

Bangor Housing Authority

**ENHANCED FAMILY SELF-SUFFICIENCY  
PRELIMINARY OUTCOME SUMMARY  
JANUARY 2016**

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# BANGOR HOUSING AUTHORITY FAMILY SELF-SUFFICIENCY

## PRELIMINARY OUTCOME SUMMARY

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### INTRODUCTION

#### *Program Overview & Summary Objectives*

Recognizing the need to address the increasing vulnerability of families in Bangor's public-housing communities, BHA has developed a potentially higher impact model for the U.S. Department of Housing and Urban Development (HUD) FSS program, with a focus on helping families overcome barriers to work, improve their financial stability, and build assets. The standard HUD Family Self-Sufficiency (FSS) program is designed to help families living in public housing and those using Housing Choice Vouchers (HCV, formerly Section 8) progress toward self-sufficiency by reducing disincentives to working and assisting low-income families to acquire valuable savings over a five-year period. The standard FSS program combines (a) stable affordable housing with (b) case management services to help families access the services they need to pursue employment and achieve other goals, and (c) an escrow account that grows as families' earnings grow. The findings from the 2013 BHA FSS Development Assessment provided evidence that BHA needed to expand the scope and reach of the FSS program.

With emphasis placed on strategic partnerships to improve service delivery, the enhanced model BHA has developed for its FSS program is guided by resident feedback that families needed a comprehensive set of supports beyond the traditional focus on employment and income to overcome barriers to economic advancement.

With its FSS program, BHA aims to generate resources for residents designed to help families overcome not only work challenges but barriers related to credit, debt, and saving as well. The enhanced program is part of a broader effort to create new strategies to increase economic opportunities and collaboration in the Bangor community in order to help families improve their financial security. With this new vision, the goal of the BHA Enhanced FSS model is to effectively implement the FSS program to deliver consistently strong outcomes and ensure families use this opportunity to move toward long-term financial stability.

#### **I. BHA FSS Program Design**

While incorporating the basic elements of the FSS Program, BHA has aligned FSS with key work advancement, asset-building, and financial capability and empowerment strategies through strategic collaborations with providers in the Bangor community. Major program features include:

- **Outreach:** Through creative marketing materials, targeted recruitment strategies, and orientation sessions, BHA frames FSS as a powerful opportunity to pursue educational

and career goals, overcome barriers to work, increase financial capability, and build savings and assets.

- **Asset Building:** Specialized financial education and coaching services assist with credit repair and building, budgeting, and use of financial services and savings mechanisms.
- **Career Counseling/Development:** Through effective career development collaborations, participants identify and apply the skills they already have, assess further education needs, and learn how to access and finance training targeted to high-demand jobs.
- **Intensive Case Management:** Assisting participants with individualized goal setting helps them overcome personal barriers, access resources and reach incentive goals.
- **Education & Training Flex Funds and Incentives:** Participants can receive assistance in their efforts to overcome barriers to work and goal completion by having access to flexible/emergency funds. Eligible participants can receive up to \$500 each year for assistance directly related to their goal that will facilitate workforce development or access to education or training. In addition, the program aims to support participants in their efforts to pursue educational and career paths to better their employment outcomes by making Education, Training, & Work Incentive payments. Participants can receive cash rewards for movement to full-time work and completion of education and training objectives.

FSS program data currently collected by HUD is minimal and has not provided a complete picture of the program's current operations or effect on participant outcomes in Maine. As a result, a key component of the BHA FSS initiative is to extensively track economic indicators beyond the well documented increases in income that is typical of traditional FSS reporting. The goal of this summary is to provide a snapshot of early baseline and interim economic progress for participants who enrolled in the BHA FSS program between March and December of 2015. The preliminary findings establish a starting point for examining the research question: Does BHA's enhanced focus on asset-building and work advancement strategies produce greater participant outcomes in employment, income, and accumulated savings? This summary analysis establishes the baseline economic indicators for assessing participant progress at incremental stages throughout the program.

While research from the field indicates program success in four main areas including growth in earnings, employment, escrow, and homeownership, economic indicators tracked since baseline provide the means by which to measure progress toward a more expansive set of core program objectives:

- Increase employment and earned income
- Achieve incentive goals related to job training/education
- Achieve and maintain a credit score of 680 or greater
- Achieve and maintain healthy income-to-debt ratio
- Eliminate reliance on TANF program
- Use Escrow Account accumulation for stated self-sufficiency goals
- Establish sustained pattern of savings

## Data Sources & Methods

To provide information about the economic characteristics of Bangor Enhanced FSS program participants, BHA collected baseline economic and demographic data when participants enrolled in the program. This information includes: gender, race/ethnicity, age, marital status, employment status, etc. Information was derived from participant-level administrative, program, and survey data collected regarding financial practices and wellbeing.

FSS program participants were asked to complete the Financial Wellbeing Survey when enrolling in the program. The survey captures participants' financial skills, access to financial services, utilization of quality financial products, and self-perceived financial security and wellbeing. Survey items are self-reported and are primarily dichotomous yes/no questions measured at the ordinal level (i.e., 5-point scale from strongly agree to strongly disagree). The survey was developed by IASP staff and adopted from survey instruments previously used and tested with a similar population. The baseline questions were administered by BHA FSS program staff between March and December 2015. The survey is also administered every six months to measure change over time in participant perceptions.

## II. BHA FSS Participant Demographic and Economic Status Characteristics of the BHA FSS Participants

Key characteristics of the 39 participants enrolled in the BHA FSS Enhanced program as of December 2015 are as follows:

- Respondents are primarily female (77%). They range in age from 21-59 years, with a median age of 35.
- The overwhelming majority identify as Non-Hispanic White (97%), with a few participants who identify as Hispanic or Native American.
- The average household size is 3 with the majority of all families classifying as single/never-married or divorced families with children.
- 97% of all participants have a high school diploma or a GED. Forty-one percent of all participants have attended some college and 26% have an Associate's degree or higher.
- The average length of time FSS participants have spent in the public housing program is 5.2 years.
- The majority of participants (59%) were unemployed at the time they enrolled in the program. While 41% were working, the majority of all working participants were working only part-time (53%), outnumbering those working full time (47%). (See Table 1-2 in Appendix B.)

### *Income and Public Assistance*

The vast majority (85%) of all 39 participants have annual incomes below \$25,000. Nearly half (46%) live at extremely low income levels of less than \$10,000 annually. These income levels place these families solidly among the most economically vulnerable in the city of Bangor, where median household income is \$36,272 and where 25 percent of Bangor households fell under the poverty line in 2014.<sup>1</sup>

Given the low incomes of the FSS participants, many receive additional income and public assistance supports. These include child support, TANF, Supplemental Nutrition Assistance Program (SNAP, formerly known as food stamps) and SSI/SSDI. In fact, an overwhelming percentage (82%) were receiving SNAP (food stamp) benefits; 33% were receiving SSI/SSDI for themselves or their children. In addition to a large proportion receiving food assistance, nearly 80% receive Medicaid or Medicare. The fact that few households receive TANF assistance is noteworthy since a family must stop receiving TANF assistance for a period of 12 months prior to graduating from the FSS program. (See Table 4.) Some notable other public assistance includes childcare voucher assistance, WIC, and unemployment insurance. However, the number of participants receiving these forms of assistance was very low. While the BHA housing subsidy is likely the largest public benefit these families receive, the high numbers receiving SNAP and MaineCare assistance are consistent with national trends that low-income families struggle to afford their basic needs which include housing, food, and health care.

### *Credit and Debt*

An important component of the BHA Enhanced FSS program is to connect participants with community partners that provide assistance with financial education, credit counseling, and financial empowerment resources to help participants increase their credit score and reduce their debt burden. 'Prime' credit is characterized by achieving a credit score of at least 680 and a non-mortgage debt-to-income ratio less than 15%. Only two participants met this credit score benchmark at baseline. The best-known and most widely used credit score model in the United States is the FICO score. The classic FICO score is between 300 and 850 with 60% of people falling between 650 and 799 nationally. An analysis of the credit status of participants in BHA's FSS program revealed that for the 39 participants who had credit scores recorded at baseline, the mean score was 578.

In addition, low-income families often struggle with high levels of consumer and household debt. In the BHA FSS program, the average total debt burden for participants at program enrollment was \$29,638. Nearly 70 percent of all BHA FSS participants have debt greater than \$5,000. Student loan debt is the most common source of debt (59%), with an average of \$25,699. Credit card debt is another common source of debt (54%) with an average credit card debt burden of \$2,230. In addition, nearly two-thirds (61.5%) have debt in collections.

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<sup>1</sup> U.S. Census Bureau, 2010-2014 American Community Survey 5-year Estimates.

### *Economic Trends at Six Months*

BHA tracks credit, debt, income, and public benefits data for participants on a 6-month basis throughout the program. As of December 1, 2015, 13 participants had reached the six-month point in the program and provided the necessary information to BHA staff at their six-month case management session.

An analysis of economic trends for participants who had reached the six-month point suggests that these participants have made improvements to their credit score and debt totals. (See Figure 1 below.) In regards to income, the picture is not as clear largely because of fluctuations these participants experienced in their employment. Among the 13 participants, 6 of these were working at the time they enrolled and 6 were working at their 6-month point. However, only 3 participants were the same. That means that only 3 people maintained employment for the duration of the six months. Thus, a few participants lost their jobs after they enrolled in FSS, and a few participants acquired jobs after they enrolled. It is important to note that the number of participants without a sufficient employment history will influence escrow saving patterns. Since funds deposited in escrow are a function of increased earnings, only two participants had accumulated funds in escrow at the six-month point. This suggests that not very many participants have experienced an increase in what they earned. However, 11 of the 13 participants at the six-month point received either Flexible Fund assistance or Incentive Payment related to education and job training, suggesting that these participants may be making advances in school, training, and degree attainment. It is to be hoped that the analysis examining work and income patterns will have more significance after participants have spent more time in the program and after the program grows in numbers., therefore providing a more complete picture of which participants are making progress and which are struggling to meet core program objectives.

**Figure 1: Economic Trends of Participants Reaching Six-Month Enrollment**

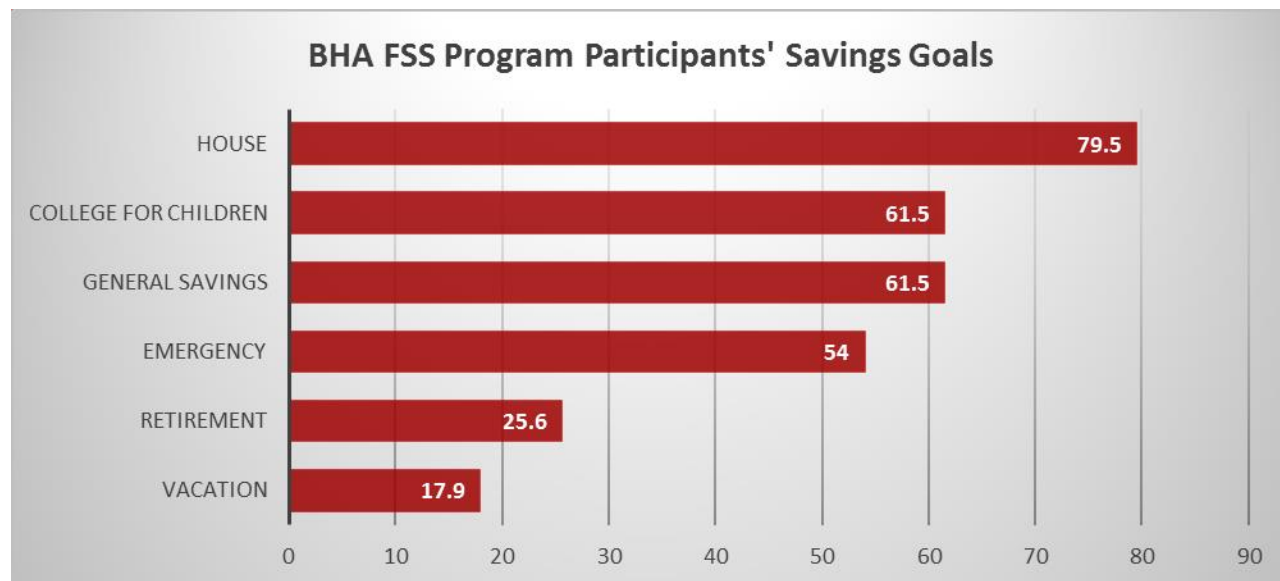
	(N)	Intake Median	6-Month Median	Change
Credit Score	11	619	638	+19
Debt Total	13	\$4025	\$3754	-\$271

### *Savings Goals*

An important objective of the BHA Enhanced FSS program is to promote savings and empower participants to utilize their FSS escrow account savings, as well as other personal savings, toward asset development purposes. When asked to indicate a savings goal, 39 participants identified a total of 125 different savings goals. Saving for a house, followed by college for children, and maintaining funds in savings were the top three goals indicated as noted in Figure 2 below. Qualitative interviews will be conducted with program participants who have been in

the program for one year in order to gain an in-depth understanding of participant’s progress toward these savings goals.

**Figure 2: Savings Goals Identified by FSS Participants**



### III. Financial Products and Services used by FSS Participants at Program Entry

Low-income households in the United States can face significant barriers to accessing mainstream banking services and pay high costs for conducting basic financial transactions through alternative financial service providers such as payday lenders, pawn shops, or check cashers. The 2013 FDIC National Survey of Unbanked and Under-banked Households revealed that nearly 22 percent of all households in Maine are unbanked or underbanked. Inadequate access to bank accounts and use of high cost alternative financial services may undermine efforts to help families build assets and achieve financial security.<sup>2</sup> Through strategic partnerships with financial empowerment organizations, BHA FSS program aims to help participants access healthy financial products and services.

To better understand what financial products and services FSS participants use, participants were asked several related questions about their past and present use of certain financial products and services in the baseline Financial Well-being Survey. BHA FSS participants appeared to be “banked” to a greater extent than the Maine households reported in the FDIC survey. Most (85%) had a checking account, 65.3% had a savings account and 57% used direct deposit. Only 15% of BHA participants were “unbanked.” Considering the amount of participants who do not have access to banking products, the use of alternative financial

<sup>2</sup> 2013 FDIC National Survey of Unbanked and Underbanked Households.

services such as payday loans, rent-to-own centers, check-cashers, tax Refund Anticipation Loans (RALs), and pawnshops, remained quite small. Only three participants reported using these services once or twice in the last year.

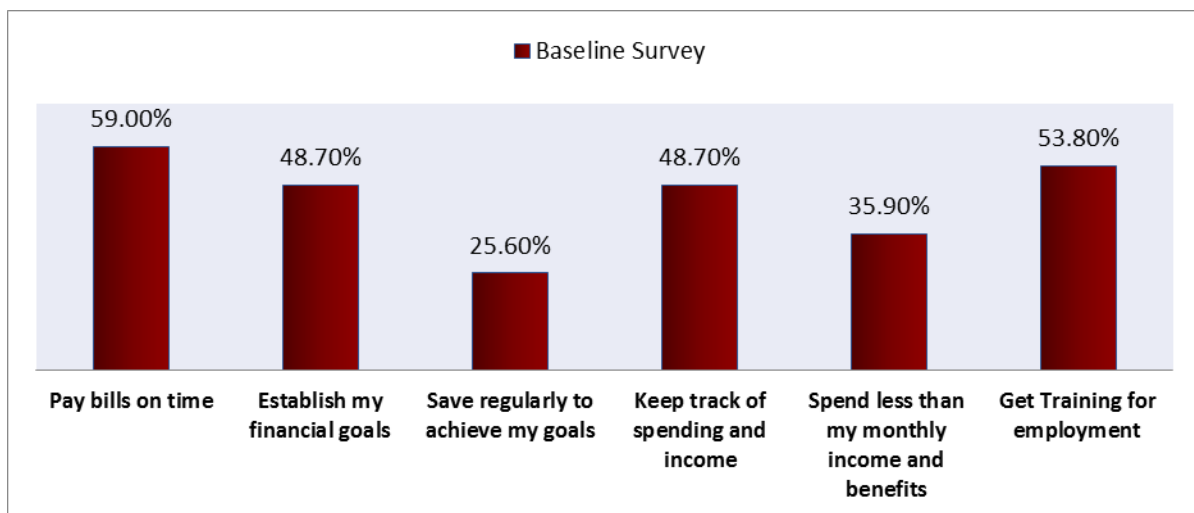
Unfortunately, very few are connected to other financial products that will aid in building assets over time. Only seven participants (18%) had a retirement account through an employer. No participants have a Certificate of Deposit (CD), IRA or Child Savings Account. Only 1 participant is taking advantage of a matched-savings opportunity, the Family Development Account. (See Table 5 in appendices.)

For FSS participants who have been in the program for six months, the data reveal very little take-up of positive products within the six months. However, it is worth mentioning that the increase in the number of participants who have seen and check their credit reports may be a direct result of BHA making credit reports available to every FSS participant when they enroll in the program. (See Table 6 in appendices.)

**Financial Practices of Participants at Program Entry and at Six-month Follow-up.**

By connecting participants to financial capability and empowerment services from organizations like New Ventures (Formerly Women, Work, & Community), CA\$H Coalition, and Mainstream Finance, BHA hopes to help their participants develop financial skills and increase their confidence to apply healthy financial practices related to budgeting, saving, and credit and debt management. In the baseline survey participants were asked to rate their confidence in their ability to pay bills on time, establish financial goals, save regularly, track spending, and spend less. The responses indicate that participants seem relatively confident in their ability to engage in healthy financial practices, especially paying bills on time and accessing training to increase employment. However, participants’ confidence related to saving regularly is substantially less.

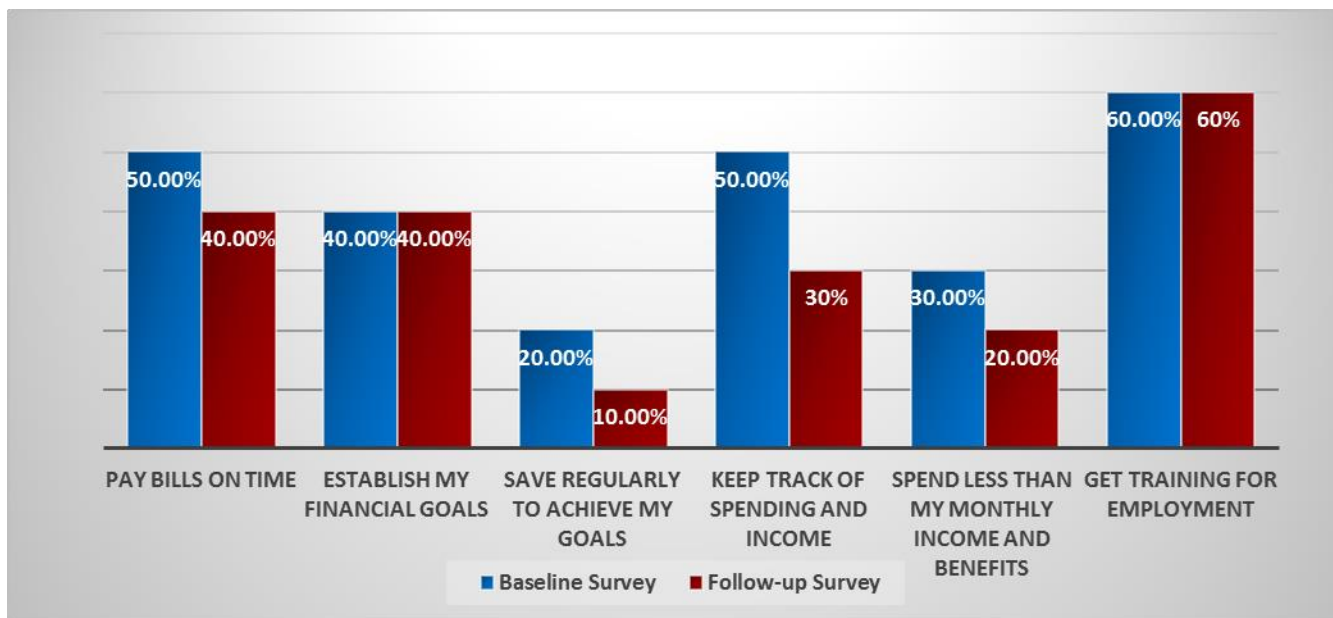
**Figure 3: Financial Practices Results: Percent Confident and Very Confident: N =39**





For BHA FSS participants who reached their six-month enrollment point, data reveal that their confidence related to financial practices appears to be more mixed. Results actually demonstrate a decrease in their confidence to engage in these practices on the majority of the six indicators. While surprising and unexpected, these findings may reflect the challenge participants have applying new financial skills and adopting positive behaviors. Additionally, given their low incomes as well as their challenges with credit and debt reported at baseline, it may take more time for participants to acquire and apply these concepts. However, it is noteworthy to mention the high percentage of participants who expressed confidence to access training for employment at both the baseline and six-month points. This is significant as it may be the primary reason for enrolling in FSS.

**Figure 4: Financial Practices Results: Percent Confident and Very Confident: Baseline vs 6-month Follow-up N = 10**



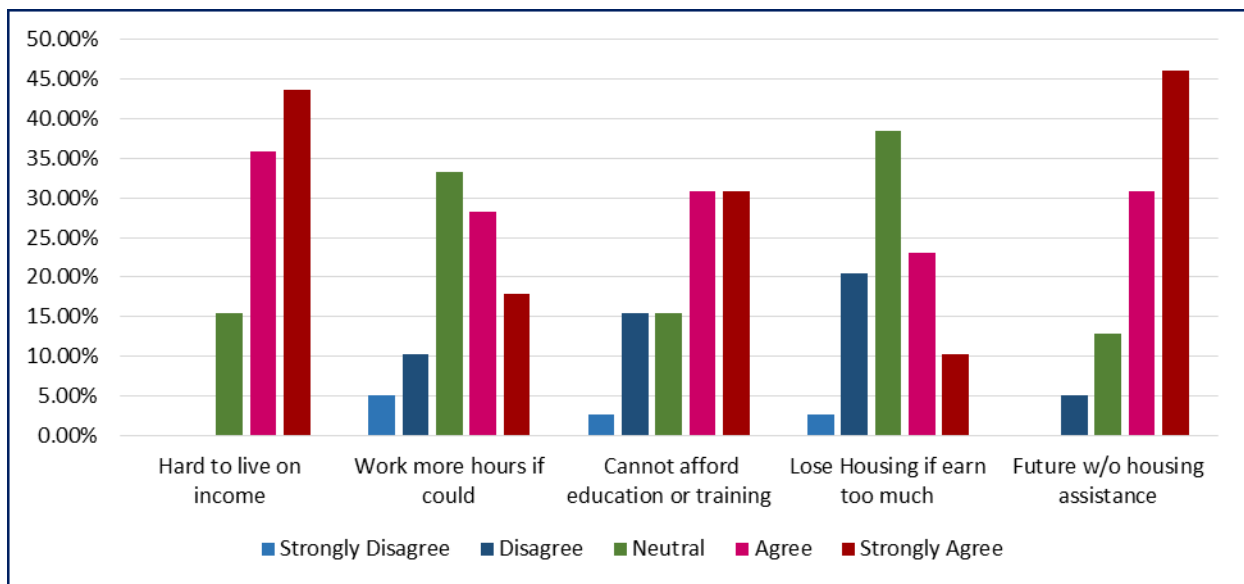
### *Perceptions of Economic Well-being*

Another important objective of the assessment is to understand resident perceptions of their own economic well-being. This focus is supported by the existing research related to the effects of asset accumulation documented in matched savings initiatives such as Individual Development Accounts and Child Savings Accounts, as well as in financial capability and empowerment programs. The evidence in the literature supports that savings and assets appear to increase economic stability in households and decrease economic strain, as well as promote a

positive future orientation.<sup>3</sup> While research that demonstrates similar economic effects for FSS program participation is limited, this assessment provides an opportunity to explore this question in the context of a public housing program.

The response scores indicate the greatest agreement with statements regarding the difficulty families have paying everyday expenses and affording the necessary education to get ahead. It is important to note that nearly 80 percent of participants agree or strongly agree with the statement that it is hard to live on their present income. In addition, while participants appear to be stifled by their limited incomes and their inability to work more hours if they could, they remain optimistic. An overwhelming 77 percent feel encouraged that they will be able to support their families without housing assistance in the future.

**Figure 5: Experience with Economic Strain at Program Entry (N = 39)**



**Barriers**

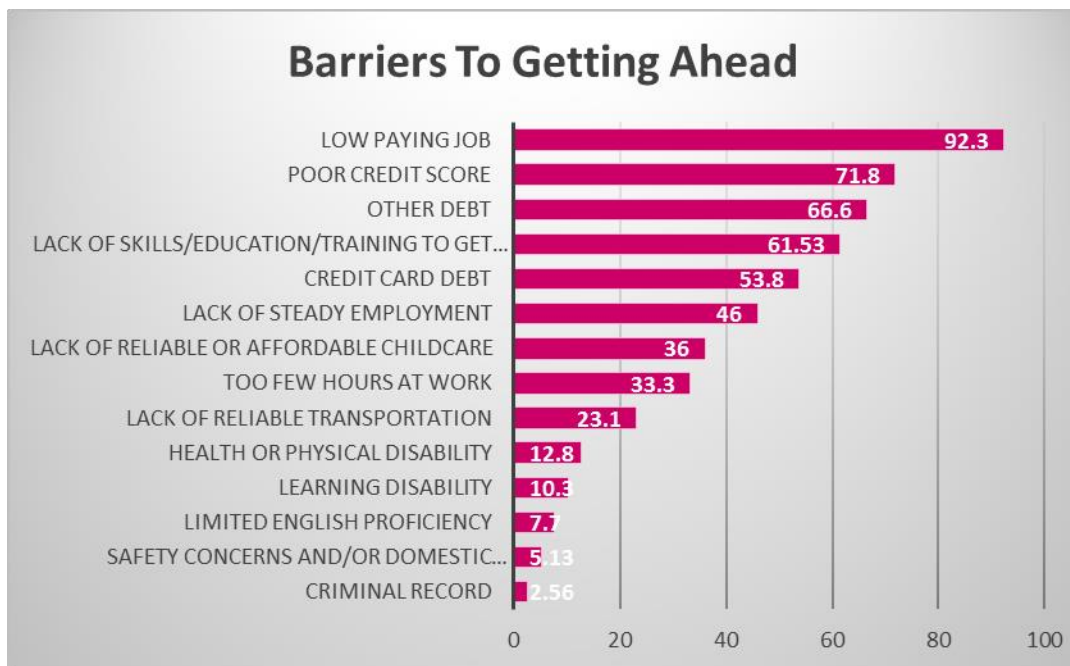
Just as BHA residents indicated feeling significant strain regarding their low income, they also recognize the barriers that make it difficult to achieve their goals. Overwhelmingly, respondents indicated employment-related barriers or problems with credit and debt as challenges they are facing. Over 90% indicated low-paying job as their greatest obstacle to getting ahead. (See Figure 6 below.) Nearly three-fourths identified poor credit score and another two-thirds reported debt problems as barriers to getting ahead. The chart below illustrates the highest ranking barriers indicated by FSS participants. It is important to note that lack of skills, education, and training still ranked moderately high (nearly two-thirds) which is

<sup>3</sup> Moore, Amanda et al. (2001). *Saving, IDA Programs, and Effects of IDAs: Down payments on the American Dream Policy Demonstration*, Center for Social Development. Washington University, St. Louis.

Shobe, Marcia and Kameri Christy-McMullin (2006). *Joining an Asset Building Program: The Social and Economic Correlates*. Journal of Evidence-Based Social Work. 61-78.Vol. 3(1).

somewhat surprising considering the relatively high education levels of this group noted in the earlier section. While respondents may believe their employment-related barriers are a result of limited skills and training, the data still pose a question regarding the current landscape of available jobs in the Bangor community, the barriers to accessing these jobs, and whether the skills and education of this group are appropriately aligned with what is available. The BHA FSS program, with emphasis on work advancement through connecting participants to career prep and job training partners, is designed to assist with some of these barriers. The one-year outcome report will more thoroughly examine if the employment-related barriers, namely low-paying job, lack of skills, and lack of steady employment are as pronounced for participants who have been in the program longer and for those who have received work advancement assistance.

**Figure 6: Barriers to Achieving Financial Goals (N=39)**



**Future Orientation**

Questions regarding future orientation included in the baseline and follow-up surveys provide an opportunity to gauge participants’ feelings of hope and optimism regarding their family’s future. While participants experience concerns about money and the ability to afford basic expenses, and little confidence in their ability to save, they are optimistic about the future, especially when it comes to beliefs their own financial situation will improve or their children’s financial situation will be better than their own. However, it is worth noting that participants appear to be slightly less confident in their children’s financial future. The slight decline may suggest the worry and concerns these parents may have in their ability to invest in their

children's future, as indicated by the low number participating in child-saving and college savings programs.

### *Conclusion*

The goal of this summary is to provide a snapshot of early baseline and interim economic progress for participants who enrolled in the BHA FSS program between March and December of 2015. The preliminary findings establish a starting point for assessing participant progress at incremental stages throughout the program.

In summary, the income and economic characteristics of BHA FSS households illustrate that the Bangor housing program serves a very vulnerable segment of the Bangor community. The employment and income findings observed among these households are consistent with national trends which show that while many public housing residents work, many are under-employed, and some experience immense barriers to work and economic advancement. Additionally, the overwhelmingly high number of participants struggling with high debt and poor credit suggests that these families would benefit from financial capability and empowerment services that are being introduced by BHA's community partners. While the low sample size of participants at their six-month enrollment point prevents us from seeing a more complete picture of economic progress, the early results suggest that some participants are making progress related to credit and debt but are experiencing significant fluctuations in work. The economic vulnerability raises the challenge of how to help these families escape poverty, overcome barriers to work, and achieve upward mobility. BHA's expanded approach to FSS, with emphasis on helping families overcome barriers to work, improve their financial stability, and build assets is helping participants overcome these barriers to economic advancement through intensive case management and strategic partnerships in the Bangor community. An earlier report provided an analysis of the implementation and service delivery of the Bangor Housing Authority's (BHA) Enhanced Family Self-Sufficiency program and the steps leading to program launch.

The next phase of the evaluation will continue to assess the effectiveness of key aspects of program delivery. Qualitative interviews will be conducted with FSS participants who have been in the program for one year in order to gain an in-depth understanding of participants' progress to economic security. These findings and a more comprehensive analysis of outcome results will be presented in the second-year report along with a progress report on key areas of program implementation that have implications for further program modification and improvement. Similar research and data results will be analyzed in the future based on changes in participants' wellbeing and economic status overtime.