



County of Los Angeles CHIEF EXECUTIVE OFFICE

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September 4, 2009

To: Supervisor Don Knabe, Chairman
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From: William T Fujioka
Chief Executive Officer

TRANSMISSION OF SERVICE INTEGRATION BRANCH/CHIEF EXECUTIVE OFFICE'S EVALUATION AND COST AVOIDANCE STUDY OF THE GENERAL RELIEF HOUSING SUBSIDY AND CASE MANAGEMENT PILOT PROJECT

With submission to your Board of the attached report, "The General Relief Housing Subsidy and Case Management Pilot Project: An Evaluation of Participant Outcomes and Cost Savings," the Service Integration Branch/Chief Executive Office (SIB/CEO) has now completed its study of results generated through participation in the Department of Public Social Services' (DPSS) housing subsidy pilot program for homeless General Relief (GR) recipients. Completion of the report coincides with DPSS' imminent release to the Board of a series of recommended actions for redesigning GR so as to make the program both more responsive to the needs of the County's indigent population and more cost effective. The report recommends countywide implementation of the piloted housing subsidy program. Likewise, a countywide roll out of the housing subsidy program will be one of the actions DPSS recommends as part of its efforts to restructure GR.

Background

DPSS implemented the GR Housing Subsidy and Case Management Pilot Project in September 2006. The pilot project is a voluntary program associated with Los Angeles County's Homelessness Prevention Initiative. The rationale guiding the pilot has been, in DPSS words, "to test whether assisting the homeless GR population with a rent subsidy and coordinating access to other necessary supportive services reduces homelessness, increases employment, and/or increases receipt of Supplemental

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Security Income (SSI) benefits.” In addition, the program tests the extent to which provision of rental subsidies and case management services to GR recipients helps reduce service utilization, thereby yielding cost savings for the County.

Recipients participating in the pilot must agree to pay \$136 from their GR grants to a landlord through a direct rent process, except for shared housing situations where the grant proportion attributable to rent is \$115. In return for this commitment on the part of participants, the pilot pays up to \$300 per participant per month in rental subsidies and provides one-time move-in assistance. Pilot participants also receive case management services from DPSS, which help facilitate access to needed services from departments such as Department of Health Services (DHS), Department of Mental Health (DMH) and Department of Public Health (DPH). The pilot is designed to assist a revolving total of 900 GR recipients at any one time, specifically focusing on three categories of recipients: (A) Employable recipients participating in DPSS’ GR Opportunities for WORK (GROW) program; (B) recipients potentially eligible for SSI; (C) chronically homeless recipients. DPSS selected six County District Offices in which to implement the pilot project: (1) District 14: Civic Center; (2) District 70: Metro Special; (3) District 8: Southwest Special; (4) District 7: South Special; (5) District 60: Rancho Park; (6) District 67: Lancaster.

SIB/CEO’s Outcomes Evaluation and Cost Savings Analysis

SIB/CEO’s examination of the GR Housing Subsidy and Case Management Pilot Project is based on analyses of trends and results in four areas: (1) Employment Outcomes; (2) SSI Eligibility Outcomes; (3) Homelessness Prevention Outcomes; (4) Cost Avoidance. Most findings presented in the report are based on comparisons between (a) groups of GR recipients who participated in the pilot between September 2006 and December 2008, and (b) comparable control groups of GR recipients who were on GR prior to the implementation of the pilot, between March 2005 and September 2006, and therefore could not participate in the pilot.

The Report’s Key Findings: Positive Outcomes and Millions in Cost Savings

In all three tested outcome areas – employment, SSI eligibility, and homelessness prevention – GR recipients who participated in the pilot fared better than the control groups with which they were compared. Moreover, SIB/CEO deployed the same record matching methodology used in the recently completed Adult Linkages Project in order to link DPSS administrative records for GR recipients with the recipient records of service utilization from DHS, DPH, DMH and Sheriffs. This was done for the purpose of analyzing the extent to which pilot participation offset participant service utilization and yielded cost savings. The results of this cost avoidance analysis showed that the positive outcomes pilot participation generated in the areas of employment, SSI

eligibility and homelessness prevention were achieved by means that simultaneously yielded millions in annual cost savings.

Some of the key findings presented in the report are as follows:

- Employable GR recipients participating in the pilot were almost twice as likely to find jobs as recipients in a control group of GR recipients who did not participate in the pilot.
- While 75 percent of the employed pilot participants observed for this study found their jobs during the same quarter they entered the pilot, only 50 percent of the employed GR recipients in the control group found jobs during the same quarter in which they entered GR.
- Almost half of the official decisions made on SSI applications coming from the observed group of pilot participants were approved. This approval rate was twice as high as the SSI approval rate observed in a control group of disabled GR recipients. Moreover, the number of SSI approvals in the observed group of pilot participants was five times higher than the number of approvals in the control group.
- After exiting the pilot, the extent of homelessness – measured as the percentage of time GR recipients are homeless over their tenure in the GR program – dropped from an average of 63 percent to an average of 17 percent for observed pilot participants who had prior histories of homelessness. By comparison, the average extent of homelessness for a control group of GR recipients dropped from 62 percent to 53 percent over the course of the group's observation period.
- GR recipients in a control group were 7.4 times more likely to become homeless while in the GR program relative to observed pilot participants after they exited the pilot program.
- It is estimated that the GR rental subsidy program generates an \$11 million net reduction in the utilization of County services over two years for 900 participants.
- For 900 disabled GR Housing Subsidy participants, the savings for the post-program year are estimated to be almost \$12 million, yielding a two-year net savings of over \$19 million based on a conservatively estimated 30 percent SSI approval rate. An additional ten percent increase in the SSI approval rate would yield another \$2 million in savings over two years.

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The concluding section of the report provides a series of policy recommendations based on these findings.

Next Steps

DPSS has assembled a workgroup for the purpose of restructuring GR so as to make the program more effective and efficient. The workshop consists of policymakers from multiple County departments serving the GR population, as well as the County's Public Social Services Commission, welfare and homeless advocates, policy researchers and analysts, and the CEO. Expansion of the GR Housing Subsidy and Case Management Pilot Project is one of the strategies the GR workgroup is currently considering in connection with the restructuring efforts.

The results of this evaluation demonstrate that the positive effects of participation in the GR Housing Subsidy and Case Management Pilot Project touch both GR recipients and DPSS as a department, and additionally extend to the other major County departments serving the GR population. The report underscores the urgency of expanding the pilot project and verifies that countywide implementation of the pilot should be central to the GR workgroup's efforts to re-make the GR program.

If you have any questions, please contact me or your staff may contact Manuel Moreno, Director of Research for the Research and Evaluation Services unit within SIB/CEO, at (213) 974-5849, or via e-mail at mmoreneo@ceo.lacounty.gov.

WTF:JW
KH:MM:am

Attachment (1)

c: Executive Officer, Board of Supervisors
County Counsel
Sheriff's Department
Interim Director of Health Services
Director of Mental Health
Director of Public Health
Director of Public Social Services