

**PUBLIC AND INDIAN HOUSING
FAMILY SELF-SUFFICIENCY PROGRAM
2019 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>
2017 Appropriation	\$75,000	\$75,000	...	\$150,000	...	\$73,491
2018 Annualized CR	75,000	75,000	-\$509 ^{a/}	149,491	\$149,491	61,000
2019 Request	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>85,000</u>
Change from 2018	-75,000	+509	-74,491	-74,491	+24,000

a/ Public Law 115-56 requires a reduction from the fiscal year 2017 enacted budget authority of 0.6791 percent.

1. Program Purpose and Fiscal Year 2019 Budget Overview

The 2019 President’s Budget requests \$75 million for the Family Self-Sufficiency (FSS) program, which is \$509 thousand more than the fiscal year 2018 Annualized CR level. The FSS program promotes local strategies that leverage public and private resources which enables HUD-assisted families to increase earned income and reduce the need for welfare assistance. FSS provides funds to Public Housing Authorities (PHAs) to support for the salaries of service coordinators, who connect participating families to an array of services provided by other State, city and local programs for job training, financial counseling and other supportive services.

2. Request

FSS is the largest asset-building program for low-income families in the country. It uses stable housing as a means for promoting economic self-sufficiency for Public Housing and Housing Choice Voucher residents. The \$75 million request would allow the Department to fund approximately 1,300 Family Self-Sufficiency Program Coordinators that will serve approximately 75,000 families at PHAs nationwide.

The program funds FSS Coordinators at PHAs to help participants achieve employment goals and accumulate assets. The FSS Coordinators in each local program build partnerships with employers and service providers in the community to help participants obtain jobs and access supportive services. These supportive services may include child care, transportation, basic adult education,

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job training, employment counseling, substance/alcohol abuse treatment, financial literacy, asset-building skills, and homeownership counseling. The role of the FSS Coordinator is essential to the success of the FSS program.

The overarching goals 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 do not require Temporary Assistance to Needy Families (TANF) assistance and their need for rental assistance is decreased or eliminated.

3. Justification

Enacted in 1990 and having enjoyed bi-partisan support since then, the FSS program helps families in Public Housing, the Housing Choice Voucher (HCV) program and some Project-Based Section 8 properties make progress toward economic security by combining stable affordable housing with coordination of services to support work and a rent incentive in the form of an escrow account that grows as families' earnings increase. The program helps families set 5-year goals to achieve economic security and economic independence. Through FSS, participants become and stay employed, become independent of TANF assistance, and increase their income level. Graduating participants gain access to the escrow account established in their name. The graduating participants also decrease or eliminate the need for rental assistance, and more resources are made available to serve more families over time.

The success of the program in promoting the economic security and self-sufficiency of Public Housing and HCV participants is demonstrated by local communities achieving the following outcomes covering July 2016 – June 2017:

- Over 75,000 households actively participate in the program;
- 5,146 families successfully completed their FSS contracts and graduated;
- 100 percent of graduating families did not require temporary cash assistance (TANF/welfare);
- 52 percent of graduates have escrow savings, at an average of approximately \$6,500;
- 1,564 FSS program graduates (30 percent of graduates) exited rental assistance within one year of leaving the FSS program; and
- 610 FSS program graduates (11.85 percent of graduates) went on to purchase a home.

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The following is an actual example of outcomes for program graduates and their families: G.S., from the Washington, DC area, battled addiction and homelessness before becoming a public housing resident, working as housekeeper at a hotel and convention center. Living in a high high-cost city, where the fair market rent for a two-bedroom apartment exceeds \$1,600, he was barely earning enough to get by even with housing assistance. He was, however, determined to pursue his dream of becoming a homeowner. He enrolled in the FSS program, participated in credit counseling, financial literacy courses, and a first-time homebuyer workshop. During his three-year participation in the program, he was promoted to guest services engineer, increased his income by \$22,000 (a 57 percent increase from program entry) and accrued enough in escrow savings for a down payment on a townhome. He continued pursuing another dream: entrepreneurship. He purchased a pickup truck to start his own moving and hauling business and is now also a proud small business owner. Other success stories can be found in the "[25 Years of the Family Self-Sufficiency Program: Families Working, Families Prospering](#)" summary beginning on page 6.

Cost-Effectiveness

The FSS program is cost-effective in that it does not directly fund the wrap-around services utilized by residents to achieve self-sufficiency. Grants to PHAs are for one year, and cover primarily the Coordinator's salary, while all services are funded by partners. Residents benefit from an array of services leveraged from State, city and local programs by the Coordinators. HUD capitalized on its fiscal years 2015 and 2016 appropriations to further the efficiencies of the program by not only serving HCV and Public Housing residents, but also by 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 to use residual receipts to support the program to assist families.

Evaluating Program Success

In an effort to further evaluate and expand upon prior study results, HUD's Office of Policy Development and Research (PD&R) continues to undertake a longitudinal, randomized controlled study of the FSS program. PD&R has entered a collaboration with the foundation community to more robustly test various FSS models. The Department intends to support the FSS program through the period of the study with the commitment of modifying the program based on the research results.

Preliminary findings in a randomized control trial of the FSS program, as well as two alternative strategies conducted by MDRC in New York City, warranted further study. Early reports showed that the FSS program, when combined with more immediate cash incentives conditioned upon full-time work, produced a significant effect on a sub-group of participants who were not initially working. In addition, both the FSS program and the more immediate cash assistance alone, produced an earnings gain for participants who are receiving Supplemental Nutrition Assistance Program (SNAP) benefits.¹ The continued statistical significance of the impact and the generalizability from the New York economy to the rest of the country needed to be established. In March 2012,

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

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HUD commissioned MDRC to conduct a national impact evaluation of FSS. The national evaluation ends in September 2018, allowing for roughly 30-36 months of post-random assignment follow up. HUD also awarded a Research Partnership to Abt Associates, 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 HUD to make evidence-based improvements to FSS.

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.³ 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.

Program Improvements

HUD has undertaken improvements to the FSS program, which will assist grantees and increase accountability. Such improvements include a variety of guidance and training for grantees. HUD made available in May, 2017: (1) an [FSS Promising Practices Guidebook](#) that includes guidance on outreach and goal setting, case management/coaching, increasing residents' earnings, building assets and financial capability, and building effective FSS infrastructure; and (2) [online training](#), based on the guidebook, that will be mandatory for all funded FSS programs.

As an additional improvement, HUD issued a [Federal Register Notice](#) on December 12, 2017, requesting comments on a performance measurement system that HUD plans to implement for PHAs that receive FSS program coordinator grants. The Notice also requests comment on whether and, if so, how to develop a performance measurement system for FSS programs that do not receive FSS coordinator funding (i.e., participating Project-Based Rental Assistance properties). HUD anticipates implementing the new performance measurement system in fiscal year 2018.

²De 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>

³Lubell, 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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FAMILY SELF-SUFFICIENCY PROGRAM
Summary of Resources by Program
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2017 Budget Authority</u>	<u>2016 Carryover Into 2017</u>	<u>2017 Total Resources</u>	<u>2017 Obligations</u>	<u>2018 Annualized CR</u>	<u>2017 Carryover Into 2018</u>	<u>2018 Total Resources</u>	<u>2019 Request</u>
Grants	\$75,000	\$75,000	\$150,000	...	\$74,491	\$75,000	\$149,491	\$75,000
Total	75,000	75,000	150,000	...	74,491	75,000	149,491	75,000

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

The fiscal year 2019 President's Budget includes the appropriation language listed below.

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. Account 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, 2020: 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 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.

Note. —A full-year 2018 Annualized CR for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2018 (Division D of P.L. 115-56). The amounts included for 2018 reflect the annualized level provided by the continuing resolution