

**PUBLIC AND INDIAN HOUSING  
FAMILY SELF-SUFFICIENCY PROGRAM  
2016 Summary Statement and Initiatives  
(Dollars in Thousands)**

FAMILY SELF-SUFFICIENCY PROGRAM	<u>Enacted/ Request</u>	<u>Carryover</u>	<u>Supplemental/ Rescission</u>	<u>Total Resources</u>	<u>Obligations</u>	<u>Outlays</u>
2014 Appropriation .....	\$75,000	...	...	\$75,000	\$75,000	...
2015 Appropriation .....	75,000	...	...	75,000	75,000	\$75,000
2016 Request .....	<u>85,000<sup>a</sup></u>	<u>...</u>	<u>...</u>	<u>85,000</u>	<u>85,000</u>	<u>75,000</u>
Program Improvements/Offsets .....	+10,000	...	...	+10,000	+10,000	...

a/ Includes an estimated transfer to the Transformation Initiative (TI) account of \$646 thousand of Budget Authority.

**1. What is this request?**

The Department requests \$85 million for the Family Self-Sufficiency (FSS) program, which is a \$10 million increase from the fiscal year 2015 enacted level. In fiscal year 2014, the Public Housing and Housing Choice Voucher FSS programs were merged. In fiscal year 2015, the program was made available to families participating in the Section 8 Project-Based Rental Assistance (PBRA) program. The Department now requests an expansion of eligibility so that owners of multifamily (PBRA) properties with project-based subsidy contracts under Section 8 can be allowed to compete for FSS coordinator funding.

The request would fund approximately 1,600 Family Self-Sufficiency Program Coordinators that will serve approximately 80,000 families.

Key outcomes of the FSS program include:

- Higher savings, earnings, and employment rates among program participants;
- Reduced debt, higher education attainment, and improvement in credit scores; and
- Participants graduating from the program would not require Temporary Assistance to Needy Families (TANF) assistance and their need for rental assistance would decrease or be eliminated.

Proposals in the Budget

- Expand eligibility to apply for funds to owners of Section 8 Project-Based Rental Assistance (PBRA) properties.

## Family Self-Sufficiency Program

### **2. What is this program?**

The FSS program helps families in Public Housing and the Housing Choice Voucher program make progress toward economic security by combining:

1. Stable affordable housing;
2. Work-promoting service coordination to help families set goals and overcome barriers to increase work opportunities; and
3. A rent incentive in the form of an escrow account that grows as families' earnings increase.

The program funds FSS Coordinators who help participants achieve employment goals and accumulate assets by linking participants to local service providers. FSS Coordinators in each local program build partnerships with employers and service providers in the community to help participants obtain jobs and services. As such, FSS Coordinators are essential to the success of the FSS program. FSS program participants receive training and counseling that enables them to increase their earned income and decrease or eliminate the need for rental assistance. As a result, rental assistance resources become available to serve new families over time.

FSS Coordinators help program participants access the following services: child care, transportation, literacy training and education, job training, employment counseling, substance/alcohol abuse treatment or counseling, financial literacy courses and/or coaching, asset-building strategies, household skill training, homeownership counseling and others. However, these services are not funded by the FSS program.

Generally, families have 5 years in which to achieve their goals. Participants who successfully graduate from the program become and stay employed become independent of Temporary Assistance for Needy Families (TANF) assistance, and achieve the other goals they set for themselves. Graduating participants gain access to their escrow account.

Actual examples of outcomes for program graduates and their families:

- J.B. (Clackamas, OR) had \$0 income at the time of FSS enrollment. With the support of FSS, she secured employment in a manufacturing facility at \$18,240 annually and was then promoted, raising her earned income to \$36,553. J.B. paid off all her court debts, traffic fines, and assessments -- over \$3,500 total -- to have her driving privileges restored. Since graduating FSS, she continues to participate in her weekly support group meetings and is paying \$822 of the \$950 contract rent.

## Family Self-Sufficiency Program

- Eva (El Paso, TX) is a single mother of two who had been living in public housing for over 20 years. She holds a full time job as a hair stylist. She had wanted to purchase a home, but based on the advice of her parents she did not believe in banks and was unable to take the next step. Through the FSS program, she enrolled in financial training and was encouraged to start building credit. This support was the key. Eventually, she was able to purchase her own home in a matter of months. She said that she was grateful for the years of housing support, but, "It's time for me to move on and let someone else move in."
- J.S. (Oregon City, OR) was a TANF recipient with three children. While in the FSS program, she completed Medical Assistant training and her annual income increased from \$8,360 (TANF and Child Support) to an earned income of \$38,900. As a result, she was no longer in need of TANF, Medicaid, or SNAP (Food Stamps) and has gone from paying \$0 rent to paying \$839 of the monthly \$900 contract rent.
- Tonya (Jersey City, NJ) increased her income from \$11,774 to \$32,085 while in FSS. She earned her Associate's degree in Early Childhood Education. Her program was mostly independent study and thus required above-average commitment and self-motivation. FSS was there to help. When she started FSS, she was receiving TANF and paying only \$336 of the \$1,127 monthly rent. By the time she graduated from FSS, the balance had shifted and the PHA was only paying \$388 while she was paying the rest.

### Consolidation and Expansion of the Family Self-Sufficiency Program

The fiscal year 2014 consolidation of the existing Public Housing and Housing Choice Voucher FSS programs, and expansion to allow participation by PBRA families authorized in fiscal year 2015, enable coordinators to provide better, more uniform services to families assisted under HUD's largest rental assistance programs. The Department requests continued appropriation of coordinator funding in a single account, and authority to expand eligibility to apply for funds to PBRA owners. The request will: (1) allow PHAs to continue to serve FSS participants who reside in properties going through conversion from Public Housing to Project-Based Vouchers or PBRA under the Department's Rental Assistance Demonstration (RAD); (2) enable PHAs to open FSS participation to PBRA residents in their community in cases where PHAs administer the PBRA program; and (3) afford PBRA owners the authority to administer an FSS program by hiring a coordinator with their own funds, if they so choose, or to compete for appropriated coordinator funds.

## Family Self-Sufficiency Program

### **2. Why is this program necessary and what will we get for the funds?**

FSS Coordinator funding, paired with HUD's rental housing subsidies, has the ability to address the lack of economic security and self-sufficiency of many assisted housing residents. The program provides opportunities for greater participant economic security and independence, thereby supporting HUD's Strategic Plan Goal 3, Use Housing as a Platform for Improving Quality of Life.

The consolidation of the Public Housing and Housing Choice Voucher FSS programs enacted in fiscal year 2014, and expansion to PBRA residents in fiscal year 2015 were positive steps toward making the program more efficient and effective. Expansion of the competition to PBRA owners will support new programs for PBRA residents and allow the FSS program to have the ability to serve any resident regardless of the type of housing assistance they receive. It will allow for the most optimal use of limited funds by using only one well-established program to serve these residents.

Current outcomes from the Public and Indian Housing Information Center (PIC) data system in fiscal year 2014 include:

- Over 72,000 households actively participated in the program (59,000+ in the Housing Choice Voucher program and 13,000+ in Public Housing).
- 4,382 families successfully completed their FSS contracts and graduated (3,808 in Housing Choice Voucher FSS and 574 in Public Housing FSS).
- 100 percent of graduating families did not require temporary cash assistance (TANF/welfare). This is a requisite of graduating from the program.
- 56 percent of participants that had been in the program for at least one year show an increase in earned income (57 percent in Housing Choice Voucher FSS and 53 percent from Public Housing FSS). Average escrow at graduation for those with a positive escrow balance was approximately \$6,600.
- 1,401 (32.6 percent) of graduates exited rental assistance within one year of graduation; (1,177 from Housing Choice Voucher (31.53 percent); and 224 from Public Housing (40 percent)).
- 485 (11.3 percent) graduating families went on to purchase a home. (401 from Housing Choice Voucher (10.74 percent), 84 from Public Housing (15 percent)).

### **3. How do we know this program works?**

The FSS program is a particularly cost-effective program in that it does not fund the full complement of wrap-around services utilized by residents to achieve self-sufficiency. Instead, residents are able to benefit from an array of services leveraged from state, city and local programs by the Service Coordinators. HUD's fiscal year 2016 budget proposal intends to capitalize even further on the efficiencies of the program by not only serving Housing Choice Voucher and Public Housing residents, but also expanding eligibility to residents in the Project-Based Rental Assistance (PBRA) program. This will permit coordinators to provide better and more uniform services for families assisted through the Housing Choice Voucher, Public Housing, and PBRA programs. This proposal also supports the Department's commitment to the Rental Assistance Demonstration (RAD) and will allow residents who currently participate in the Public Housing FSS program to continue to receive services when their development converts under RAD.

In an effort to further evaluate and expand upon prior promising study results (described below), HUD's Office of Policy Development and Research (PD&R) continues to undertake a longitudinal, randomized control study of the FSS program and would like to collaborate with the foundation community to more robustly test various FSS models within the study. The request supports the FSS program through the period of the study, and the Department intends to modify the program as needed as further evidence-based outcomes as are identified.

Preliminary findings of current studies suggest promising results. A trial being conducted by Manpower Demonstration Research Corporation (MDRC) is testing the FSS program, and two alternative strategies in New York City. Early reports show that the FSS program combined with more immediate cash incentives conditioned upon full-time work has produced a significant [increase in] work rates among participants who were not initially working. Both the FSS program and the more immediate cash assistance on their own have been shown to produce an earnings gain for participants who are receiving Supplemental Nutrition Assistance Program (SNAP) benefits.

HUD's PD&R conducted a study of FSS participant outcomes from 2005 to 2009. The 2011 report found that during that period, program graduates were more likely to be employed and had higher incomes than non-program graduates. The average annual income for FSS graduates had increased from \$19,902 to \$33,390.<sup>1</sup> HUD's first national evaluation of FSS covered the period from 1996-2000, and revealed that the median income for FSS families increased 72 percent during participation in the FSS program,

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<sup>1</sup> De Silva, Lalith et. al. Evaluation of the Family Self-Sufficiency Program: Prospective Study. 2011. Prepared by Planmatics, Inc. and Abt Assoc. Inc. for the U.S. Department of Housing and Urban Development. Available on the Internet at: <http://www.huduser.org/Publications/pdf/FamilySelfSufficiency.pdf>

## Family Self-Sufficiency Program

while a similar group of non-FSS participants' median incomes increased by only 36 percent during the same period.<sup>2</sup> While this study indicated that the program has positive impacts, this study did not control for self-selection and is the main reason why HUD is completing the rigorous evaluation described above.

### 4. Proposal in the Budget

- Expand eligibility to apply for funding to Project-Based Rental Assistance (PBRA) owners. The fiscal year 2015 appropriations Act allowed PBRA residents to participate in established FSS programs at PHAs and allowed PBRA owners to establish FSS programs on their own without HUD funding. The current Budget proposal allows PBRA owners to compete for appropriated coordinator funding. This would increase the ability for PBRA owners to provide continued services for families in a development transitioning to PBRA through the Department's Rental Assistance Demonstration (RAD) program and encourage PBRA owners to establish new FSS programs to serve their residents. (Account language)

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<sup>2</sup> Lubell, Jeff. HUD Program Evaluation Confirms FSS' Success in Promoting Self-Sufficiency and Asset-Building. 2004. Available on the Internet at:

<http://www.fsspartnerships.org/includes/FSS%20Evaluation%20Summary.pdf>

Robert C. Ficke and Andrea Piesse. Evaluation of the Family Self-Sufficiency Program, Retrospective Analysis, 1996 to 2000. 2005. Prepared by WESTAT, in collaboration with Johnson, Bassin and Shaw, for the U.S. Department of Housing and Urban Development. Available on the Internet at:

<http://www.huduser.org/publications/econdev/selfsufficiency.html>

Family Self-Sufficiency Program

**PUBLIC AND INDIAN HOUSING  
 FAMILY SELF-SUFFICIENCY PROGRAM  
 Summary of Resources by Program  
 (Dollars in Thousands)**

<u>Budget Activity</u>	<u>2014 Budget Authority</u>	<u>2013 Carryover Into 2014</u>	<u>2014 Total Resources</u>	<u>2014 Obligations</u>	<u>2015 Budget Authority</u>	<u>2014 Carryover Into 2015</u>	<u>2015 Total Resources</u>	<u>2016 Request</u>
Grants .....	\$75,000	...	\$75,000	\$75,000	\$75,000	...	\$75,000	\$85,000
Transformation Initiative (transfer)	...	...	...	...	...	...	...	[646]
Total .....	75,000	...	75,000	75,000	75,000	...	75,000	85,000

## Family Self-Sufficiency Program

### **PUBLIC AND INDIAN HOUSING FAMILY SELF-SUFFICIENCY PROGRAM Appropriations Language**

The fiscal year 2016 President's Budget includes proposed changes in the appropriation language listed and explained below. New language is italicized and underlined, and language proposed for deletion is bracketed.

For the Family Self-Sufficiency program to support family self-sufficiency coordinators under section 23 of the United States Housing Act of 1937, to promote the development of local strategies to coordinate the use of assistance under sections [8(o)] 8 and 9 of such Act with public and private resources, and enable eligible families to achieve economic independence and self-sufficiency, ~~[\$75,000,000]~~ \$85,000,000, to remain available until September 30, [2016] 2017: *Provided*, That the Secretary may, by Federal Register notice, waive or specify alternative requirements [under sections b(3), b(4), b(5), or c(1) of] to section 23 of such Act in order to facilitate the operation of a unified self-sufficiency program for individuals receiving assistance under different provisions of the Act, as determined by the Secretary: *Provided further*, That owners of [a privately owned] multifamily [property] properties with [a] project-based subsidy contracts under section 8 [contract] may compete for funding under this heading and/or voluntarily make a Family Self-Sufficiency program available to the assisted tenants of such property in accordance with procedures established by the Secretary: *Provided further*, That such procedures established pursuant to the previous proviso shall permit participating tenants to accrue escrow funds in accordance with section 23(d)(2) and shall allow owners to use funding from residual receipt accounts to hire coordinators for their own Family Self-Sufficiency program[: *Provided further*, That the Secretary may carry out a demonstration testing the effectiveness of combining vouchers for homeless youth under the Family Unification Program authorized under section 8(x) of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) ("the Act" herein) with assistance under the Family Self-Sufficiency program authorized under section 23 of the Act: *Provided further*, That the Secretary may establish alternative requirements to those contained in section 8(x) of the Act to facilitate such a demonstration: *Provided further*, That any public housing agency that has existing Family Unification Program vouchers and an established Family Self-Sufficiency program may participate in such demonstration provided that they can demonstrate (1) an agreement with the public child welfare agency or agencies to serve the target population; (2) capacity to serve the target population; (3) the success of the agency's existing Family Self-Sufficiency program in serving residents; (4) partnerships with local organizations that serve homeless youth; and (5) any other factors established by the Secretary: *Provided further*, That the Secretary shall monitor and evaluate the demonstration and report on whether the demonstration helped homeless youth achieve self-sufficiency] (*Department of Housing and Urban Development Appropriations Act, 2015.*)