

MTW Research Advisory Committee Meeting (Conference Call)

Wednesday, October 10, 2018 Meeting Notes

AGENDA

I. Welcome and Introductions

Eva Fontheim, the Designated Federal Officer (DFO) for the Moving to Work (MTW) Research Advisory Committee, began the meeting by welcoming all participants to the meeting. Two new members were introduced: Maria Razo, ED of Housing Authority of the County of San Bernardino, and Mary Pattillo the Harold Washington Professor of Sociology and African American studies at Northwestern University. These members were added to compensate for Adrienne Todman and Mark Joseph leaving the committee. Ms. Fontheim then proceeded to invite the other members of the Committee to introduce themselves:

PHA Representatives and Residents

- Josh Meehan, Keene Housing, NH
- Austin Simms, Lexington-Fayette Urban Housing Authority, KY
- Chris Lamberty, Lincoln Housing Authority, NE
- Cindy Fernandez, Housing Authority of Tulare County, CA
- Asia Coney, Philadelphia Housing Authority, PA

Researchers

- Stefanie DeLuca, Johns Hopkins University
- Jill Khadduri, Abt. Associates, Inc.
- Larry Orr, Johns Hopkins University
- Heather Schwartz, RAND Corporation

HUD Staff

- Marianne Nazzaro, MTW Director, Public and Indian Housing (PIH)
- Todd Richardson, General Deputy Assistant Secretary, Office of Policy Development and Research (PD&R)

All Committee members were present except Janny Castillo, Oakland Housing Authority, and Ed Hinojosa, San Antonio Housing Authority.

II. Review of Guiding Principles

Marianne Nazzaro, MTW Director, provided a review of the agenda for the meeting and restated the guiding principles that were established at the Committee's July 26, 2016, conference call meeting. The Committee reviewed these principles:

1. Focus on policies to study rather than on program structure and administration;

2. Consider size of agencies, and that 97 of 100 will be under 6,000 units;
3. Consider that policies should be able to be tested across geographically diverse PHAs;
4. Be aware of PHA costs, especially with regard to the MTW requirement to serve substantially the same number of families as would have been served absent MTW (STS);
5. Be aware of burdens on participants, as well as benefits, in particular for children and families;
6. Policies should relate to one or more of the MTW Statutory Objectives;
7. There is some tension in MTW's focus on deregulation and having a policy change that is targeted enough to be able to evaluate; and,
8. There shouldn't be a preconceived idea about what a given policy is going to achieve.

III. Summary of 2016-2018 Meetings - Cohort Study Review

Todd Richardson, General Deputy Assistant Secretary of PD&R, reviewed the Committee's cohort study recommendations of: MTW as a flexibility, rent reform, work requirements, and landlord incentives. He then introduced Anne Fletcher, also of PD&R, who penned a memo: Key Considerations for Structuring the Work Requirements Cohort¹, that was provided to the committee prior to the meeting.

Anne summarized the memo to begin the discussion on the work requirements cohort study. She discussed how a work requirement can meet both the cost effectiveness and/or self-sufficiency goals of the MTW demonstration. To date 9 MTW agencies have implemented a work requirement with 8 ongoing, whom PD&R interviewed for the memo². PD&R found that these implemented work requirements were geared toward one of two end goals. Some agencies were primarily interested in encouraging self-sufficiency of participants which could lead to a household exiting assistance; these were often paired with a term limit to the housing. This would allow these PHAs to serve more families on their wait list. Other agencies saw a work requirement as a way of maximizing their resident's employment potential, which means more income for tenants that can increase their quality of life and increase the tenant rent contribution. The memo noted that being able to leave housing assistance would depend greatly on the job and rental markets of an area.

Regardless of the primary goal of their work requirement all of the PHAs interviewed emphasized the importance of supportive services. Many stressed the need for lead time before implementing the requirement to both make residents aware of the change and also begin providing employment services prior to requiring work. Most PHAs found compliance monitoring to be burdensome and some adjusted and streamlined it

¹ www.huduser.gov/portal/mtw-expansion-research-advisory-committee

² Atlanta Housing Authority, Housing Authority of Champaign County, Charlotte Housing Authority, Chicago Housing Authority, Delaware State Housing Authority, Lawrence-Douglas County Housing Authority, Lexington Housing Authority, Louisville Metro Housing Authority (who repealed their work requirement in 2016), and Housing Authority of the County of San Bernardino.

over time. It was also common for the agencies to change their policies over time responding to the local environment.

IV. Goal for this Meeting: Discuss and Provide Recommendations on Third Cohort

Ms. Fletcher facilitated the Committee discussion of the study design using the following questions:

- i. Should HUD propose a goal for what the work requirement policy should accomplish, or should it be defined at the local level by each agency?

The majority of the Committee felt that as much should be left up to the agency as possible. One individual characterized it by saying that what HUD should study is the different ways that an agency would approach a work requirement. While others felt uniformity was necessary to determine the effect of a work requirement in comparison to just supportive services or nothing at all. Several stressed the importance of local employment conditions and housing costs in the achievement of any goals and what would qualify as a success. The Committee agreed that some uniformity of measurement would be necessary and felt comfortable with HUD defining the outcomes to be measured, such as increases in income, but the PHA should determine what sort of work requirement would accomplish this. The Committee recommended that HUD could also set guardrails or minimums and maximums, such as a resident must work a number of hours between X and Y, but each agency would pick the number they felt was appropriate within the range.

- ii. What is the definition of work?

Again, here the Committee recommends keeping it both broad and agency defined, and the agencies should include education and job training as exemptions to the work requirement. One member suggested that while exemptions for betterment activities should be encouraged the amount of time one could receive the exemption should be limited, so an individual could not claim an education exemption in perpetuity.

- iii. What would the sanctions be for those who fail to find work?

The Committee felt that the punitive connotation of the word “sanction” was unhelpful. They pointed to examples where often the initial actions taken by a PHA towards a non-working family were designed to incentivize success not punish failure. Sanctions should be phased in initially, such as requiring individuals to see a provided case manager or go to a workforce training. Several members pointed out that neither evictions or term limits are necessary for a work requirement policy and their inclusion should be left up to the agency. They also noted that sanctions should be sensitive to the nature of an individual’s job loss, treating lay-offs differently than a good cause firing.

- V. How many households were compliant prior to implementation (already working)?
Several members of the Committee noted that it is important to realize that many families are already working in assisted housing. And that this should be measured at the

baseline. Estimates for current MTW agencies put around 50% of their households as having employment prior to the implementation of a work requirement.

- VI. Should Term Limits be included as part of this study? Should they be allowed at the PHA's discretion? Are there other waivers that shouldn't be allowed like larger rent reform due to potential conflicts in the measured outcomes?

Some members of the Committee felt that term limits would "muddy the waters" seeing them as their own unique policy different and apart from a work requirement. In general, the Committee was more open to reforms to the rent calculation. Some suggested that high minimum rents were a type of work requirement worth study. And that other rent reforms of a simplification nature would be fine so long as the treatment and control groups both implemented them. There were also questions around how the standard HUD Brooke rent, 30% of adjusted income, disincentivize income gains among residents.

- VII. Should imputed rents be studied as a kind of work requirement?

An imputed rent is essentially a high minimum rent. For example, a PHA could say that the minimum rent assumes that a household is working at least 15 hours a week at the federal minimum wage therefore 30% of that income leads to a rent of \$130. The Committee felt that this sort of rent structure often is part of a work requirement and is an appropriate option for study. In some cases, the imputed rent is the only part of a work requirement. In other cases, the minimum rent is raised but there is still a verifiable hour requirement for work. Some members pointed out that individuals engaged exemption activities like job training should be exempt from the minimum rent in this model.

- VIII. Is the goal to analyze specific work requirement policies at a local level? Or for HUD to develop policies aggregated across agencies?

At this point the Committee had a question for HUD: Are we trying to test effects of specific types of policies at local level or are we analyzing the effect of HUD promoting a mandate or allowance of certain types of activities. In the former case, you have to be more prescriptive; in the latter case, HUD writes broad policies that enable and limit the PHAs' ability to do things, a work requirement, and HUD is interested in the overall impact of that policy. The HUD members of the Committee responded that at this time HUD's goal was to better understand the effects of a work requirement. Some members felt that the cohort should delineate specific work requirement policies to be studied that would allow for aggregation across participating agencies. Others felt that broadness was more important. One member reminded the group that rigorous evaluation does not exist on work requirements to back up the claims around its potential harms. And that this was an opportunity to encourage or discourage its wider use with rigorous results. In general, the Committee acknowledged the clash between the best research design and what is best for the PHA and that some rigor and uniformity was necessary, but flexibility was equally important.

IX. What does work-able mean?

The baseline definition for work-able is non-elderly and non-disabled. The Committee discussed if there should be more to this definition, such as if a single adult is with a dependent. The Committee saw several additional exemptions from being work-able and felt they should be defined by the participating agency with the baseline definition established by HUD.

BREAK

V. Policy Framework and Research Methodology

After a break the Committee reconvened to discuss potential specifics of the work requirement cohort focusing on: research design, the type of random assignment, and what specific policies should be studied.

i. Research design:

The Committee spent significant time discussing what impacts should be measured in the cohort study. Costs were considered important, would a work requirement increase a PHA's rental revenue or simplify administration, thus saving HUD money, or would the policy's services and new administrative needs cost the PHA additional funds. Employment outcomes were discussed as important and some wondered if more could be tracked than just a general trend in employment, such as if the employment was stable and long lasting or if it was frequently changing for households. Also, of interest was measuring if the household composition changes as a result of the requirement. Depending on the nature of the work requirement, households might add or lose members to facilitate meeting the requirement. The Committee considered whether public housing or vouchers would have different impacts on the effectiveness of a work requirement. Some thought that the mobility of vouchers would make finding and maintaining a job easier. However, the members of the Committee representing PHAs said that public housing's concentration makes it much easier to effectively administer the supportive services that came with their work requirements.

Some members of the Committee recommended more tenant-based measures around mental health. This would require survey work both before and after the implementation to measure things such as, depression, anxiety, sleep levels, and school attendance. However, some on the Committee noted that too many outcomes can lead to a dilution of the results, and it would be better to have fewer. Another solution proposed for this, was to have central outcomes and make other outcomes exploratory.

The Committee agreed that this cohort study would need significant time to be effective suggesting a need for at least five years of study, possibly ten, with at least a two-year phase in before the work requirement was implemented. It was

also agreed that the policy would need to target both existing and new residents to impact enough people for there to be statistical significance.

ii. Random assignment: Randomly Assign PHAs, or Randomly Assign within a PHA:

The Committee discussed at length the merits and challenges of randomly assigning work requirement policies between PHAs or within a PHA among its residents. There was agreement that individual random assignment, within a PHA, would be more precise and has been accomplished before. One concern this alleviates is how variable job markets are throughout this country making comparing between a test and control PHA difficult. However, this would require PHAs of a certain size and it would be more administratively burdensome to the PHA. HUD asked the Committee if in a public housing context, it would be alright to randomly assign buildings, so a resident's direct neighbors would be in the same group. The PHAs members of the Committee saw the value in this method and the researchers did not see it as a major issue in study design. There was also some non-conclusive talk on doing a voucher or public housing only study, or if the participating PHA could elect one or the other.

iii. Specific policies:

When it came to talking about specific policies that should be studied by this cohort many on the Committee cautioned against specificity and instead spoke for PHA flexibility and discretion in setting up a work requirement. Instead HUD could provide guard rails, minimums and maximums around things such as the amount of work hours required, the length of the policy phase-in, and changes to the rent structure. Those who preferred the broad approach explained that it allows HUD to learn about new ways to implement a work requirement. As opposed to a more prescriptive study, which would offer more definitive data on a specific kind of work requirement. While some preferred the latter, all were curious about which better fit HUD's goals for the study. Is the goal to develop and test new and various work requirements, or to distill a standardized work requirement and examine its effectiveness rigorously?

Another question posed by the Committee was: should PHAs be able to modify their work requirement during the evaluation period? Presently while MTW agencies must study their MTW activities they are free to make changes to them as they see fit. Some researchers cautioned about how making changes during the study could dilute the results. However, many felt that a PHAs first responsibility should be to their residents and if their experience and data is suggesting negative outcomes they should be allowed to make changes to alleviate this.

VI. Update on the MTW Expansion

After wrapping up the discussion on work requirements, Marianne Nazzaro provided some updates on the MTW expansion. The Operations Notice will be published in October 2018 for a 45-day public comment process. The MTW supplement for the PHA plan has also been published as part of the Paperwork Reduction Act process for the PHA plan, for a 60-day comment period. The Selection Notice is also forthcoming.

Mr. Richardson also informed the audience about the research contracts for the first two cohorts. Cohort one MTW as a flexibility will be evaluated by Abt associates, and the MDRC has been hired to evaluate cohort two on rent reform.

VII. Public Input and Committee Debrief

At this point Eva Fontheim opened up the meeting for public comment, what follows is a summary of the individuals who spoke:

- a. Eric Johnson (Oakland Housing Authority): Eric suggested determining the savings of the work requirement policy to other federal programs, and measuring individuals leaving households because of the work requirement. Also, the importance of the Family Self-Sufficiency program on potential success and being aware of how it affects a work requirement.
- b. Nicole Barrett (The Council of Large Public Housing Authorities): Nicole supported giving PHAs as much flexibility as possible for the cohort study. She also supported measuring social outcomes, and how it is interconnected to other services.
- c. Suket Dayal (San Diego Housing Commission): Suket felt that the research aspect of this study was not being balanced enough with the need for MTW flexibility and agency discretion.
- d. Michael Webb (Center for Urban and Regional Studies): Michael said that selecting the type of random assignment depends on the outcomes you are measuring. If its more administrative than a comparison agency is fine, but if the outcomes are more detailed than you need random within.
- e. Will Fisher (Center for Budget and Policy Priorities - CBPP): Will commented on barriers for people seeking employment like having dependents, he felt that they should be excluded from the requirement and if not than highlighted as a subgroup. Also, the cost study is important and needs to be deliberate in costs of implementation as well as potential increased rental income.
- f. Deborah Thrope (National Housing Law Project): Deborah emphasized the importance of supportive services, like case management, as important and common in current work requirements, and felt that without it there will be negative impacts for tenants. She was concerned about implementing a work

requirement without supportive services but acknowledged there isn't any research that compares services to a work requirement with them. She also recommended that HUD be broad about who is exempt from a work requirement, exempting caretakers and people with various health issues. Lastly, she noted that voucher families are harder to offer services to which can be a major impediment to a successful work requirement.

- g. Larry Woods (Winston-Salem Housing Authority): Salem has a step-up housing program through a HUD notice, which has a 30-hour work requirement that he has found effective. Also thinks there needs to be a time limit on the work exemption allowed for training and education, before an individual must find employment.
- h. Tushar Gurjal (National Association of Housing and Redevelopment Officials): Tushar reiterated studying the flexibility to create a work requirement rather than a specific work requirement policy.
- i. Shannon Oury (Lawrence-Douglas Housing Authority): Their PHA has a discretionary category for determining who is work-able. HCV doesn't seem harder for her agency but that may be because they have a small jurisdiction.
- j. Jim Armstrong (Public Housing Authorities Directors Association): Suggested incentivizing increasing income instead of using sanctions on not working, to increase self-sufficiency. He also noted that term limits have often been removed from MTW activity around when the first terminations are about to begin, effectively meaning most PHAs have never fully implemented them.

VIII. Summary of Discussion

After the public comments were concluded the Committee summarized their thoughts on the meeting. Also, a discussion took place around what the test groups of the study would be. One suggestion borrowed from a Memo written by Will Fischer (CBPP) would be to have a control group, a group receiving work incentives/supportive services, and a third group with the incentives and a work requirement. Some noted that having three groups would make the randomized sampling more difficult. Another suggestion was to compare a work requirement with no services to another group just receiving services with no sanctions. This option would be less expensive to implement because less individuals would be receiving services. This led to questions around how the services would be funded and how FSS would not be adequate given its limited scope and not being present at all agencies.

IX. Discuss Next Steps and Adjourn

Eva Fontheim concluded the meeting and let the public know that the MTW Research Advisory Committee will reconvene to discuss landlord incentives in the Spring.