



Evaluation of Families in Transition

Final Report

November 2003

Submitted to:

Families In Transition of Santa Cruz County

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Executive Summary

Families in Transition of Santa Cruz County, Inc. (FIT), is a community-based assistance program that provides transitional, scattered-site rental assistance and case management services to homeless and near homeless families in Santa Cruz County, California. Through intensive case management and referrals to other community agencies, FIT aims to help these families address their barriers to self-reliance and obtain stable housing and employment. In addition, FIT provides specific support to children in the families it serves, including advocacy in the child welfare and educational systems.

This report is the eighth and final in a series of annual reports that examines the services FIT provides and the outcomes experienced by participating families. Below we summarize findings in two specific areas: operational achievements and challenges and outcomes of families served by FIT.

Operational Achievements and Challenges

The 2003 program year created a set of new challenges for FIT. Facing a reduction of 22 percent in its annual budget since 2002, FIT has had to make some difficult choices about where to cut back. For the first time since its inception, FIT released (voluntarily) two of its staff members, shrinking its staff size to a total of 12.

The dramatic reduction in FIT's operating budget stems from several sources, but is most attributable to the decline in funding from the David and Lucile Packard Foundation. Although Packard Foundation staff have encouraged FIT to re-apply for funding at a lower level, it is uncertain whether FIT will be able to secure these funds from the Foundation in its next funding cycle, in 2004.

Part of the reduction is due to the end of the one-year grant from the Foundation that funded the Family Unemployment Support Project (FUSP), which provided unemployed and underemployed families with short-term assistance.

Despite these cutbacks, FIT has continued to bring in new grants to serve targeted populations. For instance, FIT currently has two programs serving families recovering from substance abuse problems. One, targeted at families with young children, is secure through 2005. The other program provides shared housing for recovering substance abusers and their families, and is secure through May 2004.

FIT also continues to operate the Ways to Work Family Loan Program (FLP) and the Housing Scholarship Program (HSP), both aimed at families who are not traditional FIT clients. FLP provides small one-time loans for low-income families in the County who need assistance with a short-term need. Most of these loans are for automobile purchase. HSP is targeted to the CalWORKs population, focusing on people who are engaged in education or job training activities. It pays a share of the rent while the person is engaged in education or training, and then tapers off after the program is completed.

FIT has several other grants from various agencies, including the U.S. Department of Housing and Urban Development and the Santa Cruz County Redevelopment Agency. It continues to receive both financial and in-kind support from its partner agency, the Human Resources Agency in the County. FIT relies heavily on these base-funding sources to keep its operations in place, particularly when other funding sources are becoming less available.

FIT continues to seek new funding to address growing community demand resulting from the recent economic downturn. However, the economic downturn has also affected FIT's key funders, most notably the David and Lucile Packard Foundation and the Human Resources Agency of Santa Cruz County, making FIT's future funding more uncertain. FIT will need to continue to seek new sources of funding to support existing programs and to expand, potentially, to meet growing community demand.

One way to do this is to collaborate with other agencies to enhance service provision. FIT has already set up an agreement with the Santa Cruz Community Counseling Center that will allow them to work in partnership to provide more intensive family supports to FIT families who have children with mental health problems. FIT expects that up to 75 families will meet this criterion. The second opportunity is with the Homeless Services Center, which is opening a new family shelter in late 2004. FIT and the Homeless Services Center intend to work together, allowing FIT to begin stabilizing families while they are still homeless, prior to when they would normally enroll in FIT.

We recommend the following steps to help ensure smooth program operations in the future.

- Continue to seek out new, stable, and more flexible sources of funding to support FIT's program operations and housing assistance for FIT families.
- Explore new opportunities with existing funders who are already familiar with FIT and the services it offers.
- Network and build relationships with new collaborators.



- Work with the Board of Directors to develop new outreach and fundraising efforts in the community.
- Focus on finalizing a strategic plan for FIT that discusses both short-term, medium-term, and long-term goals for FIT.

Tension between growing community demand for FIT's services and the tightening of available funding will continue to challenge FIT in the coming years. With the implementation of programs that brought shorter-term less-needy families into FIT, such as the FUSP, FIT was able to draw down its wait list. However, by Fall of 2003 the list began to climb again and is currently at about 400 to 500 families, down from its high of 600 to 800 families in December 2002. Priority is given to CalWORKs families, and waiting times for those families are shorter, approximately three to five months. Serving these families will prove challenging, as the FIT staff is now smaller than it was and the programs aimed at less needy families are drawing down or ending.

Outcomes of Families Receiving FIT Services

Through case management, housing assistance, and other supports, FIT provides the critical interventions that families need to recover from the detrimental impacts of homelessness. FIT's housing assistance helps families to secure stable housing. FIT's case management services assist families by providing a comprehensive assessment of their barriers to employment and needs, providing referrals to appropriate services, and working intensively with families to help them address their self-sufficiency goals.

One challenge for FIT is that from year to year, the composition of its caseload changes. The characteristics of entering FIT families tend to correlate with the types of grants FIT has in place. For instance, in 2001 FIT had Section 8 housing vouchers intended specifically for families in CalWORKs (the state Temporary Assistance for Needy Families program) or Child Protective Services (CPS). As a result, there was an increase in the share of families with recent CPS involvement and other barriers to self-sufficiency. For the most part during the 1999-2002 period, the FIT caseload became less disadvantaged over time, with fewer barriers and higher employment rates at program entry. However, 2003 entrants appear to have reversed that trend. In 2003, entering families had the most barriers, more severe barriers, more pronounced housing problems, the lowest employment, and the highest rate of CalWORKs receipt of any prior cohort.

At the same time, the demographic composition of 2003 FIT entrants is different as well. The opening of FIT's South County office several years ago brought with it an increase in the share of families entering the program from Watsonville, and also an increase in the

share of Latino and married families. Unlike the previous few years, in 2003 the highest proportion of entrants came from the City of Santa Cruz, and Caucasian single parents were more prevalent than in the past.

The availability of employment and housing in the County are two key external factors that play an enormous role in FIT's services. During much of the economic boom, FIT families benefited from the strong economy. The primary challenge during this period was that affordable housing became scarce, and low-income families suffered greatly from the decrease in available rental property and the commensurate increase in rents. Times change quickly and at the time this report was written, locating housing was no longer the primary challenge for FIT clients. As unemployment rates grew in the county, people moved to more affordable areas and rents fell, leaving more available rental units. There is now less competition for housing and more willingness on the part of landlords to accept Section 8 or other housing subsidies. The scarcity of jobs in the county is now of primary concern.

Families who graduate from the FIT program experience more improvements in outcomes than families who do not. Based on entrants through 2002, about half of FIT families graduate from the program, and between one-quarter and one-third leave without further contact. Fewer than 15 percent, and in some years fewer than 10 percent, are terminated for program non-compliance. Graduation is associated with greater reductions in barriers and greater improvements in family well-being and income than other types of program exits. For instance, of families who graduated from the program, just 4 percent had no housing problem at entry, and by exit, 87 percent had no housing problem. In contrast, 34 percent of non-graduating families had no housing problem at program exit. Similarly, graduating families experienced greater income growth between program entry and exit than non-graduating families. Graduates' monthly incomes increased by 47 percent between entry and exit, compared to 14 percent growth for non-graduates.

It is impossible to determine whether graduation per se leads to improved outcomes. However, the correlation between graduation and improved outcomes is striking and points to a need to work with families to ensure that they stay engaged with the program after their housing crises are resolved. As we have recommended previously, tracking former families after they leave FIT would greatly assist the program in understanding its effectiveness over the long-term. We are encouraged that FIT has an intern who will begin post-program tracking efforts shortly.

In Summary

Over the course of a six-year descriptive evaluation, we have gained numerous insights into FIT's operational and case management strategies. Based on interviews and focus groups with FIT staff, staff at partner agencies, other community affiliates, and FIT clients, we conclude that the holistic approach to service provision embodied in FIT is respected by key stakeholders and viewed as successful. Data from FIT's client tracking system support this conclusion, indicating that those who graduate from the program are considerably better off than they were at program entry in terms of their number and severity of barriers, housing status, and poverty status. Although these outcomes cannot all be directly attributable to FIT per se, our conclusion is that the vast majority of graduating families leave FIT with better financial and housing situations than when they entered.

As FIT continues in the future, it will draw upon the collective strength of its dedicated staff, its strong reputation in the community, and its existing funders to allow it to meet an important need in Santa Cruz County.

Chapter 1: Introduction

Families in Transition of Santa Cruz County, Inc. (FIT), founded in 1992, is a community-based assistance program that provides transitional, scattered-site rental assistance and case management services to homeless or near homeless families in Santa Cruz County, California. FIT aims to help these families address their barriers to self-reliance and obtain stable housing and employment. In addition, FIT provides support to children in the families it serves through case management, referrals, and advocacy in the schools and child welfare system.

In 1998, the David and Lucile Packard Foundation began funding FIT with provisions to conduct an independent evaluation of the program. Berkeley Policy Associates (BPA) was selected to perform this evaluation. The goal of the evaluation is to provide FIT staff with information that will enable them to refine and improve the program and to quantify the effects of the program by examining clients' outcomes after service receipt.

This is the eighth and final report in a series of evaluation reports. In it, we describe the most recent process and outcome study findings, including program, caseload composition, and outcome changes. In addition, we discuss FIT's current funding situation, which includes substantial investment decline from the Packard Foundation, and FIT's plans for the future. We conclude with recommendations for future FIT operations.

Chapter 2 of this report provides an update on FIT's program operations over the past year. We focus on new funding and programs, community demand for FIT's services, the housing market and other economic indicators, staffing changes, and the ongoing relationship between FIT and the Santa Cruz County Human Resources Agency (HRA).

In Chapter 3 we describe the demographic characteristics of FIT participants and their barriers to self-sufficiency at program entry. We also document changes in the composition of FIT's caseload over time through analysis of data from the FIT client database and tracking system.

In Chapter 4, we assess changes in families' well-being between FIT entry and exit. We use a variety of measures, including housing status, job readiness, employment, public assistance receipt, earnings and income, to illustrate this change.

Finally, in Chapter 5, we discuss FIT's plans for the future and our recommendations.



Chapter 2: Final Update on Program Operations

Introduction

In the year since BPA released FIT Evaluation Report 7 (January 2003) FIT has continued to play a critical support role for homeless and at-risk families in Santa Cruz County; however, it has done so despite budget cuts that have affected its staff and operations. One of FIT's key funders (the David and Lucile Packard Foundation) substantially reduced its grant to FIT as the result of a shrinking endowment. Uncertainty about FIT's future funding stability represents a key challenge for FIT. In this chapter we describe and update this and other challenges and achievements with respect to FIT program operations. We will focus on funding, staffing, wait list update, new collaborations, housing availability and the economy, and future opportunities for FIT.

Decline in FIT's Operating Budget

When asked to describe the key challenge to FIT operations, for the second year in a row FIT's Executive Director cited sustained funding for FIT's programs as her chief concern. FIT's current operating budget is \$935,000 annually, a 22 percent reduction in budget over the prior year. One of the key funding sources lost during this past year was a flexible grant used to support staff salaries and administrative costs from the David and Lucile Packard Foundation. As a result, FIT was forced to cut their staff by two positions. Part of this 22 percent budget reduction was due to the end of the Family Unemployment Support Project (FUSP), which the Packard Foundation had funded for one year (a more detailed description is provided later in this chapter). The end of this project was expected and did not greatly impact program operations. FUSP families were mostly not homeless and the grants provided to them paid for both housing and other needs.¹

The Packard Foundation continues to fund two of FIT's targeted housing assistance programs—the Family Loan Program and rental housing assistance (each of these is discussed in more detail below). However, as is the case with many foundations nationally, the David and Lucile Packard Foundation has faced a steep drop in its endowment, falling by 70 percent since 1999. The foundation has experienced significant layoffs and has had to reduce its grants to area non-profits, including FIT.

¹FUSP families were not entered into the FIT database and are not included in the analyses in chapters 3 and 4.

FIT's remaining funding sources include grants and assistance from a variety of funders. Many of these sources fund only direct rental assistance to clients. Funding sources are often targeted to particular populations, making it more difficult to serve all of the families approaching FIT for housing assistance needs. Further, housing assistance, particularly that provided by the government, is often limited in dollar amount or in other ways. The funds from the Packard Foundation were flexible, allowing FIT to provide housing assistance in ways that best met the needs of the family being served. This loss of flexible funds is likely to significantly affect how FIT can serve its clients.

FIT continues to seek new, expanded, and more flexible funding opportunities to ensure funding security into the future. At present, FIT's budget is considered secure for the next two years. However, tension between sustained community demand and the tightening of available funding will continue to challenge FIT in the coming years.

Below we describe each of FIT's current programs, their primary funding sources, and the stability of that funding:

Housing Assistance

- **HUD Supportive Housing Program:** Provides assistance with rental costs for up to one year. Family pays 30 percent of adjusted gross income. FIT pays the balance. Rent for unit must be below Fair Market Rent as established for County. Family must meet income and family status eligibility guidelines. Families must be homeless before beginning assistance. Approximately 25 families receive assistance through this program each year. *Funding Stability:* FIT received \$185,000 for this program for the current year ending May 2004. FIT has applied for renewal funding and will know in December if funded.
- **Housing Scholarship Program:** Families must be CalWORKs participants or have been on CalWORKs within the past year and be in an education or job training program that will lead to a livable wage within one year. Families must currently be paying the majority of their income (50 percent or more) toward rent. During training the family pays 30 percent of the rental amount and FIT pays 70 percent. After completion of training FIT can pay 50 percent of the rental amount for up to two months during job search. FIT can pay 25 percent of rental amount for two months after participant secures permanent employment. The program is currently at capacity, assisting 24 families. FIT is discussing whether it can increase the proportion of rent paid by parents in training in order to increase the number of families it can assist. *Funding Stability:* FIT receives

\$150,000 per year from HRA's CalWORKs funds. Funding is secure through June 2004.

- **First 5 Commission, Clean and Sober Grant:** Families must be in recovery from drug or alcohol abuse, be participating actively in treatment, and have children under the age of five. Rental assistance can be received for a flexible period of time (averaging two to three months) as needed to help parents maintain housing while engaging in treatment and supportive services. FIT served 25 families last year through this grant. Families are now required to make an appointment with a Family Resource Center before they can receive rental assistance. *Funding Stability:* FIT received \$20,000 for fiscal year 2002-2003 (ending June 2003) through the First Five (Proposition 10) funds. FIT then received an additional \$10,000 to extend the program through December 2003. FIT will request \$41,000 for another 18 months to last through June 2005.
- **David and Lucile Packard Foundation:** Rental assistance, staff, and operations costs to help promote family self-sufficiency. Can be used toward move-in costs, several months of partial rent assistance, or to address temporary setbacks, such as job loss. Total amount per family does not exceed \$3,000, though there is some flexibility given for individual circumstances. *Funding Security:* This was FIT's primary grant from the Packard Foundation and totaled \$165,000 per year for three years. These funds were divided between staffing, operations, and rental assistance. However, funding from this grant expired in October 2003. The Packard Foundation has encouraged FIT to apply for a much smaller grant for calendar year 2004. They are hoping to receive \$50,000 (a 70 percent reduction in funding), but believe it may be even lower (\$40,000 to \$45,000).
- **RDA (Redevelopment Agency):** Provides rental assistance payments that are generally phased over several months and tapered off, in order to help the family stabilize. Can only be used in the unincorporated areas of the County. Approximately 45 families received assistance over the past year. This grant is flexible, allowing FIT to provide assistance to families based on need. This allows FIT to better meet clients' needs. *Funding Stability:* FIT received \$65,000 in funds from the Redevelopment Agency for fiscal year 2002-2003, and will receive the same amount for fiscal year 2003-2004. FIT applies for this funding annually.
- **Section 8 Vouchers:** FIT has access to 163 Section 8 vouchers through various grants. Approximately 73 are reserved for families involved with the Child Welfare System. Another 28 vouchers are reserved for families in CalWORKs

that have a high likelihood of becoming self-sufficient. To qualify the CalWORKs families must be participating in a job training program or working. Families must also have signed a CalWORKs plan. The remaining 62 vouchers were distributed by FIT between 1992 and 1997, and were primarily for CPS families. Currently all of these vouchers have been assigned to FIT families. New vouchers only become available if a participating family is unable to secure housing, or moves out of the county. FIT estimates that they are able to recycle 15 vouchers per year. The waiting list for Section 8 Housing in Santa Cruz County is currently three to four years. The Section 8 program is run through the Housing Authority of Santa Cruz County. Families must be income eligible (\$29,500 for a family of three). Housing selected must pass a quality inspection and meet Fair Market Rent guidelines. **Funding Stability:** This is not a funding source, but a source of housing assistance for FIT's clients. These vouchers will remain with FIT and can be redistributed as the vouchers are returned. FIT does not receive any funding to manage these vouchers.

- **Transitional Housing:** FIT offers a total of eight transitional units. There are six two-bedroom transitional units at Brommer Street and two transitional units (one three-bedroom and one two-bedroom) at the Farm. Transitional housing is offered for up to 18 months. Families pay 30 percent of their monthly income to occupy units at Brommer Street and \$350 per month for units at the Farm. Approximately eight to ten families receive transitional housing assistance from FIT each year. **Funding Stability:** FIT continues to manage these properties. HRA receives some funding for the social worker to support these families.
- **Ways to Work Family Loan Program:** Families who are working, in school, or in a vocational training program can apply for a loan from the Ways to Work Family Loan Program to cover necessary expenses, including move-in costs (such as a security deposit) or automobile purchase. The maximum loan is for \$3,500 per family. Loans are paid back at 6 percent interest over two years. Approximately 30 to 35 active loans are processed per year. Almost three-quarters of these loans are for the purchase of a car. Approximately half of the program's referrals come from HRA and half from FIT case managers. The program's default rate is 11 percent (at the low end of the national average for these programs which ranges from 10 to 15 percent). **Funding Security:** FIT secured three years of funding (though July 2005) for the Family Loan Program. Funding totals \$67,000 annually for FIT's staff and overhead costs, as well as for credit reports and other costs associated with the loan program. Funders include the David and Lucile Packard Foundation, McKinney Ways to Work, HRA, and the Community Foundation. FIT is currently applying for additional funding for

this program through a Federal Department of Transportation grant. If their grant application is successful, this funding source would bring in between \$250,000 to \$300,000 for this program for the next two years.

New Programs

- **Shared Clean & Sober Housing:** In 2000, FIT applied for a grant from HUD to fund a drug and alcohol specialist who would assist recently recovered families interested in shared clean and sober housing. Though FIT was awarded the grant, funding for the position was delayed until August 2002. The drug and alcohol specialist assesses participating families, focusing largely on substance abuse prevention. Families who are determined to be clean and sober and are interested in shared living receive housing search assistance and then contribute 30 percent of their adjusted income toward the cost of the shared housing. FIT pays the balance of the housing costs for approximately one year. The goal is to develop a clean and sober support network for these families and to get them into stable housing. FIT is currently working with 16 families. FIT secured seven housing units, housing 14 families (two families in each unit) and is seeking one more unit in the Watsonville area. **Funding Stability:** FIT receives \$180,000 from HUD per year for this program. Funding is secure through May 2004 and FIT has an application in for funding for 2004-05. Approximately \$116,000 per year of this funding is used for rental assistance and the rest covers staff and operations costs.
- **Housing Search Assistance:** Beginning in April 2002, FIT received a subcontract from the Housing Authority to provide housing search assistance to clients who receive a Section 8 Voucher but have difficulty finding a place to live. The Housing Authority refers clients to FIT for housing search assistance when they are identified as having a number of barriers to obtaining housing. Clients referred for this assistance typically include non-English speakers and those with physical and mental health issues. **Funding Security:** HUD awards a grant to the Housing Authority which then subcontracts to FIT. FIT receives \$50,000 per year and funding is guaranteed through March 2005.

Other Support

- **Home Visiting Grant:** FIT provides a full-time Home Visitor for the Answers Benefiting Children (ABC) program based at La Manzanita Community Resource Center. The Home Visitor provides the same comprehensive case management and housing services as other FIT case managers, but works as part of a multi-disciplinary team focused on the needs of South Santa Cruz County

families with children ages 0-5. **Funding Security:** Funding of \$42,000 for this year is secured and a comparable amount has been awarded through June 2005. Funds pay for the annual salary and benefits for this position.

- **HRA Funding for FIT:** Santa Cruz County HRA has maintained a close relationship with FIT since FIT moved from operating within HRA to operating as an independent non-profit. Despite substantial County budget cuts, HRA continues to support FIT by paying the rent on FIT's Santa Cruz offices, phone charges, and utilities. HRA also provides FIT with two Senior Social Workers and one eligibility worker all on-site at the FIT offices. HRA explains this support as stemming from their high regard for the FIT program. HRA annually reviews its contractors' performance and FIT consistently receives positive reviews. HRA also believes that housing is an integral part of assisting its own (HRA's) program participants, and looks to FIT to provide this assistance. While funding for other contractors has been cut by HRA, FIT's funding has been sustained. **Funding Security:** HRA contributes approximately \$21,000 in rent for FIT's offices and \$10,000 for phones and utilities. This funding and the dedicated HRA staff are secure through June 2004. Rent guaranteed through June 2005.
- **Grants from Local Governments and other funders:** Several local governments and other funders contribute additional funds to support FIT case managers' salaries. FIT also receives a small number of private donations. **Funding Security:** Funds from local governments are applied for annually. This past year two local governments reduced their contributions by between 5 and 10 percent as the result of budget constraints. Funders and current funding levels include: County of Santa Cruz (\$16,000); City of Santa Cruz (\$16,000); City of Capitola (\$2,400); and the United Way (\$17,000). FIT also receives \$30,000-40,000 per year from private donors and other foundations not listed previously.

Discontinued Programs

- **Family Unemployment Support Project:** FIT, in collaboration with the Santa Cruz County Workforce Investment Board and HRA's CareerWorks, received a one year grant, that ended July 2003, to assist families affected by the economic downturn in Santa Cruz County. Families were referred to FIT by CareerWorks if they had lost their job or were forced to take a substantial reduction in work hours due to the economy. Qualifying families had incomes below 80 percent of the median income in the County. Through the grant, families received a one-time assistance payment to help with mortgage payments or rent while the family



was receiving job search assistance through CareerWorks. In addition to rent and mortgage assistance, families also received help for a variety of other needs, including food, car insurance, and utilities. The maximum payment allowed under this program was approximately \$1,500. In addition, participating families received information and referral services, budgeting assistance, and a follow-up call to check on the family after assistance and make any additional referrals. This program served 155 families and expanded FIT's capacity to serve a broad range of at-risk families. FIT also believes that the program helped to reduce its waiting list substantially while this funding was available. FIT would like to continue providing services to this target group of at-risk families, as the employment situation continues to impact area families. **Funding Stability:** The funding for this program was specifically a one-time, one-year grant from the David and Lucile Packard Foundation for \$200,000. Approximately \$180,000 was used for direct rental or mortgage assistance. The remaining \$20,000 supported staffing and operations. FIT also received a one-time grant of \$15,000 from the Community Foundation to support this program.

To ensure that FIT can continue to provide assistance to homeless and at-risk families in Santa Cruz and sustain staffing at current levels, FIT will need to continue to seek out new sources of funding. Funding for FIT programs is currently fairly secure through 2005.

FIT Staff is Smaller But Stable

As a result of the funding cuts from the Packard Foundation, FIT had to layoff two case managers in August 2003. This is the first time in FIT's history that the program has had to release staff. The staff who were released volunteered to go for personal reasons. This contributed to a fairly smooth transition for the remaining staff, and job security is not an immediate concern among the remaining case managers interviewed for this report.

Despite losing two co-workers, the office has retained an experienced staff that continues to provide a supportive environment characterized by teamwork. There are now 12 staff members including: an executive director, an office manager, two social workers, six case management specialists (some of whom have responsibility for overseeing particular programs), a CalWORKs eligibility worker, and a Family Loan Program coordinator. With the exception of two staff hired over one year ago, the rest of the staff have been with FIT for over three years. This has reduced demands on staff to provide staff training. Staff use their weekly staff meetings to review difficult cases and support each other with ideas for addressing these cases.

It is a credit to FIT's Executive Director and senior staff that they are able to hire and retain such compassionate and committed staff.

Excess Demand: The FIT Wait List

The second greatest challenge that FIT continues to face is its wait list for assistance. As reported previously by BPA, community demand for FIT's services far exceeds FIT's capacity to serve the population. In the January 2003 annual report (Report 7), we reported that there were between 600 and 800 families waiting to receive FIT services as of December 2002, almost twice the number reported in the prior year. However, FIT began to whittle down this list during the past year, and by April 2003 FIT's wait list was down to between 200 and 250 families. FIT's Executive Director attributes this decline in large part to the quick-response services that FIT was able to provide through their now discontinued Family Unemployment Support Project (FUSP). Many families qualified for FIT services under FUSP and could receive funding to support housing needs without remaining on FIT's caseload for long. Families for whom this service was appropriate received housing assistance and shorter-term support with budgeting and referrals. This allowed FIT to serve a large number of families rapidly.

With the end of funding for this program in July 2003 and the layoff of two FIT case managers in August 2003, the FIT wait list has again begun to climb. As of October 2003, FIT reported that their wait list was between 400 and 500 families. FIT is receiving approximately 85 new referrals per month. FIT case managers are currently at capacity, with 30 to 35 families per worker.

While the wait list is growing again, wait times have dropped significantly since their peak in December 2002. At that time, the average wait time was between nine and twelve months. Currently the average wait for families is five to six months, with CalWORKs families receiving priority and having shorter wait times (between three and four month waits).

The wait list continues to be a major challenge for FIT program operations. There are a number of problems associated with the wait list. First, families in need of services who are referred to FIT because they are homeless or at-risk of homelessness, are being asked to wait up to a year to receive services. This keeps parents and children in conditions that may be unsafe or unhealthy for prolonged periods of time. Second, referring agencies have become aware of the wait times for families to receive services at FIT and are less

likely to refer a family for assistance if they know the family will not be assisted in a timely manner.

There is some concern that the wait list and the wait times may continue to rise as families appear to be taking longer before they are ready for their cases to close. In response to these issues, FIT is revising its referral form and criteria so that the families they enroll are:

- Homeless (except those enrolled into HSP or FLP). Those who are in overcrowded conditions or at-risk of losing housing will not be referred.
- Have other severe barriers to self-sufficiency, including domestic violence, substance abuse problems, mental health issues, involvement in the child welfare system, or other severe needs.
- Are able to benefit from the combination of short-term housing support and intensive case management offered by FIT.

This new approach to referrals will help to ensure that families who are referred to FIT and enter the wait list are eligible for assistance through FIT's current funding sources. Families needing only need emergency rental assistance—a substantial share of those referred to FIT—will not be referred to the same degree. With this new approach to FIT referrals, program staff hope to enroll people who can benefit from what they do best: helping vulnerable and in-crisis families who are willing to work toward self-sufficiency, and specifically toward the goal of being self-supporting in their housing.

Another concern expressed by several case managers was the increase in reporting requirements they have for each case they manage. This may contribute to the need to keep caseloads at their current levels rather than increase them to address the wait list. Case managers provided me with a list of four quarterly reports and two annual reports they are required to complete on their cases. These reports are time-consuming both in terms of the maintenance of data required to prepare the reports and the report preparation itself. Staff reported that both the number of reports and the time required to prepare them have increased significantly in the past year.

Collaboration with the Santa Cruz Community Counseling Center

FIT has recently begun a new collaboration with the Santa Cruz Community Counseling Center-Youth Services and County Children's Mental Health to provide enhanced services to homeless and vulnerable families with children's mental health issues. Eligible families will be identified through the FIT caseload. FIT case managers and Youth

Services Mental Health Specialists will work in partnership to address all issues affecting the family. YS-FIT Counselors will provide intensive counseling to the families. As housing issues are stabilized, the YS-FIT Team Counselor will take over primary responsibility for family services. These intensive social supports should enable extremely vulnerable families to become more stable. As these families work with the YS-FIT team, the FIT case manager will be able to work with families more quickly. It is expected that a minimum of 60-75 families annually will receive services through this program.

Housing is Available, Jobs are Scarce

The demand for FIT's services is driven in large part by the shortage of affordable housing in Santa Cruz County. In prior years, this shortage of affordable housing was attributable to very low vacancy rates and high rents, due in large part to the booming Silicon Valley economy. However, the housing market in Santa Cruz County has changed significantly in the past three years as the economic downturn has continued. Beginning in September 2001, low- and middle-income families started leaving the Santa Cruz area in search of employment and lower housing costs. As a result, more housing units are currently available and rents have fallen. However, housing costs remain high for low-income families and for those who are unemployed.

Still, the economic downturn has improved the availability of housing and also reduced rents in the area. A report in the Santa Cruz Sentinel in January 2003 found that vacancy rates were up to 4.2 percent from a low of 2.5 percent in July 2001. Data from the U.S. Census Bureau indicate that rental vacancy rates were even lower in 2000, hovering at around 1 percent.² Concurrently, rents have fallen 1.3 percent from the prior year.³ FIT reports that these trends have continued into the Fall of 2003. Average rents are down \$100 to \$200 per month for a one- or two-bedroom unit, and even more for a unit that is three-bedrooms or larger. However, Santa Cruz County still remains one of the least affordable housing markets in the country. A recent report from the National Low-Income Housing Coalition cites Santa Cruz County as the eighth least affordable county

²For 2000 Census information for Santa Cruz County, see <http://santacruz.areaconnect.com/statistics.htm>.

³ "Rental Housing Prices Keep Falling," Heather Boerner, Santa Cruz Sentinel, January 22, 2003.



in the country.⁴ HUD's average Fair Market Rent for Santa Cruz County was \$1,341 for a two-bedroom apartment (October 2003).

Despite more available housing, FIT families continue to face challenges because employment is more difficult to secure. County unemployment rates increased to a six-year high of 8.3 percent in the first nine months of 2003. This is 2.6 percentage points (45 percent) higher than the low in 2000.⁵ FIT staff report that more of their clients are unemployed now than in the past and, as a result, the lower rents are not making housing affordable. Data in Chapter 3 support this, showing that the entering employment rate for FIT families declined from 54 to 46 percent between 2002 and 2003. These families need housing assistance while they search for employment.

In January 2002, the Housing Authority of Santa Cruz released approximately 800 Section 8 housing vouchers. None have been released since then. As mentioned previously, wait times to obtain a Section 8 voucher have increased to between three and four years. Thus, although in the current housing market in Santa Cruz County families who receive housing subsidies are generally able to locate landlords willing to accept them, housing assistance is difficult to obtain. The Housing Authority contracts with FIT to provide assistance to those families with mental or physical disabilities that may make locating appropriate affordable housing more difficult.

With the number of families facing unemployment as a result of the economic downturn, and the reduction in availability of housing assistance, the demand for FIT's services remains high.

New Opportunities For Partnerships To Serve Homeless Families

FIT has the opportunity to build a strong partnership with a new family shelter that is currently under construction in Santa Cruz. The project is estimated to cost \$5.5 million and is being constructed and operated by the Homeless Services Center. The Family Shelter will include 27 family units (expected to serve up to 90 individuals at any one time). Included on site are dining facilities, children's play areas, a child care center, a health center, case management and counseling rooms, and laundry facilities.

⁴*Out of Reach 2003: America's Housing Wage Climbs*, National Low-Income Housing Coalition, September 2003.

⁵ Unemployment rates for Santa Cruz County are available through the Local Area Unemployment Statistics collected by the Bureau of Labor Statistics at the U.S. Department of Labor.

Funding for this project is provided by HRA, the State of California, and private donations. When built, the project will qualify for special Federal grants for Family Shelters. Estimated completion for the shelter is in late 2004. The Family Shelter has a web site describing the project and specifically says they will connect with FIT wherever possible.

By collaborating with the Family Shelter, FIT will have the opportunity to begin working with families before they might normally start receiving FIT services. As such, FIT may be able to help stabilize them before they begin intensive housing services. This is an important new resource in Santa Cruz and the FIT Executive Director is hoping that by joining forces, they will be able to better serve the homeless families in the County.

Chapter 3: Client Characteristics and Barriers to Employment at Program Entry

Introduction

The characteristics that FIT entrants possess are often leading predictors of their success in the program. It is therefore important to track entry characteristics, including both demographics and barriers to employment. We also look at how these characteristics change for different cohorts of FIT participants. The types of clients FIT accepts each program year are, in large part, a function of the types of funding FIT procures for that year. For instance, in 2001, FIT received 73 Section 8 housing vouchers through the Family Unification Program to serve families involved with Child Protective Services (CPS), and 28 Section 8 housing vouchers to serve CalWORKs clients. As a result, the majority of FIT clients entering the program in 2001 were involved with CPS, CalWORKs or both. This is reflected in the characteristics of the clients FIT accepted in that year, as well as the types and numbers of barriers they faced. In 2002, FIT began a Clean and Sober Grant that provided funds specifically for families who were in treatment for alcohol and drug addiction. As will be discussed later in this chapter, in 2002 and 2003 FIT families were more likely to have substance abuse problems than in the past.

Findings presented in this chapter indicate that the most recent group of FIT entrants is more disadvantaged than were entrants in 2002. In particular, we find that both the number and severity of barriers faced by 2003 entrants are higher than in previous years. At the same time, entrants are also less educated, more likely to be single parents, and more likely to be Caucasian and from the City of Santa Cruz, reversing the trend toward increasing entrants from Watsonville. They are more likely to face more severe mental health, domestic violence, and substance abuse problems, and less likely to be employed than their counterparts in previous years.

In this chapter, we document the characteristics of FIT families at entry into the caseload and how this has changed for more recent cohorts compared to earlier cohorts using data from the FIT client database and tracking system. We focus first on participants' demographic characteristics and then turn to their personal barriers when they first enter FIT. We compare the characteristics of six cohorts of participants:

- **1998 Cohort:** those who began receiving FIT services between December 1997 and November 1998;
- **1999 Cohort:** those who began receiving FIT services between December 1998 and November 1999;
- **2000 Cohort:** those who began receiving FIT services between December 1999 and November 2000;
- **2001 Cohort:** those who began receiving FIT services between December 2000 and November 2001;
- **2002 Cohort:** those who began receiving FIT services between December 2001 and November 2002; and
- **2003 Cohort:** those who began receiving FIT services between December 2002 and November 2003.¹

Since 1998, FIT has maintained a client database and tracking system for families who opened a case on or after July 1, 1997. At program intake, FIT case managers collect baseline information on a number of family and individual characteristics, including demographic information, issues that prevent clients from becoming self-sufficient, and the intensity of identified barriers. The database also includes tracking information that measures changes in clients' program participation and service needs every three months for those who entered the program on or after March 1, 1998. This chapter's analysis is based on data collected through August, 2003.

Changes in FIT Participants' Demographic Characteristics Across Cohorts

The demographic character of FIT's caseload has indeed changed over time. In Reports 6 and 7, we noted changes in family characteristics due in large part to the increased priority placed on serving CPS and CalWORKs families in 2000. In particular, although the 2000 cohort appeared to face fewer barriers to employment, the 2001 and 2002 cohorts showed an increase in families facing more and more severe barriers to

¹ At the time of our analysis, the 2003 cohort included entrants through August 2003.



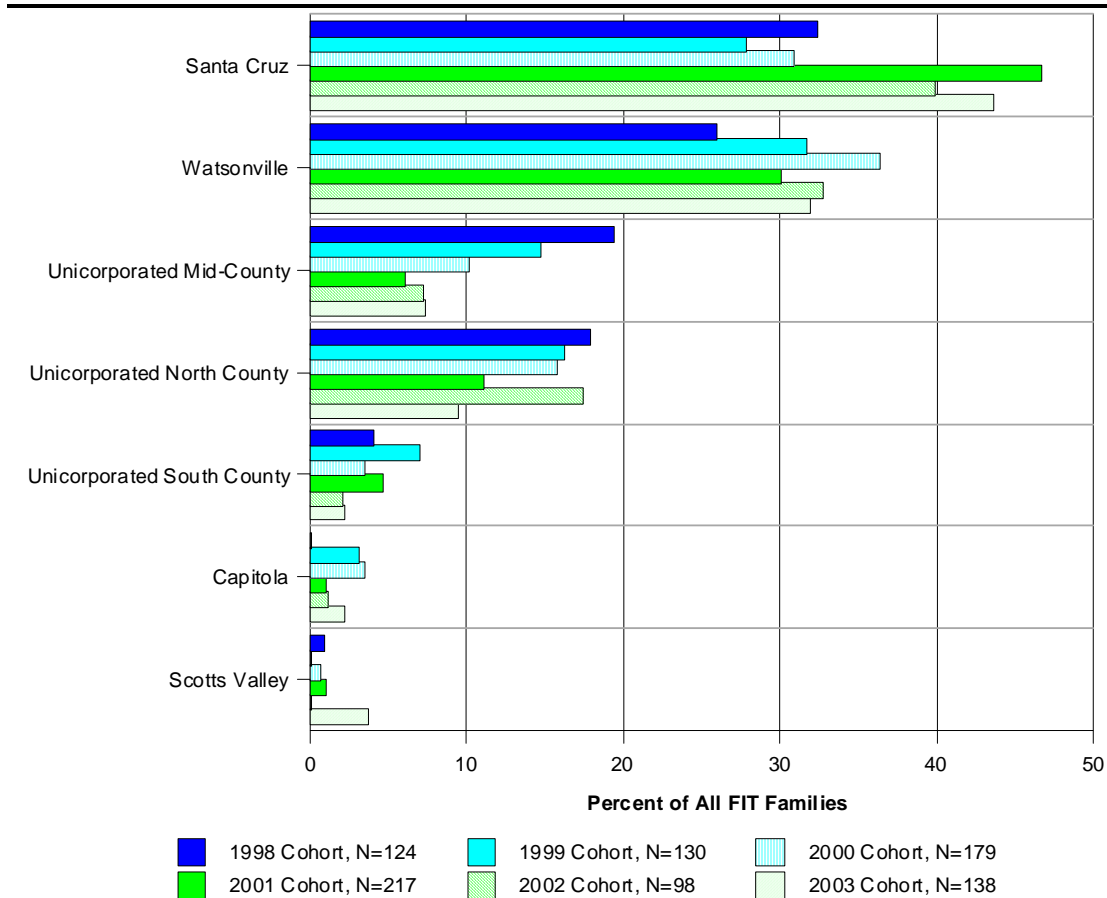
employment. The 2003 cohort continues this trend toward more disadvantaged entering families. As mentioned previously, this is due, in part, to the types of grants FIT has received which dictate the types of families they serve. In addition, it is likely that the worsening of the economy in Santa Cruz County and elsewhere statewide has affected the types of families seeking assistance.

It is also possible that the presence of the Family Unemployment Support Program (FUSP) affected the characteristics of the caseload. FUSP, which operated for the 2002-2003 program year only, served families who lost their jobs or were underemployed with one-time mortgage or rental assistance and other services as necessary. FUSP families were not enrolled in FIT or recorded in the FIT database. In the absence of FUSP, however, a number of these families would have been served as ongoing FIT cases. Because this population is generally more advantaged than the rest of the FIT caseload, their absence from the 2003 program year data likely contributed to a more disadvantaged caseload for that year.

County Location and Ethnic Background

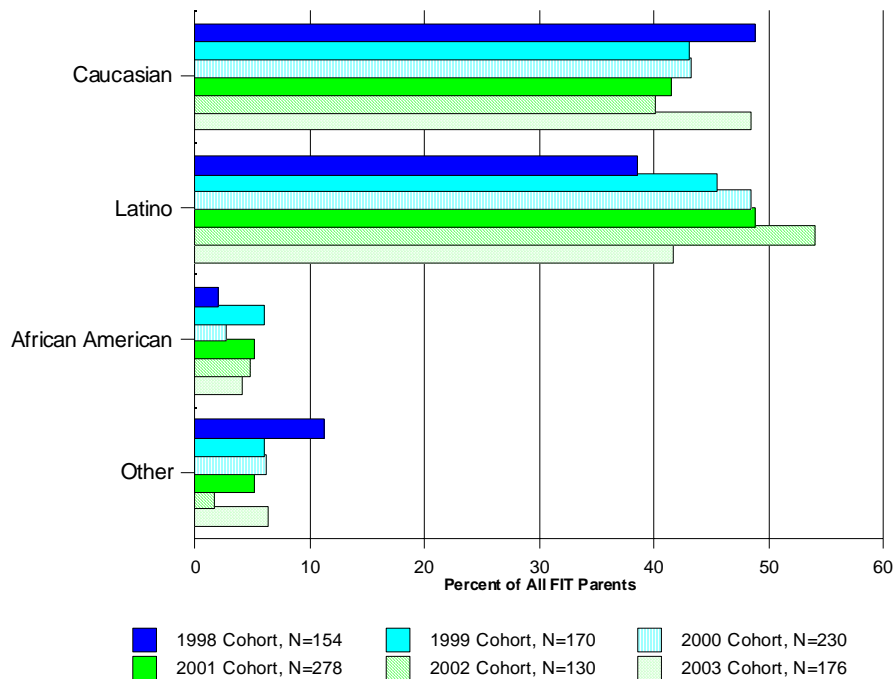
When FIT opened its South County office in November 1998, the proportion of families entering the program from Watsonville increased. As is shown in Figure 3.1, at its height in 2000, more families entered FIT from Watsonville (36 percent) than from the City of Santa Cruz (31 percent). In subsequent years, however, the percent of entrants from Watsonville has fallen. In 2003, many more entrants were from the City of Santa Cruz (44 percent) than Watsonville (32 percent). The 2002 cohort saw an unusual surge in the percent of entrants from the unincorporated north County, which did not continue in 2003. This is likely the result of the Redevelopment Agency Grant discussed in Chapter 2, which was specifically geared to families living in unincorporated parts of Santa Cruz County.

Figure 3.1
Location of Residence at Entry to FIT



The areas of Santa Cruz County differ in a number of ways. In particular, Watsonville differs from the City of Santa Cruz in its focus on the agricultural industry, which attracts a larger immigrant population. The increasing number of families entering FIT from Watsonville was at least partially responsible for an increase in the share of FIT families from Latino backgrounds. Between the 1998 and 2002 cohorts, FIT experienced a steady increase in the percent of entering families from Latino backgrounds, from 38 percent in 1998 to 54 percent in 2002. In 2003 this trend reversed. As shown in Figure 3.2, 42 percent of the families who entered FIT in the 2003 cohort were Latino. Offsetting this decline, the percent of Caucasian participants increased from 40 percent to 48 percent and the percent of other race or ethnicity (including Asians, Pacific Islanders, Native Americans, and others) increased from 2 percent to 6 percent.

Figure 3.2
Race and Ethnic Background of FIT Participants



Note: The 'other' category includes clients who are Asian, Pacific Islander, Native American, or other races and ethnic groups.

The presence of Latino families from the agricultural region of Watsonville generally implies a greater share of FIT families with parents whose English skills are limited. With the increase in Caucasian entrants in 2003, the percent with limited English skills diminished. In previous cohorts, approximately 22 percent of those who entered FIT had limited English skills. In 2002, the peak for Latino entrants, this percentage increased to 29 percent, but in 2003 the percentage with limited English fell to 19 percent.

Referral Source

In 2001, consistent with the prioritization of CPS and CalWORKs cases for designated Section 8 vouchers, FIT was much more likely to have received referrals from these two agencies than in the past. In 2002, this reversed but in 2003, the Santa Cruz Human Resources Agency (HRA) is again the major referral source. For the 2003 cohort, FIT received its largest share of referrals from the Job Division of the HRA in Santa Cruz (40 percent) and also from CPS (10 percent). A large proportion of referrals (35 percent) also come from other sources, such as private community resources and individuals.

Family Characteristics

Two-parent families in the FIT caseload are likely to face different types of barriers to self-sufficiency than single-parent families, and those with more children may find locating affordable housing even more challenging. Figure 3.3 shows changes in the marital status and number and ages of children of families entering FIT across the five cohort years.

In 2003, 26 percent of entering FIT families were married couples, compared to 32 percent in 2002 and 27 percent in 2001. This drop in the percentage of married couples on the FIT caseload is consistent with the decline in the percentage of Latino families in the caseload, who are more likely to be married than FIT families from other ethnic groups.

In the 2003 cohort, we also see a decline in the percentage of families with young children, with the 2003 percentage (66 percent) similar to the pre-2002 numbers. Further, we see a reversal of the movement toward larger families on the FIT caseload—the share with only one child increased from 46 percent in 2002 to 57 percent in 2003.

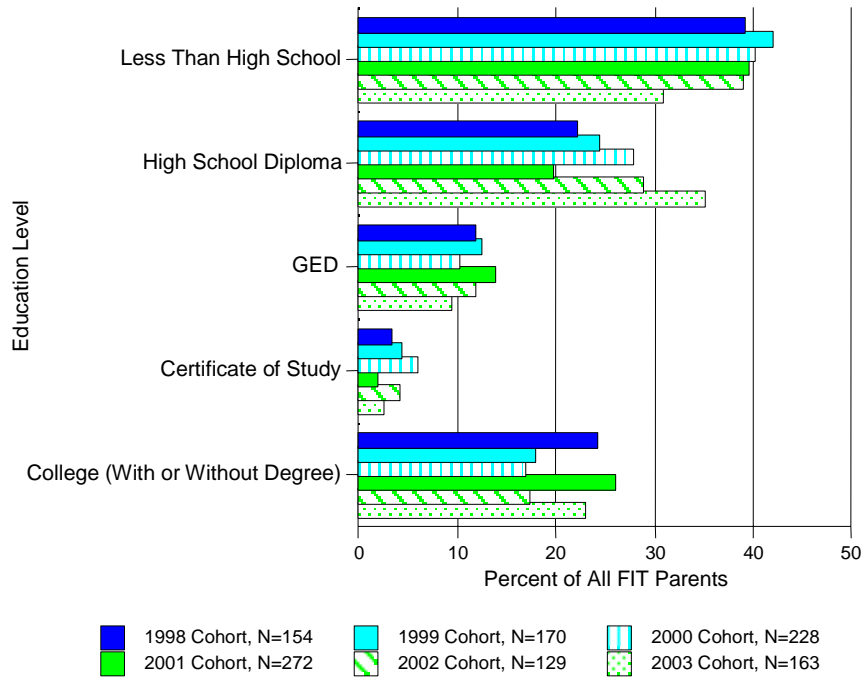
Figure 3.3
Family Characteristics at Entry to FIT

	Percent of All FIT Families					
	1998 Cohort N=124	1999 Cohort N=130	2000 Cohort N=179	2001 Cohort N=218	2002 Cohort N=98	2003 Cohort N=135
Marital Status						
Married	23.4	30.0	27.9	27.1	31.6	26.9
Single Mother	74.2	64.6	67.0	67.4	66.4	71.6
Single Father	2.4	5.4	5.1	5.5	2.0	1.5
Children Under Age 6						
Yes	59.7	66.1	68.7	64.2	73.7	65.5
No	40.3	33.9	31.3	35.8	26.3	34.5
Number of Children						
1	27.4	36.2	37.4	55.1	46.4	57.2
2	37.9	37.7	27.9	26.2	29.9	26.1
3	22.6	15.4	17.9	8.7	12.4	11.6
4 or more	12.1	10.8	16.8	10.1	11.3	5.1
Average	2.3	2.1	2.2	1.8	2.0	1.7

Education Level

As has been well documented in past research, higher education levels are associated with increased employment and job readiness. Many FIT entrants begin the program not ready to accept employment. As shown in Figure 3.4, in 2003 41 percent of adults had less than a high school education, 44 percent completed high school or a GED, and 13 percent had attended college. The percent attending college peaked at 26 percent in 2001, but then fell again in subsequent years. The 2003 cohort has a larger proportion of entrants who have completed high school or a GED than in the past and a smaller proportion of entrants who lack a high school diploma.

Figure 3.4
Educational Attainment Among Adults at Entry to FIT



One explanation for the change in educational status is the Housing Scholarship Program (HSP), which provides housing assistance to CalWORKs participants who are in job training or educational programs. Although the HSP experienced a decline in enrollments in the 2002-2003 program year, it currently has a wait list. Having the HSP at full capacity would explain an increase in the share of adults who have completed high school and a decline in the share who did not finish high school.

Changes in Employment Barriers at Entry to FIT

Personal Barriers at Entry to FIT

Over the past six years, the types and number of barriers faced by FIT clients at program entry have changed. In Figure 3.5 we examine the extent of FIT families' barriers to employment at program entry, concentrating on six problem areas: housing, job readiness, mental health, domestic violence, substance abuse, and involvement with CPS.² Between 1998 and 2001, the severity and number of barriers faced by FIT families at entry declined over successive cohorts. This is likely due to the booming economy, which brought entering families whose main problem was locating affordable housing, rather than finding employment or managing other barriers. As the economy has worsened over the past two years, there has been a resurgence in the number and severity of barriers faced by entrants.

As the figure shows, all FIT families face one or more barriers to employment at program entry, and the majority face three or more barriers. However, not all families face severe barriers.³ Supporting the finding that conditions have worsened in the entering caseload of 2003, we find that the percent facing no severe barriers at all fell to 4 percent in 2003 from 8 percent in 2002.

In general, entering FIT families in 2002 and 2003 face more barriers to self-sufficiency than did their predecessors in 2000 and 2001. Until 2001, the average number of barriers faced by families was decreasing. However, in both 2001 and 2002, families averaged 3.5 barriers and in 2003, families averaged 3.7 barriers, up from 2.9 in 2000. The share of families facing severe barriers was also decreasing prior to 2001, but increased in the more recent cohorts. The average number of severe barriers faced by 2003 entrants was 3.0, higher than the average number of severe barriers in the previous two cohorts (2.3). Commensurate with the increase in the average number of barriers and severity of barriers, we find increases in the percent of families facing four or more barriers, and in particular we see that the percent facing all six potential severe barriers increased from 2 percent to 12 percent. The percent facing all six barriers to some degree (severe or not severe) also doubled from 10 percent to 20 percent.

² Barriers are defined as those ranked with a 1, 2, 3, or 4 on a five-point scale with 1 being the most severe and 5 being not a barrier. Barrier assignments are based on case managers' assessments of their clients' needs.

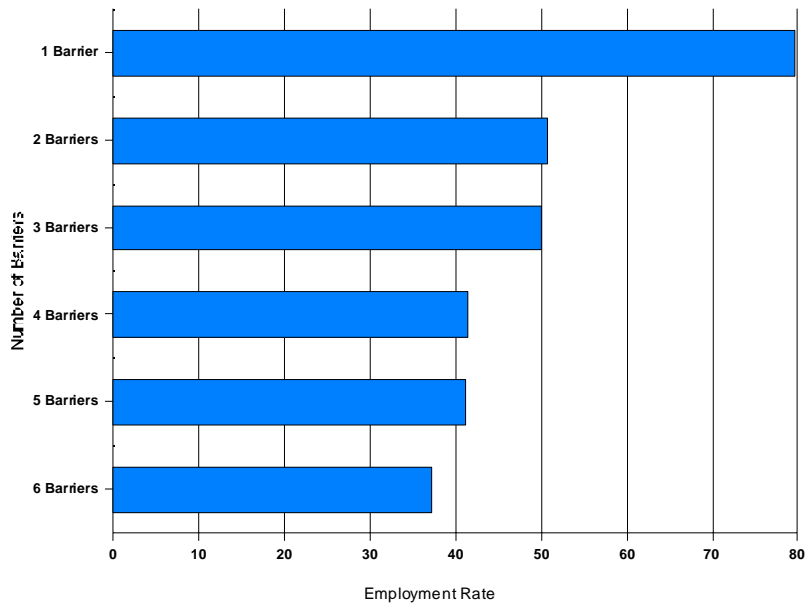
³ Severe barriers are defined as ranking a 1, 2, or 3 on a five-point scale with 1 being the most severe and 5 being not a barrier.

Figure 3.5
Number of Personal Barriers at Entry to FIT

Number of Barriers	Percent of All FIT Families					
	1998 Cohort N=124	1999 Cohort N=130	2000 Cohort N=179	2001 Cohort N=218	2002 Cohort N=99	2003 Cohort N=135
None	0.0	0.0	0.0	0.0	0.0	0.0
1	1.6	8.5	8.4	2.3	1.0	0.0
2	20.2	29.2	35.8	28.4	24.2	24.8
3	16.9	27.7	26.3	20.2	28.3	27.1
4	31.5	26.2	17.9	22.5	24.2	18.6
5	25.8	4.6	8.9	17.9	12.1	9.3
6	4.0	3.9	2.8	8.7	10.1	20.2
Average Number of Barriers	3.7	3.0	2.9	3.5	3.5	3.7
Number of Severe Barriers						
None	7.3	12.3	7.8	1.8	8.1	3.6
1	16.9	30.8	35.8	22.9	16.2	5.8
2	24.2	23.9	33.5	36.7	38.4	39.6
3	21.0	20.0	14.5	22.0	17.2	19.4
4	16.9	10.8	6.2	11.0	13.1	13.0
5	12.1	2.3	2.2	4.1	5.1	6.5
6	1.6	0.0	0.0	1.4	2.0	12.2
Average Number of Severe Barriers	2.7	1.9	1.8	2.4	2.3	3.0

Those facing more barriers are likely to need more services than others, as they are substantially less likely to be employed at program entry. As shown in Figure 3.6, among those with just one barrier at program entry, the employment rate was 79 percent. As the number of barriers increases, the employment rate at entry falls substantially, with 37 percent of those with six barriers (the maximum number measured) employed at entry to FIT. These figures highlight the relationship between identified barriers and job readiness, and are consistent across all three cohorts examined. Although not shown in Figure 3.6, those facing severe barriers also have lower rates of employment.

Figure 3.6
Relationship Between Number of Barriers and Employment at Entry to FIT



Figures 3.7 to 3.13 explore each of the six barriers to employment separately and are discussed below.

Housing Status at FIT Entry

Across the six cohorts examined, there has been a trend toward increasing proportions of FIT entrants who are living on the streets at the time of entry, and reductions in those who enter from a shelter or hotel. In 2003, we find essentially no decline in the percent living on the streets (26 percent in 2003 compared to 27 percent in 2002), but a large increase in the percent entering from a shelter or hotel (15 percent in 2002 and 33 percent in 2003). Far fewer 2003 FIT entrants enter the program because they risk being evicted from their current home (9 percent) than in 2002 (23 percent). Fewer than 1 percent of families entering the program in the 2003 cohort faced no housing barriers. All of these families were participating in the Housing Scholarship Program. Although they may not have been at risk of immediate eviction, they were paying more than 50 percent of their income toward their rent.

Figure 3.7
Housing Status at Entry to FIT

Housing Status at Entry	Percent of FIT Families					
	1998 Cohort N=124	1999 Cohort N=130	2000 Cohort N=179	2001 Cohort N=218	2002 Cohort N=99	2003 Cohort N=135
On the Streets	9.7	6.2	12.3	29.8	27.2	25.9
Shelter or Hotel	31.5	20.0	21.2	15.6	15.2	33.3
Friends or Family	30.7	36.9	34.1	32.1	33.3	31.1
Risk of Eviction	28.2	36.9	21.2	19.7	23.2	8.9
No Housing Problem	0.0	0.0	11.2	2.8	1.0	0.7

Along with the increasingly poor housing situations among 2003 FIT families, families appear to be facing longer-term homelessness problems. Figure 3.8 shows the number of months FIT families were homeless in the time preceding program entry. Among new entrants to FIT in 2003, 52 percent had been homeless for less than a month, compared to 57 percent in 2001. However, 34 percent of 2003 entrants had been homeless for six or more months, compared to 23 percent in 2002. We hypothesized in Report 6 that the increase in the number of homeless months seen among the 2001 cohort could be an indication that those families were more likely to have waited a longer period on the waiting list prior to receiving FIT services. This is a likely explanation for the apparent increase in the duration of homeless prior to FIT entry in 2003 as well.

Figure 3.8
Duration of Homelessness at Entry to FIT

Number of Months Homeless	Percent of All FIT Families					2003 Cohort N=137
	1998 Cohort N=124	1999 Cohort N=130	2000 Cohort N=179	2001 Cohort N=218	2002 Cohort N=98	
0-1	53.2	51.5	59.2	34.4	57.1	51.8
1-3	16.9	13.9	5.0	13.0	11.2	8.0
3-6	16.1	9.2	9.5	14.0	9.2	5.8
6 or more	13.7	24.6	26.3	38.1	22.5	34.3

Job Readiness at Entry to FIT

As is shown in Figure 3.9, the entering employment rate among FIT adults was lower in 2003 than it had been in any previous cohort examined. In 2003, 46 percent of entering parents were employed, compared to a peak of 55 percent in 1999 and 2000. This is consistent with trends in the unemployment rate for the county over the time period. When unemployment was at its lowest (dropping to 5.7 percent in 2000), employment rates among entering FIT families were the highest.⁴ Lower employment among FIT families is found in years with higher county unemployment rates. In 2003, the unemployment rate from January to September was 8.3 percent, the highest during the period examined. This coincides with the lowest employment rates seen among FIT entrants and supports reports by case managers and the Executive Director that jobs for FIT participants are difficult to come by.

⁴ Unemployment rates for Santa Cruz County are available through the Local Area Unemployment Statistics collected by the Bureau of Labor Statistics at the U.S. Department of Labor.



Figure 3.9
Employment and Job Readiness at Entry to FIT

	Percent of All FIT Families					
	1998 Cohort N=124	1999 Cohort N=130	2000 Cohort N=179	2001 Cohort N=218	2002 Cohort N=99	2003 Cohort N=135
Employment Rate	47.6	54.6	54.8	50.0	53.5	46.0
Job Readiness						
Disabled/crime/ no education	18.6	17.7	17.9	17.0	14.1	15.6
Temporarily Disabled	11.3	5.4	9.5	10.1	13.1	21.5
Need Training or Education	31.5	36.9	31.3	51.4	47.5	45.2
Underemployed	27.4	23.1	29.1	12.8	19.2	15.6
Not a Problem	11.3	16.9	12.3	8.7	6.1	2.2

Another reason for the lower employment rate in the 2003 cohort is the higher share of adults who are temporarily disabled at program entry. In 2003, 22 percent of entering adults were temporarily disabled when they entered FIT, almost double the share in previous years. Nearly half the cohort required additional training or education to be job ready (45 percent) and 15 percent were the least job ready, having a permanent disability, little education, or a history of criminal involvement. For just 2 percent of 2003 entrants (compared to 6 percent in 2002), job readiness was not a problem. On the whole, the 2003 cohort appears to have more serious job readiness problems than the 2002 cohort. Underemployment is a far smaller concern for this group than was the case in 1998-2000.

Mental Health Problems at Entry to FIT

Consistent with the finding of more temporarily disabled entrants in the job readiness findings above, the 2003 FIT cohort appears to suffer more from mental health barriers than did earlier cohorts. In particular, as shown in Figure 3.10, in 2003 a total of 19 percent of entering family heads had a serious mental illness or an acknowledged problem that was not treated, compared to 6 percent in 2002. Commensurate with this, the percent of entering families in treatment fell from 43 percent in 2002 to 32 percent in 2003. The share with no mental illness problems remained steady from 2002 at

about half. However, since 1998 the percent with no mental illness has fallen by nearly two-thirds. In other words, the FIT caseload has increasingly comprised families in which mental health issues are a problem.

Figure 3.10
Mental Health Problems at Entry to FIT

	Percent of All FIT Families					
	1998 Cohort N=124	1999 Cohort N=130	2000 Cohort N=179	2001 Cohort N=218	2002 Cohort N=99	2003 Cohort N=135
Serious Mental Illness	3.2	0.8	0.6	0.5	1.0	2.2
Acknowledged but Not Treated	5.7	4.6	2.8	6.9	5.1	17.0
In Treatment	11.3	11.5	3.9	10.1	23.2	16.3
In Counseling, on Medication, in Stable Treatment	6.5	13.1	15.1	26.2	20.2	16.3
Not a Problem	73.4	70.0	77.7	56.4	50.5	48.2

Substance Abuse at Entry to FIT

As with mental health, the prevalence of fairly recent substance abuse problems among FIT entrants did not change much between 2002 and 2003. As shown in Figure 3.11, approximately 38 percent of the 2003 cohort had substance abuse problems at entry, compared to 41 percent in the 2002 cohort and 33 percent in 2001. However, the percent of family heads who had been sober under one year increased from 11 percent to 17 percent, and the percent who had relapsed or were in intensive treatment increased from 3 percent to almost 5 percent. The percent of family heads who had substance abuse problems that were controlled for at least a year declined significantly, from 25 percent to 14 percent. Hence, although the percent with problems has not changed much since 2002, the severity of the problems has increased.

Figure 3.11
Substance Abuse at Entry to FIT

	Percent of All FIT Families					
	1998 Cohort N=124	1999 Cohort N=130	2000 Cohort N=179	2001 Cohort N=218	2002 Cohort N=99	2003 Cohort N=132
Using and in Denial	10.5	2.3	1.7	2.8	2.0	2.3
Relapse/Residential/ Day Treatment	9.7	3.9	6.2	3.7	3.0	4.6
Sober Under One Year	12.1	9.2	6.7	9.2	11.1	16.7
Sober at Least One Year	12.1	11.5	14.5	17.0	25.3	14.4
Not a Problem	55.7	73.1	71.0	67.4	58.6	62.1

Domestic Violence at Entry to FIT

Figure 3.12 shows that domestic violence also became more prevalent in the 2003 entering cohort. In 2003, more than half the entering families had a domestic violence problem, compared to 39 percent of entering families in 2002. There were increases in each category of severity, and 27 percent of entrants were not yet safe. One-quarter of entering FIT families in 2003 had a history of domestic violence, but were safe at the time of entry.

Figure 3.12
Domestic Violence at Entry to FIT

	Percent of All FIT Families					
	1998 Cohort N=124	1999 Cohort N=130	2000 Cohort N=179	2001 Cohort N=218	2002 Cohort N=99	2003 Cohort N=132
Currently in or Just Left Abusive Situation	6.5	1.5	1.1	1.4	1.0	1.5
In a Shelter, No support, in Danger	10.5	6.2	2.2	2.8	5.1	7.6
Recently Separated and Has Support	24.2	14.6	15.6	11.9	14.1	18.2
In Counseling, Feels Safe	21.0	15.4	21.2	23.9	19.2	24.2
Not a Problem	37.9	62.3	59.8	60.1	60.6	48.5

Child Welfare Involvement at Entry to FIT

Child welfare involvement is the one area in which the 2003 cohort compares favorably to previous cohorts. However, this largely results from the fact that FIT had received special Section 8 vouchers to serve the child welfare population in 2001, which were used fully. Whereas nearly half the entering FIT families in 2001 had some involvement with CPS, 38 percent had CPS involvement in 2003. Further, 14 percent (compared to 17 percent in 2001) had children in foster care or an open case with children at home.

**Figure 3.13
Involvement in Child Welfare Services at Entry to FIT**

	Percent of All FIT Families					
	1998 Cohort N=124	1999 Cohort N=130	2000 Cohort N=179	2001 Cohort N=175	2002 Cohort N=99	2003 Cohort N=135
Open Case, Children in Foster Care	16.1	7.7	6.7	11.0	5.1	6.8
Open Case, Children are with Parent(s)	16.1	3.1	3.9	7.3	5.1	6.8
Case Closed for Under One Year	7.3	4.6	4.5	11.9	8.1	14.4
Case Closed for at Least One Year	10.5	7.7	8.4	16.5	11.1	9.9
Not a Problem	50.0	76.9	76.5	53.2	70.7	62.1

Participation in Other Public Assistance Programs at Entry to FIT

Commensurate with their higher level of disadvantage on other measures, the 2003 cohort was also more likely to be participating in the cash assistance program Temporary Assistance for Needy Families (TANF) than their 2002 counterparts. As shown in Figure 3.14, 63 percent of entering families were TANF recipients in 2003, compared to 49 percent in 2002. This brings the TANF participation rate among entering families closer to the rate seen in 2001 and 1998, but is the highest rate seen during the period. Among those receiving TANF in the 2003 cohort, 35 percent were exempt from the work requirements associated with that program,⁵ and 52 percent had

⁵ Those exempt from TANF requirements would not be subject to participate in work activities to fulfill their obligations to the program.

both signed a welfare-to-work plan and were involved in employment and training activities. Compared to the 2002 cohort, 2003 families are about as likely to be exempt and to have signed a welfare-to-work plan or to be engaged in employment and training activities. These are lower than the rates of participation in employment and training and welfare-to-work signing seen in 2001.

The proportion of families in each cohort that were enrolled in Medicaid did not change much over the period, staying close to 80 percent in both 2002 and 2003. The percent of those with young children receiving subsidized child care declined only slightly over time from 23 percent in 2002 to 21 percent in 2003. This is lower than the peak of child care subsidy receipt of 30 percent in 2001 and 2002. However, with the decline in employment seen in 78 percent of enrolled families in 2002, compared to 82 percent in 2003, a commensurate decline in child care subsidies would be expected.

Figure 3.14
Participation in Other Public Assistance Programs at Entry to FIT

	Percent of All FIT Families					
	1998 Cohort N=124	1999 Cohort N=130	2000 Cohort N=179	2001 Cohort N=218	2002 Cohort N=98	2003 Cohort N=137
Participating in TANF	60.0	55.4	56.4	62.0	49.0	62.8
Exempt from Work Requirements*	N/A	N/A	N/A	33.5	33.9	35.0
Signed Welfare-to-Work Plan*	22.4	41.7	42.6	72.0	56.3	52.4
Involved in Employment and Training Activities*	31.1	47.5	37.6	68.2	56.3	51.2
Enrolled in Medicaid	81.3	76.2	79.3	81.9	79.6	79.4
Receiving Subsidized Child Care	17.3	17.7	29.6	29.9	22.5	20.6

*Among those on TANF

Chapter 4: Changes in Recipients' Status and Well-Being Between FIT Entry and Exit

Introduction

Through comprehensive service provision, FIT aims to improve the well-being of families over the course of their time in the program. In this chapter, we examine families' well-being at program entry and program exit, demonstrating their progress over time on a number of key measures. Using the data available to us, it is not possible to pinpoint the exact "impact" of the FIT program on families' post-FIT outcomes; we cannot say whether FIT caused the outcomes we observe for participants. However, the improved outcomes presented in this chapter are suggestive of the progress families have made through their participation in the FIT program.

We begin by discussing the reasons for FIT case closure. We follow this with a discussion of the length of time families participate in FIT. We then compare families' entry characteristics with exit characteristics across a number of measures, including housing status, job readiness, employment, public assistance receipt, earnings, and income. Analysis is limited to those families who have exited the program for whom we have tracking data. As such, we include information on the 655 families who exited FIT between March 1, 1998 and July 31, 2003.¹ We analyze entry cohorts up to 2002 only because there are not yet enough 2003 cohort exits to warrant analysis.

Reason for FIT Case Closure

FIT cases can close in one of four ways: (1) The family can graduate from FIT, meaning they completed the program requirements and the Executive Director and case manager believe they are ready to graduate; (2) the family can move out of the county; (3) the family can be terminated for failure to comply with program guidelines; or (4) the family can drop out of the program, which often occurs prior to their locating housing. Figure 4.1 below shows the percentage of cases closed for each of the above reasons, by cohort.

¹The exception is for the analysis of time on FIT. For these calculations we include all families who exit after March 1, 1998 because the analysis does not rely on the use of tracking data

Figure 4.1
Reason for FIT Case Closure by Cohort

Reason for Closure	Percent of FIT Families				
	1998 Cohort N=122	1999 Cohort N=128	2000 Cohort N=168	2001 Cohort N=178	2002 Cohort N=50
Graduated	55.7	55.5	47.6	54.5	54.0
Moved Out of County	0.8	1.6	6.6	8.4	4.0
Terminated	20.5	10.9	13.1	12.4	6.0
Closed-No Further Contact	23.0	32.0	32.7	24.2	36.0

Over time, we find that about the same percentage of cases close due to graduation (about 55 percent over most cohorts examined), and increasing percentages close without further contact with the family (36 percent in 2002). In 2002, 4 percent of families closed cases when they moved out of the county and another 6 percent were terminated due to non-compliance with program rules. The percent with each of these types of ending diminished by half compared to 2001. However, many 2002 cohort FIT participants have not yet graduated or otherwise ended their cases. Graduating families stay on the program longer (as will be discussed in this chapter) and so within any cohort, we see increasing graduation rates over time. It is likely that as we follow the 2002 cohort over time, we will see increases in their graduation rates as well. Further, the increase in movement out of the county is expected. As was discussed in previous reports, housing prices in Santa Cruz County escalated during the late 1990s and early 2000s leaving many families with no choice but to move out of the county in order to be able to afford housing. For families who can secure housing and employment in other counties, FIT staff view this as a positive outcome.

The fact that more than a third of 2002 families left FIT without further follow-up (36 percent in 2002 compared to 24 percent in 2001) is troubling. There are several possibilities for what happens to these families. One is that they are miscoded in our data: many families who do not follow-up are likely to have either moved out of the county or to have gotten employment and/or housing. Alternatively, some families may have discontinued their FIT participation without successful outcomes and FIT has not discerned what has happened to them.

As is shown in Figure 4.2, families with more and more severe barriers to employment were less likely to have graduated and more likely to have been terminated. In the case of those with the most severe barriers, 24 percent dropped out of the program before graduating, and 21 percent were terminated for non-compliance with the rules. Those with extensive barriers may find compliance with the substance abuse regulations more difficult, or may not be ready to take on the extensive responsibilities required by FIT in seeking self-sufficiency.

Figure 4.2
Reason for FIT Case Closure by Extent of Barriers at Entry

Reason for Closure	1-3 Barriers N=471	4-6 Barriers N=345	0-3 Severe Barriers N=667	4-6 Severe Barriers N=151
Graduated	58.6	53.3	57.9	50.3
Moved out of County	3.0	5.5	3.8	5.3
Terminated	10.2	17.1	11.4	20.5
Closed-No Further Contact	28.2	24.1	27.0	23.8

Duration of Time in FIT

Factors that influence the Executive Director’s and case managers’ decisions about whether a family is ready to graduate include the number and severity of barriers they face, their employment status, their financial stability, and the stability and security of their housing. As noted in previous reports, the intensity and duration of services received by FIT recipients is correlated with the intensity of barriers they face. Therefore, families with more needs tend to stay in the program longer before graduating.

As is shown in Figure 4.3, the average length of service for those graduating from FIT is 17.5 months. In comparison, those leaving FIT for other reasons stay in the program a much shorter period of time, averaging 10 months. This to be expected as families who do not graduate leave prematurely. Because only graduates complete program requirements, we concentrate on their outcomes in this chapter. However, information on non-graduates is provided in each chart for comparison.

Graduating families who enter FIT with employment stay in the program an average of five months less than those who enter without employment. We see few differences in duration on FIT for graduates based exclusively on the number of barriers they face. However, as one might expect, families with the most severe barriers at entry are likely to stay on the program longer. For instance, among graduating families with four or more severe barriers at program entry, the average length of stay is 22 months, compared to 17 months for those with three or fewer severe barriers.

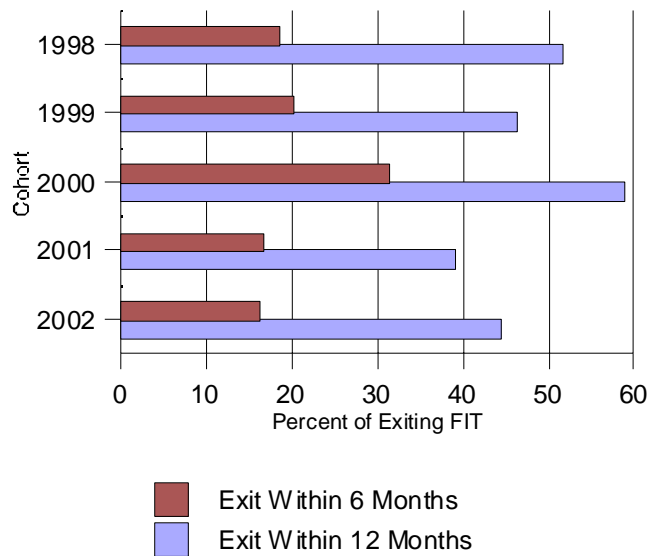
Figure 4.3
Duration of Time on FIT Among those Exiting the Program

Status at Entry	Average Months on FIT	
	FIT Graduates N=461	Non-Graduating FIT Leavers N=356
All Exiting FIT Families	17.5	10.0
Families Employed at Entry	14.8	9.8
Families Not Employed at Entry	20.5	10.2
Families with 1-3 Barriers at Entry	16.9	9.2
Families with 4-6 Barriers at Entry	18.5	11.0
Families with 0-3 Severe Barriers at Entry	16.7	9.4
Families with 4-6 Severe Barriers at Entry	21.9	12.1

Figure 4.4 shows the percent of families in the 1998, 1999, 2000, 2001, and 2002 cohorts that exited the program within six and 12 months of program entry.² It shows that over time we are seeing shorter stays with FIT for participating families. In particular, the 2000 cohort had the largest proportion of families (roughly one-third) exiting within six months. In 1998 and 1999 about 20 percent of families exited within six months, and in 2001 one-quarter of families exited within that time frame. These shorter durations on FIT for the 2000 cohort are supported by the findings in Report 5, which indicated a FIT population that was more advantaged than in previous years, presumably needing a shorter duration of services. The 2002 FIT cohort faced more barriers than its counterparts in 2000. Our data indicate that these families may be taking longer to leave the program, as expected.

² Information included in the figure is for all exiting FIT families regardless of reason for case closure.

Figure 4.4
Probability of Exiting FIT Within Six Months and One Year of Entry



Changes in Family Well-Being from FIT Entry to Exit

In this section we detail changes in families' well-being by examining their characteristics at entry and comparing them to their characteristics at program exit. We focus on six main areas: housing status, job readiness, employment, public assistance receipt, earnings, and income. In all charts we examine both graduating and non-graduating families, focusing our discussion on the outcomes of graduates.

Housing Status

As shown in Figure 4.5, families have seen a significant improvement in their housing status during their time on FIT. At entry to the program just 4 percent of graduating families had no housing problem. By exit, 87 percent had no housing problem and were living independently with their families. Within the two most pressing housing categories (on the streets and shelter or hotel), graduating FIT families made substantial progress in improving their housing situations. Virtually no graduating families were

still on the streets and just 1 percent were in a shelter or hotel by the time they graduated from FIT. Combined, these represent a total of five families, but we presume these were miscoded in the database because FIT does not graduate families unless their housing situation is stable. At entry 34 percent were living with friends and family, but by exit just 3 percent were housed with friends or family. Although 27 percent of families were housed but risked eviction at program entry, just 9 percent were in those circumstances at program exit.

The story is very different for non-graduating FIT leavers. Among those who did not graduate from FIT, the percent living on the streets decreased between entry and exit, but 9 percent of these families were still living on the streets and another 10 percent were in shelters or hotels at program exit. The percent with no housing problem increased from 4 percent to 34 percent. Clearly those who did not graduate from FIT did not improve their housing situations to the same degree as those who graduated.³

Figure 4.5
Change in Housing Status from Entry to Exit

Housing Status	FIT Graduates N=350		Non-Graduating FIT Leavers N=305	
	At Entry	At Exit	At Entry	At Exit
On the Streets	16.3	0.3	18.4	9.3
Shelter or Hotel	18.0	1.2	22.6	9.5
Friends or Family	34.0	2.9	31.8	30.1
Risk of Eviction	27.4	8.7	23.3	17.1
No Housing Problem	4.3	87.0	3.9	34.3

Job Readiness

Graduating from FIT is associated with substantial improvement in job skills for most families. At entry, 18 percent of FIT families were considered job ready. By exit, 52 percent were job ready. Of those who were not job ready at exit, the majority were

³ Although this may seem to imply that FIT caused the improvements in housing status, it is not possible to conclude this because it is possible that graduating FIT families are more motivated or resilient than non-graduating ones. They might have had improved outcomes over the time period, even in the absence of the program.

underemployed (26 percent of all graduating families), needing higher wages or more hours to meet their families' financial needs. Inadequate supply of jobs that offer wages and hours sufficient to maintain a family is the main employment challenge facing graduating FIT families at exit.

Not surprisingly, non-graduating FIT leavers fare worse than graduates in terms of job readiness. The percent who are job ready increased from 6 percent at entry to 16 percent at program exit, and the percent not job ready decreased from 20 percent at entry to 14 percent at exit. A third of exiting non-graduates still need training or education to be more job ready, compared to just 12 percent of graduates.

Figure 4.6
Change in Job Readiness from Entry to Exit

Job Readiness	FIT Graduates N=350		Non-Graduating FIT Leavers N=305	
	At Entry	At Exit	At Entry	At Exit
Not Job Ready	16.3	7.0	19.7	14.0
Temporarily Disabled	9.1	2.6	9.8	6.5
Need Training or Education	34.9	12.2	43.9	33.2
Underemployed	22.0	26.1	20.7	29.8
Not a Problem	17.7	52.2	5.9	16.4

Employment

Stable employment is the chief means through which FIT families are able to secure and keep permanent housing, and Figure 4.7 shows that graduating FIT families are much more likely to have secured employment than non-graduating families. Among those who graduated FIT, 28 percent were not employed at either program entry or at program exit. This group largely comprises families who are applying for Supplemental Security Income (SSI) while working with FIT. For these families, workforce involvement is not a goal.

Forty-three percent of those who graduated were employed both when they entered and when they left the program. Another 13 percent entered FIT without employment and left FIT with employment, and 17 percent entered with employment but left without it.

In total, we find only slightly higher employment rates among the graduating FIT population at exit (59 percent) than at entry (56 percent). Of those considered to be job ready, 74 percent were employed at graduation. Among those considered underemployed at graduation, 62 percent were employed.

Employment among non-graduates was much less prevalent. As Figure 4.7 shows, 47 percent of non-graduates were employed at program entry, but just 39 percent were employed at exit. Forty-five percent were not employed at either entry or exit, indicating that non-graduating families are generally still in need of FIT services. However, it is also possible that FIT case managers are not aware of the labor market activities of non-graduating families when they leave the program (particularly if they drop out), and hence we might expect these numbers to underestimate actual employment rates.

Figure 4.7
Change in Employment and Assistance Receipt from Entry to Exit

	At Entry and Not Exit	At Exit and Not Entry	At Both Entry and Exit	At Neither Entry Nor Exit
FIT Graduates (N=350)				
Employed	13.1	16.6	42.6	27.7
Receiving Housing Subsidy	6.0	24.3	2.6	67.1
Receiving TANF	27.1	3.1	22.3	47.4
Receiving Child Care Subsidy ^a	12.7	15.0	17.3	55.0
Involved in Child Protective Services ^b	15.4	0.3	0.3	84.0
Non-Graduating FIT Leavers (N=305)				
Employed	16.4	8.2	30.8	44.6
Receiving Housing Subsidy	5.3	14.4	1.6	78.7
Receiving TANF	12.1	6.7	42.3	39.0
Receiving Child Care Subsidy ^a	11.3	9.8	15.7	63.2
Involved in Child Protective Services ^b	8.5	2.6	9.2	79.7

^aIncludes families with children age 5 and younger.

^bIncludes families with open cases.

Job readiness and employment at entry to FIT are, more than any other barrier faced by families, key to determining whether families graduate or leave FIT for other reasons. Regression analysis (not shown) indicates that families who did not face job readiness barriers and those who were employed at program entry were more likely to graduate from FIT than other families who faced greater employment barriers. Not surprisingly, being employed or job ready is associated with shorter stays on FIT.

Because employment is such a key factor in families' continued self-sufficiency, we recommend, as we have in previous reports, that FIT use employment as a measure to consider when graduating families from the program.

Participation in Public Assistance Programs

Figure 4.7 also shows the extent to which families received housing subsidies, TANF, child care subsidies, or were involved with Child Protective Services (CPS) at the start and end of their time on FIT. Involvement in each of these programs is discussed separately below.

Housing Subsidies

Assisting families to obtain housing subsidies is one of FIT's key goals. FIT provided subsidies to 6 percent of its graduating families in the first month of service receipt (shown as "at entry" in Figure 4.7). These are people FIT served with housing assistance immediately to prevent eviction. At exit, 27 percent of families had housing subsidies. This indicates a net gain in housing subsidy receipt of about 20 percentage points. The majority of graduating FIT families (67 percent) did not receive housing subsidies at either program entry or exit. Although a substantial proportion of the caseload, most of these families received temporary subsidies while they were on FIT, but were able to pay rent on their own by the time they exited. Families who continued to receive housing assistance at exit held Section 8 housing vouchers or some other type of permanent low-income housing.

The fact that many families saw an improvement in housing status (Figure 4.5) even though they were not receiving subsidies at exit indicates that FIT is achieving one of its main goals. The data suggest that FIT has helped families maintain stable housing without subsidies by the time they exit the program. It should be noted that the proportion of families who received housing assistance at any one point while in FIT is significantly higher than these estimates suggest. Indeed, FIT reports that nearly all families receive housing subsidies at some point during their time in FIT. The non-Section 8 housing assistance offered through FIT is meant to provide time-limited

assistance to families. Consequently, although many families may have received housing assistance while participating in the program, it is likely that they are no longer receiving this transitional assistance when they exit the program.

Non-graduating families are less likely to be receiving housing subsidies at program exit than graduating families. In total, 16 percent of non-graduating families leave FIT with a subsidy, compared to 27 percent of graduating families.

TANF Participation

Graduating families are much less likely to be receiving TANF when they leave FIT than when they entered it. Twenty-seven percent of those who graduated FIT were receiving TANF when they entered, but not when they exited. Another 22 percent received TANF both at entry and exit, and 47 percent did not receive TANF at either entry or exit. In total, 49 percent of graduating FIT families enter FIT receiving TANF and 25 percent graduate while still on TANF.

Non-graduating FIT leavers are more likely to be receiving TANF than graduating families, particularly at program exit. At program entry, 54 percent of non-graduating families were receiving TANF and at exit, 49 percent were receiving TANF. The fact that nearly half of non-graduating families continue to receive TANF after leaving FIT indicates a continued need for services. These families potentially left FIT before reaping the benefits of its services.

Child Care Subsidies

Among graduating families, about the same proportion received child care subsidies at entry and exit. At program entry, 30 percent of graduating families (with children age five or under) received subsidies. By graduation, 32 percent of these families with young children were receiving subsidies. Fifteen percent of exiting FIT families entered the program without child care subsidies, yet were receiving subsidies at exit. Non-graduating families were less likely to have child care subsidies in place. At entry, 27 percent had child care subsidies and at exit, 25 percent had subsidies.

Given the high cost of child care in Santa Cruz County, these subsidies can play a crucial role in helping families secure or maintain employment. If FIT case managers can help more families obtain subsidies, we might expect to see greater increases in employment.



Child Protective Services Involvement

Finally, involvement with CPS declined among those who graduated FIT. Most graduating families are never involved with CPS (84 percent). However, 15 percent of FIT graduating families entered the program with either their children in foster care or an open case with their children at home, and left the program with closed cases. Just one FIT family opened a CPS case while in FIT, and only one family had an open case at both program entry and exit.

Non-graduating families were more likely to be involved with CPS when they exited. Nine percent had a case open at entry but not exit, and another 3 percent had cases that were open at exit, but not at entry. Nine percent had open cases at both entry and exit.

Family Income Levels

Families who graduate from FIT leave the program with substantially higher monthly incomes than those who exit for other reasons. On average, exit income was 46 percent (\$494) less for non-graduates than for graduates.

Figure 4.8 shows that among those who are employed or participating in various public assistance programs, income levels for graduating families increase by 47 percent during their time in FIT. For instance, average monthly earnings for graduating families were \$1,096 at program entry among those who were employed, and \$1,516 at program exit. Housing assistance more than doubled for those who received it, from \$746 at program entry to \$1,516 at program exit. Total monthly income also increased, from \$1,065 at program entry to \$1,566 at program exit.⁴

Non-graduating families also saw income increases, but of a much smaller magnitude than graduating families (14 percent increase). Further, their income levels were lower than graduating families' incomes. Total monthly income for non-graduating families increased from \$940 at program entry to \$1,071 at program exit.

⁴ Note, income categories do not sum to total monthly income. Averages for earnings, housing assistance, and TANF are provided only for those who have these income sources. Because many families do not have these sources, average total income is less than the sum of the individual averages.

Figure 4.8
Change in Monthly Earnings and Income from Entry to Exit

	Percent at Entry	Average Amount	Percent at Exit	Average Amount
FIT Graduates (N=350)				
Earnings from Employment ^a	48.9	\$1,095.52	59.4	\$1,516.36
Housing Assistance	8.6	\$746.23	26.9	\$1,515.84
TANF	50.6	\$521.19	24.0	\$596.62
Total Monthly Income	90.0	\$1,065.05	79.1	\$1,565.76
Non-Graduating FIT Leavers (N=305)				
Earnings from Employment ^a	41.6	\$966.60	39.0	\$1,264.62
Housing Assistance	6.9	\$893.47	16.1	\$1,181.52
TANF	55.4	\$540.54	44.2	\$545.16
Total Monthly Income	89.2	\$940.12	77.7	\$1,071.33

^a Note, the percent with earnings at entry in Figure 4.8 differs from the employment rate in Figure 4.7. This is because some FIT clients are identified as employed at program entry but their entry wage information is missing.

Poverty Status at Program Exit

Although many families are working at the time they leave FIT, this alone does not indicate self-sufficiency. Even those who are not working may have sufficient income due to the employment of other family members or non-employment related sources of income (e.g., SSI or child support). To better establish exiting participants' level of self-sufficiency, it is important to examine overall family income in relation to the federal poverty guidelines. Figure 4.9 presents poverty calculations for graduating and non-graduating FIT families at both entry and exit. Poverty calculations take into account a family's entire monthly income, excluding in-kind contributions such as housing and child care subsidies. The federal poverty guidelines for a family of three in 2003 was \$15,260 per year, or \$1,271 per month.

Overall, the poverty rate among graduating FIT families decreased from 73 percent at program entry to 43 percent at program exit. At graduation, there are fewer families who face severe poverty (incomes less than half the federal poverty line) than at entry. At entry, 17 percent of families were in severe poverty, compared to 7 percent at exit. At entry 26 percent of graduating families had incomes above the poverty line, and by

exit 57 percent had above-poverty incomes. Nearly half of these families had incomes above 150 percent of the poverty line.

Non-graduating families are much less likely to escape poverty than their graduating counterparts. At program entry, 78 percent had family incomes below the poverty line, and at exit 71 percent were still in poverty. About 20 percent of those in poverty at exit faced severe poverty (incomes less than half of the federal poverty line).

The findings for graduates are extremely promising, indicating that FIT is assisting many families to leave aid and obtain self-sufficiency. It is important, however, to track families over time to examine the extent to which they maintain employment and income, both of which are indicators of continued self-sufficiency. Although FIT implemented a post-FIT tracking system, this system has not been able to locate leavers after exit with any level of success. BPA used FIT's data in an attempt to conduct a mail survey of FIT families between six months and one-year after exit, but has gotten a very low response rate. It would be extremely valuable to examine FIT families' outcomes in the year(s) after they leave the program in order to better assess their ability to maintain stable housing and employment.

Figure 4.9
Comparison of Monthly Income to Poverty Level

Family Poverty Level	FIT Graduates (N=350)		Non-Graduating FIT Leavers (N=305)	
	Entry	Exit	Entry	Exit
At or Below 50 Percent of Federal Poverty Guidelines	17.0	7.3	22.4	19.0
50 - 99 Percent of Federal Poverty Guidelines	56.0	36.1	55.9	51.5
100-149 Percent of Federal Poverty Guidelines	16.7	29.2	15.1	17.7
At or Above 150 Percent of Federal Poverty Guidelines	10.3	27.4	6.6	11.8
Total Below Federal Poverty Guidelines	73.0	43.4	78.3	70.5
Total Above Federal Poverty Guidelines	27.0	56.6	21.7	29.5

Note: Poverty level is calculated using monthly income only. The value of housing assistance and other in-kind subsidies are not included in these tabulations, but may add to overall family well-being. Calculations take into account family size.

In summary, the findings presented in this chapter overwhelmingly point to FIT graduation as the key to reductions in barriers and improvements in family well-being and income.⁵ Whether families who make progress are more likely to graduate or whether those who stay to graduate are more likely to improve their outcomes is impossible to determine at this point. However, the correlation between graduation and improved outcomes is striking and points to a need to work with families to encourage them to remain in contact with FIT after the initial housing crisis that led them to the agency has been resolved. Tracking families after they leave FIT (for graduation or other reasons) would greatly assist the program in understanding its effectiveness over the long term. FIT has attempted follow-up efforts several times and has found locating their former participants very difficult. At present, FIT has an intern from the Cabrillo College Human Services Program who will be following up with clients whose cases have closed due to graduation or other reasons. The Executive Director hopes to make this a regular part of FIT's activities.

⁵ It is possible that those who graduate would be more likely to have improved outcomes than those who do not, even in the absence of the program. It is not possible to causally link FIT's services to the improved outcomes observed.



Chapter 5: The Future of Families in Transition

During the course of the Packard-funded evaluation of FIT, from 1997 to 2003, FIT has experienced tremendous change on a number of levels. These changes have posed challenges for the organization, but have left it stronger in a number of ways. As FIT continues in the future, it will draw upon the collective strength of its dedicated staff, its strong reputation in the community, and its existing funders to allow it to meet an important need in Santa Cruz County.

In this chapter we discuss the future of FIT, including challenges it will need to meet and goals to be accomplished. In the course of this discussion, we highlight the strengths of the organization and its commitment to serving the homeless and near-homeless population.

Looking to the Future: The Caseload

One of the greatest challenges for FIT is that the composition of its caseload changes from year to year. As was discussed in Chapter 3 of this report, this is due in part to the types of grants that FIT secures. In 2001, when FIT had Section 8 vouchers specifically allocated to CalWORKs and CPS families, its caseload comprised more families with child welfare involvement. These families typically have more barriers to self-sufficiency, related to the reasons their children are involved in the child welfare system. When the caseload comprises families who need more intensive services, FIT stretches to provide these services and to allow families to stay on the caseload as long as they need in order to progress to graduation.

Although FIT is to be commended for its ability to accommodate families with varying needs (and varying levels of need), FIT's ability to accommodate different types of families can have a negative effect on the community at large. When FIT staff are at capacity and their cases are longer-term, they are less able to draw down the wait list, leaving many other needy families without services. As the caseload becomes more disadvantaged, FIT is less able to accept new cases. This is a source of frustration to the agencies that refer clients to FIT, as well as a concern for the families who must wait up to a year to receive crucial services.

There have also been changes in external factors that greatly affect the FIT caseload and the types of services needed. The two most important external factors are the availability of employment and affordable housing in the county. During much of the period

from 1999 to 2002 (excepting 2001, during which the FIT caseload comprised a higher share of CPS cases, as mentioned previously), FIT families benefited from the strong economy. Although slightly fewer than half the families entered the program without employment, there was a sense during this period that jobs could be found for those who were not employed, once they were able to overcome some of their barriers to employment. County-level unemployment rates support this sense, remaining low through 2001 and starting to edge up in 2002 and 2003. The key challenge during the economic boom was housing—affordable housing in Santa Cruz County became scarce, and low-income families suffered greatly from the decrease in rental property and the increase in rents. During this boom period, FIT served many families whose only barrier was housing, offering only housing assistance and minimal services, particularly through the Family Unemployment Support Program.

Times change quickly and at the time this report was written, locating housing was not the primary challenge to FIT staff in assisting their clients. As unemployment rates grew in the county, people moved to more affordable areas and rents fell, leaving more available rental units. The scarcity of jobs is now of primary concern.

At the same time as the external changes have occurred, and potentially related to them, the FIT caseload has changed and has become more disadvantaged. One reason for this is that FIT now has two grants aimed at assisting current or recovering substance abusers. The increasing share of families with drug or alcohol problems brings with it increases in mental health issues and other problems as well. As was detailed in Chapter 3, the 2003 cohort of entrants to FIT is the most disadvantaged group observed in the evaluation to date. It has the lowest employment rates, the highest numbers of barriers and severe barriers, the highest rates of mental health problems, and the highest use of TANF assistance. This cohort is also a departure from the trend toward increasing shares of Latino families entering from Watsonville. The 2003 cohort is majority Caucasian for the first time since 1998, and comprises more single parents than cohorts in the past.

How these changes will affect FIT's service provision is not yet clear. The greater influx of families from the City of Santa Cruz may require FIT to shift some of its staff to its North County office, at least temporarily. The inclusion of families with greater needs in the 2003 cohort will necessitate that FIT provide more intensive services over longer periods of time for these families, in order to help them to overcome their barriers and become self-sufficient. This will affect the number of families they can serve from the wait list. A new collaboration with the Santa Cruz Community Counseling Center may help to offset this problem, as FIT transfers up to 60 cases to be served under the auspices of this other organization with some funding contribution from FIT.

How will FIT's caseload look a year or five years from now? It is impossible to say. The changing demographics pose a constant challenge for FIT staff. We recommend that FIT staff exploit the data system they have in place to continue to monitor the characteristics of incoming families in order to plan organizational strategies for serving their existing and waiting caseloads.

Looking to the Future: Funding

As was detailed in Chapter 2, FIT's current budget is 22 percent lower than it was in 2002. FIT released two staff (voluntarily) and thus reduced its capacity to take new cases off the wait list. FIT has historically received funding from various governmental agencies—notably the U.S. Department of Housing and Urban Development, the Santa Cruz Redevelopment Agency, the Santa Cruz Human Resources Agency, and various city governments in Santa Cruz County—and private foundations, including the David and Lucile Packard Foundation and the Community Foundation in Santa Cruz. At present, FIT has nine grants to cover case management, housing assistance, and operational costs. Of these, one expires in 2003, three expire in 2004, and the remaining five expire in 2005. For many of FIT's grants, there is an opportunity to reapply for continued funding, however this funding is not guaranteed.

Not included in the nine grants noted above is funding from the David and Lucile Packard Foundation, which has comprised up to a quarter of FIT's budget over the past several years, and which offered the most flexibility in terms of the types and amounts of housing assistance that could be provided. This grant expired in October 2003. Although staff from the Packard Foundation have encouraged FIT to reapply for a much smaller grant for the upcoming year, it is yet uncertain whether the organization will receive more funds from this key grantmaker. The Packard Foundation also funded the Family Unemployment Support Program, aimed at unemployed families needing shorter-term housing assistance. This program was funded by a one-year grant and its end contributed to the decline in funding for 2003.

As with many non-profit agencies, it is difficult for FIT to secure long-term funding. Many government and foundation grants span prescribed periods, usually between one and three years. Most funders will not guarantee funds for longer than that. This leads to a chronically unsteady financial future because it is not possible to guarantee funds or funding sources for the purposes of forecasting budget needs for the future. However, with its staggered grant time periods, FIT will be able to maintain some level of funding while it applies for new grants or reapplies for existing ones.

FIT is not alone in the change in its funding situation. Many other non-profit agencies are experiencing similar cutbacks, stemming at least in part from the drop in foundation endowments resulting from stock market plunges and other economic factors. Many foundations, including the Packard Foundation, were forced to reorganize, cut grantmaking, and lay off staff. As a result, there is less foundation funding available to low-income families at a time when they may need it most.

What will FIT's funding portfolio look like in the next year or the next five years? As with the future of the caseload, it is not possible to say. FIT has been working with its Board of Directors to complete a strategic plan for its future. This is an important step in helping to make the unknown of the future more manageable. We recommend the following to help ensure smooth program operations in the future.

- Continue to seek out new, stable, and more flexible sources of funding to support FIT's program operations and housing assistance for FIT families.
- Explore new opportunities with existing funders who are already familiar with FIT and the services it offers.
- Network and build relationships with new collaborators.
- Work with the Board of Directors to develop new outreach and fundraising efforts in the community.
- Focus on finalizing a strategic plan for FIT that discusses both short-term, medium-term, and long-term goals for FIT.

Looking to the Future: Staff and the Relationship with HRA

One area in which FIT excels is in recruiting and keeping skilled and committed staff. One of FIT's greatest assets is its dedicated staff, many of whom have remained employed at the organization for many years. FIT's Executive Director was herself a Senior Social Worker before moving to management. The necessary downsizing that took place in 2003 occurred through voluntary releases. The excellent staff that FIT employs are the key to its success, and ensuring their continued employment should be a goal of the organization.



As a spinoff from the County Human Resources Agency (HRA), FIT maintains close ties to the agency and relies heavily on both financial and in-kind contributions to sustain its operations. Funding from HRA to FIT appears to be stable, even in the midst of state and county cuts to the agency. In past reports we have discussed the at-times tenuous relationship between FIT and HRA staff. The primary issue on both sides has been difficulties in communication. We urge FIT to work closely with HRA staff to ensure that close communication is maintained. This will both enhance the quality of interaction regarding specific clients, and help to ensure that FIT and HRA continue to partner in the future.

In Summary

Over the course of a seven-year descriptive evaluation, we have gained numerous insights into FIT's operational and case management strategies. Based on interviews and focus groups with FIT staff, staff at partner agencies, other community affiliates, and FIT clients, we conclude that the holistic approach to service provision embodied in FIT is respected by many and viewed as successful. Data from FIT's client tracking system support this conclusion, indicating that those who graduate from the program are considerably better off than they were at program entry in terms of number and severity of barriers, housing status, and poverty status. Although these outcomes cannot be directly attributable to FIT per se, our conclusion is that the vast majority of graduating families leave FIT with better financial and housing situations than when they entered. FIT's exact role in this transition is impossible to identify with the data available.

Although graduating families accomplish many goals during their time on FIT, those who do not graduate are much less successful. Those who leave the program due to termination (non-compliance) or other reasons are less likely to be employed, find secure housing, or overcome their personal barriers during their truncated period on the program. It is possible that these individuals would fare worse than FIT graduates even if they did complete the program due to some underlying differences. However, it remains that non-graduates may still need assistance when they leave the program. We recommend to FIT that they work to keep families in the program, to the extent possible, allowing them to terminate only as a very last resort. Alternatively, we recommend that FIT offer an open-door policy where these families, should they return, would be allowed to circumvent the wait list and immediately return to the caseload when ready.

Although the future of FIT's funding is uncertain, we are confident that as a respected organization with strong leadership, it will weather this storm well. Keeping connections with existing funders will be key, as will exploring new relationships with potential collaborators. As a relatively small organization FIT has the ability to be flexible, and this flexibility in terms of the types of services it will provide and the clients it will serve is one of its greatest assets. It is also what makes forecasting the future difficult for FIT. With each new grant comes a potential change to the at-risk population served and the types of services required. It is testament to the strength of the organization that it has been able to adapt and re-adapt itself to meet the needs of the community in this way.

