

Discussion Group Paper: Federal Policy Options for Expanding Support for Family Service Coordination

by Jeffrey Lubell¹

At present, the federal government provides only minimal direct financial support for family service coordination.² The principal exceptions are funding for coordinators in the Family Self-Sufficiency (FSS) program – an asset-building and self-sufficiency program available to families in the Section 8 Housing Choice Voucher and public housing programs – and for family service coordinators in public housing through the Resident Opportunities and Self-Sufficiency (ROSS) Program. As discussed in more detail below, FSS coordinators play a service coordination role, but operate within a particular programmatic structure that emphasizes progress toward economic self-sufficiency – a more focused function than the broader service coordination function that is typical of low income housing tax credit properties.³ The ROSS program is more flexible, but does not have reliable funding and is open only to public housing developments.⁴

By contrast, the U.S. Department of Housing and Urban Development (HUD) provides somewhat more robust direct support for service coordination for the elderly and people with a disability through a set-aside in the Section 202 elderly supportive housing budget account and by treating the renewal of certain public housing elderly service coordination grants as an add-on to agencies' operating subsidies.⁵ Service coordination for the elderly and people with a

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² By *direct* support, I mean grants or add-ons to federal operating subsidies that result from explicit federal policies designed to support service coordination. To the extent that states adopt policies authorizing and facilitating the inclusion of service coordination costs within the above-the-line operating costs of a low-income housing tax credit (LIHTC) development, the federal government also provides *indirect* support for service coordination through the LIHTC.

³ In FY 2007, Congress appropriated \$47.5 million in funding for Housing Choice Voucher FSS coordinators. A similar amount has been requested for FY 2008. These funds are available to public housing agencies on a competitive basis. HUD provides an additional \$9 to \$10 million per year for public housing FSS coordinators through the ROSS program.

⁴ There is no good data on the amount of ROSS funding used to support family service coordination specifically – as opposed to other eligible family services, such as child care and self-sufficiency programs. Roughly \$30 million is available in the FY 2007 ROSS notice of funding availability for services to families (as opposed to the elderly or people with a disability) in public housing. For FY 2007, the Administration has proposed \$0 in funding for ROSS, claiming there are large unexpended balances. To the extent these balances exist, they appear to be due to large-scale rejection of applications on technical grounds, rather than a lack of demand for the funding.

⁵ In FY 2007, the elderly service coordination set-aside in the Section 202 program was funded at \$51.6 million; for FY 2008, the Administration has requested an increase to \$71 million. In addition to Section 202 properties with direct loans, this funding is open to properties funded through project-based Section 8, Section 236 and Section 221(d)(3). The public housing operating subsidy add-on is believed to be in the \$15 million per year range.

disability in public housing is also an allowable expense under the ROSS program.⁶ Additional direct federal support for service coordination is provided through Project Rental Assistance Contracts under the Section 202 and 811 programs and renewals of prior project-based Section 8 service coordination grants.

This paper briefly considers several options for expanding direct federal support for family service coordination

Option 1 –A new federal grant program for family self-coordination

Option 2 – Expansion of existing elderly service coordinator grant program to cover family service-coordination

One option would be to add a new federal grant program for family service coordination similar to the service coordination set-aside in the Section 202 program to serve the elderly and people with a disability. Alternatively, one could seek to enlarge both the mandate and funding level of the existing service coordinator set-aside to serve families as well.

In light of large federal budget deficits, any new funding request faces a significant hurdle. It is not clear that there is sufficient political support for family service coordination at present to overcome this obstacle and secure this new grant funding. One problem is the lack of consensus around the benefits of family service coordination. It is fairly clear why the elderly and people with disabilities need the services that a service coordinator can make available. But what exactly are the goals and benefits of family service coordination? I realize there are good answers to this question, but to what extent is the need for family service coordination accepted by the political establishment? And who is prepared to champion it on Capitol Hill?

Another problem – which is present on the elderly side as well – is HUD’s rather parochial interest in programs funded by HUD. Despite the fact that the Low-Income Housing Tax Credit is the largest federal program to subsidize the new construction of affordable rental housing, HUD does not regard it as its program, even though many of these developments also receive HOME or CDBG subsidies to make them feasible. So without strong advocacy efforts for service coordination in LIHTC developments, any new HUD funding would likely go to projects with significant HUD investments – principally, federally assisted housing: project-based Section 8, Section 236, and Section 221(d)(3).

Option 3 – Rigorous Research Demonstration Testing the Benefits of Family Service Coordination

One way to build support for an increased federal role in funding family service coordination would be to conduct a rigorous research demonstration testing its benefits for both properties and the families who live there. While general research funding at HUD is fairly anemic, there is no reason why Congress could not authorize a research demonstration to test, in a really rigorous

⁶ The FY 2007 ROSS NOFA includes \$20 million for elderly services and service coordination in public housing. As on the family side, it is unclear how much is for service coordination, rather than direct services. Also, as noted above, the Administration has requested no new funding in FY 2008 for ROSS.

way, the provision of service coordination at several dozen properties, as compared to similar properties without service coordination.

Should such a research demonstration succeed in documenting the hypothesized benefits of family service coordination, the results could be used both to argue for more direct federal funding – whether through a grant program or perhaps through expanded operating funding – as well as for policy changes at the State level to permit and facilitate the treatment of family service coordinator costs as legitimate above-the-line operating expenses for tax credit properties.

Option 4 – Expand the Family Self-Sufficiency Program to cover Project-Based Section 8

Another federal policy option would be to authorize the extension of the FSS program (42 USC 1437u) to families in project-based Section 8 housing that many nonprofits manage. While this option would still face the hurdle facing any request for increased funding (as it clearly would not work simply to expand eligibility for the existing pot of limited funding for FSS), it has the advantage of serving clearly articulated policy goals – self-sufficiency, asset-building, and homeownership – that are broadly shared across the political spectrum. It also may be easier to expand an existing, authorized program, than to start up a whole new one.

Enacted in 1990, the FSS program helps families living in public housing or with Section 8 housing vouchers build assets and make progress toward self-sufficiency and homeownership. To achieve these results, FSS combines (a) stable, affordable housing with (b) work-promoting case management to help families access services needed to overcome barriers to work and (c) an escrow account that grows as families’ earnings grow. The escrow account functions as a tangible incentive for families to increase their earnings as well as an asset-building strategy. Many FSS programs also work with participants to help prepare them for homeownership.

A HUD-sponsored evaluation found that single-parent voucher-holders “who enrolled in the FSS program in 1996 experienced a 72 percent median income increase by the year 2000: from \$6,936 to \$11,960. Among a comparison group of non-FSS participants, the increase was only half as large at 36 percent, rising from \$6,606 in 1996 to \$8,996 in 2000. The average amount of FSS savings per-program graduate in 2000 was \$3,351.”⁷ Many individual FSS programs report even stronger results, as well as substantial shares of graduates going on to homeownership.

While families with children represent a smaller percentage of project-based Section 8 residents than Section 8 voucher-holders or public housing residents, there are nevertheless more than 400,000 families with children living in project-based Section 8 nationwide. These families have incomes, welfare participation rates, and barriers to self-sufficiency that are similar to those of families in public housing and the Section 8 voucher program.

⁷ Robert C. Ficke and Andrea Piesse. *Evaluation of the Family Self-Sufficiency Program, Retrospective Analysis, 1996 to 2000*. 2005. Prepared by WESTAT, in collaboration with Johnson, Bassin and Shaw, for the U.S. Department of Housing and Urban Development. Available on the Internet at: <http://www.huduser.org/publications/econdev/selfsufficiency.html>.

Since project-based Section 8 developments for families face many of the same challenges as public housing developments, and since FSS has proven successful in meeting those challenges, it may make sense as a matter of equity and policy to authorize and fund the extension of FSS to families in project-based Section 8.⁸ Because the escrow feature of FSS requires a system of income-based rents, it would only be practical to expand to project-based Section 8 and not other federally funded rental programs – particularly the LIHTC – that do not base rents on families’ incomes. (One could conceivably develop a similar program for the LIHTC, but it would need a different escrow source and an agency to call “home.”)

Option 5 – Issue One or More HUD Notices Regarding Family Service Coordination

Even as one pursues new legislation and funding for family service coordination, it may be worth pursuing administrative action that could encourage more states and localities to make funding available for service coordination. For example, a HUD Notice – perhaps issued jointly or simultaneously by the HUD offices responsible for the HOME and CDBG Programs – explaining the benefits of family service coordination and explaining the circumstances under which it is an eligible expense (for example, for CDBG funding, or as an operating expense under the HOME program) could help to expand awareness among policy makers of the benefits of this activity. Such a notice could also be used as part of advocacy with tax credit allocating agencies – to show that the benefits of this activity have been recognized by the federal government.

CPD Notice 04-07 could perhaps provide some precedent. This notice explained the circumstances under which 2-1-1 Call Centers were eligible for CDBG funding. While the ostensible purpose of this Notice was to deal with several thorny issues regarding the eligibility of this activity for funding, it likely served a broader purpose of educating CDBG jurisdictions about this activity and its benefits.

To the extent that the policy community felt that a CPD notice would be useful in resolving certain funding problems associated with using HUD funding for this activity, as well as broadening awareness of the benefits of family service coordination, it may make sense to recommend that HUD issue such a notice.

⁸ Historically, HUD has paid for the costs of the FSS escrow accounts and at least one (and often more than one) FSS service coordinator at each agency with a FSS program. (Recent changes in Section 8 voucher funding have complicated the funding picture, though the adverse impacts on FSS appear to be inadvertent.)