PUBLIC AND INDIAN HOUSING
FAMILY SELF-SUFFICIENCY PROGRAM
2015 Summary Statement and Initiatives
(Dollars in Thousands)

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<th>FAMILY SELF-SUFFICIENCY PROGRAM</th>
<th>Enacted/Request</th>
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a/ The activities in this account were previously funded as the Family Self-Sufficiency (FSS) and Resident Opportunities and Self-Sufficiency (ROSS) set-asides in the Tenant-Based Rental Assistance and Public Housing Capital Fund accounts; in fiscal year 2013, those programs were funded at $56.8 and $18 million, respectively.

b/ This number includes an estimated Transformation Initiative (TI) transfer that may be up to 0.5 percent or $15 million, whichever is less, of Budget Authority.

1. **What is this request?**

The Department requests $75 million for the Family Self-Sufficiency (FSS) program, equal to the fiscal year 2014 enacted level. In addition to serving Housing Choice Voucher (HCV) and Public Housing (PH) residents, the Budget proposal would expand the FSS program to make the program available to families participating in Section 8 Project-Based Rental Assistance (PBRA). The request would allow the Department to fund approximately 1,400 Family Self-Sufficiency Program Coordinators that will serve approximately 70,000 families. 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.

No additional FTEs are requested for this Program; the Department will utilize existing FTEs to manage the program.

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.
Family Self-Sufficiency Program

Legislative Proposal Summaries

- Expand the program to make it available to families receiving Section 8 Project-Based Rental Assistance (PBRA).

2. **What is this program?**

Enacted in 1990 based on a proposal by the first President Bush, and having enjoyed bi-partisan support since, 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 case management to help families set goals and overcome barriers to increase work; and
3. A rent incentive in the form of an escrow account that grows as families' earnings grow.

The program funds FSS Coordinators who help participants achieve employment goals and accumulate assets. Through the coordination and linkage to local service providers, 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.

Some services that FSS Coordinators help program participants access include: child care, transportation, literacy training and education, job training, employment counseling, substance/alcohol abuse treatment or counseling, financial literacy courses, asset-building strategies, household skill training, and homeownership counseling. However, these services are not funded by the FSS program. It is the role of the FSS Coordinator in each local program to 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.

Generally, families have 5 years in which to achieve their goals. Participants who become and stay employed, become independent of TANF assistance, and achieve the other goals they set for themselves, successfully graduate from the program. Graduating participants gain access to their escrow account.
Family Self-Sufficiency Program

Actual examples of outcomes for program graduates and their families:

- R.D. states that she had been on welfare and food stamps most of her adult life. She had been unable to keep a job until now. Today, she has a job that she loves and she has been working for the past 3 years. She thanks the staff of FSS, “for believing in her and giving her the tools to better her life for the sake of her children.”
- Paula had a starting income of $4,920 from welfare. Her $11,000 escrow went towards her daughter’s college expenses, and she will be the first in 3 generations to go to college.

Consolidation and Expansion of the Family Self-Sufficiency Program

The consolidation of the existing PH-FSS and HCV-FSS programs enables coordinators to provide better, more uniform services to families assisted under HUD’s largest rental assistance programs. The Department requests continued appropriation of funding for the HCV-FSS and PH-FSS program coordinators in a single account, and authority to expand eligibility to PBRA residents. Consolidation of the TBRA, PH, and Multifamily PBRA portfolio will enable coordinators to provide better, more uniform services to families assisted under HUD’s largest rental assistance programs. The proposed expansion serves the needs of PH-FSS participants who reside in properties going through conversion under the Department’s Rental Assistance Demonstration (RAD) by assuring that they will continue to receive services if their project converts to the project-based voucher program or PBRA platforms. Expanding the FSS program to PBRA will afford PBRA owners the authority to administer an FSS program if they so choose. In addition, the expansion will enable PHAs to open their FSS rolls to PBRA residents in their community in cases where PHAs administer the PBRA program.

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 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 help participants obtain 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.

The consolidation of the Public Housing and Housing Choice Voucher FSS programs and expansion to PBRA will allow the FSS program to no longer have to differentiate between their populations and have the ability to serve any resident regardless of the type of housing assistance they receive. For those participating PHAs and PBRA owners, they will be able to administer a single
Family Self-Sufficiency Program

program thereby streamlining application, tracking, budgetary and reporting requirements. Finally, the consolidation will result in better use of limited funds, and the program size, when combined, will allow for more participants per coordinator.

Positive outcomes for FSS program graduates benefit rental assistance and other federal programs as well:

- Zaida enrolled in 2001 with an income of $4,670 from TANF and no earned income. At her enrollment in FSS in 2001, she paid only $39 while the PHA covered the remaining $1,261 in rent. While in FSS, she achieved her goals of becoming employed, leaving welfare, improving her credit score, and receiving a higher education. She graduated from the program in 2013, with an Earned Income of $38,749 and was paying $797 of the total $1,200 rent. Beginning in September, 2013, she paid the full rent, and no longer needed rental assistance.

- Clarissa, a single mom of triplets, was in public housing, Medicaid for her children, and receiving other government assistance. The FSS program was a big help in her achieving her goals. It created a timeline for her to follow and outlined how to achieve each goal to help her graduate from the program. As a result, she received her Associates degree. She has a job that she enjoys and supports her educational ambitions. It also pays well enough to allow her to purchase a home for her children and leave public housing.

Current outcomes from the Public and Indian Housing Information Center (PIC) data system covering calendar year 2013 such as the following justify continued funding:

- Over 69,000 households actively participated in the program (56,000+ in the Housing Choice Voucher program and 12,000+ in Public Housing).

- 3,731 families successfully completed their FSS contracts (graduated) (3,266 in Housing Choice Voucher FSS and 465 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.

- In the Housing Choice Voucher FSS program, 56 percent of continuing participants and 54 percent of graduates have positive escrow balances resulting from increased earned income. In the Public Housing FSS program, 41 percent of continuing participants and 48 percent of graduates have positive escrow balances resulting from increased earned income. The numbers are slightly lower in the Public Housing FSS program due to the impact of the Earned Income Disregard. Average escrow at graduation for those with a positive escrow balance was approximately $6,000.
Family Self-Sufficiency Program

- 952 (25.5 percent) of graduates no longer needed rental assistance. (803 in Housing Choice Voucher (24.6 percent), 149 in Public Housing (32 percent)).

- 415 (11 percent) graduating families went on to purchase a home. (350 in Housing Choice Voucher (10.7 percent), 65 in Public Housing (14 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 other state, City and local programs by the Service Coordinators. HUD’s fiscal year 2015 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 result in program streamlining and 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 and will allow residents who currently participate in the Public Housing FSS program to continue to receive services when their development converts under the Rental Assistance Demonstration.

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 is interested in exploring options for 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 being conducted by Manpower Demonstration Research Corporation (MDRC) seem to show promising results when testing the FSS program as well as 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 effect on the sub-group of participants who were not initially working. In addition, the FSS program alone or the more immediate cash assistance alone have both been shown to produce an earnings gain for participants who are receiving Supplemental Nutrition Assistance Program (SNAP) benefits – formerly known as Food Stamps. These evaluations 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.
Family Self-Sufficiency 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.\(^1\) 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.\(^2\) 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, as described above.

Proposals Included in the 2015 Request

- **Consolidated Family Self-Sufficiency Program.** Similar to the fiscal year 2014 request, the Department requests continued appropriations of funding for the HCV-FSS and PH-FSS program coordinators in a single account, and authority to expand eligibility to PBRA. Consolidation of the existing programs, and expansion of the program to the Multifamily PBRA portfolio, enables coordinators to provide better, more uniform services to families assisted under HUD’s largest rental assistance programs. The proposed expansion also serves the needs of PH-FSS participants who reside in properties going through conversion under the Department’s Rental Assistance Demonstration (RAD).

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## PUBLIC AND INDIAN HOUSING

### FAMILY SELF-SUFFICIENCY PROGRAM

**Summary of Resources by Program**  
(Dollars in Thousands)

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The fiscal year 2015 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: Provided, That the Secretary may, by Federal Register notice, waive or specify alternative requirements under subsections b(3), b(4), b(5), or c(1) of section 23 of such Act in order for public housing agencies, owners and the Department to administer and 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. (Department of Housing and Urban Development Appropriations Act, 2014.)