

Final Report on Program Effects and Lessons from the Family Self-Sufficiency Program Evaluation



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Final Report on Program Effects and Lessons from the Family Self-Sufficiency Program Evaluation

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Foreword

The Family Self-Sufficiency (FSS) program was established in 1990 to help families who receive HUD assistance access economic opportunities and achieve self-sufficiency. HUD provides grants to public housing agencies (PHAs) and owners of private Project-Based Rental Assistance programs to fund the salaries of FSS program coordinators, who work with FSS participants to connect them with educational and training opportunities, improve their financial literacy, increase their earnings, and work toward goals that participants set for themselves. In addition, FSS provides participants with an important opportunity to increase their savings. When a participant's income increases, any corresponding increase they would usually pay in rent is deposited into an escrow account that the FSS coordinator manages on their behalf. After a participant successfully achieves the goals they had set at the start of their time in FSS and graduates from the program, they are then able to access the savings they have accrued in their escrow account.

In 2012, HUD commissioned an evaluation of FSS to measure the program's impact on a family's progress toward long-term financial stability. Using a randomized controlled trial design in which placements in a program are determined by random assignment, study participants were placed into one of two groups: one that was offered a placement in FSS and one that was not. Comparing the outcomes of these groups makes it possible to estimate the impact of the program because the random assignment process ensures that the groups were identical at baseline in all ways except for whether they were offered a place in FSS. This is the fourth and final report in a series sharing the findings of the impact evaluation, and it summarizes the findings of 6 to 7 years of followup.

Eighteen housing agencies across seven states participated in the evaluation, representing both large and small agencies in urban and suburban settings. The evaluation focuses on 2,556 participants who were between 18 and 61 years of age at the time of study enrollment. Given the range of housing agencies participating in this study and recent updates to FSS regulations, the results capture a picture of the average FSS program during the study period, which was the intention of the study—not to merely evaluate the highest-performing programs. In 2017, midway through the study, HUD developed a performance measurement system, now known as the FSS Achievement Metrics (FAM) Score (formerly the Composite Score). In 2023, the FAM scoring criteria were updated, and new scores were issued based on data ending in 2020. The FAM score uses data on FSS programs' graduation rates, earnings outcomes, and participation rates to quantify the performance of each program. Under this performance metric, programs are placed into one of four categories, with Category 1 as the highest-performing programs and Category 4 as the lowest-performing. The group of agencies participating in the evaluation included programs from each category, with scores ranging from 2.9 to 9.4 out of 10. The average score among participating programs was 5.33 out of 10 compared with an average of 5.99 across the overall population of FSS programs. As a result, the participating agencies can be thought of as representative of the median FSS program, which was the goal of the evaluation. Going forward, HUD will use the FAM score to increase program monitoring, conduct analysis, and improve overall program performance.

Within the study group, there was a great deal of variation in how the program was implemented, leading to some differences across locations in participant outcomes. One notable example is program graduation rate, which ranged from an average of 38 percent among the top three housing agencies to 9 percent among the three housing agencies with the lowest graduation rates,

with an overall median graduation rate of 24.5 percent. In combination with the new scoring system, HUD expects that recent updates to FSS program regulations will standardize elements of program implementation and improve performance on key metrics, including graduation rate.

Overall, the evaluation found equal levels of success between those who were offered a placement in FSS and those who were not. The two groups had similar earnings and employment outcomes over the followup period, and there were no significant differences between the groups in other measures of financial well-being, such as credit score or use of credit. Some variation existed within subgroups, however; in particular, participants who entered the program with a 2-year degree or higher saw positive impacts from the program. FSS participants in this group were more likely to graduate from the program and had improved credit and employment outcomes compared with their control group counterparts. This analysis suggests that FSS participants who faced lower barriers to employment and economic self-sufficiency were more likely to see positive impacts from program participation than participants who experienced more significant barriers.

An additional finding to note is that large percentages of both the treatment and control groups accessed services related to self-sufficiency. The most common type of service accessed among both groups was financial counseling, which provides insight into the types of supports residents are most interested in seeking. This finding will be important in informing best practices for programming in the future. Although participating in FSS did lead to a greater likelihood of accessing services, over 80 percent of the control group also participated in at least one self-sufficiency service during the followup period. This high rate of using such services could potentially mask the impacts of FSS and these related services because both the treatment and control groups accessed them at high rates and may have seen benefits as a result. Further, much of the evaluation and followup period took place during a long period of economic expansion, a context that could have reduced the potential impact of the program because both groups may have had greater access to employment.

This report also shows that participants who did graduate from FSS received substantial benefits, particularly through access to the savings they had accumulated in their escrow accounts throughout their time in the program. Approximately 60 percent of those who participated in FSS accrued some savings in their escrow account while in the program, and the average escrow disbursement for FSS graduates was \$10,803. These findings are comparable with the most recent FSS program data, which show that 59 percent of all FSS participants have earned escrow as of the writing of this report, with an average non-zero escrow amount of \$9,810. These payments offer significant benefits to the families who receive them, allowing them to use these funds to pursue higher education, to pay off debt, to buy a home, or for another purpose of their choosing. This study also illuminates that, because of low program graduation rates, many families are not able to access the escrow that they accumulated, forfeiting an average balance of \$3,900. These findings indicate the importance of structuring the program in such a way that it is more feasible for families to reach graduation and receive the savings they accumulated in the program. This feedback has led to regulatory changes in the FSS Final Rule, which took effect in June 2022.

Although the evaluation did not find sizable impacts as a result of participation in the FSS program, HUD has already learned valuable lessons from the research, and it has informed recent improvements to the FSS program through the Final Rule. Many of the recommendations for program improvement outlined in the following report have been addressed and implemented

through the Final Rule. These changes include removing a cap on escrow contributions for higher-income participants, changing the definition of “welfare free” so that a participant is only required to stop receiving cash welfare payments at the time of graduation rather than a year before graduation, expanding the allowable reasons for a family to extend their time in the program, and mandating that forfeited escrow be used to benefit other FSS participants rather than being returned to the PHA’s Housing Assistance Payments or Operating Fund accounts. HUD’s aim is that these changes will lower barriers to graduation, provide additional supports for participants, and improve persistence in the program. HUD will continue to implement and expand the FSS program, incorporating these updates to continuously improve the program and allow more families to access the asset-building opportunities that FSS provides.



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Table of Contents

List of Exhibits.....	vii
Executive Summary	ix
Chapter 1. Introduction.....	1
Chapter 2. FSS Enrollment Status and Use of Services.....	18
Chapter 3. Patterns of Escrow Receipt and Disbursements.....	36
Chapter 4. Impacts on Employment and Earnings	59
Chapter 5. Impacts on Income, Savings, and Credit Use	69
Chapter 6. Impacts on Financial Well-Being, Housing Status, and Housing Subsidy Receipt....	89
Chapter 7. Variation in Program Impacts.....	95
Chapter 8. Key Takeaways and Considerations for the Future.....	114
References.....	127

List of Exhibits

Exhibit 1. Impacts on Use of Services and Attainment of Post-Secondary or Occupational Credentials, FSS Long-Term Followup Survey Respondent Sample	xiii
Exhibit 2. FSS Program Enrollment Status Through the End of Followup, FSS Impact Sample.....	xiv
Exhibit 3. Total Earnings in Years 1 to 6, FSS Impact Sample.....	xvii
Exhibit 4. Impacts on Credit Scores After 6 to 7 Years of Followup, FSS Impact Sample.....	xviii
Exhibit 5. Impacts on Household Income, Benefit Receipt, and Well-Being.....	xix
Exhibit 6. Impacts on Selected Outcomes by Selected Baseline Characteristics, FSS Impact Sample....	xxii
Exhibit 7. Selected FSS Program Changes for HCV Participants	xxiv
Exhibit 8. Core Components of the HUD FSS Framework.....	6
Exhibit 9. Simplified Schematic of the Family Self-Sufficiency Program Theory of Change	8
Exhibit 10. Data Sources for the FSS Study	11
Exhibit 11. Public Housing Agencies Participating in the National Family Self-Sufficiency Evaluation .	13
Exhibit 12. Baseline Characteristics of Households in the FSS Impact Sample.....	14
Exhibit 13. Baseline Characteristics of Heads of Household in the FSS Impact Sample	15
Exhibit 14. Enrollment Status in the FSS and Housing Choice Voucher Programs, by Month of Followup, FSS Group Members in the FSS Impact Sample	19
Exhibit 15. Enrollment Status in the FSS and HCV Programs at the End of Followup, FSS Group Members in the FSS Impact Sample.....	20
Exhibit 16. Employment and Earnings Outcomes in Year of FSS Program Exit.....	22
Exhibit 17. Earnings Outcomes in Year of FSS Program Exit	23
Exhibit 18. Impacts on Use of Services and Attainment of Post-Secondary or Occupational Credentials, FSS Long-Term Followup Survey Respondent Sample	25
Exhibit 19. Impacts on Selected Indicators of Service Use by Selected Baseline Characteristics, FSS Long-Term Followup Survey Respondent Sample	28
Exhibit 21. FSS Enrollment Status Through the End of Followup.....	39
Exhibit 22. Escrow Balance, Disbursement, and Forfeiture in the Last Month of Followup, by FSS Graduation and Program Eligibility Status, FSS Group Members in the FSS Impact Sample	40
Exhibit 23. Graduation and Enrollment Status in Months 12, 36, 63, and in the Last Month of Followup, FSS Group Members in the FSS Impact Sample	42
Exhibit 24. First Month of Escrow Accrual and Cumulative Percentage of Family Self-Sufficiency Group Members Who Ever Accrued Escrow Credits, by Month of Followup.....	43
Exhibit 25. Indicators of FSS Program Status and Outcomes for Selected Subgroups.....	45
Exhibit 26. Indicators of FSS Graduations and Escrow Accrual Since Random Assignment by Housing Agency, FSS Service-Use Sample.....	47
Exhibit 27. Association Between Graduation Outcomes and Selected Sample Member Characteristics Recorded at Random Assignment, FSS Group Members in the FSS Impact Sample	50

Exhibit 28. Change in Reported Annual Head-of-Household Earnings and Total Household Earnings Between Month of Random Assignment and Last Month of Followup, by HCV and FSS Program Enrollment Status.....	55
Exhibit 29. How to Read the Impact Tables in This Report.....	60
Exhibit 30. Quarterly Employment Rate Among Control Group Members, By Self-Reported Employment Status at Random Assignment, Family Self-Sufficiency Impact Sample.....	62
Exhibit 31. Average Quarterly Earnings Among Control Group Members, By Self-Reported Employment Status at Random Assignment, FSS Impact Sample.....	62
Exhibit 32. Impacts on Employment and Earnings in Years 1 to 6, FSS Impact Sample.....	64
Exhibit 33. Impacts on Self-Reported Employment and Earnings in the Past 12 Months and at Interview, FSS Long-Term Followup Survey Respondent Sample	66
Exhibit 34. Impacts on Household Income, Income Sources, Banking, and Savings, FSS Long-Term Followup Survey Respondent Sample	71
Exhibit 35. VantageScore Ranges.....	74
Exhibit 36. FSS Group Members' Average Experian Vantage 3.0 and Clarity Clear Early Risk Credit Scores, 2012–2021, FSS Impact Sample (FSS Group Only)	76
Exhibit 37. Changes in FSS Group Members' Average Experian Vantage 3.0 Credit Scores, 2012–2021, FSS Impact Sample (FSS Group Only)	77
Exhibit 38. Changes in the Distribution of Clarity Clear Early Risk Credit Scores, 2014–2021, FSS Impact Sample (FSS Group Only).....	78
Exhibit 39. Impacts on Credit Scores After 6 to 7 Years of Followup, FSS Impact Sample	79
Exhibit 40. Changes in Balance Amount from 2014 to 2021, by Type of Credit, Family Self-Sufficiency Group Members in the FSS Impact Sample.....	81
Exhibit 41. Impacts on Use of Traditional and Alternative Financial Services, FSS Impact Sample.....	81
Exhibit 43. Change in Debt-to-Income Ratio from 2014 to 2021, by Research Group,	86
Exhibit 44. Impacts on Use of Financial Services, Savings, and Debt, FSS Long-Term Followup Survey Respondent Sample	87
Exhibit 45. Impacts on the Incidence of Financial Strain, Material Hardship, and Food Insecurity, FSS Long-Term Survey Respondent Sample	89
Exhibit 46. Impacts on Housing, FSS Long-Term Followup Survey Respondent Sample.....	92
Exhibit 47. Impacts on Shelter Costs and Housing Subsidies, Years 1 to 6, FSS Impact Sample	93
Exhibit 48. Impacts on Selected Outcomes by Selected Baseline Characteristics, FSS Impact Sample....	99
Exhibit 49. Program Clusters: Data and Definitions	103
Exhibit 50. Impacts on Selected Outcomes by Program Approach, FSS Impact Sample.....	105
Exhibit 51. Variation in Annual Earnings, Years 1 to 6, by Research Group, FSS Program Graduation Status, FSS Escrow Disbursement Status, and HCV Program Eligibility Status at End of Followup, FSS Impact Sample	111
Exhibit 52. Summary of Selected Key Program Changes for HCV Participants	118

Executive Summary

Policymakers have long sought to improve the labor market outcomes and address the barriers to work faced by households with low income. The U.S. Department of Housing and Urban Development (HUD) Family Self-Sufficiency (FSS) program blends housing assistance with supportive services and a financial incentive to help improve the economic well-being of households receiving federal rental assistance. As a voluntary program, FSS is HUD’s flagship initiative for helping households receiving federal housing assistance to increase their earnings and make progress toward economic self-sufficiency. Until recently, limited evidence was available about the FSS program’s effectiveness in achieving such outcomes. To fill that gap, HUD commissioned a national evaluation in 2012 and selected MDRC to lead it. This report serves as the final report and presents findings for the 6 to 7 years of followup covered by this evaluation.

Through annual grants, HUD funds approximately 700 public housing agencies (PHAs) to operate FSS programs across the country. The funding, which totaled approximately \$100 million in fiscal year 2021 awards, mostly provides program operators with modest grants to hire FSS coordinators. These staff work with FSS participants to set goals that will help them make progress toward self-sufficiency and refer them to a broad range of services in the community. To encourage participants to find employment, increase their earnings, or both, the program includes as its centerpiece a work-based financial incentive—an escrow account—which acts as a long-term savings account.

Like others receiving housing subsidies, FSS participants face rent increases when their earnings increase (typically 30 percent of additional earnings). In the FSS program, the housing agency credits a family’s escrow account with an amount based on their rent increase. The money accrued in the escrow account is disbursed to participants when they graduate from the program. To graduate, participants must be employed and have achieved all their self-sufficiency goals, such as attaining an educational or occupational credential, attending financial literacy workshops, or addressing credit score issues that they identify in their contract of participation (CoP). An additional requirement, which was in effect during the period of this evaluation, is that FSS participants and the members of their households may not receive cash welfare assistance for the 12 months leading up to graduation. FSS graduates receive the funds deposited in their escrow accounts, plus interest, and can use that money for any purpose. FSS participants who do not graduate from the program forfeit the escrow that they accumulated in their accounts.

The FSS evaluation uses a randomized controlled trial to test the program’s effects. It compares the outcomes of individuals who were randomly assigned to an FSS group, whose members were eligible to participate in the FSS program, and a control group, whose members were not eligible to participate in the program for 3 years. Differences between the two groups’ average outcomes represent the program’s effects or impacts. Statistically significant differences between groups indicate with a strong degree of confidence that the impacts can be attributed to FSS rather than to chance. Nonetheless, caution is warranted when differences between the research groups are statistically significant for only one or two of the large number of outcomes examined.

Eighteen housing agencies in seven states agreed to participate in this evaluation and enrolled 2,656 voucher recipients in the study between October 2013 and December 2014. The evaluation focuses on the 2,556 study participants (the eligible “impact sample”) who were 18 to 61 years of age at study enrollment. Taking a long-term perspective, this final report builds on prior

reports and looks at the cumulative evidence of the program’s impacts or effectiveness (Freedman et al., 2023; Verma et al., 2019; Verma et al., 2021). Does evidence exist that, during a 6- to 7-year period, participants in FSS are on a different economic and financial trajectory than their counterparts who do not receive FSS services or the escrow incentives? Do FSS group members earn more over time and experience greater financial security compared with the control group? Do they go on to graduate and earn escrow disbursements? How do program graduates use their escrow disbursements? Does variation in program implementation practices affect program outcomes?

This final report spans the entire evaluation period, covering the period from 2012, when the study was launched, to 2021, which includes the early part of the COVID-19 pandemic that hit the nation beginning in March 2020.¹ All the FSS programs in this study and their housing agencies made dramatic changes in how they delivered services during the pandemic, shifting to online engagement with program participants. A brief survey, fielded in 2021, provides additional insights into the longer-term outcomes and post-exit circumstances of former FSS participants and how they fared in the face of the pandemic’s economic shocks. The end of the evaluation also coincides with the release of the FSS Final Rule, which implements the FSS program’s reauthorization. The FSS Final Rule went into effect June 17, 2022, well after the followup period for this study had ended.² As discussed later in this report, some of the requirements families in the evaluation were subject to no longer apply (or changed) with the implementation of the new legislation.

The Family Self-Sufficiency Program

The FSS program was established in 1990 by Section 554 of the Cranston-Gonzalez National Affordable Housing Act. HUD regulations set the basic framework for the program, but local housing agencies can design how they implement service provision—an element of flexibility offered by the federal framework. On the other hand, the escrow component strictly follows HUD’s specifications for calculating escrow credits. Although all adults in FSS households are encouraged to seek employment, during the course of this evaluation, only the head of household is required to be employed to graduate from the program.

At program enrollment, participants sign a CoP and complete an Individual Training and Services Plan. The typical contract may last up to 5 years, during which participants are expected to achieve all agreed-upon goals. Each FSS operator is required to organize a Program Coordinating Committee (PCC) comprising service providers in the community. Through these committees, FSS operators can learn about services and resources in their communities and service providers can become invested in the success of the program by providing services to FSS participants. In addition, some housing agencies host activities and services that PCC members provide.

¹ The number of quarters of followup in which outcomes, such as employment levels, could have been affected by the pandemic range from 0 to 4 quarters, depending on the study participants’ quarter of random assignment.

² The FSS Final Rule was published in the Federal Register on May 17, 2022. To view the HUD’s announcement of this Final Rule, visit www.hud.gov/sites/dfiles/PIH/documents/GovDelivery_FSS_Final_Rule_roll-out_letter.pdf. FSS programs were required to comply with the new regulations by November 14, 2022.

In recent years, HUD has produced a comprehensive resource guide on the FSS program that describes best practices for program design and operation (HUD, 2017a)³. In 2018, HUD also announced a new performance measurement system for assessing programs receiving FSS funding. The performance system evaluates FSS programs on the basis of the participation rate (number of participants served over the minimum number required for the grant), participants' average earnings gains compared with similar non-FSS families from the same PHA, and graduation rates.⁴ Using this approach, HUD has developed performance scores for each FSS program, but it has yet to use this system to determine program funding or for other administrative purposes due to a congressional prohibition. Further, the recently implemented FSS Final Rule makes several changes to the FSS program, including making it easier for some participants to accrue escrow, creating a potential new funding source to support barrier reduction and related services, and easing some graduation requirements.⁵ Going forward, the program will allow any family member, not solely the head of household, to enroll and thereby take responsibility for meeting the requirements of the CoP. All these developments reflect HUD efforts to strengthen the program's performance, which, in the future, could affect some of the outcomes observed in this evaluation.

Study Design and Sample Characteristics

This evaluation posits that the FSS program should produce positive short- and long-term effects in two ways: (1) By providing ongoing case management (or coordinating) services that help participants meet their employment goals or improve their financial security, and (2) By offering a long-term escrow savings account to encourage participants to find or maintain employment and increase their earnings over time. Through these mechanisms, it is hoped that participants will eventually increase their earnings enough to pay their rents without a subsidy and thereby free up housing subsidies for other households in need of housing assistance. Leaving housing assistance is not a requirement of the program.

For a variety of reasons, however, positive effects may not materialize. The potential to earn an escrow disbursement represents a distant and uncertain reward that may not motivate participants to increase their earnings in the short term, and rental assistance rules mean that higher earnings result in higher rent. Moreover, FSS participants face various barriers that may limit their chances of finding new employment or increasing their earnings, and the FSS program may not be able to adequately address all these barriers directly or through service referrals. In addition, members of the control group may have access to similar employment-related services and supports in their communities, in which case the outcomes for the program and control groups could show little contrast when compared.

³ This comprehensive review guide was updated in 2022.

⁴ The ranking system classified 20 percent of FSS programs nationwide as high performing, 60 percent as standard, 10 percent as low, and 10 percent as troubled. Based on the 2018 rankings, the sites in the evaluation represent all the groups: 3 were classified as high performing, 4 were classified as low performing or troubled, and the remaining 11 were classified as standard.

⁵ Federal Register. 2022. "Streamlining and Implementation of Economic Growth, Regulatory Relief, and Consumer Protection Act Changes to Family Self-Sufficiency (FSS) Program."

www.federalregister.gov/documents/2022/05/17/2022-09528/streamlining-and-implementation-of-economic-growth-regulatory-relief-and-consumer-protection-act.

Alternatively, the FSS program may produce positive impacts only after 5 years or longer, when participants achieve a set education or training goal or when they see themselves “nearing the finish line” and feel motivated to find a new job, stay in their current one, or work extra hours to graduate and receive an escrow disbursement.

The FSS evaluation was designed to build rigorous evidence about the program’s effectiveness. It draws on a combination of qualitative and quantitative data collected across 18 study sites to assess how the FSS program improves participants’ financial well-being. The evaluation focuses on FSS programs for housing choice voucher (HCV) recipients and examines the effects for the study sample overall and for certain subgroups—for example, based on their employment, educational attainment, and barriers to work when they entered the study. The evaluation also explores whether some program implementation features are particularly effective at boosting participation or improving outcomes. These program features include offering job search assistance, referrals to education and training programs, and financial management workshops and counseling, as well as specific approaches to implementation, such as having large or small caseloads and maintaining more or less contact with participants.

Eighteen housing agencies in seven states (California, Florida, Maryland, Missouri, New Jersey, Ohio, and Texas) agreed to participate in the evaluation. These housing agencies represent a wide range of contexts within which FSS programs operate. They include large and small housing agencies operating in large and small cities and suburban settings. Working with each housing agency, MDRC developed study recruitment and enrollment processes. The participating housing agencies did not have to increase their total enrollment in the FSS program for the evaluation, but they did have to double the number of households that signed up for a chance to participate in the FSS program. One-half of the households that signed up were randomly assigned to the control group.

Participant enrollment was conducted over a 15-month period, from October 2013 through December 2014. Participant demographic characteristics were broadly similar to that of the national FSS population. The study sample was predominantly female (91 percent), and the average age at random assignment was 39 years. More than 76 percent of study participants had a child under age 18 at home, typically age 12 or younger. About 14 percent did not have a high school diploma or equivalency certificate. More than one-half (56 percent) were working at the time of study enrollment. A high percentage (about 70 percent) were receiving Supplemental Nutrition Assistance Program (SNAP) benefits, or food stamps, implying that a large proportion had earnings at or below 130 percent of the federal poverty level (the SNAP benefit eligibility cutoff). Reflecting national patterns, fewer than one-sixth received cash assistance, and about one-third of the sample reported having received housing vouchers for 10 years or more. The opportunity to receive financial education and management services was a big draw for sample members; job-related services were also an important draw but to a lesser extent.

Key Findings

HUD’s framework for the FSS program provides housing agencies with considerable flexibility to establish local policies, case management and coordination approaches, and staffing arrangements that influence how the program works with participants to increase their employment and earnings, build assets, and help them advance toward self-sufficiency. At program enrollment, FSS participants are often encouraged to pursue a range of goals, including at least one employment, education and training, and financial security goal. Thus, when

evaluating a 5-year program, such as FSS, several indicators of participation and progress are of interest.

Program Participation

The FSS program led to a modest increase above the control group level in overall use of any self-sufficiency-related services, and to a larger increase above the control group level in use of financial counseling and job search services. More than 80 percent of the study participants responding to the Long-Term Survey, which was conducted in mid-2021, reported participating in at least one activity during the full followup period (exhibit 1). The largest proportion of FSS group respondents (64 percent) reported participating in job search activities, followed by financial counseling (60 percent), and education and training (53 percent). The overall proportion of survey respondents who participated in at least one activity was moderately higher for the FSS program group (7 percentage points) compared with the control group. Statistically significant differences in participation rates exceeded 15 percentage points for financial counseling and job search activities. About one-third of the respondents in both research groups reported attaining an academic degree or occupational credential since random assignment, with no statistically significant difference between research groups.

Exhibit 1. Impacts on Use of Services and Attainment of Post-Secondary or Occupational Credentials, FSS Long-Term Followup Survey Respondent Sample

Outcomes (%)	FSS Group	Control Group	Difference (Impact)	P-Value
<u>Any time since random assignment</u>				
Used any services	87.7	80.8	6.9 ***	0.009
Job search	63.6	48.4	15.2 ***	0.000
Financial counseling	59.8	36.5	23.4 ***	0.000
Education and training	53.1	45.8	7.3 **	0.042
Post-secondary education	34.1	28.6	5.4 *	0.096
Occupational skills training	30.7	22.7	8.0 **	0.015
Earned academic or occupational credential	35.7	32.8	3.0	0.379
Post-secondary degree	16.0	14.4	1.5	0.557
Occupational credential or license	26.1	23.4	2.6	0.387
Sample size (total = 791)	403	388		

FSS = Family Self-Sufficiency.

* Statistical significance level of 10 percent. ** Statistical significance level of 5 percent.

*** Statistical significance level of 1 percent.

Notes: The FSS Long-Term Followup Survey respondent sample includes housing choice voucher heads of household who were randomly assigned between October 18, 2013, and December 22, 2014, were ages 18 to 61 at the time of random assignment, and responded to the FSS Long-Term Followup Survey. Sample sizes for specific outcomes may vary because of missing values. Estimates were regression-adjusted using ordinary least squares, controlling for differences in sample member characteristics recorded at the time of random assignment. No special weights were applied to responses to adjust for differences in sample size by the housing authority. Rounding may cause slight discrepancies in calculating sums and differences. A two-tailed t-test was applied to differences between the FSS group and the control group. The p-value indicates the likelihood that the difference between the FSS group and control group arose by chance.

Sources: MDRC calculations using responses to the FSS 18-Month Survey; 36-Month Survey; Long-Term Followup Survey

Most FSS group members began participating in FSS-related services within the first 6 months after they enrolled in the study. Relatively few FSS group members who had not participated in FSS-related services by the end of month 6 began participating in them during the remaining years of followup. The FSS programs in the evaluation experienced significant declines in program participation early in the followup period. Participants engaged more actively with the program in the first 18 months, with participation rates decreasing markedly thereafter. By year 3, most FSS group members were no longer engaged in FSS-related activities (or had never participated), although a sizable portion of these individuals were working for pay, a goal of the FSS program.

Enrollment, Graduation, and Escrow Disbursements

FSS participants can take up to 5 years to graduate from the program. Under certain circumstances, the program may extend a participant's participation contract by another 2 years.⁶ By the last month of followup, about 72 percent of participants had left the FSS program for reasons other than meeting its graduation requirements. HUD and housing agency data do not include detailed information on their reasons for exiting the FSS program, but the available data suggest that a large proportion of these participants were terminated from the FSS program, exited it voluntarily, left the voucher program, or moved to another housing agency. FSS group members who exited the program near the end of followup (often because their case managers-initiated termination) tended to have less employment and lower earnings on average compared with FSS group members who exited during the middle years of the followup period.

Graduation, a marker of program success, was achieved by a small fraction of participants. Midway through the 5-year program, about 4 percent of the FSS group members had graduated. This rate climbed to about 17 percent by the end of year 5. By the end of data collection for this study, the graduation rate reached 20 percent (somewhat below HUD's recently published national average of 24 percent, recorded in 2018) and 7 percent remained enrolled in the program (exhibit 2).⁷ More than 80 percent of the FSS participants who graduated this far did so between month 36 and the end of the followup period. Even if everyone currently enrolled were to graduate, the average graduation rate across the 18 programs would remain low. Although graduation rates were higher for some of the PHAs in the national evaluation, ranging from 4 to 44 percent in the 18 sites, most FSS enrollees did not achieve this milestone.

Exhibit 2. FSS Program Enrollment Status Through the End of Followup, FSS Impact Sample

FSS Enrollment Status	Last Month of Followup
Graduated (%)	20.4
Received escrow disbursement (%)	90.1
Average disbursement received (\$)	10,803
Used escrow dollars to pay for usual household expenses (%)	59.1

⁶ In response to the COVID-19 pandemic and its associated economic downturn, in 2020, HUD gave housing agencies the authority to extend FSS contracts by a third year.

⁷ The estimated graduation rate calculated for this evaluation includes everyone in the study sample who was randomly assigned. In contrast, HUD's method for calculating graduation rates excludes FSS enrollees who exited the HCV program without graduating.

FSS Enrollment Status	Last Month of Followup
Still enrolled (%)	7.2
<i>Average positive escrow balance (\$)</i>	11,380
Exited, did not graduate (%)	72.4
Exited with positive escrow balance (%)	45.7
<i>Average forfeiture amount (\$)</i>	3,918
Sample size	1,285

FSS = Family Self-Sufficiency.

Notes: The FSS impact sample includes housing choice voucher heads of household who were randomly assigned between October 18, 2013, and December 22, 2014, and were ages 18 to 61 at the time of random assignment. The FSS Long-Term Followup Survey respondent sample includes members of the impact sample who responded to the FSS Long-Term Followup Survey. Dollar amounts and percentages displayed in italics include FSS group members who share the same outcome.

Sources: Public housing agency administrative data; HUD Inventory Management System/Public and Indian Housing Information Center data; Responses to the FSS Long-Term Followup Survey

FSS graduates were generally more likely to report being satisfied with their enrollment in FSS compared with FSS group respondents who exited the program without graduating. FSS participants who exited without graduating were more than twice as likely as FSS graduates to report having encountered health-related obstacles to goal attainment. Those who exited were also more likely than graduates to indicate the COVID-19 pandemic as an obstacle to goal attainment. Both graduates and those who exited without graduating (about 15 to 20 percent) were about equally likely to report a lack of access to needed financial supports for transportation, childcare, or education costs that hindered their participation in FSS.

FSS graduates received a substantial escrow disbursement, averaging nearly \$11,000 per escrow recipient. Overall, about 60 percent of the FSS participants accrued some escrow credit during the full followup period; most began accruing escrow credits within the first 2 years of their enrollment in the program, after which the chances of accruing any escrow dropped precipitously. On average, FSS graduates that received at least one escrow disbursement earned \$10,803 in escrow disbursements, with close to 15 percent receiving more than \$20,000, a significant one-time payment for these families. This evaluation shows that the FSS program eventually provides a large lump sum payment to graduates, often exceeding the maximum amount that a household with low or moderate income could receive as an earned income credit on its federal tax return. A total of approximately \$2.6 million was disbursed to the FSS graduates in this evaluation. However, a relatively small proportion of FSS participants reached the point of graduating and earning escrow disbursements. However, those who did not graduate and earn an escrow disbursement may have benefited in other concrete ways from the program's case management services and service referrals—including by enrolling in an educational or training activity, earning an academic or occupational credential, learning to budget and manage their family finances more efficiently, improving their credit scores, increasing their savings, or reducing their debt.

Participants most likely both to graduate and earn a large disbursement (more than \$5,000) were those who, at study enrollment, were employed part time, had a 2-year college degree or higher, faced fewer barriers to work, or had more room to boost their earnings. Several factors can influence the likelihood of graduating from the FSS program and earning an escrow disbursement, including a participant's employment status and earnings at program enrollment. Those not working at the time of program entry could potentially benefit the most

from the program's escrow component, because any future earnings (up to the maximum allowed) would be included in the calculation of escrow credits. Nonworking participants could also face the most significant barriers to finding and maintaining employment, which are required for graduation and earning the escrow. By contrast, FSS participants who work full time or have relatively high earnings at program enrollment may be more likely to maintain their employment after they start accruing escrow credits. They may, however, experience smaller increases in their earnings and accrue only a small amount of escrow.

This study also shows that FSS participants who were employed at study enrollment were more likely to graduate from the FSS program than those who were not employed. Specifically, about 66 percent of FSS participants who graduated from the program were working either full or part time at study enrollment. However, among those not working at study enrollment and who went on to graduate, a significant majority (77 percent of this group) graduated and received an escrow disbursement exceeding \$5,000 compared with about 54 percent of graduates who were working at study enrollment. FSS group members who were employed part time at random assignment had the highest rate of graduating with a large disbursement. Possibly, they faced fewer barriers to work than unemployed FSS group members but had more room to boost their earnings than those employed full time. The graduation rate was also higher for the FSS group members with a 2-year college degree or higher, who were more than three times as likely to graduate than participants who did not have any degree or credential.

FSS participants who had accumulated escrow balances and left the program without graduating forfeited an average of nearly \$4,000 in escrow savings. Although the escrow account—and its potential to build savings for families—is an important draw for FSS participants, the likelihood of receiving these savings is slim for most who enroll in the program. Roughly 46 percent of FSS group members who exited the FSS program during the followup period forfeited escrow accruals because they ended their FSS enrollment for reasons other than graduation. They accumulated, and forfeited, an average escrow balance of \$3,900. This amount was generally higher for participants who exited only the FSS program and remained in the HCV program (\$4,200) versus those who exited both the FSS and HCV programs (\$3,500).

Employment and Earnings

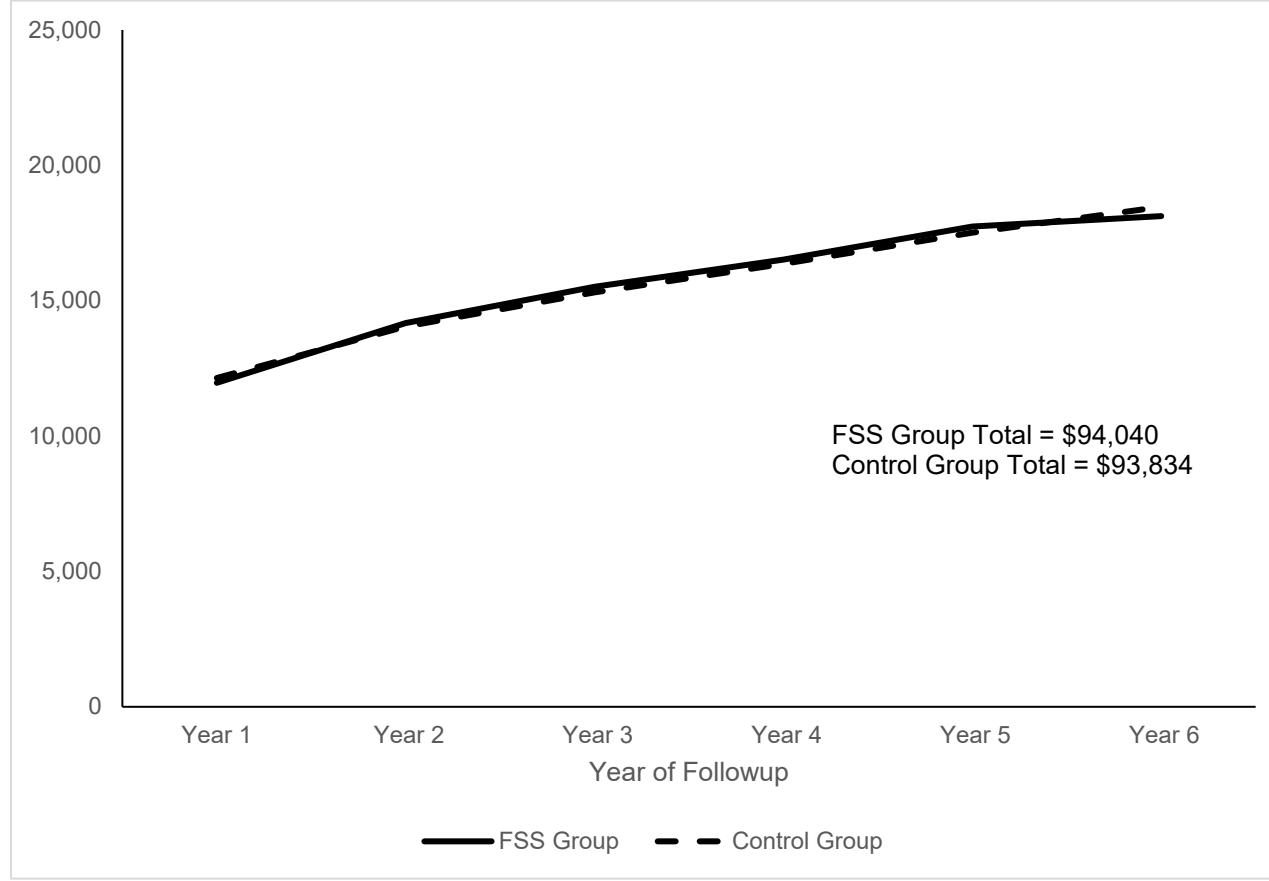
An important test of the FSS model is to assess whether FSS group members' access to services and the escrow work incentive resulted in greater employment and higher earnings compared with the control group. Most of this evaluation occurred during a long economic expansion, from October 2013 through December 2019. Against this background of high labor force participation, the evaluation tests the effectiveness of the FSS program on *increasing* FSS participants' employment and earnings more than the averages for the control group. For reasons described above, it should be noted that positive program effects on employment and earnings may not be immediate and may occur after a period of time. Accordingly, this analysis compares FSS and control group members' employment and earnings outcomes at different points in time, as well as cumulatively during the full 6-year followup period.

The COVID-19 pandemic coincided with the final year of the evaluation. The length of time it could have affected employment outcomes for study participants varied by the timing of their enrollment in the study—from 0 quarters for those who enrolled in the fourth quarter of 2013 (for whom year 6 of followup ended in the fourth quarter of 2019) to 4 quarters for study participants who were randomly assigned in the fourth quarter of 2014.

During 6 years of followup, FSS and control groups experienced comparable employment levels and total earnings. The results do not suggest that participation in FSS improved labor market outcomes for heads of household. This evaluation uses quarterly wage records from the National Directory of New Hires (NDNH) to examine the program's effects on employment and earnings outcomes during 6 years of followup. NDNH data show that nearly 90 percent of study participants from both research groups were employed during at least 1 quarter after random assignment. However, a fairly large proportion of FSS and control group members moved into and out of employment. During the 6 years, or 24 quarters, FSS group members averaged just less than 16 quarters of employment, equivalent to an average quarterly employment rate of 64 percent. Control group members recorded a similar average, which means that access to services and financial incentives through FSS did not lead to increases over control group levels on measures of employment stability.

A similar pattern is observed for earnings measured using NDNH data (exhibit 3). During the 6-year followup period, both FSS and control group members earned, on average, about \$94,000 in total (roughly \$15,600 per year), indicating the FSS program had no effects on earnings.

Exhibit 3. Total Earnings in Years 1 to 6, FSS Impact Sample



FSS = Family Self-Sufficiency.

* Statistical significance level of 10 percent. ** Statistical significance level of 5 percent.

*** Statistical significance level of 1 percent.

Notes: The FSS impact sample includes housing choice voucher heads of households who were randomly assigned between October 18, 2013, and December 22, 2014, and were ages 18 to 61 at the time of random assignment. Estimates were regression-adjusted using ordinary least squares, controlling for prerandom assignment characteristics of sample members. Rounding may cause slight discrepancies

in calculating sums and differences. A two-tailed t-test was applied to differences between research groups. The p-value indicates the likelihood that the difference between the FSS group and control group arose by chance.

Source: MDRC calculations using quarterly wage data from the National Directory of New Hires

Credit Use and Financial Well-Being

The evaluation also includes a comprehensive analysis of the FSS program's effects on financial security outcomes, drawing on survey responses and credit data provided by Experian and its subsidiary, Clarity. Many FSS programs encourage participants to attend financial education workshops or meet with financial counselors to develop financial management skills, such as budgeting, managing personal and household finances, building savings, managing debt, and "cleaning up" credit history. These efforts could help FSS group members improve financial security, even in the absence of earnings gains.

Across a range of outcomes, there is no strong evidence that FSS had positive effects on credit behavior or other indicators of financial well-being. Overall, FSS group members improved their Experian VantageScores by about 50 points, or nearly 10 percent. Their average score increased from 555 during the random assignment years (2013 and 2014) to 605 in 2021 (exhibit 4). Most of this increase occurred during the final 2 years of followup.⁸ The proportion of FSS group members with Prime VantageScores (more than 660) increased fairly steadily, from about 8 percent in 2013 to nearly 24 percent in 2021, whereas the proportion of FSS group members with Subprime scores (below 601) decreased by a similar amount. As shown in exhibit 4, FSS and control group members, on average, recorded similar patterns of credit score outcomes by the end of the followup period.

Exhibit 4. Impacts on Credit Scores After 6 to 7 Years of Followup, FSS Impact Sample

Outcome	FSS Group	Control Group	Difference (Impact)	P-Value
Average Vantage 3.0 score	605	607	-2	0.576
Vantage 3.0 score (%)				0.954
No score	4.0	4.4	-0.5	0.542
Deep Subprime	7.2	6.7	0.4	0.685
Subprime	43.7	43.1	0.6	0.745
Near prime	21.5	21.2	0.3	0.848
Prime	23.7	24.6	-0.9	0.594
Total balance (\$)				
Traditional financial services	23,791	23,249	543	0.656
Revolving credit	1,766	1,815	-49	0.757
Installment credit	21,489	21,212	277	0.811
Total balance increased from 2014 to 2021 (%)	63.7	63.1	0.6	0.752
Sample size (total = 2,548)	1,282	1,266		

FSS = Family Self-Sufficiency.

* Statistical significance level of 10 percent. ** Statistical significance level of 5 percent.

*** Statistical significance level of 1 percent.

⁸ These findings reflect national trends. See Kowalik, Liu, and Wang (2021); Stolba (2020); and Wendel (2021).

Notes: The FSS impact sample includes housing choice voucher heads of household who were randomly assigned between October 18, 2013, and December 22, 2014, and were ages 18 to 61 at the time of random assignment. Sample sizes for specific outcomes may vary because of missing values. Estimates were regression-adjusted using ordinary least squares, controlling for differences in sample member characteristics recorded at the time of random assignment. No special weights were applied to adjust for differences in sample size by the housing authority. Rounding may cause slight discrepancies in calculating sums and differences. A two-tailed t-test was applied to differences between the FSS group and the control group for continuous variables and selected outcomes expressed as proportions. In addition, a chi-square test for categorical variables was run to determine whether a difference exists in the distribution of related outcomes by research group. The p-value indicates the likelihood that the difference between the FSS group and control group arose by chance.

Sources: MDRC calculations using Experian Vantage 3.0 credit scores; Clarity Clear Early Risk credit scores

At study enrollment, FSS group members on average carried a balance of around \$9,000 in nonhousing-related debt. By the end of the followup period, their level of debt had more than doubled, reaching an average of \$24,000 in nonhousing-related debt. Debt from automobile and student loans accounted for nearly all the increase (not shown). As exhibit 4 indicates, control group members showed similar increases in debt.

Income, Material Well-Being, and Benefit Receipt

As of the end of the followup period, the FSS program had almost no statistically significant effects on overall household income, average savings, receipt of government benefits, or the incidence of severe material hardships. Responses from the Long-Term Followup Survey suggest that members of both research groups had similar levels of income, savings (not including escrow), debt, and connectedness to mainstream banking institutions (exhibit 5). However, a larger proportion of FSS group respondents, by about 8 percentage points, indicated that they usually had money left over at the end of the month. FSS graduates' access to escrow disbursements might explain why a higher proportion of FSS group respondents indicated that they usually had money left over at the end of the month. Control group respondents were more likely to report that they usually broke even.

Exhibit 5. Impacts on Household Income, Benefit Receipt, and Well-Being

Outcome	FSS Group	Control Group	Difference (Impact)	P-Value
<u>Survey responses</u>				
Income and financial well-being				
Average total household income, prior month (\$)	1,846	1,815	31	0.760
Currently has a bank account (%)	73.9	72.5	1.4	0.659
Average savings (\$)	465	554	- 89	0.709
By end of the month (%)				** 0.020
Usually has money left over	17.5	9.9	7.7	
Has just enough to make ends meet	46.5	52.9	- 6.3	
Does not have enough to make ends meet	35.9	37.3	- 1.4	
Receipt of publicly funded benefits (%)				
SNAP/food stamps	50.4	50.1	0.3	0.937
TANF	5.0	4.7	0.3	0.864
Sample size (total = 791)	403	388		

Administrative data

Outcome	FSS Group	Control Group	Difference (Impact)	P-Value
Housing assistance				
Enrolled in HCV program in month 72 (%)	65.7	65.2	0.5	0.792
Total housing subsidy in year 6 (\$)	7,585	7,868	- 283	0.267
Sample size (total = 2,548)	1,281	1,267		

FSS = Family Self-Sufficiency. HCV = Housing Choice Voucher. SNAP = Supplemental Nutrition Assistance Program. TANF = Temporary Assistance for Needy Families.

* Statistical significance level of 10 percent. ** Statistical significance level of 5 percent.

*** Statistical significance level of 1 percent.

Notes: The FSS Long-Term Followup Survey respondent sample includes HCV heads of household who were randomly assigned between October 18, 2013, and December 22, 2014, were ages 18 to 61 at the time of random assignment, and responded to the FSS Long-Term Followup Survey. Sample sizes for specific outcomes may vary because of missing values. Estimates were regression-adjusted using ordinary least squares, controlling for differences in sample member characteristics recorded at the time of random assignment. No special weights were applied to responses to adjust for differences in sample size by the housing authority. Rounding may cause slight discrepancies in calculating sums and differences. A two-tailed t-test was applied to differences between the FSS group and the control group for continuous variables and selected outcomes expressed as proportions. In addition, a chi-square test for categorical variables was run to determine whether a difference exists in the distribution of related outcomes by research group. The p-value indicates the likelihood that the difference between the FSS group and control group arose by chance.

Sources: MDRC calculations using responses to the FSS Long-Term Followup Survey; HUD Inventory Management System/Public and Indian Housing Information Center data

Similar proportions of FSS and control group respondents also reported receipt of government-funded financial supports. About one-half of the survey respondents reported receiving SNAP food assistance. Only 5 percent of respondents in both research groups reported receiving Temporary Assistance for Needy Families (TANF) cash welfare benefits. Under the FSS program regulations in effect during the evaluation, FSS households cannot receive any TANF cash welfare benefits during the 12 months before graduation. The recently enacted Final Rule changes this period without TANF benefits to only the month of graduation.

HCV regulations do not require families to give up their housing assistance once they graduate from the FSS program. However, they may be required to exit the voucher program if their income exceeds the maximum allowed for housing subsidy eligibility. Further, although FSS does not require participants to report new employment or increased earnings to their PHA before their next regularly scheduled eligibility recertification, FSS participants may do so anyway to ensure that they receive credits to their escrow account and demonstrate progress toward meeting employment goals specified in their contract of performance. In theory, the greater incentive for FSS group members to report earnings increases, combined with any positive effects in earnings over the control group average, could result in FSS group members receiving smaller housing subsidies and paying more out-of-pocket “family share” for rent over time than control group members. However, this did not occur among the PHAs in the FSS evaluation. According to HUD administrative data, and as shown in exhibit 5, about 65 percent of the members of each research group continued to receive housing subsidies after 6 years of followup. FSS and control group members also, on average, received roughly similar levels of housing subsidies during year 6, the final year of followup. In the absence of program effects on employment and earnings outcomes in the full 6-year followup period, these results are not surprising.

Variation in Program Impacts Across Subgroups and Sites

Among FSS group members, those who entered the evaluation with a postsecondary degree and those who graduated from the FSS program were most likely to receive financial benefits from their participation. Few other notable differences emerged among subgroups.

The subgroup findings show that a relatively small proportion of FSS group members clearly realized the financial benefits from access to FSS services. For nearly all subgroups analyzed, mostly small and statistically insignificant differences between the FSS and control groups were found for selected outcomes calculated with NDNH, credit, and rent subsidy data. The main exception to this finding concerns study participants who had attained a 2-year postsecondary degree or higher at the time of random assignment. As exhibit 6 shows, the FSS program led to gains above the control group level in average quarterly employment and average credit scores for the 2-year degree and higher subgroup.

In a related analysis, the study team estimated variation in FSS program effects for clusters of PHAs with similar implementation philosophies and practices. In this analysis, few program effects were observed within any “site cluster.” The main exception concerns PHAs that, at baseline, implemented programs that emphasized participant monitoring and engagement, as characterized by having small caseload sizes, striving to maintain frequent contact with FSS participants, and setting both short- and long-term goals. On average, FSS group members in these PHAs earned less during years 1 to 6 than their counterparts in the control group. The evaluation observed a similar result when estimating program effects among site clusters that received relatively high scores in a series of performance indicators that MDRC created (with available data) to resemble performance indicators for PHAs developed by HUD.

The report includes a nonexperimental (descriptive) analysis that compares employment, earnings, and credit outcomes for FSS graduates (with and without a large escrow disbursement) with those for FSS group members who exited from the program without graduating and those for the control group as a whole. As expected, graduates from the FSS program saw higher earnings over time than those exiting the program without graduating and control group members overall. When comparing credit outcomes, results were less consistent. FSS graduates who received a relatively large escrow disbursement had higher credit scores than members of the control group as a whole, but graduates with smaller escrow disbursements did not.

Exhibit 6. Impacts on Selected Outcomes by Selected Baseline Characteristics, FSS Impact Sample

Outcome	Average Quarterly Employment Rate in Year 6 (%)		Total Earnings in Year 6 (\$)		Average Experian Vantage 3.0 Credit Score in 2021		Total Housing Subsidy (HAP) in Years 1 to 6 (\$)	
	Control Group	Difference (Impact)	Control Group	Difference (Impact)	Control Group	Difference (Impact)	Control Group	Difference (Impact)
Employment status								
Not employed	47.1	0.3	11,793	-76	596	-4	57,709	-231
Employed part time	72.6	-0.6	19,582	-951	608	8	54,250	-1,598
Employed full time	77.8	-0.7	27,167	-59	619	-2	39,311	1,342
Educational attainment						††		
No degree or credential	56.3	-0.8	13,346	230	605	-13 *	56,691	-2,120
High school degree or GED	60.2	0.0	16,272	238	603	-1	49,735	-365
Some college	66.5	-2.9	20,140	-1,668	604	-4	51,355	-1,108
2-year college degree or higher	65.6	6.8 *	23,016	2,225	620	19 **	48,682	199
Disability status								
Received SSI/SSDI	40.3	-5.2	9,097	-914	594	9	49,051	-1,249
Did not receive SSI/SSDI	66.8	0.3	20,129	-443	609	-4	51,490	181

Sample size (total = 2,548)

GED = general educational development. HAP = housing assistance payment. SSDI = Social Security Disability Insurance. SSI = Supplemental Security Income.

* Statistical significance level of 10 percent. ** Statistical significance level of 5 percent. *** Statistical significance level of 1 percent.

† Statistical significance level of 10 percent. †† Statistical significance level of 5 percent. ††† Statistical significance level of 1 percent.

Notes: The FSS impact sample includes housing choice voucher heads of households who were randomly assigned between October 18, 2013, and December 22, 2014, and ages 18 to 61 at the time of random assignment. Average quarterly employment rate is calculated by dividing the total quarters with employment by the total quarters of followup and is expressed as a percentage. Estimates were regression-adjusted using ordinary least squares, controlling for prerandom assignment characteristics of sample members. Rounding may cause slight discrepancies in calculating sums and differences. A two-tailed t-test was applied to differences between research groups. The p-value indicates the likelihood that the difference between the FSS group and control group arose by chance. The H-statistic test was used to test for statistically significant differences in impact estimates across different subgroups.

Sources: MDRC calculations using baseline data; quarterly wage data from the National Directory of New Hires; Experian credit data; HUD Inventory Management System/Public and Indian Housing Information Center data

Selected Recommendations for Policy and Practice

The pattern of effects documented in this evaluation suggests that stronger (or different) approaches may be necessary to generate bigger and more transformative effects for FSS participants. The FSS program design includes attractive features—it gives participants at least 5 years to work toward their program goals and helps them build savings—but improvements in how the core components of the model are delivered (or defined) are necessary to increase the proportion of participants who benefit financially from this program. As noted above, this evaluation ends at a time when HUD is already making changes to the program’s design and monitoring efforts in accordance with the statutes of the congressional Economic Growth Act of 2018. Depending on how FSS programs implement the FSS Final Rule requirements and the type of monitoring and guidance HUD provides PHAs, these changes could potentially strengthen program implementation and improve outcomes for program participants.⁹

Exhibit 7 highlights key changes in the reauthorizing statute proposed by HUD.¹⁰ These changes are wide ranging. They include directing housing agencies to use forfeited escrow to benefit other program participants, changing who (within the family) can formally enroll in the FSS program and be subject to the CoP requirements, expanding the definition of good cause extensions, and reducing the time leading up to graduation during which FSS households must forgo receipt of cash welfare benefits. Combined, these changes are intended to strengthen the program by codifying best practices into the regulations governing the program’s implementation.

Against the backdrop of these recently introduced regulatory changes, the evidence from this comprehensive national evaluation offers some considerations that can inform the ongoing effort to improve the FSS program and better help families achieve their economic mobility goals. These considerations, informed by evidence presented in this and earlier reports produced as part of the evaluation, focus on various facets of the program, including implementation, participant engagement strategies, escrow design, and graduation requirements (Freedman et al., 2023; Verma et al., 2019; Verma et al., 2021).

⁹ For more information on the FSS Final Rule, visit https://www.hud.gov/sites/dfiles/PIH/documents/Final_Rule_webinar.pdf.

¹⁰ The exhibit groups together changes based on the Economic Growth Act, the FSS Final Rule, and HUD directives and guidelines formulated independently of each other.

Exhibit 7. Selected FSS Program Changes for HCV Participants

Enrollment and Contract of Participation

- Any adult in the family, not only the head of household, is allowed to enroll in the program and sign the CoP.
- The base CoP is 5 years from the next rent certification after enrollment (not 5 years from the effective date).
- The most recent effective rent certification will be used to establish the baseline annual earned income (120-day rule eliminated).

Graduation and Escrow

- The 30-percent rule as an option for graduation has been removed, thereby allowing participants who receive relatively large earnings increases to continue accruing escrow continuously during program participation.
- The definition of “welfare free” has changed from 12 months prior to graduation to the month of graduation.
- FSS programs may not apply additional employment requirements (such as require a certain number of hours or pay rate). FSS programs must continue to use the standard of “suitable” employment, based on the participant’s education credentials and employment history and availability of jobs.
- Eliminating the cap on escrow accumulation for participants with household income between 50 and 80 percent of Area Median Income, enabling those with higher income to accrue escrow.
- Forfeited escrow will be directed toward services and activities that benefit other FSS participants; housing agencies cannot use the forfeited escrow for administrative purposes.
- Under select circumstances, CoP can be terminated with escrow disbursement.

Contract Extension

- “Good cause” for a contract extension includes the active pursuit of a goal that will further self-sufficiency, such as a college degree or credit repair program.

Program Coordinating Committee

Expands PCC membership to include FSS staff and at least one resident participant from each HUD-assisted FSS program site.

CoP = contract of participation. FSS = Family Self-Sufficiency. HCV = Housing Choice Voucher.
PCC = Program Coordinating Committee.

Service Delivery and Program Engagement Strategies

Recommendations for strengthening service delivery and program engagement include:

- **Greater attention to initial goal setting and subsequent updates to individual plans.** In some FSS programs, the initial goal-setting step can be brief and transactional, often completed during the program enrollment meeting. Further, some PHAs set the same goals for all participants, although others encouraged participants to dream big and set more ambitious goals. Both approaches could make it harder for participants to achieve their stated goals and successfully graduate from the program. Although the program’s multidimensional goal-setting framework is useful, program operators may want to avoid rushing the goal-setting step (for example, completing it on the day of program enrollment) and spend more time with participants to develop clearer roadmaps, better understand the challenges participants may face working toward their goals, set both short- and long-term goals, and evaluate progress more frequently. By getting to know the participants, staff will also be

better positioned to assess the type of supports that might work best for them, target services accordingly, and even help participants update their goals, if needed. **Revisit client engagement strategies.** This evaluation has also shown that the FSS case coordination component varied significantly in practice. This variation can be seen in caseload sizes, type and frequency of contact, and the sorts of services available to participants. Strengthening client engagement, in part, involves incorporating more structured coaching techniques, developing more detailed goal setting (with intermediate steps and objectives), and possibly encouraging and supporting sustained program engagement with participation incentives (for example, small financial incentives for attending regular check-ins). Further, FSS staff may want to draw on human-centered design techniques that focus on understanding participants' needs, goals, and potential barriers to improve their engagement and experiences with a program. Social service agencies are increasingly using this technique to better understand participants' experiences and perspectives, and to identify where program processes can be restructured to enhance participant outcomes.¹¹

- **Deeper connections with service providers to help participants obtain services they need.** Not surprisingly, among respondents to the FSS Long-Term Followup Survey, FSS graduates, on average, assessed their experiences with FSS more positively than FSS group members who exited the program without graduating. FSS group respondents who exited without graduating were also most likely to report a lack of needed services as an obstacle (or that they did not find the referrals to be helpful) to attaining their goals. FSS programs rely heavily on their Program Coordinating Committees and other providers in the community to learn about services that may be relevant for their participants. Regularly assessing the composition of the Program Coordinating Committee and the service provider network that program operators rely on could be one way to help identify additional relevant and available resources in the community and ensure that participants' service needs can be met. Further, including FSS participants as members of the PCC, as required under the old and new regulations, is another way to incorporate participant perspectives and possibly more quickly identify service gaps and unmet service needs. Programs could invite graduates to serve in an advisory capacity as well.
- **Provide referrals to programs that might make a difference.** It is not unusual for FSS program operators to send periodic email blasts and flyers to participants informing them of job openings, upcoming job fairs, financial management workshops, and other resources available in the community. The evaluation's findings in the financial security domain, informed by the analysis of credit data, raise questions about the types of financial security training or counseling services to which participants are referred. It is possible that these services are too short or do not provide the level of intensity or continuity with financial coaches needed to help participants address complex financial security goals. Moreover, they may not focus on the right content (for example, too much emphasis on raising credit scores and not enough on building savings).
- **Develop a clearer job search and workforce strategy for participants with varying employment and advancement needs.** Although employment is an important goal of this

¹¹ See Behrmann et al. (2022) for an example of applying this technique in a fatherhood program.

program, few FSS programs in the evaluation have a defined “workforce” strategy. To have a positive impact on labor market outcomes, FSS programs must be better equipped to offer (directly or through referrals) employment-focused supports for the range of participants who enroll in the program. Structured post-employment followup and supports, for example, could help reduce churning and improve job stability or help participants make the transition from part-time to full-time hours. Programs may also want to build stronger partnerships with education and training providers focused on growth sectors that can train and place some clients in these sectors, as well as job search programs that combine traditional job club activities with life or executive skills training, including self-esteem building.

- **Increase access to discretionary funds to support participants in reaching their goals.**

Access to flexible resources could go a long way in helping participants overcome some barriers, stay more engaged in the program, and not give up on it or their goals. Most FSS programs in the evaluation, however, had limited access to flexible resources to support participants’ engagement in education and training activities or address any employment-related needs (such as providing for transportation or childcare assistance).¹² Philanthropic resources could also help fill the gap, but programs may need steady access to flexible resources for stable program operations. These flexible funding streams could supplement FSS grants. The FSS Final Rule directs FSS programs to use escrow forfeitures to benefit program participants in good standing, opening up an important source of discretionary funds. This evaluation shows that FSS participants who exited the program without graduating forfeited approximately \$1.7 million in accrued escrow, resources that could be available to FSS programs to support other participants. That said, if programs are successful in increasing graduation rates, that amount of forfeited escrow could decrease (a desired outcome).

Escrow Design and Implementation

Unlike the case coordination component, uniform regulations govern the structure and calculation of escrow. What can programs do to better leverage this financial incentive and help more participants build escrow savings and work toward economic mobility?

- **Encourage interim disbursements.** This feature, the policies of which are the purview of each individual program, is greatly underutilized. Interim disbursements are meant to help participants overcome financial barriers, such as transportation and education expenses. Evidence of increasing credit card debt over time for automobile and student loans and survey reports indicating a lack of affordable childcare, transportation, and tuition assistance strengthen the case for greater use of interim disbursements. PHAs should establish policies that provide participants with more opportunities to consider whether interim disbursements would support their goals as well as objective criteria for reviewing requests for them. Doing so would also make the escrow benefit feel more tangible for participants and serve as an incentive for continued and sustained engagement. Providing staff with additional guidance

¹² However, it should be noted that the national average cost for childcare is \$11,000 per child. Albeit a critical goal, without substantial changes to make childcare affordable across the nation or an enormous increase in funding to help offset childcare costs, or both, it is unlikely that nominal increase in access to discretionary funding would be sufficient to address the lack of affordable childcare barriers in place.

on the merits of short- and long-term uses of escrow accruals might enable them to have conversations with participants about the escrow they have accumulated and how they can tap into these savings while also allowing them to grow for the future.

- **Actively discuss escrow balances with participants.** Program practice varies considerably in terms of the extent to which staff routinely discuss escrow accruals and potential forfeiture of these resources. Beyond the one regulatorily required escrow balance annual notification provided to FSS participants, more frequent escrow balance statements could potentially remind participants of their accruals and nudge them to stay focused on the goals they need to attain to earn their escrow. These periodic reminders could also serve as a point of discussion for followup check-ins with staff and lead to additional supports or referrals to services that could help participants make progress toward their goals.
- **Tie escrow payments to progress toward goal attainment.** In traditional FSS programs, participants must achieve their employment and *all* other goals to graduate and receive an escrow disbursement. A radical modification (which some Moving to Work agencies are trying) is to delink escrow disbursements from graduation requirements and allow families to earn their escrow on an agreed-upon disbursement schedule tied to program engagement activities and meeting interim and long-term goals. For instance, reward payment “tiers” could be set for participants without employment at enrollment for every 6 or 12 months they have “suitable” jobs. Unlike the previous recommendations, which individual programs could consider, this recommendation would require a statutory change to the FSS model.
- **Experiment with alternative escrow models.** HUD may want to allow housing agencies to innovate and experiment with alternative escrow structures and models. For the Work Rewards demonstration in New York City that MDRC evaluated, the escrow account was paired with a short-term financial incentive, which resulted in more positive program effects (increased employment and earnings) for participants who had not been working at baseline. Moving to Work housing agencies are also experimenting with different models, and HUD may want to consider small pilots to learn from them. Scaling up these alternative or pilot programs would also require a statutory authorization.

Finally, FSS group members at the higher end of the advantage continuum tended to accrue relatively little escrow because they were already working full time with wage levels that were hard to increase. The possibility of losing their housing subsidy by exceeding the eligible income for this assistance may have also discouraged them from increasing their earnings. The FSS Final Rule eliminates the cap on escrow accumulation for participants whose household income falls between 50 and 80 percent of the Area Median Income, allowing participants with higher income to accrue more escrow.

Graduation Requirements

Increasing the proportion of participants with more barriers to success who can tangibly benefit from the program requires a model that calibrates program success based on starting levels and that does not use the same measure of success for all participants.

- **Revisit graduation requirements for participants with significant barriers.** FSS group members who left the program without graduating and continued to receive housing vouchers appear to have enrolled in the program with more serious barriers to employment than any other group. They had the lowest employment rate at random assignment and were more

likely to report having a physical or mental health problem that made it difficult for them to find and keep a job. They also had the highest incidence of receiving Supplemental Security Income or Social Security Disability Insurance (SSI/SSDI) benefits, which could limit their ability to accrue escrow (to the extent their disability restricts how many hours of work they can perform, and the SSI/SSDI eligibility rules limit their total earnings per month). How can such participants benefit from the program and graduate with escrow? Under specific terms, the FSS Final Rule allows program operators to terminate the CoP and disburse escrow funds to the family even if the graduation requirements are not met.¹³ This change might benefit some FSS participants whose health or disability status worsens over time.

- **Allow for greater use of good cause extensions.** The new regulations expand the definition of “good cause” when considering extensions of the CoP. In addition, HUD could also consider “no-fault” extensions for participants who are accruing escrow and making progress but suddenly encounter a situation that they find destabilizing (for example, when the landlord sells the building or stops accepting vouchers and the families lose their subsidized residence and are trying to find another unit to rent).

In sum, the national evaluation offers unusually detailed and longitudinal evidence on the outcomes and impacts of the federal FSS program. At the conclusion of this study, policymakers and practitioners have a wealth of information to examine critical questions that have remained unanswered since the inception of this program in the 1990s. The study’s findings should help inform efforts aimed at expanding FSS to serve more households, improving its design, and shaping the future of the program.

¹³ This scenario could happen if FSS program operators determine that services integral to a family’s advancement toward its goals are unavailable. It could also happen when the head of the household becomes permanently disabled and is unable to work or dies during the contract period, unless a new head of household is assigned, and the contract is modified.

Chapter 1. Introduction

The Family Self-Sufficiency (FSS) program, funded by the U.S. Department of Housing and Urban Development (HUD), is designed to support economic mobility efforts of low-income families receiving federal rental assistance.¹⁴ In this program, the provision of the rental subsidy is augmented by referrals to a host of self-sufficiency services and a long-term escrow account to encourage work and increase earnings. Since the program's inception in the 1990s, limited evidence has been available about its effectiveness. To build such evidence, HUD commissioned an impact evaluation of the FSS program in 2012. This report, the final for this evaluation, synthesizes the body of evidence from a comprehensive national evaluation, covering 6 to 7 years of followup, going past the official 5-year term of the FSS program to document how participants fare during the longer term and once their program participation ends. This final report includes a detailed analysis of the program's long-term effects on study participants' labor market outcomes, financial security, material well-being, and housing outcomes.¹⁵

Approximately 700 public housing agencies (PHAs) receive annual grants from HUD to operate FSS programs. These annual grants provide programs modest resources to hire FSS coordinators to work with participants to set "self-sufficiency" goals and to refer them to services in the broader community. At enrollment, participants sign a contract of participation (CoP) and complete an Individual Training and Services Plan (ITSP). The typical CoP can last for up to 5 years, with 2-year extensions possible, during which participants are expected to achieve all agreed-upon goals. Participants are also eligible to build savings in an escrow account, which operates like a work-based financial incentive designed to encourage them to go to work, increase their earnings, and build savings in an interest-bearing account maintained by the housing agency. Like others receiving housing assistance, FSS participants see their rents increase when their earnings increase, but the housing agency credits their escrow account with an amount based on their rent increase. In this way, participants accrue escrow balances, which they receive when they graduate from the program—that is, when they are employed and have met all the goals outlined in their CoP and ITSP; nongraduates forfeit their escrow accruals.¹⁶

The national evaluation relies on a classic randomized controlled study design to test whether the FSS program achieves its intended effects and puts families on a track to economic self-sufficiency. Randomized controlled trials employ an experimental design that compares the outcomes of a program group whose members are eligible to participate in the intervention with those of a control group whose members are not eligible to participate in the intervention. Random assignment aims to ensure that the individuals in the program and control groups are

¹⁴ Project Self-Sufficiency, Operation Bootstrap, and the Jobs Plus program are examples of efforts that use the housing subsidy platform to support work. Other reforms built into the housing subsidy rent policy, similar to the ones being tested as part of HUD's Rent Reform Demonstration, also have a core objective of "making work pay" (see Riccio, Deitch, and Verma, 2017).

¹⁵ The original evaluation was funded through 2018, allowing roughly 36 months of followup for the study sample. In 2018, HUD extended the evaluation, enabling 6 to 7 years of followup for the study sample. With the exception of participants who received an extension, most FSS participants in the study were expected to reach their 5-year FSS contract terms in the followup period covered by the study extension period.

¹⁶ In the Housing Choice Voucher program, escrow forfeitures become part of housing assistance payment (HAP) equity and is restricted to HAP activities. The FSS Final Rule changes this practice, as described in various parts of this report.

similar at the start of the study.¹⁷ Differences between the program and control groups' outcomes reflect the program's impacts. Statistically significant differences indicate that the impacts can be attributed with a high degree of confidence to the intervention rather than to chance.

This evaluation focuses on FSS programs implemented by non-Moving to Work (MTW) housing agencies. When the evaluation was being designed, MDRC and HUD agreed to exclude the MTW housing agencies, which have administrative flexibility to modify their FSS programs without legislative or regulatory changes, and FSS programs for public housing residents, which served considerably fewer participants. Eighteen non-MTW housing agencies operating FSS programs for tenant-based housing choice voucher recipients agreed to participate in this evaluation and together enrolled 2,656 study participants.¹⁸

Three reports precede this final report. The first report introduced the study design and covered the initial 18 to 24 months of followup (Verma et al., 2019). It documented FSS program implementation strategies across the 18 sites, participants' engagement in services and activities, and the program's early impacts on labor force outcomes and receipt of government benefits. This first report showed that housing agencies have substantial FSS program implementation discretion, leading to broad variation in how program services are delivered—a theme that continued to surface in subsequent evaluation reports. The early data also showed that enrollment in the program increased participants' engagement in a range of employment-related services relative to the control group. The second report, following participants for 36 months, examined whether bigger differences between the program and control groups begin to emerge roughly midway through the 5-year program (Verma et al., 2021). The report looked at a broad range of outcomes, including participants' employment, earnings, and material, financial, and economic well-being; few notable program effects were documented for this interim period. A third report, taking an even longer look by focusing on 60 months of followup, updated program implementation and program outcomes described in previous reports and in addition to examining labor market outcomes, provided an unusually detailed analysis of program effects on the credit behavior of voucher holders enrolled in the FSS evaluation (Freedman et al., 2023).

This final report spans the full evaluation period, 2012 to 2021, which includes the early part of the COVID-19 pandemic that hit the nation in March 2020. The FSS programs in this study and their housing agencies made dramatic changes in how they delivered services, shifting to online engagement with program participants.¹⁹ Some of the analyses presented in this report take into account the pandemic and its implications for the program's longer-term effects on participants' work outcomes, graduation and escrow receipt, financial well-being, and receipt of housing and other government subsidies. As discussed later in this report, the number of quarters of followup in which outcomes, such as employment levels, for example, could have been affected by the pandemic range from 0 to 4 quarters depending on the study participants' quarter of random

¹⁷ Randomization does not affect study participants' use of resources that are available in the general community.

¹⁸ In fiscal year 2014, funding streams for Housing Choice Voucher and public housing FSS programs were merged, and housing authorities could submit one application for their annual grants. This consolidation of funding streams also meant that PHAs could use the funding to serve both public housing and housing choice voucher FSS programs, if applicable.

¹⁹ As part of the field research conducted around the middle of 2020, the study team documented how PHAs adapted their programs to serve FSS families during the early phase of COVID-19.

assignment. A brief survey, fielded in 2021, provides the evaluation additional insights into the long-term outcomes and post-exit circumstances of former FSS participants and how families fared in the face of the economic shocks caused by the pandemic.²⁰

Housing Assistance and Employment Context

Low-income renters receive federal housing subsidies in three main forms—the housing choice voucher (HCV), project-based rental assistance (PBRA), and public housing assistance. The HCV program, the nation’s largest rental assistance program, provides subsidies to slightly more than 2 million households, allowing them to rent homes in a neighborhood of their choice if the housing meets HUD inspection standards and the landlord is willing to accept housing vouchers.²¹ Households contribute 30 percent of their monthly income to their rent (minus minimum adjustments ranging from a \$3,000 to \$6,000 for childcare expenses or for other reasons), and the HCV program covers the remaining rent and utility expenses, up to the local payment standard.

Eligibility for housing vouchers is limited to households that meet the income eligibility for the metropolitan area or county in which they live. However, the program prioritizes extremely low-income households by reserving at least 75 percent of available vouchers each year for households with income at or below 30 percent of the Area Median Income (AMI).²² Households may receive such rental assistance as long as they remain eligible on the basis of their household income. However, once household income exceeds the limit of 80 percent of AMI for 6 consecutive months, their eligibility for the subsidy ends.

As with any means-tested program, the provision of a government benefit has the potential to affect the recipients’ work efforts. Some analysts have argued that housing subsidies not only improve access to decent housing but may also promote work.²³ This view holds that the housing stability that comes from rent subsidies may enable recipients to focus on employment or build human capital and that when housing assistance takes the form of vouchers, households are able to move to better quality neighborhoods that offer better prospects for their families.²⁴ This view, however, is challenged by evidence that suggests that although many households benefit in selected ways, housing assistance alone may not, on average, improve employment outcomes

²⁰ The survey was administered to a subset of the full impact sample, achieving a response rate of 60 percent. See appendix F for additional details on the longer term followup survey.

²¹ Housing vouchers became part of U.S. housing policy in the 1970s. See Schwartz (2006) for additional background information on the Housing Choice Voucher program.

²² Under current rules, the escrow deposit calculation varies depending on the family’s income level, with different rules for families below 50 percent and between 50 and 80 percent of AMI levels. These rules make it difficult for those with higher incomes to earn escrow. The FSS Final Rule allows families with income of more than 50 percent (up to 80 percent) to accrue escrow using the same calculation as other families.

²³ See Sard and Waller (2002) for one discussion on this perspective. Nonelderly and nondisabled households account for only about 49 percent of all voucher-assisted households (Center on Budget and Policy Priorities, 2017), and their employment and earnings trajectories have been a longstanding policy concern.

²⁴ Recent research has also shown positive long-term effects for young children of the original Moving to Opportunity demonstration and, in a separate nationwide study, the benefits that low-income children experience in adulthood when they move to high-opportunity neighborhoods as children (Chetty and Hendren, 2017a, 2017b).

(Jacob and Ludwig, 2008; Mills et al., 2006; Shroder, 2010).²⁵ In this case, voucher holders may feel less pressure to work when their housing expenses are subsidized and their remaining income is adequate to sustain their family without the cost of seeking work (because of transportation expenses, for example) or finding affordable, adequate childcare while working. However, as mentioned previously, the HCV program’s rent rules could also discourage work. Voucher holders must pay 30 percent of their earnings for rent until they are no longer eligible for this subsidy. Thus, their participation in the housing choice voucher program subjects them to an implicit “tax” on additional earnings that could negatively affect their inclination to work (Popkin et al., 2000, 2010; Popkin, Cunningham, and Burt, 2005). The FSS program’s interest-bearing escrow account, designed to encourage work, is intended to address this issue.

Changes in how subsidized rent policy is structured could also potentially counter the disincentive effect mentioned previously and encourage families receiving housing subsidies to seek work or work more hours and increase overall household income. Two HUD demonstrations—the Rent Reform Demonstration and the Stepped and Tiered Rent Demonstration—are currently underway to assess the effects of alternate rent policies and whether they encourage work, protect families from harm, and remain cost neutral for housing agencies (see Riccio, Deitch, and Verma, 2017).²⁶ Unlike FSS, which includes a services component, the rent reform demonstrations focus on the effects of alternative rent rules alone.

Given the potential employment advantages that voucher receipt may offer and the potential inherent work disincentives (because higher earnings can result in higher rent or reduced benefits), researchers and policymakers have questioned the expected effects of FSS and other similar programs.

The Family Self-Sufficiency Program

In 1990, Section 554 of the Cranston-Gonzalez National Affordable Housing Act established the FSS program against a backdrop of policy discussions about persistent poverty among beneficiaries of government programs. Although operated by about 700 housing agencies around the country, the FSS program reaches a fairly small fraction of all voucher families—partly a reflection of the funding appropriated by Congress to operate this program.²⁷ Early research has also shown that, at least from the perspective of program staff members, voucher recipients may not fully understand the terms of the FSS program and believe that they risk losing their housing assistance and other public assistance benefits by not fulfilling their CoPs (Rohe and Kleit, 1999). These program operators also believe that issues such as caregiving responsibilities, lack of affordable, safe, reliable childcare, transportation barriers, and distrust of social programs

²⁵ For example, the findings from the Welfare-to-Work program conducted in the early 2000s found that having and using a voucher *reduced* employment rates and earnings amounts in the first or second years after random assignment, but the small negative effect of vouchers disappeared over time, and vouchers had no significant effect overall on employment and earnings during 3.5 years of followup. The most rigorous evidence from the United States suggests a loss of 10 to 20 cents in earnings per dollar of assistance (see Shroder, 2010).

²⁶ See https://www.hud.gov/program_offices/public_indian_housing/programs/ph/mtw/expansion/cohort2.

²⁷ HUD makes funding available for FSS programs through annual grants, but such funding is limited to the amount that Congress appropriates.

could be possible enrollment deterrents (Rohe, 1995; Rohe and Kleit, 1999). MDRC's site recruitment discussions with program staff evoked similar reactions.

In the most recent notice of funding, HUD has announced about \$105 million in funding for the FSS program. The annual FSS grants, which offer support for coordinator positions, include no provisions for program management and administrative costs.²⁸ A review of grants issued in fiscal year 2018 shows that the programs funded can range from as few as 15 participants in the smallest program to more than 1,000 in the largest.²⁹ Thus, although FSS is one of HUD's main employment-focused initiatives, particularly for voucher holders, it remains a small program at the federal and local levels (Sard, 2001).³⁰

FSS program operators are required to prepare an FSS Action Plan and have it approved by HUD. The Action Plan is expected to detail key program parameters—for instance, size of the program and the population served, types of services that will be offered, and program rules and policies. Once HUD approves the plan, housing agencies have a fair amount of flexibility regarding how they structure service delivery or implement their programs. In 2017, HUD published its first comprehensive resource guide for FSS operators. Without enforcing a particular service framework, the guide provides practical, hands-on tips for operating the FSS program (HUD, 2017b).³¹

In 2018, HUD also rolled out a new performance measurement system to assess programs receiving HUD funding for FSS programs (HUD, 2018). The performance score is a composite based on three measures—the extent to which the earnings of FSS participants increase over time after joining the FSS program, the FSS graduation rate, and the portion of expected participants served.³² HUD also plans to use the performance metric to identify high- and low-performing FSS programs, which could inform its understanding of best practices and delivery of technical assistance.³³ Although HUD has not started using the performance measurement system to determine funding priorities, the introduction of this performance measurement system adds a new monitoring context for FSS programs nationwide.³⁴

The Economic Growth, Regulatory Relief, and Consumer Protection Act (Economic Growth Act), signed into law on May 24, 2018, amends HUD's FSS program. HUD was directed by Congress to develop the regulations for implementing the changes in the program. These changes include expanding the definition of eligible family to include tenants of certain privately owned multifamily projects subsidized with PBRA, updating the FSS CoP, reducing burdens on PHAs

²⁸ HUD funds the FSS programs through the FSS Notice of Funding Availability (NOFA). Housing authorities apply for this funding on an annual basis.

²⁹ MDRC analysis of HUD FSS grant awards included in the NOFA.

³⁰ According to Sard (2001), fewer than five percent of families with children in the public housing and Section 8 voucher programs currently participate in FSS.

³¹ PHA applicants are required to have an agency representative complete an online training (see HUD, 2019).

³² The three measures are weighted as earnings (50 percent), graduation rate (30 percent), and participation rate (20 percent).

³³ Toward these goals, at least once per year, HUD will analyze data collected through the Public Housing Information Center to calculate performance scores for each FSS program that received an FSS coordinator grant in one or more of the past three fiscal year NOFA competitions.

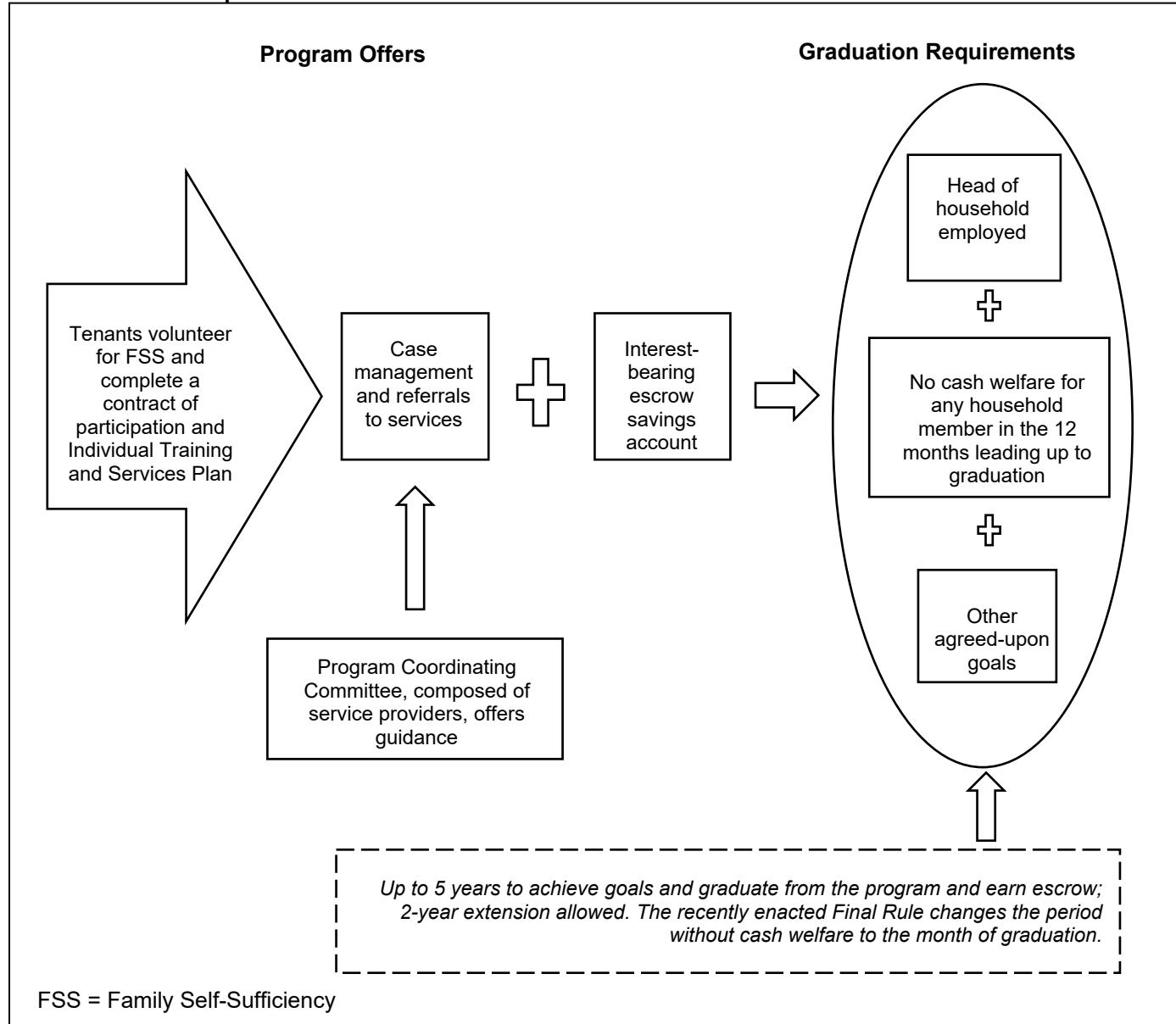
³⁴ See Freedman et al., (2023) for some early frontline reactions to the potential implications of this new assessment system on site-level practice.

and multifamily assisted housing owners, clarifying escrow account requirements, and updating the program coordinator and action plan requirements. The FSS Final Rule, which went into effect June 17, 2022, also includes additional changes to reduce burden and streamline the program for PHAs, owners, and eligible families. The final chapter in this report returns to these changes.

Core Features of the FSS Program

Guided by statutory requirements and HUD regulations, the FSS program is anchored around two core components—coordination of services and an escrow savings account (exhibit 8). Except for the escrow account, housing agencies can decide how to structure their case coordination services—an element of flexibility the program offers.

Exhibit 8. Core Components of the HUD FSS Framework



Participation in the FSS program is voluntary. Housing agencies promote the program through various communication channels, including flyers, program brochures, newsletters, websites, and scheduled briefing sessions. More informal channels, such as referrals from friends and relatives, also help spread the word about FSS program. Once enrolled, program services are designed to help participants make progress toward their FSS goals. Although all adults in FSS households are encouraged to seek employment, only the household head—typically the voucher holder—is required to meet the employment requirements of the CoP to graduate and collect the escrow funds.³⁵ Participants are expected to attain their goals, graduate from the FSS program, and receive their escrow savings, usually within 5 years.

The FSS program places no restrictions on participants' use of escrow funds, but they report that households most commonly use these resources to start a new business, repair credit, buy a home, or pay for education—a topic examined later in this report.³⁶ Some programs also consider interim disbursements, or partial payments before graduation, as long as participants use the funds to meet approved expenses related to their self-sufficiency goals. Tuition, car purchase, credit repair, uniforms, tools, homeownership, or business startups are examples of expenditures that can be approved.

Graduation from the FSS program is an official measure of program success. The individual enrolled in the program, typically the head of household, must complete all the agreed-upon goals and activities listed on the ITSP, including the employment goal. Under program rules in effect during this evaluation, if the head of household is unable to meet the employment requirement, and other earners are in the household, the family is not eligible to receive any accrued escrow at the time of graduation, which is a potentially limiting aspect of the escrow component for households with multiple adults. The welfare receipt requirement applies to all members of the household, and no member of the household may receive Temporary Assistance for Needy Families (TANF) cash assistance for the 12 months leading up to graduation. Although, it is possible for participants to graduate from the program and not receive any escrow. Not receiving funds could happen for various reasons, including not having experienced the earning increases that are necessary to trigger escrow accumulation.³⁷

HUD also requires all FSS programs to form a Program Coordinating Committee (PCC). With referrals central to the FSS service delivery model, the intent of the PCC is to create a mechanism by which the service providers in the community can become invested in the success of the FSS program. The PCC, which operates as a collaborative, is intended to provide both

³⁵ Amendments to the FSS statute enacted in 2018 will allow for more flexibility for families to meet graduation requirements through the employment of any adult household member, not solely the head of household.

³⁶ The 42-month survey conducted as part of the Work Rewards demonstration sheds some light on the *desired* uses of the escrow. Administered before the escrow funds had been disbursed to graduates, the Work Rewards survey showed that nearly one-third of the respondents indicated that they would save their escrow money for an emergency. Other uses included saving for children's future educational expenses, paying for basic necessities, and buying a house (see Verma et al., 2017).

³⁷ In Work Rewards, 30 percent of FSS participants who graduated did not receive an escrow disbursement. A recent HUD analysis indicates that 63 percent of participants earn some escrow while in the program, and 47 percent of graduates earn some amount of escrow (see HUD, 2020a).

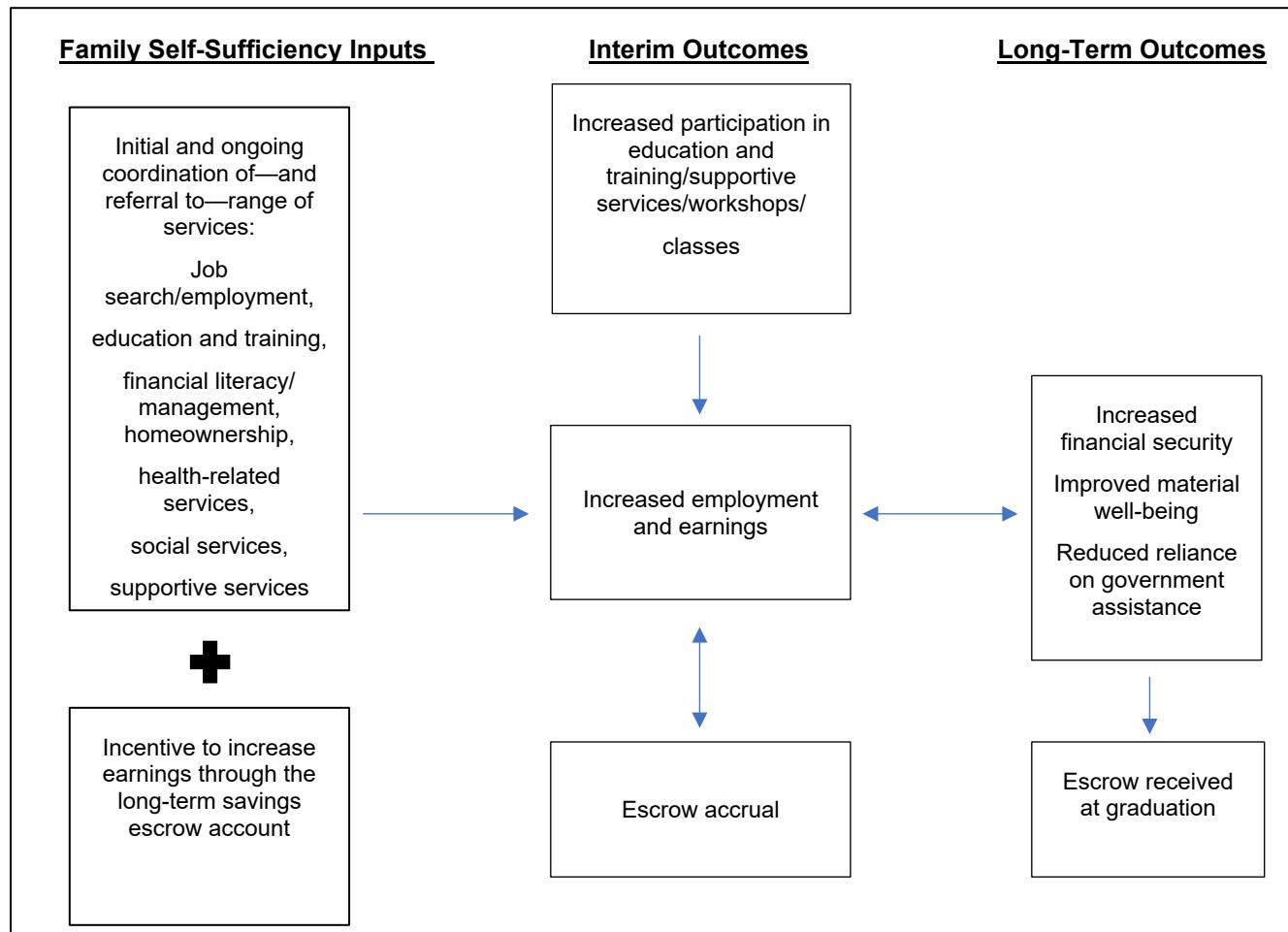
guidance to the FSS program and direct services to the program's clients. The PCC usually comprises service providers that accept FSS referrals.

In general, scant information is available on how FSS participants fare in the program. A HUD report to Congress, focusing on the period from July 2017 to June 2018, indicated that 47 percent of graduates during this period had escrow savings averaging approximately \$7,700 (HUD, 2020a). The Opportunity NYC—Work Rewards demonstration (hereafter, Work Rewards), the first randomized controlled trial of an FSS program, followed about 1,600 FSS participants for 6 years and showed that about 45 of the FSS participants graduated and received escrow disbursements. Households in the FSS-only group received an average of about \$3,800 (the FSS-plus-incentives group, which received FSS and two additional special workforce incentives, received nearly \$700 more in escrow disbursements on average than the FSS-only group). Escrow disbursements in the bottom quartile of payments averaged less than \$1,000, and the top quartile averaged more than \$15,000 (Verma et al., 2017).

How Might the FSS Components Help Participants Advance?

Exhibit 9 offers a simplified schematic to identify the two main mechanisms by which the FSS program might help participants advance: (1) Increasing the payoff through case management and referral services and (2) Incentivizing work through the escrow account.

Exhibit 9. Simplified Schematic of the Family Self-Sufficiency Program Theory of Change



Mechanism 1. Increase the Payoff Through Case Management. Although FSS programs may vary in their service delivery approaches, they all include some dimension of goal setting, needs assessment, and referrals to services that may help participants overcome barriers to work.

Typically, FSS coordinators (or case managers) work with participants (and sometimes other household members) to identify goals the participant will aim to achieve during the 5 years of program participation. During this process, they discuss the types of supports participants might need to advance toward their FSS goals, such as securing affordable, safe, reliable childcare to balance work and home commitments more feasible; engaging in and completing education and training to improve employment prospects and create pathways for advancement; finding and maintaining stable employment; and establishing, repairing, or improving their credit score to increase employment prospects and decrease reliance on high-cost alternative credit sources, such as payday loans.

Progress along each of the above pathways would make it easier and more remunerative to work. Furthermore, some of these pathways, such as credit score improvement, may also help participants manage their financial resources and thus improve material well-being irrespective of the program's impact on employment and earnings.

Improving outcomes, such as education or credit, for example, may be difficult with a program that offers less intense client support (as in a “light-touch” service coordination, which may be less structured, require infrequent contact with staff, and lack a strong monitoring or engagement focus). In general, outcomes will depend on several factors, including the strength of the service providers (and the service providers’ models) in the local community, the case management model (including the type and frequency of followup), and the capacity and willingness of the participant to follow through on a course of action. This willingness is directly targeted in other interventions that apply a more behavioral science-informed coaching approach (Guare and Dawson, 2016), but it is somewhat weakly targeted in FSS programs given the fairly far-off possible reward of the escrow disbursement.³⁸ Because some of these factors vary among the housing agencies in this study, the evaluation will explore how program implementation and monitoring practices and approaches affect participant outcomes, if at all.

Mechanism 2. Incentivizing Work by Building Escrow. As described, the escrow account is designed, in part, to counteract the disincentive effect of the implicit “tax” built into housing voucher rent rules. Specifically, 30 percent of a recipient’s earnings must be contributed to rent, so 30 percent of any earnings gains are diverted to increased rent payment. This rent policy could discourage additional work by decreasing the marginal gain for any added hour of work done. It may also discourage any work effort among participants who are not working by reducing the effective wage rate below the “reservation wage,” which is the wage rate necessary to induce potential workers to enter or reenter the labor market.

³⁸ These efforts, which focus on “executive skills”—or roughly, the capacity to plan, manage, and cope—attempt to achieve larger impacts than are typically achieved with conventional case management. MDRC’s MyGoals Demonstration is testing the effects of executive skills-informed coaching and incentives on work outcomes.

The degree to which this tax on wages discourages work—or efforts to work harder or find a better job—is not well established. Consequently, it is difficult to estimate the potential impact of an FSS program and, more specifically, the impact of the escrow component on that disincentive.

Two additional aspects are to be considered—the effectiveness of escrow as an incentive and the factors that may constrain participants’ response to it. First, escrow represents an incentive to work, but it cannot be earned until participants fulfill graduation requirements, so it is both a distant and uncertain reward. It may not, therefore, effectively (or completely) counteract any disincentive effect of the HCV rent rules because those costs are immediate and certain. The structure of the escrow account was the impetus for testing more immediate, work-related cash incentives along with the typical FSS escrow as part of NYC’s Work Rewards demonstration.

Second, FSS participants face various barriers that may limit their employment prospects and increase the cost of work (beyond the contours of the local job market and proximity to work). Like most low-income households, participants may receive other means-tested benefits, including Supplemental Nutrition Assistance Program (SNAP) and TANF benefits. These benefits work similarly to HCV rent rules, and uncertainty or fear about decreases in or loss of these benefits could discourage work efforts. Poor educational attainment, criminal history, and poor or no credit history may limit the types of jobs participants can qualify for and obtain, thus reducing the payoff from work or increased hours of work. Likewise, family obligations and caregiving responsibilities, being sick or having disabilities, the inability to find affordable, safe, reliable childcare, and the need to secure transportation for employment may further discourage work or additional hours by increasing the costs associated with employment (by reducing the effective wage, potentially below zero). For some, a cost-benefit calculation of minimum wage with uncertain hours may conclude that, at least in the short run, *not* working is a better choice for the family. Thus, in isolation, housing voucher rules may constitute only a small part of the decision not to work or not to work more hours. For this reason, the previously described support services may be important components.

The National Family Self-Sufficiency Impact Evaluation

Until recently, questions about the FSS program’s effectiveness had not been investigated using methods that would support unambiguous causal inferences.³⁹ This evaluation is unique in that regard: It is the first national assessment of the federal FSS Program that is designed to provide evidence about the program’s effectiveness or impact using comparisons with a control group. It is also unique in that it covers an unusually long followup period, tracking the study sample up to 6 to 7 years, allowing for fine-grained tracking of outcomes during the FSS enrollment and after participants have exited or achieved their program goals and graduated from FSS.

Drawing on the conceptual framework in exhibit 9, the evaluation traces the early and longer-term effects of the FSS program on participants’ economic mobility outcomes. It looks at the effects for the full sample, pooled across all study sites, and also examines the effects for certain

³⁹ Work Rewards was the first to use a random assignment design to test the effects of an FSS program (Nuñez, Verma, and Yang, 2015; Verma et al., 2012, 2017). The study, which focused on a single site, showed few notable program impacts for the full sample. A quasi-experimental analysis of the Compass Working Capital FSS programs in Lynn and Cambridge, Massachusetts, showed that the Compass FSS programs were associated with an average gain in annual household earnings of \$6,305 between 2010 and 2016 (Geyer et al., 2017).

subgroups to better understand what works best for whom and whether particular types of participants are more likely to benefit from this particular self-sufficiency model. For example, the program may have larger effects for participants who are not employed at study enrollment, because they likely would accrue escrow faster than those who were employed at program entry. Given referrals to supports and services, the FSS program may also have different effects depending on a participant's barriers to work or education or skill level. Based on program theory, prior evidence, or policy interest in a given subgroup, the evaluation focuses on subgroups defined by participant characteristics at enrollment—work status and educational attainment.⁴⁰ Further, given that program implementation practices vary across sites, the subgroup analysis also considers program impacts for participants exposed to different program engagement and implementation strategies. Novel nonexperimental analytic methods are also explored to further examine variations in impacts across the study sites and the study sample.

The evaluation relies on a combination of qualitative and quantitative data, and it considers questions related to both program implementation and impacts. Exhibit 10 lists the primary data sources central to the final report and the followup period covered by each.

Exhibit 10. Data Sources for the FSS Study

Data	Data Period	Length of Followup
Baseline characteristics	October 2013–December 2014	At random assignment
Wage records	April 2013–December 2020	72 months (24 quarters)
FSS graduation and escrow data	October 2013–June 2021	78 months
Housing subsidy data	October 2013–December 2020	72 months
Experian and Clarity credit data	December 2012–June 2021	78 months
<u>Long-Term Followup Survey</u>	April 2021–August 2021	80 months

FSS = Family Self-Sufficiency.

Eighteen housing authorities in seven states (California, Florida, Maryland, Missouri, New Jersey, Ohio, and Texas) were selected to participate in the FSS study (exhibit 11). These sites broadly represent the contexts within which FSS programs operate: Small, mid-sized, and large FSS programs and small, mid-sized, and large voucher programs.⁴¹ Although no data were available to distinguish typical or higher quality FSS programs during site recruitment (the initial composite score notice was not published until after site selection), MDRC and HUD sought to include a broad range of sites, including ones with different program sizes, staff caseloads, and

⁴⁰ These subgroups were defined in the design stage. Additional subgroups examined are considered exploratory.

⁴¹ See Verma et al. (2019) for site recruitment details. Site selection considered various factors, such as program size, the possibility of building clusters of sites within states, regional and local diversity, and varying program approaches. MDRC examined HUD data from 2010 to 2012, creating a list of potential sites; conducted phone followup with about 60 program administrators; visited 27 sites; and ultimately negotiated agreements with 18 sites.

case management or coordination practices.⁴² Site-specific enrollments, including program and control groups, ranged from 50 to 350, based on the sizes of the existing programs.⁴³

The Study Sample

From October 2013 to December 2014, the 18 public housing agencies participating in the evaluation enrolled and randomly assigned 2,656 households. This figure includes a small number of households that later withdrew voluntarily from the study or that program staff members determined to have been ineligible for FSS at the time of random assignment and removed from the study sample. Households headed by individuals aged 62 years or older, who are not the focus of the main impact analysis, were also excluded from the study. Excluding those individuals reduced the sample to 2,556. These 2,556 study participants compose the sample for the entire impact analysis in this report (or the “impact sample” in exhibits).

Exhibits 12 and 13 present sample characteristics from the baseline survey that participants completed at study enrollment. As shown, households with children largely compose the sample, and 76 percent of households included a minor child. Nearly 34 percent of participant households included another adult. Although labor market outcomes for other adult household members are not analyzed here, their earnings affect household subsidies and contribute to household escrow accruals; other adults may also benefit directly or indirectly from FSS case management. Approximately 70 percent of study households reported receiving SNAP benefits; 16 percent reported receiving TANF benefits.

⁴² HUD’s performance ranking for FSS programs was initially released in 2018. It classified 20 percent of the FSS programs as high performing, 60 percent as standard, 10 percent as low, and 10 percent as troubled. Using these rankings, 3 programs in the evaluation were classified as high performing, 4 were classified as low performing or troubled, and the remaining 11 were classified as standard. Chapter 7 examines outcomes for these groupings.

⁴³ Seven PHAs agreed to enroll under 100 study participants, five agreed to enroll between 100 and 200, and six agreed to enroll between 200 and 350. PHAs operating larger FSS and HCV programs agreed to larger samples.

Exhibit 11. Public Housing Agencies Participating in the National Family Self-Sufficiency Evaluation



Exhibit 12. Baseline Characteristics of Households in the FSS Impact Sample

Characteristic	Impact Sample
Average number of household members ^a	3.2
Average number of adults in household ^a	1.5
Households with more than 1 adult (%)	33.7
Average number of children in household	1.8
Number of children in household (%)	
0	23.8
1	22.7
2	24.7
3 or more	28.8
For households with children, age of youngest child (%)	
0–2 years	20.8
3–5 years	20.4
6–12 years	41.3
13–17 years	17.5
Primary language spoken at home is English (%)	92.2
Receives TANF (%)	15.8
Receives food stamps/SNAP (%)	69.6
Length of time receiving Section 8 housing choice voucher (%)	
Less than 1 year	5.0
1–3 years	27.6
4–6 years	21.6
7–9 years	15.2
10 years or more	30.6
Total annual household income (%)	
\$0	4.5
\$1–\$4,999	17.0
\$5,000–\$9,999	18.7
\$10,000–\$19,999	31.9
\$20,000–\$29,999	19.3
\$30,000 or more	8.5
Payment for rent and utilities (%)	
\$0	1.9
\$1–\$199	15.0
\$200–\$399	24.3
\$400–\$599	21.3
\$600–\$799	15.1
\$800 or more	22.4
During the past 12 months, household experienced at least one financial hardship (%)	59.0
Not able to buy prescription drug	13.3

Characteristic	Impact Sample
Not able to buy food	28.9
Not able to pay telephone bill	28.2
Not able to pay rent	18.5
Not able to pay utility bill	43.4
Sample size	2,556

FSS = Family Self-Sufficiency. SNAP = Supplemental Nutrition Assistance Program. TANF = Temporary Assistance for Needy Families.

a Maximum response option for number of adults in a household is four.

Notes: The FSS impact sample includes housing choice voucher heads of household who were randomly assigned between October 18, 2013, and December 22, 2014, and were ages 18 to 61 at the time of random assignment. Sample sizes for specific measures may vary because of missing values. Rounding may cause slight discrepancies in calculating sums. Detail may sum to more than total for questions that allow more than one response.

Source: MDRC calculations from Baseline Information Form data

Exhibit 13. Baseline Characteristics of Heads of Household in the FSS Impact Sample

Characteristic	Impact Sample
Sample member characteristics	
Female (%)	90.6
Average age (years)	39
Marital status (%)	
Married, living with spouse	7.7
Married, not living with spouse	6.8
Cohabiting	1.4
Single, widowed, or divorced	84.0
Race/ethnicity (%)	
Black, non-Hispanic/Latino	73.3
Hispanic/Latino	15.8
White, non-Hispanic/Latino	6.7
Other	4.2
Education	
Highest degree or diploma earned (%)	
GED certificate	3.0
High school diploma	10.6
Some college or received technical/trade license	55.0
Associate's or 2-year college degree	10.8
4-year college or graduate degree	6.5
None of the above	14.0
Has trade license or training certificate (%)	47.0
Employment status	
Currently employed (%)	56.2
Regular job	48.4
Self-employed	4.2

Characteristic	Impact Sample
Temporary or seasonal job	3.5
Currently working 35 hours or more per week (%)	30.5
Average hours worked per week	18.3
Average weekly earnings (\$)	213
Barriers to employment	
Has any problem that limits work (%)	41.2
Physical health	18.8
Emotional or mental health	7.6
Childcare access or cost	17.8
Need to care for household member with disability	7.3
Previously convicted of a felony	6.3
Limited English-speaking ability (%)	3.8
Does not have access to transportation for employment (%)	
No access to public transportation	17.8
No access to an automobile	18.2
FSS program	
Heard of escrow before random assignment (%)	44.0
Interest in FSS services related to (%)	
Job-related services	70.5
Social services	32.4
Financial services	95.5
Sample size	2,556

FSS = Family Self-Sufficiency. GED = general educational development.

Notes: The FSS impact sample includes housing choice voucher heads of household who were randomly assigned between October 18, 2013, and December 22, 2014, and were ages 18 to 61 at the time of random assignment. Sample sizes for specific measures may vary because of missing values. Rounding may cause slight discrepancies in calculating sums. Detail may sum to more than total for questions that allow more than one response.

Source: MDRC calculations from Baseline Information Form data

The design of the FSS program is to help participants move off cash assistance, such as TANF, and reduce reliance on public assistance in general.⁴⁴ Slightly more than one-half of the sample (54.2 percent) reported having received Section 8 housing assistance for 6 years or less. About 31 percent reported having received Section 8 housing assistance for 10 years or more.

The sample is predominantly female (90.6 percent), with an average age of 39 years at study enrollment (exhibit 13).⁴⁵ About 41 percent of the sample reported some barrier to employment. Physical health (18.8 percent) and access to affordable childcare (17.8 percent) represented the most common difficulties. Approximately 56.2 percent of study participants were working at the time of study enrollment, with about 30.5 percent working full time. Work status and earnings are primary outcomes of interest for this study because FSS programs are designed to enable and

⁴⁴ The Work Rewards data suggest that more families enter and exit the TANF system over the followup period.

⁴⁵ See appendix A for numbers provided separately for the FSS and control groups.

encourage (more remunerative) work and because employment is one of the requirements for program graduation and access to accumulated escrow.

As part of an effort to understand the salience and appeal of the FSS program, the baseline survey included questions about program knowledge and the services study participants were interested in receiving. Less than one-half (44.0 percent) had heard of the FSS program's escrow account prior to being recruited into the study. Although a large majority of study participants expressed interest in receiving job-related services (70.5 percent collectively), the most commonly stated desires were for financial services (95.5 percent collectively). Relatively few (10.9 percent) stated they were interested in FSS' services relating to education or vocational training (not shown).

Overall, study households and household heads are broadly similar to those in the FSS national population, with some notable differences.⁴⁶ Sample members are somewhat more likely to have no children present (23.8 percent in the study sample have no children versus 17.6 percent in the national FSS population). Study households are less likely to report no income (4.5 percent versus the national FSS figure of 6.5 percent) but are also less likely to report income of \$30,000 or more (8.5 versus 13.9 percent). Sample members also report higher levels of TANF and SNAP benefit receipt than the averages for the national FSS population (15.8 versus 10.0 percent for TANF; 69.6 versus 37.5 percent for SNAP). Study sites tend to run larger housing voucher and FSS programs and spend more on rent and utilities per participant than the national population of housing agencies that run FSS programs, a consequence of the need to select sites that would allow for sample recruitment within the required 1-year window.

Structure of This Report

The report is organized around eight chapters. Chapter 2 focuses on service use and program participation patterns. Chapter 3 examines graduation rates and escrow disbursement patterns within the study followup period. Chapter 4 reports labor market outcomes using the National Directory of New Hires wage records and longer-term survey data. Chapter 5 draws on the long-term survey and credit records to examine impacts on income, financial well-being, and credit outcomes. Chapter 6 focuses on questions related to the program's effects on material well-being and housing subsidy receipt and housing outcomes. Chapter 7 investigates the variation in impacts and outcomes for subgroups defined by baseline individual characteristics and program features. Finally, chapter 8 summarizes key takeaways and considerations from this comprehensive assessment of the federal FSS program.

⁴⁶ To assess whether individuals and households in the study were broadly similar to their site- and national-level counterparts, MDRC compared sample members with the broader FSS population in the study sites and with the national population of FSS participants and housing voucher holders. The team also compared the PHAs participating in this evaluation with all PHAs operating FSS programs. The analysis relies on the FSS Baseline Information Form data and MDRC calculations using the December 2014 data from HUD Public and Indian Housing Information Center (PIC) data.

Chapter 2. FSS Enrollment Status and Use of Services

The Family Self-Sufficiency (FSS) program offers participants information about a multitude of services for enhancing self-sufficiency and largely rely on referrals to schools, colleges, and community organizations to provide these services. Members of both research groups also had access to alternative services in their communities, in which they could enroll on their own initiative. As will be discussed below, access to alternative services became more important over time, even for FSS group members, as many FSS group members exited from the program during the followup period.

For this final report, analyses of changes in FSS group members' enrollment status and program participation are based on quantitative data from housing agencies' electronic and paper notes and records, FSS and Housing Choice Voucher (HCV) program reporting forms, program management information records and tracking spreadsheets, supportive services payment records, HUD administrative data, and responses to multiple surveys administered at different times during the 6- to 7-year followup period.

The main findings in this chapter are as follows.

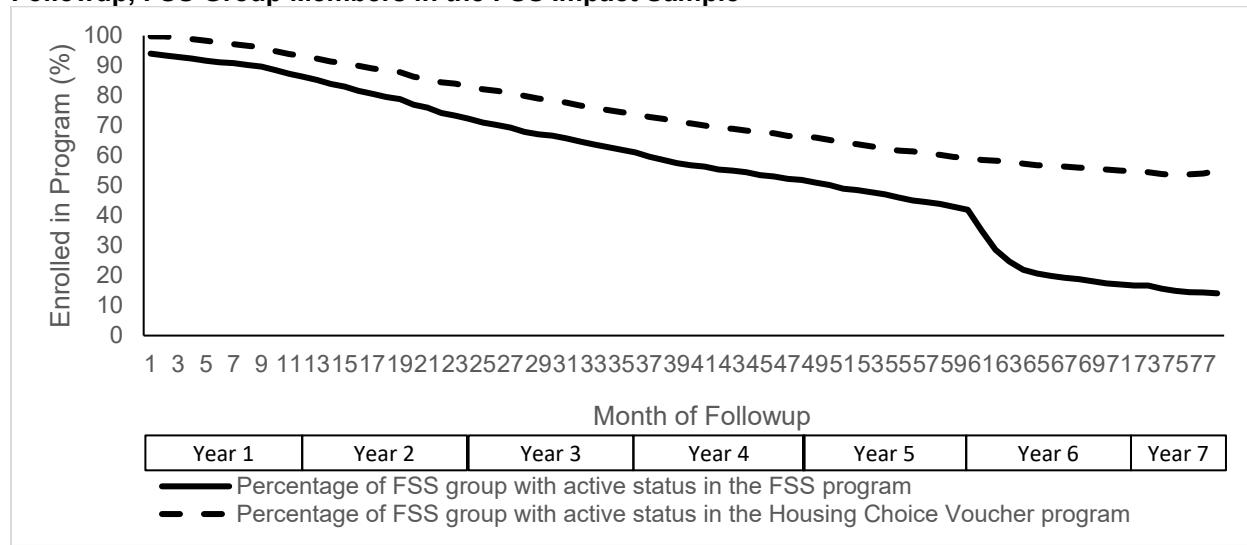
- More than 80 percent of FSS group members participated in FSS program-referred services, typically within the first 18 months of followup. Participation rates decreased sharply thereafter, often because FSS group members were employed.
- During the 6 to 7 years of followup, about 20 percent of the FSS treatment group graduated from the program, slightly below the national average for program graduations.
- Based on survey responses, more than 80 percent of members of both research groups reported participation rates in at least one activity (FSS program-referred or self-initiated) during the followup period. The FSS program led to a modest increase above the control group level in use of any services but led to larger increases above the control group level in use of financial counseling and job search services.
- Nearly one-third of survey respondents in both research groups reported attainment of an academic degree or occupational credential since random assignment, with no statistically significant difference between research groups.

Trends in Enrollment Status in the FSS and HCV Programs

Exhibit 14 shows the trends in FSS group members' enrollment status in the FSS and HCV programs during years 1 to 6 of followup. As previous reports on the FSS program evaluation discussed, FSS participants complete and sign a contract of participation (CoP) and Individual Training and Services Plan (ITSP) when they enroll in the program. Most often, the CoP specifies an enrollment period of 5 years, during which the FSS participant must complete a series of employment and other goals listed in his or her ITSP. Public housing agencies (PHAs) may extend a participant's contract period for up to 2 additional years but are not required to do so.⁴⁷

⁴⁷ During the COVID-19 pandemic, HUD authorized FSS programs to issue extensions to the Contracts of Participation for an additional (eighth) year.

Exhibit 14. Enrollment Status in the FSS and Housing Choice Voucher Programs, by Month of Followup, FSS Group Members in the FSS Impact Sample



FSS = Family Self-Sufficiency.

Note: The FSS impact sample includes housing choice voucher heads of household who were randomly assigned between October 18, 2013, and December 22, 2014, and were ages 18 to 61 at the time of random assignment.

Sources: MDRC calculations using housing agency administrative data; HUD Inventory Management System/Public and Indian Housing Information Center data

The previous report tracked FSS group members' enrollment status in the FSS and HCV programs through the end of year 5 (month 60) of followup and up to an additional year for FSS group members who were randomly assigned during the first months of sample intake. During the last month of available followup for each FSS group member, about 30 percent of the FSS group remained enrolled in the program. To continue participating in FSS and accruing escrow dollars, FSS group members, therefore, needed either a formal extension of their CoP or at least the tacit approval of program administrators and case coordinators to continue their enrollment for a few more months because they had already met nearly all their goals.

As exhibit 14 shows, most of these enrollees did not receive an extension. During year 6, the percentage of FSS group members who remained enrolled in FSS declined from 42 to 17 percent, with most of the decrease occurring during the first 4 months of the year. Using all available followup for each FSS group member, enrollment rates continued to decline in the ensuing months, reaching 7 percent in the final month of available followup. It may be surmised that PHA administrators and program staff had assessed most of the remaining enrollees as unlikely to meet their program goals—including some enrollees with whom they had lost contact—and chose instead to offer available openings to new enrollees.⁴⁸

⁴⁸ Evidence that some FSS enrollees had lost contact with the program comes from responses to the FSS Long-Term Followup Survey. About 60 percent of FSS group respondents who described themselves as FSS enrollees were

Individuals who end their enrollment in FSS through graduation, voluntary withdrawal, or termination by the program may continue to receive HCV housing subsidies, provided they still meet HCV eligibility requirements.⁴⁹ As exhibit 14 shows, FSS group members' enrollment rates in HCV declined slowly month by month. As of the last month of available followup, about 55 percent of FSS group members retained their eligibility for HCV rental subsidies, including about one-half of FSS group members who had left the FSS program without graduating.

Exits From Family Self-Sufficiency

As exhibit 15 shows, nearly three-fourths of FSS group members left the program without graduating.⁵⁰ Relying on the reasons for exit reported on PHA administrative records, the data suggest that participants exit the program under a variety of circumstances. Nearly one-half of the exits from FSS occurred when case managers terminated the FSS group member's enrollment in the program, often in response to a loss of contact with the FSS group member. Only about one in five exits from FSS resulted from the FSS group member's requesting to end enrollment. Nearly one-third of exits from the FSS program occurred when FSS group members exited from the HCV program, sometimes voluntarily and other times due to circumstances beyond their control.⁵¹

Exhibit 15. Enrollment Status in the FSS and HCV Programs at the End of Followup, FSS Group Members in the FSS Impact Sample

Outcomes and Statuses	Percentage of FSS Group Members (%)	Mean Relative Month of Status Change
Still enrolled in FSS program	7.2	NA
Graduated from FSS program	20.4	55.7
Exited from FSS program without graduating	72.4	42.2
Left HCV program or moved to another HCV program	37.0	32.0
Left FSS program voluntarily before leaving HCV program	7.0	33.7
Asked to leave FSS program before leaving HCV program	5.4	42.2
Left FSS program on leaving HCV program	24.6	29.3
Left FSS program, but still enrolled in HCV program	35.4	52.9
Left FSS program voluntarily	7.6	18.7
Asked to leave FSS program	27.8	62.4
Sample size	1,285	

described in recent PHA administrative data as having exited the program. Nearly all FSS group members' 5-year contract period ended before the onset of the COVID-19 pandemic. The main exception included a small number of FSS group members who delayed signing their CoP for 3 months or more following their random assignment to the FSS group. The pandemic did affect provision of FSS services and case management for FSS group members who received an extension for their CoP.

⁴⁹ FSS program enrollees who exit the HCV program automatically lose their eligibility for FSS.

⁵⁰ Throughout this chapter and in chapters that follow, the terms "exit" and "leave" denote ending eligibility for further FSS program-related services and financial supports without graduating.

⁵¹ Based on the frequencies displayed in exhibit 15, the incidence of each type of exit was calculated as: (1) terminations initiated by FSS case managers ($5.4\% + 27.8\% = 33.2\%$) / $72.4\% = 45.9\%$; (2) voluntary withdrawals: ($7.0\% + 7.6\% = 14.6\%$) / $72.4\% = 20.2\%$; (3) simultaneous with exits from the HCV program: $24.6\% / 72.4\% = 34.0\%$.

FSS = Family Self-Sufficiency. HCV = Housing Choice Voucher. NA = not available.

Notes: The FSS impact sample includes HCV heads of household who were randomly assigned between October 18, 2013, and December 22, 2014, and were ages 18 to 61 at the time of random assignment.

NA indicates “not applicable,” because no status change occurred during the followup.

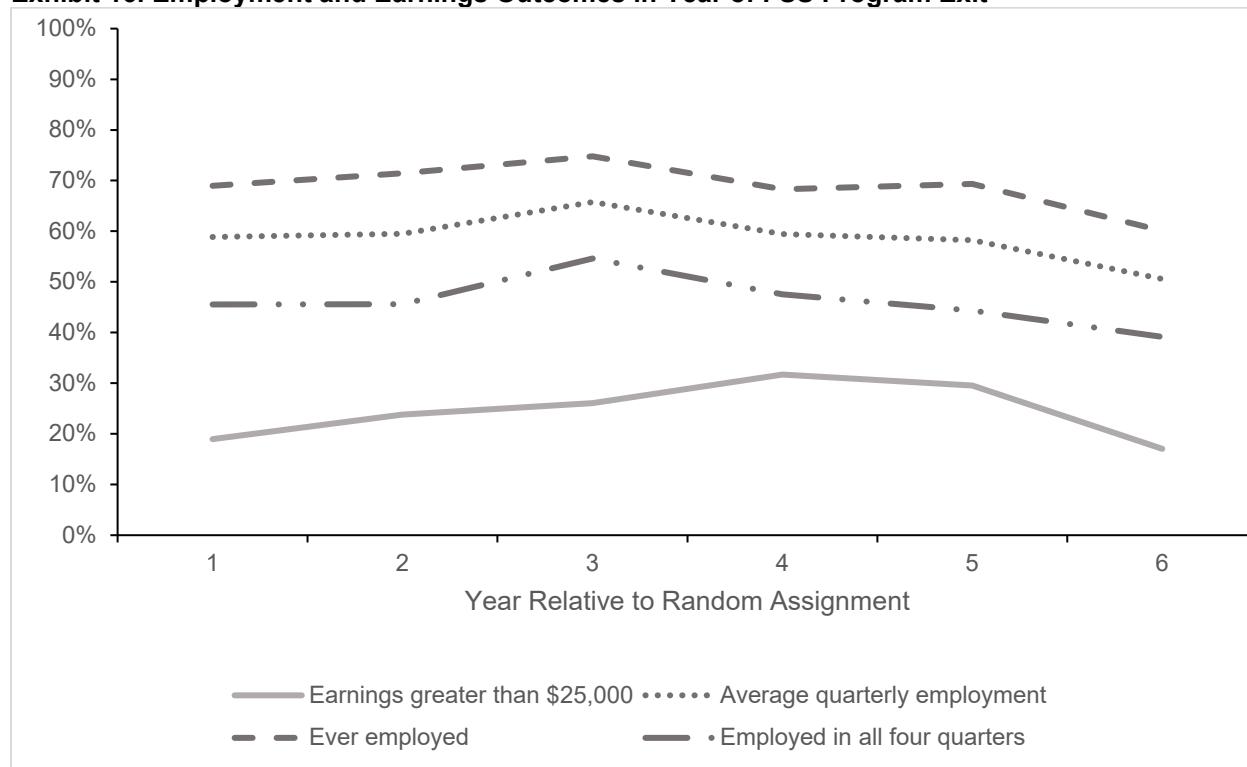
Sources: MDRC calculations using housing agency administrative data; HUD Inventory Management System/Public and Indian Housing Information Center data

Exhibit 15 also shows that the timing of FSS group members’ exit from the program varied with their reason for exit. Most terminations of enrollment that FSS case managers initiated occurred at or near the end of the 5-year CoP period. It may be inferred that for these FSS group members, program case managers had determined that they were unlikely to fulfill all their required goals and would not graduate from the program. FSS group members’ voluntary exits from FSS usually occurred much earlier—in years 2 or 3 of followup—depending on whether the FSS group member maintained enrollment in the HCV program. Exits from HCV that immediately ended the FSS group member’s enrollment in FSS also tended to happen fairly early in the followup—in month 29 (about midway through year 3).

FSS group members who left the program at different times in the followup also varied in employment and earnings outcomes around the time of their departure. Exhibits 16 and 17 summarize this variation. Most notably, FSS group members who exited the program near the end of the followup (often by termination initiated by case managers) tended to have less employment and lower earnings on average compared with FSS group members who exited during the middle years of followup. For example, as exhibit 16 shows, FSS group members who left the program in year 6 had an average quarterly employment rate of 51 percent (equivalent to employment during 2 out of 4 quarters in the year) compared with an average quarterly employment rate of 66 percent in year 3 for FSS group members who exited from FSS during that year. The leavers group in year 3 also had the highest overall employment rate for the year of exit (75 percent) and the highest average for employment in all 4 quarters (55 percent) among the yearly leavers cohorts. Similarly, FSS group members who exited the program in year 6 averaged about \$11,600 in total earnings that year compared with an average of \$16,500 for FSS group members who exited in year 4. The leavers cohort in year 4 also had the largest proportion of FSS group members who earned more than \$25,000 during their year of exit.⁵²

⁵² The finding that long-time enrollees were often under-employed and receiving relatively low earnings has implications for program design. Chapter 8 discusses this issue further.

Exhibit 16. Employment and Earnings Outcomes in Year of FSS Program Exit



FSS = Family Self-Sufficiency.

Notes: The FSS impact sample includes housing choice voucher heads of household who were randomly assigned between October 18, 2013, and December 22, 2014, and were ages 18 to 61 at the time of random assignment. Average quarterly employment rate is calculated as total quarters with employment in the year of program exit divided by 4 expressed as a percentage. For this analysis, an FSS group member's date of exit from the FSS program was placed within the closest relative year of followup. The exhibit shows summary measures of employment calculated for every FSS group member who exited from the FSS program during the same relative year. No further adjustment was made for variation in the timing of exit—whether it occurred during the first, second, third, or fourth quarter of the relative year of exit from FSS.

Sources: MDRC calculations using quarterly wage data from the National Directory of New Hires; housing agency administrative data; HUD Inventory Management System/Public and Indian Housing Information Center data

Exhibit 17. Earnings Outcomes in Year of FSS Program Exit



FSS = Family Self-Sufficiency.

Notes: The FSS impact sample includes housing choice voucher heads of household who were randomly assigned between October 18, 2013, and December 22, 2014, and were ages 18 to 61 at the time of random assignment. For this analysis, an FSS group member's date of exit from the FSS program was placed within the closest relative year of followup. The exhibit shows the average total earnings for every FSS group member who exited from the FSS program during the same relative year. No further adjustment was made for variation in the timing of exit—whether it occurred during the first, second, third, or fourth quarter of the relative year of exit from FSS.

Sources: MDRC calculations using quarterly wage data from the National Directory of New Hires; housing agency administrative data; HUD Inventory Management System/Public and Indian Housing Information Center data

Graduations From FSS

As the previous report discusses, by the end of year 5 and a few months beyond, about 17 percent of FSS group members had graduated from the program. As noted previously, at the time, about 30 percent of FSS group members remained enrolled in the program. Together, these FSS group members appeared, at least in theory, to have constituted a considerable pool of potential graduates, especially the large majority of ongoing enrollees who had accrued escrow dollars. As it turned out, only about 1 in 10 of these FSS group members completed their FSS goals and graduated from the program. As noted previously, nearly all those who remained enrolled in FSS at the end of year 5 subsequently exited the program without graduating. All told, a little more than 20 percent of FSS group members graduated from the program. Possibly,

the proportion of graduates will increase by a percentage point or two in the near future, as the last ongoing enrollees end their enrollment.⁵³

Use of Services by the FSS Group

FSS programs offer participants information about a multitude of services for enhancing self-sufficiency. The majority of FSS group members participated in at least one program-referred activity while enrolled in the program. FSS participants that exit the program without graduating may also benefit from the program through access to FSS services. The following section examines the types of activities in which FSS group members were most likely to participate, when participation typically occurred, and the baseline characteristics most highly associated with engagement in FSS activities.

Early Trends: Use of Services During the First 3 Years of Followup

According to housing agency data, and as previously documented, about 80 percent of FSS group members participated in one FSS program-referred activity or more during their first 3 years of followup (Verma et al., 2019). Most participation occurred during the first 18 months of followup, with participation rates decreasing markedly thereafter. By year 3, most FSS group members were no longer participating in FSS-referred activities (or had never participated), although a sizable portion of these nonparticipants (about 40 percent) was working for pay, a primary goal of the FSS program.

At program enrollment, when filling out their ITSP, nearly all FSS group members committed to pursuing at least one financial security goal. Not surprisingly, the largest proportion of FSS group members participated in financial security-related activities (45 percent), most often by attending at least one financial management workshop or receiving individual financial counseling. A little more than one-third of FSS group members participated in a job search, self-employment preparation, or post-employment services activity—with job search activities (individual or group) as the most frequently used services. A slightly smaller proportion of FSS group members attended an education or training program, mostly post-secondary education or vocational training.

Rates of participation for specific types of FSS activities were strongly affected by PHAs' level of emphasis. For instance, about 47 percent (with rounding) of FSS group members in PHAs with the strongest emphasis on education and training attended an education or training course during years 1 to 3—a rate of participation about 20 percentage points higher than for the PHAs with a low or medium emphasis. Similarly, the rate of participation in job search activities (41 percent) was highest in PHAs with the strongest emphasis on job search and post-employment services, and the level of participation in financial counseling or workshops was highest in PHAs that most strongly emphasized financial services (51 percent).

⁵³ See HUD (2018, 2021). Based on aggregate data provided by HUD and Abt Associates, the median graduation rates for FSS programs nationwide were about 24 percent in 2018, 27 percent in 2019, and 29 percent in 2020. HUD's method of calculating graduation rates differs in several ways from the method employed in this evaluation. Modifying the calculation for this report to make the rate roughly comparable with HUD's version yields an overall graduation rate for the entire FSS group resembles HUD's median rates for 2019 and 2020. See chapter 3 for a more comprehensive analysis of graduations and escrow disbursements.

Most FSS group members began participating in FSS-related services within the first 6 months of random assignment. Relatively few FSS group members who had not started participating in FSS-related services and activities by the end of month 6 began participation during the remaining 2.5 years of followup. Most FSS group members participated in FSS activities 6 months or less out of the 3 years of followup, and about 30 percent of FSS group members participated 7 months or more.

Impacts on Service Use at 36 Months

According to responses to the FSS 36-Month Survey, documented in the year 3 report, the FSS program led to a moderate overall increase of 10 percentage points above the control group level in participating in any employment-related or self-sufficiency-related activities (Verma et al., 2021).⁵⁴ The FSS program realized moderate-level increases above control group levels in the domains of job search activities, homeownership preparation, post-employment services, and education and training but had a much larger effect (of more than 20 percentage points) on the use of financial counseling services. FSS group respondents were also more likely than their counterparts in the control group to combine employment and service use. Higher levels of participation in education and training activities do not, however, appear to increase the attainment of academic credentials (such as conferral of a degree or a diploma) within the 36-month followup period. No differences are notable across study groups in these outcomes. A small and statistically significant impact, however, is observed on members earning occupational credentials or licenses.

Impacts on Service Use During the Last Year of Followup

As exhibit 18 shows, according to responses to the recently conducted FSS Long-Term Followup Survey, about 40 percent of respondents in both research groups reported participation in at least one activity in the prior 12 months. Respondents did not express a strong preference for enrolling in any particular type of activity—with rates of service use ranging from about 10 to 20 percent for most activities. For most types of services, differences between research groups in the incidence of participation were small and not statistically significant—except for a 4-percentage point increase above the control group level in participation in occupational skills training.

Exhibit 18. Impacts on Use of Services and Attainment of Post-Secondary or Occupational Credentials, FSS Long-Term Followup Survey Respondent Sample

Outcomes (%)	FSS Group	Control Group	Difference (Impact)	P-Value
<i>In the past 12 months</i>				
Used any services	38.6	40.6	– 2.0	0.579
Job search	18.9	14.7	4.2	0.142
Financial counseling	22.2	21.2	1.0	0.744
Education and training	19.8	20.5	– 0.7	0.821
Post-secondary education	10.5	13.1	– 2.7	0.258
Occupational skills training	13.3	9.4	3.9 *	0.094
Earned academic or occupational credential	27.9	23.8	4.1	0.185
Post-secondary degree	12.3	11.5	0.8	0.720

⁵⁴ This pattern was also observed at 18 months of followup (see Verma et al., 2019).

Outcomes (%)	FSS Group	Control Group	Difference (Impact)	P-Value
Occupational credential or license	18.0	14.4	3.7	0.141
<u>Any time since random assignment</u>				
Used any services	87.7	80.8	6.9 ***	0.009
Job search	63.6	48.4	15.2 ***	0.000
Financial counseling	59.8	36.5	23.4 ***	0.000
Education and training	53.1	45.8	7.3 **	0.042
Post-secondary education	34.1	28.6	5.4 *	0.096
Occupational skills training	30.7	22.7	8.0 **	0.015
Earned academic or occupational credential	35.7	32.8	3.0	0.379
Post-secondary degree	16.0	14.4	1.5	0.557
Occupational credential or license	26.1	23.4	2.6	0.387
Sample size (total = 791)	403	388		

FSS = Family Self-Sufficiency.

* Statistical significance level of 10 percent. ** Statistical significance level of 5 percent.

*** Statistical significance level of 1 percent.

Notes: The FSS Long-Term Followup Survey respondent sample includes housing choice voucher heads of household who were randomly assigned between October 18, 2013, and December 22, 2014, were ages 18 to 61 at the time of random assignment, and responded to the FSS Long-Term Followup Survey. Sample sizes for specific outcomes may vary because of missing values. Estimates were regression-adjusted using ordinary least squares, controlling for differences in sample member characteristics recorded at the time of random assignment. No special weights were applied to responses to adjust for differences in sample size by the housing authority. Rounding may cause slight discrepancies in calculating sums and differences. A two-tailed t-test was applied to differences between the FSS group and the control group. The p-value indicates the likelihood that the difference between the FSS group and control group arose by chance.

Sources: MDRC calculations using responses to the FSS 18-Month Survey; 36-Month Survey and Long-Term Followup Survey

Impacts on Service Use During the Entire Followup Period

None of the three surveys administered for the FSS Evaluation covers the entire followup period. Nonetheless, it is possible to piece together a fairly complete picture of respondents' service use since random assignment, because more than 90 percent of respondents to the Long-Term Followup Survey also responded to one or both earlier surveys. As the bottom panels in exhibit 18 show, more than 80 percent of respondents in both research groups reported participation in at least one activity during the followup period. Respondents were not asked about the duration of their participation. The largest proportion of FSS group respondents (64 percent) reported participating in job search activities, followed by financial counseling (60 percent) and education and training (53 percent).

The overall proportion of survey respondents who participated in at least one activity was only moderately higher for the FSS program (7 percentage points), although statistically significant differences in participation rates exceeded 15 percentage points for financial counseling and job search activities. About one-third of respondents in both research groups reported attainment of an academic degree or occupational credential since random assignment, with no statistically significant difference between research groups.

Variation in Impacts on Service Use by Subgroup

This analysis draws on responses to the FSS Long-Term Followup Survey. Small sample sizes for some subgroups prevent reliable estimates of differences in service use between the FSS and control groups. Accordingly, the analysis focuses on subgroups with at least 100 respondents in each research group. For this analysis, subgroups are defined according to study participants' characteristics recorded at study enrollment. Based on these characteristics, study participants are defined as expected to encounter a high, moderate, or low level of disadvantage in finding and maintaining employment during the followup period. Characteristics associated with the highest level of disadvantage include: (1) Not employed (self-reported); (2) Reporting to HUD an annual household income of between \$0 and \$10,000; (3) Reporting having at least one barrier to employment; (4) Paying out-of-pocket (family share) for no more than 25 percent of monthly rent and utility expenses (gross rent); and (5) Having a lower "rent burden," another indicator of paying relatively little out-of-pocket for rent and utilities.⁵⁵ Characteristics associated having with a moderate level of disadvantage in the labor market include: (1) Employed with part-time hours (self-reported); (2) Having taken some college courses (without completing a degree); (3) Reporting to HUD an annual income between \$10,001 and \$20,000; and (4) Paying out-of-pocket (family share) for between 25 and 50 percent of gross rent. Characteristics associated with the least disadvantage in finding and maintaining employment include (1) being employed with full-time hours (self-reported); (2) reporting to HUD an annual income of more than \$20,000; (3) no reported barrier to employment; and (4) having a higher "rent burden."⁵⁶

Appendix exhibit A.5 displays outcomes on service use and attainment of academic and occupational skills credentials for FSS and control group members in each of these subgroups. Exhibit 19 summarizes key findings. As these exhibits show, among nearly all subgroups, more than 80 percent of FSS respondents reported participation in at least one activity during the followup period. By a small margin, FSS group respondents in the least disadvantaged subgroups averaged the highest rates of participation—around 90 percent. Control group respondents in all subgroups also reported high levels of service use, resulting, most often, in relatively small and statistically insignificant differences in participation rates between research groups. The FSS program showed more positive effects among subgroups with the least disadvantages. In three of the four subgroups the incidence of participating in at least one activity for FSS group respondents exceeded the average for control group respondents by 9 to 14 percentage points (statistically significant). In the final year of followup, participation rates decreased, averaging about 40 percent of respondents in both research groups and in all subgroups. Among the most disadvantaged subgroups, participation rates for control group respondents slightly exceeded the levels for the FSS group, but none of the differences in service use was statistically significant.

⁵⁵ Households described as having a lower "rent burden" paid relatively small out-of-pocket expenses for rent and utilities during the month of random assignment. They did so for two reasons: (1) their gross rent was less than or equal to the area payment standard (representing the maximum housing subsidy allowed); and (2) the household was paying less than or equal to 30 percent of their adjusted monthly income for rent and utilities (representing the expected percentage of household income to be paid for rent and utilities).

⁵⁶ Households described as having a "higher rent burden" paid more than required out-of-pocket expenses for rent and utilities because their gross rent was higher than the area payment standard and because the household was paying more than 30 percent of their adjusted monthly income for rent and utilities.

Exhibit 19. Impacts on Selected Indicators of Service Use by Selected Baseline Characteristics, FSS Long-Term Followup Survey Respondent Sample

Outcome (%)	Any Service		Job Search		Financial Counseling		Education and Training	
	Control Group	Difference (Impact)	Control Group	Difference (Impact)	Control Group	Difference (Impact)	Control Group	Difference (Impact)
Employment status								
Not employed	80.8	4.1	49.6	14.3 **	36.4	16.2 ***	45.2	3.3
Employed part-time	84.3	5.0	50.1	17.2 **	32.9	30.4 ***	46.4	11.8
Employed full-time	77.3	14.0 ***	45.8	13.9 **	40.2	26.9 ***	43.9	14.3 *
Educational attainment								
No degree or credential	65.8	22.1 *	41.1	24.9 *	31.5	26.2 **	29.2	11.6
High school degree or GED	76.7	7.6	39.7	24.7 ***	35.2	22.0 **	37.5	7.6
Some college	85.4	3.9	54.2	7.8	36.2	20.3 ***	53.1	3.6
2-year college degree or higher	90.3	-0.4	61.1	-0.6	58.0	4.4	59.0	5.1
Total household income								
\$0–\$10,000	83.7	4.8	54.9	12.8 **	35.2	22.3 ***	49.0	3.6
\$10,001–\$20,000	75.7	14.1 **	44.3	27.1 ***	33.1	36.8 ***	40.5	15.4 *
More than \$20,000	78.5	9.1 *	38.3	17.4 **	39.3	15.4 **	44.5	8.3
Reported barrier to employment								
Yes	83.1	0.0	††	52.0	9.4	39.1	17.0 ***	42.5
No	79.1	11.6 ***	††	46.3	18.3 ***	33.4	29.8 ***	46.4
Disability status								
Received SSI/SSDI	80.7	11.0	42.2	16.4	45.5	22.4	34.1	21.7
Did not receive SSI/SSDI	80.2	7.6 ***	49.3	15.1 ***	35.6	22.5 ***	46.1	8.1 **
Sample size (total = 791)								

GED = general educational development. SSDI = Social Security Disability Insurance. SSI = Supplemental Security Income.

* Statistical significance level of 10 percent. ** Statistical significance level of 5 percent. *** Statistical significance level of 1 percent.

† Statistical significance level of 10 percent. †† Statistical significance level of 5 percent. ††† Statistical significance level of 1 percent.

Notes: The FSS Long-Term Followup Survey respondent sample includes housing choice voucher heads of household who were randomly assigned between October 18, 2013, and December 22, 2014, were ages 18 to 61 at the time of random assignment, and responded to the FSS Long-Term Followup Survey. Sample sizes for specific outcomes may vary because of missing values. Estimates were regression-adjusted using ordinary least squares, controlling for differences in sample member characteristics recorded at the time of random assignment. No special weights were applied to responses to adjust for differences in sample size by the housing authority. Rounding may cause slight discrepancies in

calculating sums and differences. A two-tailed t-test was applied to differences between the FSS group and the control group for continuous variables and selected outcomes expressed as proportions. The p-value indicates the likelihood that the difference between the FSS group and control group arose by chance. The H-statistic test was used to test for statistically significant differences in impact estimates across different subgroups.

Sources: MDRC calculations using baseline data; HUD Inventory Management System/Public and Indian Housing Information Center data; Responses to the FSS 18-Month, 36-Month, and Long-Term Followup Survey

During the entire followup period, the FSS group respondents reported relatively high participation rates for job search, education and training, and financial counseling. Among all subgroups, participation rates for these activities ranged from about 50 to about 70 percent. As exhibit 19 shows, among nearly all subgroups the FSS program led to relatively large increases (exceeding 15 percentage points) above the control group level in attendance at individual and group financial counseling sessions. Increases were particularly large (exceeding 30 percentage points in three of four subgroups) for subgroups with moderate-level disadvantages in the labor market. The FSS program also increased the use of job search services above control group levels among nearly all subgroups, although by somewhat smaller margins.

In contrast, exhibit 19 shows greater variation by subgroup in participation rates for FSS group members in post-secondary education and occupational skills training programs, as well as differences between the research groups in attendance. Among the most disadvantaged subgroups, nearly one-half of FSS group members reported that they had attended at least one post-secondary education or occupational skills training program, about 5 percentage points higher than the average for the control group. None of these differences between the research groups was statistically significant. On average, about 55 percent of FSS group members in the least disadvantaged subgroups reported participation in post-secondary education or occupational skills training. For two of the four “least disadvantaged” subgroups (employed full-time and reporting no barriers to employment) the FSS group members reported higher rates of participation compared with the control group by a margin of 12 to 14 percentage points (statistically significant). FSS group respondents in the other two “least disadvantaged” subgroups also reported higher rates of participation in post-secondary education and occupational skills training compared with the control group, but the differences were smaller (8 or 9 percentage points) and not statistically significant. Nonetheless, for the subgroups in this analysis, there is no evidence of program impact on the incidence of attaining a post-secondary degree or occupational skills credential after random assignment.

FSS Group Respondents’ Assessment of Their Involvement in the FSS Program

FSS group respondents to the Long-Term Followup Survey answered a series of questions concerning their experiences in the FSS program. Some questions were asked of FSS group members who had reported that they had graduated or had exited from FSS without graduating, giving these respondents an opportunity to provide a retrospective assessment of their enrollment in FSS. Other questions were tailored for current enrollees in the program. In addition, FSS group respondents, irrespective of their enrollment status in FSS, reported how much they benefited from having access to the FSS service referrals, interactions with FSS case coordinators, and ability to accrue escrow dollars. FSS group members also listed the types of obstacles they encountered as they proceeded through the program. Finally, the survey asked FSS group respondents to report their overall level of satisfaction with the program.

As exhibit 20 shows, FSS group respondents most often cited homeownership (including completing the steps to qualify for home purchase) and employment or career advancement as their most important goals while enrolled in FSS. Relatively few FSS group respondents listed a different goal, forgoing choices like attainment of a degree or occupational credential and learning to better manage housing finances. Moreover, by a large margin, current enrollees most often listed home purchase as their most likely use of escrow dollars if they completed the program successfully and reached graduation.

Exhibit 20. Indicators of Engagement with the FSS Program, by Current Enrollment Status, FSS Group Members in the FSS Long-Term Followup Survey Respondent Sample

Outcome (%)	Exited FSS	Currently Enrolled	Graduated	Total	P-Value
<u>Most important program goal</u>					0.230
Homeownership preparation	40.4	37.8	32.6	38.3	
Employment or career advancement	20.0	24.3	33.7	23.7	
Attainment of education or training credential	8.0	5.4	5.6	7.2	
Better management of household finances	4.0	2.7	5.6	4.3	
Improvement in personal or family well-being	6.0	0.0	1.1	4.3	
Other	0.8	0.0	0.0	0.5	
All goals equally important	20.8	29.7	21.3	21.8	
<u>Goal proudest to have achieved</u>					*** 0.003
Homeownership preparation	10.0	2.9	21.7	12.5	
Employment or career advancement	26.5	22.9	30.4	27.2	
Attainment of education or training credential	15.5	20.0	17.4	16.5	
Improvement in personal or family well-being	9.5	8.6	5.4	8.3	
Better management of household finances	8.0	17.1	6.5	8.6	
Other	4.0	14.3	1.1	4.3	
All goals equally important	26.5	14.3	17.4	22.6	
<u>Use of escrow dollars</u>					
To pay for usual household expenses	—	—	59.1	—	
To pay off loans, debts, or bills	—	—	27.3	—	
To make a big purchase	—	—	22.7	—	
To buy a house	—	—	18.2	—	
To pay for education	—	—	11.4	—	
To save for the future	—	—	11.4	—	
To start a business	—	—	6.8	—	
For other purposes	—	—	13.6	—	
<u>Planned future use of escrow dollars</u>					
To pay for usual household expenses	—	0.0	3.4	3.1	
To pay off loans, debts, or bills	—	22.2	10.2	16.3	
To make a big purchase	—	5.6	3.4	3.1	

Outcome (%)	Exited FSS	Currently Enrolled	Graduated	Total	P-Value
To buy a house	—	83.3	13.6	31.6	
To pay for education	—	16.7	3.4	8.2	
To save for the future	—	27.8	5.1	12.2	
To start a business	—	33.3	1.7	10.2	
Assessed sufficiency of contacts with case managers					*** 0.000
No contacts	23.5	24.2	2.5	18.3	
Too few	38.0	18.2	19.0	31.1	
Right number	34.5	48.5	70.9	45.2	
Too many	4.0	9.1	7.6	5.4	
How often referrals to services were helpful for achieving goals					*** 0.000
Always helpful	15.0	18.2	37.4	21.3	
Often helpful	13.1	21.2	25.3	17.2	
Sometimes helpful	24.3	42.4	18.7	24.6	
Never helpful	21.0	12.1	8.8	16.9	
No referrals to services	26.6	6.1	9.9	20.1	
Referrals to which services were helpful for achieving goals					
Job search	17.9	28.6	23.2	20.1	
Education and training	24.4	28.6	34.8	28.1	
Financial counseling	26.0	14.3	34.8	28.6	
Homeownership preparation	25.2	28.6	36.2	29.1	
Social services	17.1	14.3	17.4	17.1	
Other services	8.9	0.0	7.2	8.0	
All referrals to services	40.7	28.6	34.8	38.2	
Most often cited obstacles to attainment of FSS goals					
Respondent's health problem or disability	21.0	21.6	8.9	18.2	
Other household member's health problem or disability	9.5	5.4	2.2	7.4	
Covid-19 pandemic	19.0	37.8	8.9	18.5	
Transportation problems	21.4	16.2	18.9	20.3	
Childcare problems	21.0	16.2	17.8	19.8	
Education costs too high	15.1	16.2	15.6	15.3	
Fear of losing benefits	17.5	10.8	18.9	17.2	

Outcome (%)	Exited FSS	Currently Enrolled	Graduated	Total	P-Value
Needed services unavailable	30.2	24.3	10.0	24.8	
Communications problems	10.3	16.2	6.7	10.0	
No obstacles cited	10.3	8.1	34.4	15.8	
Satisfaction with FSS program					*** 0.000
Satisfied	49.3	69.4	85.1	60.7	
Neither satisfied nor dissatisfied	17.5	8.3	7.4	13.9	
Dissatisfied	33.2	22.2	7.4	25.3	
Sample sizes	252	37	90	379	

FSS = Family Self-Sufficiency.

* Statistical significance level of 10 percent. ** Statistical significance level of 5 percent. *** Statistical significance level of 1 percent.

Notes: The FSS group survey respondent sample includes all housing choice voucher heads of household who were randomly assigned to the FSS group between October 18, 2013, and December 22, 2014, were ages 18 to 61 at their time of random assignment and responded to the FSS Long-Term Followup Survey. A chi-square test was applied to variation in responses among FSS group members with different current enrollment statuses. Some questions allowed for multiple responses. No tests of statistical significance were applied to responses to these measures. A “—” signifies “not applicable” or “question not asked.” Rounding may cause slight discrepancies in calculating sums and differences.
Sources: MDRC calculations using responses to the FSS Long-Term Followup Survey; housing agency administrative data

Possibly reflecting on their pathway to graduation, graduates from FSS most often reported that employment and career advancement was their most important goal (34 percent), whereas participants in the FSS treatment group exited from FSS without graduation were least likely (20 percent). In contrast, when asked to name the goal they were proudest to have achieved, all three groups of FSS group respondents cited employment or career advancement. In addition, 15 to 20 percent of FSS group respondents listed attainment of an educational or occupational credential. A similar proportion of current enrollees reported having learned to better manage their household finances.

Not surprisingly, FSS graduates, on average, assessed their experiences with FSS more positively than FSS group members who exited the program without graduating. For example, nearly 80 percent of graduates reported having had the right number of contacts—or too many—with FSS case coordinators, whereas more than 60 percent of FSS group respondents who exited without graduating reported having too few contacts or none. In addition, more than 60 percent of graduates reported that they considered their referrals to services to have helped them achieve their goals, more than twice the average for FSS group respondents who exited without graduating and about 20 percentage points higher than for current enrollees. FSS group respondents in all three enrollment status groups cited their referrals to a wide range of activities as helpful for achieving program goals, with no single activity predominating. For instance, about one-third of FSS graduates cited referrals to education and training courses, financial counseling sessions or workshops, and homeownership preparation classes as helpful. FSS group respondents who exited without graduating were most likely to name the lack of needed services as an obstacle to goal attainment.

A large majority of FSS participants in all enrollment status groups also reported having experienced obstacles to goal achievement. Even among graduates, nearly two-thirds of the respondents named at least one problem that they needed to overcome. FSS group respondents who exited without graduating were more than twice as likely as graduates to report having encountered health-related obstacles to goal attainment. Those who exited were also more likely than graduates to cite the COVID-19 pandemic as an obstacle to goal attainment. In contrast, relatively similar proportions of FSS respondents (about 15 to 20 percent) in all three enrollment status groups reported having lacked access to needed financial supports for transportation, childcare, or education costs that hindered their participation in the FSS program.

As expected, FSS group respondents' enrollment status greatly influenced their overall satisfaction with the program. As exhibit 20 shows, about 85 percent of FSS graduates reported being satisfied with their enrollment in FSS compared with nearly one-half of FSS group respondents who exited without graduating.

Conclusions

When conducting a multiyear randomized controlled trial of a social policy initiative, researchers often view the findings on program implementation and service use as indicators of whether the evaluation conducted a "fair test." Issues of particular concern include (1) whether the program being tested provided expected levels of services and financial incentives to members of the program group; and (2) whether a larger proportion of the program group received these services or financial incentives compared with the control group. As discussed in this chapter, the FSS program, as operated by the 18 PHAs in the evaluation, met the criteria for conducting sufficiently strong programs to warrant a meaningful analysis of program effectiveness. Nearly

all FSS group members participated in some type of program-referred activity, and the program resulted in relatively large increases above the control group levels in participation in job search and financial management counseling or workshops—activities strongly supportive of program goals. Most subgroups within the research sample also evidenced these effects on service use. In addition, most FSS graduates who responded to the FSS Long-Term Followup Survey described their experience in the program positively and expressed their overall satisfaction with the program.

The findings in this chapter also point to several areas of concern. As discussed in previous reports, FSS group members most often participated in program-referred activities soon after entering the program but then stopped participating by year 3 of followup. In addition, a relatively large proportion of FSS group members remained enrolled in the program until the end of their CoP period—many of them accruing escrow credits—but then left the program without graduating. Many of these FSS group members appeared to have problems finding jobs or maintaining stable employment and may have benefited from more intensive employment preparation assistance. FSS group respondents who exited the program without graduating often described obstacles to participation, including lack of needed services or financial supports, as did some FSS group respondents who graduated from the program. Some of these FSS participants might, therefore, have benefited from additional efforts, time permitting, by case managers to maintain contact with FSS participants. Case managers could then have learned sooner about participants' job loss or other employment problems. Case managers could also have reminded participants with escrow balances about the current balance and the benefits of reengaging with the program.

The next chapter continues the analysis of FSS program implementation by focusing on how FSS group members responded to the program's primary financial incentives—accrual of escrow credits, graduation from the program, and disbursement of escrow dollars.

Chapter 3. Patterns of Escrow Receipt and Disbursements

The escrow account, a core feature of the Family Self-Sufficiency (FSS) program, is intended to encourage families to increase their earnings, become independent from welfare assistance, and build savings.⁵⁷ Under the Housing Choice Voucher (HCV) program, most families pay 30 percent of their adjusted monthly income, known as the total tenant payment (TTP), for their rent and utility expenses, and the public housing agencies (PHAs) subsidize the rest. As a result, in most instances when a household's earnings increase, its TTP also increases. In the FSS program, when the tenant pays the increased TTP, the housing agency credits the family's escrow account based on the increase in earned income (HUD, 2017a).⁵⁸ On graduation from the FSS program, the escrow account balance is disbursed to the FSS participant (the head of household), with no restrictions on the use of the money. Under certain circumstances, FSS allows participants to access their escrow funds earlier than graduation—that is, receive an interim disbursement—for approved purposes related to their self-sufficiency goals, such as paying for emergency car repairs to prevent job loss.

The previous reports produced as part of this evaluation have traced participants' patterns of escrow accruals and disbursements during the first 5 years of followup. About 60 percent of FSS participants accrued some escrow credit during the 5-year followup period; most began building escrow balances in the first 2 years after enrolling in the program, after which the chances of earning any escrow dropped precipitously. Only 17 percent of participants had graduated from FSS in slightly more than 5 years of followup. However, of the 30 percent of FSS group members that remained enrolled nearly 80 percent had a positive escrow balance. With the promise of an escrow disbursement as motivation, it was possible that many of those still enrolled would go on to graduate.

This chapter updates the previous analyses and presents findings on escrow accrual, disbursements, and forfeitures through the end of the evaluation period, a total of at least 6 years of followup. By this point, most FSS group members have either exited or graduated from FSS and are no longer active in the program. However, some FSS participants have been granted program extensions by their PHA to provide them with additional time to achieve employment goals and meet other graduation requirements. As with prior reports, this analysis will present findings on graduations and escrow accruals and disbursements for FSS group members as well as how these outcomes varied for selected subgroups. It will assess whether graduation rates and disbursement amounts varied by housing agency and, if so, whether these differences appear to be related to different approaches to implementation among PHAs. The chapter will move next to examining whether certain baseline characteristics are more positively or negatively associated with graduation and disbursement outcomes. Using these data, the analysis looks at "who graduates" and whether the data suggest a baseline characteristics profile associated with the likelihood of graduating from

⁵⁷ For this report, the authors do not use the term "government cash assistance program," which is a very broad term that may encompass social security disability and does not get counted against FSS participants. The FSS program requires the FSS family to become independent from welfare assistance before the expiration of the term of the contract of performance. 24 CFR §§ 984.303 and 984.103.

⁵⁸ The amount of escrow credited to the account depends on the household's income level; those with the lowest incomes are credited an amount equal to the rental increase, and those with higher incomes are credited with a percentage of the increase.

the program and receiving a large disbursement and whether certain groups benefit less from the program. It will conclude by evaluating whether variation existed within FSS households on key outcomes, such as employment and earnings, based on FSS and HCV enrollment status at the end of the followup period.

The following is a summary of the findings.

- By the end of the followup period, about 20 percent of the FSS group graduated from the program, somewhat below the most recently published national average of 24 percent, recorded in 2018.⁵⁹
- Most FSS group members who were still enrolled at the start of year 6 exited the program without graduating. About 7 percent of FSS group members were still enrolled in the program at the end of the evaluation’s followup period. This group had an average escrow balance exceeding \$10,000, suggesting that an opportunity still exists for the graduation rate to increase.
- Ninety percent of graduates received a disbursement with an average disbursement payment of just more than \$10,800 per recipient. Approximately \$2.6 million was disbursed to the sample members that graduated.
- Of the 72 percent of participants that exited FSS without graduating, nearly one-half earned at least one escrow credit. Those that had accrued escrow forfeited an average of \$3,918 on leaving the program. Collectively, FSS group members forfeited nearly \$1.7 million in escrow earned during the followup period.
- On average, participants that had attained a 2-year degree or that were employed at the time of study enrollment were more likely to graduate from FSS. Those that were unemployed, did not have a high school diploma or General Educational Development (GED) certificate, received Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI), or reported other barriers to employment at program entry were more likely to exit without graduating.
- FSS group members that were employed part time at baseline, particularly those that had attained a post-secondary degree, were the most likely to graduate and receive a disbursement of greater than \$5,000.
- Graduation rates differed substantially among the 18 PHAs, ranging from less than 10 to about 40 percent.
- Housing agencies with the smaller caseload sizes were more likely to have a higher graduation rate, a larger proportion of participants that received a disbursement, and a higher percentage of participants that received a large disbursement. Some other implementation

⁵⁹ See HUD (2018). The average of 24 percent can be derived by dividing the national total of FSS graduates by the total of FSS enrollees eligible for graduation—also, coincidentally, by calculating the median graduation rate among the PHAs. See also Verma et al. (2017: 41), which shows a graduation rate of 43 percent for the Work Rewards FSS-Only group in New York City. Most FSS-Only group members (27.3 percent/43.1 percent) graduated during year 6 of followup. See also Geyer et al. (2017). The evaluation of the FSS programs in Cambridge and Lynn, Massachusetts, ended before most FSS participants had reached the end of their FSS contract.

characteristics, including the FSS programs' overall emphasis on monitoring and engagement and focus on education and training, were moderately associated with graduation or disbursement outcomes.

How FSS Escrow and Disbursement Works

Escrow calculations can be complicated (HUD, 2016). When the head of household enrolls in the FSS program and completes a contract of participation (CoP), the FSS case manager records the participant's "baseline" earnings from the most recent housing voucher recertification meeting. The earnings noted on the CoP serve as the standard for calculating escrow credits in future months. Unlike other rent policies designed to encourage work, throughout the CoP period, FSS participants continue to pay their TTP for rent and utilities according to the same rules as other housing voucher holders. The housing agency maintains a single, interest-bearing depository account and records the balance for each individual in a separate ledger. When the head of household reports an increase in earned income to the housing agency (and the increase is verified), the FSS participant's out-of-pocket payment for rent and utilities increases, but under FSS program rules, the housing agency issues an escrow credit for the amount of the increase attributable to an increase in earned income and deposits the money in the FSS participant's escrow account.

The likelihood of accruing escrow can vary due to a number of factors. FSS participants' employment status at program enrollment, level of educational attainment, and other characteristics and life experiences can often affect their chances of increasing earnings over time, which, in turn, affects whether—and how quickly—their escrow balances increase. In particular, the relationship between a participant's relative advantages in the labor market and escrow accrual may be complex. At the extremes, FSS participants who are not working at the time of program entry could potentially benefit the most from the escrow account because all their future earnings would be included in the calculation of escrow credits. Unemployed adults, however, may also face the most severe barriers to finding and maintaining employment, which is required to graduate as well as to accrue escrow. By contrast, FSS participants who enter the program while working full time or receiving relatively high earnings may have the best prospects of increasing their earnings by finding a better job, increasing their hours, or advancing with their current employer (Verma et al., 2017).⁶⁰ They may also be most likely to maintain their employment after they start accruing credits. The increase in their earnings, however, may be marginal relative to their current earnings and lead to only a small amount credited to their escrow account each month.

Housing agency practices can also affect the incidence of escrow credits and the rate of increase of escrow account balances. FSS program rules require housing agencies to issue an annual

⁶⁰ In the NYC Work Rewards study, those working at study entry were more likely to meet the graduation requirements than those who were not working. About 31 percent of the FSS-only households in the subgroup who were not working at the time of random assignment graduated from FSS programs, whereas 55 percent of the working subgroup graduated. The working subgroup also collected more escrow savings on average than did the nonworking subgroup. Those in the FSS-only group (who received only the FSS program and made up one of three different programs groups in the study) who were working at random assignment received an average disbursement of more than \$2,000; those who were not working at random assignment received an average disbursement of \$1,000.

escrow account statement to program participants. In addition, at most sites, the possibility of accumulating escrow is used to motivate participants throughout the contract period to stay engaged in the program and meet their goals to graduate and thus receive the amount accrued in their escrow accounts. Staff members reported that interest in accruing escrow credits also gets stronger among participants with a positive balance as they get closer to graduation and the funds seem more attainable.

FSS Enrollment Status, Escrow Accrual, and Disbursements

Exhibit 21 shows that through the end of followup, nearly 93 percent of enrollees were no longer active in the FSS program—20 percent had graduated, and 72 percent exited for other reasons. Participants that remain enrolled have been provided a 2-year extension, which may be granted at the discretion of the PHA if extenuating circumstances prevent program completion within the 5-year contract period. This offers an important opportunity to participants who need some additional time to meet program requirements and make a final push toward graduation and potentially receiving a large cash disbursement. Of those that remain enrolled, exhibit 21 shows that more than 90 percent had accrued escrow and had an average balance of \$11,380, an amount that should provide a strong incentive to complete the program.

Exhibit 20. FSS Enrollment Status Through the End of Followup

FSS Enrollment Status	Last Month of Followup
Graduated (%)	20.4
<i>Received escrow disbursement (%)</i>	<i>90.1</i>
Received interim disbursement ^a (%)	< 5
<i>Average disbursement received (\$)</i>	<i>10,803</i>
Still enrolled (%)	7.2
With escrow balance (%)	90.3
<i>Average escrow balance (\$)</i>	<i>11,380</i>
Exited, did not graduate (%)	72.4
Exited with positive escrow balance (%)	45.7
<i>Average forfeiture amount (\$)</i>	<i>3,918</i>
Sample size	1,285

FSS = Family Self-Sufficiency.

^a Reflects proportion of FSS group members that received an interim disbursement through 2018. Depending on the data source, including the Long-Term Followup Survey, an estimate for the followup period ranges between 0.8 and 5 percent.

Notes: The FSS impact sample includes housing choice voucher heads of household who were randomly assigned between October 18, 2013, and December 22, 2014, and were ages 18 to 61 at the time of random assignment. Dollar amounts and percentages displayed in italics include FSS group members who share the same outcome.

Sources: Public housing agency administrative data; HUD Inventory Management System/Public and Indian Housing Information Center data

More than 90 percent of FSS graduates received an escrow disbursement. For most, escrow disbursements were a large one-time payment made on graduating from the program. Although nearly all programs participating in the national evaluation allowed interim disbursements—a partial payment of escrow funds made before graduation for approved expenses that facilitate

progress toward meeting graduation goals—such payments were rare.⁶¹ Through the end of 2018, only less than 5 percent of FSS group members had received an interim disbursement, and interviews with PHA staff in subsequent years suggest that interim payouts are seldom made. For those that received an escrow disbursement at graduation, the sum was often substantial. Graduates that earned a disbursement received just more than \$10,800 on average, a significant cash payment that could be used for anything from debt reduction to putting a down payment on a home. Among the two-thirds of recipients that received an escrow disbursement of \$5,000 or more, exhibit 22 shows that the average payout was nearly \$15,000, attesting to the potentially substantial financial rewards for those that manage to meet program objectives while accruing escrow over many years. Yet nearly 60 percent of FSS enrollees that earned at least one escrow credit exited FSS without graduating and forfeited their balance. In some instances, the forfeited sum was sizeable. Participants that accrued escrow but then exited FSS without graduating had a mean forfeiture of just less than \$4,000. The amount forfeited was nearly \$700 greater, on average, for participants that left FSS but remained in HCV relative to those that exited both programs. This difference was in part due to the greater prevalence of large forfeitures among participants that exited only from FSS. Nearly 30 percent of enrollees with a positive escrow balance that exited FSS but remained in HCV had a forfeiture exceeding \$5,000. By contrast, less than 20 percent of participants with an escrow balance that exited both programs had a forfeiture that large.

Exhibit 21. Escrow Balance, Disbursement, and Forfeiture in the Last Month of Followup, by FSS Graduation and Program Eligibility Status, FSS Group Members in the FSS Impact Sample

Outcome	Exited FSS and HCV	Exited FSS, Still Enrolled in HCV	Currently Enrolled in FSS	Graduated With Disbursement of \$5,000 or Less	Graduated With Disbursement of \$5,001 or More
Accrued escrow balance before exit (%)			—	—	—
Accrued (forfeited at exit)	38.2	53.5	—	—	—
Did not accrue	61.8	46.5	—	—	—
Average amount forfeited (\$)	3,527	4,208	—	—	—
Total forfeited (%)			—	—	—
\$1–\$1,000	36.5	33.6	—	—	—
\$1,001–\$2,000	17.7	16.4	—	—	—
\$2,001–\$5,000	26.5	21.3	—	—	—
\$5,001–\$10,000	8.3	17.6	—	—	—
\$10,001–\$20,000	9.4	8.6	—	—	—
\$20,001 or more	1.7	2.5	—	—	—
Escrow balance greater than \$0 (%)			90.3	—	—
Average escrow balance (\$)	—	—	11,380	—	—
Total balance (%)			—	—	—

⁶¹ All but one of the FSS programs in the national evaluation that participated in the 2020 round of data collection allowed participants to receive an interim disbursement.

Outcome	Exited FSS and HCV	Exited FSS, Still Enrolled in HCV	Currently Enrolled in FSS	Graduated With Disbursement of \$5,000 or Less	Graduated With Disbursement of \$5,001 or More
\$1–\$1,000	—	—	9.5	—	—
\$1,001–\$2,000	—	—	8.3	—	—
\$2,001–\$5,000	—	—	10.7	—	—
\$5,001–\$10,000	—	—	23.8	—	—
\$10,001–\$20,000	—	—	31.0	—	—
\$20,001 or more	—	—	16.7	—	—
Graduated and received a disbursement (%)				74.3	100.0
Average disbursement (\$)				2,381	14,726
Total disbursement (%)					
\$0				25.7	
\$1–\$1,000	—	—	—	13.9	—
\$1,001–\$2,000	—	—	—	16.8	—
\$2,001–\$5,000	—	—	—	43.6	—
\$5,001–\$10,000	—	—	—	—	38.5
\$10,001–\$20,000	—	—	—	—	38.5
\$20,001 or more	—	—	—	—	23.0
Sample sizes (N=1,285)	474	456	93	101	161

FSS = Family Self-Sufficiency. HCV = Housing Choice Voucher program.

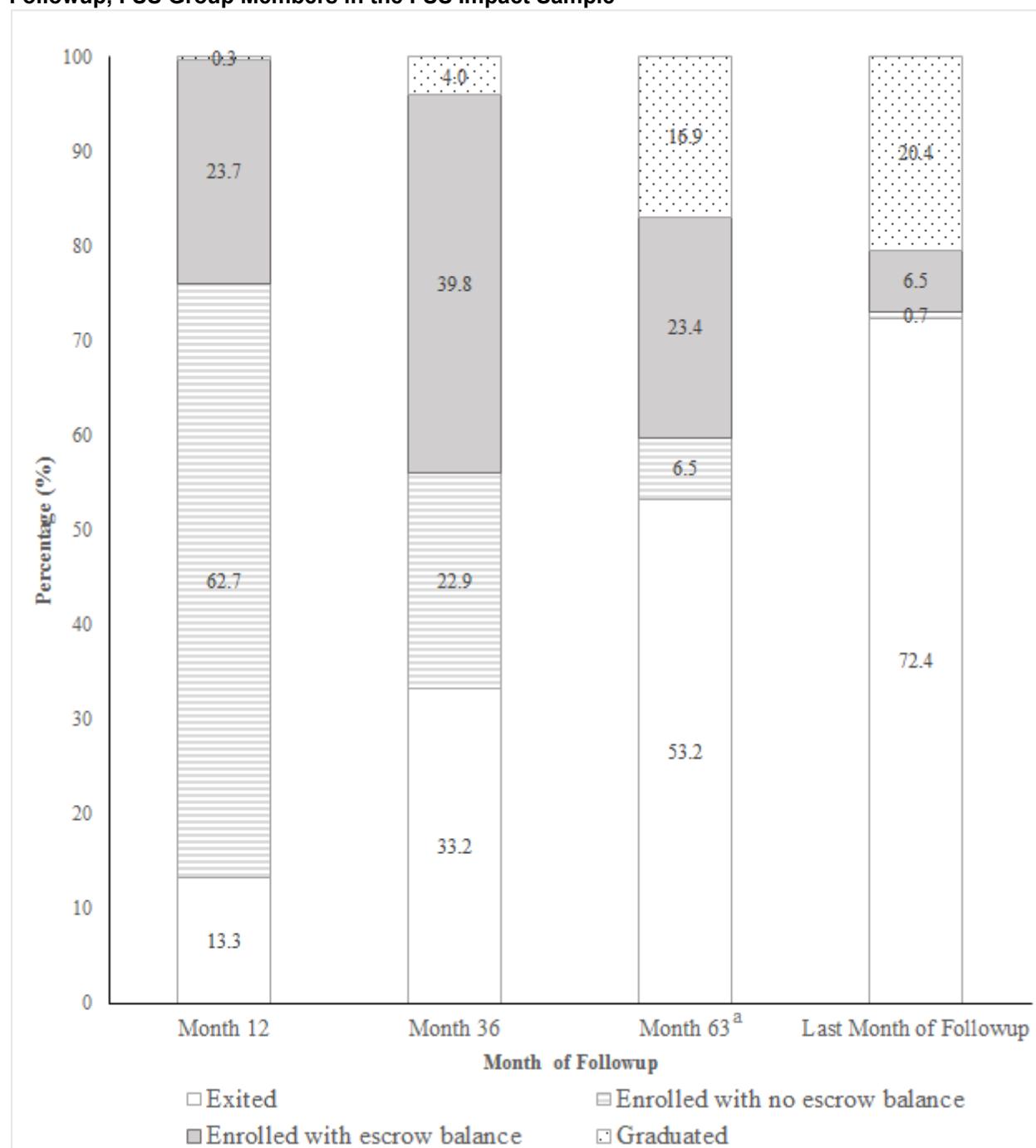
Notes: The FSS impact sample includes HCV heads of household who were randomly assigned between October 18, 2013, and December 22, 2014, and were ages 18 to 61 at the time of random assignment.

Sample sizes for specific outcomes may vary because of missing values. Dollar amounts and percentages displayed in italics include FSS group members who share the same outcome.

Sources: Public housing agency administrative data; HUD Inventory Management System/Public and Indian Housing Information Center data

Most participants that graduated from FSS did not do so until the final years of the program. Exhibit 23 shows that of the 37.2 percent of FSS group members who were no longer active by month 36, only 4 percent had graduated. More than 80 percent of participants that have graduated thus far did so between month 36 and the end of followup. Despite this increase, it may be surprising that the total number of graduates was not larger. Through the early months of year 6 followup, 23 percent of FSS group members remained enrolled with a positive escrow balance. However, from that point through the end of followup, the proportion of FSS group members that had graduated rose by just more than 3 percentage points. Although at the end of the study's followup period some participants were still enrolled with an escrow balance and may yet go on to graduate, most of those that were enrolled with an escrow balance at the beginning of year 6 did not go on to complete the program.

Exhibit 22. Graduation and Enrollment Status in Months 12, 36, 63, and in the Last Month of Followup, FSS Group Members in the FSS Impact Sample



FSS = Family Self-Sufficiency.

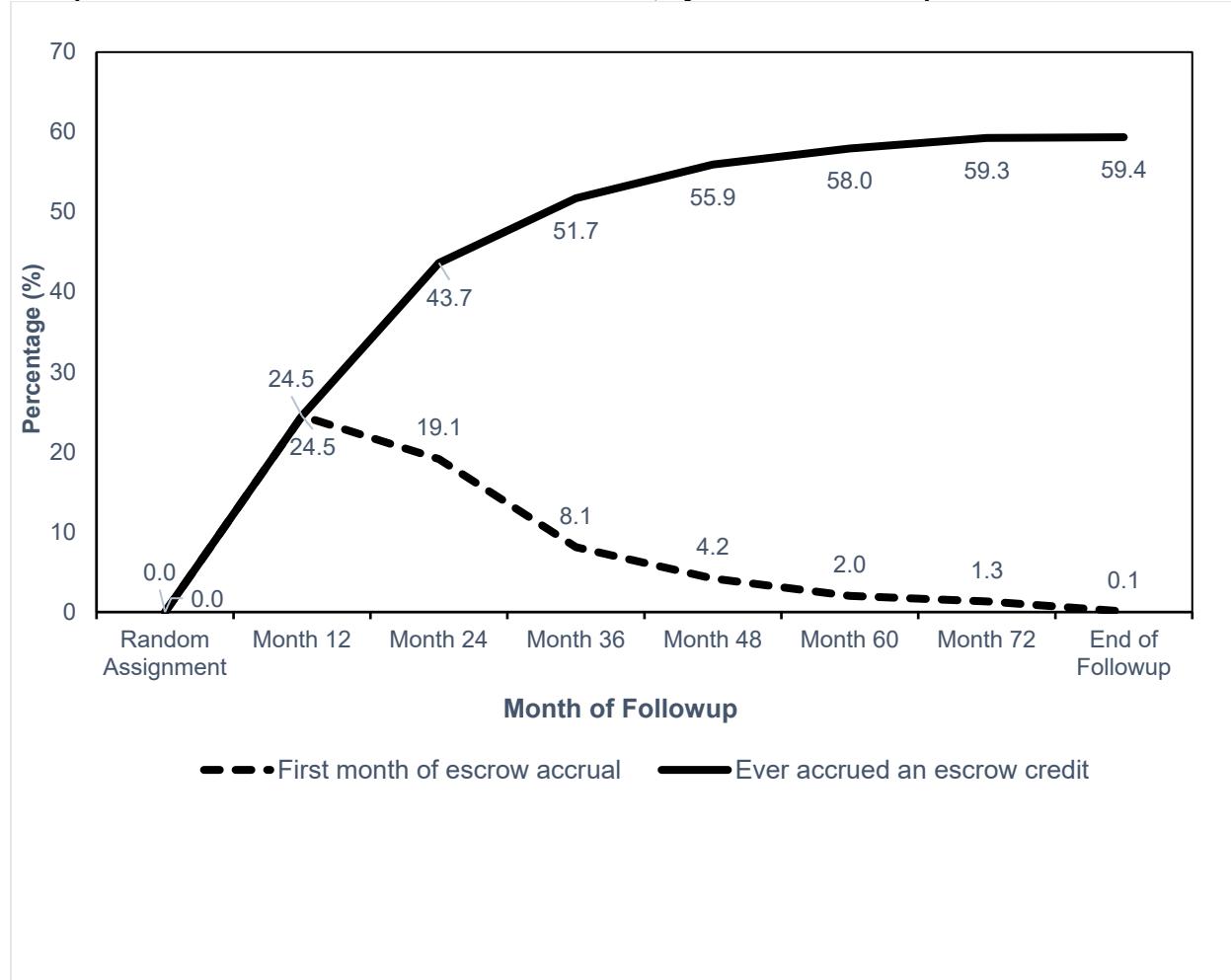
^a Month 63 reflects enrollment status as of March 2020, the end of the followup period for the 5-year report.

Notes: The FSS impact sample includes housing choice voucher heads of household who were randomly assigned between October 18, 2013, and December 22, 2014, and were ages 18 to 61 at the time of random assignment. Rounding may cause slight discrepancies in calculating sums.

Sources: MDRC calculations using housing authority administrative data; HUD Inventory Management System/Public and Indian Housing Information Center data

Exhibit 24 shows that nearly 60 percent of FSS group members accrued at least one escrow credit through the end of the followup period and that most of these participants earned their first credit during the early years of the program. Nearly 75 percent of FSS participants that accrued at least one escrow credit received their initial credit during the first 2 years of the study. This number approaches 90 percent by the end of year 3, indicating that participants that did not accrue escrow in the program's earliest years rarely went on to earn escrow.

Exhibit 23. First Month of Escrow Accrual and Cumulative Percentage of Family Self-Sufficiency Group Members Who Ever Accrued Escrow Credits, by Month of Followup



Notes: The Family Self-Sufficiency impact sample includes housing choice voucher heads of household who were randomly assigned between October 18, 2013, and December 22, 2014, and were ages 18 to 61 at the time of random assignment. Rounding may cause slight discrepancies in calculating sums.
 Sources: MDRC calculations using housing authority administrative data; HUD Inventory Management System/Public and Indian Housing Information Center data

Variation in Graduation and Disbursement for Selected Subgroups

The Work Rewards evaluation conducted in New York City, the only other randomized controlled study to have followed FSS participants for 6 years, found that participants who were working at the time of study enrollment were more likely to regularly accrue escrow credits and successfully graduate from the program than participants who were not working. The households in the subgroup without employment at random assignment appeared to have accrued escrow

credits at higher rates earlier in the program but were less likely to graduate from the FSS program than those in the employed subgroup (Verma et al., 2017). Similarly, this study attempts to better understand the relationship between baseline employment status and program outcomes, including any associations based on whether a participant was employed part time or full time at random assignment. In addition, this section will explore whether patterns of program exit, disbursements, and forfeitures vary according to educational attainment prior to enrollment and baseline household earnings.

Exhibit 25 displays enrollment status and program outcomes, including disbursements for selected subgroups using baseline earnings data collected from the CoP forms, housing agency administrative records, and responses to the baseline survey. For these indicators, graduation, and especially graduation with an escrow disbursement exceeding \$5,000, may be seen as the most favorable outcome, while exiting FSS without graduating but remaining in HCV the least favorable. Participants that were employed at enrollment were more likely to graduate from FSS, whereas FSS group members that entered the program unemployed were more likely to exit without graduating and more likely to exit FSS but remain in HCV.⁶² However, participants that were not employed at enrollment, but that went on to graduate, often reaped significant rewards. More than 75 percent of graduates that were not employed at baseline received a disbursement exceeding \$5,000, the highest percentage among the three employment subgroups. Indeed, unemployed enrollees were more likely to earn a large disbursement than participants that entered the program working full time. However, the group most likely both to graduate and to graduate with a large disbursement was the one that was employed part time at enrollment, possibly facing fewer barriers to work than those that were unemployed and had more room to boost their earnings than those employed full time. Results for the subgroup based on household earnings shows similar findings. Individuals that reported zero household earnings when completing their CoP were the least likely to graduate from FSS. However, participants that enrolled with zero household earnings that went on to graduate were more likely than any other household earnings subgroup to graduate with a large disbursement. Participants from the two middle earnings categories were more likely to graduate than those reporting no household earnings and more likely to receive a large disbursement than participants in the highest earnings subgroup. FSS group members that reported the highest household earnings were the least likely to receive a disbursement greater than \$5,000, but they were also the least likely to remain in HCV if they exited FSS without graduating.

⁶² These findings corroborate findings from the Work Rewards evaluation.

Exhibit 24. Indicators of FSS Program Status and Outcomes for Selected Subgroups

Subgroup and Outcome	Sample Size	Exited FSS and HCV	Exited FSS Still Enrolled in HCV	Graduated With Disbursement of \$5,000 or Less	Graduated With Disbursement of \$5,001 or More
<u>Annual household earnings at FSS enrollment</u>					
No earnings	552	33.5	37.1	4.0	15.8
\$1–\$10,000	165	32.1	38.2	9.7	14.6
\$10,001–\$20,000	208	35.1	34.6	9.1	13.9
\$20,001 or more	280	44.6	27.5	15.4	7.1
<u>Employment status at random assignment</u>					
Not employed	568	36.8	40.0	3.5	12.0
Employed 1–34 hours per week	336	35.7	32.7	8.6	16.1
Employed 35 hours per week or more	372	39.0	30.7	13.4	10.0
<u>Highest level of educational attainment at random assignment</u>					
No degree or credential	259	39.0	43.6	4.3	6.2
High school diploma or equivalency certificate	320	34.1	41.6	7.5	9.4
Some college	470	38.9	33.6	7.9	12.6
2-year college degree or higher	236	34.3	22.0	12.3	23.7
<u>PHA emphasis on monitoring and engagement</u>					
Low	472	35.2	38.6	4.0	10.2
Medium	551	39.0	31.8	12.0	11.8
High	262	35.5	37.8	6.1	18.3

FSS = Family Self-Sufficiency. HCV = Housing Choice Voucher program. PHA = public housing agency.

Notes: The FSS impact sample includes HCV heads of household who were randomly assigned between October 18, 2013, and December 22, 2014, and were ages 18 to 61 at the time of random assignment. Sample sizes for related subgroups may not sum to total impact sample because of missing values. The FSS monitoring and engagement composite score incorporates three components: average caseload size, expected number of contacts per year, and the proportion of FSS group members with a year 1 goal. A Z-score for each component was calculated using the site value and the mean of all 18 sites. The Z-scores were summed to create the composite value.

Sources: MDRC calculations from baseline data; contract of participation forms; housing authority administrative data; information provided by FSS administrators and case managers

These findings underscore a theme that is present for both sets of subgroups—those that graduated from FSS and received a large disbursement were not participants that were the most “advantaged” at the time of enrollment but rather those that had the greater capacity to increase their earnings.

Looking at the educational attainment subgroup, the analysis reveals a clearer positive association between baseline credentials and both graduating from FSS and graduating with a large disbursement. The graduation rate for FSS group members with a 2-year college degree or higher greatly exceeds that of each other educational subgroup and is nearly three-and-a-half times greater than the graduation rate of participants that did not have any degree or credential. Despite comprising less than 20 percent of the sample, individuals in the 2-year degree or higher subgroup accounted for about 35 percent of all disbursements exceeding \$5,000 and were nearly four times more likely to receive such a disbursement than enrollees with no educational degree or credential. Exhibit 25 shows that the likelihood of exiting FSS without graduating but remaining in HCV also decreased as level of baseline education increased. More than 40 percent of participants that did not have any degree or credential or whose highest education credential was a high school diploma or GED exited FSS while continuing to receive HCV housing assistance. For FSS group members that were enrolled in at least some college courses prior to study enrollment this proportion was reduced to 33.6 percent and was further reduced to 22 percent for participants that had completed at least a 2-year degree.

Individuals that are both more highly educated and employed part time—who account for 5 percent of the FSS group—may be best situated to accrue a large escrow balance because they have greater potential for further earnings growth. Just less than one-half of enrollees that were employed part time and held at least a 2-year degree at baseline graduated from FSS and nearly 30 percent of this subgroup graduated and received a disbursement greater than \$5,000 (not shown). These rates are higher than for all other subgroups that were examined. Less than one-half of the participants in this subgroup exited FSS without graduating, and only 17 percent exited FSS but remained in the HCV program.

Variation in Graduation Rates and Escrow Disbursement by Housing Agency

As summarized in exhibits 25 (bottom panel) and 26, substantial variation is evident in the graduation rates and mean disbursement amounts across the 18 housing agencies in the evaluation. The extent of this difference is brought into focus when examining the PHAs with the highest and lowest graduation rates (see exhibit 26). The average graduation rate for the three housing agencies with the highest graduation rates was 38 percent compared with 9 percent for the three housing agencies with the lowest rates. A similar disparity exists between the housing agencies when it comes to the proportion of participants that received a disbursement greater than \$5,000. At PHAs with the three highest rates, just more than one in four FSS group members received a disbursement exceeding \$5,000 compared with only 4 percent for the three lowest ranking housing agencies.

Exhibit 25. Indicators of FSS Graduations and Escrow Accrual Since Random Assignment by Housing Agency, FSS Service-Use Sample

Outcome	Escrow Balance Greater Than \$0 (%)	Graduated From FSS (%)	Graduated With Disbursement (%)	Graduated With Disbursement of \$5,001 or More
Average value for the 3 highest ranking housing agencies	15.4	37.6	37.6	26.4
Median value for all housing agencies	3.7	24.5	23.0	12.7
Average value for the 3 lowest ranking housing agencies	0.0	9.3	8.9	4.2
Correlation coefficients (housing agency averages)				
Average FSS caseload size ^a	– 0.46	0.67	0.56	0.44
Number of expected contacts	– 0.32	0.29	0.29	0.23
Proportion of FSS group with a year 1 goal	– 0.34	0.11	0.11	0.27
Proportion of FSS group with a job search or post-employment goal	– 0.16	– 0.11	– 0.07	0.26
Proportion of FSS group with an education or training goal	– 0.21	0.12	0.07	0.40
Proportion of FSS group with a financial security goal	0.08	0.06	0.13	0.22
Emphasis on monitoring and engagement (composite score) ^b	– 0.45	0.43	0.38	0.37

Number of housing agencies (total = 18)

FSS = Family Self-Sufficiency.

^a Average caseload sizes were multiplied by -1 to test whether small caseload sizes are positively correlated with greater incidence of escrow accrual and higher positive balances.

^b The FSS monitoring and engagement composite score incorporates three components—average caseload size, expected number of contacts per year, and the proportion of FSS group members with a year 1 goal.

Notes: The FSS service-use sample includes all or a randomly selected subsample of housing choice voucher heads of household who were randomly assigned to the FSS group between October 18, 2013, and December 22, 2014, and were ages 18 to 61 at the time of random assignment. A Z-score for each component was calculated using the site value and the mean of all 18 sites. The Z-scores were summed to create the composite value.

Sources: MDRC calculations from housing agency administrative data; information provided by FSS administrators and case managers

As mentioned in preceding chapters, a great deal of discretion is afforded to the PHAs to determine how they implement their FSS program. This results in disparate implementation approaches across PHAs that could contribute to divergent outcomes. Measures displayed in the bottom panel of exhibit 26 present results of simple tests of association (correlation coefficients) among the indicators of housing agency implementation features and housing agency averages for graduation and disbursement outcomes.⁶³ Correlation coefficients with values approaching +1.000 suggest a strong positive association between the program implementation feature and the graduation outcome. For example, in exhibit 26, the coefficient at the bottom of the second column, “Graduated from FSS,” shows the association between whether FSS group members in housing authorities that strongly emphasized monitoring and engagement also tended to have relatively high graduation rates among the 18 PHAs. Alternatively, values close to -1.000 suggest that housing agency program implementation features that were intended to increase service use were associated with lower graduation rates or decreased likelihood of receiving a disbursement. Finally, coefficients of between -0.399 and +0.399 show little or no association between the implementation feature and the outcome.

As exhibit 26 shows, little association is uncovered between most facets of FSS program implementation and graduation and disbursement outcomes. The lone attribute of program implementation that appears to be strongly associated with both graduation and disbursement outcomes is FSS caseload size. PHAs with smaller caseloads tended to have higher graduation rates and graduates were both more likely to receive a disbursement as well as to receive a disbursement exceeding \$5,000. Although setting an education or training goal on the Individual Training and Services Plan (ITSP) was not associated with graduating from FSS or graduating with a disbursement, a moderate positive association was observed with receiving a disbursement greater than \$5,000. As presented in exhibit 25, participants with more education at baseline, particularly those that enrolled with at least a 2-year degree, were more likely to graduate from FSS with a large disbursement. It is possible that FSS participants at PHAs that included an education or training requirement on the ITSP were more likely to increase their income on obtaining a higher education credential. This, in turn, may have enhanced their prospects for accruing more escrow and graduating with a large disbursement. Exhibits 25 and 26 show that the more general measure of emphasis on monitoring and engagement was also moderately associated with some program outcomes. PHAs with the strongest emphasis on monitoring and engagement tended to have higher graduation rates whereas PHAs with the weakest emphasis tended to have higher rates of ongoing enrollment in FSS with a positive escrow balance. However, emphasis on monitoring and engagement was neither positively nor negatively associated with graduating and receiving a disbursement. Although exhibit 25 indicates that participants at PHAs that place greater emphasis on monitoring and engagement were more likely to graduate with a disbursement greater than \$5,000, exhibit 26 shows that the correlation coefficient for the two measures falls just short of signifying a positive association.

Who Benefits the Most From Enrollment in FSS?

From the analysis described above, there is little evidence to suggest that different approaches to program implementation are more strongly associated with positive program outcomes.

⁶³ The different attributes of program implementation are detailed in appendix exhibit A.3 and in previous reports.

However, stronger links are evident between participant characteristics at enrollment and greater success in FSS. Exhibit 27 displays odds ratios for a range of baseline characteristics.⁶⁴ An odds ratio estimates the extent to which an outcome (such as graduating from FSS or graduating with a large escrow disbursement) is more or less likely to occur due to having a particular characteristic at baseline. For example, an odds ratio of two indicates that having the particular characteristic makes an outcome two times as likely to occur, whereas an odds ratio of .5 indicates that an outcome is only one-half as likely to occur.⁶⁵ Exhibit 27 examines two outcomes—the likelihood of graduating and the likelihood of graduating with a disbursement exceeding \$5,000. Each outcome is separated into two panels where the top panel displays characteristics that are positively associated with the outcome and the bottom panels lists characteristics that are negatively associated. Characteristics are ordered according to the size of the odds ratio, whether it be positive or negative.

Corroborating findings from the subgroup analysis shown in exhibit 25, the odds ratios reveal a positive association between baseline educational attainment and the likelihood of graduating or graduating and receiving a large disbursement. FSS group members that enrolled with at least a 2-year degree were more than six times as likely than FSS group members with no educational credential to graduate and more than eight times more likely to receive a disbursement exceeding \$5,000. Yet, the association between education at enrollment and program outcomes was not limited to the most highly educated. Individuals who had completed at least some college or had earned a trade credential prior to enrolling in FSS were more than twice as likely to graduate and to graduate with a larger disbursement than those with no educational credential. Similar, albeit slightly lower, odds ratios are observed for participants that had earned a high school diploma or GED. Overall, educational attainment increases the likelihood of graduating and receiving a large disbursement with those with higher education attainment reaping the greatest rewards.

The odds ratios for baseline employment also support the results of the subgroup analysis. FSS participants that were employed at baseline were more than one-and-a-half times as likely to graduate and to graduate with a large disbursement than participants that were not employed. However, those that were employed full time at enrollment were only one-half as likely to receive a disbursement exceeding \$5,000. This payment provides further evidence that, although participants that are employed at enrollment are more likely to graduate, it is those that enter the program without full-time employment that have greater potential to grow their earnings and graduate with a large disbursement. Other groups that appear more likely to achieve the most positive program outcomes include women, households with one child, and households with low levels of debt at enrollment. Although the associations between these characteristics and program outcomes are not as pronounced as that of level of education, they do help to begin shape a profile of the type of enrollee that is most likely to derive the greatest benefit from FSS. Chapter 7 will further examine variation in the effects of FSS on outcomes including employment and earnings for selected subgroups.

⁶⁴ These characteristics are also included in the models used in this report to estimate FSS program impacts. Odds ratios for an expanded list of program outcomes may be found in appendix exhibit B.1.

⁶⁵ For categorical measures the value of the odds ratio is relative to the group with the lowest value. For example, the odds ratio for obtaining a 2-year degree is relative to not having any degree or credential. Similarly, the odds ratio for having one child in a household is relative to have no children in the household.

Exhibit 26. Association Between Graduation Outcomes and Selected Sample Member Characteristics Recorded at Random Assignment, FSS Group Members in the FSS Impact Sample

Characteristic		Odds Ratio Estimate	<u>Odds Ratio Confidence Interval</u>			
			Lower Boundary	Upper Boundary		
<u>Likelihood of graduating from FSS program compared with likelihood of exiting without graduating</u>						
<u>Increased likelihood of graduating</u>						
2-year degree or higher	+++	6.401 ***	3.904	10.497		
Female	+++	2.691 ***	1.455	4.977		
Some college or received technical or trade license	+++	2.379 ***	1.524	3.714		
High school diploma or GED	+++	2.146 ***	1.344	3.426		
One child in household	++	1.934 **	1.232	3.036		
Debt \$1–\$999	++	1.883 **	1.152	3.079		
Employed 7–11 months in prior year	++	1.790 *	1.086	2.952		
Currently employed	++	1.615 *	1.049	2.487		
Age 35–44	++	1.568 *	1.057	2.324		
Has a bank account	+	1.470 **	1.069	2.021		
<u>Decreased likelihood of graduating</u>						
Receives SSI/SSDI	--	0.375 ***	0.219	0.642		
Head of household earnings: \$25,001–\$30,000	--	0.392 **	0.195	0.791		
Head of household earnings: \$35,501–\$70,000	--	0.406 *	0.177	0.931		
Head of household earnings: \$1–\$5,000	--	0.436 *	0.216	0.882		
Head of household earnings: \$15,001–\$17,500	--	0.461 *	0.234	0.909		
Received TANF or general assistance benefits	-	0.526 **	0.331	0.835		
Enrolled for less than 4 years in HCV program	-	0.679 *	0.486	0.947		
Has any problem that limits work	-	0.723 *	0.539	0.970		
Sample size (n = 1,192)						
<u>Likelihood of graduating from FSS program with an escrow disbursement greater than \$5,000 compared with likelihood of exiting from the FSS program without graduating</u>						
<u>Increased likelihood of graduating with disbursement greater than \$5,000</u>						
2-year degree or higher	+++	8.503 ***	4.545	15.906		

Characteristic		Odds Ratio Estimate	Odds Ratio Confidence Interval		
			Lower Boundary	Upper Boundary	
Employed 7–11 months in year prior to random assignment	+++	2.831 ***	1.541	5.201	
One child in household	+++	2.788 ***	1.535	5.061	
Some college or received technical or trade license	+++	2.572 ***	1.443	4.582	
Female	+++	2.435 *	1.122	5.281	
High school diploma or GED	+++	2.227 **	1.210	4.100	
Debt \$1–\$999	+++	2.107 **	1.153	3.850	
Two children in household	+++	2.004 *	1.051	3.822	
Currently employed	++	1.815 *	1.084	3.037	
Enrolled in FSS for help with employment	++	1.740 **	1.116	2.714	
Randomly assigned in quarter two 2014	++	1.695 *	1.085	2.648	
Receives SNAP benefits	++	1.618 *	1.023	2.560	
Child aged 0–5 in household	++	1.560 *	1.044	2.331	
Decreased likelihood of graduating with disbursement greater than \$5,000					
Head of household earnings: \$20,001–\$22,500	---	0.114 **	0.019	0.687	
Head of household earnings: \$25,001–\$30,000	---	0.226 **	0.085	0.605	
Head of household earnings: \$35,501–\$70,000	---	0.230 **	0.070	0.754	
Head of household earnings: \$1–\$5,000	--	0.263 **	0.111	0.624	
Head of household earnings: \$15,001–\$17,500	--	0.294 **	0.121	0.710	
Receives SSI/SSDI	--	0.342 **	0.160	0.731	
Receives TANF or general assistance	--	0.474 **	0.274	0.821	
Experienced one hardship in prior year	-	0.503 **	0.300	0.843	
Employed full time	-	0.525 **	0.315	0.874	
Enrolled for less than 4 years in HCV program	-	0.557 **	0.363	0.854	
Has any problem that limits work	-	0.566 **	0.388	0.824	

Sample size (n = 1,091)

FSS = Family Self-Sufficiency. GED = general educational development. HCV = Housing Choice Voucher. SNAP = Supplemental Nutrition Assistance Program. SSDI = Social Security Disability Insurance. SSI = Supplemental Security Income. TANF = Temporary Assistance for Needy Families.

* Statistical significance level of 10 percent. ** Statistical significance level of 5 percent. *** Statistical significance level of 1 percent.

Notes: The FSS impact sample includes HCV heads of household who were randomly assigned between October 18, 2013, and December 22, 2014, and were ages 18 to 61 at the time of random assignment. Effects were estimated with a separate logistic regression for each outcome. For each sample member characteristic listed in the table, an odds ratio greater than 1.0 indicates that FSS group members with the characteristic have a greater likelihood of experiencing the outcome tested, whereas values below 1.0 indicate a decreased likelihood. The symbols "+" and "-" summarize the percentage increase or decrease in the likelihood of experiencing the outcome tested: - = decrease of up to 50 percent; -- = decrease of 50.01 - 75 percent; --- = decrease of more than 75 percent; + = increase of up to 50 percent; ++ = increase of 50.01 - 100 percent; and +++ = increase of more than 100 percent. Not shown: For the measure of graduating from the FSS program, the logistic regression procedure resulted in a statistically significant odds ratio below 1.0 (denoting a decreased likelihood) for one housing agency. For the measure of graduating from FSS with an escrow disbursement of more than \$5,000, the logistic regression procedure resulted in a statistically significant odds ratio below 1.0 (denoting a decreased likelihood) for two housing agencies.

Sources: MDRC calculations from Baseline Information Form data; Housing agency administrative data

Groups that are less likely to graduate or to graduate with a large disbursement include those that reported significant barriers to employment, received public assistance, or were at the extreme ends of the household earnings distribution at baseline. Disability assistance, as captured by SSI/SSDI receipt, had a consistently strong negative association, reducing both the likelihood of graduating and graduating with a large disbursement by more than 60 percent. Recipients of SSI or SSDI that surpass earnings thresholds defined by the program risk losing part or all their benefit.⁶⁶ This restriction can inhibit earnings growth and, consequently, limit the capacity to accrue escrow and earn a large disbursement. FSS group members that self-reported any barrier to employment at baseline were about 30 percent less likely to graduate and only one-half as likely to graduate with a disbursement of \$5,000 or more relative to those who reported no barriers to employment. Because employment is a requirement for graduation, it is not surprising that participants that were confronted with greater challenges to obtaining and maintaining employment would have greater difficulty accruing escrow and completing the program. Participants were also less likely to graduate or to graduate with a large disbursement if their household had either low or high baseline earnings. FSS group members in households that reported earnings of \$1–5,000 at enrollment were one-half as likely to graduate and 75 percent less likely to receive a large disbursement. It is possible that individuals from these households had more difficulty on average finding and maintaining employment and were more likely to receive cash assistance making it more difficult to meet graduation requirements. The odds ratios also indicate that participants from households with the highest earnings at baseline were less likely to graduate and significantly less likely to receive a large disbursement. FSS group members with relatively high earnings may have had less potential for earnings growth, which limited their capacity to accrue escrow and earn a large disbursement. Without the incentive of a large disbursement these participants may also have been less inclined to complete the program.

Variation in Program Outcomes Within Households

Exhibit 28 examines the relationship between FSS and HCV program enrollment statuses and the average change in employment and earnings for all household adults from the month of enrollment through the end of followup.⁶⁷ Although wage data from the National Directory of New Hires (NDNH), generally regarded as the gold standard for earnings data, are typically used in this report to discuss employment and earnings, NDNH data made available to researchers provide no means of identifying individuals in the same household. Instead, this analysis uses data from HUD's Inventory Management System/PIH (Office of Public and Indian Housing) Information Center (IMS/PIC) system, which records earnings data for all household members for as long as the household remains enrolled in the HCV or another HUD housing assistance program. Results for the household heads further corroborate the relationship between employment and earnings at the time of enrollment and program status and outcomes at the end of the followup period. FSS graduates that received a disbursement of \$5,000 or less were the most likely to be employed and to have the highest average earnings at baseline. By comparison, those that received disbursements exceeding \$5,000 had baseline earnings and employment rates that were comparable with participants that exited FSS without graduating (while remaining

⁶⁶ The substantial gainful activity limit for SSDI is, with some exceptions, \$1,350 per month. For recipients under retirement age the earnings limit for SSI is \$19,560 annually.

⁶⁷ Appendix exhibit B.2 presents HCV and FSS program status outcomes by subgroup.

enrolled in HCV) and FSS group members that were still enrolled in FSS at the end of followup. They were, however, the most likely to be employed in the most recent followup month and the most likely to have higher earnings in the last month of followup relative to enrollment. Most impressively, they raised their annual earnings by \$18,642 on average, an increase that far surpassed any other group. The juxtaposition of results for the two graduate groups further reinforces the finding that although FSS enrollees that entered the program employed and with higher earnings were more likely to graduate, the largest disbursements were earned by those whose earnings had greater room to grow.

As noted above, participants that went on to exit FSS but remained in HCV had mean earnings at the beginning of the followup period that were comparable with those of participants that went on to earn a disbursement exceeding \$5,000 as well as to FSS group members that remained enrolled at the end of the followup period. However, participants that exited FSS but not the HCV program raised their earnings by only \$1,522 on average during the followup period, by far the lowest increase of any group. They were also the most likely to have decreased earnings and the least likely to be employed during the last followup month. FSS group members that remained enrolled at the end of the followup period experienced fewer financial gains than those that went on to graduate with a large disbursement while outperforming participants that exited FSS while remaining in the HCV program. Despite entering FSS with similar earnings and employment rates these groups experienced disparate outcomes perhaps due to variation in key baseline characteristics including level of education. FSS group members who exited from both FSS and HCV programs were about equally as likely to be employed at enrollment as participants that left FSS while continuing to receive HCV housing assistance. However, those that left both programs did have, on average, higher annual earnings at enrollment and the earnings gap between the two groups expanded during followup. From baseline through the last month of followup, participants that exited both FSS and HCV programs raised their annual earnings by \$5,121, on average, an increase more than three times larger than that of participants that exited FSS while remaining enrolled in HCV. The financial gains made by individuals that exited both programs were similar to those of participants that remained enrolled in FSS. However, participants that exited both programs entered FSS with earnings that were 40 percent higher. It is possible that by entering the program with higher earnings this group had less potential to accrue a large escrow balance, which diminished their incentive to graduate.

Exhibit 27. Change in Reported Annual Head-of-Household Earnings and Total Household Earnings Between Month of Random Assignment and Last Month of Followup, by HCV and FSS Program Enrollment Status

Outcome	<u>Enrolled in HCV Program</u>						Total
	Not Enrolled in HCV	Not Enrolled in FSS	Enrolled in FSS	Graduated With Disbursement of \$5,000 or Less	Graduated With Disbursement of \$5,001 or More		
<u>Head of household</u>							
Average earnings in month 1 (\$)	10,552	8,332	7,455	14,360	8,115	9,297	***
Average increase in estimated annual earnings (\$)	5,121	1,522	5,459	10,068	18,642	5,461	***
Change in earnings (%)							***
Decrease	18.5	27.9	21.7	18.8	8.6	21.9	
No change	34.0	39.5	33.7	13.5	13.8	32.6	
Increase	47.5	32.6	44.6	67.7	77.6	45.5	
<u>Head-of-household employment (%)</u>							
In month 1 and in current or most recent month	31.6	26.5	31.5	55.6	36.6	30.5	
In month 1 only	13.2	19.5	13.5	17.8	8.1	16.6	
In current or most recent month only	18.4	14.5	29.2	11.1	42.3	20.2	
No employment in either month	36.8	39.5	25.8	15.6	13.0	32.7	
<u>Other household members</u>							
Average earnings in month 1 (\$)	1,882	1,440	1,102	1,926	2,250	1,672	
Average increase in estimated annual earnings (\$)	2,309	2,139	4,203	5,486	5,213	2,982	***
Change in earnings (%)							**
Decrease	5.4	5.6	4.3	5.0	5.6	5.4	
No change	79.1	79.6	76.1	67.3	68.9	76.9	
Increase	15.5	14.9	19.6	27.7	25.5	17.7	
<u>Other household members employment (%)</u>							
In month 1 and in current or most recent month	6.6	4.6	3.3	6.9	8.7	5.7	
In month 1 only	3.6	4.9	4.3	5.0	4.3	4.4	
In current or most recent month only	11.3	11.0	16.3	20.8	18.0	13.1	
No employment in either month	78.5	79.6	76.1	67.3	68.9	76.7	

Outcome	<u>Enrolled in HCV Program</u>						Total
	Not Enrolled in HCV	Not Enrolled in FSS	Enrolled in FSS	Graduated With Disbursement of \$5,000 or Less	Graduated With Disbursement of \$5,001 or More		
<u>Total household</u>							
Average earnings in month 1 (\$)	12,435	9,772	8,557	16,286	10,365	9	10,96 ***
Average increase in estimated annual earnings (\$)	7,072	3,396	8,903	15,322	24,967	8,344	***
Change in earnings (%)							***
Decrease	18.4	29.3	19.1	35.6	8.9	24.6	
No change	28.9	31.1	19.1	11.1	6.5	25.0	
Increase	52.6	39.6	61.8	53.3	84.7	50.4	
<u>Total household employment (%)</u>							
In month 1 and in current or most recent month	49.2	34.1	34.1	71.1	46.5	42.5	
In month 1 only	8.4	19.4	13.2	6.2	7.6	13.6	
In current or most recent month only	19.2	15.3	24.2	11.3	37.6	19.4	
No employment in either month	23.1	31.2	28.6	11.3	8.3	24.5	
Sample size	335	592	92	101	161	1,281	

FSS = Family Self-Sufficiency. HCV = Housing Choice Voucher.

* Statistical significance level of 10 percent. ** Statistical significance level of 5 percent. *** Statistical significance level of 1 percent.

Notes: The FSS impact sample includes housing choice voucher heads of household who were randomly assigned between October 18, 2013, and December 22, 2014, and were ages 18 to 61 at the time of random assignment. Calculations of change in annual earnings use the most recent available estimate reported to HUD. Rounding may cause slight discrepancies in calculating sums and differences. Sample sizes for specific outcomes may vary because of missing values. A chi-square test was performed on subgroup differences in frequency distributions and an F-test was performed on subgroup differences in means.

Sources: MDRC calculations using housing agency administrative data; HUD Inventory Management System/Public and Indian Housing Information Center data

Employment and earnings trends for other adults residing in FSS households are similar, but not identical to, those of the heads of household. On average, other household members in households where the head of household graduated from FSS had higher earnings and employment gains than households where the head of household did not graduate. Average earnings for other household members increased by more than \$5,000 during the followup period in households of FSS graduates. This increase is more than two times larger than that of other household members in households where the head of household exited from FSS without graduating. However, employment and earnings gains for other household members in households where the head of household graduated did not vary based on whether the head of household received a large disbursement. This suggests that in instances where the head of household graduated from FSS, the size of the disbursement was typically contingent on the change in earnings for the head of household rather than for other household members. Employment and earnings for households where the head of household exited FSS without graduating show a similar pattern. Like heads of household, other adults in households that exited FSS without completing the program were the least likely to increase their earnings and had the smallest increase in earnings on average. However, no clear differences were in employment and earnings gains between other adults in households that exited both FSS and HCV programs and those that left only FSS.

Conclusions

After more than 6 years of followup, 93 percent of FSS enrollees have ended their participation in the FSS program. For the 18 percent of participants that graduated and earned an escrow disbursement at the time of exit, the reward was often substantial (2 percent of participants did not earn an escrow disbursement at graduation). FSS graduates received nearly \$2.6 million in escrow disbursements during the followup period with an average disbursement of more than \$10,000 per recipient. Regardless, for every participant that received an escrow disbursement on graduating the program, nearly two forfeited their escrow balance on program exit. During the followup period, FSS group members collectively forfeited nearly \$1.7 million in escrow funds, an astonishing amount and a potentially significant monetary loss for the about one-third of FSS participants that accrued escrow but exited without graduating. Enrollees that exited without graduating may still have derived benefit from the program, such as receiving FSS services and case management that helped them take steps toward greater self-sufficiency. However, those that accrued escrow only to forfeit it missed an important opportunity to start a business, invest in further education, or accumulate savings toward homeownership or other purposes. Exiting the program and forfeiting escrow was a particularly unfortunate outcome for those participants that remained enrolled with an escrow balance at the start of year 6, who had accrued about \$11,000, on average. Despite having remained active in the program for many years and growing a sizeable escrow account balance, this group was unable to graduate and receive a disbursement.

This chapter also examined which participants are best situated to benefit the most from FSS and which face obstacles that make program completion less likely. The analyses suggest that participants that are already employed and more highly educated at the time of enrollment appear to have the greatest potential to complete the program. By contrast, enrollees that are unemployed, face significant barriers to employment, and have less education are not only more likely to exit without graduating but also more likely to remain in the HCV program. Although these results are not surprising, they do highlight that FSS, as operated during the evaluation period (late 2013 to early 2021), seems not to have benefited participants facing the greatest

challenges to achieving self-sufficiency. Participants that appear best positioned to gain from FSS are those that have the greatest capacity for increasing employment stability and earnings growth. Typically, these individuals have higher education, faced few barriers to employment, and were employed only part time at enrollment. For this group, the financial incentives, case management, and guidance provided by the program may have helped them take an important step toward self-sufficiency.

Efforts to unpack how program implementation practices shape program outcomes did not yield clear patterns. The findings suggest that programs with smaller caseload sizes appear to have a higher proportion of FSS participants graduate on average and that their graduates are more likely to receive an escrow disbursement.

Subsequent chapters will return to this question of “who benefits from FSS” and how program characteristics may shape program outcomes.

Chapter 4. Impacts on Employment and Earnings

As described in previous chapters, the Family Self-Sufficiency (FSS) program provides referrals to supportive services, financial counseling, and case management services that are meant to encourage participants to find a steady job or, if they are already working, to increase their earnings. In addition, the FSS escrow account serves as both an asset-building instrument and a work incentive.

This chapter focuses on the program's effects on employment and earnings during the first 6 years (72 months) after program enrollment. As discussed in the previous two chapters, by the end of year 6, a large majority of FSS group members had graduated from the program or exited FSS without graduating. Meanwhile, at the end of year 6, the relatively small number of FSS group members who remained enrolled in the program, could still be pursuing their final goals.

This analysis builds on the results in the previous reports on this evaluation, the most recent of which discussed program effects during 5 years of followup. The earlier data revealed high levels of employment for both study groups, but no notable differences in earnings or employment outcomes for the FSS and control groups. The longer-term analysis in the current report uses more recent data from administrative records, supplemented by responses to the FSS Long-Term Followup Survey to determine whether the FSS program group experienced a higher employment rate or earned more on average than members of the control group. Chapter 4 focuses on the full sample and chapter 7 examines variations in effects on employment and earnings by subgroup.

Overall, the analysis of employment and earnings outcomes, using National Directory of New Hires (NDNH) quarterly wage data for the full impact sample, supplemented by responses to the FSS Long-Term Followup Survey, reveals high levels of employment for both study groups and no statistically significant impacts on employment and earnings during the 6-year followup period or in year 6.

Data Sources and Methods

Most estimates of FSS program effects (or impacts) on earnings and employment presented in this chapter use federal NDNH quarterly wage data.⁶⁸ NDNH data provide information on quarterly earnings and are available for the impact sample for 2 quarters before and 24 quarters (6 years) after the quarter of random assignment.⁶⁹ NDNH records provide data on employment and earnings in all work covered by unemployment insurance, including across state lines (for those who commute into another state for work or who moved to a different state after random assignment) and on federal employment not captured in state unemployment insurance records. The records do not cover earnings from self-employment, some agricultural work, and informal jobs. Other research suggests that administrative data may miss relatively more employment for low-income populations than for higher income groups, given the former group's greater

⁶⁸ For a description of the variables included in the presented models and for analyses of the sensitivity of results to outliers and to different data-weighting approaches, see appendix C. In two previous reports, additional analyses on earnings and employment used responses to 18-month and 36-month followup surveys.

⁶⁹ Employment recorded during the quarter of random assignment may have occurred before the study participant's date of random assignment. Accordingly, the analysis excludes this quarter from the followup period.

prevalence of work in informal jobs (Abraham et al., 2009). NDNH records also do not provide information about the hours worked during a quarter or week or on the characteristics of jobs held, such as hourly wage rates, benefits, and schedules. Respondents to the FSS Long-Term Followup Survey reported additional detail on job characteristics (including instances of self-employment and other employment not covered by NDNH), although only for current employment and employment within the previous 12 months. In addition, respondents without employment at the time of their interview reported their reasons for not working.

Exhibit 29 includes an explanation of how to read the tables presenting impact estimates in this report. The study design uses random assignment to create the FSS and control groups.

Therefore, effects or impacts of the FSS program can be calculated as the difference in average outcomes between the research groups. Differences that are statistically significant (indicated by asterisks in the exhibits) are considered to be true program effects and not the result of chance.⁷⁰ Chapter 4 presents the effects of the program for the FSS impact sample, which excludes voucher holders aged 62 or older at the time of random assignment. Chapter 7 presents the impacts for subgroups included in the analyses of escrow accrual and graduations from FSS programs. The essential research question for subgroup analysis is whether the *differences in impacts across subgroups* are statistically significant.⁷¹

Exhibit 28. How to Read the Impact Tables in This Report

In the context of this evaluation, an “impact” is a measure of how much the intervention—Family Self-Sufficiency (FSS)—changed outcomes for program participants. The group outcome for the intervention is compared with that of the control group. The top row of the excerpted table below, for example, shows that 26 percent of the FSS group was working part time at the time of the 18-month survey compared with 29 percent of the control group.

Because participants were assigned randomly to either the program group or the control group, the effects of the program can be estimated by the difference in outcomes between the two groups. The “Difference” column in the table excerpt shows the differences between the two research groups’ outcomes—that is, the program’s estimated impacts on the outcomes. For example, the estimated program impact of the FSS program on the number of individuals working part-time study can be calculated by subtracting 29 from 26 percent, yielding a decrease, or estimated negative impact, of 3 percentage points.

The p-value shows the probability that this difference, or impact, arose by chance. In the table excerpt below, the difference between the program and control groups in current part-time employment has a 16.6 percent probability of arising as a result of chance rather than as a result of the FSS program. In contrast, the difference on the measure current full-time employment has a 4.5 percent probability of having arisen by chance. For this evaluation, only differences that have a 10 percent probability or less of arising by chance are considered “statistically significant” and therefore represent true program effects. The number of asterisks indicates whether the impact is statistically significant at the 1 percent (***)⁷², 5 percent (**), or 10 percent (*) level, meaning that only a 1, 5, or 10 percent probability exists, respectively, that the impact arose by chance.

⁷⁰ An exception to this statement concerns a situation in which only one comparison among a series of related comparisons shows a statistically significant difference between the research groups—for example, if FSS group members averaged higher earnings than control group members during only 1 quarter of followup. In this situation, less credence would be given to this single impact estimate, even if the difference were statistically significant.

⁷¹ In chapter 7, subgroup differences that are statistically significant are noted with daggers in the exhibits.

Impacts on Employment, Family Self-Sufficiency 18-Month Survey Respondent Sample

Outcome	FSS Group	Control Group	Difference (Impact)	P-Value
Currently employed (%)				
Works part-time hours	26.0	29.0	– 3.0	0.166
Works full-time hours	41.5	37.1	4.3**	0.045

Program Impacts on Employment and Earnings

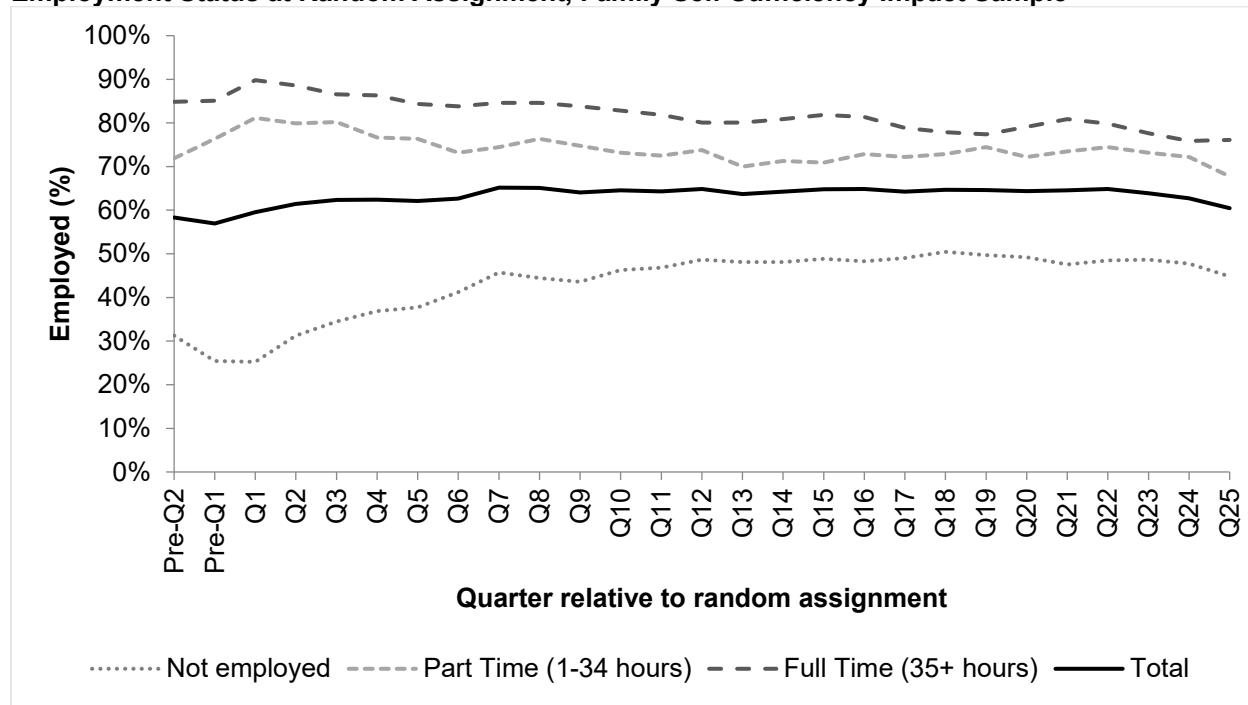
The FSS program provides case management, service referrals, and financial incentives to encourage participants to go to work, increase their earnings, and make progress toward greater self-sufficiency. Using NDNH employment and earnings data, as well as responses from the Long-Term Followup Survey, this section evaluates whether FSS group members were more likely to achieve higher levels of employment and earnings than members of the control group during the followup period.

Employment and Earnings Trends for Control Group Members

Exhibits 30 and 31 and appendix exhibit C.1 display quarterly employment and earnings trends for control group members, calculated with NDNH data. These averages, which reflect what would have happened in the absence of the program, provide the basis of comparison for estimating the impacts of the FSS program on employment and earnings. As the solid line in exhibit 30 shows, employment levels for control group members overall increased slightly over time. Employment rates of about 58 percent were recorded for control group members in the second quarter before random assignment. Employment levels rose most steadily during the first 2 years of followup, reaching the maximum level of 65 percent in quarter seven (in the middle of year 2). Employment rates for the control group continued at around the peak level from quarter 7 through quarter 23 (early in year 6). During each of these quarters, however, some control group members were moving into jobs, whereas about an equal number of control group members had left employment. Employment levels decreased, on average, during the final 3 quarters of year 6, ending at 60 percent in quarter 25. Most likely, the onset of the COVID-19 pandemic and deep economic recession contributed to the decrease in employment rates.⁷²

⁷² The pandemic began during quarter one 2020. The number of quarters of followup in which employment levels could have been affected by the pandemic varied by study participants' quarter of random—from 0 quarters for study participants who were randomly assigned in the fourth quarter of 2013 (for whom year 6 ended in the fourth quarter of 2019) to 4 quarters (quarters 22 through 25) for study participants who were randomly assigned in the fourth quarter of 2014.

Exhibit 29. Quarterly Employment Rate Among Control Group Members, By Self-Reported Employment Status at Random Assignment, Family Self-Sufficiency Impact Sample

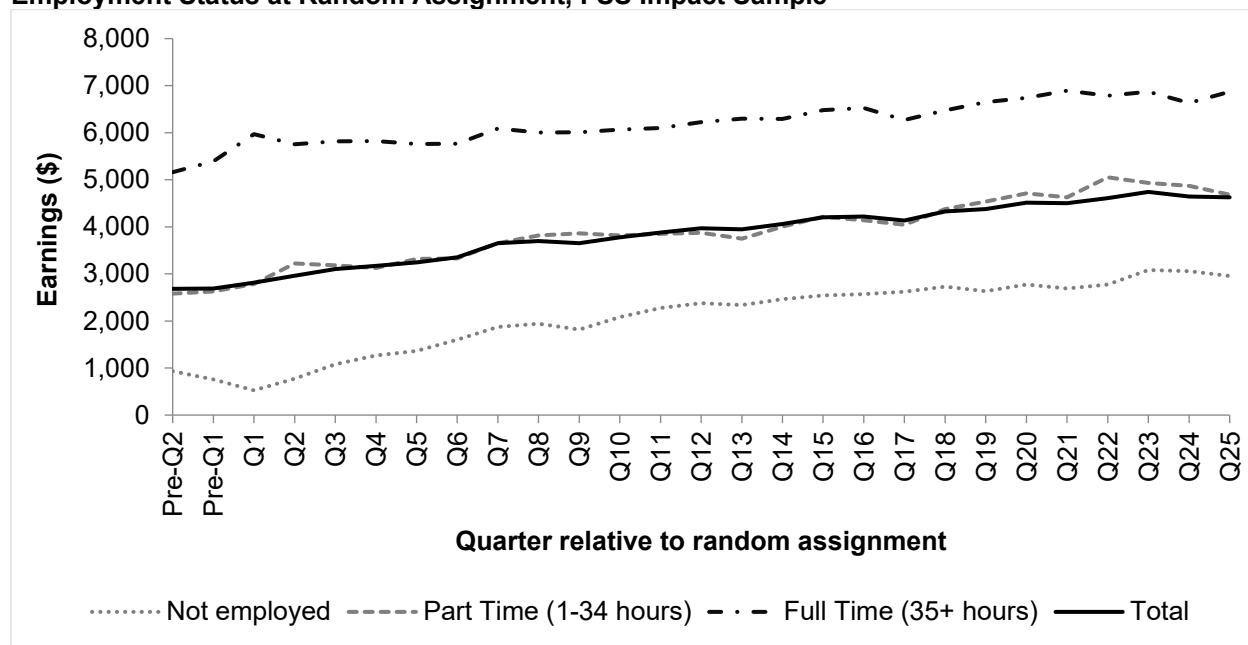


Q = quarter.

Note: The Family Self-Sufficiency impact sample includes housing choice voucher heads of household who were randomly assigned between October 18, 2013, and December 22, 2014, and were ages 18 to 61 at the time of random assignment.

Sources: MDRC calculations using baseline data; quarterly wage data from the National Directory of New Hires

Exhibit 30. Average Quarterly Earnings Among Control Group Members, By Self-Reported Employment Status at Random Assignment, FSS Impact Sample



Q = quarter.

Note: The Family Self-Sufficiency impact sample includes housing choice voucher heads of household who were randomly assigned between October 18, 2013, and December 22, 2014, and were ages 18 to 61 at the time of random assignment.

Sources: MDRC calculations using baseline data; quarterly wage data from the National Directory of New Hires

Control group members who reported on the Baseline Information Form (BIF) that they were not working (see the dotted line) experienced the biggest increase during the followup period, increasing by 6 percentage points during quarter 2, the first quarter of followup reaching a maximum employment level of 50 percent in quarter 18 (early in year 5), double the rate for quarter 1, the quarter of random assignment. Employment levels for the not employed subgroup decreased somewhat thereafter, ending at 45 percent in quarter 25, the final quarter of year 6. In contrast, employment rates were highest at the beginning of the followup period for control group members who reported working part-time hours (80 percent) and full-time hours (nearly 90 percent). Employment levels declined somewhat thereafter for both subgroups, ending about 12 percentage points lower in quarter 25 (the end of year 6).

The trend in quarterly earnings shows a different pattern. As exhibit 31 shows, on average, control group members earned more over time—from \$2,683 per quarter (including zeros for control group members without employment) in the second quarter before random assignment to \$4,626 in quarter 25 after random assignment (end of year 6). This increase was a result of some control group members entering employment and other control group members increasing their hours or weeks of employment or earning more on the job. The average quarterly earnings also increased for control group members in all three subgroups based on members' self-reported employment at random assignment. Once again, control group members in the subgroup that reported no employment at random assignment experienced the biggest increase during the followup period.

Impacts on Employment and Earnings

Although the FSS program is designed to provide services and referrals to address a variety of difficulties faced by participants, including lack of affordable, safe, reliable childcare, mental and physical health issues, and transportation challenges, this component is in service to the ultimate goals of the program that participants must meet to graduate and receive funds from escrow, which are all household members must be independent of cash assistance from federal or state welfare programs at the time of graduation, and the head of the FSS family must seek and maintain suitable employment. The escrow incentive is designed with the same goal and is thus attached to increases in earnings. Therefore, an important test of the FSS model is an assessment of its ability to increase employment (a condition for graduation and earning the accrued escrow), employment stability, and earnings.

During the 6-year followup period, both FSS and control groups experienced comparable employment rates, and no evidence indicated that FSS led to impacts in employment covered by NDNH. One possible exception to this finding concerns the highest level of employment stability. According to exhibit 32, by a statistically significant margin of 3 percentage points, a larger proportion of control group members maintained employment (for any employer) during all 24 quarters of followup.

Exhibit 31. Impacts on Employment and Earnings in Years 1 to 6, FSS Impact Sample

Outcomes	FSS Group	Control Group	Difference (Impact)	P-Value
Employment (%)				
Ever employed				
Year 1	73.4	72.5	0.9	0.496
Year 2	74.8	72.8	1.9	0.182
Year 3	74.2	72.5	1.7	0.257
Year 4	75.0	72.1	2.9 *	0.061
Year 5	73.5	74.1	-0.6	0.691
Year 6	72.0	70.6	1.4	0.389
Years 1 through 6	87.8	86.2	1.6	0.159
Average quarterly employment rate				
Year 1	61.6	61.4	0.2	0.887
Year 2	64.0	63.7	0.3	0.847
Year 3	64.9	63.9	1.0	0.502
Year 4	64.8	64.2	0.6	0.672
Year 5	64.9	64.4	0.5	0.741
Year 6	62.7	62.8	-0.1	0.937
Years 1 through 6	63.8	63.4	0.4	0.720
Employed in all quarters				
Year 1	47.1	47.9	-0.9	0.571
Year 2	51.1	51.9	-0.8	0.634
Year 3	53.3	53.8	-0.5	0.784
Year 4	52.9	53.7	-0.8	0.652
Year 5	54.6	53.0	1.6	0.375
Year 6	51.2	52.1	-0.9	0.615
Years 1 through 6	21.6	24.6	-3.0 **	0.042
Earnings (\$)				
Total earnings				
Year 1	11,967	12,144	-177	0.596
Year 2	14,178	14,044	134	0.760
Year 3	15,509	15,307	202	0.688
Year 4	16,519	16,357	162	0.767
Year 5	17,743	17,517	226	0.702
Year 6	18,124	18,464	-340	0.592
Years 1 through 6	94,040	93,834	206	0.934
Average annual earnings (%)				
\$0	12.2	13.8	-1.6	
\$1-\$10,000	31.1	30.9	0.2	
\$10,001-\$25,000	32.2	30.2	2.1	
Greater than \$25,000	24.5	25.2	-0.7	
Sample size (total = 2,548)	1,282	1,266		

FSS = Family Self-Sufficiency.

* Statistical significance level of 10 percent. ** Statistical significance level of 5 percent.

*** Statistical significance level of 1 percent.

Notes: The FSS impact sample includes housing choice voucher heads of household who were randomly assigned between October 18, 2013, and December 22, 2014, and were ages 18 to 61 at the time of random assignment. Average quarterly employment rate is calculated as total quarters with employment divided by total quarters of followup, expressed as a percentage. Estimates were regression-adjusted using ordinary least squares, controlling for sample member characteristics recorded at the time of random assignment. Rounding may cause slight discrepancies in calculating sums and differences. A two-tailed t-test was applied to differences between research groups. In addition, a chi-square test for categorical variables was run to determine whether a difference exists in the distribution of related outcomes by research group. The p-value indicates the likelihood that the difference between the FSS group and control group arose by chance.

Source: MDRC calculations using quarterly wage data from the National Directory of New Hires

The bottom two panels of exhibit 32 show program impacts on yearly earnings, as measured by the NDNH data. The control group averaged \$12,144 during the first year of followup. This figure rose to \$18,464 in the sixth year of followup. Annual employment rates for control group members did not change much between years 1 and 6; nor did average quarterly employment. By implication, control group members' increase in annual earnings resulted from employed control group members earning more over time during each quarter of employment—from about \$5,000 per quarter of employment in year 1 to more than \$7,000 per quarter of employment in year 6.⁷³ During this 6-year followup period, control members averaged about \$94,000 in earnings, which translates into yearly earnings of about \$15,600.⁷⁴ FSS group members also earned, on average, about 94,000 during 6 years, resulting in no program effects on earnings. Members of both groups also averaged about the same number of quarters of employment during the followup period and were equally likely to earn at least \$25,000 per year.⁷⁵

Impacts on Self-Reported Employment and Job Characteristics

Respondents to the FSS Long-Term Followup Survey provided additional details about their employment patterns and job characteristics at the end of the followup. As exhibit 33 shows, about 70 percent of survey respondents reported having worked for pay during the year prior to interview. Maintaining stable employment continued to be an issue for many respondents in both research groups, as only about 45 percent of respondents reported working during all 12

⁷³ To calculate average earnings per quarter of employment during any year of followup, divide average total annual earnings by average quarters with employment during that year. Average quarters with employment may be calculated by converting the average quarterly employment rate to a proportion and then multiplying the proportion by four. Increases in average earnings per quarter of employment may result from wage earners working more weeks during the quarter, working more hours per week, or earning more per hour of employment—or from a combination of two of these outcomes or more.

⁷⁴ Using quasi-experimental methodology and a matched comparison group, an analysis of the Compass Working Capital FSS program, administered by the nonprofit agency for the public housing agencies in Lynn and Cambridge, Massachusetts, shows that the program produced employment and earnings impacts for participants. The study, which used income data available to HUD, found that the Compass FSS program was associated with an average gain in annual household earnings of \$6,305 between the fourth quarter of 2010 and the first quarter of 2016 (Geyer et al., 2017).

⁷⁵ The bottom panel of appendix exhibit C.7 compares the change in estimated annual earnings for the FSS and control groups, using HUD IMS/PIC data. It shows very similar average increases over time (about \$5,000), using all available data reported to housing agencies.

months.⁷⁶ According to survey responses, about 6 in 10 respondents were working for pay at the time of their interview. Most of these respondents reported working full-time hours, and a somewhat smaller proportion reported receiving sick or vacation benefits from their employer. For all these measures, FSS group members reported similar averages compared with the control group.⁷⁷

Exhibit 32. Impacts on Self-Reported Employment and Earnings in the Past 12 Months and at Interview, FSS Long-Term Followup Survey Respondent Sample

Outcome	FSS Group	Control Group	Difference (Impact)	P-Value
<u>In the 12 months prior to interview</u>				
Ever employed (%)	72.2	70.0	2.2	0.486
Average number of months with employment	6.9	6.7	0.2	0.658
Number of months with employment (%)				0.517
Not employed	32.3	34.4	-2.2	
1–6	11.0	11.5	-0.5	
7–11	12.4	9.1	3.3	
12	44.3	44.9	-0.6	
Worked mostly full-time hours (%)	47.2	47.5	-0.3	0.942
Experienced decrease in employment or loss of employment because of COVID-19	60.7	52.7	8.1 **	0.025
<u>Current employment</u>				
Employed (%)	59.4	55.8	3.6	0.307
Hours of work (%)				0.437
1–20	5.8	4.6	1.2	
21–34	10.0	7.5	2.5	
35 or more	42.3	41.6	0.7	
Average weekly earnings (\$) ^a	276	288	-12	0.623
Weekly earnings (%) ^a				0.910
Not employed	44.9	44.0	1.0	
\$1–\$199	8.7	8.8	-0.1	
\$200–\$399	12.8	14.3	-1.6	
\$400–\$599	19.0	16.8	2.2	
\$600 or higher	14.6	16.1	-1.5	
Employer-provided benefits (%)				
Paid sick days	34.8	34.3	0.4	0.900

⁷⁶ By comparison, exhibit 32 shows that slightly more than one-half of study participants in both research groups maintained employment during all 4 quarters of year 6.

⁷⁷ For reasons that are not clear, a larger proportion of FSS group respondents cited the pandemic as the cause of their joblessness or working fewer hours compared with the control group. The 8-percentage point increase above the control group level is the only statistically significant difference displayed in exhibit 33.

Outcome	FSS Group	Control Group	Difference (Impact)	P-Value
Paid vacation days	33.9	32.5	1.4	0.674
<i>If currently not employed, main reason (%)</i>				
<i>Respondent's illness or disability</i>	37.8	40.1	- 2.2	
<i>No jobs available</i>	8.8	17.4	- 8.6	
<i>In school or training</i>	2.4	3.8	- 1.4	
<i>Illness or disability, other household member</i>	4.5	4.9	- 0.4	
<i>Temporarily laid off</i>	14.5	5.5	9.0	
<i>Other</i>	32.0	28.4	3.6	
<i>COVID-19-related reasons</i>	46.3	37.2	9.0	
Sample size (total = 791)	403	388		

FSS = Family Self-Sufficiency.

^a Calculation based on reported total earnings during the month prior to interview.

* Statistical significance level of 10 percent. ** Statistical significance level of 5 percent.

*** Statistical significance level of 1 percent.

Notes: The FSS Long-Term Followup Survey respondent sample includes housing choice voucher heads of household who were randomly assigned between October 18, 2013, and December 22, 2014, were ages 18 to 61 at the time of random assignment, and responded to the FSS Long-Term Followup Survey. Sample sizes for specific outcomes may vary because of missing values. Estimates were regression-adjusted using ordinary least squares, controlling for differences in sample member characteristics recorded at the time of random assignment. No special weights were applied to responses to adjust for differences in sample size by the housing authority. Rounding may cause slight discrepancies in calculating sums and differences. A two-tailed t-test was applied to differences between the FSS group and the control group for continuous variables and selected outcomes expressed as proportions. In addition, a chi-square test for categorical variables was run to determine whether a difference exists in the distribution of related outcomes by research group. The p-value indicates the likelihood that the difference between the FSS group and control group arose by chance. Results displayed in italics are nonexperimental. No tests of statistical significance were performed on differences between research groups in means or proportions.

Source: MDRC calculations using responses to the FSS Long-Term Followup Survey

Survey respondents who reported that they were not working for pay at the time of their interview were asked to assess the likely reason for their current status of joblessness. As exhibit 33 shows, the largest proportion of FSS group members cited either the pandemic in general or a more specific health-related reason. A smaller proportion of control group respondents without employment listed COVID or other health-related reasons for not working.⁷⁸

Conclusions

Thus far, neither NDNH data nor data collected from survey responses reveal positive impacts on earnings or employment for the full sample. Possibly, in the absence of higher earnings, FSS group members may still improve their financial well-being more than the control group by reducing their debt or maintaining debt with lower interest—for example, by forgoing use of

⁷⁸ This is a nonexperimental comparison. Survey respondents in each research group who reported at interview that they were jobless could differ in measured and unmeasured characteristics that could affect the incidence, timing, or duration of their future employment.

alternative financial services businesses, such as payday loan establishments. Chapter 5 explores these issues for the full impact sample and, for some outcomes, for respondents to the Long-Term Followup Survey. Chapter 7 continues the analysis for selected subgroups defined by study participants' baseline characteristics such as their work and educational status or the type of FSS program in which FSS group members were enrolled. From a policy perspective, subgroup analysis becomes particularly important following an overall finding of no impacts for the full sample. An overall effect that is close to zero could result from a positive effect for one or more subgroups, balanced with a negative effect of about equal magnitude for other subgroups. If so, program administrators and policy makers may focus on changing or adding services or financial incentives for the subgroups that appear not to be benefiting financially from the current version of the program. Alternatively, if no subgroup experienced positive effects, program administrators and policy makers may need to consider adopting larger-scale or more general changes to the program.

Chapter 5. Impacts on Income, Savings, and Credit Use

Chapter 5 analyzes whether the Family Self-Sufficiency (FSS) program led to positive effects on a series of household income and financial security outcomes. The analysis uses credit scores and financial transactions data from Experian, the nation’s largest credit bureau, as the primary source for calculating financial and material well-being outcomes and estimating program impacts. Experian data include transactions involving traditional financial services, such as store and credit cards, auto loans, and student loans. Experian also provided data on the use of alternative financial services (AFS), such as payday loans, recorded by Clarity Services, Inc., a subsidiary of Experian.⁷⁹ Responses to the FSS Long-Term Followup Survey provide additional data on study participants’ household income and income sources and their use of financial services and level of financial well-being at the end of the followup period.

The FSS program seeks to promote Housing Choice Voucher (HCV) program households’ self-sufficiency and financial security in several ways. First, FSS programs offer participants access to services and an escrow account that promote new employment, employment stability, and earnings growth. As discussed in chapter 4, after 6 years, FSS household heads experienced similar incidences of employment and earnings on average compared with their counterparts in the control group. Nonetheless, the program could still improve FSS group households’ financial situations in two other ways. Once a head of household enrolls in an FSS program, other adult family members covered by the housing voucher can receive FSS services (either way, their earnings are counted toward the issuance of escrow credits). However, it should be noted that the head of household must seek and maintain employment as a condition of the successful completion of the FSS program. In addition, as discussed in chapter 2, many FSS programs strongly encourage participants to attend financial management workshops or meet with counselors to receive instruction in managing personal and household finances or qualifying to purchase a home. As advocates for financial empowerment services often attest, these activities can lead to tangible financial gains, even without increases in income.⁸⁰ For example, participants in financial security activities can learn to (1) increase savings; (2) reduce debt; (3) increase credit scores; (4) forgo high-cost, nontraditional lending sources; and (5) avoid financial hardship. Participants in financial security or homeownership preparation activities could also benefit in less tangible ways—for example, by reducing stress and experiencing a greater sense of control over life decisions and more optimism for the future.⁸¹

The main findings from this analysis are as follows. Based on survey responses—

⁷⁹ See Verma et al. (2021) chapter 6, for an analysis of FSS program impacts on indicators of financial well-being, using responses to a 36-month survey. See also Geyer et al. (2017), the Abt Associates’ evaluation of the Compass Working Capital FSS programs in Cambridge and Lynn, Massachusetts, which found that FSS program enrollees averaged higher Experian FICO credit scores and incurred less derogatory debt than members of a comparison group.

⁸⁰ See, for example, Abbi (2012); Collins and Gjertson (2013); Lopez-Fernandini (2012); and McKernan, Ratcliffe, and Vinopal (2009).

⁸¹ In this chapter, the terms *material well-being*, *financial well-being*, and *financial security* are used interchangeably.

- About 15 percent of respondents in both research groups reported that at least one other household member was working for pay during the month before interview, resulting in no impact.
- Respondents in both research groups reported receiving about the same amount of monthly household income during the month before interview.
- Similar proportions of FSS and control group respondents reported receipt of government-funded financial supports, including food assistance (Supplemental Nutrition Assistance Program [SNAP]), cash welfare (Temporary Assistance for Needy Families [TANF]), disability benefits (Supplemental Security Income [SSI] or Social Security Disability Insurance [SSDI]), and unemployment benefits (unemployment insurance benefits [UIB]).
- At interview, the FSS program had little or no effect on banking and savings. About 75 percent of respondents in both groups reported having a savings or checking account, but only about 10 percent of respondents reported having savings of \$500 or more. Only about 20 percent of both groups reported having enough money at hand to pay for a \$400 emergency expense.
- About 40 percent of respondents in both research groups reported using a nontraditional source of credit, such as taking a cash advance from their credit card, at least once during the previous 12 months.

Based on credit data—

- On average, members of both research groups increased their credit scores by about 50 points during the followup period. The FSS program did not lead to increases above the control group in average credit scores.
- During a 6- to 7-year followup period, both the FSS and control groups incurred higher levels of debt over time, often for automobile and education loans. Average total debt (for all types of credit) more than doubled for both research groups, from about \$9,000 to \$24,000.
- About 6 out of 10 members from both groups experienced at least one relatively serious credit problem, such as forgoing payments or borrowing close to the limit of available credit, during the final year of followup. At the end of the followup period, the FSS program led to small increases in the incidence of two types of problems (close to “maxing out” available credit and late paying off credit balance) for specific types of credits, but no overall increase in the incidence in experiencing any type of credit problem.

Household Income and Income Sources

Respondents to the FSS Long-Term Followup Survey reported on their employment and the employment of other members of their household during the month before interview. They also indicated whether anyone in their household received other types of income, including government-funded financial supports like SNAP (food stamps), TANF (cash welfare), SSI/SSDI (disability), and UIB (unemployment insurance). Finally, respondents estimated their total monthly household income from all income sources.

As exhibit 34 shows, about 15 percent of respondents in both research groups reported employment by at least one other household member in the month before the interview, resulting

in no impact for the FSS program.⁸² Most often, respondents who reported living with a household member who was employed in the month before the interview were working for pay in the previous month. At the end of followup, a relatively large proportion of survey respondents and their fellow household members in both research groups were relying at least partly on government-funded income supports. About one-half of respondents reported receiving SNAP food assistance. In addition, nearly one-fourth of respondents indicated that they or another household member received disability benefits, and a slightly smaller proportion of respondents received unemployment benefits. Only 5 percent of respondents in both research groups reported receiving TANF cash welfare benefits. As discussed previously, as a requirement for graduation, FSS households need to have received no TANF cash welfare benefits during the previous 12 months. As exhibit 34 shows, the FSS program had no effect on receipt of these income sources.

Exhibit 33. Impacts on Household Income, Income Sources, Banking, and Savings, FSS Long-Term Followup Survey Respondent Sample

Outcome	FSS Group	Control Group	Difference (Impact)	P-Value
<u>Household income in month prior to interview</u>				
Household employment (%)	61.5	62.4	-0.9	0.795
Employment by household member (%)				0.919
No household employment	39.1	39.5	-0.4	
Respondent only	43.6	45.1	-1.5	
Other household member only	5.3	5.6	-0.3	
Respondent and other household member	12.0	9.8	2.2	
Receipt of publicly funded benefits (%)				
SNAP/food stamps	50.4	50.1	0.3	0.937
TANF	5.0	4.7	0.3	0.864
SSI-SSDI	22.8	23.8	-1.0	0.723
Unemployment Insurance	18.7	15.6	3.1	0.284
Other income (%)				
Child support	18.1	17.0	1.1	0.685
Average total household income (\$)	1,846	1,815	31	
Total household income (%)				0.682
No income	3.2	5.5	-2.3	
\$1-\$499	8.7	8.5	0.2	
\$500-\$999	16.4	18.3	-1.9	
\$1,000-\$1,999	31.6	26.2	5.4	
\$2,000-\$2,999	22.2	25.3	-3.1	

⁸² Appendix exhibit D.1 presents similar information on income sources collected from HUD Inventory Management System/Office of Public and Indian Housing (PIH) Information Center (IMS/PIC) administrative data for study participants who remained enrolled in the HCV program after 6 years of followup. These data show a somewhat larger proportion of other household members with employment (nearly 20 percent), but no difference in employment rates between the research groups.

Outcome	FSS Group	Control Group	Difference (Impact)	P-Value
\$3,000 or more	18.0	16.3	1.7	
Trends in monthly household income				
Stability of monthly household income (%)				0.879
Income amount stays about the same	55.0	57.0	-2.1	
Income amount varies a little	31.5	31.6	-0.1	
Income amount varies a lot	13.5	11.4	2.1	
Experienced 3 months or more of zero or unusually low income (%)	42.2	37.8	4.4	0.252
Use of banking/financial services				
Currently has bank account (%)	73.9	72.5	1.4	0.659
Currently has savings (%)	25.6	21.2	4.4	0.164
Average savings (\$)	465	554	-89	0.709
Savings (%)				0.285
No savings	77.7	81.5	-3.8	
\$1-\$499	10.0	8.3	1.7	
\$500-\$1,999	6.9	4.3	2.7	
\$2,000 or more	5.4	5.9	-0.6	
How would pay for an emergency expense of \$400 (%)				0.230
With money in savings, checking, or cash on hand	18.1	18.7	-0.6	
Increase debt	65.0	69.8	-4.8	
Sell something	3.4	2.3	1.1	
Don't know	13.5	9.2	4.3	
Sample size (total = 791)	403	388		

FSS = Family Self-Sufficiency. SNAP = Supplemental Nutrition Assistance Program. SSDI = Social Security Disability Insurance. SSI = Supplemental Security Income. TANF = Temporary Assistance for Needy Families.

* Statistical significance level of 10 percent. ** Statistical significance level of 5 percent.

*** Statistical significance level of 1 percent.

Notes: The FSS Long-Term Followup Survey respondent sample includes housing choice voucher heads of household who were randomly assigned between October 18, 2013, and December 22, 2014, were ages 18 to 61 at the time of random assignment and responded to the FSS Long-Term Followup Survey. Sample sizes for specific outcomes may vary because of missing values. Estimates were regression-adjusted using ordinary least squares, controlling for differences in sample member characteristics recorded at the time of random assignment. No special weights were applied to responses to adjust for differences in sample size by the housing authority. Rounding may cause slight discrepancies in calculating sums and differences. A two-tailed t-test was applied to differences between the FSS group and the control group for continuous variables and selected outcomes expressed as proportions. In addition, a chi-square test for categorical variables was run to determine whether a difference exists in the distribution of related outcomes by research group. The p-value indicates the likelihood that the difference between the FSS group and control group arose by chance.

Source: MDRC calculations using responses to the FSS Long-Term Followup Survey

FSS group respondents reported receipt of about \$1,850 in household income in the month before the interview, equivalent to about \$22,000 in annual household income. This total sums

all income sources, including those not specifically reported in the interview. Control group respondents reported a very similar pattern of income receipt, including a monthly average of total income that was about \$31 lower than the FSS group level, a difference that was not statistically significant.⁸³

Maintaining stable income continued to be a problem for a relatively large proportion of respondents in both research groups. As exhibit 34 shows, more than 40 percent of FSS respondents reported that their income varied at least slightly month to month, and a similar percentage reported that they had experienced at least 3 months of zero or unusually low income during the previous 12 months. The FSS program did not affect the incidence of these problems.

Banking and Savings

In a previous report, based on responses to the FSS 36-Month Survey, about two-thirds of FSS group respondents reported having a bank account, a statistically significant increase of 6 percentage points above the control group. At the time, about one in five FSS group members reported having any savings—not counting any escrow dollars that they had accumulated—with reported savings averaging only about \$150 among all FSS group respondents (about \$715 per FSS group respondent with savings). After 36 months, the FSS program had no recorded effect on savings (Verma et al., 2021).

At the end of followup, a somewhat larger proportion of respondents to the FSS Long-Term Followup Survey (a little more than 70 percent) in both research groups reported having a bank account (see exhibit 34). Unlike in the previous survey, the difference between research groups was close to zero and not statistically significant. About one-fourth of FSS group respondents reported having savings, an increase compared with the average at 36 months of followup, but still far below the longer-term financial goals of the FSS program. In contrast, the control group average of slightly more than 20 percent was not higher than at 36 months, although the difference between research groups at the end of the followup was not statistically significant. FSS group respondents averaged \$465 in savings, not counting FSS escrow dollars not yet disbursed or FSS escrow dollars already disbursed and spent. FSS group respondents who reported having savings averaged about \$1,800. Both these averages are below the levels for control group members, although the measure that includes all respondents (with zeros for respondents with no reported savings) is not statistically significant. Moreover, only about one-fifth of respondents in each research group reported having the ability to draw on current savings to pay for an emergency expense of \$400, a clear indicator that many study participants continued to experience precarious financial circumstances.

Credit Outcomes

For the analysis, Experian provided Vantage 3.0 (hereafter, VantageScores) credit scores and associated financial transactions data. VantageScores were chosen for this analysis over Experian's better known FICO scores because they include a larger number of financial services

⁸³ As appendix exhibit D.1 shows, FSS and control group members who were still enrolled in the HCV program at the end of year 6 averaged about \$25,000 in estimated annual household income.

customers with low or moderate incomes.⁸⁴ Experian stores these data in monthly archives, containing current “snapshots” of customers’ credit scores, as well as financial transaction indicators that cover part or all the previous 12 months. For this analysis, MDRC collected data from nine monthly archives. The first eight archives were spaced 12 months apart, starting in December 2012 and ending in December 2019. The final archive includes data for June 2021.⁸⁵ MDRC waited an extra 6 months to collect the final credit data for this analysis in expectation of having data when the extreme effects of the pandemic on the economy had started to wane. The final month corresponds to the middle of year 7 of followup (month 78) for participants who entered the study during December 2014, the final month of random assignment, and near the end of year 8 (month 93) for study participants who entered the study during October 2013, the first month of random assignment. The chapter treats data for December 2012 as prerandom assignment history; December 2013 and 2014 data as occurring during the “random assignment period;” and data from December 2015 through June 2021 as post-random assignment followup outcomes.

VantageScores vary from 300 to 850. According to Experian and Clarity, scores may be grouped into the ranges or “levels” shown in exhibit 35.

Exhibit 34. VantageScore Ranges

Credit Score	Rating	Percentage of U.S. Customers (%)	Impact
300–499	Deep Subprime	5	Applicants will not likely be approved for credit.
500–600	Subprime	21	Applicants may be approved for some credit, although rates may be unfavorable and have conditions such as larger down payment amounts.
601–660	Near Prime	13	Applicants may be approved for credit but likely not at competitive rates.
661–780	Prime: Good	38	Applicants are likely to be approved for credit at competitive rates.
781–850	Prime: Excellent	23	Applicants are most likely to receive the best rates and most favorable terms on credit accounts.

Note: Experian also refers to these ratings as “Very Poor,” “Poor,” “Fair,” “Good,” and “Excellent.”

Sources: Clarity Experian (2020: 16); Experian (2020)

⁸⁴ Experian also provided two types of FICO scores for the impact sample. Review of this information collected for the previous report showed that about 85 to 90 percent of impact sample members had a FICO score in December 2019, whereas 96 percent of impact sample members had a VantageScore. According to DeNicola (2019), VantageScores factor in recurring payments, such as utilities and rent, as well as the typical loan products used to calculate FICO credit scores, such as credit card and mortgage payments, allowing individuals with less complete credit histories to be scored. In addition, the Consumer Financial Protection Bureau (2012) cites a report by the Federal Reserve that found that VantageScores are highly correlated with the more commonly used FICO credit scores.

⁸⁵ Estimated values are used for December 2020, equaling the value for December 2019 plus two-thirds of the change in value between December 2019 and June 2021.

The analysis that follows will use these range values but also combine categories into Subprime (deep subprime and subprime), Near Prime, and Prime (both good and excellent), as warranted, for simplicity.

Clarity uses the name Clear Early Risk Score™ (hereafter, Clarity scores) for its credit scoring metric. Clarity has calibrated its scores to the same range as Vantage—from 300 to 850—with equivalent range values. Clarity uses a different series of criteria for calculating scores compared with Vantage and FICO, recognizing that the scores are intended primarily for use by alternative financial services (AFS) lenders to evaluate the credit risk of potential borrowers, many of whom are in financial distress when applying for a loan and need immediate access to short-term credit. In addition, Clarity created its Clear Early Risk Score to provide credit ratings for financial services customers who lacked sufficient credit history or had too many credit problems to qualify for a Vantage or FICO score. In contrast, Clarity usually forgoes calculating a score for customers who never use AFS. For that reason, both Clarity and VantageScores are needed to obtain a relatively complete picture of each study participant’s credit status.

The impact analysis for credit scores compares average Vantage and Clarity scores and range values for FSS and control group members at the end of followup in June 2021 and compares trends in credit score values by research group. Next, the chapter compares FSS and control group members’ levels of debt from traditional and AFS sources of credit—in June 2021 and over time. The chapter also examines whether FSS group members experienced a decrease below the level of the control group in the incidence of credit problems, for example, from extremely late or forgone payments or from carrying a total balance close to the study participant’s maximum credit limit.

Impacts on Credit Scores

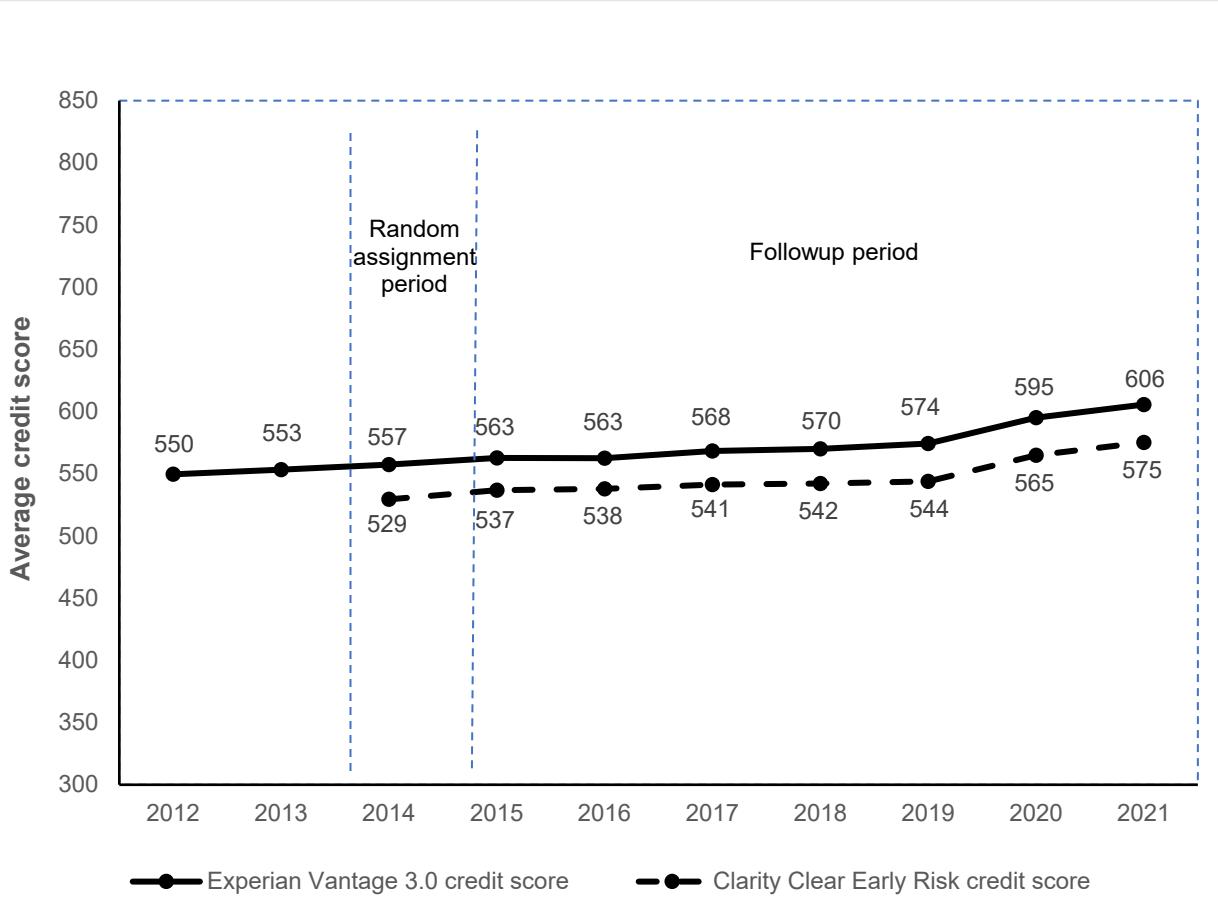
The analysis of the FSS program’s impacts on credit scores begins with a short summary of year-by-year trends in credit scores for FSS group members. As exhibit 36 shows, FSS group members’ VantageScores improved by about 50 points (or about 10 percent) over time, averaging 555 during the random assignment years (2013 and 2014) and increasing to an average score of 606 in 2021.⁸⁶ Most of the increase occurred during the final 2 years of followup.⁸⁷ During the followup years (2015–2021), the proportion of FSS group members with Prime VantageScores (more than 660) increased fairly steadily, from about 8 percent in 2013 to nearly 24 percent in 2021, whereas the proportion of FSS group members with Subprime scores (below 601) decreased by a similar amount (see exhibit 37).⁸⁸

⁸⁶ Results presented in exhibit 36 are unadjusted means.

⁸⁷ These findings reflect national trends. See Kowalik, Liu, and Wang (2021); Stolba (2020); and Wendel (2021).

⁸⁸ A similar proportion of FSS group respondents to the FSS Long-Term Followup Survey assessed their current credit rating as “good” or “very good.” See exhibit 44.

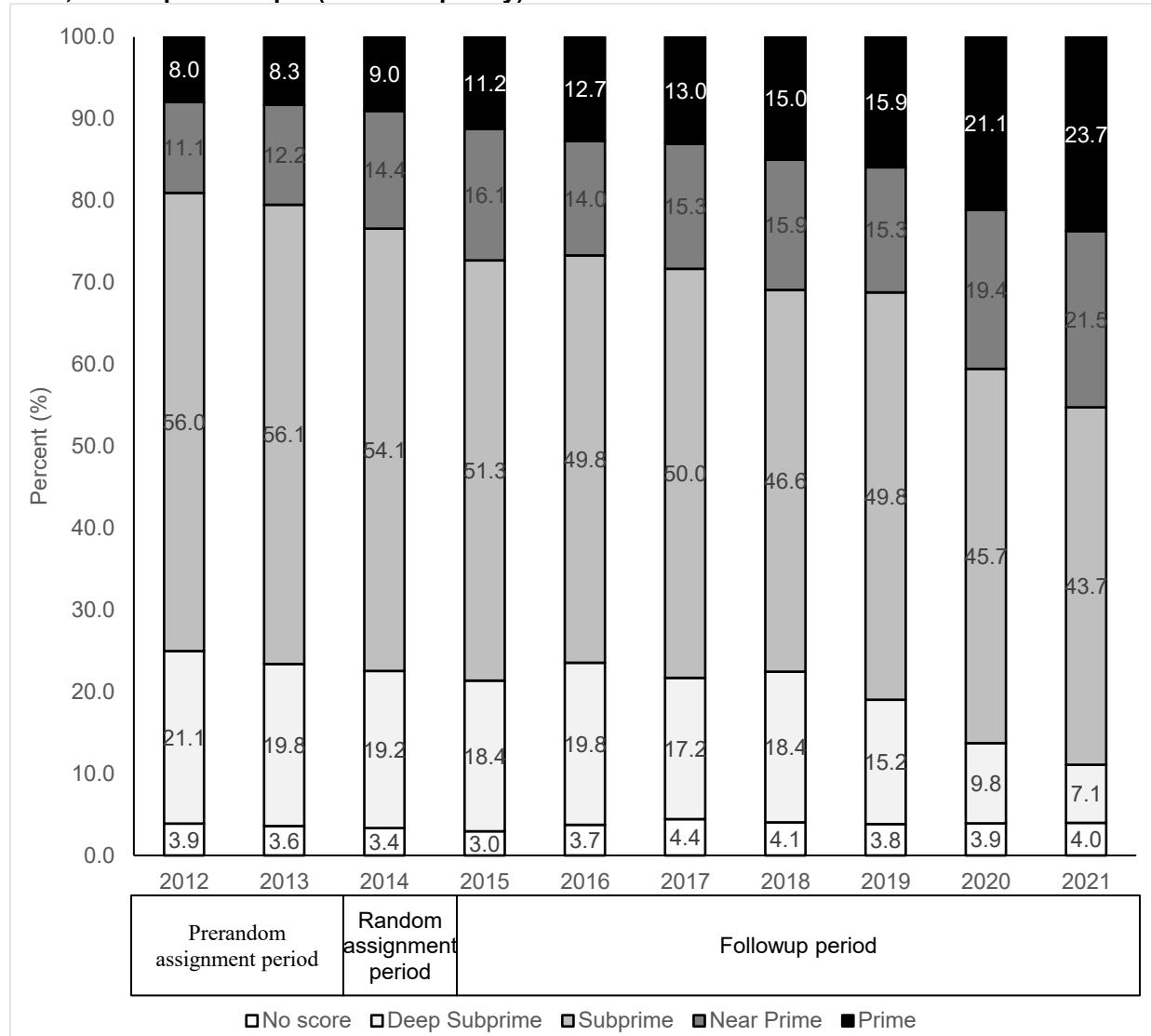
Exhibit 35. FSS Group Members' Average Experian Vantage 3.0 and Clarity Clear Early Risk Credit Scores, 2012–2021, FSS Impact Sample (FSS Group Only)



FSS = Family Self-Sufficiency.

Sources: Experian Vantage 3.0 credit scores data; Clarity Clear Early Risk scores data

Exhibit 36. Changes in FSS Group Members' Average Experian Vantage 3.0 Credit Scores, 2012–2021, FSS Impact Sample (FSS Group Only)



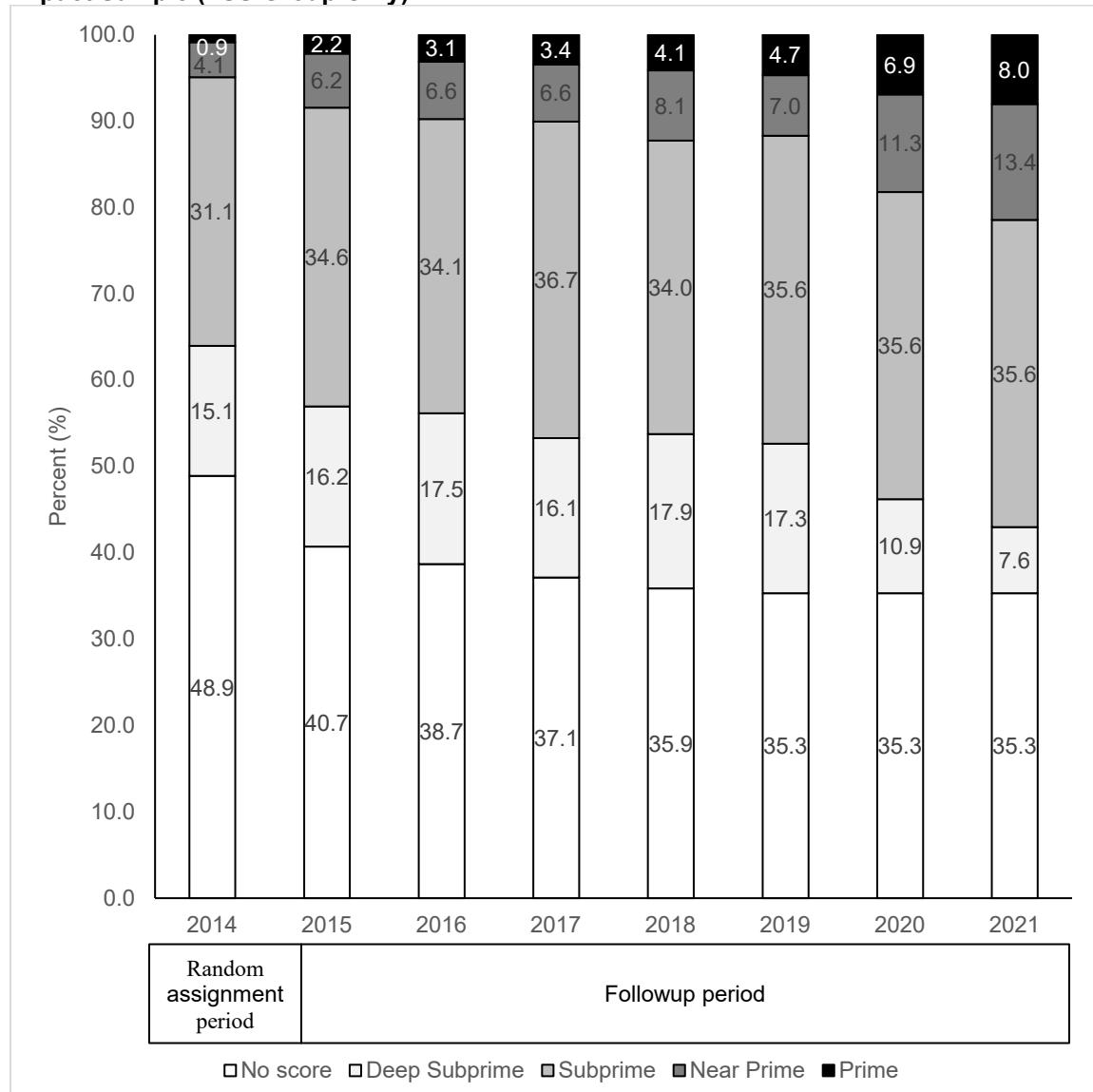
FSS = Family Self-Sufficiency.

Source: Experian Vantage 3.0 credit scores data

Trends in Clarity scores were less positive (see exhibit 36, bottom trend line, and exhibit 38). In general, customers with lower VantageScores tended to use AFS loans more often than did customers with higher scores and therefore had a higher incidence of having a Clarity score. For example, in 2019, about 85 percent of FSS group members with Deep Subprime (below 500) VantageScores had a Clarity score compared with about 30 percent of FSS group members with Prime (more than 660) VantageScores (not shown in exhibits). Nonetheless, use of AFS increased over time. As exhibit 39 shows, in 2014 (the earliest year with Clarity credit score data), nearly one-half of FSS group members had no Clarity score, implying that they were not using AFS products. In 2021, the proportion with no Clarity score was about 13 percentage

points lower, suggesting an increase in the use of AFS credit products.⁸⁹ Also, as exhibit 38 shows, at no time in the followup period did the proportion of FSS group members with Prime Clarity scores (more than 660) exceed 10 percent, an outcome related to the lesser use of AFS by FSS group members with higher VantageScores.⁹⁰

Exhibit 37. Changes in the Distribution of Clarity Clear Early Risk Credit Scores, 2014–2021, FSS Impact Sample (FSS Group Only)



FSS = Family Self-Sufficiency.

Source: Clarity Clear Early Risk scores data

⁸⁹ This pattern follows a national trend, as discussed in Clarity Experian (2020).

⁹⁰ As exhibit 36 shows, FSS group members with a Clarity score averaged a score of 575 in 2021, about 30 points below the average VantageScore for the FSS group.

Exhibit 38. Impacts on Credit Scores After 6 to 7 Years of Followup, FSS Impact Sample

Outcome	FSS Group	Control Group	Difference (Impact)	P- Value
<u>Has credit scores in 2014 (%)</u>				0.927
No scores	3.1	3.2	-0.1	
Experian Vantage 3.0 score only	45.2	47.0	-1.8	
Clarity Clear Early Risk score only	0.1	0.1	0.0	
Vantage and Clarity scores	51.6	49.7	1.9	
<u>Has credit scores in 2021 (%)</u>				0.589
No scores	3.5	4.2	-0.7	
Experian Vantage 3.0 score only	31.3	33.0	-1.7	
Clarity Clear Early Risk score only	0.5	0.2	0.2	
Vantage and Clarity scores	64.7	62.6	2.2	
Average Vantage 3.0 score	605	607	-2	0.576
<u>Vantage 3.0 score (%)</u>				0.954
No score	4.0	4.4	-0.5	
Deep Subprime	7.2	6.7	0.4	
Subprime	43.7	43.1	0.6	
Near prime	21.5	21.2	0.3	
Prime	23.7	24.6	-0.9	
Average Clarity score	574	575	-1	0.736
<u>Clarity score (%)</u>				0.643
No score	34.8	37.2	-2.4	
Deep Subprime	7.8	8.6	-0.9	
Subprime	35.7	33.0	2.7	
Near prime	13.5	12.9	0.6	
Prime	8.2	8.2	0.0	
<u>Sample size (total = 2,548)</u>	1,282	1,266		

FSS = Family Self-Sufficiency.

* Statistical significance level of 10 percent. ** Statistical significance level of 5 percent.

*** Statistical significance level of 1 percent.

Notes: The FSS impact sample includes housing choice voucher heads of household who were randomly assigned between October 18, 2013, and December 22, 2014, and were ages 18 to 61 at the time of random assignment. Sample sizes for specific outcomes may vary because of missing values. Estimates were regression-adjusted using ordinary least squares, controlling for differences in sample member characteristics recorded at the time of random assignment. No special weights were applied to adjust for differences in sample size by the housing authority. Rounding may cause slight discrepancies in calculating sums and differences. A two-tailed t-test was applied to differences between the FSS group and the control group for continuous variables and selected outcomes expressed as proportions. In addition, a chi-square test for categorical variables was run to determine whether a difference exists in the distribution of related outcomes by research group. The p-value indicates the likelihood that the difference between the FSS group and control group arose by chance.

Sources: MDRC calculations using Experian Vantage 3.0 credit scores; Clarity Clear Early Risk credit scores

On average, control group members recorded similar patterns of Vantage and Clarity credit scores as FSS group members. As exhibit 39 shows, at the end of the followup period (in 2021),

control group members averaged a VantageScore of 607 and a Clarity score of 575, nearly identical to the averages for the FSS group. Members of both research groups were equally likely to increase their scores over time and equally likely to move into the Prime score range by the end of followup.

Impacts on the Use of Traditional Financial Services and Sources of Credit

According to Vantage credit data covering traditional financial services (and summarized in exhibit 40), during the random assignment year of 2014, the typical FSS group member carried a balance of around \$9,000 in nonhousing-related debt. During the followup period, FSS group members' average debt level more than doubled, reaching an average of \$24,000 in nonhousing-related debt. As exhibits 40 and 41 show, the largest proportion of FSS group members' nonhousing-related debt was for installment debt, which includes student debt, auto loans, and store financing for furniture, appliances, or other large purchases. As appendix exhibit D.2 shows, automobile loans and student debt accounted for nearly all FSS group members' total balances for installment debt from traditional credit sources during each year of followup.⁹¹

As exhibit 41 shows, control group members also incurred increasing amounts of nonhousing-related debt during the followup period, mostly through greater levels of installment debt. In 2021, they averaged about \$550 less in debt than the FSS group, although the difference was not statistically significant. By taking on higher levels of debt, FSS group members also averaged larger monthly payments over time, reaching more than \$400 per month by June 2021, about the same average as for the control group.

Impacts on the Use of Alternative Financial Services and Sources of Credit

In this section, the analysis considers whether FSS group members used AFS credit, such as payday and auto title loans, less often than their counterparts in the control group. It would be expected that FSS group members' greater access to financial management workshops and counseling would reinforce their reluctance to take out AFS short-term, high-interest loans, which often carry substantial risks.

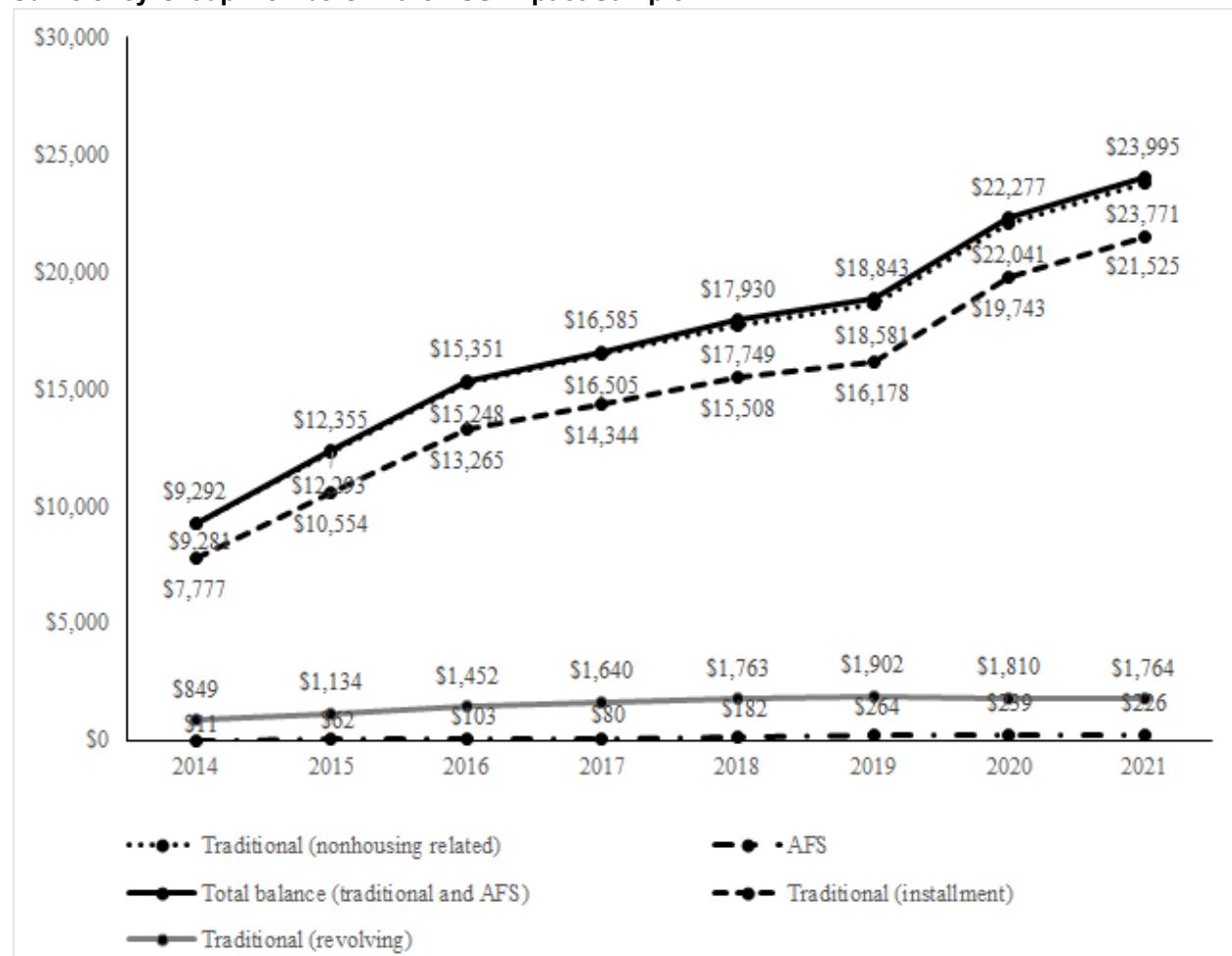
According to research by Clarity on nationwide trends in AFS use, the greater availability of online short-term installment lending—more than tripling in loan volume between 2015 and 2019—led to a sharp increase in overall AFS borrowing nationwide.⁹² AFS installment loans, including loans issued from storefront businesses, typically carry higher balances than AFS short-term, single-payment loans (such as “payday loans”) and often require repayment during an average of 7 to 12 months. Over time, the characteristics of AFS borrowers became more diverse, including more borrowers with resources to repay loans of \$2,000 or more. For example, according to Clarity, in 2019, about one-third of AFS borrowers nationwide had VantageScores in the Near Prime or Prime level (601 or higher) compared with about one-fourth 4 years earlier (Clarity Experian, 2020). As summarized in Clarity Experian (2021), in 2020, the dollar volume

⁹¹ Appendix exhibit D.2 shows that average student debt increased during the followup, which suggests that some FSS group members were self-financing their attendance at degree programs or occupational skills training.

⁹² See Clarity Experian (2020) and Clarity Experian (2021). The earlier report covers changes in lending patterns from 2015 through 2019, before the onset of the COVID-19 pandemic and economic downturn. The latter report analyzes changes in credit use during 2020, the first year of the pandemic. See table 1 on page 6 for details.

of AFS online installment loans decreased by 34 percent compared with 2019 totals, and the dollar volume of AFS online single payment loans decreased by 66 percent.

Exhibit 39. Changes in Balance Amount from 2014 to 2021, by Type of Credit, Family Self-Sufficiency Group Members in the FSS Impact Sample



AFS = alternative financial services.

Notes: Sample sizes for specific outcomes may vary because of missing values. Detailed amounts may not sum to total balances because of missing values or rounding. Mean values for 2020 were estimated from data collected for December 2019 and June 2021.

Source: MDRC calculations using Experian and Clarity credit data

Exhibit 40. Impacts on Use of Traditional and Alternative Financial Services, FSS Impact Sample

Outcome	FSS Group	Control Group	Difference (Impact)	P-Value
<u>Financial service use (%)</u>				
2014				0.402
No financial services	37.0	38.5	- 1.5	
Traditional financial services only	59.8	58.2	1.6	
Alternative financial services only	1.1	0.5	0.6 *	
Both traditional and alternative financial services	2.1	2.8	- 0.7	
2021				0.612

Outcome	FSS Group	Control Group	Difference (Impact)	P-Value
No financial services	20.5	22.0	- 1.6	
Traditional financial services only	69.4	67.7	1.7	
Alternative financial services only	1.0	0.6	0.4	
Both traditional and alternative financial services	9.1	9.7	- 0.5	
Total balance (\$)				
2014				
All financial services	9,489	9,153	336	0.601
Traditional financial services	9,478	9,140	337	0.600
Revolving credit	847	750	97	0.299
Installment credit	7,919	8,112	- 193	0.738
Alternative financial services	11	13	- 1	0.607
Single payment credit	10	9	1	0.644
			*	
Installment credit	0	1	- 1	*
Other credit	1	3	- 1	0.323
2021				
All financial services	24,018	23,491	526	0.667
Traditional financial services	23,791	23,249	543	0.656
Revolving credit	1,766	1,815	- 49	0.757
Installment credit	21,489	21,212	277	0.811
Alternative financial services	230	245	- 16	0.692
Single payment credit	6	8	- 2	0.478
Installment credit	32	41	- 9	0.401
Other credit	191	196	- 5	0.903
Total monthly payment to all financial services (\$)				
2014	211	206	5	0.645
2021	416	425	- 9	0.636
Average change in total balance between 2014 and 2021				
Change in total debt (%)				0.803
Decrease	22.6	22.0	0.6	
Little to no change	63.7	63.1	0.6	
Increase	13.8	14.9	- 1.2	
Sample size (total = 2,548)	1,282	1,266		

FSS = Family Self-Sufficiency.

* Statistical significance level of 10 percent. ** Statistical significance level of 5 percent.

*** Statistical significance level of 1 percent.

Notes: The FSS impact sample includes housing choice voucher heads of household who were randomly assigned between October 18, 2013, and December 22, 2014, and were ages 18 to 61 at the time of random assignment. Sample sizes for specific outcomes may vary because of missing values. Estimates were regression-adjusted using ordinary least squares, controlling for differences in sample member characteristics recorded at the time of random assignment. No specific weights were applied to adjust for differences in sample size by housing authority. Rounding may cause slight discrepancies in calculating sums and differences. A two-tailed t-test was applied to differences between the FSS group and control group for continuous variables and selected outcomes expressed as proportions. In addition, a chi-square test for categorical variables was run to determine whether a difference exists in the distribution of related

outcomes by research group. The p-value indicates the likelihood that the difference between the FSS group and the control group arose by chance.

Source: MDRC calculations using Experian and Clarity credit data

For this analysis, Experian made available Clarity data on AFS use in a series of annual snapshot files, covering December 2014 through June 2021. The 2014 data represent indicators of AFS use around the time of random assignment, whereas data from 2015 through 2021 contain AFS outcomes during the followup period. Clarity data categorize AFS loans according to whether they originate online or in a storefront business and also whether borrowers must repay the entire balance in a single payment or in installments over time.⁹³

As exhibit 41 shows, the incidence of AFS borrowing increased somewhat over time—from 3 percent of FSS group members in 2014 to 10 percent in 2021. Most AFS borrowers also used traditional sources of credit. Among all FSS group members, including zeros for FSS group members who did not use AFS sources of credit, total annual AFS credit increased from close to \$0 in 2014 to \$230 in 2021—to nearly \$2,300 among FSS group members who used AFS credit. During the followup years, control group members showed a nearly identical pattern of AFS use, resulting in only scattered and small impacts on measures of AFS use.

Impacts on the Use of Credit (Traditional and AFS) and Incidence of Credit Problems

Exhibits 41 and 42 summarize FSS and control group members' total use of credit from traditional and AFS sources and incidences of credit problems during the followup period. As discussed previously and in previous reports, FSS programs often provide participants with access to financial management workshops and counseling. Along with assistance on "cleaning up" problems in credit reports, FSS programs typically counsel participants to limit their debt and avoid high-risk lending products, such as those offered by AFS lenders. As exhibit 41 shows, in 2021, the last year of followup, almost no members of either research group relied solely on AFS credit, and only a modest proportion (about 10 percent) of members of each research group combined traditional and AFS credit use. In 2021, both research groups had the same incidence of use of traditional lending sources.

Exhibit 42. Impacts on Incidence of Credit Problems in 2014 and 2021, FSS Impact Sample

Outcome (%)	FSS Group	Control Group	Difference (Impact)	P-Value
<u>2014</u>				
Any credit problem	51.5	52.9	- 1.4	0.461
High debt-to-income ratio	12.8	11.4	1.4	0.281
Traditional financial services				
Total balance greater than or equal to 75 percent of total credit	38.3	37.9	0.4	0.836
Revolving credit	14.3	14.0	0.3	0.817
Installment credit	33.9	34.3	- 0.4	0.802

⁹³ Some Clarity data do not categorize AFS loans in this way. In the exhibits, these types of AFS loans are categorized as "other." "Other" AFS loans tend to have larger balances than installment and single-payment loans and probably include mostly installment loans.

Outcome (%)	FSS Group	Control Group	Difference (Impact)	P-Value
Any debt 90 days or more past scheduled repayment date	15.5	15.9	- 0.4	0.775
Revolving credit	3.0	4.3	- 1.3 *	0.094
Installment credit	17.4	18.6	- 1.2	0.421
Alternative financial services				
Incurred late payment, loan collection, or charge off	2.3	2.2	0.0	0.947
2021				
Any credit problem	62.3	60.5	1.8	0.328
High debt-to-income ratio	19.5	20.8	- 1.3	0.412
Traditional financial services				
Total balance greater than or equal to 75 percent of total credit	45.0	43.7	1.2	0.515
Revolving credit	14.6	12.0	2.6 *	0.058
Installment credit	48.5	46.3	2.2	0.223
Any debt 90 days or more past scheduled repayment date	8.3	7.9	0.4	0.742
Revolving credit	1.6	1.8	- 0.2	0.742
Installment credit	11.0	8.7	2.3 *	0.055
Alternative financial services				
Incurred late payment, loan collection, or charge off	5.3	5.6	- 0.3	0.744
Sample size (total = 2,548)	1,282	1,266		

FSS = Family Self-Sufficiency.

* Statistical significance level of 10 percent. ** Statistical significance level of 5 percent.

*** Statistical significance level of 1 percent.

Notes: The FSS impact sample includes housing choice voucher heads of household who were randomly assigned between October 18, 2013, and December 22, 2014, and were ages 18 to 61 at the time of random assignment. Sample sizes for specific outcomes may vary because of missing values. Estimates were regression-adjusted using ordinary least squares, controlling for differences in sample member characteristics recorded at the time of random assignment. No specific weights were applied to adjust for differences in sample size by housing authority. Rounding may cause slight discrepancies in calculating sums and differences. Detail could sum to more than the total percentage, because sample members could experience more than one credit problem. A two-tailed t-test was applied to differences between the FSS group and control group for continuous variables and selected outcomes expressed as proportions. The p-value indicates the likelihood that the difference between the FSS group and the control group arose by chance.

Source: MDRC calculations using Experian and Clarity credit data

As discussed previously, debt levels more than doubled for both research groups during the followup years, mainly because of increases in traditional credit use (most often, for automobile and student loans).

Increases in debt do not necessarily portend greater financial stress. Assuming greater debt, especially for education or training or for more reliable transportation, can lead to better employment and higher income. One metric used by lenders for gauging potential borrowers' relative financial health is called the "debt-to-income" (DTI) ratio, which compares a customer's total monthly loan repayments with his or her total pretax monthly income. According to online financial advice documents from the U.S. Consumer Financial Protection Bureau, Experian, and

others, lenders consider a DTI ratio of less than 36 percent as an indicator of having a good financial condition and a DTI ratio more than 43 percent as evidence of financial distress.⁹⁴ For this analysis, study participants' DTI ratio was estimated with Vantage and Clarity data on monthly loan payments and HUD IMS/PIC data on head-of-household income. As exhibit 42 shows, as members of both research groups increased their debt levels, they also incurred greater uncertainty in their financial condition over time. Not shown in exhibits, nearly one-half of the members of each research group increased their DTI ratio between 2014 (in the random assignment period) and 2021 (at the end of the followup period), whereas about one-fourth of FSS and control group members decreased their DTI ratio. Nonetheless, exhibits 42 and 43 show that relatively few members of each research group (about one in five) incurred a high and problematic level (more than 43 percent) in this measure.⁹⁵

Credit users may also demonstrate financial stress if they keep borrowing until their total balance reaches or approaches the limit of their available credit. Financial services corporations and lenders measure this potential credit problem by calculating a customer's ratio of total balance to total available credit. They often define a potential borrower as being financially at risk if he or she has a total balance that equals or exceeds 75 percent of his or her available credit.⁹⁶ Exhibit 42 shows a version of the balance-to-credit ratio for FSS and control group members, as measured with data from 2014 and 2021. As exhibit 42 shows, a relatively large proportion of members of each research group (about 40 percent) came close to "maxing out" their available credit during each of these years. Over time, the problem worsened somewhat for each group. By 2021, about 45 percent of the members of each research group had borrowed 75 percent or more of their available credit. According to credit data, the FSS program did not affect the incidence of having a credit balance close to the maximum credit limit.

A perhaps more serious type of credit problem involves late or forgone payments for outstanding debt. Exhibit 42 shows that for traditional credit sources, and especially for installment loans, study participants' financial situation improved over time. Members of both research groups reduced the incidence of having a balance they owed for 90 or more days by half. For installment credit, the reduction was slightly larger for the control group. In addition, in 2021, about 5 percent of FSS group members and 6 percent of control group members did not repay an AFS loan or delayed repayment.

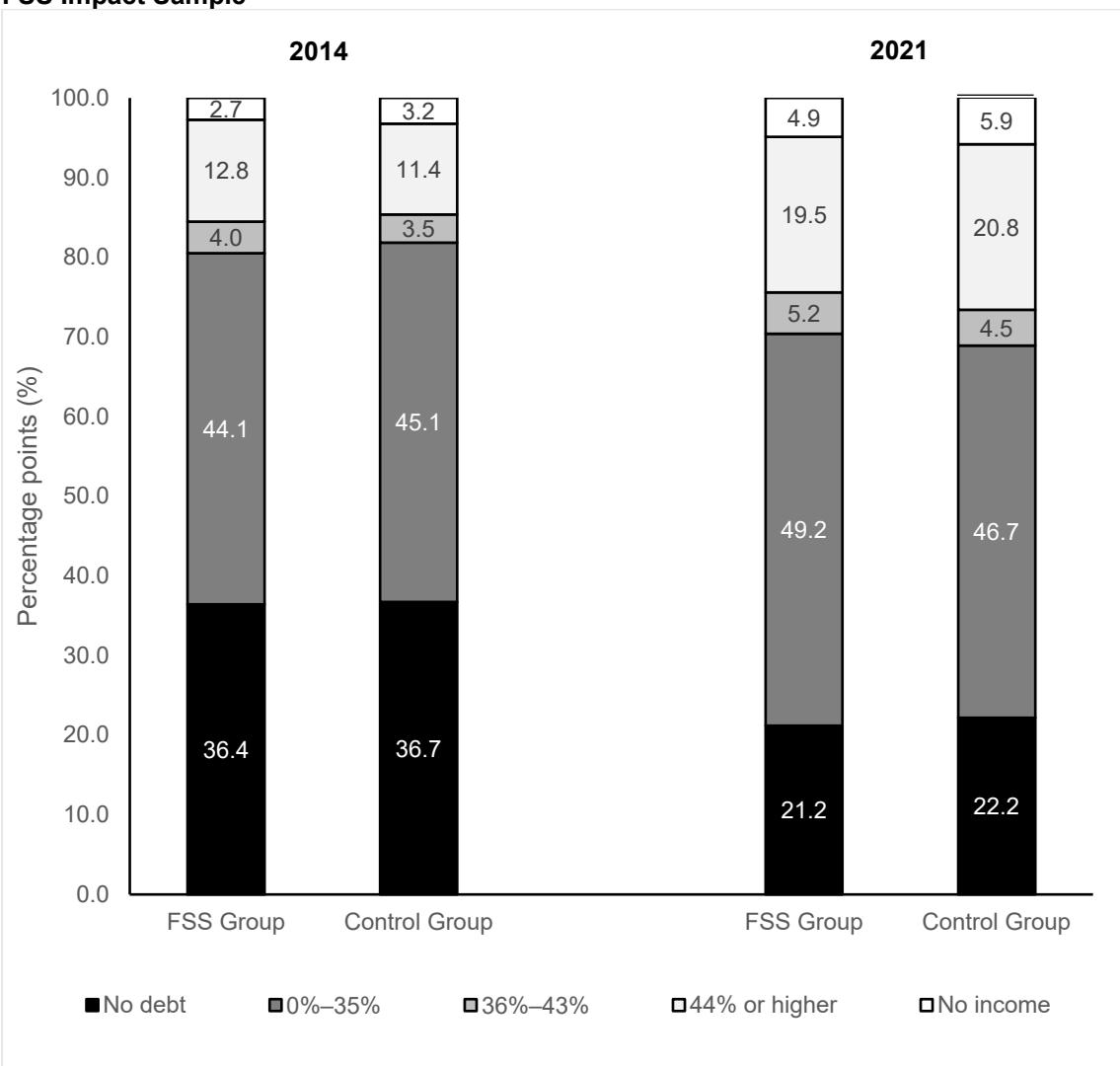
In total, about 60 percent of FSS group members experienced at least one of these types of credit problems during 2021—a similar proportion to that of the control group.

⁹⁴ See Akin (2020), Consumer Financial Protection Bureau (2019), and Folger (2021). According to these sources, lenders will typically reject a mortgage application for any applicant with a DTI more than 43 percent.

⁹⁵ As exhibit 43 shows, an additional 5 percent of FSS group members had no recorded head-of-household income in their most recent HCV eligibility reexamination, according to IMS/PIC data, making it impossible to estimate a DTI ratio. These FSS group members would also be considered to have an at-risk financial condition.

⁹⁶ Experian routinely calculates this measure for several credit sources.

Exhibit 41. Change in Debt-to-Income Ratio from 2014 to 2021, by Research Group, FSS Impact Sample



FSS = Family Self-Sufficiency.

Notes: Debt-to-income ratio is calculated as estimated monthly payment to creditors divided by estimated monthly income expressed as a percentage. Creditors often consider individuals with debt-to-income ratios of 44 percent or higher or that have no income to be ineligible for additional credit.

Sources: MDRC calculations using Experian and Clarity credit data; HUD Inventory Management System/Public and Indian Housing Information Center data

Self-Reported Debt and Credit Ratings

Respondents to the FSS Long-Term Followup Survey answered a limited number of questions about their use of credit during the previous 12 months. Their responses provide additional context about their reliance on high interest credit sources. In particular, as exhibit 44 shows, more than 40 percent of respondents in both research groups reported using “nontraditional” and high interest loans at least once during the previous 12 months, and nearly one-half of these respondents used these lending sources at least monthly. It should be noted that the “nontraditional” loans included in the survey only partly correspond to the loans included in the Clarity AFS credit data. Specifically, using a credit card or a checking account overdraft as

sources of credit is not included under AFS, but doing so also subjects the user to high interest rates and most likely to additional fees. Moreover, use of these high-interest credit sources may be seen as sign of at least temporary financial distress. It should therefore be of some concern to program administrators and policymakers that about 30 percent of each research group reported making an overdraft from their checking account at least once during the previous 12 months. As exhibit 44 shows, at the end of the followup period, the FSS program did not affect respondents' use of nontraditional credit sources.⁹⁷

Exhibit 42. Impacts on Use of Financial Services, Savings, and Debt, FSS Long-Term Followup Survey Respondent Sample

Outcome	FSS Group	Control Group	Difference (Impact)	P-Value
<u>Use of nontraditional financial services</u>				
<u>in the past 12 months (%)</u>				
Used any nontraditional financial service	44.5	42.4	2.0	0.585
Took cash advance on credit card	17.6	14.5	3.1	0.272
Bounced check or overdraw checking account	31.9	28.9	3.0	0.379
Got payday loan	14.4	16.1	-1.7	0.531
Used any nontraditional financial services at least once per month	21.1	17.1	3.9	0.187
Took cash advance on credit card	9.3	6.8	2.5	0.232
Bounced check or overdraw checking account	12.2	8.8	3.4	0.134
Got payday loan	4.4	4.1	0.3	0.859
<u>Debt</u>				
Currently has debt (%)	71.2	69.0	2.2	0.509
Change in total debt during past 12 months (%)				0.777
No debt	30.5	33.0	-2.4	
Little or no change in total debt	21.8	23.2	-1.4	
Increase in total debt	32.1	32.2	0.0	
Decrease in total debt	15.6	11.7	3.9	
<u>Self-assessed credit rating (%)</u>				
Bad or very bad	42.0	40.6	1.4	
About average	33.8	31.6	2.2	
Good or very good	24.2	27.8	-3.6	
Sample size (total = 791)	403	388		

FSS = Family Self-Sufficiency.

* Statistical significance level of 10 percent. ** Statistical significance level of 5 percent.

*** Statistical significance level of 1 percent.

Notes: The FSS Long-Term Followup Survey respondent sample includes housing choice voucher heads of household who were randomly assigned between October 18, 2013, and December 22, 2014, were

⁹⁷ The FSS 36-Month Survey also included questions about use of payday loans, cash advances from credit cards, and checking account overdrafts, along with questions on use of additional credit sources. The two surveys point to an increase over time of about 10 percentage points for both research groups in use of cash advances from credit cards, but little or no change in use of the other two credit sources. See Verma et al. (2021), exhibit 6.3 on pages 101–102.

ages 18 to 61 at the time of random assignment, and responded to the Long-Term Followup Survey. Sample sizes for specific outcomes may vary because of missing values. Estimates were regression-adjusted using ordinary least squares, controlling for differences in sample member characteristics recorded at the time of random assignment. No special weights were applied to responses to adjust for differences in sample size by the housing authority. Rounding may cause slight discrepancies in calculating sums and differences. A two-tailed t-test was applied to differences between the FSS group and the control group for continuous variables and selected outcomes expressed as proportions. In addition, a chi-square test for categorical variables was run to determine whether a difference exists in the distribution of related outcomes by research group. The p-value indicates the likelihood that the difference between the FSS group and control group arose by chance.

Source: MDRC calculations using responses to the FSS Long-Term Followup Survey

More positively, most respondents in both research groups reported that they were limiting their total debt during the previous 12 months. As exhibit 44 shows, only about one-third of respondents reported that their total debt level had increased, whereas most respondents in both research groups related that their overall debt burden had not changed much or that they presently had no debt.

Conclusions

For the full impact sample, patterns of credit use and changes over time in credit scores did not provide strong evidence of the positive effects of financial workshops and individual counseling offered by FSS programs, possibly because of the relatively short-term nature of this assistance. Nonetheless, as with the absence of impacts on employment and earnings for the full sample, the similarity between research groups on average credit score and indicators of credit use may result from a combination of positive effects for some subgroups or clusters of public housing agencies with similar program approaches and negative effects for others. Chapter 7 explores these issues. However, before analyzing possible subgroup effects on key outcomes, the report continues to examine possible effects of the FSS program for the full sample on additional measures of financial security. Chapter 6 continues this analysis.

Chapter 6. Impacts on Financial Well-Being, Housing Status, and Housing Subsidy Receipt

Chapter 6 continues the analysis of whether the Family Self-Sufficiency (FSS) program led to positive effects on a series of self-sufficiency and financial security outcomes. The analysis uses responses to the FSS Long-Term Followup Survey as the primary source for calculating financial and material well-being outcomes and estimating program impacts during the previous 12 months and at the time of the interview. Additional measures were calculated using HUD administrative data on participant housing expenditures and rent subsidies. Experian financial transactions data also include mortgages and home equity loans. The analysis will use this information to compare rates of homeownership for FSS and control group members.

The main findings from this analysis are as follows.

- According to survey data, as of the end of the followup period, the FSS program had almost no statistically significant effects on indicators of financial well-being, such as the incidence of material hardships and food insecurity. One exception was that the FSS group was more likely than the control group to have had money left over at the end of the month after paying bills.
- During the 6 years of program participation, FSS group members paid on average about 5 percent more out of pocket (family share) for rent and utilities than did control group members. For most graduates of the FSS program, disbursements from their escrow account compensated them for these additional expenses.
- Not surprisingly, at the end of the followup period, the incidence of homeownership was low—about 7 percent for the FSS group and 6 percent for the control group.

Impacts on Financial Security Outcomes

Exhibit 45 shows the incidence of FSS and control group responses on a series of measures of financial strain, material hardship, food insecurity, and health. As discussed in the previous chapters, most members of both research groups reported being in precarious financial circumstances, although relatively few reported experiencing extreme poverty. As exhibit 45 shows, only about one-half of respondents in both research groups reported being generally able to buy necessities. Moreover, according to survey responses, nearly 70 percent of members of both research groups had experienced at least one material hardship during the previous 12 months. Respondents most often cited their inability to pay the monthly rent, utilities, and telephone bills as material hardships; but nearly one-third of respondents also reported that could not afford to buy food during at least one month in the previous year. Finally, a large majority of respondents—a little more than 80 percent of FSS group members and 90 percent of control group members—reported that they did not have enough to make ends meet or do no better than break even at the end of the month.

Exhibit 43. Impacts on the Incidence of Financial Strain, Material Hardship, and Food Insecurity, FSS Long-Term Survey Respondent Sample

Outcome (%)	FSS Group	Control Group	Difference (Impact)	P-Value
Financial strain				
Can generally afford to buy necessities	50.5	50.6	-0.1	0.980
By end of the month,			**	0.020

Outcome (%)	FSS Group	Control Group	Difference (Impact)	P-Value
Usually has money left over	17.5	9.9	7.7	
Has just enough to make ends meet	46.5	52.9	- 6.3	
Has not enough to make ends meet	35.9	37.3	- 1.4	
<u>Experienced material hardship during one month or more in past 12 months</u>				
Any material hardship	68.4	68.2	0.2	0.966
Could not pay rent	36.5	37.7	- 1.3	0.723
Could not pay utilities bill	52.5	48.7	3.8	0.307
Could not pay telephone bill	35.4	39.8	- 4.4	0.216
Could not pay for food	32.6	32.0	0.6	0.854
Could not pay for prescription drugs	15.1	16.1	- 1.0	0.708
Could not pay for medical care	20.7	21.6	- 0.9	0.781
Experienced a material hardship for 4 months or more	31.8	35.6	- 3.8	
Could not pay rent	10.5	8.0	2.5	0.256
Could not pay utilities bill	17.8	17.1	0.7	0.803
Could not pay telephone bill	7.5	9.4	- 1.9	0.363
Could not pay for food	10.5	13.2	- 2.7	0.275
Could not pay for prescription drugs	4.1	5.8	- 1.7	0.294
Could not pay for medical care	5.7	7.3	- 1.6	0.402
<u>Incidence of food insecurity:</u>				
Quantity and type of food available to respondent				0.291
Has enough to eat of the kinds of food wanted	43.4	45.6	- 2.2	
Has enough to eat, but not always the kinds of food wanted	36.1	37.4	- 1.3	
Sometimes has not enough food to eat	16.6	12.7	4.0	
Often has not enough food to eat	3.9	4.4	- 0.5	
In good, very good, or excellent health	58.7	54.5	4.2	0.252
Sample size (total = 791)	403	388		

FSS = Family Self-Sufficiency.

Notes: The FSS Long-Term Followup Survey respondent sample includes housing choice voucher heads of household who were randomly assigned between October 18, 2013, and December 22, 2014, were ages 18 to 61 at the time of random assignment, and responded to the FSS Long-Term Followup Survey. Sample sizes for specific outcomes may vary because of missing values. Estimates were regression-adjusted using ordinary least squares, controlling for differences in sample member characteristics recorded at the time of random assignment. No special weights were applied to responses to adjust for differences in sample size by the housing authority. Rounding may cause slight discrepancies in calculating sums and differences. A two-tailed t-test was applied to differences between the FSS group and the control group for continuous variables and selected outcomes expressed as proportions. In addition, a chi-square test for categorical variables was run to determine whether a difference exists in the distribution of related outcomes by research group. The p-value indicates the likelihood that the difference between the FSS group and control group arose by chance.

Source: MDRC calculations using responses to the FSS Long-Term Followup Survey

The only measure for which a statistically significant difference is present between research groups is having money left over at the end of the month. As exhibit 45 shows, by about 8 percentage points, a larger proportion of FSS group respondents indicated that they usually had money left over at the end of the month. In contrast, a larger proportion of control group respondents stated that they usually broke even. This impact may reflect FSS graduates' access to escrow disbursements for paying monthly expenses.

Indications of more extreme financial insecurity would include forgoing medical care or purchasing prescription drugs for 1 month or more in the previous year; experiencing any material hardship for 4 months or more in the previous year; and sometimes or often lacking sufficient food. Among survey respondents, the most common of these threats to health and financial well-being was experiencing a material hardship for 4 months or more, a problem reported by about one-third of respondents in both groups. As exhibit 45 shows, the most common reason for experiencing an extended material hardship was inability to pay the utilities bill. From 15 to 20 percent of respondents in both research groups indicated that they forgave medical care or prescription drugs during at least 1 month, and similar proportion of respondents related that they lacked sufficient food at least some of the time. As exhibit 45 shows, FSS and control group respondents reported a similar incidence of experiencing these indicators of severe financial insecurity, signifying the program had no impact.

The FSS Long-Term Followup Survey also asked respondents to assess the current condition of their health. Between about 55 and 60 percent of respondents rated their health as good or better, which implies that a substantial minority of respondents were experiencing some sort of physical or mental health problem or both. As exhibit 45 shows, a slightly larger proportion of FSS group respondents reported being in good health or better, but the difference between research groups (of 4 percentage points) was not statistically significant.

Impacts on Homeownership

As discussed previously and in earlier reports, many FSS programs encourage participants to aim for homeownership and support prospective homeowners with financial empowerment and homeownership preparation workshops and individual counseling. Graduates from the FSS program may use the money disbursed from their escrow account to help purchase a home (or for other purposes). Nongraduates could also conceivably save enough from their earnings or other funds to make a downpayment on a house, although, as discussed in chapter 3, FSS group members who exited the program without graduating tended to have smaller increases in their income over time than did FSS group members who graduated from the program.

According to Vantage credit data, as of June 2021, 7 percent of FSS group members had taken out a mortgage (and would be assumed to own a home) compared with 6 percent of the control group (not shown). Exhibit 46 shows a similar incidence of homeownership based on survey responses. As discussed in chapter 2, the COVID-19 pandemic and associated economic downturn may have thwarted some FSS group members' aspirations to buy a home by requiring them to use all or most of their escrow disbursements to pay for basic household expenses. At the other extreme, according to survey responses, only about 5 percent of members of each research group reported that they were living in at-risk housing situations, such as doubling up with relatives or friends and not paying rent. As exhibit 46 shows, a large majority of respondents in both research groups had lived in their current residence for at least 1 year, and most respondents (about 60 percent) expressed satisfaction with their current neighborhood.

Exhibit 44. Impacts on Housing, FSS Long-Term Followup Survey Respondent Sample

Outcome	FSS Group	Control Group	Difference (Impact)	P-Value
<u>Current housing status</u>				
Housing type (%)				0.172
Owns home or apartment	7.7	6.4	1.3	
Rents home or apartment	88.1	88.5	-0.4	
Other (at risk housing)	4.2	5.1	-0.9	
Average rent paid (\$)	624	621	3	0.946
Rent (%)				0.990
Does not pay rent	19.2	19.4	-0.2	
\$1-\$299	14.2	13.8	0.4	
\$300-\$499	16.7	17.0	-0.3	
\$500-\$799	14.0	16.1	-2.1	
\$800 or higher	36.0	33.7	2.2	
<u>Moves</u>				
Moved during past 12 months (%)	14.7	16.6	-1.9	0.480
Satisfaction with current neighborhood (%)				0.102
Satisfied	58.0	61.8	-3.8	
Neither satisfied nor dissatisfied	16.6	10.9	5.7	
Dissatisfied	25.4	27.3	-1.9	
Sample size (total = 773)	394	379		

FSS = Family Self-Sufficiency.

* Statistical significance level of 10 percent. ** Statistical significance level of 5 percent.

*** Statistical significance level of 1 percent.

Notes: The FSS Long-Term Followup Survey respondent sample includes housing choice voucher heads of household who were randomly assigned between October 18, 2013, and December 22, 2014, were ages 18 to 61 at the time of random assignment, and responded to the FSS Long-Term Followup Survey. Sample sizes for specific outcomes may vary because of missing values. Estimates were regression-adjusted using ordinary least squares, controlling for differences in sample member characteristics recorded at the time of random assignment. No special weights were applied to responses to adjust for differences in sample size by the housing authority. Rounding may cause slight discrepancies in calculating sums and differences. A two-tailed t-test was applied to differences between the FSS group and the control group for continuous variables and selected outcomes expressed as proportions. In addition, a chi-square test for categorical variables was run to determine whether a difference exists in the distribution of related outcomes by research group. The p-value indicates the likelihood that the difference between the FSS group and control group arose by chance.

Source: MDRC calculations using responses to the FSS Long-Term Followup Survey

Exhibit 47 displays important summary measures of both groups' cumulative housing costs and rent subsidies during years 1 through 6 and in month 72 (at the end of year 6), calculated for the impact sample from HUD administrative data. As exhibit 47 shows, a nearly equal proportion of FSS group and control group households (nearly two-thirds) remained enrolled in the Housing Choice Voucher (HCV) program in month 72. During month 72, ongoing enrollees in the HCV program from both research groups averaged about \$560 in out-of-pocket expenses (family share) for rent and utilities and received a similar Housing Assistance Payment (HAP), a little more than \$1,000.

Exhibit 45. Impacts on Shelter Costs and Housing Subsidies, Years 1 to 6, FSS Impact Sample

Outcome	FSS Group	Control Group	Difference (Impact)	P-Value
Enrolled in HCV program in month 72 (%)	65.7	65.2	0.5	0.792
Gross rent (contract rent + utilities allowance)				
Year 1	15,122	15,016	106	0.425
Year 2	14,327	14,107	220	0.274
Year 3	13,612	13,453	159	0.531
Year 4	13,181	12,955	226	0.449
Year 5	12,733	12,681	52	0.875
Year 6	12,368	12,442	-74	0.837
Years 1–6	81,523	80,617	906	0.505
Family share				
Year 1	5,249	5,128	121	0.210
Year 2	5,303	5,105	199	0.121
Year 3	5,177	4,812	365 **	0.014
Year 4	4,876	4,624	252	0.112
Year 5	4,798	4,562	236	0.172
Year 6	4,667	4,497	170	0.353
Years 1–6	30,305	28,806	1,500 **	0.028
Housing subsidy				
Total housing subsidy (\$)				
Year 1	9,782	9,752	30	0.806
Year 2	8,956	8,889	67	0.681
Year 3	8,345	8,542	-197	0.311
Year 4	8,260	8,197	63	0.774
Year 5	7,865	8,012	-148	0.533
Year 6	7,585	7,868	-283	0.267
Years 1–6	50,951	51,318	-367	0.716
<i>If received HCV in month 72 (\$)</i>				
Average gross rent in month 72	1,596	1,609	-13	
Average family share in month 72	565	556	9	
Average housing subsidy in month 72	1,023	1,040	-17	
Sample size (total = 2,548)	1,281	1,267		

FSS = Family Self-Sufficiency. HCV = Housing Choice Voucher.

* Statistical significance level of 10 percent. ** Statistical significance level of 5 percent.

*** Statistical significance level of 1 percent.

Notes: The FSS impact sample includes HCV heads of household who were randomly assigned between October 18, 2013, and December 22, 2014, and were ages 18 to 61 at the time of random assignment. Rent and subsidy calculations used data from each household's HCV annual and interim eligibility reexaminations. Recorded amounts were copied to successive months until a new eligibility reexamination took place, or the household left housing assistance. Cumulative totals for former HCV households cover their months of eligibility following random assignment. Estimates were regression-adjusted using ordinary least squares, controlling for differences in sample member characteristics recorded at the time of random assignment. For each dollar amount outcome, values more than the 99th percentile were considered as outliers and dropped from the calculations. As a result of this procedure,

adjusted mean values for total family share and subsidies detail do not sum to total rent plus utility allowance. A two-tailed t-test was applied to differences between the FSS group and the control group for continuous variables and selected outcomes expressed as proportions. In addition, a chi-square test for categorical variables was run to determine whether a difference exists in the distribution of related outcomes by research group. The p-value indicates the likelihood that the difference between the FSS group and control group arose by chance. Results displayed in *italics* are nonexperimental. No tests of statistical significance were performed on differences between research groups in means or proportions. Sample sizes for specific outcomes may vary because of missing values. Rounding may cause slight discrepancies in calculating sums and differences.

Source: HUD Inventory Management System/Public and Indian Housing Information Center data

For 6 years, the difference between the research groups in total out-of-pocket (family share) housing expenses was more pronounced, with FSS group members averaging \$1,500 (or 5 percent) above the control group total, a statistically significant difference. This impact, however, overstates the effect of FSS on housing expenses for the portion of the FSS group who graduated and received an FSS escrow disbursement. According to HUD data, for 6 years, the FSS program led to a small decrease in housing subsidies (\$367) below the control group level that was not statistically significant.

Conclusions

The accumulated evidence from multiple sources strongly suggests that the FSS program increased service use above the level for the control group, but did not lead to long-term increases in employment, earnings, credit scores, and most indicators of financial well-being for the full impact sample. The next chapter will now consider whether the absence of positive effects for the full impact sample results from variation in effects, both positive and negative, by subgroup.

Chapter 7. Variation in Program Impacts

Findings on program impacts for the entire impact sample, presented in chapters 4 to 6, may mask positive or negative effects for certain groups that may have had different exposure to the Family Self-Sufficiency (FSS) program or may have responded differently to FSS services and financial incentives. Chapter 7 first examines the FSS program’s long-term impacts for subgroups, defined by characteristics of study participants, recorded at baseline. Next, the chapter considers whether programs with similar program implementation orientations and practices led to more positive (or negative) effects on earnings, credit scores, housing subsidies, and indicators of financial security compared with other programs. These analyses draw on housing agency program records, quarterly wage data from the National Directory of New Hires (NDNH), HUD data, and data on credit scores and credit outcomes from Experian.

The impact analyses presented in this chapter utilize different methods for estimating whether the effects of the FSS program vary by subgroup. The first strategy involves running ordinary least squares regression separately for each subgroup. As in chapters 4 through 6, for each subgroup, the analysis considers whether differences in average outcomes between the FSS group and the control group are statistically significant at the 10-percent level or less. In addition, the exhibits in chapter 7 and appendix E present the results of an H-statistic, which show the likelihood that the observed variation in program effects among related subgroups is statistically significant and did not occur by chance.

The chapter will also summarize the results of a descriptive (nonexperimental) analysis that can help answer the questions, “Who likely benefited from enrolling in the FSS program?” “Who likely did not benefit?” This analysis compares average employment levels, total earnings, and average credit scores for FSS group members who experienced similar changes over time with their eligibility status in the FSS program. For example, the analysis assumes that graduates of the FSS program likely benefited from their access to program services and financial incentives. The analysis then explores whether graduates earned more on average during the followup than FSS group members who exited from the program without graduating—an “outcome group” assumed not to have benefited. The analysis also considers whether differences in average outcomes between FSS graduates and other “outcome groups” varied according to how much graduates received in escrow disbursements; also, whether those who exited without graduating remained in the Housing Choice Voucher (HCV) program and whether they had accrued escrow dollars, which they subsequently forfeited when exiting FSS. Finally, the analysis considers whether experiencing a positive outcome—in this instance, attaining a post-secondary degree or occupational skills credential prior to exiting FSS without graduating—was associated with other positive outcomes. For each of these descriptive analyses, average outcomes for the entire control group serve as a benchmark for assessing whether a particular outcome group earned more or received a higher credit score or better credit outcome than expected.⁹⁸

Finally, the evaluation also explored an estimation method called “causal forests,” which adds precision to subgroup estimates of program effects through use of machine learning procedures;

⁹⁸ These comparisons are nonexperimental because FSS group members in different outcome groups and members of the control group may differ in observed and unobserved characteristics that could affect their employment, earnings, credit scores, or credit use after random assignment.

multiple comparisons of differences in outcomes between FSS and control group members with similar characteristics; and simultaneously controlling for possible joint effects of having two baseline characteristics or more in common. The results from this exploratory analysis are summarized in appendix E, exhibit E.15, and accompanying text.

For subgroups defined by individual baseline characteristics, the main findings are—

- With one exception, isolated differences in impacts are observed by subgroup on measures of employment and earnings and financial well-being, but no consistent pattern of variation is present to suggest that the program is more effective for selected subgroups.
- The most consistent pattern of positive effects on employment and earnings outcomes and for credit-related outcomes was recorded for FSS group members with a 2-year college degree or higher at random assignment.

For FSS program clusters with similar implementation features, the main findings are—

- With one exception, isolated differences in impacts are observed when study participants are grouped into "site clusters" on the basis of similar implementation features for FSS programs, but no consistent pattern of variation is present.
- FSS programs with the strongest emphasis on financial services and goal attainment did not lead to consistently better outcomes for FSS group members compared with the control group on outcomes based on credit scores or use of credit.
- During 6 years of followup, FSS programs with a strong emphasis on monitoring and engagement averaged earnings decreases relative to the control group of nearly \$17,500 (or 19 percent) per study participant. Control group members in these sites appear to have experienced greater employment stability and higher earnings per quarter of employment compared with FSS group members.

Program Impacts by Subgroups: Who Benefits in the Last Years of Followup?

The FSS program offers three potential financial benefits to participants compared with what they would likely realize on their own initiative: (1) Greater access to employment preparation services and education and training, which could lead to gains in employment, employment stability, and earnings; (2) Greater access to financial management workshops and counseling, which could lead to increased savings, lower debt, and increased ability to weather financial shocks; and (3) An escrow account, which could lead to the receipt of a one-time disbursement worth thousands of dollars at graduation (and possibly employment and earnings gains in the years before FSS graduation).⁹⁹ As discussed in previous reports, FSS group members tend to engage in FSS services during the first 2 years of followup; they then either settle into ongoing employment as their primary means of pursuing their FSS goals or they exit the program.

During the early years of followup, FSS group members' use of services, particularly long-term education and training, could carry opportunity costs (for example, from cutting back on employment to attend postsecondary education or occupational skills training) or actual costs

⁹⁹ Note that for a family to qualify for an interim disbursement from escrow prior to graduation, the need for some of the escrow funds must be for purposes consistent with the family's goals.

from self-financing participation in these activities through student loans or other means. These patterns of service use and employment raise the possibility that FSS program effects would change from negative or near zero to positive during the months leading up to graduation, when FSS group members would most likely be employed, and continue through the time when FSS graduates receive and begin to use their escrow disbursement. Furthermore, it would be reasonable to expect that subgroups, such as FSS group members with a 2-year college degree or higher at random assignment, with the greatest likelihood of graduating and receiving an escrow disbursement, would also have the best chance of experiencing other positive effects by the end of the followup period. These financial gains could come from better employment and earnings outcomes compared with the control group, from better credit-related outcomes, or from the net value of the escrow disbursement. For these reasons, the analysis will explore variation among subgroups in impacts during year 6 or in the last month of followup and variation in effects on cumulative outcomes, such as total earnings during the 6 years.

Subgroups Based on Participant Baseline Characteristics

Exhibit 48 shows FSS program impacts on selected outcomes for subgroups based on their characteristics around the time of study enrollment—employment status, educational attainment, estimated annual household income, receipt of SSI or SSDI benefits, and reported barriers to employment. Appendix exhibits E.1 through E.4 display more detailed results for these subgroups and for additional subgroups based on study participants' out-of-pocket rent and utilities expenses during the month of random assignment. For this analysis, the most disadvantaged subgroups include those who are not employed at study entry, have no educational degree or credential, have no annual household income or income up to \$10,000, reported one or more barriers to employment, or are receiving SSI or SSDI benefits. The moderately disadvantaged subgroups include those who are employed part time, have a high school diploma or equivalent or some college, or have an annual household income of \$10,001 to \$20,000. The least disadvantaged subgroups include those who are employed full time, have a 2-year college degree or higher, or have an annual household income of more than \$20,000. The remaining subgroups may be considered "mixed," meaning that they include study participants with a broad range of characteristics that could affect their future employment or earnings, credit scores, or credit use (for example, "not receiving SSI/SSDI" and "not having a barrier to employment"). Of importance to the FSS evaluation is examining whether the FSS program's combination of services and financial incentives leads to increases above the control group more consistently among subgroups with greater disadvantages in the labor market or subgroups with fewer disadvantages.¹⁰⁰

¹⁰⁰ The measure, "percentage of rent and utilities paid out of pocket" in exhibits E.1 to E.4, is related to the amount of household income. For example, households with higher income would likely receive a small rent subsidy after paying their mandatory Total Tenant Payment for rent and utilities. They may also pay additional (unsubsidized) rent if their total monthly rent exceeds the public housing agencies' maximum "fair-market rent" level. Accordingly, study participants who paid up to 25 percent of their housing expenses out of pocket at baseline could be included among the more disadvantaged subgroups; study participant paying between 25.01 and 50.00 percent of their housing expenses out of pocket could be included among the moderately disadvantaged subgroups; and study

Employment and Earnings

For employment and earnings measures from NDNH data, mean values for FSS and control group members varied substantially by subgroup. However, the FSS program led to only small and not statistically significant differences (or impacts) on these measures when average values for each research group are compared. For example, in years 1 through 6 the average quarterly employment rate for control group members who reported working full-time hours at baseline was 82 percent—nearly twice the rate for control group members with no reported employment at baseline (see exhibit E.1). During the 6 years, FSS and control group members recorded nearly identical average quarterly employment rates for all employment subgroups. Similarly, control group members with full-time employment at baseline averaged about \$150,000 in total earnings during the 6 years, nearly three times the average for control group members with no employment at baseline. Moreover, the proportion of control group members in the full-time employment subgroup who averaged more than \$25,000 per year in earnings (51 percent) was 5 times larger than the proportion for control group members with no employment at baseline. For these measures, averages for FSS group members of each employment subgroup are similar to control group averages, and differences between the research groups are not statistically significant. These patterns of impacts are repeated for the other subgroups.

For the most part, results for year 6 show similar patterns of average values for the employment subgroup members and little or no difference in averages by research group. The exception to these patterns is for study participants who entered the evaluation with a 2-year college degree or higher. As discussed in chapter 3, FSS group members in this subgroup averaged the highest graduation rate and received the highest average disbursement amount. FSS group members with a postsecondary degree showed greater employment stability in year 6 compared with the control group, including a statistically significant 7 percentage point gain in average quarterly employment and an increase of 9 percentage points above the control group level in the likelihood of employment during all 4 quarters.

participants who paid more than 50 percent of their household expenses out of pocket could be included among the least disadvantaged subgroups. See exhibit E.1. The validity of this coding strategy may be seen by comparing control group means by subgroup for measures of employment and earnings after random assignment. Similarly, it was assumed that, on average, households that receive higher income would receive smaller subsidies and therefore pay a larger proportion of their income for housing and utilities compared with households that receive lower income. However, as exhibit E.1 shows, the measure appears not to distinguish between more- or less-disadvantaged subgroups.

Exhibit 46. Impacts on Selected Outcomes by Selected Baseline Characteristics, FSS Impact Sample

Outcome	<u>Average Quarterly Employment</u>		<u>Total Earnings in Year 6 (\$)</u>		<u>Average Experian Vantage</u>		<u>Total Housing Subsidy (HAP) in Years 1 to 6 (\$)</u>		
	Control Group	Difference (Impact)	Control Group	Difference (Impact)	Control Group	Difference (Impact)	3.0 Credit Score in 2021	in Years 1 to 6 (\$)	
Employment status									
Not employed	47.1	0.3	11,793	-76	596	-4	57,709	-231	
Employed part-time	72.6	-0.6	19,582	-951	608	8	54,250	-1,598	
Employed full-time	77.8	-0.7	27,167	-59	619	-2	39,311	1,342	
Educational attainment							††		
No degree or credential	56.3	-0.8	13,346	230	605	-13	*	56,691	-2,120
High school degree or GED	60.2	0.0	16,272	238	603	-1	49,735	-365	
Some college	66.5	-2.9	20,140	-1,668	604	-4	51,355	-1,108	
2-year college degree or higher	65.6	6.8 *	23,016	2,225	620	19 **	48,682	199	
Total household income									
\$1-\$10,000	53.2	0.7	13,363	-61	596	-8	58,112	-416	
\$10,001-\$20,000	56.7	2.8	14,216	903	616	-7	54,477	-1,977	
More than \$20,000	72.4	-1.1	24,275	-413	624	3	42,525	307	
Reported barrier to employment								†	
Yes	51.8	-1.8	13,563	-983	606	-7	52,089	1,274	
No	70.9	0.6	21,880	168	609	1	51,128	-2,221 *	
Disability status									
Received SSI/SSDI	40.3	-5.2	9,097	-914	594	9	49,051	-1,249	
Did not receive SSI/SSDI	66.8	0.3	20,129	-443	609	-4	51,490	181	
Sample size (total = 2,548)									

GED = general educational development. HAP = housing assistance payment. SSDI = Social Security Disability Insurance. SSI = Supplemental Security Income.

* Statistical significance level of 10 percent. ** Statistical significance level of 5 percent. *** Statistical significance level of 1 percent.

† Statistical significance level of 10 percent. †† Statistical significance level of 5 percent. ††† Statistical significance level of 1 percent.

Notes: The FSS impact sample includes housing choice voucher heads of household who were randomly assigned between October 18, 2013, and December 22, 2014, and were ages 18 to 61 at the time of random assignment. Average quarterly employment rate is calculated as total quarters with employment divided by total quarters of followup, expressed as a percentage. Estimates were regression-adjusted using ordinary

least squares, controlling for differences in sample member characteristics recorded at the time of random assignment. Rounding may cause slight discrepancies in calculating sums and differences. A two-tailed t-test was applied to differences between research groups. The p-value indicates the likelihood that the difference between the FSS group and control group arose by chance. The H-statistic test was used to test for statistically significant differences in impact estimates across different subgroups.

Sources: MDRC calculations using baseline data; quarterly wage data from the National Directory of New Hires; Experian credit data; HUD Inventory Management System/Public and Indian Housing Information Center data

Credit Scores and Use of Credit

Exhibit 48 and exhibit E.2 summarize the variation by subgroup in the FSS program's effects on credit scores. Once again, FSS group members with a 2-year college degree or higher experienced the most consistently positive effects. In 2021, at the end of the followup period, FSS group members with a postsecondary degree averaged a higher VantageScore than the control group by 19 points (about 3 percent) and a higher average improvement in their credit scores since random assignment compared with the control group—a difference of 20 points. In 2021, FSS group members in the graduate subgroup also had the largest proportion of FSS group members with Prime VantageScores (of 661 or higher), 39 percent, which exceeded the control group mean by about 12 percentage points. In contrast, among study participants without an educational credential at random assignment, FSS group members averaged lower VantageScores than their counterparts in the control group and had a smaller proportion of group members with Prime scores (of 661 or higher).

Exhibit E.2 also shows some scattered negative effects on credit scores. One noteworthy finding concerns members of the highest income subgroup at random assignment. By a margin of 8 percentage points, a smaller proportion of FSS group members had only a VantageScore, an indirect indicator of forgoing use of high-interest alternative financial services (AFS). Subgroups differed considerably in average total debt from traditional and AFS lenders that study participants were carrying at the end of followup. As exhibit E.3 shows, within each research group, variation in debt levels was especially large among the educational attainment subgroups, a difference of more than \$40,000 between study participants with no educational credentials and study participants with a 2-year college degree or higher. More generally, members of less disadvantaged subgroups tended to accumulate higher levels of debt than study participants with lower incomes or greater barriers to employment. For some subgroups, the FSS-control group difference in average total debt appears to be relatively large. For example, among recipients of SSI or SSDI benefits and also among study participants with a 2-year degree or higher, FSS group members averaged more than \$4,000 in total debt above the control group average. These differences between research groups in average debt levels are not statistically significant. Nevertheless, other results for the 2-year degree or higher subgroup show the effects of incurring more debt over time. As appendix exhibit E.3 shows, nearly 80 percent of FSS group members in this subgroup recorded higher total debt in 2021 than in 2014, more than 10 percentage points higher than the control group average. FSS group members with a 2-year degree or higher also averaged higher monthly payments compared with control group members, although the difference of \$90 was just more than the 10 percent level of statistical significance (p -value = .102).

Next, the analysis considers whether the incidence of credit problems varied by subgroup and, more importantly, whether for certain subgroups the FSS program reduced the likelihood of incurring a credit problem below the level for the control group. As discussed in chapter 5, having higher debt levels does not necessarily lead to a greater incidence of credit problems. For the FSS impact sample, however, this appears to be the case. For example, in 2021, control group members with full-time employment at random assignment averaged nearly one and one-half times the amount of debt of control group members with no employment (\$28,300 compared with \$19,600; see exhibit E.3). In addition, about two-thirds of control group members with full-time employment at random assignment incurred at least one credit problem, nearly 10 percentage points higher than control group members without employment. Among control

group members, every subgroup except one (no degree or educational credential) had a majority of members with at least one recorded credit problem in 2021.

In 2021, for nearly one-half of the subgroups included in exhibit E.3, FSS group members had a somewhat higher incidence of experiencing a credit problem, but none of these differences with the control group is statistically significant.¹⁰¹ As exhibit E.3 shows, some variation in program effects on credit problems did occur, although the pattern is inconsistent. Specifically, FSS group members in three subgroups, all related to having a low household income at random assignment, were less likely than their counterparts in the control group to have a high debt-to-income ratio, a barrier to obtaining additional credit. In contrast, for another relatively disadvantaged subgroup, whose members reported at baseline having at least one barrier to employment, FSS group members had a higher incidence of nearly reaching their limit to available credit.

Variation in Housing Outcomes

Exhibits 48 and E.4 display research group means and differences (impacts) for rent and housing subsidy outcomes for subgroups defined with baseline data. Several outcomes presented in the table are nonexperimental because they exclude FSS and control group members who exited the HCV program before the end of year 6. Among control group members, enrollment levels in HCV (experimental comparison) show a fair amount of variation, ranging from 50 percent (for control group members who paid more than one-half of their housing expenses out of pocket) to about 70 percent (for multiple subgroups). Among most subgroups, a similar proportion of FSS group members continued their enrollment in the HCV program, and the differences are not statistically significant.

The analysis of impacts on housing-related outcomes also compares the total dollars that FSS and control group members paid out of pocket for rent and utilities (family share) while enrolled in the HCV program, as well as the total amount of housing subsidies (Housing Assistance Payments [HAP]) they received. These comparisons are experimental in that study participants receive zeroes for months when they are no longer enrolled in the HCV program.

As exhibit E.4 shows, during the 6 years of followup, FSS group members in most subgroups averaged higher total housing expenses that they paid out of pocket compared with the control group. The difference was statistically significant for three subgroups (FSS group members with a 2-year degree or higher at random assignment, FSS group members who did not receive SSI or SSDI disability benefits, and FSS group members in households designated as having a higher rent burden at the time of random assignment) and just more than the 10-percent level of statistical significance (having p-values between 0.101 and 0.150) for four others. For most subgroups, FSS group members also averaged less in total housing subsidies compared with the control group, although the difference was statistically significant for only one subgroup (study participants who reported having no barrier to employment at baseline). These totals for housing

¹⁰¹ For study participants without employment at random assignment, the difference between research groups of nearly 5 percentage point has a p-value of .109.

costs and subsidies do not include escrow disbursements for FSS graduates. These payments to graduates counteract previous reductions in housing subsidies from higher earnings over time.¹⁰²

Subgroups Based on Program Implementation Features

This section analyzes whether the impacts of FSS on employment, earnings, and other outcomes varied by implementation features adopted by different housing agencies. As discussed in the previous report, results of statistical tests for the 5-year employment and earnings outcomes using quarterly wage data from NDNH showed that some public housing agencies (PHAs) have positive impacts on employment and earnings, some PHAs have effects close to zero, and some PHAs have negative impacts.¹⁰³

Next, the analysis considers whether PHAs with similar implementation orientation and practices have impacts of a similar magnitude and direction.¹⁰⁴ Housing agencies may vary in impacts for reasons unrelated to differences in program implementation. For example, variation in impacts by PHA could result from differences in the characteristics of the research samples—as when certain PHAs have an unusually large proportion of subgroups who experienced positive or negative impacts on crucial outcomes, PHAs may also vary in impacts because of differences in local labor or housing markets that may affect employment opportunities or employment choices for FSS and control group members in unique ways. Grouping together PHAs on the basis of their implementation features, however, helps alleviate this measurement issue by combining participants from different regions of the United States; from small-, medium-, and large-sized cities and from suburban areas; and from high-growth and low-growth labor and housing markets.

Exhibit 47. Program Clusters: Data and Definitions

Site Cluster Measure	Source Data	Component Measures per PHA
Program Emphasis and Orientation		
Emphasis on job search and postemployment services	ITSPs	Proportion of initial ITSPs that listed participation in job search, self-employment preparation, or postemployment services as a goal or service.
Emphasis on education and training	ITSPs	Proportion of initial ITSPs that listed participation in education or training as a goal or service.
Emphasis on financial services	ITSPs	Proportion of initial ITSPs that listed participation in financial counseling or workshops as a goal or service.

¹⁰² See chapter 8 for further discussion.

¹⁰³ See Freedman et al. (2023) and Bloom et al. (2017). Results from additional tests using conditional impacts and with additional covariates that record the interaction between subgroup characteristics and membership in the FSS group suggest that variations in impacts by PHA are only partly explained by variations in the baseline characteristics of each PHA. An additional (informal) test involving the creation of site clusters of PHAs suggested that impacts could be positive for one or more subgroups in one cluster of PHAs and negative in another.

¹⁰⁴ See exhibit 49 for a description of the program clusters examined in this chapter.

Site Cluster Measure	Source Data	Component Measures per PHA
Emphasis on monitoring and engagement	Interviews with FSS administrators and case managers, ITSPs, additional PHA documents	<ol style="list-style-type: none"> 1. Average FSS caseload size. 2. Expected number of communications with an FSS case manager per year. 3. Proportion of ITSPs that included at least one goal to be completed in year 1.

FSS = Family Self-Sufficiency. ITSP = Individual Training and Services Plan. PHA = public housing agency.

Program Clusters Based on Program Focus

PHAs could vary in impacts because of differences in how FSS administrators and case managers work with participants to set their individual goals and training plans and whether these individual self-sufficiency roadmaps emphasize work, education and training, or provision of financial services. For this analysis, the FSS programs are grouped into site clusters based on information recorded by case managers in FSS group members' Individual Training and Services Plans soon after random assignment (for most, recorded the same day as or shortly after enrollment), interviews with FSS program administrators and case managers, and documents collected on site. Exhibits 50 and E.5 through E.8 display the impacts on employment, earnings, and other outcomes for site clusters on the basis of the relative emphasis of each FSS program's on (1) job search and postemployment services focus, (2) education and training focus, and (3) financial services focus.

Exhibits 50 and E.5 show the impacts of having a low, medium, or high emphasis on each type of program service.¹⁰⁵ For each test, the FSS program's impacts were estimated on average quarterly employment and average total earnings during the 6 years and also in year 6, as measured with NDNH quarterly wage data. These exhibits show few and scattered effects.

Exhibits 50, E.6, and E.7 continue the analysis of the variation of FSS program effects by service approach—this time on outcomes related to credit scores, credit use, and credit problems. Of particular interest are the results for PHAs with the strongest emphasis on providing financial services and attaining financial goals, as these interventions would, at least in theory, be expected to improve credit-related outcomes. Nonetheless, the results show only a modest association between program approach and the incidence of positive effects on credit-related outcomes.

For example, FSS programs with the strongest emphasis on financial services and goal attainment did not increase average credit scores above the control group level and did not affect total debt or the amount of increase in debt levels over time. Yet, effects of emphasizing financial management counseling and training show up indirectly, in the form of negative impacts on average VantageScores and in the proportion of study participants with Prime-level VantageScores among PHAs with the least emphasis.

¹⁰⁵ Results for the “medium” clusters of PHAs may be the most difficult to interpret because PHAs could have a “medium” level of emphasis for different reasons—for example, because they target services to certain subgroups or because they give participants more leeway to define their goals and choose their services.

Exhibit 48. Impacts on Selected Outcomes by Program Approach, FSS Impact Sample

Outcome	Average Quarterly Employment		Total Earnings in Year 6 (\$)		Average Experian Vantage 3.0 Credit Score in 2021		Total Housing Subsidy (HAP) in Years 1 to 6 (\$)	
	Control Group	Difference (Impact)	Control Group	Difference (Impact)	Control Group	Difference (Impact)	Control Group	Difference (Impact)
	Rate in Year 6 (%)		Year 6 (\$)					
Emphasis on job search and post-employment services								
Low	62.5	1.9	17,333	484	591	4	42,141	-361
Medium	60.4	2.1	18,013	-16	619	-4	62,800	-2,422
High	64.5	-2.7	19,366	-1,157	608	-4	48,545	1,775
Emphasis on education and training								
Low	62.2	1.8	17,973	552	604	-2	45,550	-1,213
Medium	64.7	-1.6	19,487	-1,321	598	0	47,562	1,147
High	59.9	0.6	17,265	225	629	-7	65,515	-2,505
Emphasis on financial services								
Low	60.9	0.4	16,702	-375	600	-15 **	35,496	220
Medium	63.7	-1.5	20,089	-1,337	605	3	57,313	-29
High	63.0	0.6	18,057	303	612	-1	53,641	-1,296
Emphasis on monitoring and engagement								
Low	59.2	0.5	17,176	271	619	-5	55,416	245
Medium	64.3	1.8	17,920	1,009	597	1	42,351	-1,031
High	66.2	-4.9	22,092	-4,490 ***	606	0	61,863	2,900

Sample size (total = 2,548)

HAP = Housing Assistance Payment.

* Statistical significance level of 10 percent. ** Statistical significance level of 5 percent. *** Statistical significance level of 1 percent.

† Statistical significance level of 10 percent. †† Statistical significance level of 5 percent. ††† Statistical significance level of 1 percent.

Notes: The FSS impact sample includes housing choice voucher heads of household who were randomly assigned between October 18, 2013, and December 22, 2014, and were ages 18 to 61 at the time of random assignment. Average quarterly employment rate is calculated as: total quarters with employment divided by total quarters of followup, expressed as a percentage. Estimates were regression-adjusted using ordinary least squares, controlling for differences in sample member characteristics recorded at the time of random assignment. Rounding may cause slight discrepancies in calculating sums and differences. A two-tailed t-test was applied to differences between research groups. The p-value indicates the likelihood that the difference between the FSS group and control group arose by chance. The H-statistic test was used to test for statistically significant differences in impact estimates across different subgroups.

Sources: MDRC calculations using baseline data; data collected from Individual Training and Services Plan forms; information provided by FSS administrators and case managers; quarterly wage data from the National Directory of New Hires; Experian credit data; HUD Inventory Management System/Public and Indian Housing Information Center data

Variation in program approach appears to be only marginally related to differences by research group in housing-related outcomes. During the 6 years of followup, in three clusters of PHAs (FSS programs with low emphasis on education and training, medium emphasis on job search and post-employment services, and high emphasis on financial services), the FSS group average exceeded by a statistically significant amount the average for the control group in total housing costs paid out of pocket, and no statistically significant differences were found for total housing subsidies. Finally, a larger proportion of FSS group members in programs with a high emphasis on education and training had left HCV assistance by the end of year 6 than their counterparts in the control group.

Program Clusters Based on Site Monitoring and Engagement Practices

Another test of variation in program implementation features, also presented in Verma et al. (2019, 2021) and Freedman et al. (2023), concerns the measure of how strongly administrators and case managers in PHAs emphasize monitoring and engagement with FSS group members. As discussed in previous chapters, the data used to group PHAs into low-emphasis, medium-emphasis, and high-emphasis site clusters are based on the housing agencies' FSS program implementation features and practices at study launch—caseload sizes, expectations about the frequency of contacts, and focus on establishing short-term goals. Sites classified as having a high or strong emphasis on monitoring and engagement have smaller caseload sizes, expect FSS group members and case managers to have more frequent contacts, and focus on establishing short-term goals. As discussed in previous reports, PHAs that ranked high on this measure tended to have relatively high participation rates for the FSS group, although differences in participation with the control group were not especially large. Moreover, as discussed previously (see exhibit 26), housing agencies with stronger emphasis on monitoring and engagement—especially those with relatively small caseload sizes—tended to have higher graduation rates with high escrow disbursements by the end of followup compared with other housing agencies. However, some previous studies that analyzed links between program implementation practices and impacts on employment and earnings found that programs that ranked high on the studies' version of a monitoring and engagement indicator did not lead to statistically significant increases in employment and earnings (Bloom, Hill, and Riccio, 2001: 40–42).

Exhibits 50 and E.5 show impact results on employment and earnings outcomes for PHAs in the monitoring and engagement clusters. The average quarterly employment rate during years 1 through 6 ranged from 61 to 65 percent for control group members in each of the monitoring and engagement clusters. Average total earnings for control group members ranged from about \$88,000 to \$111,000, with the highest average earned by control group members in housing agencies with the strongest emphasis on monitoring and engagement. This variation in earnings is also reflected in the differences among the clusters of housing agencies in the proportion of control group members who were employed during every quarter of followup and the proportion of control group members who averaged more than \$25,000 per year in earnings.

During 6 years, for outcomes calculated with NDNH quarterly wage data, the FSS program did not affect employment or earnings levels in housing agencies with a low or medium emphasis on monitoring and engagement. FSS programs with the strongest emphasis on monitoring and engagement, however, led to a relatively large and statistically significant decrease in total earnings (of nearly \$17,500, or about 19 percent) compared with the control group. Similarly, by a margin of about 10 percentage points, a larger proportion of control group members than FSS

group members earned more than \$25,000 per year. Moreover, about 30 percent of control group members worked for pay during all 24 quarters of followup compared with about 17 percent of FSS group members (results not shown).

Inspection of two additional (both nonexperimental) measures provide further insights into the negative effects on total earnings among PHAs with the strongest focus on monitoring and engagement. First, control group members who worked for pay during at least 1 quarter averaged about one additional quarter with employment compared with employed FSS group members. In addition, these control group members earned about \$850 more per quarter of employment compared with FSS group members.

This pattern of earnings differences suggests that some FSS group members were working part time or working intermittently, whereas control group members were more likely to work full-time hours or in jobs with more weeks or months of employment. NDNH data do not record total hours, weeks, or months of employment per quarter. These differences between research groups could have occurred for multiple reasons. For example, this pattern is consistent with a finding for programs having significant upfront opportunity costs, in which participants delay or forgo employment or cut back on employment to facilitate their service use. Alternatively, some FSS group members may have chosen to stay in jobs that earned them escrow credits and did not aggressively pursue better jobs that might have caused them to exceed limits on household income and thereby lose their eligibility for HCV and FSS programs.

At the end of the followup period (in 2021) FSS programs did not affect credit scores or credit use, irrespective of how strongly they focused on monitoring and engagement (see exhibits 50, E.6, and E.7). This finding represents a change in the pattern of impacts since 2019 (discussed in the previous report). At that time, FSS group members in high-emphasis PHAs had VantageScores that exceeded the scores for control group members by an average of 16 points. FSS programs with a strong emphasis on monitoring and engagement did not lead to better or worse outcomes in measures of use of credit or incidence of credit problems relative to the control group more often than FSS programs with less emphasis.

FSS group members from programs with a strong emphasis on monitoring and engagement appear to have fared relatively well compared with the control group in measures of out-of-pocket housing expenditures and receipt of housing subsidies—or subsidies plus the value of escrow disbursements. As appendix exhibit E.8 shows, FSS group members in housing agencies with low or medium emphasis paid an average of more than \$1,600 per household in housing expenses above the control group during years 1 through 6, whereas both research groups in the high-emphasis PHAs paid about the same amount. Moreover, FSS group members in PHAs with a strong emphasis on monitoring and engagement received several thousand dollars more on average in housing subsidies plus escrow disbursements than their counterparts in the control group.

Program Clusters Based on HUD FSS Performance Indicator Composite Scores

During the past 5 years, HUD has worked with Abt Associates to develop a series of standard annual quantitative indicators by which to assess the performance of each FSS program nationwide. These performance indicators are calculated with data from HUD's federal Inventory Management System/Office of Public and Indian Housing (IMS/PIC) Information and Resource Center database. FSS programs receive separate scores based on (1) change over time in participants' estimated annual earnings, (2) annual FSS program graduation rates, and (3)

average FSS caseload sizes.¹⁰⁶ FSS programs then receive a weighted composite score, that varies from 0 to 10, based on their scores for these three outcomes. PHAs are ranked based on their composite score and placed into one of four performance categories based on their ranking.

This ranking system is intended to help HUD identify FSS programs at the extremes in performance effectiveness. Category 1 includes the FSS programs with composite scores in the top 20th percentile, making them eligible for recognition by HUD and possible emulation of their implementation philosophies and practices by other programs. At the other extreme, Categories 3 and 4 together include the FSS programs in the bottom 20th percentile. These programs may receive special attention from HUD along with guidance on improving their performance in future years. Category 2 encompasses the middle 60 percent of FSS programs. It is reasonable to assume that this large group of programs varies widely in program effectiveness.

To examine the type of variation revealed by this alternative classification system, MDRC uses the component and composite scores for 2019 and 2020 for the 18 PHAs in the FSS evaluation.¹⁰⁷ Most of these PHAs received scores that place them within the middle level (Category 2) during one or both these years. To limit the problem of small sample sizes when estimating impacts, MDRC and HUD agreed to expand the high-performance score group to include the two highest-scoring PHAs in Category 2 and expand the low performance score group to include the two lowest-scoring PHAs in Category 2.¹⁰⁸

Exhibit E.13 compares impacts on NDNH employment and earnings outcomes for PHAs in the high, medium, and low performance score categories. As exhibit E.13 shows, FSS group members in PHAs with the highest performance scores averaged nearly \$11,000 (or 12 percent) less in total earnings during 6 years compared with the control group and had a lower incidence of employment during every quarter of followup. No other differences in employment and earnings outcomes were statistically significant for any performance score group.¹⁰⁹ In addition, among the PHAs in the three performance score categories, FSS and control group members averaged similar credit scores and experienced similar credit outcomes (see exhibit E.14). The one exception to these findings concerns FSS group members in the medium performance score category. As of June 2021, FSS group members in PHAs with medium level performance scores had incurred about \$4,000 less in total debt than other FSS group members. When compared with control group members in the medium performance score category, the difference in total debt was not statistically significant. Nonetheless, FSS group members paid, on average, nearly \$50 less than control group members in monthly payments to reduce their debt, a statistically significant difference. In sum, for the 18 PHAs in the FSS program evaluation, variation in

¹⁰⁶ See HUD (2021) for details.

¹⁰⁷ Abt Associates made data available for this analysis.

¹⁰⁸ First, MDRC averaged each PHA's composite scores for 2019 and 2020. MDRC then placed four PHAs in a "High Performing" group. Two of these PHAs had composite scores in HUD's top level (Category 1) during 1 or both years. The other two PHAs had average scores near the upper limit for the middle level (Category 2). MDRC also placed six PHAs in a "Low Performing" group. Four of these PHAs had received composite scores that placed them in either of HUD's lowest levels (Categories 3 or 4) during 2019 or 2020 (or both years). The other two PHAs had composite scores near the bottom of Category 2. The remaining eight PHAs make up the "Medium Performing" group. Average composite scores, equally weighted by PHA, were: High: 8.0; Medium: 5.6; and Low: 4.0.

¹⁰⁹ The rosters of PHAs in the high-performance score group partially overlaps with the roster of PHAs with the strongest emphasis on monitoring and employment.

scores in HUD performance indicators, so far, do not closely track variation in program impacts, at least for the measures included in the report.

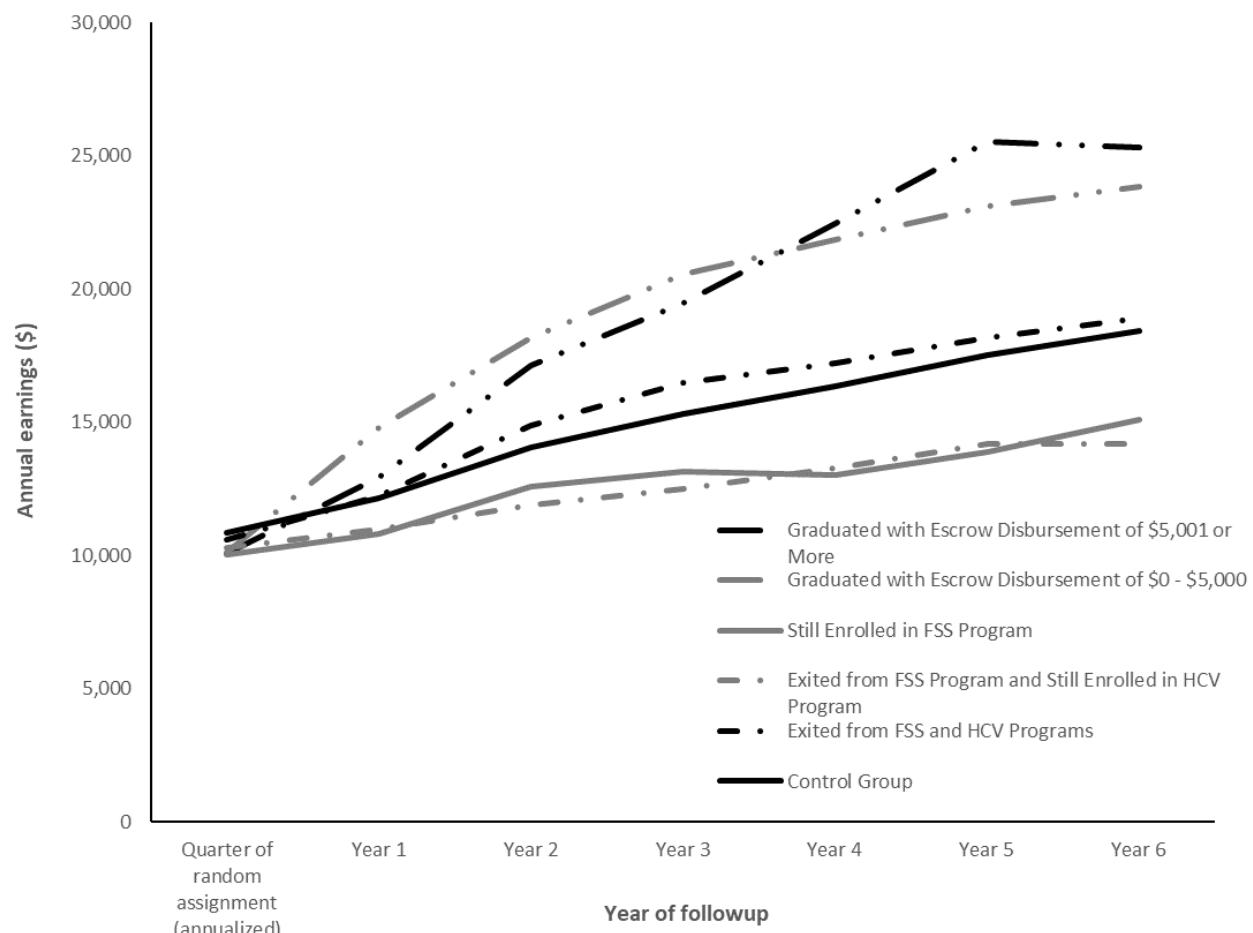
Nonexperimental Analysis of “Who Benefits” From Having Access to FSS Services and Financial Incentives

This section summarizes the results of nonexperimental comparisons of financial outcomes for graduates of the FSS program with outcomes for FSS group members who did not graduate. The analysis also compares outcomes for FSS graduates with outcomes for the control group as a whole. As discussed previously, the FSS program strives to make participants better off financially, primarily by helping them earn more over time, accrue escrow dollars from their earnings, and receive disbursement of escrow dollars at graduation. Therefore, it would be expected that graduates from the FSS program would earn more during the followup than other FSS group members and also more than the average level for the entire control group. It may also be hypothesized that FSS graduates realized additional financial benefits, for example, from higher credit scores compared with other FSS group members or with the control group. Nonetheless, there could be circumstances in which FSS group members who left the program without graduating did better financially than graduates, for example, if their first job after random assignment provided monthly earnings above the maximum allowed to maintain eligibility for HCV subsidies or high enough to make it feasible to transition to nonsubsidized housing. Alternatively, other FSS group members who exited without graduating could have potentially benefited financially from their participation in the program from attainment of an educational or occupational credential or by learning to better manage their household finances.

For this analysis, the FSS group is subdivided once again into five “outcome groups” (FSS group members who shared a similar outcome): (1) FSS graduates who received an escrow disbursement of more than \$5,000; (2) FSS graduates who received an escrow disbursement of from \$0 to \$5,000; (3) FSS group members who were still enrolled at the end of followup; (4) FSS group members who exited without graduating but remained enrolled in the HCV program; and (5) FSS group members who exited without graduating and also exited from the HCV program. As discussed in chapter 4, the FSS and control groups recorded similar levels of employment and received, on average, about the same amount in total earnings during 6 years. Because of the absence of overall differences between the FSS and control groups, if any outcome groups among FSS group members did better financially than the control group average, it would be expected that other outcome groups would do worse. In theory, FSS group members most likely not to have benefited from their access to FSS services and financial incentives would be those who exited from FSS without graduating but remained enrolled in the HCV program. By definition, members of this outcome group had to have received low household incomes throughout the followup period to maintain their enrollment.

Exhibits 51 and E.9 show the trends in employment and earnings over time by FSS program status using NDNH quarterly wage data. Notably, all five outcome groups and the control group started off with similar levels of earnings. They earned, on average, about \$2,500 (equivalent to \$10,000 per year) during the quarter of random assignment. Thereafter, FSS graduates had robust growth in both employment and earnings that far outpaced employment and earnings gains for nongraduates and also exceeded the average increases over time for the control group. Through the end of year 6 both groups of graduates more than doubled their baseline earnings and increased their average quarterly employment rate by about 20 percentage points.

Exhibit 49. Variation in Annual Earnings, Years 1 to 6, by Research Group, FSS Program Graduation Status, FSS Escrow Disbursement Status, and HCV Program Eligibility Status at End of Followup, FSS Impact Sample



FSS = Family Self-Sufficiency. HCV = Housing Choice Voucher.

Notes: The FSS impact sample includes HCV heads of household who were randomly assigned between October 18, 2013, and December 22, 2014, and were ages 18 to 61 at the time of random assignment. Estimates were regression-adjusted using ordinary least squares, controlling for differences in sample member characteristics recorded at the time of random assignment. Rounding may cause slight discrepancies in calculating sums and differences. Comparisons of employment and earnings outcomes are nonexperimental. No tests of statistical significance were performed on variation in outcomes within the FSS group or between any FSS subgroup and the control group.

Sources: MDRC calculations using quarterly wage data from the National Directory of New Hires; housing agency administrative data; HUD Inventory Management System/Public and Indian Housing Information Center data

During 6 years of followup, the two FSS graduate groups averaged a little more than \$120,000 in total earnings, about \$30,000 (or 30 percent) more than the control group. FSS group members who exited from both FSS and HCV programs earned slightly more than control group members during years 1 to 6, whereas FSS group members still enrolled in FSS at the end of followup and FSS group members who exited from FSS but remained enrolled in the HCV program earned about \$15,000 (or 20 percent) less than the control group.

To some extent, the two graduate groups experienced different “pathways” to realizing earning gains. Among graduates, those that received a disbursement greater than \$5,000 entered the

study with a slightly higher employment rate and experienced greater employment stability thereafter. Their higher average quarterly employment rate (of nearly 6 percentage points) during years 1 to 6 is equivalent to about 1 additional quarter of employment compared with the average for graduates who received up to \$5,000 in escrow disbursements. In addition, graduates with larger escrow disbursements experienced an average quarterly employment rate that far exceeded the rates for both groups of those who exited from FSS and for the control group as a whole. In contrast, graduates with smaller escrow disbursements worked fewer quarters than graduates with larger escrow disbursements but earned about \$500 more on average during each quarter of employment. The difference in earnings per quarter of employment was even larger when compared with averages for the two groups of those who exited and for the control group as a whole.

Average annual earnings increased for participants that exited FSS without graduating and also exited from the HCV program, from the equivalent of \$10,589 at random assignment to \$18,885 in year 6. Although earnings gains for this outcome group were more modest than those of either group of graduates, they were higher than those of exiters that remained in the HCV program, as well as participants that remained enrolled in FSS at the end of followup. Participants that left FSS while remaining in the HCV program were the only group to have lower average quarterly employment in year 6 than at baseline. This group also exhibited the smallest earnings increase of any group, raising their earnings by less than \$4,000 on average during the followup period. Through year 4, participants that continued to be enrolled in FSS at the end of followup had average annual earnings comparable with exiters that left FSS but that remained in the HCV program. However, from the end of year 4 through the end of year 6 those that remained enrolled in FSS increased their average annual earnings by 16 percent a larger gain than for graduates and exiters during the same period. These gains likely reflect the requirements for remaining enrolled in FSS beyond the initial contract period. To obtain an extension participants may have needed to demonstrate that they were likely to meet the conditions for graduation, including employment requirements. Participants that were best situated to make this case were either already employed or could provide compelling evidence that they were likely to become employed in the near future.¹¹⁰

Exhibit E.10 displays credit score and credit use outcomes for the same outcome groups among FSS group members and for the control group as a whole. The findings for the FSS group that graduated with a large escrow disbursement are consistent with results calculated with NDNH quarterly wage data but vary somewhat for other groups. As exhibit E.10 shows, at the end of the followup period in 2021, FSS graduates with more than \$5,000 in escrow disbursement averaged higher VantageScores and were more likely to have scores in the Prime range (of 661 or more) than the control group. They averaged somewhat more in total debt than the control group and

¹¹⁰ In a related test, FSS group members who exited from the program without graduating were divided into two different outcome groups, this time based on whether the FSS group member had ever accrued escrow dollars before exiting. In theory, the group that had accrued escrow (but forfeited their escrow balance when they exited the program) would have higher employment and earnings than the group without escrow, although it could be hypothesized that forfeiting escrow could have negative consequences beyond the loss of an anticipated disbursement. Exhibit E.11 shows the trends in employment and earnings for these groups. As it turned out, both outcome groups averaged nearly \$90,000 in total earnings during 6 years, slightly less than the control group average.

paid more on average per month to reduce their debt. FSS group members who received a high escrow disbursement were less likely than the control group to experience the credit problem of having a high debt-to-income ratio. These results probably reflect these graduates' greater access to escrow dollars to pay for household expenses and control debt, as discussed in chapter 2.

In 2021, both groups of FSS exiters averaged lower VantageScores than the control group, although only FSS group members who exited from FSS but remained enrolled in the HCV program were more likely than the control group to experience a high debt-to-income ratio. On average, FSS group members who graduated from FSS and received from \$0 to \$5,000 in escrow disbursement experienced less positive credit-related outcomes than outcomes based on NDNH employment and earnings data. In 2021, their average VantageScore of 604 was slightly lower than the control group's average, and they also were slightly less likely than control group members to have VantageScores within the Prime level. They averaged higher debt than the control group and paid more per month to reduce their debt. Results for the FSS group members who were still enrolled in FSS at the end of followup appear least consistent, possibly because of the small sample size for this group. As exhibit E.10 shows, average VantageScores for this group about equaled those for FSS graduates who received an escrow disbursement of more than \$5,000. Nonetheless, in 2021, nearly one-third of FSS group members who remained enrolled in FSS had a high debt-to-income ratio, a rate that exceeded the average for all other FSS outcome groups and for the control group.¹¹¹

Conclusion

The subgroup findings—both experimental and descriptive—show that a relatively small proportion of FSS group members clearly realized the financial benefits from access to FSS services and financial incentives—FSS group members with a 2-year post-secondary or higher and FSS graduates. Probably, some additional FSS group members who were still enrolled at the end of followup will graduate and receive escrow disbursements, but ongoing enrollees are a small group and their presence among the graduates would not likely change the findings. As will be discussed in chapter 8, program administrators and policymakers may, with additional funding, flexibility, and knowledge sharing craft innovations that strengthen services (especially post-employment services), increase graduation rates, and spread the financial benefits more broadly among participants. If so, the findings from this evaluation, even if disappointing, could help inform the ongoing work of making FSS a stronger program.

¹¹¹ Not shown, in a related test, FSS group members who exited from the program without graduating were divided into two different outcome groups based on whether they had received a post-secondary degree or occupational skills credential after random assignment. Results showed that both outcome groups averaged lower VantageScores than the control group in 2021 (These data were not available for testing with NDNH employment and earnings data).

Chapter 8. Key Takeaways and Considerations for the Future

The national Family Self-Sufficiency (FSS) evaluation has examined key questions and amassed extensive evidence about the implementation and effects of HUD’s flagship self-sufficiency program for households receiving federal housing vouchers. Although this program has been implemented for decades, limited conclusive information has been available so far about how families experience and participate in the program, and how, if at all, it supports and enables their economic mobility. The comprehensive evaluation closely follows the experiences and outcomes of 2,500 housing choice voucher (HCV) household heads who volunteered to enroll in this national evaluation, across 18 housing agencies in seven states. This chapter synthesizes key takeaways from the evaluation and highlights considerations for program refinement.

The FSS program model is structured around two core components—service coordination and a long-term escrow savings account—and sets a 5-year term for participants to establish and work toward goals and successfully graduate from the program. Referrals to a broad array of services, plus access to the long-term escrow account, are designed to work together to increase participants’ earnings, promote financial self-sufficiency, and eventually reduce their need for housing assistance and other government benefits. Following enrollment in the program, participants work with service coordinators or case managers to set goals and action steps to achieve them. Most FSS participants commit to at least one employment-related goal, along with other goals tied to financial security, education, or homeownership preparation. Participants must achieve their goals to graduate from the program and earn any escrow they have accrued. The 5-year term of the FSS contract of participation (CoP), which can be extended for an additional 2 years, implicitly acknowledges that making progress toward economic self-sufficiency goals is both complex and time-consuming, and that some goals may take longer to achieve.

The long-term results discussed in the preceding chapters, and the evidence presented in the three interim reports published so far on this evaluation, offer limited evidence to support that the FSS program leads to higher rates of economic mobility or financial security, at least in the 6- to 7-year followup period observed for this evaluation. For the most part, across a broad range of indicators and over an extended followup period, both the FSS and control groups appear to have experienced comparable outcomes. Although about 7 percent of the FSS group remained enrolled in the program when data collection ended in 2021, the overall takeaways from the pattern of results described in this final report are expected to remain unchanged. Given the evidence from this comprehensive evaluation, which relies on a rigorous design and provides the longest followup available on an expansive set of outcomes for a cohort of FSS participants, what should HUD, program operators, and policymakers make of these findings? In the spirit of continuous improvement, and as would be the case with any program, are there aspects of program practice that can be strengthened to add demonstrable value, or are there aspects of the FSS program framework that should be refined or redesigned? What program improvement insights does this evaluation offer? This chapter focuses on these types of questions.

A Brief Recap of Key Findings from this Evaluation

The following pattern of findings related to program participation and outcomes should be at the heart of any discussion about the future direction of the FSS program.

- **Program engagement tapered off early; non-FSS participants were equally likely to engage in similar types of economic mobility-related services on their own.** The FSS programs in the evaluation witnessed significant declines in program participation in the first

3 years of followup. Participants engaged more actively with the program in the first 18 months, with participation rates decreasing markedly thereafter. By year 3, most FSS group members were no longer participating in FSS-related activities (or had never participated), although a sizable portion of the nonparticipants were working for pay, a goal of the FSS program. Their participation in services was also only moderately higher than that of control group members. Participation in financial counseling and job search activities were two exceptions.

- **Graduation, a marker of program success, was achieved by a small fraction of participants.** Midway through the 5-year program, about 4 percent of FSS group members had graduated. This rate climbed to about 17 percent early in year 6. By the end of data collection for this study, the graduation rate had reached 20 percent; 7 percent remained enrolled in the program. Even if all the participants who were still enrolled in FSS at the end of followup period for this study were likely to graduate, the average graduation rate across the 18 programs would remain low. Although graduation rates were higher for some of the public housing agencies (PHAs) in the national evaluation, ranging from 4 to 44 percent in the 18 sites, most FSS enrollees did not achieve this milestone.
- **Graduates earned sizeable disbursements, but many FSS participants who exited the program without graduating forfeited sizeable escrow accruals.** A total of about \$2.6 million was disbursed to the FSS participants who successfully graduated from the program. FSS graduates with some escrow accumulated earned substantial disbursements (on average, about \$11,000 per recipient, with 16 percent earning \$20,001 or more). Roughly 46 percent of the FSS group members who exited the FSS program during the followup period forfeited their escrow accruals because they ended their enrollment for reasons other than graduation. They had accumulated an average escrow balance of \$3,900, resources they were unable to receive. For the study sample, nearly \$1.7 million in escrow accrual was forfeited. Although the escrow account—and its potential to build savings for families—was an important draw for participants, realizing this major long-term benefit was difficult for most who enrolled in the program.
- **Participants with higher earnings at baseline had less to gain from the program.** FSS group members with higher incomes at study enrollment tended to leave the FSS and HCV programs or graduate from FSS with smaller disbursements. As currently configured, the program may not offer much to participants with higher earnings at baseline.
- **Employment and earnings trajectories looked similar for FSS and control group members.** Most of this evaluation, from October 2013 through December 2019, took place during a long economic expansion. It documented high levels of employment for both research groups, although with relatively frequent movement into and out of employment. Against this background of high labor force participation, the evaluation tests the effectiveness of the FSS program on *increasing* FSS participants' employment and earnings above the levels for the control group. Six years of followup show that program group members did not work more or earn more than their counterparts in the control group. In the first year of followup, the employment rate for both groups was around 73 percent. For each of the 6 years of followup, both groups showed fairly high levels of attachment to the labor force. Quarterly employment rates were somewhat lower for both groups, reflecting employment churning.

- **Impacts on financial security outcomes, which could occur without increases in earnings or household income, were not evident.** A self-sufficiency program, especially one with a focus on financial education and management, could demonstrate improvements in other aspects of families' financial well-being. The detailed analysis of credit data, the first of its kind for FSS participants, allowed the evaluation team to examine whether FSS improved credit scores above control group levels, which can positively affect other financial outcomes, including access to traditional credit. Despite the FSS program's general emphasis on financial education and management and a relatively large increase in the FSS group's attendance at financial management counseling sessions or workshops above the control group level, credit data show that most study participants had credit scores in the Subprime category and the program did not lead to increases above the control group in average credit scores. Both groups increased their credit scores in the final years of followup. Responses from the Long-Term Followup Survey also suggest that members of both study groups had similar levels of savings (excluding escrow), debt, and connectedness to mainstream banking institutions.
- **The program did not reduce the need for essential government benefits or reduce the incidence of various types of material hardships below control group levels.** The Long-Term Followup Survey shows that similar proportions of FSS and control group respondents received government-funded financial supports, including food assistance, cash assistance, disability benefits, and unemployment benefits. Supplemental Nutrition Assistance Program, or SNAP, and Temporary Assistance for Needy Families, or TANF, receipt rates decreased over time for both research groups.¹¹² Members of both research groups also reported being in precarious financial circumstances. They were equally likely to experience various material hardships during the previous 12 months. However, by about 8 percentage points, a larger proportion of FSS group respondents indicated that they usually had money left over at the end of the month, whereas control group respondents were more likely to report that they usually broke even. FSS graduates' receipt of escrow disbursements, which, according to survey data suggests that many used it to cover monthly expenses, might explain why a higher proportion of FSS group respondents indicated that they usually had money left over at the end of the month.
- **Housing subsidy receipt rates and subsidy levels were indistinguishable between the two research groups.** By the end of the study's 6-year followup period, roughly the same proportion of FSS and control group households remained enrolled in the HCV program. During this period, the FSS program led to a small decrease in housing subsidies below the control group level, which is not statistically significant. Although FSS participants do not risk losing their rental subsidies if they successfully graduate from the FSS program, they can choose to exit the voucher program (or may become ineligible due to higher earnings), opening up this rental assistance benefit to families on long waiting lists.
- **Did the program benefit particular groups of participants?** For the most part, the subgroup analyses conducted for this evaluation did not point to clear differences in impacts

¹¹² The Long-Term Followup Survey's lookback period (month before interview) occurred subsequent to graduation or exit from FSS for most FSS group respondents.

for specific groups of program participants. The one group that appears to have responded positively to FSS, in terms of increased employment stability and higher credit scores above control group levels at the end of followup, is the group that enrolled in the program with a 2-year college degree or higher. This subgroup was also most likely to graduate from FSS and receive an escrow disbursement more than \$5,000.

The overall pattern of effects on labor market and well-being outcomes documented by this evaluation suggests that stronger (or different) approaches—such as interventions that can help participants who are employed advance and those with varying levels of barriers to employment take significant steps toward self-sufficiency—are necessary to generate bigger and more transformative effects. The FSS model includes several attractive features: It gives participants at least 5 years to work toward their program goals and helps them build savings. However, improvements in how these core components are defined and delivered are necessary to better support more participants as they work toward their goals and advance toward self-sufficiency. These refinements might also help transform FSS into a program that benefits more people, even if the amount of financial gain is less than the average for the small subgroup that currently receives big rewards (the subgroup that graduates with a large escrow).

Toward a Stronger Program

This evaluation ends at a time when HUD has implemented significant changes to the FSS program, which could potentially strengthen the program and improve future program outcomes.

Exhibit 52 highlights some of the key changes resulting from HUD’s Final Rule for implementing FSS-related statutes in the federal Economic Growth Act. These changes are wide-ranging; some of them would increase escrow accrual, potentially reduce escrow forfeitures, and allow participants to stay enrolled longer in the program (for example, no immediate drop for 30 percent of adjusted monthly income greater than the Fair Market Rent). The FSS Final Rule also allows other adults in the household to formally enroll in the FSS program and be subject to the CoP requirements, expands the definition of good cause extensions, and reduces the number of months preceding graduation during which FSS households must forgo receipt of cash welfare benefits. The FSS Final Rule also directs programs to use the forfeited escrow from those who exit FSS to provide supportive services to those still enrolled in the program.

Exhibit 52. Summary of Selected Key Program Changes for HCV Participants

Enrollment and Contract of Participation

- Any adult in the family, not only the head of household, is allowed to enroll in the program and sign the FSS CoP.*
- The base CoP is up to 5 years from the first rent certification after enrollment (not 5 years from the CoP date).**
- The most recent effective rent certification will be used to establish the baseline annual earned income (the 120-day rule eliminated).

Graduation and Escrow

- The 30-percent rule as an option for graduation has been removed.***
- The definition for “welfare free” has changed from 12 continuous months prior to graduation to the month of graduation.****
- When setting participants’ mandatory employment goals, FSS programs must continue to use the standard of “suitable” employment, based on the participant’s education credentials and employment history and availability of jobs. FSS programs may not apply additional employment requirements, such as requiring a certain minimum number of hours of employment or pay rate.
- Eliminating the cap on escrow accumulation for participants with household income between 50 and 80 percent of Area Median Income, enabling those with higher income to accrue escrow.
- Forfeited escrow will be directed toward services and activities that benefit other FSS participants; housing agencies cannot use the forfeited escrow for administrative purposes.
- Under select circumstances, CoPs can be terminated with escrow disbursement.

Contract Extension

- “Good cause” for a contract extension includes the active pursuit of a goal that will further self-sufficiency, such as a college degree or credit repair program.

Program Coordinating Committee

Expand PCC membership to include FSS staff and at least one resident participant from each HUD-assisted FSS program site.

CoP = contract of participation. FSS = Family Self-Sufficiency. HCV = Housing Choice Voucher.

PCC = Program Coordinating Committee.

*However, only the head of a FSS family may sign the contract. Adult family members who are not the contract signers may still be participants in the FSS program and establish their Individual Training and Services Plans, which are all incorporated into the household’s CoP.

**The base CoP lasts up to 5 years from the first income recertification after the CoP’s execution date.

***The “30-percent rule” means that a household should ideally spend no more than 30 percent of gross monthly income on housing costs, including rent or mortgage payments, utilities, taxes, and insurance. The guideline is meant to ensure that households have enough income left over to cover other expenses and avoid becoming “house poor” by spending too much on housing relative to income. As a rule, a family’s adjusted monthly income should equal or exceed the Fair Market Rent and not fall below it.

****To be sure, the FSS Final Rule eliminates the requirement that the FSS participant be independent from welfare assistance for 12 months prior to graduation. The requirement changed to clarify that a household must be independent from welfare assistance on the day of graduation. For more on these requirements in the FSS Final Rule, visit [Family Self-Sufficiency FINAL RULE](#).

Against a backdrop of these changes, the evidence from the national evaluation offers additional considerations to help inform the ongoing effort to make FSS a stronger program. These considerations focus on program implementation strategies, the escrow account, and graduation requirements.

Service Delivery and Program Engagement Strategies

HUD provides housing agencies with a broad framework within which they can define and implement FSS programs tailored to meet local needs and service environments. As a result, and not surprisingly, FSS program policies, priorities, implementation approaches, and staffing arrangements vary across housing authorities. Preserving local administrators' discretion, HUD could still encourage PHAs to consider alternative strategies to strengthen program implementation and enhance the experiences of program participants.

- **Greater attention to initial goal setting and updates to individual plans.** In some FSS programs, the initial goal-setting step can be a brief and transactional process, oftentimes completed during the initial program enrollment meeting. The Individual Training and Services Plan (ITSP) data examined for this study also show that goals varied in their level of specificity and time horizon (around 50 percent of ITSPs specified a year 1 goal), and that goal setting did not always result in a clear roadmap to guide participants through the steps they needed to take to make progress toward their goals across multiple domains. Given that goals set in the ITSP are binding, in that participants must achieve them to graduate from FSS, some staff also struggled with finding the right balance between detailed goal setting and facilitating participants' graduation from FSS. This inherent tension affects the extent to which goal setting—and the related plans—serves as a useful tool for staff to monitor participants' efforts to move ahead. Although the FSS program's multidimensional goal-setting framework is useful, program operators may not want to rush completing ITSPs and spend more time with participants to develop a clearer roadmap, better understand the challenges they may face working toward their goals, set both short- and long-term goals, and evaluate progress more frequently. By getting to know the participants, staff will also be better positioned to assess the type of supports that might work best for them and target services accordingly.
- **Revisit client engagement strategies.** This evaluation has shown that the FSS case coordination component varied significantly in practice. This variation can be seen in caseload sizes, participant contact expectations, and the types of services available to participants. The results discussed in chapter 3 seem to suggest that smaller caseload size is associated with positive program outcomes. PHAs seeking to strengthen client engagement may also want to look at other program models. For example, models that incorporate highly structured coaching techniques that integrate detailed goal setting (with intermediate steps and objectives) and engagement and participation incentives (for example, financial incentives tied to attending check-ins, submitting a budget, or completing interim goals) may be relevant for consideration. MyGoals for Employment Success combines a highly structured coaching model with a set of financial incentives tied to engagement and outcomes to support participants in making step-by-step progress toward economic mobility during a 3-year period. Like FSS, MyGoals focuses on achievements across four domains (education and training, financial management, personal well-being, and family well-being) that are important to economic mobility. The program design acknowledges the interconnectedness of these domains, although employment is the core outcome. This program's coaching component has an explicit focus on building participants' executive skills (Castells and

Riccio, 2020).¹¹³ The Compass Working Capital model focuses on helping participants build financial management skills and set goals in this domain. In this program, coaches handle financial skill building directly instead of referring participants to community agencies, as is common for the FSS programs in this evaluation (Geyer et al., 2017).¹¹⁴ In addition, FSS staff may want to draw on a human-centered design technique called customer journey mapping, a process that focuses on understanding participants' needs, goals, and potential barriers to improve their engagement and experiences with a program. Social service agencies are increasingly using this technique to better understand participants' experiences and perspectives and to identify where program processes might be restructured to enhance participant outcomes (Behrmann et al., 2022).

- **Deeper connections with service providers to help participants obtain services they need.** Not surprisingly, among respondents to the Long-Term Survey, FSS graduates, on average, assessed their experiences with FSS more positively than FSS group members who exited the program without graduating. FSS group respondents who exited without graduating were also most likely to cite a lack of needed services as an obstacle (or report that the referrals were unhelpful) to attaining their goals. FSS providers rely heavily on the Program Coordinating Committee (PCC) and other service providers to learn about services that may be relevant for their participants. These connections enable them to direct participants to resources in the community. However, staff also acknowledged that the service providers in their networks are not always able to meet some of the participants' needs because of inadequate funding for transportation, lack of affordable, safe, reliable childcare, and mental health services (challenges that require state or federal-level responses). Regularly assessing the composition of the PCC and the service provider network that program operators rely on might be one way to help identify additional relevant and available resources in the community and ensure that participants' changing service needs can be met. Including current FSS participants and FSS graduates as members of the PCC, as required by program regulations, is another way to incorporate participant perspectives and possibly more quickly identify service gaps and unmet service needs. A formal two-way loop with referral agencies may also help FSS program operators better assess how the broader services network supports individual FSS participants and where the referral process is inadequate. Finally, for needs that existing services or resources cannot easily address (transportation or childcare costs, for example), programs should allow participants to request and receive interim disbursements to meet those needs. Programs should also ensure

¹¹³ MyGoals, designed by MDRC, is part of an evaluation funded by the U.S. Department of Health and Human Services, which tests different employment coaching programs for populations receiving TANF and housing assistance benefits. The Kansas GOALS program for individuals receiving SNAP benefits also offers an example of a “next-generation” job-readiness or job-search program.

¹¹⁴ Using a matched comparison design and PHA data sources, the study of the Compass Working Capital model showed positive earnings and reduced TANF receipt for program participants compared with their matched peers. Participants also achieved positive credit and debt outcomes that exceeded benchmarks.

that families are aware of the rent reduction for a portion of childcare costs that federal law requires.¹¹⁵

- **Provide referrals to programs that might be able to make a difference.** It is not unusual for FSS program operators to send periodic email blasts to participants informing them of various resources available in the community. The evaluation’s findings in the financial security domain, informed by the analysis of credit data, raises questions about the types of financial security trainings or counseling services to which participants are being referred. It is possible that these services are too short or do not provide the level of intensity or continuity with trainers needed to help participants address complex financial security goals. Moreover, they may not focus on the right content (for example, too much emphasis on raising credit scores and not enough on building savings).
- **Develop a clearer job search and workforce strategy.** Although employment is an important goal of this program, few FSS programs in the evaluation have a defined “workforce” or career guidance strategy to help participants reach their employment-related goals. Although program staff might have a personal preference for how to help participants move toward self-sufficiency, they generally respond to their clients’ employment interests and try to help them pursue those interests, especially if they have a clear preference (Verma et al., 2019). To have a more robust impact on labor market outcomes, FSS programs may want to adopt strategies that work best for a diverse range of participants who enroll in the program. The data show that job loss and churning appear to be a problem for individuals enrolled in FSS. Structured post-employment followup and supports might help reduce that churning and improve job stability or better help participants make the transition from part-time to full-time work. Program operators will also need to pay attention to the trends that continue to affect the nature of work and offer career advice to participants with those trends in mind. As economists predict, some jobs will disappear because of technology and automation, although many of the remaining jobs will be changed in some way, for instance, having fewer routine and automatable tasks and more tasks requiring analytical, social, and creative skills (Miller, 2021). Gig work will continue to employ a small but growing number of individuals. In addition, the COVID-19 pandemic led to a dramatic increase in remote work. FSS operators will need to stay abreast of local labor market patterns and help participants prepare for economic mobility in an environment where the nature of work is changing. They may also want to build stronger partnerships with education and training providers focused on growth sectors that can train and place some clients in these sectors.¹¹⁶
- **Increase access to discretionary program funding.** In addition to allowing more interim disbursements, access to flexible program funding could also go a long way in helping

¹¹⁵ Note that the primary federal law citation related to childhood expenses and requirements is within Title IV of the Social Security Act, specifically sections 651 through 669b (42 U.S.C. §651 - §669b), which governs the Child Support Enforcement program and outlines the legal framework for states to establish and enforce child support obligations.

¹¹⁶ At most sites, workforce development agencies and other employment services providers have been longtime members of the PCC or among the agencies receiving the most referrals from FSS programs. Programs focused on growth sectors appear to generate persistent earnings gains by moving participants into jobs with higher hourly wages rather than by mainly increasing employment rates. See Katz et al. (2020).

participants overcome some barriers, stay more engaged with the program, and not give up on it or their goals. Most programs in the evaluation, however, had limited access to flexible program resources they could draw on to support participants' engagement in education and training activities or address any employment-related needs (such as transportation or childcare assistance). It is worth noting that the increase in installment debt in the followup period was mostly for automobile and student loans, strongly suggesting participants significantly self-financed attempted pathways to economic mobility. Although philanthropic resources may help fill this gap in flexible resources, programs may need steady funding streams for stable program operations. These funding streams could serve as supplements to core FSS grants, and HUD should structure criteria that would enable programs to secure additional, flexible resources. This evaluation shows that FSS participants who exited the program without graduating forfeited approximately \$1.7 million in accrued escrow. These resources would be directed to benefit current FSS participants, as per the FSS Final Rule. However, if programs are successful in increasing graduation rates, that amount of forfeited escrow could decrease (also a desired outcome).

Escrow Design

Unlike the case coordination component of the FSS program, regulations that govern the structure and implementation of the escrow component apply uniformly to all FSS programs. What can HUD and program operators do to better leverage this financial incentive and help more participants build savings and work toward economic mobility?

- **Encourage use of interim disbursements.** This feature of the program is greatly underutilized. Less than 5 percent of the FSS participants in the evaluation received an interim disbursement. These payments are meant to help participants overcome financial barriers such as transportation and education expenses. In theory, staff interviewed for this evaluation support the idea of rewarding incremental progress with interim (pregraduation) escrow disbursements to help participants stay engaged in the program and overcome barriers to meeting their goals. However, staff also want participants to learn to budget, save, and build up a large escrow balance so that they graduate the program with sizeable savings. In their view, providing interim disbursements would not encourage self-sufficiency. What are the benefits of having participants accrue escrow and then exit without ever getting any of those resources? Also, what is the advantage of operating a program in which only a small share of participants receives a very large financial benefit after an unusually long time and most other participants receive no financial returns? PHAs should provide participants with more opportunities to consider whether interim disbursements would support their goals as well as establish objective criteria for reviewing interim disbursement requests. Doing so would make the escrow benefit feel more tangible for participants. Providing staff with additional guidance on the merits of the short- and long-term uses of escrow balances might enable them to have conversations with participants about their escrow balances and how they can tap into those savings while continuing to build them.
- **Actively discuss—and frequently share—escrow balances with participants.** Program practice varies considerably in how often staff discuss escrow accruals and the potential forfeiture of these resources. Beyond the one required escrow balance annual notification mailed to FSS participants, more frequent escrow balance statements could potentially remind participants of their accruals and nudge them to stay focused on the goals they need to earn their escrow. These periodic reminders could also serve as a point of discussion for

followup check-ins with staff and lead to additional supports or referrals to services that could help participants reach their goals. As discussed in chapter 3, most FSS group members who accrued a positive escrow balance began earning escrow credits in the first 2 years of the program; few accrued a positive escrow balance if they did not earn their first credit during the early years of the program. This finding suggests that staff-client interactions in the first 2 years are critical for monitoring participant progress and for ensuring that they stay engaged with the program and begin to see the benefit of the escrow they accrue during the program.

- **Tie escrow payments to progress toward interim and final goals.** In traditional FSS programs, participants must achieve their employment and *all* other goals, and all members of the household must be off cash welfare at the time of graduation to receive an escrow disbursement.¹¹⁷ A radical modification that some Moving to Work agencies are trying is to delink escrow disbursements from some graduation requirements and allow families to earn their escrow on an agreed-upon disbursement schedule tied to engagement activities and meeting interim goals. As mentioned earlier, greater use of interim disbursements to support educational activities and employment supports should also be encouraged. For instance, reward payment tiers could be set for participants without employment at enrollment, by which they would receive payments every 6 or 12 months after they find part-time or full-time employment. Program operators could also consider accrual “bonuses,” which participants would receive for meeting employment stability milestones, irrespective of whether their earnings increased. Such bonuses could help recipients of Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) benefits and enrollees who enter the program with relatively high incomes. Although the escrow account is a draw for enrollment, staff interviewed for this evaluation did not necessarily see it motivating participants enough for them to engage in services, attain goals other than employment, and get them to the finish line. Some staff also indicated that their programs would graduate more participants if accruing escrow were the sole requirement. The escrow balance grows because the participant is earning more. They point to cases where participants accrued significant escrow balances yet could not achieve all their program goals to graduate from the program. The data on escrow forfeitures confirm this pattern. Regular review of ITSPs would allow program operators to assess whether goals included on participants’ ITSPs need to be updated, increasing their chances of successfully graduating from the program (and not forfeiting escrow accruals).¹¹⁸ Program operators could also help participants avoid these consequences by treating specified long-term goals differently from interim goals, so that interim goals would no longer need to be considered for graduation.
- **Allow participants with higher household income to accrue escrow.** Those on the higher end of the income spectrum tend to accrue relatively little escrow because they are already working full time with wage levels that are hard to increase and due to the rules governing escrow calculation for households with higher income. During the study period, households

¹¹⁷ Interim disbursements may be allowed. To qualify for an interim escrow disbursement, a participant must have completed a specific interim goal in the contract of participation, as determined by the PHA or owner, and have a need for some of the escrow funds for purposes consistent with their goals.

¹¹⁸ To help participants make progress toward multiple goals, the program could allow a certain escrow amount or number of months with escrow contributions to substitute for one or more goals recorded on the ITSP.

with adjusted income between 50 and 80 percent of Area Median Income (AMI) had their escrow capped at the amount set for incomes at 50 percent of AMI. The FSS Final Rule eliminates the cap on escrow accumulation for participants with household income between 50 and 80 percent AMI. This change allows participants with higher income to accrue more escrow. Once adjusted income exceeds 80 percent of AMI, escrow contributions will cease, as has been the case.

- **Experiment with alternative escrow models.** HUD may want to allow housing agencies to innovate and experiment with alternative escrow structures and models. To some extent, the Moving to Work housing agencies that have congressionally approved flexibility to modify how the FSS program is implemented are already experimenting in this way. These agencies have modified how their programs handle escrow payments, including short- and long-term payment points, and set caps on total escrow earning. They are even offering shorter versions of the FSS program (HUD, 2020b). For the Work Rewards demonstration in New York City that MDRC evaluated, the escrow account was paired with a short-term financial incentive, which resulted in more positive program effects (increased employment and earnings) for participants who were not working at the time of study enrollment. Little data, though, are available on how these alternative approaches compare with traditional FSS programs on key outcomes. Nevertheless, these programs represent practitioners' interest in the need to innovate and create alternative models. HUD may want to consider small pilots to learn from the innovation that is already underway.

Graduation Requirements

Increasing participants' success in the FSS program (that is, boosting graduation rates and reducing the proportion of FSS participants who forfeit their escrow accruals) may require a program model that does not necessarily use the same measure of success for all participants, but rather allows participants with different starting levels to make progress and succeed.

- **Revisit graduation requirements for participants with significant barriers.** FSS group members who left the program without graduating (but maintained their enrollment in HCV) appear to have enrolled in FSS programs with the most serious barriers to employment of any other group: They had the lowest employment rate at random assignment and were more likely to report having a physical or mental health problem that made it difficult for them to find and keep a job. They also had the highest incidence of receiving SSI/SSDI disability benefits, which could reflect the challenges they face finding suitable employment and a factor limiting their ability to accrue escrow (to the extent their disability restricts how many hours of work they can perform and the SSI/SSDI eligibility rules limit total earnings per month). How can such participants benefit from the program and graduate with an escrow disbursement? Program operators could simplify the required goals for these families. Implementing some of the other recommendations listed above (such as drawing on forfeited escrow resources) could enhance support for participants facing steeper barriers to program engagement and success. Further, the FSS Final Rule allows programs to disburse escrow

funds without graduation.¹¹⁹ This change may prevent some families with the greatest barriers to work from forfeiting their escrow savings. To the extent possible, HUD may also want to waive the employment requirement for graduation for some categories of FSS participants (for example, those who enroll in FSS and make progress toward employment goals but are unable to work due to physical or mental health barriers).

- **Build on the framework already in place for granting extensions.** The new regulations expand the definition of “good cause” extensions. HUD could also consider “no fault” extensions for participants who are accruing escrow and making progress but suddenly lose their subsidized residence (for example, when the landlord sells the building or stops accepting vouchers). The need for extensions could also be lessened as interim escrow disbursements increase.
- **Drop the welfare receipt criterion from graduation requirements.** The new regulations change the definition of “welfare free” from throughout the 12 months prior to the month of graduation. Although this change is intended to boost graduation rates, welfare receipt rates are generally low for FSS participants. Just about 5 percent of the study sample reported receiving TANF in the Long-Term Followup Survey, down from 15 percent at study enrollment. Dropping this requirement could also limit any administrative burden related to verifying participants’ receipt of TANF benefits and keep graduation eligibility tied to finding employment and other goals.

Program Funding¹²⁰

FSS programs receive modest annual funding from HUD to hire service coordinators to work with participants. A simple cost analysis of the 18 programs in the evaluation, included in appendix G, shows an average total administrative cost of approximately \$4,000 per participant, or \$800 per year for a 5-year program. PHAs spent an additional \$2,000 per participant in escrow disbursements, including \$0 for FSS group members who received no escrow. Self-sufficiency programs offering more intense coaching and case management approaches, such as the Compass Working Capital program in Massachusetts, report much higher average total costs per participant (~\$9,800). Quasi-experimental analysis suggests that this higher level of spending for the Compass Working Capital model enables the program to operate a coaching component focused on helping clients develop financial skills and make progress toward economic mobility (Geyer et al., 2017). Although the recent regulatory changes that HUD introduced may help improve participant outcomes, current funding allocations may prevent FSS programs from

¹¹⁹ For example, as noted in HUD documents, this could happen if program operators determine that services integral to a family’s advancement toward self-sufficiency are unavailable. It could also happen when the head of the household becomes permanently disabled and is unable to work or dies during the period of the contract, unless a new head of the FSS family is designated and the contract is modified.

¹²⁰ The evaluation does not include a formal benefit-cost analysis. Appendix G (see exhibit G.1) presents estimates of a limited number of benefits and costs from two perspectives (individual FSS participants and the government budget). The analysis omits estimates of additional benefits and costs that are often included in evaluations of social policy initiatives, such as estimated effects on earnings, taxes and tax credits, and government-funded income supports, as well as costs incurred by outside service providers. Few comprehensive benefit-cost analyses of FSS programs are available, and the ones that are available use different methodologies limiting the comparison of the estimates. See Verma et al. (2017) and Dastrup et al. (2021).

making more substantial investments to strengthen program implementation, enhance engagement practices, and generate robust impacts for more participants.

Overall, the FSS model offers a broad and flexible framework to promote the economic mobility of households with low incomes and receiving federal housing assistance. Currently, it serves less than 5 percent of the roughly 2.2 million households that might be eligible for this voluntary program. Expanding the FSS program to serve more households should be tied to efforts to refine and strengthen its core components. HUD may want to test a new generation of alternative FSS models, which modify the program's service provision strategies and incentives, and assess their promise for improving the well-being of participating households. An assessment of new and improved program policies and practices following the implementation of the Final Rule, and the outcomes they produce, would also help contribute to the evidence base for this program and its continued evolution.

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