Supporting Economic Mobility Through HUD's Family Self-Sufficiency Program: Findings and Recommendations From the National Impact Evaluation

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Abstract

This article presents results from a national randomized controlled trial of the Family Self-Sufficiency (FSS) program, the U.S. Department of Housing and Urban Development's (HUD) flagship initiative to support the economic mobility of households receiving federal housing assistance. This evaluation is the first national assessment of the effects of the FSS program, which the U.S. Congress has funded since the early 1990s and is operated by more than 700 housing agencies. The FSS program offers case coordination, employment and financial education-related services, and an escrow savings account to help participants make progress toward their economic self-sufficiency goals and build long-term savings. Eighteen housing agencies, selected to reflect the contexts in which the program operates, agreed to participate in the evaluation. Combined, these programs enrolled 2,656 households. The mixed-methods evaluation followed study participants for up to 7 years, beyond the full 5-year term of the program for most. It combined administrative records, repeated surveys, and interviews with program staff. The evaluation found that, relative to the control group, the FSS program markedly increased participation in employment services and financial management services but did not produce notable effects on a wide range of hypothesized outcomes. Both program and control groups shared similar trajectories on most outcomes, including employment, earnings, household income, indicators of material well-being, and housing subsidy receipt. Furthermore, only a small proportion of FSS participants in the study graduated and received an escrow disbursement. As a result, a significant majority of those who accrued escrow savings forfeited them. The results from this comprehensive study underscore the need to reimagine the program and strengthen its implementation, so it can serve as a platform to build and boost participants' economic mobility.

Introduction

The HUD-funded Family Self-Sufficiency (FSS) program is a voluntary program designed to support the economic mobility of families receiving federal rental assistance. In this program, referrals to employment and financial well-being-related services and a long-term escrow savings account to encourage participants to work (or work more) and increase their earnings augment the federal rental subsidy offered to families. The FSS program represents the single largest and most enduring employment-focused program for households receiving federal rental assistance, but since its inception in the 1990s, limited evidence has been available about its effectiveness. To build such evidence and determine with greater confidence whether this program is effective, HUD commissioned a national evaluation in 2012.

Approximately 700 public housing agencies (PHAs) receive annual grants from HUD to operate FSS programs.[1] These annual grants include modest resources to pay for FSS coordinators, who work with participants to set "self-sufficiency" goals and refer them to services in the broader community. At enrollment, participants sign a Contract of Participation and complete an Individual Training and Services Plan (ITSP). The typical FSS contract can last up to 5 years, with extensions possible, during which participants are expected to achieve all their agreed-on 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 seek employment, increase their earnings, and accumulate savings in an interest-bearing account maintained by the housing agency. As participants grow earnings, they also grow escrow balances, which they receive when they graduate from the program, that is, when they have met all the goals, including the two mandatory goals, outlined in their Contract of Participation and ITSP. Nongraduates forfeit their escrow accruals.

The national evaluation was designed to test whether the FSS program achieves its intended effects and puts families on the path to economic self-sufficiency. It relied on a classic randomized controlled design and followed study participants for up to 7 years, offering an unusually long window into how programs operate and how participants fare. Eighteen housing agencies operating FSS programs for Housing Choice Voucher (HCV) recipients agreed to participate in this evaluation and together enrolled 2,656 households between October 18, 2013, and December 22, 2014. The national evaluation concluded before the FSS Final Rule was enacted in 2022, which altered some of the policies that governed the programs in this study.

This article summarizes the study's rationale, priorities, methods, and findings and offers recommendations for program improvement. It draws on a series of reports produced as part of the national evaluation, including the final report, *Final Report on Program Effects and Lessons From the Family Self-Sufficiency Program Evaluation* (Freedman, Verma, and Vermette, 2024).

[1] This article uses the terms *PHA* and *housing agencies* interchangeably. The FSS program is available to public housing residents, HCV program participants, and, recently, residents of PBRA projects. Owners of privately owned, HUD-assisted PBRA housing with Section 8 contracts can voluntarily establish and operate FSS programs at their housing sites. The evaluation focuses on the experiences of HCV participants alone.

Housing Assistance and Employment Context

In the United States, housing subsidies help more than 5 million families with low incomes to pay their rent and utilities in the subsidized or private rental market and are a vital component of the nation's safety net (CBPP, 2025). This benefit is offered in three main forms: portable housing vouchers, project-based rental assistance (PBRA), and public housing assistance. The HCV program, the nation's largest rental assistance program, provides rental subsidies to slightly more than 2 million households, allowing them to rent homes in neighborhoods of their choice if the housing meets HUD inspection standards and the landlord is willing to accept housing vouchers.

Families receiving these subsidies generally contribute 30 percent of their monthly income to rent, minus adjustments to defray childcare expenses or for other reasons, and the program covers the remaining rent and utility expenses, up to the local payment standard. Families may receive such rental assistance as long as they remain eligible based on household income. However, once household income grows to the point in which the housing subsidy is zero and stays that way for 6 consecutive months, subsidy eligibility ends.[2]

Because families receiving housing subsidies are among the poorest and most economically disadvantaged families in the country, they are an important focus of economic mobility initiatives. Over half of those receiving housing assistance work, but such work is typically low wage for many who work (CBPP, 2025; Mazzara and Sard, 2018). It is also common for housing subsidy recipients to receive government benefits, such as cash assistance and food stamps. When families receive housing subsidies for an extended period, it diminishes the rate at which this benefit becomes available for others in need. Often, families face long waiting lists for subsidized housing, and in many cities, the waiting lists maintained by the local housing agencies have remained closed for many years.

As with any means-tested program, receipt of government benefits has the potential to affect recipients' work effort. Some analysts have argued that housing subsidies not only improve access to decent housing but may also promote work. This view holds that the housing stability that comes from rental subsidies may enable recipients to focus on employment or invest in education and training and that households are able to move to neighborhoods offering better prospects for their families when housing assistance takes the form of vouchers (Chetty and Hendren, 2017a, 2017b). However, this view is challenged by evidence suggesting that, on average, housing assistance alone may not improve employment outcomes, although many households benefit in selected ways (Jacob and Ludwig, 2008; Mills et al., 2006; Shroder, 2010).[3] In this case, HUD-assisted households may feel less pressure to work when housing expenses are subsidized, and available income is adequate to sustain families without the cost of seeking work because of transportation expenses, for example, or finding adequate childcare while working. The traditional rent rules in assisted housing could also discourage work. HUD-assisted households pay 30 percent

[2] This rule has some exceptions, especially for those in public housing.

[3] 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 year after random assignment. However, 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 (Shroder, 2010).

of earnings for rent until they are no longer eligible for this subsidy. The income-based rent policy serves as an implicit "tax" on additional earnings that could negatively affect the inclination to work (Popkin et al., 2000, 2010; Popkin, Cunningham, and Burt, 2005). The FSS program's interest-bearing escrow account, designed to incentivize work, is intended to address this issue.[4]

Changes to traditional rent policy could also counter the potential disincentive effect and encourage families to seek work or work more hours to increase overall household income. HUD has sponsored two demonstrations—the recently completed Rent Reform Demonstration and the recently launched Stepped and Tiered Rent Demonstration—to test whether alternative rent policies can promote work, protect families from hardship, and remain cost-neutral for housing agencies (Castells et al., 2023; Riccio et al., 2024).[5] Unlike the FSS program, which offers employment-focused supports and services, these demonstrations test the effects of work incentives built into rent policy alone. Given the potential employment advantage that housing assistance may offer and the potential work disincentives (because higher earnings can result in higher rent and reduced government benefits), researchers and policymakers have questioned the expected labor market and other effects of FSS and 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 more than 700 PHAs around the country, the FSS program reaches a small fraction of all assisted families—partly a reflection of the funding appropriated by Congress to operate this program.[6] A review of grants issued in fiscal year 2018 found that the PHAs operating FSS programs served as few as 15 participants in the smallest program to more than 1,000 in the largest.[7] Thus, although FSS is one of HUD's main employment-focused initiatives, particularly for voucher holders, it remains a small program serving less than 5 percent of eligible participants. The annual FSS grants, which pay for coordinator positions, include no provisions for program management and administrative costs, leaving it up to PHAs to cover program oversight and administration.

FSS programs also develop Action Plans that detail key program and policy parameters, for instance, the program size, population served, and types of services offered. Once approved by HUD, operators have a fair amount of flexibility in terms of how they implement the programs. In 2017, HUD published its first comprehensive resource guide for FSS operators, which has been updated since its first release (HUD, 2022). Without enforcing a particular service model, the guide offers practical tips for operating an FSS program.[8]

[4] The Jobs Plus program, originally tested as part of a national demonstration and now scaled up by HUD, also combines services and a rent-based financial incentive (Castells et al., 2021; Miller et al., 2021).

[5] The Rent Reform Demonstration compared outcomes for two study groups (the new rent rules and existing rent rules groups) during 6.5 years of followup in three PHAs. The findings showed some encouraging effects on employment and earnings in the early years of followup, but those effects were not sustained during the full followup period (Riccio et al., 2024).

[6] HUD funds FSS programs through annual grants, but congressional appropriations set the funding cap.

[7] MDRC analyses of FSS grant awards were reviewed at the time of site selection for the evaluation.

[8] PHA applicants are required to have an agency representative complete online training (HUD, 2023b).

In 2018, HUD rolled out a new performance measurement system to assess programs receiving HUD funding for FSS programs.[9] The performance score, recently updated and now referred to as the Family Self-Sufficiency Achievement Metric (FAM) Score, is a composite based on three measures of program performance: the extent to which FSS participants' earnings increase while in the program, FSS graduation rate, and number of participants served.[10] Although HUD does not use the FAM score to determine funding priorities, this performance measurement system introduces a new monitoring context for FSS programs nationwide.

Another change for FSS programs is the recently enacted Economic Growth, Regulatory Relief, and Consumer Protection Act, or the Economic Growth Act, signed into law on May 24, 2018, amending the FSS program. Congress directed HUD to develop regulations for implementing program changes, including expanding the definition of eligible family to include tenants of certain privately owned PBRA-subsidized multifamily projects, updating the FSS Contract of Participation, clarifying escrow account requirements, and updating the program coordinator and action plan requirements. The FSS Final Rule that went into effect on June 17, 2022, after the followup period for this evaluation had ended, also includes additional changes to streamline the program for participants and program operators. It also stipulates that the FSS Contract of Participation is in effect for 5 years from the family's first income recertification after the effective date of the contract, potentially increasing the program's duration.

Alongside these changes, the recently enacted Housing Opportunity Through Modernization Act of 2016 (HOTMA) legislation could likely undermine the inherent work incentive built into the FSS model. Under the new legislation, two changes to interim recertification rules affect escrow accrual. Going forward, PHAs may only conduct an interim reexamination of income if household income increases by at least 10 percent. Furthermore, for interim reexaminations, PHAs may not consider increases in earned income when determining whether household income has increased (HUD, 2023a).[11] This change will allow families to keep more of the money they earn between certifications. However, families must have an increase in rent resulting from higher earnings to accrue escrow. Because these earning increases will no longer be reported between certifications, participants' escrow accounts will grow more slowly as their earnings increase, and they will see fewer escrow increases during the program's term, potentially limiting its main financial incentive.

Core Features of the Family Self-Sufficiency Program

Guided by statutory requirements and HUD regulations, the FSS program model is structured around two components: coordination of services and an escrow savings account. Exhibit 1

[9] Published in the *Federal Register* as a final rule on November 15, 2018. 83 Fed. Reg. 57493. https://www.federalregister.gov/documents/2018/11/15/2018-24949/family-self-sufficiency-performance-measurement-system-composite-score.

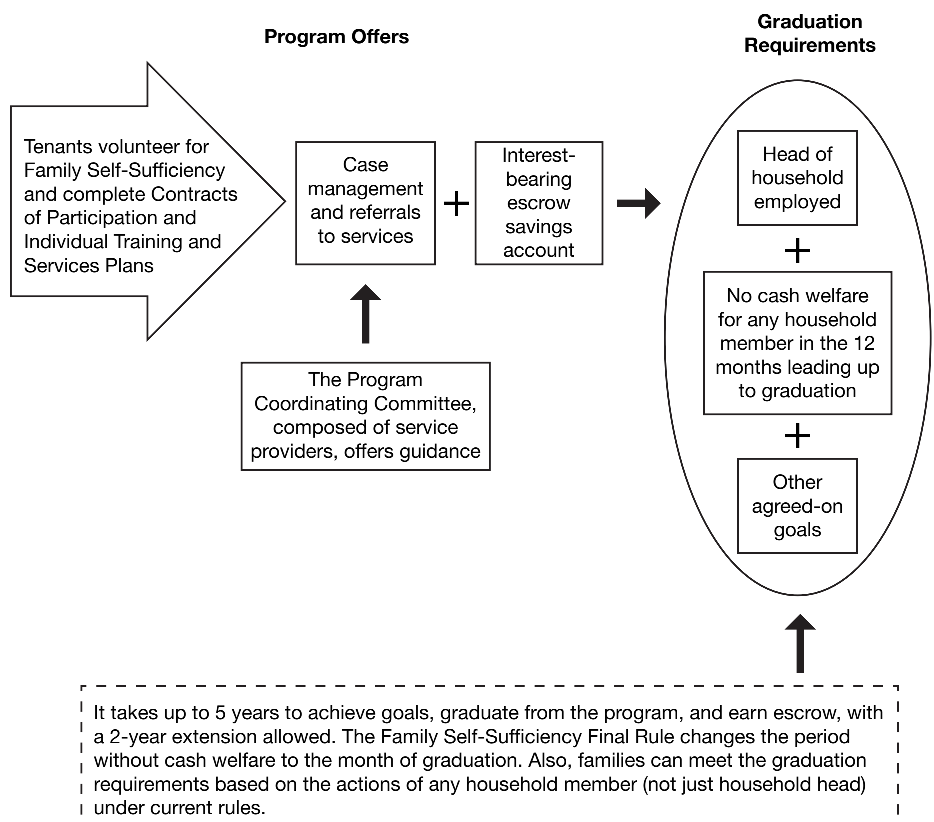
[10] The measures are weighted as earnings (50 percent), graduation rate in 8 years (30 percent), and participation rate (20 percent). In 2023, HUD announced adjustments to the existing performance measurement system to strengthen its ability to more effectively track FSS program performance. HUD also recalibrated the baseline data used for determining FAM Scores, using more recent data (Published in the *Federal Register* as a final rule on November 15, 2023. 88 Fed. Reg. 78374. https://www.federalregister.gov/documents/2023/11/15/2023-25231/family-self-sufficiency-achievement-metrics-fam-score).

[11] According to the regulations, program operators may not consider any increases in earned income when estimating or calculating whether the family's adjusted income has increased unless the family had previously received an interim reduction during the same reexamination cycle.

provides a simplified schematic of the model that applied to the families in the evaluation. Although HUD specifies the rules that govern the escrow account, FSS program operators can decide how to implement the case coordination component, an element of flexibility the program offers. Once enrolled, participants are referred to various services in the community to help them make progress toward their two mandatory goals—for the head of household to seek and maintain suitable employment and for the household to be free of welfare cash assistance. Some programs offer more intensive coaching or client-directed services. Participants have up to 5 years, with the possibility of a 2-year extension, to achieve all the goals included on their ITSPs, which are completed at enrollment and updated periodically.

Exhibit 1

Core Components of the HUD Family Self-Sufficiency Framework



FSS program graduation serves as an official measure of program success. Under the rules in effect during the evaluation, FSS participants were required to complete all agreed-upon goals and activities, including employment. The welfare-free requirement—that is, no household receipt of Temporary Assistance for Needy Families (TANF) cash assistance—applied to the 12 months leading up to graduation. Although the escrow account is intended to motivate participants to graduate from the program, it is possible that some participants will graduate and not receive any escrow. This outcome could happen for various reasons, including when participants do not see their earnings grow, which is necessary to build escrow.

The FSS program places no restrictions on participants' use of escrow disbursed at graduation, but staff reported that households commonly used these resources to start a new business, repair credit, buy a home, or pay for education. Program operators are allowed to approve interim escrow disbursement requests, or partial payments of accrued escrow balances before graduation, as long as participants use the funds to meet approved expenses related to their FSS goals. Some examples of approved disbursements include car repair, credit repair, uniforms or supplies for work, homeownership, or starting a business.

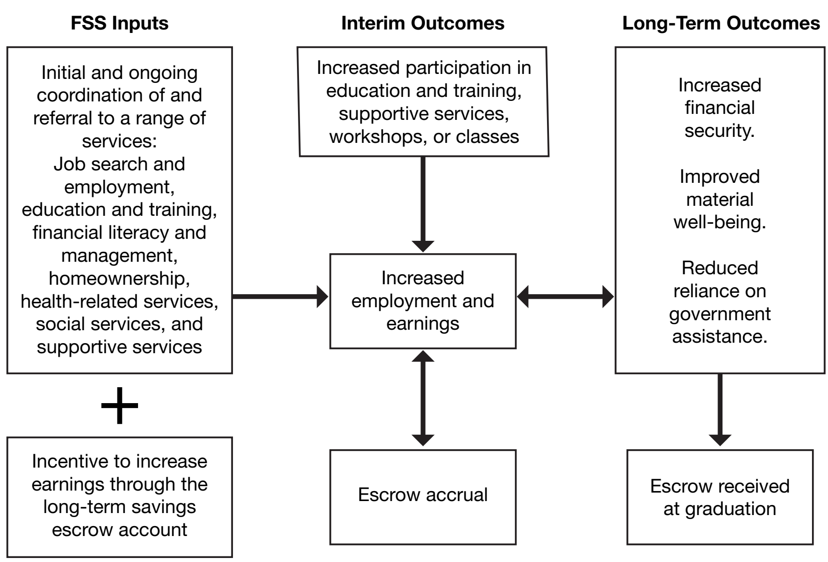
HUD requires most FSS programs to form a Program Coordinating Committee (PCC) comprising service providers from the surrounding community.[12] With referrals central to the FSS service delivery model, the PCC is meant to allow service providers in the community to be invested in the success of the program. Some PCC member organizations simply serve as referral sources, while others have a deeper service delivery partnership with the FSS program, such as offering onsite financial literacy trainings and workshops.

How Might the Family Self-Sufficiency Program Help Participants Advance?

The evaluation hypothesizes two mutually reinforcing mechanisms through which the FSS program may help participants make progress toward economic self-sufficiency. Exhibit 2 shows a simplified illustration.

Exhibit 2

Simplified Schematic of the Family Self-Sufficiency (FSS) Program Theory of Change



[12] This component is optional for PBRA and Multifamily program operators.

Mechanism 1. Increasing the Payoff Through Case Management and Referrals. Although FSS programs may vary in their service delivery approaches, they all include dimensions of goal setting, needs assessment, and referrals to services to help participants overcome barriers to work. Typically, FSS coordinators, or case managers and coaches, work with participants and sometimes other household members to set goals that participants aim to achieve during the 5 years of program participation. Through this process, they discuss the types of supports participants may need to advance toward their FSS goals—such as securing childcare to make balancing work and home life 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 the participant's credit score to increase employment prospects and decrease reliance on high-cost alternative credit sources, such as pawn, automobile-title, and payday loans.

Progress along each of the previously mentioned 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 improve material well-being irrespective of the program's effect on employment and earnings. These types of outcomes will depend on several factors, including the strength of the services received in the local community, the case management model programs use, including the type and frequency of followup, and the capacity and willingness of participants to follow through on the course of action. Some programs go beyond basic referrals and incorporate participant-directed coaching, providing a "higher touch" to support participant engagement and progress toward goals. Because client engagement practices varied among the programs in the study, this evaluation explored how varying service delivery approaches and participant monitoring practices affect participant outcomes, if at all.

Mechanism 2. Incentivizing Work by Building Escrow. The escrow savings component of the model is partly designed to counteract the disincentive effect of the implicit "tax" built into federal rent rules. Like most low-income families, FSS participants may receive multiple means-tested benefits, including Supplemental Nutrition Assistance Program (SNAP) and TANF. These benefits work similarly to federal rent rules and may discourage advancement efforts for fear of losing benefits. Specifically, 30 percent of a recipient's earnings must be contributed to rent, and FSS' escrow account rewards rent increases with escrow deposits. An increase in earnings may be partially offset by income lost from other sources, particularly those that are tied to earnings (SNAP, for example). Thus, in cases in which a household's net income decreases, any earnings gains would be diverted to higher rent payments. This feature of the broader safety net, in which earnings gains trigger reductions in specific benefits, could also discourage additional work. 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 impacts of an FSS program and, more specifically, the effect of the escrow component that is intended to cancel out that disincentive.

Two additional aspects are also considered—the effectiveness of a distant escrow payout and the barriers that may constrain participants' responses to a financial incentive. Although escrow represents an incentive to work, it typically cannot be earned in full until participants meet graduation requirements. Many PHAs allow interim disbursements, but they are generally limited to a portion of the total escrow amount accrued and may only be used for approved purposes.[13] In this way, the potential of receiving an escrow disbursement remains a distant and uncertain reward that may not effectively (or completely) counteract any disincentive effect of the rent rules because those costs are immediate and certain.

FSS participants also face serious barriers that limit employment prospects and increase the cost of work. Poor educational attainment, criminal history, and poor or no credit history may limit the types of jobs for which participants can qualify or obtain, thus reducing the payoff from work or increased hours of work. Likewise, family obligations and caregiving responsibilities, being sick or having disabilities, and transportation barriers may further discourage efforts to seek employment or work more hours by increasing the costs associated with employment (by reducing the effective wage, potentially below zero). Some participants presented with employment at 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, FSS program policies and rent rules may constitute a small part of participants' work-related decisions. Optimally, the case coordination and case management services offered by programs should work synergistically with the financial incentive component, supporting participants to find ways to overcome adversity and increase their earnings.

Evidence on the Family Self-Sufficiency Programs

The FSS program has not been the subject of extensive rigorous evaluation. Until recently, most program assessments have been descriptive or limited by methodological constraints. Some descriptive studies have found that FSS graduates had higher incomes than those who did not participate. Anthony (2005) in his Rockford, Illinois, study, found that those who remained in the program longer achieved higher escrow savings account balances, with substantial increases in household incomes between program entry and exit. This study also documented higher incomes at enrollment for program participants.

A retrospective analysis of FSS program data from 1996 through 2000 examined self-sufficiency outcomes for program participants (Ficke and Piesse, 2004). This study sought to provide a more nuanced understanding of how the program operates, the characteristics of who volunteers for the program, and the outcomes or benefits of the program. It found that participants' incomes increased at a faster rate than for other housing-assisted nonparticipants. Families had also achieved escrow account savings of more than $3,300. In the absence of a control group, these findings potentially reflect the effect of self-selection on observed outcomes.

Another descriptive study examined FSS program operations and outcomes using a nationally representative sample of 100 FSS programs, with deeper tracking on 181 participants in 14 of those programs from 2005 to 2009 (de Silva et al., 2011). This study found that 37 percent of participants exited before completing the program and forfeited their escrow balances. Roughly 24 percent completed the program within that period, with another 40 percent remaining enrolled. The escrow savings of those who completed the program were more than double the balance of those who had already exited FSS. The study noted that most of the program graduates had

[13] Fifteen of the 18 PHAs in this study allowed interim disbursements. Three had no limit on the disbursed amount.

higher incomes and had been working at the time of FSS enrollment, suggesting the same type of "creaming" described in Anthony's (2005) analysis.

The other body of evidence comes from a series of evaluations of FSS programs administered by Compass Working Capital in Massachusetts that relied on quasi-experimental, matched comparison designs and data maintained by the housing agencies. The Compass Working Capital model incorporates more-intense coaching, participant-driven goal setting and focuses on building clients' financial capability to pay down debt, build savings, and improve credit scores, complementing the asset-building focus in the FSS program. The evaluation of the programs Compass Working Capital implemented in partnership with three housing agencies showed that HCV participants in these programs had higher annual earned income and a lower level of annual public assistance receipt than their matched peers (Moulton, Freiman, and Lubell, 2021).[14] These findings are consistent with earlier quasi-experimental assessments of the effects of Compass Working Capital's FSS programs in two of three housing agencies included in the longer-term evaluation (Geyer et al., 2017). One methodological issue to keep in mind is that the matched comparison study design leaves open the possibility of selection bias because it is unable to account for who volunteers for the program. Furthermore, these studies estimate the effects of the FSS program using data collected while participants receive housing assistance, which might be affected by differential exit patterns for FSS participants and the matched comparison group.

An analysis of the Compass Working Capital model for multifamily properties found results similar in magnitude and direction to the findings of the Compass Working Capital FSS programs described previously (Yang, Freiman, and Lubell, 2021). This study documented substantially higher earnings for FSS participants compared with their matched comparison counterparts, although this effect was only marginally statistically significant. FSS households in this study also had lower public assistance receipt compared with their matched counterparts.[15]

The first randomized controlled trial of an FSS program (that also used a control group) is Opportunity NYC-Work Rewards initiative implemented between 2008 and 2014, which involved individuals receiving housing vouchers from the New York City Department of Housing Preservation and Development (HPD). Eligible HPD voucher holders in the FSS study were randomly assigned to one of three research groups: FSS only, FSS plus special work incentives (this group received extra financial incentives for sustaining full-time work, paid every 2 months),[16] and a control group that did not receive either FSS or the special incentives. The Work Rewards evaluation showed that the FSS program alone was not successful in moving participants to work or to better work as a whole (Verma et al., 2017). The program did not increase earnings for

[14] The housing agencies include the Cambridge Housing Authority, Metro Housing|Boston, and Lynn Housing Authority and Neighborhood Development.

[15] The primary analysis focused on 81 participants in Compass-administered FSS programs in six New England Preservation of Affordable Housing properties, comprising households that enrolled in FSS at any point from January 2016 through February 2019 and including outcomes through March 31, 2020. The study team constructed a comparison group that is comparable to those who would choose to enroll in the Compass-model FSS program, using the following data: (1) the baseline characteristics of households, including demographic and income sources, and (2) the tenant and rent characteristics of the multifamily property.

[16] The long-term savings structure of the escrow account was the impetus for testing more immediate, work-related cash incentives alongside the typical FSS program escrow incentive as part of the Work Rewards demonstration.

participants and subsequently did not reduce their reliance on public benefits. The FSS+incentives approach, which combined the FSS program with special financial incentives, also did not increase employment or earnings for the full sample. However, it produced large and statistically significant gains in employment and earnings for the subgroup of program participants who were not working at the time of random assignment. Among this group, it increased the program group's average quarterly employment rate during the 6-year followup period by 7.6 percentage points relative to the control group rate of 25.4 percent. It also increased average total earnings by $8,500 for program group members in the nonworking subgroup—a gain of 38.4 percent more than the control group average. By Year 6, the positive effects on earnings and employment for this subgroup weakened and were no longer statistically significant, as control group members began to "catch up" to program participants.

The findings from Work Rewards and other evaluations underscore the broad challenge employment programs face in moving working-age households into work and helping them advance into higher-quality, more stable, and more remunerative work.[17] However, the gains in both employment and earnings experienced by those who were not working at study enrollment in the FSS+ incentives group suggest that additional incentive payments may serve as one important component of interventions designed to promote employment. Partly prompted by these findings, MyGoals for Employment Success, a demonstration designed and launched by MDRC, combines personalized and structured goal setting and coaching with a new set of immediate financial incentives to support participants in making step-by-step progress toward better labor market and other personal well-being goals. Discussed later in this *Cityscape* volume, the jury is still out on the effectiveness of this model. At the end of 2 years of followup, few effects on economic well-being were detected (Moore et al., 2023). However, the financial incentive offered to encourage participants to meet monthly with their coaches may have led to much higher levels of sustained program contact than typically observed for FSS programs that do not offer financial incentives for program engagement.

The National Impact Evaluation: Study Sites, Design, and Data

Until recently, questions about the effectiveness of the FSS program had not been investigated on a national scale using methods that would support unambiguous causal inferences. The national FSS evaluation was designed to assess program effects using a classic randomized trial, the gold standard for building evidence about program effectiveness. It is also unique in that it tracked sample members for up to 7 years after they enrolled in the program. This extended followup period covered the program's full 5-year term and up to 7 years for those who received extensions and the period after participants had exited the program or had achieved their goals and graduated. In this way and drawing on the range of data described in the following sections, this evaluation provides the most comprehensive and conclusive assessment of the FSS program and its implementation, how participants engage in such a long-term program, and their economic and other circumstances during an extended followup period.

[17] The evidence is also mixed on the effects of federal training and employment programs for youth, disadvantaged adults, and dislocated adult workers—with limited cases of large persistent improvements in earnings. Sectoral employment programs that train participants for employment in specific industries have emerged during the past few decades as a promising pathway for helping disadvantaged workers advance in the workforce (Katz et al., 2022).

Site Selection

To achieve the target sample of 2,600 households, the evaluation focused on recruiting 15 to 20 PHAs to participate in the study. The number of PHAs required to meet this sample size goal was determined using available HUD data on annual openings for new FSS enrollees, FSS terminations, and FSS graduations. The average number of openings reported by FSS programs around the country ranged from 3 to 25 per month, with most programs reporting between 5 and 10 openings. These openings were mainly due to FSS graduations, but some sites were looking to expand their existing FSS programs and agreed to increase their FSS enrollees during the study period. Based on all these factors, it was assumed that sample buildup across the targeted number of sites would take at least a full year (Verma et al., 2019).

Site recruitment efforts focused on conducting outreach to and selecting sites that represented the range of contexts within which FSS programs operate. At the time of site recruitment, roughly 700 housing agencies had been awarded annual grants to operate the FSS program. These agencies included large and small PHAs in urban, suburban, and rural settings. Randomly selecting sites for study participation was not an option for this evaluation, and the desire for broad representation had to be balanced against study enrollment needs. As a result, the site selection approach considered various factors, such as program size, the possibility of building clusters of sites within states (a data collection advantage), regional and local diversity, and varying case management approaches. The research team examined HUD data from 2010 to 2012 and created a list of potential sites, followed up by phone with approximately 60 program administrators, visited 27 sites, and ultimately negotiated agreements with 18 sites. Although distinguishing typical or higher-quality FSS programs was not possible with the data available during site recruitment, the evaluation team sought sites with a range of caseload sizes, case management practices, and unique program implementation features—information gleaned during site reconnaissance effort.

During the study design stage, MDRC and HUD agreed to exclude Moving-to-Work 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 FSS participants. Eighteen housing authorities in 7 states—California, Florida, Maryland, Missouri, New Jersey, Ohio, and Texas—were selected and agreed to participate in the FSS study. These sites broadly represent the contexts in which FSS programs operate—small, mid-sized, and large FSS programs and small, mid-sized, and large voucher programs. The sites in the evaluation enrolled between 50 to 350 participants each, reflecting varying enrollment targets based on the sizes of the participating programs. Housing agencies that operated larger FSS and HCV programs agreed to enroll a higher number of participants.[18] All sites met their enrollment goals within the allocated 12-month period, although some sites completed enrollment sooner.

To assess the external validity of the enrolled sample, the evaluation team used HUD data to compare the characteristics of those enrolled in the study with those enrolled in FSS programs nationwide. Except for a few measures, the characteristics of the household heads enrolled in the

[18] Six PHAs enrolled between 200 to 350 study participants, accounting for slightly more than one-half of the total study sample. Another five enrolled between 100 to 200 study participants. The remaining seven enrolled between 50 to 100 participants each.

evaluation were broadly similar to those in the FSS national population. Furthermore, recognizing that the evaluation included both small and large FSS programs, with some enrolling more study households than others, the evaluation team conducted an additional sensitivity analysis to determine whether larger programs skewed results. This analysis adopted an equal weighting strategy in which weights were applied to outcomes based on the sample size of each participating site so that the sample of each site accounted for an equal proportion of the effect. These results were generally similar to the unweighted pooled impact analysis.[19]

Participant Eligibility and Recruitment

To be eligible for the FSS study, the head of household enrolling in the program had to be 18 to 61 years of age, in good standing with the PHA, and have completed an annual or interim recertification in the past 120 days. In addition, program staff screened participants for prior participation in the FSS program. Those already enrolled in the FSS program were not eligible for the evaluation because they could not be subjected to random assignment and potentially assigned to the control group. Furthermore, in the 1-year enrollment period, participants could only enroll in the FSS program through the random assignment process.

The national evaluation did not require the participating housing agencies to increase the size of their FSS programs for the purposes of the evaluation. The participating PHAs used many ongoing strategies to enroll study participants and worked with MDRC to adapt existing outreach materials and recruitment strategies to be able to recruit twice as many participants to meet program and control group targets. All sites met their enrollment goals within the projected 12-month enrollment period.

Study Design

At each site, half of the participants were randomly assigned to the FSS group and the other half to the control group. Those in the FSS group completed a Contract of Participation and became eligible to participate in the program. Those in the control group were not eligible to participate in the program and received information about resources available to them in the community.[20]

Randomized controlled trials employ an experimental design that compares the outcomes of the program group, whose members are eligible to participate in the intervention, with those of the 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 similar in terms of the distribution of observed and unobserved baseline characteristics. As a result, post-baseline differences between the two groups can be interpreted as effects of the intervention.

[19] Similar to the unweighted analysis, the equal weight analysis did not reveal statistically significant effects on earnings or average quarterly employment in either the full followup period or during the final year of followup. The equal weight analysis showed a statistically significant and positive 2-percentage point impact on ever being employed during the full followup period. This difference was slightly greater than the not statistically significant 1.6-percentage point impact the unweighted analysis produced (Freedman, Verma, and Vermette, 2024: Appendix C).

[20] As part of the study consent process, individuals in control group households were informed that they could not sign up for the FSS program for 3 years after enrollment.

Statistically significant differences indicate that the effects can be attributed with a high degree of confidence to the intervention rather than to chance. All estimated effects for this evaluation 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 housing authority for the main impact analysis, and two-tailed t-tests were used to test differences between the FSS and control groups. For categorical variables, a chi-square test was used to determine whether a difference exists in the distribution of related outcomes by research group.

Based on program theory, prior evidence, or because a given subgroup is of policy interest, the evaluation focused on three subgroups defined by participant characteristics at enrollment: baseline work status, educational attainment, and disability status. In addition, given the variation in implementation approaches across sites, the subgroup analysis also considered the program's effects on participants exposed to different program engagement and implementation strategies. The H-statistic test was used to assess statistically significant differences in impact estimates across subgroups.

The evaluation covers the period from 2012 to 2021 and includes the early part of the COVID-19 pandemic, which began to affect the United States in March 2020. During the pandemic, the FSS programs in this study and their PHAs made dramatic changes in how they delivered services, shifting to online engagement with program participants. The number of quarters of followup in which the pandemic could have affected outcomes, such as employment levels, ranges from zero to 4, depending on the quarter when a participant was randomly assigned. The Long-Term Followup Survey, fielded in 2021, provides 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 the pandemic caused.

Data Sources

The evaluation relied on a combination of rich qualitative and quantitative data to examine a broad range of questions related to program implementation and its effects (exhibit 3).

Exhibit 3

Data Sources for the Family Self-Sufficiency Study (1 of 2)

Source	Description and Key Outcomes	Data Period	Length of Followup
Baseline Information Form	Participant characteristics at study enrollment	October 2013–December 2014	At random assignment
National Directory of New Hires	Quarterly employment and earnings data	April 2013–December 2020	72 months (24 quarters)
Housing agency records	Program contact, engagement in services and activities, graduation, escrow accruals and disbursements, Family Self-Sufficiency program exits	October 2013–June 2021	78 months

Exhibit 3

Data Sources for the Family Self-Sufficiency Study (2 of 2)

Source	Description and Key Outcomes	Data Period	Length of Followup
HUD Inventory Management System/ Public and Indian Housing Information Center data	Housing voucher subsidy receipt and amount	October 2013–December 2020	72 months
Experian and Clarity data	Credit scores and financial transactions, by source	December 2012–June 2021	78 months
Participant followup surveys	Program participation, service receipt, income, material and financial well-being, program awareness, and escrow use	April 2016–August 2021	18-month survey, 36-month survey, and long-term survey, covering roughly 80 months of followup
Program staff interviews	Document program operations and implementation	2015–16, 2018, 2020	Three rounds of interviews, early and later followup

Notes: Response rates for all three surveys exceeded 60 percent (63 percent for the 18-month survey, 77 percent for the Year 3 survey, and 62 percent for the Long-Term Followup Survey). Analysis of the survey data did not reveal response bias for any of the surveys.

Who Enrolled in the Study?

Between October 2013 and December 2014, the 18 housing agencies in the evaluation enrolled and randomly assigned 2,656 households, the targeted sample size for this evaluation. This sample included a small number of households that later withdrew voluntarily from the study or were later determined to have been ineligible at the time of random assignment and removed and households headed by individuals aged 62 or older, who were not the focus of the main analysis. Excluding those individuals reduced the sample to 2,556. The analysis focuses on these 2,556 study participants.

As exhibit 4 shows, the sample largely comprises households with children, and nearly 34 percent of participant households included another adult at study enrollment. Although the evaluation did not track labor market outcomes for other adults in the household, their earnings affect household subsidies and contribute to household escrow accruals. Other adults may also benefit directly or indirectly from FSS case management.

Exhibit 4

Baseline Characteristics of Households in the Family Self-Sufficiency Sample (1 of 2)

Characteristic	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
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

Exhibit 4

Baseline Characteristics of Households in the Family Self-Sufficiency Sample (2 of 2)

Characteristic	Sample
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
Sample size	2,556

SNAP = Supplemental Nutrition Assistance Program. TANF = Temporary Assistance for Needy Families.

[a] The maximum response option for the number of adults in a household is four.

Notes: 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 the total for questions that allow more than one response.

Source: MDRC calculations from Baseline Information Form data

The FSS program's self-sufficiency focus aims to help participants move off cash assistance, such as TANF, and reduce reliance on public assistance in general. At the time of enrollment, approximately 70 percent of study households reported receiving SNAP benefits, and 16 percent reported receiving TANF benefits. About 54 percent reported having received Section 8 housing assistance for 6 years or less, and 31 percent reported receiving Section 8 for 10 years or more.

Exhibit 5 presents the characteristics of individual sample members drawn from responses to the baseline survey. The study sample was predominantly female (90.6 percent), with an average age of 39 years at study enrollment. 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. Exhibit 5 shows that 56.2 percent of the study participants reported that they 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 encourage more remunerative work and because employment is one of the requirements for program graduation, and increased earnings are necessary to accrue escrow.

Exhibit 5

Selected Baseline Household Head Characteristics in the Family Self-Sufficiency Sample

Characteristic	Sample
Sample member characteristics	
Female (%)	90.6
Average age (years)	39
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 (%)	
General educational development 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
Employment Status	
Currently employed (%)	56.2
Regular job	48.4
Self-employed	4.2
Temporary or seasonal job	3.5
Currently working 35 hours or more per week (%)	30.5
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 a household member with disability	7.3
Previously convicted of a felony	6.3
Does not have access to transportation for employment (%)	
No access to public transportation	17.8
No access to an automobile	18.2
Sample size	2,556

Notes: Sample sizes for specific measures may vary because of missing values. Rounding may cause slight discrepancies in calculating sums. Details may sum to more than the total for questions that allow more than one response.

Source: MDRC calculations from Baseline Information Form data

To understand the FSS program's salience and appeal, the baseline survey included questions about participants' program knowledge and the services they were interested in receiving through the program. Less than one-half (44.0 percent) had heard of the FSS program prior to being recruited into the study. Although a high proportion of most study participants expressed interest in receiving job-related services (70.5 percent), participants most frequently stated a desire for financial services (95.5 percent, not shown). Relatively few (10.9 percent) expressed interest in education or vocational training services (not shown).

To assess whether individuals and households in the study were broadly similar to their site and national counterparts, the evaluation compared baseline data for the study sample with three other groups: the FSS population in the study sites, the national population of FSS participants, and HCV recipients. The analysis found that study households and household heads that enrolled in the evaluation were broadly similar to those in the FSS national population, with some notable differences (not shown). Sample members were somewhat more likely to have no children present in the home (23.8 percent in the study sample had no children versus 17.6 percent in the national FSS population). Study households were less likely to report no income (4.5 percent versus the national FSS figure of 6.5 percent) but were also less likely to report income of $30,000 or more (8.5 versus 13.9 percent).[21]

Sample members also reported 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 tended to operate larger housing voucher and FSS programs and spend more on rent and utilities per participant than the national pool of PHAs that operate FSS programs, a function of selecting sites that could support the study's sample recruitment needs.

Key Findings From the National Evaluation

The national evaluation examined a host of indicators to understand how participants engage in such a multidimensional program, their escrow accrual trajectories, and whether the program is effective at helping them make progress toward economic self-sufficiency.

Program Participation

After enrolling in the program and signing the Contract of Participation, participants generally meet with program staff to complete an initial intake, which often includes a formal needs assessment. In this meeting, participants set goals they wish to achieve during the 5-year program. These goals and the steps to achieve them are recorded on the ITSP that is incorporated into the participants' FSS contract. Unlike many employment programs that have a predetermined sequence of services—such as a job-readiness class in which everyone in the program participates, followed by skills training and perhaps a particular kind of career coaching—the FSS framework relies heavily on participants' interests and motivations to pursue services and achieve goals-related activities. In this way, success in the FSS program is largely dependent on participants' initiative, program supports, and services participants access in the community.

[21] Measures for the site FSS and national FSS samples were derived from Public and Indian Housing Information Center data and reflect participant characteristics at varying stages of their program participation. By comparison, the baseline information for the study sample reflects their circumstance at study enrollment. Therefore, one should use caution when interpreting the comparison of measures that the FSS program is designed to affect, such as income.

PHA program records and followup survey data were used to examine participant engagement in services.[22] As exhibit 6 shows, the FSS program led to a modest increase above the control group level in the use of any FSS-related services (7 percentage points). Larger statistically significant differences, exceeding 15 percentage points, were observed for financial counseling and job search activities. More than 80 percent of survey respondents in both research groups reported participating in at least one activity during the full followup period. 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).

Exhibit 6

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

Outcomes (%)	FSS Group	Control Group	Difference (Impact)	P-Value
Any time since random assignment				
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		

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

Notes: Sample sizes for specific outcomes may vary because of missing values. Rounding may cause slight discrepancies in calculating sums and differences.

Sources: FSS 18-Month Survey; 36-Month Survey; Long-Term Followup Survey

Participants were most actively engaged in services and activities in the first 18 months of followup, with participation decreasing markedly thereafter. Soon after program enrollment, many FSS participants attended short-term workshops focusing on job searches, budgeting, homeownership preparation, or life skills. By Year 3, most FSS group members were no longer participating in FSS-related activities (or had never participated), although a sizable portion of this group (about 40 percent) was working for pay, a key goal of the 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 FSS contract by another 2 years.[23] By the last month of followup, a high proportion of participants in the national evaluation (about 72 percent) had left

[22] Data collected from the PHAs included case notes, service referral forms, and other PHA records and documentation. None of the surveys administered for this evaluation cover the full followup period, but it is possible to piece together a fairly complete picture of respondents' service use since enrollment because more than 90 percent of respondents to the Long-Term Followup Survey also responded to one or both earlier surveys.

[23] In response to the COVID-19 pandemic and its associated economic downturn in 2020, HUD gave PHAs the authority to extend FSS contracts by a third year.

the FSS program for reasons other than meeting its graduation requirements.[24] HUD and PHA records do not record detailed information on reasons for program exit, but the available data suggest that a large proportion of participants who were terminated from the FSS program exited voluntarily, left the HCV program, or moved to another PHA. FSS group members who ended FSS participation near the end of the study followup period (often because their case manager-initiated termination) were less likely to be employed and had lower earnings on average compared with FSS group members who exited during the middle years of followup.[25]

Given this finding, it comes as no surprise that only a small fraction of participants graduated from the program. About 4 percent of FSS group members graduated by the end of Year 3 of followup (that is, midway through the 5-year program). This rate climbed to about 17 percent in Year 5. By the end of data collection for this study, the graduation rate reached 20 percent (exhibit 7). This rate is somewhat below the national average of 24 percent recorded in 2018, the middle of the evaluation's followup period (HUD, 2018).[26] About 7 percent remained enrolled in the program when the study ended.[27] More than 80 percent of the FSS participants who graduated did so between month 36 and the end of the followup period.

Exhibit 7

Family Self-Sufficiency Enrollment Status Through the End of Followup

FSS Enrollment Status	Final Month of Followup
Graduated (%)	20.4
Received escrow disbursement (%)	*90.1*
Average disbursement received ($)	*10,803*
$1–$1,000	*5.9*
$1,001–$2,000	*7.2*
$2,001–$5,000	*18.6*
$5,001–$10,000	*26.3*
$10,001–$20,000	*26.3*
$20,001 or more	*15.7*
Used escrow dollars to pay for usual household expenses (%)	*59.1*
Still enrolled (%)	7.2
Average positive escrow balance ($)	*11,380*
Exited, did not graduate (%)	72.4
Exited with positive escrow balance (%)	45.7
Average forfeiture amount ($)	*3,918*
Sample size	1,285

FSS = Family Self-Sufficiency.

Note: 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; FSS Long-Term Followup Survey

[24] The last month of followup occurred between months 70 and 94, depending on the participant's random assignment date and when data were last received from their PHA.

[25] FSS group members who exited the program in Year 6 averaged about $11,600 in total earnings and had an average quarterly employment rate of 51 percent in that year. By comparison, participants who left the program during Year 4 had average total earnings of approximately $16,500 and an average quarterly employment rate of just under 60 percent during that year.

[26] 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.

[27] This estimated graduation rate includes everyone in the study sample who was randomly assigned. HUD's method for calculating graduation rates excludes FSS enrollees who exited the HCV program without graduating.

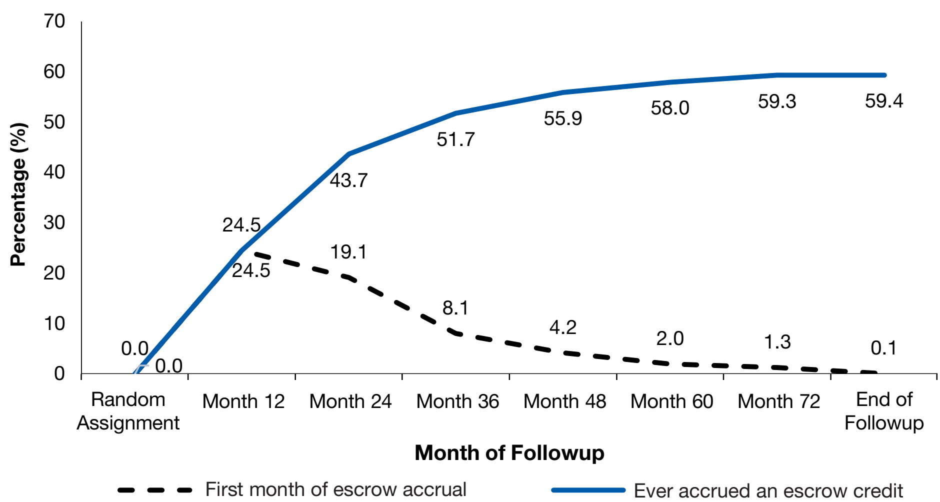
Substantial variation in the graduation rates was apparent among the 18 PHAs in the national evaluation, ranging from 4 to 44 percent. Fourteen of the 18 sites had a graduation rate of 20 percent or higher. Although some of the larger FSS programs in the evaluation—ones that enrolled at least 200 households in the study—had graduation rates that were among the highest in the study, larger sites tended to have lower graduation rates on average. FSS programs where staff carried smaller caseloads tended to have higher graduation rates, and graduates were more likely to receive both an escrow disbursement and a disbursement exceeding $5,000. However, most other program features and facets of implementation were not found to be strongly associated with these outcomes.[28] The relationship between program traits and outcomes is explored in more detail later in this article.

The escrow payout can be substantial for those who graduate and receive an escrow disbursement. As exhibit 7 shows, FSS group participants who graduated received an average of nearly $11,000, and about 14 percent earned an escrow disbursement of $20,000 or more, a significant one-time payment for these families.

Exhibit 8 displays the escrow accrual pattern for FSS group participants over time. It shows the overall proportion of FSS participants who had accrued at least one escrow credit (the solid line) during the followup period and when their first escrow credit was accrued (the dashed line). About 60 percent of FSS participants in the evaluation accrued some escrow during the followup period. Among those with at least one escrow credit, most began accruing escrow within the first 2 years of program enrollment. FSS group members who did not accrue any escrow credits by the end of Year 2 were less likely to earn any escrow during the study's full followup period.

Exhibit 8

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



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

[28] Program characteristics examined by the research team include average caseload size, whether staff had only FSS program responsibilities, how frequently participants were required to meet with FSS program staff, and whether FSS participants were required to set a goal for their first year in the program, among others.

Several factors can influence the likelihood of graduating from the FSS program and receiving an escrow disbursement, including a participant's employment status and earnings at program enrollment. Those not working at the time of program enrollment 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. Yet, nonworking participants could also face the most significant barriers to finding and maintaining employment, which is required for graduation and escrow receipt. 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. However, they may experience smaller earnings increases and accrue only a small amount of escrow.

The evaluation found that FSS participants who were employed at study enrollment were more likely to graduate from the program than those who were not employed. Specifically, just under 25 percent of FSS participants who were working either full or part time at study enrollment went on to graduate from the program compared with 15 percent of those not employed. However, among those not working at study enrollment and who graduated, a significant majority (77 percent) received an escrow disbursement exceeding $5,000. By comparison, about 54 percent of graduates who were working at study enrollment received an escrow disbursement of this size. FSS group members who were employed part time at random assignment had the highest rate of graduating with a large disbursement. This group may have faced fewer barriers to work than FSS group members who were not employed at enrollment and had more room to boost their earnings than those who were employed full time. The graduation rate was also greater for 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. This group was also among those most likely to graduate with a disbursement exceeding $5,000.

Escrow Forfeitures

Not everyone who accrues escrow credits graduates from the program and receives an escrow disbursement. Many participants with escrow credits forfeited their escrow savings. As exhibit 7 shows, roughly 46 percent of FSS group members who exited the FSS program during the followup period forfeited their escrow accruals because they left the program for reasons other than graduation. These participants 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). By the end of this study's followup, less than 20 percent of FSS group members in the evaluation graduated and received an escrow disbursement. Thus, although the escrow account—and its asset-building potential—is an important draw for FSS participants, the evidence from this evaluation indicates that the actual likelihood of receiving these savings is quite low for most program enrollees—a pattern consistent with HUD's own analysis.

Approximately $2.6 million was disbursed to the FSS graduates in this evaluation, showing 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. However, a small proportion of FSS participants graduated and earned an escrow disbursement. Those who did not graduate may have benefited in other concrete ways from case management services and referrals, including by enrolling in an educational or training activity, learning to budget and manage family finances more efficiently, improving credit scores, increasing savings, or reducing debt. This article discusses the observed effects on these and other outcomes.

Program Effects on Employment and Earnings

An important test of the FSS model is whether FSS group members' access to services and the escrow savings incentive increases their employment and earnings compared with the control group. Against a background of high labor force participation, the evaluation tested the effects of the FSS program on increasing participants' employment and earnings more than the averages for the control group.[29] This analysis compared FSS and control group members' employment and earnings outcomes at different points and cumulatively during the full followup period.

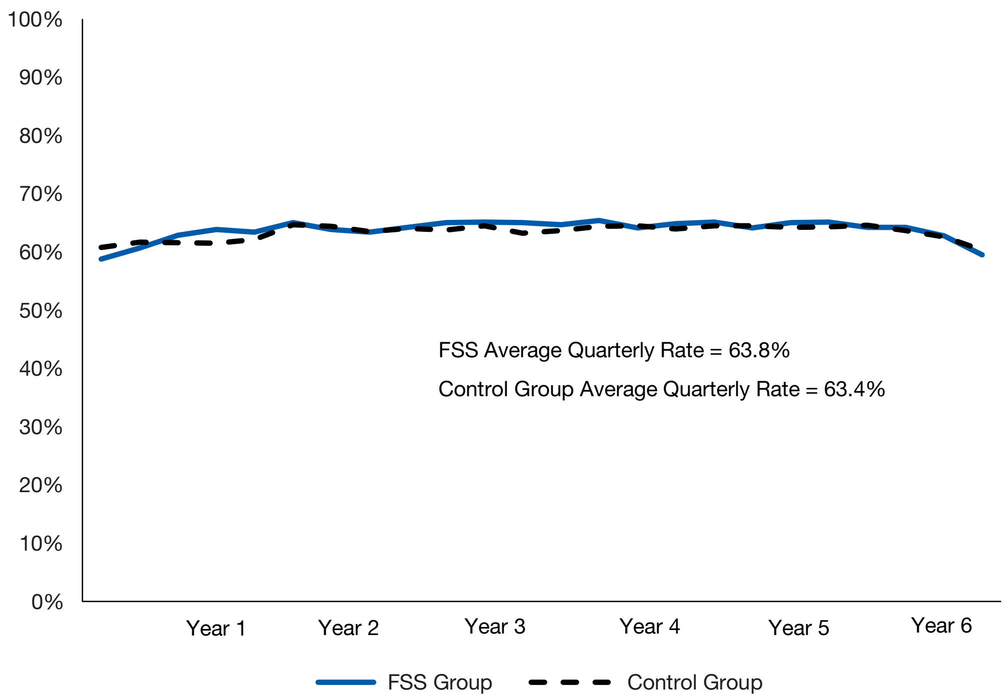
Quarterly wage records from the National Directory of New Hires (NDNH) were used to examine the program's effects on employment and earnings outcomes. The Office of Child Support Enforcement maintains NDNH, and it contains quarterly wage and employment information collected from state unemployment insurance records and federal employment. NDNH data do not cover earnings from self-employment, some agricultural work, gig work, or informal jobs. NDNH data showed that nearly 90 percent of the study participants from both research groups were employed during at least 1 quarter during the followup period.

Exhibit 9 displays the average quarterly employment rate for both the FSS group (the solid line) and the control group (the dashed line) during the study followup period and shows that the average quarterly employment rate for the FSS group was approximately equal to that of the control group for the duration of the followup period. At no point was the difference between the two groups statistically significant. During the 6 years of followup (or 24 quarters), FSS group members averaged just under 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 FSS services and financial incentives did not lead to increases over control group levels on this measure.

[29] This evaluation mostly occurred during a period of economic expansion from October 2013 to December 2019.

Exhibit 9

Average Quarterly Employment Rate in Years 1 to 6, Family Self-Sufficiency Sample

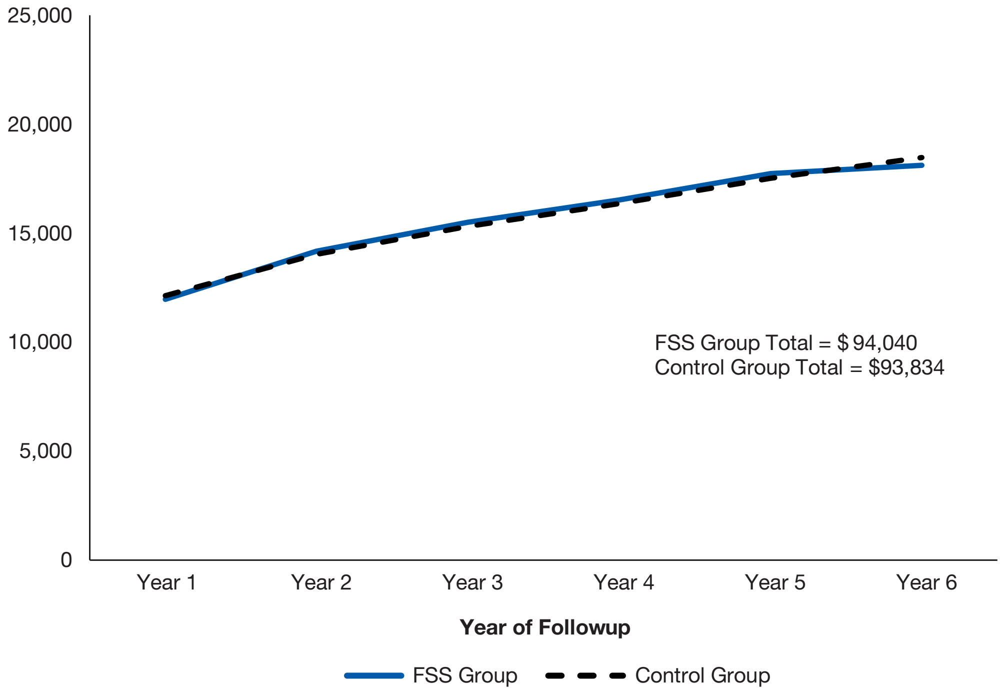


FSS = Family Self-Sufficiency.
** Statistical significance level of 10 percent. ** Statistical significance level of 5 percent. *** Statistical significance level of 1 percent.*
Source: MDRC calculations using quarterly wage data from the National Directory of New Hires

A similar pattern was observed for earnings measured using NDNH data. Exhibit 10 shows earnings over time and the average total earnings during the followup period for the FSS and control groups. During the 6-year followup period, both FSS and control group members earned about $94,000 on average (roughly $15,600 per year), indicating the FSS program had no statistically significant effect on earnings.

Exhibit 10

Total Earnings in Years 1 to 6, Family Self-Sufficiency Sample



FSS = Family Self-Sufficiency.
** Statistical significance level of 10 percent. ** Statistical significance level of 5 percent. *** Statistical significance level of 1 percent.*
Source: MDRC calculations using quarterly wage data from the National Directory of New Hires

Overall, the analysis of employment and earnings data derived from the NDNH data shows little evidence that FSS program participation improved labor market outcomes for study participants. Data from the FSS Long-Term Followup Survey, administered in mid-2021, provide additional details about participants' employment patterns and job characteristics at the end of the followup period. About 70 percent of survey respondents reported having worked for pay during the year prior to their interview (exhibit 11). Maintaining stable employment was an issue for many in both research groups because only about 45 percent of the respondents reported working during all 12 months prior to the interview. 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. For all these measures, FSS group members reported similar averages compared with the control group.[30]

[30] 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.

Exhibit 11

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
In the 12 months Prior to Interview				
Ever employed (%)	72.2	70.0	2.2	0.486
Average number of months with employment	6.9	6.7	0.2	0.658
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
Current Employment				
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
If currently not employed, main reason (%)				
Respondent's illness or disability	*37.8*	*40.1*	*– 2.2*	
No jobs available	*8.8*	*17.4*	*– 8.6*	
In school or training	*2.4*	*3.8*	*– 1.4*	
Illness or disability, other household member	*4.5*	*4.9*	*– 0.4*	
Temporarily laid off	*14.5*	*5.5*	*9.0*	
Other	*32.0*	*28.4*	*3.6*	
COVID-19-related reasons	*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: Sample sizes for specific outcomes may vary because of missing values. Rounding may cause slight discrepancies in calculating sums and differences. For nonexperimental results (presented in italics), no tests of statistical significance were performed.

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

Survey respondents who indicated that they were not working at the time of their interview also reported the likely reasons for their current employment status. As exhibit 11 shows, 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-19 or other health-related reasons for not working.

Program Effects on Credit Use and Financial Well-Being

Although the FSS and control groups experienced similar employment and earnings outcomes, the program could still improve the financial situations of FSS group households in two other ways. Once a head of household enrolls in an FSS program, other adult household members covered by the housing voucher can receive FSS services. Either way, their earnings are counted toward the issuance of escrow credits. In this way, the FSS program could potentially increase participants' household income without directly affecting the head of household's own employment and earnings. In addition, many FSS programs strongly encourage (or require) participants to attend financial management workshops or meet with financial 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 (Abbi, 2012; Collins and Gjertson, 2013; Lopez-Fernandini, 2012; McKernan, Ratcliffe, and Vinopal, 2009). For example, participants in financial security activities can learn how to increase savings, reduce debt, improve credit scores, forgo high-cost, nontraditional lending sources, and 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.

The Long-Term FSS Survey and credit data provided by Experian and its subsidiary, Clarity, were used to assess the program's effects on financial well-being. VantageScores were chosen for this analysis over Experian's better known FICO scores because they include a larger number of financial services customers with low or moderate incomes.[31] VantageScores vary from 300 to 850. Following Experian and Clarity, scores were grouped into four categories: Deep Subprime, Subprime, Near Prime, and Prime, for simplicity.

Year-by-year trends in credit scores for FSS group members alone show that 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. Most of the increases occurred during the final 2 years of followup.[32] During the followup years (2015–21), the proportion of FSS group members with Prime VantageScores (more than 660) increased 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. FSS and control group members recorded similar patterns of credit score outcomes on average by the end of the followup period (exhibit 12).

At the time of study enrollment, FSS group members carried an average balance of approximately $9,000 in nonhousing-related debt. By the end of the followup period, their levels 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 12 indicates, control group members showed similar increases in debt.

[31] VantageScores can factor in recurring payments, such as utilities and rent, and 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 (DeNicola, 2024). For the FSS evaluation, estimated values were used for December 2020, equaling the value for December 2019 plus two-thirds of the change in value between December 2019 and June 2021.

[32] These findings reflect national trends (Kowalik, Liu, and Wang, 2021; Wendel, 2021).

Exhibit 12

Impacts on Credit Scores After 6 to 7 Years of Followup, Family Self-Sufficiency 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.*

Notes: Sample sizes for specific outcomes may vary because of missing values. Rounding may cause slight discrepancies in calculating sums and differences.

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

Program Effects on Income, Benefit Receipt, and Material Well-Being

The Long-Term Followup Survey shows that members of both research groups reported similar levels of income, savings (not including escrow), and connectedness to mainstream banking institutions (exhibit 13). However, a higher 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.

Similar proportions of FSS and control group respondents also reported receiving government benefits. Nearly one-half of the survey respondents reported receiving SNAP food assistance. TANF receipt was much lower, with only 5 percent in both research groups reporting this cash assistance. Under the FSS program regulations in effect during the evaluation, FSS households could not receive any TANF cash assistance in the 12 months before graduation. The recently implemented FSS Final Rule changes this welfare-free period to only the month of graduation.

Exhibit 13

Impacts on Household Income, Benefit Receipt, and Well-Being

Outcome	FSS Group	Control Group	Difference (Impact)	P-Value
Survey Responses				
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 the 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				
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 5 percent.*

Notes: Sample sizes for specific outcomes may vary because of missing values. Rounding may cause slight discrepancies in calculating sums and differences.

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

HUD does not require families to give up housing assistance once they graduate from the FSS program. They may be required to exit the voucher program if their income exceeds the maximum allowed for this subsidy. Furthermore, some PHAs do not require tenants to report new employment or increased earnings before their next regularly scheduled eligibility recertification. However, FSS participants may report it anyway to ensure that they receive credits toward their escrow accounts and demonstrate progress toward meeting employment goals specified in their Contracts of Participation. 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, it did not occur among the PHAs in the FSS evaluation. According to Public and Indian Housing Information Center data and shown in exhibit 13, 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 received roughly similar levels of housing subsidies on average during Year 6. In the absence of program effects on employment and earnings outcomes in the 6-year followup period, these results are not surprising.

Variation in Program Effects Across Subgroups and Sites

Certain subgroups may have different experiences and outcomes in the FSS program. For example, it was hypothesized that participants who enter the program with a postsecondary degree or occupational certificate may earn more during the program period than those without these credentials. For nearly all subgroups included in the analysis, only small and statistically insignificant differences between the FSS and control groups were found for selected outcomes calculated with NDNH, credit, and housing subsidy data. The main exception to this finding is study participants who had attained a 2-year postsecondary degree or higher at the time of random assignment. The FSS program led to statistically significant gains above the control group in average quarterly employment and average credit scores for the 2-year degree and higher subgroup.

The evaluation also examined whether the variation in program implementation may be associated with differences in outcomes. As discussed, the FSS program is structured around service coordination and the escrow savings account, but it is generally viewed as a broad framework that allows for wide variation in service delivery. This variation provided an opportunity to examine whether some program implementation features are more effective at helping participants achieve or make progress toward self-sufficiency goals.

The study team estimated variation in FSS program effects for clusters of PHAs based on the extent to which they emphasized monitoring and engagement in implementation practices. PHAs were classified as placing either low, medium, or high emphasis on monitoring and engagement based on a composite score incorporating three components: average caseload size, expected number of contacts per year, and proportion of FSS group members with a Year-1 goal on their ITSPs.[33] Exhibit 14 shows that there are few program effects were observed in any "site cluster" for employment and earnings, credit, and housing subsidy outcomes. The main exception concerns PHAs that showed the strongest emphasis on monitoring and engagement at baseline, as characterized by having small caseload sizes, striving to maintain frequent contact with FSS participants, and setting both short- and long-term goals. Study participants in these FSS programs had average total earnings that were about $4,500 less than members of the control group during Year 6. This finding was observed consistently during the course of the evaluation (Verma et al., 2021; Verma et al., 2019; Freedman et al., 2023). Additional analyses revealed that during the 6-year followup period, control group members at the high monitoring and engagement programs worked more quarters on average and had higher average earnings per quarter than FSS group members.[34] This finding suggests that FSS group members may have been more likely to work part time or more intermittently than members of the control group.[35] This pattern is consistent with findings for programs that have significant upfront opportunity costs, in which participants delay or forgo employment or cut back on hours worked to facilitate their service use. It is possible

[33] These three implementation features have strong and positive associations with each other, suggesting that these separate indicators are attributes of a general implementation feature. For each PHA, a z-score was calculated for each component indicating the number of standard deviations the site-level mean was either above or below the cross-site mean. The composite score is the sum of the three-component z-scores.

[34] Control group members who worked for pay during at least 1 quarter averaged about 1 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.

[35] NDNH data do not record total hours, weeks, or months of employment per quarter.

that programs that prioritized monitoring and engagement placed greater emphasis on skill development, education, and training, which may have led some program participants to work fewer hours or temporarily withdraw from the labor market.

Exhibit 14

Impacts on Selected Outcomes by Selected Baseline Characteristics, Family Self-Sufficiency 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 certificate	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
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)								

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

Notes: Rounding may cause slight discrepancies in calculating sums and differences. The H-statistic test was used to test for statistically significant differences in impact estimates across different subgroups.

Why These Results?

Overall, the national evaluation does not point to strong or promising program effects. The case coordination component of the program is designed to provide participants with extended supports (at least 5 years) to address barriers to steady employment and advancement. The escrow component is meant to combat the potential disincentive effects of federal rent rules that tax higher earnings. Why then, in the face of extended supports and generous financial incentives offered by the program, are more positive results not evident? A few possible explanations are explored here before turning to how the program might be improved.

Labor force attachment is high for FSS participants, leaving less room for the program to increase employment rates. HCV households volunteering for this program appear to maintain high levels of labor market attachment. During the full 6 years of followup, most voucher holders in the control group (about 86 percent) had at some time worked in a job covered by unemployment insurance. The bigger problem appears to be related to employment stability. The average quarterly employment rate for control group members during the 6-year followup period was only 63.4 percent, ranging from 44.5 percent among those who were not already working at the time of random assignment to 78.4 percent among those who were already working. Earnings for the control group were also fairly low, averaging less than $19,000 per year by the end of followup period. The FSS program alone did not improve these outcomes for program participants in the evaluation sites.

Case management services that FSS programs offer may be too light touch. Given the limited resources housing agencies receive to operate FSS programs, case management is typically light and infrequent—that is, most programs offer referrals to other service providers and require limited contact with program participants. The baseline data show that many enrolled in the program with significant barriers to both employment and employment advancement, which may not be possible to address with light-touch case management practices. The responses to the Long-Term Followup Survey also revealed that FSS participants who exited the program without graduating were more than twice as likely as graduates to report having health-related obstacles that came in the way of goal attainment. Both graduates and those who exited without graduating were about equally likely to report barriers to transportation, childcare, or education costs that hindered FSS program participation.

Participants' low program engagement may further limit its impact. Through the first 36 months of followup, FSS group members averaged fewer than two contacts with case managers. FSS group members still enrolled at the end of Year 3 had about two contacts on average during the 36-month followup period. Nearly one-third of FSS group members who remained in the program through month 36 had not had any recorded contact with case managers since their enrollment meetings. Participants typically had more contact with their case managers during the first year of the program than they did in Year 3. Participants who stopped engaging with program staff or in an FSS-related activity may not have perceived value in continued engagement, or they may have had situational or other problems that got in the way of active participation.

The escrow account served as a distant and uncertain work incentive given that the payout does not occur until graduation or about 5 years into the future. Although 15 of the 18 programs participating in the evaluation allowed interim disbursements, few participants received such disbursements. The distant nature of the escrow savings, plus the limited effort to market accrual balances, may make it a less salient work incentive. Overall, other studies that have also carefully tested work-focused initiatives for low-income populations underscore the difficulty of helping participants advance, suggesting that the FSS program also struggled with the same issue.[36]

[36] For the most part, the evidence on employment programs has been disappointing. Hendra and Hamilton (2015) review a large body of rigorous evidence, accumulated during 3 decades, on the effects of different types of human capital development programs that had similar economic mobility goals and targeted public assistance recipients and other low-wage workers.

How Might the Program Do Better?

The results from this evaluation suggest that stronger (or different) approaches are needed 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 program goals and helps them build savings. However, changes in how the core components of the model are delivered (or defined) are necessary to improve program outcomes. Fortunately, the national evaluation ended at a time when HUD was already beginning to change the program's policies in accordance with the statutes of the congressional Economic Growth Act of 2018. These changes include directing PHAs to use forfeited escrow funds to benefit other program participants, changing who within the family can enroll in the FSS program and be subject to the Contract of Participant requirements, expanding the definition of good cause extensions, and reducing the welfare-free timeframe requirement. Depending on how FSS programs implement the new policies, these changes could strengthen program implementation and improve outcomes for participants.

At the same time, HUD's HOTMA legislation introduces new implementation guidelines and policies that may make it harder for FSS participants to grow escrow savings, potentially numbing what appears to be one of the more compelling and attractive features of the program model. That said, as program operators attempt to implement new FSS rules and policies, this evaluation offers important evidence to inform program improvement efforts.

Recommendations for Strengthening Service Delivery and Program Engagement

Greater Attention to Initial Goal Setting and Subsequent Updates to Individual Plans. In some FSS programs in the evaluation, the initial goal-setting step was usually brief and transactional, often completed during the program enrollment meeting. Furthermore, some PHAs set the same goals for all participants and others encouraged participants to dream big and set ambitious goals. Both approaches could make it harder for participants to successfully graduate from the program. Although the program's multidimensional goal-setting framework is useful, program operators may not want to rush the initial goal-setting step and spend more time with participants to develop clearer roadmaps, better understand the challenges they face, set both short and long-term goals, and monitor progress more frequently. By getting to know clients, staff will also be better positioned to assess the types of supports that might work best for them, target services accordingly, and even help them assess and update their goals, if needed.

Encourage and Support Sustained Client Engagement. This evaluation shows that FSS case coordination approaches varied significantly. Furthermore, because participants can go for months without connecting with their FSS coordinators, few programs have a real-time understanding of how participants are faring, whether they are receiving services to which they were referred and whether they are continuing to pursue their goals. Strengthening client engagement partly involves incorporating more structured coaching techniques and possibly supporting sustained program engagement with participation incentives. FSS programs may want to consider offering small financial incentives to encourage participants to check in regularly. Furthermore, FSS staff may want to draw on human-centered design techniques, such as customer journey mapping, to better understand participants' needs and the barriers they face in making progress toward goals. Social service agencies are increasingly using this technique to better understand participants' experiences and improve program processes to enhance outcomes.

Develop Service Provision or Collaboration Agreements With PCC Network Partners to Improve Participants' Access to Resources and Supports in the Community. FSS programs rely on PCCs and other service providers to learn about services that may be relevant to participants, but PCC members are not always responsible for serving participants. To the extent that PCCs remain central to the FSS model, it might be important to assess how FSS programs can more effectively leverage the services and resources made available through these organizations. Furthermore, regularly assessing the composition of the PCC and service provider network might be another way of identifying service gaps and ensuring that participants' changing service needs can be met. Including FSS participants as members of the PCC, as required under the old and new regulations, also allows programs to incorporate the lived experiences of program participants and possibly more quickly identify service gaps and unmet service needs. Programs could also invite graduates to serve in an advisory capacity.

Develop a Robust Job Search and Workforce Strategy for Participants With Varying Employment and Advancement Goals. Although employment is an important goal for this program, few FSS programs in the evaluation have a defined "workforce" strategy. To help participants succeed in the labor market and make progress toward economic self-sufficiency, FSS programs must be better equipped to offer (directly or through partner agencies) employment-focused supports for the range of participants who enroll in the program. Structured post-employment followup and supports, for example, could help reduce employment churning and improve job stability or help participants transition from part- to full-time hours. Programs may also want to build stronger partnerships with education and training providers focused on growth sectors to train and place clients in these sectors and with job search programs that combine traditional job club activities with life or executive skills training, including self-esteem building. Program strategies will also need to consider how to help participants' economic mobility goals in the face of growing globalization, labor market volatility, rapid technological changes, shifting demographics, and resource constraints.

Where Possible, Use Discretionary Funds to Support Participants' Progress Toward Goals. Access to flexible resources could help participants overcome some barriers (transportation or childcare, for example), stay more engaged in the program, and not give up on it or their goals. However, most programs in the evaluation had limited access to such flexible resources. Philanthropic resources could help fill the gap, but programs may need steady access to flexible resources for stable program operations. The FSS Final Rule directs FSS programs to use escrow forfeitures to benefit 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 now become available to FSS programs to support other participants. However, if programs can successfully increase graduation rates, forfeited escrow balances could decrease—a desired outcome. Looking forward, FSS programs should clearly define how flexible resources would be disbursed and who would be eligible to receive them.

Escrow Design and Implementation

Unlike the case coordination component, HUD regulations related to the escrow account apply uniformly to all FSS programs. What can programs do to better leverage this rent-based financial incentive and help more participants build savings and earn escrow disbursements?

Encourage Interim Disbursements. Interim escrow disbursements are greatly underutilized. By design, interim disbursements are meant to help participants overcome financial barriers, such as transportation and education expenses, which may deter progress toward their goals. Findings from credit data analysis that showed an increase in credit card debt over time for automobile and student loans and survey findings indicating a lack of childcare, transportation, and tuition assistance strengthen the case for program staff having more focused discussions with participants about whether they could use an interim disbursement to address an eligible need. PHAs should also establish clear and transparent policies so that participants are more aware of their options and able to make informed decisions about requesting interim disbursements. These policies should include clear and consistent messaging about the program criteria to review and approve such requests. Doing so might make the escrow benefit feel more tangible and serve as a support and an incentive for continued and sustained engagement. Providing staff with additional guidance on the merits of short- and long-term uses of escrow balances would enable them to talk with participants about how their balances are both a resource that can help address immediate needs that are in line with their program goals and an asset to grow and maintain for the future.

Share Escrow Statements More Frequently and Use Them as Nudges. Programs vary considerably in terms of the extent to which staff routinely discuss escrow accruals and potential forfeiture of these resources with participants. Beyond the one required annual statement provided to participants, more frequent escrow balance statements could remind participants of their accruals and nudge them to stay focused on the goals they need to attain to grow escrow savings and receive a disbursement. These periodic reminders could also serve as a point of discussion in followup check-in meetings with staff, potentially leading to additional supports or service referrals to help participants make progress toward goals.

Tie Escrow Payments to Progress Toward Goals. In traditional FSS programs, participants must achieve employment and all other goals to graduate and receive an escrow disbursement. One modification implemented by some Moving to Work agencies is to delink escrow disbursements from graduation requirements and allow families to earn escrow payments on an agreed-on disbursement schedule tied to engagement requirements and achieving interim and long-term goals.[37] Unlike the previous recommendations, which are under the control of program-specific policies, this recommendation would require a statutory change for PHAs that do not have Moving to Work authorization. HUD may want to allow PHAs to innovate and experiment with alternative escrow models. For the Work Rewards demonstration, the regular escrow account was paired with a short-term financial incentive, which resulted in more positive program effects for participants who were not working at baseline. This type of experimentation may be even more important in light of the income calculation guidance resulting from HOTMA. Moving to Work housing agencies are already experimenting with different financial incentives, and HUD may want to consider small

[37] https://www.hud.gov/sites/dfiles/PIH/documents/MTWFSSInnovationsJan2020.pdf.

pilots to learn from them. These pilot programs may require regulatory authorization for non-Moving to Work agencies.

Graduation Requirements

Increasing graduation rates for participants, especially for those facing significant barriers, may require a model 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 receiving 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 study enrollment and the highest incidence of 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 Supplemental Security Income or Social Security Disability Insurance (SSI/SSDI) receipt, which could limit the ability to accrue escrow to the extent disability restricts how many hours of work recipients can perform. Plus, the SSI/SSDI eligibility rules limit 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 Contracts of Participation and disburse escrow funds to families, even if the graduation requirements are not met.[38] This change might benefit some FSS participants whose health or disability status worsens over time.

Conclusion

Broad public policy interest exists in finding more effective ways of using the housing subsidy system as a "platform" for promoting employment—that is, helping its beneficiaries make big strides toward self-sufficiency, freeing up housing subsidies for other high-need families, and reducing safety net costs overall. The findings from this comprehensive assessment of the FSS program underscore the importance of taking stock of the program and how it can be retooled to realize its intended mission. This reenvisioning includes the service delivery approach, emphasizing implementation quality, developing stronger partnerships with workforce development providers, leveraging the added flexibilities the FSS Final Rule offers, and rethinking the future of the model's asset-building framework considering the HOTMA regulations. Furthermore, the body of evidence from other employment efforts to promote the economic well-being of housing assisted households makes the case for bolder innovations than those previously tried or currently in place—a particularly urgent need given tight government budgets and competing priorities for discretionary federal resources. Some of the models discussed in this *Cityscape* volume may point in that direction.

[38] 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 household head becomes permanently disabled and is unable to work or dies during the contract period, unless a new household head is assigned, and the contract is modified.

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