**PUBLIC AND INDIAN HOUSING**
**FAMILY SELF-SUFFICIENCY PROGRAM**
**2018 Summary Statement and Initiatives**
**(Dollars in Thousands)**

| FAMILY SELF-SUFFICIENCY PROGRAM | Enacted/ Request | Carryover | Supplemental/ Rescission | Total Resources | Obligations | Outlays |
|---|---|---|---|---|---|---|
| 2016 Appropriation ................ | $75,000 | $75,000 | ... | $150,000 | $149,921 | $78,372 |
| 2017 Annualized CR ................ | 75,000 | 79 | -$143 a/ | 74,936 | 74,936 | 75,000 |
| 2018 Request ...................... | 75,000 | ... | ... | 75,000 | 75,000 | 73,000 |
| Change from 2017 .................. | ... | -79 | +143 | +64 | +64 | -2,000 |

a/ Public Law 114-254 requires a reduction from the fiscal year 2016 enacted budget authority of 0.1901 percent.

## 1. Program Purpose and Fiscal Year 2018 Budget Overview

The fiscal year 2018 President's Budget requests $75 million for the Family Self-Sufficiency (FSS) program, $143 thousand more than the fiscal year 2017 Annualized CR level. The purpose of the FSS program is to promote local strategies that leverage public and private resources, enabling families to increase earned income and financial literacy, and reduce or eliminate the need for welfare assistance. It 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. This enables 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 72,000 families. 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.

## 2. Request

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 work-promoting service coordination and a rent incentive in the form of an escrow account that grows as families' earnings increase. The program helps families set goals to achieve economic security and economic independence. Generally, families have 5 years in which to achieve their goals. 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 program funds FSS Coordinators 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 supportive services. These services may include child care, transportation, basic adult education, job training, employment counseling, substance/alcohol abuse treatment, financial literacy, asset-building skills, and homeownership counseling among others. The role of the FSS Coordinator is essential to the success of the FSS program.

## 3. Justification

FSS funding promotes economic security and self-sufficiency of recipients of HUD rental assistance. The success of the program is demonstrated by local communities led by FSS coordinators achieving the following outcomes for calendar year 2016:

- Over 72,000 households actively participates in the program;
- 4,793 families successfully completed their FSS contracts and graduated;
- 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;
- 1,557 FSS program graduates (32 percent) exited rental assistance within one year of leaving the FSS program; and
- 606 FSS program graduates (12.64 percent) went on to purchase a home.

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 following is an actual example of outcomes for program graduates and their families: Q.P., from Waterbury, CT, is a single mother of three and 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 four 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).

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. Grants are for one year, and cover primarily the Coordinator's salary, while all services come from partnerships with employers and service providers in the community. Residents benefit from an array of services leveraged from state, city and local programs by the Coordinators. HUD capitalized on its fiscal year 2015 and 2016 appropriations to further the efficiencies of the program by not only serving HCV and Public Housing residents, but 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.

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 within the study. HUD is committed to encouraging self-sufficiency among those receiving rental assistance and hopes to use the results of the study to improve the efficiency and efficacy of its programs.

Preliminary findings in a randomized control trial of the FSS program, as well as two alternative strategies conducted by Manpower Demonstration Research Corporation (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 earnings gains 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, 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.

[1] http://www.mdrc.org/publication/working-toward-self-sufficiency

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.

HUD has undertaken improvements to the program, which will assist grantees and increase accountability.  Such improvements include a variety of guidance and training for grantees. HUD will be making available: (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 is developing a composite score for FSS grantees. The composite score will be based on evaluation metrics, including: earnings (whether earnings of FSS participants exceeds that of similar non-participants at a PHA); graduation (share of FSS participants who have graduated from FSS); and participation (meeting and/or exceeding the minimum needed to qualify for FSS coordinator grant). Each grantee will be given a High, Standard or Low score. The methodology is expected to be published for public comment in late fiscal year 2017 with test scores. Final scores are expected by December 2017.

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[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.

## PUBLIC AND INDIAN HOUSING
## FAMILY SELF-SUFFICIENCY PROGRAM
## Summary of Resources by Program
## (Dollars in Thousands)

| Budget Activity | 2016 Budget Authority | 2015 Carryover Into 2016 | 2016 Total Resources | 2016 Obligations | 2017 Annualized CR | 2016 Carryover Into 2017 | 2017 Total Resources | 2018 Request |
|---|---|---|---|---|---|---|---|---|
| Grants ................ | $75,000 | $75,000 | $150,000 | $149,921 | $74,857 | $79 | $74,936 | $75,000 |
| Total ............... | 75,000 | 75,000 | 150,000 | 149,921 | 74,857 | 79 | 74,936 | 75,000 |

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

The fiscal year 2018 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 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, 2019: 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 may allow owners to use funding from residual receipt accounts to hire coordinators for their own Family Self-Sufficiency program.*

*Note.—A full-year 2017 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 Further Continuing Appropriations Act, 2017 (P.L. 114–254). The amounts included for 2017 reflect the annualized level provided by the continuing resolution.*