

## **Housing, Welfare Reform, and Self-Sufficiency: An Assessment of the Family Self-Sufficiency Program**

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### *Abstract*

Recently passed welfare reform legislation may have adverse impacts on the incomes of public and assisted housing residents and hence on the rental income of housing authorities. One way to dampen these impacts is to help welfare-reliant tenants find jobs. The Family Self-Sufficiency (FSS) programs sponsored by many housing authorities may be an important means of doing this. This article presents the findings of an early study of the U.S. Department of Housing and Urban Development's FSS program and explores the program's potential for dampening the impacts of welfare reform. The study involved a mail survey of the coordinators of 564 FSS programs.

The survey results indicate a surprising lack of interest in the early FSS program among potential participants. The results also indicate that these programs are inadequately staffed, and that the programs' potential to dampen the effects of welfare reform are limited by the relatively small percentage of welfare-reliant residents enrolled.

**Keywords:** Low-income housing; Policy; Federal

The recent welfare reform legislation is likely to result in significant monetary impacts on both local housing authorities and the occupants of public and assisted housing. Under the new Temporary Assistance for Needy Families (TANF) program, states will set benefit levels and eligibility standards. Because the amount of block grant is fixed, states have an incentive to restrict eligibility and/or reduce benefits. In addition, TANF's five-year lifetime limit and the more restrictive limit imposed by many states will result in the termination of benefits for a number of current recipients. Moreover, nationally, approximately 20 percent of all households receiving housing assistance obtain a majority of their incomes from welfare payments (U.S. Department of Housing and Urban Development 1997c). Thus, the decline in rent payments could be substantial.

How should public housing authorities (PHAs) respond to the projected impacts of welfare reform on housing authorities and their tenants? One possible response is for PHAs to more actively help

welfare-reliant tenants prepare for and secure employment, thus reducing their reliance on means-tested transfer payments. This would be a new goal for many PHAs. Traditionally, the narrow goal of PHAs, and the federal programs that support them, has been to provide decent and affordable housing to low-income families. The focus has been on getting families into public or assisted housing units; little attention has been paid to assisting tenants in improving their earning potentials and graduating to private-sector rental or owner-occupied housing.

More recently, a variety of “self-sufficiency programs” have been created to encourage housing authorities to work with local social service providers in offering a comprehensive set of education, job training, and other support services to residents of public and assisted housing. The ultimate goal of these programs is to increase the wage incomes of residents and thus reduce their reliance on welfare, food stamps, and housing assistance. Accomplishing this goal for a substantial proportion of welfare-reliant tenants would greatly dampen the impacts of welfare reform on both PHAs and welfare-reliant tenants.

The U.S. Department of Housing and Urban Development (HUD) has sponsored several self-sufficiency programs in recent years (Rohe 1995, Shlay 1993). Its current Family Self-Sufficiency (FSS) program requires PHAs to create local FSS programs and to enroll a number of participants equal to the total number of new public housing and Section 8 units reserved for each authority in 1993 and each subsequent year.<sup>1</sup> Unfortunately, we know very little about this program and its potential for dampening the impacts of welfare reform. Answers to even basic questions—such as how many housing authorities have created local FSS programs, how they are structured and funded, how many residents are enrolled, and how many residents have graduated from those programs—are unavailable.

Thus, the purpose of this article is to present the findings of a study of FSS programs offered by public housing agencies across the country and to explore the implications of those findings for the FSS program’s potential for dampening the impacts of welfare reform on PHAs and their residents. The study involved a survey of the FSS coordinators in housing agencies that manage more than 250 public housing units and Section 8 certificates and vouchers combined. A more detailed discussion of self-sufficiency programs precedes an in-depth discussion of that study and its results.

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<sup>1</sup> From fiscal year (FY) 1993 through FY 1997, HUD issued more than 170,000 new Section 8 certificates and vouchers, although some of those were replacements for units lost as a result of the demolition of public housing or opt-outs by project-based owners. Far fewer public housing units were authorized during this time period. Between FYs 1993 and 1997, HUD authorized approximately 18,000 new public housing units.

## Background on self-sufficiency programs

The FSS program and other similar self-sufficiency programs represent a new vision for public and assisted housing: to aid families in achieving economic self-sufficiency. When the public housing program was created in the 1930s, it was seen as providing a “way station” for those who had fallen on hard times. Public housing developments were places where families paid reduced rents while getting back on their feet, before moving on to private-sector housing. As Hays (1985, 92) comments, “During the early years of the program the typical public housing tenant was a temporarily poor family who needed aid in difficult circumstances imposed by war or depression.” Over time, however, changes in public and assisted housing admission policies and the method of determining rents, the characteristics of low-income households, and the changing nature of the employment market have resulted in residents who are more likely to be lower-income, single-parent households with low educational attainment who are more likely to rely on housing assistance for a longer period of time (Apgar 1990, Hungerford 1996, Stegman 1990). These families are less likely to get back on their feet and move out of public or assisted housing on their own.

Because of this transition of public and assisted housing from temporary to more long-term housing, interest in helping residents of public and assisted housing achieve economic self-sufficiency has grown. Shlay describes the evolution of self-sufficiency programs, emphasizing the recognition among policy makers that “the delivery of housing services must be accompanied by other services that would eventually foster family economic self-sufficiency” (Shlay 1993, 457). She traces the direction in which these programs are headed to two sources: first, the 1980s’ federal cutbacks, which dictated that the federal government provide more services with less money, and second, a growing public opinion that recipients were abusing income-maintenance programs. Thus, to maintain support for public and assisted housing programs, they must be seen as a means of assisting able-bodied families to become economically self-sufficient.

Working against this interest in increasing the wage incomes of assisted housing tenants, however, are the long-standing rent policies of housing assistance programs. Since the Brooke Amendments in 1969, tenants in public and assisted housing have paid 30 percent of their adjusted income for rent. Thus, for every additional dollar they earn, 30 cents goes to increased rent payments. Moreover, welfare and food stamp benefits may decline while work-related expenses, such as transportation and day care, may increase substantially. For many, working simply does not pay. After studying the impacts of employment on public housing residents, a recent report

concludes, "The highest marginal 'tax' rate is not paid by millionaires but rather by welfare-dependent public housing residents who accept a full-time minimum wage job." (Public Housing Authorities Directors Association [PHADA] 1995, 5) At the time of the study, the effective tax rates for public housing residents obtaining minimum wage employment in Missouri, New Jersey, and Maryland were all well over 100 percent.

One attempt to ameliorate the effects of this tax has been the inclusion of escrow savings accounts in more recent self-sufficiency programs. The escrow account provision works in a manner consistent with notions about the importance of assets for the reduction of poverty (Sherraden 1991). Sherraden argues that the accrual of assets makes it possible for individuals and families to promote household stability, orient toward the future, and make long-range plans. They can set and achieve life goals more successfully. Thus, escrow savings accounts may encourage participants to plan for a future off welfare and potentially outside of public or assisted housing.

But how effective are self-sufficiency programs in helping residents become economically self-sufficient? Several evaluations of earlier self-sufficiency programs suggest that they can have important impacts. The relatively short history of self-sufficiency programs begins with Project Self-Sufficiency, a HUD demonstration program introduced in 1984. This program provided additional Section 8 certificates to public housing authorities that developed programs to help single mothers achieve economic independence. Each program had to have a coordinating committee composed of representatives from the PHA and local service providers, a procedure for conducting individualized assessments of the services required by program participants, and case managers, who helped participants secure the services needed to achieve economic independence. A total of 155 PHAs participated in Project Self-Sufficiency, which served approximately 10,000 single mothers. A study of the impact of this program during its first two years found that the employment rate among participants increased from 25 to 45 percent (HUD 1988). Unfortunately, participants were not compared with nonparticipants so it is impossible to tell whether that increase was due to the program or to other factors. Furthermore, the long-term impacts of the program are unknown.

In 1989, the Bush administration replaced Project Self-Sufficiency with Operation Bootstrap. Although largely the same as its predecessor, Operation Bootstrap served a broader clientele. It targeted all public housing families, rather than just single mothers. A total of 61 housing authorities participated in Operation Bootstrap, enrolling 3,000 additional families. An assessment of the impacts of this program indicates that the proportion of program participants

employed went from 40 percent before entering the program to between 45 and 51 percent two years after program entry (Blomquist, Ellen, and Bell 1994). Again, the lack of a comparison group and the relatively short time period covered limits the conclusions that can be drawn from this study.

In 1987, the staff of the Charlotte [NC] Housing Authority (CHA) developed a self-sufficiency program that added two new elements to the Project Self-Sufficiency model. First, it added escrow accounts, funded with a portion of participants' rent payments, to help them buy their own homes. Second, it added a freeze on need-based benefits and rents, so that additional earned income would not be offset by cuts in benefits or rent increases. Local congress-people introduced the program, which became part of the Housing and Community Development Act of 1987. This act also authorized up to nine similar programs; however, the CHA was the only PHA to launch such a program. A longitudinal evaluation of this program found that more than two-thirds of all participants failed to complete the program. Those who did finish, however, experienced substantial increases in income and decreases in reliance on welfare and food stamps. Moreover, these changes were statistically different in the expected directions from a comparison group composed of people who had applied to the program (Rohe and Kleit 1997).

A modest amount of evidence thus indicates that self-sufficiency programs can have important impacts on the incomes and welfare reliance of public and assisted housing residents. If self-sufficiency programs are to play an important role in dampening the impacts of welfare reform, they not only will have to be effective in reducing reliance on welfare. They also will have to enroll a substantial number of welfare-reliant tenants. Unfortunately, we know very little about HUD's current self-sufficiency program, the Family Self-Sufficiency program.

### **Family Self-Sufficiency program**

The National Affordable Housing Act of 1990 authorized HUD's Family Self-Sufficiency program. This act requires housing authorities to develop FSS programs designed to coordinate public and assisted housing with other public and private resources to help low-income families reduce their dependence on welfare and housing assistance. Starting in fiscal year (FY) 1993, each PHA has been required to create an FSS program and enroll a number of participants equal to the total number of new public housing and Section 8 units reserved for that authority. PHAs can receive a waiver, however, if they can show a lack of supportive services in the area, a

lack of support from state or local officials, a lack of funds for administering the program, or a lack of interest on the part of tenants.

The essential elements of the FSS program include: (1) a Program Coordinating Committee (PCC), (2) the voluntary participation of resident families, (3) a contract of participation, (4) case management, and (5) escrow savings accounts. The PCC—which consists of representatives of the PHA; providers of local services such as day care and job training; local government; and other relevant groups—is responsible for developing an action plan that must be submitted to and approved by HUD. The action plan describes the characteristics and needs of potential program participants, the services and activities to be offered to participants, incentives to encourage participation in the program, and a timetable for implementation. Participation of the service providers, while entirely voluntary, is particularly important because the program provides no new funds for services. Rather, it focuses on securing existing services for FSS participants. Moreover, these agencies have competing demands for their limited services, so participants in FSS programs may not be able to obtain the full set of services needed.

The second major element of the FSS program is the voluntary nature of family participation. PHAs are allowed to screen program applicants for motivation but may not screen based on income, education, previous job history, number of children, or other characteristics. Voluntary participation has two implications for program implementation. First, some FSS programs may have problems attracting program participants because residents may be afraid even to consider leaving the security of housing assistance. Second, the lack of screening for income, education, or previous job history may mean that many participants will enter the program lacking the skills necessary to make the transition to self-sufficiency in five years.

The third element of the program is a contract of participation. Selected participants enter into a contract that specifies their responsibilities along with a set of interim and final goals. Independence from welfare must be one of the interim goals and the head of the household must agree to seek suitable employment during the term of the contract. The contract also specifies the resources and supportive services to be made available to the participant. The contract can run for a maximum of five years, with extensions allowed for “good cause.”

Case management is the fourth major element of the FSS program. Case managers provide personal assistance to participants in developing the goals specified in their contracts. They also may assist

participants in receiving the services they need to achieve those goals. Often acting as participant advocates in dealing with other social service agencies, case managers also provide counseling and encouragement to participants throughout the time they are enrolled in the program, as time allows. Case managers may, for example, help participants find “sick child” day care so they do not have to miss school or work. Funding for case managers is limited, however, and this may affect the success of FSS programs. HUD funding for program coordinators and case managers is handled differently for public housing and Section 8 FSS programs. HUD provides funds to cover these costs for public housing FSS programs. For the much more prevalent and larger Section 8 programs, however, HUD only provides funding for case managers to some small and moderate-sized agencies. The limited funds are distributed on a competitive basis. HUD expects larger agencies to fund case managers out of their Section 8 administration fees or to find other sources of funds.

The final major element of the FSS program is the escrow savings account. While a tenant participates in the FSS program, the amount of any rent hikes resulting from increases in wage income are deposited in an escrow account. When a participant’s increased income exceeds 50 percent of the area median income, the amount paid into escrow is adjusted downward by a formula so that, in compliance with the law, the FSS credit does not exceed the amount computed for 50 percent of median income. If a household’s income increases above 80 percent of local median income, all escrow payments cease. While those who were not working when they started the program have the potential for substantial savings by the end of the five years, families can build substantial escrow accounts only if their increases in earned income do not cause them to be “over income” for Section 8. The provision that ends escrow account deposits if a participant earns too much presumably was included to limit the amount that could be accrued in escrow accounts, but it may lead to misunderstanding among participants when escrow payments are terminated. The cessation of escrow savings may decrease motivation to remain in the program.

Tenants must receive annual notification regarding the amount in escrow. With the approval of the sponsoring PHA, participants can withdraw escrow funds once they achieve the interim goals in their contracts of participation, but they must use those funds to fulfill their contracts—for example, by paying for college tuition or buying a car so they can get to work. Participants have full access to the funds in their accounts once they complete the program. Program completion is defined as having met all contract terms or when 30 percent of a participant’s income is equal to or above the fair mar-

ket rents for appropriate-sized housing units in the area and the individual is off welfare.

The escrow savings account can be an important motivator for residents and a tool to help them learn to save for future large expenditures. Furthermore, escrow accounts may be the most important element in helping residents move out of poverty in the long run. As mentioned previously, unlike cash income, assets encourage long-term planning. Savings allow people to go to school or to plan for their futures; assets are the tangible link between the present and the future.

Although FSS program requirements apply to both the public housing and Section 8 programs, there is one major difference. The sponsoring PHAs have the discretion to include in their FSS contracts a provision to terminate Section 8 assistance if families, without good cause, are found to be in noncompliance with their FSS contracts. The sponsoring housing authorities decide what constitutes good cause. Public housing residents, however, cannot be evicted for failure to meet the terms of their contracts. The reason for this difference between the Section 8 and public housing FSS programs is not entirely clear, but may have to do with public housing being seen as housing of last resort.

The recently passed Quality Housing and Work Responsibility Act of 1998 made three important changes to the FSS program (Sard and Lubell 1999). First, allocations of public and Section 8 housing, beginning October 21, 1998, will not add to the number of people housing authorities must enroll in their FSS programs. This number essentially will be capped at the number required at that date. Second, the number of people required to be enrolled in an FSS program will be reduced by one for each program participant who successfully meets the terms of his or her contract. This means that, over time, the mandated number of FSS participants will be reduced and at some point will reach zero. Finally, at their discretion, housing authorities that are not required to offer an FSS program are given the authority to do so. Thus, at least in the short run, most housing authorities will be required to sponsor an FSS program for their tenants, and some authorities that are not obligated to run FSS programs probably will develop them. The number of nonobligated programs will depend on the funding available to support these programs and, given the phasing out of the FSS requirement, funding availability undoubtedly will affect the degree to which currently obligated housing authorities maintain their FSS programs over time.

The FSS program has been in place since 1993, yet we know very little about how it is being implemented or what impact it is



having. The little we do know comes from a U.S. Government Accounting Office (GAO) study of the early implementation of the program (GAO 1993) and from internal HUD memoranda (HUD 1997a, 1997b, 1997c). The GAO study concluded that HUD had been coordinating with key federal agencies and providing funds for some of the new duties that housing authorities will have to assume. In addition, it questioned whether PHAs would be able to obtain supportive services for an expanding number of FSS participants and raised the possibility that local job and housing markets may prevent some participants from achieving self-sufficiency. The internal HUD memoranda summarize the figures reported to HUD's internal tracking system. Because of some confusion in reporting requirements, however, housing agencies at that time underreported program participation. HUD also conducted some selective interviews with small subsets of program coordinators to understand what FSS looked like when it was aggressively implemented and the issues faced by large FSS programs.

To understand the program's potential for dampening the impacts of welfare reform on both housing authorities and their welfare-reliant tenants, we need answers to many questions. How many PHAs have FSS programs? How are these programs structured and staffed? How many welfare-reliant residents are involved in those programs? What are the main obstacles residents face in achieving self-sufficiency? What are the major factors that limit the effectiveness of local FSS programs? The research described in this article addressed these questions through a mail survey of FSS program coordinators.

## **Research design**

We mailed a survey to 1,041 housing agencies that we identified as being required to have an FSS program by the National Affordable Housing Act of 1990 and that had 250 or more units of Section 8 and public housing. We received 741 responses, a response rate of 70 percent. Of the responses, 564, or 76 percent, had active FSS programs at the time of the survey. Below is a discussion of the creation of a list of FSS programs, the data collection method, and the survey's development.

### *Sample*

To survey FSS programs, we had to create a list of programs. When we called HUD in the fall and winter of 1995, the Office of Public and Indian Housing had an estimate of the number of FSS programs throughout the country, but no list of programs. Therefore,

we set about creating a list of housing authorities and other agencies that, according to the program legislation, *should* have FSS programs. (The National Affordable Housing Act of 1990 mandated that agencies that received incremental Section 8 certificates or vouchers or public housing units in FYs 1993 and later run an FSS program. In FYs 1991 and 1992 the program was voluntary for housing agencies.)

To create a list of agencies that should have FSS programs, we drew on two sources: the responses to a 1994 National Association of Housing and Redevelopment Officials (NAHRO) membership survey and a HUD-supplied list of agencies that had received incremental Section 8 or public housing units after FY 1991. NAHRO asked its members if they ran FSS programs. Agencies that said yes were the basis for the first part of the list. We then compared HUD's list to NAHRO's and created a full list of agencies that are required by the legislation to have an FSS program. To stay within our resources, we limited our survey to housing authorities that had 250 or more units of public housing and Section 8 vouchers and certificates. The final list contained 1,041 housing agencies.

### *Survey development and administration*

The survey questions were developed based on our analysis of the Gateway Transitional Families Program in Charlotte, NC (Rohe 1995; Rohe and Kleit 1997). The survey included questions about participant screening, assessment, recruitment, and barriers to involvement in the program. It also asked about the size of the program, the racial and ethnic breakdown of its participants, the number of participants on welfare and food stamps, and educational levels of participants. Questions about program services and their management, program staffing, case management, and the use of volunteers also were included. Finally, the survey contained questions on program funding. We pretested the survey with six FSS coordinators in North Carolina, Maryland, and Virginia.

We sent out the survey in two waves. In the summer of 1996, the survey went to NAHRO members who said they had an FSS program. In the fall of 1996, we surveyed additional agencies from HUD's list. Using a modification of Dillman's (1978) method, we sent out surveys and business reply envelopes in three waves. We sent a combination thank you and reminder postcard after each of the three mailings. A cover letter sent with the survey mentioned NAHRO's support for the completion of the survey. To supplement the survey, we also spoke with 11 FSS coordinators from agencies across the country about the use and effectiveness of escrow accounts in their programs. In interpreting some of the findings pre-

sented below, it is important to keep in mind that this was a survey of FSS coordinators, not program participants.

## Findings

### *Program numbers and focus*

One of our research goals was to provide a realistic estimate of the number and types of FSS programs throughout the nation. Based on our survey, we estimate that 786 housing agencies with 250 or more units of public and assisted housing have FSS programs. To arrive at this number, we assumed that the likelihood of having a current program was the same among responding and nonresponding agencies.<sup>2</sup> By size of agency, we then multiplied the number of nonresponses by the proportion of current programs. We added that number to the count of agencies with programs from the returned surveys. The data indicate that the distribution of FSS programs declines by the size of the housing agency. The larger PHAs (those with more than 1,250 units of Section 8 and public housing) had the greatest number of active programs, an estimated 296. Medium-sized PHAs (those with between 500 and 1,249 units) had slightly fewer, 287 active programs, while small housing authorities (those with 250 to 499 units) had the fewest active programs, 203.

As stated previously, we surveyed agencies that *should* have had current FSS programs, according to the National Affordable Housing Act of 1990. We found that not only did the number of programs decline as the size of the agency declined, but so did the proportion of housing agencies with active programs in this population. Of the largest housing authorities that received incremental Section 8 or public housing funds in FYs 1993 to 1995, 84 percent had active FSS programs. Seventy-six percent of the medium-sized authorities had programs and 69 percent of the smallest programs we surveyed had active programs. The average number of FSS participants per program is 65 while the median is 39. The smallest program had one participant while the largest had 2,067.

The data also indicate that most of the existing FSS programs are targeted exclusively to Section 8 assistance recipients. The size and focus of the FSS program is determined by the number of new pub-

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<sup>2</sup> The proportion responding did not vary greatly by size of PHA. Of the largest PHAs, 68 percent responded, compared with 74 percent of those with between 500 and 1,249 units and 67 percent of those with between 250 and 499 units. Because of this lack of variation, we felt it was reasonable to assume that responding and nonresponding agencies had similar proportions of current programs.

lic housing and Section 8 units funded by HUD after FY 1993. If, for example, a housing authority receives 100 Section 8 certificates and vouchers and 25 public housing units, that authority is obligated to enroll 100 Section 8 and 25 public housing residents in its FSS program. The Section 8 and public housing obligations cannot be transferred between the two programs. Since 1993, the number of incremental units of public housing has been very small while the number of Section 8 certificates and vouchers has been relatively large. Many PHAs have received no new public housing units. Thus, it is not surprising to find that 67 percent of the FSS programs are exclusively for those in the Section 8 program. Another 31 percent serve both Section 8 and public housing residents. Only about 1 percent of the agencies have FSS programs that exclusively serve public housing residents.

In FYs 1991 and 1992, agencies could voluntarily begin FSS programs. The data indicate that very few programs began during this voluntary phase. Only 1 percent of the agencies began their programs in 1990; another 4 percent began in 1991. The majority began after 1992, with the largest proportion, 41 percent, beginning in 1993.

### *Program outcomes*

We estimate that since inception 60,442 participants have been enrolled in FSS programs across the country and 41,780 were enrolled in the program at the time of our survey (see table 1). To make this estimate, we extrapolated the survey results. We assumed that the nonrespondents within each size category of PHA had the same proportion of FSS programs as the respondents. We also assumed that

*Table 1. Estimated Numbers of Participants, Graduates, and Withdrawals from FSS for Programs Begun in 1995 or Earlier*

Category of Participant	Number of Units			Total
	250–499	500–1,249	1,250 +	
Families ever in program	6,907	13,778	39,757	60,442
Graduates	497	817	2,266	3,580
Dropouts/terminations	678	1,145	2,516	4,339
Current participants	4,668	9,247	27,865	41,780
Withdrawn (other)	1,064	2,570	7,110	10,744

the nonrespondents with FSS programs enrolled the average number of participants.

Of the 60,442 participants, 41,780 (69 percent) still were enrolled at the time of the survey and an additional 10,744 (17 percent) had withdrawn for reasons such as moving to another city or getting married and moving out of public housing. Of the remaining participants, 3,580 (6 percent) graduated from the program and 4,339 (7 percent) either dropped out or were terminated from the program. Clearly it is too soon to tell what percentage of the participants will complete their programs successfully. Although the number of dropouts is higher than the number of graduates, this is to be expected in the early stage of any job training program of this type.

### *Characteristics of participants*

The data on program participant characteristics show that FSS participants are more likely than the average Section 8 or public housing household to be female and single parents (see table 2). They are roughly comparable, however, in terms of race and reliance on welfare assistance. Our survey data indicate that most FSS participants are women (91 percent) and single parents (84 percent). These percentages are somewhat higher than the comparable figures for all public housing and Section 8 recipients. Recent HUD data indicate that 83 and 76 percent of Section 8 and public housing residents, respectively, are female-headed households and 56 and 36 percent of Section 8 and public housing residents, respectively, are single-parent households (HUD 1997c). Half (50 percent)

*Table 2. FSS Program Participant Characteristics*

Attribute	Percent of Participants
Female	91
Single parent	84
White	50
Black	43
Other race	7
Receive TANF	48
Receive food stamps	63

*Note:* N = 400.

of the participants are white, while 43 percent are black. HUD data show that 36 percent of all Section 8 recipients are black while 48 percent of public housing residents are black. Turning to receipt of welfare and food stamps, 48 percent of the program participants receive welfare while 63 percent receive food stamps. The figures for reliance on welfare are quite similar to the respective percent for all families with children that receive housing assistance, which has been estimated to be 47 percent (Wiseman 1996).

### *Program description*

*Attracting program participants.* The great majority (81 percent) of housing authorities let prospective applicants know about the program through briefings for new residents or certificate or voucher holders (see table 3). Three-quarters hold informational meetings with potential participants, while 70 percent talk to residents during housing recertification. About a third of the agencies use leaflets (33 percent), newsletters (29 percent), and mass mailings (26 percent). Some (21 percent) depend on the resident counselor to pro-

*Table 3. Attracting FSS Clients*

Method of Advertising	Percent of Agencies
Briefings for new residents/certificate or voucher holders	81
Informational meetings with potential participants	76
Contact during housing recertifications	70
Leaflets	33
Newsletters	29
Mass mailings	26
Information from the resident coordinator	21
Literature at key places	9
Media	6
Referrals	5
Word of mouth	5
Personal contact with potential participants	4
Other	3

*Note:* N = 547.

vide information to those who inquire. A small proportion (6 percent) use the media, such as public service announcements, and an equally small proportion said they receive referrals. A few housing authorities depend on word of mouth (5 percent) or personal contacts with participants outside of meetings (4 percent).

At the time of the survey, which was prior to the recent welfare reform, most FSS programs had difficulty meeting their quota of participants. Only 25 percent of agencies report having more applicants than open slots. One coordinator commented, "Our hardest challenge is getting people into the program. We have 51 slots awardable and have only filled 38 at most." This finding is consistent with the experience of the Gateway self-sufficiency program (Rohe 1995). Gateway administrators had difficulty finding people who were both interested in and qualified for the program. Since welfare reform, however, resident interest may have increased. The time limits included in the TANF program may be motivating residents to seek the types of job training and education offered through the FSS programs.

The reasons offered by FSS coordinators for this reluctance to participate are similar to problems offered by the tenants themselves in an earlier study of the Gateway program (Rohe 1995; Rohe and Kleit 1997). The results of our mail survey indicate that fear of leaving public or Section 8 housing or losing other benefits is the most frequently cited obstacle to program participation (see table 4). A full 65 percent of the program coordinators mention this obstacle.

*Table 4. Obstacles to Program Participation*

Reasons Offered	Percent of Agencies
Fear of leaving public housing or of losing Section 8 assistance or other benefits	65
Care of family is more important now (small children)	51
Cynical attitude toward social programs	43
Families unwilling to sign five-year contract	35
Already involved in education/job training	28
Distrust of housing authority	18
Lack of motivation	18
No obstacles	11

*Note:* N = 545.

Moreover, about a third of the coordinators specifically mention that prospective Section 8 participants were unwilling to sign contracts that might have required them to relinquish their certificates or vouchers for failing to live up to the terms of their contracts.<sup>3</sup> One program coordinator commented, “We have not been able to interest people in the program. We explain the program, and the biggest problem is that they are concerned about losing assistance.” The experience of the Gateway program was similar. In this earlier evaluation, we found that many residents were reluctant to give up the security of public housing. They knew that as long as they stayed in public housing, if their incomes declined, so would their rents (unlike renting in the private market). Thus, they were protected from being evicted from their homes.

Slightly more than half of the program coordinators in our mail survey report that family responsibilities are another obstacle to entering the program. Again, this finding is consistent with our earlier study of the Gateway program, in which we found that many women did not enroll in the program because they were reluctant to leave their children in day care or because they felt that going to school, working, and taking care of children was simply too much to handle.

Another frequently mentioned obstacle is cynicism and distrust. A full 43 percent of program coordinators mention that residents were cynical about social programs and 18 percent report that residents distrusted the housing authority and therefore were unwilling to enter the FSS program. The Gateway program participants expressed the same feelings. Most of the participants in a focus group of people who decided not to participate in the Gateway program harbored ill feelings toward the housing authority. They re-

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<sup>3</sup> There seems to be considerable confusion among FSS coordinators, housing advocates, and others as to the interpretation of the program regulations pertaining to the termination of Section 8 assistance. The regulations read, “The [FSS contract] shall provide that the public housing agency *may* terminate or withhold assistance under Section 8 if the public housing agency determines . . . that the family has failed to comply with the requirements of the contract without good cause . . .” (emphasis added). They go on to say, “Each family participating in a local program shall be required to fulfill its obligations under the contract of participation no later than five years after entering into the contract. The public housing agency shall extend the term of the contract for any family that requests an extension, upon a finding of the agency of good cause.” Thus, public housing agencies have discretion in terminating or not terminating Section 8 assistance in the event of noncompliance during the usual five-year contract period. Conversations with HUD officials indicate that very few Section 8 recipients have had their assistance terminated as a result of failure to comply with the terms of their FSS contracts. In addition, once Section 8 program participants successfully complete their contracts they remain eligible for Section 8 assistance as long as they are not over the maximum income limit. They are not required to surrender their certificates or vouchers.



sented the housing authority's intrusion into their lives and thought the program would worsen that intrusion.

Other factors mentioned by the program coordinators that make it difficult to attract program participants are lack of motivation (18 percent) or specific child-care or transportation problems (4 percent). In some cases, residents already are involved in the same sorts of programs to which an FSS program would refer them: 28 percent report that participants already are enrolled in education and job training, while 4 percent say residents already are working. Only a small proportion (11 percent) report that they had no difficulties attracting participants to their program.

*Participant screening and assessment.* By statute, FSS programs cannot discriminate based on an applicant's education, work history, or the number of children they have. Screening for motivation is allowed. Additionally, the regulations state that the participant has to sign a contract of participation. In practice, FSS staff play a major role in screening potential program participants. Two-thirds of agencies report that FSS program staff are the decision makers in participant screening, while 25 percent include the program coordinating committee and 3 percent have the PCC make these decisions alone. The PCC may be playing a small role in screening because little screening is needed. As mentioned above, only 25 percent of agencies report that they had more applicants than slots.

Anyone who currently lives in public housing or receives a Section 8 certificate or voucher and expresses interest is eligible for the program. Motivation therefore is the key criteria for which agencies screen (see table 5). A full 74 percent of the respondents say they

*Table 5. Most Important Attributes in Screening Applicants*

Screening Attribute	Percent of Agencies
Motivation	74
No screening, in public housing or Section 8	25
Other	15
Clarity and reasonableness of goals	13
Educational status or potential	13
History or potential for employment	13
History of economic independence	3

*Note:* N = 505.

screen based on participant motivation to achieve self-sufficiency. About a quarter of the agencies say they do not screen at all. An additional 13 percent mention specific guidelines for applicants, including the clarity and reasonableness of the applicant's goals, the applicant's educational status or educational potential, and the applicant's history of or potential for employment. A small 3 percent of the respondents specifically mention screening based on past history of economic independence.

We also asked respondents how they determine who is "active" in the program. Upon entering the program, participants sign contracts of participation that specify interim and long-term goals, along with the steps they will take to reach those goals. More than half of the agencies (54 percent) report that those contracts are the basis for deciding who is active and who is not. Some respondents were more specific about the activities required for active status in their programs. For example, 44 percent say that to be active the participant has to be actively looking for work, working, or attending school. In addition, 38 percent looked for contact between the program staff and the participant, saying that attending workshops and meeting with case managers constituted active participation. Only 4 percent say that all participants had to do was to have a contract of participation on file.

The FSS regulations require that independence from welfare be an interim goal. When asked about benchmarks for success, however, only 32 percent of agencies mention independence from welfare (see table 6).<sup>4</sup> Instead, agencies more frequently mention getting and maintaining employment (52 percent) and improving education and training (51 percent). FSS programs also look at the increase in income or the establishment or maintenance of an escrow account (27 percent) as a benchmark for success, and at the achievement of the interim goals included in the individual's contract of participation (25 percent). A few respondents (12 percent) mention the achievement of homeownership as a benchmark for success. Others mention improved interaction between the participant and the staff or moving out of public housing (both 5 percent). These benchmarks show that the programs' main goal is improving the skills and earning power of their participants. Leaving welfare may be a byproduct of increasing one's income, and therefore may not be thought of as a benchmark.

*Program management and staffing.* Most housing authorities (79 percent) are the sole administrator of their FSS programs. An addi-

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<sup>4</sup> The question about benchmarks for success was an open-ended question. Respondents could list anything they felt was an important benchmark.

Table 6. **Benchmarks for Participant Success**

Benchmark	Percent of Agencies
Improve employment (getting and maintaining)	52
Improve education or training	51
Move off welfare	32
Increase income/establish or maintain an escrow account	27
Other	26
Achieve interim contract goals	25
Achieve or aspire to homeownership	12
Improve self-esteem/motivation/self-direction	8
Improve interaction/communication between client and staff	5
Move out of public housing	5

Note: N = 365.

tional 7 percent cooperate with another housing authority while 15 percent contract out for management.

Program staffing and funding levels vary greatly. A full 85 percent of the programs have two or fewer full-time-equivalent (FTE) staff members (see table 7). An additional 15 percent have more than two FTE staff members assigned to their programs. On average, an

Table 7. **Full-Time-Equivalent (FTE) Staff Levels**

FTE Staff	Housing Agency Size (Number of Units)			
	250–499	500–1,249	1,250 +	All Agencies
1 or less	49%	55%	32%	45%
1.1–2	43	37	41	40
2.1–3	6	4	10	7
More than 3	2	3	17	8
Mean	1.0 FTE	1.0 FTE	1.7 FTE	1.3 FTE

Notes: N = 495. For categorized staff levels,  $X^2 = 45.851$  with six degrees of freedom,  $p = 0.001$ . Largest housing agency mean was significantly larger than those of relatively smaller agencies, unbalanced ANOVA,  $F = 24.45$ ,  $p = 0.0001$ .

FSS program has 1.3 FTE staff members.<sup>5</sup> The smallest PHAs devoted fewer FTE staff to the program. Of the medium-sized and smallest agencies listed here, 92 percent had staff levels of two or less. This is in contrast with the largest agencies, where only 73 percent had FTE staff levels of two or less. Of the largest agencies, 27 percent devoted more than two FTE staff to the program, compared with 8 percent of the smallest and 7 percent of the medium-sized agencies. These differences are evident in the simple mean staff levels. The largest housing authorities have significantly larger FTE staff sizes, 1.7 compared with 1 in the comparatively smaller agencies. These differences in staff size were statistically significant at the 1 percent level.

One of the major tasks of the FSS program staff is to assess the services needed by participants and then connect them with those services. This task often requires case management to be successful. Rohe and Kleit (1997) report that effective case management was vital to participant success in the self-sufficiency program they studied. Furthermore, they conclude that effective case management could occur only at caseload levels of 40 or fewer participants. In the FSS program, however, 52 percent of the respondents report that their programs have caseload levels of 41 or more participants per FTE staff member (see table 8) and 14 percent report caseloads of more than 100 participants per staff member.<sup>6</sup> Although larger

*Table 8. Ratio of Participants to Staff*

Ratio Participants/Staff	Housing Agency Size (Number of Units)			
	250–499	500–1,249	1,250 +	All Agencies
1–20	30%	17%	10%	18%
21–40	36	31	24	30
41–60	19	21	23	21
61–80	8	9	11	9
81–100	5	8	9	8
More than 100	2	13	24	14

*Notes:* N = 480.  $X^2 = 37.929$  with 10 degrees of freedom,  $p = 0.001$ .

<sup>5</sup> We asked the FSS program coordinator to list all the FSS program staff and the hours worked in a week by each. We calculated the number of FTE staff by adding the hours worked by all staff members and dividing by 35 hours a week.

<sup>6</sup> We calculated the caseload per FTE staff member by dividing the number of active participants in each agency’s FSS program by the calculated number of FTE staff.

PHAs devoted more staff to their FSS programs, they were also more likely to report larger case loads per staff member. Of PHAs with more than 1,250 units, 24 percent reported more than 100 participants per staff member. Only 2 percent of smaller PHAs, however, reported similar case loads, while 30 percent reported case loads of 1 to 20 participants per staff member. Differences in the ratio of participants to staff were statistically significant ( $X^2 = 37.929$ ,  $df = 10$ ,  $p = 0.001$ ). We also asked FSS coordinators what percent of total staff time was devoted to case management. On average, regardless of the size of the PHA, FSS staff spent 60 percent of their time on case management, further indicating that case management is woefully inadequate in a large majority of the programs. One FSS coordinator commented:

Additional funding for more FSS managers is critical to the ongoing success of this program. We have 7,000 public housing families and 2,800 Section 8 families, with one coordinator and a fresh-out-of-college case manager.

Case management is critical to the success of the FSS program, as another coordinator explained:

In our experience, the case management portion has been critical to the success of the program and residents' ability to connect with resources. Lots of people know the resources are there, but don't know how to access it. Case management allows them to do that.

Furthermore, without case management it is unlikely that participants will fully realize the potential of the escrow accounts, as some other program coordinators stressed:

Without the case management that we do, a lot of people's job training and vocational training would suffer, and so would their ability to earn a livable wage. Pizza Hut is not a livable wage when you have three kids and a single earner. To maximize earning potential and contribution monthly . . . I think the case management is the most important aspect of the FSS program.

I think the escrow account is becoming a reality because of the case management. Without that combination, neither would work.

Some programs augment their professional staff with interns and volunteers. The majority, however, do not. Only 17 percent of the respondents report the use of volunteers. About 7 percent of the agencies report that their programs had one or two volunteers; another

10 percent report three or more. For those who report having volunteers, the average number of volunteers was eight.

*Program coordinating committee.* Each housing agency is required to form a PCC to help obtain commitments of public and private resources for the FSS program. The regulations mandate that the following individuals be members of the PCC: representatives of the housing authority and its residents, a citywide resident council (if one exists), and resident management corporations or resident councils (if they exist). Suggested members include local government representatives; local service providers for JOBS (Job Opportunities and Basic Skills), Job Training Partnership Act (JTPA), or other employment services; child-care providers; and representatives of public and private training institutions.

Most of these constituencies are, in fact, represented on PCCs across the nation (see table 9). For the most part, housing authorities appear able to pull together representatives of the important service providers in their communities. The great majority of PCCs include representatives from the public housing authority (88 percent), education or training institutions (87 percent), and agencies responsible for JTPA (81 percent). Roughly three-quarters of the PCCs have nonprofit service providers (76 percent) and local agen-

*Table 9. Representation on the Program Coordinating Committees*

Participants	Percent of Agencies
PHA staff	88
Education or training institutions	87
Local agencies responsible for JTPA	81
Private nonprofit social service providers	76
Local agencies responsible for JOBS	75
FSS program participants	73
Local government	54
Private business	52
Other	19
PHA board members	17
Tenants	17

*Note:* N = 545.

cies responsible for JOBS (75 percent). Most PCCs also include public housing or Section 8 residents (73 percent). About half of the PCCs have a local government representative (54 percent) and half have involved representatives of private business (52 percent). We also asked coordinators how often the committees meet and about their main responsibilities. On average, PCCs meet four times a year. Only 10 percent said their PCCs did not meet and just 3 percent reported that their PCCs had no role.

Most PCCs appear to be actively involved in the program. Roughly two-thirds of PCCs have an oversight role with the program’s day-to-day operations (see table 10). They offer the coordinators advice, trouble-shoot problems, and review documents and action plans. Sixty-four percent provide services to participants and solicit new services. About a third mentor participants, advising them on services and their escrow accounts. Sixteen percent do public relations work to promote the FSS program in their community. About 11 percent have a more remote policy-setting or advisory role, while 10 percent raise funds and write grant applications. Only 7 percent specifically mentioned identifying job opportunities for graduating program participants as one of their responsibilities.

*Program services.* FSS program staff arrange for an array of services for their program participants. A variety of education and job training services are accessible through local FSS programs. The most frequently cited education opportunities include high school or General Education Development (GED) completion (88 percent);

*Table 10. Main Responsibilities of Program Coordinating Committee*

PCC Responsibility	Percent of Agencies
Oversees program operations	66
Provides services and solicits new services	64
Mentors participants, advises them on services, escrow	35
Promotes program in community	16
Policy setting or advising	11
Raises funds and writes grants	10
Obtains job commitments	7
Other	5
Takes no role in the FSS program	3

*Note:* N = 500.

community college programs (77 percent); technical, business, or vocational school programs (75 percent); four-year university programs (59 percent); and pre-high school, remedial education programs (58 percent) (see table 11). The most frequently available job training and preparedness services include resume workshops (72 percent), dress-for-success instruction (58 percent), on-the-job training (55 percent), and apprenticeship programs (29 percent). The variety of educational levels represented in these programs, from four-year university to remedial education, highlights the diversity of the population served by FSS programs.

The array of services that FSS programs provide is much broader than simply education and employment training (see table 12). The programs also arrange for services that help support participants' employment efforts. The most frequently mentioned type of support service was training in household management, parenting, and financial management. A full 87 percent of programs arranged for this type of training. Child care was the next most frequently mentioned support service (81 percent). (Without child care, most participants cannot take advantage of education and training opportuni-

*Table 11. Education and Job Training Programs Offered by FSS Programs*

Type of Program	Percent of Agencies
Education for high school completion	88
Community college programs	77
Technical/business school/vocational	75
Resume workshops	72
Four-year university	59
Remedial education	58
Dress-for-success instruction	58
On-the-job training	55
Job search training, education, and counseling	29
Apprenticeships	29
Referred out for all services	21
Life skills (both social and practical)	19
Other	15

*Note:* N = 530.



Table 12. Services Available through FSS Programs

Service	Housing Agency Size (Number of Units)			All Agencies
	250–499	500–1,249	1,250 +	
Education	96%	97%	93%	95%
Job training	91	92	90	91
Training in household and financial management, parenting	88	84	89	87
Child care*	85	75	83	81
Counseling about private sector rental and homeownership opportunities*	74	73	83	77
Substance abuse treatment and counseling	71	65	74	70
Transportation	67	64	73	68

Note: N = 538.

\* $p < 0.05$

ties.) Medium-sized PHAs offered child care slightly less often than other PHAs. An additional 77 percent of programs offer counseling on rental and homeownership opportunities in the private market, although the largest PHAs were most likely to do so. Roughly 70 percent offer treatment for substance and alcohol abuse and 68 percent arrange for transportation services. This shows that FSS programs offer a comprehensive array of services to help participants overcome personal and practical barriers to self-sufficiency, although these services may not be available to all program participants.

*Escrow accounts.* Roughly a third of all FSS participants—an estimated 13,200 people in 1996—had escrow accounts. At that time, many housing agencies had not yet set up their programs and many participants had not been in the program long enough to have any increases in earned income. Therefore, it is likely that the proportion of households with escrow accounts has risen since 1996. According to HUD, in July 1996 the average balance in the escrow account for each household was \$1,585, with an annual monthly credit to the account averaging \$229 (HUD 1997a). Since then, amounts in escrow are likely to have increased. The average escrow account balance reported by the coordinators with whom we spoke was about \$2,000; the smallest amount mentioned was \$54 and the highest was \$16,500.

The FSS escrow accounts appear to influence participant behavior in three ways: They attract participants to the program, help them fulfill program objectives, and help them leave public or assisted housing at the end of the program. According to program coordinators, escrow accounts were the most important program element in attracting participants to their FSS programs (see table 13). As one FSS coordinator explained, “Escrows are particularly important for [recruiting residents] without ambition.” Many FSS programs are able to use the escrow accounts, and participant success with them, as an enticement to enroll in the program.

The escrow accounts also help participants obtain and keep jobs. A frequent use of interim withdrawals from escrow accounts, for example, was for transportation-related expenses: Participants repaired or purchased vehicles, paid summonses needed to redeem licenses, or purchased car insurance so they could travel to work. Other withdrawals supported educational expenses, such as tuition and books or paying off outstanding student loans. Interim withdrawals also were used for career-related purchases such as computers, or medical needs such as dentures or eyeglasses.

The escrow accounts also have provided many graduates with the funds needed to move out of assisted housing. Most programs encourage participants to use escrow accounts to move into the private housing market, provide them homeownership counseling, and assist them in accessing subsidized homeownership programs. The majority of coordinators with whom we spoke reported that, upon program completion, a majority of participants use the escrow funds to buy homes.

*Table 13. Most Important Program Element in Attracting Participants to the FSS Program*

Program Element	Percent
Escrow account	53
Comprehensive supportive services	16
Coordinated case management	12
Housing/homeownership assistance	10
Education offered	7
Job training offered	7
Other	4

*Note:* N = 503.

*Obstacles and problems*

We also were interested in assessing the main obstacles that prevent people from finishing the FSS program and the major problems that program staff experience in implementing the program. Thus, we presented program coordinators with a list of possible obstacles to completion and asked them to indicate the main obstacles affecting their program participants. This list was developed based on our earlier study of a self-sufficiency program (Rohe and Kleit 1997) and included illness, child care responsibilities, personal problems, moving to a new location, and lack of motivation. Survey respondents also were provided with spaces to write in additional responses.

In interpreting the program coordinators' list of obstacles, one should keep in mind that these are their perceptions. Program participants may have a very different view of their reasons for dropping out of the program. The results show that the most frequently cited reasons for failure to finish the program are lack of motivation (67 percent), personal problems (54 percent), child-care responsibilities (52 percent), moving to a new location (25 percent), lack of access to transportation (19 percent), and illness (18 percent) (see table 14).

These reasons for not completing the program echo those offered by the participants who dropped out of the Gateway program. Some Gateway dropouts offered a lack of motivation for not finishing the

*Table 14. Main Obstacles to Program Completion*

Obstacle	Percent of Agencies
Lack of motivation	67
Personal problems	54
Child-care responsibilities	52
Other	43
Moved to a new location	25
Transportation access and expense	19
Illness	18
Financial issues (bad credit, lack of money for books)	6
Lack of jobs in area	6

*Note:* N = 546.

program. As one dropout commented, "I'm very upset with myself. I could have tried, but I just laid down. I didn't fight for it." Personal problems and child-care responsibilities also caused people to leave the Gateway program. Personal problems included drug abuse, involvement in an abusive relationship, and pregnancy. As mentioned previously, many participants found it difficult to balance family responsibilities with education and work. As one woman commented, "When you have children, you can't just drop this and go there, you know, [you have to] be doing a lot of other things."

Program coordinators also were asked to react to a list of problems they may have experienced in the past year. That list contained the following problems: turnover in key staff, lack of support among participating agencies, little interest among eligible people, participants losing interest after being in the program awhile, understaffing, and lack of job opportunities for graduating participants. Additional spaces were provided to write in other problems. Respondents were asked to indicate if each item on the list was a large problem, a small problem, or not a problem.

The most frequently cited problem is lack of interest among eligible people. A full 41 percent of the coordinators see this as a major problem and an additional 34 percent see it as a small problem (see table 15). Thus, almost three quarters of the coordinators are having some trouble attracting people to the program. One coordinator described the problem this way: "It has been difficult getting Section 8 participants interested in the FSS program. Most feel that they are receiving assistance and do not need to work for it." The

*Table 15. Problems in the Past Year*

Problem	Percent of Agencies			N
	Large Problem	Small Problem	Not a Problem	
Little interest among eligible people	41	34	24	521
Understaffing	41	25	34	526
Lack of job opportunities when people graduate	33	44	23	460
Participants lose interest after being in the program awhile	21	51	28	502
Turnover in key staff	13	12	75	511
Lack of support among participating agencies	12	36	52	501
Other	85	15	0	35

next most frequently mentioned problem is understaffing. A total of 41 percent of the coordinators felt this was a major problem; an additional 25 percent see it as a small problem. One coordinator commented, "Our FSS program could be a great success if we had the staff and funds to support it." Lack of job opportunities when people graduate is seen as a large problem by 33 percent of the coordinators and an additional 44 percent see it as a small problem. According to one coordinator,

Even the JOBS and JTPA programs are falling short on job placement. We are in an extremely serious economic condition . . . all the training in the world will not help you get a job . . . if there are no jobs. Witness our graduates with college degrees and lots of student loans working for \$6.50 per hour.

Participants losing interest in the program is a large problem for 21 percent of the coordinators and an additional 51 percent see it as a small problem. Says one coordinator,

Our housing authority is about 10 miles from the Mexican border; therefore, a lot of the participants do not speak or understand English. Sometimes the participants get frustrated because of the length of time it takes to attend English as a second language class, GED preparedness and seek employment. This makes some participants leave the FSS program.

We also asked program coordinators about service provider commitment to the program. We asked them to rate the providers of the following services as highly committed, moderately committed, or not committed to their FSS programs: child care; transportation; education; job training, preparation, and placement; substance abuse treatment and counseling; training in household management, parenting, and financial management; and housing and homeownership counseling. By far the least committed agencies were those providing transportation services. Only 28 percent of local transportation agencies were rated as highly committed (see table 16). Coordinators also rate the commitment of child-care providers and substance abuse treatment providers as substantially lower than that of other service providers. One coordinator commented, "The most difficult problems clients face are transportation, purchasing a vehicle and insurance, and child-care cost and convenient hours."

An open-ended question asked coordinators to make recommendations for changing the program. The responses to this question are quite diverse, but the most frequent recommendation is additional funding for staff and services. Thirty percent of the coordinators

*Table 16. Service Providers' Commitment to FSS Program*

Service	Percent of Agencies			N
	Highly Committed	Moderately Committed	Not Committed	
Transportation	28	42	30	410
Child care	41	46	12	465
Treatment and counseling for substance abuse	52	39	9	432
Training (household and financial management, parenting)	62	30	8	491
Job training, preparation, and placement	63	33	5	498
Counseling (private housing market)	63	31	6	452
Education programs	73	23	4	500

recommend additional funding (see table 17). One coordinator commented, "If HUD really wants this program to succeed it must provide program dollars. It is very, very frustrating. It is set up to fail."

Another coordinator says,

I would like to stress the importance of having funding for an FSS coordinator. Ours is shared with three other communities.

*Table 17. Recommend Changes to FSS Regulations*

Recommended Change	Percent of Agencies
Other	32
Funding for staff, operations, and services	30
Make FSS a requirement for all in public or assisted housing	16
Change escrow account regulations	9
Broaden client base (waiting list, state housing programs)	7
Don't make FSS or the program's size mandatory for the housing authority	6
Coordinate with welfare and welfare reform	4

*Note:* N = 433.

Participants need individual attention and federal funding for this position is a necessity. . . .

The next most frequent recommendation is to make the FSS program a requirement for all residents of public or assisted housing. This recommendation may reflect the difficulty coordinators have had in recruiting people for the programs. In fact, several of the other categories into which the recommendations were organized relate to the issue of attracting participants. An additional 7 percent, for example, suggest broadening the eligibility criteria and another 6 percent suggest doing away with the mandated minimum size of programs based on the number of new units provided to the housing authorities.

Finally, to gauge the commitment of the public housing authorities to offering self-sufficiency programs, we asked the coordinators if their housing authority would continue the FSS program if the federal requirement were eliminated. Almost half responded that they did not know the answer to this question, but of those who thought they did, only one third believed that the program would be continued. The size of the PHA was associated with the response. Coordinators in smaller agencies were more likely to say that their agency would continue the program. Of the program coordinators who were able to answer the question, 44 percent of coordinators in PHAs with between 250 and 500 units, roughly a third of PHAs with 500 to 1,249 units, and about a quarter of those with more than 1,250 units thought that their agency would continue the FSS program without the federal requirement ( $X^2 = 18.24$ ,  $df = 4$ ,  $p = 0.001$ ).

Many PHA directors view the FSS program as an unfunded mandate, even though PHAs are compensated for the funds placed in escrow and for the costs of case managers for public housing tenants. Moreover, small PHAs can apply to HUD for grants to cover the costs of case managers for their Section 8 program participants. Large PHAs are expected to cover the costs of case management out of the Section 8 administration fees they receive. Providing additional funds for case managers would do a lot for the popularity of this program among the directors of large PHAs.

## Conclusions

The data on the central question of the potential for FSS programs to dampen the impacts of welfare reform suggest that the potential dampening influence is greatly limited by the many PHAs that do not have an FSS program and by the relatively small percentage of their welfare-reliant residents enrolled in the FSS programs that do exist. The results of the survey indicate that less than half of the

public housing authorities with 250 or more units of Section 8 and public housing had operating FSS programs at the time of the survey. Moreover, although more than 60,000 participants have been enrolled in the FSS program since its inception, this represents only 2.4 percent of all public and assisted housing households. Thus, for the FSS program to play an important role in dampening the impacts of welfare reform, it would need to be greatly expanded.

Instead of expanding the program, the changes to the FSS program contained in the 1998 housing act likely will lead to the shrinkage of FSS programs over time. As mentioned earlier, as of October 21, 1998, new allocations of public and Section 8 units will not carry FSS obligations and existing obligations will be reduced by the number of participants who successfully complete the program. Thus, unless PHAs voluntarily sponsor programs and/or enroll more participants than they are required to, the FSS program will play an even smaller role in dampening the impacts of welfare reform and in helping residents achieve self-sufficiency. Given the promise of the program, this situation is unfortunate.

The FSS program still may play an important role in responding to welfare reform if funds are provided for case managers. As mentioned earlier, the unpopularity of the program among PHA directors is largely due to their view that the program is an unfunded mandate. A modest amount of funding for case managers, who are critical to the success of FSS programs, could result in an expansion rather than a shrinkage of FSS programs.

The survey findings also indicate that two-thirds of the local FSS programs exclusively serve Section 8 recipients while the other third serves both Section 8 and public housing residents. The emphasis on Section 8 recipients is an artifact of the way the authorizing legislation is written and does not represent either the need for or the interest in the services provided through the FSS program. There is no logical reason why public housing residents should not have equal access to FSS programs. If an FSS obligation is ever reinstated, Congress needs to find a different criterion upon which to base its requirement for the number of families served by each housing authority, such as a simple percentage of the number of families in both public and assisted housing.

The data on the characteristics of program participants indicates that the program is serving a truly needy population not too different from the typical resident of public or assisted housing. The program primarily serves single, female parents. About half of those served are white while 43 percent are black. Almost half of those served receive welfare benefits and almost two-thirds receive food stamps. There is no evidence that the sponsoring housing authori-



ties are “creaming” the easier-to-serve population living in assisted housing.

The data also show that most FSS programs offer, regardless of PHA size, a truly comprehensive array of job and job-related services, although we do not know if those services are available to all participants. When asked to rate the commitment of the different service providers, respondents rated transportation and child-care providers substantially lower than other service providers involved in FSS programs. Transportation access and expense were a main obstacle to program completion for a sizable proportion of the survey respondents. This suggests that more needs to be done to increase the commitment of these service providers to the FSS program. In some instances, those in charge of these services need to be educated about the obstacles faced by public housing residents seeking employment. In other cases, a lack of available funding prevents the provision of services. Specially targeted transportation and day-care funds for the FSS and similar welfare-to-work programs would go a long way toward reducing these obstacles to self-sufficiency.

Our findings on the use and importance of the escrow account provision of the FSS program suggest that it is an important element of the program’s design. First, the escrow provision was seen as important in attracting participants to the program. This provision substantially reduces the heavy “tax” on increases in wage income experienced by public and assisted housing residents, since rent increases due to increases in earned income are placed in their escrow accounts. Clearly, the prospect of accruing a significant amount of money in a savings account motivated many participants to apply to the program and pursue full-time work. Second, interim withdrawals assisted many participants in either obtaining or keeping jobs. The escrow accounts were particularly helpful in covering transportation-related expenses such as buying or fixing a car that was needed to travel to work. Third, the escrow accounts aided many program graduates in making the jump from assisted to non-assisted housing, including homeownership. These accounts often provided funds needed to remedy credit problems and to cover the down payment and closing costs associated with purchasing a home. Escrow provisions should be incorporated into any new self-sufficiency programs.

At the time of the survey, there was a surprising lack of interest in the FSS program among potential program participants. Only 25 percent of the local FSS programs had more applicants than slots. Furthermore, lack of interest in the program was listed as a major problem by 40 percent of the survey respondents. The FSS coordinators believe the main reason for this lack of interest is residents’

fear of leaving public housing or losing Section 8 subsidies. Previous studies have found that public housing residents are often reluctant to leave either form of subsidy because they worry about paying substantially higher rents on the private market or about losing their jobs and not being able to get back into public housing (Rohe 1995). More than a third of the survey respondents explicitly mentioned that potential participants were unwilling to sign a five-year contract that allows the housing authority to terminate their housing assistance for noncompliance with FSS contracts. As mentioned earlier, considerable confusion exists over the mandatory nature of this program requirement. Housing authorities have discretion in including this provision in their FSS contracts and could provide prospective program participants with assurances that they will not lose their housing assistance.

Family responsibilities were another explanation for the lack of interest in the FSS programs. This is consistent with Rohe and Kleit (1997), who report that Gateway program dropouts had difficulty balancing family- and school-related responsibilities. Because it is difficult, if not impossible, to support a family on welfare payments alone, most welfare recipients have to work at least part time, often in "off the books" jobs (Edin and Lein 1997). Thus, the pressure of trying to go to school, work, and raise a family is too much for many to take on.

Finally, many program coordinators felt that cynicism about social programs and distrust of the housing authorities discouraged participation in the programs. Many public and assisted housing residents have had previous bad experiences with job training and education programs. Others resent housing authority rules and procedures, seeing them as unwelcome intrusions into their private lives (Rohe 1995). This resentment then carries over to the FSS program.

Although the advent of welfare reform may have increased tenant interest in the program, preexistent barriers to tenant participation should be removed. We offer two suggestions for increasing tenant interest in the program. First, the sponsoring PHAs should not threaten the termination of Section 8 assistance if participants do not comply with their contracts. Termination from the FSS programs and the benefits afforded, plus the loss of any escrow funds that have accrued, should suffice. Families should not be penalized with eviction for trying but failing to achieve self-sufficiency. Second, savvy social marketing is needed to attract tenants to the program. (See, for example, Andreasen 1995.) Tenants need to be convinced that participation in the program, and the sacrifices it entails, will result in a significant increase in their quality of life. The escrow accounts associated with the FSS program provide

added incentive toward that end. Some self-sufficiency programs use the desire for homeownership as a program draw: Beyond education and job training, participants are provided with homeownership counseling. The program then is sold as a “get your own home” program as opposed to a “get a job” program.

The survey results also reveal that a majority of FSS programs are woefully understaffed. Fifty-three percent of the coordinators report more than 40 participants per FTE staff member, the figure case workers gave as the maximum for effective management in the Gateway Transitional Families program (Rohe and Kleit 1997). Moreover, 14 percent of the survey respondents report more than 100 participants per staff member. A full 40 percent of the respondents also identify understaffing as a major program problem. While larger PHAs provide more staff, they do not have nearly enough to manage FSS caseloads. If the experience in the Gateway program is any indication, this high participant-to-staff ratio will lead to unnecessarily high dropout rates. Caseworkers provide valuable assistance when participants run into unexpected problems and provide important encouragement and support. Without frequent contact, participants are more likely to get discouraged and drop out. The support provided to participants by caseworkers is a critical component of all self-sufficiency programs. The understaffing of local FSS programs is a serious concern. Without adequate case management, these programs are likely to show disappointing results. We are concerned that this will lead to the FSS model being deemed a failure when it was not given a fair chance to succeed. HUD should make it a priority to provide participating PHAs with additional support for case managers.

Another obstacle to moving tenants to self-sufficiency is the “work first” philosophy being embraced by many states. With their generally very low educational attainments, many welfare-dependent public housing residents will not be able to get jobs that pay a living wage, even when the Earned-Income Tax Credit is taken into account. Thus, their prospects for becoming self-sufficient, even when working full time, are dim. To have a reasonable chance at making a living wage, many public housing tenants must pursue additional education, such as high school completion and community college programs. Unfortunately, many states will not provide the support necessary to enable welfare recipients to attend those programs. One FSS coordinator suggested, “If welfare reform does not give credit for those seeking an education, the FSS programs will have problems in that area—child-care and transportation assistance are needed for participants going to school, not just those who are working.” For many welfare-reliant public housing residents, additional education is the only way they can qualify for employment that will allow them to become self-sufficient.

One of the major questions unanswered by this study is: How effective will the FSS program be in helping participants achieve self-sufficiency? At the time of the survey, 69 percent of the participants who had entered the program were still enrolled, 17 percent had withdrawn for good cause, 7 percent had dropped out or been terminated, and 6 percent had graduated from the program. Clearly, it is too early to gauge the proportion of program participants who will complete the program successfully or how many of its graduates will benefit in terms of increased wage incomes. Future research is needed to address this question.

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