



**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
WASHINGTON, DC 20410-3000

CHIEF FINANCIAL OFFICER

MAY 26 2016

The Honorable Thad Cochran  
Chairman  
Committee on Appropriations  
United States Senate  
Washington, DC 20510

Dear Mr. Chairman:

House Report 114-129 accompanying the Consolidated Appropriations Act, 2016, directs the Department of Housing and Urban Development to report to the Committees on Appropriations on the best practices of the Family Self-Sufficiency (FSS) program "that result in increased rent contributions of program participants, and practices that result in residents achieving full self-sufficiency in meeting their housing needs." The enclosed report meets this directive.

I hope you find this information helpful. If you have any further questions, please contact me at (202) 708-1946.

Sincerely,

A handwritten signature in black ink that reads "Joseph I. Hungate, III".

Joseph I. Hungate, III  
Deputy Chief Financial Officer

Enclosure

## Report to Congress on Family Self-Sufficiency Best Practices

In the fiscal year (FY) 2016 House Report (114-129), the Committee on Appropriations directed the Department to report on the Family Self-Sufficiency (FSS) program best practices that result in increased rent contributions of program participants, and practices that result in residents achieving full self-sufficiency in meeting their housing needs. The same direction was given in FY 2015 (House Report 113-464) and a report was made accordingly.

This report continues to reflect FSS best practices as described in the FY 2015 FSS Best Practices report to Congress. However, the Department recognizes that there is a need for a better understanding of the tools and techniques that are effective in producing positive outcomes for FSS participants. In FY 2015, HUD engaged a technical assistance (TA) contractor to produce a full report of FSS best practices as well as online training on the identified best practices. HUD anticipates the training will be available to all Public Housing Authorities (PHAs) and owners of Project-Based Rental Assistance properties by the end of calendar year 2016. To identify these best practices, the TA provider has convened a Community of Practice made up of high-performing FSS programs representing a diverse cross-section of regional and economic experience. When the report and training are published, the Department will share these with the Committee.

Additionally, in 2012, HUD awarded a research contract to MDRC (formerly the Manpower Demonstration Research Corporation) to implement a national evaluation of the FSS Program.<sup>1</sup> Unlike previous evaluations, this longitudinal study aims to determine whether the combination of FSS program services and escrow savings lead to gains in employment, earnings, total income, and long-term financial stability for households who participate in HUD's Housing Choice Voucher (HCV) program. This evaluation involves a random selection of at least 2,500 HCV households in 18 selected PHAs. MDRC will assess how well the FSS program improves the economic status of these families by comparing employment, earnings, and a host of additional financial and well-being outcomes for households eligible to utilize FSS services. HUD expects to report preliminary results from an early survey and administrative analysis sometime in 2017, with final study results in 2018.

Until more definitive best practices are developed as a result of the efforts described above, the remainder of the report describes what is currently known about best practices, previous research, and HUD data to support effective program outcomes.

**Key FSS Practices:** the information below, which the Department assembled from FSS practitioners in April, 2015, shows key FSS practices leading to successful outcomes. These key

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<sup>1</sup> <http://www.mdrc.org/project/family-self-sufficiency-program-demonstration#overview>

FSS practices, which were previously reported by the Department in FY 2015, continue to reflect FSS best practices as they are currently known.<sup>2</sup>

1. Consistent Follow-Up: A key practice of effective FSS Program Coordinators is to engage in high-quality one-on-one follow-up with program participants. This may mean a triage system wherein newer participants are seen more often than more stable participants, but all participants are connected with, either in-person or via phone (or some using Skype) on an agreed-upon schedule. In order to achieve this level of follow-up, FSS Program Coordinators must have manageable case-loads and not be burdened with non-FSS-related tasks.

For example, Lincoln Housing Authority requires face-to-face contacts at least once per quarter. The Program Coordinators meet participants in their office, in the participant's home, in a community setting, or at the participant's work or training setting. The goal is to make the personal contact convenient for the participant. These in-person meetings are supplemented with phone, email, letters and additional face-to-face meetings, as needed. Lincoln Housing Authority has an FSS graduation rate of 45 percent, as compared to a national average of approximately 30 percent.

2. Self-Esteem and Visioning: Strong FSS programs incorporate self-esteem building and visioning a different future into participants' Individual Training and Services Plans (ITSPs). FSS coordinators often need to "build up" their participants in order for them to be successful. Self-esteem building is often the key ingredient in a participant's transition to self-sufficiency, making the difference between lasting success and ongoing/repetitive enrollments in training programs, or on-again/off-again employment patterns. FSS Coordinators help participants establish challenging, but reachable goals and then ensure that supports are available and accessed along the way.

For example, Compass Working Capital, a nonprofit organization in the asset development field, has partnered with housing authorities in Lynn, Cambridge, and Boston, Massachusetts to operate a public-private partnership model for the FSS program focused on empowering families to build savings and financial capabilities as a pathway out of poverty. Compass has implemented a successful, monthly postcard outreach campaign targeted to families who are eligible to enroll in the program. Utilizing aspirational images and slogans derived from research and focus groups with families, the postcards are designed to tap into families' hopes and aspirations. Drawing on lessons learned through the behavioral economics field, Compass describes this campaign as "keeping opportunity at eye level." To date, Compass has enrolled about 21 percent of the HCV population in the FSS program in Lynn, a figure more than four times the national average. Compass's program outcomes are addressed under the "Financial Empowerment" section below.

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<sup>2</sup> The data points for each FSS practitioner in the text below have not been updated from the last report to Congress on FSS best practices. They remain part of this report for illustrative purposes.

3. Human Capital Development: When identifying an FSS participant's needs, a particularly effective FSS program recognizes that soft skills are as important as hard job skills. How a participant presents themselves physically at an interview and on the job, how they carry themselves in the work environment and how they handle difficult situations with co-workers and managers are some of the issues that must be addressed in order to help FSS participants succeed. Strong FSS programs, including partner organizations that are members of the Program Coordinating Committee (PCC), are by definition involved in this kind of human capital development. They also continue to support residents after employment has been achieved in order to assist participants maintain employment and progress in their chosen field.

For example, Tampa Housing Authority (THA) has an on-site job developer who works to address the needs of job seekers including resume writing and interview techniques as well as other "soft skills," and holds job fairs targeted to THA residents. THA also partners with Dress for Success Tampa Bay, which, through its "Going Places Network," provides one-to-one coaching and weekly trainings on the professional skills needed to gain and maintain employment. This partnership has resulted in an increase of 30 percent in the number of participants who gain new employment or go from part-time to full-time.

4. A Holistic Approach to the Family: Excellent FSS programs recognize that their participants have full lives with family and personal responsibilities and commitments. If a child is not doing well in school, or there is another challenging situation in the home, this must be addressed in order for a participant to be fully successful in employment. While the primary focus of the FSS Program Coordinator is the participant, the whole family receives attention and support where necessary. It is for this reason that the PCC must be made up of a wide array of service partners. Indeed, one of the hallmarks of successful FSS programs is a strong PCC.

For instance, Boulder County Housing Authority (BCHA) participates in a Boulder County initiative called Coordinated Case Management (CCM), which is a framework for collaborating with other partner agencies that work with a family, so that all involved parties communicate about goals, services, and case plans for that family. The purpose of CCM is to avoid duplication of services and to help the family feel supported when working with a number of agencies that may offer different services. All partners are invested in assisting the family in reaching the goal of self-sufficiency. If a family is working with FSS, Temporary Assistance for Needy Families (TANF) and Head Start, that family only needs to attend one meeting with representatives of all three programs instead of three separate meetings. This enhanced service coordination results in less time away from training, work or other family responsibilities for the participants. BCHA has had between 90 and 100 percent graduation rate for the last five years.

5. Financial Empowerment: Financial education, budgeting, and/or financial coaching are important to successful FSS programs. Recent trends indicate that the more individualized the financial coaching, the better the outcomes (i.e. one-on-one financial coaching is stronger than a one-time class.) Additionally, strong financial empowerment

strategies may lead to improved employment outcomes. The most successful FSS programs (or their partners) incorporate financial empowerment strategies into their FSS programs. Such strategies include pulling credit reports for their participants and reviewing them, and setting up individualized debt repayment and credit repair plans.

In the three PHAs partnering with Compass Working Capital, at enrollment, families are assigned a Compass financial coach with whom they meet four times in the first year of the program and at least twice annually thereafter. Coaches work with families to establish and carry out an individualized plan based on the family's financial goals, focused on increasing the family's financial security by building savings, reducing debt, and improving credit. Since initiating the first such partnership in 2010, Compass has documented impressive outcomes: after just two years in the program, 83 percent of participants have started saving in their FSS escrow accounts; 72 percent have increased their credit score (by an average increase of 50 points); and 52 percent have decreased their debt (by an average decrease of \$4,231). In addition, 86 percent of program graduates have transitioned out of subsidized housing, and 28.6 percent of program graduates have become homeowners (as compared to 32 percent and 11 percent national averages, respectively.)

**Previous FSS studies:** the information below summarizes the results of previous FSS studies, which have shown mixed program outcomes.

1. A New York City program tested both standard FSS and FSS combined with other financial incentives through random assignment. The research organization MDRC studied the impacts of the interventions and found, in 2012, no statistically significant impact of FSS alone, as currently implemented at NYCHA. The study did find that FSS plus the other financial incentives “produced large and statistically significant increases in average quarterly employment rates and average earnings (a gain of 45 percent over the control group average) for the subgroup of voucher holders who were not working at study entry.”<sup>3</sup> It should be noted that the results of this study are limited to a unique geographic area and, therefore, may not be representative of the FSS program as a whole. The Department expects the FSS longitudinal randomized control study mentioned above to provide more definitive empirical evidence on FSS program outcomes.
2. In 2011, HUD published an “Evaluation of FSS Program: Prospective Study.” The study examined program characteristics in a representative sample of 100 housing agencies. The study also followed a group of 181 FSS participants in 14 programs, observing their FSS experiences and outcomes. After 4 years in the FSS program, 24 percent of the study participants completed program requirements and graduated from FSS. When the study ended, 37 percent had left the program without graduating and 39 percent were still enrolled in FSS. Program graduates were more likely to be employed than the exiters or the still-enrolled participants. Program graduates also had higher incomes, both when they enrolled in FSS and when they completed the program, than participants with other

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<sup>3</sup> <http://www.mdrc.org/publication/working-toward-self-sufficiency>

outcomes. Staying employed and increasing their earned incomes helped graduates to accumulate substantial savings in the FSS escrow account. The average escrow account balance was \$5,294 for program graduates, representing about 27 percent of their average household income at the time of program enrollment.”<sup>4</sup>

**HUD Data:** HUD data collected on all FSS participants through the HUD-50058 Tenant Characteristics Report in the Public Housing Information Center (PIC) show that in fiscal year 2015, 36 percent of FSS program graduates exited the rental assistance program within a year of graduation. Fifty two percent of graduates have escrow savings, at an average of approximately \$6,500 and 499 FSS program graduates (11.76 percent) went on to purchase a home. In order to successfully graduate from the FSS program, a participant must be employed and have been free of cash welfare assistance for at least twelve months. All FSS graduates (4,245 in FY2015) were free of welfare cash assistance.

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<sup>4</sup> [http://www.huduser.org/portal/publications/affhsg/eval\\_fssp.html](http://www.huduser.org/portal/publications/affhsg/eval_fssp.html)