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October 18, 2013

To: Supervisor Mark Ridley-Thomas, Chairman
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From: William T Fujioka
Chief Executive Officer

**AN EVALUATION OF THE GENERAL RELIEF HOUSING SUBSIDY EXPANSION PROJECT**

## Background

This memo transmits a report evaluating the Department of Public Social Services' (DPSS) General Relief Housing Subsidy Expansion Project (GRHSEP). The report addresses the extent to which participation in the GRHSEP has a beneficial impact on outcomes for homeless General Relief (GR) recipients in the areas of employment and Supplemental Security Income (SSI) approvals, and additionally analyzes the degree to which participation in the GRHSEP yields cost savings as a result of decreases in the frequency with which subsidy recipients utilize County services.

### *The General Relief Housing Subsidy Expansion Project*

DPSS implemented the GRHSEP in August 2010 after a pilot version of the program was evaluated and shown to yield cost savings for the County. The expanded program is an important component in the County's general efforts to address the problem of homelessness, and specifically in the ongoing work DPSS is jointly conducting with the Chief Executive Office (CEO) to decrease dependency on GR and maximize the program's cost effectiveness. By participating in the GRHSEP, GR recipients agree to contribute $100 per month to their rent, which comes out of their $221 month cash benefit, while DPSS provides a $400 housing subsidy, making a total of $500 available for monthly rental housing, payable directly to the landlord. Employable GR participants can receive the subsidy for as long as they are eligible for GR, nine months out of every 12-month period, and they can access the subsidy three times in a lifetime. Disabled

GR participants applying for SSI are eligible for the subsidy until they either gain approval for SSI or are denied at the highest SSI appeal level.

**Evaluating the GRHSEP**

The rationale guiding implementation of the GRHSEP is that housing creates a basic level of stability that facilitates efforts to either find work or gain approval for SSI. A growing body of policy research also suggests that housing stability decreases the frequency with which homeless adults utilize expensive public services, and that the provision of housing to homeless populations therefore constitutes sound fiscal policy.

DPSS contracted with the CEO's Service Integration Branch to prepare the attached report, which tests the GRHSEP's guiding principles. The report is based on administrative data for a study group of 1,599 GR recipients who received housing subsidies through the GRHSEP between August 2010 and July 2011. This study group is separated into employable and potentially SSI-eligible subgroups in order to examine outcomes in the areas of employment, SSI approvals, and cost savings. For comparative purposes, several sections of the report additionally utilize a control group consisting of GR recipients who applied for subsidies through the GRHSEP, but who were ultimately disenrolled from the subsidy program due to an inability to locate housing within 45 days.

**The Report's Key Findings**

***Employment Outcomes***

- Approximately 42 percent of the observed GRHSEP participants found new employment after they began receiving the housing subsidy. The remaining 58 percent either already had jobs or remained unemployed.

- Data collected from the California Economic Development Department (EDD) indicates that over two-thirds of the employable subsidy recipients who found jobs after receipt of the subsidy were still employed at the end of the study period.

- Analysis of EDD data indicates that median earnings rose by 41 percent for employable GRHSEP participants who found new jobs after receipt of the subsidy, from $1,256 to $1,781, between the year before and the year after enrollment into the housing subsidy program.

***SSI Eligibility Outcomes***

- Among SSI applications submitted by the GRHSEP participants observed for this report, 40 percent were approved (281 out of 710), and 12 percent were denied (87 out of 710). However, if the calculations exclude applications that were still pending at the end of the study period, then more than 76 percent of the official decisions made on SSI applications submitted by GRHSEP participants were approvals (281 of 368). By comparison, the approval rate on submitted applications for the control group was 26 percent (49 of 181), and among decided applications from the control group the approval rate was 52 percent (49 of 94).

- While 19 percent of the potentially SSI-eligible GRHSEP participants did not file an application by the end of the study period, 30 percent of the control group did not apply by the end of the study period.

***Cost Savings***

- Average annual County service costs per-participant declined from $2,787 to $1,632 for those in the GRHSEP's employable group, between the year prior to and the year after receipt of the housing subsidies was initiated, which is a decrease of 41 percent. For the potentially SSI-eligible GRHSEP participants, these costs declined from $12,930 to $6,505 over the same period, a decrease of 50 percent.

- By comparison, the control group's average annual per-capita County service costs after they applied to the housing subsidy program rose from $1,956 to $3,733 for the employable group, an increase of 91 percent, and from $6,887 to $11,763 for the SSI-eligible group, an increase of 71 percent.

- While the total annual per-participant service cost avoidance yielded by the GRHSEP over the study period was $2,931 for employable participants, the annual cost avoidance yielded for those in the potentially SSI-eligible group was almost four times higher at $11,399 per participant.

- Among the 108 GRHSEP participants who comprise the top 10 percent of the report's study group in terms of the costs of their service utilization over the year prior to receipt of a housing subsidy, service costs declined from an aggregate total of $5,721,000 to $1,457,000 in the year after housing subsidy receipt. This translates into a total per-participant County service cost avoidance of almost 75 percent or $39,000.

**Policy Implications**

DPSS is currently engaged in efforts to re-structure GR in ways designed to promote self-sufficiency and yield cost savings. The findings presented in the attached report suggest that participation in the GRHSEP yields results generally consistent with the aims of the restructuring efforts. At the same time, the report's findings form the basis for recommendations on steps that could be taken to further enhance the program's beneficial effects. Among the most important recommendations, the report suggests that participants with particularly difficult challenges would benefit from an increase in the 45-day period within which DPSS requires subsidy recipients to locate housing. The report also recommends that additional steps be taken to further align the GRHSEP with DPSS' SSI advocacy efforts in order to maximize the number of unemployable GR recipients who submit applications for SSI.

The report additionally suggests that the GRHSEP's results provide a foundation from which DPSS might integrate the program into a more in-depth approach to homelessness through collaboration with the departments of Health Services, Mental Health, Public Health, and the Sheriff, the County agencies with the largest groups of homeless clients. By facilitating the access GR recipients have to needed supportive services, as well as providing enhanced assistance with housing location and retention, this inclusion of the GRHSEP in an integrated and collaborative approach to homelessness would likely yield further cost savings for the County and provide a basic level of stability to an especially vulnerable population.

WTF:AJ
CDM:MS:eb

Attachment

c: Executive Office, Board of Supervisors
County Counsel
Public Social Services

County of Los Angeles
Chief Executive Office
Service Integration Branch

# The General Relief Housing Subsidy Expansion Project: An Analysis of Outcomes and Cost Savings

Submitted to:
County of Los Angeles, Department of Public Social Services
Project Officer: Michael Bono, Ph.D.

**October 2013**

## Overview and Key Findings

This report examines employment and SSI eligibility outcomes for 1,599 homeless the General Relief (GR) participants who received housing subsidies through Department of Public Social Services' (DPSS) General Relief Housing Subsidy Expansion Project (GRHSEP) between August 2010 and July 2011. Additionally, the report analyzes the extent to which receipt of these housing subsidies yielded cost savings resulting from a decline in the frequency with which subsidy recipients utilized County services provided by Departments of Health Services (DHS), Mental Health (DMH), Public Health (DPH), and the Sheriff. This group of 1,599 subsidy recipients, referred to in this report as the *program group*, is separated into two sub-groups: 725 employable recipients and 874 recipients considered to be permanently disabled and potentially eligible for the Supplemental Security Income (SSI).

In addition, several sections in this report utilize a *control group* for the purposes of comparative and counterfactual analysis. The control group consists of 891 GR participants who applied for a housing subsidy but who were ultimately disenrolled from the GRHSEP because they did not find housing within the 45 days required by the program. The control group is separated into the same categories applied to the program group: 617 were placed in the employable category, and 274 were placed in the SSI-eligible category.

The analyses conducted for this report produced the following key findings:

### *Housing Subsidies and Employment*

- Approximately 42 percent of the program group found new employment after they began receiving the housing subsidy. The remaining 58 percent either already had jobs or remained unemployed.

- GRHSEP participants who found new jobs after receipt of the subsidy did so in an average of just over three months.

- Data collected from the California Economic Development Department (EDD) indicates that over two-thirds of the employable subsidy recipients who found jobs after receipt of the subsidy were still employed at the end of the study period.

- Analysis of EDD data also indicates that median earnings rose by 41 percent for employable GRHSEP participants who found new jobs after receipt of the subsidy, from $1,256 to $1,781, between the year before and the year after enrollment into the housing subsidy program.

### *Housing Subsidies and SSI Eligibility*

- Among SSI applications submitted by the GRHSEP participants observed for this report, 40 percent were approved (281 out of 710), and 12 percent were denied

(87 out of 710). However, if the calculations exclude applications that were still pending at the end of the study period, then more than three-quarters of the official decisions made on SSI applications submitted by GRHSEP participants were approvals (281 of 368). By comparison, the approval rate on submitted applications for the control group was 26 percent (49 of 181), and among decided applications from the control group the approval rate was 52 percent (49 of 94).

- While 19 percent of the potentially SSI-eligible GRHSEP participants did not file an application by the end of the study period, 30 percent of the control group did not apply by the end of the study period.

- Of all the variables applied to the regression models used in the analysis of SSI eligibility, participation in the GRHSEP is the only variable that explains the difference in approval rates between the program and control groups. However, it should be noted that the regression model captures some but not all potential group differences.

***The Cost Effectiveness of the GRHSEP***

- Average annual County service costs per-participant declined from $2,787 to $1,632 for those in the GRHSEP's employable group, between the year prior to and the year after receipt of the housing subsidies was initiated, which is a decrease of 41 percent. For the potentially SSI-eligible GRHSEP participants, these costs declined from $12,930 to $6,505 over the same period, a decrease of 50 percent.

- By comparison, the control group's average annual per-capita County service costs after they applied to the housing subsidy program rose from $1,956 to $3,733 for the employable group, an increase of 91 percent, and from $6,887 to $11,763 for the SSI-eligible group, an increase of 71 percent.

- While the total annual per-participant service cost avoidance yielded by the GRHSEP over the study period was $2,931 for employable participants, the annual cost avoidance yielded for those in the potentially SSI-eligible group was almost four times higher at $11,399 per participant.

- Among the 108 GRHSEP participants who comprise the top ten percent of the program group in terms of the costs of their service utilization over the year prior to receipt of a housing subsidy, service costs declined from an aggregate total of $5,721,000 to $1,457,000 in the year after housing subsidy receipt. This translates into a total per-participant County service cost avoidance of almost 75 percent or $39,000.

## Background

This report examines the effects of participation in Los Angeles County's General Relief Housing Subsidy Expansion Project (GRHSEP), which is administered by the Department of Public Social Services (DPSS). Implementation of the GRHSEP began in August of 2010, after a pilot version of the program was evaluated and shown to yield cost savings as a result of decreases in the utilization of County services on the part of subsidy recipients. The evaluation additionally showed that participation in the pilot was associated with favorable outcomes in the areas of employment, Supplemental Security Income (SSI) eligibility, and homelessness prevention.[i] With some minor differences and enhancements, the GRHSEP replicates the previous pilot program on a Countywide basis, offering 1,540 housing subsidy slots and case management to homeless General Relief (GR) participants who are either employable or permanently disabled and potentially eligible for SSI.

## How the GRHSEP Works

By participating in the GRHSEP, GR recipients agree to contribute $100 per month to their rent, which comes out of their $221 monthly GR cash benefit, while DPSS provides a $400 housing subsidy, making a total of $500 available for monthly rental housing, payable directly to the landlord.

Participants who fail to find housing within 45 days of qualifying for a housing subsidy are disenrolled from the subsidy program. Employable participants who secure housing within the required 45-day period can receive the subsidy for as long as they are eligible for GR, for nine months out of every 12-month period, and they can access the subsidy three times in a lifetime. Disabled GR participants applying for SSI, and who secure housing within the required 45-day period, are eligible for the subsidy until they either gain approval for SSI or are denied at the highest SSI appeal level. The nine-month time limits on cash aid and housing subsidies are not applicable to GR participants applying for SSI.

DPSS' General Relief Homeless Case Managers (GRHCMs) are responsible for providing the case management piece of the GRHSEP. The GRHCMs responsibilities include the following:

- Encouraging employable participants to keep appointments with their General Relief Opportunities for Work (GROW) Case Managers.[ii]
- Referring potentially SSI-eligible participants to DPSS' SSI advocacy program, if they do not already have an application in process.
- Connecting participants to needed substance abuse, mental health, and physical health services offered through the departments of Health Services (DHS), Mental Health (DMH), and Public Health (DPH).

## Data, Methods, and Areas Analyzed in this Report

This report examines outcomes in the areas of employment and SSI eligibility for 1,599 GR participants who received subsidies through the GRHSEP between August 2010 and July 2011.[iii] Moreover, the report analyzes the extent to which receipt of subsidies yielded cost savings resulting from a decline in the frequency with which subsidy recipients utilized County services.[iv] This group of 1,599 subsidy recipients, referred to in this report as the *program group*, is separated into two sub-groups: 725 employable recipients (45 percent), and 874 recipients considered to be permanently disabled and potentially eligible for SSI (55 percent).

In addition, several sections in this report utilize a *control group* for the purposes of comparative and counterfactual analysis. The control group consists of 891 GR participants who applied for a housing subsidy but who were ultimately disenrolled from the GRHSEP because they did not find housing within 45 days. The control group is separated into the same categories applied to the program group: 617 (69 percent) were placed in the employable category, and 274 (31 percent) were placed in the potentially SSI-eligible category.[v]

### *An Important Note on the Control Group*

The comparative analyses in this report must be read with an understanding of their limitations. Insofar as the control group consists of GR participants who were referred to the GRHSEP but were subsequently disenrolled from the subsidy program because they could not find housing in 45 days, the group as a whole may consist of a significantly higher proportion of participants with severe psychosocial and health related barriers. Therefore, while the comparison between the program and control group is broadly suggestive of the impact of housing on employment outcomes, SSI eligibility outcomes, and the frequency and cost of County service utilization, the possibility exists that the comparisons are skewed to an unknown degree by selection bias.[vi] The potential for selection bias in some sections of the report is partially neutralized using regression techniques. However, in sections where regression analysis is not applicable, such as the report's analysis of County service cost savings, the reader is advised to be aware of the significant limitations of the control group data.

### *Data Sources*

The data used in this study come from administrative databases maintained by multiple County agencies. The main data sources are DPSS' Los Angeles Eligibility Automated Determination Evaluation and Reporting (LEADER) and GROW files, as well as SSI data files for the GR Program, which are updated and maintained by DPSS' SSI advocacy staff. Information on County service utilization patterns and costs was generated through de-identified record linkage techniques that matched DPSS data with client databases kept by DHS, DMH, DPH, and the Sheriff.

## The Demographic and Background Characteristics of the Study Populations.

Table 1 provides background characteristics for the program and control groups by program category (employable versus potentially SSI-eligible). Statistically significant differences between the program and control groups are shaded in the table.[vii] The majority of both groups consist of African-American males. The average age of potentially SSI-eligible participants is 46 in the program group and 43 in the control group. Among employable participants, the average age is 36 in the program group and 33 in the control group.

**Table 1. Characteristics of Program and Control Groups by Program Category—Employable and SSI-Eligible**

| Characteristic | Employable | | SSI-Eligible | |
|---|---|---|---|---|
| | Program | Control | Program | Control |
| **Gender %** | | | | |
| Male | 60 | 54 | 61 | 64 |
| Female | 40 | 46 | 39 | 36 |
| **Ethnicity %** | | | | |
| Black | 70 | 69 | 70 | 69 |
| Hispanic | 13 | 10 | 10 | 7 |
| Other | 7 | 9 | 7 | 8 |
| White | 10 | 12 | 13 | 16 |
| **Ever Disabled since 2005 %** | | | | |
| Yes | 40 | 42 | 99 | 95 |
| No | 60 | 58 | 1 | 5 |
| **Ever Homeless since 2005 %** | | | | |
| Yes | 72 | 95 | 75 | 92 |
| No | 8 | 5 | 7 | 7 |
| **Employed within last 2 years %** | | | | |
| Yes | 57 | 51 | 0 | 0 |
| No | 42 | 49 | 100 | 100 |
| **Applied to SSI since 2005 %** | | | | |
| Yes | 0 | 0 | 41 | 22 |
| No | 100 | 100 | 59 | 78 |
| **Prior Mental Health Treatment %** | | | | |
| Yes | 7 | 8 | 21 | 18 |
| No | 93 | 92 | 79 | 82 |
| **Prior Drug Abuse Treatment %** | | | | |
| Yes | 19 | 12 | 36 | 29 |
| No | 81 | 88 | 64 | 71 |
| **Prior Incarceration %** | | | | |
| Yes | 41 | 38 | 52 | 54 |
| No | 59 | 72 | 48 | 46 |
| **Age average** | 36 | 33 | 46 | 43 |
| **Prior Months on GR since 2005 average** | 13 | 10 | 27 | 23 |

Source: DPSS, LEADER

As is to be expected given that those who are potentially eligible for SSI can remain on GR indefinitely for as long as the program deems them to be unemployable due to disability, and given the time limits on employable GR recipients, Table 1 also shows that the potentially SSI-eligible recipients remained on GR for longer durations than those in the employable groups. The average number of months on GR since 2005 is 27 for the potentially SSI-eligible participants in the program group and 23 for the potentially SSI-eligible participants in the control group. By comparison, the average

number of months on GR since 2005 is 13 for employables in the program group and ten for employables in the control group.

While 21 percent of the potentially SSI-eligible participants in the program group received prior mental health treatment, 18 percent of the potentially SSI-eligible participants in the control group received prior treatment. Additionally, 36 percent of those in the program group and 29 percent of those in the control group received substance abuse treatment at some point prior to their referral for a housing subsidy. By comparison only 19 percent of employable participants in the program group and 12 percent of employable participants in the control group received prior substance abuse treatment.

**Employment Outcomes**

The rationale for offering housing subsidies to employable homeless GR recipients is that the stability that housing provides, along with the job readiness skills offered through GROW, will increase the likelihood of securing work and becoming self-sufficient. This section looks at employment outcomes for the employable participants in the program group.[viii] Analysis of these outcomes yielded the following key findings:

- Approximately 42 percent of the program group found new employment after they began receiving the housing subsidy.[ix] The remaining 58 percent either already had jobs or remained unemployed.

- Those who found new jobs after receipt of the subsidy did so in an average of just over three months.

- EDD data indicates that over two-thirds of the employable subsidy recipients who found jobs after receipt of the subsidy were still employed at the end of the study period.

- EDD data also indicates that quarterly median earnings rose by 41 percent for employable participants in the program group who found new jobs after receipt of the subsidy, from $1,256 to $1,781, between the year before and the year after enrollment in the GRHSEP.

**Housing Subsidies and SSI Eligibility**

The stability that comes with housing also forms the basis for offering subsidies to disabled recipients who are potentially eligible for SSI. This stability facilitates communication as DPSS' SSI Advocates work with the GR participants in their caseloads to schedule medical appointments and create the documentary evidence in support of SSI applications. This section examines the relationship between participation in the GRHSEP and outcomes of the SSI eligibility process.[x] The analysis is guided by the question of whether GR recipients who are homeless and severely disabled have an increased likelihood of gaining approval for SSI if they receive a housing subsidy.

Table 2 shows submissions of SSI applications for the program group, by the time of submission (i.e. before subsidy receipt began, after subsidy receipt began, or no application made by the end of the study period).

**Table 2. Program Participants' SSI Applications**

| SSI Application | Number of Participants | % |
|---|---|---|
| Application before subsidy receipt began | 378 | 43 |
| Application after subsidy receipt began | 332 | 38 |
| No Application[xi] | 164 | 19 |
| **Total** | 874 | 100 |

Source: LEADER

A note here is necessary on applications that were already in process at the time the applicant began receiving a housing subsidy. Since submission of these applications pre-dates receipt of a subsidy, the outcomes cannot be entirely attributed to the housing subsidy program. However, GR participants who apply for SSI continue to receive advocacy services after their applications are submitted. For instance, DPSS' SSI Advocates track the progress of the application, communicate with the SSA on behalf of the applicants in their caseloads, and the advocates also work with those in their caseloads to arrange for any additional mental or physical health assessments requested by the SSA, and they arrange for the retrieval of any additional documentation. Moreover, the provision of SSI advocacy services is presumably facilitated when applicants have a basic level of housing stability since they can be contacted more easily. For these reasons, the analysis of SSI approvals includes those whose applications were already in process when they began receiving a housing subsidy. This analytical decision was made ensure that the analysis captures how housing facilitates the ongoing work involved in SSI advocacy beyond the submission of SSI applications.

### *Decisions on SSI Applications*

- The data show that almost half (48 percent) of the 710 applications submitted either before or after entry into the GRHSEP were still pending at the SSA by the end of the study period.

- Of those applications submitted, 40 percent were approved (281 out of 710) and 12 percent were denied (87 out of 710).

- However, if the calculations exclude applications that were still pending at the end of the study period, then 76 percent of the official decisions made on SSI applications submitted by GRHSEP participants were approvals (281 0f 368).[xii]

### *Comparative Analysis of SSI Outcomes*

This section compares the SSI outcomes for 874 program group participants with 274 control group participants.[xiii] Table 3 shows the SSI application statuses of 710 program group participants who submitted applications either before or after receipt of their

housing subsidies was initiated alongside the 191 control group participants who submitted SSI applications before or after their referral date to the GRHSEP.

**Table 3. SSI Application Statuses of Program and Control Group Participants[xiv]**

| SSI Application Decisions | Approved | | Denied | | Pending | | Total |
|---|---|---|---|---|---|---|---|
| | Number of Applications | % | Number of Applications | % | Number of Applications | % | # |
| Program Group | 281 | 40 | 87 | 12 | 342 | 48 | 710 |
| Control Group | 49 | 26 | 45 | 24 | 97 | 51 | 191 |

Source: LEADER and SSIMAP

The key findings from the comparative analysis are as follows:

- While 19 percent of the program group did not file an application by the end of the study period, 30 percent of the control group did not apply by the end of the study period.

- Roughly half the applications from both the program and control groups were still pending at the end of their study periods. Among the submitted applications, 40 percent from the program group were approved, while the approval rate for the control group was 26 percent.

- Additionally, among applications for which a decision was rendered within the study period, the approval rate was approximately 76 percent for the program group (281 out of 368), versus 52 percent for the control group (49 out of 94).

- Regression analysis, which enables many of the unmeasured differences between the program and control groups to be neutralized for the purpose of comparison, does not indicate that characteristics such as demographic background, income, geographic location, or length of stay on GR explain the higher rates of SSI approval among the program group.

- Of all the variables applied to the regression models used in the analysis of SSI eligibility, participation in the GRHSEP is the only variable that explains the difference in approval rates between the program and control groups. However, it should be noted that the regression model captures some but not all potential group differences.

***Heavy Users of County Services***

Cost savings for especially heavy users of County services merit special attention:

- Among the 108 GRHSEP participants who comprise the top ten percent of the program group in terms of the costs of their County service utilization over the year prior to receipt of housing subsidies, costs declined from an aggregate total of $5,721,000 in the year before receipt of the subsidies was initiated, to $1,457,000 in the year this receipt was initiated. This translates into a total per-participant cost avoidance of almost 75 percent or $39,000.

## The Cost Effectiveness of the GRHSEP

This section evaluates the extent to which participation in the GRHSEP yields cost savings through a reduction in the utilization of services provided through DPH, DMH, DHS, and the Sheriff.[xv]

Table 4, shows the aggregate County service costs incurred for provision of services to the program group in the year before and the year after receipt of housing subsidies was initiated, as well as the percentage change in aggregate services costs between the year prior to and the year after receipt of housing subsidies was initiated.

**Table 4. Pre- and Post-Program Year County Service Costs for the Program Group**

| Services | Employable Group (N=647) | | | SSI-Eligible Group (N=596) | | |
|---|---|---|---|---|---|---|
| | Pre-Program Year Costs | Post-Program Year Costs | % Change | Pre-Program Year Costs | Post-Program Year Costs | % Change |
| Health Services | $651,000 | $374,000 | -43% | $4,746,000 | $2,158,000 | -55% |
| Mental Health Services | $74,000 | $73,000 | -1% | $543,000 | $365,000 | -33% |
| Public Health Services | $382,000 | $93,000 | -76% | $638,000 | $144,000 | -77% |
| Incarceration | $696,000 | $467,000 | -33% | $1,779,000 | $1,210,000 | -32% |
| **Total** | **$1,803,00** | **$1,007,000** | **-44%** | **$7,706,000** | **$3,877,000** | **-50%** |

Source: DPSS, LEADER; CEO/SIB/RES: Data Warehouse, ELP

The key findings shown in Table 4 are as follows:

- For both the employable and SSI-eligible groups, the largest County service costs were incurred in the areas of physical health (DHS) and incarceration (the Sheriff).

- As expected, the costs for County services provided to employable subsidy recipients are less than one-quarter of those observed for the SSI-eligible group. However, for both groups the total costs decreased by almost half between the year prior to and the year after receipt of housing subsidies was initiated.

- The largest share of overall County costs were due to the provision of services provided by DHS, and these costs declined by more than half in the year after receipt of the housing subsidies was initiated.

- The aggregated numbers in Table 4 indicate that the overall County service cost for all 1,243 observed program group participants (inclusive of both the SSI-eligible and employable sub-groups) decreased from $9.5 million to just under $4.9 million between the year prior to and the year after receipt of the housing subsidies was initiated, a decline of 49 percent.

### *Comparative Analysis: What Difference Do Housing Subsidies Make?*

This section deepens the analysis of cost trends by comparing County service utilization costs for the program group with the same trends for the control group. This type of analysis provides a sense of what service cost trends would be for the program group if they did not receive housing subsidies through the GRHSEP.

In considering the comparative trends presented in this section, it should be re-emphasized that the control group consists of participants who were not able to locate housing within the 45-day required by the GRHSEP. Therefore, the comparison between the program and control groups is generally suggestive of the impact of housing on service utilization patterns and costs, but the analysis may be skewed to an unknown degree by selection bias.

Table 5 shows the County service costs per participant during the year prior to and the year after either initiation of the receipt of housing subsidies (for the program group), or referral to the GRHSEP (for the control group). The key findings are as follows:

- Program group figures, derived from Table 4, show that average annual per-participant County service costs dropped from $2,787 to $1,632 for participants in the employable group, a decline of 41 percent, and decreased from $12,930 to $6,505 for participants in the SSI-eligible group, a decline of 50 percent.

- The control group's average annual per-capita service costs increased from $1,956 to $3,733 for the employable group, an increase of 91 percent, and from $6,887 to $11,763 for the SSI-eligible group, an increase of 71 percent.

**Table 5. Pre- and Post-Program Average Annual Per-Participant Service Costs for the Program and Control Groups**

| Services | Program Group | | | | Control Group | | | |
|---|---|---|---|---|---|---|---|---|
| | Employable | | SSI-Eligible | | Employable | | SSI-Eligible | |
| | Pre | Post | Pre | Post | Pre | Post | Pre | Post |
| Health Services | $1,006 | $578 | $7,963 | $3,621 | $747 | $2,037 | $4,328 | $7,339 |
| Mental Health Services | $114 | $113 | $911 | $612 | $42 | $190 | $423 | $639 |
| Public Health Services | $590 | $144 | $1,070 | $242 | $318 | $499 | $412 | $347 |
| Incarceration | $1,076 | $722 | $2,985 | $2,030 | $849 | $1,006 | $1,723 | $3,438 |
| **Total** | **$2,787** | **$1,632** | **$12,930** | **$6,505** | **$1,956** | **$3,733** | **$6,887** | **$11,763** |

Source: DPSS, LEADER; CEO/SIB/RES: Data Warehouse, ELP

Building on the numbers provided in Table 5, Table 6 shows the annual, per-participant service cost avoidance yielded through participation in the GRHSEP.[xvi] Cost avoidance is shown for each sub-group (employable and SSI-eligible), as well as for the total of the two groups combined:

- While the total annual per-participant service cost avoidance for the employable participants was $2,931, the annual service cost savings for the SSI-eligible participants was almost four times higher at $11,399 per participant.[xvii]

**Table 6. Total per-Participant Annual Cost Avoidance for the Program**

| Group | Employable | SSI-Eligible |
|---|---|---|
| ***Program Group*** | | |
| Pre-Program | $2,787 | $12,930 |
| Post-Program | $1,632 | $6,505 |
| Cost Avoidance per Participant | -$1,155 | -$6,424 |
| | | |
| ***Control Group*** | | |
| Pre-Program | $1,956 | $6,887 |
| Post-Program | $3,733 | $11,763 |
| Cost Increase per participant | $1,776 | $4,876 |
| **Total Cost Avoidance** | **$2,931** | **$11,300** |

Source: DPSS, LEADER; CEO/SIB/RES: Data Warehouse, ELP

## Conclusion

DPSS is currently engaged in efforts to re-structure GR in ways designed to encourage self-sufficiency among the program's participants, and to promote increased cost effectiveness in the delivery of service. This report shows that the results associated with participation in the GRHSEP – i.e. outcomes in the areas of employment, SSI approval, and County service cost savings - are broadly consistent with the goals of the restructuring process. At the same time, some of the research conducted for this report points to areas that may require additional attention and analysis.

### *Is 45 Days Enough Time to Find Housing?*

A number of important questions revolve around the profile of the control group for this study, those GR recipients unable to locate housing within 45 days, and who are then disenrolled from the housing subsidy program. How do they differ from those who find housing within the required time period? Do these participants have additional barriers that make the location of housing more difficult? If so, can enhancements be made to the GRHSEP that would address their various challenges? How strictly is the 45-day limit applied and what would be the impact of increasing the time limit so as to give participants additional time to find housing? Providing additional time and housing location assistance would likely be beneficial to GR recipients who have greater challenges.

### *Aligning the GRHSEP with DPSS' SSI Advocacy Efforts*

Another important issue is whether additional steps can be taken to more effectively align the GRHSEP with DPSS' SSIMAP program, which provides SSI advocacy services to participants who are unemployable due to physical and/or mental disabilities. This report shows that almost one in five (19 percent) of the potentially SSI-eligible participants in the program group had not submitted an SSI application by the end of the study period. While this non-application rate is significantly lower than the rate for participants in the control group (30 percent), DPSS might nevertheless consider whether policy changes or enhancements could be made to expedite and boost the proportion of disabled subsidy recipients who apply for SSI. Additionally,

DPSS might consider implementing outreach efforts through SSIMAP for disabled participants unable to locate housing within the time frame required by the GRHSEP.

While findings in this report show that participation in the GRHSEP yields substantial service cost savings for the County, it should also be emphasized that the program's cost effectiveness will increase if more of its participants gain approval for SSI.[xviii] Implementing measures designed to increase the number of disabled GRHSEP participants who successfully apply for SSI is critical.

***What Happens to Participants Who Time Off the GRHSEP and/or are Denied SSI?***

A final critical question is what happens to GRHSEP participants who exhaust their time limits for receipt of housing subsidies and/or are denied SSI? For employable participants, the time limit on a subsidy is aligned with GR time limits (i.e. participants can receive subsidies for nine out of every 12 months), and once the nine-month time limit has been reached three times, participants are no longer eligible for the program. For disabled participants, time limits are reached when they have completed all levels of the SSI appeals process.

DPSS might consider conducting an analysis of GR participants who time off of the GRHSEP, including those who are denied SSI. If the analysis reveals that a significant number of these participants fall back into homelessness, then re-visiting the GRHSEP time limits policy may be a necessary step in maximizing the program's beneficial impact.

***THE GRHSEP as Part of a More Comprehensive Approach to Homelessness***

In the current fiscal and budgetary environment, generally characterized by a growing need for County agencies to create efficiencies with scarce resources, the cost effectiveness of the GRHSEP, as well as a number of the positive employment and SSI eligibility results shown in this report, will be welcome to policymakers engaged in the GR restructuring process.

The GRHSEP's results provide a foundation from which to craft a more comprehensive approach to homelessness, one in which DPSS' efforts on behalf of the County's homeless population are more fully integrated with programs and policies carried out by DHS, DMH, DPH, and the Sheriff, the County agencies with the largest groups of homeless clients. The findings in this report suggest that this integrated approach to homelessness must facilitate the access GR recipients have to needed supportive services, provide enhanced assistance with housing location and housing retention, and increase efforts to ensure that all severely disabled GR recipients receive SSI advocacy services and submit applications.

While the GRHSEP is an encouraging start, the outcomes discussed in this report suggest that the program's inclusion in a more in-depth homelessness strategy would be a fiscally prudent and humane means by which to invest in the well-being of an especially vulnerable population.

## Endnotes

[i] Los Angeles County. Chief Executive Office / Service Integration Branch / Research and Evaluation Services. *The General Relief Housing Subsidy and Case Management Pilot Project: An Evaluation of Participant Outcomes and Cost Savings*. September, 2009.

[ii] GROW is the GR program's Welfare-to-Work program. For employable participants, receipt of cash assistance is contingent on engagement with GROW activities.

[iii] A total of 2,301 GR participants took part in the GRHSEP between August 2010 and July 2011. Two subsets of subsidy recipients were excluded from the analysis: (i) Subsidy recipients who either did not have matched information in LEADER or were not consistently assigned to either the potentially SSI-eligible or employable participant categories within the GRHSEP; (ii) subsidy recipients who began receiving subsidies prior to the program's expansion or who, after the expansion, were not reassigned to either the employable or potentially SSI-eligible categories. However, participants who received subsidies before the program expansion and then could be reliably placed in either the employable or potentially SSI-eligible categories were included in the study. These exclusions left a study group of 1,599 subsidy recipients with complete and reliable records to be analyzed.

[iv] Participants who began receiving subsidies after July 2011 were not included in this study population in order to allow an adequate time period within which to assess outcomes and service utilization patterns.

[v] The comparison of a program group of GRHSEP participants against a control group of GR participants who were referred to but did not participate in the housing subsidy program is referred to as a quasi-experimental method that provides a counter-factual understanding of the impact of housing subsidies on outcomes and patterns of service utilization. By extension, this method offers a sense of what would have likely taken place in the absence of the program.

[vi] Unmeasured factors such as mental and physical health, substance abuse, and social network are among the factors with the potential to impede the control group's inability to find housing within 45 days.

[vii] Statistical significance is defined here as a difference of five percent or more.

[viii] The *employable program group* consists of 725 GRHSEP participants who received housing subsidies sometime between August 2010 and July 2011. This group consists of 78 participants who were already housed in August 2010, prior to the expansion of the program.

[ix] A person is recorded as employed if one of three employment data sources – EDD records, the New Hire Registry, or GROW employment records shows a record of employment. The proportion of program group participants who found new employment after receipt of the subsidies started is calculated as follows: 57 percent of the program group had a job after their receipt of the housing subsidy began. Over one quarter of these participants had also been employed in the quarter prior to the start of receipt of the subsidy, while the remaining 74 percent found new employment, which means 42 percent found new employment.

[x] *The SSI-eligible program group* consists of 874 GRHSEP participants who entered the program between August 2010 and July 2011, and were categorized in the SSI-eligible program category.

[xi] It is possible that some of the 164 participants assumed to have not applied actually had pending applications that remained unrecorded in any of the DPSS databases. However, since it is not possible to verify this, an assumption is made here that these participants had not applied during the study period.

[xii] However, without knowing more about the pending applications, the reader is cautioned against assuming that the approval rate on these applications would be consistent with the rate on applications that were decided within the study period.

[xiii] The 274 GR participants in the control group are participants who were referred to the GRHSEP between August 2010 and July 2011, but who did not find housing within 45 days and were disenrolled from the subsidy program as a result. The 874 program group participants include 710 participants who submitted SSI applications before or after receipt of the housing subsidies, as well as 164 participants who were categorized as potentially eligible for SSI but had not submitted applications by the end of the study period.

[xiv] The table does not show SSI-eligible participants in either group who did not make applications over the period they were observed.

[xv] The group of housing subsidy recipients observed for the purposes of cost analysis consists of 1,243 GRHSEP participants who entered the program sometime between August 2010 and July 2011, and who were only referred to the GRHSEP after its expansion from the pilot version of the program. Service and cost data for program group participants cover one year before (pre-program year) and one year after (post-program year) the date they were referred to the GRHSEP. A total of 278 pre-expansion participants are excluded from the cost calculations in order to make the one-year pre-program periods comparable for all program participants. Since many program participants stayed in the program less than one year, the post-program year includes a period after they exit subsidized housing. Cost avoidance calculations are made for all 12 months after the referral date for both groups. Since the size of the SSI-eligible control group is much smaller, cost savings estimations are made separately for each sub-group and per-capita cost figures are used to make the figures comparable. In order to capture the costs involved in providing all groups with services, their DPSS records were matched against the services databases of the DHS, DMH, DPH, and the Sheriff through June 2012. Overall, more than 75 percent of employable participants from both groups were matched against at least one agency. The match rate was higher for the SSI-eligible participants (95 percent for the program group and 90 percent for the control group). Since the match rates are very close, no bias was introduced based on matching accuracy.

[xvi] Cost avoidance is generally defined as the avoidance of costs that would have been incurred in the absence of the programmatic intervention, which in this case is participation in the GRHSEP. The cost avoidance yielded through participation in the GRHSEP is assessed using the difference-in-differences (DID) method, which first computes the difference between the pre- and post-program years for both program and control groups. The net impact of the program is measured by calculating the difference between the two differences. The average difference between the "after" (post-program) and "before" (pre-program) values of the outcome indicators for each of the program and control groups is calculated followed by the difference between these two average differences. The second difference (that is, the difference in difference) is the estimate of the impact of the program. This compares program and control groups in terms of outcome changes over time relative to the outcomes observed for a pre-program baseline.

[xvii] The total cost avoidance is the difference between control group and program group differences, and between the post- and pre-program years. (a) *Cost avoidance for employables*: $2,931 = $1,776 - (-$1,155); (b) *Cost avoidance for potentially SSI-eligible*: $11,300 = $4,876 - (-$6,424).

[xviii] When GR participants gain eligibility for SSI, their $221 monthly cash grant, paid for out of the County General Fund, is replaced with a federally-funded grant of $854. In addition, those who are approved for SSI gain eligibility for California's Medi-Cal Program, in which case health care costs previously paid for by the County are now paid for by the State. The Social Security Administration also reimburses the County for all cash payments and health and housing costs incurred over the period during which an SSI-approved participant was assessed for eligibility.