

**PUBLIC AND INDIAN HOUSING
FAMILY SELF-SUFFICIENCY PROGRAM
2017 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>
2015 Appropriation	\$75,000	...	...	\$75,000	...	\$43,000
2016 Appropriation	75,000	\$75,000	...	150,000	\$150,000	32,000
2017 Request	<u>75,000^a</u>	<u>...</u>	<u>...</u>	<u>75,000</u>	<u>75,000</u>	<u>45,000</u>
Program Improvements/Offsets .....	...	-75,000	...	-75,000	-75,000	+13,000

a/ Includes an estimated transfer to the Research and Technology (R&T) account of \$375 thousand of Budget Authority.

1. What is this request?

The Department requests \$75 million for the Family Self-Sufficiency (FSS) program, which is equal to the fiscal year 2016 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 FSS program leverages funds provided for coordinators' salaries, with an array of services provided by other state, city and local programs for training, counseling and other supportive services that enable program participants to increase their earned income and decrease or eliminate the need for rental assistance. The request would allow the Department to fund approximately 1,300 Family Self-Sufficiency Program Coordinators that will serve approximately 70,000 families.

Outcomes reported by FSS Programs 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 do not require Temporary Assistance to Needy Families (TANF) assistance and their need for rental assistance is decreased or eliminated.

2. What is this program?

Enacted in 1990, the FSS program helps families in Public Housing and the Housing Choice Voucher program make progress toward economic security by combining:

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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 to help participants achieve employment goals and accumulate assets. FSS Coordinators in each local program build partnerships with employers and service providers in the community to help participants obtain jobs and services. These services may include child care, transportation, basic adult education, job training, employment counseling, substance/alcohol abuse treatment, financial empowerment coaching, asset-building strategies, household skill training, homeownership counseling and others. The role of the FSS Coordinator is essential to the success of the FSS program.

Generally, families have 5 years in which to achieve their goals. Participants who become and stay employed, become independent of TANF assistance, increase their income level, and achieve the goals they set for themselves successfully graduate from the program. Graduating participants gain access to their escrow account. Escrow accounts are made up of the difference of starting rent to increased rent that grows as earned income increases. The graduating participants also decrease or eliminate the need for rental assistance, and more resources are made available to serve more families over time.

Actual examples of outcomes for program graduates and their families:

- Q.P. (Waterbury, CT) a single mother of three, had been on the voucher program since 2005. She enrolled in the FSS program in 2010 with an income of \$14,000 from temporary work. While on FSS she received her Associate's degree and became a licensed radiographer. After 4 years, she graduated from FSS and was no longer in need of voucher assistance, as her income had increased to \$72,000, which is 104 percent of the local area median income (AMI).
- Agnes (Lincoln, NE) a single mother of five, had \$13,156 in income and was paying \$386 in rent at the time of her FSS enrollment. With FSS support, she was able to graduate with her Associate's degree in human services from a local community college and obtain and maintain full-time employment. At FSS graduation, her income was \$44,330 per year and she received \$5,019 in escrow. She is now able to pay her full contract rent for the Housing Choice Voucher program of \$1,100 per month and will soon be ending voucher assistance.
- J.M. (Portland, OR), a single mother of two, had been living in public housing for over 7 years. She was earning \$6,816 and paying only \$5 per month in rent when she enrolled in FSS. With FSS support, she secured full-time employment with benefits, earning \$38,728. She enrolled in financial education and improved her credit score. At the same time, J.M. enrolled

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in an Individual Development Account (IDA) program to build assets for homeownership and she completed homebuyer education. After two-and-a-half years, she had \$12,000 (\$3,000 personal savings + \$9,000 matching funds) available for a down payment. At FSS graduation, J.M. was earning \$41,733 and paying \$849 in rent until she purchased her own home.

- L.W. (Sioux City, Iowa) moved out of transitional housing into a tax credit unit with voucher assistance, paying \$186 per month in rent. His wife has serious health issues and is unable to work. He was working part time for a local hotel making \$15,600 and he immediately signed up for FSS. He attended training classes whenever they were offered by his employer. He walked to work for several months after he sold his car to meet expenses. When his escrow had grown, he received an interim withdrawal to purchase a new car. He ultimately became part of the management team at his work and graduated from FSS with an income of \$30,500 plus bonuses, and paying \$690 in rent. He has since received several more raises, left housing voucher assistance, and pays the full tax credit rent. While on the program, he paid off his student loans and increased his credit score. He set an example for his son, who is now successfully attending college. L.W. is now saving to buy a home within the next year.
- E.P. (Lynn, MA) is a single mother with two children. She was earning \$10,000 when she joined the FSS program in 2011 through a partnership between the PHA and Compass Working Capital, a nonprofit financial services organization. With the support of her FSS financial coach, E.P. achieved her goal of graduating from college with a Bachelor's Degree in Criminal Justice, and she is now earning \$53,000 annually. With such an increase in income, E.P. was able to pay off most of her debts, including collection accounts. At FSS graduation, E.P. was financially stable and decided to move out of public housing and into a market rent apartment.

3. Why is this program necessary and what will we get for the funds?

FSS Coordinator funding addresses the lack of economic security and self-sufficiency of the Housing Choice Voucher and Public Housing programs' participants. The FSS Coordinators build partnerships with employers and service providers in the community and link program participants to training and services that will enable them to develop the skills needed to become employed or obtain better employment. The program also provides opportunities for families to build escrow accounts toward the goal of greater economic security and economic independence. The program supports HUD's Strategic Plan Goal 3, Use Housing as a Platform for Improving Quality of Life.

Current data points from the Public and Indian Housing Information Center (PIC) data system in fiscal year 2015 include:

- Over 71,000 households actively participated in the program (58,000+ in the Housing Choice Voucher program and 13,000+ in Public Housing).

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- 4,245 families successfully completed their FSS contracts and graduated. (3,601 in Housing Choice Voucher FSS and 644 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.
- 52 percent of graduates have escrow savings, at an average of approximately \$6,500.
- 1,529 FSS program graduates (36 percent) exited rental assistance within one year of leaving the program. (1,240 in Housing Choice Voucher (34 percent), 289 in Public Housing (45 percent)).
- 499 FSS program graduates (11.76 percent) went on to purchase a home. (386 in Housing Choice Voucher (10.72 percent), 113 in Public Housing (18 percent)).

4. How do we know this program works?

The FSS program is a particularly cost effective program in that it does not directly fund the 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 capitalized on its fiscal year 2015 and 2016 appropriations to further 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 expansion continues to allow PBRA owners to voluntarily make the FSS program available to their residents, and use residual receipts to support the program to assist families.

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 controlled study of the FSS program and has entered into collaborations with the foundation community to more robustly test various FSS models within the study. The request reflects the Department's intent to support the FSS program through the period of the study with the commitment of modifying the program to support further evidence-based outcomes as they are identified.

Preliminary findings in a randomized control trial of the fss program as well as two alternative strategies conducted by MDRC in New York City seem to warrant further study. Early reports show that the FSS program combined with more immediate cash incentives conditioned upon full-time work has produced a significant effect on the sub-group of participants who were not initially working. In addition, the FSS program alone and the more immediate cash assistance alone have both been shown to produce an earnings gain

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for participants who are receiving Supplemental Nutrition Assistance Program (SNAP) benefits – formerly known as Food Stamps.¹ The continued statistical significance of the impact and the generalizability from the New York economy to the rest of the country have yet to be established. HUD recently awarded a Research Partnerships to Abt, supported by national philanthropy to evaluate the partnership model in place between Compass Working Capital and several PHAs in Massachusetts. These evaluations, along with the longitudinal study, will give practitioners valuable information on the successful and challenging components of the program and will allow the Department to make evidence-based improvements to the FSS program.

In addition to current evaluation efforts, 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 \$33,390.² The first national evaluation of FSS conducted by HUD which covered the period from 1996-2000 revealed that the median income for FSS families increased 72 percent during participation in the FSS program, while a similar group of non-FSS participants' median incomes increased by only 36 percent during the same period.³⁴ While this study indicated that the program has positive impacts, this study did not control for self-selection and is the main reason that HUD is completing a more rigorous evaluation, as described above.

5. Proposals in the Budget

Not applicable.

¹ <http://www.mdrc.org/publication/working-toward-self-sufficiency>

² 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>

³ Lubell, Jeff. HUD Program Evaluation Confirms FSS' Success in Promoting Self-Sufficiency and Asset-Building. 2004. Available on the Internet at: <http://portal.hud.gov/hudportal/documents/huddoc?id=fssevalsummary.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: <https://www.huduser.gov/portal/publications/selfsufficiency.pdf>

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**PUBLIC AND INDIAN HOUSING
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Summary of Resources by Program
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2015 Budget Authority</u>	<u>2014 Carryover Into 2015</u>	<u>2015 Total Resources</u>	<u>2015 Obligations</u>	<u>2016 Budget Authority</u>	<u>2015 Carryover Into 2016</u>	<u>2016 Total Resources</u>	<u>2017 Request</u>
Grants	\$75,000	...	\$75,000	...	\$75,000	\$75,000	\$150,000	\$75,000
Research and Technology (transfer) .....	...	...	...	...	...	...	...	[375]
Total	75,000	...	75,000	...	75,000	75,000	150,000	75,000

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

The fiscal year 2017 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) and 9 of such Act with public and private resources, and enable eligible families to achieve economic independence and self-sufficiency, \$75,000,000, to remain available until September 30, [2017] 2018: *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 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 with a section 8 contract may 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. (*Department of Housing and Urban Development Appropriations Act, 2016.*)