, more precisely known as HUD Adjusted Median Family Income, or HAMFI [...] On a nationwide basis, the AMI was \$64,000 per year in 2009, placing the very low-income level at \$32,000 per year and the extremely low-income level at \$19,200 per year. All these income levels are for a family of four. Families with fewer than four people or who live in areas with lower median family incomes can have incomes of much less than these national thresholds if they qualify as very low- or extremely low-income households in their areas.”

⁶ U.S. Department of Housing and Urban Development. (2013). *Press Release. Racial and Ethnic Minorities Face More Subtle Housing Discrimination: HUD study finds decline in blatant discrimination while unequal treatment persists*, Equal Rights Center (2013). *Precaución: Obstacles for Latinos in the Virginia Rental Housing Market*.

⁷ Center on Budget and Policy Priorities (2009). *Rental Assistance Is Effective But Serves Only a Fraction of Eligible Households*.

programs.⁸ At this time, the Family Self-Sufficiency program is only open to public housing residents and Housing Choice Voucher holders, thus these are the two rental assistance programs discussed primarily throughout this paper.

Only one in every four very low-income renter households is actually assisted by federal rental assistance programs

The population served by rental assistance programs has complex social and economic needs. Four out of every ten participating households have children.⁹ Many heads of assisted households are single parents. Sixty-five percent of HUD-assisted households qualify as elderly or disabled.¹⁰ The median annual income of families receiving rental assistance in 2012 was \$12,500, or approximately one fifth of their Area Median Income (a measure that varies regionally).¹¹

The need for rental assistance greatly outstrips available funding. Rental assistance in the U.S. is not an entitlement program, meaning that not every eligible household is guaranteed funds. Therefore, not all struggling households who meet the income criteria for HUD's programs receive assistance.¹² Analysis by the Center on Budget and Policy Priorities of HUD data indicates that only one in every four

⁸ U.S. Department of Housing and Urban Development. FY2013 Budget, 29.

⁹ Center on Budget and Policy Priorities (2013). *Policy Basics: What is Federal Rental Assistance?*

¹⁰ U.S. Department of Housing and Urban Development. FY 2014 Budget Presentation.

¹¹ U.S. Department of Housing and Urban Development. FY 2014 Budget Presentation. See Footnote 5 on AMI.

¹² Center on Budget and Policy Priorities. *Rental Assistance Is Effective But Serves Only a Fraction of Eligible Households*. 2009. From the report: “We assume that all such households [low-income renter households (that) paid housing costs that were unaffordable and received no housing assistance] were eligible for federal rental assistance. [Thus] only about one-quarter of the need is being met.”

very low-income renter households is actually assisted by federal rental assistance programs.¹³ Therefore, the researchers conclude, “For every very low-income renter who is assisted, however, 1.8 renters have worst case needs for such assistance.”¹⁴ Many PHAs manage lengthy waiting lists for people from their communities who hope to one day receive assistance. Households and individuals may wait years before gaining access to the program, if they ever make it off the waiting list at all. In many places, waiting lists for rental assistance are at capacity and closed to new applicants. People seeking assistance in these communities must seek out other forms of support and find accommodations in the private market. Some may become homeless: HUD’s 2013 point-in-time survey of homelessness from January 2013 estimates that over 600,000 people are experiencing homelessness on a given night in the U.S.¹⁵

Given the burden of housing costs and demand for rental assistance, strategies that help households increase their income, build their long-term economic stability, and become self-sufficient should be particularly attractive to policymakers. As Maya Brennan and Jeffrey Lubell have noted, widespread poverty among residents of assisted housing “suggests a need for both traditional safety net programs to help residents avoid hunger and meet basic health care needs as well as innovative initiatives to help residents build assets, increase earnings, and make progress toward economic security.”¹⁶ Accordingly, this paper explores the potential to reform and increase the scale of HUD’s Family Self-Sufficiency (FSS) program, which utilizes a multi-faceted and asset-oriented approach to empower participants to achieve short- and long-term goals as they work toward economic self-sufficiency.

¹³ Steffan et al. (2013), 20. From the report: “23.8 percent of very low-income renters, or 4.59 million households, report receiving housing assistance.”; Steffan et al. (2011), 10.

¹⁴ Steffan et al. (2013), 20.

¹⁵ U.S. Department of Housing and Urban Development. HUD Reports Continued Decline in U.S. Homelessness Since 2010 (2013).

¹⁶ Brennan and Lubell (2012).

The Family Self-Sufficiency Program

Rental assistance programs operate at their most fundamental level by subsidizing housing costs for low-income participants. Under these programs’ rent payment structure, assisted households generally pay 30 percent of their adjusted income (that is, what is left after deductions) as rent.¹⁷ Thus, as a participant’s income increases, rent increases as well.

The central idea behind the FSS program was to connect the delivery of a rental subsidy, which provides stable and affordable housing, with additional supports and incentives that could help recipients overcome barriers to work and promote long-term self-sufficiency.

In the FSS program, participants are then eligible for the portion of their rental payments that is derived from their increased earnings level to be diverted to an escrow account managed by the housing authority. The FSS program provides support to participants to become employed, increase earnings, and build up a pool of assets that supports longer-term economic stability. Exiting rental assistance is not a requirement for FSS program graduation, but it is hoped that participants are economically successful at the program’s completion such that their rent contribution is much larger or they’re able to leave the program sustainably.¹⁸ Understanding the origins

¹⁷ Rent calculations typically use a family’s “anticipated gross annual income less deductions, if any” and generally amount to 30 percent of the families’ adjusted income, unless a hardship is established that waives this requirement.

¹⁸ U.S. Department of Housing and Urban Development. (2013). Housing Choice Voucher (HCV) Family Self-Sufficiency website: “Does a family have to give up its rental assistance after the family completes its HCV-FSS contract? No. Although it is hoped that families will no longer need housing assistance upon completion of the FSS program, some families that complete the program will still need assistance for housing. The law provides that a family may complete its FSS contract and receive its escrow while

of the FSS program, its objectives, and its current mechanics helps contextualize current research on the program's effectiveness and existing proposals for reform.

Theoretical Underpinnings

The original idea for the FSS program emerged in the 1980s from policy discussions about how to address persistently high poverty rates and social and political anxiety about participation rates in cash welfare programs. The program's creation and design was also grounded in several research projects and initiatives that sought to demonstrate the potential for housing assistance to serve as a platform for economic self-sufficiency.¹⁹ In the decades leading up to 1990, the increase in government spending stemming from President Lyndon Johnson's Great Society and War on Poverty programs initially lowered the national poverty rate. However, by the 1980s, the poverty rate had stagnated. In the late 1980s and 1990s, there was considerable interest in reforming anti-poverty programs to make them more effective (that is, more successful at supporting households and individuals on an upward economic path and off assistance entirely) while spending less.

Meanwhile, the presidency of George H. W. Bush and tenure of Jack Kemp as the Secretary of Housing from 1989 to 1993 brought both Republicans and Democrats to a national conversation about the role that savings and assets, as distinct from income alone, could play in improving the lives and economic prospects of low-income people. The nascent field of asset-building was gaining traction during this time. Secretary Kemp was a leading proponent of asset-building strategies and argued against using asset limits as a means to determine benefit eligibility.²⁰

continuing to receive housing assistance under the voucher program.”

¹⁹ See McCue, D. (2008) for a more thorough discussion of these programs. Programs that informed the creation of the FSS program include Operation Bootstrap, Project Self-Sufficiency, and the Gateway Transitional Families Program.

²⁰ Edwards, Karen (1997) and Kemp, Jack (1992).

Creation and Objectives

In this context, the FSS program was created in 1990 with bipartisan support as part of the Cranston-Gonzalez National Affordable Housing Act.²¹ The central idea behind the FSS program was to connect the delivery of a rental subsidy, which provides stable and affordable housing, with additional supports and incentives that could help recipients overcome barriers to work and promote their long-term economic self-sufficiency (measured in part by lessened need for programs such as rental assistance or cash welfare). As detailed in Section 554 of the Act, “The purpose of the Family Self-Sufficiency program...is to promote the development of local strategies to coordinate use of public housing and assistance...with public and private resources, to enable eligible households to achieve economic independence and self-sufficiency.” The legislation gave rise to a program notable for its flexibility. Broadly, the goals of the FSS program are to:²²

- Increase the employment rate and earned income among participants;
- Develop participants' personal savings and asset ownership to support long-term economic success;
- Promote and facilitate participants' transition off cash welfare assistance;
- Make rental assistance funding available to new eligible households through growth in earnings and a corresponding decline in subsidy level and/or the transition of some families to homeownership or market-rate rental housing.

While increased employment is a primary program objective, the FSS program explicitly acknowledges savings and asset-building as key drivers of family economic security in the longer term. The program provides each participant with an opportunity to build up resources when earnings rise (explored in greater depth in subsequent sections). The purpose and strategic goals of the FSS program continue to align with the large-scale, national

²¹ S. 566 (101st); Cranston-Gonzalez National Affordable Housing Act.

²² Adapted from online HUD publications, including Office of Inspector General. HUD, 2013. HUD's Monitoring and Administration of the Housing Choice Voucher Family Self-Sufficiency Program.

policy priorities of promoting economic stability and mobility for low-income families.²³

Program Mechanics

The FSS program has two primary components, both of which incorporate asset-building principles into receipt of rental assistance. First, FSS program participants work with program coordinators on a range of employment, education, and financial goals and are connected to services with local service providers to help achieve them. Second, the FSS program creates an escrow account where savings build up over time as earnings increase.

Service Coordination

FSS programs take a holistic approach to family economic security and incorporate service coordination into the program to supplement the escrow account. FSS program participants sign a contract with the housing authority that details the various economic and social goals they will accomplish during the program (which is designed to last five years). Required program goals include that participants seek and maintain suitable employment and be off cash welfare assistance for a full year. The actual services offered by localities vary, but they may include:

- assistance with budgeting and financial counseling;
- referrals to outside non-profit organizations and services, public benefits, educational programs, and workshops;
- support groups addressing job readiness and other impediments to employment;
- referrals for or access to transportation or childcare funding assistance;
- material support such as bus passes or energy efficient light bulbs to manage utility costs;
- access to discount car loan programs; and
- assistance with job searches and applications.

²³ This approach has kept the program relevant over the course of its history. Current HUD Secretary Shaun Donovan framed HUD's most recent proposed budget through the lens of helping people reach the middle class: "What's at stake is the survival of the basic American promise – the idea that if you work hard, you can do well enough to raise a family, own a home, and put a little away for retirement."

Because individual housing authorities manage their own programs, there is a great deal of variation in program structure. While service coordination typically happens through the housing authority, services themselves are delivered by third-party providers. Therefore, programs rely on the resources of non-profits and local governments that are unique to their communities to support households in creative ways. To develop these partnerships, the PHA is required to establish an FSS program coordinating committee (PCC) to help the PHA "develop its action plan and FSS program policies, obtain public and private supportive services funding and commitments, and oversee the overall implementation of the FSS program."²⁴ The quality and quantity of services offered through service coordination is thus a major variable in the program's impact. This variation of programs at the local level leads to a diversity of participant outcomes, posing challenge for evaluation.

The Escrow Account

FSS program participants build up their savings with an escrow account overseen by the PHA. In order to understand the value of this account, it is necessary to understand the basic outline of how rent is calculated for rental assistance programs.

The scenarios described below simplistically illustrate both the traditional rental assistance model and the FSS program model. The amount of earnings and rent payments identified in these examples are intended only to explain the structure, and do not necessarily represent what an actual family earning \$100 per month would pay in either scenario.²⁵

²⁴ U.S. Department of Housing and Urban Development. 2013. Housing Choice Voucher (HCV) Family Self-Sufficiency.

²⁵ These examples do not take into account the consideration of any deductions that would go into the calculation of rent.

Participant A (Traditional Model)

- Participant A earns \$100 every month and thus pays \$30 per month in rent (30 percent) through the rental assistance program.
- Participant A's earnings increase to \$200 per month. Accordingly, Participant A's rent increases to \$60.
- The participant's earnings doubled, so their rent has doubled.

Participant B (Family Self-Sufficiency Program Model)

- Participant B earns \$100 every month and thus pays \$30 per month in rent (30 percent) through the rental assistance program.
- Participant B signs the FSS contract identifying their work, educational and life goals to develop during the five-year contract period.
- Participant B's earnings increase to \$200 per month. Participant B now pays \$60 in rent.
- An escrow credit of \$30 (representing the difference between the original rent and the new rent due to increased earned income) is credited to the interest-bearing escrow account by the PHA.
- The participant can access the escrow account for approved interim disbursements while they are in the program and for any purpose upon successful graduation from the program.

The FSS program rent model is designed so that households build up a pool of resources, while still benefiting from the stability of rental assistance. The growth of the FSS program escrow account is contingent on an increase in participant earnings from baseline. This mechanism addresses any real or perceived disincentives to work by providing a material benefit for increased earnings.

Graduation Requirements

Upon entering the program, FSS program participants sign a contract identifying a variety of required and self-determined goals, which may be occupational, educational, or social in nature. The goals required to be included in the FSS program contract are “that the family comply with the lease, that all family members become independent of welfare, and that the head of the family seek and maintain

suitable employment.”²⁶ With the support of service coordination and referrals to job training, social services, and various community resources, participants work on these goals and move toward increasing their earnings. Graduation from the program is generally triggered by achieving all of the goals identified in the participant's contract in a specified time limit. The program typically lasts five years, but participants with extenuating circumstances may apply for a one- or two-year extension to fully reach their goals.

With successful graduation, participants receive the funds from the escrow accounts, which can be used for any purpose to boost households to economic independence and upward mobility. Participants may take interim disbursements from their escrow accounts during the program, but only for specific purposes with the approval of program staff. Households may exit the FSS program at will at any time, but forfeit their escrow accounts if they do not meet the graduation requirements at the time of their exit. While one aspiration of the program is that households will be earning enough by graduation to leave the rental assistance program entirely (and be able to afford market rate rent or even a down payment on a home and accompanying mortgage), those who remain compliant with program rules and continue to be in need of assistance are not required to give up their rental assistance under current rules.²⁷

As described, beyond the requirement to seek and maintain employment, the other requirement of the FSS program is that households who have been receiving welfare must transition off cash welfare assistance.²⁸ Notably, participants may continue to receive some types of public benefits and still successfully graduate from the FSS

²⁶ U.S. Department of Housing and Urban Development. (2013). Housing Choice Voucher (HCV) Family Self-Sufficiency.

²⁷ Ibid.

²⁸ See Sard (2001) *supra* 6 for more details. Participants can continue to receive non-cash benefits through the TANF program, such as those related to participation in an Individual Development Account.

program. For example, Supplemental Nutrition Assistance Program (SNAP or food stamps), Supplemental Security Income (SSI), Social Security Disability Insurance (SSDI), Social Security, the Earned Income Tax Credit (EITC) and a variety of other programs and benefits are not considered “welfare assistance” in the context of graduation requirements for the FSS program.

Addressing Fear of the “Benefits Cliff”

As rental assistance recipients’ income rises, thirty cents of every new dollar of earnings goes towards payment of rent. Participants may find their new earned income disqualifies them from receiving non-housing benefits. Some economists theorize that fear of reaching income thresholds creates a disincentive to work.²⁹ If programs have strict income-based eligibility criteria, households bump up against a “benefits cliff.”³⁰

The FSS program mitigates this cliff in several ways. Federal legislation excludes escrow account funds from being counted as an asset for asset tests in the SNAP program because the accounts are held by the PHA.³¹ Increased earnings levels during the FSS program could disqualify participants from receiving non-housing benefits. Because households rely on programs to meet a basic standard of living, they may express concern that financial advances will actually hurt them. FSS program coordinators need information and training to help participants understand any risks to participation.

The financial risk to FSS program participation is small: “Even if a family forfeits its escrow account due to failure to complete the program [...] the family is in no worse financial position than if it had simply paid the increased rent otherwise due.”³² In general, failure to complete FSS program goals does not result in loss of rental assistance.

²⁹ Laffer (2013).

³⁰ For a detailed discussion of the effect of asset-based eligibility criteria on participation in and costs of public benefits programs, see Sprague and Black (2012).

³¹ Food and Nutrition Service, USDA (2010).

³² Sard (2001).

However, localities maintain some discretion over the execution of this policy under the Section 8 voucher program. The rules and conditions for participation in the program must be clarified and stated explicitly to dispel participant fears.

Funding and Scale

While ambitious by design, the reach of the FSS program has been limited by the amount of funding available to support coordinators at the PHA level. HUD funds for the program allow PHAs to hire staff to provide service coordination and oversee the escrow accounts.

HUD funds two parallel FSS programs: one within the Section 8 Housing Choice Voucher (HCV) program and the other within the public housing program. The FSS program is not currently available to families participating in Project-Based Rental Assistance. The two FSS programs are funded separately. The public housing FSS program (PH FSS) receives considerably less funding and serves far fewer participants than the HCV FSS program.

Taking the two FSS programs together, the total FSS program was funded at \$75 million in FY 2011 and had 57,087 participating families (with over 47,000 of these in HCV FSS programs).³³ This funding covered the salaries of 1,104 HCV FSS program coordinators and 275 PH FSS program coordinators.³⁴ FSS program funding has historically represented a fraction of HUD’s total spending on rental assistance programs. For a sense of scale, in 2012, HUD budgeted \$18.9 billion for the entire HCV program.³⁵ Of those funds, a small fraction (\$60 million) went to the FSS program to fund coordinator salaries.³⁶ The FSS program thus serves a fraction of the roughly 5 million

³³ FY 2014 Congressional Justifications. HUD (2013).

³⁴ FY 2014 Congressional Justifications. HUD (2013). Note also that some PHAs engage with non-governmental organizations to bring in additional sources of private funding or in-kind support for the program.

³⁵ Center on Budget and Policy Priorities (2011).

³⁶ FY 2014 Congressional Justification. HUD (2013).

households participating in federal rental assistance programs.

According to HUD's 2014 Congressional Justifications, during FY 2011:

- nearly 3,000 families successfully completed their contracts and graduated from the program;
- 48 percent of PH FSS program participants and 60 percent of HCV FSS program participants saw an increase in earnings;
- approximately 20 percent of HCV FSS program families that completed their FSS contracts no longer needed rental assistance
- approximately 15 percent of HCV FSS program graduates and 14 percent of PH FSS program graduates moved to homeownership after completing their contract.³⁷

However, it is important to note that HUD has experienced significant challenges reliably tracking participation, outcomes, and other data in the FSS program. A 2013 Government Accountability Office (GAO) report on the program notes that, "The total number of families in either of the two FSS programs cannot reliably be assessed based on available PIC [HUD's information database] data for fiscal years 2006-2011 because of missing program start dates, exit dates, and annual updates."³⁸ For example, the participation figures reported in HUD's 2014 Congressional Justification for 2011 differ from those reported in the GAO report. GAO notes several possible reasons for these discrepancies, which can be summarized to include a lack of staff resources dedicated to monitoring program data and technology-based problems.³⁹

Asset-building researchers, advocates for affordable and low-income housing issues, and the anti-poverty

community have long identified the potential of the FSS program to serve as a model for other programs. According to a 2011 paper by Jeffrey Lubell and Reid Cramer, "To ensure that our limited federal housing resources are available to assist as many families as possible, we should be actively searching for innovative ways to encourage existing subsidy recipients to build assets and make progress toward economic security."⁴⁰ In this sense, the FSS program is well-poised to contribute to this process, especially if barriers to its broader success can be identified and overcome.

Recent Research

The modest funding of the FSS program explains, in part, its low profile, even among affordable housing advocates and providers. Champions of the program enthusiastically characterize it as HUD's "best kept secret," citing the positive outcomes and results of specific FSS programs.⁴¹

Many studies of the FSS program have been limited by their design.

Beyond the conceptual attractiveness of the FSS program's approach and anecdotal stories of its success, rigorous evaluation of the program's direct impact on participants is scarce. Existing studies of the FSS program have been typically limited by their design. For example, a number of studies have evaluated the outcomes of a single FSS program.⁴² While these types of evaluations have demonstrated impressive results for participants, they have not been able to evaluate similarly-situated households who are *not* participating in the program to gauge the precise impact of the FSS program. Nevertheless, existing studies

³⁷ U.S. Department of Housing and Urban Development. FY 2014. Congressional Justifications. HUD (2013), H-2.

³⁸ U.S. Government Accountability Office. (2013).

³⁹ From the GAO 2013 report: "[...] no HUD staff have specific responsibility for monitoring the completeness of FSS participants' records in PIC. HUD officials also stated that there are challenges with the PIC system. [...] the functionality of the system is limited [and...] we previously reported on the weaknesses associated with HUD's antiquated technologies."

⁴⁰ Lubell and Cramer (2011).

⁴¹ Sard (2001); Cramer and Lubell (2005). See also Appendix E which includes a select compilation of media coverage of the program, reflecting the range of ways it has proven to be beneficial for individual households participating in the program.

⁴² See for example Anthony (2005). Family Self-Sufficiency Programs: An Evaluation of Program Benefits and Factors Affecting Participants' Success. Explored in Appendix D.

offer key insights into how the program works and a foundation for future inquiry, assessment, and policy reform. Three recent evaluations of the FSS program are described below and additional details are presented in the appendices. Evaluations of the program have tended to focus on the HCV FSS program; no analysis of the PH FSS program is presented in this section.

2011 PD&R Study

In 2011, researchers commissioned by HUD’s Office of Policy Development and Research (PD&R) issued a report evaluating the HCV FSS program over a four-year period that found important financial benefits for FSS program participants who successfully graduated from the program. The study also identifies programmatic- and participant-level characteristics associated with success in the program.

Specifically, the study tracked a group of 170 participating families across different housing authorities between 2006 and 2011.⁴³ The tracked participants had the following outcomes over four years:

- 24 percent graduated in four years;
- 39 percent still participating (to be expected, given that the program is a five year contract)
- 37 percent left for voluntary and involuntary reasons (“exiters”)⁴⁴

This tracked study group was slightly more advantaged than the overall FSS program population, but the outcomes they experienced are still useful to consider.⁴⁵ Annual income for program graduates increased from \$19,902 at the start to \$33,390 at the time of graduation, while those who exited without graduating saw much more modest increases (\$15,551 to \$15,918) on average. Those who graduated received average escrows of more than \$5,000.

⁴³ The study originally tracked 181 participants, but one program with 11 participants ended its FSS program.

⁴⁴ deSilva et al. (2011).

⁴⁵ Average annual income for a typical FSS participant was \$16,842 in 2008, compared with \$14,541 for non-FSS HCV participants.

This study did not include a control group – that is, the study did not look at the outcomes of a similarly-situated group of HCV holders from the same time period who did not participate in the FSS program to see how they fared in the *absence* of the program. Instead, this study provides insights into the experiences of different groups of people within the HCV FSS program. The researchers note that it is likely that individuals and households that participate and do well in the FSS program have different characteristics than those in the general population of rental assistance recipients.

Table 1: Outcomes for Program Graduates, Exiters, and Those Still Participating⁴⁶

| | Those who graduated | Those who exited | Those still participating |
|---|---------------------|------------------|---------------------------|
| Income in first tracking year | \$19,902 | \$15,551 | \$18,190 |
| Income at graduation/last study observation | \$33,390 | \$15,918 | \$20,156 |
| Mostly employed during study period | 93% | 60% | 65% |
| If mostly employed, had paid sick leave | 35% | 16% | 14% |
| If mostly employed, had health insurance | 46% | 25% | 19% |

As the table shows, there are important differences between people who successfully graduate from the FSS program and those who enroll but leave the program without graduating (known as “exiters” in the research). Notably, FSS program graduates both entered and exited the program with higher incomes than “exiters.” The findings suggest that people who entered the program with higher

⁴⁶ deSilva et al. (2011).

levels of education, a job, and a higher income level were more likely to succeed in achieving their program goals. However, the PD&R study is not able to discern what impact the FSS program specifically had on participants or whether some or all outcomes were due to other factors unrelated to program participation.

This study also demonstrates some of the barriers to achieving success in the FSS program. Half of participants who left the FSS program before graduating were “dropped from the program because they did not comply with FSS rules or lost their voucher assistance, mostly for reasons such as violating HCV rules or failing to communicate with their FSS case manager.”⁴⁷ The other half, categorized as “choosing” to leave the program, did so for reasons such as “work and family obligations [that] made it difficult to sustain contact with the case manager.” Program coordinators were asked to identify the top three barriers to participants making progress in the FSS program. They identified the prohibitively high cost of childcare, a lack of job skills, and inadequate transportation methods as their clients’ key barriers to success.

2012 MDRC Study

Recognizing the limitations of previous research on the FSS program, MDRC (a non-profit policy research organization) conducted a study using a random assignment demonstration to evaluate what benefits were directly attributable to the FSS program. In December of 2012, MDRC released initial findings from this demonstration, called the “Work Rewards Demonstration.” The study is still in progress and future reports are forthcoming.

The MDRC study is comprised of two parallel evaluations, both conducted in New York City. The first part evaluates the FSS program as both an intervention alone, as well as combined with an employment incentive program. The second part evaluates the employment incentive program

alone.⁴⁸ The demonstration maintained a control group of HCV holders who received no additional treatment beyond what typical rental assistance households receive from their PHA. This study design sets the MDRC study apart from previous studies which compared different groups of FSS program participants to each other.

After a year and a half in the study, nearly one in three of households in the FSS program treatment group had accumulated some savings in their escrow accounts. Households with escrow savings had managed to accrue an average of \$1,112.

The MDRC study collected participant-level data that effectively illustrate characteristics of the FSS program population.⁴⁹ By ensuring that the study participants have similar life situations and demographics to the control group, the MDRC study is better able to identify what outcomes are directly attributable to program participation. This design feature addresses a fundamental limitation of previous studies. Data on the demographics, life experiences, and other characteristics of FSS program participants and voucher holders are also important because this information sheds light on various factors that have an impact on participants, such as average earnings level or incidence of depression.

MDRC found that study participants who enrolled in the FSS program in New York saw no statistically significant effect on their employment rate or on rate of receipt of public benefits like SNAP and cash welfare during the study period compared to the control group. The study group did see statistically significant gains in employment in the first year of the evaluation, but these gains did not

⁴⁸ See Appendix C for a detailed description of the study design.

⁴⁹ See Appendix C.

⁴⁷ deSilva et al. (2011), ix.

retain statistical significance for the entire study period (18 months).

However, subgroups of the study population *did* see statistically significant improvements in their situations. For example, participants in the FSS program study group who were receiving SNAP at baseline did experience statistically significant and positive impacts on their earnings and employment rates compared to the control group. MDRC researchers hypothesize that because “the rules of the food stamp program may create a disincentive to work,” study participants receiving SNAP might be “especially responsive to a program that encourages work [...] since that encouragement can offset the potential work disincentives of food stamps.”⁵⁰

Notably, after a year and a half in the study, nearly one in three (29 percent) households in the FSS program treatment group had accumulated some savings in their escrow accounts. Households with escrow savings accrued an average of \$1,112.⁵¹

The study’s FSS program also experienced challenges that other FSS programs have encountered. For example, even after rigorous recruitment for the study, only 42 percent of people assigned to the FSS program grouping attended an orientation session. Furthermore, researchers noted that “scheduling conflicts, transportation and language barriers, and some concerns about the value of what FSS offered may have kept some individuals from taking full advantage of the program.” These challenges are consistent with the findings of other research studies.

The MDRC study also found that the FSS program escrow account concept can be confusing for participants and complex for staff to administer. As with other FSS programs, both participants and FSS program staff in the MDRC study struggled to understand and fully utilize the escrow account mechanism. The report explains, “Many

participants – and even staff in the community organizations, which had not previously operated FSS – did not fully understand how it worked.”⁵² In some cases, program staff shied away from having conversations with participants about how to build savings in the escrow accounts because they were confused about how it worked. Because the MDRC study relied on brand new (and therefore inexperienced) FSS programs to deliver the treatment, it is not evident how a more experienced program might have been able to affect participants. Some FSS program coordinators may be more skilled than others at articulating the escrow account mechanism.

The escrow account is a key component of the program and has great potential to be a powerful asset-building tool for participants. However, if neither participants nor program staff can articulate the concept, its utility as a behavioral lever is limited. In the context of the MDRC study, if study participants did not fully understand the relationship between their work efforts and the potential to build savings, the evaluation may not indicate the full impact that such a model *could* have. Future evaluations must ensure that FSS program staff are fully trained in how to convey the escrow account to participants. This study also supports the recommendation that HUD better train PHA staff on how to explain the escrow account mechanism to FSS program participants.

Meanwhile, the rigorous design of the MDRC study introduces another limitation to its generalizability. By requiring that the participating FSS programs in the study select a random, representative sample of all voucher holders to participate, the study’s version of the FSS program differs significantly from typical FSS programs across the U.S. Notably, PHAs are legally allowed to screen a certain percentage of their participants for “motivation” to participate in the program. MDRC intentionally eliminated this assessment criterion because it is subjective. Researchers also wanted to evaluate the potential for the

⁵⁰ Verma et al. (2012), 118.

⁵¹ Verma et al. (2012), 95.

⁵² Verma et al. (2012), 23.

FSS program model to produce effects on a more general rental assistance population.

Importantly, reliance on subjective selection criteria (such as motivation) is one reason that FSS programs around the U.S. may have a participating population that differs from the average rental assistance recipient (see the previous section on PD&R's 2011 report). Households or individuals who have the skills, knowledge, and other resources to seek out information about additional programs at their local housing authority, or otherwise make themselves visible to FSS program staff as interested and motivated, may possess important unobserved characteristics that subsequently amplify their success in the program. More research is needed to evaluate the role of "motivation" and other participant characteristics in program outcomes. For now, evaluating program outcomes across programs is very challenging due to the lack of reliable national program data and the diversity of programs.

2013 GAO Study

A July 2013 report from the U.S. Government Accountability Office (GAO) documented substantial gaps in HUD data on the FSS program. According to GAO, of the almost 15,000 families that started the FSS program in 2006, almost half were unaccounted for in HUD's data in 2011 (roughly the time participants would expect to be graduating from the program). However, it is unclear if these "lost" families are different in any meaningful way from families that were successfully tracked.

Primary reasons cited by GAO for the lack of complete and accurate data were a lack of staff at HUD dedicated to the monitoring of FSS program data and inadequate and outdated technology and information systems. GAO concluded that "HUD's ability to effectively oversee the program is limited."⁵³

Despite these challenges, the available data on the FSS program compiled by GAO suggests that it is an effective program for many participants as measured by household income and employment status. At the start of the program, the median household income was over \$16,600 in 2006 and it rose to over \$25,300 by 2011, an increase of 52 percent or roughly 10.4 percent a year.

More reliable data collection and rigorous analysis will help discern a more precise relationship between program structure, implementation, and outcomes.

As other research on the FSS program has suggested, the program apparently works better for certain types of households than for others. For example, households headed by a member with a work limitation may have a harder time increasing their incomes. More reliable data collection and rigorous analysis will help discern a more precise relationship between program structure, implementation, and outcomes.

Forthcoming Research

Recognizing the need for more data on FSS program outcomes across diverse localities, HUD commissioned a national evaluation of the program. Approximately 2000 voucher households are expected to be included in the study from at least 15 localities. Like MDRC's New York evaluation, this study is designed to evaluate the degree of impact the FSS program has on participants by comparing them to similarly situated counterparts who do not participate in the program. Findings are expected to "provide reinforcing evidence on the effectiveness of FSS for certain groups of voucher holders."⁵⁴ The evaluation will conclude in 2018. There are also lingering theoretical questions about who the program is best poised to serve

⁵³ U.S. Government Accountability Office (2013), 16.

⁵⁴ Verma et al. (2012), 165.

effectively and on the role that participant motivation plays in program outcomes.

Untapped Potential

Developing an agenda for future research on the FSS program is not just an academic exercise. Learning “what works” for this program and its participants can lead to policy reforms that strengthen the program. Previous qualitative studies and anecdotal reports on the FSS program suggest positive outcomes from linking earnings incentives to asset-building objectives within the framework of rental assistance, but more rigorous study is still needed. Existing knowledge can support the development of policies, program supports, and communities of practice that maximize the program’s positive results. This work can amplify the impact of the existing FSS program or be used as a foundation for a large-scale effort to embed earnings incentives and asset-building objectives in the basic structure of all rental assistance programs. Several individual FSS programs have embraced a research-based approach to program delivery, while others have focused on delivering service coordination that explicitly emphasizes building savings along with increased earnings.

One particularly innovative model highlights this potential. Compass Working Capital is a non-profit organization in Massachusetts with experience in the asset-development field that has implemented a robust variation on the FSS program in two housing authorities.⁵⁵ The Compass FSS program is distinguishable from typical FSS programs with its more explicit emphasis on individualized financial coaching, connecting asset-building to family aspirations, and tracking of long-term program outcomes. Researcher Delia Kimbrel of Brandeis University’s Institute on Assets and Social Policy has been working with Compass to track and evaluate program data; the most recent report from April 2013 evaluated the first two full years of the Compass

FSS program. The evaluation shows increases in participants’ earned income, decreases in the amount of public benefits received, improvements in credit scores, and reduced debt levels.⁵⁶ The report also documents the experience of individuals in the program through quotes and illustrative stories.

There are also alternative ways to structure the escrow accounts that strike a balance between creating incentives for the participants and minimizing the costs for the housing authorities. Ideas such as the “shared escrow” and “earnings target” approach are discussed in greater depth in Cramer and Lubell’s 2011 paper, “Taking Asset Building and Earnings Incentives to Scale in HUD-Assisted Rental Housing.”⁵⁷ Both of these strategies build on the current FSS program model and allow housing authorities to capture additional rent revenue as households increase earnings. Reducing costs of administration would allow the program to serve more people. At one of their sites, the Compass Working Capital program is utilizing a “shared escrow” model, which will help researchers and program administrators gain insight into the feasibility and cost-savings of this approach.⁵⁸ Other housing authorities, such as Home Forward in Portland, Oregon are experimenting with different rent calculations.⁵⁹

Another strategy would infuse the asset-building principles of the FSS program escrow account model into all rental assistance programs, so that every recipient of housing assistance could be connected to the opportunity to build assets in a proposed Rental Assistance Asset Account.⁶⁰ HUD could have an even greater impact on the lives of millions of Americans by incorporating an asset-building mechanism into all rental assistance programs. Both those receiving assistance and those on waiting lists would benefit from a system that supports meaningful markers of

⁵⁵ From the Compass Working Capital website: “Compass is a nonprofit financial services organization that provides incentive-based savings and financial coaching programs that empower working, low-income families to build assets, achieve their financial goals, and become financially secure.” (2013).

⁵⁶ Kimbrel (2013).

⁵⁷ Cramer and Lubell (2011).

⁵⁸ Kimbrel (2013).

⁵⁹ See Rent Reform Quick Facts (2013).

⁶⁰ Cramer and Lubell (2009).

upward economic mobility and longer-term economic security.

Understanding FSS Program Successes and Challenges

While many FSS programs report impressive results, there are a number of significant impediments to maximizing the success of the FSS program. Some of these obstacles are embedded in the design of the program while others are a function of how the program is overseen by HUD and managed by diverse housing authorities across the country. Additional challenges are not unique to the program but emanate from the range of social and economic conditions affecting targeted households. This section will present a discussion of these challenges, with attention given to the circumstances of program participants and the obstacles faced by program coordinators. This assessment is shaped by a survey of people implementing the FSS program and working directly with participants.⁶¹ Program coordinators are well-situated to comment on how the program structure facilitates or hinders progress, identify effective implementation strategies, and evaluate the program's overall potential for expansion. FSS program coordinators who participated in this research were asked to identify specific barriers to program success, strategies to address these barriers, and "best practices" they employ in their specific programs.⁶²

Socio-Economic Barriers to Program Success

Before considering the particularities of the FSS program, it is helpful to acknowledge the socio-economic conditions that low-income households face and to consider how they create a set of obstacles to long-term economic stability.

⁶¹ The information presented here comes primarily from phone conversations and in-person meetings the author conducted with representatives of FSS throughout 2012 and 2013. This information is supplemented with publicly available information about programs from agency websites and media coverage of the programs. See Appendix A for a list of research questions and more detailed information about the participating PHAs (which have been rendered anonymous).

⁶² Details on the FSS coordinators who participated and questions asked are available in Appendix A.

Securing steady living wage employment, high-quality child care, and reliable transportation are distinct and common challenges most FSS program participants must address to succeed in the program.

Program coordinators are well-situated to comment on how the program structure facilitates or hinders progress, identify effective implementation strategies, and evaluate the program's overall potential for expansion.

Employment

The population served by the FSS program faces significant barriers to finding living-wage employment. Participant-level barriers to employment include low-levels of educational attainment, undiagnosed mental health challenges, and a mismatch of skills with available jobs. These barriers are compounded by the low supply of job opportunities in high unemployment areas. The recent Great Recession and its lingering effects have created a weak labor market, but these impacts have been even more severe in places that historically have had lower employment levels. In 2013, there continue to be over three unemployed people for every one job opening.⁶³

An FSS program coordinator from a rural part of a western state explained that the lack of job opportunities in her region posed challenges, even for FSS program participants with a college degree. She wanted to grow the program to serve more participants but was unable to locate enough local job opportunities to support that growth. She estimates that three-quarters of her participants already have a high school diploma, but that because local retail jobs in the area do not offer a living wage, she struggles to

⁶³ Gould (2013).

help these households move out of poverty. The inadequacy of employment opportunities is not a new problem; in 2001, Barbara Sard observed that a “lack of employment opportunities and services in the community” was a significant barrier to starting an FSS program for many localities.⁶⁴

Program coordinators at various sites explained the elaborate partnerships they’ve developed with local non-profits to develop job opportunities in their areas. In one urban FSS program, the coordinators explained that participants do not always know what industries or types of jobs pay the best. At this site, one of the roles of coordinators is to help participants identify what types of jobs are within their reach (based on education and existing skills). This site relies on a philosophy that “any job is a good job.” Participants are encouraged to take any job, no matter the pay rate, and continue looking for higher paying opportunities.

Child Care

FSS program participants report challenges to finding affordable child care so that they can work. A vicious cycle may take hold: parents cannot afford child care without a job, but cannot find a job without reliable child care. This situation is particularly problematic for single parents. While some localities have access to dedicated funding streams outside of the FSS program funds for child care assistance, this funding is often unpredictable, quickly outpaced by demand, or structured in such a way that it does not support ongoing employment. As one FSS program coordinator put it, “Without childcare, you cannot move up and out of poverty.”

Program coordinators explained their frustration with the design of local child care assistance funding programs. For example, at one site, vouchers for child care assistance are only available for people who are unemployed so that they can find a job. Once the recipient finds a job, however, the

child care funding abruptly stops and the participant is expected to self-finance the full cost of child care. Perhaps not surprisingly, this funding structure often creates cycles in which parents must leave or are fired from jobs because they cannot reliably pay their child care provider. This pattern of intermittent employment followed by job loss is detrimental to a family’s overall financial security and its ability to fully take advantage of the FSS program escrow account mechanism.

“Without childcare, you cannot move up and out of poverty.” – FSS program coordinator

Another FSS program site referred its participants to a county-level child care funding source, but the program had a waiting list over a year in length. According to one coordinator, even if a participant made it off the waiting list, their child care needs had often changed during the long wait; for example, a different child might require more expensive care than the one for whom funding was originally sought. Some children might even have aged into public school and thus have completely different types of needs than a younger child (after-school programming as compared to day care/preschool).

Transportation

FSS program participants at many sites struggle with a lack of transportation options as they seek to meet their goals. According to one program coordinator, “A car is a necessity for work.” She went on to explain that in her predominantly suburban area there is minimal public bus service, so many people without cars rely on the kindness of friends and neighbors or spend hours every day waiting and riding public transit. Poor transit access limits the employment options for participants and reduces the likelihood of completing trainings or classes, particularly if they meet in the evenings (when public transit is even less frequent). In rural, suburban, and even some urban areas, cars are a

⁶⁴ Sard (2001).

critical tool for households to improve their economic opportunities.

In one rural area with an FSS program, the cost of car maintenance and any traffic fines threaten the ability of participants living in “the middle of nowhere” to get to their jobs or case management appointments. One coordinator explained that she meets with as many as 30 percent of her clients at their homes or other locations so they do not have to come all the way to the housing authority office. She has also engaged in conversations with her housing authority about using Skype video chats as a substitute for some meetings. At another site, the coordinator conducts quarterly check-ins over the phone to minimize the burden of transportation on participants. Coordinators at many sites were interested in locating additional funding for public transportation vouchers and for car insurance and repairs – the hidden but burdensome costs that often prevent car ownership.

Administrative Barriers to Program Success

An additional set of challenges can be identified that relate to the design, structure, and management of the FSS program. These include rules concerning the escrow account, linkages to other services, and meeting the needs of specific populations of participants.

Participants with Disabilities

According to National Low Income Housing Coalition analysis of HUD data, 21 percent of households living in public housing and 28 percent of households receiving vouchers have a disability.⁶⁵ In the U.S., income-eligible people living with documented disabilities may receive various forms of government assistance and may face variable and program-specific work-related regulations. The FSS program was designed to support the employment goals of a person with the ability to work full time. However, the program’s emphasis on self-sufficiency and building savings has attracted a number of participants

with disabilities that limit their ability to work but who are motivated to increase their financial stability.

By federal law, the FSS program cannot be made “off limits” to someone with a disability. However, the unique challenges that participants with disabilities face in the program point to the need for more federal guidance on how local housing agencies can help all participants succeed in the FSS program. As one coordinator put it, “I would never deny anyone entrance to the program” and “so many people want the program.” However, because the program relies on increased earnings and work efforts, FSS program participants need to fully understand the purpose and requirements of the program.

21 percent of households living in public housing and 28 percent of households receiving vouchers have a disability.

An additional obstacle is posed by the eligibility rules of the Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI) programs, in which benefits are contingent on earnings and hours worked. As the Social Security Administration website explains, “Your disability benefits will stop if you work at a level we consider ‘substantial.’”⁶⁶ The complexity of these programs’ rules underscores the value in having highly knowledgeable FSS program coordinators who can help participants navigate a range of external programs’ requirements. At one site, the coordinators described how they are transparent with clients from the beginning about what types of people will succeed in the program and exploring whether or not participants are a good fit.

This dynamic has been challenging for practitioners and researchers alike. For example, when MDRC conducted an evaluation of the FSS program in New York, they found

⁶⁵ National Low Income Housing Coalition. *Housing Spotlight. Who Lives in Federally Assisted Housing?* (2012).

⁶⁶ Social Security Administration, 2013.

that the program “attracted large numbers of elderly or disabled voucher holders, or both, and these individuals may not have fully understood the program’s focus on work. Roughly 21 percent of the FSS program enrollees and about 13 percent of the incentives-only enrollees were either elderly or disabled.”⁶⁷ This enrollment pattern aligns with reports from FSS program coordinators around the U.S. about high levels of interest and participation from elderly and disabled voucher holders. As a program explicitly designed to increase employment, the FSS program is not necessarily structured to serve elderly and disabled households, but some of these households do enroll.

Other sites reported that participants may have mental health issues, some of which are undiagnosed. Mental health challenges as varied as depression, bipolar disorder, schizophrenia, or a history of alcohol or drug abuse may impede an individual’s ability to work consistently and build assets in the FSS program. FSS program coordinators repeatedly cited the need for effective linkages to mental health services to help identify these barriers and work around them. In MDRC’s study in New York, over 22 percent of non-disabled study participants reported feeling down, depressed, or hopeless in the two weeks before baseline. Creating additional linkages to mental health counselors and services, as well as embedding mental health-related goals (such as engaging in therapeutic counseling or stress management exercises) into the FSS program may help mitigate this barrier. Regardless, the participation of households with special needs in the FSS program places a special burden on coordinators to serve a population with very diverse needs.

Program Coordinators’ Training

The FSS program does not specify requirements for who should occupy the role of program coordinator. As such, the training and experience of coordinators vary widely across

programs. There are few formal opportunities for program staff to share their experiences with one another, and several coordinators reported feeling isolated from their colleagues at other PHAs. Other coordinators reported on their active involvement in local groups or roundtables where they exchanged ideas with program coordinators who are grappling with similar, regionally-specific issues. The variation in the quality of services offered creates significant variation in program outcomes that complicates evaluation of different FSS programs.

One FSS program coordinator identified the provision of case management services to participants as the “strongest aspect of the program.” She also characterized the coordinators on her team as highly knowledgeable of local training and employment opportunities. Some, but not all, of the coordinators at her site had bachelor’s degrees. In many cases, FSS program participants trusted and identified strongly with their coordinators and thus looked up to them as guides. Participants gain confidence from seeing competent and professional staff available to work with them. At this particular site, most of the FSS participants and all the program staff are women. A shared gender identity and other life experiences helped build rapport between participants and staff and to establish the credibility of program coordinators as effective resources.

A program coordinator at a different site described how she personalizes the relationships she builds with participants. She writes and distributes a quarterly newsletter about the program to all participants and sends every member of FSS program households a birthday card every year. This coordinator also arranges gift baskets for particularly high-needs households during the winter holiday season. These “personal touches” help her build positive relationships with participants and lay the groundwork for participants’ success in the program.

Some staff build relationships with participants through home visits, which can be more convenient for participants and also provide a means for a case manager to understand

⁶⁷ See Verma et al. (2012). Elderly participants or individuals with disabilities were not included in the main evaluation, but their experiences were discussed separately in the appendices of MDRC’s report.

the unique challenges of participants. These visits can help mitigate the frustration staff may experience related to participants who are not in compliance with FSS program rules. FSS program coordinators typically make phone calls, send letters, and place people on probation before dropping them from the program. HUD's 2011 study of the FSS program found that one-third of participants left the program without completing their contract, and thus forfeited their escrow funds. Regular home visits and face-to-face contact with the program is one strategy to keep participants fully engaged and address any compliance issues before they are a threat to success.

HUD programs are already required to “make reasonable efforts to provide language assistance to ensure meaningful access for LEP [limited English proficiency] persons to the recipient's programs and activities.”⁶⁸ However, some program coordinators described concerns about how language barriers play a role when working with LEP participants. Hiring bilingual and bicultural staff who can communicate with people in languages other than English was cited as a way to address barriers to success for LEP individuals and households. One FSS program coordinator noted that the “American Dream” narrative embedded within the FSS program is a particularly powerful motivator for immigrant participants, many of whom have LEP. Removing language as a barrier ensures households receive this aspirational message clearly and receive adequate support to achieve their goals. While some FSS programs may be unable to hire bilingual staff, alternatives such as phone-based translation services can help sites cope with the diverse language needs of clients.

While coordinators overwhelmingly stated that they maintain positive working relationships with representatives of HUD, many of them identified a range of creative strategies and practices that HUD could employ to better train FSS program staff at the local level. Examples of trainings that FSS program staff would like to see include

⁶⁸ U.S. Department of Housing and Urban Development (2007). Limited English Proficiency (LEP) Frequently Asked Questions.

cultural competency training, financial education, and mental health counseling. One FSS program has reported strong program outcomes from using a more robust form of “financial coaching” with participants to work on specific credit, debt, and savings-related issues. This is a technique worthy of further exploration in the FSS program context.

Community Partnerships

Some FSS programs rely on volunteers to deliver additional services such as financial education, credit counseling, homeownership readiness trainings as well as language skills, tutoring, and resume-writing. At one site using this approach, the FSS program coordinator explained that this program serves a function beyond just providing needed services to participants; it creates connections between diverse groups of people. Participants can learn valuable skills from other people in the community but it also creates opportunities for people in the broader community to interact with program participants in ways that can dispel myths about people who rely on rental assistance.

One FSS program requires participants to take classes on financial topics that are run by volunteers with professional expertise in the financial industry such as bankers, stock brokers, or certified financial planners. The director of this program noted several advantages to working with these highly-qualified external volunteers. By bringing in financial services professionals, FSS program participants learn more about how to use financial products and are able to break down both the real and perceived barriers to accessing formal financial institutions.

The basic structure of the FSS program creates opportunities for local housing authorities to build linkages with local non-profit organization that offer a range of services. An FSS program might contract out for specific services or explore a more explicit partnership, where, for example, the housing authority administers the escrow account and another organization assumes responsibility for providing case management.⁶⁹

⁶⁹ Cramer and Lubell (2005).

Coordinators can help FSS program participants connect with various programs to leverage the funds in their escrow account with an eye toward long-term financial security and asset ownership. For example, some localities have homeownership grant programs for income-eligible residents that will augment the funds accumulated in the escrow. Other asset-building strategies, like Individual Development Accounts (IDAs), can be coupled with the FSS program. IDAs are savings accounts specially designed to assist low-income households in saving for aspirational goals, such as education or homeownership, by matching savings at a designated rate. FSS programs that partner with an IDA program have an opportunity to boost participants' savings.

At multiple sites, staff explained that they consistently refer FSS program participants to local IDA programs. Many of these IDA programs are administered by local non-profit organizations and are entirely independent of the FSS program. However, FSS program coordinators can reduce the hurdles to accessing IDA programs by developing relationships with these organizations. Likewise, local asset-building organizations with an IDA program can conduct outreach to FSS program participants who are already working to build up their savings.

Coordinators at one site cautioned that some participants have run into problems with IDA programs because they had negative profiles in ChexSystems, a database that tracks consumer relationships with deposit accounts like basic savings or checking accounts. If a participant has a history of overdrawing from a checking account, they may find it difficult to open another bank account. Thus, coordinators explained that sometimes they work with participants to navigate banking relationships and advocate for “second chance accounts” for people who have poor checking and savings account records.

FSS program coordinators at one site also discussed ways to use the tax-filing process to help their clients achieve financial goals. As one FSS program coordinator put it, FSS

program participants “really should not be spending money on getting their taxes done.” Instead, FSS program coordinators can refer participants to Volunteer Income Tax Assistance (VITA) sites to ensure they have access to free tax preparation services. Some programs already do this: Maya Brennan and Jeffrey Lubell profile a partnership between Boston’s housing authority and a local EITC coalition that facilitates tax preparation and EITC awareness for rental assistance recipients.⁷⁰

Coordinators explained how a conversation about saving at tax time could lead to a broader one about the pitfalls of using short-term, high-interest loans (such as payday loans) or refund anticipation loans or checks. These products have been identified by researchers and advocates as detrimental to the asset-building process because they can trap financially vulnerable individuals in a cycle of debt. By connecting FSS program participants to tax-themed savings resources, coordinators can “plant the seed” for future conversations throughout the year about the importance of saving and provide a reminder about the purpose of the escrow account.

Uses of Escrow Account Funds

One attractive and marketable feature of the FSS program for participants is the potential to build up a pool of resources in the escrow account. Coordinators from multiple sites expressed mixed feelings on the current treatment of escrow funds, which do not have restrictions on use once a participant graduates. A few coordinators expressed concern that some FSS program graduates use their funds in “frivolous” ways that do not appear to support long-term economic security goals. Thus, these coordinators viewed introducing restrictions on the use of funds as a positive change that would help ensure that graduating participants use their escrow accounts to further educational, vocational, or homeownership goals.

Several FSS program coordinators discussed a proposed piece of legislation from 2012 that would create specific

⁷⁰ Brennan and Lubell (2012).

guidelines for uses of escrow funds for participants still receiving rental assistance.⁷¹ The proposed reforms would establish the following as approved uses for escrow funds:

- Purchasing a home;
- Paying for formal education or job training;
- Starting or investing in a small business;
- Buying or repairing a car;
- Paying down debt as part of a credit repair program;
- Investing in a retirement savings vehicle;
- Investing in a qualified educational savings plan; and
- Purchasing a computer.

While some coordinators argued that FSS program participants require more guidance and structure in how to effectively use their escrow funds, others were concerned that this change would make the program less desirable to rental assistance recipients. Because coordinators identified “word of mouth” as one of their primary program recruitment strategies, several expressed concern that changes to the program would undermine their efforts to recruit enough participating households.

While the housing crisis has affected how program staff at one site think about promoting homeownership as a goal, it does not seem to have stanching the flow of participants interested in buying a home.

Staff at one FSS program thought that imposing some restrictions on the use of escrow funds would solidify the asset-building component of the program. They envisioned a compromise between the current system (where FSS program graduates get their escrow funds and have no restrictions on use) and a totally restricted one (where the

⁷¹ Affordable Housing and Self-Sufficiency Improvement Act of 2012, 93.

PHA or legislation imposes a narrow list of qualified uses for the escrow funds). They proposed imposing some modest restrictions on the use of funds so the program reflects an asset-building opportunity, while maintaining a broad enough list of approved uses to still allow participants to self-determine how to fulfill their most important financial needs.

Homeownership Promotion

For many low-income households, homeownership is a desirable but often inaccessible dream. Additionally, these households are particularly vulnerable to predatory mortgage products, fluctuations in interest rates, or any sudden life event that would limit their ability to keep up with mortgage payments. Despite these risks, there are potential rewards to owning a home, both financial and social.

Americans overwhelmingly support and express interest in homeownership. A 2011 Opportunity Agenda report summarized several public opinion polls and found that four out of five renters say it is important to them to buy a home one day.⁷² Importantly, the top reason respondents reported for why they desire to own a home was having a place to raise a family. Building equity came in second. Staff at one FSS program reported that while the housing crisis has affected their thinking about promoting homeownership as a programmatic goal, it does not seem to have stanching the flow of participants interested in buying a home.

In recognition of the wealth-building potential of homeownership, particularly when accompanied by adequate consumer protections, a range of asset-building initiatives have sought to bridge this aspirational gap and create pathways to homeownership for Americans at all income levels. Many localities have used their FSS programs to help households make the transition from rental assistance to homeownership. The success of these programs varies considerably according to the strength of

⁷² Opportunity Agenda (2011).

the local housing market, the quality of the coaching on homeownership-specific issues, and the resources available locally to bolster households' down payments.

At one FSS program that places a major emphasis on homeownership, coordinators help participants connect to local home-purchase assistance funds that supply funding for down payments for income-eligible first-time buyers. This funding stream boosts the buying power of lower-income FSS program participants who may have sizable savings in their escrow accounts but still not enough to make a home purchase.

Program Awareness

The FSS program has a relatively low profile among both recipients of rental assistance and those in the housing community. Many housing authorities run relatively small programs, with a single FSS program coordinator supporting a caseload. HUD has not been able to devote substantial staff to supporting or publicizing the program.

Many participants become aware of the program through word of mouth from friends or family members who have participated. Programs have experimented and continue to rely on a range of advertising strategies to get motivated participants into the program. At one site, the case manager includes information about FSS in the welcome packet for every new household receiving a Housing Choice Voucher. Other sites rely on partnerships with the local media to highlight success stories, such as graduates going on to purchase homes.⁷³ While the FSS program escrow account mechanism can be confusing, it appears popular once people become familiar with it. Sharing and evaluating program successes can help build support among advocates, practitioners, and policymakers in the years to come.

⁷³ See Appendix E for examples of these news stories.

Policy Recommendations

Understanding the program's strengths and limitations provides a foundation for policy reforms that can amplify the program's impact. While there is still more to learn about the FSS program and the variables that lead to successful outcomes, the existing research provides key insights that can be used to refine the program.

FSS program coordinators are well-positioned to provide expert input on program design, best practices, areas for improvement, and legislative proposals. The first set of proposals focuses on sharpening HUD's role with the program, the second set explores the external partnerships needed to bolster the program, and the third set offers suggestions for the public housing authorities administering the program.

HUD's Role

The U.S. Department of Housing and Urban Development has potential to take a more active and centralized leadership role in FSS at the national level. FSS coordinators describe HUD staff as helpful and valuable resources. However, many HUD staff members are not focused on the FSS program exclusively. While HUD retains responsibility for overseeing the rules that govern the program, the federal role in guiding the implementation of localized FSS programs is difficult to detect. There are a number of ways that HUD could more effectively support the effective implementation of the FSS program at the local level.

Dedicate Staff Resources to the FSS Program

GAO's 2013 report noted HUD has not been able to dedicate adequate staff to the FSS program. The program has been treated more as a special mechanism to calculate rents than as a distinct program that would require oversight and support. The lack of staff resources at the national level has created information gaps and allowed administrative problems to go unaddressed for long periods of time. This could be corrected by assigning more dedicated staff to support the program. There are nine Full

Time Equivalents (FTEs) assigned to the FSS program, but only two of these are at HUD headquarters, while the rest are spread across field offices, and none work exclusively on the FSS program.⁷⁴

Build a Community of Best Practices

HUD should request, curate, and distribute information to coordinators on FSS program best practices. There is incredible creativity and innovation within individual FSS programs at the local level, but no substantial infrastructure in place for coordinators to share their strategies with other PHAs. While informal networks, including a robust online list serve, have emerged to fill this gap, the process would be much improved and more effective with oversight and central management from HUD. This work would allow HUD to develop detailed guides for how to replicate and scale existing FSS programs and FSS-inspired programs.

Improve Data Collection

To support program expansion, policymakers often ask to see data showing impacts and strong outcomes. The collection of FSS program data is uneven. The recent GAO study identified large gaps in participant data, which undercuts evaluation efforts. Part of the problem may be errors in data entry or poorly designed data systems. Regardless of the cause of these data problems, HUD needs to commit resources to improving the collection of basic program data. This effort would ideally include an initiative to track participants after they leave the program to better discern the longer-term impacts of the program.

Establish Implementation and Evaluation Metrics

The FSS program is designed to be flexible and meet a wide range of participant needs in diverse contexts. However, in order to evaluate the program's effectiveness, policymakers and researchers alike must agree on what outcomes and metrics are most worthwhile to track. In collaboration with researchers and practitioners, HUD should oversee a process of identifying a set of relevant metrics that

particular PHAs and FSS programs can work with in order to track the effectiveness of their efforts.

There is a great deal of variation among PHAs in whether and to what extent they participate in the FSS program. The FSS program does not exist at every PHA. At sites that do have an FSS program, some programs are robust and innovative while others fail to gain much traction. HUD should provide focused outreach efforts to non-participating PHAs as well as more training and other technical assistance to the PHAs running FSS programs. HUD should explicitly frame the FSS program to PHAs as a beneficial and valuable program that helps participants build assets, improve their financial situation, and move out of poverty and off assistance. While the work incentive component of the program appears well understood, many FSS programs lack the information and tools to articulate the asset-building component of the program.

The lack of consistency across FSS programs makes evaluation extremely difficult. Less effective FSS programs are evaluated alongside strong programs, diluting the results and apparent effectiveness of the overall intervention. Furthermore, the absence of defined and appropriate metrics means some possible outcomes can be classified as a "failure" but might represent a success depending on the individual circumstances.

Some FSS programs have benefitted from a research-heavy program focus, for example, by collaborating with local universities. This promising approach has allowed programs to track a broader set of metrics than those required for routine data collection. Further, not all PHAs running an FSS program are necessarily required to include FSS program-related criteria in their broader assessments and evaluations to HUD. Including all FSS programs in the PHA evaluation process would send a message about the importance of data collection and HUD's support for the program itself.⁷⁵ Ultimately, establishing metrics for program implementation and

⁷⁴ HUD (2012). FY 2013 Budget.

⁷⁵ HUD (2012). Notice PIH 2012-44 (HA).

performance outcomes will help HUD determine what specific components of the FSS program are most valuable to participants and help determine who the program works best for.

Articulate a Policy on Participants with Disabilities

There is considerable misinformation and confusion among both FSS program coordinators and program participants on how the program can successfully serve participants with a household head who has a disability. HUD must issue clear guidance to clarify for FSS programs whether and under what circumstances disabled households can participate and how this may affect their eligibility for other programs. HUD should work with advocacy organizations from the disability community to evaluate successful asset-building strategies for this target population, so these lessons can be incorporated into program best practices.

Partner Actively with Other Federal Agencies

HUD should establish partnerships with other federal agencies to streamline services and build awareness and support for FSS. The goals and structure of the FSS program create natural points of connection to a number of other agencies, including the Department of Labor, Department of Education, and the Department of Health and Human Services. These agencies oversee programs that are frequently accessed by FSS participants, such as TANF, welfare-to-work programs, and Individual Development Accounts. There are many opportunities for collaboration among program administrators that would ultimately benefit participants. Some of these partnerships are already underway, but they have not been made explicitly public.

Address Funding Challenges

While FSS program funding levels have remained relatively stable in recent years, some FSS program coordinators have expressed concern that the annual stream is frustrating for a program that spans over multiple years. One coordinator worries when working with clients that they'll have the rug

ripped out from under them mid-way through their commitment to the FSS program by any funding changes.⁷⁶ Because these funding changes would come from the federal level, HUD staff, legislative staff, and advocates must ensure that there are no interruptions to funding in any future legislative proposals. HUD can also play a role in encouraging PHAs to diversify their funding streams by forging partnerships with other organizations perform case management services. Additionally, HUD can send a clear and encouraging message to PHAs about the potential to raise private funding to support a more robust program. In this manner, HUD can help PHAs expand the capacity of their FSS programs.

The Role of Non-Profit Partners

Many FSS programs rely on partnerships with non-profit organizations. These groups provide services that are accessed by FSS participants or are directly involved in the administration of the program. Partnerships can increase the effectiveness of the FSS program model or expand on it. Specifically, non-profits providing holistic case management services should explore partnerships with FSS programs. These arrangements can also expand the capacity of individual FSS programs and mitigate some funding uncertainties.

Build Public-Private Partnerships

Many FSS programs already rely on the funding, in-kind support, and other resources of private non-profits, local small businesses, and larger corporations to support their FSS program participants in creative ways. Further developing these partnerships has the potential to increase the program's impact and reach. PHAs can also consider engaging more explicitly with private foundations, the philanthropic community, and the impact investing community on the potential of FSS to serve as an asset-building lever.

⁷⁶ HUD regulations do specify that contracts of participation must be honored even in the face of a lack of HUD funding for the program coordinator.

Public-private partnerships can also bring new techniques or concepts to inform best practices to the FSS program community. For example, Compass Working Capital (discussed previously) has developed an effective FSS program that relies on a financial coaching model, rather than solely on service coordination or case management. According to existing evaluations of Compass' work, the financial coaching model has proved successful at giving participants tangible, individualized support on short and long-term indicators of financial stability. Participants at the Compass FSS program work on issues related to income and employment, credit repair and debt management, savings, utilization of quality financial services, and asset building.⁷⁷ These issues are given attention at other FSS programs, but the Compass model represents the strength of bringing in external funding, research tools, and knowledge to support the program.

Public-private partnerships have the potential to increase the program's impact and reach.

Develop Local Resources

Non-profits can work with PHAs to create and maintain detailed, localized lists of free and low-cost services and programs. For example, one FSS program coordinator refers her clients to a local program where they can get a computer for only \$10. Some FSS programs actively refer participants to Volunteer Income Tax Assistance (VITA) sites and do other tax-time outreach and partnering with organizations to help participants collect and then leverage the EITC. FSS program coordinators are well-situated to serve as trusted advisors to FSS program participants navigating community resources.

Sharpen Research Efforts

Ideally, new research endeavors will address the limitations of previous studies. Numerous states and localities have

robust asset-building coalitions who could support this work. These groups can effectively reach staff at PHAs with messaging about the program. The program is not just a work incentive; it has an opportunity to open the door to savings and asset development for households that can have a variety of long-term positive effects. These individuals and groups must continue this work by advocating for and conducting additional research to demonstrate the program's effectiveness. Researchers from universities and other academic institutions also have an important role to play in this work.

Expand Advocacy Efforts

Non-profits can play a supportive role in engaging and equipping FSS program participants in successful, well-coordinated advocacy efforts. Several PHAs and non-profit organizations have seen success in sending FSS program graduates or participants to Capitol Hill to advocate for their needs within the program. This strategy serves several purposes. First, it engages FSS program participants directly in the process of policy development, contributing in some cases to a heightened sense of self-efficacy among participants. Advocacy activity can serve as a logical supplement to many of the FSS program's goals that seek to build the skills and motivation of participants. Second, engaging participants directly provides lawmakers and other policymakers with first-hand knowledge about the program's strengths and limitations. People participating in public benefits programs are not always consulted in the policy development or reform process; direct participation in advocacy, as facilitated by PHAs or non-profit partners could offer a way to address this pattern of exclusion.

The Role of Public Housing Authorities

A range of complex social and economic factors have historically limited the effectiveness of the FSS program. By more explicitly acknowledging these barriers to success and addressing them head on, PHAs may see more robust and long-term success among their participants. Many of these recommendations could be accomplished through the

⁷⁷ Kimbrel (2013).

program coordinating committees that all FSS programs are already required to assemble.

Focus on Employment Opportunities

Households that qualify for rental assistance have low or no incomes and would benefit from access to more and better employment opportunities. The lingering effects of the Great Recession include widespread un- and under-employment, which makes finding a job challenging for program participants. FSS programs can partner with local non-profits that employ “job developers,” staff whose role is to identify and facilitate job opportunities in local industries. Many FSS programs do this already with varying degrees of formality but the practice of “job development” should be researched, evaluated, and supported actively in the FSS program context. Because participant success in the program hinges on increased employment, this should be a top priority for FSS programs.

"[The FSS program] makes you want to get back on your feet and get out there and be independent. It puts you in gear and motivates you." – FSS program participant⁷⁸

Promote Skills and Educational Attainment

The education level of program participants frequently limits their ability to find living wage employment. Programs can develop partnerships with providers of targeted skill and vocational training programs, often run by community colleges and other post-secondary educational institutions. Diverse educational expenses should qualify as interim disbursements of escrow account funds to help still-enrolled FSS program participants move up the educational and thus economic ladder.

⁷⁸ Schramm (2013).

Create Links to Child Care Assistance

FSS program coordinators and participants report that the dearth of quality, affordable childcare options hinders participants’ ability to find and keep a job. FSS programs can help by establishing formal partnerships with child care assistance funds or locating additional funds to cover the cost of child care for working parents. Developing clear lines of communication between the FSS program and local Head Start centers for those who participate in both would also help to ensure multi-generational success.

Connect to Transit

In many rural, suburban, and transit-poor urban communities, FSS program participants who do not own cars are greatly limited in their ability to find and retain jobs. To support the employment goals of participants, transportation-related costs such as taxi fare, bikes, transit passes, gas, and car purchases and maintenance should be permitted as approved interim disbursements of escrow funds. Developing partnerships with local organizations that offer car payment assistance, funds to support ridership of public transit, or donations of bikes would enhance the physical mobility of FSS program participants. FSS programs could organize and manage a carpool and rideshare bulletin board at the PHA office for participants to share information with each other. Strategies such as video chat, phone conversations, and home visits could also address participants’ transportation challenges.

Evaluate Effectiveness of National Advocacy Efforts

Some FSS programs actively try to engage participants in national level advocacy efforts to support continued funding and political support for the program. Staff at one site described FSS as an important catalyst for change in the lives of participants and wanted to communicate this message to lawmakers who would be in a position to approve or deny funding changes. Specifically, staff identified the goal-setting feature of the FSS program as one powerful tool to help children growing up in rental-assisted households persevere to college, while also helping adults move out of poverty and off cash welfare assistance.

Staff sought to engage with participants to advocate for the program as a driver of their own upward mobility. Letters, visits, and other forms of direct outreach from FSS program participants could have an important impact on lawmakers contemplating changes to the FSS program funding stream or programmatic structure. However, coordinating this advocacy requires time from both program staff and participants.

Conclusion

Despite a promising structure and bipartisan appeal as both a work incentive and tool for promoting economic mobility, the FSS program has remained a small program within the larger context of HUD-funded rental assistance programs. The proposals outlined in this paper are designed to strengthen the existing program by addressing its limitations and promote its potential expansion.

However, several key challenges persist. Evaluating the FSS program's success is undermined by the lack of clear implementation standards and performance metrics for what a successful program should look like. The flexibility of the FSS program at the housing authority level is a feature that can be both a programmatic advantage and disadvantage.

Socio-economic issues often overwhelm the resources dedicated to the FSS program and thus limit its overall effectiveness. Addressing these barriers more explicitly,

with greater oversight from HUD, and streamlining the FSS program with other benefits programs are all ways the program can continue to improve. Though many FSS program coordinators are well aware of these challenges, they may be limited in their capacity to address them. The proposals set out in this paper offer some concrete strategies to address this gap.

The insights of program coordinators suggest that with a combination of reforms and more robust oversight, the program offers a promising means to assist participating households as they pursue a path to economic stability. Ultimately, the FSS program offers rental assistance participants a substantial employment and asset-building opportunity. If properly managed, adequately funded, and thoroughly evaluated, the program has great promise to serve as a tool for economic mobility among low-income rental assistance households and be a model for other housing and asset-building programs across the country.

Acknowledgements

The author would like to thank staff from the U.S. Department of Housing and Urban Development, as well as Linda Couch, Jeffrey Lubell, Lisa Sturtevant, Sherry Riva, Aleta Sprague, Elliot Schreur, Rachel Black, and Reid Cramer for their thoughtful commentary, feedback, and edits on this paper. Thanks are also due to the fifteen FSS program coordinators who offered their time and perspectives. Any errors are the author's alone.

References

- Anthony, Jerry. 2005. "Family Self-Sufficiency Programs: An Evaluation of Program Benefits and Factors Affecting Participants' Success." *Urban Affairs Review* 41 (1): 65-92.
- Brennan, Maya and Jeffrey Lubell. 2012. "More Than a Roof: Case Studies of Public Housing Agency Initiatives to Increase Residents' Economic Security." Washington, D.C.: Center for Housing Policy.
- Bureau of Labor Statistics. 2012. Consumer Expenditure Survey. Table 1202. Income before taxes: Annual expenditure means, shares, standard errors, and coefficient of variation, 2012. Washington, D.C.: Bureau of Labor Statistics.
- Center on Budget and Policy Priorities. 2011. "Memo to Interested Parties regarding HUD Program Funding for FY2012." Washington, D.C.: Center on Budget and Policy Priorities.
- Center on Budget and Policy Priorities. 2009. "Rental Assistance Is Effective But Serves Only a Fraction of Eligible Households." Washington, D.C.: Center on Budget and Policy Priorities.
- Compass Working Capital. 2013. Website. Boston and Lynn, MA: Compass Working Capital.
- Cramer, Reid. 2004. "Family Self-Sufficiency Program." Shelterforce Online.
- Cramer, Reid and Jeff Lubell. 2011. "Taking Asset Building and Earnings Incentives to Scale In HUD-Assisted Rental Housing." Washington, D.C. New America Foundation.
- Cramer, Reid and Jeff Lubell. 2009. "Rental Assistance Asset Accounts: An Opportunity to Support Work and Savings Among Recipients of Federal Housing Assistance." Washington, D.C.: New America Foundation.
- de Silva, Lalith et al. 2011. "Evaluation of the Family Self-Sufficiency Program: Prospective Study." Washington, D.C.: U.S. Department of Housing and Urban Development, Office of Policy Development and Research. February 2011.
- Edwards, Karen. 1997. "Individual Development Accounts: Creative Savings for Families and Communities." Center for Social Development. Washington University in St. Louis.
- Equal Rights Center. 2013. "Precaución: Obstacles for Latinos in the Virginia Rental Housing Market." Equal Rights Center.
- Food and Nutrition Service. 2010. Washington, D.C.: United States Department of Agriculture.
- Gibson, Karen. 2004. "Raising Assets, Earnings, and Esteem: The Housing Authority of Portland's Family Self-Sufficiency Program." Under review at *Feminist Economics*.
- Gould, Elise. 2013. "Job openings and hires fell in March, and there are still 3.1 job seekers for every job opening." Washington, D.C.: Economic Policy Institute.
- Home Forward. 2013. "Rent Reform at Home Forward Quick Facts." Portland, OR.
- Kemp, Jack. 1992. "Statement to U.S. Senate Committee on Banking, Housing and Urban Affairs." Washington, D.C.: Jack Kemp Foundation.
- Kimrel, Delia. 2013. "Compass Financial Stability and Savings Program Pilot Evaluation: Second Year Report." Prepared for Compass Working Capital. Waltham, MA: Institute for Assets and Social Policy at Brandeis University.
- Laffer, Arthur. 2013. "Work Disincentives, Still Crazy After All These Years." *Wall Street Journal*. February 8, 2013.
- Lubell, Jeffrey. 2004. "A Diamond in the Rough: the Remarkable Success of HUD's FSS Program." *FSS Partnerships*. March 31, 2004.

-
- McCue, Daniel. 2008. "Focus on Critical Rental Housing Policy Experiments: Framing the Discussion for February 13th." Joint Center for Housing Studies. Cambridge, MA: Harvard University.
- National Alliance to End Homelessness. 2013. "Snapshot of Homelessness." Washington, D.C.: National Alliance to End Homelessness.
- National Low Income Housing Coalition. 2012. "Who Lives in Federally Assisted Housing?" Housing Spotlight. Vol 2, Issue 2. Washington, D.C.: NLIHC.
- Office of Inspector General. U.S. Department of Housing and Urban Development. 2013. "HUD's Monitoring and Administration of the Housing Choice Voucher Family Self-Sufficiency Program." Memorandum. October 30, 2013.
- Opportunity Agenda. 2011. "Memorandum: Public Opinion on Opportunity and the American Dream, Homeownership, and Housing." Washington, D.C.: Opportunity Agenda.
- Rohe, William and Racehl Garshick Kleit. 1999. "Housing, Welfare Reform, and Self-Sufficiency: An Assessment of the Family Self-Sufficiency Program." Housing Policy Debate. Vol 10, Issue 2. 1999.
- Sard, Barbara. 2001. "The Family Self-Sufficiency Program: HUD's Best Kept Secret for Promoting Employment and Asset Growth." Washington, D.C.: Center on Budget and Policy Priorities.
- Schramm, Jill. 2013. "Savings program leads to home ownership." Minot Daily News. September 19, 2013.
- Social Security Administration. 2013. "Disability Planner: What Can Cause Benefits to Stop?" Washington, D.C.: Social Security Administration.
- Sprague, Aleta and Rachel Black. 2012. "State Asset Limits Reforms and Implications for Federal Policy." Washington, D.C.: New America Foundation.
- Steffan, Barry et al. 2013. "Worst Case Housing Needs 2011: Report to Congress." Washington, D.C.: U.S. Department of Housing and Urban Development.
- Steffan, Barry et al. 2011. "Worst Case Housing Needs 2009: Report Congress." Washington, D.C.: U.S. Department of Housing and Urban Development.
- U.S. Department of Housing and Urban Development. 2013. Family Self-Sufficiency - Frequently Asked Questions. Washington, D.C.: U.S. Department of Housing and Urban Development.
- U.S. Department of Housing and Urban Development. 2013. FY 2014 Budget Presentation. Washington, D.C.: U.S. Department of Housing and Urban Development.
- U.S. Department of Housing and Urban Development. 2013. Press Release. Racial and Ethnic Minorities Face More Subtle Housing Discrimination: HUD study finds decline in blatant discrimination while unequal treatment persists. Washington, D.C.: U.S. Department of Housing and Urban Development.
- U.S. Department of Housing and Urban Development. 2013. Program Offices: Community Planning and Development: Affordable Housing. Washington, D.C.: U.S. Department of Housing and Urban Development.
- U.S. Department of Housing and Urban Development. 2012. Notice PIH 2012-44 (HA). Subject: Section Eight Management Assessment Program Guidance. Washington, D.C.: U.S. Department of Housing and Urban Development.
- U.S. Department of Housing and Urban Development. 2012. FY 2013 Budget: Housing and Communities Built to Last. Washington, D.C.: U.S. Department of Housing and Urban Development.

-
- U.S. Department of Housing and Urban Development. 2012. FY 2012 Housing Choice Voucher Family Self-Sufficiency (HCV FSS) NOFA. Washington, D.C.: U.S. Department of Housing and Urban Development.
- U.S. Department of Housing and Urban Development. 2012. FY 2012 Public and Indian Housing Family Self-Sufficiency Program NOFA. Washington, D.C.: U.S. Department of Housing and Urban Development.
- U.S. Department of Housing and Urban Development. 2013. HUD Reports Continued Decline in U.S. Homelessness Since 2010. Washington, D.C.: U.S. Department of Housing and Urban Development.
- U.S. Department of Housing and Urban Development. 2007. Limited English Proficiency (LEP) Frequently Asked Questions. Washington, D.C.: U.S. Department of Housing and Urban Development.
- U.S. Government Accountability Office. 2013. Rental Housing Assistance: HUD Data on Self-Sufficiency Programs Should Be Improved. GAO-13-581. July 9, 2013. Washington, D.C.: GAO.
- Verma, Nandita et al. 2012. "Working Toward Self-Sufficiency: Early Findings from a Program for Housing Voucher Recipients in New York City." Washington, D.C.: MDRC. December 2012.

Appendix A: FSS Program Coordinator Interviews

The author conducted a total of 15 semi-structured interviews across eight FSS sites located across the U.S. during 2012 and 2013. These interviews were conducted in person or over the phone. The questions listed below guided the conversations but are by no means exhaustive.

| Number of Interviewees at Each Site | Region | Size and Type of Locality | Do the Interviewees work with a Housing Choice Voucher or Public Housing FSS Program? |
|-------------------------------------|--------------|---------------------------|---|
| 2 | Mid-Atlantic | Large City | Housing Choice Voucher |
| 2 | Mid-Atlantic | Large City | One in Each |
| 1 | West Coast | Rural County | Housing Choice Voucher |
| 1 | New England | Small City or Town | Housing Choice Voucher |
| 1 | West Coast | Large City | Housing Choice Voucher |
| 3 | Mid-Atlantic | Suburban County | Housing Choice Voucher |
| 2 | New England | Mid-sized City | Housing Choice Voucher |
| 3 | Mid-Atlantic | Suburban County | Housing Choice Voucher |

Large City = more than 200,000 residents

Mid-sized City = 50-199,999 residents

Small City or Town = 1-49,999 residents

Rural County = a county considered to be outside of the nearest metropolitan area

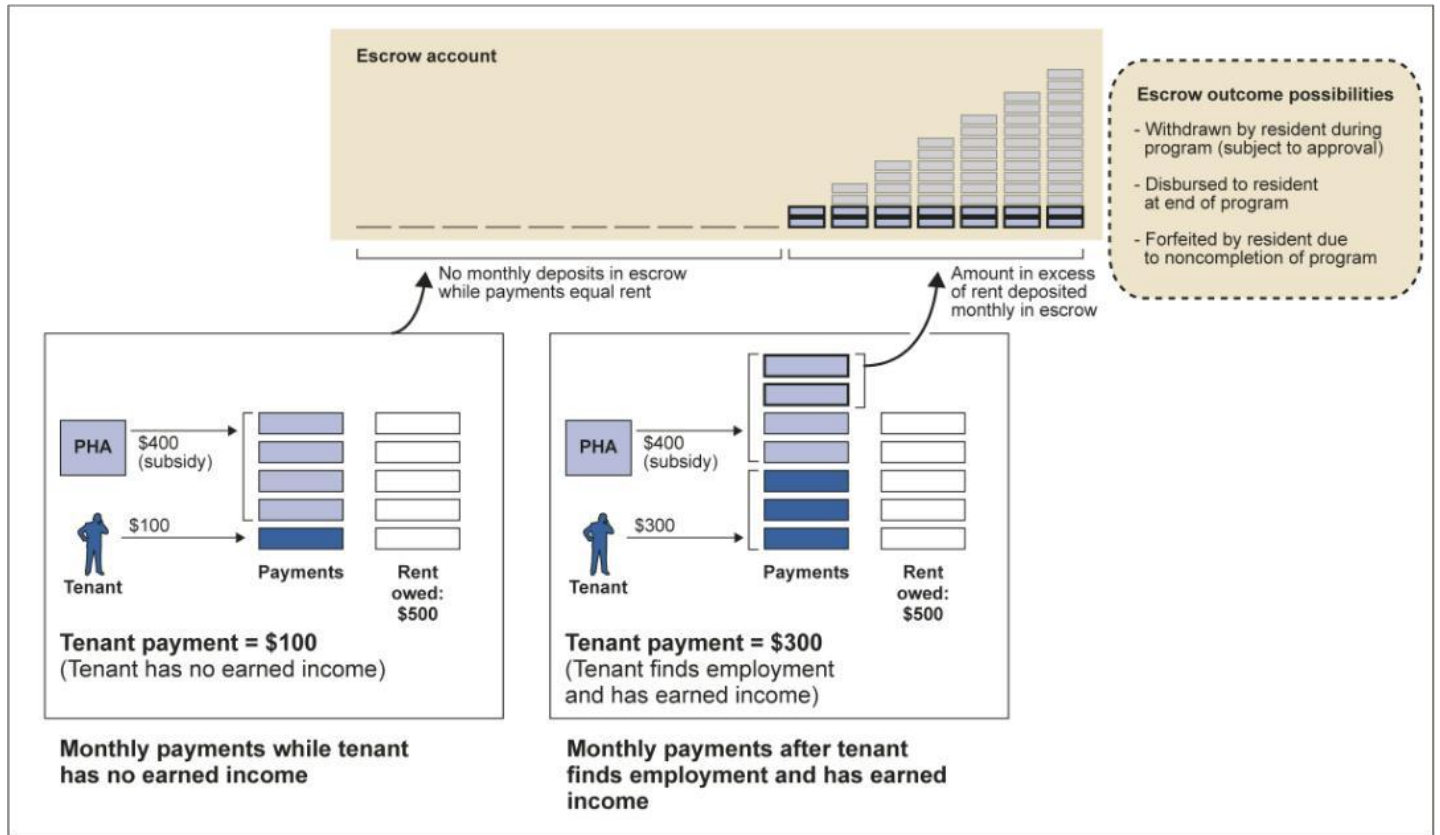
Suburban County = a county considered to be part of the metropolitan area of a nearby city

Guiding questions for interviews included:

- What do you perceive to be the largest barriers to participants succeeding in the FSS program?
- What additional guidance or training would FSS program coordinators like to see from HUD?
- What would you like HUD to know about your work and the challenges you experience?
- How do the educational background and life experiences (including racial background or other demographic factors) shape the relationships that FSS staff have with program participants? How do these characteristics affect outcomes in the program?
- How do coordinators handle FSS participants who struggle to meet their program commitments or show up for appointments?
- What best practices has your site developed for the FSS program?
- What are you particularly proud of at your site?
- Is there anything specific that you want people advocating for FSS funding levels or changes to the program to know about?

Appendix B: FSS Program Escrow Account Structure

This figure appeared originally in GAO's 2013 report "Rental Housing Assistance: HUD Data on Self-Sufficiency Programs Should Be Improved" on page 6.



Source: GAO.

Note: The figure presents a hypothetical example. Individual FSS participant experiences may vary based on factors, including level of income at program enrollment and changes in employment and income during program participation.

Appendix C: MDRC Study

Recognizing the limitations of previous research on the FSS program, MDRC researchers used a random assignment demonstration to evaluate what benefits were directly attributable to the FSS program. In December 2012, MDRC released initial findings from this demonstration, called the “Work Rewards Demonstration.” The report presents findings from the evaluation on how programs can increase employment and earnings levels for HCV recipients.

The MDRC study is actually comprised of two parallel evaluations, both conducted in New York City. The first part evaluates the FSS program as a treatment alone and alongside an employment incentive program. The second part evaluates the employment incentive program alone.⁷⁹ Each part of the demonstration maintained a control group of voucher holders who received no additional treatment beyond what typical rental assistance households receive from their housing agency. Figure C.1 illustrates the study design. This report primarily discusses findings from the FSS evaluation portion of the study. However, because the FSS portion also evaluated a supplemental “employment incentives” program, the mechanics of those incentives are explained below.

In the FSS program part of the study, three groups of New York City Department of Housing Preservation and Development⁸⁰ (HPD) voucher holders were assembled to test the effects of different interventions. The first group was assigned to the FSS program alone, the second was assigned to the FSS program in conjunction with an employment incentives program, and the final group received no intervention beyond their housing voucher. Thus, the control in this study was a group of voucher holders who received no additional services beyond standard rental assistance. This study design sets the MDRC study apart from previous studies which compared different groups of FSS program participants to each other.

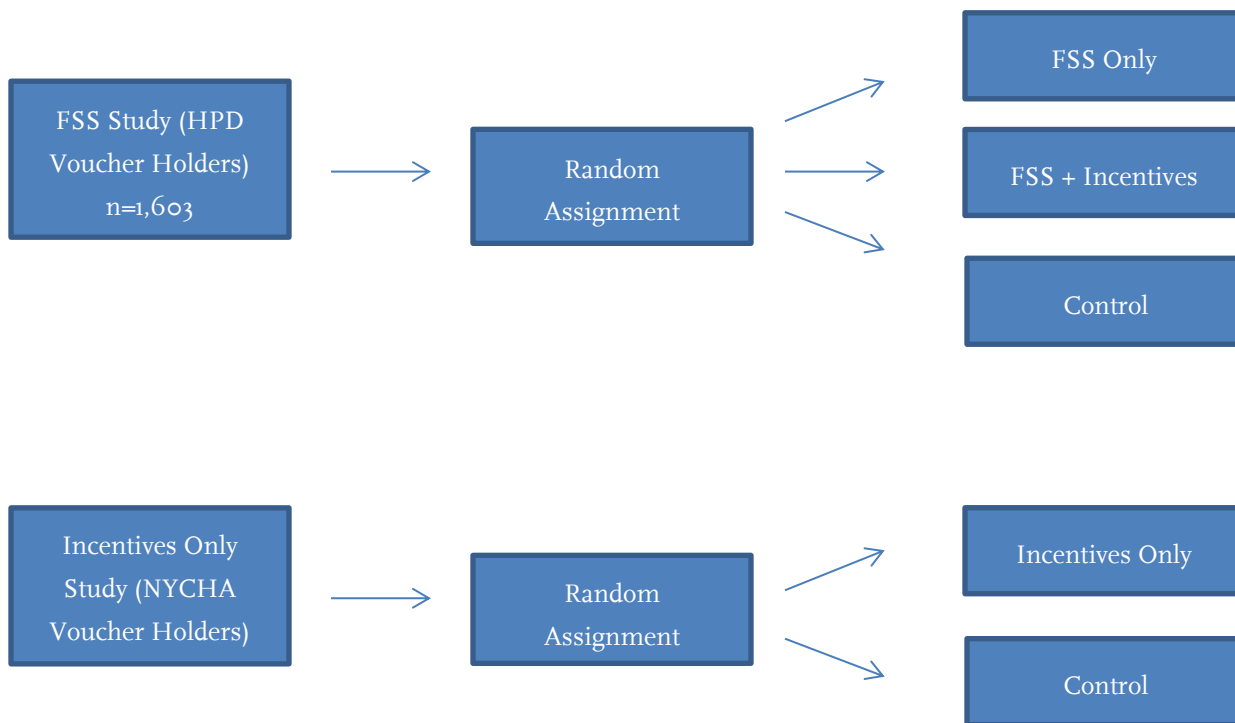
The incentives component of both studies functioned by providing cash bonuses to participants based on their employment and educational patterns. Specifically, participants could receive a \$150 payment per month (paid out every other month) in exchange for working at least 30 hours per week in six weeks out of every eight week period or for completing approved educational programs. This benefit could give a family an extra \$1,800 per year over the course of the two-year period (that is, the potential to earn an extra \$3,600). Employment incentives were delivered to special “Opportunity NYC” accounts that had no fees and came with ATM cards with no risk of overdraft. Multiple credit unions and banks participated in the study by agreeing to offer these low-risk accounts. Reward payments made to participants were not counted as income so they did not affect rent subsidy levels, TANF, food stamps, or the Earned Income Tax Credit, but they might affect eligibility and payment amounts for Supplemental Security Income (SSI).

⁷⁹ The second part of the study evaluated the impact of an employment incentives program on a group of New York City Housing Authority (NYCHA) voucher holders. In this part of the study, participants were randomly assigned to one of two groups: a group receiving the same employment incentives as described above (but not the FSS program) and a control group.

⁸⁰ New York City operates two housing related agencies which both offer housing voucher programs. HPD (the NYC Department of Housing Preservation and Development) provides vouchers to people living in HPD properties, properties undergoing HPD renovations, and homeless shelters. NYCHA (the NYC Housing Authority) accepts income-eligible applicants from the general public, although as of 2013, its Section 8 housing voucher waiting list has been closed since 2009.

Figure C.1

The figure below is an adaptation of MDRC's original figure to clarify the study design.



The MDRC study collected participant-level data that effectively illustrate characteristics of the FSS program population. The data presented below demonstrate the relative similarities between the control, the FSS program, and the FSS program plus incentives study groups. By ensuring that the study participants are demographically similar to the control group, the MDRC study is well-positioned to identify what outcomes are directly attributable to program participation. This design feature addresses a fundamental limitation of previous studies. Demographic data on FSS program participants and voucher holders more broadly are important because this information sheds light on various factors that have an impact on participants. For example, the fact that over 85 percent of participants are earning less than \$300 weekly (or \$1200 per month) and that nearly a quarter are reporting signs of depression suggest significant economic and social challenges in the lives of participants.

Table C.1. Selected Baseline Characteristics of All Adults in the FSS Study by Assigned Group
(Excerpted from Table B.2 in MDRC's 2012 study)

| Characteristic | Control Group | FSS Only Group | FSS Plus Incentives Group |
|--|---------------|----------------|---------------------------|
| Percent Female | 76.0% | 75.1% | 75.5% |
| Average Age | 44.3 | 44.1 | 44.2 |
| Percent classified as non-elderly and non-disabled | 77.7% | 78.5% | 77.3% |
| Percent with a bank or credit union account | 51.3% | 50.3% | 50.6% |
| Percent with savings | 20.9% | 22.5% | 18.1% |
| Percent with H.S. diploma or GED | 53.5% | 57.5% | 58.7% |
| Percent working 30+ hours per week | 24% | 25.1% | 22.6% |
| Percent with weekly earnings less than \$300 | 87.3% | 85.6% | 88.0% |
| Percent reporting feeling down, depressed, or hopeless in past 2 weeks | 22.3% | 22.4% | 22.4% |

MDRC found that those who participated in the FSS program alone or the FSS program plus incentives program saw no effect on their employment rate or on rate of receipt of public benefits like SNAP and cash welfare. While the FSS program-only group did see statistically significant gains in employment in the first year of the evaluation, these gains did not retain statistical significance for the entire study period. Neither the FSS program alone nor the FSS program plus incentives group saw a statistically significant impact on earnings. The table below shows the employment rate, earnings level in both study years, and receipt of TANF for each study population and whether there was statistical significance of the findings.

Table C.2. Impact on Employment, Earnings, and TANF Receipt in FSS Evaluation
(Excerpted from Table 4.1 of MDRC's 2012 study)

| | Control Group | FSS Only | FSS Plus Incentives | Statistically Significant Impact of FSS Only? * | Statistically Significant Impact of FSS Plus Incentives? |
|---|---------------|----------|---------------------|---|--|
| Employment Rate (%) Full Study Period | 43.1% | 46% | 46.5% | No | Yes |
| Earnings Year 1 | \$6,906 | \$6,950 | \$7,117 | No | No |
| Earnings Year 2 | \$7,280 | \$7,569 | \$7,637 | No | No |
| Number of Quarters in which Household Received TANF | 1.8 | 1.5 | 1.6 | Yes | No |

*Being statistically not significant means that there is an unacceptably high probability that the study's findings are due to chance and not to the treatment.

While the table above does show some slight improvements in employment and earnings for treatment group participants, the impact of FSS program-only was found to be not statistically significant in these areas. However, the reduction in number of quarters a family received TANF benefits is statistically significant for FSS program-only group participants.

Various subgroups of the study population did see statistically significant improvements in their situations. For example, the study found that the FSS program plus incentives group saw “large and statistically significant increases in average quarterly employment rates and average earnings for voucher recipients who were not already working at the time they entered the study.” However, “FSS combined with the special work incentives [...] did not help those who already had a job.”⁸¹ This conclusion is born out in reports from coordinators that the escrow account design and services offered through FSS are perhaps best suited to assist households who are not working at the start of the program.

Similar to the findings of the PD&R study from 2011, the MDRC study illustrates that the characteristics of participants upon enrollment in the program have a complex and not fully understood relationship with the ultimate success of the program for different individuals. Importantly, staff at organizations participating in the MDRC study reported that they “had much more concrete assistance to offer to participants who needed to find jobs than they could offer participants who were already working and hoping to increase their earnings” (Verma, et. al. 2012). Interestingly, this finding contradicts a PD&R finding that graduates of FSS were more likely to be employed and earning more when they began the program than other participants.

Participants in the FSS program-only group who were receiving SNAP at the baseline experienced statistically significant and positive impacts on their earnings and employment rates. MDRC researchers hypothesize that because “the rules of the food stamp program may create a disincentive to work,” study participants receiving SNAP might be “especially responsive to a program that encourages work [...] since that encouragement can offset the potential work disincentives of food stamps.”⁸²

After a year and a half in this on-going study, nearly one in three (29 percent) households in the treatment groups had accumulated some savings in their escrow accounts. Among households with escrow savings, those in the FSS program-only group had managed to accrue an average of \$1,112, while those in the FSS plus incentives group had \$1,312.

The study also highlighted challenges that other FSS programs have encountered. For example, even after rigorous recruitment for the study, only 42 percent of people assigned to the FSS program-only group attended an orientation session, compared with 71 percent in the group assigned to the FSS program plus incentives group. Furthermore, researchers noted that “Scheduling conflicts, transportation and language barriers, and some concerns about the value of what the FSS program offered may have kept some individuals from taking full advantage of the program.” Findings from the incentives-only portion of the MDRC study were similar to the FSS portion.⁸³

The MDRC study has both strengths and weaknesses that make it a valuable contribution to the research on FSS. One strength of the study is that it confirms what other researchers and advocates have previously suggested: that the escrow account concept is confusing and complex to administer. As with other FSS programs, both participants and FSS staff in the MDRC study

⁸¹ Verma et al. (2012).

⁸² Verma et al. (2012), 118.

⁸³ The incentives-only study was comprised of two groups of NYCHA voucher holders, demographically similar to the participants in the FSS part of the study. Forty-seven percent of participants in the incentives group earned at least one incentive payment during the first year and a half of the program. Similar to the results from the FSS part, “those who were more likely to earn rewards had better labor-market prospects when they entered the program: they were more highly educated, less likely to have health-related barriers to work, and much more likely to have been working already” (Verma, N., et. al. 2012). As above, the baseline characteristics of participants in the study appear to matter a great deal when evaluating outcomes. MDRC articulates the key findings from this study: “For the full sample, the incentives-only intervention increased the likelihood of ever working, but not the likelihood of working continuously. It had positive but inconsistent effects on earnings.” Like the FSS study, “The program that offered work incentives alone increased earnings for those who were receiving SNAP benefits (food stamps) at study entry.” Verma et al. (2012).

struggled to understand and fully utilize the escrow account mechanism. The report explains, “Many participants – and even staff in the community organizations, which had not previously operated FSS – did not fully understand how it worked.”⁸⁴ In some cases, program staff shied away from having conversations with participants about how to build savings in the escrow accounts because they were confused about how it worked.

The escrow account is a key component of FSS and has great potential to be a powerful asset building tool for participants. However, if neither participants nor program staff can articulate the concept, its utility as a behavioral lever is limited. The confusing structure of the escrow account may hinder its ability to serve as a work incentive and asset building mechanism. In the context of the MDRC study, if study participants did not fully understand the relationship between their work efforts and the potential to build savings, the evaluation may not indicate the full impact that such a model could have. A future study should thus seek to ensure that FSS program staff are fully trained in how to convey the escrow account to participants. This study also supports the recommendation that HUD better train PHA staff more generally on how to explain the escrow account mechanism of the FSS program to participants.

Another important consideration when examining the MDRC study is its scientifically-rigorous design. By requiring that the participating FSS programs in the study select a random and representative sample of all voucher holders to participate, the study version of the program differs significantly from typical FSS programs across the U.S. In many localities, PHA staff members are legally allowed to screen a certain percentage of their clients for “motivation” to participate in FSS. As MDRC explains, their “approach contrasts with the practices of FSS programs nationally, which are allowed to give preference to voucher holders who appear to be the most motivated to participate in FSS.”⁸⁵ MDRC intentionally eliminated this assessment criterion because it is so subjective. Thus, the study is effectively evaluating the effectiveness of the “treatment” (FSS) without interference from additional demographic factors.

Reliance on subjective selection criteria is one reason that FSS programs around the U.S. may have a participating population that differs from the average rental assistance recipient. This reality is borne out in the findings of the 2011 PD&R study as explained in the previous section. In that sample of FSS program participants from across the U.S., successful participants (that is, those who graduated from an FSS program) had more positive characteristics even before enrolling in the program. FSS program studies going forward must control for biases introduced by participant characteristics or self-selection.

In this vein, the MDRC study is an important contribution to the research on FSS programs because it can control for the phenomenon of self-selection. Households who have the skills, knowledge, and other resources to seek out information about additional programs at their local housing authority, or otherwise make themselves visible to FSS program staff as interested and motivated, may possess important characteristics that amplify their success in the program.

The MDRC study also contains important findings about the issue of savings. Participants in the FSS program treatment groups reportedly liked the opportunity for “forced savings.” This finding is in line with other research suggesting that automating savings behavior is highly effective at ensuring that saving actually happens (see for example, [New America and MDRC’s AutoSave pilot](#) and [Iwry, M. 2006](#)).

⁸⁴ Verma et al. (2012).

⁸⁵ Ibid.

MDRC’s evaluation of the FSS program included several additional statistical quirks that may be important to consider when interpreting its results. Interestingly, participants in the FSS program study control group were actually eligible to participate in an external FSS program unaffiliated with the study. About 5 percent of the control group was thus enrolled in the FSS program administered by LaGuardia Community College. MDRC researchers explain that allowing the control group to access services that normally were available to them was both ethically appropriate and reasonable from a research perspective. As they explain, “Allowing the control group to enroll in FSS did not pose a significant threat to the evaluation.”⁸⁶ However, this feature of the study does represent a limitation. In typical FSS programs, rental assistance recipients who do not participate in their local FSS program have no other outlet to participate in a similar program.

⁸⁶ Verma (2012), 17.

Appendix D: Anthony Study

A number of studies focus on the experiences of program participants at a single FSS program site. This particular study from 2005 used a logistic regression technique to examine the experiences of 135 FSS program participants in Illinois. This study, and others like it, holds important insights about the characteristics of participants who do well in the program.

This study found the following factors to be significantly associated with being more likely to graduate:

- People ages 25-40 than those older or younger
- Single more likely than married
- Acquisition of new skills during program
- High school diploma at entry
- Higher income at entry

Factors that were found not to be associated with the likelihood of graduation included:

- Race of participant
- Skills at program start
- Prior work experience
- Amount of time spent with caseworker
- Length of time in program

Participants with a higher income and those in possession of a high school diploma or higher were significantly more likely to graduate from the program. These consistent findings help illustrate the precise demographic that the FSS program is best suited to serve. The researchers note that while people without a high school education may find FSS programs beneficial, future studies of FSS programs must investigate ways to tailor the program to the needs of people with lower levels of formal education.

Similar to the 2011 PD&R study, Anthony recommends that program staff employ a range of strategies to help participants avoid leaving the program, such as devoting increased attention to specific participant vulnerabilities and implementing more accommodating scheduling. The other commonly reported barriers to successful program completion included the cost of childcare, lack of job skills, lack of transportation, chronic health problems coupled with a lack of health insurance, the “risky behavior” of older children, and difficulty obtaining driver’s licenses. As evidenced by this and other studies, these problems pre-date the Great Recession and signal the need for broad political consensus on how to address widespread poverty and economic disadvantage.

Appendix E: Assorted News Stories Highlighting FSS Program Participants' Success

| Date | Location | Story Focus | URL |
|--------------------|--|--|---|
| November 11, 2013 | Brown County, Wisconsin | Sixteen FSS program graduates discuss goals and future plans | http://www.wbay.com/story/23949721/2013/11/12/from-rags-to-riches-how-a-non-profit-got-them-back-on-their-feet |
| October 3, 2013 | Chandler, Mesa, Scottsdale and Tempe, Arizona | Program graduates discuss paths to success | http://www.azcentral.com/community/chandler/articles/20131003chandler-celebrate-self-sufficiency.html?nclick_check=1#protected |
| September 25, 2013 | Greenwich, Connecticut | FSS program graduate receives \$24,863.50 in escrow account funds | http://greenwich.itsrelevant.com/content/15757/hard-work-pays-off-for-greenwich-family |
| September 19, 2013 | Minot, North Dakota | FSS program graduate receives \$20,274 in escrow account funds | http://www.minotdailynews.com/page/content.detail/id/578229/Savings-program-leads-to-home-ownership.html?nav=5010 |
| September 11, 2013 | Joilet, Illinois | FSS program graduate receives \$5,134 in escrow account funds | http://thetimesweekly.com/news/2013/sep/11/joilet-program/ |
| September 1, 2013 | Dubuque, Iowa | Program coordinator and participant discusses FSS program objectives | http://www.thonline.com/news/tri-state/video_552d2896-1eb-1e3-add5-0019bb3of31a.html |
| July 7, 2013 | Brazos Valley/Bryan, Texas | Program graduate discusses her path to success | http://www.theeagle.com/news/local/article_8dfc7a4d-ebc7-5544-a1cc-62c676cbcb9a.html |
| June 17, 2013 | Wayland, Massachusetts | Summary of program objectives and outcomes | http://www.wickedlocal.com/wayland/news/x1002425182/Major-success-in-Wayland-from-federal-housing-program?zc_p=0#axzz2WVTtDZLM |
| May 7, 2013 | Milwaukee, Wisconsin; Tacoma, Washington; and others | Broad look at rental assistance programs and ways to promote self-sufficiency, including through FSS program | http://online.wsj.com/news/articles/SB10001424127887323820304578410382522144560 |
| April 2, 2013 | New Albany, Indiana | FSS program graduate now serves as FSS program coordinator | http://www.necn.com/04/02/13/Ind-woman-runs-anti-poverty-effort-that-landing_nation.html?apID=cd8ff7e593ea44198f44b47c44dcadd6 |

| | | | |
|-------------------|----------------------------|---|---|
| March 25, 2013 | Boston, Massachusetts | Compass Working Capital featured; discusses program model and outcomes | http://philanthropy.com/article/Little-Known-Federal-Program/138093/ (subscription required) |
| November 26, 2012 | Lynn, Massachusetts | Compass Working Capital featured; program participant discusses her goals and successes | http://www.compassworkingcapital.org/powercms/images/Lynn%20Daily%20Item%2011.26.12%20%28scanned%29.pdf |
| November 4, 2012 | Yuma, Arizona | FSS program offers citizenship classes for immigrant participants | http://www.yumasun.com/news/program-82975-citizenship-sufficiency.html |
| October 4, 2012 | Brazos Valley/Bryan, Texas | FSS program awarded new funding from HUD | http://www.theeagle.com/news/local/article_4771f4a4-362b-5d25-9f23-42acffa7f69.html |



© 2013 New America Foundation


This report carries a Creative Commons license, which permits re-use of New America content when proper attribution is provided. This means you are free to copy, display and distribute New America’s work, or include our content in derivative works, under the following conditions:

Attribution. You must clearly attribute the work to the New America Foundation, and provide a link back to www.Newamerica.net.

Noncommercial. You may not use this work for commercial purposes without explicit prior permission from New America.

Share Alike. If you alter, transform, or build upon this work, you may distribute the resulting work only under a license identical to this one.

For the full legal code of this Creative Commons license, please visit www.creativecommons.org. If you have any questions about citing or reusing New America content, please contact us.

| | |
|--|--|
| | |
| <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>MAIN OFFICE 1899 L Street, NW Washington, DC 20036 Phone 202 986 2700 Fax 202 986 3696</p> </div> <div style="width: 45%;"> <p>NEW YORK OFFICE 199 Lafayette Street, Suite 3B New York, NY 10012</p> </div> </div> |  NEW AMERICA FOUNDATION WWW.NEWAMERICA.NET |
| | |