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POLICY BRIEF

Sustained Earnings Gains for Residents in a Public Housing Jobs Program

SEVEN-YEAR FINDINGS FROM THE JOBS-PLUS DEMONSTRATION

By James A. Riccio

The Jobs-Plus demonstration tested whether a program that combined employment and training services, new rent rules to "make work pay," and neighbor-to-neighbor outreach centering on work could make a difference in the economic prospects of public housing residents. Jobs-Plus operated in six housing developments across the country from 1998 to 2003, with the program model in place at most sites by 2000. A 2005 MDRC report showed that the program produced substantial earnings gains for residents in three of the six sites during the first four years after the program rolled out.[1]

A new analysis extends the follow-up to seven years — three years after the program ended — for the three sites with positive effects. Those sites had fully implemented and sustained all three program components; thus, they offer the best test of the Jobs-Plus concept. The goal of the extended analysis was to determine whether their positive effects would continue after the program ended. The longer-term results are striking: in each of those sites, the effects did endure. When the results are combined, they show that the Jobs-Plus model in those locations caused a 16 percent increase in average annual earnings over the full seven years (an average gain of $1,300 per year) for nondisabled, working-age public housing residents. Moreover, the earnings gains, which were large while Jobs-Plus operated, continued during each of the three years after the demonstration ended. And during both the program and post-program periods, the effects were found for many different kinds of residents. These robust, long-term findings suggest that Jobs-Plus, when properly implemented, offers a feasible and effective way for the nation's public housing system to move beyond its core function of providing housing subsidies to take on another important role — serving as a platform for work.

Why Jobs-Plus?

The Jobs-Plus Community Revitalization Initiative for Public Housing Families was developed in the late 1990s in response to the growing concentration of joblessness, underemployment, welfare receipt, and poverty in some of the nation's most economically deprived communities: public housing developments and their surrounding neighborhoods.[2] In many cities, public housing residents were some of the hardest-to-employ populations, and rates of employment below 50 percent were common. In addition, longstanding public housing rent policies, which calculate rent at 30 percent of income, essentially functioned as a hefty tax on earnings, discouraging work and contributing to low rates of employment. Stated simply, as a family's income rose, so did its rent.

The 1998 Quality Housing and Work Responsibility Act (QHWRA) attempted to encourage more work among public

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JOBS-PLUS: A PUBLIC-PRIVATE PARTNERSHIP

While housing authorities were central to the design and management of Jobs-Plus, the program was not exclusively a housing-authority effort. The demonstration drew on the resources and know-how of workforce, welfare, and other public and private institutions with a stake in alleviating poverty and unemployment in public housing.

Jobs-Plus was designed by the U.S. Department of Housing and Urban Development (HUD), the Rockefeller Foundation, and MDRC, a nonpartisan, nonprofit research firm that subsequently conducted the evaluation. The Jobs-Plus funding consortium, which was led by HUD and the Rockefeller Foundation, also included the U.S. Department of Health and Human Services, the U.S. Department of Labor, The Joyce Foundation, The Annie E. Casey Foundation, The James Irvine Foundation, Surdna Foundation, Inc., Northwest Area Foundation, The Stuart Foundation, BP, and Washington Mutual Foundation.

housing residents by introducing some modifications in rent rules. QHWRA's most notable change mandates that housing authorities give rent breaks to certain categories of residents who have seen their incomes rise due to employment (for example, residents who have left welfare within the past six months, who had not been working for at least a year, or who are participating in a training program). Rent calculations for these residents disregard all of their increased earnings for one year and then half of their increased earnings for a second year after that. Jobs-Plus included rent incentives that were available to all residents, and they were reinforced with employment and training services and neighbor-to-neighbor efforts to promote work among residents.

As a research demonstration, Jobs-Plus was designed to help fill a gap in knowledge about what strategies can boost the economic self-sufficiency of public housing residents. To date, the program remains the only rigorous multisite evaluation focused on this question. Findings released in 2005 showed that, in sites where the program was fully implemented, Jobs-Plus led to large, sustained, and steadily growing gains in earnings. This policy brief recaps key findings from the 2005 study and continues the story by examining new, longer-term findings.

A Closer Look at Jobs-Plus

The Jobs-Plus demonstration involved a multidimensional approach to helping public housing residents work and earn more money. With a message that employment should be a common aspect of life in public housing, Jobs-Plus programs were aimed at *all* working-age, nondisabled residents of the housing developments where the programs operated. Jobs-Plus programs combined three core elements:

Employment-related services at convenient on-site job centers. Activities included job search help and referrals to education programs, vocational training, and support services, like child care and transportation assistance.

Financial incentives to work — changes in public housing rent rules that helped make work "pay" by reducing the extent to which increases in earnings were offset by increased rents. Most common and easiest for housing authorities to administer were flat rents, which allow residents to increase their earned income without worrying that their rent would go up. At the same time, the traditional 30-percent-of-income rule was retained as a safety net, so that those who lost their jobs or saw their earnings decline would not be saddled with a higher rent they could no longer afford.

Community support for work — neighbor-to-neighbor exchanges of information about job opportunities or employment services. This "social capital" part of Jobs-Plus aimed to take advantage of the program operating in a defined place, by tapping into residents' social networks to promote circulation of information about employment and to encourage support for work within the housing development.

Each individual program in the demonstration was managed by a local partnership that involved the public housing authority, the local welfare and Workforce Investment Act (WIA) agencies, residents, and, in some cases, other service or education agencies in the community. MDRC provided extensive technical assistance to study sites in six cities — Baltimore, Chattanooga, Dayton, Los Angeles, St. Paul, and Seattle — that were chosen through a national competition to participate in the demonstration.

Impacts on Work and Earnings While Jobs-Plus Was Operating

The 2005 report compared outcomes for residents of the Jobs-Plus housing developments with outcomes for similar residents living in similar (randomly selected) housing developments in the same cities.[3] The study followed both groups over time, covering the four years from the point when Jobs-Plus was up and running (2000) through the end of the program (2003). It found that, once Jobs-Plus was fully in place, it increased residents' average earnings by 6 percent for the entire study sample across all six sites. However, MDRC's study found that not all of the sites fully implemented the core components of the Jobs-Plus model. In two sites (Chattanooga and Baltimore), other priorities made it difficult for the housing authorities to continue giving Jobs-Plus the attention it required, and implementation faltered; indeed, in those two sites, the new rent-based work incentives were never properly implemented. Not surprisingly, the program produced no earnings gains in these sites. A third site, the Seattle program, was well run and did initially produce earnings gains. However, implementation was disrupted by a federal HOPE VI project under which the housing development was torn down and rebuilt and residents were relocated, and the impacts faded.

In light of this implementation story, MDRC looked at the combined effects of those sites where the full Jobs-Plus model was implemented and sustained — Dayton, Los Angeles, and St. Paul. This group provided the best test of what the Jobs-Plus model, when fully implemented, could accomplish.

Earnings impacts at these three sites during the first four years after the program rolled out were large, averaging $1,141 per year (an estimate that is based on *all* targeted residents, whether or not they worked or even knew about Jobs-Plus). This represents an increase of 14 percent over the amounts earned by the comparison group. Moreover, the effects grew steadily over the study period, rising to 20 percent in the fourth and final year of the program. The earnings impacts at the three sites held for different types of residents, including for those who were and those who were not receiving welfare at the start of the program and for those with different levels of prior employment. And, when looked at separately, each of the three sites (as well as Seattle, until the redevelopment process got under way there) produced earnings gains, despite serving populations that differed widely in terms of their ethnicity and the labor and housing markets they faced.[4] The three sites also registered impacts on quarterly employment rates, but the gains were smaller and less consistent than the earnings impacts.

Although not definitive, some evidence in the evaluation suggests that the Jobs-Plus rent incentives were an important reason for the overall earnings impacts. (For example, in those sites where the rent incentives were not fully in place, but other components were available — Baltimore and Chattanooga — the program produced no earnings gains.) At the same time, other evidence suggests that offering residents the full complement of Jobs-Plus activities and services *also* mattered.

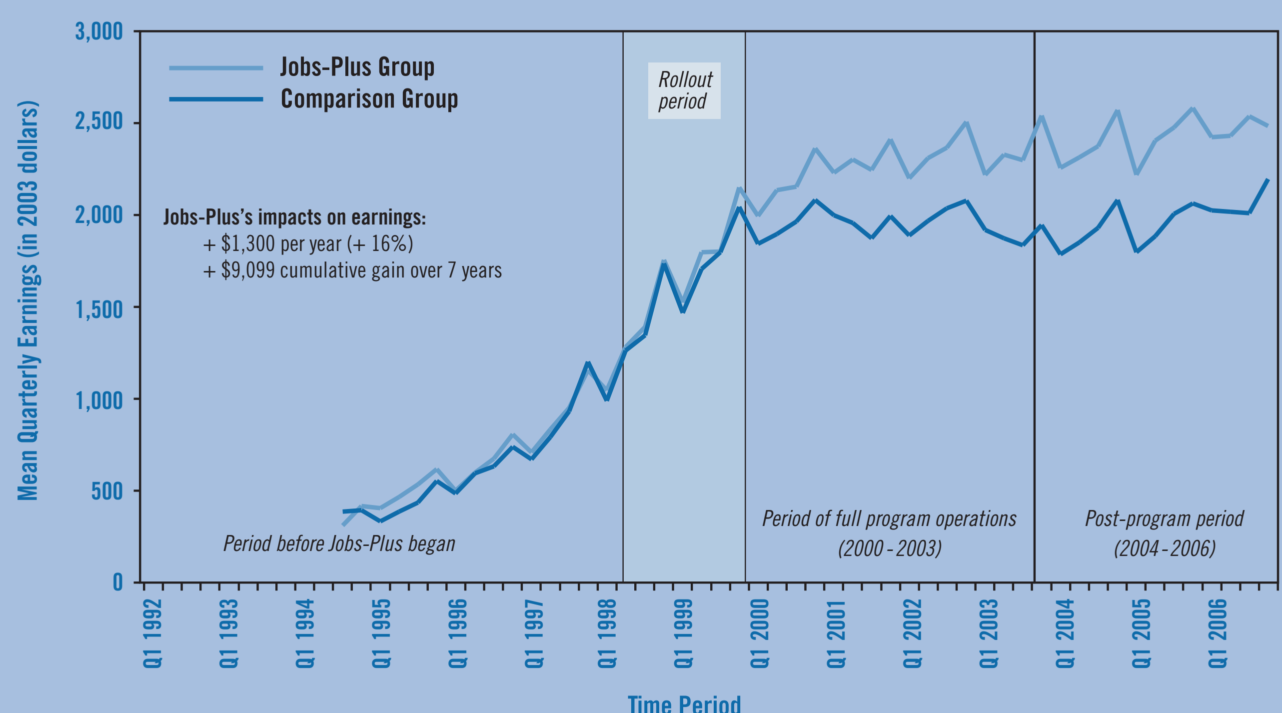
Longer-Term Findings on Work and Earnings

The impacts observed in the three full-implementation sites during the four-year period of program operations were encouraging, but an important question remained: Would they be sustained *after* the program was no longer operating? Or would they fade away? The longer-term analysis found that post-program effects were large, sustained, and even somewhat larger than they were for the period of full operations. Overall, for the three sites,[5] the earnings impacts averaged $1,517 per year during the post-program period (a 19 percent gain relative to the comparison group mean) and $1,300 per year (a 16 percent gain) for the entire seven-year follow-up period (see Figure 1).

The new analysis also confirms several important patterns found in the initial 2005 impact analysis. First, the fact that substantial

FIGURE 1 **Where fully implemented, Jobs-Plus increased residents' average quarterly earnings over a 7-year period.**

(Results for Dayton, Los Angeles, and St. Paul combined, 2000-2006)



SOURCE: MDRC calculations using data from state Unemployment Insurance (UI) wage records. NOTES: Sample includes all working-age, nondisabled residents who lived in the Jobs-Plus or comparison developments in Dayton, Los Angeles, or St. Paul in October 1998. Trend lines show residents' earnings pre- and post-October 1998, whether or not they were living in the developments before or after that time. The annual and cumulative earnings impacts for the period 2000-2006 are statistically significant.

TABLE 1 **Jobs-Plus had positive earnings impacts for residents in different housing and labor markets.**			
	GAIN OVER COMPARISON GROUP		
SITE	PER YEAR (2000-2006)	CUMULATIVE (2000-2006)	PERCENTAGE CHANGE
POOLED RESULTS	$1,300	$9,099	16%
DAYTON	$984	$6,888	14%
LOS ANGELES	$1,176	$8,233	15%
ST. PAUL	$1,883	$13,181	19%

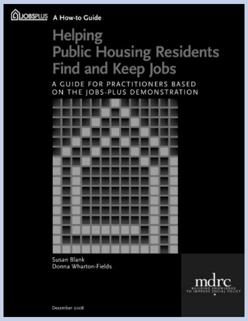
NOTE: The estimates in this table refer to differences in average earnings between residents of the Jobs-Plus developments and residents of the comparison developments. All differences are statistically significant.

earnings gains were achieved and sustained in cities as different as Dayton, Los Angeles, and St. Paul indicates that the Jobs-Plus model can travel well and work effectively in different housing and labor markets (see Table 1). Second, the effects of Jobs-Plus were widespread across different types of public housing residents. For example, Latino men and Southeast Asians (many of whom were immigrants) and African-American single mothers all earned more with Jobs-Plus than they would have earned without the program. Third, the effects occurred in both good times and bad, at the tail end of a booming economy, in the midst of the 2001-2003 national recession, and during the recovery that followed that recession.

As was true in the 2005 analysis, impacts on quarterly employment rates reported in the post-program analysis were smaller than the earnings impacts. For the entire 2000-2006 study period, 52 percent of residents of the three Jobs-Plus housing developments where the program was fully implemented were employed during an average quarter. This is 4 percentage points higher than the comparison group rate (48 percent), a difference that is not statistically significant. However, employment impacts were large and statistically significant for some subgroups, notably Hispanic men in the Los Angeles site and Southeast Asian women in the St. Paul site. Both of these subgroups averaged quarterly employment rates approximately 11 percentage points above the rates of their counterparts in the comparison sites. Taken together, these employment and earnings patterns suggest that residents were influenced by Jobs-Plus in these three sites in different ways, with some being helped to enter or sustain employment, and others likely experiencing increases in hours and/or wages.[6]

Costs of Operating Jobs-Plus

The evaluation of Jobs-Plus did not include a detailed cost analysis, but it is possible to give a very rough estimate of the scale of investment needed to operate this type of program: The annual cost of operating the on-site features of a Jobs-Plus program (services, rent incentives, and community support for work) is in the range of $1,800 per person. In fact, the incremental cost to



THE JOBS-PLUS HOW-TO GUIDE

Helping Public Housing Residents Find and Keep Jobs: A Guide for Practitioners Based on the Jobs-Plus Demonstration

This easy-to-read report offers guidance on:

- *The first steps in the process of planning a Jobs-Plus program*: needs assessments; planning for collaborative governance, management, and staffing; estimating costs and finding funding; making provisions for monitoring operations and outcomes; and identifying space for program activities.

- *How to construct and use the three building blocks of Jobs-Plus*: employment-related services, financial incentives to work, and community support for work.

- *Other crucial implementation steps*: marketing the program and educating residents about financial incentives; sustaining the managing partnership; shaping Jobs-Plus to fit multiethnic settings; and taking into account the special opportunities and challenges of operating a place-based program.

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housing authorities of adding a Jobs-Plus program may be lower if they are already offering residents some level of rent incentives or employment services that are similar to the Jobs-Plus intervention. Costs per participant may also be lower if levels of residential mobility are high, such that fixed expenditures are spread over more individuals. Besides mobility, other key factors that are likely to influence the costs of operating Jobs-Plus include economies of scale and the nature and duration of rent incentives offered.

Moving Forward

Jobs-Plus is a rare evidence-based strategy for improving the economic security of public housing residents. On the basis of that evidence, New York City's Center for Economic Opportunity made the first attempt in the nation to replicate the program, launching Jobs-Plus in a large public housing development in the fall of 2009. On the federal level, a limited national rollout of the program that would target developments where there is a substantial need for employment assistance for residents of public housing would also seem worthy of consideration.

While Jobs-Plus is a *place-based* approach, rooted in individual housing developments, Section 8 Housing Choice Vouchers represent a much larger part of the nation's housing safety net, especially for working-age, nondisabled residents, many of whom also face substantial impediments to employment. Given the importance of helping voucher recipients have better success in the labor market, there may be value in testing carefully whether Jobs-Plus concepts could be effectively adapted to improve work outcomes for the many people holding vouchers.

The long-term effects of Jobs-Plus suggest that there is untapped potential for the housing system — working with institutional partners — to increase the earnings of the people who depend on it for housing assistance. The current economic crisis may make it more difficult to exploit that potential, but the positive outcomes that Jobs-Plus has thus far generated make it an initiative worth considering even during the hard times — times when it is critical to invest public dollars in programs that have a good chance of making a difference.

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NOTES

[1] Howard Bloom, James Riccio, and Nandita Verma, *Promoting Work in Public Housing: The Effectiveness of Jobs-Plus* (New York: MDRC, 2005).

[2] Sandra J. Newman and Anne B. Schnare, "'And a Suitable Living Environment': The Failure of Housing Programs to Deliver on Neighborhood Quality," *Housing Policy Debate* 8, 4: 703-741, 1997; James A. Riccio, *Mobilizing Public Housing Communities for Work: Origins and Early Accomplishments of the Jobs-Plus Demonstration* (New York: MDRC, 1999).

[3] To determine whether Jobs-Plus improved residents' labor market outcomes, the evaluation set up a careful research design that included a reliable comparison group. Within each city participating in the demonstration, several housing developments that were similar in size and in the demographic composition of their residents were identified. MDRC then randomly allocated one of these developments to a program group that got Jobs-Plus, while the other one or two were allocated to the comparison group. This cluster random assignment strategy, combined with an interrupted time-series analysis using long-term trend data, allowed researchers to determine whether living in a Jobs-Plus housing development improved employment and earnings outcomes relative to what they would have been without Jobs-Plus. To be included in the study sample, residents had to be living in the Jobs-Plus or comparison developments in October 1998. Thus, the sample included recent arrivals as well as longer-term residents. The employment experiences of all residents during this time period were tracked using Unemployment Insurance wage records, starting from several years before Jobs-Plus began to several years afterward — and regardless of whether they were living in the public housing developments before or after October 1998. In all, the study sample consisted of 4,774 residents of Jobs-Plus and comparison developments. For more information about the study design, see note 1.

[4] Residents in the Dayton sample were mostly African-American single mothers; those in Los Angeles were substantially Hispanic families of Mexican and Central American descent; those in St. Paul were heavily Southeast Asian (predominantly Hmong); and those in Seattle included many residents from various East African and Southeast Asian countries.

[5] Longer-term data were not available for the other three sites.

[6] During both the program and post-program periods, welfare caseloads dropped for the full study sample, but the change reflected national trends and was not due to Jobs-Plus.

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