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## *CLASP Audio Conference Series Transcript*

### **Work and Public Housing: Encouraging Results from Jobs-Plus April 15, 2005**

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“The Family Squeeze”**

**Moderator: Jodie Levin-Epstein**

OPERATOR: Good afternoon, ladies and gentlemen, I would now like to turn the floor over to your host, Jodie Levin-Epstein of Center for Law and Social Policy. Ma'am, you may begin.

JODIE LEVIN-EPSTEIN, DEPUTY DIRECTOR, THE CENTER FOR LAW AND SOCIAL POLICY: Thank you and welcome everybody to CLASP's ongoing series of audio conference calls on “The Family Squeeze.”

Today we're gathered together to talk about Jobs-Plus, a multi-year evaluation of a place-based employment initiative in public housing. It's produced substantial improvements in residents' earnings. The findings show an increase in earnings over time for all different kinds of families, those on welfare, others who are poor but not on welfare, and families from different racial and ethnic groups across a number of sites. In this audio call we will explore the effects of Jobs-Plus on employment, earnings, and welfare receipt and whether different kinds of families had different kinds of outcomes and whether life in the housing developments changed. And finally, we're going to explore whether Congress will take note.

My guests today are Jim Riccio who is a senior fellow with MDRC. Hi, Jim.

JIM RICCIO, MDRC: Hello.

JODIE LEVIN-EPSTEIN: And Barbara Sard who's Director of Housing Policy at the Center on Budget and Policy Priorities, otherwise known as CBPP.

BARBARA SARD, DIRECTOR OF HOUSING POLICY, CENTER ON BUDGET AND POLICY PRIORITIES: Hi there.

JODIE LEVIN-EPSTEIN: Hi, Barbara. Barbara also has been a reviewer of the Jobs-Plus publication before it hit the streets. And Mark Calabria, a senior professional staff

person with the majority staff on the Senate Committee on Banking, Housing and Urban Affairs. Hi, Mark.

MARK CALABRIA, SENATE COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS: Hi.

JODIE LEVIN-EPSTEIN: Let's turn to Jim to help us get a picture of what Jobs-Plus is. It was designed to promote work by public housing residents through a multi-component employment initiative. Jim, just bullet for us, if you will, the overarching component parts.

JIM RICCIO: OK, it had three main components. First, it offered or brokered employment and training services for residents.

Second, it provided rent-based work incentives to help make work pay. In other words, rent would not rise as quickly as it normally would for residents who went to work.

And third, it provided what we've called community support for work, which means the program tried to connect to residents through their social networks within the development. So it included a mix of services, incentives, and a bit of social capital, if you will. In addition, it was designed as a saturation intervention, by which we mean it targeted all working age, non-disabled people living within the developments.

JODIE LEVIN-EPSTEIN: OK, let's get to each of these pieces and understand them a bit more. On the first one, Jim, what could participants get through the employment-related services and activities? What does it actually entail?

JIM RICCIO: First, because this was a place-based intervention, a Jobs-Plus office was set up at each development, and it was staffed by job coaches, case managers, a job developer, and resident liaisons. And at this office, which was really like an onsite job center right within the development, residents could get coached in how to look for a job, how to prepare a résumé, how to conduct oneself in interviews, and so on.

In addition, job developers would try to link residents with specific employers whom they knew were hiring. Residents could also get referrals to education or training activities or help with personal and family problems and life skills that may in some way be impeding their ability to work. And usually these activities were offered off site.

JODIE LEVIN-EPSTEIN: Jim, you just mentioned education; that triggers for me a question. Was Jobs-Plus following a work-first model? Did work come first before education? Is that what folks would be referred to first?

JIM RICCIO: Not specifically. It wasn't purposefully a work-first program. What residents got really depended on what they wanted. It was their choice. It turns out though that the majority did seem to want to get immediate help in finding a job or finding a better job. But still others did seek and get some help with basic education and

vocational training. What we really saw was a mixed strategy operating with no particular or mandated sequence of activities.

JODIE LEVIN-EPSTEIN: OK, Barbara, on the second component, that's the rent rules component, can you explain for the audience what the regular rule says about rent and how that compares to what was done in Jobs-Plus and whether or not that approach is or isn't really different from federal requirements?

BARBARA SARD: In public housing, the usual rule is that residents pay 30 percent of their adjusted income. That means for people who work, it's their gross income without any recognition of payroll deductions minus a small standard deduction usually for each child and sometimes for child care expenses. So under that rule, typically, if income increases, 30 percent of the increase goes to additional rent payments. Housing authorities set a ceiling rent, or a so-called flat rent, but under the HUD rules, that has to be equivalent to the market rent, so it usually is at too high a level to make much difference to people who are starting to work or working at low-wage jobs. There is an earnings disregard that Congress required beginning in 1999, that requires agencies to continue to calculate rent based on people's incomes before they started work, for a year, and then to add in only half of their earnings increase in the second year. But that special disregard only applies to people who meet one or more of three qualifications.

The important point here is that they had to have received welfare, been unemployed for a long time, or been in a training program. So, the difference is for Jobs-Plus is that everyone could qualify for some type of special disregard, even if they had been working at a low-wage job all along, or off and on in the labor market or not on welfare before. It had a much broader coverage and would go on for a longer period of time. It wasn't as time limited as the current rule, and there were a whole variety of types of incentives in terms of keeping the rents down despite income increases or savings proposals.

JODIE LEVIN-EPSTEIN: And later on I want to talk about the policy implications of this Jobs-Plus approach to the rent rules, but Barbara, could you synthesize for us what Jobs-Plus did uniquely. Can other public housing authorities do this?

BARBARA SARD: Everything that agencies did under Jobs-Plus, and each agency picked a different mixture of rent policies, agencies could do under current law.

JODIE LEVIN-EPSTEIN: OK.

BARBARA SARD: But, big but.

JODIE LEVIN-EPSTEIN: All right.

BARBARA SARD: If they did it under current law, they would have to themselves cover the additional costs of the foregone rent.

JODIE LEVIN-EPSTEIN: I see.

BARBARA SARD: Agency subsidies are basically the difference between the rent revenue and their costs. So if rent revenues go down, federal subsidies pick up the difference.

JODIE LEVIN-EPSTEIN: OK.

BARBARA SARD: And, in Jobs-Plus, the federal government paid the price.

JODIE LEVIN-EPSTEIN: Got it. Jim, could you briefly bring us back to that third component, the community support for work? You told us a little but about it, but could you say why you included it, and maybe give us another illustration of what it does do?

JIM RICCIO: OK, well this component included a variety of things. But the centerpiece of it was the use of a cadre of residents who functioned essentially as community outreach workers. They volunteered and were given a small stipend and their role was to talk with neighbors within the development about the kinds of help they could get from Jobs-Plus, about the rent incentives, and even about specific job openings that they might qualify for.

The reason we included it was at the time we were developing the basic design for the intervention, there was growing evidence suggesting that, in general, social networks can matter a lot to people's labor market decisions and experiences. This was a way to try to tap into residents' informal social networks within the development and not just have a program that relied on professional caseworkers to carry messages about work. So, it was all part of trying to create a broader social environment that was supportive of work. And I'd add that these outreach workers also functioned as eyes and ears of the program, giving staff helpful feedback all along on the way and advice about what the community wanted and how residents were viewing the program.

JODIE LEVIN-EPSTEIN: Let's step back a moment. The Jobs-Plus evaluation was a six-year effort that started actually in the last century. Jim you were there, right? In 1998?

JIM RICCIO: Right.

JODIE LEVIN-EPSTEIN: In six sites. And there was government funding, HUD, and other agencies and private foundation funding, Rockefeller Foundation, and other foundations. It was a huge effort. I know you're still feeling it, Jim.

JIM RICCIO: Yes.

JODIE LEVIN-EPSTEIN: Why did MDRC want to set up such a demonstration program? I mean, what were the pressing questions you thought these funders, along with MDRC, would want to have answered? And why were they so important?

JIM RICCIO: Well, I would say that there were two that were particularly critical. One was to get convincing evidence on whether public housing really could serve as an effective platform for helping its tenants, who were some of the poorest people in some of the poorest places in the country, move towards self-sufficiency and lower poverty. This is something that has been talked about for years, but there really wasn't much hard evidence on whether public housing could really serve this function in an effective way. And second of all, there was a more general interest in trying to develop a careful test of whether a place-based employment strategy in a highly disadvantaged community could make a difference in the lives of people in those communities.

JODIE LEVIN-EPSTEIN: Let's jump to you Mark. In your view, do members involved in housing and Congress see these questions as important ones to ask, and are strategies to promote economic self-sufficiency a priority?

MARK CALABRIA: In short, I'd say yes. I'd certainly say that I think members on both sides of the aisle see this as a very vital question if not somewhat the heart of the question. I would caveat that there might be some disagreement on methods or there might be some questions about the extent of the impact of some of these programs. But bottom line there is a broad interest in how do we get self sufficiency among public housing residents?

JODIE LEVIN-EPSTEIN: Let's now ask Jim about the evaluation design because at MDRC you are well known for your random assignment experimental design that show and disaggregate the impact of the intervention itself, but this project was just a little bit different. Can you explain briefly the difference in whether this means the findings are any less attributable to the program?

MARK CALABRIA: OK. Well first, for a credible evaluation you really need a control group that doesn't get the program that's being tested but that's made up of the same kinds of people who are in the program group. So that control group tells you what would normally happen. In other words, what outcomes you'd normally get without the new program. So it's the benchmark for success. And the best way to create comparable groups is, of course, through a random assignment process, like you'd use in a clinical trial testing a new drug. But we couldn't do that in Jobs-Plus because the design of the intervention purposely targeted all working age people living in the housing development. So we couldn't isolate within the housing development a special group of people who would be untouched by the program. We were hoping that no one, in fact, would be untouched by the program. So we needed an alternative, and the design we came up with identified two or three demographically similar housing developments within a city. Then we randomly assigned the entire development; one to the program group and one or two to the comparison group. So we weren't systematically picking the best place to be the Jobs-Plus site.

Now, in addition to that, because we only had a small number of sites, we collected long-term data on residents' employment and earnings trends before and after the start of Jobs-Plus, and I think the best way to understand this is to think of the analogy of a road race.

We picked for this race all working age people living in the Jobs-Plus or comparison developments in October of 1998, and then we measured their past and future earnings, whether they stayed in public housing or not. Altogether we tracked about 5,000 people split between those two groups, and when they started out in the early 1990s, they were really running neck and neck. In other words, both groups were earning almost exactly the same amount of money on average, and, in fact, their earnings were even growing year to year by the same amount. So, all of this meant that we had a fair test between the Jobs-Plus and the comparison group. Because they ran, so to speak, equally well for several years before Jobs-Plus began, we knew that we would be comparing similar types of people. Then what we had to do next was to see whether the race would remain tied essentially after Jobs-Plus began or whether the Jobs-Plus group would eventually pull ahead and then stay ahead. So we think that even though we couldn't randomly assign individuals, we had an unusually strong test for a place-based intervention.


JODIE LEVIN-EPSTEIN: And a great analogy. That really helped me a lot. Thanks a lot. Take us through your criteria for type selection. How did you pick?

JIM RICCIO: OK, well the city had to have two or more public housing developments with similar types of people, as I said, and each development had to have at least 250 working age families. So these had to be places of good size. To make sure we were identifying places where there was a need for a program like this, we required that no fewer than 40 percent of the families be on AFDC and no more than 30 percent working; so these were places that actually needed the help. In addition, housing authorities couldn't apply for the demonstration on their own. They had to come in partnership with the welfare and WIER (ph) agencies and resident leaders.

JODIE LEVIN-EPSTEIN: So you picked six. Do you recall how many you had to choose from? Was it six or 25 or?

JIM RICCIO: Well we, we whittled it down from originally around you know, over 40...

JODIE LEVIN-EPSTEIN: Oh, wow.

JIM RICCIO ...expressing interest in this and then got to a group of 15 that we began to work with and develop ideas with and then whittled it down to the final six.

JODIE LEVIN-EPSTEIN: Terrific, and tell us which six you whittled it down to, and then if you would—since in your findings that we'll be discussing in a moment, you often described those sites that implemented well and those that didn't—tell us what distinguishes a site that implemented well from another one.

JIM RICCIO: OK, the sites were Baltimore, Chattanooga, Dayton, Los Angeles, St. Paul, and Seattle; so a nice mixture of very different kinds of cities. We identified, over the course of several years, with detailed implementation research, three stronger, what we call three stronger implementation sites, which were Dayton, Los Angeles, and St. Paul. And these were places that were distinguished by the fact that they implemented

and sustained all three program components. So they actually tested the full model. And they were places where housing managers were highly committed and strong partners to the program, and those housing managers actually promoted the rent incentives to residents when they dealt with residents over housing matters and made the incentives easy to get.

In general they use Jobs-Plus to try to merge housing assistance with employment assistance. We didn't see this everywhere. In some of the other sites we saw that very few people took up the financial rent incentives for reasons that had largely to do with how they were implemented by the housing authority. Now one other site, Seattle, was a very strong site to begin with, but in the midst of the demonstration, they got a HOPE VI grant to tear down and rebuild the development, so once the bulldozers arrived, it was a little tough to sustain the program in quite the same way.

JODIE LEVIN-EPSTEIN: I would guess. Let's talk about residents' choice. You mentioned earlier that when we were talking about the employment component and residents chose whether or not they wanted to have an education part of that employment component, that residents volunteered for these activities and they volunteered for Jobs-Plus. Does that mean we should look at your findings in any special way? And could you fill us in a bit on whether or not it was hard across the sites to get volunteers generally?

JIM RICCIO: Well, it was challenging to get residents to come forward, especially at first. There was a lot of skepticism. Residency programs come and go all the time. So there was some reluctance. In addition, because...

JODIE LEVIN-EPSTEIN: In other words, they would find out that you wouldn't deliver was something they've experienced before with other programs?

JIM RICCIO: Yes, yes, or the program didn't live up to its promise. In addition, because it was trying to reach everybody, all working age people in the development, there was a tremendous variety of problems or issues that cut across the population within the development that could interfere with residents' success in the labor market.

In some sites, in particular, there were tremendous language and cultural barriers, given the immigrant populations that they tend to be serving. But despite it all we estimated that once the program was fully up and running in the stronger implementations sites, over 75 percent of the targeted residents, so a clear majority, did come forward for services or were reached by their rent incentives or both, which is really very good for a voluntary program. In some of the developments the rate was even higher. I'd say the rent incentive was a particularly strong hook that drew a lot of people to the program although it wasn't the only thing they were interested in.

JODIE LEVIN-EPSTEIN: Let's get now into the findings on work earnings and welfare. You know, one of the more interesting elements, Jim, of your report, is what was going on before you even got there. You found the majority of residents in public housing were

already in jobs during the booming 1990s, before Jobs-Plus. What can you tell us about these workers and their jobs?

JIM RICCIO: Well by the time Jobs-Plus opened its doors at the sites, probably about half of the working age residents were working, although not always full time. And the jobs were primarily low-wage jobs, paying on average between \$6 and \$7 an hour, and probably half of them offered no fringe benefits, and, of course, many didn't last.

JODIE LEVIN-EPSTEIN: And by fringe benefits, you mean?

JIM RICCIO: Paid health care, paid days off from work, vacation time, and so on.

JODIE LEVIN-EPSTEIN: None of that. OK.

JIM RICCIO: Right. What was particularly impressive and striking to us, however, was how much the employment rate of residents rose over the course of the 1990s into 2000, even in the comparison developments, before Jobs-Plus began. It's clear that residents were responding to the hot economy at the time and perhaps to welfare reform. They weren't always able to stay employed but they were nearly as detached from the formal economy as we had expected they'd be when we first designed the program. For example, over the entire follow-up period, so looking after Jobs-Plus began, across the Jobs-Plus and comparison developments between 75 to 90 percent of working age residents worked in the formal economy. In other words we had unemployment insurance records from employers showing that they had worked, at least at some point, after Jobs-Plus began.

JODIE LEVIN-EPSTEIN: Wow. Right.

JIM RICCIO: So this is a group that wants to work.

JODIE LEVIN-EPSTEIN: Right, and Mark, this data shows what MDRC has described as challenging conventional stereotypes about public housing developments, such a high level, 75 to 90 percent of working age in the informal economy. Would you agree that this data should help be a stereotype buster?

MARK CALABRIA: Oh, oh very much so, in a couple of different regards. The magnitude is both encouraging and surprising to me, so I wouldn't have expected to see that sort of response at that level. And I also think it's certainly made me to start to rethink some of the generally-held stereotypes we have about other constraints, specifically non-financial, such as lack of health care and other constraints to work. So, I mean I think it's really made me start to think again about what's the real binding constraints here and how important are the non-financial compared to the financial. I'd have to say it's given me a lot to think about.

JODIE LEVIN-EPSTEIN: Well, we'll want to get back to you on that, Mark. Jim, the earnings of individuals increase is an essential finding, but fill us in on by how much,



over what period, and is this impressive. And on that question of whether this is impressive, I want to note that we have an e-mailed question from a city official who's basically asking how the findings on Jobs-Plus, with respect to earnings, compared to other welfare-to-work programs. So not just simply whether or not it is impressive as an absolute number, but whether or not it's impressive compared to other efforts?

JIM RICCIO: OK. Well, first let me say that there were no earnings effects in two sites that did not fully implement the program. But in the three sites that did fully implement the model, which offered a best test of the concept, of course, we saw that residents earnings increased by about 14 percent per year on average during the last four years of the follow-up period. So another way to say this is that residents in the Jobs-Plus developments earned about 14 percent more than they would have earned in the absence of Jobs-Plus. Also impressive was the fact that the increase in earnings was actually growing over time and it reached about 20 percent in the final year of the evaluation, for over \$1,500, and there was really no sign of abating. I want to say it another way if I can. Another way to state the findings is that over the four-year, the main four year follow-up period, residents in Jobs-Plus who had ever worked during the follow-up period had almost \$6,000 more in earnings on average than they otherwise would have had. Now compared to random assignment studies of welfare-to-work programs and other employment programs, these effects are actually among the highest. They're bigger than we've seen from many other programs.

JODIE LEVIN-EPSTEIN: And were there differences that were notable by subgroups that you could capture quickly?

JIM RICCIO: Yes, there were subgroup differences, but what's even more impressive is that the program had effects across a wide variety of subgroups, men versus women, TANF versus non-TANF, long-term residents, shorter term residents, and for very different ethnic groups—Latino men in Los Angeles and Hmong immigrant refugees in St. Paul. So it was a program that worked in very different cities for very different types of people and that's what I think is most encouraging.

JODIE LEVIN-EPSTEIN: Well, it is encouraging, and it's pretty dramatic stuff, but the earnings increase for individuals actually didn't spill over into the housing development as much. Is that right? And if so, why didn't it spill over as much?

JIM RICCIO: Well, in fact, it did to spill over, but how much it would spill over really was tied directly to the patterns of people moving out of the development. In a place like Dayton, Ohio, for example, which had a very soft housing market, it was easy to find affordable housing. People were helped by the program, but many people would move away, so a lot of the gains in earnings that you saw for individuals didn't really help raise the average earnings within the development. That contrasts with Los Angeles and St. Paul where the gains in earnings for individuals tended to stay within the development because residents themselves moved out less frequently or less quickly.

JODIE LEVIN-EPSTEIN: Let's parse the earnings a little bit further. Overall earnings for the residents of the public housing site can increase because of a variety of reasons. People enter or re-enter the labor market. They work more hours, or they get better wages. What gets the credit for the increase in earnings through Jobs-Plus?

JIM RICCIO: Well all of those things, really. In general, Jobs-Plus had bigger effects on earnings than it did on employment rates, because, as I said, people were working anyway. But overall, we estimate that probably two-thirds of the gain in earnings came about because Jobs-Plus got more people working. However, for some subgroups, almost all of the earnings gains came because more people were working. But then for other subgroups, most of the gains came because it simply increased the amount of earnings per person employed. So it didn't increase the employment rate of some subgroups. So, you can see that Jobs-Plus worked for different people in different ways through all of the factors you mentioned.

JODIE LEVIN-EPSTEIN: Well, turning to the role of the component parts of Jobs-Plus towards increasing these earnings, what should get the most credit? Is it the employment-related services? The changes in rent rules? Or the third component, community support?

JIM RICCIO: It is hard to say precisely. We have to speculate a bit, but...

JODIE LEVIN-EPSTEIN: But it is hard for you as a researcher to do that, I know, Jim, but go with it.

JIM RICCIO: But what the heck? There are patterns in the data that suggests the incentives were really fundamental here. For example, the sites with the lowest take-up rates of the rent incentives, they had no effects. And the sites that implemented the incentives first, turned out to be the sites that had the earliest impacts, so we can see some patterns in the data that say the incentives were really critical here. But every time people were getting the rent incentives, they were also getting other kinds of services and assistance from the staff, so you can't rule out the contributions of those other kinds of services. And we also see that there were some effects on people who moved out of the developments before the rents incentives were even available. So, in general, we really think the package is what matters, but incentives are particularly important.

JODIE LEVIN-EPSTEIN: And by incentives, just to clarify, you mean the rent.

JIM RICCIO: The rent incentives, yes.

JODIE LEVIN-EPSTEIN: OK. Let's then now turn to welfare and public housing. Barbara, some may stereotype welfare recipients and public housing residents and assume, hey, they're one in the same. What is the national picture on those two programs?

BARBARA SARD: First of all, it's important to recognize that, over time, only a relatively small minority of welfare recipients have ever received federal housing assistance. The figures vary depending on your source to about a quarter or third.

JODIE LEVIN-EPSTEIN: When you say, Barbara, federal housing assistance, is this public housing plus other kinds of subsidies?

BARBARA SARD: Yes, public housing plus Section 8.

JODIE LEVIN-EPSTEIN: OK.

BARBARA SARD: Because a lot more families get Section 8.

JODIE LEVIN-EPSTEIN: I wanted to be gentle on our vocabulary because some of our folks who are listening are not housing mavens so they might not know Section 8, but it's another federal housing subsidy program.

BARBARA SARD: Right.

JODIE LEVIN-EPSTEIN: OK.

BARBARA SARD: So, clearly not all welfare recipients get housing assistance. Only a minority do, about a quarter to a third.

JODIE LEVIN-EPSTEIN: OK.

BARBARA SARD: Do all or most of the tenants of public housing get welfare assistance? The answer is also, no. Now part of that answer is because about half of the tenants in public housing are elderly or disabled. A little less than half of the households in public housing are families with children. But even if you look at families with children, only a minority get welfare. But an additional very important statement is that the proportion that get welfare assistance has dramatically reduced over time. HUD statistics showed that for the nation as a whole, in 1997, 35 percent of families with children relied on welfare income as their primary source of income. By 2002, that had gone down to 19 percent.

JODIE LEVIN-EPSTEIN: Wow, that is dramatic.

BARBARA SARD: So, a really big change. To the extent that people have this picture, it was never really true, but it was more true until the mid 90s, and is not so true at all today.

JODIE LEVIN-EPSTEIN: OK. Jim, did Jobs-Plus reduce welfare receipt and how does this jive with other MDRC research on welfare savings as a result of work initiatives?

JIM RICCIO: Well no, it actually didn't reduce welfare receipt, probably for the reasons Barbara mentioned. Welfare dropped dramatically for people in the program as well as the comparison developments, following national trends. So, for example, whereas about 50 percent of our 1998 sample of residents was receiving welfare just before Jobs-Plus began, this dropped to roughly 10 percent by the end of the follow-up period. So you can see there was less and less room for Jobs-Plus to make a further difference. But I'd add that it is important to remember that Jobs-Plus did help raise the earnings of residents on TANF when the program began, so in this way, at least, it served as a vehicle through which public housing can contribute to the goals of welfare reform, through the earnings side.

JODIE LEVIN-EPSTEIN: Now earlier, Jim, you were mentioning some folks who had left the public housing project were being tracked. Did Jobs-Plus itself increase the incidence of folks moving out of public housing. After all, the folks were making more money. Maybe they would just leave as a result. What did you find?

JIM RICCIO: Well, actually, we found that at least during the period of the study, it did not have an effect one way or the other on move-out rates.

JODIE LEVIN-EPSTEIN: Were you surprised by that?

JIM RICCIO: A little bit, a little bit. But it stands to reason in the sense that while some people may have left because they had more money and they could afford to leave, others may have stuck around a little bit longer to get some of the benefit of the rent incentives and build up some savings before leaving.

JODIE LEVIN-EPSTEIN: Barbara, what's your take on this? Can you synthesize for us the integration of the welfare issues and move outs? Does this all translate into something in policy terms, do you think?

BARBARA SARD: Well, I think it does and it's something that if we hope that this kind of model could be expanded, I think it is troubling. What we have, in a sense, is a significant benefit to the people and their families and perhaps to all of us as taxpayers since people increase their earnings and reduce their reliance on government assistance. But there is no particular financial payoff for the individual housing agencies or for welfare agencies, so you end up with this kind of mismatch between who gets the benefits and at what level of government and who might have to pay the bill. And the question would then become, "Where's the initiative going to come from to get this kind of effort implemented?" As Jim has said, it takes a lot of commitment at the local level. And if the agencies don't get direct financial rewards, they have to do it out of the general policy motivation that helping people work is a good thing.

JODIE LEVIN-EPSTEIN: Mark, I'm going to ultimately ask you later on about the money, but first I want to get your take overall with respect to the findings that Jim's gone through in greater detail and to ask you to speculate as to whether or not members of both sides of the aisle on your committee would look favorably on these findings. Do

you think they might have some “ah hah” kinds of moments that you mentioned you had had when you’d seen more of these findings?

MARK CALABRIA: Well, I personally find the results fairly impressive but, I think that they would impress anybody who took a look at the broad results. I mean, I’d say I think I’d have to caution that there’s a pretty wide variance across sites. I recognize Jim’s point that that really came about from implementation issues, but implementation issues are important and that’s something that I think had to be looked at. I’d be curious to sit down with some of my colleagues that work for the senator from Maryland and get their take on what they think happened in Baltimore. I think that’s important and it’s important when you look at how broadly this could be scaled up. What is the encouragement and what’s going to make sure that the implementation issues actually work? So, broad brush, they’re certainly very impressive results, but, like I say, the variance in results across sites, at least, makes me think there’s a lot more going on that certainly needs to be looked at.

JODIE LEVIN-EPSTEIN: OK. Let’s talk about scale up a little bit, Jim. You said, and I’m going to throw back at you your own words, “If the Jobs-Plus strategies were implemented widely and well, they could help thousands of people in very poor public housing communities advance on the road to self sufficiency.” Well, you know, one would think good results ought to beget replication if it’s possible. What would it cost to implement Jobs-Plus at a site? Can you give us a site-level cost, not a macro cost, but by site?

JIM RICCIO: OK, we’ve made some rough calculations and depending on certain assumptions, of course, the net cost for the onsite services and rent incentives in the demonstration in the stronger implementation sites was in the vicinity of \$300,000 a year. So, for a housing development with about 250 working-age residents, that’s about what it might cost. At the same time, there might be real economies of scale, so there might be some opportunity to get the costs a little lower.

JODIE LEVIN-EPSTEIN: Jim, let me get a definition here. When you’re saying net cost, are you saying including the income that gets generated by people’s earning? What are you meaning by net cost?

JIM RICCIO: OK, let me be clear. Some money is already spent on self-sufficiency services. In our comparison developments, there are some much smaller scale programs, and as Barbara explained at the outset, there is access to some rent incentives. If you make some assumptions about how much is already being spent, and then ask, “What did it cost to operate Jobs-Plus above and beyond those expenditures?”, then that might put you in the vicinity of say \$300,000 a year for a development of 250 working age residents.

JODIE LEVIN-EPSTEIN: Got it.

JIM RICCIO: Now, there is another way to look at costs and that is the cost per resident in our sample. Remember, lots of people were moving out over time, and if you take into consideration that once people move, they don't generate cost for the program anymore, the expenditures were roughly between \$200,000 and \$300,000 per person over the main four-year follow-up period.

JODIE LEVIN-EPSTEIN: And is there a way of looking at those costs against the benefits?

JIM RICCIO: We weren't able to do a full benefit-cost analysis but if you say from the perspective of, did the government generate more earnings for residents than it paid to assist them, we can say yes.

JODIE LEVIN-EPSTEIN: That's a pretty profound statement.

JIM RICCIO: OK, we can say that over time the earnings continued to cumulate. There was no sign at the end that they were ending, so they will continue to go on, but over time the cost per sample number that we're following will go down as more and more move away. So, on balance, the program was returning almost \$5,000 per person over a four-year period but the government was spending, about \$2,000 to \$3,000 to assist them.

JODIE LEVIN-EPSTEIN: Thank you very much. Now, Barbara, some say that Jobs-Plus underscores that the mission of public housing is different than it once was. It's just not about housing anymore, that tenants want and need onsite services and clearly they can be effective. Does that make sense to you? A new mission?

BARBARA SARD: I think the important question is not whether it makes sense to me, but whether it makes sense to Congress in terms of funding the program and public housing agencies in terms of operating it. I think that the question of the proper mission is still one that is quite controversial. Ten years or so ago there was a growing belief that public housing ought to be consciously part of the solution, if you would, in helping to organize these types of services for their residents and designing rent policies that helped them work. There are others who continue to believe that the primary mission has to be the provision of decent quality housing. And if that mission takes all the available management time and financial resources, then so be it. The energy shouldn't get distracted for these other things that are seen as secondary. Unfortunately, since I am more of a believer in public housing should help be more of a part of a solution, I think that with the funding cutbacks of the last several years, we've seen a reversal of views on this issue and a view by most practitioners that rent incentives is an indulgence, if you will, a luxury that they can't afford.

JODIE LEVIN-EPSTEIN: On that note, Mark, we're going to turn to you and money and the possibility of whether or not there might be congressional support for funding replication of Jobs-Plus. Is that a pipe dream or do you actually think that something like that could get considered? We've heard from Jim that, on balance, program returns are quite significant. What do you think, pipe dream or reality or something in between?

MARK CALABRIA: Maybe I should start with my usual caveat that I work on the Authorization committee not the Appropriations Committee.

JODIE LEVIN-EPSTEIN: Luck to you.

MARK CALABRIA: Lucky me, sometimes. But you know to some extent I do think it is a pipe dream even though I found the numbers that Jim just threw out interesting. It looked to me on the surface that you really only had maybe two of the six sites in which my back of the envelope says the cost benefit analysis is actually positive. I don't know if the cost differed greatly—for instance, whether that you had the same sort of costs in Baltimore because they didn't fully implement it or not—but, I think at least looking at that is going to take a little more detail. And I haven't done the math in scaling it all up, but to scale it to some 3,000 PHA seems like it would come up with pretty large number. And that said, I just have a hard time thinking that the money is actually there.

But on the other side of that, I think some of the things learned in here might be able to be done in a more cost effective manner. I think you could do changes in rent rules that wouldn't cost as much as they necessarily do in this study. And part of that's because I think the disincentive impacts are really marginal impacts. How do you change a marginal tax rate that tenants face is a legitimate question. I would also say that one of the things that I took away from the report that I thought was very important, and I'll quote from a report, "Strong housing authority leadership is vital." I'm going to go out on a limb and maybe suggest that not all PHAs have such strong leadership, and so I am concerned that in scaling this up in a large way we might be missing some very vital pieces to make sure it works on a larger scale. I do caution again, I'm still struck by the big impact, but also the big variance across sites.

JODIE LEVIN-EPSTEIN: And of course there always could be something in the middle which is an incremental scale up that would pick and choose where to scale. But, Mark, if Congress isn't going to allocate funds for replication, and I'm not saying they aren't or they are, public housing authorities could try and find the money. Yet HUD is expected to soon publish a new proposed operating subsidy rule for public housing, the bottom line of which would mean that it would probably be just gosh darn harder for PHAs to find the extra money for any Jobs-Plus-type initiative. Do you agree, disagree? Do you think PHAs will have the money if they chose to find it? Can they really find it to implement? Is there some kind of hopeful message about funding that you can offer?

MARK CALABRIA: Well, I'll start with the operating rule. I think I kind of disagree because my interpretation of the operating rule as proposed is it's really largely a rule in distribution of funds across PHAs rather than an overall funding level. So, to some extent, if you are a PHA that has seen a decline, well that makes it harder but if you are a PHA that has seen increase that might make it easier. So, to me it's not necessarily clear whether it's a wash or not but I would definitely say it's not by any extent of the imagination consistent across PHAs. There are gainers and then there are losers. You know, in terms of what I think is hopeful, I certainly take away from this that while

resources are important, it's also the rules that matter. Maybe it's necessarily my background in economics, but it strikes me that it really is some of the marginal incentives that matter. I think the positive thing out of this is that while, as Barbara mentioned earlier, PHAs do have some flexibility, I think most of them have been reluctant to take it. I think this is some evidence that there are substantial benefits by just necessarily restructuring the rents and even if you did it in a revenue neutral way, you might be able to decrease work distance disincentives that are there. So, I think that there is, to me, there is a positive note that just looking at the way that the rent structures are done now, can have some very positive impacts.

JODIE LEVIN-EPSTEIN: Barbara, I wanted to give you a chance to respond to Mark's comment on the operating subsidy rule issue. Any reaction to this?

BARBARA SARD: I think Mark is correct that there are winners and losers. I think the most important thing to underscore, though, is two points. One, the operating costs model on which the rule is based is one that allocates zero for the types of services we're talking about. It goes back to the mission choice. It's implicit in the operating subsidy rule. What we're talking about in Jobs-Plus is not the mission of housing authorities and no money is factored in for that purpose. Obviously, if Congress were to make a policy decision that they wanted agencies to do this kind of thing and to have that staff available, because part of what the results show I think, as Jim described, is that when managers committed real time to this, it made a difference. Well that time costs money and that's not in the formula at all. So, I think that's the most important issue there.

And then the second issue is that regardless of how any particular pot of funding is allocated among each agency, which is what the operating subsidy rule is about, the problem is the overall size of the pot, which has been decreasing not with little ripples, but mostly decreasing over the last several years. And the prospects are for continued decline, so that is certainly problematic.

JODIE LEVIN-EPSTEIN: Barbara, Mark was mentioning incentives earlier and the Administration has a new proposal to expand moving to work sites. The proposal would allow public housing authorities to give incentives to residents to become self sufficient and, among other changes, they would do this by removing HUD rules they feel stand in the way. Could you just fill us in on the proposal, and then we will look at the incentives issue?

BARBARA SARD: The most important thing that I'd like the listeners to take away about this proposal is that it does not necessarily have anything to do with moving to work.

JODIE LEVIN-EPSTEIN: What do you mean?

BARBARA SARD: This is called "clever labeling." The proposal could far better have been called public housing deregulation. That is what it is about. Certain agencies would be entitled to participate; basically larger and well-managed agencies and other agencies



could apply to HUD to participate. They would not necessarily have to change their rent rules or do anything that aimed specifically to get residents to work in order to qualify for relief from every single rule in the federal housing statute, with the one exception of the rules governing the sale or demolition of public housing.

JODIE LEVIN-EPSTEIN: Well what has this effort got to do with Jobs-Plus? Are there lessons from Jobs-Plus that should be considered as this rule moves along?

BARBARA SARD: Well I think I agree with one important point with Mark here. To me, the important lesson from Jobs-Plus is that efforts to encourage residents to work succeed when agencies are committed to making them work. Mere flexibility alone without agency commitment, direction, leadership won't make a difference. And I would suggest that the Administration's proposal is, in very significant ways, misguided if the goal is to accomplish moving people to work.

JODIE LEVIN-EPSTEIN: Barbara, let's turn to the rent rules issue, which has come up at different points so far. The finding suggests that if rent is held stable or not raised as quickly as is usual, these rent rules do make a difference. MDRC in its publication suggests, and again I'll quote, "That this may offer lessons for other housing assistance programs." If you could wave a wand, what rent rule changes would you recommend for other housing assistance programs?

BARBARA SARD: I'd like to start off by saying what I wouldn't change.

JODIE LEVIN-EPSTEIN: OK.

BARBARA SARD: I think that despite the marginal disincentives that income-based rents might have, basing rents on the income is fundamentally the fairest thing to do and works the best for poor households, who are primarily the households being served by the program.

That said, I think that with some significant tweaks, income-based rent rules can work better, and some of the lessons of Jobs-Plus I think are pretty clear. Make sure that people don't get an immediate rent increase when they go to work. That has a psychological effect on residents from the Jobs-Plus findings, probably quite out of proportion to the actual dollar effect. So, delay the effect of a rent increase. There's some evidence, not so much from Jobs-Plus but from some other work that has been done, that savings incentives can have a powerful effect on keeping people in the labor market, because they see the rewards build up.

I think another lesson is that people need to know what the rent rules are in order for rent rules to have an incentive effect. That seems like common sense, but the fact is that one of the most stunning results from Jobs-Plus early research was that people didn't know that if the rules had changed, and that if they went to work, in many cases, they wouldn't have an immediate rent increase.

JODIE LEVIN-EPSTEIN: Right, right, right.

BARBARA SARD: If you don't know, no rule matters.

JODIE LEVIN-EPSTEIN: Right, right, right.

BARBARA SARD: We saw the same thing in the welfare system before welfare reform, so it's really critical that we not throw out the entire structure of income-based rents that is such an important safety net in the effort to sort of cushion the way, soften the effect of rent increases. And we must tie any rent policy changes to some very significant management changes around educating residents.

JODIE LEVIN-EPSTEIN: Right, right, right. Mark, I want to ask you about your feelings in waving a wand on rent rules, but I'm also kind of tempted to make it broader for you because of that "ah hah" moment you had in the beginning of the audio conference in which you were saying that this read of the Jobs-Plus findings was making you begin to try and think through some non-financial incentive issues as well. So let me throw it open to you to wave a wand on incentives, financial or otherwise, and what you might want to think through.

MARK CALABRIA: Well, since I think that they're actually both connected, I think that that's a good start. From my perspective, I really just think the rent rules are probably the most important thing that came out of the study, and I certainly have taken Jim's point that everything is interrelated here. But I think if you had asked me before the study was done, if someone's going to face a fairly high marginal tax rate, in this case in the form of the rent increase, over 30 percent, that person's got to reduce their work effort. So, to some extent, if we could find a way to come up with rent structures that did not have such marginal impacts, and I think there are ways to do that, I hope we can actually make some progress in that regard. And to me how that fits into questions over non-financial, I think before the study was done and before thinking about it, I think the usual perception was that it really wasn't the work disincentives that kept people from work. It was because either people didn't have transportation to get the job or because of child care. I don't mean to minimize any of those issues because they are important, but the study makes me question whether they were really as important as I thought they were before, compared to what seemed to be the disincentives from what were the rent structures. So, I think that sometimes you can just get at the rent structure and that kind of makes the other obstacles less important.

JODIE LEVIN-EPSTEIN: OK. We're about to close and I'd like to give each of you a chance to talk about next steps; to offer the audience your view on what should happen next as a result of these findings. They're kind of impressive. And you have a choice. You can answer any which way you wish. You could talk about what ought to happen next in an ideal world, next in the real world, next this year, two years from now, nationally, locally, you pick your perspective, but provide it for us. Please, Mark, you're on tap first.

MARK CALABRIA: Well, since I rarely get to operate in the ideal world, and I'm not sure I can even think in that way anymore, I'll stick to what I think is likely. But I think it's important that as we go forward, particularly in this committee, we look at regulatory changes, legislative changes to the operating environments in public housing. These are very strong results, particularly on the rent structuring. I think that needs to be a part of it and it needs to be a part of it in discussions not just on public housing but also on the Section 8 alternate program because the rent rules are very similar in that regard. And while there are very important implementation issues here, I always try to make sure that any time we look at anything you have to just ask yourself, how is this going to get implemented on the ground even if it sounds important conceptually?

Barbara touched on some of that, just making sure that people understand what the rent rules are. For me, simplicity and transparency are something that I think need to be important in this as well. Also, something that this raised in my mind that I really didn't expect before, is it seemed that high resident mobility seemed to undermine some of the effectiveness of the program. I didn't expect that, and I have been someone who's generally been an advocate of mobility. I still don't know what to think about that, but mobility has generally been a pretty high priority, say, for the Section 8 program. Not as much in public housing, but even in public housing, there's a desire to get people to be able to leave the program when they're able to, but that still leaves me probably with more questions than answers in some regard.

JODIE LEVIN-EPSTEIN: OK and you, Barbara?

BARBARA SARD: Well, I would like to build on some of Mark's remarks. I think that the whole question of would this type of program have similar or different effects in a tenant-based assistance program ought to be tested and not just assumed. I think that one part of the difference would be that in a tenant-based program, by definition, you're working with people and not a place, and so people can move and you can follow the people. The design of Jobs-Plus was explicitly place-based and the services did not, and the incentives could not, keep following people as they moved out. But I think it's important to look at whether it matters to be concentrated, although it looked like from the Jobs-Plus results, that maybe it didn't matter so much, but I still wonder about that I guess. And perhaps for different types of people, the community effect would have a different result. Overall, I think that the most important lesson, though, is that it is hard to get social progress on the cheap and that rent incentives cost money.

I did not conclude from the research that rent incentives alone would work. It's one thing to say that they're primary; it's another thing to say, well, let's ignore everything else and just do rents. Jobs-Plus didn't test that model, and if we wanted to know the answer to that, I think we would have to test it. But, overall, I think that the study underscores the critical importance of investing enough in the people-side of housing programs, if we want the programs to have people-based benefits.

JODIE LEVIN-EPSTEIN: Thank you, and Jim, your next steps, besides recovery.

JIM RICCIO: OK. Well I think that scaling up to 3,000 housing developments really is a pipe dream, but it may make sense to try to find the resources to do a staged replication of Jobs-Plus, as you were hinting at, in maybe 10, 15, maybe 25 cities where the need is great; it's not something you necessarily have to do everywhere. And this might be a helpful step in building capacity within public housing to make housing assistance a platform for self sufficiency and also provide an opportunity to see how well the model travels across an even more diverse set of locations. The implementation issues are, as Mark said, are indeed very important. I guess another point I would mention is that we hope that the research really does feed into the congressional discussion over what should happen with monies that are still on the table for ROSS grants or other funding for resident self sufficiency programs in public housing. These might be cut, but money will still be available. Perhaps there should be some consideration to the question of whether some of those monies get earmarked for replication of Jobs-Plus, because, after all, it is the only hard evidence we have at the moment of an effective strategy for achieving the goals that ROSS grants point towards.

And finally, I'd endorse what both Barbara and Mark said about the value of trying to strengthen, broaden, simplify, and certainly improve the marketing of the rent incentives that already exist because the incentives do seem to matter. Getting residents to know about them and have easy access to them is something that we know much better now how to do, thanks to the deep experience of Jobs-Plus.

JODIE LEVIN-EPSTEIN: Thank you. I want to extend a hearty note of appreciation to each of my guests, Jim Riccio of MDRC, Barbara Sard of the Center on Budget and Policy Priorities, Mark Calabria with the Senate Committee on Banking, Housing and Urban Affairs. Thank you, all of you, and I hope that everyone listening to this audio conference and others will join for the next CLASP audio conference call May 6 on connecting disconnected youth with systems that work for them, innovative community approaches. And again, on June 17, I hope you'll be with us when we talk about paid sick days, when Senator Kennedy expects to be on the call. Thank you Jim, Barbara, and Mark.

JIM RICCIO: Thank you.

BARBARA SARD: Thank you, too.

MARK CALABRIA: Thank you.

JODIE LEVIN-EPSTEIN: And everyone have a great weekend. Bye bye.

BARBARA SARD: Bye.

JIM RICCIO: Bye.

MARK CALABRIA: Bye.

OPERATOR: Thank you everyone. This does conclude today's teleconference. You may disconnect all lines at this time, and have a wonderful weekend.

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