

# FSS Partnerships

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## HUD Program Evaluation Confirms FSS' Success in Promoting Self-Sufficiency and Asset-Building

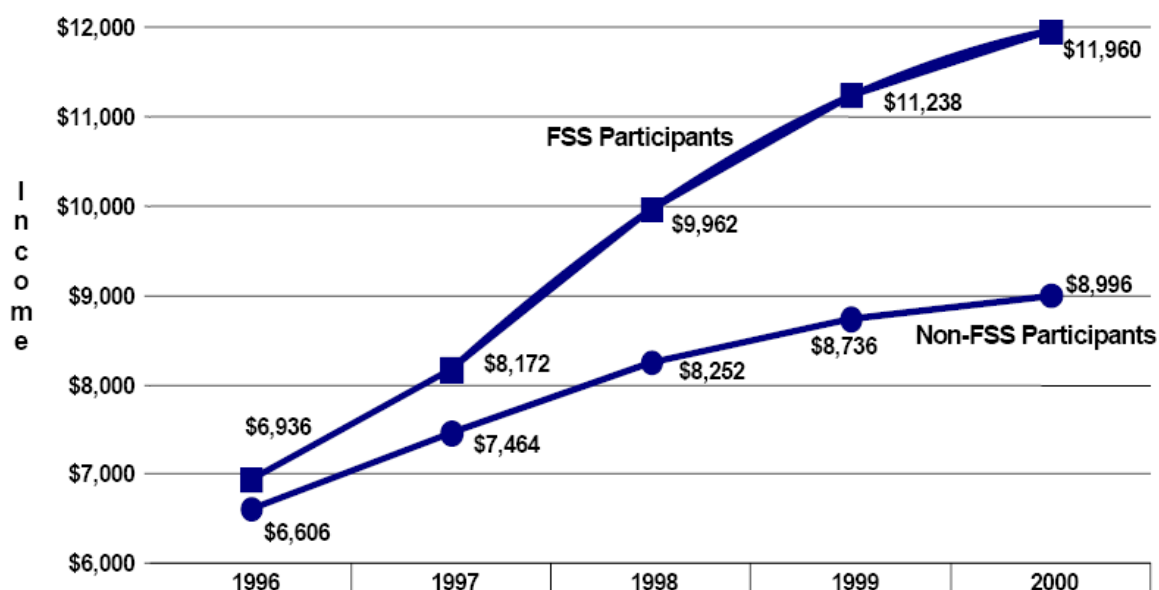
On October 21, 2005, HUD released the first-ever national evaluation of the Family Self-Sufficiency (FSS) program, a fifteen year-old HUD program designed to help low-income families in public housing and the Section 8 voucher program build assets and make progress toward self-sufficiency and homeownership.<sup>1</sup> Based on a comprehensive examination of HUD administrative data from 1996 to 2000, supplemented by site visits, the evaluation found that FSS participants increased their incomes and decreased their dependence on welfare much faster than non-FSS participants and that FSS graduates experienced substantial asset growth.

The key findings of the report are as follows:

- **Between 1996 and 2000, FSS participants experienced much larger increases in income than non-participants**

As shown in Figure 1, single-parent voucher-holders “who enrolled in the FSS program in 1996 experienced a 72 percent median income increase by the year 2000: from \$6,936 to \$11,960. Among a comparison group of non-FSS participants, the increase was only half as large at 36 percent, rising from \$6,606 in 1996 to \$8,996 in 2000.” This difference remained significant and substantial even after controlling for “differences that may have existed between the two groups, such as geographic distribution, age, race/ethnicity, gender, 1996 earnings levels, and attrition rates over time.”

**Figure 1. Changes in Median Income for Single-Parent FSS Participants and Non-FSS Participants in the HCV Program, 1996-2000**



<sup>1</sup> 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>. All quotes in this summary, as well as the graph in Figure 1, are from this source.

- **FSS participants on welfare experienced even greater income gains, more than doubling their incomes between 1996 and 2000.**

“Median income more than doubled for FSS participants who were receiving TANF/AFDC [income] in 1996, rising 102 percent through 2000”: from \$5,880 versus in 1996 to \$11,892 in 2000. By contrast, the incomes of non-FSS participants in the comparison group with earnings from TANF or AFDC in 1996 rose 60 percent, from \$5,880 to \$9,412.

- **FSS participants reduced their dependence on welfare faster than non-participants**

“The percentage of income from transfer payments [like TANF or AFDC] for FSS participants fell from 41 percent in 1996 to 17 percent in 2000. For the comparison group, the rate dropped from 45 percent in 1996 to 29 percent in 2000.”

- **The typical FSS program graduate in 2000 accumulated about \$3,000 in escrowed savings**

In 2000, “the median escrow account balance for participants who completed their contracts was \$3,076. . . Of those who completed their contracts, 37 percent had escrow accounts and 43 percent had already received disbursements covering some or all of their accumulated funds. . . Consistent with the ultimate goals of FSS, during the site visits the research team found that people completing their contracts had used their escrow account funds for self sufficiency purposes, including college tuition and down payments on a home.”

- **Of the households leaving FSS in 2000, 42 percent were successful program graduates.**

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While this evaluation provides the best-available data on the national performance of the FSS program, it is important to bear in mind certain constraints related to study design. First, the study relies on administrative records submitted to HUD, which may not be complete. Second, data are only available for participants while they remain in subsidized housing; more than half of the 1996 participants in the panel had left subsidized housing by 2000. Third, participation in FSS is voluntary, so there are likely to be differences in motivation between FSS participants and non-participants. Fourth, the administrative records used for this analysis do not include data on some potentially important variables, such as the education levels of non-FSS participants.

As the authors point out, however, to the extent there were differences between FSS participants and non-participants, they were not reflected in their 1996 income figures, which were extremely close: \$6,936 for single-parent voucher-holders who enrolled in FSS in 1996 and \$6,607 for single-parent voucher-holders who did not enroll in FSS.

It is also important to note that the economy was generally strong during the 1996 to 2000 period. It is possible that the results of FSS may be different under different economic circumstances.

Despite its limitations, HUD’s new FSS program evaluation provides the best available data on the national performance of FSS, confirming the strong potential of FSS to help HUD-assisted households build assets and make progress toward self-sufficiency. Although not examined in the study, FSS also appears to help significant numbers of FSS participants become homeowners.<sup>2</sup>

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<sup>2</sup> For a summary of available data on homeownership outcomes for FSS participants, as well as earnings and asset growth for individual housing agencies with particularly strong FSS programs, see Lubell, Jeff (2004). “A Diamond in the Rough: the Remarkable Success of HUD’s FSS Program.” FSS Partnerships. Available on the Internet at: <http://www.fsspartnerships.org/includes/fssresults.pdf>.