OPPORTUNITY NYC | WORK REWARDS

WORKING TOWARD SELF-SUFFICIENCY

Early Findings from a Program for Housing Voucher Recipients in New York City

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BUILDING KNOWLEDGE TO IMPROVE SOCIAL POLICY

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Overview

In 2007, New York City's Center for Economic Opportunity launched Opportunity NYC–Work Rewards, a new test of three alternative but related ways of increasing employment and earnings for families who receive Housing Choice Vouchers to subsidize their rent. Two of the interventions include the Family Self-Sufficiency (FSS) program, the main federal effort for increasing employment and earnings and reducing reliance on government subsidies among housing voucher recipients. FSS offers case management designed to connect participants to services that can help them prepare for, find, and advance in work. But as their income increases, so does their share of the rent. Thus, FSS also includes a component through which families can build their savings by diverting their increased rent payments into interest-bearing "escrow accounts" maintained by the housing authority and paid to participants when they complete the program, which could take five years or more. The Work Rewards demonstration includes the first random assignment study of the FSS program and a test of an enhanced version of the program that combined FSS with special incentives (paid every two months) to encourage sustained full-time employment. Finally, the demonstration tests the effects of those same incentives offered without FSS, to determine whether this administratively simpler and potentially less costly approach could be effective. This report presents the early findings from the first two and a half years of follow-up.

Key Findings

- There is no evidence so far that FSS improved labor market outcomes for the full sample enrolled in FSS alone.

- The combination of FSS and special work incentives also produced no consistent effects on employment and earnings for the full sample. However, FSS plus the incentives produced large and statistically significant increases in average quarterly employment rates and average earnings (a gain of 45 percent over the control group average) for the subgroup of voucher holders who were not working at study entry.

- The special work incentives alone produced no consistent overall effects for the full sample. However, they produced statistically significant increases in earnings for participants who were receiving food stamps at study entry. The FSS-only intervention produced a similar pattern of effects. Although it is impossible to say for certain, the special incentives might have offset this population's concerns about potential reductions in their food stamp benefits if they earned more money, thus counteracting possible disincentives to work.

- It is also possible that the FSS services and escrow offer may have encouraged voucher holders who were receiving food stamps to reassess the likely payoff from working more.

- None of the models so far has shown effects on the group that was employed when the study began, suggesting more generally that it may be worthwhile to reexamine how FSS programs approach this group.

Work Rewards will track participants' outcomes through 2013. Future reports will also include results from a three-year survey and a benefit-cost analysis. These findings should inform future research on FSS, particularly a new national evaluation of FSS that MDRC is conducting for the U.S. Department of Housing and Urban Development.

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Preface

Improving employment outcomes for low-income tenants who receive government rental assistance is a long-standing goal of policymakers. While some programs have been implemented to try to achieve this goal, limited evidence exists to demonstrate whether they work, particularly among recipients of housing vouchers, which are used to supplement rent in the private housing market. For example, many housing authorities operate Family Self-Sufficiency (FSS), a voluntary federal program that offers case management and job-related services and includes an asset-building tool to help participants save money. Although some studies of FSS have been done, none of them has been a randomized control trial, leaving uncertainty about its effectiveness.

The Opportunity NYC−Work Rewards demonstration, sponsored by New York City's Center for Economic Opportunity and launched in 2007, is the first random assignment test of FSS to date — but it goes further than just testing FSS. Based on earlier findings that identified cash work incentives as an effective way to increase employment and earnings among various low-income groups, the demonstration is also testing the effectiveness of FSS combined with an offer of immediate cash rewards for work and training. The designers of the Work Rewards demonstration reasoned that adding such incentives to the basic FSS model might result in a more powerful intervention than FSS alone. Finally, the demonstration is testing a third strategy: whether these short-term cash incentives, which would be easier to bring to scale and potentially less costly than a services program like FSS, might be similarly effective on their own.

Early findings from the ongoing Work Rewards evaluation point to benefits for some voucher holders but not for others. Overall, the study found no sustained effects for the full samples in any of the three programs. But it did identify positive effects for certain subgroups. For example, FSS combined with the special work incentives produced large increases in employment and earnings for participants who were not working at study entry, but it did not help those who already had a job. The program that offered the work incentives alone increased earnings for those who were receiving SNAP benefits (food stamps) at study entry. These early findings may have important implications for the way FSS programs approach different types of voucher holders.

The Work Rewards demonstration provides a touchstone for a new national evaluation testing FSS across a number of states, which MDRC is now launching under a contract with the U.S. Department of Housing and Urban Development. The national evaluation will provide evidence on the effectiveness of FSS across a diverse set of cities, local contexts, demographic groups, and approaches to implementation. Together, the New York City and national evaluations promise to yield valuable lessons on how to stimulate employment and economic self-sufficiency among low-income families who rely on housing vouchers to help pay their rent.

Gordon L. Berlin
President, MDRC

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Our partners at the New York City Department of Housing Preservation and Development (HPD) and the New York City Housing Authority (NYCHA) played crucial roles in the design and implementation of Work Rewards. At HPD, we thank Nicole Levin for her contributions to the design of the FSS study, its learning agenda, and the ongoing management of the program; Dinsiri Fikru also offered helpful suggestions. At NYCHA, Celeste Glenn provided guidance and assistance with the inclusion of NYCHA voucher holders in the demonstration.

We owe special gratitude to Mayor Michael Bloomberg for his support for the project, and to Deputy Mayor Linda Gibbs and staff of the New York City Center for Economic Opportunity (CEO), especially Veronica White and Allegra Blackburn-Dwyer for their guidance on the design of the evaluation, their assistance in helping us acquire crucial data from various City agencies, and their feedback on the emerging findings. We thank staff at HPD, NYCHA, and other New York City and New York State agencies who prepared the administrative records data used in the analysis. We also appreciate the time that staff from the U.S. Department of Housing and Urban Development and other New York City agencies took to reflect on the initial findings.

We appreciate the continuing support of the funders of the demonstration. These include Bloomberg Philanthropies, The Rockefeller Foundation, The Starr Foundation, Open Society Foundations, Robin Hood Foundation, American International Group (AIG), Tiger Foundation, The Annie E. Casey Foundation, The John D. and Catherine T. MacArthur Foundation, and New York Community Trust.

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The Authors

Executive Summary

In 2007, New York City launched the Opportunity NYC−Work Rewards demonstration. Work Rewards is testing three alternative ways of improving employment, earnings, and quality-of-life outcomes for very low-income families who are receiving assistance with rental costs under the federal government's Housing Choice Vouchers program. This report presents initial findings from an ongoing evaluation of those interventions.

At the time they entered the study, all participants were receiving rental subsidies in the form of housing vouchers under Section 8 of the Housing Act of 1937, the nation's largest rental assistance program. The vouchers, available to over two million low-income households nationwide, allow recipients to live in privately owned rental properties. Policymakers have long sought to improve voucher holders' labor market outcomes and financial assets. This is a steep challenge. Like other low-income groups, many voucher holders have low education and skill levels and face other impediments to steady and good-quality employment. In addition, many experts contend that the structure of the rent subsidy policy itself may discourage some tenants from working as much as they could. Tenants generally pay 30 percent of their income in rent (after certain income exclusions), with the government making up the difference. Thus, an increase in a household's income triggers an increase in rent, with this extra rental charge acting as an implicit "tax" on earnings.

The federal Department of Housing and Urban Development (HUD) administers the voucher program through agreements with local public housing authorities. To promote and support employment among voucher holders and to help them build financial assets, HUD also funds the Family Self-Sufficiency (FSS) program. Nationally, the FSS program reaches a small proportion of all voucher households (about 5 percent). HUD provides housing authorities with modest resources to hire local service coordinators to develop self-sufficiency plans with participating families and to connect those families with job search, education, training, and other services in their communities. HUD also funds a special program component to help families build their savings through interest-bearing "escrow accounts" maintained by the housing authority. Qualifying tenants still pay an increase in rent when their earnings rise, but that extra payment is deposited into the escrow account and is rebated to them (with interest) once they complete the self-sufficiency plans they agreed to with the housing authority and are not receiving any cash welfare payments through Temporary Assistance for Needy Families (TANF) and/or Safety Net Assistance (SNA). Thus, the escrow account functions as a kind of "forced savings" or asset-building account. It may also provide a financial incentive for tenants to increase their work effort. Overall, no strong evidence exists showing whether or not the FSS program actually achieves the employment and asset-building goals it is designed to produce. Nor is there very extensive information about the program's operation. Moreover, the very low percentage of eligible housing residents who participate in FSS in most jurisdictions raises the question of whether alternative structures might engage more residents and improve the program's reach and effectiveness.

The New York City Department of Housing Preservation and Development (HPD) operates one of the largest FSS programs in the country,[1] and it agreed to subject this program, which it was beginning to modify in 2007, to a rigorous test as part of the Work Rewards demonstration. It also agreed to test new work-related financial incentives alongside its FSS program. The special incentives included cash bonuses, called "reward payments," of $150 per month designed to encourage voucher holders to work full time, and other bonuses for completing approved education and training activities. (See Box ES.1.) Paid out every two months, the bonuses were envisioned as more immediate and, hence, potentially more powerful work incentives than the escrow savings, which could take several years to build and receive. In a related experiment, the New York City Housing Authority (NYCHA), which is the City's primary housing authority and which operates a more broadly available Section 8 voucher program (the largest in the country), agreed to test the same financial incentives for its voucher holders, but without an FSS program.[2] Both experiments targeted voucher holders with household incomes at or below 130 percent of the federal poverty level.

Box ES.1

Work-Related Financial Incentives in the Work Rewards Demonstration

In addition to testing the FSS program, the Work Rewards demonstration is testing the effectiveness of special cash incentives that are intended to promote full-time work and the completion of education and training to enhance participants' employability. Cash rewards are offered for:

- *Sustained full-time employment.* To receive this reward, participants had to remain employed for an average of 30 hours per week for six out of every eight weeks (that is, about 75 percent of the weeks in each two-month "activity period"). Full compliance with this condition earned a participant a $300 cash reward per activity period — up to $1,800 per year for two years.

- *Completion of approved education and training courses.* Compliance with this condition could earn a participant $300, $400, or $600 for a course, depending on its length, up to a total of $3,000 over two years.

[1]HPD, a low-income housing development agency in New York City, provides Section 8 vouchers to income-eligible families who meet special preference categories, such as living in a property regulated by HPD, a property undergoing substantial HPD-funded renovations (requiring tenants to relocate), or a homeless shelter.

[2]Unlike HPD's voucher program, NYCHA's program accepts applications from the general public, provided they meet the income-eligibility criteria (130 percent of the federal poverty level) — although, at the time of this writing, its waiting list is currently closed.

In sum, the Work Rewards demonstration is testing three distinct strategies: (1) FSS alone, (2) FSS *plus* special work incentives (that is, immediate cash incentives in addition to the longer-term incentive of the escrow account), or "reward payments," and (3) the special work incentives alone. The first two of these tests (comprising the "FSS only" and "FSS+incentives" programs) are referred to as the "FSS study" in this report, and they involve households with vouchers obtained through HPD. The third test (without FSS), referred to as the "work incentives" or "incentives-only" study in this report, involves households with vouchers obtained through NYCHA. Using two parallel randomized control trials, the evaluation is determining the effects, or "impacts," of the FSS program and the new special work incentives on voucher holders' employment outcomes, housing subsidy receipt, receipt of other public assistance benefits, and various quality-of-life outcomes. Individuals can be enrolled in FSS for five years (with a two-year extension possible in some cases), and that program continues to operate; the special work incentives were available for two years to each participant to whom they were offered. The evaluation will eventually include five years of follow-up data on each sample member from the time of random assignment.

New York City's Center for Economic Opportunity (CEO), a unit within the office of Mayor Michael R. Bloomberg, is sponsoring the Work Rewards demonstration. Seedco, a nonprofit workforce and economic development organization, provided technical assistance in the program's design and operated the payment system for the special financial incentives component of the interventions. A small network of community-based organizations (CBOs) was responsible, along with the housing authorities, for directly engaging families in each intervention. MDRC, a nonpartisan social policy research organization, collaborated with CEO, the two housing authorities (HPD and NYCHA), Seedco, and the community organizations on the design and fielding of the interventions and is conducting the evaluation.[3] A consortium of private funders paid for the special financial incentives and is covering the evaluation costs,[4] while CEO and HUD supported HPD's FSS program with public dollars.

This first report includes an implementation analysis that examines the experiences of the housing authorities and nonprofit organizations operating FSS and the special financial incentives component over the two-and-a-half-year study period, from April 2008 (when program operations began) through October 2010. The report also presents initial findings on the program's impacts on employment and earnings and on the receipt of food stamps (now

[3]CEO is also the sponsor of a related demonstration testing a comprehensive "conditional cash transfer" program called Opportunity NYC−Family Rewards, in which MDRC and Seedco were also involved.

[4]The consortium of private funders comprises Bloomberg Philanthropies, The Rockefeller Foundation, The Starr Foundation, Open Society Foundations, Robin Hood Foundation, American International Group (AIG), Tiger Foundation, The Annie E. Casey Foundation, The John D. and Catherine T. MacArthur Foundation, and New York Community Trust.

called Supplemental Nutrition Assistance Program, or SNAP, benefits) and cash welfare payments.[5] It examines impacts on employment-related outcomes over a 30-month follow-up period and on food stamps and welfare outcomes over an 18-month follow-up period.[6] Future reports will cover up to five years of follow-up on all of these measures and, for the FSS study sample, will include results from a three-year survey.

The Findings in Brief

Implementation Findings

The current report highlights the intensive efforts that the community organizations made and the challenges they encountered in trying to recruit voucher holders to join the Work Rewards demonstration. In keeping with the demonstration's guidelines for the FSS study (comprising the FSS-only and FSS+incentives studies), the community agencies were required to work aggressively to contact a representative subset of eligible tenants from HPD recruitment lists made up of randomly selected households. Upon making contact, the staff encouraged the tenants to enroll in the study, while also explaining that they could be assigned to the control group. Bad contact information (for example, obsolete phone numbers) made it especially difficult to reach specific families on the lists. This approach contrasts with the practices of FSS programs nationally, which are allowed to give preference to voucher holders who appear to be the most motivated to participate in FSS.

Although the task was a difficult one, the organizations succeeded in enrolling a sample of residents who generally reflected the diverse characteristics of the eligible HPD voucher population. The evaluation found that the special work incentives (in combination with FSS) were much more appealing for many voucher holders than the offer of FSS alone, and the prospect of being selected for the group that could receive those reward payments convinced many tenants to sign up for the study. Furthermore, among tenants who were selected for the FSS+incentives group, the special incentives promoted a deeper level of engagement in FSS activities.

[5]This report focuses on sample members (the "core sample") who are classified as nonelderly and nondisabled — the usual focus of self-sufficiency programs. However, some elderly and disabled individuals enrolled. The full report includes an appendix showing findings for the entire random assignment samples, including elderly and disabled individuals, for both the FSS and incentives-only studies. The incentives-only study also includes individuals from Hasidic communities in Brooklyn. Because this group has a number of unique characteristics and orientations toward the labor market that distinguish them from the populations normally served by housing voucher programs nationally, findings for this group were analyzed separately. (See Appendix A.)

[6]Data on benefit receipt beyond 18 months were not available in time to be included in this report.

The community organizations that were responsible for operating FSS encountered a variety of implementation hurdles, including year-to-year funding uncertainties and a complex contract structure that made it difficult to deliver consistently strong employment services. In addition, marketing the critical escrow component of FSS proved to be more complicated than anticipated. Many participants — and even staff in the community organizations, which had not previously operated FSS — did not fully understand how it worked. Nonetheless, over one-fourth of the households in the FSS program have begun accumulating escrow savings (even without the extra work incentives payments).

Recruiting NYCHA voucher holders for the incentives-only study was also challenging, for many of the same reasons. However, those efforts, also, ultimately yielded a sample that reasonably reflected the larger eligible population of NYCHA voucher holders. About half of the participants in the incentives-only study earned at least one reward payment within the first 18 months after random assignment, while about one-third of participants in the FSS+incentives program did so. In both cases, most of those rewards were for sustaining full-time employment; few were for completing education or training activities.

Impact Findings

The early impact findings show that neither FSS alone nor FSS combined with the special work incentives had any overall effect on voucher holders' labor market outcomes or on their receipt of food stamps or cash welfare payments. However, both interventions did have positive effects for certain subgroups that were specified before the impact estimates were calculated. Based on some prior research on employment programs, it was expected that the effects of Work Rewards might vary for different types of individuals — defined, for example, in terms of their employment history and prior receipt of public assistance.[7] The Work Rewards study found that FSS+incentives produced large and statistically significant increases in average quarterly employment rates and average earnings for voucher holders who were *not already working* at the time they entered the study. Impact estimates for FSS alone were also positive for that subgroup, but they were smaller and less likely to be statistically significant (meaning that the effects are uncertain). Neither of the two interventions improved outcomes for participants who were *already working* when they enrolled in the study. This pattern is consistent with the study's qualitative research finding indicating that the community organizations operating

[7]Richard Hendra, James A. Riccio, Richard Dorsett, David H. Greenberg, Genevieve Knight, Joan Phillips, Philip K. Robins, Sandra Vegeris, and Johanna Walter, with Aaron Hill, Kathryn Ray, and Jared Smith, *Breaking the Low-Pay, No-Pay Cycle: Final Evidence from the UK Employment Retention and Advancement (ERA) Demonstration,* Report 765 (Leeds, UK: Department for Work and Pensions, 2011); Charles Michalopoulos, *Does Making Work Pay* Still *Pay? An Update on the Effects of Four Earnings Supplement Programs on Employment, Earnings, and Income* (New York: MDRC, 2005).

FSS had much more concrete assistance to offer to participants who needed to find jobs than they could offer to participants who were already working and hoping to increase their earnings.

The early impact findings for the incentives-only study are also largely a subgroup story. In this case, the subgroups that mattered most were defined in terms of participants' receipt of food stamps at the time of random assignment. The incentives-only intervention produced sizable and statistically significant increases in earnings for participants who were food stamp recipients, but had no effects for participants who were not food stamp recipients. Interestingly, FSS+incentives and FSS alone produced a similar pattern of results (and were statistically significant in the latter case). One interpretation of this general finding is that perhaps the special work incentives and/or the extra prodding and support offered by the FSS program helped counteract the worries that some food stamp recipients may have had about potential reductions in their food stamp benefits if they earned more money. In other words, the rewards or the program alone may have counteracted possible work disincentive effects triggered by the receipt of food stamps and housing subsidies.

Data on the effects of all three interventions on the receipt of cash welfare and food stamps are currently available for 18 months of follow-up. The interim analysis presented in this report shows that FSS by itself reduced the receipt of welfare payments under TANF, but not food stamps, during this period. So far, neither the FSS+incentives nor the incentives-only approach has had a similar effect. The evaluation will eventually determine whether this pattern changes as longer-term data become available.

Findings from the FSS Study

The FSS program was operated collectively by HPD, several CBOs contracted to HPD, and Seedco, which provided technical assistance to the community organizations and served as the overall program manager. Seedco also administered the reward payments system for the FSS+incentives group, which entailed reviewing claims submitted by participants via special "coupons," verifying compliance with the rewards criteria, authorizing payments, and contracting with a financial institution to transfer payments electronically to participants' bank accounts. To claim the reward payments, which were offered to each participant for two years, participants had to provide documentation showing that they had met the conditions for the reward that they were claiming (for example, evidence of having worked an average of 30 hours per week). Payments were made every two months and eligible participants could access their rewards at any time after deposits were made into their bank accounts.

Overall, the implementation of FSS was a complex endeavor. It involved a complicated management structure among the partners operating the program; a set of contracts with the community organizations that were 100 percent performance-based, meaning that the CBOs got paid only for meeting specific milestones (or "payment points") for prespecified numbers of participants (which constrained the CBOs' flexibility and may have weakened the attention they placed on work outcomes); and constant uncertainty about how much funding would be available from HUD to operate the program in subsequent years. Despite these challenges, HPD, Seedco, and the community organizations were able to deliver the essential components of the FSS program, although not as robustly as originally hoped.

- **Through an intensive recruitment campaign, the community organizations enrolled a diverse group of very low-income voucher holders, not just those who were most eager to join a program. The special cash work incentives were a major attraction.**

By design, and unlike other FSS programs in the country, the Work Rewards FSS program exclusively targeted voucher holders with household incomes at or below 130 percent of the federal poverty level, in an effort to test the program on those families who might need it the most. In addition, the community organizations were required to adopt a particularly persistent approach in trying to reach and enroll specific voucher holders who were randomly selected for inclusion on recruitment lists prepared by MDRC. The goal was to try to enroll a reasonably representative sample of targeted households in order to test the effectiveness of the program for a broad group of economically disadvantaged tenants, not just those who were most eager to volunteer for a self-sufficiency program. Thus, the community organizations purposely did not screen for voucher holders' motivation to pursue self-sufficiency goals, which HUD rules permit.

Through their intensive recruitment efforts, which began in January 2008, the community organizations enrolled 1,603 nonelderly and nondisabled voucher holders into the study within approximately one year. The majority of households (66 percent) were headed by a single adult, and most were black or Hispanic. However, they varied widely on other background characteristics, including prior work experience, education levels, and how long they had held their vouchers. Qualitative data suggest that many enrollees would not have come forward to join FSS alone, without the possibility of receiving the special work incentives.

- **The special work incentives increased participation in FSS.**

CBOs made considerable efforts to get individuals who were randomly assigned to the FSS-only or FSS+incentives groups to participate in initial FSS orientation sessions. This proved to be challenging, especially for the FSS-only group. For example, only 42 percent of tenants who were assigned to the FSS-only group attended an FSS orientation, compared with 71 percent of those who were assigned to the FSS+incentives group, suggesting that the work incentives were an important inducement. Qualitative data suggest that some individuals who signed up for the study and had hoped to get into the FSS+incentives group chose not to participate once they learned that they were assigned to the FSS-only group. That may also help explain why fewer tenants in the FSS-only group (45 percent) had more than one interaction with the FSS program, compared with those in the FSS+incentives group (54 percent). Participants in the FSS+incentives group also completed more program milestones.

Some staff believed that engagement in FSS activities was lower than had been anticipated (with or without the special work incentives) because the program was voluntary and, among welfare recipients, preexisting requirements to participate in the City's mandatory welfare-to-work programs competed for their time and attention. Additionally, scheduling conflicts, transportation and language barriers, and some concerns about the value of what FSS offered may have kept some individuals from taking full advantage of the program. Finally, some staff believed that some tenants feared losing Section 8 assistance because of higher earnings, which may have discouraged participation.

- **By 18 months after enrollment in FSS, about 29 percent of the households had accumulated some savings in FSS escrow savings accounts.**

Early in the program, some staff of the community agencies found the workings of the escrow savings account challenging to communicate to participants. As a result, in interactions with participants, program staff did not prompt discussions about the escrow account and how families could accumulate savings as much as the program designers had intended. In addition, the agencies' contracts with the housing authority did not include any provisions relating to escrow accounts among the many milestones in their performance-based contracts. In an effort to increase participants' awareness of the escrow component, Seedco devised new marketing strategies, which included special mailings and automated phone calls. However, program staff mostly continued to wait for queries, and they referred participants who contacted them to housing authority case managers at HPD for more specific information.

The FSS-only and FSS+incentives groups accumulated about the same escrow savings. Among households with any escrow savings, those in the FSS-only group saved an average of $1,112 within 18 months, and those in the FSS+incentives group accrued $1,312. A number of participants who were interviewed said that they appreciated the escrow component because it "forced" them to save money for the future. These savings can continue to grow until participants complete the FSS program, which can take five years or longer.

- **One-third of the FSS+incentives group earned at least one reward payment, in most cases for full-time employment. Very few earned rewards for completing approved education and training activities.**

About 34 percent of the participants earned any reward payments within the first 18 months of the program. About 31 percent earned at least one reward for sustaining full-time employment, while only about 5 percent earned rewards for completing an education or training activity. On average, participants who qualified for any rewards earned almost $1,700 over 18 months. Understandably, those who were more likely to earn rewards had better labor-market prospects when they entered the program: they were more highly educated, less likely to have health-related barriers to work, and much more likely to have been working already.

- **About two-thirds of all sample members worked during the 30-month follow-up period, but not steadily. Neither FSS-only nor FSS+incentives had much effect on employment rates or average earnings for the full sample.**

Employment and earnings outcomes were measured using administrative records data from the New York State unemployment insurance (UI) system. These data show that although a majority of participants worked at some point during the follow-up period, many struggled to work steadily. For example, as shown in the second panel of Table ES.1, only about 46 percent of the FSS-only and the FSS+incentives program groups worked during an average follow-up quarter. These rates are only somewhat higher than the control group's rate, although the increase is statistically significant for the FSS+incentives group. Average earnings differed little across the groups. (The earnings measure includes only employer-reported wage payments; it does not include the special work incentive payments.)

- **The FSS+incentives strategy produced large gains in employment and earnings for participants who were *not employed* when they entered the program. It did not improve earnings for participants who were already employed.**

When preparing the study's analysis plan, the researchers expected that the effects of the interventions might differ according to participants' work history. Among participants who were *not working* at the time of random assignment (that is, at baseline), FSS+incentives increased the program group's average quarterly employment rate over the 30-month follow-up period by 6.9 percentage points relative to the control group rate of 22.9 percent. It also increased the nonworking program subgroup's average total earnings by $3,102 — a gain of 45 percent over the control group average. These impacts are statistically significant, meaning that the probability that they occurred by chance (rather than as a result of the intervention) is low. In contrast, the FSS+incentives strategy had no positive effects on employment or earnings for individuals who were *already working* when they entered the program. (The differences in impacts across these two subgroup categories are also statistically significant, as indicated by the daggers in the table.) Thus, it appears that the intervention had dramatically different results depending on a participant's initial engagement in the labor force: it clearly benefited those who entered the program needing jobs, but not those who were already working.

The Opportunity NYC Demonstration: Work Rewards

Table ES.1

30-Month Impacts on Employment and Earnings, FSS Study Sample

	FSS Only				FSS+Incentives			
Outcome and Subgroup	Program Group	Control Group	Difference (Impact)	Change (%)	Program Group	Control Group	Difference (Impact)	Change (%)
Ever employed, full period (%)								
Full sample	67.4	65.0	2.3	3.6	68.3	65.0	3.2	5.0
Not working at baseline	52.8	49.4	3.3	6.7	57.0	49.4	7.6 *	15.4
Working at baseline	82.8	82.1	0.6	0.8	80.9	82.1	-1.2	-1.5
							†	
Food stamp recipient at baseline	64.7	62.0	2.7	4.3	65.2	62.0	3.2	5.1
Not receiving food stamps	72.1	71.2	0.9	1.2	74.0	71.2	2.8	3.9
Average quarterly employment (%)								
Full sample	46.0	43.1	2.9	6.7	46.5	43.1	3.4 *	7.9
Not working at baseline	27.4	22.9	4.5 *	19.5	29.8	22.9	6.9 ***	30.1
Working at baseline	65.2	64.9	0.3	0.5	65.1	64.9	0.3	0.4
							†	
Food stamp recipient at baseline	42.3	38.4	3.9 *	10.1	42.0	38.4	3.6	9.5
Not receiving food stamps	52.8	53.1	-0.3	-0.5	55.0	53.1	2.0	3.7
Average earnings, full period ($)								
Full sample	18,517	18,014	503	2.8	18,564	18,014	551	3.1
Not working at baseline	8,485	6,827	1,658	24.3	9,929	6,827	3,102 **	45.4
Working at baseline	29,140	29,846	-706	-2.4	27,906	29,846	-1,940	-6.5
							††	
Food stamp recipient at baseline	15,551	13,495	2,056 *	15.2	14,756	13,495	1,261	9.3
Not receiving food stamps	24,743	26,870	-2,127	-7.9	26,167	26,870	-704	-2.6
			†					
Sample size (total = 1,603)	546	534			523	534		

(continued)

Table ES.1 (continued)

SOURCE: MDRC calculations using administrative records data from New York State unemployment insurance (UI) wage records.

NOTES: The core sample includes housing voucher recipients who were randomly assigned between January 1, 2008, and January 16, 2009, and excludes elderly individuals, disabled individuals, and individuals who likely belong to the Hasidic community. The outcome data cover employment and earnings through September 30, 2011.

Subgroups are based on self-reported employment status at the time of random assignment (baseline). See the full report for subgroup sample sizes.

Estimates were regression-adjusted using ordinary least squares, controlling for sample members' pre-random assignment charactertistics. A two-tailed t-test was applied to the differences between program and control group outcomes. The p-value indicates the likelihood that the difference arose by chance.

Statistical significance levels for impacts for each intervention are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent. Statistical significance levels for differences in impacts across subgroups are shown beneath subgroup pairs and are indicated as follows: ††† = 1 percent; †† = 5 percent; † = 10 percent.

Rounding may cause slight discrepancies in calculating sums and differences. Dollar averages include zero values for nonworking sample members.

Field observations and interviews with program participants indicate that already-employed individuals juggled multiple priorities, making it difficult to incorporate the FSS component of the intervention into their busy lives along with work and family responsibilities. In addition, many viewed the services that FSS offered as largely focused on work-readiness and job search, and not likely to help them with employment advancement. Other studies that have carefully tested much more intensive postemployment initiatives for low-income populations underscore the difficulty of helping working participants advance, suggesting, more generally, that it may be worthwhile to reexamine how FSS programs approach this challenge.[8]

- **FSS *without* the special financial incentives produced a similar pattern of results for the employed and unemployed subgroups, although the effects were smaller than they were for FSS+incentives and were not statistically significant.**

Without the addition of the special work incentives, the FSS program produced few statistically significant labor market impacts for the full sample or for the employed and unemployed subgroups. The pattern of impact estimates might suggest that even for FSS alone it may be easier to improve employment outcomes for participants who are not already working, but this is not certain. The ongoing evaluation will determine whether these differences across subgroups grow over time and eventually become statistically significant.

It is also not possible to conclude with confidence that adding the financial incentives component to the main FSS program resulted in a more effective strategy than FSS alone for the unemployed subgroup. Although the impacts for the unemployed subgroup are consistently statistically significant and larger for the FSS+incentives group than they are for the FSS-only group, the *differences in impacts* across the two interventions are not themselves statistically significant. The ongoing evaluation will show whether those differences increase and become more certain statistically over time.

- **FSS by itself produced statistically significant gains in employment and earnings for participants who were receiving food stamps at baseline.**

A long-standing concern with certain government income subsidy programs is that they might dampen work effort among some recipients of those benefits. For this reason, among others, the evaluation plan considered whether voucher holders' responses to the Work Rewards interventions would differ depending on whether or not they were also receiving food stamps at

[8]Hendra et al. (2011); Cynthia Miller, Mark van Dok, Betsy L. Tessler, and Alexandra Pennington, *Strategies to Help Low-Wage Workers Advance: Implementation and Final Impacts of the Work Advancement and Support Center (WASC) Demonstration* (New York: MDRC, 2012).

the time of random assignment. The analysis found that among food stamp recipients, those in the FSS-only group were more likely than their control group counterparts to work in a given quarter (3.9 percentage points, or 10 percent, higher than the control group average of 38.4 percent). They also experienced an earnings impact of $2,056, a gain of 15 percent above the control group mean. These effects were statistically significantly greater than the impacts for sample members who were *not* receiving food stamps at the time of random assignment.

This same general pattern of effects is evident among the FSS+incentives group, although the estimates are smaller and not statistically significant. More important, as the next section shows, the incentives-only approach (for NYCHA voucher holders) follows the same pattern (and, for that sample, the differences in impacts across the two subgroup categories are statistically significant). A possible reason for this general pattern across the HPD and NYCHA samples is discussed below.

Findings from the Incentives-Only Study

The third intervention that was tested as part of the Work Rewards demonstration offered voucher holders the same set of special work incentives as those offered to the FSS+incentives group (rewards for sustaining full-time employment and for completing approved education or training activities, as described in Box ES.1), but it did not include the FSS employment services, case management, or asset-building component (that is, the escrow account). This incentives-only intervention targeted NYCHA voucher holders with household incomes at or below 130 percent of the federal poverty level. The households that were recruited for this study were randomly assigned to one of two groups: a program group that was offered the special incentives and a control group that was not offered the incentives.

Seedco and a network of four community organizations operated the program from mid-2008 to mid-2010. NYCHA helped design the demonstration but did not have a direct role in program operations once the study sample had been enrolled. The community organizations, under subcontract to Seedco, conducted program orientations, distributed the coupon books needed for claiming the rewards, and helped participants complete and submit the coupons. Seedco also trained and provided technical assistance to the staff of those agencies. Because participants in the incentives-only group were not offered other services, their interactions with program staff were structured largely around program orientation sessions, referrals to services upon request, and guidance on program rules.

The sample for assessing the effectiveness of the incentives-only strategy includes 1,318 nonelderly and nondisabled individuals who were enrolled between January and October 2008. As was true for the FSS sample, these individuals were a diverse group in terms of measured background characteristics, and generally reflected the characteristics of all NYCHA voucher holders with household incomes at or below 130 percent of the federal poverty level. They were also broadly similar to HPD voucher holders in the FSS study sample.

- **Nearly half of the incentives-only group earned at least one reward payment, in most cases for full-time employment. Very few earned rewards for completing approved education or training activities.**

About 47 percent of the participants earned a reward payment within the first 18 months of the program. About 45 percent earned at least one reward for sustaining full-time employment, while only about 5 percent earned rewards for education or training. On average, participants who qualified for any rewards earned $1,721. Those who were more likely to earn rewards were poised to have better labor market prospects when they entered the program. For example, they were more highly educated, less likely to have health-related barriers to work, and much more likely to be working already.

- **For the full sample, the incentives-only intervention increased the likelihood of ever working, but not the likelihood of working continuously. It had positive but inconsistent effects on earnings.**

As shown in Table ES.2, 71.9 percent of the incentives-only program group worked at some point during the 30-month follow-up period, which is a statistically significant 3.9 percentage points higher than the control group's rate of 68 percent. The program group's estimated earnings over the entire 30-month follow-up period are also higher than the control group's earnings by $1,452. This 8 percent increase over the control group average is just shy of statistical significance.[9] The quarter-by-quarter earnings impacts vary widely, reaching statistical significance in 4 out of 10 quarters, including a quarter late in the follow-up period.

Table ES.2 also shows that the quarterly employment rates for the program and control groups remained similar to each other, and at more or less the same levels, over the 30-month follow-up period (47.8 percent for the program group, compared with 46.6 percent for the control group). This suggests that if the program's main incentives, which were conditioned on full-time work, did increase earnings, they may have done so primarily by encouraging those who would have worked anyway to work full time.

- **The incentives-only intervention produced a large increase in earnings for individuals who were already receiving food stamps when they entered the study.**

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[9]This impact estimate has a p-value (the probability that the estimated difference between the groups occurred by chance) of 0.101. This is just slightly higher than the threshold level of statistical significance used in this study (p-value = 0.10).

The Opportunity NYC Demonstration: Work Rewards

Table ES.2

30-Month Impacts on Employment and Earnings, Incentives-Only Study Sample

Outcome and Subgroup	Program Group	Control Group	Difference (Impact)	Change (%)
Ever employed, full period (%)				
Full sample	71.9	68.0	3.9 **	5.7
Not working at baseline	59.2	53.9	5.3	9.9
Working at baseline	82.8	80.2	2.6	3.2
Food stamp recipient at baseline	71.0	66.4	4.6 *	6.9
Not receiving food stamps	74.4	72.1	2.3	3.2
Average quarterly employment (%)				
Full sample	47.8	46.6	1.2	2.5
Not working at baseline	29.7	26.6	3.1	11.7
Working at baseline	62.9	64.2	-1.3	-1.9
Food stamp recipient at baseline	46.2	42.8	3.4 *	7.9
Not receiving food stamps	51.2	55.7	-4.5	-8.1
			††	
Average earnings, full period ($)				
Full sample	19,013	17,560	1,452	8.3
Not working at baseline	9,412	8,036	1,375	17.1
Working at baseline	26,970	26,042	928	3.6
Food stamp recipient at baseline	17,230	14,519	2,711 ***	18.7
Not receiving food stamps	22,540	24,727	-2,186	-8.8
			††	
Sample size (total = 1,318)	652	666		

SOURCE: MDRC calculations using administrative records data from New York State unemployment insurance (UI) wage records.

NOTES: The core sample includes housing voucher recipients who were randomly assigned between January 1, 2008, and January 16, 2009, and excludes elderly individuals, disabled individuals, and individuals who likely belong to the Hasidic community. The outcome data cover employment and earnings through September 30, 2011.

Subgroups are based on self-reported food stamps status at the time of random assignment (baseline). See the full report for subgroup sample sizes.

Estimates were regression-adjusted using ordinary least squares, controlling for sample members' pre-random assignment charactertistics. A two-tailed t-test was applied to the differences between program and control group outcomes. The p-value indicates the likelihood that the difference arose by chance.

Statistical significance levels for impacts for each intervention are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent. Statistical significance levels for differences in impacts across subgroups are shown beneath subgroup pairs and are indicated as follows: ††† = 1 percent; †† = 5 percent; † = 10 percent.

Rounding may cause slight discrepancies in calculating sums and differences. Dollar averages include zero values for nonworking sample members.

Among food stamp recipients, the incentives-only strategy increased average total earnings over the 30-month follow-up period (not counting the reward payments) by a statistically significant $2,711, a gain equal to 19 percent of the control group average. The findings also suggest it may have caused a *reduction* in earnings for voucher holders who were not receiving food stamps when they entered the study. However, the estimated 9 percent reduction in earnings is not statistically significant. (The difference in impacts across the two subgroup categories is statistically significant.)

As noted earlier, a similar pattern of effects was observed for the FSS+incentives and FSS-only tests: the estimated impacts on earnings are positive for food stamp recipients and not for nonrecipients. The emergence of the same general pattern of impacts for two entirely independent samples lends some weight to the hypothesis that work-focused interventions may be more effective at improving work outcomes for voucher holders who are food stamp recipients.

Why might this be the case? One possibility is that the extra financial incentives to work might have offset possible work disincentives resulting from the receipt of food stamps on top of a housing subsidy. For example, voucher holders who were receiving food stamps might normally have worked somewhat less than they would have worked had they not been receiving food stamps. When offered the Work Rewards incentives, which could help compensate for food stamp reductions that would result from greater earnings, some participants may have considered it worth their while to increase their work effort. Similarly, the FSS program's case management and escrow account may have encouraged some voucher holders who were receiving food stamps to reassess the likely economic payoff from working more.

Looking Ahead

Before Work Rewards, little evidence was available on the effectiveness of FSS or employment-focused financial incentives for housing voucher recipients. The early findings from the demonstration suggest that the set of strategies tested in New York City holds some promise for certain subgroups of participants, but might not be a good investment for other subgroups. The ongoing evaluation will determine whether patterns observed so far hold up over time. These findings should also inform future research on FSS, particularly a new national evaluation of FSS that MDRC is conducting for HUD. The findings observed in New York City will take on much more importance if they are replicated in that national randomized trial.

The Work Rewards demonstration's special work incentives ended in mid-2010. However, FSS alone, which is a five-year program, continues to operate for HPD voucher holders. Further evaluation reports will examine longer-term findings for all three Work Rewards strategies (FSS-only, FSS+incentives, and incentives-only), eventually covering up to five years of follow-up.

Chapter 1

Introduction

In 2007, New York City launched the Work Rewards demonstration, a new initiative testing distinct strategies for promoting work and self-sufficiency among very low-income recipients of housing vouchers, which provide rent subsidies. One set of strategies focuses on a local implementation of the federal Family Self-Sufficiency (FSS) program, the main strategy of the federal Department of Housing and Urban Development (HUD) for helping housing voucher holders build financial assets and make progress toward economic self-sufficiency. As the only randomized trial of this federal strategy to date, Work Rewards tests the effectiveness of the FSS program alone, as well as FSS combined with a set of special work incentives, or "reward payments." As a separate experiment, Work Rewards also tests the effectiveness of the same work incentives by themselves — that is, without an FSS component. All three interventions — FSS alone, FSS plus work incentives, and work incentives alone — target voucher holders with household income under 130 percent of the federal poverty level.

The two tests involving FSS focus on households receiving vouchers from the New York City Department of Housing Preservation and Development (HPD). The test of special work incentives alone targets households receiving vouchers from the New York City Housing Authority (NYCHA). The FSS study provides the first evidence of the effectiveness of the Family Self-Sufficiency program model, a framework implemented by many public housing authorities across the country.

Per HUD regulations, voucher holders pay 30 percent of their adjusted income in rent,[1] with the government making up the difference. Thus, an increase in a household's income normally results in a rent increase. Hypothetically, the rent structure poses a work disincentive because for every additional dollar in earnings reported by the family, nearly a third (around 30 cents) goes to increased rent payments.[2] Special work incentives were included in both the FSS study and the incentives-only study to test whether the offer of a more immediate financial incentive geared toward promoting work would help counteract the potential effects of the rent rules governing housing vouchers.

[1]Adjusted income is a family's annual income minus certain approved deductions.

[2]This is also referred to as the "percent-of-income" rent policy. Alternative rent systems have been contemplated and, in some instances, already adopted by housing authorities that are designated as Moving to Work (MTW) demonstration sites. MTW allows agencies that administer voucher and public housing programs to test alternative policies.

Using randomized control trials, Work Rewards is assessing the effects, or *impacts,* of the FSS program and the special work incentives on employment and other quality-of-life outcomes among nonelderly and nondisabled voucher holders. The evaluation covers a five-year follow-up period for individuals who are enrolled in these tests. This report, the first in a series, examines implementation experiences and the families' participation from the start of the program in April 2008 through October 2010. The report also presents initial findings on the program's impacts on employment and earnings, and on the receipt of food stamps and cash welfare payments.[3] It examines impacts on employment-related outcomes over a 30-month follow-up period, and on food stamp receipt and welfare outcomes over an 18-month follow-up period.[4]

The Work Rewards demonstration was designed in collaboration with New York City's Center for Economic Opportunity (CEO), the two housing authorities (HPD and NYCHA), and MDRC and Seedco, both New York-based nonprofit organizations. CEO was launched by Mayor Michael R. Bloomberg in 2006 to test innovative antipoverty strategies that grew out of a special "Poverty Commission."[5] MDRC is a nonpartisan, education and social policy research organization with extensive experience conducting large-scale demonstration projects using random assignment research designs to build evidence on what works to improve the well-being of low-income families. Seedco works with community institutions to create economic opportunities for low-income families.

Work Rewards is one of more than 50 initiatives sponsored by CEO. It addresses, among other issues, the Poverty Commission's recognition of the importance of pairing employment and savings supports with housing assistance to lift families out of poverty. In fact, the Commission issued a report recommending that CEO "enhance and expand" New York City's implementation of the FSS program.[6] Acting on the Commission's recommendation required HPD to work with a larger number of public and nonprofit providers to increase participants' access to needed employment and training resources, case management services, and other supports. It is against this backdrop that the Work Rewards demonstration was launched.

Work Rewards is part of a cluster of three demonstration projects collectively known as Opportunity NYC. Implemented in New York City, beginning in 2007, each demonstration used cash rewards to promote activities expected to build human capital — that is, the skills and capacities that will improve families' chances of escaping poverty. The other projects are:

[3]The Food Stamp Program was renamed the Supplemental Nutrition Assistance Program (SNAP) in 2008.
[4]Data on benefits receipt beyond 18 months were not available in time to be included in this report.
[5]For more information on CEO and its history, see New York City Commission for Economic Opportunity (2006).
[6]New York City Commission for Economic Opportunity (2006).

- **Family Rewards,** a comprehensive "conditional cash transfer" (CCT) program that offered cash incentives to low-income families based on children's progress in school, families' preventive health care practices, and adults' work and training efforts[7]

- **Spark,** an education-focused incentives program designed to improve school performance of fourth- and seventh-graders. The program rewarded good performance on standardized tests that were administered over the course of the academic year[8]

Both Family Rewards and Spark are fully supported by private funding. Work Rewards received both private and public funding.[9] The private funding was used to help HPD sustain and enhance its existing FSS program and to cover the special work incentives. In 2010, the FSS program began receiving HUD support, which had ceased in 2007, around the time this project was being developed.[10] Like Family Rewards and Spark, Work Rewards relies on a random assignment design to assess the FSS program's effectiveness. MDRC is conducting the Work Rewards evaluation, and Seedco, along with a group of community-based organizations (CBOs), operated the Work Rewards program.[11]

The remainder of this chapter sets the context for the rest of this report. It describes the federal Housing Choice Voucher program, frames some of the important policy issues concerning work and subsidized housing, and describes the federal FSS program and the evidence related to its success. It also briefly introduces the two interventions that were tested as part of Work Rewards. Subsequent chapters focus on each of the program models and report on their operational and implementation experiences and impacts.

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[7]MDRC is evaluating Family Rewards. See Riccio et al. (2010) for a description of the project and its early findings.

[8]Spark was evaluated by Harvard Education Labs, which developed the project in partnership with the New York City Department of Education. See www.edlabs.harvard.edu for additional information.

[9]The private funders include Bloomberg Philanthropies, The Rockefeller Foundation, The Starr Foundation, Open Society Foundations, Robin Hood Foundation, American International Group (AIG), Tiger Foundation, The Annie E. Casey Foundation, The John D. and Catherine T. MacArthur Foundation, and New York Community Trust.

[10]As discussed further in Chapter 3 of this report, HUD eliminated all its funding for New York City's FSS program in 2007. The Work Rewards demonstration, which was being designed and developed in 2007, provided an opportunity to implement the Commission's recommendation and test a new model for delivering FSS services.

[11]Seedco also operated Family Rewards, along with a small group of neighborhood organizations, some of whom are engaged in Work Rewards.

The Housing Choice Voucher Program

HUD provides housing assistance to low-income renters through three primary means: the Housing Choice Voucher (HCV) program, formerly known as Section 8 tenant-based assistance; Section 8 project-based assistance, under which building owners receive government subsidies to reduce rents; and public housing assistance. Today, the HCV program is the nation's largest single program providing rental assistance to a little over two million low-income households.[12] Administered by local housing authorities, the voucher program allows families to either continue to rent in their current home or select housing of their choice and in a neighborhood of their choice, as long as the housing meets HUD inspection standards and the landlord is willing to accept the voucher. Families contribute 30 percent of their monthly income to the rent, and the HCV program covers the balance, up to a locally determined maximum.

Rental vouchers became part of United States housing policy in the 1970s.[13] Eligibility for housing vouchers is currently limited to United States citizens and some categories of noncitizens, and is based on total annual gross income and family size.[14] In general, the income of newly admitted voucher households may not exceed 50 percent of the median income for the metropolitan area or county in which the family chooses to live. However, the program prioritizes extremely low-income families by reserving at least 75 percent of available vouchers each year for families with income at or below 30 percent of the "area median income."[15] The housing voucher does not have a time limit, but when a family's income increases to the point that their subsidy is equal to $0, and stays that way for six months, they become ineligible to continue their subsidy. Congress has, to date, provided funding annually for housing voucher holders.

Housing vouchers are distributed on a first-come, first-served basis, and the demand for this form of housing assistance often exceeds the resources available to HUD and the local housing authorities. As a result, long waiting periods are common for families — some housing authorities close their waiting lists for long periods of time when there are more families on the list than can be assisted in the near future; others open their waiting lists for brief periods. At the same time, it has long been noted that in tight housing markets, with low vacancies, many families who are offered vouchers experience difficulties using them within the program's time

[12] Sard and Alvarez-Sanchez (2011).

[13] See Schwartz (2006) for additional background information on the HCV program.

[14] According to HUD, "family" includes a person living alone or a multiple-person household whose combined income does not exceed the income limits prescribed by HUD.

[15] See the U.S. Department of Housing and Urban Development's "Housing Choice Vouchers Fact Sheet" at http://portal.hud.gov/hud6portal/HUD?src=/topics/housing_choice_voucher_program_section_8.

limits to find housing.[16] A study of voucher take-up rates (also called the "success" or "lease-up" rate) conducted in 2000 in a nationally representative sample of housing authorities found that around 69 percent of voucher holders were able to use their voucher to lease a unit.[17] While the success that families face in using their voucher can vary over time and across housing markets, not all families who are offered housing vouchers are able to use them.[18]

For families who are able to use their housing voucher, this subsidy gives them the choice of where to live. Many policymakers hope that housing vouchers will enable families to live in somewhat better neighborhoods than they could afford without a voucher — and there is some evidence from the Welfare-to-Work Voucher Demonstration, conducted in the early 2000s, that this in fact takes place.[19] There is also recent evidence that moving to better neighborhoods improves the physical and mental health of many voucher holders, but there is no evidence so far that housing vouchers used in better neighborhoods lead to more work, higher earnings, or improved economic well-being.[20]

Housing Assistance and Employment

In 2011, the HCV program, the nation's largest rental assistance program, served a little over two million households.[21] Nonelderly and nondisabled households make up about 51 percent of

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[16]Olsen (2003).

[17]See Finkel and Buron (2001) for a discussion of national take-up rates. HUD's evaluation of the Welfare to Work Voucher (WtWV) program also found that in the first year after random assignment, the treatment group members across all six sites showed a lease-up rate of 55 percent. See Orr, Patterson, Kaul, and Mills (2002).

[18]As discussed in the literature, there are a number of possible explanations why households may not be able to use their vouchers. For one, and most important programmatically, housing units that are available on the market may have rents above the voucher program's payment standard. This is a particular problem in large metropolitan areas like New York City, which have "tight" housing markets and experience lower success rates. It is also the case that some landlords are not willing to deal with the HCV paperwork, inspections, and other program requirements, thereby limiting the supply of housing units that are available to voucher holders. Finally, it is also possible that the time allowed to find a unit, usually ranging from three to six months, is not sufficient to search for private market housing given all the difficulties of finding an acceptable unit. There is also often inadequate information about vacant and affordable units available to households searching to rent. Lastly, demolitions, fires, and abandonments remove lower-priced units from the rental inventory on a regular and ongoing basis.

[19]Abt Associates Inc. et al. (2006).

[20]The longer-term results from the HUD-sponsored Moving to Opportunity for Fair Housing experiment (MTO) — a 10-year research demonstration to help very low-income families move from poverty-stricken urban areas to low-poverty neighborhoods — show that the MTO-induced changes translate into a number of important improvements in housing quality, neighborhood environment, safety, and mental and physical health for adults, but had no detectable effects on work, earnings, or other economic outcomes for adults (Sanbonmatsu et al., 2011).

[21]Sard and Alvarez-Sanchez (2011).

all voucher-assisted households.[22] A recent analysis of HUD administrative data shows that a large majority of the nonelderly and nondisabled household members work or are subject to a work requirement.[23] However, the employment and earnings trajectories of nonelderly, nondisabled housing voucher holders have been a longstanding policy concern. Given both the potential employment advantage that voucher receipt may offer and the potential work disincentives inherent in various government assistance programs, researchers and policymakers have questioned the expected benefits of employment-focused programs like FSS. On the one hand, some housing experts and analysts have argued that the provision of rental assistance to low-income families not only improves access to decent housing, but may also — in and of itself — promote work.[24] This view holds that the housing stability that comes from rent subsidies may enable recipients to focus on employment or building human capital, and that when housing assistance takes the form of vouchers, families are able to move to better-quality neighborhoods that offer more or better employment opportunities. This view, however, is challenged by evidence that seems to suggest that, while many families undoubtedly do benefit in selected ways, housing assistance alone may not, on average, improve employment outcomes.[25]

As with any means-tested program, the provision of a subsidy has the potential to affect program participants' effort in work. In this case, voucher holders may feel less pressure to work when their housing expenses are subsidized and their remaining income is sufficient to sustain the family without the cost of seeking work or finding adequate child care while working. Similarly, the HCV program's rent rules could also discourage work: voucher holders must pay 30 percent of any additional earnings for rent, up to the point that they are no longer eligible for this subsidy. Thus, their participation in the voucher program subjects them to an implicit tax on additional earnings, which could negatively affect their inclination to work. Further, since housing assistance is not an entitlement, voucher holders may be more reluctant to increase their earnings to the point of becoming ineligible, because there is no guarantee of being able to obtain a voucher again if they lose their job or see their earnings fall for other reasons. Accompanying the potential depressing effects of voucher receipt on work, voucher holders face deep barriers to employment, including low levels of education and skill

[22]Disabled and elderly households made up the remaining 49 percent. See Sard and Alvarez-Sanchez (2011) for a recent analysis of the characteristics of voucher-assisted households.

[23]Sard and Alvarez-Sanchez (2011).

[24]See Sard and Waller (2002) for one discussion on this perspective.

[25]For example, the findings from the Welfare-to-Work Voucher Demonstration found that having and using a voucher reduced employment rates and earnings amounts in the first year or two after random assignment, but the small negative impact of vouchers disappeared over time, and vouchers had no significant impact overall on employment and earnings over 3.5 years of follow-up; see Abt Associates et al. (2006). Shroder's (2002) analysis of 18 nonexperimental studies of the impacts of housing vouchers on employment and earnings suggests short-term employment effects closer to zero. Recent research conducted in Chicago seems to suggest that housing assistance might actually reduce work effort; see Jacob and Ludwig (2009).

attainment, limited access to social networks that might link them to jobs, and a wide range of health, personal, and family problems.[26]

Policymakers have increasingly focused on the importance of promoting work among housing-assisted families. It is hoped that raising employment and earnings among voucher holders will increase their economic well-being and overall quality of life. But helping residents progress toward self-sufficiency is also important in terms of making the housing subsidy serve more eligible families — increasing work-eligible tenants' employment and earnings so they can "graduate" from housing assistance more quickly, or at least require smaller subsidies, could free up resources to serve more eligible families with a fixed amount of funding.

Promoting Work and Self-Sufficiency Among Voucher Holders

The Family Self-Sufficiency Program

Nationally, HUD's FSS program is the main federal strategy to support employment among voucher holders and help them build financial assets. Established in 1990 by Section 554 of the Cranston-Gonzalez National Affordable Housing Act, FSS is administered by public housing authorities.[27] It is structured around two main components — an escrow account and case management, including referrals to supportive services — that together attempt to help families build assets and make progress toward self-sufficiency. HUD provides public housing authorities (PHAs) with modest funding for FSS program coordinators to manage the program and ensure that participants are linked to appropriate services, but the PHAs must rely on their own or other resources available in the community for any direct services. The escrow account, a central asset-building feature of the program (and described in more detail below), is designed to serve as a longer-term financial incentive for households to increase work and earnings and build long-term savings while participating in FSS. With the exception of the escrow account, local PHAs have flexibility in how they operate the other aspects of the program. As a result, it is best to view FSS as more of a "framework" for HUD's self-sufficiency program than an explicit program model.

Participation in FSS is voluntary, and housing authorities use various methods to inform voucher holders about the program.[28] Once enrolled in FSS, individuals complete a

[26]Popkin, Theodos, Getsinger, and Parilla (2010); Popkin, Cunningham, and Burt (2005); Popkin, Buron, Levy, and Cunningham (2000).

[27]The description of the FSS program draws on Cramer and Lubell (2005), Ficke and Piesse (2004), Lubell (2004), and other materials posted on HUD's Web site (www.hud.gov).

[28]As discussed in de Silva, Wijewardena, Wood, and Kaul (2011), housing authorities distribute materials to tenants who are completing the lease-up process, disseminate information to partners in the community, place content in newsletters sent to HCV residents, present information at group recertification meetings, and (continued)

Contract of Participation, which specifies their goals and steps for making progress toward self-sufficiency. Over the course of five years, which can be extended to a total of seven years, participants are expected to take steps toward completing the goals in their self-sufficiency plan. The case management offered through FSS is expected to help participants access services needed to achieve their goals. For instance, depending on their needs, participants can be referred to child care, transportation, education and employment-related services, and support services to address personal or family issues that could affect self-sufficiency. While all adults in FSS households are encouraged to seek employment, only the household head — or the adult considered the head of the household for purposes of determining income eligibility and rent — is expected to seek suitable employment during the term of the FSS contract. Participants can graduate from FSS when they achieve their goals within the terms of the contract (usually within five years).

Through the escrow component, FSS offers voucher holders an incentive to increase their work effort and the opportunity to build assets. In the HCV program, any increase in the voucher holder's income results in an increase in the amount of rent the recipient must pay. To work around the potential dampening effect this might have on individual employment, the FSS program allows residents to save money that would otherwise go toward increased rents. Although FSS participants have to pay more rent when their income goes up — like any family in the HCV program — the *increases* in the tenant's share of rent caused by increases in earned income by an FSS participant are deposited into an interest-bearing escrow account. Figure 1.1 offers a simple illustration of how the escrow helps families accrue savings over time.

As explained, escrow operates as a kind of longer-term work incentive, and is viewed by proponents as the most important feature of FSS in helping residents move out of poverty in the long run. The potential to accumulate assets is expected to encourage participants to go to school or make longer-term plans for the future. In addition, the assets could also potentially produce other important effects for family well-being — such as more financial security, the possibility of moving out of subsidized housing, and home ownership. A recent study of 181 FSS participants from 14 programs shows that the average escrow balance at the time of graduation from FSS was about $5,300.[29] Even among those still enrolled in FSS, 85 percent had positive escrow account balances at the end of the tracking period in 2009, averaging

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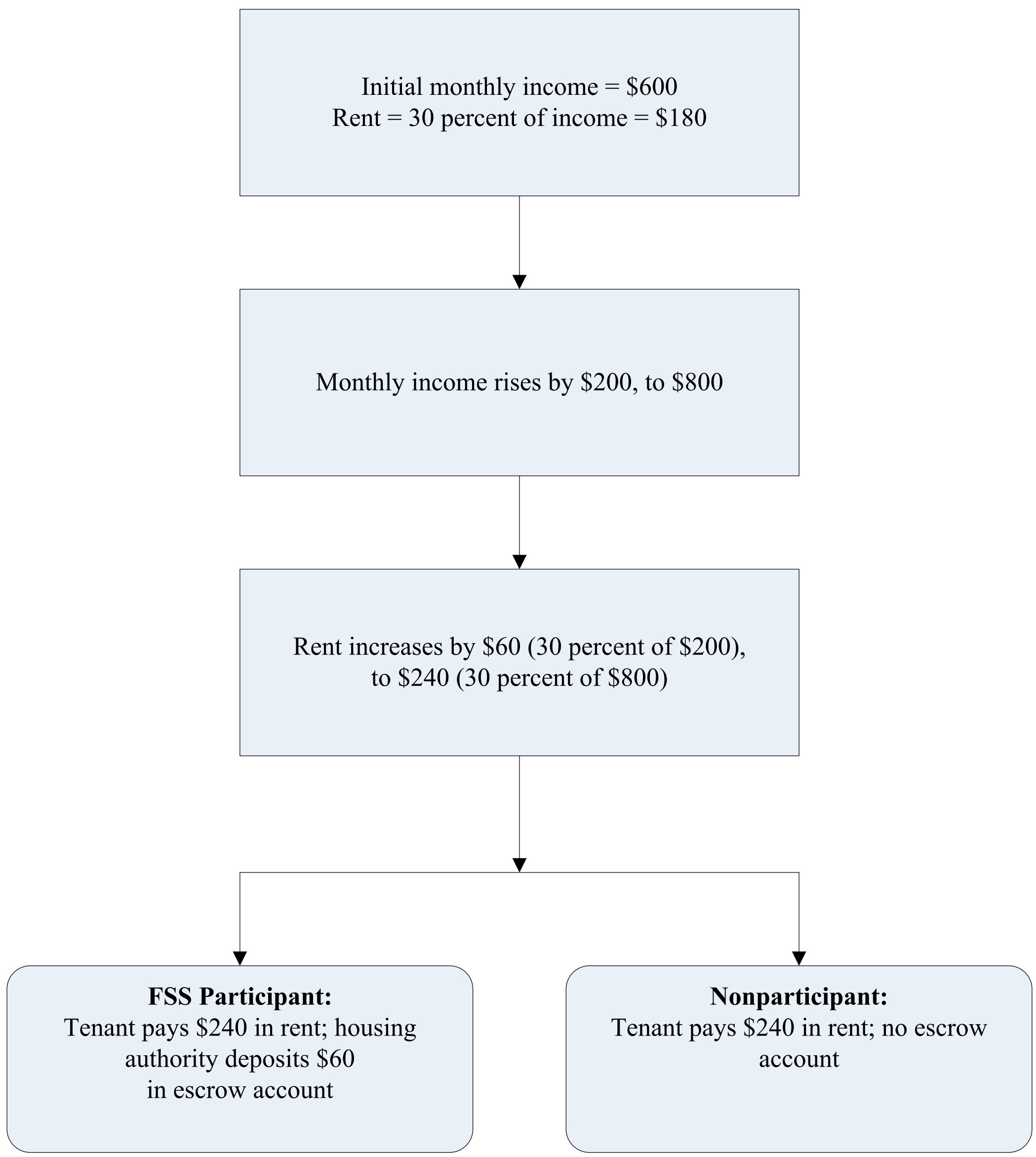
post information on PHA Web sites. Referrals from friends and relatives also serve as a channel for spreading information about FSS.

[29]de Silva, Wijewardena, Wood, and Kaul (2011).

The Opportunity NYC Demonstration:Work Rewards

Figure 1.1

A Hypothetical Example of Accruing Savings Over Time Through the FSS Escrow Component



$3,516. The authors of the study use this information to conclude that the amount accumulated in FSS escrow is substantial, and that these savings are typically higher than those achieved through other national programs that attempt to build savings.[30]

Escrow deposits begin as soon as participants have an increase in earnings that results in an increase in their share of rent. Accrued funds are paid out upon completion of the contract (or sooner if the person earns too much to qualify for housing assistance). To graduate from FSS, participants must meet their commitments in their Contract of Participation and become independent of welfare cash assistance — that is, Temporary Assistance for Needy Families (TANF) cash assistance or general assistance — for at least the last 12 months.[31] No restrictions are placed on how FSS participants can use their escrow funds, but reports from housing authorities suggest that families have used the resources to start a new business, buy a home, or pay for education, among other uses. Interim withdrawals are also permitted by some programs, as long as participants use the funds to meet expenses related to their self-sufficiency goals.[32]

Participants may request to terminate their engagement in FSS at any time. A request for voluntary termination does not cause the family to lose its housing voucher, but participants who leave the FSS program without completing their contract or who fail to comply with HCV or FSS program requirements could lose their escrow savings. Participants can also be terminated from the program for noncompliance.

HUD supports local FSS programs by funding the escrow accounts, but limited federal funding is available for program administration and case management.[33] PHAs that want their residents to take full advantage of FSS have to supplement HUD funding with other state or local resources. A recent analysis of a national sample of 100 PHAs shows that the number of FSS participants can range from as few as 5 in the smallest program to as many as 2,806, in the largest. On average, however, within each PHA, FSS programs serve about 5 percent of all HCV families.[34] Thus, while FSS potentially represents the largest self-sufficiency and asset-

[30]de Silva et al. (2011) contrasts escrow savings with Individual Development Accounts (IDAs), which are matched savings accounts that help people save toward the purchase of a lifelong asset, such as a home. A three-year longitudinal study of 600 IDA participants in the Assets for Independence program found that at the end of three years, cumulative deposits in the accounts averaged $935 (Mills et al., 2008).

[31]According to HUD rules, the receipt of food stamps (through SNAP), medical assistance, child care assistance, work supports such as transportation assistance or short-term benefits under TANF, or disability benefits for another family member are not considered "welfare assistance."

[32]As described by program operators, partial disbursements of the escrow can be requested from housing authorities, especially for expenditures such as tuition, car purchase, credit repair, home ownership, or business start-up.

[33]Limited funding is available from HUD to support FSS coordinators through a competitive Notice of Funds Availability (NOFA) process. Housing authorities have to apply for this funding on an annual basis.

[34]de Silva, Wijewardena, Wood, and Kaul (2011).

building program for voucher holders, the proportion of eligible individuals availing this opportunity is relatively low.

Beyond the constraints that funding poses for operating large-scale, high-quality programs, there is limited information about why many voucher households do not enroll in FSS. One survey of a few hundred FSS program operators suggests that the fear of losing housing assistance and other public assistance benefits for not fulfilling the self-sufficiency contract is apparently a key factor that might keep participants from enrolling in FSS.[35] From their perspective, they also see issues like family responsibilities, lack of motivation, and specific child care or transportation problems getting in the way of participation. Distrust of social programs also works as a potential barrier. The reasons offered by FSS coordinators appear similar to those offered by the tenants themselves in other studies.[36] However, much of this information is based upon small samples.

Effects on Labor Market Outcomes: The Evidence

FSS and Labor Market Effects

Although many housing authorities across the country are operating FSS, evidence of its effectiveness is largely inconclusive. The most extensive investigation of this program, although it has not rigorously tested the impacts of FSS, comes from a series of studies commissioned by HUD. These studies have provided a wealth of descriptive information about FSS programs around the county and about outcomes for FSS program participants and nonparticipants (or voucher holders who are not enrolled in the program).

Looking at national longitudinal data, one of the HUD studies finds that participants who enrolled in the FSS program in 1996 experienced a 72 percent increase in income by the year 2000, from $6,936 to $11,960.[37] Among nonparticipants — those voucher holders who did not enroll in FSS — the increase in household income was only half as large at 36 percent, rising from $6,606 in 1996 to $8,996 in 2000. A more recent HUD study examined the self-sufficiency outcomes of 181 families who enrolled in FSS in 2005 and 2006.[38] Following these

[35] See Rohe and Kleit (1999).

[36] Rohe (1995); Rohe and Kleit (1997).

[37] Likewise, for a panel of FSS program participants who were followed during the HUD evaluation, the percentage of income coming from employment earnings, versus transfer payments such as TANF, rose from 51 percent in 1996 to 74 percent in 2000. The corresponding rise among non-FSS participants was from 47 percent in 1996 to 63 percent in 2000. The authors of the study conclude that entry into the FSS program is followed by notable earnings gains, and that the program appears to be particularly beneficial to TANF recipients. See Ficke and Piesse (2004).

[38] de Silva, Wijewardena, Wood, and Kaul (2011).

families for close to four years, this study finds that the financial benefits (in terms of escrow benefits, which result from earnings growth) are substantial for participants who remain in and graduate from the FSS program. The study also highlights certain personal characteristics that tend to make families more successful in FSS.

While such patterns are encouraging, these findings are not derived from controlled experiments, but are based on comparisons of program participants and nonparticipants who may differ systematically on difficult-to-measure background characteristics that could influence their labor market outcomes. For instance, the most motivated families who may have achieved positive outcomes even without the program may be those who are most likely to enroll in the program and know how to best use its options. Such comparisons face a high risk of selection bias and cannot speak conclusively to the question of whether the FSS program itself can produce positive self-sufficiency gains for participants. To draw such conclusions would require the benefit of a formal control group, which is essential for showing what program participants *would have* achieved in the absence of the intervention.

To date, with the exception of Work Rewards, there has been no randomized experiment of the FSS program. However, as of spring 2012, HUD has commissioned a national random assignment demonstration of the Family Self-Sufficiency program. This demonstration allows further assessment of HUD's employment and self-sufficiency initiative and whether it is helping voucher-assisted households achieve economic independence and improve their quality of life.

Work Incentives and Labor Market Effects

The Work Rewards evaluation will provide the most direct evidence to date on the question of work-focused incentives and their effects on the labor market outcomes of housing voucher holders. However, a number of MDRC studies have rigorously tested this question in the context of the welfare reform experiments conducted in the 1990s, particularly those offering welfare-to-work services and, in some cases, work incentives. The evidence from those studies suggests that such strategies can improve the self-sufficiency of welfare recipients who also receive housing subsidies.[39] These studies have shown that welfare reform strategies geared toward self-sufficiency typically produced larger earnings impacts for residents who were living in public housing or receiving housing vouchers than it did for those without housing assistance.[40] These findings support the idea that, at least for welfare recipients

[39]See Riccio (2008).

[40]Verma, Riccio, and Azurdia (2003). In contrast to this research, welfare reform evaluations in Indiana and Delaware find somewhat different results: HUD-assisted residents are no less likely to be affected by welfare reform and no less able to respond to welfare reform policies than their unassisted counterparts (Lee, Beecroft, Khadduri, and Patterson, 2003). Taken together, evidence from the MDRC study and the Indiana and (continued)

receiving housing assistance, providing an employment-focused intervention may improve their earnings outcomes.

Further, Jobs-Plus, one of the most comprehensive employment interventions ever tried in public housing, helped improve labor market outcomes for tenants.[41] The Jobs-Plus demonstration combined employment assistance provided at public housing project sites, changes to rent policies to encourage work, and efforts to build community support for work through neighborhoodwide networks. The study found that the sites that implemented all three aspects of the model produced lasting earnings impacts. And although it was not possible to disentangle the effects of the rent policies from the model's other features, some patterns in the data suggest that the financial incentive embedded in the rent reform was a critical ingredient. For example, the sites that did not adequately implement rent reform produced no earnings effects; those that were first to implement rent reform were the first to produce earnings impacts.

Taken together with some of the nonexperimental evidence, there are reasons to be encouraged about the capacity of employment-focused interventions (incentives or other work-promoting strategies) to have positive labor market effects for housing voucher holders.

Work Rewards: Overview and Rationale

The Work Rewards demonstration encompasses two distinct but related random assignment studies. The first one — the FSS study — involves individuals who are receiving housing vouchers from the New York City Department of Housing Preservation and Development. As shown in Figure 1.2, eligible HPD voucher holders in the FSS study were randomly assigned to one of three research groups: FSS only, FSS plus the special work incentives (referred to as "FSS+incentives" in this report), and a control group that does not receive either FSS or the special incentives (with a few exceptions, discussed below). The analysis comparing the FSS-only group with the control group will show whether HPD's implementation of the FSS program in New York City increases work, earnings, and other outcomes compared with the control group. Comparing those who were offered the FSS program alone with those who were

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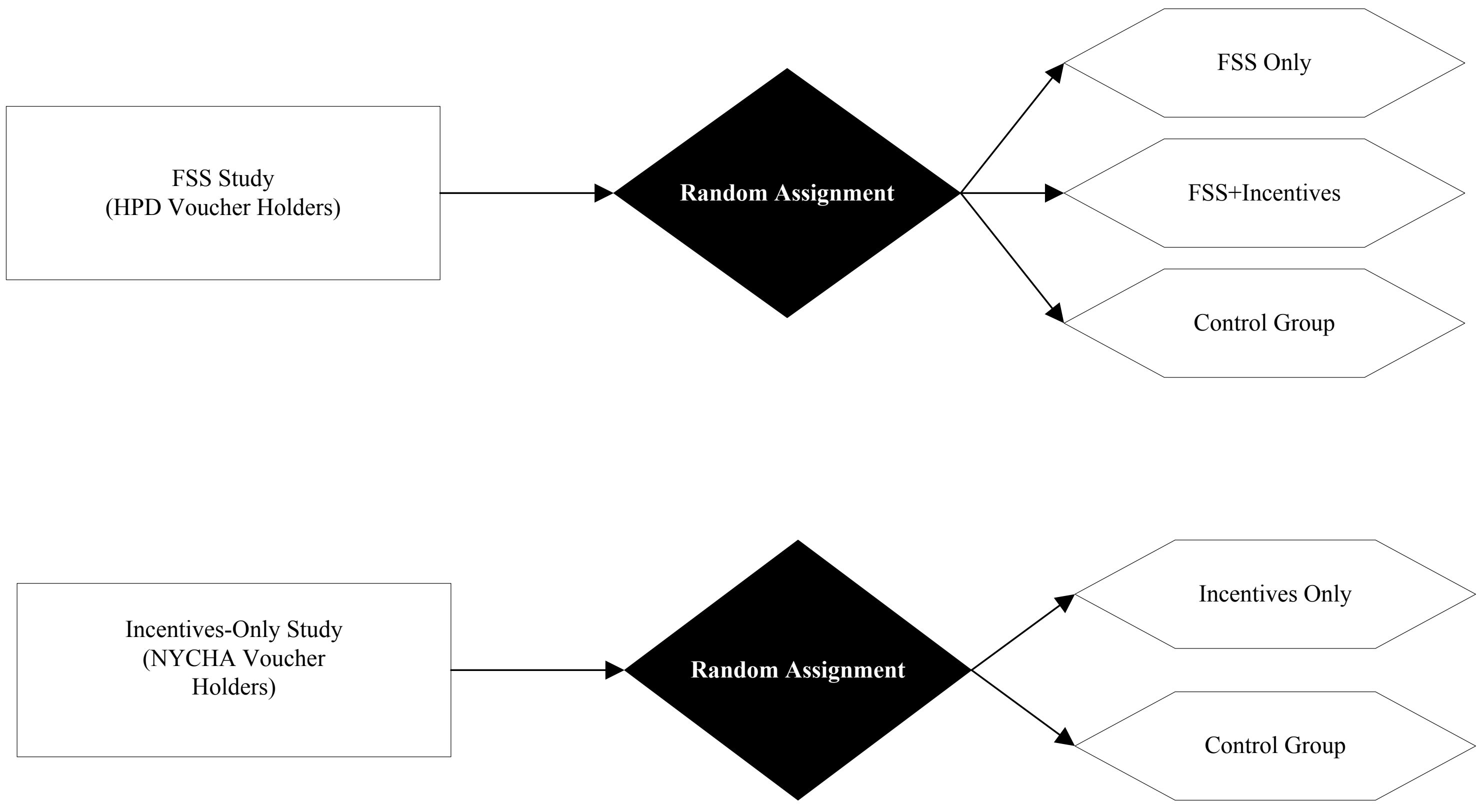
Delaware studies suggests that impacts are sometimes larger for families who receive housing assistance, but the conditions under which they are larger is not clear.

[41]Bloom, Riccio, and Verma (2005); Riccio (2010).

The Opportunity NYC Demonstration: Work Rewards

Figure 1.2

Research Groups in the Family Self-Sufficiency and Incentives-Only Studies



offered FSS plus the special work incentives will show whether the immediate work incentives "add value" to the effects that FSS produces on its own.

As tested in New York City, the FSS intervention is distinct in a few ways from how it typically operates in other parts of the country. While later chapters highlight these distinctions in more depth, it is important to note here that, in keeping with the FSS study's guidelines, the community organizations made intensive efforts to recruit voucher holders to join the Work Rewards demonstration. They made an effort to reach a representative subset of eligible voucher holders from recruitment lists made up of randomly selected households and to encourage them to enroll in the study — thus making an effort to increase the reach of the program well beyond the most motivated families. This approach contrasts with the practices of FSS programs nationally, which appear to recruit participants who are most motivated to join the program. Further, families who were recruited into the program were informed that they might be assigned to one of three groups, including a control group — a situation that is not standard for FSS nationally.

The second study in Work Rewards, which is testing the effectiveness of the work incentives alone (without an FSS program), targets New York City Housing Authority voucher holders. Sample members who were recruited for the incentives-only study were randomly assigned to two groups: a program group, whose members were eligible to receive the special work incentives (or "reward payments"), and the control group (also shown in Figure 1.2).

The Family Self-Sufficiency Study

HPD is the largest municipal developer of affordable housing in the nation.[42] Its mission is to protect the existing affordable housing stock and increase the availability of affordable housing for New Yorkers. Its voucher program is one of the largest in the United States,[43] and is reserved for applicants who fall within specific preference categories: homeless households, households that need to relocate because of HPD renovation, and households residing in buildings that have been developed with HPD funding and need a rent supplement. As a result, applications for HPD-issued vouchers are not accepted from the general public and must be submitted through different divisions within the agency, from various housing providers, and from other governmental agencies.

In 2007, at the start of Work Rewards, HPD was operating a small FSS program through a contract with LaGuardia Community College's Division of Adult and Continuing Education. Based in Queens, New York, the FSS program provided employment and support services to program participants citywide. The Work Rewards demonstration changed this by

[42]See www.nyc.gov/html/hpd/html/about/about.shtml.
[43]See www.nyc.gov/html/hpd/html/section8/section8-tenants.shtml.

engaging community-based organizations (CBOs) in the Bronx, Manhattan, and Brooklyn to operate FSS in diverse parts of these communities for Housing Choice Voucher recipients. The shift to a community-based delivery structure was an effort to make the program more accessible to voucher holders throughout the city. While this shift was a change for New York City's FSS program, HUD's regulations are flexible enough to allow PHAs to use different administrative structures to operate the program. Work Rewards also intensified the program's focus on work-related case management, requiring community partners to be more proactive and invest more time in follow-up, maintaining a higher level of interaction with participants than seen in the program prior to Work Rewards.

Roughly 26 percent of the households receiving HPD housing vouchers in 2007 were eligible for Work Rewards — that is, their household income fell within 130 percent of the federal poverty level.[44] While the housing voucher program serves a broader range of low-income households, this cut-off is the same as the eligibility standard used for food stamps and a number of other public benefit programs that serve very low-income families, making it a widely accepted benchmark for identifying families in need of government public assistance programs. Eligibility for enrolling in FSS programs is not determined by income — that is, any housing voucher holder is eligible for the program, but the lower income-eligibility threshold used in Work Rewards was seen as a way to target those housing voucher holders who are most in need of an intervention that focuses on self-sufficiency.

All adults in an eligible household who wanted to enroll were required to enroll in the program together. Individuals who were recruited from the pool of eligible HPD voucher holders were randomly assigned by MDRC to two program groups and one control group:

- Participants assigned to the **FSS-only** group completed a Contract of Participation and became eligible for the escrow savings account. They were also offered case management assistance to set employment goals and access job search, education and training assistance, and supportive services, as shown in Table 1.1.

- In addition to FSS case management and the escrow account, participants assigned to the **FSS+incentives** group were offered special cash work incentives for achieving two employment-related activities: full-time work and completing approved education or training courses.

[44]In 2007, the federal poverty level for a family of three was $17,170, and 130 percent of the poverty level for such a family was $22,321 (http://aspe.hhs.gov/POVERTY/07poverty.html).

Table 1.1

Services Offered to Research Groups in the FSS and Incentives-Only Studies

	FSS Study			Incentives-Only Study	
Services Offered	FSS Only	FSS+Incentives	Control Group[a]	Incentives-Only	Control Group
Case management services	Yes	Yes	No	No	No
Matched escrow (savings) account	Yes	Yes	No	No	No
Work incentives[b]	No	Yes	No	Yes	No
Information on community resources	Yes	Yes	Yes	Yes	Yes

NOTE: [a] If interested in FSS services, control group members were eligible to apply to the FSS program operated by HPD at LaGuardia Community College. Fifty control group members (about 5 percent of the control group) signed up for FSS, which allowed them access to FSS services and the escrow savings account.

[b]Work incentives in this table are the cash "reward payments" that participants could earn immediately for meeting employment and training requirements; they do not include the escrow account.

- Individuals assigned to the **control group** were not eligible for services or for reward payments through the FSS study. However, if interested in FSS, control group members were eligible to apply to the FSS program operated by HPD at LaGuardia Community College (which was *not* part of the Work Rewards demonstration).[45] Doing so allowed them to sign up for the escrow account, but also to access FSS services offered through LaGuardia Community College (*not* through the CBOs selected to deliver FSS services for the Work Rewards demonstration). Allowing the control group to enroll in FSS did not pose a significant threat to the evaluation. Only about 5 percent of the control group signed up for FSS services at LaGuardia Community College.[46]

[45]Voucher recipients who were normally eligible to enroll in FSS could not be denied program services.

[46]For the sake of the study, it would have been important to keep the control group from enrolling in the FSS program, but it would not have been fair to deny them access to the escrow account, which they are entitled to receive if they request it. It was also considered unfair to deny them access to regular FSS services (continued)

For those in the FSS+incentives group, the work incentives were available for two years following enrollment in the study. As a way to support and encourage investment in their own immediate employment and human capital development for their longer-term economic well-being, the participants earned reward payments when they met the following two work-force activities:

- **Sustained full-time employment.** To receive this reward, a participant had to be employed for at least 30 hours per week for six out of every eight weeks (eight weeks making up a program "activity period"). Allowing for some periods of "no work" was a way of acknowledging that low-wage workers face a fair amount of job turnover and may take time to find a new job. Participants who worked the minimum amount received $300 every two months, or up to $1,800 per year. The cash reward created an incentive for participants to get a job or, if already working part time, to move into full-time work. Participants working 40 hours per week at $8 per hour, for example, increased their net wages by 11 percent, to about $8.90 per hour, if they earned the program's employment reward.

- **Successful completion of approved education and training courses.** Full compliance with this condition earned a participant $300, $400, or $600 for a course, depending on its length, up to a total of $3,000 for the duration of the program. The program's designers hoped that these amounts would appeal to participants. For example, $300 for completing a 35-hour training program would translate into $8.57 an hour, which exceeds the minimum wage. Originally, this reward was given for combining work *and* training, and the participant was required to work at least 10 hours per week while attending an approved training course of at least 35 hours, which also had to be completed successfully. This minimum work-hours requirement was an attempt to discourage participants from remaining unemployed or from dropping out of the labor force in order to undertake training. However, given the low take-up, and the possibility that the economy was affecting participation in this activity, the minimum work-hours requirement was eliminated for the second year of the program.

Participants could qualify for both work incentives, and payments were made electronically into participants' bank accounts, which the program helped establish for those who did not

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provided by LaGuardia Community College, as long as new FSS participants were being recruited for those services.

already have one. Rewards earned could be withdrawn at any time. The reward payments did not count as income, so they did not affect the calculation of a person's rent subsidy.[47]

The Incentives-Only Study

Created in 1934, NYCHA is the largest public housing authority in the United States.[48] It provides affordable housing to many low- and moderate-income residents throughout New York City. Unlike HPD, it does not have a restricted preference list, and families select their own housing, which must meet certain rent and quality standards. At the time of this study, and as was the case with other housing authorities around the nation, NYCHA's primary waiting list for housing vouchers was closed to new applicants.

At the start of Work Rewards, NYCHA was administering housing vouchers to about 81,610 households. Of these, 32,179 (almost 40 percent) met the demonstration's income eligibility criterion. NYCHA also operated a small FSS program, but fewer than 500 families were enrolled at the launch of the Work Rewards demonstration.[49] Thus, given the small size of the FSS program operated by NYCHA, individuals who enrolled in the incentives-only study were subjected to an intervention that included just the special work incentives (that is, without an FSS component).

Eligible voucher holders were randomly assigned to two groups: an incentives-only program group and a control group, as shown in Figure 1.2:

- **Incentives-only group.** Sample members who were assigned to this group were offered cash incentives for achieving the two employment-related activities described above (full-time work and completing education and training).

- **Control group.** Sample members who were assigned to this group were not offered cash incentives for completing workforce or education and training activities.

The incentives-only study tests whether attaching more immediate cash incentives to workforce activities produces positive labor market and other effects. Unlike FSS, the incentives-only intervention did not offer any case management or proactive customer services to the program group, and no escrow account. Participant interactions with program staff were structured around information sessions, referrals when requested by the participant, or assis-

[47]Work Rewards payments did not affect TANF, food stamps, housing subsidies, or the Earned Income Tax Credit, but they could potentially count in determining eligibility and payment amounts for Supplemental Security Income.
[48]See www.nyc.gov/html/nycha/html/about/factsheet.shtml.
[49]These data were obtained from NYCHA at the launch of the Work Rewards demonstration.

tance with program rules. Undergirding this design is the assumption that many services already exist in the community that can help participants find work or obtain further training. The incentives-only model tests whether the offer by itself motivates participants to take the extra steps to pursue workforce goals on their own.

Program Delivery

The FSS and incentives-only interventions were operated by Seedco, HPD, and a network of community-based organizations. Partly because of the nature of the incentives-only intervention, NYCHA was involved with the design of the demonstration but was not directly involved in the delivery of the program once the study sample was selected.

HPD contracted with CBOs to recruit families for both interventions. Spread across the Bronx, Brooklyn, and Manhattan, these CBOs were required to contact a representative subset of eligible tenants and encourage them to enroll in Work Rewards, while also explaining that they could be assigned to the control group; the CBOs also conducted program intake and random assignment for the FSS and incentives-only studies. The CBOs received training and technical assistance from MDRC, Seedco, and HPD staff.

Both housing authorities provided MDRC with information on voucher households in New York City that met the study's income eligibility criterion. Using this information, MDRC developed recruitment lists made up of randomly selected households. The CBOs recruited 2,168 sample members from an eligible pool of HPD voucher holders, who were assigned to the FSS study, and 2,626 sample members from an eligible pool of NYCHA voucher holders, who were assigned to the incentives-only study. The recruitment and enrollment process focused on enrolling individuals in the FSS study and the incentives-only study who were a broad representation of the voucher population. The FSS study attracted large numbers of elderly or disabled voucher holders, or both, and these individuals may not have fully understood the program's focus on work. Roughly 21 percent of the FSS enrollees and about 13 percent of the incentives-only enrollees were either elderly or disabled. These individuals are not included in the main body of this report, but their experiences are examined separately and shown in the appendixes.

A total of six CBOs were retained to operate the interventions. As shown in Table 1.2, some of these CBOs served program participants in the FSS study and a couple served those in both the FSS and incentives-only studies. All participants who enrolled early in the recruitment efforts (between January and June 2008) were faced with programs that were still working out their operational issues. Unlike some other demonstration projects, Work Rewards did not have the benefit of a pilot phase to address and overcome the usual challenges related to program start-up.

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Table 1.2

Community-Based Organizations Operating the Work Rewards Interventions

Borough/Neighborhood, Partner Organization	Type of Community Organization	Regular Services Provided	Program Group Served
Brooklyn			
CAMBA	Community services organization	Job training, search and placement services, adult literacy skills training, after-school programs, summer youth employment, homelessness prevention, housing relocation, transitional housing, permanent and supportive housing, services for individuals and families infected/affected by HIV/AIDS, including case management, prevention, training and education, counseling and supportive services, and advocacy	• FSS only • FSS+incentives
St. Nicks Alliance[a]	Community development corporation	Housing, health care, workforce and economic development, youth and education services, tenant support services, job training, job search and placement, home health care services, elementary after-school literacy education and summer camp, middle school academic enrichment and life skills	• FSS only • FSS+incentives • Incentives only
Brooklyn Housing and Family Services	Housing support services organization	Primarily housing assistance services, housing relocation, predatory lending/foreclosure prevention, organizing tenant associations, housing workshops, and legal tenant support services	• Incentives only

(continued)

Table 1.2 (continued)

Borough/Neighborhood, Partner Organization	Type of Community Organization	Regular Services Provided	Program Group Served
Bronx			
BronxWorks	Workforce development center	Job skills training, job placement assistance, employment counseling, help with résumé writing, interview preparation, ESL and Adult Basic Education classes, computer skills development, budgeting and financial literacy counseling, and benefits assistance	• FSS only • FSS+incentives
Phipps Opportunity Center	Community services and educational center	Adult Basic Education/GED prep, ESL, financial counseling, computer classes, benefits screening, case management and referrals	• Incentives only
Manhattan			
Northern Manhattan Improvement Corporation	Community services organization	Tenant support services, ESOL, Adult Basic Education/GED prep, benefits screening and application assistance, financial counseling, family counseling	• FSS only • FSS+incentives • Incentives only

SOURCE: MDRC field research.

NOTES: The table does not include the 8 CBOs that were involved in the enrollment stage of the project.
ESOL = English for Speakers of Other Languages classes.
[a]As of May 1, 2010, St. Nicks Alliance stopped providing services to the incentives-only participants. Brooklyn Housing and Family Services assumed the role of customer service provider for program participants previously assigned to St. Nicks Alliance.

Sharpening the Employment Focus of the FSS Intervention

Early in the roll-out of the FSS study, the program designers perceived a need to strengthen the program's focus on employment in the nearer term. The CBOs had performance-based contracts with HPD that were structured around pre-specified milestones, meaning that they were paid only when those milestones, or "payment points," were met. The milestones were geared toward activities such as conducting needs assessments and linking clients to public benefits or family support services that might help address important family needs and contribute to employment results over the longer term, but not necessarily those services that would help the clients with their workforce-related goals in the shorter term.

Starting in April 2009, MDRC, Seedco, and HPD restructured the service delivery strategy so that it would focus more directly and more immediately on the employment needs of participants. As discussed later, in Chapter 3, the service milestones were revised to make sure they were aligned with services that would help participants advance toward their self-sufficiency goals. MDRC, Seedco, and HPD also recognized the need to focus more attention on the escrow account. Observational and interview data revealed that many participants did not fully understand how the escrow account worked, and CBO staff also struggled with the details of the program. Recognizing the value of the escrow and that it could help families build assets over the long run, Seedco and HPD decided to develop an active marketing strategy to ensure that participants were aware of the escrow account and its benefits.

With funding from the Work Rewards demonstration ending in mid-2010, and with lower-than-expected funding from HUD to operate FSS, HPD revised the service delivery strategy so that participants could continue to receive case management and support services for the duration of their FSS contracts, albeit with varying levels of intensity. HPD executed contracts with three of the original CBOs to continue program operations for the whole program group. However, as a result of funding changes, the engagement strategies were directed at participants who were in need of career plan updates, those looking for work, and those who were working and looking for advancement opportunities. Thus, those who were targeted under the new engagement strategy could potentially have received more intensive services.

Finally, with funding for FSS services now coming exclusively from HUD, HPD was required to provide services to all FSS participants, including those who had been enrolled in FSS prior to the launch of Work Rewards through LaGuardia Community College. Thus, CBOs were asked to contact FSS participants who had enrolled in the program before Work Rewards began. While these participants had been eligible to receive services at LaGuardia Community College after the launch of Work Rewards, they were now being invited to receive services at the CBOs, along with those enrolled in Work Rewards.

Delivering Reward Payments

Working with the CBOs and a financial payment organization,[50] Seedco administered the reward payments system, which entailed reviewing claims submitted by participants, verifying compliance with the rewards criteria, authorizing payments, and contracting with a financial institution partner to transfer payments electronically to participants' accounts. Work Rewards benefited from Seedco's engagement in Opportunity NYC−Family Rewards, for which Seedco had developed an elaborate coupon verification and payment processing system to pay out rewards earned for completing qualified activities.[51] As discussed later, in Chapter 3, participants claiming rewards had to complete and submit a coupon from a coupon book specially created for the program and provide supporting documentation indicating that they had met the conditions for the reward(s) being claimed.

Incentives for workforce activities were offered for two years and were paid out every two months, starting in September 2008. Families could access their cash rewards at any time after deposits were made into their bank account. The City's Office of Financial Empowerment worked with several banks and credit unions to develop special "Opportunity NYC" accounts that carry no fee and come with ATM cards that carry no overdraft risk.[52] Work Rewards offered participants a one-time $50 bonus for opening up this special Opportunity NYC account or for using an existing account into which reward payments could be deposited electronically. This bonus was not offered to individuals who elected to use stored-value cards as their payment mechanism.

Evaluation Approach and Data

This report provides the first look at the program operations and implementation experiences and the emerging impacts on employment, earnings, SNAP receipt, and TANF receipt that the alternative interventions of FSS alone, FSS plus special incentives, and special incentives alone produced for housing voucher holders. Given that the federal FSS program offers case management and escrow for at least five years, future reports will continue to document the evolution of the FSS program, how it adapts to funding constraints, and the longer-term effects on employment, subsidy receipt, and other dimensions of well-being during the remainder of the

[50]GrantsPlus provided this service and made payments directly into participants' bank accounts or stored value cards (similar to a gift card). This organization played a similar role in the sister project, Opportunity NYC−Family Rewards.

[51]See Riccio et al. (2010) for additional details.

[52]The following institutions agreed to offer this special account: M&T Bank, Amalgamated Bank, Bethex Federal Credit Union, Brooklyn Cooperative Federal Union, Carver Federal Savings Bank, CapitalOne, CheckSpring, Neighborhood Trust Federal Credit Union, and Settlement Federal Credit Union.

evaluation. Future reports will also be able to speak to the longer-term effects of the work incentives, including the three years after these incentives end. The post-incentives follow-up period is particularly important for assessing whether the effects that emerged in the short run are sustained or even grow over time.

The data for this report come from a variety of sources and involve both quantitative and qualitative information, as shown in Table 1.3. Discussed in subsequent chapters, the administrative data include unemployment insurance wage records; TANF, SNAP, HPD, and NYCHA housing authority records; and Seedco's program data on FSS services and the special work incentives. The report also incorporates field observations and interviews conducted with program staff to help explain the operational strategies, challenges, and lessons of implementing the interventions that were tested as part of Work Rewards, and with participants to illuminate their perspectives on the program, particularly their program engagement experiences and why they had or had not taken advantage of the services and incentives that were offered to them.[53]

As explained earlier, the report focuses on the experiences of the nonelderly and non-disabled sample (also referred to as the "core" sample) enrolled in the FSS and incentives-only interventions. Further, baseline data that were collected at the time of program enrollment revealed that approximately one-third of the NYCHA adults who enrolled in the incentives-only intervention belonged to the Hasidic community. Their representation in the incentives-only sample is highly disproportionate to the group's representation among voucher holders in New York City and nationally. The Hasidic population (*Hasidim* in the plural) lives in only a few communities within New York City and in only a handful of locations in the rest of the country. Moreover, for cultural and religious reasons, members of this community limit their formal employment to jobs within their own communities and Hasidic institutions, and refrain from attending mixed-gender training or other classes.[54] For these reasons, it was expected that the experiences and engagement of the Hasidim, and their responses to the program's incentives, would be less relevant for drawing inferences about the effects of Work Rewards on the labor market outcomes of more typical housing voucher holders in New York City and across the country. At the same time, the Hasidic community is an important one in New York City, and it faces considerable poverty and economic hardship and relies on the social services offered by the City. CEO and MDRC thus concluded that the evaluation would be most informative if it focused separately on the Hasidic and non-Hasidic samples.

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[53]Although not featured in this report, the evaluation is also collecting other administrative records (for example, Medicaid data) and survey data, which will be the subject of future reports. In addition, future reports will examine the program's effects on other types of outcomes, such as the receipt of housing subsidies.

[54]Berman (2000); Sexton (1997).

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Table 1.3

Data Sources and Coverage Periods for This Report

Data Source	Months for Which Data Were Collected
Unemployment insurance wage records[a]	April 2005 - September 2011
Temporary Assistance for Needy Families/Safety Net records	April 2005 - June 2010
Food stamp records	April 2005 - June 2010
Work Rewards participation data from Seedco	July 2008 - June 2010
Housing authority records	January 2008 - July 2010
Program observations and in-depth interviews	January 2008 - October 2010

NOTES: Length of follow-up period for each quantitative measure is 18 months from each participant's random assignment date.

[a]Unemployment insurance wage records are provided in calendar quarters.

The evaluation is continuing to collect data on all sample members enrolled in the FSS and incentives-only studies, including the elderly, disabled, and Hasidic participants. In addition, special data collection efforts were implemented to better understand the experiences of the Hasidic sample, as described in Appendix A. Supplementary analyses documenting the results for the "combined" sample, including the elderly, disabled, and Hasidic participants, are included in the other report appendixes.[55]

Structure of This Report

This report unfolds in two parts: it first describes the FSS study in Chapters 2 through 4, and then turns to the incentives-only study in Chapter 5. This structure allows a description of the experiences and impacts for each of these experiments separately, with the final chapter highlighting some cross-cutting lessons and observations. Given this structure, Chapter 2 describes the sample enrolled in the FSS study, which focused on HPD voucher holders.

[55]In addition to the appendixes in this report, supplementary exhibits appear in Working Toward Self-Sufficiency: Early Findings from a Program for Housing Voucher Recipients in New York City, Appendixes F and G: Supplementary Tables, at www.mdrc.org; see Verma et al. (2012).

Chapter 3 provides further detail on the FSS intervention and its implementation. It examines program operations by Seedco and the CBOs and assesses how service delivery evolved over time. It also reports on program participation experiences. Chapter 4 describes the impacts for the FSS study sample. Chapter 5 presents these various types of analyses for the incentives-only study (for NYCHA voucher holders), describing the sample, program implementation and participation experiences, and program impacts. Chapter 6 concludes with lessons and observations for future FSS and employment-focused interventions.

Chapter 2

The Family Self-Sufficiency Study: Recruitment and Sample Characteristics

Chapter 1 introduced the federal Family Self-Sufficiency (FSS) program — the main strategy of the U.S. Department of Housing and Urban Development (HUD) to help recipients of Housing Choice Vouchers build their financial assets and become more economically self-sufficient. Unlike the national FSS program, the FSS program that is being tested as part of the Work Rewards demonstration targeted the most disadvantaged of those receiving housing vouchers: it screened for household income, recruiting those who were living at or below 130 percent of the federal poverty level rather than screening for motivation to pursue self-sufficiency goals, as is done in FSS programs around the country.[1] Its recruitment effort was also particularly persistent. As a result, the Work Rewards FSS program provided an opportunity to explore the feasibility of recruiting voucher holders with a wide variety of characteristics into an employment-focused program. While many of the challenges that arose in the recruitment process for this study mirror those experienced by FSS programs throughout the United States — and while the experiences can offer lessons for other programs — recruitment for the Work Rewards FSS program included some features that are not typical of other FSS programs. Aside from targeting a broader population, recruitment for FSS occurred within the context of a research demonstration. In addition, it also offered the possibility — above and beyond FSS services — of being selected to receive special cash rewards tied to employment or training.

The New York City Department of Housing Preservation and Development (HPD) engaged 14 community-based organizations (CBOs) to recruit 2,100 eligible households across a variety of New York City communities. Located in the boroughs of the Bronx, Brooklyn, and Manhattan, the CBOs had to contact and enroll households that were identified through lists of income-eligible voucher holders compiled by HPD. The recruitment process began in January 2008 with an intended completion time of four to six months, but the CBOs encountered a number of obstacles that required extending the recruitment period until January 2009. By that time, the CBOs had successfully enrolled 1,947 volunteer households, representing about 93 percent of the original target. The enrolled sample was randomly assigned to three groups: (1) the "FSS only" group, eligible for case management services provided at CBOs and an escrow (long-term savings) account; (2) the "FSS+incentives" group, eligible for case management services, the escrow account, and cash incentives, called "reward payments," for working full

[1]Rohe and Kleit (1999).

time or completing an education or training program; and (3) the control group, which was not eligible for program services or reward payments.

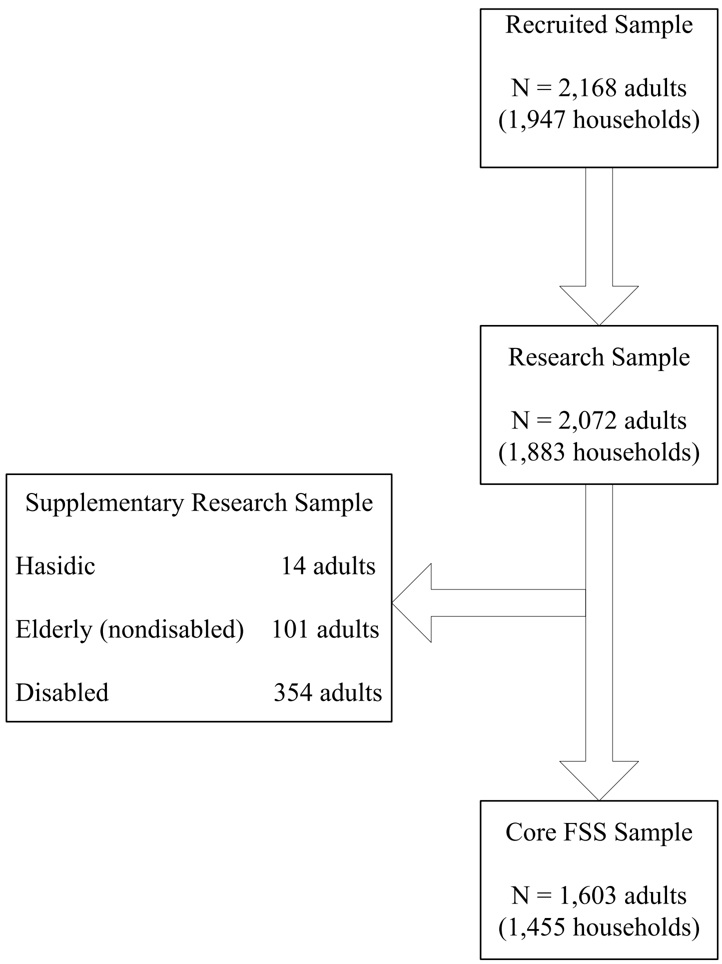
This chapter describes the recruitment and enrollment strategies devised for the FSS program and study and their implementation in the field. It begins with the procedures for contacting households, marketing the program, administering the study intake process, obtaining informed consent for study participation, and conducting random assignment. The discussion then turns to the reasons individuals enrolled in Work Rewards, and whether FSS services and the cash incentives — both the escrow account and the reward payments — were appealing to voucher recipients. The chapter then describes the characteristics of the study sample and compares the sample's characteristics with those of voucher holders in the larger eligible population who did not enroll. This comparison provides an assessment of whether the results of the evaluation can be generalized beyond the study sample to other voucher holders in New York City. Data for the analyses that are presented here come from program documents, observations of the outreach and enrollment process, in-depth interviews with participants and program staff, responses to a Background Information Form that enrollees completed before random assignment, and data provided by HPD on the recruitment pool.

As this chapter shows, recruitment for the FSS program was difficult. In some cases, eligible individuals were simply uninterested in the intervention, despite job placement program services and the potential monetary offer of the escrow savings account and cash work incentives. Others were elderly, disabled, or generally unable to take advantage of an employment-focused program. Lastly, some worried that their engagement in the study would jeopardize their housing subsidy. Added to these obstacles, CBO staff found that the contact information provided by the housing authority was no longer current for many households. This required the CBOs, HPD, and their partners in the demonstration, MDRC and Seedco, to search for alternative contact information and attempt alternative contact strategies.

As discussed in Chapter 1, the overall FSS study sample that is described in this chapter includes an unexpectedly high number of elderly and disabled individuals who may not have been able to pursue employment-related activities. For the main analyses in this report, only nondisabled, nonelderly individuals are included in order to understand how the FSS program affected employment and earnings outcomes for low-income voucher recipients who are likely to be the targets of an employment-focused intervention. This group is referred to as the "core FSS sample." (See Figure 2.1.) However, analyses for the supplemental disabled and elderly samples, as well as for the core and supplemental samples combined (referred to as the "combined" or "full" sample in this report), are provided in the appendixes to this report.

Figure 2.1

Sample Size for Adults Enrolled in the Work Rewards Family Self-Sufficiency Study



NOTE: The recruited sample for the FSS study was drawn from New York City Department of Housing Preservation and Development voucher holders.

Sample Identification and Recruitment

The Work Rewards demonstration targeted low-income housing voucher recipients with household income at or below 130 percent of the federal poverty level.[2] Although all household members who were 18 years of age or older were eligible to enroll, the household unit was the main focus of recruitment efforts to ensure that individuals who were living together were not randomly assigned to different groups. Households were eligible to be randomly assigned to the FSS-only group, the FSS+incentives group, and the control group. The recruitment and enrollment process is outlined in Figure 2.2, beginning with HPD providing contact information for households that met the study's income eligibility criteria.

HPD shared lists of over 13,000 potentially eligible households with MDRC, where staff screened the information to select households that were receiving standard Housing Choice Vouchers, as opposed to Enhanced Vouchers; the latter differ from standard vouchers in several ways, including having higher income limits and higher payment standards. Households with Enhanced Vouchers, therefore, were originally ineligible for the study.[3] MDRC staff distributed the list of eligible households across the CBOs and released the information to the CBOs in smaller recruitment lists, or "batches." The CBOs concentrated their outreach and marketing efforts on one batch at a time, targeting a subset of their full recruitment pool with outreach calls and marketing materials. The use of batches ensured that the FSS study enrolled a more representative sample of all voucher holders and not just those who were quick to join or were most motivated. Limiting the number of households that were targeted for marketing at one time also ensured that each household received concentrated outreach *before* staff targeted a new batch of households.

The CBOs used multiple forms of outreach to recruit the study sample. To start, eligible households received a letter in the mail from HPD announcing the program launch, including an explanation of the lottery-like process that would be used to select people for the programs. Seedco then sent a postcard inviting individuals to enroll at their assigned recruitment location. As recruitment efforts advanced, both Seedco and the CBOs sent additional mailings reminding eligible households of the opportunity to enroll.

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[2]Low-income households are commonly defined as living at or below 130 percent of the federal poverty level in study and program eligibility requirements because of the income eligibility guidelines of the Food Stamp Program, which was renamed the Supplemental Nutrition Assistance Program (SNAP) in 2008.

[3]Households participating in the Opportunity NYC–Family Rewards demonstration were also ineligible to enroll in Work Rewards. As explained in Chapter 1, the Family Rewards demonstration is a conditional cash transfer program that was implemented in six neighborhoods in the Bronx, Brooklyn, and Manhattan. Any substantial overlap of samples across the two Opportunity NYC studies would have threatened the integrity and clarity of findings for both evaluations, since, in the absence of this restriction, control group members in one study could have become program group members of the other study, and vice-versa.

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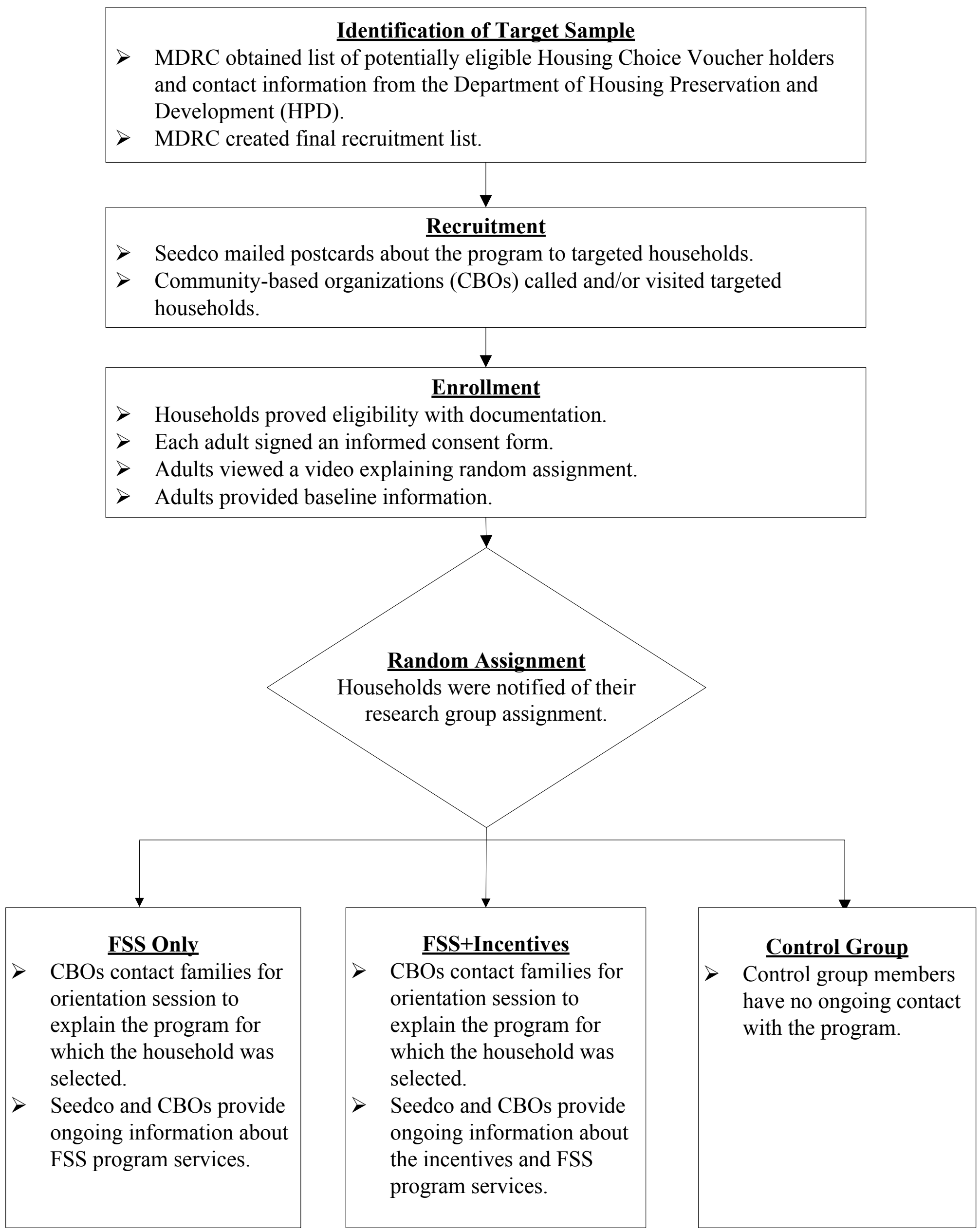
Figure 2.2

Recruitment and the Random Assignment Process for the FSS Study



The main outreach efforts were conducted at the CBOs, where staff worked persistently to contact individuals by phone to inform them about the program. These efforts were led by 12 CBOs between January and April 2008, after which two additional CBOs joined the recruitment effort.[4] CBO staff made telephone calls, visited homes, and sent mailings to households on each batched recruitment list. Most efforts were focused on phone calls; in fact, staff were trained to make 10 to 12 attempts per household to reach someone by phone. The value of these phone efforts was reinforced by the experiences of staff, who found that mailings were less effective than speaking to an eligible individual. Staff also made home visits to reach individuals who were unresponsive to phone calls or for whom the CBO had incorrect phone numbers. Home visits were especially used to increase enrollment of individuals who ignored attempted contacts because they were skeptical about the program.

The program designers and CBOs developed marketing scripts for their contacts with eligible households. The purpose of the scripts was to highlight the program's goal to help voucher recipients earn more money, while informing them about the study's use of random assignment. The recommended telephone recruitment script explained this as follows:

> I'm calling because you may be eligible for a new program sponsored by the City of New York. As part of this program, each eligible adult in your household could earn up to $2,800 or more a year.… There are a limited number of spaces available in the program. So, to be fair, we're using a process that's completely random to decide who will be eligible for the program. It's like flipping a coin; you'll have an equal chance of being eligible for the program.

Over time, CBO staff customized these types of scripts to appeal to the diverse group of potential enrollees. As one CBO staff member described, "It was … a learning process for me, learning how to … really recruit people and … find out the kind of things that people were interested in and what would get them in the door." This learning process led to variations in the program's marketing pitch. Some staff described the program's potential to help households improve their financial and educational status through job placement and education or training services. Others focused on the potential monetary benefits of accumulating long-term savings through the program-provided escrow account or short-term gains through reward payments.

[4]The Request for Proposals (RFP) process for the selection of FSS service providers was not finalized until April 2008. The two additional CBOs were selected to provide program services but also participated in recruitment efforts.

Sample Build-Up Challenges and Strategies

Sample build-up started slowly and reached the halfway point in June 2008, as shown in Table 2.1. With enrollment originally slated to end in June 2008, the enrollment period was extended by an additional six months to reach the target sample size. By January 2009, the FSS study sample neared the sample target, and enrollment ended with a total sample of 1,947 households.[5] Along the way, the CBO staff encountered a number of circumstances that made recruitment difficult, including obsolete contact information, income-eligible households with no household members who were able to work, a lack of interest in FSS, and concern about reductions to or loss of Section 8 subsidies related to enrolling in the FSS study. The latter two factors mirror difficulties with enrollment that have been seen in studies of the national FSS program.[6]

Although contact information was obtained directly from the housing authority, there was a widespread problem with obsolete telephone numbers and home addresses. Contact information maintained by HPD is updated annually during recertification for the housing voucher, but a large number of telephone numbers did not work.[7] While it is possible that households changed their telephone numbers at some point after recertification, disconnected or out-of-service telephone numbers were a large part of the problem. One CBO found that out of 400 households in recruitment batches, 38 percent had no phone number listed and another 21 percent had an out-of-service or unreachable number. Anecdotal evidence from the CBOs suggests that 30 to 50 percent of the phone numbers were likely to be obsolete at any point during recruitment.

Bad telephone numbers were not surprising, but finding incorrect addresses was unexpected given that an address and lease are *required* for maintaining a housing voucher. Addresses may have been incorrect because of the time lag between MDRC's receipt of the data from HPD and the start of recruitment efforts, during which some of the targeted households may have moved. While the exact number of incorrect addresses is not available, it was a common topic at recruitment discussions with the CBOs.

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[5]This total number of households does not reflect exclusions based on program withdrawals, incomplete consent forms, and sample members who were not representative of the target population. See "The FSS Study Sample," later in this chapter, for more information on sample exclusions.

[6]The first two challenges are unlikely to be experienced in the national FSS program, since in most cases recruitment efforts are much more passive — that is, program staff are usually not actively trying to recruit particular households for which they need good contact information, but rather interested households would have to take the initiative to sign up. For example, the regular HPD FSS program described in Chapter 1 has advertised only through flyers sent with annual recertification packages in the past; if no one in the household was able to work, it was unlikely that anyone would respond to the flyer, and no one from HPD would follow up with the household.

[7]Part of the problem with maintaining up-to-date contact information is likely a result of the large caseload size at HPD, which may lead staff to give data entry a low priority in order to address more urgent client needs.

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Table 2.1

Enrollment of FSS Study Households, by Month of Random Assignment

Month of Random Assignment	Number Enrolled	Percentage	Cumulative Number	Cumulative Percentage
January 2008	26	1.3	26	1.3
February 2008	122	6.3	148	7.6
March 2008	200	10.3	348	17.9
April 2008	379	19.5	727	37.3
May 2008	141	7.2	868	44.6
June 2008	147	7.6	1,015	52.1
July 2008	145	7.4	1,160	59.6
August 2008	195	10.0	1,355	69.6
September 2008	342	17.6	1,697	87.2
October 2008	89	4.6	1,786	91.7
November 2008	71	3.6	1,857	95.4
December 2008	73	3.7	1,930	99.1
January 2009	17	0.9	1,947	100.0

SOURCE: MDRC calculations using data from Baseline Information Form.

NOTES: This table includes all households who enrolled in the FSS study, including those who have since withdrawn from the study.
Rounding may cause slight discrepancies in calculating sums.

To overcome this problem, staff conducted home visits to determine whether there were problems with the address, leaving program flyers and contact information at the recorded address. For households with disconnected and temporarily out-of-service telephone numbers, staff continued calling the number in case it was restored and back in service. Finally, the CBOs nd Seedco sent regular mailings as reminders of the opportunity to enroll that provided information about how to reach a CBO conducting enrollment.

Another obstacle to recruitment involved housing voucher recipients who were unable to work. The initial FSS study sample recruitment pool contained over 13,000 eligible households, which meant that the CBOs needed to recruit approximately 16 percent of all households in order to reach the target goal of 2,100 households. Within that recruitment pool, approximately 3,000 households had single household heads who were elderly or disabled, many of whom were not interested in participating in an employment-focused program. Some were already retired and uninterested in returning to work, while others had physical limitations that did not allow them to pursue employment. This meant that the recruitment pool was closer to

10,000 households with at least one nonelderly and nondisabled adult member, increasing the recruitment target to 21 percent of the pool. Despite the assumption that elderly and disabled individuals would be less interested in participating, a number chose to enroll in the study, as described further below.

Lack of interest in the program among some working age, nondisabled voucher holders presented another problem for recruitment. While CBO staff were enthusiastic about the FSS offer, some voucher recipients were not interested in the offer of a workforce development program. This may relate to their previous experiences with other types of employment-focused programs. Individuals who had previous experiences with these programs may have felt that they had already tried a program like FSS before and were not interested in repeating that experience. In fact, as surfaced in interviews and observations, some program participants with previous employment program experiences expressed frustration with FSS when it mirrored these other programs. For example, many job placement programs include mandatory job-readiness workshops, which some FSS program participants had attended in the past; when the FSS program also suggested that they attend these types of workshops, some program participants complained, saying it would lack value for them. The description of FSS program services may have sounded too similar to other programs with which eligible individuals may have been involved in the past, resulting in their decision not to enroll.

CBO staff also found that some individuals were hesitant to pursue the program's offer because of concerns that it would affect their housing subsidy. To these participants, the program's connection to the housing authority — which provides their voucher — and its emphasis on employment meant risking a reduction in the size of their housing subsidy or the loss of it altogether. They worried that the CBOs might be reporting income and employment information to HPD, which would lead to more immediate increases in their rent or termination from the voucher program. Such concerns are not unique to households in New York City, but this sentiment is heightened in New York City by the very high cost of rental housing and by the fact that the city's voucher program is closed, and applications from the general public are no longer being accepted.[8] With no further admittance, some voucher recipients worried that a program focused on employment and earnings was part of a hidden agenda to phase out the voucher program altogether. One participant described the program as "trying to show people that you can work hard at getting what you want…it's a way to sort of wean people off of Section 8 as well." There were also a few program group members who noted they were initially concerned that they might be subject to "sanctions" by HPD for not maintaining

[8]HPD currently provides vouchers only through intermediaries, and they are designated for individuals who have faced special housing hardships, including homelessness, fire damage to housing, and displacement as a result of housing demolition or revitalization.

participation in the study — that is, that the tenant's portion of the rent might be increased because of a lack of participation.[9]

Again, this pattern has been found in national studies of the FSS program. The survey of FSS program staff that was referenced earlier found that 65 percent of program coordinators who were surveyed noted "fear of leaving public or Section 8 housing or losing other benefits" as an obstacle to program participation.[10] This was the most frequently noted obstacle, followed by familial responsibilities (51 percent) and cynicism toward social programs (43 percent). While these findings are from the perspective of program staff, they align with the Work Rewards study's findings from the participants' perspective.

In-depth interviews conducted with Work Rewards FSS program participants provide support for the hypothesis that the fear of losing housing assistance might keep some individuals from enrolling. MDRC staff asked interviewees whether they would accept a job offer that would increase their income if it meant that they would no longer be eligible for a housing voucher. Almost all interviewees noted that they would gladly accept that job, even at the risk of losing their housing assistance. However, further questioning revealed that these same individuals also had strong concerns about whether they would be able to maintain employment for the long term to ensure housing stability for their families. While this was the most common response among the individuals interviewed for this study, a small number of interviewees stated explicitly that they would not risk losing their voucher by taking a job with earnings that might put them over the income limit for voucher eligibility.[11] Although these individuals still chose to join an employment-focused program, it is likely that other individuals chose not to enroll in the program for fear of losing their vouchers.

To overcome these concerns, CBO staff encouraged individuals to visit their organization to learn more about the program. Staff generally found that if they were able to speak to an individual in person, they could provide the information needed to resolve concerns about the program and its offer. However, in some cases, HPD staff members had informed voucher recipients that their household income was near the income cutoff, which meant a decision between enrolling in the study and maintaining their housing security. In most other cases, individuals who were concerned about the possibility of losing their Section 8 were either not

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[9]The concern about possible sanctions that is described here seems to reflect familiarity with policy for nonparticipation in job search, work, or education or training activities while receiving assistance through Temporary Assistance for Needy Families (TANF).

[10]Rohe and Kleit (1999).

[11]The remaining interviewees noted that they did not have the earnings potential to ever earn more than the income eligibility cutoff for the Section 8 program.

near the income cutoff or were unaware of when they would no longer be eligible. Individuals who still had doubts or concerns about the study generally chose not to enroll.

Addressing Recruitment Challenges

The CBOs, HPD, MDRC, and Seedco worked together to make the most of the pool of eligible households through three main strategies: holding centralized recruitment events, expanding the pool of eligible voucher recipients, and providing alternative enrollment locations. The first recruitment event was held at HPD in April 2008 in lower Manhattan, a central location that is familiar to all HPD voucher recipients. HPD sent announcements to all eligible households inviting them to the event. The response was overwhelming, as seen in the sharp increase in enrollment numbers in April in Table 2.1.[12] The second round of recruitment events was held in August and September in the Bronx and Brooklyn, respectively, with central advertising by HPD. While they were comparatively less successful than the first event, these events did increase enrollment, as well.

Additionally, HPD and MDRC increased the recruitment pool slightly by adding households that had become income-eligible since the recruitment lists were first created, households residing in Queens and Staten Island, and households receiving Enhanced Vouchers. With these efforts, the total recruitment pool increased to 18,000 households. Finally, HPD continued to offer enrollment at its office in Manhattan after April 2008 to provide a central and familiar location for voucher recipients.

The Appeal of the Family Self-Sufficiency Study

As part of the in-depth, qualitative interviews conducted with program participants starting in September 2009 (about 18 months after enrollment in the demonstration began), MDRC staff asked participants why they chose to enroll in Work Rewards. Responses to this question shed some light on the appeal of an employment program like FSS and of a cash work incentives (reward payments) program for housing voucher recipients. As described below, responses ranged from the programs' potential monetary benefits to the opportunity to improve employment outcomes to longer-term goals of self-sufficiency and self-improvement.

The potential monetary benefits of both the reward payments and the escrow account were generally appealing across the interviewed FSS program group members. The reward payments were most appealing to those who were working at the time of enrollment. As one

[12]Table 2.1 includes all enrolled households — that is, the full sample, which includes the elderly, disabled, or potentially Hasidic households. (The exclusion of Hasidic households from the core sample is discussed later in this chapter.)

program group member explained, "I just got hired at the same time [as I enrolled] … [so] I waited in one of those long lines and, I mean, it was the work rewards and I was … motivated by the fact that they said [if] you work this amount of hours per month or per week that you would be rewarded."

Other sample members were enthusiastic about the opportunity to save money through the FSS escrow account, although they made up a smaller portion of those interviewed. This aspect of FSS was particularly appealing to a small group of participants who had longer-term investment goals, such as investing in a child's college education, opening a business, or buying a home. Program participants described escrow as "a good opportunity to help you save," a means to "purchase my first home," and money to "do something to better my life in some way." Generally, program participants acknowledged both reward payments and escrow as opportunities to improve their finances. Reward payments offered immediate relief from the pressures of living from paycheck to paycheck, while the escrow account offered a longer-term savings option.

While the monetary benefits had wide appeal, the most common reason that interviewees gave for enrolling in FSS was the opportunity to improve their employment status. For some program participants, this opportunity came through education or training programs to improve their hard skills. This reason was particularly prevalent among Spanish-speaking interviewees who were interested in improving their English skills. However, job search was also a frequently mentioned activity of interest, particularly for participants who were unemployed at the time of enrollment. Many of these participants were experiencing an increasingly competitive job market and were looking for assistance with obtaining employment. This group included participants who were employed at the time of enrollment and were also looking for better-paying job opportunities or a new career path.

In addition to the short-term goal of finding employment, a small group of participants was focused on longer-term goals of self-sufficiency and self-improvement. These individuals saw FSS as an opportunity to pursue their goals and better themselves. One participant shared her reaction to being randomly assigned to the FSS-only group: "Wow, you know, it's like I won the lottery, because now I feel like I can improve myself and get myself out of my situation that I'm in." By and large, however, it was the opportunity to receive immediate cash rewards for working that was most appealing to participants, both employed and unemployed.

Enrollment and Random Assignment Process

In order to enroll, interested individuals visited a CBO or an enrollment event where CBO staff made a final determination of their eligibility and provided additional information about the study. Staff screened all interested adults to confirm that they were members of the target household, 18 years of age or over, and U.S. citizens or Lawful Permanent Residents, as described in Box 2.1.[13] Staff used a list of all eligible households to verify that enrolling adults were listed on the housing voucher as members of the household and asked adults to provide documentation to prove their identity, age, and citizenship.[14]

Staff showed adults who met eligibility criteria a video explaining the random assignment process, provided them with additional information about the possible program services, and explained the informed consent process. In order to enroll in the study, enrolling adults had to sign an informed consent form giving MDRC permission to collect data about them as part of the study. Once an informed consent form was signed, a staff person collected baseline information on the households and individuals enrolling in the program. These data were collected through a secure Web site that provided the CBO staff with the random assignment status upon the completion of the baseline information.

CBO staff were responsible for explaining the random assignment results, including providing more detail about the group to which the household was assigned and information about any next steps. Staff informed control group members that they were not eligible for the Work Rewards FSS-only or FSS+incentives program and provided them with information about *existing* services for job placement and education or training funding at the WorkForce1 Centers (known as "One-Stops").[15] Through other HPD advertising, some individuals were aware that there was an HPD-sponsored FSS program before the Work Rewards demonstration began, with services provided at LaGuardia Community College;[16] if control group members

[13]These programmatic requirements were unique to the Work Rewards demonstration. Nationally, the only screening allowed for FSS is screening for motivation. For more information, see Section 984.203 at www.access.gpo.gov/nara/cfr/waisidx_00/24cfr984_00.html (accessed March 29, 2011).

[14]While all adults over the age of 18 were eligible to enroll in the study, as explained in Box 2.1, enrollment procedures required that all interested household members enroll at the same time to ensure that members of the same household were not randomly assigned to both the program and control groups, to prevent exposing control group members to the program intervention. Before beginning the enrollment process, CBO staff determined whether the individual who was present was from a single- or multiple-adult household and verified that all interested adults were present; if they were not, the individual was asked to return with those household members at another time to enroll. This gave household members who were not present an opportunity to enroll if they so chose. The FSS program later allowed any household member on the housing record to receive program services even if they had not enrolled in the study. However, reward payments were available only to adults who enrolled in the study. Individuals who received FSS program services but did not enroll in the study are not included in the analyses in this report.

[15]WorkForce1, operated by the New York City Department of Small Business Services, prepares and connects qualified candidates to job opportunities in New York City.

[16]The Work Rewards demonstration provided limited funds to LaGuardia Community College to provide FSS program services to those who had enrolled in the program before the demonstration began; these individuals were not part of the Work Rewards demonstration.

Box 2.1

Eligibility for Work Rewards

In addition to holding a Housing Choice Voucher from the New York City Department of Housing Preservation and Development (HPD), the Work Rewards program designers set eligibility criteria in the following categories: household income, citizenship status, and enrollment in the ongoing Opportunity NYC–Family Rewards study.

- **Household income:** In order to qualify for the Work Rewards study, enrollees had to have family income at or below 130 percent of the federal poverty level, the income eligibility requirement for the Supplemental Nutrition Assistance Program (formerly the Food Stamp Program).

- **Citizenship status:** Adults enrolling in the program had to be either U.S. citizens, by birth or naturalization, or Lawful Permanent Residents. This requirement ensured that all enrollees had the legal right to work and would not face legal barriers preventing the take-up of work-focused incentive payments, if eligible.

- **Opportunity NYC–Family Rewards enrollment:** Adults who were enrolled in the Opportunity NYC–Family Rewards demonstration, another incentive-based intervention launched by the New York City Center for Employment Opportunities, were not eligible to enroll in the Work Rewards demonstration. This was done to ensure that there was not any substantial overlap of samples, which would threaten the integrity and clarity of findings for both evaluations, as control group members in one study could become program group members in the other, and vice versa.

Within eligible households, all household members over the age of 18 were eligible for enrollment in the program, provided that they met the documentation requirements, but they were all required to be present at the time of household enrollment. Some individuals chose to enroll without other adult members of their household because of scheduling conflicts.

To verify eligibility for the program, adults were asked to bring documentation to the enrollment session to prove their age, identity, and citizenship. This included a U.S. birth certificate, U.S. passport, or Lawful Permanent Resident or green card. Adults who presented a U.S. birth certificate to prove citizenship were also required to provide a photo identification card to prove their identity, which did not have to be government-issued.

asked about this program, they could not be denied access to it and so were permitted to enroll. The few who did, however, had to make a separate trip to HPD to go through the FSS enrollment process. Approximately 50 control group members ultimately chose to enroll in the FSS program offered through LaGuardia Community College.

Program group members received an explanation of the FSS program services for which they now qualified, including employment, education, and training services, as well as an escrow savings account. In addition to FSS program services, members of the group who were offered both FSS services and the special cash work incentives (the FSS+incentives group) also learned that they were eligible for the cash incentives, or "reward payments," for working full time or completing an approved education or training program. Both FSS-only and FSS+incentives group members completed an FSS Contract of Participation, indicating their long-term goals for participation in FSS and giving HPD permission to open an escrow account on their behalf.[17] The next step for members of both FSS program groups was to attend an orientation; program staff sent a follow-up letter or called participants to let them know when the orientation would take place.

The Family Self-Sufficiency Study Sample

As was seen in Figure 2.1 (page 31), while a total of 1,947 households (2,168 adults) enrolled in the FSS study, this report focuses on 1,455 households (1,603 adults). Referred to as the "core" FSS sample, this group excludes elderly and disabled individuals — that is, it comprises only those who would be most likely to benefit from an employment-focused program.[18] Selected analyses on everyone enrolled in the FSS study — that is, the combined FSS sample — are found in the appendixes to this report.

As a program that strongly emphasizes employment as a means toward self-sufficiency, the FSS Work Rewards program was intended to target individuals who were interested in working and were able to work, which in many cases precludes elderly and disabled individuals. However, ability and interest were not eligibility requirements, and if elderly or disabled individuals wanted to enroll, they were permitted to do so, though FSS services were often not especially relevant to their needs. These sample members, who make up 23 percent of the enrolled sample, most likely enrolled for a few reasons. First, the majority of elderly and disabled individuals enrolled at the large-scale enrollment events that were advertised and hosted by HPD. While CBO staff were trained to stress the program's employment focus, some elderly and disabled individuals did not fully understand its implications.

[17]The FSS Contract of Participation is required by HUD.

[18]The core sample does not include individuals who withdrew from the study or individuals who were enrolled inadvertently without signing an informed consent form.

Further, the marketing messages that were used to recruit the sample may not have clearly communicated the study's employment focus. Outreach scripts and marketing materials often mentioned employment and education or training, but the monetary message of escrow and reward payments was sometimes stronger than these other elements, and the marketing may not have been clear enough that these financial incentives were predicated on employment. Some elderly and disabled voucher recipients may have responded to messages about FSS providing an opportunity to increase their income without realizing that work was a central part of the program's income improvement strategy. In addition, upon learning more about the program opportunities, some elderly and disabled sample members were, in fact, interested in education or training opportunities that were advertised as a part of program services, particularly for computer skills. Beyond this, since the CBOs were paid per household enrolled in the program, it is possible that the enrollment staff felt the pressure to maximize contract payments, which may have contributed to the higher-than-expected enrollments among this group.[19]

While the FSS program did its best to serve elderly and disabled individuals, they were not the target population for the program, and their participation — and the effects on employment and earnings that the program could have for them — were not expected to be typical of individuals who are usually targeted for employment-focused programs. Therefore, their program engagement, and the impacts that the program had on their employment and earnings, are explored separately. As a result, this report focuses on nonelderly individuals, defined as those 62 years of age or younger, and nondisabled individuals, define as those who were not receiving Supplemental Security Income (SSI) benefits at the time of enrollment. (That is, receipt of SSI benefits served as a proxy for those with disabilities.) This reduces the study sample by 12 percent (101 sample members) because of age and 10 percent (354 sample members) because of SSI receipt.

One other population that enrolled in small numbers in the FSS study, but whose members are also not typical of most populations that are involved in employment-focused programs, is the Hasidic community, an Orthodox Jewish community that is larger in New York City than in other areas of the United States. The community has a unique culture that was expected to be reflected in important differences in their employment goals and experiences in comparison with most other voucher recipients.[20] Given this situation, a decision was made before the data analysis was conducted to exclude participants who were identified as potential-

[19]This is particularly the case for the CBOs that were not selected to provide FSS program services following enrollment. Only one of the CBOs that was selected to handle enrollment was also selected to provide program services; the rest handled enrollment only. In addition, two CBOs that were selected to provide services also helped with enrollment.

[20]See Appendix A for a more complete discussion of the Hasidic community and their participation in Work Rewards.

ly being Hasidic from the core sample.[21] As a result, the core sample excludes 14 sample members (0.7 percent) who may be part of the Hasidic community. (Hasidic participants made up a larger share of the incentives-only sample, as discussed in Chapter 5 and Appendix A.)

In total, the core sample excludes 469 FSS study enrollees, approximately 23 percent of the enrolled full sample. The core sample households and adults are described in further detail below using information from the Baseline Information Forms that were completed during the enrollment process.[22]

Household and Adult Characteristics of the FSS Core Sample

Households that enrolled in the FSS study sample were predominantly single-adult households with children. However, 34 percent of households had more than one adult and 37 percent did not have children, as shown in Table 2.2. Because of their low incomes, study sample households were also often receiving non-housing public benefits at the time of enrollment, with 18 percent receiving TANF, 67 percent receiving food stamps, and 77 percent receiving public health insurance. In fact, only 13 percent reported not receiving TANF, food stamps, or public health insurance. The take-up of public benefits suggests that the final sample generally met the established income targets for the study, which is supported by the fact that only 9.6 percent of households had earnings above 130 percent of the federal poverty line.[23]

Across all households, varying levels of hardships were reported at enrollment, defined as the inability to pay for basic living necessities over the year before enrollment. Forty-two percent of the households reported an inability to pay rent or utility bills in the year before enrollment, 26 percent could not pay their telephone bills, and 21 percent could not pay for food or prescription drugs. In terms of housing expenses, nearly half of all households (46 percent) paid $200 to $400 for the tenant's portion of their rent and about another third (33 percent) paid $200 or less.

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[21]Based on information from two Brooklyn-based CBOs and guidance from an academic anthropologist who has studied this community, all sample members who were white, non-Hispanic/Latino; lived in Brooklyn; and either spoke Yiddish at home or had at least one child in private or parochial school at the time of enrollment were identified as being Hasidic and were separated from the larger sample.

[22]Additional tables of baseline data, including characteristics by research group and of the core sample, can be found in Appendix B. This includes all sample members — from both the core and supplemental samples — who have not asked to withdraw from the study and have a complete informed consent form, which makes up 2,072 adults (1,884 households).

[23]Though recruitment for FSS targeted households with incomes below 130 percent of the federal poverty guideline, it is possible that some households experienced increases in income after their last Section 8 recertification, and therefore the higher incomes would not have been evident on the recruitment lists provided by HPD.

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Table 2.2

Baseline Characteristics of Households in the FSS Study Sample

Characteristic	FSS Study Sample
Number of children in household (%)	
0	37.4
1	22.8
2	21.0
3 or more	18.8
Average number of children in household	1.3
Average number of adults in household	1.4
Households with more than one adult (%)	33.8
Average number of adults enrolled	1.2
Households with more than one adult enrolled (%)	13.8
Primary language spoken at home is English (%)	68.5
Receiving TANF or Safety Net Assistance (%)	18.1
Receiving food stamps (%)	67.0
At least one adult covered by public health insurance (%)	76.9
Not receiving any public benefits (%)	13.0
Earnings above 130% of federal poverty level[a] (%)	9.6
Length of time receiving Section 8 (%)	
Less than 1 year	8.8
1-3 years	22.6
4-6 years	27.0
7-9 years	14.3
More than 9 years	27.3
Household's share of the rent (%)	
$0 - $200	33.1
$201 - $400	46.1
$401 or more	20.7
During the last 12 months, household was unable to (%):	
Pay rent and utility bills	42.0
Pay telephone bills	26.4
Buy food or prescription drugs	20.6
Sample size	1,455

SOURCE: MDRC calculations using Work Rewards Baseline Information Form data.

NOTES: The core sample includes housing voucher recipients who were randomly assigned between January 1, 2008, and January 16, 2009, and excludes elderly individuals, disabled individuals, and individuals who likely belong to the Hasidic community.

[a]More than 5 percent of data were missing (5.3 percent) because some respondents did not provide earnings information.

Study sample members reported receiving a housing voucher, or Section 8 assistance, for long periods of time. The most frequently reported categories were more than nine years (27 percent) and four to six years (27 percent). These were closely followed by one to three years (23 percent) of receipt. That sample households have spent a relatively long time living with housing assistance suggests that part of the concerns about voucher loss described above is related to the length of time sample members have relied on Section 8 for stable housing.

The adults in the sample are mainly female (79 percent) with an average age of 41, as shown in Table 2.3. While any household member who was in a household that was receiving a voucher could enroll in the study, sample members are mostly household heads (86 percent). Racially, the sample is almost an even split, with 43 percent Hispanic/Latino and 46 percent black, non-Hispanic/Latino. In terms of educational attainment, more than half of the sample had a high school diploma or General Educational Development (GED) certificate at the time of enrollment (59 percent). Additionally, 40 percent had a trade license or training certificate.

Slightly less than half of all adults in the FSS study were working at the time of enrollment (49 percent), with 30 percent of all adults working full time. Across all core sample members, 17 percent noted a physical, emotional, or mental health problem that limited their ability to work at the time of enrollment; again, this is among the nondisabled sample. In addition, 21 percent reported feeling down, depressed, or hopeless in the two weeks before enrollment. Even with the exclusion of individuals receiving SSI for physical or mental conditions preventing work, a portion of the sample may still face health-related barriers to employment.

The target population for the demonstration focused on very low-income families. As a result, the data suggest that the FSS study sample may be more disadvantaged than is typically seen in the FSS program nationally.

Comparison of Enrollees in the FSS Core Sample with Nonenrollees

As described previously, the CBOs used multiple outreach strategies to increase the likelihood that households that were enrolled in the study would reflect the larger low-income voucher recipient population that was targeted for this study. The use of home visits and persistent outreach through phone calls and mailings to targeted households ensured that CBOs engaged more than just the easiest-to-reach households, who were potentially more likely to work toward self-sufficiency on their own. To assess whether households in the study are generally similar to the broader target population, demographic characteristics of the nonelderly, nondisabled study sample members who were enrolled in the FSS study were compared

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Table 2.3

Baseline Characteristics of Adults in the FSS Study Sample

Characteristic	FSS Study Sample
Female (%)	78.9
Age (%)	
18-24 years	9.2
25-34 years	20.4
35-44 years	31.1
45-59 years	37.4
60-61 years	1.9
Average age (years)	41
Marital status (%)	
Single	65.6
Cohabitating	0.9
Separated, widowed, or divorced	18.5
Married or in a legal domestic partnership	15.1
Relationship to head of household (%)	
Head of household	86.2
Spouse or legal domestic partner	4.2
Child or parent	8.8
Other	0.8
U.S. citizen[a] (%)	84.3
Race/ethnicity (%)	
Hispanic/Latino	42.8
White, non-Hispanic/Latino	2.4
Black, non-Hispanic/Latino	46.3
Other	8.5
Has an account at bank or credit union (%)	45.7
Has savings (%)	20.7
Has loans (%)	30.2
Education (highest degree or diploma earned) (%)	
GED certificate	8.6
High school diploma	16.3
Some college	20.6
Associate's degree/2-year college	6.4
4-year college or beyond	6.9
None of the above	41.2
High school diploma or GED certificate (%)	58.8
Have trade license or training certificate (%)	40.2

(continued)

Table 2.3 (continued)

Characteristic	FSS Study Sample
Employment measures	
Currently working (%)	48.6
Working full time[b] (%)	29.8
Total weekly earnings[c] (%)	
$0	54.2
$1 - $200	14.6
$201 - $400	22.5
$401 or more	8.7
During past year, average number of months worked among those who worked in past year	9.9
Health measures	
Has physical, emotional, or mental health problem that limits work (%)	16.7
Health insurance coverage (%)	
Public health insurance	78.3
Employer health insurance	7.1
Other health insurance	2.8
Not covered	11.9
Over the past 2 weeks, had been feeling down, depressed, or hopeless (%)	21.2
Sample size	1,603

SOURCE: MDRC calculations using Work Rewards Baseline Information Form data.

NOTES: The core sample includes housing voucher recipients who were randomly assigned between January 1, 2008, and January 16, 2009, and excludes elderly individuals, disabled individuals, and individuals who likely belong to the Hasidic community.

[a]Refers to U.S. citizens both by birth and by naturalization.

[b]Refers to 30 hours a week or more.

[c]More than 5 percent of data were missing (5.8 percent) because some respondents did not provide earnings information.

with the nonelderly, nondisabled HPD voucher recipients who met income eligibility requirements but chose not to enroll in the study.[24] Comparing these two samples provides evidence of whether the FSS study sample is representative of the larger target population of voucher recipients.

The results presented in Table 2.4 show strong similarities between the voucher recipients who were enrolled in the FSS study and those who were not enrolled. The FSS study sample has a slightly larger proportion of individuals who identify as black, non-Hispanic/Latino and a slightly smaller proportion who identify as Hispanic/Latino and white, non-Hispanic/Latino than the sample who did not enroll. However, both groups are similar in terms of household size and household portion of the rent. These results strongly suggest that the recruitment efforts led to a fairly representative sample of the eligible HPD voucher recipient population, at least in terms of measurable background characteristics.

To further place the Work Rewards FSS study within the context of the FSS program nationally, the characteristics of the Work Rewards FSS core study sample were compared with characteristics of FSS participants from a national evaluation (not shown).[25] Given the eligibility criteria, the expectation was that the Work Rewards FSS study sample would be more disadvantaged than the national sample. Although income data were not comparable across samples, educational attainment data were similar, which show that the national sample members were more likely to have a high school diploma or GED certificate. Only 21 percent of the national sample did not have a high school diploma or GED certificate compared with 41 percent of the Work Rewards FSS study sample.[26] While this comparison is limited, it suggests that the Work Rewards FSS study sample was generally more disadvantaged and less selective than the populations of most FSS programs around the country.

Conclusion

Despite difficulties with recruitment, the CBOs largely met the overall recruitment goals for the FSS study. These challenges generally represented those that are faced by FSS programs around the United States, but included some study-specific problems as well. While a large number of elderly and disabled voucher recipients enrolled in the program, the core sample appears to be reflective of the larger target population of working-age, low-income HPD housing voucher

[24]The data that FSS provided on nonenrollees for recruitment efforts did not have enough information identify potential Hasidic individuals. Therefore, nonenrollees are compared only with all individuals who were nonelderly and nondisabled.

[25]Ficke and Piesse (2004).

[26]The income data that were presented also suggest that the Work Rewards FSS study sample earns less than the national FSS sample, although a direct comparison was not possible.

The Opportunity NYC Work Rewards Demonstration

Table 2.4

Pre-Random Assignment Characteristics of Voucher Recipients Enrolled in the FSS Study Compared with Eligible Voucher Recipients Not Enrolled

Characteristic	Enrolled	Not Enrolled
Household composition		
Average number of household members	2.9	2.9
Average number of children in household	1.2	1.1 **
Households with no children (%)	38.8	42.2 **
Race/ethnicity (%)		***
Hispanic/Latino	41.4	48.1
Black, non-Hispanic/Latino	48.6	41.3
White, non-Hispanic/Latino	4.9	7.2
Other, non-Hispanic/Latino	5.1	3.3
Household portion of rent ($)	249	256 *
Household portion of rent (%)		
$0 - $100	11.4	10.5
$101 - $200	26.4	26.7
$201 - $300	28.6	29.3
$301 - $400	20.5	19.5
$401 or more	13.0	14.0
Borough (%)		***
Brooklyn	34.3	26.7
Bronx	34.6	42.8
Manhattan	25.9	23.9
Queens	4.6	5.9
Staten Island	0.6	0.7
Sample size	1,380	9,233

SOURCE: MDRC calculations using administrative data from the New York City Department of Housing Preservation and Development.

NOTES: In order to assess differences in characteristics across the two groups, chi-square tests were used for categorical variables and t-tests were used for continuous variables. Significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent.

This table includes all households in Brooklyn, Bronx, and Manhattan with at least one adult under 61 years of age who was not receiving Supplemental Security Income (SSI) at the time of enrollment.

Individuals identified as possible members of the Hasidic community are included in this analysis because it was not possible to identify a comparable group among those who did not enroll.

recipients, at least in terms of measurable background characteristics. The resulting sample is more disadvantaged than the average FSS participant nationally; therefore, the experience of the Work Rewards FSS program may provide lessons for how best to engage a more disadvantaged voucher recipient population in self-sufficiency programs nationwide.

The next chapter begins the discussion of program services. Following enrollment, all program participants — including elderly and disabled program group members — were invited to attend an orientation about program services. Chapter 3 reviews the orientation process, program components, implementation, and obstacles for FSS program group members.

Chapter 3

Family Self-Sufficiency Program Implementation and Participation

The overriding goal of the federal Family Self-Sufficiency (FSS) program is to help families that receive housing assistance obtain employment and increase earnings so that they can make progress toward economic independence and self-sufficiency. The program encourages local housing authorities to develop strategies to achieve this goal. The main elements of the FSS program are case management (including employment assistance) and asset building through the FSS escrow account.

This chapter explores how New York City, within the context of the Work Rewards demonstration, implemented its FSS program, both by itself (FSS only) and in combination with cash incentives called "reward payments" (FSS+incentives). It focuses on the experiences of New York City's Department of Housing Preservation and Development (HPD) voucher holders who participated in these programs. Understanding how FSS was implemented as part of the Work Rewards demonstration, and how the delivery and receipt of services differed from what participants would likely have experienced in the absence of FSS, can help explain and provide a context for why the program may or may not achieve its goal.

It is also important to examine the implementation of the Work Rewards FSS program to shed light on current, national FSS practices and future policy. In particular, understanding the implementation of this FSS program can inform issues of national importance that are related to the challenges of engaging the most disadvantaged recipients of housing assistance in self-sufficiency programs; this is so because, unlike most FSS programs — which usually screen individuals for motivation to pursue self-sufficiency goals before allowing them to enroll — the Work Rewards FSS program not only did not permit screening for motivation, but rather included a strong recruitment effort of especially low-income voucher holders and ongoing, proactive efforts to engage them. Additionally, many FSS programs around the country drop inactive enrollees from the program, while the Work Rewards FSS program strove persistently to engage all enrollees.

Understanding the implementation of this program can also provide insight into how the FSS program can attempt to meet the needs of people in a variety of circumstances — for example, employed or unemployed individuals; what types of guidance on the program from the U.S. Department of Housing and Urban Development (HUD) might be useful; what types of contractual arrangements with those delivering services could lead to a more effective and successful program for participants; and which kinds of qualifications and capacities staff should bring to their roles.

Additionally, an examination of the Work Rewards FSS program can help clarify the vision of how to deliver services that may have a better chance of leading to self-sufficiency — particularly whether a short-term or long-term strategy should be used. Finally, both the implementation and impact findings (that is, how the program was implemented and whether it was found effective) from the evaluation of this FSS program can help suggest whether FSS has the capability to improve self-sufficiency outcomes for voucher holders broadly or for some types of individuals more than other types.

All of these potential lessons notwithstanding, the Work Rewards FSS program was idiosyncratic in some ways that may also make it difficult to generalize to FSS programs elsewhere. First, recruitment for FSS in New York City was within the context of the larger Work Rewards demonstration, which held out the promise that some enrollees would gain access not only to FSS services, but also potentially to more immediate cash rewards, depending on their random assignment results. As noted, it recruited a population that was very different from that of most other FSS programs. The management structure and contracts to deliver services were constraining and likely atypical for employment or social service programs. Finally, the program was new and experienced several substantial changes in emphasis as it developed. As a result of these conditions, while the experiences of the Work Rewards FSS program can still offer lessons for other FSS programs around the country, it may be best to view the Work Rewards FSS experience as a case study of one particular FSS program among many varied programs across the United States.

This chapter describes the Work Rewards FSS management structure, explains the FSS program model and the FSS+incentives program model and how they were implemented, summarizes critical challenges and how they were addressed by program operators, and discusses key accomplishments. It focuses on two and a half years of program operations — from the start of the program in April 2008 through October 2010. The descriptions and analyses presented here of the programs' implementation are drawn primarily from program observations, in-depth interviews with program staff and managing partners, and reviews of select program documents — all conducted by MDRC researchers. The chapter also considers the participants' responses to these programs — both in terms of their participation and their perspectives — with findings based on both quantitative and qualitative data sources, including program data and in-depth interviews.

The FSS program evolved over the two and a half years of operations discussed in this report, and that evolution was marked by distinct differences in each of the three program years; while the overall program goals remained the same throughout, each year could be seen as representing a somewhat different service delivery emphasis. The first year of FSS service delivery was characterized by the gradual ramping up and fine-tuning of the program; in the first year, program operators also took a long-term approach to moving people toward self-sufficiency, focusing primarily on removing barriers to employment. The second year was marked largely by a redesign to increase the emphasis placed on quicker job entry, and the third year was distinguished by a sizable decrease in resources and concurrent reduction in service delivery. Nonetheless, the organizations offering FSS services all provided the two main components of FSS during each year — case management and the asset-building escrow account — and the staff brought many resources and a strong commitment to meet their diverse clients' needs. At the same time, several factors seem to have limited the staff's ability to provide a strong, comprehensive set of services that would lead to self-sufficiency.

Key implementation findings suggest that:

- The Work Rewards FSS program sought to engage a relatively more disadvantaged and less motivated population than typically enrolls in FSS programs; not surprisingly, the community-based organizations (CBOs) that were contracted to provide FSS services had a hard time engaging participants.

- Both the FSS management structure — in which the CBOs' performance was being managed by an intermediary organization that had no direct contractual relationship with them — and the CBOs' contract structure impeded implementation. As a result of the CBOs' 100 percent performance-based contracts with HPD — which meant that CBOs were paid only when they met certain performance milestones — service delivery was driven more by the contracts' "payment points" than by a clear service delivery strategy.

- A central finding is that reward payments were more of a draw than the FSS program alone, both to enroll in the Work Rewards demonstration and to participate in program services. Among individuals who took advantage of FSS services, levels of participation were higher for the FSS+incentives group than for the FSS-only group, suggesting that the reward payments enticed people to participate.

- Marketing of the escrow account was not as well integrated into FSS service delivery as intended.

- Those who were not working at the time they entered the program felt they had more to gain from the FSS program's case management services than did those who were already employed.

FSS Management Structure

Partner Roles

The Work Rewards FSS program was managed primarily by HPD and Seedco — a national, nonprofit workforce development intermediary — with input from MDRC (the nonprofit organization conducting the evaluation) and New York City's Center for Economic Opportunity (CEO), the sponsor of the demonstration. HPD provided overall leadership regarding the design of the FSS program and oversaw its implementation.[1] As described later in this chapter, HPD selected five CBOs through a competitive process to deliver FSS services to participants;[2] HPD held contracts directly with those CBOs. HPD also provided designated case managers who were available to assist FSS clients and CBO staff with Section 8 issues and with questions about the FSS escrow account.

Seedco played several roles with regard to FSS: it had an arrangement with CEO to manage the CBOs' contracts (that is, overseeing and managing the process by which the CBOs were paid for their FSS work); to provide performance management for the CBOs (that is, putting in place procedures to encourage the best possible performance); and to offer technical assistance and training to them.[3] As part of its management of the CBOs, Seedco held monthly management meetings for CBO staff; provided regular management reports and performance matrixes to keep CBOs informed about their performance in meeting the goals of the FSS program; and conducted site visits, training, and technical assistance for FSS service delivery and contract-related issues as the need arose.

This overall partnership/contract arrangement among HPD, Seedco, and the CBOs created obstacles for implementing the FSS program. The CBOs were supposed to be responsive to Seedco as a technical assistance provider and performance manager, yet HPD controlled the CBOs' contracts and all the funds for FSS. As a result, Seedco did not always have leverage over certain aspects of program implementation. Some Seedco staff also felt that this overall contract arrangement was confusing to the CBOs and limited Seedco's ability to make decisions

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[1]As described in Chapter 1, HPD had been operating an FSS program since approximately 1996. In 2003, HPD applied for and won federal HUD funding for FSS program services and contracted with LaGuardia Community College's Division of Adult and Continuing Education to provide them. HUD funding ceased in 2007, just as the Work Rewards demonstration was being planned. The demonstration provided an opportunity to roll out a new version of FSS.

[2]One of the five CBOs, Catholic Charities, had just begun to provide services when it dropped out of the demonstration.

[3]MDRC held a contract with CEO to implement the Work Rewards demonstration and conduct the evaluation. Seedco held a subcontract with MDRC to conduct contract and performance management for FSS, as well as to manage the cash incentives component of the demonstration.

and move the FSS program forward. In fact, several CBO staff noted that they often did not know which organization was in the lead in providing program guidance or to which organization they should be responsive, especially when messages from HPD and Seedco about program implementation did not completely converge.

While MDRC and CEO were visible partners in the design of the Work Rewards demonstration, they had no direct operational role in either the FSS program or the cash work incentives component. However, as overall manager of the demonstration and the programs' evaluator, MDRC staff observed program practices at Seedco and the CBOs and offered formative feedback to these organizations based on those observations. MDRC staff also explored ideas together with HPD, Seedco, and CBO staff as they considered ways to continue improving their operation of the programs. In addition, MDRC and CEO staff were involved continuously with HPD and Seedco staff in making strategy and policy decisions that affected the programs, which ultimately had some bearing on what would be learned from the evaluation. These decisions ranged from a policy revision that made it easier to earn one of the reward payments, to a decision to place more emphasis on marketing the escrow account in the second year of the program, also described later.

CBO Contracts with HPD

In addition to the confusion presented by the overall partnership arrangement, the CBOs' contracts with HPD were problematic for program implementation. As already described, these contracts were 100 percent performance-based, which made it difficult for the CBOs to earn sufficient revenue to encourage investing in and retaining higher-level frontline staff; also, as discussed later in this chapter, the contract's payment points — a set of 13 "milestones" that are used to determine when payments are made and in what amount — sometimes detracted from the program's employment focus. Furthermore, the contracts were considered relatively small by both HPD and the CBOs; all agreed that they did not provide sufficient funding to fully achieve the program's goals, and the CBOs had to rely heavily on the ability to leverage other in-house contracts to provide FSS services. Finally, the contracts were in place for only one year at a time — as they were dependent on the receipt of HUD funding to continue to fund FSS services — leading to uncertainty about whether, and in what form, they would be renewed; this also had a negative effect on the ability to keep strong staff in the program.

Despite the problems presented by the performance-based contracts, HPD was bound by the prevailing policy at the agency to use them to engage the FSS service providers. Across the agency, HPD uses strictly 100 percent performance-based contracts, unless the contracts are for less than $100,000 or are with another government agency. The rationale for using 100 percent performance-based contracts, according to leadership at HPD, is that most of HPD's work involves construction and materials — for which performance-based contracts are more sensible — rather than human services. As an example, contractors who are hired to supply 50 windows for a new HPD building must, under a 100 percent performance-based contract, prove that they have supplied 50 windows, and HPD can then pay them. This type of contracting arrangement does not work as well when less easily measurable "products" are being supplied — such as employment and social services to individuals — but HPD did not have the option to arrange a different kind of contract for the FSS service providers.

Furthermore, the process by which CBOs were paid for their FSS work under these contracts was burdensome, and CBO staff generally agreed that the effort that was required interfered with their ability to provide quality services to their clients. Seedco was responsible for overseeing and managing this process. In order to be paid by HPD, CBOs had to provide services that fit within the 13 milestones, or payment points, that marked either a specific service provided or an achievement of the client as a result of the services provided. (See Table 3.1.) Seedco, together with HPD, developed a system to review and process these milestones. As part of developing this system, Seedco created a Web-based FSS database into which the CBOs recorded activity related to milestone claims. The milestone submission process was a monthly process through which CBO staff submitted proper documentation for each milestone being claimed. A team from Seedco and HPD then reviewed the submissions and approved or rejected them, and HPD then made the approved payments. This process was originally done quarterly, but in an effort to get more money out more quickly to the CBOs, the process was changed to a monthly one. Over time, the milestone claims submission process proved extremely cumbersome for most of the CBOs, requiring that staff set aside a substantial amount of time every month to devote exclusively to gathering the proper documentation to claim milestones.

The management of the cash work incentives component of the program was much more straightforward. Seedco paid the CBOs directly for all of their work related to the cash incentives, including conducting orientations to this part of the program, distributing "coupon books" (which participants used to claim their reward payments), and helping participants complete and submit the coupons. Seedco provided training and technical assistance to all of the CBOs to deliver this component of the program.

FSS Program Model

Under the Work Rewards demonstration, FSS was conceived to be a "community-based" model — that is, services were to be provided by community-based organizations, rather than by a single entity like LaGuardia Community College, the FSS service provider before Work

The Opportunity NYC Demonstration: Work Rewards

Table 3.1

Family Self-Sufficiency Program Milestone Submission Guide

FSS Milestone	How CBOs Document Milestones
1. Needs assessment (definition of payment point includes needs assessment, credit check/score, and self-sufficiency plan)	Copy of completed needs assessment form with caseworker and client signature; copy of credit score; print-out of screening summary for Self-Sufficiency Calculator, *Earn* Benefits, or Access NYC.
2. Case management and follow-up services	Copy of progress notes; copy of completed Case Manager Referral form; attendance sheets of CBO activities such as peer support sessions; phone logs; referral forms documenting client contact.
3. Linked to family-based support services	Copy of referral form and confirmation of participation or acceptance into program.
4. Attended financial literacy class or other asset-building service	One of the following: copy of certificate of completion from agency, bank/Individual Development Account (IDA) statement, or credit counseling documentation.
5. Linked to benefits or work supports	One of the following: copy of completed Case Manager Referral form or copy of benefit receipt letter/notice. If using *Earn* Benefits, submit one of the following: copy of "My Results" page or copy of screening history with benefit receipt follow-up note. If using a comparable tool, connect with HPD to identify a similar approved page.
6. Credit improved	Document tasks taken to improve score (debt consolidation, copy new credit score, etc.).
7. Started employment	Copy of pay stub or letter of employment on company letterhead.
8. Continuous employment – 30 days	Dated pay stub or employer letter.
9. Continuous employment – 90 days	Dated pay stub or employer letter.

(continued)

Table 3.1 (continued)

FSS Milestone	How CBOs Document Milestones
10. Continuous employment – 180 days	Dated pay stub or employer letter.
11. Wage gain/promotion	Copy of health insurance or letter from employer on letterhead detailing change in job title.
12. Began education/training program	Copy of registration or letter from course instructor on letterhead.
13. Education upgrade	Copy of GED certificate or awarded degree/certificate.

SOURCE: Seedco program materials.

Rewards was launched.[4] There were several reasons for this change. One was the notion that individuals would be more likely to take advantage of services that were closer to where they lived or worked, and LaGuardia Community College seemed far away and relatively inaccessible to individuals who lived outside the borough of Queens, where the college is located. Another thought was that CBOs were known and respected in their communities and offered a wide variety of services that could benefit FSS participants. Though situating FSS within community-based organizations was a change for New York City's FSS program, this is not an unusual model; HUD regulations are sufficiently broad to allow for a variety of models for service delivery, and other housing authorities have contracted with community-based partners, as well.[5] Additionally, other HPD programs had already delivered services through partnerships with CBOs, and the agency had used CBOs in the past to help enroll people into FSS.[6] As discussed in Chapter 2, HPD also contracted with CBOs to enroll potentially eligible individuals into the Work Rewards demonstration and, thereby, into FSS.

[4]Individuals who were already enrolled in FSS before the Work Rewards demonstration started continued to be served by LaGuardia Community College and not the community-based organizations; the demonstration provided limited funds to LaGuardia to provide this service to those who had enrolled in FSS previously. (Prior enrollees were not part of the Work Rewards demonstration.)

[5]Sard (2001). See www.access.gpo.gov/nara/cfr/waisidx_00/24cfr984_00.html (accessed March 29, 2011) for HUD's FSS program regulations.

[6]HPD applied for and received federal HUD funding for FSS program services that enabled the agency to contract with community-based organizations to help enroll 2,300 eligible Section 8 voucher holders into the program.

Ultimately, the model could be described more accurately as borough-based rather than community-based. To select the CBOs that would deliver FSS services, HPD issued a Request for Proposals and eventually entered into contracts with five organizations: one in the Bronx, two in Brooklyn, and two in Manhattan.[7] (See Chapter 1, Table 1.2.) These organizations — sometimes also referred to as Neighborhood Partner Organizations, or NPOs — were chosen, at least in part, because HPD felt they had a variety of strong service programs that staff could leverage to meet the needs of FSS participants. Staff from the CBOs were trained by Seedco on how to conduct an orientation to the FSS program in March of 2008. During that training — which was essentially an FSS orientation in and of itself for CBO staff — staff learned how newly enrolled clients would be referred to their organizations, how they should orient their clients to the FSS program, and the kinds of services they were expected to deliver.

The FSS program was described to the CBO staff as an individualized program including career and educational assessment, individual career counseling, and career exploration workshops. Staff learned that they were expected to facilitate and model decision-making and planning; help clients develop five-year career plans, including long- and short-term career goals; outline next action steps; and proactively follow up with clients. Staff were provided with tools to aid in the service delivery process, including a needs assessment form, a five-year career plan form, and a case management referral form. Additionally, the CBO staff learned about the FSS escrow account and how to explain the account to clients so that it could serve as an incentive to increase earnings.

A further explanation of what was intended to make up the substance of the FSS program was included in a set of "talking points" distributed to the CBOs during the orientation training. That document suggested that CBO staff explain to clients that they would be asked to look at three parts of their lives in pursuing their goals and career plans: (1) employment and training, including whether they wanted to find or change jobs or take education or vocational training classes; (2) finances and savings, including whether they kept a budget, knew their credit score, were accessing tax credits, and had any savings; how work would affect their Section 8; and how the escrow account could benefit them; and (3) supportive services, explaining that FSS would provide a case manager and job developer and could help clients with issues that were preventing them from reaching their career goals.

Within the overall rubric of the two FSS components — case management and asset building — the CBOs had a lot of freedom to deliver a mix of services that would move people toward self-sufficiency. The only services that CBO staff were required to provide to every

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[7]In spring of 2009, one of the Manhattan CBOs ceased providing services, and all its clients were transferred to the other Manhattan CBO. Likewise, in spring of 2010, one of the Brooklyn CBOs ceased providing services, and all its clients were transferred to the other Brooklyn CBO.

client, in addition to orienting them, were conducting a needs assessment and completing a career plan. Beyond that, there was no specified order or prescribed set of services that staff were expected to provide. However, in order to be paid by HPD in accordance with their contracts — which, again, were 100 percent performance-based — CBO staff had to fit the services they provided within the 13 milestones mentioned earlier.

Three of the milestones, which fall under the category of case management, are services that are provided directly by the CBOs: completing a needs assessment, receiving case management and follow-up services, and linking to family-based support services, such as day care, tutoring, food bank, and the like. Of the three milestones that fall under the category of asset building — attending a financial literacy class or other asset-building service, linking to benefits or work supports, and improving credit — only "linking to benefits" is an actual service provided to the client, and even then the CBO cannot claim this milestone unless the client receives the benefit; simply helping a client apply for benefits is not sufficient. The other two asset-building milestones are ones that the client needs to achieve. The remaining milestones, which fall under workforce development, are all milestones that the client must achieve — starting employment; retaining employment for 30, 90, and 180 days; obtaining a wage increase or promotion; beginning an education or training program; and obtaining an education or training upgrade. The CBOs were expected to use their expertise and resources to find ways to help their clients achieve these milestones.

Although the FSS escrow account is the primary feature of the national FSS program's emphasis on asset building — and the intent was for staff to integrate marketing of the escrow as a way to encourage participants to take full advantage of FSS services that could help them with employment — promoting the escrow account was not built into the milestone structure. There were several reasons for that. First, the program would have had to define "marketing the escrow" with each individual participant (handing the client a flyer? mentioning it briefly? holding a special workshop about it?) and to find a way to measure the CBOs' marketing efforts with each individual, both of which seemed especially difficult to achieve. Additionally, since all matters related to the escrow account were tracked centrally by HPD, rather than locally by the CBOs, there was no real "work" related to the escrow accounts for which CBOs were responsible other than marketing; the milestone structure, which focused on services provided or milestones achieved by clients, was not the best structure within which to incorporate marketing, which was neither a service nor a client achievement. Finally, HPD was aware that the escrow account might be difficult for CBO staff to understand, let alone explain to clients, and this contributed to the decision not to make marketing of the escrow a payment point. Nonetheless, staff's inability to define marketing of the escrow as a discrete service for which they would be paid was problematic: the escrow could not be expected to function as an incentive if it was not well marketed.

When each CBO originally submitted its proposal to HPD for selection as an FSS service provider, it was able to set billing amounts for each milestone according to what it thought its organization's strengths were and how it thought it could best provide services and draw down its budget for the project. In other words, each CBO, according to its contract with HPD, could bill HPD for these milestones for a predetermined price, up to a maximum contract amount, and the prices for each milestone differed for each CBO. While the CBOs were expected to provide some level of services within each of the milestones, they were free to concentrate their efforts on the ones they thought would best meet their needs, as well as the needs of their clients. For example, if the CBO thought it could much more easily link participants to benefits than help them find jobs, it could set the billing amount for "linked to benefits" at $150 per benefit and assume it could link people to at least 30 benefits, bringing in $4,500 of its contract amount for this milestone; on the other hand, it could set the billing amount for "started employment" at $525 for each person it helped to find work, expecting only to help three people achieve this milestone, and therefore bringing in only $1,575 of its contract amount for this milestone.

In sum, HPD's Work Rewards FSS program was — by design — a somewhat loose mix of services that fell generally under the headings of workforce development, asset building, and case management, overlain with a complex payment structure that required all services to fall within, or lead toward, a specific milestone. A description of how FSS service delivery ultimately performed as a result of this set of conditions is presented later in this chapter.

FSS+Incentives Model

As described in Chapter 1, HPD voucher holders who applied to participate in the Work Rewards demonstration were randomly assigned to a program group that received FSS services alone, to a second program group (FSS+incentives) that received FSS services in combination with the opportunity to earn reward payments, or to a control group. The reward payments component of the Work Rewards demonstration was a work incentive strategy that offered a financial reward to participants who met certain work or education and training conditions. Case managers working with individuals in the FSS+incentives group were expected to integrate the reward payments offer into their work with those individuals; the expectation was that the reward payments would be an incentive for people to take advantage of FSS services so that they could meet the education or work conditions necessary to earn the rewards. Evidence from other studies suggests that financial incentives to work may be more effective when combined with employment-related services than financial incentives offered alone.[8] Ultimately, the hope was that the combination of financial incentives and employment-related services would lead to better employment and earnings outcomes.

The Work Incentives Offer

The cash work incentives had two main elements:

- **A cash reward for sustained full-time employment.** In order to receive this reward, the participant had to be employed for an average of 30 hours per week for six out of every eight weeks (that is, about 75 percent of the weeks in each two-month activity period — an "activity period" being the unit of time for which payments are made in the Work Rewards demonstration).[9] Full compliance with this condition earned a participant a $300 cash reward per activity period — up to $1,800 per year for the two-year program period, totaling $3,600 for the duration of the program.

- **A cash reward for successfully completing approved education or training courses.** Full compliance with this condition could earn a participant $300, $400, or $600 for a course, depending on its length, up to a total of $3,000 for the duration of the program.[10]

These reward payments were available to participants for up to two years from the time of enrollment in the study. In order to claim rewards, participants had to complete and submit a

[8]See, for example, the UK Employment Retention and Advancement project (Hendra et al., 2011); the Minnesota Family Investment Program (Gennetian, Miller, and Smith, 2005); and Canada's Self-Sufficiency Project (Michalopoulos et al., 2002).

[9]The program rewarded full-time work rather than part-time work because full-time work is more likely to come with higher wages and benefits. In addition, the program designers were concerned that rewarding part-time work might encourage some participants to reduce their work hours. Defining full-time work as 30 hours per week, rather than 40 hours, is in keeping with the definition used by many programs and is consistent with the definition established by the Organization for Economic Co-operation and Development (OECD — www.oecd.org). The requirement to work full time during 75 percent of the activity period, rather than 100 percent, recognized that for many low-wage workers, job turnover is common, sometimes because the job itself ends, and allowed some time for the worker to find another job. Those who were in this situation or who left work for other reasons would have a strong incentive to seek another full-time job quickly, in order to continue to be able to earn the reward.

[10]Originally, this reward was given for combining work and training, and it required the participant to work at least 10 hours per week while attending an approved training course of at least 35 hours, which also had to be completed successfully. The number of participants earning this reward was low, and there was concern that this may have been partly because the poor economy during this time made it difficult to find work and combine work with training. As a result, the work requirement was eliminated for the second year of the program to try to enable more participants to earn the reward.

"coupon" from a coupon book specially created for the program (as shown in Figure 3.1) and provide documentation indicating that they had met the conditions to claim the reward. Once the rewards were verified as having been properly earned and documented, payments were made electronically into participants' bank accounts, which the program helped establish for those who did not already have one. Money earned could be withdrawn at any time with a debit card that carried overdraft protection. (Participants who did not have or want a bank account received payment via a stored value card.)[11] These cash payments did not count as income that would affect the calculation of a person's rent subsidy, Earned Income Tax Credit payments, or other transfer payments. In some cases, appropriate state and federal agencies granted exemptions that excluded rewards earned from the calculation of other benefits.[12]

In terms of their role as an incentive, the reward payments differed in important ways from the FSS escrow account: while the escrow account accrues over a period of up to five years before it becomes available to participants, the reward payments provided a more immediate cash incentive. The FSS+incentives model therefore allowed the evaluation to test whether short-term work incentives add value to direct, employment-related services such as those provided in the FSS program — and vice versa. Additionally, because of the more immediate nature of the reward payments compared with the escrow account, they might be expected to lead to more engagement with FSS than that of the group receiving FSS services (including the escrow offer) alone.

Whether offering FSS alone or FSS combined with cash work incentives, each CBO had the tasks of contacting enrollees; inviting them to come into their offices for an orientation; encouraging them to take advantage of the FSS services and escrow, plus the reward payments offer for those in that group; and keeping them engaged over time. The next section describes FSS program operations, including orientation and service delivery, operational challenges, and efforts to address those challenges.

FSS Service Delivery, Adaptations, and Operational Experiences

The delivery of FSS services between April 2008 and October 2010 went through several transitions as the program evolved.[13] During the first year of services, the general approach to

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[11] A stored value card is a card that has a monetary value that is not linked to an external account belonging to the card-holder — similar to a gift card that can be used anywhere.

[12] Work Rewards obtained exemptions for Temporary Assistance for Needy Families (TANF) and food stamp (SNAP) benefits, but was unable to obtain one for Supplemental Security Income (SSI).

[13] April 2008 to October 2010 is the two-and-a-half-year program period under discussion in this report, but it also coincides with the period when FSS services were funded exclusively by CEO. As described earlier, HUD funding for HPD's FSS program had ceased in 2007. FSS was funded exclusively by CEO from April 2008 through June 2010. Beginning in July 2010, HPD received new HUD funding to operate FSS.

Figure 3.1

Full-Time Work Coupon for Claiming Payment in the FSS Program

WORK REWARDS better job. bigger income. better life. bigger savings.

Full-Time Work Coupon

Activity period: **February 1, 2009- March 31, 2009**

AFFIX PREPRINTED LABEL IN THIS BOX

$300

Client ID:

Last Name:

First Name:

What is this?

A coupon to redeem a $300 payment for full time work

- Full time work is defined as working at least 30 hours a week for at least 6 out of the 8 weeks within the specified activity period

How Do I Earn This Reward?

ATTACH document(s) below to this coupon:

- [ ] A copy of your PROOF of **full time work**: PAYSTUBS or LETTER from your employer

Make sure your proof of work indicates that you have worked a minimum of 30 hours a week for at least **6 out of 8 weeks** (at least 180 hours) in this activity period

Final Steps!

1. Make copies of your coupon & documentation and keep them for your records
2. Mail this coupon with your PROOF OF WORK in the envelope provided. See payment cycle for exact submission dates, and mail them by or before the deadline to:

WORK REWARDS
P.O. Box 815
New York, NY 10159

Figure 3.1 (continued)

How to document work

To verify proof of work please submit:

- Pay Stub or
- Letter from Employer

Paystub

If providing an OFFICIAL PAY-STUB for the two month payment period:

- Make sure your pay stubs show the number of hours worked
- Make sure to include the correct number of pay stubs

For example:

- l If you get paid twice a month, submit at least 4 pay stubs
- l If you get paid weekly, submit at least 6 pay stubs

If your pay-stub does not list hours worked, you must provide a letter from your employer

Letter from Employer

If providing a SIGNED and DATED LETTER FROM EMPLOYER ON OFFICIAL LETTERHEAD it must show:

- Number of paid hours worked over the two-month activity period
- Employer company Tax Identification Number
- Employer name, title, address & telephone number

did you know?

ONLY jobs that pay you* TAXABLE *wages can be counted as work.
Some kinds of work will NOT *earn you rewards:*

- Working "off the books" (working without paying taxes on the money you earn)
- Unpaid internships or volunteer work
- WEP assignments for people receiving cash assistance

service delivery was a longer-term strategy that fit within FSS's five-year, national framework. Much of the work with participants focused on the removal of barriers to employment and gradual preparation for work. The CBOs' contracts supported this approach initially, allowing the CBOs to most easily draw down funds for providing these kinds of services — they included referrals to financial literacy services, credit checks and credit repair, and referrals to a variety of supportive services such as rent and utility assistance, legal aid, and mental health and substance abuse programs. In the second year, the program managers redesigned the structure by which the CBOs were paid according to their performance-based contracts to emphasize an earlier focus on work; they reinforced this approach with technical assistance, and the CBOs responded by moving their FSS programs from their housing departments — where they initially thought a program for Section 8 voucher holders would naturally fit — into their workforce departments.

In the third year, the Work Rewards demonstration funding from CEO ceased, as planned, and HPD received funding at a lower level from HUD to continue to provide FSS services. As a result, the CBO payment structure was revised once again to accommodate the reduced funding levels, and the CBOs began to target the program more aggressively to individuals who were determined to be priorities for service receipt — those who needed updated career plans and employed individuals — though not to the exclusion of other participants who requested other kinds of services. Finally, because FSS funding was now coming from HUD, HPD opened up FSS services at the CBOs to individuals who had enrolled in FSS before the Work Rewards demonstration began.

Orienting Participants

The orientation to FSS services was the participants' first contact with the program after random assignment. Designed to provide a thorough introduction to the range of FSS services that the CBOs had to offer, as well as an introduction to the escrow offer — and, for the FSS+incentives group, an introduction to the reward payments — attending orientation was considered an important activity before participating in the FSS program, though it was not required in order to receive services. However, although people signed up voluntarily for the FSS programs — albeit, in some cases, after persistent outreach and encouragement — it was very difficult for the CBOs to get them to attend orientations. The offer of the reward payments helped — individuals in the FSS+incentives group had higher FSS orientation attendance rates than those in the FSS-only group.[14]

[14]As discussed later in the chapter, interviews with program group members who had not attended orientation revealed that some individuals who were assigned to the FSS-only group did not attend orientation because they had enrolled in the Work Rewards demonstration to get reward payments. When these individuals were not randomly selected for the FSS+incentives group, they chose not to participate in the FSS-only program.

Orientation sessions began for the FSS program in April 2008 — three to four months after study enrollment began. While enrollment took place across 12 different CBOs, FSS program group members were scheduled for orientation and to receive services from one of five FSS service providers, which was often not the CBO where they had enrolled.[15] In fact, only 21 percent of participants received FSS services from their enrollment CBO, while 79 percent were assigned to a new organization. The FSS orientations provided participants with a comprehensive overview of the available services and the escrow offer.

As shown in Table 3.2, although 57 percent of all participants in both FSS program groups attended an FSS orientation,[16] 71 percent of those in the FSS+incentives group attended an FSS orientation, compared with just 42 percent in the FSS-only group — a statistically significant difference of 29 percentage points.[17] Attendance by the FSS+incentives group at the orientation for the cash work incentives was about equal to their attendance at the FSS orientation — 73 percent attended the orientation for the incentives offer. Based on orientation attendance, it is clear that FSS *with* work incentives generated a much bigger response than FSS without those incentives.[18]

The FSS orientation content and structure — just like FSS services in general — was initially loosely defined, and there was wide variation in structure and emphasis. In response, by September, Seedco supplied the FSS service providers with talking points to include in orientations going forward, to be sure that the CBOs provided information about the available program services in case management, supportive services, financial literacy, job readiness and placement, referrals within and outside of the CBO, and the asset-building component of the program — the escrow account. However, since orientation sets up expectations for service delivery, it is possible that the initial lack of structure could have contributed to lower-than-expected participation later.

CBO staff generally ensured that a first meeting with a case manager occurred immediately following — or sometimes during — orientation. This included introducing the building

[15]More CBOs were needed for recruitment and enrollment than for service delivery, and they were not all necessarily suited to do both.

[16]Although more than a third of participants (38 percent) were oriented within six months of enrollment, many were not oriented to FSS until more than a year after program services were available to them. Fifty-seven percent of the sample had been oriented within 18 months of random assignment (not shown in Table 3.2). (Enrollees could participate in the program before attending orientation, but orientation was by and large the first activity for most participants.)

[17]See tables in Appendix C for orientation and participation information for the full sample.

[18]Box 4.1 in Chapter 4 explains to read the impact tables in this report.

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Table 3.2

Orientation in the FSS-Only and FSS+Incentives Programs, by FSS Program Group

Outcome	Program Group: FSS Only	Program Group: FSS+ Incentives	Difference (Impact)		P-Value
Attended FSS orientation (%)	42.0	71.1	29.1	***	0.000
Attended incentives orientation (%)	—	73.2	—		
Sample size (total = 1,069)	546	523			

SOURCE: MDRC calculations from Seedco's Work Rewards program data.

NOTES: The core sample includes housing voucher recipients who were randomly assigned between January 1, 2008, and January 16, 2009, and excludes elderly individuals, disabled individuals, and individuals who likely belong to the Hasidic community. The data cover the 18 months after program group members were randomly assigned.

Estimates were regression-adjusted using ordinary least squares, controlling for sample members' pre-random assignment characteristics. A two-tailed t-test was applied to the differences between between FSS only and FSS+incentives outcomes. The p-value indicates the likelihood that the difference arose by chance. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

blocks for interactions between the case manager and the participant across all of the CBOs: the needs assessment and the career plan. At most of the CBOs, participants were asked to complete the needs assessment, which provided staff with information on clients' barriers to employment, including information about their work history, educational background, and criminal record. Information from the needs assessment was used to provide participants with referrals to supportive services, as well as to help identify jobs for which they may or may not be qualified. The case manager generally completed the career plan in conversation with the participant. The form outlined goals in employment, education and training, asset building, and overcoming barriers that the participant wanted to pursue during the five years of the FSS program.

CBOs conducted orientations using several different structures. Some used a group setting with a presentation to provide information about the program services and escrow account, followed by a one-on-one meeting with a case manager to complete the needs assessment and start a career plan. Others conducted orientation as part of the first meeting with a case manager, scheduling one-on-one meetings during which case managers described the program services and completed the needs assessment and career plan with participants. As the number of non-oriented participants declined, CBOs provided more one-on-one orientations to quickly engage participants in program services for both components of the program. Depending on the format of the FSS orientation, the process could take up to three or four hours — particularly for the combined FSS+incentives orientations, described next. The longer first meetings/orientations and the introduction of intensive paperwork during the first contact with the program may have contributed to the difficulty of keeping participants engaged in FSS services.

Orientations for FSS+Incentives Participants

Participants in the FSS+incentives program were oriented for both FSS services and cash work incentives at the same CBO, sometimes at the same time and sometimes in two different sessions or on two different days.[19] In contrast to the FSS orientation, the incentives orientation for those in the FSS+incentives group was prescribed and structured.[20] Orientations were expected to introduce and explain the work incentives offer, including a review of rules and responsibilities, activities and payments, information on community resources that could help participants meet the conditions to earn rewards, and information to establish a bank account when needed. Additionally, the sessions were intended to encourage participants to "stretch" beyond their current efforts in order to take advantage of the rewards — that is, to change their behavior and do something new by, for example, taking on more hours at work or signing up for an education or training program. These sessions were initially held in groups at three of the four CBOs but evolved into one-on-one sessions as the number of nonoriented participants declined and "no-shows" for scheduled sessions increased.[21]

Participants left the incentives orientation with a coupon book and program materials to help them claim rewards, including a list of the qualifying activities, a guide on how to submit coupons and documentation to claim rewards, and frequently asked questions for each activity.[22]

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[19]While most of the CBOs began the orientations for the cash work incentives in June, some chose to wait until July, when coupon books became available after a printing delay. Participants who attended orientation in June received their coupon books in a separate visit to the CBO. Spanish-speaking participants experienced the longest delays in engagement, since translations of orientation materials, coupon books, and other programmatic materials were not available in Spanish until September. Orientations were offered in English and Spanish at all of the CBOs in separate groups, by language needs.

[20]Training provided by Seedco for the work incentives orientations was intensive and specific. It included a detailed PowerPoint presentation outlining the main points and training for staff on how to explain the reward payments offer. Most CBO staff used the slides as a reminder of the session's contents during their orientation sessions, and one CBO even distributed a print-out of the PowerPoint presentation to participants to follow during the session.

[21]As noted earlier, a fifth CBO, Catholic Charities (in Manhattan), had just begun to provide services when it dropped out of the demonstration; St. Nicholas (in Brooklyn) dropped out later, in the final year.

[22]More details about the orientation for the cash work incentives are included in Chapter 5, which focuses on the incentives-only program.

Orientation Outreach and Challenges

The goal for orientation was to orient 100 percent of the FSS-only and FSS+incentives group members. However, despite repeated and continuous outreach attempts, this goal proved impossible to achieve. To understand better what prevented some program group members from attending orientation, MDRC researchers conducted 50 interviews by telephone with individuals who had enrolled in FSS but subsequently did not attend an orientation.[23] Findings from those interviews, as well as from interviews with CBO and Seedco staff, suggest that the relatively low initial attendance at orientation — which improved somewhat over time, especially for the FSS+incentives group — was primarily a result of obsolete contact information, scheduling conflicts for working participants, a lack of interest in participating, and conflicting demands on staff time. The FSS orientation rate may also have been negatively affected by the delay between enrollment and orientation, and by the fact that many individuals were not familiar with the FSS service provider.

Obsolete Contact Information

As noted in Chapter 2, obsolete contact information, including out-of-service phone numbers and incorrect addresses, made recruitment for the Work Rewards demonstration difficult. Likewise, incorrect contact information also hindered the effort to invite enrollees to attend orientation. CBO staff addressed this problem by sending mailings when phone numbers were bad, making home visits and doing Web searches to try to locate individuals who may have moved, and continuing to make calls in the hope that service would be restored for temporarily disconnected telephone lines. While they were not common practice across all of the CBOs, home visits may have engaged participants who were unable to attend orientation because of a CBO's hours or location. Despite this effort, many program group members who had not attended orientation reported that they had not received any contact from the program since enrollment, including mailings or phone calls.

Scheduling Conflicts

Scheduling conflicts were most common for employed individuals. All of the CBOs operated program services between the hours of 9:00 a.m. and 5:00 p.m., but most were able to offer extended hours upon request or on specific days of the week. Early on, some CBOs also made weekend hours available to cater to people who worked during the week. Despite these efforts, the CBOs reported very limited activity during these extended hours and eventually

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[23]These interviews were conducted between September 2009 and January 2010. Thirty interviews were conducted with FSS-only group members and 20 with FSS+incentives group members.

scheduled them "by request only." Based on interviews, program group members seemed generally unaware of any hours offered at their CBO outside of regular business hours. The perceived lack of CBO staff availability generally prevented individuals with more traditional work hours from learning about program offerings and engaging in program services. In fact, some of the working FSS+incentives group members who were interviewed and who had not attended an orientation were eligible for the full-time work incentive but had been unable to pick up their coupon book or learn how to claim rewards.

Lack of Interest in Participating

During outreach for orientation, some program group members expressed that they were not interested in participating in the program. Interviews with program group members who had not attended orientation revealed that some individuals who were assigned to the FSS-only group did not attend orientation because they had enrolled in the Work Rewards demonstration to get reward payments. When these individuals were not randomly selected for the FSS+incentives group, they chose not to participate in the FSS-only program. Most FSS staff attributed the difference between the orientation rates for the FSS-only and the FSS+incentives groups to the lack of an immediate financial incentive for the FSS-only group; the reward payments appeared to be more enticing than FSS program services or the escrow account.

Continued Outreach and Recruitment

In addition to outreach for orientation, CBO staff were responsible for continued outreach and recruitment activities through the end of 2008.[24] For FSS, these demands were stretched over a period of 10 months. This was particularly difficult to maintain, since most of the FSS CBOs operated at relatively low staffing levels, and staff were strained to meet benchmarks in both recruitment and orientation. The use of borough-based FSS enrollment fairs, conducted by the CBOs together with HPD and Seedco in the later months of enrollment, helped relieve some of the stress of the study's enrollment goals by providing CBOs with an alternative method to increase their enrollment numbers beyond what they could achieve independently.

Delay Between Enrollment and Orientation

Many program group members — particularly those who enrolled earlier in the program period — experienced a delay between enrollment and orientation because it took

[24]Two CBOs that were chosen to serve as FSS service providers joined the recruitment efforts beginning in April 2008.

some time for the FSS service providers to get ready to launch their programs.[25] Individuals were not told during enrollment which organization would be their service provider, because those assignments had not been made yet. By April or May — three to four months after enrollment — FSS program group members began to receive an official letter from HPD announcing where they could receive services, but the confusion may have already negatively affected orientation rates. Furthermore, program group members were not necessarily familiar with the organization that later attempted to contact them about orientation. In fact, responses from interviews with participants suggest that, before the start of Work Rewards, only a small portion had been to the CBO to which they were ultimately assigned; this is not surprising, given that the "community-based" model for providing FSS services was actually more of a borough-based model, and some of the CBOs were not especially accessible to people even within the same borough.

Overall Assessment of FSS Orientation

Overall, the CBOs implemented the FSS orientation in accordance with the broad guidelines that HPD and Seedco provided to them; the CBOs effectively presented a general overview of the main components of program services. However, the combination of the orientation and first meeting into one long, initial session may have been unappealing and contributed to problems with longer-term engagement in FSS program services. Introducing the needs assessment and career plan in the initial meeting ensured that the CBOs achieved a payment point on their performance-based contracts, which did not include payments for completing orientations to FSS, but it made for an especially prolonged first meeting. The paperwork provided a "win" for the CBOs, but most participants left their first, lengthy contact with their FSS service provider without a tangible service. Not "getting something" from the first interaction with the program may have been a deterrent to further participation for some individuals. Similarly, the separation of FSS and work incentives orientations at most CBOs required multiple visits for the FSS+incentives participants, which may have led them to choose to participate in the orientation for the program component that was most appealing — the cash work incentives component, according to interviewees.

[25]Only 38 percent of program group members across the FSS-only and FSS+incentives groups had been oriented by six months after enrollment.

FSS Service Delivery

Year 1: Start-Up, April 2008 to March 2009

The first six to nine months of the FSS program can be viewed as a start-up period during which the program was still coming together and staff were still learning about it and how to deliver it. As described earlier, the delivery of FSS services was rolled out in the midst of ongoing efforts to continue to recruit and enroll the study sample into Work Rewards and to orient program group members to FSS. From April 2008, when service delivery began, through the end of that year, when enrollment had mostly ceased, staff at the FSS CBOs were juggling the tasks of recruitment, enrollment, orientation, and service delivery. They also did not have the benefit of a formal pilot period to test service delivery strategies or to develop the program more before rolling it out to most people, but rather had to "hit the ground running." Because of the slow evolution of the program, those who enrolled later experienced a more mature program.

Adjustments were made to the program during that initial period, as CBO staff began to deliver services and gain experience with the milestone submission process — that is, the process of submitting documentation to HPD showing achievement of the program's 13 payment milestones for which the CBOs would then be paid according to their contracts. For example, after three quarters of service delivery — by December 2008 — the milestone submission process was changed from a quarterly to a monthly process, to allow funds to flow more frequently to the CBOs to meet cash flow needs. Also, about a year into service delivery (March 2009), the Needs Assessment milestone, which required a completed credit report for the CBO to claim the payment — and many participants were reluctant for a variety of reasons to get a credit report — was split into two milestones: Needs Assessment I, which was a completed needs assessment but without the credit report, and Needs Assessment II, which was the completed credit report. This enabled the CBOs to be paid for completing the actual needs assessment, even if a participant did not want to complete a credit report.

As with the relatively unscripted orientation process, the service delivery strategy for FSS was also loosely defined. Beyond meeting with a case manager and completing a needs assessment and career plan, there were no specified "next steps" for service delivery or set of services expected to be delivered to each client — services were to be delivered according to participants' needs. Additionally, there was no expectation for a specific "dose" of services — that is, CBO staff were not told how frequently they should try to meet with clients. In fact, the contract structure only allowed CBOs to bill for case management services once per quarter for each client; as a result, the CBOs did not have an incentive to have frequent (for example, monthly) case management sessions with the portion of their caseloads that they were able to engage.[26] Any case management services provided more frequently than once per quarter would not be paid for.

The absence of a structured service delivery strategy combined with the 100 percent performance-based contract structure resulted in service delivery being driven largely by the contracts' payment milestones rather than by a cohesive model of what it takes to move people toward self-sufficiency. Lacking a steady, reliable flow of funds to support program implementation — as would have been the case with a contract structure that included some portion that was line-item reimbursement — the CBOs had to figure out how to draw down funds in a way that also promoted the program's goals and the clients' individual goals. This was not so simple: while the program's goals were focused primarily on employment and economic self-sufficiency, the payment milestones that addressed those goals were the most difficult to achieve.

As a result of the mix of needs among this population and the need to bring funds into the CBOs — as well as the tension between the FSS program's five-year timeline and the two-year timeline of CEO funding for FSS — staff were initially providing a lot more services that were not directly employment-related, such as financial literacy classes, links to benefits, credit improvement, and links to family-based support services. These services were easier for CBOs to deliver, but staff also felt they were the necessary first steps to working with this population. CBO staff invariably concurred that, for the most part, the population that had enrolled in Work Rewards was particularly disadvantaged and had multiple barriers that had to be addressed before they could move into employment, such as low education levels, lack of adequate child care, and other family responsibilities that made working difficult for many individuals. As noted in Chapter 2, a large proportion of HPD enrollees into the FSS program were either elderly or disabled, and while many of them were not interested in working, they turned to the CBOs for assistance with a range of issues, such as problems with their landlords or the need for utility or food assistance. Even those who were not elderly or disabled were still often hard to work with, as many had a variety of other obstacles preventing them from obtaining employment.

Partly because funding for the program was unstable from year to year and was 100 percent performance-based, Work Rewards program managers felt they couldn't invest up-front in more experienced staff, who would likely have learned quickly about the FSS program and

[26]Early in the program implementation stage, HPD had suggested that 40 percent of enrollees were not likely to ever be engaged, and that if the CBOs could engage 60 percent of the remaining 60 percent of their caseload, then they could earn the full quarterly allotment in their contracts for case management. This would have eliminated any incentive for the CBOs to serve their entire caseload. Seedco pushed instead for the CBOs to be paid per individual for case management services, which ultimately became the policy. Still, CBOs were encouraged to draw down as much of their budgets as they could by working intensively with their "best" and most engaged clients.

figured out how to work within the confines of the performance-based contracts while providing high-quality, useful, employment-related services. These CBOs had never provided FSS services before and were learning as they went, and, as discussed later, the program itself was a moving target, as the emphasis changed each year. Though many staff had at least some case management experience, there was an overall lack of seasoned staff with employment-related experience. Technical assistance to increase staff capacity was not introduced in a rigorous way until much later in the program. One partner noted, in retrospect, that even earlier training might not have been enough to ensure that participants received strong workforce-focused services.

Year 2: Sharpening a Focus on Employment, April 2009 to June 2010

The Work Rewards partners — HPD, Seedco, and MDRC — felt that the Work Rewards FSS program did not have a strong enough emphasis on employment, in part because of the limitations of the contract structure and of staff expertise, but possibly also because the message to CBOs to emphasize employment was not delivered strongly enough in the first place. Therefore, the partners undertook a redesign effort to place the focus of the program more squarely on employment. HPD did not have the ability to change the contract structure mid-course;[27] instead, from roughly September 2008 through April 2009, the partners worked to restructure the delivery of FSS services in a way that would bring a sharper focus to the FSS program's employment goals while also enabling the CBOs to be paid for their work according to the existing contract arrangement.

The sharper emphasis on employment was operationalized in a number of ways. First, several of the CBOs moved their Work Rewards program from their housing departments — where they initially thought a program for Section 8 voucher holders would naturally fit — into their workforce departments, so that they could more fully tap into the workforce-related resources their CBO offered. Second, employment became a prerequisite for CBOs to achieve certain milestones — for instance, if a CBO wanted to be paid for the "linked to work supports" milestone, the client had to be employed. Third, some of the milestones that were not directly employment-related were capped; as a result, CBOs could not, for example, draw down a substantial portion of their budgets by sending as many clients as possible to financial literacy classes. Using client characteristics data that were collected at the time of program entry, Seedco attempted to categorize clients — for example, as employed, job-ready, hard-to-serve, and so forth — and to develop differentiated service strategies for each of these categories. In addition, Seedco began offering more technical assistance on good case management practices through a series of seminars. Finally, in the spring of 2009, Seedco hired case managers and job

[27]Changing the structure would have required that HPD issue a new Request for Proposals, accept proposals and review them, and issue new contracts, which would have been extremely time-consuming.

developers and provided them to the CBOs, with the intention of supplementing the CBOs' FSS staff with more experienced, seasoned professionals.[28]

By late summer and into the fall of 2009, with the redesign of FSS, program participation seemed to be on the rise, especially in terms of the employment-related milestones. Observations of program staff also suggested that the program was getting stronger — for example, they noted that more people were starting education or training and finding jobs. However, there was strong resistance to and disagreement about several aspects of the redesign among many of the CBO staff. They observed that, after the redesign, their work with clients had to change from a long-term view, which meant they were working with clients to address employment barriers and prepare them to eventually obtain a good job, to a short-term view, which meant they had to immediately place clients into any job. This sentiment also reflected a tension that was inherent to the funding for the FSS program during this period — that is, although FSS is a five-year program, and escrow accounts funded by HUD would accumulate for five years for Work Rewards FSS participants, FSS *services* during this period were funded for only two years by CEO, and there was no guarantee of future HUD funding for FSS; therefore, it was uncertain whether FSS services would continue to be delivered at all, let alone by the same CBOs, after those two years were over. The following is fairly representative of the opinions of many CBO staff:

> So I think that . . . it's sort of putting the cart before the horse. It's like, okay, forget about all the case management: get a job. We need to get you from A to C but without B. . . . [T]hese people sometimes have serious housing issues. Some of them have drug issues. Some of them have some serious barriers that are going to stand in their way to employment. . . . And so it's the whole being able to work with somebody and polish them and give them some of the support systems that they need. That's been deemphasized.

In retrospect, even one of the partners had mixed feelings about the redesign effort:

> I think it definitely pushed the [CBOs] to produce [employment] outcomes. . . . Do I think that employment should be such an emphasis so early on in a program? That I don't know. . . . So I think that you win and you lose and I think . . . some of the [CBOs] would agree that it is a good thing at the executive level because they also believe in employment and that other good things can kind of come with it. But I think on the flip side we've lost some other sort of milestones that I think are also very important.

[28]This effort did not lead to the hoped-for results, as all four of the original Seedco hires left the program within two months. Subsequently, the CBOs hired replacements for these positions, two of whom then stayed with the program for only about six months.

Year 3: Scaled-Back FSS Funding but Continued Focus on Employment, July to December 2010

As planned, as of June 30, 2010, funding for FSS services that had been provided by CEO as part of the Work Rewards demonstration ceased. HPD received a grant award from HUD, effective July 1, 2010, that amounted to a little more than half of the funding level of the first two years of the program. Consequently, HPD worked with Seedco and MDRC to develop a new, scaled-back scope of work for the FSS services that the CBOs would provide. At the same time, because funding was now coming from HUD, HPD was required to provide services to all FSS participants, including people who had been enrolled in FSS before the start of the Work Rewards demonstration; while these participants had been eligible to receive FSS services at LaGuardia Community College after Work Rewards began, they were now being invited to receive services at the CBOs, as well. Finally, for the third year of the program, HPD reengaged LaGuardia Community College to provide career advancement services to FSS participants.

The CBOs' new scope of work had three priorities: (1) to engage participants who were in need of updating their career plans; (2) to engage employed participants and those actively seeking employment; and (3) to engage FSS participants who had enrolled in FSS prior to the start of Work Rewards. CBOs were charged with identifying and reengaging participants whose achievements in the FSS program did not match the goals they had identified in their career plans, and then either actively directing those participants to services that would move them toward their career goals or reevaluating their career plans to more accurately represent their current goals. The CBOs were also now charged with encouraging employed participants to pursue career advancement as a goal, in part by referring them to LaGuardia Community College's Career Advancement Program; this program provided career counseling that was thought to be more thorough and specialized than that available at the CBOs. Finally, the CBOs were asked to start contacting FSS participants who had enrolled before the Work Rewards demonstration began and who had been receiving services solely at LaGuardia.

Along with the change in the scope of work came a revision to the milestone billing structure for the CBOs. The CBOs now had a monthly maximum dollar amount they could earn on their contracts by providing services in three broad categories, rather than the original 13 individual milestones: (1) case management; (2) targeted core milestones, which included needs assessment, job placement, linked to benefits, began training/education, and financial literacy; and (3) flexible milestones, which could be any of the original 13 milestones. The new structure gave the CBOs more flexibility to provide a range of services within these categories, as individual milestones were no longer capped and could be provided to any FSS participant, regardless of whether that participant was working or not. The CBOs could earn 40 percent of the monthly allotment by providing case management services, 40 percent by providing a mix of the targeted core milestones, and 20 percent by providing a mix of the flexible milestones.

While the flexibility was helpful and the documentation was less onerous than it had been previously, the CBO staff noted that the limited HUD funding that was available for Year 3 of FSS services was too little to provide the full range of services. One CBO had to let one staff person go because it could no longer afford to pay her salary. In general, the CBOs acknowledged that many of the services for FSS participants were being funded through other contracts, because the monthly allotment for the final six months of 2010 was not sufficient to provide even the basic level of services.

Beyond December 2010, funding for FSS services remained uncertain. HPD had responded to a Notice of Funding Availability from HUD, but any funding received would be for calendar year 2011 only. The CBOs understood that their continued provision of FSS services beyond December 2010 would be determined by whether HPD received the HUD award, the amount of the award, and whether or not HPD chose to continue to provide services in the same way, using the CBO model. While participants could potentially continue to receive FSS services for a total of five years, this was not guaranteed, nor were the CBOs guaranteed to be the providers. Escrow funds would continue to be available and accrue for five years for those earning them, but whether or not there would be FSS services — and what shape they would take — remained to be seen. As it turned out, HPD did receive HUD funding for 2011 and chose to renew the CBOs' contracts; the milestone structure went back to the original 13 milestones, but with no caps and no limitations or prerequisites, such as the original requirement that a participant be working in order for the CBO to bill for certain milestones.

Common Implementation Issues Across Years 1 Through 3

The first year of FSS service delivery was characterized by the gradual ramping up and adjusting of the program, as well as a long-term view on moving people toward self-sufficiency. The second year was marked largely by the redesign to emphasize services that were focused in the shorter term on employment. The third year was distinguished by a sizable decrease in resources and a concurrent reduction in service delivery. Despite these differences across the three program years, some aspects of FSS service delivery were common through the duration of the two and a half years of program services covered in this report. At all times, the intent of the program — though not always the practice — was to integrate the marketing of the escrow account into the delivery of FSS services. For those in the FSS+incentives group, the intent was to integrate the marketing of both the escrow and the reward payments, so that both would serve as incentives to participate in FSS services and move toward employment, increased earnings, and self-sufficiency. To achieve these objectives, staff had to find ways to keep participants engaged in the program. The next sections explore the use of incentives within FSS and efforts to keep participants engaged with the program.

The Escrow Account and the Reward Payments

Marketing of the Escrow Account. After an initial explanation of the escrow account to participants during FSS orientation, staff often did not discuss it with them again unless the participants asked questions about it — though this approach varied depending on the case manager. As noted earlier, asset building is one of the two main focuses of the federal FSS program — the other one being case management, which includes job services — and the escrow account is the main vehicle for building assets. This was intended to be the case for the Work Rewards FSS program as well, though this emphasis on the escrow account did not materialize as envisioned. It was hoped that the escrow account would both serve as a motivation to increase earnings in order to start building escrow savings and that the escrow savings themselves would provide substantial assets to FSS participants that would help them become self-sufficient — for example, by using the assets to pay for education or training, buy a house, or meet other needs.[29]

Recognizing the lack of emphasis on the escrow account — and that, if sufficiently marketed, the escrow could motivate participants to try to increase their earnings, even in the absence of high-quality FSS services — the program designers decided to undertake an active campaign to market the escrow account beginning in the fall of 2009. This was largely undertaken centrally by Seedco, which worked with a design firm to produce postcards and newsletters (shown in Figure 3.2) that were mailed to participants every few months, and that used “call blasts” (automated calls to large numbers of people) to remind participants of the escrow offer. CBO staff reported some increase in the number of phone calls and visits related to the escrow accounts after each mailing or call blast, but they still played mostly a reactive role when it came to the escrow account — answering questions to the best of their ability when asked and referring participants to the HPD case managers for more specific information about individual escrow balances and program rules.

Integration of FSS and Reward Payments. The extent to which FSS and the reward payments offer were integrated depended largely on the particular case manager. Notably, despite an overall weak emphasis on integrating the programs, the FSS+incentives group still had higher levels of participation in FSS than did the FSS-only group, as shown later in this chapter. Participants may have already been quite aware of the incentive provided by the reward payments, and they responded by more actively engaging in FSS on their own, even though their case managers did not actively promote the reward payments as an incentive to engaging with the FSS program.

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[29]Though it is hoped that the assets will help lead to self-sufficiency, there are no restrictions on how escrow funds can be used once someone has successfully graduated from the program.

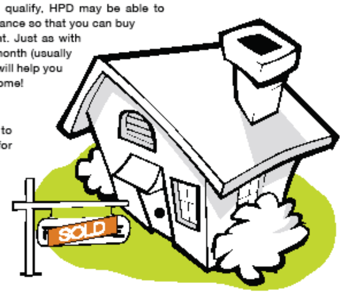
The Opportunity NYC Demonstration: Work Rewards

Figure 3.2

Escrow Newsletter

HPD Can Help You Own Your Own Home!

Are you ready to go from renter to home owner? If you qualify, HPD may be able to change your monthly *rental* assistance to *mortgage* assistance so that you can buy a home and pay a mortgage instead of rent an apartment. Just as with your rent, you would pay a portion of the total due each month (usually 30% of your monthly income). In addition, saving e$crow will help you put money away towards a down payment on your first home!



Homeownership is a big investment, and HPD wants to ensure that buying is the right choice for you. To qualify for homeownership vouchers, you must:

- *Prove that you or someone in your household is consistently employed*
- *Have a credit rating of at least 620*
- *Have a minimum income level*

If you are working and financially stable, you may qualify for a homeownership voucher. Please contact Nicole Levin at HPD at 212.863.8837 for information on this exciting opportunity! If you don't qualify now, your CBO case worker can help you to take care of any income, employment or credit issues so that you can take steps towards owning your own home! *Call your CBO case worker to learn more.*

ASKHPD?

QUESTION:

What are the benefits of reporting my increase in income to HPD today? Can I just wait to report it at recertification?

ANSWER:

If You...
Report Now
When you report an increase in income to HPD, your portion of rent will go up. But remember, if your rent goes up because you (or another adult household member) earns more income from employment, HPD will contribute the amount of the increase in your rent to your FSS e$crow account right away.

If You...
Wait to Report an Increase at Recertification
If you chose to wait until your annual recertification to report an increase in your income, you will miss out on earning e$crow until your recertify. Don't forget that you must report any changes in income either when it occurs or at your annual recertification.

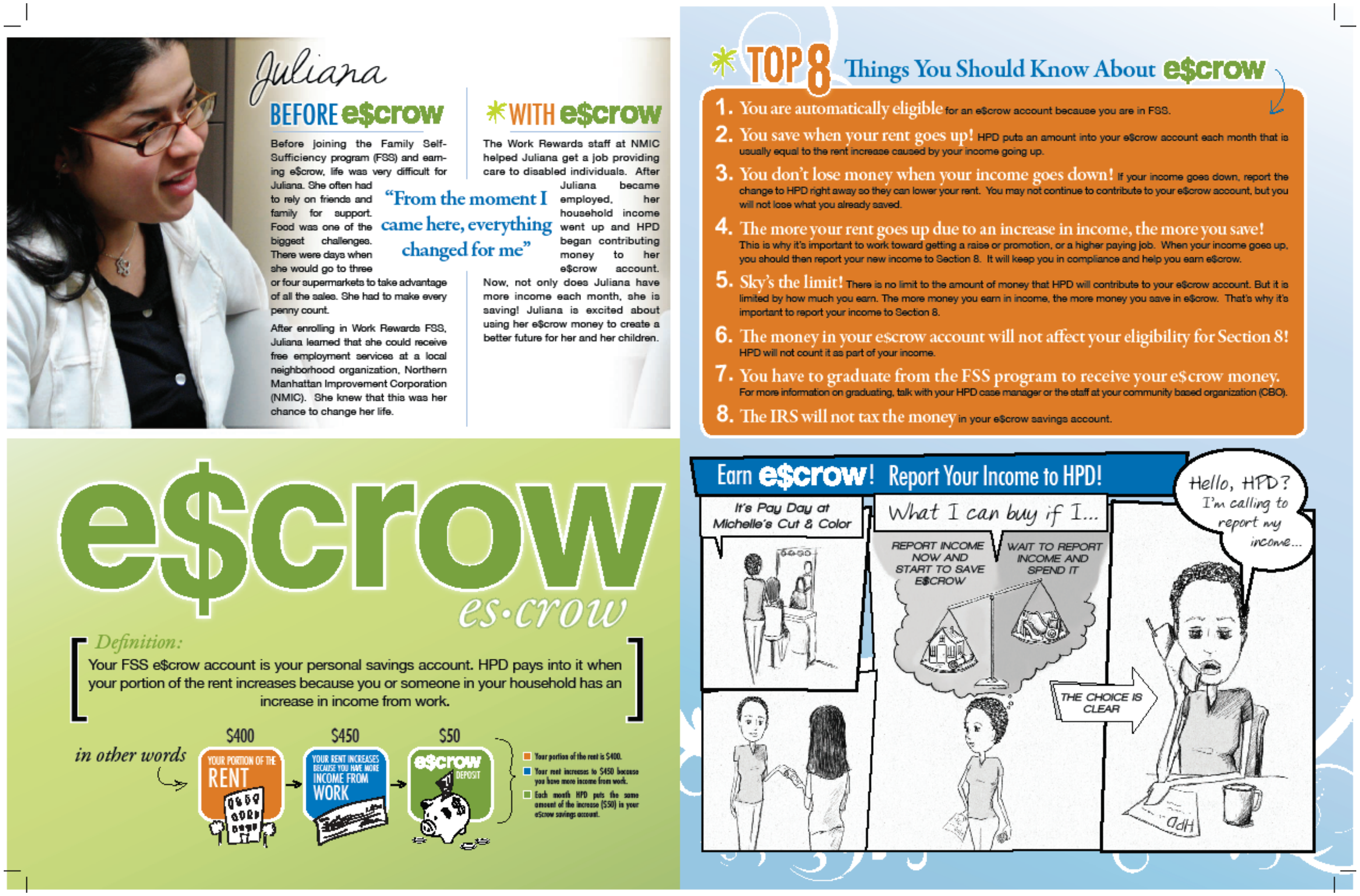
WORK REWARDS

PRSRT FIRST CLASS
U.S POSTAGE
PAID
HORSHAM, PA
PERMIT NO. 90

what is an HPD e$crow account?

Savings *just for* You!

Figure 3.2 (continued)



Juliana

BEFORE e$crow

Before joining the Family Self-Sufficiency program (FSS) and earning e$crow, life was very difficult for Juliana. She often had to rely on friends and family for support. Food was one of the biggest challenges. There were days when she would go to three or four supermarkets to take advantage of all the sales. She had to make every penny count.

After enrolling in Work Rewards FSS, Juliana learned that she could receive free employment services at a local neighborhood organization, Northern Manhattan Improvement Corporation (NMIC). She knew that this was her chance to change her life.

“From the moment I came here, everything changed for me”

WITH e$crow

The Work Rewards staff at NMIC helped Juliana get a job providing care to disabled individuals. After Juliana became employed, her household income went up and HPD began contributing money to her e$crow account. Now, not only does Juliana have more income each month, she is saving! Juliana is excited about using her e$crow money to create a better future for her and her children.

e$crow

es·crow

Definition:

[Your FSS e$crow account is your personal savings account. HPD pays into it when your portion of the rent increases because you or someone in your household has an increase in income from work.]

in other words

$400 YOUR PORTION OF THE RENT → $450 YOUR RENT INCREASES BECAUSE YOU HAVE MORE INCOME FROM WORK → $50 e$crow DEPOSIT

- Your portion of the rent is $400.
- Your rent increases to $450 because you have more income from work.
- Each month HPD puts the same amount of the increase ($50) in your e$crow savings account.

TOP 8 Things You Should Know About e$crow

1. **You are automatically eligible** for an e$crow account because you are in FSS.
2. **You save when your rent goes up!** HPD puts an amount into your e$crow account each month that is usually equal to the rent increase caused by your income going up.
3. **You don’t lose money when your income goes down!** If your income goes down, report the change to HPD right away so they can lower your rent. You may not continue to contribute to your e$crow account, but you will not lose what you already saved.
4. **The more your rent goes up due to an increase in income, the more you save!** This is why it’s important to work toward getting a raise or promotion, or a higher paying job. When your income goes up, you should then report your new income to Section 8. It will keep you in compliance and help you earn e$crow.
5. **Sky’s the limit!** There is no limit to the amount of money that HPD will contribute to your e$crow account. But it is limited by how much you earn. The more money you earn in income, the more money you save in e$crow. That’s why it’s important to report your income to Section 8.
6. **The money in your e$crow account will not affect your eligibility for Section 8!** HPD will not count it as part of your income.
7. **You have to graduate from the FSS program to receive your e$crow money.** For more information on graduating, talk with your HPD case manager or the staff at your community based organization (CBO).
8. **The IRS will not tax the money** in your e$crow savings account.

Earn e$crow! Report Your Income to HPD!

Work Rewards participants who were part of the combined FSS+incentives group had the benefit, theoretically, of taking advantage of FSS services in order to gain or increase employment or to enroll in education and training and, consequently, to earn rewards. Designers of the programs had hoped that staff would actively promote the offer of reward payments to help motivate participants to engage with the FSS program and advance toward full-time work. For example, case managers might have used the offer of the reward payments to encourage participants to get training that could, in the short term, strengthen their chances of earning the education and training reward; once completed, that education and training might help the participant get promoted to a better job with more hours — leading, in turn, to the cash reward for obtaining full-time work.

Observations of program services revealed that some case managers were very good about reminding FSS+incentives participants that their employment efforts would be rewarded not only with a better earned income, but also with the bonus of the reward payment. Often, however, case managers did not mention reward payments as an incentive to get participants to take advantage of FSS services in order to build their earnings capacity or get help finding a job.

Keeping Participants Engaged in FSS

Following the orientation sessions, participant engagement with FSS program services declined. CBO staff found that participants were difficult to engage unless they "needed something." As one case manager described it,

> Even though you explain to them the services that are available, they don't think that they need those services…especially if they already have jobs, and they're working.… Then they realize that they actually do have challenges that they do need help with, and they cannot solve all their problems on their own, and then my phone starts ringing.

This "need-based" interaction was particularly problematic for the CBOs because of their 100 percent performance-based contracts. Disengaged participants detracted from the CBOs' ability to spend down on their contracts and bring in the funds needed to support programmatic expenses. The CBOs, Seedco, and HPD invested significant effort to engage and sustain participation across a larger number of participants, but they were still unable to reach their targets.

Of note, the Work Rewards FSS program's efforts to engage participants were not characteristic of most FSS programs nationwide. HUD regulations allow local housing authorities to screen for only one factor when selecting voucher holders to participate in FSS: motivation. Specifically, the regulations state that housing authorities may screen applicants for interest and motivation to participate in FSS, but may not screen for any other factors that could be discriminatory, such as education, job history, credit rating, marital status, or number of children.[30] The Work Rewards FSS program not only did not screen for motivation, but rather carried out an aggressive effort to recruit individuals to enroll in FSS and then to keep them engaged. Furthermore, according to the federal FSS regulations, if participants do not show that they are making progress toward the goals they have specified in their contracts of participation — in particular, if the head of household is not actively seeking employment — they can be terminated from the program.[31] The Work Rewards FSS program never sought to terminate anyone from the program for nonparticipation, but rather undertook a variety of tactics to increase participation. Thus, the Work Rewards sample was probably more similar to the broader population of voucher holders, and the experience of engaging them in FSS services can shed light on the difficulties that might be encountered if FSS were provided to a broader range of voucher holders.

Engagement Efforts. The range of tactics used to increase program participation in FSS services included telephone campaigns, social- and employment-related events, call blasts, and regular mailings. Additionally, Seedco and HPD staff reviewed participation data to identify participants who were receiving escrow or reward payments but were not participating in FSS program services. The CBOs used this information to target participants with outreach about FSS services.

At the CBOs, staff made phone calls to participants encouraging them to meet with their case manager. This included invitations to program events (described below), reminders of staff availability to assist with rejected reward payment claims for FSS+incentives participants, information about escrow account accumulation, and reminders that the program could help participants maximize their escrow accrual. Based on information from Seedco and HPD, CBO staff targeted individuals who had recently reported employment through coupon submissions for reward payments or during their most recent Section 8 recertification process, which provided an opportunity for CBO staff to have a conversation with them about escrow.

In addition to phone outreach, the CBOs held events to engage participants in program services. These included social events for holidays with raffles and other give-aways, children-focused activities, food distribution, financial literacy workshops, tax preparation sessions, escrow informational sessions, and job search events, including a career fair and job clubs. While some of these events drew as many as 50 to 120 participants, most attending participants

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[30]See Section 984.203 at www.access.gpo.gov/nara/cfr/waisidx_00/24cfr984_00.html (accessed March 29, 2011).

[31]See Section 984.303 at www.access.gpo.gov/nara/cfr/waisidx_00/24cfr984_00.html (accessed March 29, 2011).

were program "regulars." Only small proportions of attendees were new to the program or had been out of touch for long periods of time.

Event announcements were sent in mass mailings along with reminders about program services. These mailings included postcards prepared by a marketing firm and sent centrally from Seedco that reminded participants of their enrollment in the Work Rewards demonstration and provided a brief description of the services they were eligible to receive through FSS, as well as reward payments for FSS+incentives participants. Some CBOs also produced their own flyers, which were reviewed by Seedco and then mailed to participants.

Finally, the additional staff that Seedco hired in the second year to support the CBOs were often used to target participants who had never engaged with the program or had been disengaged for some time. This allowed the other case managers to focus on retaining participants who were already engaged in program activities.

Obstacles to Engaging Participants in FSS Services. Despite the attempts to increase engagement, FSS service providers struggled to achieve this goal. Staff attributed low engagement to the fact that FSS was not a mandatory program. FSS was also described to participants as a five-year program, which may have felt daunting to them — five years is a long time to expect anyone to remain engaged with a program. Additional factors that contributed to the difficult task of increasing participant engagement included some individuals' pre-existing requirements to participate in mandatory programs, such as work requirements for recipients of Temporary Assistance for Needy Families (TANF); scheduling conflicts and a lack of awareness about relevant program services for working participants; lack of adequate transportation; language barriers to participation; general discouragement; and possible fears about rent increases or losing Section 8 assistance because of work. These are discussed below in turn.

Participation in mandatory programs. Participants who were receiving cash assistance (in the form of TANF) were required by New York City's Human Resources Administration (HRA) to participate in the Work Experience Program (WEP),[32] ongoing case management, education or training, and/or job search in order to receive their benefits. While FSS provided services that were similar to the WEP services, it did not qualify to fulfill the HRA requirements for TANF recipients who were participating in the Work Rewards demonstration. As a result, participants receiving TANF often chose to meet mandates instead of engage in FSS program services. Given that households receiving TANF made up 18 percent of the FSS study sample, it is likely that this affected a fair number of participants.

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[32]WEP is a program of the Family Independence Administration section of the Human Resources Administration, designed to give employable public assistance recipients simulated work experiences in sponsoring New York City agencies in exchange for receiving public benefits.

Conflicts for working participants. Just as individuals who worked during traditional business hours could not always attend an orientation, so did their work hours prevent them from fully engaging with the FSS program. In addition to being unable to participate because of scheduling conflicts and the need to balance work with other responsibilities, many of those who were interviewed described the program as one that was focused primarily on the unemployed, noting that program services focused on job search and work readiness, which were not appealing to them. Participants who were interviewed about program services noted that FSS was focused on the unemployed whether or not they were working. In fact, staff reported that once participants found employment through the program, they were generally less engaged. This was most notable for the FSS-only group. As one staff member described,

> FSS-only, who are already working, they don't see anything that we can do for them, they're already working. They're not gonna get [a] Work Rewards payment, there's no coupon book for them to pick up. They're not interested in obtaining their credit report. They'd rather just pay to have their taxes prepared instead of waiting downstairs for the tax preparer.… It's very difficult to engage them.… What can we offer them? A job developer? They already have a job.

Other studies of programs that have been targeted to employed people have shown that providing advancement services is much less straightforward than providing job preparation and placement assistance,[33] in part because this is a new and undeveloped skill for most employment professionals. Staff often do not know how to help working clients think about advancing in their jobs or careers. As noted earlier, to address this issue, beginning in April 2010, HPD reengaged LaGuardia Community College's Division of Adult and Continuing Education to provide services to FSS participants that were focused specifically on job advancement for people who were already employed. Their Career Advancement Program offered assistance to employed FSS participants in taking the next step on their career paths by providing individual coaching, access to education and training and to training vouchers (to subsidize training costs), and job-specific training and coaching. The Healthcare Career Center at LaGuardia offered FSS clients with current health care credentials the opportunity to meet with advisers who could discuss open health care positions that might be a step up from their current jobs, and to discuss advanced training to help participants move up the health care career ladder. These types of specialized advancement services were beyond the scope of what was available at the CBOs.

Transportation and financial strain. While the program was designed to provide "community-based" services, transportation was still a concern for some FSS participants. Most

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[33]See, for example, Anderson, Kato, and Riccio (2006); Tessler and Seith (2007); and Miller, Tessler, and Van Dok (2009) for the Work Advancement and Support Center demonstration; Hendra et al. (2010) for the Employment Retention and Advancement demonstration; and Hendra et al. (2011) for the U.K. Employment Retention and Advancement demonstration.

participants were assigned to an FSS service provider within their borough, but public transportation to travel within a borough can be time-consuming if there is not a direct route. Participants also had the option to take a taxi-cab, but these rates are costly compared with public transportation.[34] The financial strain of being unemployed or underemployed sometimes prevented participants from getting to the CBO location to engage in program services. Even those who could easily get to their CBO location by public transportation sometimes had difficulty getting round-trip bus or train fare for the trip to the office.

Language barriers. While almost all of the sites had English- and Spanish-speaking staff to provide FSS services, options were limited for individuals with limited English proficiency, despite the program's effort to provide services and materials in Spanish. Spanish language materials were often delayed and sometimes not available. Mailings that were not translated into Spanish required additional effort on the part of Spanish-speaking participants to seek help with translation. One Spanish-speaking participant expressed frustration with the program outreach materials:

> I have received letters, but I don't know what they are about because, as I said, I don't know English and all of the letters that were sent were in English.… I told them I don't know English, to send me the papers in Spanish, but they always send me those papers in English.… Sending me the papers in English is like not sending me anything because I am not going to be bothering with some papers, bothering people to read this for me.

Regardless of the program materials, the options for job placement and education or training themselves were limited for those with less proficient English skills. One Spanish-speaking CBO staff person described these limitations:

> If you speak English we can give you a lot more services, whereas the sad truth is if you don't speak English to a certain caliber, there are a lot less opportunities. I can send somebody to WorkForce to go to training for medical billing, but it's in English.… When you don't speak the language,…[the options get] narrowed down a lot.

The interviews that were conducted with Spanish-speaking participants revealed that most were aware of the limited options, noting that they needed to improve their English skills before they would be able to take on any other kind of advancement or career development activity.

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[34]Residents of Queens and Staten Island were referred to FSS service providers in Manhattan or Brooklyn because there were no service providers in their boroughs.

General discouragement. Some participants felt generally discouraged about the program, which was reflected in their reduced or complete lack of participation. For unemployed participants, this was sometimes because they were frustrated over delays in finding employment. Many participants were unable to find work in fields where they had previously found jobs easily because of the economic downturn. Additionally, the job search processes at most of the CBOs were through traditional job search programs that included job-readiness workshop requirements, which could last anywhere from two days to three weeks depending on the CBO. For participants who had previous experience with job search programs, being required to attend another job-readiness workshop was discouraging and may have dampened their enthusiasm about participating in FSS program services.

For FSS+incentives participants, discouragement may have been fueled by rejected claims for cash rewards — particularly when a CBO staff person had encouraged them to claim a reward, only to have their claim rejected. Because so many people had irregular work hours — for example, working 40 hours one week but only 20 hours the next — the program began unofficially accepting claims toward the end of the first year that *averaged* 30 hours per week in any six weeks of each eight-week activity period, instead of insisting that participants work a *minimum* of 30 hours per week. (This rule change became official in the second year of the program.) When it became clear to Seedco that both participants and CBO staff were having a hard time calculating whether someone had worked an average of 30 hours per week during a six-week period, Seedco advised the CBO staff to encourage participants to submit all of their pay stubs in a given month, and the payment processing team at Seedco would decipher the hours and determine whether the participant had earned the reward. Some participants did, in fact, earn the rewards, but some who were encouraged to submit their pay stubs had their claims rejected.

One case manager explained that

> They told us to get all these people together even if they worked 26, 27, 28 hours, and just submit, submit, submit. And then we did all that and you got all these people so excited and then…all these people that you helped are not gonna get [paid].… I didn't even know how to tell them.

The rejections had negative implications for case managers' relationships with participants in these cases, who often stopped engaging with program services as a result.

Possible fears related to Section 8 and work. As discussed in Chapter 1, a basic premise of the FSS program, and of the Work Rewards demonstration, is that people with housing subsidies may have a disincentive to work, because rent increases as earnings increase. The FSS-only and FSS+incentives programs were designed to counter that disincentive by providing the long-term escrow account and more immediate reward payments, respectively, as rewards for working and increasing earnings. Perhaps even more problematic than rent increases for some Section 8 voucher holders is the prospect of "earning off" of their vouchers — that is, earning too much to be eligible for the voucher.[35] Although FSS tried to minimize these disincentives to work, it is possible that participants still feared rent increases or the loss of their vouchers.

CBO staff were consistent in their reports that participants expressed these kinds of fears quite frequently. Some staff noted that some participants seemed to know exactly how much money they could earn before their rents would increase or before they would become ineligible for their voucher. However, when asked directly about these types of fears in interviews, participants rarely stated that they worried about rent increases or the loss of their vouchers — as long as they had steady employment.

Many participants expressed a willingness to pay higher rents when their earnings increased, though they were grateful that, should they lose their job, their rent would come back down. The prevailing view among participants who were interviewed also seemed to be that they yearned for a day when they would no longer need their voucher, and they would welcome such progress in their lives. The fear emerged when they considered the prospect of earning too much to be eligible for a voucher and then later losing their job; they were well aware that it would be very difficult, if not impossible, to regain their voucher at that point. However, many of them said that if someone could guarantee that they would not be laid off or become disabled, then they would be happy to stop relying on the voucher. Some interviewees talked about their desire to leave New York City in order to live independently without a voucher, recognizing that they could probably make it on their own much more easily in other housing markets. The distinction between the outright fear of losing the voucher and the willingness to give it up along with the fear of eventually losing one's job is subtle; it was only during in-depth interviews with participants that this distinction was uncovered. And in a tight housing market and an uncertain job market, this distinction may be immaterial.

Rates of Participation in the FSS-Only and FSS+Incentives Programs

This section explores the levels of participation in the program for those in the FSS-only and the FSS+incentives groups and the types of services in which participants engaged. It presents

[35]During the first six months after being determined no longer eligible for assistance because of income, families can have their vouchers reinstated without reapplying if their financial circumstances change; after six months, however, their assistance is terminated and they are required to reapply if they need it. See Chapter 12, "Reexaminations," in *Housing Choice Voucher Program Guidebook,* p. 12-6, Families Ineligible for Continued Assistance (http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_11756.pdf).

analyses of orientation attendance rates, receipt of services, and achievement of FSS milestones drawn from program data maintained by Seedco as well as an analysis of FSS escrow accrual drawn from data provided by HPD. Data collected in the Baseline Information Form that all individuals completed at the time of enrollment are used to explore differences between the characteristics of those who participated more and those who participated less, to shed light on what might account for the varying participation levels.

The available program data provide more of a proxy for participant activity than a recording of actual participation. Seedco's database recorded CBO reports of which services participants received or which milestones they achieved while in the program. But because of the structure of the CBO contracts with HPD, these data on FSS services and milestones may underreport actual participation, especially for those milestones that were capped at a particular maximum. This is because the database was developed as a way for the CBOs to record services and participant achievements that led to payment points in their performance-based contracts with HPD, and not primarily as a case management or participant tracking tool. As a result, CBO staff may have stopped recording participant activity (in completing needs assessments, for example) after these caps were reached, because the additional activity was not something for which the CBOs could be paid — even though the CBO may have continued to provide services without reimbursement from HPD.

For those in the FSS+incentives group, Seedco also collected information on whether and when participants picked up their coupon books and on how much participants earned and were paid for their employment or education and training activities.

Participation in FSS Services

FSS+incentives participants took more advantage of FSS services than FSS-only participants. Higher take-up of FSS services makes sense for those in the FSS+incentives group, since many of the services that were offered emphasized workforce activities such as acquiring and maintaining employment and gaining skills for job advancement, which could help put participants in the position of earning rewards.

More than half of the FSS+incentives group (54 percent) had more than one interaction with the FSS program, compared with 34 percent of the FSS-only group, as shown in Table 3.3. Participants in the FSS+incentives group also completed a needs assessment and received case management at much higher rates than those who received FSS alone. In the FSS+incentives group, 63 percent completed a needs assessment, and 52 percent received case management services. Just 41 percent of adults in the FSS-only group completed a needs assessment, and only a third completed case management.

The Opportunity NYC Demonstration: Work Rewards

Table 3.3

Participation in the FSS Program, by Program Group, First 18 Months

Outcome	FSS Only	FSS+ Incentives	Difference (Impact)		P-Value
Any service received or milestone achieved (%)	44.9	67.5	22.6	***	0.000
Services received					
Needs assessment (%)	40.7	63.3	22.6	***	0.000
Case management and follow-up services (%)	33.4	51.6	18.2	***	0.000
Financial and support milestones achieved					
Attend financial literacy class or other asset-building service (%)	10.6	10.4	-0.2		0.914
Linked to benefits or work supports (%)	8.3	12.3	4.0	**	0.031
Credit improved (%)	2.0	2.5	0.5		0.541
Linked to family-based support services (%)	9.5	11.3	1.8		0.333
Employment milestones achieved					
Began education/job training program (%)	7.9	13.8	5.9	***	0.003
Started employment (%)	10.8	15.5	4.7	**	0.023
Continuous employment - 30 days (%)	12.9	22.1	9.2	***	0.000
Continuous employment - 90 days (%)	8.2	16.1	7.9	***	0.000
Continuous employment - 180 days (%)	5.2	9.1	3.9	**	0.013
Wage gain/promotion (%)	1.6	4.3	2.7	***	0.007
Education upgrade (%)	3.6	5.2	1.6		0.207
Number of services received or milestones achieved	1.8	2.7	0.9	***	0.000
None	55.1	32.5	-22.6	***	0.000
One	11.0	13.8	2.8		0.179
Two or more	33.9	53.7	19.8	***	0.000
Sample size (total = 1,069)	546	523			

SOURCE: MDRC calculations from Seedco's Work Rewards program data.

NOTES: The core sample includes housing voucher recipients who were randomly assigned between January 1, 2008, and January 16, 2009, and excludes elderly individuals, disabled individuals, and individuals who likely belong to the Hasidic community.

Estimates were regression-adjusted using ordinary least squares, controlling for sample members' pre-random assignment characteristics. A two-tailed t-test was applied to the differences between FSS-only and FSS+incentives outcomes. The p-value indicates the likelihood that the difference arose by chance. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

The FSS program was more effective at targeting gains in education, work experience, and employment skills among the FSS+incentives participants than among the FSS-only participants. The extent of documentation required for claiming reward payments may have helped with the documentation that the CBOs needed in order to claim that a participant had achieved a workforce-related milestone according to their FSS contracts with HPD. The reward payments were meant as an incentive for Section 8 voucher holders to pursue and maintain full-time work, and participants in the FSS+incentives group were 5 percentage points more likely to be recorded as having started employment than those in the FSS-only group (16 percent versus 11 percent) in the first 18 months of the program. The reward payments also appeared to push more participants to begin an education or job training program (to 14 percent among participants in the FSS+incentives group, from 8 percent among those who were eligible only for FSS services), and participants were likely to stay employed for the short term — those in the FSS+incentives group were 9 percentage points more likely to achieve continuous employment for 30 days, 8 percentage points more likely to reach continuous employment for 90 days, and 4 percentage points more likely to still be employed after 180 days than FSS-only participants. The FSS+incentives group was also more likely to see increased wages or promotions than the FSS-only group, although very few participants in either group reached this milestone (4 percent and 2 percent, respectively).

The FSS program was also 4 percentage points more likely to connect FSS+incentives participants than FSS-only participants to benefits or work supports, but participants in both groups took advantage of the other asset-building services at similar rates.

Receipt of Reward Payments

In the first 18 months of the program, about 39 percent of the FSS+incentives group had submitted at least one coupon to claim a reward for a workforce-related activity, as shown in Table 3.4.[36] The vast majority of FSS+incentives participants who submitted coupons for reward payments (86 percent) also earned rewards, averaging almost $1,700 for either working full time or receiving education and training, which suggests that Seedco and the CBOs were able to clarify the activity documentation and coupon submission process for those who were able to take advantage of the reward payments. Most earned rewards for working full time, but 5 percent of program group members did earn at least one reward for receiving education and training.

[36]The rate of coupon submission was substantially lower than the ever-employed rate of 63 percent for the FSS+incentives program group. This large difference might suggest a lot of part-time work or sporadic employmspells when participants didn't bother to submit any coupons.

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Table 3.4

Participation in FSS+Incentives Program, First 18 Months

Outcome	Months 1-18
Ever submitted a coupon (%)	39.2
Ever earned a reward (%)	33.8
Average total amount earned[a] ($)	1,671
Ever submitted a coupon for full-time work (%)	37.3
Ever earned a reward for full-time work (%)	31.0
Average total amount earned for full-time work rewards[b] ($)	1,630
Ever submitted a coupon for education and training (%)	13.6
Ever earned a reward for education and training (%)	4.8
Average total amount earned for education and training rewards[c] ($)	1,272
Ever paid (%)	33.3
Ever paid among those with earnings (%)	98.3
Average total amount paid[d] ($)	1,576
Sample size	523

SOURCE: MDRC calculations using Seedco's Work Rewards program data.

NOTES: The core sample includes housing voucher recipients who were randomly assigned between January 1, 2008, and January 16, 2009, and excludes elderly individuals, disabled individuals, and individuals who likely belong to the Hasidic community.

"Sample size" refers to the number of adults in the program group.

[a]Calculations are based on individuals who earned at least one reward in any category.

[b]Calculations are based on individuals who earned at least one full-time work reward.

[c]Calculations are based on individuals who earned at least one education and training reward.

[d]Calculations are based on individuals who were paid at least once.

Escrow Accrual

As described throughout this report, participants nationwide in HUD's FSS program are eligible for an escrow account. When a participant has to pay a higher share of the rent as a result of an increase in earnings, the program deposits the extra rent payment into an interest-bearing escrow account each month, which accrues throughout the course of the five-year program. Participants can access their escrow disbursement upon graduating from the program (generally within five years), with no restrictions on the use of the money; under special circumstances, they can access the funds earlier than graduation for approved purposes related to their self-sufficiency goals, such as paying off debt. Table 3.5 shows that about 4 percent of the control group had an escrow balance after 18 months. As Chapter 1 explains, FSS is open to all voucher holders, so control group members could enroll in the FSS program on their own, although, as expected, few did. They would access FSS services at LaGuardia Community College — where people received services if they had enrolled in FSS before the Work Rewards demonstration began — instead of at the CBOs that served the FSS-only and FSS+incentives groups. Control group members who were receiving FSS services at LaGuardia Community College could also take advantage of the FSS escrow offer. As a result, 16 control group members in the core sample (4 percent of the control group) had escrow balances after 18 months.[37]

The proportion of FSS households accruing escrow funds was modest for FSS program participants — after 18 months, about 29 percent of households in either program group had an escrow balance. Those with escrow balances after 18 months were able to save a substantial amount for the longer term. Among households with positive escrow balances, FSS+incentives households accrued an average of $1,312, and the FSS-only group averaged $1,112 in escrow savings (Table 3.5). Households can continue to see their balances accrue for another three and a half years.

Program Engagement Levels by Selected Baseline Characteristics

FSS services are structured specifically to help housing choice voucher holders build their assets, find steady employment, and advance in their jobs, and the offer of reward payments promoted full-time employment and training for career advancement. Opportunities and motivation to take advantage of these resources and incentives might differ by participant characteristics. To better understand the populations that decided to engage with the FSS program at different levels, this section compares orientation attendance patterns, service receipt, escrow balances, and coupon submission rates across selected baseline characteristics in the first 18 months of the FSS study.

FSS Participation

As described earlier, 71 percent of the FSS+incentives group attended FSS orientation compared with 42 percent of the FSS-only group (Table 3.2), and about 29 percent of households in either group had an escrow balance after 18 months (Table 3.5). Tables 3.6 and 3.7

[37]In total, about 50 control group members enrolled in FSS and received services at LaGuardia Community College.

The Opportunity NYC Demonstration: Work Rewards

Table 3.5

FSS Escrow Account, by Research Group, FSS Study Sample

	Average Outcome Levels			FSS Only vs. Control		FSS+Incentives vs. Control		FSS+Incentives vs. FSS Only	
Outcome	FSS Only	FSS+ Incentives	Control Group	Difference (Impact)	P-Value	Difference (Impact)	P-Value	Difference (Impact)	P-Value
Had FSS escrow balance in first 18 months (%)	29.0	28.5	4.0	25.0 ***	0.000	24.4 ***	0.000	-0.6	0.814
FSS escrow balance in first 18 months ($)[a]	313	380	81	232 ***	0.000	299 ***	0.000	67	0.217
Among those with an FSS escrow balance in first 18 months									
FSS escrow balance in first 18 months ($)	*1,112*	*1,312*	*2,010*	—		—		—	
FSS escrow balance in first 18 months (%)									
$1 - $100	*10.7*	*6.9*	*24.7*	—		—		—	
$101 - $250	*17.4*	*11.9*	*3.3*	—		—		—	
$251 - $500	*14.4*	*18.8*	*8.5*	—		—		—	
$501 - $1,000	*16.4*	*22.9*	*6.5*	—		—		—	
$1,001 - $2,000	*24.5*	*18.2*	*22.5*	—		—		—	
Greater than $2,000	*16.6*	*21.4*	*34.6*	—		—		—	
Number of months until first FSS escrow credit	*11.2*	*11.0*	*10.6*	—		—		—	
Sample size (total = 1,455)	492	476	487						

SOURCE: MDRC calculations using administrative records data from the New York City Department of Housing Preservation and Development.

NOTES: The core sample includes housing voucher recipients who were randomly assigned between January 1, 2008, and January 16, 2009, and excludes elderly individuals, disabled individuals, and individuals who likely belong to the Hasidic community.

Estimates were regression-adjusted using ordinary least squares, controlling for sample members' pre-random assignment characteristics. A two-tailed t-test was applied to the differences between program and control group outcomes. The p-value indicates the likelihood that the difference arose by chance. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

Italic type indicates comparisons that are nonexperimental. Statistical tests were not performed; therefore, there are no impacts or p-values to report.

[a]Dollar averages include zero values for sample members who did not have an FSS escrow balance.

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Table 3.6

Program Participation for Adults and Households in the FSS-Only Group, by Selected Baseline Characteristics

Characteristic	Attended FSS Orientation	Any Service Received or Milestone Met	Any Escrow Balance	N[a]
Employment status				
Working	41.3	43.9	41.0	271
Not working	42.6	45.6	16.9	270
P-value for difference	0.766	0.701	0.000 ***	
Food stamp receipt				
Receiving food stamps	41.0	42.9	26.5	361
Not receiving food stamps	44.1	48.6	35.6	179
P-value for difference	0.488	0.213	0.037 **	
Section 8 tenure				
Less than 4 years	47.2	51.7	28.1	180
4 years or more	39.2	41.1	30.0	365
P-value for difference	0.074 *	0.020 **	0.660	
Study entry cohort				
Early cohort	41.4	39.6	27.0	280
Late cohort	42.5	50.0	31.6	266
P-value for difference	0.804	0.015 **	0.269	
Education measures				
Has high school diploma/GED certificate	44.2	45.5	30.3	319
No high school diploma/GED certificate	39.1	44.2	27.3	215
P-value for difference	0.240	0.773	0.474	
Health status				
Has physical or emotional or mental health problem that limits work	30.4	27.8	21.2	79
No health problem	44.0	48.0	31.2	448
P-value for difference	0.024 **	0.001 ***	0.066 *	
Household status				
Has children	42.5	46.3	29.2	348
No children	40.9	41.5	28.5	193
P-value for difference	0.719	0.281	0.865	

(continued)

Table 3.6 (continued)

SOURCE: MDRC calculations using data from Work Rewards Baseline Information Form and Seedco's Work Rewards program data.

NOTES: The core sample includes housing voucher recipients who were randomly assigned between January 1, 2008, and January 16, 2009, and excludes elderly individuals, disabled individuals, and individuals who likely belong to the Hasidic community. The "early study entry cohort" entered the study from January 1, 2008, through June 30, 2008. The "late study entry cohort" entered the study from July 1, 2008, through January 9, 2009.

T-tests were used to assess differences in characteristics across research groups. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent.

[a]Refers to number of adults. Escrow data are reported at the household level, so sample sizes for the escrow column are slightly lower.

show FSS participation levels by a selection of participant and household characteristics at baseline (that is, at the time of random assignment, or study entry), including employment status, food stamp receipt, tenure on Section 8, date of study entry (that is, those who were randomly assigned on or before June 30, 2008, or after June 30, 2008), attainment of a high school diploma or General Educational Development (GED) certificate, health status, and whether or not there are children in the household. Among sample members in the FSS-only group, adults who had no health problems at the time of random assignment attended FSS orientation, received an FSS service, and accrued escrow at levels higher than those with health problems. Those who had Section 8 vouchers for fewer than four years attended FSS orientation and received an FSS service at levels higher than those who had vouchers for four years or more. And adults who were working at baseline, as well as those who were not receiving food stamps at baseline, accrued escrow balances at higher rates than those who were not working or were receiving food stamps at baseline. Though the comparisons do not lead to consistent conclusions across characteristics, they demonstrate that, broadly speaking, program group members who were relatively less disadvantaged — that is, those who were healthier, received housing assistance for less time, were working, or were not receiving food stamps at baseline — were more engaged with various components of FSS than those who were more disadvantaged.

The trend is the same for the FSS+incentives group: those who were working at study entry, as well as those who were not receiving food stamps at study entry, accrued escrow at higher rates than those who were not working and those who were receiving food stamps at baseline. Adults with a high school diploma or GED certificate attended FSS orientation at higher levels than those without a high school diploma or GED certificate (Table 3.7).

Reward Payments

In addition to taking advantage of FSS services and accruing long-term savings through escrow, adults in the FSS+incentives group could also receive cash bonuses through workforce

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Table 3.7

Program Participation for Adults and Households in the FSS+Incentives Group, by Selected Baseline Characteristics

Characteristic	Attended FSS Orientation	Any Service Received or Milestone Met	Any Escrow Balance	N[a]
Employment status				
Working	72.8	71.1	34.5	246
Not working	69.7	64.9	22.8	271
P-value for difference	0.450	0.132	0.005 ***	
Food stamp receipt				
Receiving food stamps	70.9	65.4	25.9	344
Not receiving food stamps	71.3	71.9	34.2	178
P-value for difference	0.921	0.133	0.059 *	
Section 8 tenure				
Less than 4 years	75.0	71.7	31.4	152
4 years or more	69.5	66.0	27.7	371
P-value for difference	0.212	0.209	0.426	
Study entry cohort				
Early cohort	70.2	63.1	26.3	255
Late cohort	72.0	72.0	31.2	268
P-value for difference	0.647	0.030 **	0.243	
Education measures				
Has high school diploma/GED certificate	76.7	70.7	29.3	317
No high school diploma/GED certificate	63.8	64.3	27.8	199
P-value for difference	0.002 ***	0.133	0.737	
Health status				
Has physical or emotional or mental health problem that limits work	71.7	63.0	31.2	92
No health problem	71.3	69.2	28.3	422
P-value for difference	0.937	0.252	0.584	
Household status				
Has children	71.4	68.9	30.4	322
No children	70.6	66.0	26.3	197
P-value for difference	0.832	0.485	0.339	

(continued)

Table 3.7 (continued)

SOURCE: MDRC calculations using data from Work Rewards Baseline Information Form and Seedco's Work Rewards program data.

NOTES: The core sample includes housing voucher recipients who were randomly assigned between January 1, 2008, and January 16, 2009, and excludes elderly individuals, disabled individuals, and individuals who likely belong to the Hasidic community. The "early study entry cohort" entered the study from January 1, 2008, through June 30, 2008. The "late study entry cohort" entered the study from July 1, 2008, through January 9, 2009.

Estimates were regression-adjusted using ordinary least squares, controlling for sample members' pre-random assignment characteristics. A two-tailed t-test was applied to the differences between program and control group outcomes. The p-value indicates the likelihood that the difference arose by chance. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent.

[a]Refers to number of adults. Escrow data are reported at the household level, so sample sizes for the escrow column are slightly lower.

participation. As discussed earlier, the additional cash incentives increased the receipt of FSS services. Consistent with differences in levels of participation in the FSS program by baseline characteristics, participants who were more skilled and more likely to be working participated in the FSS+incentives program at higher levels than those who were less skilled and less likely to be working. Table 3.8 shows that about 77 percent of individuals with a high school diploma or GED certificate attended the work incentives orientation, while only 68 percent of those without a high school diploma or GED certificate attended orientation. Individuals who were working at baseline also attended orientation at higher levels than those who were not working. Adults who were working were more likely to qualify for reward payments right away and were therefore likely more motivated to attend orientation than those who were not working at baseline.

Although nearly three-fourths of eligible FSS+incentives group members attended an orientation to the work incentives component of the program, only 34 percent ever earned a reward for completing approved workforce activities (Tables 3.2 and 3.4, respectively). Table 3.8 also compares rates of rewards earned for individuals with a variety of baseline characteristics. Individuals who were working at baseline, individuals who were not receiving food stamps at baseline, and individuals with children at baseline earned rewards at higher rates than those who were not working, were receiving food stamps, or had no children at baseline. The difference in the rate of rewards earned for those who were working at baseline and those who were not is even larger than the difference in the orientation rate for those two groups, which is not surprising, since employed program group members were in a better position to begin earning work-related rewards than unemployed adults who might have needed more time to become job-ready.

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Table 3.8

Program Participation for Adults, FSS+Incentives Group, by Selected Baseline Characteristics

Characteristic	Attended Incentives Orientation	Earned at Least One Reward	N
Employment status			
Working	77.2	51.6	246
Not working	69.4	17.7	271
P-value for difference	0.044 **	0.000 ***	
Food stamp receipt			
Receiving food stamps	73.3	28.5	344
Not receiving food stamps	73.0	43.8	178
P-value for difference	0.957	0.000 ***	
Section 8 tenure			
Less than 4 years	74.3	38.2	152
4 years or more	72.8	32.1	371
P-value for difference	0.714	0.183	
Study entry cohort			
Early cohort	68.2	29.8	255
Late cohort	78.0	37.7	268
P-value for difference	0.012 **	0.057 *	
Education measures			
Has high school diploma/GED certificate	76.7	35.3	317
No high school diploma/GED certificate	68.3	32.2	199
P-value for difference	0.037 **	0.461	
Health status			
Has physical or emotional or mental health problem that limits work	78.3	27.2	92
No health problem	72.5	35.5	422
P-value for difference	0.258	0.125	
Household status			
Has children	74.8	36.6	322
No children	70.1	28.4	197
P-value for difference	0.233	0.054 *	

SOURCE: MDRC calculations using data from Work Rewards Baseline Information Form and Seedco's Work Rewards program data.

NOTES: The core sample includes housing voucher recipients who were randomly assigned between January 1, 2008, and January 16, 2009, and excludes elderly individuals, disabled individuals, and individuals who likely belong to the Hasidic community. The "early study entry cohort" entered the study from January 1, 2008, through June 30, 2008. The "late study entry cohort" entered the study from July 1, 2008, through January 9, 2009.

T-tests were used to assess differences in characteristics across research groups. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent.

Summary and Conclusion

As this chapter has shown, implementation of the FSS program as part of the Work Rewards demonstration was a complex endeavor, involving a complicated and evolving management structure, constrained and underfunded contracts with the CBOs delivering services, and notable changes in emphasis to the program each year. The management tension between the Work Rewards demonstration's two-year timeline and the FSS program's five-year timeline led to confusion and disagreement about how much, and how quickly, to focus on getting participants into work. The performance-based contract structure initially made it easier for CBOs to provide supportive services than employment-related services, but the CBO staff also felt that it was important to provide supportive services before moving some of their clients into work. Program managers successfully implemented changes after the first year of the program to reinforce the focus — earlier — on employment; however, whether this was the best approach to working with the population that was enrolled in this FSS program remained a question among frontline staff and, in retrospect, even for program managers.

In spite of these challenges — and in spite of a client population that was relatively more disadvantaged and less motivated than that of the general FSS population — HPD and the CBOs still delivered the essential elements of the FSS program. CBO staff did offer workforce development services, though they had an easier time working with unemployed participants than employed participants; many of the latter reported that they assumed FSS had nothing to offer them. While the CBOs had a hard time engaging many clients in FSS services, the reward payments helped noticeably, as more people in the FSS+incentives group than in the FSS-only group took advantage of FSS services. This occurred despite the fact that the CBOs did not actively integrate the reward payments offer with FSS services. Likewise, the escrow account — the primary asset-building feature of the FSS program nationally — was not marketed as strongly as expected by the CBOs, in part because the escrow was confusing even to some staff, was mostly handled centrally by HPD, and was not incorporated into the contracts' payment milestones; nonetheless, a fair proportion of participants did achieve escrow balances within the first 18 months.

This chapter discussed the CBOs' and partners' experiences operating FSS, as well as participants' responses to the program. The report now turns to an exploration of whether the FSS program improved participants' employment outcomes and/or increased their earnings or receipt of benefits, followed by a description of the incentives-only program in its entirety.

Chapter 4

Impacts of the Family Self-Sufficiency Program on Employment, Earnings, and Benefit Receipt

In implementing the Family Self-Sufficiency (FSS) program, staff from the community-based organizations (CBOs) that provided services faced important challenges, as documented in Chapter 3. Partly as a result of those challenges, the program was modified during Years 2 and 3. The implementation findings suggest that the program overall should have modest effects on employment and earnings and that these effects might be larger for individuals who entered the study in the later part of the intake period, once the early implementation challenges had been overcome. This chapter examines the effects of the program offer on employment and earnings through the first two and a half years of follow-up and on benefit receipt through the first year and half of follow-up.

When fully implemented, the FSS program should encourage more housing voucher recipients to move into work or, if already working, to increase their earnings through its services and incentives. First, staff provided a range of supportive services designed to help participants move into work or pursue training. Second, participants who went to work or increased their earnings did pay more rent, but their additional rent payments were credited to an interest-bearing escrow account, which they could then get back after graduating from FSS. Adding the cash work incentives — or reward payments — to the FSS program should lead to larger increases in employment, given that the payments further increase the payoff to work. Still, it is important to keep in mind that 30 months is a short time frame in which to gauge the program's effects, particularly given the slow start-up of the program and the redesign midway through program operations. A future report will examine effects over the longer term.

In brief, the findings indicate that:

- The programs led to a modest increase in employment rates for the sample and no increase in average earnings over the 30-month study period.

- These modest effects for the sample mask sizable, positive effects on employment and earnings for certain subgroups. For individuals who were not working at study entry, for example, the FSS+incentives program led to a 6.9 percentage point increase in employment rates, over a control group rate of 22.9 percent, and a 45 percent increase in average earnings.

- For the sample, adding the cash incentives to the FSS program did not lead to significantly larger effects on employment or earnings than those produced by the FSS program by itself. For individuals who were not working at study entry, the combined programs seem to have had larger effects than FSS alone, although the results are suggestive only, given that they are not statistically significant.

Data Sources and Follow-Up Period

Program impacts are estimated using earnings records from the New York State unemployment insurance (UI) system. The UI data, available for every adult in the study, provide quarterly earnings for the majority of workers in the state and are available for the evaluation sample for several quarters before study entry and 10 quarters after study entry. Although the UI records cover earnings from most jobs in a given state, they do not cover earnings from self-employment, jobs with the federal government or the military, informal jobs (such as baby sitting), and out-of-state jobs. Other research suggests that the UI data may miss relatively more employment for low-income populations than for higher-income groups, given the former group's greater prevalence of work in informal jobs.[1] The UI records also do not provide information on hours worked during a quarter or a week or on the characteristics of jobs held, such as hourly wage rates, benefits, and schedule. Data from a 36-month survey, which will include information on job characteristics and earnings from jobs that are not covered by UI, will be available for the next report.

Data on monthly receipt of Temporary Assistance for Needy Families (TANF) or Safety Net Assistance (SNA) and food stamp benefits were obtained from the New York City Human Resources Administration.[2] These data are also available for each study participant for several months prior to and 18 months after the point of random assignment. Effects on benefit receipt are estimated at the household level.

Employment Rates for the Control Group

Because individuals entered the study over a one-year period, the 30-month follow-up period spans March 2008 through June 2011. However, the bulk of the sample entered the study during the middle of 2008, meaning that the first 30 months for most participants range from late 2008 through early 2011. The first part of this period coincides roughly with the start of the economic recession — unemployment rates had increased from about 7 percent in late 2008 to nearly 10

[1]Abraham, Haltiwanger, Sandusky, and Spletzer (2009).
[2]The SNA program provides assistance to individuals and families in New York State who do not qualify for the time-limited federal TANF program.

percent by early 2010. The unemployment rate fell very slowly throughout the rest of 2010, to about 9 percent by early 2011.

Figure 4.1 presents quarterly employment rates and earnings for individuals in the control group, to illustrate the benchmark against which the program's effects are measured. Although the follow-up period coincides with the recession, quarterly employment rates remain surprisingly stable through the 10-quarter follow-up period — at about 43 percent. Average earnings, including zeros for individuals who did not work, also increase from about $1,600 per quarter to about $1,900 per quarter.

Quarterly employment rates for the control group might not have fallen over the period for two reasons. First, New York City fared relatively well compared with the rest of the nation, at least in the early stages of the most recent recession.[3] Second, unemployment rates increased in the area for all groups, but especially for men and the more educated, the latter change reflecting job loss in the financial sector and professional and business services.[4] The sample for the FSS study, in contrast, consists largely of low-income women, who are more heavily concentrated in the service sector of the economy.[5]

Although employment rates did not fall for the control group, the FSS program was clearly operating during tough economic times. It is not obvious how high unemployment rates might affect program impacts on employment. The FSS program might have relatively large impacts, for example, if it helps those who have lost their jobs find new ones fairly quickly. On the other hand, individuals who move into work because of the program might be the first to lose their jobs when the economy goes into recession.

Impacts

Because individuals in the FSS study were assigned at random to either one of two program groups (FSS only or FSS+incentives) or to a control group, program impacts can be calculated as the difference in outcomes between each of these three research groups. The effects of the FSS program combined with the work incentives, for example, are calculated as differences in post-random assignment outcomes between the FSS+incentives program group and the control group. Differences in outcomes between the FSS-only program group and the control group provide estimates of the effect of the offer of FSS by itself. Finally, differences between the two

[3]See www.comptroller.nyc.gov/bureaus/bud/econnotes-pdf/Vol-XVIII-2-July09.pdf.

[4]See www.comptroller.nyc.gov/bureaus/bud/econnotes-pdf/Vol-XVIII-2-July09.pdf.

[5]See www.bls.gov/opub/ted/2011/ted_20110914.htm. A future report will use survey data to examine the occupation and industry in which sample members work.

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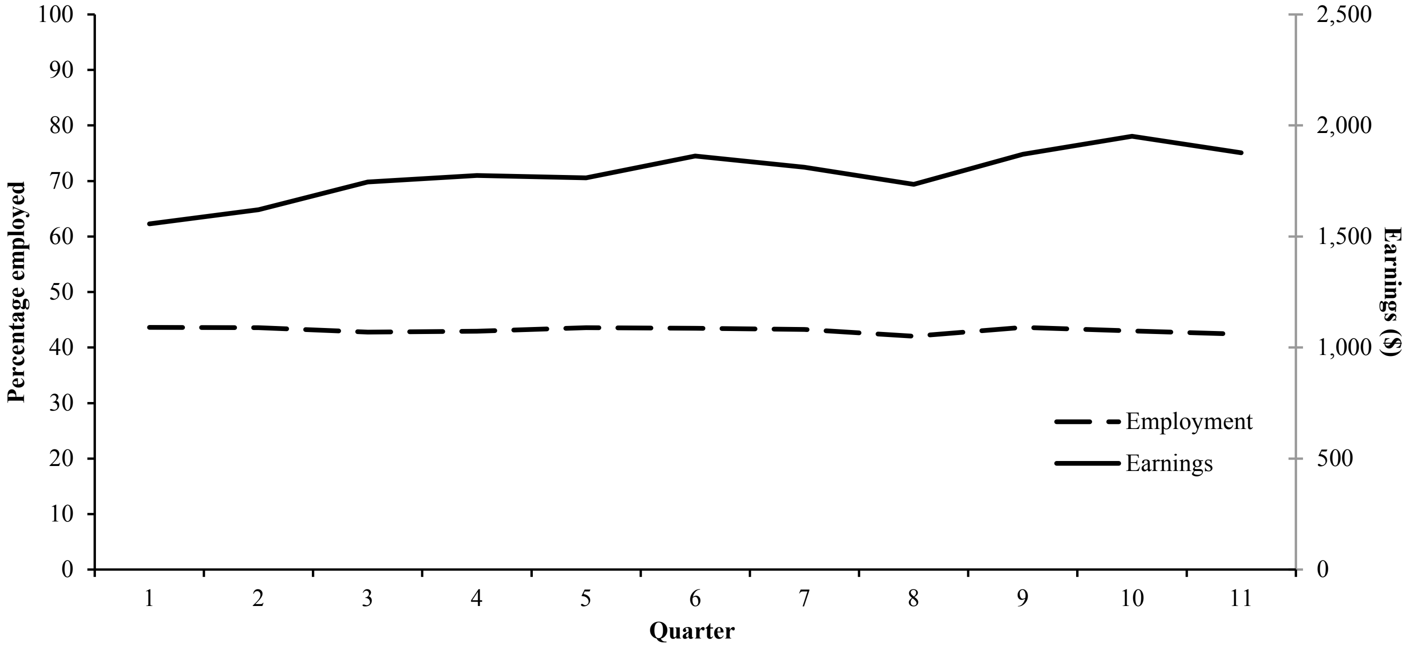
Figure 4.1

Employment and Earnings for the Control Group, FSS Study Sample



SOURCE: MDRC calculations using administrative records data from New York State unemployment insurance (UI) wage records.

NOTES: The core sample includes housing voucher recipients who were randomly assigned between January 1, 2008, and January 16, 2009, and excludes elderly individuals, disabled individuals, and individuals who likely belong to the Hasidic community. The outcome data cover employment and earnings through September 30, 2011.

Quarter 1 refers to the quarter of random assignment.

This figure includes only employment and earnings in jobs covered by the New York State UI program. It does not include employment outside New York State or in jobs not covered by the UI system (for example, "off the books" jobs and federal government jobs).

program groups — FSS+incentives and FSS only — provide an estimate of the effect of adding cash incentives to the FSS program. As noted in earlier chapters, effects of the program are presented in the main text only for the core evaluation sample, which excludes elderly and disabled individuals and individuals who may be members of the Hasidic community. Effects for the combined (full) sample — which includes the core sample, disabled and elderly individuals, and those who may be Hasidic — are presented in the supplementary tables to this report.[6] Findings for the full sample are very similar to those presented in this chapter.

In what follows, the tables and figures present outcome levels for each research group and differences between each of the three groups. A difference that is statistically significant (indicated by asterisks) is considered a program impact — in other words, a difference that is highly likely to have been caused by the program rather than having arisen by chance.[7] Box 4.1 explains how to read the impact tables in this report.

Figure 4.2 presents quarterly employment rates for the three groups — FSS+incentives, FSS only, and the control group. As shown earlier, employment rates for the control group, measuring what would have happened in the absence of the program, are about 43 percent throughout the follow-up period. Employment rates for the two program groups diverge from the control group by the first quarter after study entry, at about 47 percent for the FSS+incentives group and 49 percent for the FSS-only group. The figure illustrates that both programs increased employment rates in the first three quarters after study entry. Impacts are statistically significant for quarters 2 through 4 for the FSS-only program and for quarters 3 and 4 for the FSS+incentives program. However, the effects become statistically insignificant after quarter 4.

It is difficult to determine why the impacts faded over time. Individuals in the program groups — specifically, those who went to work because of the programs — may have lost their jobs over time, or more individuals in the control group may have moved into work toward the end of the follow-up period, if only for a given quarter. Separate analyses (not shown) suggest that most of the people who went to work because of the program stayed employed fairly consistently, at least through the first year. After that point, however, some of them appear to have left work, perhaps as a consequence of the recession.

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[6]The supplementary tables appear in Appendixes F and G at www.mdrc.org; see Verma et al. (2012).

[7]Impacts are estimated based on all adults who enrolled in the study, representing 81 percent of all adults in participating households. Because the household as a unit enrolls in FSS, adults who were not enrolled in the study were eligible to receive services from FSS staff, although the extent to which these adults received services is not known. Any effects of these services on their employment and earnings and benefit receipt are not captured in these data.

Box 4.1

How to Read the Impact Tables in This Report

In the context of this evaluation, an "impact" is a measure of how much the three interventions — Family Self-Sufficiency (FSS) only, FSS+incentives, and incentives only — changed outcomes for program participants. The group outcomes for the three interventions are compared with each other and with their respective control groups. The top row of the excerpted table below, for example, shows that the FSS-only group had a quarterly employment rate of 47 percent in Year 1, compared with 43 percent for the control group.

Because participants were assigned randomly to either the program group or the control group, the effects of the program can be estimated by the difference in outcomes between the two groups. The "Difference" column in the table excerpt shows the differences between the two research groups' outcomes — that is, the program's estimated *impacts* on the outcomes. For example, the estimated program impact of the FSS-only program on the quarterly employment rate in Year 1 of the study can be calculated by subtracting 43.2 percent from 47.0 percent, yielding an increase, or estimated impact, of 3.8 percentage points.

The p-value shows the probability that this difference, or impact, arose by chance. In the table excerpt below, the difference between the program and control groups in Year 1 has a 4.2 percent probability of arising as a result of chance rather than as a result of the FSS-only program. In contrast, the difference on the measure of quarterly employment in Year 2 has a 26.4 percent probability of having arisen by chance. For this evaluation, only differences that have a 10 percent probability or less of arising by chance are considered "statistically significant" and therefore represent true program effects. The number of asterisks indicates whether the impact is statistically significant at the 1 percent (***), 5 percent (**), or 10 percent (*) level, meaning that there is only a 1,5, or 10 percent probability, respectively, that the impact arose by chance.

Impacts on Employment, FSS Study Sample

Outcome	FSS-Only Group	Control Group	Difference (Impact)	P-Value
Quarterly employment rate (%)				
Year 1	47.0	43.2	3.8**	0.042
Year 2	45.5	43.1	2.4	0.264

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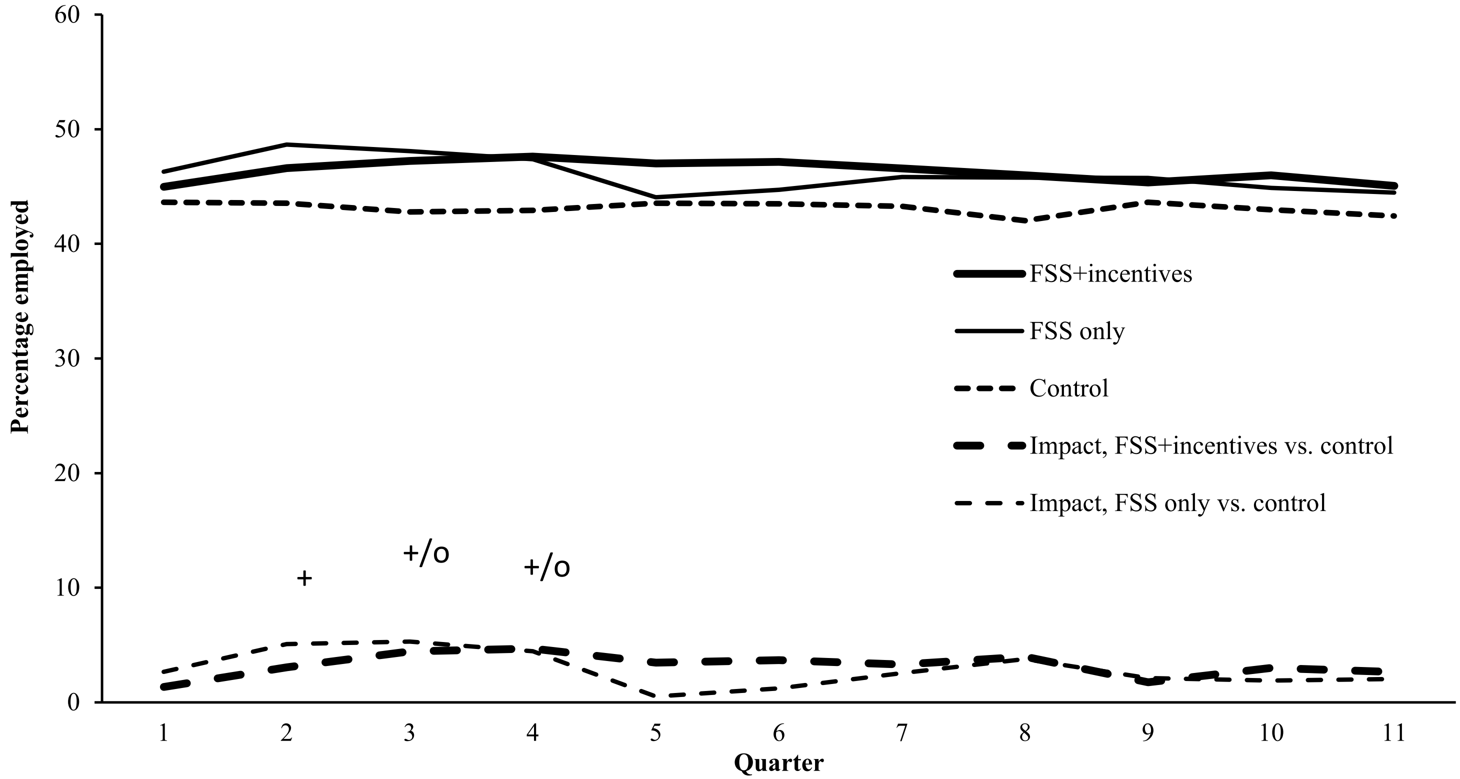
Figure 4.2

Quarterly Employment Impacts for the FSS Study Sample



SOURCE: MDRC calculations from New York State unemployment insurance (UI) wage records.

NOTES: A plus sign (+) indicates that the difference between the FSS-only group and the control group is statistically significant at the 10 percent level. A circle (o) indicates that the difference between the FSS+incentives group and the control group is statistically significant at the 10 percent level.

Quarter 1 refers to the quarter of random assignment.

This figure includes only employment and earnings in jobs covered by the New York State UI program. It does not include employment outside New York State or in jobs not covered by the UI system (for example, "off the books" jobs and federal government jobs).

Table 4.1 presents summary impacts on employment, earnings, and benefit receipt over the follow-up period. Outcome levels (that is, employment and earnings) are shown in the first set of columns, and average earnings include zero amounts for individuals who did not work during the period. The effect of FSS by itself is shown in the second set of columns, and the effect of FSS+incentives is shown in the third set of columns. Finally, the effect of adding the cash incentives to FSS is shown in the final set of columns, estimated by comparing outcomes for the FSS+incentives and FSS-only groups. (Impacts on quarterly outcomes are presented in Appendix Tables F.1 and F.2.[8])

The top panel illustrates the patterns of employment impacts shown in Figure 4.2. For example, the FSS+incentives program increased the average quarterly employment rate over the 10-quarter period above that of the control group by a statistically significant 3.4 percentage points. Similarly, the FSS-only program increased the employment rate by a statistically significant 3.8 percentage points in Year 1, although the effect over the full period is not statistically significant.

Despite the early increases in employment rates, the program did not significantly increase earnings in either year over the entire period. The control group, for example, earned \$18,014 over the 30-month period, on average, compared with \$18,517 for the FSS-only group and \$18,564 for the FSS+incentives group (including individuals who did not work). Among individuals in the control group who did work, average earnings over the 30-month period were about \$28,000 (not shown). As shown in a later section, the lack of effects on earnings for the full sample reflects two offsetting effects: for some subgroups, the programs led to substantial increases in both employment and earnings; for other subgroups, the programs did not increase employment and led to a reduction in earnings.

Finally, the last two columns illustrate that adding the cash work incentives to the FSS offer did not lead to differential effects on work or earnings. The FSS+incentives and FSS-only groups had similar employment rates and earnings throughout the follow-up period. This finding is somewhat surprising. Although the reward payments were not marketed as heavily as they probably should have been, they still should have created some additional incentive for individuals to go to work or to increase their hours of work if they were working only part time. In addition, as shown in Chapter 3, adding the incentives program to the FSS program did serve to increase program participation — the FSS+incentives group was more likely than the FSS-only group to have attended the program orientation and to have received at least one FSS service.

[8]Appendix F, a supplement to this report, is available at www.mdrc.org; see Verma et al. (2012).

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Table 4.1

Impacts on Employment, Earnings, and Benefit Receipt, FSS Study Sample

Outcome	Average Outcome Levels: FSS Only	Average Outcome Levels: FSS+ Incentives	Average Outcome Levels: Control Group	FSS Only vs. Control: Difference (Impact)	FSS Only vs. Control: P-Value	FSS+Incentives vs. Control: Difference (Impact)	FSS+Incentives vs. Control: P-Value	FSS+Incentives vs. FSS Only: Difference (Impact)	FSS+Incentives vs. FSS Only: P-Value
Employment and earnings									
Quarterly employment rate (%)									
Year 1	47.0	47.1	43.2	3.8 **	0.042	3.9 **	0.039	0.1	0.969
Year 2	45.5	46.3	43.1	2.4	0.264	3.2	0.160	0.8	0.742
Full period	46.0	46.5	43.1	2.9	0.107	3.4 *	0.070	0.5	0.790
Earnings ($)									
Year 1	6,950	7,117	6,906	44	0.901	211	0.577	167	0.636
Year 2	7,569	7,637	7,280	289	0.538	356	0.476	67	0.887
Full period	18,517	18,564	18,014	503	0.608	551	0.603	47	0.961
Sample size (total = 1,603)	546	523	534						
TANF/SNA receipt									
Receipt rates									
Number of quarters received	1.5	1.6	1.8	-0.2 **	0.031	-0.2	0.149	0.1	0.489
Received in last quarter (%)	22.0	24.1	27.9	-5.9 **	0.010	-3.8	0.103	2.1	0.356
Amount received ($)									
Full period	1,836	1,952	2,118	-283 *	0.069	-167	0.287	116	0.457
Last quarter	308	310	353	-45	0.238	-43	0.265	2	0.958
Food stamp receipt									
Receipt rates									
Number of quarters received	4.5	4.5	4.4	0.1	0.656	0.1	0.450	0.0	0.751
Last quarter (%)	75.6	75.9	77.0	-1.4	0.585	-1.2	0.663	0.3	0.915
Amount received ($)									
Full period	4,641	4,624	4,494	147	0.473	131	0.528	-17	0.936
Last quarter	837	835	823	15	0.715	12	0.763	-2	0.952
Sample size (total = 1,455)	492	476	487						

(continued)

Table 4.1 (continued)

SOURCE: MDRC calculations using administrative records data from the New York City Human Resources Administration (HRA) and New York State unemployment insurance (UI) wage records.

NOTES: The core sample includes housing voucher recipients who were randomly assigned between January 1, 2008, and January 16, 2009, and excludes elderly individuals, disabled individuals, and individuals who likely belong to the Hasidic community.

The UI outcome data cover employment and earnings through September 30, 2011, and for 30 months after study entry for each sample member. The HRA outcome data cover TANF/SNA and food stamp receipt through June 30, 2010, and for 18 months after study entry for each sample member.

Estimates were regression-adjusted using ordinary least squares, controlling for sample members' pre-random assignment characteristics. A two-tailed t-test was applied to the differences between program and control group outcomes. The p-value indicates the likelihood that the difference arose by chance. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent.

Standard errors for employment and earnings outcomes were adjusted to account for multiple observations per household.

Employment and earnings outcome and impact estimates are averages among core impact sample adults. TANF/SNA and food stamp outcomes and impacts are averages among core impact sample households.

Rounding may cause slight discrepancies in calculating sums and differences.

Dollar averages include zero values for sample members who were not employed or not receiving public benefits.

This table includes only employment and earnings in jobs covered by the New York State UI program. It does not include employment outside New York State or in jobs not covered by the UI system (for example, "off the books" jobs and federal government jobs).

The next set of rows in Table 4.1 present summary impacts on TANF/SNA and food stamp receipt.[9] Overall, the programs had little effect on benefit receipt, with the exception of a modest reduction in TANF receipt for the FSS-only group. The FSS-only group, compared with the control group, received TANF on average for fewer quarters during the follow-up period and was less likely to receive TANF in the last quarter (22 percent for the FSS-only group versus 28 percent for the control group). The pattern of effects is similar for the FSS+incentives group, but the differences are not statistically significant. The fact that there is no similar reduction in the amount of TANF received in the last quarter suggests that those who left TANF because of the program were receiving fewer benefits than the average recipient.

Impacts for Subgroups

Earlier studies of programs to encourage work have typically found that the effects vary depending on individuals' circumstances when they enter the study.[10] In addition, as shown in Chapter 3, participation rates in those programs varied by certain characteristics. This section considers variation in impacts by a subset of these dimensions — time of study entry, employment status, food stamp receipt, and time receiving Section 8 assistance.[11]

First, the resolution of the implementation challenges documented in Chapter 3 suggests that the program was better implemented over time and began to focus services more on employment. For this reason, individuals who entered the study later in the intake period may show larger impacts than those who entered relatively early. Second, impacts are likely to vary by work status at study entry. As noted in Chapter 3, the program did not have as much to offer to individuals who already held jobs and, although it did provide services to individuals who lost their jobs and might have effects through this assistance, the perception among participants was that FSS was a program for the unemployed.

Third, effects may differ for individuals receiving food stamps compared with those who are not. The receipt of food stamps, like the receipt of housing assistance, may deter people from working, since these benefits are also "taxed away" as earnings rise. Many individuals

[9]As noted in Chapter 1, the demonstration received a waiver so that participants' TANF and food stamp benefits would not be affected by income received from the reward payments.

[10]See, for example, Hendra et al. (2011) and Michalopoulos (2005).

[11]This section does not examine impacts by the full set of dimensions used in Chapter 3, which also included education level, health status, and number of children. Instead, it focuses on the four dimensions, each of which was selected before the analysis began, that are arguably most important. This analysis is restricted to four subgroup comparisons, given that the likelihood of finding statistically significant results (that is, significant differences in impacts between subgroups) that arise by chance increases as the number of subgroups examined increases.

who are receiving food stamps, then, may otherwise work but are discouraged from doing so because of these disincentives. The incentive to work created by the FSS program and the reward payments may therefore lead to larger effects for this group by offsetting the work disincentive created by food stamps. Finally, the program's effects might vary depending on the length of time an individual has been receiving a Section 8 voucher. Individuals who have received vouchers for less time may be more willing and able to increase their earnings and possibly lose eligibility for housing assistance.

The results are presented in Table 4.2.[12] The key focus of subgroup analysis is not on the impacts for a given group, but whether the differences in impacts across the groups are statistically significant. (Statistically significant differences in impacts across subgroups are noted with daggers in the table.) As explained in the notes to the table, the sample size for each subgroup is fairly small, meaning that differences between groups are less likely to be statistically significant. The limitation of small sample sizes should be kept in mind when interpreting the results.

The top two panels of the table present impacts on earnings and employment during the 30-month study period. There are a few significant differences across subgroups. For example, the FSS+incentives program led to a 6.9 percentage point increase (or 30 percent increase) in quarterly employment rates for individuals who were not working when they entered the study and a \$3,102 increase (or 45 percent increase) in earnings. Most of the impact on earnings for those who were not working at study entry is a result of the increase in employment. However, about one-fourth of the earnings gain comes from an increase in earnings among individuals who would have gone to work anyway, most likely increasing their hours in order to qualify for the reward payments.

In contrast, the program did not increase employment or earnings for individuals who were already working at study entry, and these differences in impacts between those who were and were not working at baseline are statistically significant. Effects for the FSS-only program follow a similar pattern, but the differences are not statistically significant. The effects of adding the cash work incentives to FSS (not shown) were generally positive for the group that was not working at study entry but were not statistically significant. In other words, it is not possible to say with confidence that the combined program worked better for this group than the FSS program alone.

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[12]Impacts on quarterly outcomes for each subgroup are presented in the supplementary tables in Appendix F, available at www.mdrc.org; see Verma et al. (2012).

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Table 4.2

Impacts on Earnings, Employment, and Benefit Receipt for Selected Subgroups, FSS Study Sample

	Average Outcome Levels			FSS Only vs. Control			FSS+Incentives vs. Control		
Outcome	FSS Only	FSS+ Incentives	Control Group	Difference (Impact)	P-Value	Sig.	Difference (Impact)	P-Value	Sig.
Earnings ($)									
Not working at baseline	8,485	9,929	6,827	1,658	0.158		3,102 **	0.013	††
Working at baseline	29,140	27,906	29,846	-706	0.657		-1,940	0.259	††
Food stamp recipient at baseline	15,551	14,756	13,495	2,056 *	0.062	†	1,261	0.275	
Not receiving food stamps	24,743	26,167	26,870	-2,127	0.300	†	-704	0.758	
Less than 4 years on Section 8	17,354	18,978	16,391	964	0.570		2,587	0.158	
4 years or more on Section 8	18,802	18,475	19,040	-238	0.845		-565	0.647	
Early study entry cohort	17,723	17,880	18,129	-406	0.752		-249	0.862	
Late study entry cohort	19,242	19,282	17,950	1,293	0.384		1,332	0.383	
Quarterly employment rate (%)									
Not working at baseline	27.4	29.8	22.9	4.5 *	0.089		6.9 ***	0.010	†
Working at baseline	65.2	65.1	64.9	0.3	0.902		0.3	0.914	†
Food stamp recipient at baseline	42.3	42.0	38.4	3.9 *	0.092		3.6	0.124	
Not receiving food stamps	52.8	55.0	53.1	-0.3	0.923		2.0	0.512	
Less than 4 years on Section 8	43.3	50.4	39.2	4.2	0.197		11.3 ***	0.001	†††
4 years or more on Section 8	46.9	45.2	45.0	1.9	0.385		0.3	0.909	†††
Early study entry cohort	43.2	42.7	42.2	1.1	0.665		0.6	0.828	
Late study entry cohort	48.6	49.9	44.4	4.2	0.127		5.5 **	0.049	

(continued)

Table 4.2 (continued)

Outcome	Average Outcome Levels: FSS Only	FSS+ Incentives	Control Group	FSS Only vs. Control: Difference (Impact)	P-Value	Sig.	FSS+Incentives vs. Control: Difference (Impact)	P-Value	Sig.
Amount of TANF/SNA received ($)									
Not working at baseline	2,984	3,131	3,448	-464 *	0.070		-317	0.215	
Working at baseline	694	765	815	-121	0.458		-50	0.763	
Food stamp recipient at baseline	2,604	2,665	2,886	-282	0.180		-222	0.293	
Not receiving food stamps	336	574	472	-136	0.398		102	0.534	
Less than 4 years on Section 8	1,765	1,836	2,261	-496 *	0.069		-425	0.133	
4 years or more on Section 8	1,892	2,003	2,025	-133	0.485		-23	0.906	
Early study entry cohort	1,853	2,010	1,836	17	0.938	†	174	0.431	††
Late study entry cohort	1,829	1,886	2,377	-549 **	0.015	†	-491 **	0.030	††
Amount of food stamps received ($)									
Not working at baseline	4,959	4,888	4,820	138	0.638		68	0.817	
Working at baseline	4,381	4,408	4,176	205	0.484		232	0.438	
Food stamp recipient at baseline	5,814	5,811	5,751	63	0.791		60	0.802	
Not receiving food stamps	2,230	2,251	1,952	278	0.366		300	0.338	
Less than 4 years on Section 8	4,568	4,752	4,663	-95	0.799		89	0.818	
4 years or more on Section 8	4,696	4,559	4,430	266	0.284		129	0.602	
Early study entry cohort	4,419	4,285	4,236	183	0.502		49	0.859	
Late study entry cohort	4,881	4,936	4,728	153	0.622		208	0.504	

(continued)

Table 4.2 (continued)

SOURCE: MDRC calculations using administrative records data from the New York City Human Resources Administration (HRA) and New York State unemployment insurance (UI) wage records.

NOTES: The core sample includes housing voucher recipients who were randomly assigned between January 1, 2008, and January 16, 2009, and excludes elderly individuals, disabled individuals, and individuals who likely belong to the Hasidic community. The "early study entry cohort" entered the study from January 1, 2008, through June 30, 2008. The "late study entry cohort" entered the study from July 1, 2008, through January 9, 2009.

The UI outcome data cover employment and earnings through September 30, 2011, and for 30 months after study entry for each sample member. The HRA outcome data cover TANF/SNA and food stamp receipt through June 30, 2010, and for 18 months after study entry for each sample member.

Subgroups are based on data collected at the time of random assignment (baseline). Sample sizes for each subgroup are the following: 814 for not working at random assignment, 771 for working at random assignment, 1,062 for food stamp recipients, 534 for nonrecipients, 500 for shorter housing tenure, 1,101 for longer housing tenure, 793 for early study cohort, and 810 for later study cohort. TANF/SNA and food stamp outcome data are reported at the household level, so sample sizes for these subgroups are slightly lower.

Estimates were regression-adjusted using ordinary least squares, controlling for sample members' pre-random assignment characteristics. A two-tailed t-test was applied to the differences between program and control group outcomes. The p-value indicates the likelihood that the difference arose by chance. Statistical significance levels for impacts for each intervention are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent. Differences across subgroup impacts were tested for statistical significance. Statistical significance levels for differences in impacts across subgroups are indicated as follows: ††† = 1 percent; †† = 5 percent; † = 10 percent.

Employment and earnings outcome and impact estimates are averages among core impact sample adults. TANF/SNA and food stamp outcomes and impacts are averages among core impact sample households.

Rounding may cause slight discrepancies in calculating sums and differences.

Dollar averages include zero values for sample members who were not employed or not receiving public benefits.

For sample sizes, refer to detailed subgroup tables in Appendixes D and F.

This table includes only employment and earnings in jobs covered by the New York State UI program. It does not include employment outside New York State or in jobs not covered by the UI system (for example, "off the books" jobs and federal government jobs).

These measures include sample members randomly assigned before January 2009. Thirteen sample members who were randomly assigned on or after January 1, 2009, are not included in these measures.

Effects on earnings for these two groups are illustrated in Figure 4.3. (Impacts on quarterly outcomes for these two subgroups are shown in Appendix Table D.3.) The FSS+incentives program led to statistically significant increases in earnings in 8 of the 10 follow-up quarters (all but quarters 3 and 4) for those who were not working at the time of study entry (top panel of Figure 4.3). In contrast, the earnings impacts were small to negative for the group that was working at study entry, and only one of the impacts is statistically significant (in quarter 10).

As noted earlier, the program did provide services to help people who had lost their jobs move back into work. However, quarterly employment rates indicate a fair amount of employment stability over time for the group that was working at study entry. Thus, the program had little room to increase that group's employment rate. As an example, 71 percent of the participants in this group were working in UI-covered jobs in the quarter of study entry. The average quarterly employment rate over the next 10 quarters was 65 percent, indicating that most of those working in UI-covered jobs still worked during the follow-up period.[13] Also as noted in Chapter 3, the program was not focused on providing advancement services for this group, which is consistent with the lack of effects on earnings.

The results also suggest a difference in impacts by food stamp receipt, although only one difference in impacts is statistically significant. The FSS-only program led to a large, positive effect on earnings for individuals receiving food stamps at study entry and a large negative effect for nonrecipients. Effects for the FSS+incentives program show a similar pattern.[14] As described earlier, the rules of the food stamp program may create a disincentive to work. In this case, individuals receiving this benefit may be especially responsive to a program that encourages work, either through FSS services or the reward payments, since that encouragement can offset the potential work disincentives of food stamps.

For tenure in Section 8, the FSS+incentives program led to a large increase in employment (of 11.3 percentage points) and a large, though statistically insignificant, increase in earnings. The sample of individuals who have received Section 8 assistance for less than four years is fairly small, making statistical significance more difficult to achieve. Finally, the pattern of impacts suggests that the program became more effective over time, although none of the differences by cohort is statistically significant. For both of these groups, the effects of adding the cash incentives to FSS were not statistically significant (not shown).

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[13]These results are suggestive of employment stability only, since there may be some cycling in and out of UI-covered versus non−UI-covered jobs. The data suggest that 29 percent of those who were working at study entry were working in non−UI-covered jobs. Survey data, covering all types of employment, will be available for the next report.

[14]Further analyses (not shown) suggest that the differences in impacts by food stamp receipt and employment status are not related to these factors' correlation with other baseline characteristics.

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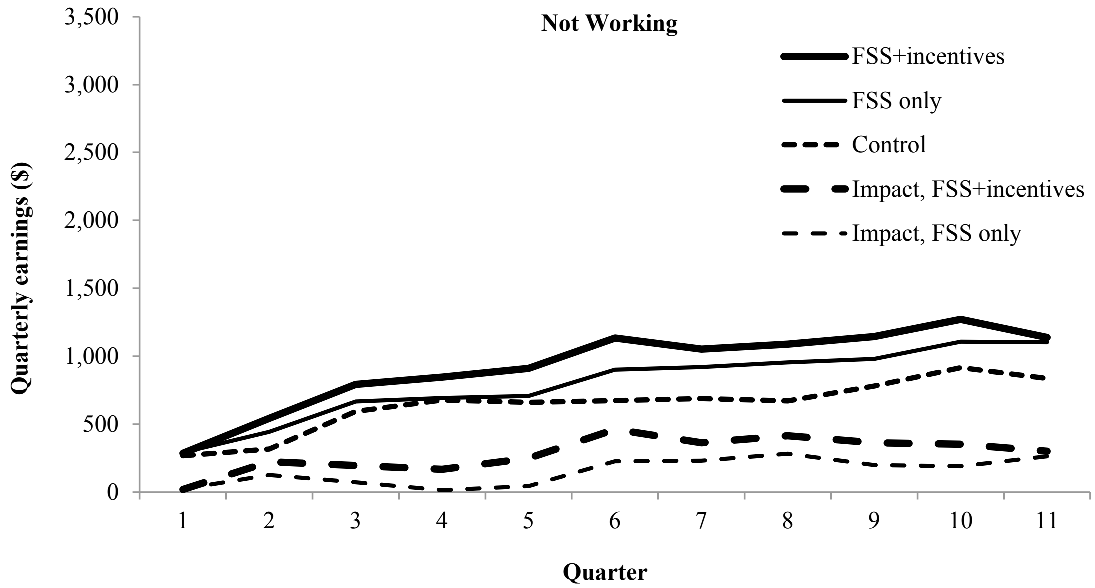
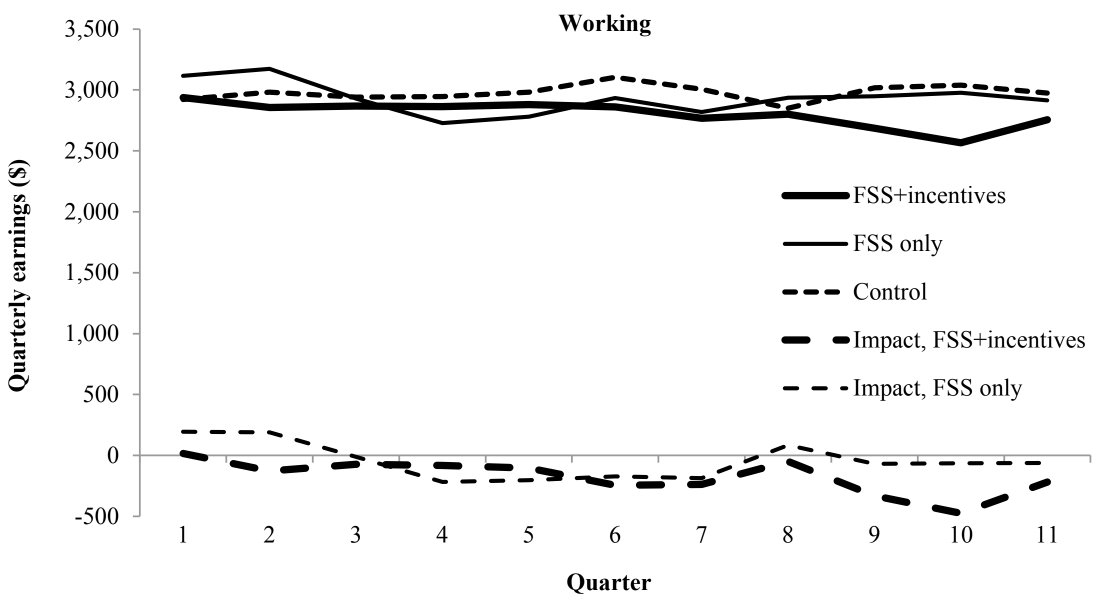
Figure 4.3

Impacts on Earnings, by Employment Status at Baseline, FSS Study Sample





(continued)

Figure 4.3 (continued)

SOURCE: MDRC calculations from New York State unemployment insurance UI wage records.

NOTES: For the "not working" subgroup, the impacts of the FSS-only program are statistically significant at the 10 percent level in quarter 8. The impacts of the FSS+incentives program are significant in quarters 2, 5, 6, 7, 8, 9, 10, and 11. For the "working" subgroup, the impact of the FSS+incentives program is significant in quarter 10.

Quarter 1 refers to the quarter of random assignment.

This figure includes only employment and earnings in jobs covered by the New York State UI program. It does not include employment outside New York State or in jobs not covered by the UI system (for example, "off the books" jobs and federal government jobs).

The final two panels of Table 4.2 present effects on receipt of TANF and food stamps. The differences in effects on employment and earnings for the work status and food stamp status subgroups did not generally translate into differences in effects on benefits receipt.

The limited available data from the program's management information system reveal no large differences in participation rates across subgroups to clearly explain these differences in impacts (discussed in Chapter 3). Individuals who were not employed at study entry were not more likely than those who were employed to have attended an orientation for the FSS+incentives program and to have received at least one service or achieved at least one milestone (see Table 3.7). However, as also noted in Chapter 3, the quality of the interactions may have still differed across the two groups, since the program had less to offer individuals who were already working.

Participation in the escrow part of the programs (discussed in Chapter 3 and shown in Tables 3.6 and 3.7) is not correlated with program impacts on employment and earnings. Escrow participation rates were significantly higher, for example, for the group that was working at study entry, compared with the group that was not working. Participation rates were also higher for individuals who were not receiving food stamps at study entry, compared with those who were receiving food stamps. This pattern may not be surprising considering that the two former groups may have been better positioned to take up the escrow account — they had substantially higher earnings during the 18-month follow-up period and were probably more likely to experience earnings gains during that time, gains that were not a result of the program but that would have occurred anyway.

In summary, the modest increases in employment and lack of effects on earnings found for the sample mask notable, positive effects for certain subgroups. The programs led to sizable increases in employment and/or earnings for some groups — individuals who were not working at study entry, individuals who were receiving food stamps, and individuals who were receiving Section 8 for less than four years. In addition, the effects of the FSS+incentives program for those groups were larger and more consistent than the effects of the FSS-only program. For other groups, especially those who were working at study entry and those who were not receiving food stamps, the programs had no effects on employment and may have reduced earnings, although none of the negative effects on earnings is statistically significant.

Conclusions

Overall, the FSS-only and FSS+incentives programs led to modest increases in employment and no increase in earnings during the first 30 months for the core sample. The programs did not increase earnings in part because increases in earnings for some groups were offset by reductions in earnings for others. The most notable effects by subgroup were for the group of individuals who entered the program without jobs. For this group, the FSS+incentives program led to a sizeable increase in employment and a 45 percent increase in earnings. These results are consistent with the implementation findings indicating that the program did not have much to offer individuals who were already working when they entered the study. The findings also reinforce the notion, based on findings from previous evaluations, that helping individuals advance is much harder than helping them move into work. Helping workers advance may have been even more difficult given the state of the economy. The findings suggest that the effectiveness of the program in terms of employment and earnings increases might be maximized if it were targeted to the unemployed. However, additional follow-up is needed to assess whether this pattern of findings holds up over the longer term.

Finally, in terms of which program has been more effective, the employment and earnings effects of the FSS+incentives program were typically larger than those of the FSS program alone for the full sample and, particularly, for individuals who were not working at study entry and those who had received Section 8 assistance for less than four years. This pattern is suggestive only, however, given that none of these differences was statistically significant. Although it will be important to track the differences in program effects over the longer term, it is somewhat surprising that the addition of the cash work incentives to FSS did not lead to a more pronounced difference in impacts. One explanation may be that the study sample from the New York City Department of Housing Preservation and Development consisted of some individuals who were ready to move into work but needed only a small push to do so. In this case, it may not have mattered whether the push consisted of employment services or cash work incentives.

Chapter 5

The Incentives-Only Program

As discussed in Chapter 1, the Work Rewards demonstration sought to test several key ideas for improving the employment and earnings outcomes of Housing Choice Voucher holders in New York City — the Family Self-Sufficiency (FSS) program alone; the FSS program plus special cash work incentives (FSS+incentives); and the work incentives program alone.[1] This chapter looks at the test of the work incentives ("reward payments") alone, without accompanying case management, asset building (that is, the escrow account), or supportive services that are provided through the FSS program. The incentives-only test was implemented with New York City Housing Authority (NYCHA) voucher holders.

In contrast to the FSS+incentives model, in which the reward payments served as a special cash work incentive on top of an array of services and the escrow offer, the incentives-only model notably did *not* entail case management, an escrow savings strategy, or proactive services of any kind, other than providing information or referrals when requested by the participant or assistance with program rules. The "services" provided to incentives-only participants were referred to as "customer service." With the incentives-only model, the demonstration can test whether cash work incentives alone — without associated services — are sufficient to increase employment and earnings. The level of cash rewards used in this intervention was the same as the level used in the FSS+incentives study described in Chapters 3 and 4, which was implemented with New York City Housing Preservation and Development (HPD) voucher holders.

This chapter first describes the reward payments offer, followed by the recruitment of the NYCHA population, their enrollment into the incentives-only program, and characteristics of the sample. It then describes the implementation of the program and participants' responses to the offer. Finally, the impacts of the reward payments offer on participants' employment, earnings, and benefits receipt are discussed.

In brief, the findings indicate that:

- The community-based organization (CBO) staff who ran the work incentives program encountered substantial skepticism about the offer of cash rewards among individuals they were trying to recruit into the program, and even among those who chose to enroll.

[1] Throughout this report, the "work incentives" program/study and the "incentives-only" program/study are used interchangeably.

- CBO staff successfully explained the mechanics of how to claim rewards, but they struggled to market the reward payments offer effectively; also, either staff were challenged to motivate individuals to meet the reward conditions, or individuals were simply unable to meet the conditions without additional assistance.

- The reward payments seemed most appealing to, and were earned most by, people who were already working at the time of enrollment; again, either the level of payments offered did not provide enough of an incentive to unemployed individuals to find employment so they could earn the rewards, or unemployed individuals were just unable to find work, possibly because of the poor economy.

- The work incentives program by itself had a positive effect on average earnings by encouraging individuals who would have worked anyway to work more, but it had no effect on employment rates.

- The work incentives program led to a substantial increase in earnings for individuals who were receiving food stamps at the time of study entry and a similarly large, although statistically insignificant, reduction in earnings for nonrecipients.

Incentives-Only Program Model

As explained in Chapter 3, the special work incentives had two main components:

- **A cash reward for sustained, full-time employment.** In order to receive this payment, the participant had to be employed for an average of 30 hours per week for six out of every eight weeks (that is, about 75 percent of the weeks in each of the program's two-month "activity periods").[2] Full compli-

[2]The program rewarded full-time work rather than part-time work because full-time work is more likely to come with higher wages and benefits. In addition, the program designers were concerned that rewarding part-time work might encourage some participants to reduce their work hours. Defining full-time work as 30 hours per week, rather than 40 hours, is in keeping with the definition used by many programs and is consistent with the definition established by the Organization for Economic Co-operation and Development (OECD — www.oecd.org). The requirement to work full time during 75 percent of the activity period, rather than 100 percent, recognized that for many low-wage workers, job turnover is common, sometimes because the job itself ends, and allowed some time for the worker to find another job. Those who were in this situation or who left work for other reasons would have a strong incentive to seek another full-time job quickly, in order to continue to be able to earn the cash reward.

ance with this condition earned a participant a $300 cash reward per activity period — up to $1,800 per year.

- **A cash reward for successfully completing approved education or training courses.** Full compliance with this condition could earn a participant $300, $400, or $600 for a course, depending on its length, up to a total of $3,000 for the duration of the program.

Originally, the education and training reward was given for combining work and training and required the participant to work at least 10 hours per week while attending an approved training course of at least 35 hours, which also had to be completed successfully. Given the poor state of the economy during the demonstration, the work requirement was eliminated for the second year of the program.

These reward payments were available to participants for up to two years from the time of enrollment in the study. In order to claim rewards, participants had to complete a "coupon" from a coupon book specially created for the program (illustrated in Figure 3.1, in Chapter 3) and provide documentation indicating that they had met the conditions to claim their payment. Once the rewards were verified as having been properly earned and documented, payments were made electronically into participants' bank accounts, which the program helped establish for those who did not already have one. Management of the incentives-only program, including the customer service provided by four CBOs and the processing of reward payments, was overseen by Seedco, the workforce intermediary described in more detail in Chapter 3.[3]

Sample Recruitment and Enrollment

Recruitment for the incentives-only study was launched in January 2008, targeting households with Section 8 vouchers issued by NYCHA. Recruitment and enrollment efforts, challenges, and procedures were largely the same for the FSS study (described in Chapters 2, 3, and 4) and the work incentives study. Thus, this section highlights differences in the recruitment process and in characteristics of the work incentives sample.[4]

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[3]As noted in Chapter 1, NYCHA had limited involvement in program implementation.

[4]See Chapter 2 for details on enrollment processes and implementation experiences that were similar across the two samples for the Work Rewards demonstration — that is, the sample for the FSS study (which included FSS only and FSS+incentives), drawn from HPD voucher holders, and the sample for the work incentives study (drawn from NYCHA voucher holders). The main difference between enrolling in the FSS and work incentives studies was that enrollees in the two program groups for the FSS study were required to complete a Contract of Participation, whereas enrollees in the work incentives study were not required to complete any such contract.

Recruitment and Marketing

Recruitment for the work incentives study sample was carried out by four CBOs located in the boroughs of the Bronx, Brooklyn, and Manhattan. The goal was to recruit 2,000 households by June 2008, an ambitious goal to achieve in only six months. The study was initially introduced to potential enrollees through a letter from NYCHA sent to households that were identified as income-eligible, which was followed by mailings from the program operator, Seedco, and outreach from the CBOs. The CBOs used telephone calls, mailings, and home visits to disseminate information about the study, as shown in Figure 5.1. Enrollment for the work incentives sample was eventually extended for an additional four months in order to reach the sample goal.

NYCHA provided contact information for about 18,500 voucher holders who met the household income eligibility criteria of 130 percent of the federal poverty level, from which the 2,000 households for the study were to be recruited. These voucher holders were only eligible for the work incentives program, which included two randomly selected groups: the incentives-only group (the "program group") and a control group, as shown in Figure 5.1. The incentives-only group was eligible for monetary incentive payments, called "reward payments," for working full time and/or completing an approved education or training program. The control group was eligible for services that were available in the community but was not eligible for the reward payments offer.

Although the ambitious enrollment goals were not met in the initial six-month time frame, the incentives-only recruitment pool proved relatively easy to engage. In fact, the sample reached half of the targeted total by May 2008, as shown in Table 5.1. Recruitment efforts were mainly challenged by voucher holders' skepticism about the program's offer, in addition to obsolete contact information and concern about participating in a program that was sponsored by the housing authority, as described in Chapter 2. Ultimately, the sample for the work incentives study exceeded the target, reaching a total of 2,023 households.[5]

Skepticism About the Special Work Incentives

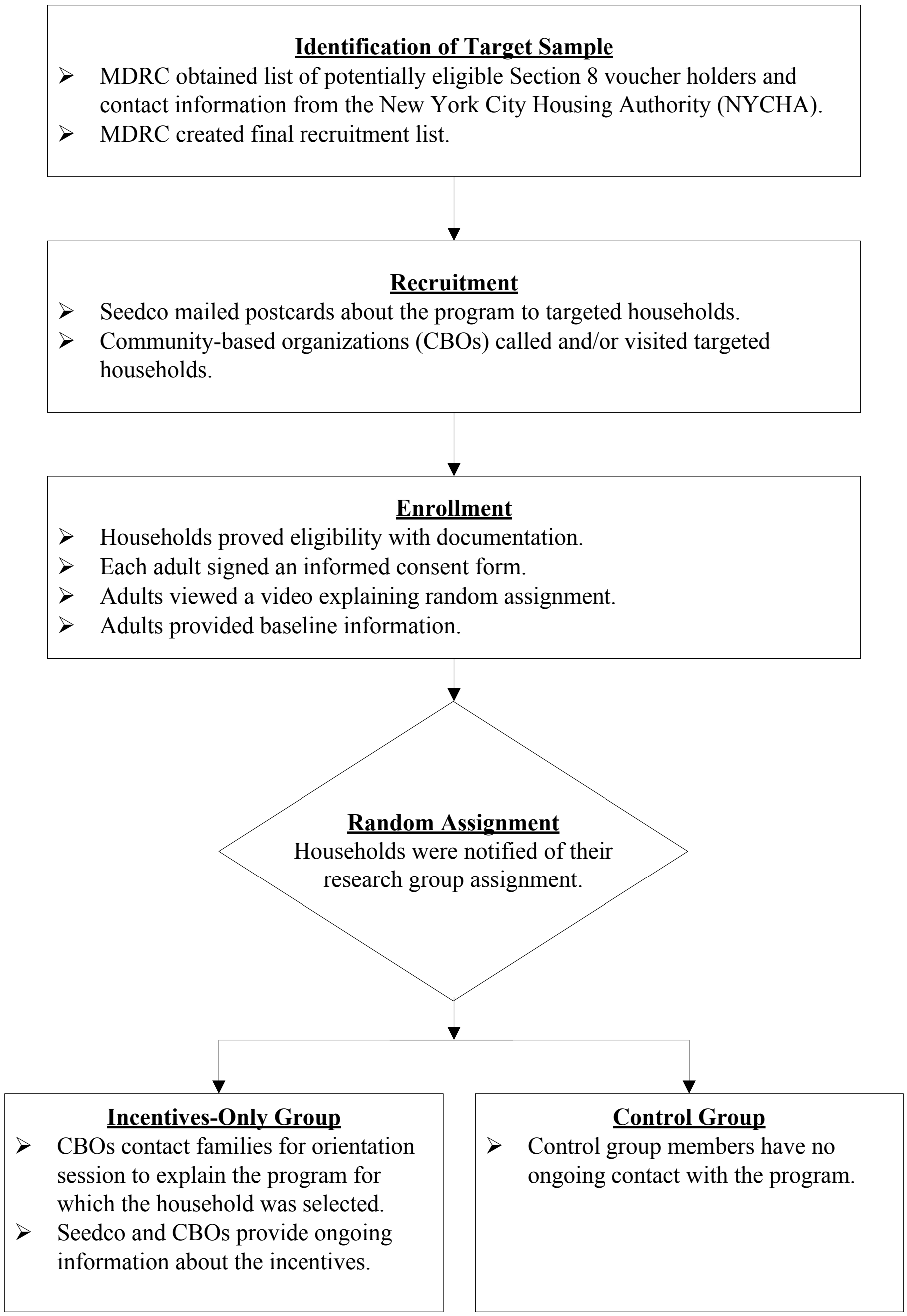
As outreach efforts began, CBO staff found that skepticism was a common response from voucher holders to the recruitment offer for the special work incentives program. Since the program was part of a study, recruitment materials were the sole source of advertising. This

[5]These numbers do not reflect exclusions based on program withdrawals, incomplete consent forms, and sample members who were unrepresentative of the target population. The section below on the "core" sample provides more information on sample exclusions.

The Opportunity NYC Demonstration: Work Rewards

Figure 5.1

Recruitment and the Random Assignment Process, Incentives-Only Study Sample



The Opportunity NYC Demonstration: Work Rewards

Table 5.1

Enrollment of Households in Incentives-Only Program, by Month of Random Assignment

Month of Random Assignment	Number Enrolled	Percentage	Cumulative Number	Cumulative Percentage
January 2008	36	0.91	36	1.8
February 2008	62	1.56	98	4.8
March 2008	240	6.05	338	16.7
April 2008	398	10.03	736	36.4
May 2008	430	10.83	1,166	57.6
June 2008	328	8.26	1,494	73.9
July 2008	165	4.16	1,659	82.0
August 2008	156	3.93	1,815	89.7
September 2008	206	5.19	2,021	99.9
October 2008	1	0.03	2,022	100.0
November 2008	0	0	2,022	100.0
December 2008	0	0	2,022	100.0
January 2009[a]	1	0.03	2,023	100.0

SOURCE: MDRC calculations using data from Work Rewards Baseline Information Form.

NOTES: This table includes all households who enrolled in the study, including those who have since withdrawn from the study.

Rounding may cause slight discrepancies in calculating sums.

Random assignment ended at the end of September 2008 for the incentives-only study.

[a]One household was added to the incentives-only sample in January because of a communication error during the enrollment process.

meant that eligible households had not heard about the special cash work incentives before they received the outreach materials. As a new program, the incentives lacked a history with previous participants, which translated into a general lack of legitimacy for some voucher holders.

Considering the prevalence of monetary incentives in scams, some voucher holders were hesitant about getting involved in a program offering money. This response is not entirely surprising, given that the initial program materials were purposefully vague about the program offerings in order to maintain the validity of the study by ensuring that control group members had only limited information about program services. The rationale for providing only limited information before enrollment in random assignment studies is to minimize the effect of recruitment on control group members' labor market decisions.

The suggested phone script for recruitment calls began, "I'm calling because you may be eligible for a new program sponsored by the City of New York. As part of this program, each eligible adult in your household could earn up to $2,800 or more per year." The monetary offer was referenced very early in the conversation, which may have led some voucher holders to end the conversation, thinking they were speaking with a telemarketer or someone promoting a fraudulent program. Even those who continued the conversation were given only limited information about the cash rewards or why the City of New York would be involved in such a program. While individuals who did not enroll in the program were not interviewed, the experience from the Opportunity NYC−Family Rewards demonstration — a "sister" demonstration of Work Rewards that offered incentives for behavior related to work, health, and children's education — suggests that the monetary offer and the limited information that was provided up front likely seemed cryptic to some who chose not to enroll.[6] CBO staff who experienced frequent rejection often modified the suggested script to avoid being mistaken for a telemarketer or a scam artist.

To overcome skepticism and concern, CBO staff encouraged individuals to visit their office to learn more about the study. Staff generally found that if they were able to speak to an individual in person, they were more likely to resolve concerns and doubt about the program and its offer by responding to the individual's questions. In some cases, staff also used the history of the CBO in the community and the development of the study to legitimize the program. While potential enrollees may not have had direct contact with the CBO, some program group members who were interviewed for this report were aware of its presence in the neighborhood. Those who were unfamiliar with the CBO were provided information about the organization's history in the community. A similar tactic was applied to the study itself by informing potential enrollees of the program's connections with the Mayor's Office. Individuals who still had doubts or concerns about the study generally chose not to enroll.

The Appeal of Special Work Incentives

Program participants were asked why they chose to sign up for Work Rewards as part of in-depth interviews that provide data for this report. The main response was the potential monetary benefits of the program — rather than, for example, because the program would encourage them to find work or increase their hours. With reward payments, participants could potentially relieve the pressures of living from paycheck to paycheck. One participant described how the reward payments piqued her interest in the program:

> They were saying if you're working, you get these incentives. If you go to school, you get these incentives.… When you work sometimes…you just [live] check to check. That little extra money can definitely be of use. So I was, like, "Alright. I can utilize that."…That sold me.

[6]Riccio et al. (2010).

This was particularly appealing to sample members who were working at the time of enrollment. Alternatively, a small group of program participants noted that they signed up to pursue education or training programs or to find employment.

The Incentives-Only Sample

As shown in Figure 5.2, while a total of 2,023 households (2,627 adults) were enrolled in the incentives-only sample, this report focuses primarily on the 1,160 households (1,318 adults) that were identified as the "core" sample. As was the case for the FSS study sample, the incentives-only core sample includes all nonelderly, nondisabled enrollees who were not identified as potential members of the Hasidic Jewish community, a population with a significant presence in only a few communities outside of New York City.[7] Data on the 33 percent of sample members (816 individuals) who were identified as potentially Hasidic are presented in a separate analysis in Appendix A. An additional 13 percent of the study sample was identified as elderly (33 sample members) and disabled (298 sample members). In total, the core sample was reduced by 1,147 sample members (47 percent). Information about the combined or "full" sample, including core sample members plus the elderly, disabled, and presumed Hasidic sample members, can be found in the supplementary tables to this report.[8] The core sample households and adults are described in further detail below.[9]

Household and Adult Characteristics

Prior to random assignment, all enrolling households were asked to complete a Baseline Information Form with questions about their household, each enrolling adult, and any children in the legal custody of the enrolling adults. Based on the household-level data presented in Table 5.2, the incentives-only sample households were generally one-adult households with an average of one to two children. Roughly one-third of the households included more than one adult or did not have any children.

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[7]While these individuals met eligibility criteria for the program, the large size of the Hasidic Jewish population in New York City, and its presence in only a few other communities in the United States outside of New York City, make the results from this population less relevant to other areas of the country. Based on information from two Brooklyn-based CBOs and guidance from an academic anthropologist who has studied this community, all sample members who were white, non-Hispanic/Latino; lived in Brooklyn; and either spoke Yiddish at home or had at least one child in private or parochial school at the time of enrollment were identified as being Hasidic and were separated from the larger sample. These criteria identified 816 incentives-only sample members (33 percent) who were presumed to be Hasidic. (See Figure 5.2.)

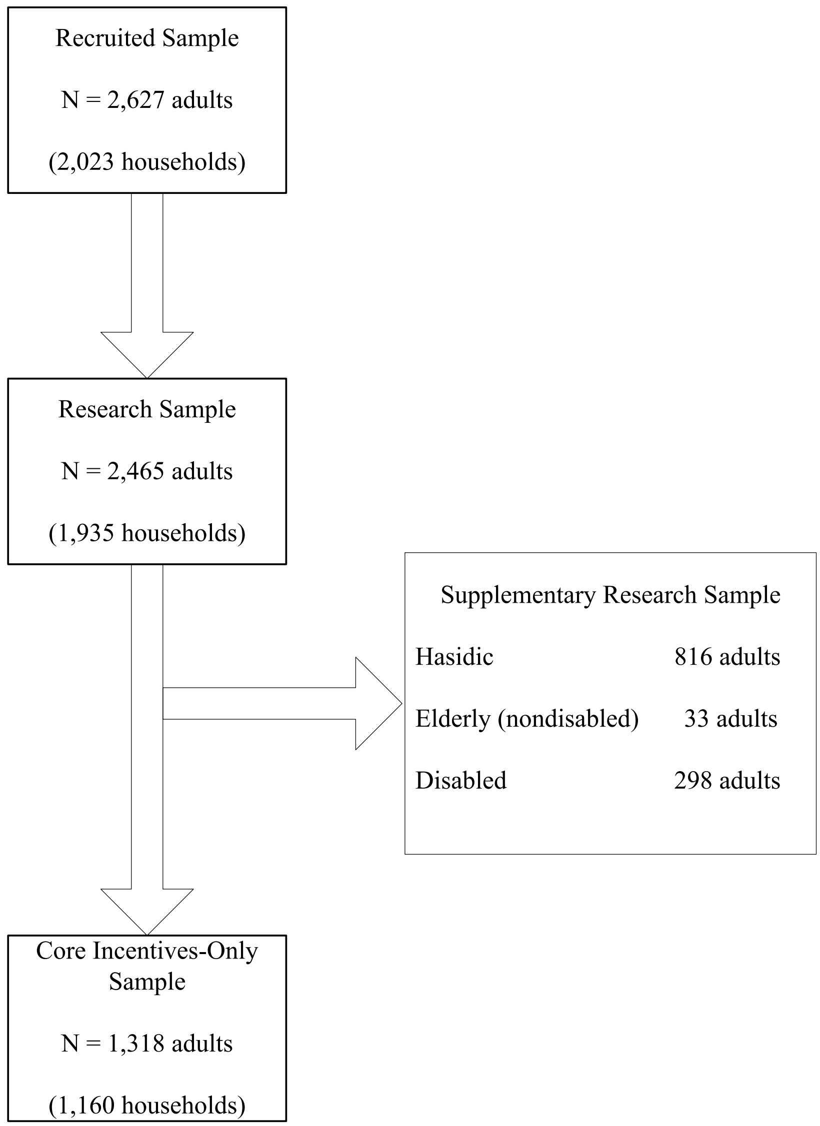
[8]The supplementary tables appear in Appendixes F and G at www.mdrc.org; see Verma et al. (2012).

[9]Additional tables of baseline data including characteristics by research group and of the full impact sample can be found in Appendix E.

The Opportunity NYC Demonstration: Work Rewards

Figure 5.2

Sample Size for Adults Enrolled in the Work Rewards Incentives-Only Study Sample



NOTE: The recruited sample for the incentives-only study was drawn from New York City Housing Authority voucher holders.

The Opportunity NYC Demonstration: Work Rewards

Table 5.2

Baseline Characteristics of Households in the Incentives-Only Study

Characteristic	Baseline
Number of children in household (%)	
0	37.2
1	25.7
2	22.2
3 or more	15.0
Average number of children in household	1.2
Average number of adults in household	1.4
Households with more than one adult (%)	33.1
Average number of adults enrolled	1.2
Households with more than one adult enrolled (%)	17.6
Primary language spoken at home is English (%)	55.1
Receiving TANF or Safety Net Assistance (%)	15.4
Receiving food stamps (%)	68.6
At least one adult covered by public health insurance (%)	84.7
Not receiving any public benefits (%)	9.8
Earnings above 130% of federal poverty level[a] (%)	10.6
Length of time receiving Section 8 (%)	
Less than 1 year	2.6
1-3 years	10.2
4-6 years	32.1
7-9 years	13.6
More than 9 years	41.6
Household's share of the rent (%)	
$0 - $200	46.2
$201 - $400	37.1
$401 or more	16.7
During the last 12 months, household was unable to (%)	
Pay rent and utility bills	46.0
Pay telephone bills	26.3
Buy food or prescription drugs	19.3
Sample size	1,160

SOURCE: MDRC calculations using Work Rewards Baseline Information Form data.

NOTES: The core sample includes housing voucher recipients who were randomly assigned between January 1, 2008, and January 16, 2009, and excludes elderly individuals, disabled individuals, and individuals who likely belong to the Hasidic community.

[a]More than 5 percent of data were missing (7.2 percent) because some respondents did not provide earnings information.

Most households received at least some non-housing public benefits at the time of enrollment, with only 10 percent *not* receiving Temporary Assistance for Needy Families (TANF), food stamps, or public health insurance. (Fifteen percent received TANF, 69 percent received food stamps, and 85 percent received public health insurance.) This is not surprising given that the income eligibility for the study was the same as for food stamps. In addition to income sources, enrollees were asked whether they had experienced any material hardship in the year before enrollment, which was defined by the inability to pay for a basic living necessity. Forty-six percent of the households were unable to pay rent or utility bills, 26 percent were unable to pay telephone bills, and 19 percent were unable to pay for food or prescription drugs.

While the sample generally captured the targeted low-income population, 11 percent of households had earnings above 130 percent of the federal poverty level. The discrepancy between baseline data on household earnings and NYCHA's household income data most likely arises because voucher holders are required to report income changes only once a year to recertify for Section 8, so their income could have increased between their last recertification and their enrollment in Work Rewards.

In terms of housing expenses, almost half of the households (46 percent) paid $200 or less for the tenant's portion of the rent not covered by Section 8. Enrolled households also had Section 8 vouchers for relatively long periods of time — the majority for four years or more. The category with the most frequent responses to the question about how long a household had been receiving a voucher was "more than nine years" (42 percent), followed by "four to six years" (32 percent).

Adults in the incentives-only sample were mostly female (84 percent) with an average age of 38, as shown in Table 5.3. Most enrollees were the head of household (82 percent) or the child or parent of the head of household (16 percent). Overall, 59 percent of sample members identified as Hispanic/Latino and 35 percent as black, non-Hispanic/Latino. The majority of these adults had a high school diploma or General Educational Development (GED) certificate at the time of enrollment (57 percent). In addition, 47 percent had a trade license or training certificate.

More than half (54 percent) of the incentives-only study sample members were employed at the time of enrollment, 37 percent working full time. In response to questions about challenges to employment, 17 percent noted having a physical, emotional, or mental health problem that limited their ability to work. In addition, 22 percent reported feeling down, depressed, or hopeless during the two weeks before enrollment.

The Opportunity NYC Demonstration: Work Rewards

Table 5.3

Baseline Characteristics of Adults in the Incentives-Only Study

Characteristic	Baseline
Female (%)	84.1
Age (%)	
18-24 years	19.4
25-34 years	18.6
35-44 years	26.5
45-59 years	33.8
60-61 years	1.7
Average age (years)	38
Marital status (%)	
Single	65.8
Cohabitating	0.9
Separated, widowed, or divorced	24.0
Married or in a legal domestic partnership	9.3
Relationship to head of household (%)	
Head of household	81.7
Spouse or legal domestic partner	1.9
Child or parent	15.8
Other	0.5
U.S. citizen[a] (%)	87.1
Race/ethnicity (%)	
Hispanic/Latino	59.4
White, non-Hispanic/Latino	3.8
Black, non-Hispanic/Latino	34.8
Other	1.9
Has an account at bank or credit union (%)	45.3
Has savings (%)	20.0
Has loans (%)	31.1
Education (highest degree or diploma earned) (%)	
GED certificate	9.1
High school diploma	17.7
Some college	19.3
Associate's degree/2-year college	6.4
4-year college or beyond	4.8
None of the above	42.7
High school diploma or GED certificate (%)	57.3
Trade license or training certificate (%)	46.9

(continued)

Table 5.3 (continued)

Characteristic	
Employment measures	
Currently working (%)	54.2
Working full time[b] (%)	37.3
Total weekly earnings (%)[c]	
$0	50.0
$1 - $200	17.6
$201 - $400	25.6
$401 or more	6.8
During past year, average number of months worked among those who worked in past year	10.5
Health measures	
Has physical or emotional or mental health problem that limits work (%)	17.1
Health insurance coverage (%)	
Public health insurance	84.8
Employer health insurance	5.5
Other health insurance	2.7
Not covered	7.0
Over the past 2 weeks, had been feeling down, depressed, or hopeless (%)	22.0
Sample size	1,318

SOURCE: MDRC calculations using Work Rewards Baseline Information Form data.

NOTES: The core sample includes housing voucher recipients who were randomly assigned between January 1, 2008, and January 16, 2009, and excludes elderly individuals, disabled individuals, and individuals who likely belong to the Hasidic community.

[a]Refers to U.S. citizens both by birth and by naturalization.

[b]Refers to 30 hours a week or more.

[c]More than 5 percent of data were missing (8.2 percent) because some respondents did not provide earnings information.

Based on the baseline information data shown in Tables 5.2 and 5.3, the incentives-only sample population seems to match the study's target for household income — that is, under 130 percent of the federal poverty guideline. While the sample has slightly fewer black, non-Hispanic/Latino members than might be expected, the racial and ethnic distribution strongly reflects the neighborhoods in which the recruitment CBOs were located, which were predominantly Hispanic/Latino. The educational attainment data suggest that more than 40 percent of them lacked a GED certificate or high school diploma, which may have limited their employment opportunities. Finally, the data suggest that at least 37 percent of the study sample was working full time at the time of enrollment.

Comparison of Enrollees and Nonenrollees

As described in Chapter 2, the CBOs used multiple outreach strategies to increase the likelihood that the study sample would reflect the low-income voucher holders of the incentives-only recruitment lists. The use of home visits and persistent outreach through phone calls and mailings to targeted households ensured that CBOs engaged more than just the easiest-to-reach households and brought in enrollees who reflected the broader Section 8 population. To assess whether individuals in the study were generally similar to the broader target population, demographic characteristics of study sample members were compared with those of the larger NYCHA recruitment pool. The data that NYCHA provided on nonenrollees for recruitment efforts did not provide enough information to identify potential Hasidic individuals. Therefore, nonenrollees are compared only with all individuals who were nonelderly and nondisabled.[10]

The results shown in Table 5.4 indicate that enrolled sample members are, on average, somewhat more disadvantaged than those who chose not to enroll. The enrolled sample has larger households, more children, and is more likely to be paying $200 or less in rent. Given that young children may affect a parent's ability to pursue and/or accept certain employment opportunities because of challenges with work schedules and child care, it is possible that the enrolled sample may have a more difficult time finding suitable employment than those who did not enroll. In addition to being generally more disadvantaged, the enrolled sample is also more likely to identify as Hispanic/Latino and less likely to identify as white, non-Hispanic/Latino, which is likely a reflection of the location of the enrollment CBOs. This is true even with the inclusion of the sample members who are identified as potentially being a part of the Hasidic Jewish community. Despite these differences, the enrolled sample and the target population of low-income voucher holders were not substantially different from one another.

Orienting Participants to the Work Incentives

The orientations for the work incentives program began in June 2008, six months after enrollment into the program began.[11] The orientation, which was one of the program group members'

[10]Households residing in the boroughs of Queens and Staten Island were also excluded from this analysis, since recruitment did not happen in those boroughs. This includes 7,523 households that did not enroll and 11 that did.

[11]This lag was a result of a delay in preparing the materials for the work incentives orientations and the time needed to train the CBOs to conduct them.

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Table 5.4

Characteristics of Voucher Recipients Enrolled in the Incentives-Only Study and Eligible Voucher Recipients Not Enrolled

Characteristic	Enrolled	Not Enrolled	
Household composition			
Average number of household members	4.1	3.4	***
Average number of children in household	2.2	1.7	***
Households with no children (%)	24.6	26.4	
Race/ethnicity (%)			***
Hispanic/Latino	58.4	51.4	
Black, non-Hispanic/Latino	13.7	12.7	
White, non-Hispanic/Latino	26.9	34.9	
Other, non-Hispanic/Latino	1.0	0.9	
Household portion of rent ($)	213	228	***
Household portion of rent (%)			***
$0 - $100	23.2	19.4	
$101 - $200	32.8	30.7	
$201 - $300	20.5	23.7	
$301 - $400	12.3	13.2	
$401 or more	11.3	13.0	
Borough (%)[a]			***
Brooklyn	48.5	38.2	
Bronx	25.2	53.9	
Manhattan	26.3	7.9	
Sample size	1,633	37,607	

SOURCE: MDRC calculations using administrative data from the New York City Housing Authority (NYCHA).

NOTES: In order to assess differences in charactristics across the two groups, chi-square tests were used for categorical variables and t-tests were used for continuous variables. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent.

This table includes all households in Brooklyn, Bronx, and Manhattan with at least one adult under 61 years of age who was not receiving Supplemental Security Income (SSI) at the time of enrollment.

Individuals identified as possible members of the Hasidic community are included in this analysis since it was not possible to identify a comparable group among those who did not enroll.

[a]Queens and Staten Island voucher recipients were not recruited for the study.

first contact with the incentives program, provided a thorough introduction to the reward payments offer. Before the orientation, most of these individuals knew that they had been randomly assigned to the incentives-only group, but generally they were not aware of the details of the program or how to engage in its offerings. Orientation and customer service were available at four CBOs; program group members for the incentives-only study attended orientation and received customer service at the same CBO where they enrolled.

The work incentives orientation provided a review of the cash rewards that were potentially available, requirements and documentation needed to claim rewards, the coupon submission and verification process, and payment delivery, while introducing participants to their reward payments customer service provider. Staff began by distributing the coupon books and then generally reviewed the program rules and responsibilities for participants, stressing that participants were responsible for providing honest and accurate documentation of their activities and would be terminated from the program for providing fraudulent information.[12] This part of the orientation typically included an explanation of the roles of Seedco and the CBO. Seedco was described as being responsible for disbursing payments, and the CBOs with offering "customer service." The customer service role included providing participants with referrals to job placement and eligible education or training programs upon request, as well as assisting with coupon submissions for reward payments, but it was not proactive and did not include any form of case management or follow-up. In describing their role as customer service providers, most CBOs also included an overview of the services and programs that existed within their larger organizations, which were available to the general public, including control group members.

The next part of the orientation generally consisted of a detailed description of the requirements for reward eligibility and documentation for both the full-time work reward and the work and education or training reward.[13] The program rules dictated that participants were eligible for the full-time work reward only if they worked 30 hours a week or more for six out of eight weeks in the two-month activity period, and for the work and education or training reward once they completed an approved education or training program.[14] Staff provided information about how to document work for both payments, which included the options of submitting pay stubs that noted the number of hours worked in the pay period, a letter from the employer detailing hours worked, or tax forms and documentation outlining hours worked for those who were self-employed. Participants claiming the work and education or training reward

[12]Seedco measured orientation attendance by tracking individuals who picked up their coupon books.

[13]As noted at the beginning of this chapter, the work and education or training reward was modified to exclude the part-time work requirement in the second year of the program.

[14]Approved programs included programs listed on New York State's "Eligible Training Provider List" and those approved by New York City's Department of Small Business Services, the New York Bureau of Proprietary School Supervision, and New York State's Office of Higher Education.

were also required to provide a letter from the educational provider attesting to their successful completion of the course and documenting the total course hours, which determined the amount of the payment. Also included in the orientation was a review of where to find information about approved education and training courses that, if completed, would deem a participant eligible for rewards; these consisted of programs approved by New York City's Department of Small Business Services.

From there, the orientation continued with a review of the options for receiving payment. Payment disbursal was only done electronically, so participants had to choose between using a pre-existing bank account, setting up a new Opportunity NYC account, or obtaining a stored value card, which has a monetary value that is not linked to an external account belonging to the card-holder — similar to a gift card that can be used anywhere. Pre-existing bank accounts were accepted for individual accounts only; even if both adults were enrolled in the program, Seedco could not accept joint bank accounts, since it would be impossible to ensure that disbursed payments reached the intended participant. Participants also had the option of opening an Opportunity NYC account, which was offered at several New York City banks through negotiations with the Department of Consumer Affairs' Office of Financial Empowerment.[15] These accounts were savings accounts with an ATM card that could not be overdrawn. Opportunity NYC accounts had no minimum balance requirements or fees, and the offering banks conducted a more flexible review of credit history when approving participants for accounts. Bank accounts, as opposed to stored value cards, were encouraged, as they connected participants with the formal banking world and helped them build or improve their credit; in contrast, stored value cards had user fees that detracted from participants' rewards, and they did not have the benefits of formal bank accounts. Therefore, participants who chose to use a pre-existing bank account or establish an Opportunity NYC account automatically received a $50 bonus payment. Those who chose not to use a bank account were able to obtain a stored value card, but they could not receive the bonus payment.

In addition to addressing the mechanics of how to receive payments, staff provided information about how to confirm payment receipt and what to do if coupon submissions were rejected. This information was provided on the reward payments "earnings statement," which was mailed to participants following each payment distribution. The earnings statement included whether the participant claimed a reward and submitted the proper paperwork, which rewards they claimed, which payments they received, and the reason for rejection, if applicable. Participants could review questions about coupon submissions and rejections with CBO staff, as well as a reward payments "helpline" number, which served as a resource for any questions about coupon submissions.

[15]See Chapter 1 for a list of participating banks.

Orientation Outreach and Challenges

CBO staff encountered some obstacles when trying to contact enrollees for the work incentives orientation, including obsolete contact information and scheduling conflicts among enrollees who were employed.[16] The following discussion describes some additional challenges to the orientations for the work incentives.

- **Apparent disinterest in the incentives often seemed to be a result of misunderstandings about what was required to earn the rewards.**

As described earlier in this chapter, program recruitment scripts and mailings did not provide detailed information about the conditions that had to be met to receive the cash rewards; the opening of the script simply said, "As part of this program, each eligible adult in your household could earn up to $2,800 or more per year." Just as this monetary offer raised skepticism among some people, some others, according to staff, just heard "$2,800" and decided to sign up, thinking they would receive money simply for being in the program. A more complete explanation of the program, including the fact that payments were conditioned on work and participation in education or training programs, was given at the time of enrollment, but many enrollees seemed not to remember those details by the time they were called in for orientation. One CBO staff member described the problem as follows:

> People thought it was automatic…since they enrolled at this date and then months later you're calling them in.…A lot of people don't remember exactly. You had to show the [study's introductory] video again and explain all over again. So, a lot of people thought it was a given. Like, I was just gonna get . . . $300 every two months just by doing nothing.

According to phone interviews that MDRC conducted with individuals who did not attend orientation, some program group members, who realized during enrollment that they would have to meet certain conditions in order to earn the rewards, chose not to attend orientation or pick up their coupon books. This was most common among those who were not in a position to claim the rewards because they were neither working nor in an education or training program, suggesting that the offer of the rewards did not seem to serve as an incentive to try to find employment or start training for these individuals. Also, according to CBO staff and MDRC's telephone interviews with nonparticipants, skepticism plagued not only individuals whom they were trying to recruit into the program, but even individuals who had decided to enroll and had been randomly assigned to the incentives-only group; some in this group *still*

[16]Despite these difficulties, the orientation rate for the first 18 months was high — 88 percent of those in the incentives-only group attended orientation.

were doubtful about the program's offer and legitimacy, and these individuals sometimes expressed a lack of interest in participating in the program.

- **The six-month delay between the start of enrollment and initial contact from the program reinforced skepticism for some — especially for those who were enrolled early and had the longest delay before orientations began — leading them to choose not to participate.**

In interviews with CBO staff for the incentives-only program, some noted that there would have been higher rates of participation if orientation had begun sooner following enrollment. "It's possible — 'cause I think we lost a lot of those initial people just because the program wasn't completely up and running."[17] Some individuals may have been hesitant to report earnings in a program that was linked to their housing authority, because they feared that their rent would increase or that they would lose their housing voucher, and they may have chosen not to participate upon learning more about what the program entailed during the enrollment process.

- **In addition to outreach for orientation, CBO staff were responsible for continued outreach and recruitment activities through the end of 2008.**

Most of the CBOs that were participating in the incentives-only study had enough staff to divide responsibilities among team members. However, this division of labor meant that work done previously by a larger team was now delegated to a smaller group, increasing responsibility and demand on staff members' time. During this phase of overlapping demand, none of the CBOs in the incentives-only study was able to hire additional staff. This limited the outreach effort that could be made to increase orientation numbers, as well as the number of orientations that could be conducted each week, which may have increased the delay in contact from the program for a subset of program group members.

Overall Assessment of the Work Incentives Orientation

While the orientations for the incentives did a good job of addressing the mechanics of the program, two aspects were generally lacking across all CBOs: (1) the staff's role as "motivator" — that is, staff did not use the orientations to encourage participants to change their behavior and do something new by, for example, taking on more hours at work or signing up for an education or training program in order to earn rewards; and (2) referral services. The program designers included a section in the work incentives orientation to encourage partici-

[17]While the delay contributed to challenges in engaging participants, most participants who were interviewed for this report did not recall a delay longer than a few weeks to a month.

pants to "stretch" to take advantage of the rewards — that is, to push themselves toward more work and better opportunities — but this was not clearly defined in trainings and discussions. Not surprisingly, this encouragement was not included in any of the observed orientations. Staff often presented information about the services that were available at their organization that would help participants take advantage of the cash rewards, but these services were not promoted directly as a way to become eligible to earn rewards. Generally, participants who left orientation encouraged to find a job or enroll in an education or training program were motivated by their own understanding of the monetary offer, rather than by staff explicitly making the connection for them that they could take steps to be able to earn rewards.

Across the sites, the CBOs' customer service role as a referral source in the incentives-only program was generally downplayed in orientation. Though staff could not be proactive with customers or provide direct service, they were expected to offer information and referrals to anyone who asked for them. However, some staff told participants directly that they could not "help" them with job search or finding an education or training program in some observed orientations; again, while staff were not supposed to work closely with participants on activities such as these, they could and should have directed participants to information and resources where the participants could pursue those activities on their own. Because CBO staff rarely mentioned that, as part of their customer service provider role, they were a source of referrals to job search services or education and training providers, interactions between CBO staff and participants in the incentives-only study were almost entirely for help with coupon submissions. This may have reduced the program's ability to connect participants with resources to help them meet the conditions to earn rewards. In that sense, the incentives-only program is a fairly pure test of an incentives offer alone.

Regular CBO meetings generally provided staff with an opportunity to discuss what was working and what was not across CBOs; these meetings also allowed program managers to update staff on changes to program rules as the program evolved (discussed in the next section) and enabled managers to clarify aspects of program rules that may have been confusing to staff. For example, some of the rules and regulations regarding the activity and payment periods for rewards needed clarification almost immediately. These discussions led to an overall change in the format for orientation from group sessions to one-on-one sessions. With this approach, staff were able to individualize orientations to each participant, including providing detailed instructions on how to submit coupons and documentation to claim rewards, as well as specific information about available services that best fit the participant's needs and/or career plan. While group orientations allowed for a broader discussion that exposed participants to others' questions, CBO staff found that the one-on-one setting allowed for discussion that addressed individual participants' needs more directly.

Operational Experiences of the Work Incentives Study

During the course of the work incentives study, CBO staff had to communicate two changes in the rules to participants: (1) the change in the full-time work reward allowing participants to work an average of 30 hours per week, rather than a minimum of 30 hours per week, during six of the eight weeks in the activity period, and (2) the elimination of the part-time work requirement from the education and training reward, so that participants could now earn this reward for completing an approved education or training program without having to work a minimum of 10 hours per week. Other than those two changes, the program remained consistent throughout the two years that each participant was eligible to earn rewards.

Ongoing Marketing of the Reward Payments

After participants received their coupon books and were oriented to the reward payments activities and rules, the CBOs had the responsibility of continuing to market the rewards, enticing participants with the offer, motivating them to take steps to be able to meet the reward conditions, and encouraging them to submit coupons to claim rewards. While overall the CBO staff did not fulfill the role of motivator as robustly as intended, they did make an effort after orientation to engage participants through a variety of strategies and motivate them to take the steps that would position them to earn rewards — that is, to obtain full-time work or enroll in an education or training program. Some of these strategies were more successful than others. However — as demonstrated later in this chapter — despite these efforts, the proportion of participants who earned rewards was less than half.

- **One-on-one assistance with coupon submissions.** Both CBO staff and participants reported that, following orientation, many participants who were already in the position to earn rewards went back to the CBOs for assistance with completing the coupons and gathering the correct documentation, especially in the earlier months of the program. These one-on-one sessions gave CBO staff an opportunity to check in with participants and encourage them to maintain their eligibility to earn rewards. However, once the "regular submitters" learned what they needed to do to submit coupons, they came into the CBO offices less frequently. As a program that was distinctively *not* a case management program, frequent contact with CBO staff was not a goal of Work Rewards, as long as participants were meeting the reward conditions and properly claiming the rewards.

- **Seedco's helpline.** The centralized helpline was a call center established by Seedco to provide answers to questions about program rules, documentation requirements, coupon submissions and rejections, and payments. However, very few Work Rewards participants who were interviewed mentioned ever calling the helpline. Rather, it was used primarily by CBO staff calling on behalf of participants to get information about why a coupon was rejected.

- **Workshops.** Work Rewards CBOs offered workshops early on in the demonstration that served essentially as reviews of what was covered at orientation — how to submit coupons, for example — and that were also intended to motivate participants to take steps to earn the rewards. CBOs initially scheduled these workshops on a regular basis, but because they were not well attended, the CBOs stopped offering them. Most CBOs found that, as with orientation, one-on-one sessions with participants for customer service were much more effective than group workshops, as each participant's situation was unique and required a different kind of customer service.

- **Events.** Periodically, the CBOs held social events for participants to encourage them to come in to the CBO offices, pick up their coupon books, and obtain assistance with coupon submission. Events appealed to families, often providing entertainment for children, and sometimes included give-aways, like turkeys around Thanksgiving or Christmas. Program managers hoped that participants who came to such events would share their experiences with earning rewards and help to motivate each other to meet the reward conditions.

- **Mailings.** Periodic mailings were sent to participants both by Seedco, on official Work Rewards letterhead, and by the CBOs directly. Bimonthly earnings statements — which show a summary of rewards earned and provide a reminder of what could be earned if the conditions are met — were sent to each incentives-only program group member, whether they were actively participating or not. Seedco sent postcards and flyers — some developed by a professional marketing firm (shown in Figure 5.3) — reminding people to take advantage of the program and letting them know that "time is running out" as they approached the end of their two years in the work incentives program.

- **Distribution of Year 2 coupon books.** Seedco sent a flyer to participants letting them know about the end of Year 1 and the final dates for Year 1 reward payment claims. The flyer also let people know that they should visit their CBO to pick up their Year 2 coupon book. CBOs also contacted all program group members to advise them to pick up their Year 2 coupon books and, in some cases, made home visits to distribute the coupon books. These phone calls and meetings provided an opportunity for staff to check in and encourage people to take action so they could claim rewards.

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Figure 5.3

Marketing Flyer, Incentives-Only Program

- **Phone calls regarding coupon rejections.** Seedco provided the CBOs with lists of participants whose coupons were rejected, along with the reason for the rejection. The CBOs called these individuals to go over the rejection and to tell them how to resubmit. This seemed to be an effective way to reengage people who had previously claimed rewards but may have become discouraged after some rejections.

- **Referrals.** As explained earlier, CBO staff were not available to provide direct service or case management to participants in the incentives-only study, since that component of the Work Rewards demonstration was looking specifically at the effect of the special cash incentive *without* any case management services. CBO staff were, though, always available to provide referrals to participants that could help them become eligible to earn rewards — for example, referrals to job search and readiness services. However, most CBO staff who served the participants in the incentives-only study appeared to be hesitant about promoting this aspect of their role, as they were afraid that providing referrals might be too similar to case management. As a result, the opportunity to provide referrals was not employed much as a strategy for marketing the special cash incentive offer.

Payment Processing

In order to deliver the cash rewards to those who earned them, the program needed a system to verify that participants had met the conditions for earning the rewards and to make payments to their bank accounts or stored value cards. In this domain, the incentives-only program was fortunate to benefit from a verification and payment processing system that Seedco had already built for another project.[18] The system included a process to log and organize the coupons and documentation submitted to claim a reward, verify that the reward conditions had been met and that the documentation was appropriate, conduct multiple quality assurance checks, validate that a claim was accepted or rejected, and transfer the payment to the participant's bank account or stored value card.[19]

[18]Seedco had already built a payment processing system for the Opportunity NYC–Family Rewards demonstration — a "sister" demonstration to Work Rewards, described briefly in Chapter 1 — which had 22 different rewards, including rewards for full-time work and education and training.

[19]For a detailed description of the payment processing system, see Riccio et al. (2010).

Receipt of the Cash Rewards

This section uses Seedco's earnings and payments databases to present participant activity in the incentives-only program. Seedco maintained information on whether program group members picked up their coupon books, submitted coupons for full-time work or for education and training, earned rewards based on completing eligible workforce activities and submitting proper documentation, and received payments in their bank accounts.

The incentives-only program provided monetary rewards to participants who either maintained full-time work or acquired additional education and training to advance their careers. Since the program provided no case management and required minimal interaction with CBO staff, "participation" in most cases involved merely picking up coupon books and submitting coupons to claim rewards.

Although the CBOs faced some challenges in locating program enrollees after random assignment because of bad contact information and delays in printing coupon books, the orientation rate for the first 18 months was high, as noted earlier in this chapter — 88 percent of those in the incentives-only program group attended orientation and, as shown in Table 5.5, 53 percent submitted at least one coupon for work and/or training activities.[20]

About 88 percent of those who submitted a coupon also earned a cash reward, suggesting that the majority of participants understood the coupon submission process and were able to document their work or training activities to claim their reward payments. On average, participants who maintained full-time employment or completed work-related education and training earned over $1,700 in reward payments over 18 months. Most of these participants (96 percent of those who had earned any rewards, or 45 percent of the program group) earned rewards for full-time work, and only 5 percent of the program group earned rewards for education and training. About four times as many participants submitted education and training rewards as earned them, indicating some possible confusion over the criteria for this activity. Of program group members who earned rewards within 18 months, 96 percent were paid; those who were not paid tended to have problems with their bank accounts, such as incorrect bank account numbers or accounts that had been closed.

[20]The rate of coupon submission was slightly lower than the ever-employed rate of 66 percent for the incentives-only program group. This difference is probably attributable to part-time or seasonal work.

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Table 5.5

Participation and Outcomes in the Incentives-Only Study, First 18 Months

Participation and Outcome	Months 1-18
Ever submitted a coupon (%)	53.4
Ever earned a reward (%)	47.1
Average total amount earned[a] ($)	1,721
Ever submitted a coupon for full-time work (%)	51.2
Ever earned a reward for full-time work (%)	45.4
Average total amount earned for full-time work rewards[b] ($)	1,635
Ever submitted a coupon for education and training (%)	19.6
Ever earned a reward for education and training (%)	4.6
Average total amount earned for education and training rewards[c] ($)	1,477
Ever paid (%)	45.2
Ever paid among those with earnings (%)	96.1
Average total amount paid[d] ($)	1,567
Sample size	652

SOURCE: MDRC calculations using Seedco's Work Rewards program data.

NOTES: The core sample includes housing voucher recipients who were randomly assigned between January 1, 2008, and January 16, 2009, and excludes elderly individuals, disabled individuals, and individuals who likely belong to the Hasidic community.

"Sample size" refers to the number of adults in the program group.

[a]Calculations are based on individuals who earned at least one reward in any category.

[b]Calculations are based on individuals who earned at least one full-time work reward.

[c]Calculations are based on individuals who earned at least one education and training reward.

[d]Calculations are based on individuals who were paid at least once.

Program Engagement Levels, by Selected Baseline Characteristics

The incentives-only study was designed to encourage continued workforce participation and to promote job advancement. Since the work incentives were tied to employment or advancement, those who had multiple barriers to employment or experienced bouts of unemployment after they enrolled in the study may have had more difficulty claiming the cash rewards on a regular basis — though they could still claim a reward for completing an approved education or training program. Using data collected in the Baseline Information Form that all individuals completed at the time of enrollment, this section compares levels of program participation — specifically, levels of attendance at the work incentives orientation and earnings of at least one reward — by selected characteristics of incentives-only program group members, to better understand which characteristics were associated with higher levels of participation and which with lower levels.

Only 12 percent of all incentives-only program group members had not attended an orientation by 18 months after random assignment. Among adults who went to an orientation, 54 percent had earned at least one reward for either full-time work or participation in a training program. Adults who were working were more likely to attend a work incentives orientation and earn at least one reward than those who were unemployed, as shown in Table 5.6. Additionally, adults with children and adults with no health problems also earned rewards at significantly higher rates than those without children or with health problems. Baseline employment differences are especially striking, but not unexpected: 68 percent of participants who were working at baseline earned at least one reward, compared with only 23 percent of participants who were not working.

Impacts on Employment, Earnings, and Benefits Receipt

During the first 18 months of program operations, 88 percent of study participants picked up a Work Rewards coupon book, and, as shown in Table 5.5, about 45 percent earned at least one reward payment for full-time work. Offering the cash rewards to housing voucher recipients should increase employment rates and earnings by increasing the payoff to work. This section presents impacts on employment and earnings through the first 30 months and benefits receipt through the first 18 months. These data provide an early look at the program's effects.

Data Sources and Follow-up Period

Program impacts are estimated using earnings records from the New York State unemployment insurance (UI) system. The UI data, available for every adult in the study, provide quarterly earnings for the majority of workers in the state and are available for the evaluation sample for several quarters before study entry and 10 quarters after study entry. Although the UI records cover earnings from most jobs in a given state, they do not cover earnings from self-employment, jobs with the federal government or the military, informal and "off-the-books" jobs, and out-of-state jobs. The UI records also do not provide information about hours worked during a quarter or a week or about the characteristics of jobs held, such as hourly wage rates, benefits, and schedules. Data from a 36-month survey, which will include information on job characteristics and earnings from non−UI-covered jobs, will be available for the next report.

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Table 5.6

Program Participation for Adults, Incentives-Only Study, by Selected Baseline Characteristics

Characteristic	Attended Incentives Orientation	Earned at Least One Reward	N
Employment status			
Working	90.9	67.7	353
Not working	84.1	22.7	295
P-value for difference	0.009 ***	0.000 ***	
Food stamp receipt			
Receiving food stamps	86.5	45.2	438
Not receiving food stamps	90.1	51.2	213
P-value for difference	0.169	0.153	
Section 8 tenure			
Less than 4 years	88.4	43.0	86
4 years or more	87.6	47.7	566
P-value for difference	0.846	0.419	
Study entry cohort			
Early cohort	88.4	46.5	449
Late cohort	86.2	48.3	203
P-value for difference	0.426	0.683	
Education measures			
High school diploma/GED certificate	89.2	49.7	372
No high school diploma/GED certificate	85.8	43.4	274
P-value for difference	0.191	0.113	
Health status			
Physical or emotional or mental health problem that limits work	85.7	28.6	112
No health problem	88.2	51.0	535
P-value for difference	0.461	0.000 ***	
Household status			
Children	87.9	52.3	390
No children	87.4	39.3	262
P-value for difference	0.836	0.001 ***	

(continued)

Table 5.6 (continued)

SOURCE: MDRC calculations using data from Work Rewards Baseline Information Form and Seedco's Work Rewards program data.

NOTES: The core sample includes housing voucher recipients who were randomly assigned between January 1, 2008, and January 16, 2009, and excludes elderly individuals, disabled individuals, and individuals who likely belong to the Hasidic community. The "early study entry cohort" entered the study from January 1, 2008, through June 30, 2008. The "late study entry cohort" entered the study from July 1, 2008, through January 16, 2009.

T-tests were used to assess differences in characteristics across research groups. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent.

Data on monthly receipt of TANF or Safety Net Assistance (SNA) and food stamp benefits were obtained from the New York City Human Resources Administration.[21] These data are also available for each study participant for several months before and 18 months after the point of random assignment. Impacts on benefit receipt are estimated at the household level.

Because individuals entered the study over a one-year period, the 30-month follow-up period spans March 2008 through June 2011. However, most of the sample entered the study during the middle of 2008, meaning that the 30-month follow-up period for most participants ranges from late 2008 through early 2011. This period coincides with the start of the economic recession — unemployment rates had increased from about 7 percent in late 2008 to 10 percent by early 2010.

Impacts

Impacts of the incentives-only program are calculated as differences in outcomes between the program and control groups. The tables and figures in this section present outcome levels for the program and control groups and differences between them. A difference that is statistically significant (indicated by asterisks) is considered a program impact — in other words, the program, rather than chance, likely caused the difference.

Figure 5.4 presents effects on quarterly earnings from UI-covered employment. Quarter 1 is the quarter of random assignment and quarters 2 through 11 include the follow-up period. Consider first the earnings levels for the control group. Quarterly earnings increase from $1,645 in the quarter of study entry to about $1,850 by quarter 11. Employment rates (not shown) are

[21]The SNA program provides assistance to individuals and families in New York State who do not qualify for the time-limited federal TANF program.

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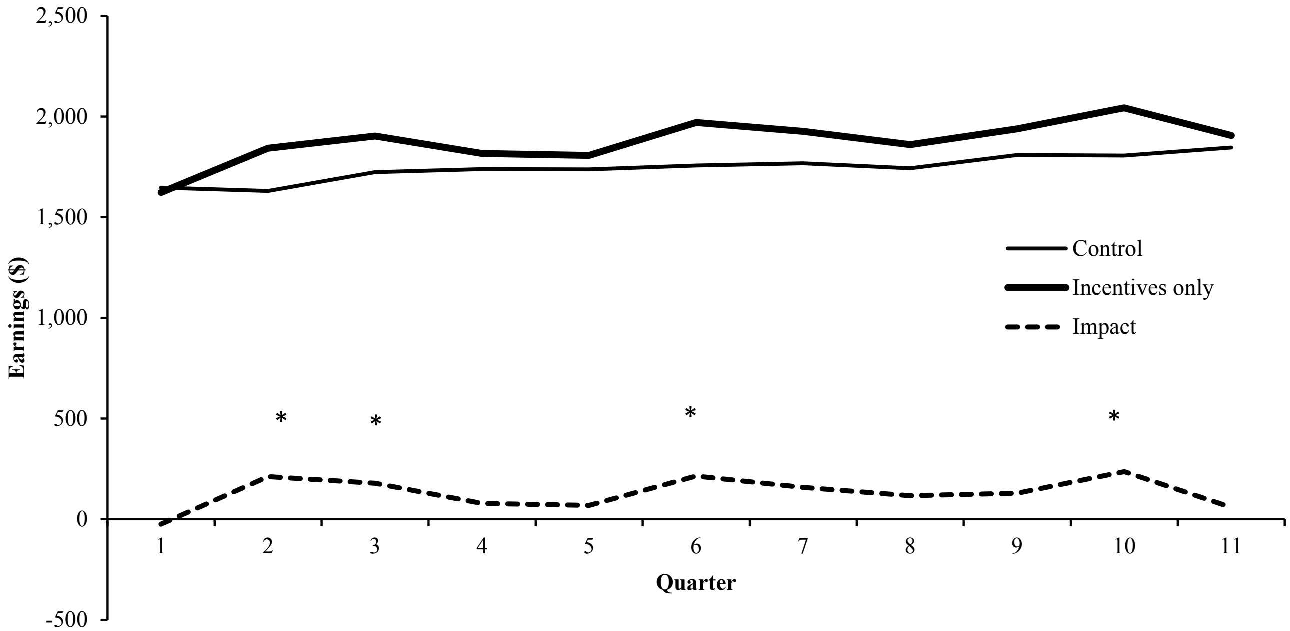
Figure 5.4

Impacts on Earnings, Incentives-Only Program



SOURCE: MDRC calculations from New York State unemployment insurance (UI) wage records.

NOTES: *Statistically significant at the 10 percent level.
Quarter 1 refers to the quarter of random assignment.

also fairly stable, at about 47 percent. As noted in Chapter 4 for the FSS sample, the recession does not seem to have led to a noticeable drop in employment for the incentives-only sample, probably because it was initially less severe in New York City than in the nation and was concentrated in different sectors from those in which the incentives-only sample worked.[22]

The program led to positive effects on earnings fairly quickly, by the first two quarters after random assignment. In Quarter 2, for example, the program group earned $211 more than the control group, a difference that is statistically significant. The effects diminish after quarter 3, although statistically significant differences emerge again in quarter 6 and quarter 10.

Table 5.7 presents summary impacts on employment, earnings, and benefits receipt during the first 18 months after study entry.[23] The top panel presents effects on employment and earnings, and shows that the program increased earnings not by encouraging more individuals to work but instead by encouraging those who would have worked (even without the program) to work, and earn, more. For example, 47.8 percent of the program group worked in an average quarter during the period, compared with 46.6 percent for the control group. In contrast, the program led to a $537 increase in earnings during Year 1, $6,831 for the control group compared with $7,368 for the program group. This effect represents a statistically significant, 8 percent increase in earnings. The impact over the full two-and-a-half-year period is similarly large, although it just misses statistical significance. It is difficult to determine whether the earnings impacts are fading over time, given the significant impacts in Quarters 6 and 10 that were illustrated in Figure 5.4. Longer-term data analyzed for future reports will indicate whether the effects persist. (Impacts on quarterly outcomes are presented in Appendix E.)

Although the UI data do not include hours worked per week, the findings are consistent with some individuals moving from part-time to full-time work in response to the program. Data on the distribution of earnings (not shown here) suggest some movement of individuals who were earning below $40,000 during the full period to above $40,000. An individual earning $9 per hour and working at least 30 hours per week would earn $35,000 over a 30-month period.

The next panel in Table 5.7 presents impacts on benefits receipt. The data show that the program led to a small reduction in TANF/SNA receipt in the final quarter of follow-up and no effect on food stamp receipt. The reduction in TANF/SNA receipt is consistent with the overall increase in earnings caused by the program.

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[22]See www.comptroller.nyc.gov/bureaus/bud/econnotes-pdf/Vol-XVIII-2-July09.pdf.

[23]As noted earlier, effects of the program are presented only for nonelderly and nondisabled individuals in the core evaluation sample. In addition, Hasidic sample members are not included in the core evaluation sample; impacts for this group are presented in Appendix A. Impacts for the full sample are presented in the supplementary tables to this report, in Appendixes F and G, which are available at www.mdrc.org; see Verma et al. (2012).

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Table 5.7

Impacts on Employment, Earnings, and Benefit Receipt, Incentives-Only Study Sample

Outcome	Program Group	Control Group	Difference (Impact)	P-Value
Employment and earnings				
Quarterly employment rate (%)				
Year 1	49.4	48.1	1.2	0.473
Year 2	46.5	45.7	0.8	0.683
Full period	47.8	46.6	1.2	0.476
Earnings ($)				
Year 1	7,368	6,831	537 *	0.083
Year 2	7,695	7,076	619	0.162
Full period	19,013	17,560	1,452	0.101
Sample size (total = 1,318)	652	666		
TANF/SNA receipt				
Receipt rates				
Number of quarters received	1.5	1.6	-0.1	0.444
Received in last quarter (%)	21.4	25.0	-3.6 *	0.080
Amount received ($)				
Full period	1,664	1,635	29	0.816
Last quarter	291	285	6	0.869
Food stamp receipt				
Receipt rates				
Number of quarters received	4.7	4.8	-0.1	0.443
Last quarter (%)	78.7	80.2	-1.5	0.526
Amount received ($)				
Full period	4,765	4,966	-200	0.276
Last quarter	902	910	-7	0.843
Sample size (total = 1,160)	573	587		

(continued)

Table 5.7 (continued)

SOURCE: MDRC calculations using administrative records data from the New York City Human Resources Administration (HRA) and New York State unemployment insurance (UI) wage records.

NOTES: The core sample includes housing voucher recipients who were randomly assigned between January 1, 2008, and January 16, 2009, and excludes elderly individuals, disabled individuals, and individuals who likely belong to the Hasidic community.

The UI outcome data cover employment and earnings through September 30, 2011, and for 30 months after study entry for each sample member. The HRA outcome data cover TANF/SNA and food stamp receipt through June 30, 2010, and for 18 months after study entry for each sample member.

Estimates were regression-adjusted using ordinary least squares, controlling for sample members' pre-random assignment characteristics. A two-tailed t-test was applied to the differences between program and control group outcomes. The p-value indicates the likelihood that the difference arose by chance. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent.

Employment and earnings outcome and impact estimates are averages among core impact sample adults. TANF/SNA and food stamp outcomes and impacts are averages among core impact sample households.

Rounding may cause slight discrepancies in calculating sums and differences.

Dollar averages include zero values for sample members who were not employed or not receiving public benefits.

This table includes only employment and earnings in jobs covered by the New York State UI program. It does not include employment outside New York State or in jobs not covered by the UI system (for example, "off the books" jobs and federal government jobs).

Impacts for Subgroups

This section presents effects for four subgroups, defined by work status at study entry, food stamp receipt, length of time on Section 8, and time of entry into the study.[24] First, although the reward payments might encourage individuals to remain employed and may lead to job advancement, the program's effects on employment are likely to be larger for individuals who were not working at study entry, since there is more room for improvement among that group and since the goal of the program is to move people into work and help them stay in work. Effects may differ for individuals receiving food stamps compared with those who are not, if some food stamp recipients are discouraged from working or from working full time because benefits are reduced as earnings increase. The cash rewards for work might help to offset this disincentive. Individuals who have received housing assistance for fewer years may be in a better position to take advantage of the work incentives, if they are less disadvantaged, for example, or they may be more willing to risk losing eligibility for vouchers by increasing their earnings. Finally, effects might differ between the early and later entry cohorts. Although the incentives-only program did not experience the implementation challenges faced by the FSS program, given that the former did not offer services, individuals who enrolled in the study early

[24]Effects of the FSS program for these subgroups were also examined in Chapter 4. As noted there, these subgroups were selected before the impact analysis began.

in the intake period often faced a considerable lag between the time of enrollment and orientation to the work incentives, when they received their coupon books.

The results are presented in Table 5.8.[25] The table presents impacts on key outcomes for each of the subgroups. The key focus of subgroup analyses is not necessarily on the impacts for a given group, but whether the *differences in impacts* across the groups are statistically significant. Differences in subgroup impacts that are statistically significant are indicated by daggers.

In contrast to the results for the FSS study, the effects of the work incentives alone do not differ by employment status. Earnings differences, for example, are roughly similar for both groups, at $1,375 for those who were not working at study entry and $928 for those who were working. Similarly, the differences in employment rates, although positive for one group and slightly negative for the other group, are statistically indistinguishable. The lack of effects for the group that was not working at study entry may reflect the absence of employment assistance in the incentives-only program, in contrast to FSS.

Differences by food stamp receipt are more pronounced. The program led to an increase in earnings of $2,711 (or 19 percent) for food stamp recipients and a reduction in earnings of $2,186 (or 9 percent) for nonrecipients. This difference in earnings impacts is statistically significant, as is the difference in employment impacts for these two groups. Recall from Chapter 4 that this pattern (of positive effects for food stamp recipients and negative effects for nonrecipients) was also found for the FSS study.

It was hypothesized that the programs might have larger effects for food stamp recipients, and additional analyses (not shown) indicate that the effects for this group do not reflect the correlation between food stamp receipt and other factors, such as employment status or family structure. However, it is always possible that food stamp recipients differ from nonrecipients in other, unobservable ways, in which case the differential effect is not a result of food stamp receipt per se but of some other factor. In any case, the results are interesting and indicate one potential target group that is more responsive to the reward payments offer. (Recall that Table 5.6 showed little difference in orientation rates and rates of rewards earned between the two groups.)

On the other hand, it is not clear why the reward payments offer would reduce earnings among those who were not receiving food stamps. It is possible that the additional income from

[25]Impacts on quarterly outcomes for each subgroup are presented in the supplementary tables to this report, in Appendixes F and G, which are available at www.mdrc.org; see Verma et al. (2012).

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Table 5.8

Impacts on Earnings, Employment, and Benefit Receipt for Selected Subgroups, Incentives-Only Study Sample

Outcome	Program Group	Control Group	Difference (Impact)	P-value	Sig.
Quarterly employment rate (%)					
Not working at baseline	29.7	26.6	3.1	0.198	
Working at baseline	62.9	64.2	-1.3	0.559	
Food stamp recipient at baseline	46.2	42.8	3.4 *	0.084	††
Not receiving food stamps	51.2	55.7	-4.5	0.111	††
Less than 4 years on Section 8	42.9	41.8	1.1	0.805	
4 years or more on Section 8	48.3	47.6	0.8	0.664	
Early study entry cohort	46.7	46.1	0.6	0.759	
Late study entry cohort	49.9	47.9	2.0	0.474	
Earnings ($)					
Not working at baseline	9,412	8,036	1,375	0.260	
Working at baseline	26,970	26,042	928	0.473	
Food stamp recipient at baseline	17,230	14,519	2,711 ***	0.009	††
Not receiving food stamps	22,540	24,727	-2,186	0.201	††
Less than 4 years on Section 8	16,241	14,420	1,822	0.434	
4 years or more on Section 8	19,360	18,125	1,235	0.203	
Early study entry cohort	18,565	17,051	1,515	0.170	
Late study entry cohort	19,869	18,795	1,074	0.479	
Amount of TANF/SNA received ($)					
Not working at baseline	2,565	2,725	-160	0.488	
Working at baseline	993	827	165	0.241	
Food stamp recipient at baseline	2,186	2,136	50	0.761	
Not receiving food stamps	529	514	15	0.933	
Less than 4 years on Section 8	1,888	2,010	-122	0.725	
4 years or more on Section 8	1,630	1,591	38	0.778	
Early study entry cohort	1,696	1,613	83	0.567	
Late study entry cohort	1,570	1,709	-139	0.582	

(continued)

Table 5.8 (continued)

Outcome	Program Group	Control Group	Difference (Impact)		P-value	Sig.
Amount of food stamps received ($)						
Not working at baseline	4,846	5,015	-169		0.512	
Working at baseline	4,646	4,871	-225		0.381	
Food stamp recipient at baseline	5,975	6,017	-41		0.842	
Not receiving food stamps	2,354	2,443	-90		0.740	
Less than 4 years on Section 8	4,791	5,041	-251		0.637	
4 years or more on Section 8	4,721	4,931	-210		0.285	
Early study entry cohort	4,731	4,704	27		0.904	†
Late study entry cohort	4,822	5,552	-730	**	0.032	†

SOURCE: MDRC calculations using administrative records data from the New York City Human Resources Administration (HRA) and New York State unemployment insurance (UI) wage records.

NOTES: The report sample includes housing voucher recipients who were randomly assigned between January 1, 2008, and January 16, 2009. The core sample excludes elderly individuals, disabled individuals, and individuals who likely belong to the Hasidic community. The "early study entry cohort" entered the study from January 1, 2008, through June 30, 2008. The "late study entry cohort" entered the study from July 1, 2008, through January 16, 2009.

The UI outcome data cover employment and earnings through September 30, 2011, and for 30 months after study entry for each sample member. The HRA outcome data cover TANF/SNA and food stamp receipt through June 30, 2010, and for 18 months after study entry for each sample member.

Subgroups are based on data collected at the time of random assignment (baseline). Sample sizes for each subgroup are the following: 598 for not working at random assignment, 709 for working at random assignment, 896 for food stamp recipients, 419 for nonrecipients, 167 for shorter housing tenure, 1,147 for longer housing tenure, 905 for early study cohort, and 413 for later study cohort. TANF/SNA and food stamp outcome data are reported at the household level, so sample sizes for these subgroups are slightly lower.

Estimates were regression-adjusted using ordinary least squares, controlling for sample members' pre-random assignment characteristics. A two-tailed t-test was applied to the differences between program and control group outcomes. The p-value indicates the likelihood that the difference arose by chance. Statistical significance levels for impacts for each intervention are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent. Differences across subgroup impacts were tested for statistical significance. Statistical significance levels for differences in impacts across subgroups are indicated as follows: ††† = 1 percent; †† = 5 percent; † = 10 percent.

Employment and earnings outcome and impact estimates are averages among the report sample adults. TANF/SNA and food stamp outcomes and impacts are averages among core impact sample households.

Rounding may cause slight discrepancies in calculating sums and differences.

Dollar averages include zero values for sample members who were not employed or not receiving public benefits.

This table includes only employment and earnings in jobs covered by the New York State UI program. It does not include employment outside New York State or in jobs not covered by the UI system (for example, "off the books" jobs and federal government jobs).

the reward payments allowed some individuals to cut back on work, although, as shown in Chapter 4, the reduction in earnings for this group was also observed for the FSS-only program, which did not offer cash rewards.

Finally, the last two panels in Table 5.8 present impacts by tenure in Section 8 and time of study entry. There were no significant differences in effects on any of the key outcomes for these two subgroups, with the exception of a difference in the effects on food stamp receipt by study entry cohort.

Conclusions

This chapter has shown that, in contrast to the FSS program, the work incentives program was straightforward and easy to operate. While it was relatively easy for the CBOs to get program group members to come in for an orientation to the work incentives program, fewer people than expected actually earned any rewards. It is possible that the reward amounts were not high enough to motivate people to meet the reward conditions; however, given that this program was testing the effects of the financial incentives alone — without accompanying case management or guidance — it is also reasonable to conclude that, though the financial incentives were enticing, many individuals were simply unable to meet the reward conditions without some assistance. Not surprisingly, most of those who earned rewards were already working at the time of enrollment.

The impact analysis showed that offering work incentives alone increased earnings largely by encouraging individuals who would have worked during the period to work more in order to qualify for the cash rewards. Unlike the FSS program, the incentives-only program did not lead to an increase in employment rates. Although some caution should be taken when making comparisons across different populations (the incentives-only sample versus the FSS sample), the differences in the programs suggest — as noted above — that some individuals in the incentives-only study may have needed additional assistance to move into work and that the offer of reward payments was not enough.

Where the programs' effects were consistent was for the subgroup defined by food stamp receipt at study entry. Both the incentives-only program and the FSS-only program led to positive effects for food stamp recipients and negative effects for nonrecipients. The large, positive effects for food stamp recipients is encouraging and suggests a possible subgroup to target for these types of programs. The negative effects for nonrecipients, on the other hand, are puzzling and warrant further study. The next chapter looks more closely at comparisons across the two studies.

Chapter 6

Broad Lessons and a Look Ahead

The Work Rewards demonstration was launched to test three alternative but related ways of improving the labor market and quality-of-life outcomes for very low-income families receiving Housing Choice Vouchers in New York City. The evidence presented in the foregoing chapters underscores both the challenges of achieving these goals and areas of promise. Because the results so far cover only a portion of the follow-up period that the evaluation will eventually cover, it is too soon to draw final conclusions about the effectiveness of these strategies. Future reports will show whether any of the initially observed patterns of effects change over time. Still, the results to date are instructive.

Family Self-Sufficiency Program

The Work Rewards study provides the first random assignment test of a Family Self-Sufficiency (FSS) program, the main federal strategy aimed at increasing employment and earnings and reducing reliance on government subsidies among housing voucher holders. Anchored by two main components — case management and an escrow savings account — housing authorities offering FSS have considerable discretion over how they structure and implement their local FSS programs. Despite the wide implementation of FSS across the nation, no strong national evidence exists on whether the program actually achieves the employment and asset-building goals it is designed to produce.

To understand the New York City findings, it is important to remember that, as part of Work Rewards, the City's FSS program differs from such programs operated elsewhere. For example, New York City's program targeted the most economically disadvantaged housing voucher holders, undertook aggressive outreach to market the program to all eligible individuals (including those who were not initially eager to apply), and did not screen voucher holders for their motivation to pursue self-sufficiency goals, which the U.S. Department of Housing and Urban Development (HUD) rules permit. It also relied heavily on community-based organizations (CBOs) and a complicated contracting arrangement with them, which influenced FSS service delivery on the ground. In the end, despite early recruitment and start-up challenges, the evolving nature of program design, and ongoing uncertainty over likely HUD annual funding levels, the housing authority and the CBOs were able to meet their enrollment goals and deliver key components of the FSS program, although perhaps not as strongly as originally envisioned.

So far, the evaluation has found no consistent evidence that FSS, by itself, has improved voucher holders' labor market outcomes. Over the first 30 months after random assignment, the program group members did not have substantially better employment rates or average earnings than their control group counterparts. Exploring the effects of the program on selected subgroups of participants, the analysis finds that among food stamp recipients at study entry, those in the FSS-only group were more likely than their control group counterparts to work in a given quarter, and their average earnings were higher. (The possible reasons for this are discussed below.) Thus, so far, the test of FSS alone offers little encouragement about its effectiveness on the broader population enrolled in the program. At the same time, the subgroup findings offer some promise that certain types of participants might benefit from the program. The ongoing evaluation will continue to monitor these patterns to determine whether they persist.

FSS Plus Special Work Incentives

During the demonstration's planning phase, it was anticipated that the benefits of the escrow account were too distant in time to be a powerful work incentive. Although intended to increase participants' assets — which would be a positive accomplishment — it was not clear that the escrow offer would change participants' work efforts, or that it would be as effective in changing behavior as alternative strategies that provided more income immediately. For this reason, the demonstration's designers included a combined "FSS+incentives" intervention, recognizing that this strategy might be especially potent because of its mutually reinforcing features. For example, they hypothesized that the special and more immediate cash work incentives (or "reward payments") along with the escrow offer might encourage participants to strive harder to work full time on a steady basis and to build skills, while the FSS case management component would help them by offering job coaching, service referrals, and other supports. It was also anticipated that, encouraged by the cash work incentives, which were paid every two months, voucher holders would take fuller advantage of the services FSS had to offer them than they would otherwise.

The appeal of the cash work incentives is evident in tenants' response at various stages of the intervention — recruitment, orientation, and ongoing engagement. For example, higher numbers of those assigned to the FSS+incentives group attended an initial FSS orientation session, compared with those assigned to the FSS-only group, suggesting that the special work incentives were an important inducement. Interviews with program participants also suggest that some individuals who signed up for the study and had hoped to get into the FSS+incentives group chose not to participate once they learned that they were assigned to the FSS group without the incentives. That may also help explain why fewer of those in the FSS-only group achieved more than one interaction with the FSS program (or met more program milestones), compared with those in the FSS+incentives group.

As was true for FSS alone, the combination of FSS and work incentives produced little consistent improvement in employment and earnings through the first 30 months of follow-up for the full sample. However, FSS+incentives produced large and statistically significant increases in average quarterly employment rates and average earnings for voucher holders who were not working at the time they enrolled in the study. This general pattern was also evident among unemployed participants in the FSS-only group, but the effects for that group were smaller and not statistically significant, and, therefore, less certain.

It is not possible to conclude with confidence that adding the financial incentives component to the main FSS program was a more effective strategy than FSS alone in improving labor market outcomes for the unemployed subgroup. Although the impacts are consistently larger for the FSS+incentives group than for the FSS-only group, and they are statistically significant for the former group only, the differences in impacts across the two interventions are not themselves statistically significant. The ongoing evaluation will show whether these patterns grow — or are sustained — over the longer term. It will also be important for future studies to confirm this pattern.

Importantly, neither the FSS+incentives nor FSS-only program improved outcomes for participants who were working when they enrolled in the study. Moreover, in-depth interviews with some participants suggest that many working residents believed that FSS had much more concrete assistance to offer those who needed to find jobs than those who were already working and looking for advancement opportunities. Consequently, as staff noted, once participants found employment they were generally less likely to maintain contact with the program. The difficulty that the FSS program had in helping low-income working adults advance in the labor market is consistent with the findings from a variety of studies of innovative postemployment strategies that have been rigorously tested in other evaluations.[1]

At the end of the follow-up period covered by this report, at least a third of the FSS participants had accumulated some escrow savings. While a number of participants reported that the escrow component "forced" them to save money for the future, families did not always understand the terms of their FSS contract and the conditions under which they could forfeit it — or benefit from it. As a result, Seedco introduced various types of marketing materials to help reinforce the message to participants that they could work and build savings while continuing to receive their housing vouchers. However, staff also struggled to integrate this message into their other work with participants, which might have improved participants' understanding of this program feature. Participants can continue to increase their escrow savings until they graduate from the FSS program, which can take five years or longer.[2] The evaluation will continue to measure their escrow savings.

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[1]Hamilton and Scrivener (2012); Hendra et al. (2011); Miller, Pennington, Tessler, and van Dok (2012).

[2]FSS is a five-year program, but it can be extended to seven years under certain circumstances.

Special Incentives Alone

In contrast to the FSS+incentives intervention, in which cash work incentives were offered as a bonus over the regular FSS case management, services, and escrow offer, the incentives-only intervention is a test of cash incentives alone. A key assumption undergirding this approach is that many services already exist in the community that could help participants find work or obtain further occupational skills training, or, if necessary, basic skills and English language instruction. The special work incentives were intended to encourage participants to take on the extra steps involved in finding that assistance, or in pursuing workforce goals of their own. If effective, this intervention might be less expensive to operate than one that involves services.

Like the FSS study, the early impact findings from the incentives-only study are also largely a subgroup story. In this case, the subgroup with the most promising results was defined in terms of participants' receipt of foods stamps at the time of random assignment. The incentives-only intervention produced sizable and statistically significant increases in earnings for participants who were food stamp recipients, but had no effects for participants who were not food stamp recipients. Interestingly, the FSS+incentives program and the FSS-only program produced a similar pattern of results (statistically significant in the latter case). It is possible that the special work incentives and/or the extra support offered by the FSS staff helped counteract the fears that some food stamp recipients may have had about potential reductions in their food stamp benefits if they earned more money. In other words, the cash rewards may have counteracted possible work disincentive effects that might have resulted from the combination of food stamp receipt and receipt of housing subsidies. Using longer-term data, the evaluation will assess whether this pattern of effects grows and becomes more certain for all three interventions.

Next Steps in the Work Rewards Evaluation

The Work Rewards evaluation will continue to track participant outcomes through 2014. Although the demonstration's special work incentives ended in mid-2010, FSS, which is a five-year program, continues to operate for participants receiving vouchers through the New York City Department of Housing Preservation and Development. Future evaluation reports will present findings covering up to five years on the outcome measures discussed in this report. In addition, the next report, scheduled to be completed in 2013, will include results from a three-year survey of participants in the FSS-only and FSS+incentives interventions. The survey will offer new information on a broad set of topics, including job characteristics, income and material well-being, household demographics and housing circumstances, and participants' views on and experiences with each of the interventions. The final report will also include a benefit-cost analysis.

HUD's New National Evaluation of the Family Self-Sufficiency Program

In March 2012, HUD commissioned a national evaluation of FSS, making it possible to build on the New York City experience and further test whether HUD's foremost employment and self-sufficiency initiative is helping voucher holders achieve economic independence and improve their quality of life. While Work Rewards provides a comprehensive and rigorous assessment of FSS, it focuses on a single city and on a program that was implemented in ways that differ from FSS implementation in many other cities.

The national evaluation will provide evidence on the effectiveness of FSS across a diverse set of cities and local contexts and as implemented in a variety of ways for diverse population groups. If the findings on FSS as part of the Work Rewards demonstration and in the national FSS demonstration line up (for example, similar patterns of effects for the employment-based and food stamps subgroups), they would provide reinforcing evidence on the effectiveness of FSS for certain groups of voucher holders. Where findings diverge, they may point to important lessons about how context, strategies, and types of people enrolled in FSS influence the program's effectiveness.

The FSS demonstration will include random assignment and a comprehensive evaluation agenda, encompassing detailed implementation research, impact analyses, and a benefit-cost analysis. Roughly 2,000 voucher holders will be included in the study. It is expected that the study will involve at least 15 public housing authorities across the country. The evaluation plan calls for demonstration sites to be selected by mid-2013 and for the full sample to be enrolled by mid-2014. The seven-year evaluation is slated to end in 2018.

Appendix A

Participation of Hasidic Individuals in the Incentives-Only Program

This appendix describes the participation of members of Brooklyn's Hasidic communities in the Work Rewards incentives-only program. The program offered special cash rewards — called "reward payments" — for meeting certain job and training benchmarks, but it did not offer any Family Self-Sufficiency services or case management, or an escrow account.

For a variety of reasons — most notably because information about the incentives offer spread through word-of-mouth — a disproportionate number of Hasidic individuals enrolled in the incentives-only program. Using data from interviews with participants, the appendix examines why these individuals enrolled, what they hoped to gain from the program, and whether and how they felt the reward payments were benefiting them. It also discusses their receipt of the reward payments and the characteristics of those who were more and less likely to claim rewards.

Early in the enrollment period for Work Rewards, the community-based organizations (CBOs) in Brooklyn that were enrolling people into the program reported — anecdotally — that they were seeing a large number of Hasidic individuals (*Hasidim* in the plural) coming into their offices to enroll. There was no way to track this pattern directly, since no questions were asked on the Baseline Information Form (BIF) that individuals completed at the time of enrollment that would identify an individual directly as being Hasidic. Instead, researchers were able to identify the Hasidic sample members through a combination of characteristics.

The incentives-only study recruited its participants from New York City Housing Authority (NYCHA) voucher holders. Of the total NYCHA sample in Work Rewards, 29 percent of households, 36 percent of adults, and 65 percent of children were white. Of the white sample, 90 percent were married (compared with 6 percent of nonwhites); 98 percent lived in Brooklyn, with the majority of those individuals living in Williamsburg and Borough Park, two neighborhoods with large Hasidic populations; 45 percent had five or more children; and 99 percent of those children went to private school. (Appendix Tables A.1 and A.2 show household and adult baseline characteristics, respectively, of the Hasidic sample, exclusive of the information provided above.) Taken together, these data indicated that the vast majority of the white NYCHA sample consisted of members of the Hasidic community.

In order to learn more about this community, MDRC consulted with leaders of three Hasidic community organizations in Brooklyn, all of them rabbis, as well as with two professors of anthropology who had conducted qualitative research in these communities.[1]

[1]The individuals who were consulted included Rabbi David Niederman, Executive Director of UJO (United Jewish Organizations) of Williamsburg; Rabbi Yechiel Kaufman, Executive Director of Borough Park JCC (Jewish Community Council); Rabbi Yechezkel Pikus, Executive Director of COJO (Council of Jewish Organizations) Flatbush; Henry Goldschmidt, Ph.D., Education Program Associate at the Interfaith Center of New York and former Assistant Professor of Religion and Society at Wesleyan University; and Ayala Fader, Ph.D., Associate Professor of Anthropology, Fordham University. William Rapfogel, CEO, and Ilene Marcus, Chief of Staff, Metropolitan Council on Jewish Poverty, helped convene the meetings with the community leaders.

The Opportunity NYC Demonstration: Work Rewards

Appendix Table A.1

Baseline Characteristics of Hasidic Households, Incentives-Only Study

Characteristic	Baseline
Number of children in household (%)	
0	2.0
1	4.3
2	9.0
3 or more	84.7
Average number of children in household	4.8
Households without children (%)	2.0
Average number of adults in household	2.2
Households with more than one adult (%)	98.8
Average number of adults enrolled	1.7
Households with more than one adult enrolled (%)	65.7
Primary language spoken at home is English (%)	25.1
Receiving TANF or Safety Net Assistance (%)	3.9
Receiving food stamps (%)	97.3
At least one adult covered by public health insurance (%)	98.8
Not receiving any public beneifts (%)	0.0
Earnings above 130% of federal poverty level (%)	0.2
Length of time receiving Section 8 (%)	
Less than 1 year	1.8
1-3 years	11.0
4-6 years	35.3
7-9 years	9.8
More than 9 years	42.0
Household's share of the rent (%)	
\$0 - \$200	66.7
\$201 - \$400	24.0
\$401 or more	9.3
During the last 12 months, household was unable to (%)	
Pay rent and utility bills	29.2
Pay telephone bills	9.0
Buy food or prescription drugs	6.1
Sample size	490

SOURCE: MDRC calculations using Work Rewards Baseline Information Forms data.

NOTES: This table includes housing voucher recipients who were randomly assigned between January 1, 2008, and January 16, 2009.

The Opportunity NYC Demonstration: Work Rewards

Appendix Table A.2

Baseline Characteristics of Hasidic Adults, Incentives-Only Study

Characteristic	Baseline
Female (%)	40.7
Age (%)	
18-24 years	10.4
25-34 years	43.0
35-44 years	25.4
45-59 years	20.8
60-61 years	0.4
Average age (years)	35
Marital status (%)	
Single	5.0
Cohabitating	0.0
Separated, widowed, or divorced	0.9
Married or in a legal domestic partnership	94.1
Relationship to head of household (%)	
Head of household	60.6
Spouse or legal domestic partner	34.3
Child or parent	5.0
Other	0.0
U.S. citizen[a] (%)	95.6
Race/ethnicity (%)	
Hispanic/Latino	0.0
White, non-Hispanic/Latino	100.0
Black, non-Hispanic/Latino	0.0
Other	0.0
Has an account at bank or credit union (%)	52.2
Has savings (%)	8.5
Has loans (%)	5.0
Education (highest degree or diploma earned) (%)	
GED certificate	0.2
High school diploma	42.5
Some college	13.7
Associate's degree/2-year college	1.5
4-year college or beyond	2.9
None of the above	39.2
High school diploma or GED certificate (%)	60.8
Trade license or training certificate (%)	5.7

(continued)

Appendix Table A.2 (continued)

Characteristic	Baseline
Employment measures	
Currently working (%)	69.6
Working full time[b] (%)	43.2
Total weekly earnings (%)	
$0	31.0
$1 - $200	35.9
$201 - $400	31.5
$401 or more	1.6
During past year, average number of months worked among those who worked in past year	11.6
Health measures	
Has physical or emotional or mental health problem that limits work (%)	3.1
Health insurance coverage (%)	
Public health insurance	98.9
Employer health insurance	0.9
Other health insurance	0.1
Not covered	0.1
Over the past 2 weeks, had been feeling down, depressed, or hopeless (%)	1.6
Sample size	816

SOURCE: MDRC calculations using Work Rewards Baseline Information Forms data.

NOTES: This table includes housing voucher recipients who were randomly assigned between January 1, 2008, and January 16, 2009.
[a]Refers to U.S. citizens both by birth and by naturalization.
[b]Refers to 30 hours a week or more.

Background on the Brooklyn Hasidic Communities

Williamsburg

The Williamsburg community is made up largely of the Satmar Hasidim, who "transplanted the *shtetl* from Hungary to NYC" after World War II, according to the Williamsburg community leader.[2] They have very large families — reflecting, in part, their goal of repopulating the Jewish community after World War II, in addition to their observance of the biblical

[2]*Shtetl* is the Yiddish word for a small Jewish village or town formerly found in Eastern Europe.

commandment to "be fruitful and multiply." They are very insular — they have no televisions, radio, Internet, or printed media from the "outside." They have their own newspapers, 90 percent of which are printed in Yiddish, which is the primary language spoken at home — though most also know English. They have their own transportation system, including daily buses to Manhattan, and most will not ride public transit. The children all go to private religious schools; boys concentrate mostly on religious studies, while girls have more secular education as part of their studies.

Employment opportunities for the community are very limited. The first-generation immigrants were able to make a living as tailors and seamstresses, jewelers, and other types of retailers; these jobs are scarce now. More recently, many people were employed in construction trades, and this sector has also recently lost many jobs as a result of the economic downturn. The Hasidic observance of the separation of men and women prevents them from going into many fields — for example, health care — that would require the sexes to mix. Observance of religious holidays, the Sabbath (from sundown on Friday to sundown on Saturday), and so forth are also an obstacle to finding mainstream work. On the upside, community members are stable and very reliable workers, according to the community leader. While some members of the community become professionals and work for mainstream firms in Manhattan — accountants, for example — their clientele are usually exclusively members of their own community. (Large firms might hire them specifically to expand their business into that population.) But, according to the Williamsburg community leader, "the masses don't have access to job opportunities." He recognizes that this is largely self-imposed — that the community wants to remain insular and does not want to mix with secular society for the most part — and therefore they have to figure out ways to create opportunities that will fit with the community's requirements.

The community's biggest employers are the yeshivas, schools in which sacred religious texts are studied. There are 18,000 children in yeshivas in Williamsburg, but the yeshivas do not pay much. Others work in niche businesses that provide for the community — such as providers of kosher foods, wigs and head coverings,[3] and traditional clothing. The United Jewish Organizations (UJO) of Williamsburg is trying to promote business opportunities and training in fields that will fit with that community's lifestyle restrictions, including opportunities for women; for example, they are training people in graphic design, blueprint production, and fields like medical billing, which people can do in their homes. In the last few years, UJO began to offer classes to train women in operating home-based businesses like these. They are working closely with the Hebrew Free Loan Society,[4] which is providing $25,000 in start-up funds to help women open businesses. But funding for this training is limited and insufficient.

[3]It is the tradition of Hasidic women to wear a wig or other head covering once they are married.

[4]See www.hfls.org. The Hebrew Free Loan Society provides interest-free loans to "foster economic independence while preserving dignity."

Borough Park

According to the community leader from Borough Park, this community is often viewed as the connecting point between the communities of Williamsburg, which is largely Hasidic, and Flatbush, which is largely Modern Orthodox. Borough Park is in the middle, both geographically and culturally. They have a large population of Bobover Hasidim, as well as many other Hasidic sects, and some Modern Orthodox, as well. They are more "modern" than the Satmar; their print media includes a lot more English, and the Borough Park Jewish Community Council (JCC) has Internet access that many people in the community use. (They are largely prohibited from having Internet access at home, because the yeshivas will not accept students who have Internet access at home.) Still, for the most part, they shun secular activities. The community leader related the story of one young man from his community who completed a General Educational Development (GED) class, and when the instructor asked him whether he wanted to become a teacher, the young man said, "No, I want to become a doctor." He completed medical training and works at Maimonides Medical Center, where he serves members of the Orthodox community. The Borough Park community leader was careful to point out, however, that this young man was an exception. Many people, including most girls and women, won't leave the community at all. At the same time, members of the community who are willing to work in the secular world often face real discrimination based on their appearance.

As with Williamsburg, Borough Park Jews have very large families. The mothers usually cannot work because they are caring for many children. However, according to the rabbis from both neighborhoods, the notion that men study all the time is exaggerated. The rabbis described the men's study as being similar to secular men going to college. These men typically get married younger, and they will study until they have their third child, while the mother will send the children to a "play group" and work. With the fourth child, the mother typically begins to stay home, and the father will then start to work. As one of the rabbis said, "You never end religious study. There is always more to study. But necessity requires the men to work."

There is a lot of entrepreneurship in Borough Park, similar to what was described in Williamsburg. People write or offer typing services at home or provide Internet services. (Some community members are permitted by religious leaders to have Internet access at home for work purposes.) But the Borough Park community leader feels that there is a need for more training opportunities in local business. He stated that *Machon L'Parnassa,* a training program geared toward Orthodox Jews at Touro College, can't place its graduates because there aren't enough jobs in the community for them and they won't go outside the community. It is only useful when it's "self-serving within the community." The rabbi said that most people in Williamsburg can't afford the "luxury" of the time it takes to complete the *Machon* program, so it's not very useful for them. In short, opportunities for advanced training are very limited. Members of these communities will not go to training programs run by secular organizations, for the reasons described above (they are outside the community, they don't have separate classes for men and women, and so forth), so there is a strong need, according to the rabbis, to tailor programs to meet the unique requirements of these communities. They believe that with the right kinds of training programs and entrepreneurship, their communities' members could thrive and get ahead.

Despite the significant barriers to employment faced by members of the Hasidic community, all of those consulted about this community agreed that, by and large, the Hasidim want to work and to earn enough money to support their large families. All confirmed that there is true poverty in this community and that many who signed up for Work Rewards likely did so because they were looking for any opportunity to increase their income. Nevertheless, because of the many cultural and religious differences between this community and the rest of the incentives-only program enrollees, and because of the substantial barriers described above, it was expected that the experiences and engagement of the Hasidim, and their responses to the program's incentives, would differ from those of core sample program members.

Hasidic Participants' Experiences and Perspectives

As part of the analysis of Hasidic participation in Work Rewards, researchers conducted interviews with a small sample of participants — six men and two women. Despite the small sample, the interviews — and even the unsuccessful attempts to reach people — were telling about the community's engagement with work and with the Work Rewards program. Repeatedly, as the interviewer attempted to reach enrolled male participants, the phones were answered by women (presumably wives) at home, often with the sounds of children in the background, and the women reported that their husbands were not available, as they were out at work. Contrary to the stereotype of a community of men who spend most of their time studying rather than working, the experience of trying to reach interviewees suggested a community of busy people juggling the competing demands of work and family, in addition to those of religious obligations.

When the CBOs first identified a large influx of Hasidic enrollees, staff and program partners presumed that announcements had been made at Jewish organizations or synagogues to encourage people to enroll. However, the interviews proved this to be untrue; every person interviewed said that he or she heard about the program from someone else. Word about the program spread quickly "from mouth to ear," as one interviewee put it. A few interviewees specifically mentioned having told many of their friends, relatives, and neighbors about the program after they were enrolled. Most had no idea how news of the program initially got out, but one interviewee said he got a letter about it from NYCHA. It is reasonable to conclude that a few formal letters, plus a set of very active social networks, accounted for the large number of Hasidim enrolled in the work incentives program. When asked why they enrolled, every interviewee made reference to "the money," not unlike the reason most core sample members enrolled.

While most people were pleased with the program, a number of interviewees expressed their wish that the program had been a bit more flexible in the way it defined "full-time work." One interviewee asked why he needed to work for 30 hours each week, rather than counting up the total number of hours worked over the course of a month or a longer period. And another (a congregational rabbi) said he had trouble filling out his reward coupons because he doesn't work regular or predictable hours. He said he always works more than 30 hours each week, but the hours don't always come in clearly defined blocks, so his employer often had trouble accounting for them in a letter. These concerns may suggest that the incentives-only program is not especially well suited for communities where there is a great deal of informal labor. Though not mentioned by any of the interviewees, CBO staff reported hearing a lot of feedback that the inability to earn rewards for yeshiva study was a significant barrier. They reported hearing that for some people, yeshiva study really was a way to advance, as it provided credentials that allowed members of the community to find jobs that required advanced religious knowledge, such as how to be a kosher butcher.

In fairly stark contrast to the interviews with core study participants, Hasidic interviewees expressed a deep dependence on their housing vouchers. For poor couples raising large families, paying for the expenses of yeshiva tuition, kosher food (which tends to be more expensive than nonkosher food), special holiday clothing, and more, in one of the world's most expensive housing markets, housing assistance is viewed as a virtual necessity. A couple of interviewees said that without housing assistance, they'd have been forced to leave the city (for a Hasidic enclave in upstate New York) years ago. Some said that, in a perfect world, with a better income, they'd rather do without their vouchers, but none saw leaving Section 8 as a realistic option in the foreseeable future. Given this broader context, it seems that the opportunity to earn additional income though the work incentives program that had no effect on their rent expenses or housing assistance was very attractive to many Hasidim. One interviewee specifically said that he would not have bothered to apply if the extra income had an impact on his rent. So the complex relationships among work, housing assistance, and other government programs may help account for the popularity of this program in Brooklyn's Hasidic communities.

The interviews yield no clear evidence that the rewards changed peoples' work habits; as indicated above, almost all Hasidic participants who submitted a reward coupon reported that they had already been employed at the time of enrollment. One interviewee reported that he was encouraged by the program to seek more hours; the rest indicated that they didn't change anything, though they appreciated the extra money. While most used the money to pay bills, pay off old debt, and the like, some used it to invest in education, and one used it to pay the expenses of moving to a larger apartment.

Orientation and Receipt of Reward Payments among Hasidic Participants

For the distinct cultural and geographic reasons discussed earlier, incentives-only participants who are part of New York's Hasidic communities might be expected to engage with the program differently from the way core sample program group members do. This section describes Hasidic participation in the incentives-only program by looking at orientation and reward receipt rates.

The Hasidic population showed high levels of participation in the incentives-only program, with rates similar to the core sample. About 90 percent of Hasidic adults who were eligible to receive reward payments were oriented within 18 months of enrolling (not shown in tables).

Appendix Table A.3 shows that over half (55 percent) of the Hasidic enrollees also submitted at least one coupon to claim rewards in the first 18 months of the program, which is slightly lower than the group's ever-employed rate of 60 percent (not shown). UI records and work documentation for the incentives-only program may not correspond as neatly for the Hasidic group as they might for the core sample since there is much more informal work in the Hasidic communities. However, the comparability of the submission and employment rates suggests that almost all Hasidim who believed they could claim reward payments tried to do so. Half of the Hasidic incentives-only group, or over 90 percent of the Hasidic participants who submitted a coupon, earned at least one reward. Fifty percent also ever earned a reward for full-time work, suggesting that the vast majority who earned at least one reward earned it for full-time work. On average, Hasidic adults earned $2,180 over the program's first 18 months.

Despite the overall success that Hasidic participants experienced with earning rewards as a result of their coupon submission, very few (less than 1 percent) earned a reward for education and training in the incentives-only program group, even though 9 percent of the Hasidic participants submitted coupons for this activity. Low approval rates among the Hasidic population for education and training activities may reflect coupon submission attempts for yeshiva (that is, religious) study. CBOs indicated that participants were unable to earn reward payments for yeshiva study because it was not on New York State's Eligible Training Provider List, the approved list of qualified education and training programs that meet the guidelines of the Workforce Investment Act and that was used to determine approved programs for Work Rewards.

As with the core study sample, nearly everyone who earned a reward (97 percent) was also paid at least once.

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Appendix Table A.3

Participation in Incentives-Only Study for Hasidic Sample, First 18 Months

Outcome	Months 1-18
Ever submitted a coupon (%)	55.4
Ever earned a reward (%)	49.9
Average total amount earned[a] ($)	2,184
Ever submitted a coupon for full-time work (%)	54.6
Ever earned a reward for full-time work (%)	49.9
Average total amount earned for full-time work rewards[b] ($)	2,180
Ever submitted a coupon for education and training (%)	8.7
Ever earned a reward for education and training (%)	0.5
Average total amount earned for education and training rewards[c] ($)	400
Ever paid (%)	48.4
Ever paid among those with earnings (%)	97.0
Average total amount paid[d] ($)	1,841
Sample size	401

SOURCE: MDRC calculations using Seedco's Work Rewards program data.

NOTES: This table includes housing voucher recipients who were randomly assigned between January 1, 2008, and January 16, 2009.
"Sample size" refers to the number of adults in the program group.
[a]Calculations are based on individuals who earned at least one reward in any category.
[b]Calculations are based on individuals who earned at least one full-time work reward.
[c]Calculations are based on individuals who earned at least one education and training reward.
[d]Calculations are based on individuals who were paid at least once.

Program Engagement Levels, by Selected Baseline Characteristics

As described in the previous section, very few Hasidic participants in the incentives-only group did not receive orientation within 18 months of their entry into the study, and 50 percent earned a reward for full-time work. Appendix Table A.4 shows incentives-only participation levels by a selection of participant characteristics at baseline. On average, Hasidic sample members who had their Section 8 vouchers for less than four years, had a high school diploma, had no children, and came into the Work Rewards program after June 30, 2008, were more likely to have attended orientation than those who had their vouchers for four years or more, had no high

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Appendix Table A.4

Program Participation for Hasidic Adults in the Incentives-Only Study, by Selected Baseline Characteristics

Characteristic	Attended RP orientation	Earned at least one coupon	N
Employment status			
Working	91.3	66.8	289
Not working	86.5	5.4	111
p-value for difference	0.185	0.000 ***	
Food stamp receipt			
Receiving food stamps	89.8	49.6	383
Not receiving food stamps	94.4	55.6	18
p-value for difference	0.523	0.623	
Section 8 tenure			
Less than 4 years	100.0	56.3	48
4 years or more	88.7	49.0	353
p-value for difference	0.000 ***	0.348	
Study entry cohort			
Early cohort	89.0	49.2	356
Late cohort	97.8	55.6	45
p-value for difference	0.002 ***	0.420	
Education measures			
Has high school diploma/GED	93.3	52.9	225
No high school diploma/GED	85.7	45.8	168
p-value for difference	0.017 **	0.167	
Health status			
Has physical or emotional or mental health problem that limits work	92.3	23.1	13
No health problem	90.4	50.9	385
p-value for difference	0.818	0.049 **	
Household status			
Has children	89.7	50.3	390
No children	100.0	36.4	11
p-value for difference	0.000 ***	0.365	

SOURCE: MDRC calculations using data from Work Rewards Baseline Information Form and Seedco's Work Rewards program data.

NOTES: This table includes housing voucher recipients who were randomly assigned between January 1, 2008, and January 16, 2009. The "early study entry cohort" entered the study from January 1, 2008, through June 30, 2008. The "late study entry cohort" entered the study from July 1, 2008, through January 16, 2009.

T-tests were used to assess differences in characteristics across research groups. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent.

school diploma, had children, or came into the program on or before June 30, 2008. Hasidic sample members who were working at the time of enrollment, and those who had no health problems at that time, were more likely to earn a reward than those who were not working or who had health problems at study intake.

Impacts for Hasidic Participants

The Hasidim's participation in the study provides an important opportunity to examine this unique group's participation in and response to a program that was designed to increase employment and earnings. However, given that their employment goals and experiences were expected to be very different from those of the traditional Section 8 population, and that their employment opportunities are fairly limited — as discussed earlier — a decision was made before the data analysis was conducted to take the Hasidic participants out of the core impact sample and to analyze this group separately.

Appendix Table A.5 presents summary impacts on earnings, employment, and benefit receipt for Hasidic participants.[5] Data for the control group show that the Hasidic sample worked as much as other sample members, with an average quarterly employment rate of 52.1 percent, compared with 47.2 percent for the core sample. They did, however, earn somewhat less. In terms of benefits receipt, the Hasidic sample had lower rates of receipt of Temporary Assistance for Needy Families than other sample members, but much higher rates of food stamp receipt.

The program overall had few effects for the Hasidic subsample. Data on quarterly employment (shown in the supplementary tables to this report in Appendixes F and G)[6] show a small and statistically significant reduction in employment over the entire period but no effects on earnings.[7] Separate analyses (not shown) indicate that the employment reductions for the full sample of adults are driven largely by reduced work among the male household members. The program had no effects on benefits receipt.

[5]Impacts on quarterly outcomes are presented in the supplementary tables to this report in Appendixes F and G, at www.mdrc.org; see Verma et al. (2012).
[6]See Verma et al. (2012).
[7]See Verma et al. (2002).

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Table A.5

Impacts on Employment, Earnings, and Benefit Receipt, Hasidic Adults, Incentives-Only Study Sample

Outcome	Program Group	Control Group	Difference (Impact)	P-Value
Employment and earnings				
Quarterly employment rate (%)				
Year 1	46.9	50.4	-3.4 **	0.047
Year 2	48.7	51.2	-2.5	0.335
Full period	48.8	52.1	-3.3	0.105
Earnings ($)				
Year 1	5,193	5,344	-151	0.466
Year 2	5,707	5,750	-43	0.894
Full period	14,234	14,362	-128	0.849
Sample size (total = 816)	401	415		
TANF/SNA receipt				
Receipt rates				
Number of quarters received	0.6	0.5	0.1	0.375
Received in last quarter (%)	9.8	13.0	-3.2	0.237
Amount received ($)				
Full period	734	659	76	0.462
Last quarter	129	159	-30	0.382
Food stamp receipt				
Receipt rates				
Number of quarters received	5.8	5.9	-0.1	0.282
Last quarter (%)	96.0	97.9	-1.9	0.243
Amount received ($)				
Full period	15,296	15,768	-472	0.355
Last quarter	2,812	2,904	-92	0.342
Sample size (total = 490)	247	243		

SOURCE: MDRC calculations using administrative records data from the New York City Human Resources Administration and New York State unemployment insurance (UI) wage records.

NOTES: This table includes housing voucher recipients who were randomly assigned between January 1, 2008, and January 16, 2009. The UI outcome data cover employment and earnings through September 30, 2011, and for 30 months after study entry for each sample member.

Employment and earnings outcome and impact estimates are averages among sample adults. TANF/SNA and food stamp outcomes and impacts are averages among sample households.

Estimates were regression-adjusted using ordinary least squares, controlling for sample members' pre-random assignment characteristics. A two-tailed t-test was applied to the differences between program and control group outcomes. The p-value indicates the likelihood that the difference arose by chance. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent.

Rounding may cause slight discrepancies in calculating sums and differences. Dollar averages include zero values for nonworking sample members.

This table includes only employment and earnings in jobs covered by the New York State UI program. It does not include employment outside New York state or in jobs not covered by the UI system (for example, "off the books" jobs and federal government jobs).

Appendix B

Baseline Characteristics of Sample Members in the Family Self-Sufficiency Study

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Appendix Table B.1

Baseline Characteristics of All Households in the FSS Study, by Research Group

Characteristic	FSS-only Group	FSS+ Incentives Group	Control Group
Number of children in household (%)			
0	46.3	48.2	47.5
1	20.2	19.9	19.6
2	17.9	16.8	16.5
3 or more	15.5	15.1	16.4
Average number of children in household	1.1	1.1	1.1
Average number of adults living in household	1.4	1.4	1.4
Households with more than one adult (%)	30.3	29.0	29.3
Average number of adults enrolled	1.1	1.1	1.1
Households with more than one adult enrolled (%)	13.2	11.5	10.9
Primary language spoken at home is English (%)	67.5	66.7	67.1
Receiving TANF or Safety Net Assistance (%)	14.3	16.2	16.9
Receiving food stamps (%)	69.4	70.6	71.0
At least one adult covered by public health insurance (%)	79.2	81.9	80.0
Not receiving public benefits (%)	12.1	9.6	10.9
Earnings above 130% of federal poverty level (%)[a]	7.7	7.3	7.6
Not receiving public benefits and earnings above 130% of federal poverty level (%)	4.8	4.8	5.2
Length of time receiving Section 8 (%)			
Less than 1 year	8.6	8.2	8.4
1-3 years	21.8	20.8	23.5
4-6 years	26.3	26.3	25.1
7-9 years	12.7	15.7	14.0
More than 9 years	30.6	28.9	29.0
Household's share of the rent (%)			
$0 - $100	11.1	8.5	10.7
$101 - $200	28.9	30.3	26.0
$201 - $300	24.2	27.3	30.0
$301 - $400	18.6	17.0	15.3
$401 - $500	9.6	9.5	7.7
$501 or more	7.7	7.3	10.3
During the last 12 months, household was unable to (%)			
Pay rent and utility bills	38.7	39.7	38.8
Pay telephone bills	24.5	22.9	26.0
Buy food or prescriptions drugs	18.9	18.7	21.5
Sample size (total = 1,883)	629	619	635

(continued)

Appendix Table B.1 (continued)

SOURCE: MDRC calculations using Work Rewards Baseline Information Form data.

NOTES: The full sample includes housing voucher recipients who were randomly assigned between January 1, 2008, and January 16, 2009. This table shows results for all households with completed informed consent forms.

[a]Five percent of data were missing because some respondents did not provide earnings information.

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Appendix Table B.2

Baseline Characteristics of All Adults in the FSS Study, by Research Group

Characteristic	FSS-Only Group	FSS+ Incentives Group	Control Group
Female (%)	75.1	75.5	76.0
Age (%)			
18-24 years	8.0	6.9	7.9
25-34 years	17.7	18.5	15.7
35-44 years	27.8	24.6	26.6
45-59 years	33.6	37.6	38.2
60 years or more	12.9	12.4	11.5
Average age (years)	44.1	44.2	44.3
Non-elderly, not receiving Supplemental Security Income (%)	78.5	77.3	77.7
Marital status (%)			
Single	63.9	62.9	62.5
Cohabitating	1.2	0.4	0.7
Separated, widowed, or divorced	20.4	22.9	20.7
Married or in a legal domestic partnership	14.5	13.7	16.1
Relationship to head of household (%)			
Head of household	87.6	87.3	88.9
Spouse or legal domestic partner	3.9	4.0	4.5
Child	8.0	7.4	6.1
Parent	0.0	0.1	0.0
Extended relative	0.3	0.7	0.4
Not related	0.1	0.4	0.1
U.S. citizen[a] (%)	85.1	87.3	84.8
Race/ethnicity (%)			
Hispanic/Latino	42.3	40.8	45.1
White, non-Hispanic/Latino	3.8	3.7	3.4
Black, non-Hispanic/Latino	46.4	48.3	42.7
Other	7.6	7.2	8.8
Has an account at bank or credit union (%)	50.3	50.6	51.3
Has savings (%)	22.5	18.1	20.9
Has loans (%)	27.4	28.2	30.3

(continued)

Appendix Table B.2 (continued)

Characteristic	FSS-Only Group	FSS+ Incentives Group	Control Group
Education (highest degree or diploma earned) (%)			
GED certificate	8.0	8.5	6.9
High school diploma	19.4	14.5	13.8
Associate's degree/2-year college	17.2	21.0	19.8
4-year college or beyond	6.9	6.7	5.4
Some college	6.0	7.9	7.6
None of the above	42.5	41.3	46.5
High school diploma or GED certificate (%)	57.5	58.7	53.5
Trade license or training certificate (%)	35.0	40.9	37.5
Employment measures			
Currently working (%)	41.2	38.8	39.3
Working full time[b] (%)	25.1	22.6	24.0
Total weekly earnings (%)[c]			
$0	61.7	64.1	63.2
$1 - $200	13.0	12.9	11.0
$201 - $300	10.9	11.0	13.1
$301 - $400	7.1	6.5	5.1
$401 - $500	3.9	3.1	4.8
$500 or more	3.3	2.3	2.7
During past year, average number of months worked among those who worked in past year	10.1	10.8	9.9
Health measures			
Has physical problem that limits work (%)	22.8	23.4	23.7
Has emotional or mental health problem that limits work (%)	7.5	9.3	10.1
Has physical or emotional or mental health problem that limits work (%)	25.5	27.0	27.4
Receive Supplemental Security Income (%)	15.4	17.7	18.8
Has physical problem that limits work	63.0	55.7	57.0
Has emotional or mental health problem that limits work	20.4	23.9	28.6
Has physical or emotional or mental health problem that limits work	68.3	64.9	67.2
Health insurance coverage (%)			
Public health insurance	80.7	82.5	82.5
Employer health insurance	5.7	4.9	6.2
Other health insurance	3.7	3.4	2.2
Not covered	10.0	9.1	9.0
Over the past 2 weeks, had been feeling down, depressed, or hopeless (%)	22.4	22.4	22.3
Sample size (total = 2,073)	699	680	694

(continued)

Appendix Table B.2 (continued)

SOURCE: MDRC calculations using Work Rewards Baseline Information Form data.

NOTES: The full sample includes housing voucher recipients who were randomly assigned between January 1, 2008, and January 16, 2009. This table shows results for all adults with completed informed consent forms, including one sample member who withdrew from the FSS study after the 18-month follow-up period.

[a]Refers to U.S. citizens both by birth and by naturalization.

[b]Refers to 30 hours a week or more.

[c]More than 5 percent of data were missing (5.1 percent) because some respondents did not provide earnings information.

Appendix C

Supplementary Tables on Orientation Attendance, Program Participation, and the Escrow Account in the Family Self-Sufficiency and Incentives-Only Studies

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Appendix Table C.1

Attendance at Orientation for the FSS and Incentives-Only Programs, Full Sample, First 18 Months

Outcome	FSS Only	FSS+ Incentives	Difference (Impact)		P-Value
Attended FSS orientation (%)	41.5	68.1	26.5	***	0.000
Attended incentives orientation (%)	—	69.7	—		
Sample size (total = 1,379)	699	680			

SOURCE: MDRC calculations from Seedco's Work Rewards program data.

NOTE: The full sample includes housing voucher recipients who were randomly assigned between January 1, 2008, and January 16, 2009.

Estimates were regression-adjusted using ordinary least squares, controlling for sample members' pre-random assignment characteristics. A two-tailed t-test was applied to the differences between program and control group outcomes. The p-value indicates the likelihood that the difference arose by chance. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

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Appendix Table C.2

Participation in the FSS Study, by Program Group, for Full Sample, First 18 Months

Outcome	FSS Only	FSS+ Incentives	Difference (Impact)	P-Value
Any service received or milestone achieved (%)	43.5	63.6	20.1 ***	0.000
Services received				
Needs assessment (%)	39.6	59.3	19.7 ***	0.000
Case management and follow-up services (%)	32.4	49.3	17.0 ***	0.000
Financial and support milestones achieved				
Attend financial literacy class or other asset-building service (%)	10.1	10.2	0.1	0.944
Linked to benefits or work supports (%)	7.1	11.5	4.4 ***	0.004
Credit improved (%)	2.0	2.5	0.5	0.486
Linked to family-based support services (%)	8.5	11.1	2.6	0.111
Employment milestones achieved				
Began education/job training program (%)	8.3	13.0	4.7 ***	0.006
Started employment (%)	8.8	13.4	4.6 ***	0.007
Continuous employment - 30 days (%)	10.5	18.4	7.9 ***	0.000
Continuous employment - 90 days (%)	6.8	13.5	6.7 ***	0.000
Continuous employment - 180 days (%)	4.2	7.8	3.6 ***	0.004
Wage gain/promotion (%)	1.3	3.5	2.1 ***	0.008
Education upgrade (%)	3.7	4.9	1.3	0.251
Number of services received or milestones achieved	1.7	2.5	0.9 ***	0.000
0	56.5	36.4	-20.1 ***	0.000
1	11.1	12.8	1.7	0.355
2 or more	32.3	50.7	18.4 ***	0.000
Sample size (total = 1,379)	699	680		

SOURCE: MDRC calculations from Seedco's Work Rewards Program data.

NOTES: The full sample includes housing voucher recipients who were randomly assigned between January 1, 2008, and January 16, 2009. This table includes one sample member who withdrew from the FSS study after the 18-month follow-up period.

Estimates were regression-adjusted using ordinary least squares, controlling for sample members' pre-random assignment characteristics. A two-tailed t-test was applied to the differences between program and control group outcomes. The p-value indicates the likelihood that the difference arose by chance. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

Appendix Table C.3

Status of FSS Escrow Account, by Research Group, FSS Study Sample

	Average Outcome Levels			FSS Only vs. Control		FSS+Incentives vs. Control		FSS+Incentives vs. FSS Only	
Outcome	FSS Only	FSS+ Incentives	Control Group	Difference (Impact)	P-value	Difference (Impact)	P-value	Difference (Impact)	P-value
Had FSS escrow balance in first 18 months (%)[a]	24.4	24.4	3.3	21.1 ***	0.000	21.1 ***	0.000	0.0	0.984
FSS escrow balance in first 18 months ($)	266	303	62	204 ***	0.000	241 ***	0.000	37	0.375
Among those with an FSS escrow balance in first 18 months									
FSS escrow balance in first 18 months ($)	*1,109*	*1,232*	*1,920*	—		—		—	
FSS escrow balance in first 18 months (%)									
$1 - $100	*10.8*	*7.9*	*22.7*	—		—		—	
$101 - $250	*16.6*	*12.2*	*3.4*	—		—		—	
$251 - $500	*14.7*	*22.1*	*13.9*	—		—		—	
$501 - $1,000	*16.4*	*21.4*	*5.8*	—		—		—	
$1,001 - $2,000	*25.1*	*17.1*	*21.6*	—		—		—	
Greater than $2,000	*16.5*	*19.4*	*32.7*	—		—		—	
Number of months until first FSS credit	*11.2*	*11.0*	*10.6*	—		—		—	
Sample size (total = 1,884)	630	619	635						

SOURCE: MDRC calculations using administrative records data from the New York City Department of Housing Preservation and Development

NOTES: The full sample includes housing voucher recipients who were randomly assigned between January 1, 2008 and January 16, 2009.

Estimates were regression-adjusted using ordinary least squares, controlling for sample members' pre-random assignment characteristics. A two-tailed t-test was applied to the differences between program and control group outcomes. The p-value indicates the likelihood that the difference arose by chance. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

Italic type indicates comparisons that are nonexperimental. Statistical tests were not performed.

[a]Dollar averages include zero values for sample members who did not have an FSS escrow balance.

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Appendix Table C.4

Participation in the FSS+Incentives Study, First 18 Months

Outcome	Months 1-18
Ever submitted a coupon (%)	31.3
Ever earned a reward (%)	27.2
Average total amount earned[a] ($)	1,657
Ever submitted a coupon for full-time work (%)	29.7
Ever earned a reward for full-time work (%)	24.7
Average total amount earned for full-time work rewards[b] ($)	1,627
Ever submitted a coupon for education and training (%)	11.0
Ever earned a reward for education and training (%)	4.0
Average total amount earned for education and training rewards[c] ($)	1,233
Ever paid (%)	26.8
Ever paid among those with earnings (%)	98.4
Average total amount paid[d] ($)	1,561
Sample size	680

SOURCE: MDRC calculations using Seedco's Work Rewards program data.

NOTES: This table includes housing voucher recipients who likely belong to the Hasidic community and were randomly assigned between January 1, 2008, and January 16, 2009.
"Sample size" refers to the number of adults in the program group.
[a]Calculations are based on individuals who earned at least one reward in any category.
[b]Calculations are based on individuals who earned at least one full-time work reward.
[c]Calculations are based on individuals who earned at least one education and training reward.
[d] Calculations are based on individuals who were paid at least once.

Appendix D

Impacts on Public Assistance Receipt, Earnings, and Employment in the Family Self-Sufficiency Study

The Opportunity NYC Demonstration: Work Rewards

Appendix Table D.1

30-Month Impacts on Employment and Earnings, FSS Study Sample

	Average Outcome Levels			FSS Only vs. Control		FSS+Incentives vs. Control		FSS+Incentives vs. FSS Only	
Outcome	FSS Only	FSS+ Incentives	Control Group	Difference (Impact)	P-Value	Difference (Impact)	P-Value	Difference (Impact)	P-Value
Ever employed (%)									
Quarter of random assignment	46.3	45.0	43.6	2.7	0.145	1.3	0.475	-1.3	0.480
Quarter 2	48.7	46.6	43.6	5.1 **	0.016	3.1	0.174	-2.0	0.365
Quarter 3	48.1	47.2	42.8	5.3 **	0.021	4.4 *	0.057	-0.9	0.718
Quarter 4	47.4	47.6	42.9	4.5 *	0.068	4.7 *	0.051	0.2	0.926
Quarter 5	44.1	47.0	43.6	0.5	0.836	3.5	0.151	3.0	0.228
Quarter 6	44.7	47.2	43.5	1.2	0.610	3.7	0.137	2.5	0.343
Quarter 7	45.8	46.6	43.3	2.5	0.308	3.3	0.192	0.8	0.765
Quarter 8	45.8	46.0	42.0	3.8	0.144	4.0	0.137	0.2	0.939
Quarter 9	45.8	45.4	43.6	2.1	0.408	1.8	0.518	-0.4	0.890
Quarter 10	44.9	46.0	43.0	1.9	0.473	3.0	0.278	1.1	0.696
Quarter 11	44.5	45.1	42.4	2.0	0.444	2.6	0.342	0.6	0.829
Year 1	59.1	59.6	55.0	4.2 *	0.071	4.6 *	0.051	0.4	0.854
Year 2	55.7	56.3	53.8	1.9	0.455	2.5	0.347	0.6	0.824
Full period	67.4	68.3	65.0	2.3	0.322	3.2	0.182	0.9	0.714
Average quarterly employment (%)	46.0	46.5	43.1	2.9	0.107	3.4 *	0.070	0.5	0.790

(continued)

Appendix Table D.1 (continued)

Outcome	Average Outcome Levels: FSS Only	Average Outcome Levels: FSS+ Incentives	Average Outcome Levels: Control Group	FSS Only vs. Control: Difference (Impact)	FSS Only vs. Control: P-Value	FSS+Incentives vs. Control: Difference (Impact)	FSS+Incentives vs. Control: P-Value	FSS+Incentives vs. FSS Only: Difference (Impact)	FSS+Incentives vs. FSS Only: P-Value
Total earnings ($)									
Quarter of random assignment	1,670	1,563	1,557	114	0.106	6	0.939	-108	0.140
Quarter 2	1,769	1,664	1,620	149	0.106	44	0.668	-106	0.277
Quarter 3	1,767	1,786	1,746	21	0.847	40	0.737	19	0.861
Quarter 4	1,688	1,810	1,775	-87	0.438	35	0.771	122	0.275
Quarter 5	1,726	1,857	1,765	-39	0.739	93	0.448	132	0.255
Quarter 6	1,882	1,957	1,863	19	0.874	94	0.467	75	0.552
Quarter 7	1,839	1,877	1,812	27	0.833	65	0.648	38	0.769
Quarter 8	1,913	1,916	1,734	179	0.182	182	0.216	3	0.983
Quarter 9	1,935	1,887	1,871	64	0.649	16	0.912	-48	0.732
Quarter 10	2,014	1,895	1,951	62	0.682	-56	0.714	-118	0.427
Quarter 11	1,985	1,916	1,876	108	0.487	40	0.825	-69	0.671
Year 1	6,950	7,117	6,906	44	0.901	211	0.577	167	0.636
Year 2	7,569	7,637	7,280	289	0.538	356	0.476	67	0.887
Full period	18,517	18,564	18,014	503	0.608	551	0.603	47	0.961
Sample size (total = 1,603)	546	523	534						

SOURCE: MDRC calculations using administrative records data from New York State unemployment insurance (UI) wage records.

NOTES: The core sample includes housing voucher recipients who were randomly assigned between January 1, 2008, and January 16, 2009, and excludes elderly individuals, disabled individuals, and individuals who likely belong to the Hasidic community.

The UI outcome data cover employment and earnings through September 30, 2011, and for 30 months after study entry for each sample member.

Estimates were regression-adjusted using ordinary least squares, controlling for sample members' pre-random assignment characteristics. A two-tailed t-test was applied to the differences between program and control group outcomes. The p-value indicates the likelihood that the difference arose by chance. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent.

Rounding may cause slight discrepancies in calculating sums and differences. Dollar averages include zero values for nonworking sample members.

This table includes only employment and earnings in jobs covered by the New York State UI program. It does not include employment outside New York State or in jobs not covered by the UI system (for example, "off the books" jobs and federal government jobs).

The Opportunity NYC Demonstration: Work Rewards

Appendix Table D.2

Quarterly Impacts on TANF/SNA and Food Stamp Receipt and Payments Through 18 Months, Full FSS Study Sample

	Average Outcome Levels			FSS Only vs. Control		FSS+Incentives vs. Control		FSS+Incentives vs. FSS Only	
Outcome	FSS Only	FSS+ Incentives	Control Group	Difference (Impact)	P-Value	Difference (Impact)	P-Value	Difference (Impact)	P-Value
Ever received TANF/SNA (%)									
Quarter of random assignment	29.4	29.1	31.5	-2.1	0.252	-2.4	0.201	-0.3	0.883
Quarter 2	29.2	28.2	30.9	-1.6	0.414	-2.7	0.183	-1.1	0.600
Quarter 3	29.2	28.3	29.2	0.0	0.998	-0.9	0.666	-0.9	0.667
Quarter 4	25.3	27.5	29.7	-4.5 **	0.040	-2.3	0.299	2.2	0.317
Quarter 5	24.1	26.8	29.8	-5.7 **	0.014	-3.0	0.193	2.6	0.254
Quarter 6	23.0	25.5	28.6	-5.7 **	0.013	-3.1	0.174	2.5	0.268
Quarter 7	22.0	24.1	27.9	-5.9 **	0.010	-3.8	0.103	2.1	0.356
Quarters 2-5	33.3	34.0	37.2	-3.8 *	0.086	-3.2	0.161	0.7	0.766
Quarters 2-7	35.0	36.3	39.3	-4.3 *	0.058	-3.0	0.192	1.3	0.568
Amount of TANF/SNA received ($)									
Quarter of random assignment	358	342	383	-26	0.262	-42 *	0.073	-16	0.491
Quarter 2	335	337	365	-29	0.255	-28	0.286	2	0.953
Quarter 3	298	336	342	-44	0.107	-6	0.823	38	0.169
Quarter 4	304	328	337	-33	0.278	-9	0.773	24	0.430
Quarter 5	294	340	365	-72 **	0.042	-25	0.484	47	0.187
Quarter 6	297	301	356	-59 *	0.087	-56	0.110	3	0.923
Quarter 7	308	310	353	-45	0.238	-43	0.265	2	0.958
Quarters 2-5	1,230	1,341	1,409	-179 *	0.076	-68	0.503	111	0.274
Quarters 2-7	1,836	1,952	2,118	-283 *	0.069	-167	0.287	116	0.457

(continued)

Appendix Table D.2 (continued)

Outcome	Average Outcome Levels: FSS Only	FSS+ Incentives	Control Group	FSS Only vs. Control: Difference (Impact)	P-Value	FSS+Incentives vs. Control: Difference (Impact)	P-Value	FSS+Incentives vs. FSS Only: Difference (Impact)	P-Value
Ever received food stamps (%)									
Quarter of random assignment	71.3	72.8	71.5	-0.2	0.928	1.3	0.624	1.5	0.561
Quarter 2	72.7	73.9	72.0	0.8	0.770	1.9	0.462	1.2	0.654
Quarter 3	74.0	75.5	72.4	1.6	0.532	3.1	0.234	1.5	0.565
Quarter 4	75.8	76.3	72.5	3.3	0.204	3.8	0.155	0.4	0.869
Quarter 5	77.0	76.4	74.7	2.3	0.380	1.8	0.503	-0.5	0.842
Quarter 6	75.5	77.0	76.0	-0.5	0.854	1.0	0.700	1.5	0.569
Quarter 7	75.6	75.9	77.0	-1.4	0.585	-1.2	0.663	0.3	0.915
Quarters 2-5	80.9	83.0	80.0	0.9	0.698	3.0	0.205	2.1	0.376
Quarters 2-7	83.0	84.5	82.5	0.5	0.814	2.0	0.385	1.5	0.524
Amount of food stamps received ($)									
Quarter of random assignment	586	584	554	32	0.283	30	0.323	-2	0.941
Quarter 2	649	652	597	52	0.107	54 *	0.094	2	0.939
Quarter 3	721	717	680	41	0.250	37	0.307	-4	0.906
Quarter 4	778	778	754	24	0.533	24	0.528	0	0.990
Quarter 5	812	810	811	1	0.977	-1	0.985	-2	0.963
Quarter 6	844	833	829	15	0.711	4	0.926	-11	0.783
Quarter 7	837	835	823	15	0.715	12	0.763	-2	0.952
Quarters 2-5	2,960	2,957	2,842	118	0.384	115	0.401	-3	0.982
Quarters 2-7	4,641	4,624	4,494	147	0.473	131	0.528	-17	0.936
Sample size (total = 1,455)	492	476	487						

(continued)

Appendix Table D.2 (continued)

SOURCE: MDRC calculations using administrative records data from the New York City Human Resources Administration (HRA).

NOTES: The core sample includes housing voucher recipients who were randomly assigned between January 1, 2008, and January 16, 2009, and excludes elderly individuals, disabled individuals, and individuals who likely belong to the Hasidic community.

The HRA outcome data cover TANF/SNA and food stamp receipt through June 30, 2010, and for 18 months after study entry for each sample member.

Estimates were regression-adjusted using ordinary least squares, controlling for sample members' pre-random assignment characteristics. A two-tailed t-test was applied to the differences between program and control group outcomes. The p-value indicates the likelihood that the difference arose by chance. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

Dollar averages include zero values for sample members who were not receiving TANF or food stamps.

The Opportunity NYC Demonstration: Work Rewards

Appendix Table D.3

30-Month Impacts on Employment and Earnings, by Employment Status at Random Assignment, FSS Study Sample

	Average Outcome Levels			FSS Only vs. Control			FSS+Incentives vs. Control			FSS+Incentives vs. FSS Only		
Outcome	FSS Only	FSS+ Incentives	Control Group	Difference (Impact)	P-Value	Sig.	Difference (Impact)	P-Value	Sig.	Difference (Impact)	P-Value	Sig.
Working at random assignment												
Ever employed (%)												
Quarter of random assignment	76.2	72.6	71.2	5.1 **	0.031		1.5	0.532		-3.6	0.104	
Quarter 2	76.4	69.7	70.7	5.7 **	0.035		-0.9	0.748	††	-6.6 **	0.017	††
Quarter 3	71.1	69.9	65.1	6.0 *	0.058		4.8	0.135		-1.3	0.690	
Quarter 4	66.6	68.9	65.4	1.3	0.713		3.5	0.268		2.3	0.494	
Quarter 5	63.0	67.7	66.5	-3.6	0.304		1.1	0.721		4.7	0.164	
Quarter 6	63.2	65.8	67.7	-4.5	0.183	††	-1.8	0.587	††	2.7	0.446	
Quarter 7	63.9	65.1	65.3	-1.4	0.684		-0.2	0.953		1.2	0.734	
Quarter 8	63.8	62.3	63.4	0.4	0.913		-1.0	0.782	†	-1.4	0.693	
Quarter 9	64.0	60.2	62.0	2.0	0.588		-1.8	0.638		-3.8	0.320	
Quarter 10	60.5	61.2	61.2	-0.7	0.866		0.1	0.984		0.7	0.852	
Quarter 11	59.4	60.5	61.5	-2.1	0.593		-1.0	0.809		1.1	0.776	
Year 1	79.6	76.9	76.8	2.9	0.260		0.2	0.946	††	-2.7	0.297	
Year 2	73.5	71.1	72.7	0.8	0.809		-1.6	0.621		-2.4	0.474	
Full period	82.8	80.9	82.1	0.6	0.810		-1.2	0.640	†	-1.8	0.463	
Average quarterly employment (%)	65.2	65.1	64.9	0.3	0.902		0.3	0.914	†	0.0	0.988	

(continued)

Appendix Table D.3 (continued)

Outcome	Average Outcome Levels: FSS Only	FSS+ Incentives	Control Group	FSS Only vs. Control: Difference (Impact)	P-Value	Sig.	FSS+Incentives vs. Control: Difference (Impact)	P-Value	Sig.	FSS+Incentives vs. FSS Only: Difference (Impact)	P-Value	Sig.
Total earnings ($)												
Quarter of random assignment	3,116	2,938	2,922	194	0.108		16	0.902		-177	0.140	
Quarter 2	3,173	2,856	2,983	190	0.202		-127	0.444	†	-317 **	0.044	††
Quarter 3	2,929	2,869	2,941	-12	0.943		-71	0.707		-59	0.737	
Quarter 4	2,729	2,863	2,946	-216	0.231		-83	0.668		134	0.456	
Quarter 5	2,781	2,880	2,983	-202	0.290		-103	0.603		99	0.590	
Quarter 6	2,934	2,860	3,105	-172	0.373		-245	0.228	†††	-74	0.704	
Quarter 7	2,819	2,769	3,006	-187	0.366		-237	0.316	††	-50	0.806	
Quarter 8	2,936	2,801	2,850	85	0.698		-49	0.841		-135	0.545	
Quarter 9	2,950	2,686	3,017	-68	0.770		-331	0.157	††	-264	0.231	
Quarter 10	2,976	2,566	3,040	-64	0.790		-474 **	0.048	†††	-410 *	0.076	†
Quarter 11	2,914	2,756	2,975	-61	0.814		-219	0.475		-158	0.534	
Year 1	11,612	11,468	11,852	-240	0.672		-384	0.520		-143	0.799	
Year 2	11,638	11,115	11,978	-341	0.651		-863	0.289	††	-523	0.481	
Full period	29,140	27,906	29,846	-706	0.657		-1,940	0.259	††	-1,234	0.426	
Sample size (total = 771)	271	246	254									

(continued)

Appendix Table D.3 (continued)

Outcome	Average Outcome Levels: FSS Only	Average Outcome Levels: FSS+ Incentives	Average Outcome Levels: Control Group	FSS Only vs. Control: Difference (Impact)	FSS Only vs. Control: P-Value	FSS Only vs. Control: Sig.	FSS+Incentives vs. Control: Difference (Impact)	FSS+Incentives vs. Control: P-Value	FSS+Incentives vs. Control: Sig.	FSS+Incentives vs. FSS Only: Difference (Impact)	FSS+Incentives vs. FSS Only: P-Value	FSS+Incentives vs. FSS Only: Sig.
Not working at random assignment												
Ever employed (%)												
Quarter of random assignment	18.2	19.5	17.3	0.8	0.765		2.1	0.455		1.3	0.648	
Quarter 2	22.5	26.3	17.6	4.9	0.137		8.7 **	0.012	††	3.7	0.286	††
Quarter 3	26.5	27.1	21.7	4.8	0.161		5.4	0.119		0.6	0.878	
Quarter 4	28.6	28.7	22.1	6.5 *	0.070		6.6 *	0.067		0.1	0.974	
Quarter 5	25.7	29.0	22.7	3.0	0.400		6.2 *	0.084		3.2	0.371	
Quarter 6	26.9	30.4	21.3	5.6	0.114	††	9.1 **	0.012	††	3.5	0.356	
Quarter 7	28.1	29.8	23.2	4.9	0.185		6.6 *	0.079		1.7	0.656	
Quarter 8	28.4	31.2	22.3	6.1	0.101		9.0 **	0.018	†	2.8	0.465	
Quarter 9	27.9	32.2	26.9	1.1	0.776		5.3	0.167		4.2	0.281	
Quarter 10	29.7	32.3	26.6	3.1	0.419		5.7	0.142		2.6	0.520	
Quarter 11	29.8	31.7	25.1	4.7	0.220		6.5 *	0.092		1.9	0.643	
Year 1	39.6	44.4	34.8	4.8	0.222		9.7 **	0.013	††	4.8	0.220	
Year 2	38.6	42.8	36.6	2.0	0.608		6.3	0.119		4.3	0.297	
Full period	52.8	57.0	49.4	3.3	0.405		7.6 *	0.055	†	4.3	0.295	
Average quarterly employment (%)	27.4	29.8	22.9	4.5 *	0.089		6.9 ***	0.010	†	2.4	0.372	

(continued)

Appendix Table D.3 (continued)

	Average Outcome Levels			FSS Only vs. Control			FSS+Incentives vs. Control			FSS+Incentives vs. FSS Only		
Outcome	FSS Only	FSS+ Incentives	Control Group	Difference (Impact)	P-Value	Sig.	Difference (Impact)	P-Value	Sig.	Difference (Impact)	P-Value	Sig.
Total earnings ($)												
Quarter of random assignment	292	288	268	24	0.721		20	0.773		-4	0.953	
Quarter 2	444	543	318	126	0.197		225 **	0.036	†	99	0.370	††
Quarter 3	668	793	596	72	0.570		197	0.152		125	0.347	
Quarter 4	693	848	678	15	0.911		169	0.266		155	0.263	
Quarter 5	708	911	662	46	0.746		250 *	0.099		204	0.155	
Quarter 6	902	1,136	673	228	0.134		462 ***	0.006	†††	234	0.168	
Quarter 7	921	1,053	689	232	0.135		364 **	0.032	††	132	0.422	
Quarter 8	956	1,089	673	284 *	0.076		416 **	0.014		132	0.446	
Quarter 9	982	1,145	782	200	0.226		363 **	0.040	††	163	0.361	
Quarter 10	1,108	1,272	917	191	0.314		354 *	0.073	†††	163	0.398	†
Quarter 11	1,103	1,139	838	265	0.150		301 *	0.094		36	0.849	
Year 1	2,513	3,095	2,254	259	0.537		842 *	0.070		582	0.183	
Year 2	3,761	4,423	2,818	943	0.100		1,605 ***	0.009	††	662	0.281	
Full period	8,485	9,929	6,827	1,658	0.158		3,102 **	0.013	††	1,444	0.234	
Sample size (total = 814)	270	271	273									

SOURCE: MDRC calculations using administrative records data from New York State unemployment insurance (UI) wage records.

NOTES: The core sample includes housing voucher recipients who were randomly assigned between January 1, 2008, and January 16, 2009, and excludes elderly individuals, disabled individuals, and individuals who likely belong to the Hasidic community.

The UI outcome data cover employment and earnings through September 30, 2011, and for 30 months after study entry for each sample member. Subgroups are based on self-reported employment status at the time of random assignment (baseline). There were 771 sample members working at baseline and 814 sample members not working at baseline.

Estimates were regression-adjusted using ordinary least squares, controlling for sample members' pre-random assignment characteristics. A two-tailed t-test was applied to the differences between program and control group outcomes. The p-value indicates the likelihood that the difference arose by chance. Statistical significance levels for impacts for each intervention are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent. Differences across subgroup impacts were tested for statistical significance. Statistical significance levels for differences in impacts across subgroups are indicated as follows: ††† = 1 percent; †† = 5 percent; † = 10 percent.

Rounding may cause slight discrepancies in calculating sums and differences. Dollar averages include zero values for nonworking sample members.

This table includes only employment and earnings in jobs covered by the New York State UI program. It does not include employment outside New York State or in jobs not covered by the UI system (for example, "off the books" jobs and federal government jobs).

Appendix E

Baseline Characteristics, Participation, and Quarterly Impacts for the Incentives-Only Study

The Opportunity NYC Demonstration: Work Rewards

Appendix Table E.1

Baseline Characteristics of All Households in the Incentives-Only Study, by Research Group

Characteristic	Incentives-Only Group	Control Group
Number of children in household (%)		
0	34.1	32.5
1	17.7	19.4
2	17.5	16.5
3 or more	30.7	31.7
Average number of children in household	2.0	2.0
Average number of adults in household	1.6	1.6
Households with more than one adult (%)	48.4	47.0
Average number of adults enrolled	1.3	1.3
Households with more than one adult enrolled (%)	26.7	28.6
Primary language spoken at home is English (%)	46.0	46.0
Receiving TANF or Safety Net Assistance (%)	12.8	11.1
Receiving food stamps (%)	77.4	78.1
At least one adult covered by public health insurance (%)	89.9	90.0
Not receiving public benefits (%)	5.9	6.4
Earnings above 130% of federal poverty level[a] (%)	6.3	6.4
Length of time receiving Section 8 (%)		
Less than 1 year	2.9	2.7
1-3 years	10.3	10.8
4-6 years	30.8	31.1
7-9 years	12.6	12.1
More than 9 years	43.5	43.2
Household's share of the rent (%)		
$0 - $100	17.8	17.9
$101 - $200	36.5	35.4
$201 - $300	20.3	20.8
$301 - $400	12.9	12.5
$401 - $500	6.9	7.2
$501 or more	5.6	6.3
During the last 12 months, household was unable to (%)		
Pay rent and utility bills	39.3	39.9
Pay telephone bills	20.1	20.8
Buy food or prescriptions drugs	13.6	17.5
Sample size (total = 1,935)	972	963

(continued)

Appendix Table E.1 (continued)

SOURCE: MDRC calculations using Work Rewards Baseline Information Form data.

NOTES: The full sample includes housing voucher recipients who were randomly assigned between January 1, 2008, and January 16, 2009.

This table shows results for all households with completed informed consent forms.

[a]More than 5 percent of data were missing (5.1 percent) because some respondents did not provide earnings information.

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Appendix Table E.2

Baseline Characteristics of All Adults in the Incentives-Only Study, by Research Group

Characteristic	Incentives-Only Group	Control Group
Female (%)	69.9	69.4
Age (%)		
18-24 years	14.8	13.6
25-34 years	24.9	25.8
35-44 years	24.1	25.0
45-59 years	29.9	31.3
60 years or more	6.3	4.3
Average age (years)	39	39
Nonelderly, not receiving Supplemental Security Income (%)	85.6	86.5
Marital status (%)		
Single	44.6	43.7
Cohabitating	0.7	0.2
Separated, widowed, or divorced	17.4	19.3
Married or in a legal domestic partnership	37.2	36.8
Relationship to head of household (%)		
Head of household	76.5	76.9
Spouse or legal domestic partner	12.4	12.4
Child	10.5	10.5
Parent	0.2	0.0
Extended relative	0.3	0.1
Not related	0.0	0.2
U.S. citizen[a] (%)	91.0	88.7
Race/ethnicity (%)		
Hispanic/Latino	42.6	39.1
White, non-Hispanic/Latino	35.6	36.0
Black, non-Hispanic/Latino	20.7	23.4
Other	1.1	1.5
Has an account at bank or credit union (%)	49.4	50.9
Has savings (%)	15.8	16.1
Has loans (%)	21.7	21.2

(continued)

Appendix Table E.2 (continued)

Characteristic	Incentives-Only Group	Control Group
Education (highest degree or diploma earned) (%)		
GED certificate	5.5	6.0
High school diploma	24.2	25.6
Associate's degree/2-year college	16.9	16.9
4-year college or beyond	4.5	4.4
Some college	4.5	4.0
None of the above	44.5	43.1
High school diploma or GED certificate (%)	55.5	56.9
Trade license or training certificate (%)	31.2	30.7
Employment measures		
Currently working (%)	54.1	52.4
Working full time[b] (%)	34.4	35.1
Total weekly earnings (%)[c]		
$0 -	48.9	50.0
$1 - $200	22.6	21.3
$201 - $300	19.1	18.7
$301 - $400	5.0	6.3
$401 - $500	2.2	1.9
$500 or more	2.3	1.9
During past year, average number of months worked among those who worked in past year	10.9	11.0
Has physical problem that limits work (%)	15.7	16.4
Has emotional or mental health problem that limits work (%)	9.2	7.7
Has physical or emotional or mental health problem that limits work (%)	19.6	19.2
Receive Supplemental Security Income (%)	12.8	12.1
Has physical problem that limits work	51.0	59.7
Has emotional or mental health problem that limits work	39.1	41.2
Has physical or emotional or mental health problem that limits work	68.4	72.8
Health insurance coverage (%)		
Public health insurance	91.0	91.3
Employer health insurance	3.1	3.4
Other health insurance	1.2	2.0
Not covered	4.7	3.3
Over the past 2 weeks, had been feeling down, depressed, or hopeless (%)	17.9	18.1
Sample size (total = 2,465)	1,223	1,242

(continued)

Appendix Table E.2 (continued)

SOURCE: MDRC calculations using Work Rewards Baseline Information Form data.

NOTES: The core sample includes housing voucher recipients who were randomly assigned between January 1, 2008, and January 16, 2009. This table shows results for all adults with completed informed consent forms.

[a]Refers to U.S. citizens both by birth and by naturalization.

[b]Refers to 30 hours a week or more.

[c]More than 5 percent of data were missing (5.3 percent) because some respondents did not provide earnings information.

The Opportunity NYC Demonstration: Work Rewards

Appendix Table E.3

Participation in Incentives-Only Study, First 18 Months

Outcome	Months 1-18
Ever submitted a coupon (%)	48.2
Ever earned a reward (%)	42.7
Average total amount earned[a] ($)	1,882
Ever submitted a coupon for full-time work (%)	46.6
Ever earned a reward for full-time work (%)	41.5
Average total amount earned for full-time work rewards[b] ($)	1,835
Ever submitted a coupon for education and training (%)	14.2
Ever earned a reward for education and training (%)	2.9
Average total amount earned for education and training rewards[c] ($)	1,431
Ever paid (%)	40.9
Ever paid among those with earnings (%)	95.8
Average total amount paid[d] ($)	1,668
Sample size	1,223

SOURCE: MDRC calculations using Seedco's Work Rewards program data.

NOTES: "Sample size" refers to the number of adults in the program group.
The full sample includes housing voucher recipients who were randomly assigned between January 1, 2008, and January 16, 2009.
[a]Calculations are based on individuals who earned at least one reward in any category.
[b]Calculations are based on individuals who earned at least one full-time work reward.
[c]Calculations are based on individuals who earned at least one education and training reward.
[d]Calculations are based on individuals who were paid at least once.

The Opportunity NYC Demonstration: Work Rewards

Appendix Table E.4

30-Month Impacts on Employment and Earnings, Incentives-Only Study Sample

Outcome	Program Group	Control Group	Difference (Impact)	P-Value
Ever employed (%)				
Quarter of random assignment	48.3	47.5	0.8	0.625
Quarter 2	50.9	48.5	2.4	0.231
Quarter 3	51.0	48.3	2.7	0.192
Quarter 4	49.0	48.7	0.3	0.890
Quarter 5	46.6	47.1	-0.5	0.832
Quarter 6	46.2	45.2	1.0	0.669
Quarter 7	47.1	46.7	0.4	0.865
Quarter 8	46.5	46.3	0.2	0.926
Quarter 9	46.5	44.8	1.7	0.472
Quarter 10	46.6	46.1	0.5	0.819
Quarter 11	47.5	44.7	2.8	0.231
Year 1	62.0	59.7	2.3	0.260
Year 2	56.2	57.2	-1.0	0.654
Full period	71.9	68.0	3.9 **	0.047
Average quarterly employment (%)	47.8	46.6	1.2	0.476
Total earnings ($)				
Quarter of random assignment	1,623	1,647	-24	0.705
Quarter 2	1,842	1,630	212 **	0.010
Quarter 3	1,903	1,724	179 *	0.052
Quarter 4	1,817	1,739	78	0.420
Quarter 5	1,806	1,738	69	0.515
Quarter 6	1,970	1,756	214 *	0.071
Quarter 7	1,926	1,768	158	0.185
Quarter 8	1,860	1,743	117	0.336
Quarter 9	1,938	1,809	129	0.332
Quarter 10	2,044	1,807	237 *	0.086
Quarter 11	1,906	1,846	59	0.652
Year 1	7,368	6,831	537 *	0.083
Year 2	7,695	7,076	619	0.162
Full period	19,013	17,560	1,452	0.101
Sample size (total = 1,318)	652	666		

(continued)

Appendix Table E.4 (continued)

SOURCE: MDRC calculations using administrative records data from New York State unemployment insurance (UI) wage records.

NOTES: The core sample includes housing voucher recipients who were randomly assigned between January 1, 2008, and January 16, 2009, and excludes elderly individuals, disabled individuals, and individuals who likely belong to the Hasidic community. The UI outcome data cover employment and earnings through September 30, 2011, and for 30 months after study entry for each sample member.

Estimates were regression-adjusted using ordinary least squares, controlling for sample-members' pre-random assignment characteristics. A two-tailed t-test was applied to the differences between program and control group outcomes. The p-value indicates the likelihood that the difference arose by chance. Statistical significance levels for impacts for each intervention are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent.

Rounding may cause slight discrepancies in calculating sums and differences. Dollar averages include zero values for nonworking sample members.

This table includes only employment and earnings in jobs covered by the New York State UI program. It does not include employment outside New York State or in jobs not covered by the UI system (for example, "off the books" jobs and federal government jobs).

The Opportunity NYC Demonstration: Work Rewards

Appendix Table E.5

Quarterly Impacts on TANF/SNA and Food Stamp Receipt and Payments Through the First 18 Months, Incentives-Only Study Sample

Outcome	Program Group	Control Group	Difference (Impact)	P-Value
Ever received TANF/SNA (%)				
Quarter of random assignment	29.3	28.0	1.3	0.423
Quarter 2	28.8	28.2	0.6	0.732
Quarter 3	27.1	27.9	-0.9	0.668
Quarter 4	26.0	27.8	-1.9	0.367
Quarter 5	25.1	24.2	0.9	0.648
Quarter 6	22.4	25.1	-2.7	0.191
Quarter 7	21.4	25.0	-3.6 *	0.080
Quarters 2-5	34.1	34.2	-0.2	0.935
Quarters 2-7	35.9	36.9	-1.1	0.617
Amount of TANF/SNA received ($)				
Quarter of random assignment	320	290	30	0.156
Quarter 2	292	286	6	0.765
Quarter 3	271	276	-4	0.856
Quarter 4	262	265	-4	0.885
Quarter 5	273	250	23	0.428
Quarter 6	275	273	3	0.934
Quarter 7	291	285	6	0.869
Quarters 2-5	1,098	1,077	21	0.791
Quarters 2-7	1,664	1,635	29	0.816
Ever received food stamps (%)				
Quarter of random assignment	76.0	77.3	-1.3	0.569
Quarter 2	77.2	77.6	-0.4	0.857
Quarter 3	78.0	78.3	-0.3	0.893
Quarter 4	76.4	79.3	-2.9	0.208
Quarter 5	78.2	80.1	-1.9	0.419
Quarter 6	79.0	81.1	-2.1	0.354
Quarter 7	78.7	80.2	-1.5	0.526
Quarters 2-5	84.7	85.3	-0.5	0.785
Quarters 2-7	86.5	86.8	-0.3	0.897
Amount of food stamps received ($)				
Quarter of random assignment	613	623	-11	0.703
Quarter 2	656	676	-20	0.505
Quarter 3	726	739	-13	0.686
Quarter 4	768	819	-51	0.134
Quarter 5	836	898	-62 *	0.084
Quarter 6	876	924	-48	0.190
Quarter 7	902	910	-7	0.843

(continued)

Appendix Table E.5 (continued)

Outcome	Program Group	Control Group	Difference (Impact)	P-Value
Quarters 2-5	2,987	3,132	-145	0.228
Quarters 2-7	4,765	4,966	-200	0.276
Sample size (total = 1,160)	573	587		

SOURCE: MDRC calculations using administrative records data from the New York City Human Resources Administration (HRA).

NOTES: The core sample includes housing voucher recipients who were randomly assigned between January 1, 2008, and January 16, 2009, and excludes elderly individuals, disabled individuals, and individuals who likely belong to the Hasidic community.

The HRA outcome data cover TANF/SNA and food stamp receipt through June 30, 2010, and for 18 months after study entry for each sample member.

Estimates were regression-adjusted using ordinary least squares, controlling for sample members' pre-random assignment characteristics. A two-tailed t-test was applied to the differences between program and control group outcomes. The p-value indicates the likelihood that the difference arose by chance. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

Dollar averages include zero values for sample members who were not receiving TANF or food stamps.

The Opportunity NYC Demonstration: Work Rewards

Appendix Table E.6

30-Month Impacts on Employment and Earnings, by Food Stamp Receipt at Random Assignment, Incentives-Only Study Sample

Outcome	Program Group	Control Group	Difference (Impact)		P-Value	Sig.
Receiving food stamps						
Ever employed (%)						
Quarter of random assignment	45.2	41.8	3.4		0.106	††
Quarter 2	46.9	43.6	3.3		0.189	
Quarter 3	48.3	43.5	4.8	*	0.063	
Quarter 4	46.7	45.1	1.7		0.548	
Quarter 5	44.2	43.5	0.7		0.798	
Quarter 6	45.2	41.3	4.0		0.148	††
Quarter 7	45.5	44.3	1.2		0.673	
Quarter 8	46.2	43.0	3.2		0.258	††
Quarter 9	45.5	40.8	4.7	*	0.092	††
Quarter 10	45.7	42.4	3.3		0.258	†
Quarter 11	47.4	40.5	6.9	**	0.017	††
Year 1	59.8	57.2	2.5		0.323	
Year 2	56.5	54.3	2.2		0.428	††
Full period	71.0	66.4	4.6	*	0.067	
Average quarterly employment (%)	46.2	42.8	3.4	*	0.084	††
Total earnings ($)						
Quarter of random assignment	1,292	1,245	47		0.478	†
Quarter 2	1,583	1,295	288	***	0.003	†
Quarter 3	1,665	1,325	340	***	0.002	†††
Quarter 4	1,571	1,394	177		0.112	††
Quarter 5	1,586	1,417	169		0.177	††
Quarter 6	1,780	1,468	313	**	0.022	
Quarter 7	1,788	1,487	301	**	0.031	†
Quarter 8	1,731	1,493	238	*	0.095	
Quarter 9	1,782	1,471	311	**	0.038	††
Quarter 10	1,948	1,560	388	**	0.022	†
Quarter 11	1,796	1,609	187		0.243	
Year 1	6,406	5,432	974	***	0.007	††
Year 2	7,081	5,919	1,162	**	0.023	††
Full period	17,230	14,519	2,711	***	0.009	††
Sample size (total = 896)	438	458				

(continued)

Appendix Table E.6 (continued)

Outcome	Program Group	Control Group	Difference (Impact)	P-Value	Sig.
Not receiving food stamps					
Ever employed (%)					
Quarter of random assignment	55.2	60.4	-5.2 *	0.072	††
Quarter 2	59.3	60.0	-0.7	0.827	
Quarter 3	57.2	58.8	-1.6	0.658	
Quarter 4	53.7	57.6	-3.9	0.290	
Quarter 5	51.0	56.0	-4.9	0.195	
Quarter 6	48.0	54.8	-6.8 *	0.082	††
Quarter 7	50.4	52.8	-2.4	0.550	
Quarter 8	47.0	54.3	-7.2	0.102	††
Quarter 9	48.6	54.2	-5.6	0.192	††
Quarter 10	48.9	54.8	-6.0	0.160	†
Quarter 11	48.0	54.3	-6.3	0.136	††
Year 1	67.0	65.7	1.2	0.704	
Year 2	55.8	64.2	-8.4 **	0.026	††
Full period	74.4	72.1	2.3	0.462	
Average quarterly employment (%)	51.2	55.7	-4.5	0.111	††
Total earnings ($)					
Quarter of random assignment	2,329	2,536	-207	0.139	†
Quarter 2	2,369	2,404	-35	0.825	†
Quarter 3	2,409	2,619	-210	0.250	†††
Quarter 4	2,290	2,564	-273	0.164	††
Quarter 5	2,216	2,521	-306	0.122	††
Quarter 6	2,339	2,448	-109	0.626	
Quarter 7	2,212	2,415	-203	0.376	†
Quarter 8	2,122	2,331	-209	0.375	
Quarter 9	2,218	2,631	-413	0.131	††
Quarter 10	2,232	2,393	-160	0.502	†
Quarter 11	2,133	2,401	-269	0.260	
Year 1	9,284	10,107	-823	0.182	††
Year 2	8,891	9,825	-934	0.277	††
Full period	22,540	24,727	-2,186	0.201	††
Sample size (total = 419)	213	206			

(continued)

Appendix Table E.6 (continued)

SOURCE: MDRC calculations using administrative records data from New York State unemployment insurance (UI) wage records.

NOTES: The core sample includes housing voucher recipients who were randomly assigned between January 1, 2008, and January 16, 2009, and excludes elderly individuals, disabled individuals, and individuals who likely belong to the Hasidic community. The UI outcome data cover employment and earnings through September 30, 2011, and for 30 months after study entry for each sample member.

Subgroups are based on self-reported food stamps status at the time of random assignment (baseline). At baseline, 896 sample members were receiving food stamps and 419 sample members were not receiving food stamps at baseline.

Estimates were regression-adjusted using ordinary least squares, controlling for sample members' pre-random assignment characteristics. A two-tailed t-test was applied to the differences between program and control group outcomes. The p-value indicates the likelihood that the difference arose by chance. Statistical significance levels for impacts for each intervention are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent. Differences across subgroup impacts were tested for statistical significance. Statistical significance levels for differences in impacts across subgroups are indicated as follows: ††† = 1 percent; †† = 5 percent; † = 10 percent.

Rounding may cause slight discrepancies in calculating sums and differences. Dollar averages include zero values for nonworking sample members.

This table includes only employment and earnings in jobs covered by the New York State UI program. It does not include employment outside New York State or in jobs not covered by the UI system (for example, "off the books" jobs and federal government jobs).

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About MDRC

MDRC is a nonprofit, nonpartisan social and education policy research organization dedicated to learning what works to improve the well-being of low-income people. Through its research and the active communication of its findings, MDRC seeks to enhance the effectiveness of social and education policies and programs.

Founded in 1974 and located in New York City and Oakland, California, MDRC is best known for mounting rigorous, large-scale, real-world tests of new and existing policies and programs. Its projects are a mix of demonstrations (field tests of promising new program approaches) and evaluations of ongoing government and community initiatives. MDRC's staff bring an unusual combination of research and organizational experience to their work, providing expertise on the latest in qualitative and quantitative methods and on program design, development, implementation, and management. MDRC seeks to learn not just whether a program is effective but also how and why the program's effects occur. In addition, it tries to place each project's findings in the broader context of related research — in order to build knowledge about what works across the social and education policy fields. MDRC's findings, lessons, and best practices are proactively shared with a broad audience in the policy and practitioner community as well as with the general public and the media.

Over the years, MDRC has brought its unique approach to an ever-growing range of policy areas and target populations. Once known primarily for evaluations of state welfare-to-work programs, today MDRC is also studying public school reforms, employment programs for ex-offenders and people with disabilities, and programs to help low-income students succeed in college. MDRC's projects are organized into five areas:

- Promoting Family Well-Being and Children's Development
- Improving Public Education
- Raising Academic Achievement and Persistence in College
- Supporting Low-Wage Workers and Communities
- Overcoming Barriers to Employment

Working in almost every state, all of the nation's largest cities, and Canada and the United Kingdom, MDRC conducts its projects in partnership with national, state, and local governments, public school systems, community organizations, and numerous private philanthropies.