OPPORTUNITY NYC | WORK REWARDS

Executive Summary

LEARNING FROM THE WORK REWARDS DEMONSTRATION

Final Results from the Family Self-Sufficiency Study in New York City

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BUILDING KNOWLEDGE TO IMPROVE SOCIAL POLICY

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Nandita Verma
Edith Yang
Stephen Nuñez
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with

Victoria Deitch

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Overview

This report summarizes the final findings from the Opportunity NYC–Work Rewards demonstration. Launched in 2007 by the Mayor's Office for Economic Opportunity (formerly the New York City Center for Economic Opportunity), this randomized controlled trial tested three strategies for increasing employment and earnings of families receiving Housing Choice Vouchers, which are public subsidies for private market rentals. The report looks at two of those strategies: the Family Self-Sufficiency program ("FSS-only") — the main federal effort for increasing employment and earnings and reducing reliance on government subsidies among housing-assisted families — and an enhanced version of FSS ("FSS+incentives"). FSS offers case management to connect participants to job and training services and helps them build their assets: As housing-assisted families' earned income increases, so does their share of the rent; under FSS, an amount based on the increased rent portion can be saved in an interest-bearing escrow account maintained by the housing agency and paid to participants when they graduate from the program. Graduation requires that the household head is working and that the family is not receiving welfare in the 12 months leading up to graduation. In FSS+incentives, special cash work incentives were offered to encourage sustained full-time employment. This report presents results for the six years following study enrollment:

- Close to half of FSS enrollees graduated during the six years of follow-up, and about a third graduated with an escrow payment. Those assigned to FSS+incentives earned more escrow than those assigned to FSS-only. Among graduates, the FSS-only group received an average of about \$3,800 in escrow payments and the FSS+incentives group received about \$4,900.
- Both programs increased educational enrollment but not degree or certificate attainment, increased participants' savings and connection to banks, and reduced the use of check cashers.
- Neither program produced statistically significant improvements in labor market outcomes overall or for participants who were already working when they enrolled in the program.
- FSS+incentives increased employment and earnings for participants who had not been working at baseline. Although the control group began to catch up late in the follow-up period, cumulative earnings effects remained large and statistically significant for the nonworking subgroup.
- Both programs reduced receipt of Temporary Assistance for Needy Families in Year 5, which appears to be associated with FSS graduation requirements, but they did not significantly reduce housing voucher receipt or housing subsidy amounts.
- Benefit-cost findings suggest that over a 10-year period, both FSS interventions produced a net economic gain for households headed by individuals not working at baseline. This estimate is larger and more certain for FSS+incentives than for FSS-only. But the higher cost of FSS+incentives (due substantially to the special work incentives and higher escrow payments) means that, although it is advantageous for initially nonworking participants, taxpayers are less likely to see a positive economic return from that intervention than from FSS-only.

MDRC is leading a national evaluation of the FSS program, commissioned by the U.S. Department of Housing and Urban Development, which will place these findings in a national context.

Preface

How do recipients of government rental assistance respond to programs designed to help them become self-sufficient? In 2007, under former Mayor Michael R. Bloomberg, New York City officials sponsored the Work Rewards demonstration to test the effectiveness of three such programs. One of them was the Family Self-Sufficiency (FSS) program, administered by the U.S. Department of Housing and Urban Development (HUD). A voluntary program operated by public housing agencies across the country, FSS offers case management, job-related services, and an asset-building component (via an escrow account that is set up for participants) to help recipients of housing assistance build long-term savings. The demonstration also included a test of FSS plus special cash work incentives and a test of the special incentives alone. The incentives were offered as a way to test whether attaching more immediate cash rewards to work-related activities (compared with the more distant reward of escrow savings) produces positive labor market and other effects.

The final results of a randomized trial — the first for an FSS program — paint a mixed picture. Drawing on six years of follow-up data and a comprehensive study design, the results of the two FSS interventions, the focus of this report, show that FSS combined with the special work incentives produced positive and steady effects on the employment and earnings for those who were not working at enrollment, but it left most of the outcomes for the full sample relatively unchanged. The gains experienced by the nonworking subgroup did not, however, translate into reduced poverty or reduced reliance on public benefits, suggesting, perhaps, that more must be done to help this population advance once they find jobs.

In 2012, MDRC began a national evaluation of FSS, commissioned by HUD. The evaluation is testing local programs operated by 18 housing agencies across the country to provide evidence on the effectiveness of FSS beyond New York City. The findings from Work Rewards have been invaluable in informing the design of the national evaluation and in setting up a critical question for the national study to answer: How much variation exists in the national FSS program? That is, is New York City an outlier or is it emblematic of other FSS programs? Ultimately, the lessons and insights from Work Rewards and the national FSS study — together with lessons from several other MDRC projects involving moves to low-poverty communities and a behaviorally informed, intensive coaching model — will serve as the foundation for building stronger self-sufficiency programs for housing-assisted families.

Gordon L. Berlin
President, MDRC

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This long-term evaluation study would have been impossible without the generous contributions and support of many people. We are especially grateful to all the individuals who volunteered to participate in the Work Rewards demonstration — both those who enrolled in the programs to receive services and the members of the control group, who have allowed us to learn from their experiences. The community-based organizations (CBOs) that operated the different program models and supplied us with essential data on families' participation were invaluable in helping us understand their efforts. We also appreciate the dedication of the many staff members, past and present, at the CBOs that were involved with different stages of the demonstration.

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. We thank HPD leadership for providing insightful feedback over the course of the demonstration. Thanks go to Nicole Levin, formerly at HPD, for her contributions to the Family Self-Sufficiency study design and for her thoughtful reflections on the findings.

We owe special gratitude to former mayor Michael Bloomberg for his support for the project, and to former deputy mayor Linda Gibbs and staff of the New York City Center for Economic Opportunity (now the Mayor's Office for Economic Opportunity), especially Kate Dempsey and former executive director Veronica White. We appreciate that this collaboration has continued under Mayor Bill de Blasio. We also 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.

The continuing support of the Mayor's Fund to Advance New York City and the funders of the demonstration has been crucial. Those funders include Bloomberg Philanthropies, The Rockefeller Foundation, The Starr Foundation, The Open Society Foundations, the Robin Hood Foundation, American International Group, the Tiger Foundation, The Annie E. Casey Foundation, the John D. and Catherine T. MacArthur Foundation, and New York Community Trust.

At MDRC, James Riccio, the principal investigator for this study, provided important direction and guidance for the research and the resulting reports. Gordon Berlin, Richard Hendra, and Cynthia Miller provided valuable feedback on report drafts. Gilda Azurdia and Jared Smith managed the acquisition and processing of quantitative data, and Leila Kerimova, Paul Veldman, Mercy Emelike, Daniel Gallagher, Joshua Vermette, Sarah Schell, Sonya Williams, and Audrey Yu processed and analyzed vast amounts of quantitative data used in this report. Kemar Taylor coordinated the production of the report and helped with the exhibits. Kali Aloisi, Crystal Ganges-Reid, Liza Paudel, Makenzi Sumners, and Annie Utterback assisted with fact-checking. Rebecca Bender edited the report, Carolyn Thomas helped with proofreading, and Ann Kottner prepared it for publication. We also acknowledge with gratitude the work of many other MDRC staff and partners who contributed to two previously published Work Rewards reports — the foundation on which this report is based.

The Authors

Executive Summary

In 2007, under the administration of former Mayor Michael R. Bloomberg, New York City launched a set of interventions to test new and more effective ways of improving employment, earnings, and quality-of-life outcomes for households receiving rental assistance under the federal Housing Choice Voucher (HCV) program. Collectively known as Opportunity NYC–Work Rewards, three interventions were tested as part of the demonstration project, which ended, as planned, in 2014. This final report summarizes and features the results of two of the interventions in the demonstration.[1]

Nationwide, over two million households receive housing vouchers, which enable recipients to live in privately owned rental properties. The U.S. Department of Housing and Urban Development (HUD) administers the HCV program through agreements with local public housing agencies. Tenants generally pay 30 percent of their income in rent (after certain income exclusions), with the government making up the difference. Many experts contend that the structure of a subsidized rental policy may discourage some tenants from working as much as they could. An increase in a household's income triggers an increase in the tenant's rent expenses, with this extra rental charge acting as an implicit "tax" on earnings — and potentially depressing work.

Policymakers have long sought to improve voucher holders' labor market outcomes and address their barriers to work with strategies that include measures to counter the potential work disincentives in subsidized rent rules. Toward that end, HUD has funded the Family Self-Sufficiency (FSS) program since the early 1990s, providing housing agencies with modest resources to hire case managers who work with participants to develop individual self-sufficiency plans and to connect them with services in their communities. The program also includes a special component that provides an incentive to work and that helps families build their savings through interest-bearing escrow accounts, which the housing agency maintains. FSS participants still pay higher rent to the landlord when their earnings rise, but the housing agency credits the family's escrow account with an amount that is based on the increases in the

[1]The report focuses on the two interventions that include the Family Self-Sufficiency (FSS) program. As discussed below, one of these two interventions combined FSS with special work-focused financial incentives. The third intervention offered voucher holders the same financial incentives, but without FSS. Longer-term data show that the incentives-only approach did not increase employment, earnings, or total household income. For detailed information on that intervention and earlier results, see Nandita Verma, Betsy Tessler, Cynthia Miller, James A. Riccio, Zawadi Rucks, and Edith Yang, *Working Toward Self-Sufficiency: Early Findings from a Program for Housing Voucher Recipients in New York City* (New York: MDRC, 2012), and Stephen Nuñez, Nandita Verma, and Edith Yang, *Building Self-Sufficiency for Housing Voucher Recipients: Interim Findings from the Work Rewards Demonstration in New York City* (New York: MDRC, 2015).

tenant's share of rent caused by the increases in earned income during the term of the participant's FSS contract. The escrow accruals are paid to participants once they "graduate" from the FSS program — that is, when they reach the goals in their self-sufficiency plans (developed at the start of the program), usually within five years, and are not receiving any cash welfare payments through Temporary Assistance for Needy Families (TANF) or other state-run programs, such as the Safety Net Assistance (SNA) program in New York. Thus, escrow functions as a kind of forced, long-term savings investment and may also provide a financial incentive for tenants to increase their work effort.

As the first random assignment study of a local FSS program, Work Rewards charts new territory: It provides the first rigorous evidence of the effects of FSS, as operated in New York City during the period of this demonstration.[2] Albeit a single-city test, Work Rewards provides unusually rich information on the program's implementation and effects. To date, no study of FSS has provided such complete evidence for understanding the effectiveness of a largely untested federal program. This evidence also serves as a foundation for issues that will be examined as part of a national FSS evaluation, which HUD commissioned in 2012 and which MDRC is leading (discussed below).

What Work Rewards Tested

The New York City Department of Housing Preservation and Development (HPD), which operates one of the largest FSS programs in the country, agreed to subject its program, which it was beginning to modify in 2007, to a test as part of the Work Rewards demonstration. It also agreed to test a second intervention that included new work-related incentives combined with its traditional FSS program. The special incentives included cash "reward payments" that were designed to encourage voucher holders to work full time and complete approved work-related education and training activities. In a related, third experiment, which is not the focus of this final report, the New York City Housing Authority (NYCHA) — the city's primary housing agency, which operates a more broadly available housing voucher program — agreed to test the same financial incentives for its voucher holders, but without an FSS program. Both the FSS and incentives-only experiments targeted voucher holders with household incomes at or below 130 percent of the federal poverty level, a segment of the voucher population that is poorer than others served by these housing agencies.

Work Rewards thus included tests of three distinct strategies: (1) FSS alone, (2) FSS *plus* special work incentives, and (3) the special work incentives alone. The first two of these

[2]Since the demonstration ended in 2014, the housing agency has updated its FSS Action Plan — a program plan required by HUD — and has set minimum contact requirements for participants and revised other program features to support greater participant engagement.

tests ("FSS-only" and "FSS+incentives" in this report) are both part of the "FSS study," and they involve households with vouchers obtained through HPD. The third test (without FSS), or the "incentives-only" study, involved households with vouchers obtained through NYCHA. Using two parallel, randomized controlled trials (RCTs), the evaluation determined the effects 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.[3] As noted above, this report focuses on the FSS study.

The Mayor's Office for Economic Opportunity (NYC Opportunity), a unit within the Office of the Mayor,[4] sponsored the demonstration. Seedco, a nonprofit workforce and economic development organization, provided technical assistance 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 HPD and NYCHA, for directly engaging families in each intervention. MDRC collaborated with all the partners on the design and implementation of the interventions and conducted the evaluation. A consortium of private funders paid for the special financial incentives and covered the evaluation costs, while NYC Opportunity and HUD supported HPD's FSS program with public dollars.[5]

Through intensive recruitment, which began in January 2008 and ended in January 2009, the CBOs 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 are black or Hispanic. However, their other background characteristics vary, including work experience, education levels, and how long they had held their vouchers. Qualitative data suggest that many of the special work incentives were particularly attractive to the individuals who volunteered for the FSS study.

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[3]RCTs employ an experimental design that compares the outcomes of a program group, whose members are eligible to participate in the intervention, with those of a control group, whose members are not eligible to participate in the intervention; the RCT's random assignment of study participants to either a program group or a control group is designed to ensure that the populations in the program and control groups are similar at the start of the study. (RCTs can also compare two different program groups with each other, as in this study, which randomly assigned study participants to one of three groups — that is, two program groups and a control group.) Differences between the program and control groups' outcomes reflect the program's "impacts." Statistically significant differences indicate that the impacts can be attributed with a high degree of confidence to the intervention rather than to chance. All impacts discussed here are statistically significant unless otherwise noted.

[4]NYC Opportunity was formerly the New York City Center for Economic Opportunity.

[5]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.

This final report recaps the design of the Work Rewards FSS study, describes its distinct interventions, and presents the study's key findings. As the first comprehensive impact evaluation of an FSS program, it looks at a full six years of follow-up data and examines whether each intervention had effects on moving participants to work, increasing their earnings, and reducing their use of housing and other government benefits.[6] It also reports on FSS graduation rates, escrow disbursements, and the benefit-cost ratio of the FSS interventions.

Final Results from the FSS Study

Participation, Graduation, and Escrow Receipt

FSS-Only

FSS participants can take up to five years to work toward their self-sufficiency goals. In some cases, staff may grant participants a two-year contract extension if it seems likely that they will graduate. The FSS program studied as part of Work Rewards did not set any minimum requirements for participants to contact program staff. The program was very participant-driven, with case managers responding to participants on an as-needed basis. Although HPD instituted Year 4 check-ins for all FSS participants, to ensure they were on track for reaching their FSS goals, data suggest that most participants had disengaged from the program by then.

Although FSS participation rates were extremely low, sample members who stayed connected to the program over the long term (that is, they received FSS services in Years 3 to 5) were more likely to have been employed at the time of random assignment than were those who did not remain connected with case managers during the later years. However, over the longer term, participation rates for both those who were and were not working at baseline were low.

- **Close to half of the FSS-only group graduated — completed all their FSS goals — by the end of the six-year follow-up period and received an average of about $3,754 in escrow.**

The long-term escrow account is intended to motivate families to increase earnings and to build savings. Nearly 57 percent of the FSS-only group had accrued some escrow but not everyone with an escrow balance graduated from the program and earned an escrow disbursement check. About 43 percent of the FSS-only group met the terms of their FSS Contract of Participation and graduated from the program — that is, at the time of FSS graduation, they were employed and all the members of their households were off TANF/SNA — although

[6] Before the Work Rewards study began, little evidence was available about FSS's effects in helping families move toward self-sufficiency.

some participants graduated but did not receive an escrow disbursement.[7] The FSS-only graduates collected $3,754 in escrow disbursements, on average, and about 9 percent of this group had accrued more than $10,000 in escrow. About a fifth of the FSS-only participants received a contract extension, and most of these households were still enrolled in FSS and eligible to accrue escrow at the end of the six-year follow-up period.

Those working at study entry were more likely to meet the graduation requirements than those who were not working. About 31 percent of the FSS-only households in the subgroup that was not working at the time of random assignment graduated from FSS, while 55 percent from the working subgroup graduated. The working subgroup also collected more escrow savings, on average, than the nonworking subgroup.

Those in the FSS-only group who were working at random assignment received an average disbursement of more than $2,000, while those who were not working at random assignment received an average disbursement of $1,000.

FSS+Incentives

The offer of the additional incentives attracted potential participants to volunteer for the intervention, and compared with FSS-only, FSS+incentives participants were more likely to stay connected to the program at first.

- **About 47 percent of the FSS+incentives group graduated by the end of the six-year follow-up period. FSS+incentives graduates received an average of $4,883 in escrow.**

The FSS+incentives group received almost $700 more in escrow disbursements, on average, than the FSS-only group, a statistically significant increase. Similarly, graduates in the FSS+incentives group were twice as likely as those in the FSS-only group to have escrow disbursements of more than $10,000 over five years (20 percent of the FSS+incentives graduates compared with 9 percent of the FSS-only graduates). As with the FSS-only participants, about a fifth of the participants in the FSS+incentives group received a contract extension.

[7]The graduation rate for the FSS-only sample is comparable to the rate from HUD's FSS tracking study, the only other study to have tracked the FSS graduation rates for a group of enrollees. In that study, about one-fourth of those FSS participants graduated from the program within four years, with another roughly 20 percent assessed as being "on track" to graduate within five years. See Lalith de Silva, Imesh Wijewardena, Michelle Wood, and Bulbul Kaul, *Evaluation of the Family Self-Sufficiency Program: Prospective Study* (Washington, DC: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, 2011).

Nearly all of the escrow disbursement effect of the additional cash incentives was generated by the nonworking subgroup. In addition, among the nonworking subgroup participants, the cash incentives boosted graduation rates from 31 percent to 42 percent.

In addition to escrow, FSS+incentives offered two special work incentives for two years (through mid-2010). Unlike escrow, which has a deferred payout, the special work incentive payments were distributed every two months, starting in September 2008. Individuals who earned a cash reward collected an average of $2,063 in incentive payments over the two-year period. Since most of the rewards earned were for full-time work, it is not surprising that those who were employed full time at study entry were most likely to earn rewards from the program; 67 percent of those working full time at study entry had earned at least one reward. Those who were employed part time at random assignment were a little less likely to earn any rewards (41 percent), and those who were not working were least likely to earn rewards (24 percent).

Effects on Employment, Earnings, and Government Benefits

FSS-Only

- **Over six years, FSS-only did not increase employment or earnings for the core sample.**[8]

Although employment levels were high for study participants (74 percent of the control group worked at some point during the follow-up period), many struggled to work steadily. In fact, only about 43 percent of control group members worked during an average follow-up quarter. Over the six-year period, the rates for those outcomes are only somewhat higher for the program group, and the differences are not statistically significant. Average earnings also differed little across the FSS-only program and control groups.

- **Neither did FSS-only reduce receipt of housing assistance.**

While leaving the voucher program is not an FSS requirement, the program's employment and self-sufficiency focus could help families leave the voucher program or reduce their housing subsidy, which could also free up vouchers and resources for other families and enable housing agencies to serve a larger population. Housing data show that about 84 percent of the FSS-only participants continued to receive housing assistance six years after they

[8]The "core sample" (versus the "full sample") excludes the elderly and disabled population, as well as 14 sample members (0.7 percent) who appeared to be part of the Hasidic community, an Orthodox Jewish community that is larger in New York City than elsewhere in the United States. The community's unique culture was expected to result in important differences in their employment goals and experiences compared with most other housing voucher recipients. Results for the full sample, and on the Hasidic sample, are presented in earlier MDRC Work Rewards reports, covering four years of follow-up.

enrolled in the evaluation. Over the follow-up period, there is little evidence that FSS-only reduced housing assistance receipt or subsidy value. However, as noted above, the intervention did not produce earnings gains for the program groups as a whole, so this finding is not unexpected.

- **FSS-only decreased household TANF receipt in Year 5, the final year of the program for most participants.**

One requirement to successfully complete FSS is that participants and their household members on the voucher must be free of cash assistance (TANF/SNA) for a full 12 months before program graduation. The interim report noted impacts on TANF receipt near the start of Year 5, the final year of FSS for most participants.[9] Household-level employment and earnings measures also show a pattern of improving over time for the nonworking subgroup, although larger impacts are evident in the earlier years of follow-up. Longer-term follow-up data confirm that TANF receipt was indeed lower for the FSS-only group in Year 5: 21 percent of the FSS-only group received TANF/SNA in Year 5 compared with the control group value of 26.1 percent. These impacts fade in Year 6, the post-program period for most participants. Taken together, these findings suggest that the apparent impact on TANF receipt may be associated with FSS graduation requirements. In addition, the early gains in household earnings among the nonworking subgroup may have contributed to the longer-term reduction in TANF for the core sample. The associated drop in the TANF amount is not statistically significant, though this may be because the people who left the TANF program were receiving fewer benefits than was the average recipient.

- **FSS-only did not reduce poverty or the incidence of material hardship (before receipt of escrow payments). It did, however, connect families to mainstream banking institutions and improve their financial behavior.**

Poverty and well-being were examined roughly 42 months after study entry, capturing dimensions of economic and material well-being while participants were still enrolled in FSS (that is, before FSS escrow payments were made to program graduates). Given that the interventions produced no early effects on income and income sources, such as earnings, it is not surprising that no notable effects on poverty and well-being were observed. It is possible that a later survey, conducted after families had received their escrow payments, may have picked up some improvements in material well-being.

[9]Nuñez, Verma, and Yang (2015).

FSS encourages and helps clients to improve their credit, connect to mainstream banking, learn how to manage their finances, and build savings. At four years, 52 percent of the FSS-only group had a bank account compared with 43 percent of the control group. With more FSS participants connected to mainstream banking, 29 percent of program group respondents, compared with 38 percent of control group respondents, reported using check-cashing establishments at least once a month (which charge high fees to cash checks and are often used by low-income households without access to mainstream banking).

FSS+Incentives

The longer-term data show generally similar patterns of effects for the FSS-only and FSS+incentives interventions. Neither intervention improved employment rates or average earnings for the core sample over six years of follow-up.

- **While FSS+incentives did not have an overall effect on employment or earnings, it did produce large and sustained gains in employment and earnings through Year 5 for the subgroup of individuals that was *not employed* at study entry. These effects weaken in Year 6. The program did not improve earnings for participants who were already employed.**

Overall, although FSS+incentives did not increase employment or earnings for the full sample, it did produce large and statistically significant gains in employment and earnings for the subgroup of program participants who were *not working* at random assignment. Among this group, it increased the program group's average quarterly employment rate over the six-year follow-up period by 7.6 percentage points relative to the control group rate of 25.4 percent, as shown in Table ES.1. It also increased the nonworking subgroup's average total earnings by $8,500 — a gain of 38.4 percent over the control group average. By Year 6, however, the positive effects on earnings and employment for this subgroup weaken and are no longer statistically significant, as control group members begin to "catch up" to program participants.

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. This subgroup's average quarterly employment rate and average earnings during the follow-up period were much higher than those outcomes for the nonworking subgroup, and the program did little to improve them further — whether through promotion, movement to better employment, or increasing employment stability. Early field observations and interviews with program participants indicated that already-employed individuals juggled multiple priorities, making it difficult to incorporate FSS into their 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

Table ES.1

Six-Year Impacts on Employment and Earnings, FSS Study, Core Sample

	FSS-Only					FSS+Incentives				
Outcome	Program Group	Control Group	Difference (Impact)	Sig.	Change (%)	Program Group	Control Group	Difference (Impact)	Sig.	Change (%)
Core sample										
Ever employed (%)	75.6	74.1	1.5	NA	2.1	75.6	74.1	1.5	NA	2.0
Average quarterly employment (%)	45.2	42.8	2.4	NA	5.5	45.6	42.8	2.8	NA	6.4
Average earnings ($)	48,251	46,514	1,736	NA	3.7	48,465	46,514	1,951	NA	4.2
Sample size (total = 1,603)	546	534				523	534			
Not working at random assignment										
Ever employed (%)	65.4	61.8	3.6		5.8	68.6	61.8	6.8 *	††	11.0
Average quarterly employment (%)	28.6	25.4	3.2		12.4	33.0	25.4	7.6 ***	††	29.9
Average earnings ($)	25,955	22,153	3,802		17.2	30,653	22,153	8,500 **	††	38.4
Sample size (total = 814)	270	273				271	273			
Working at random assignment										
Ever employed (%)	85.7	88.2	-2.4		-2.7	84.1	88.2	-4.1	††	-4.7
Average quarterly employment (%)	61.9	61.7	0.2		0.3	60.2	61.7	-1.6	††	-2.5
Average earnings ($)	71,676	72,176	-499		-0.7	68,432	72,176	-3,744	††	-5.2
Sample size (total = 771)	271	254				246	254			

SOURCE: MDRC calculations using administrative records data from New York State unemployment insurance (UI) wage records and Work Rewards Baseline Information Form (BIF) data.

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

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. Differences across subgroup impacts were tested for statistical significance. Statistical significance levels for differences in impacts across subgroups (Sig.) are indicated as follows: ††† = 1 percent; †† = 5 percent; † = 10 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

Sample sizes may vary across measures because of missing values.

tested much more intensive initiatives for low-income, employed 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.

The employment and earnings impacts of FSS+incentives versus the control group were typically larger and consistently statistically significant for the nonworking subgroup compared with their counterparts in the FSS-only program. Overall, the pattern of results suggests that the positive impacts on employment and earnings for the FSS+incentives nonworking subgroup are the product not just of the special incentives alone, but of the combination of FSS services and financial incentives.[10]

- **FSS+incentives did not reduce housing voucher receipt. However, it did decrease household TANF receipt in Year 5.**

Similar to FSS-only, there is little evidence that FSS+incentives reduced reliance on housing subsidies for the core sample. Despite the gains in employment and earnings for those who were not working at study entry, there is no clear associated drop in housing voucher receipt or value in the follow-up period. However, as with FSS-only, it does appear that FSS+incentives decreased TANF receipt in Year 5 for the core sample. This decrease in TANF receipt may be associated with FSS graduation requirements and, for the nonworking subgroup, the early gains in household earnings.

- **FSS+incentives did not reduce poverty or the incidence of material hardship.**

Given that FSS+incentives did not produce overall impacts on earnings reported by the unemployment insurance (UI) system or receipt of public benefits, it is not surprising to see the program's lack of effects on income, poverty, and other dimensions of material well-being. (See Table ES.2.) Analysis of impacts on poverty and material hardship by employment status at random assignment also revealed no differential impacts for this subgroup of study participants. Given the earnings gains experienced by the group that was not working at study enrollment, it is noteworthy that those gains did not translate into broader effects on well-being. However, as already noted, this finding is generally consistent with other studies showing that workforce interventions with positive earnings effects have not produced substantial reductions in material

[10]The results of the incentives-only study for NYCHA voucher holders, which did not include case management services and found no consistent effects on employment or earnings, support this finding. See Nuñez, Verma, and Yang (2015).

Table ES.2

Impacts on Selected Outcomes Measuring Benefit Receipt, Material Hardship, and Banking, FSS Study, Core Sample

	FSS-Only				FSS+Incentives			
Outcome	Program Group	Control Group	Difference (Impact)	Change (%)	Program Group	Control Group	Difference (Impact)	Change (%)
TANF/SNA receipt								
Received TANF/SNA, Years 1-6 (%)	55.6	59.2	-3.6	-6.0	55.0	59.2	-4.2	-7.0
Amount received, Years 1-6 ($)	7,735	8,572	-837	-9.8	7,854	8,572	-717	-8.4
Food stamp receipt								
Received food stamps, Years 1-6 (%)	89.6	92.2	-2.6	-2.8	89.7	92.2	-2.5	-2.7
Amount received, Years 1-6 ($)	18,352	18,397	-44	-0.2	17,722	18,397	-674	-3.7
Section 8 housing								
Received Section 8 housing subsidy, Year 6 (%)	83.3	84.9	-1.6	-1.9	84.4	84.9	-0.6	-0.6
Total Section 8 housing subsidy, Years 1-6 ($)[a]	61,056	60,005	1,051	1.8	58,810	60,005	-1,195	-2.0
Sample size (total = 1,455)	492	487			476	487		
Material hardship (%)								
Household did not pay full rent or mortgage in past year	41.8	42.7	-0.9	-2.1	40.5	42.7	-2.2	-5.2
Household did not pay full utility bill in past year[b]	40.3	38.4	1.9	4.9	36.9	38.4	-1.5	-3.9
Household usually did not have enough money to make ends meet at end of month	51.1	51.7	-0.6	-1.0	50.9	51.7	-0.8	-1.5
Banking and savings								
Respondent currently has any bank account (%)	51.6	42.9	8.7 **	20.3	56.0	42.9	13.1 ***	30.5
Household has any savings (%)	16.0	11.8	4.2	35.9	19.1	11.8	7.3 ***	62.1
Sample size (total = 1,152)	385	381			386	381		

(continued)

Table ES.2 (continued)

SOURCE: MDRC calculations using data from the New York City Human Resources Administration (HRA), the New York City Department of Housing Preservation and Development (HPD), and the Work Rewards 42-Month Survey. The benefit receipt data cover the period through June 30, 2015.

NOTES: The core sample includes housing voucher recipients who were randomly assigned between January 1, 2008, and January 16, 2009, and excludes elderly and disabled individuals. A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent. Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of families or sample members.

TANF is Temporary Assistance for Needy Families. SNA is Safety Net Assistance.

Rounding may cause slight discrepancies in calculating sums and differences.

[a]Calculated subsidy amounts are Housing Assistance Payments (HAP) to landlords and do not include utility allowance payments.

[b]Utilities include gas, oil, and electricity.

hardship or improvements in reported well-being.[11] It may be that the earnings gains need to be larger in order to have appreciable consequences for poverty and well-being — or the measures used were a little too blunt to detect qualitative changes in material well-being.

- **Similar to FSS-only, FSS+incentives appears to have had positive effects on some aspects of participants' financial behavior.**

Four years after study entry, 56 percent of the FSS+incentives program group reported having a bank account compared with 43 percent in the control group. Those in the FSS+incentives program group were also more likely to have a checking account (51 percent versus 38 percent). While program participants needed to have bank accounts for their incentive payments, they maintained their accounts long after they stopped receiving those payments. There is also some evidence that the program reduced the use of check cashers and increased savings. Among those in the FSS+incentives program group, 19 percent reported having "any savings" versus 12 percent in the control group. The gains in savings did not, however, translate into a reduction in debt or a change in the composition of debt.

Benefit-Cost Analysis

Work Rewards offers the first benefit-cost assessment of a regular FSS program. It examines the net value (that is, the benefit minus the cost) of FSS-only and FSS+incentives as

[11]See, for example, 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).

public investments from three distinct perspectives — families, government or taxpayer, and society — and asks whether the two programs are cost-beneficial through 10 years, four years beyond the follow-up period used earlier. The estimated net value of each intervention to the participating families indicates whether or not the families came out ahead financially by participating in FSS. The net value to taxpayers considers whether or not taxpayers come out ahead economically from this public investment in these interventions. The net value of FSS to society reflects, in effect, the contribution of the program to the gross national product. These net values provide bottom-line conclusions of the benefit-cost analysis: *positive net values indicate cost-effectiveness, and negative values denote ineffectiveness.*[12]

The benefit-cost analysis concludes generally that neither FSS-only nor FSS+incentives is cost-effective for households headed by individuals who were already working at baseline. This finding aligns with results from the impact analysis, which also indicates better results for individuals who were not working at study enrollment. Both programs take years to achieve cost-effectiveness for the nonworking subgroup, but they eventually reach that goal. For FSS-only, the results of the benefit-cost analysis suggest that the program achieved a positive investment return — for families, for taxpayers, and for society as a whole — within 10 years. The payoff is relatively slow, most likely because FSS success is limited to families that are not in the labor market at the start of their participation in the program and because the intervention lasts five to seven years. Similarly, the evidence is stronger that families in the nonworking subgroup who were assigned to FSS+incentives are likely to come out ahead financially within the same time period, and to a larger degree. However, taxpayers are less likely to see a return on investment in this time period because of higher program expenditures on reward payments and escrow disbursements. These benefit-cost estimates are subject to statistical uncertainty. However, it can be concluded with a high level of certainty that families in the FSS+incentives group who were not working at study entry will experience financial gains over the long term.

What Next?

The Work Rewards demonstration, part of a growing portfolio of evidence on strategies to promote self-sufficiency among housing-assisted families, offers important insights and lessons from one site. Hundreds of housing agencies around the country operate FSS, and HUD regulations allow public housing agencies significant implementation flexibility, which could translate into varying programmatic approaches and practices and potentially varying outcomes. MDRC is currently leading a national evaluation of the program, which was commissioned by HUD in 2012. The study sites span a wide range of programmatic approaches and local eco-

[12]The benefit-cost analysis, which is a more comprehensive economic assessment, is conducted at the household level and does not use the same outcomes or estimates that were used for the individual-level earnings impacts discussed earlier.

nomic and housing contexts, allowing it to investigate how the FSS framework is implemented outside of New York City and its effects on the types of outcomes observed in Work Rewards.

In addition, two interventions are experimenting with alternate strategies: the Rent Reform Demonstration, which is testing a rent policy that would be simpler to administer and creates a greater financial incentive for tenants to increase their earnings, and MyGoals for Employment Success, a new MDRC demonstration that combines personalized and structured goal-setting and coaching with a new set of financial incentives to support participants in making progress toward better labor market and other personal well-being goals.

Looking just at the findings from Work Rewards could lead to the conclusion that interventions are needed that can generate bigger and more transformative effects — interventions that can help with advancement and that can help people who have varying levels of barriers to employment to take significant steps toward self-sufficiency. The FSS program includes some attractive features, including escrow and a multi-year framework, but more might be necessary to support families in making progress toward their goals and to help them advance. The national FSS evaluation, which includes more sites, will explore the effectiveness of existing programs to determine whether the findings for New York City's experience have wider applicability.

EARLIER MDRC PUBLICATIONS ON THE OPPORTUNITY NYC−WORK REWARDS DEMONSTRATION

Building Self-Sufficiency for Housing Voucher Recipients: Interim Findings from the Work Rewards Demonstration in New York City
2015. Stephen Nuñez, Nandita Verma, Edith Yang.

Working Toward Self-Sufficiency: Early Findings from a Program for Housing Voucher Recipients in New York City
2012. Nandita Verma, Betsy Tessler, Cynthia Miller, James A. Riccio, Zawadi Rucks, Edith Yang.

NOTE: A complete publications list is available from MDRC and on its website (www.mdrc.org), from which copies of reports can also be downloaded.

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; Oakland, California; Washington, DC; and Los Angeles, 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 members 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 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-prisoners, 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.