

TO: Moving to Work Research Advisory Committee

FROM: Todd Richardson, General Deputy Assistant Secretary for the Office of Policy Development & Research

DATE: October 3, 2018

SUBJECT: Key Considerations for Structuring the Work Requirements Cohort (#3) of the Expanded Moving to Work Demonstration Program

This memo provides background in preparation for the October 10, 2018 meeting of the Moving to Work (MTW) Research Advisory Committee which will focus on the third cohort of the MTW expansion, the cohort testing work requirements.

Background on Testing Work Requirements in the MTW Expansion

The concept of implementing a work requirement policy is rooted in two of the three statutory objectives of the MTW program: (1) to reduce cost and achieve greater cost effectiveness in federal expenditures, and (2) to give incentives to families with children where the head of household is working; is seeking work, or is preparing for work by participating in job training, educational programs, or programs that assist people to obtain employment and become economically self-sufficient. Nine of the current thirty-nine MTW agencies have implemented a work requirement policy at some point, and eight MTW agencies currently have a work requirement policy in place¹.

Testing work requirements was suggested by the MTW Research Advisory Committee and many respondents to HUD's Federal Register notice soliciting input on which policies to test in the MTW expansion.² Fourteen of the forty responses to the Federal Register notice referenced testing work requirements. (See Appendix A for extracts of the comments submitted pertaining to work requirements.) Most of the 14 comments submitted advocated for including work requirements among the policies to be tested in the MTW expansion, and all acknowledged that the impact of implementing work requirements are largely unknown, suggesting that a rigorous test of work requirements for households receiving housing assistance would fill an important knowledge gap. Most commenters indicated the importance of providing services to residents who are subject to work requirements, such as soft skills training, childcare, job search

¹ PHAs that have implemented work requirements include: Atlanta Housing Authority, Housing Authority of Champaign County, Charlotte Housing Authority, Chicago Housing Authority, Delaware State Housing Authority, Lawrence-Douglas County Housing Authority, Lexington Housing Authority, Louisville Metro Housing Authority (LMHA repealed their work requirement in 2016), and Housing Authority of the County of San Bernardino.

² RFC Published in the Federal Register on April 2, 2016 (Federal Register notice FR-5932-N-01)

assistance, and education and training opportunities. Most commenters also emphasized the need to protect residents from a negative outcome, such as eviction. A handful of commenters also noted the importance of rigorous evaluation of this cohort to build the evidence-base and recommended randomized controlled trials and/or alternative designs that allow for a robust comparison group.

Why Test Work Requirements?

Understanding the impact of work requirements has increased importance now due to HUD's recent legislative proposal, in which all PHAs would be able to implement work requirements mandating that all non-disabled, non-elderly tenants work or participate in "employment-related activities" for a specified number of hours to be established by the PHA. Currently, only MTW agencies have the authority to implement work requirements. In their recent article [*Work Requirements in Public Housing: Impacts on Tenant Employment and Evictions*](#), Rohe et al identify four arguments typically offered in favor of work requirements tied to assisted housing: (a) to counteract the negative work incentives inherent to the program; (b) to increase the financial health of PHAs; (c) to serve more low-income families in need of subsidized housing; and (d) to increase economic diversity and establish an environment of work among residents in low-income housing.

Arguments against the institution of work requirements include the notion that all persons, regardless of means, should have a right to housing; concerns that those tenants that would likely be impacted most negatively by work requirements would be those who are least equipped to compete in the labor force, due to low educational attainment, poor work history, or other barriers to work, such as illness or a lack of decent and affordable childcare; and concerns that work requirements could lead to an increase in homelessness, as families who are unable to comply with the work requirements could be evicted or terminated from receiving assistance and be unable to pay market-rate rents.

What Do We Know About Work Requirements in Assisted Housing?

To gain a deeper understanding of the work requirement policies at the existing set of MTW agencies, HUD staff recently conducted hour-long structured telephone interviews with eight of the nine MTW PHAs that have implemented a work requirement policy. The purpose of these interviews was to understand the PHAs' motivations for instituting a work requirement, the structure of the work requirement, and how PHAs monitor compliance, develop hardship policies, and have adjusted their work requirement policies over time. Currently, 8 MTW PHAs are implementing a work requirement. A ninth PHA had previously piloted a work requirement policy in a subset of their public housing portfolio which consisted of detached, single-family scattered site houses, but the PHA ultimately abandoned this policy due to continued low

occupancy rates across these sites. From the conversations with PHAs that had implemented a work requirement policy, a few key points emerged.

PHAs have different end goals in implementing a work requirement policy, and these end goals influence the design of the policy. Through discussions with the PHAs, two primary motivations for implementing a work requirement surfaced. The first motivation is to promote a level of self-sufficiency that leads to an exit from housing assistance. PHAs in this group often pair their work requirement with a term limit policy³. These PHAs tend to want to serve additional families on their wait list, and the twinning of work requirements and term limits is designed to move people through their programs. The other group of PHAs are motivated by wanting to support households in maximizing their engagement in paid employment, but without an expectation that families will exit housing assistance within any particular time frame. These PHAs are typically interested in increasing revenue to the PHA through increased tenant rent contributions, and in increasing the income of work-able households in support of a higher quality of life for the families. Many PHAs in this group note that in their communities, even working full-time at the minimum wage would not allow a household to afford market-rate rents without assistance. These PHAs often have less aggressive targets for families to meet in order to stay in compliance with the work requirement.

All of the PHA staff interviewed noted the critical importance of the availability of services to address barriers to work among residents who would be subject to a work requirement, but PHAs adopted different approaches to providing services. Some PHAs mandate participation in case management or other work-related services, and other PHAs offer case management and other services on a voluntary basis. Many PHAs administer case management in-house with PHA staff, whereas others partner with community-based service providers to offer a range of services to residents. Only one respondent acknowledged that the service package available to residents subject to the work requirement was modest, and that the PHA was not able to offer case management due to a lack of available funding to support that component of the program. The respondent offered the opinion that more extensive services would improve the current implementation of their work requirement policy.

PHAs take various approaches to monitoring compliance with the work requirement policy, but most of the PHAs described compliance monitoring as burdensome. Smaller PHAs did not report the same level of difficulty in monitoring compliance as did large PHAs, and PHAs that reported monitoring only once a year at the annual recertification also identified less burden due to the infrequency of the monitoring. Other PHAs engaged property managers and case managers in monitoring compliance, and several noted that they have streamlined their work

³ Three MTW PHAs are currently implementing both work requirements and term limits: Delaware State Housing Authority, Champaign County Housing Authority, and Housing Authority of the County of San Bernardino. Louisville Metro Housing Authority also paired term limits with their work requirement policy, but has subsequently repealed this policy.

requirement policy over time to make it simpler for the PHA to manage. Charlotte Housing Authority, for example, modified their initial work requirement policy to streamline compliance monitoring. CHA had initially designed a phased work requirement policy. In phase 1, the work requirement policy required non-disabled, non-elderly heads of household to work 15 hours per week, and any additional household member had to be employed 5 hours per week. In phase 2 of the work requirement, the requirement would be doubled, requiring non-disabled, non-elderly heads of household to work 30 hours per week, and any additional household members to be employed 10 hours per week. CHA never reached the implementation stage for phase two, however, because they changed the policy in 2016 to mandate 20 hours of employment per week, per household. Anyone in the household could contribute towards meeting the requirement and keep the family in compliance. This modification was made to ease the burden of monitoring compliance with the work requirement policy.

All PHAs report needing significant lead time to prepare residents for the implementation of the work requirement policy. The PHAs stressed the importance of clear and regular communication about the pending work requirement far in advance of the policy start date, and the value of assessing the set of households who would be subject to the work requirement to evaluate their potential service needs in order to meet the work requirement. All of the work requirement policies currently in place apply only to nonelderly, nondisabled households, but many PHAs acknowledge that there are often families or residents that are initially identified as work-able, but who have disabling conditions or family circumstances that greatly impede employment. PHAs often have safe harbors or hardship policies for such households as they seek to establish disability status. For example, the Chicago Housing Authority has a safe harbor provision for households who are waiting for a disability claim to be processed. Until such time as the household has received a response from their claim, they are not subject to the work requirement.

Many PHAs implemented the service component of the work requirement far in advance of the work requirement taking effect and offered services to help households prepare to meet the work requirement once it was implemented. Charlotte Housing Authority, as described below, began offering case management two full years before the work requirement went into effect. Several PHAs also described the importance of understanding the community context in which the work requirement would be rolling out—such as the unemployment rate, the types of positions that were in demand in the local job market, and the kinds of employment services offered by local community-based organizations—in order to best position their households for success once the work requirement was implemented.

The majority of PHAs have evolved their policy over time as they have identified elements of their policy which were more burdensome than anticipated and/or to reflect the changing circumstances in the community. For example, the Housing Authority of Champaign County initially established a policy that required only the head of household to be working, but

subsequently expanded their policy to apply to all work-able residents once the work requirement had been in place for five years. Lawrence-Douglas County Housing Authority initially established a policy requiring all able-bodied adults age 18 and older to work a minimum of 20 hours per week, but this requirement was scaled back to 15 hours per week due to a downturn in the employment market a few years ago.

Outcomes of Work Requirement Policies

There is little evidence regarding the outcomes of work requirements policies. There has been one rigorous study of work requirements conducted at the Charlotte Housing Authority (CHA), where a work requirement policy, requiring work-able residents to work 15 hours per week, was implemented across 5 of 15 public housing developments. To support residents in complying with the work requirement, CHA offers case management and allows residents to count work-related activities (e.g. education & training) towards meeting the work requirement. In addition, CHA began offering case management two years in advance of the implementation of the work requirement, and violations of the work requirement were addressed in a phased manner with increasing severity over time. The research team carried out a quasi-experimental study in which residents of 5 developments were subject to the work requirement and residents of 10 developments were not. The research compared the employment and eviction rates among residents subject to the work requirement to the employment and eviction rates among residents not subject to the work requirement. The analysis found that employment increased significantly in the treatment group (those subject to the work requirements) following the implementation of the work requirement, but among those already working when the requirement was implemented, the average number of hours worked did not increase. The number of CHA residents subject to work requirements who were sanctioned was low, and overall, the implementation of work requirements did not increase negative move-outs or evictions. CHA is currently expanding their work requirement policy to apply to all of their work-able households in both the public housing and HCV program.

The researchers conclude their research by cautioning against a wholesale adoption of work requirements across PHAs, due to the challenges of scaling up work requirement implementation in the way that was done by CHA. Specifically, the researchers note the intensive amount of supportive services, and the decision of the PHA to offer those services for two years in advance of introducing the work requirement, the willingness of the PHA to delay the implementation of work requirements for a year due to local economic conditions, and the decision of the PHA to delay enforcement of the work requirement among households identified as potentially having disabilities.

Design Questions for Consideration by the MTW Research Advisory Committee

The conversations with the PHAs who have implemented work requirements has helped to frame some of the key design questions to consider in structuring an evaluation of work requirements through the third cohort of the MTW expansion. Key design questions include:

Goals of the Work Requirement Policy to Be Tested

- What should the goals be of the work requirement policy or policies to be tested? Goals can be defined in terms of residents' work status, number of work hours, exiting housing assistance, and self-development and goals can be defined from the PHA's point of view, e.g., in terms of budgets or movement of families into and out of assistance.
- Should HUD define a work requirement policy (or a set of potential policies for PHAs to choose from), or should HUD allow PHAs to craft their own work requirement policy? Should we allow work requirements to be paired with time limits? Should other MTW flexibilities be restricted for this cohort, such as rent reforms?
- If PHAs have the option to design their own work requirement policy, rather than being required to implement a work requirement policy specified by HUD, should PHA be restricted from modifying their work requirement policy during the evaluation period?
- How should we be thinking about the potential overlap of work requirements implemented by an MTW PHA, and any other work requirements that an assisted household might already be subject to based on their participation in another human services benefit program, such as SNAP, TANF, or Medicaid?
- Households that are defined as "work-able" are often defined in this way simply because they have not previously been identified as either elderly or disabled (as per HUD's definition), but even among the households that are defined as work-able, some families may have significant barriers to employment. Should HUD require PHAs seeking to implement a work requirement policy to first assess their work-able households to understand the relevant barriers to work among the population being served?

Research Questions

- What are the most important research questions to answer with the work requirements cohort?
- Beyond work status, hours worked, and income, what are the most critical outcomes for households that HUD should seek to measure?
- What are the most important PHA-level outcomes HUD should measure?

Research Design, Data Collection and Analysis

- How many PHAs would be reasonable to include in the third cohort testing work requirements?

- Assuming the research design will use random assignment to create treatment and control groups, at what level should randomization occur? At the PHA level? At the household level? Is there some other option, such as random assignment of Assessment Management Projects (AMPs) among public housing residents and neighborhoods among housing choice voucher holders?
- How can HUD ensure, or should HUD ensure, that work requirements can be implemented in both the public housing and the Housing Choice Voucher program?
- Is there another research approach that would produce valid estimates of the impact of work requirements on households and PHAs?
- If HUD allows PHAs to craft their own work requirement, how can outcomes be compared across multiple PHAs?
- How can the research design account for the inevitable variation across communities, such as the employment rate, job growth, types of jobs available, and so on?
- How can the evaluation timing be aligned to account for the potentially long duration of the roll out period leading up to the implementation of the policy?

Appendix A: Comments Relevant to Work Requirements
Submitted to HUD in Response to the RFC Published in the Federal Register
on April 2, 2016 (Federal Register notice FR-5932-N-01)

Abt Associates

Work Requirements and Stepped-down Subsidies

One of the original reasons for the Moving to Work demonstration, reflected in its name, is that federal housing assistance as traditionally structured has disincentives to working or increasing work. Randomized controlled trials (Effects of Housing Choice Vouchers on Welfare Families, the Family Options Study) have confirmed that, at least in the short-run, receipt of a voucher leads to a decline in work. The Jobs Plus Demonstration showed that modifying the rent formula in public housing developments can help overcome those disincentives. However, the impact of Jobs Plus was modest, and the intervention was not cost-neutral (caused lost rental income to PHAs). The rent reform that now is being studied on the basis of voluntary participation by current MTW PHAs is modest in design. The evaluation is not likely show substantial impacts on work effort. A few MTW PHAs are going much further, imposing work requirements or rent systems that phase subsidies out over time. Under the historical MTW program, it has been difficult to study those policies rigorously, although there is some evidence that Atlanta's work requirement produced substantial gains in employment for the households subject to that requirement.

A future round of MTW could invite PHAs to apply for one of two approaches to increasing work effort among non-elderly, non-disabled participants in the Housing Choice Voucher program: 1) an explicit work requirement or 2) a voucher subsidy that phases out over time regardless of changes to the household's income. Two approaches are recommended, because both are promising and because local opposition (from the PHA board, from advocates) may preclude one option but not the other. In return for willingness to apply one of two federally defined policies to some of their families, PHAs would gain the funding flexibility that is the main reason PHAs want to be part of MTW. The funding round should be structured to bring in a sufficient number of PHAs to provide a credible test of the alternative policies. At each PHA in this demonstration round, HUD would conduct a randomized controlled trial, assigning some families to the new policy and leaving others with the current system of "Brooke" rents and no work requirement. Other design features—for example, whether to include (or permit) work-supporting services and whether to permit control families to participate in Family Self-Sufficiency programs—might need to be addressed before PHAs were invited to apply for this MTW round.

Michael Webb, CURS/UNC

Work requirements are some of the most controversial Moving to Work activities. Implemented by eight MTW agencies, these policies mandate that some or all work-able tenants work a certain number of hours (between 15 and 35 per week) or face sanctions, like higher rents or possible eviction. Despite their significant impact on tenants, only one agency (Charlotte) has evaluated their work requirement. We recommend that HUD prioritize evaluation of work requirements in the upcoming MTW expansion. In particular, these evaluations should address (i) changes in tenant work efforts, (ii) amount of services required to support tenant compliance, and (iii) changes in tenant exits – both negative (evictions) and positive (moves to private-market housing). In addition, HUD should utilize robust comparison groups – at a comparison site, through propensity score matching, or random assignment – to isolate the effect of work requirement policies.

CBPP

Increasing Employment and Earnings

Supporting employment and earnings is another area where MTW could help fill gaps in knowledge about what policies are most effective. The majority of non-elderly, non-disabled rental assistance recipients work. Nonetheless, a substantial minority are not employed, and many of those with jobs have very low earnings. Only limited information is available on what policies work best to raise the earnings of rental assistance recipients.

HUD should select up to 10 agencies to test policies promoting self-sufficiency among rental assistance recipients. These agencies should apply to implement a variety of promising interventions

to increase employment and earnings, including strategies to:

- Reduce barriers to work, for example through soft skills and executive function programs, cognitive behavioral therapy, mental health treatment, and child care assistance (potentially including alteration of the current deduction for child care expenses);
- Increase skills, for example through sectoral job training and subsidized jobs; and
- Increase engagement with work support efforts, for example through financial incentives, home visits, and community outreach.⁴

The cohort should include both voluntary programs and programs with work requirements backed by sanctions. Some or all of the sanction regimes should require that staff conduct nonpunitive outreach such as a home visit before imposing sanctions and apply any sanctions

gradually (for example by raising rents in small increments for each violation). Testing such policies would be important since they could potentially encourage engagement without terminating housing subsidies or other harsh measures. The interventions should include training and supportive services, but agencies should be encouraged to fund those services through partnerships with other organizations (such as agencies administering TANF and workforce development programs) rather than by shifting voucher subsidy funds.

Each of these policies should be evaluated through randomized trials. The evaluation should measure the policy's impact on a wide range of outcomes both while families receive assistance and after they leave. These outcomes should include employment, earnings, hardship (such as homelessness, frequent moves, crowding, and eviction), and child well-being. The evaluation should also examine voucher success rates and indicators of neighborhood quality to determine if work requirements affect landlords' willingness to accept vouchers. For all policies, the evaluation should report the impact of the interventions

Charlotte Housing Authority

Work requirements and term limits are often talked about negatively. HUD could further explore the impact of a work requirement coupled with work supports (services). This will require an investment into the families. Based on our experience, we have found that the combination of the two positively impacts the family and helps move families towards self-sufficiency.

CLPHA

Resident Services and Outcomes

Housing authorities have implemented a wide variety of policies and programs around resident services and outcomes. Rather than prescribing one specific policy for each cohort, the RAC should consider developing a menu of policy options grouped according to broader research categories that reflect current MTW activities – including economic self-sufficiency, health, and education. Each of these categories can have a list of several policies for PHAs in that cohort to choose from. PHAs capacity, funding, and operations, as well as resident demographics and local economic conditions vary widely across geographies and markets. Allowing PHAs to select from a menu of policy options will grant housing authorities greater flexibility in implementing policies that best work for their local conditions. Additionally, combining these policies under one research topic allows for a greater range of policies to be evaluated over the course of the expansion.

1. Economic Self-Sufficiency

Housing authorities are currently implementing a wide range of innovative economic self-sufficiency policies and activities that encourage financial mobility and independence for residents, including work requirements, rent reform, and term limits. King County Housing

Authority developed revised rent policies for work-able and working households. The rental policies, adopted in 2010, combined simplified reporting and review requirements with tiered rents and a biennial recertification cycle, allowing household income to increase without an immediate impact on tenant rent. In New Haven, Connecticut, Elm City Communities developed the CARES (Caring About Resident Economic Self-Sufficiency) Initiative, which introduced term limits paired with escrow savings and supportive services to residents in certain properties. When developing the research agenda, HUD should create a research category for economic self-sufficiency with policy options including, but is not limited to, work requirements, rent reform, and term limits.

Ed Olsen, UVA

Reducing the Work Disincentive Effects of Low-Income Housing Programs

The perennial desire to help the poorest people has always been combined with a desire to avoid their prolonged dependence on others. Like other welfare programs, HUD's low-income housing programs create disincentives for work. They reduce their subsidy by 30 cents for each additional dollar of countable income. Three studies of HUD's largest low-income housing program (the housing voucher program) have assembled data well suited to studying its labor supply effects on adult recipients and used excellent statistical methods to analyze it. Other good studies have produced estimates of these effects for programs of project-based housing assistance as well as housing vouchers. Although the results of the studies don't agree in every detail, the big picture is clear. U.S. low-income housing programs induce adult recipients to earn 10 to 15 percent less on average. The evidence indicates that the reduction in the magnitude of the subsidy that results from higher labor earnings is an important reason for this effect. For example, the evidence indicates that the three broad types of housing assistance have similar effects on labor earnings and employment. These programs differ in respects that some believed would significantly affect labor earnings. What they have in common is their subsidy formula.

A simple change in the housing voucher program's subsidy formula for families with able bodied adults would both reduce the program's work disincentive effects and enable public housing authorities to provide vouchers to additional households with the current voucher budget. Specifically, the PHA could reduce the voucher program's payment standard but introduce a large income disregard. Suppose, for example, that the payment standard for a family of a particular size and composition were \$1,000 a month under the current formula. This would be the family's monthly voucher subsidy if it had no countable income. Under the current formula, the subsidy would be reduced by 30 cents for each additional dollar of countable income. So if the family's countable income were \$500 a month, its voucher subsidy would be \$850 a month. The revised subsidy might reduce the payment standard to \$850 a month but introduce an income disregard of \$500. In this case, the family would

receive a fixed subsidy of \$850 a month if its countable income is no greater than \$500 a month. Beyond this countable income, the subsidy would be the same under the current and revised formula. Families would have to earn at least \$500 a month in order to receive a subsidy as generous as the current one, but over this range of low earnings, they would not be penalized for working more. Because voucher recipients who received a subsidy of more than \$850 a month under the current formula would receive a smaller subsidy under the new formula, it would be possible to provide vouchers to additional households with the current budget. The revised subsidy formula would be applied to new voucher households with at least one able bodied adult. Current recipients would be grandfathered. This study could be based in part on data on the earnings of new recipients of various types before and after the change in formula using preprogram earnings data from UI records.

Heartland Alliance

To help PHA residents who are the heads of households with children obtain employment and become economically self-sufficient, we encourage HUD to test and evaluate the following policy proposal within a MTW expansion cohort: **connect eligible residents to transitional jobs (TJ), including social enterprise strategies, that combine wage-paid work, job skills training, and supportive services to help individuals facing barriers to employment succeed in the workforce.**

This proposal is especially timely given the changes to the public workforce system under the Workforce Innovation and Opportunity Act (WIOA), the growing accountability in the homeless services system around increasing employment and economic opportunity among jobseekers experiencing or at-risk of homelessness, and the research evidence that indicates Ti programs are a viable solution to getting individuals who face barriers to employment engaged in the workforce. WIOA prioritizes the need for workforce services for jobseekers facing barriers to employment, including jobseekers experiencing or at-risk of homelessness, and allows local Workforce Investment Boards to use WIOA dollars to implement TJ programming for these jobseekers. WIOA also encourages cross-system collaboration and gives states the flexibility to develop public workforce plans in coordination with public systems, including HUD-funded employment and training activities. Implementing TJ within the MTW demonstration expansion could help HUD align with and leverage the available resources of the WIOA system, yield lessons learned for connecting residents of other HUD-funded programs to the public workforce system, and leverage evidence-based workforce development strategies to advance HUD and WIOA's shared goal of increasing employment and economic opportunity among jobseekers experiencing or at-risk of homelessness.

Transitional Jobs: A Strategy For Moving PHA Residents Toward Economic Self-Sufficiency

Individuals such as PHA residents who face barriers to stable housing often face barriers to

employment. TJ's primary goal is to help jobseekers facing barriers to employment get, keep, and advance in work. Research evidence demonstrates that TJ works best for jobseekers facing the most significant barriers.¹ As such, TJ is often deployed as a workforce development strategy to help build skills and secure employment for people experiencing or at-risk of homelessness, long-term recipients of public benefits, and individuals with very limited or no work history, among other populations facing barriers to employment.

TJ workers earn a paycheck, learn skills, may become eligible for the Earned Income Tax Credit, and receive intensive mentoring and support to prepare them for success in the unsubsidized labor market. TJ also provides job development and retention services to help jobseekers find and keep unsubsidized employment. TJ employment can take place in work crews, in social enterprises that combine a revenue-generating business and mission-driven employment services, or with employer partners in the community. The model's flexibility means that it can be adapted to MTW demonstration expansion sites' local contexts.

Pursuant to HUD's request for comment on policies that should be considered to have already been proven successful, there is a robust evidence base that TJ is an effective workforce development strategy for individuals facing barriers to employment. A recent report from Georgetown Law's Center on Poverty & Inequality concludes that 40 years of research show it's time for a significant, national effort to expand subsidized employment strategies such as TJ.² Numerous evaluations of TJ programs, including randomized control trials, show that TJ has many demonstrable positive impacts, including:

- TJ gets people working who would not otherwise be employed, even in very weak labor markets;³
- TJ can promote pro-social behavior and orient jobseekers around work;⁴
- TJ can contribute to the long-term success of children and strengthen families;^{5,6}
- TJ can decrease reliance on public benefits such as Temporary Assistance to Needy Families (TANF, or welfare);⁷
- TJ, delivered within a social enterprise setting, can increase housing stability among participants;⁸
- TJ programs can significantly reduce recidivism, especially among those at highest risk of reincarceration. TJ has also been shown to make communities safer and reduce violent crime among youth at high risk of justice system involvement;^{9,10}
- TJ positively contributes to the economic health of employers by lowering the cost of hiring new employees and increasing business productivity, financial well-being, and customer satisfaction;¹¹

- TJ spurs local economic growth by generating additional demand for goods and services;¹²
- TJ can increase state and federal revenues.¹³

Research and Evaluation of Transitional Jobs in the MTW Demonstration Expansion

Given the robust body of evidence that TJ is an effective workforce development strategy for individuals facing barriers to employment, we believe that it is not necessary to conduct a randomized control trial study of TJ within the MTW demonstration expansion. That being said, a quasi-experimental impact assessment with a carefully-matched comparison group of PHA residents not receiving the TJ intervention could measure comparative earnings, hours or quarters worked, tenure of employment, and successful exits from public housing, among other measures of economic self-sufficiency.

Other potential questions related to the implementation of TJ in a PHA setting include:

- Is the TJ strategy a good match for PHAs and one that can be implemented at scale?
- To deliver TJ, were partnerships created between PHAs and community-based organizations? Between PHAs and the WIOA system? If so, what were the effects of those partnerships?
- What TJ program principles, practices, and strategies are most effective for helping families with children achieve self-sufficiency?

We believe that every person deserves the opportunity to succeed in work and support themselves and their families. The MTW demonstration expansion is an important opportunity to help ensure that a greater share of PHA residents have access to robust employment services and supports that meet their needs and interests and move them toward economic self-sufficiency.

GA237 (DeKalb County)

HUD initiative: Streamlining admissions and/or occupancy policies (<i>i.e.</i> , work requirements, time limits, waitlist preference alterations)			
Policy Recommendation #2	<p>Implement of a household independence strategy that encompasses a work or school requirement of work eligible individuals.</p> <ul style="list-style-type: none"> • Work eligible individuals are defined as member of a household between the ages of 18-54 (excluding live-in aids) who are not disabled. • The requirements for the work eligible individuals include working, engaged in activities leading to work, or engaged in activities removing barriers to work <ul style="list-style-type: none"> ○ Full time students will be exempt while attending school and in good standing. • Work hours will be phased in over a five year period: <ul style="list-style-type: none"> ○ Year 1 = 20 hours per week ○ Year 2 = 25 hours per week ○ Year 3 = 30 hours per week ○ Year 4 = 35 hours per week ○ Year 5 = 40 hours per week <ul style="list-style-type: none"> ▪ In year 1, the definition of work hours will be monitored based off of the income of the work eligible individual, where 20 hours is equal to the minimum wage multiplied by 52 weeks, therefore anyone making \$7,540 in year 1 will be considered to be meeting the work requirement for the year. • This activity will include all portability vouchers that are 		
	<p>Targeted MTW statutory objective</p> <p>Self Sufficiency</p>		
Recommendation for research and evaluation:	Metric	Baseline	Benchmark
	Earned income of households	Current average earned income for work eligible individuals	% increase/decrease in average income
	Employment Status: Full Time	# of current work eligible individuals working Full-Time	% increase/decrease in individuals working Full-Time

Recommendation for research and evaluation:	Employment Status: Part Time	# of current work eligible individuals working Part-Time	% increase/decrease in individuals working Part-Time
	Employment Status: Enrolled in Education Program	# of current work eligible individuals enrolled in Education Programs	% increase/decrease in individuals enrolled in Education Programs
	Employment Status: Enrolled in Job Training Program	# of current work eligible individuals enrolled in Job Training Programs	% increase/decrease in individuals enrolled in Job Training
	Employment Status: Unemployed	# of current work eligible individuals Unemployed	% increase/decrease in individuals Unemployed
	Temporary Assistance for Needy Families (TANF)	# of current work eligible individuals enrolled TANF	% increase/decrease in individuals receiving TANF
	PUC of the HCV Program	Current PUC of the HCV Program	% increase/decrease of the PUC of the HCV Program
	Households transitioned to Self Sufficiency	# of current households transitioned to Self Sufficiency annually	% increase in households transitioned to Self Sufficiency (Graduation from the HCV Program)

MDRC

A number of current MTW agencies have begun to implement participant or requirements. The pros and cons of such a policy have been debated for years, with little strong evidence to inform the debate. Some non-experimental evidence suggests that such requirements promote work, but that evidence is far from conclusive. A randomized trial testing such a policy (as was done in the welfare reform arena) could help provide more definitive evidence on its merits or risks.

National Association of Housing and Redevelopment Officials (NAHRO)

If PHAs opt to include work requirements, they should be set at no less than 15 hours a week to match welfare requirements. Work requirements should include education and job training programs. Resident services need to be plentiful and robust to ensure residents have access to job placement programs, job training, and other outreach services. The inclusion of work requirements should not be thought of as a means to “de-house” residents, but rather help them achieve increased self-sufficiency.

National Low Income Housing Coalition (NLIHC)

NLIHC has long opposed work requirements and time limits because of the great potential harm to residents. While NLIHC compromised by consenting to the “Stakeholder Agreement” negotiated among HUD, PHAs, resident leaders, and advocates, the Stakeholder Agreement did not specify limitations or conditions for work requirement or time limit MTW experiments.

Work requirements

If work requirements are permitted for one cohort, the demonstration should consider the type and level of: training or preparation, job search assistance, and child care needed and provided. Wages and benefits, hours worked per week, and job turnover should be monitored and reported for three to five years. In order to compare outcomes among cohort PHAs, the job market for the type of employment likely to be available to residents should be assessed and reported each year. There should be provisions to protect residents who encounter temporary layoffs through no fault of their own.

The April 2012 GAO report stated that an MTW agency limited unemployment to a maximum of 90 days. If such a strict policy is used by a new cohort, any household displaced due to unemployment through no fault of their own should be tracked for three to five years, recording whether the displaced household’s replacement home meets HQS, causes the household to be cost burdened or severely cost burdened, and is located in an R/ECAP. The research should also record the number of times the household moves during the study period, any period of homelessness, and the impact of such housing instability on the educational attainment and physical health of any children in the household. PHAs should also be required to report the composition of families affected (i.e. family size, have a family member with a disability, etc.)

The April 2012 GAO report also stated that an MTW agency required a household to meet a minimum income level in order to retain their housing assistance. If such a policy is used by a new cohort, any household displaced due to inadequate earnings should be tracked for three to

five years, recording whether the displaced household's replacement home meets HQS, causes the household to be cost burdened or severely cost burdened, and is located in an R/ECAP. The research should also record the number of times the household moves during the study period, any period of homelessness, and the impact of such housing instability on the educational attainment and physical health of any children in the household. PHAs should also be required to report the composition of families affected (i.e. family size, have a family member with a disability, etc.)

Work requirements and the related PHA-provided employment support that needs to come with them, may raise incomes and encourage residents to voluntarily move if the programs are successful. However, success may not be long term because job security in low-wage jobs can be precarious. For those who voluntarily move, for a three to five year period the PHA must measure whether the household's replacement home meets HQS, causes the household to be cost burdened or severely cost burdened, and is located in an R/ECAP. The research should also record the number of times the household moves during the study period, any period of homelessness, and the impact of such housing instability on the educational attainment and physical health of any children in the household. PHAs should also be required to report the composition of families affected (i.e. family size, have a family member with a disability, etc.). Unreliable employment and housing instability are not successes.

Rather than divert a large amount of housing assistance resources to implement and enforce work requirements, cohort PHAs should seek training and employment services from other organizations that specialize in workforce development in order to conserve MTW funds for direct housing assistance. At most, MTW funding fungibility should be limited to filling minor gaps in existing workforce development programs operated by other public entities. Any costs incurred by the MTW agency in implementing and operating a work requirement must be reported each year.

An informative evaluation must include long-term follow up of both the control and experimental group over three to five years for all participants, including those who voluntarily as well as involuntarily leave public housing. Replacement housing quality, affordability, location, and stability, as well as employment and income security, are outcomes for which data should be collected over an extended period of time. Short-term gains in these outcomes is desired, but long-term gains should be the high standard by which success is measured. Several potential MTW policies, such as work requirements and time limits, are ostensibly designed to encourage self-sufficiency, employment, and eventual moving-out of public housing. Leaving public housing should not be the final evaluation measure for a resident. If a policy contributes to housing instability in either the short-run or long-run, it cannot be considered a success. In order to effectively assess MTW policies, HUD should allow only one substantial policy demonstration per cohort. A substantial policy is one that could have significant adverse effects for residents, such as time limits, work requirements, and rents that are not tied to resident income. Evaluation of an MTW policy will be more informative if evaluators can identify which policy intervention is responsible for the outcomes they are measuring. Multiple policies implemented by the same MTW will cloud the waters.

Public and Affordable Housing Research Corporation (PAHRC)

Promoting Self-Sufficiency

Research Objective: How does MTW flexibility improving the economic potential of residents?

Much research evidence, including PAHRC's work, shows that without significant labor market investments and or savings, many able-bodied working age residents will never be able to comfortably afford market rate housing. Many MTW programs have focused on promoting savings and providing financial counseling as well as providing avenues for education and job training. Evidence seems to suggest that these efforts have largely proven successful with proper case management. Our MTW study's preliminary findings suggest that MTW agencies tend to show larger increases in (able-bodied, working age) resident household income than do similar non-MTW agencies. However, current measures of self-sufficiency, which include changes in income and employment, might be expanded to better tap the concept of economic potential and earning power. Increases in income and employment may be circumstantial and not necessarily sustainable given the labor market capital of the residents. Below are several suggested measurement strategies to tap how MTW flexibilities allow agencies to improve resident labor market capital and earning power (in addition to increases in income and employment).

- Create a measure of labor market capital that can measure changes in a resident's future economic opportunities and earning power.

While this measure might be seen as measuring outputs rather than outcomes, these outputs serve as markers that the resident would be better positioned to weather a job loss or financial setback. Measures would include education and labor market investments made by adults in the household such as a GED or college degree, certifications, or job training course completion. The addition of these critical markers of labor market capital would signify increases in earning power rather than simple increases in income.