

COMPASS WORKING CAPITAL PARTNERS WITH HOUSING AUTHORITIES TO HELP LOW-INCOME FAMILIES BUILD WEALTH

The Family Self-Sufficiency (FSS) program provides a powerful opportunity for families to achieve their financial goals and reduce their reliance on public assistance. The FSS program combines three services:

1. Stable affordable housing;
2. Case management to help families access services needed to pursue employment and achieve other financial goals; and
3. A savings account that grows as families' earnings increase over a five year period.

Despite the FSS program's well-conceived design and [documented success](#), it has been historically underutilized by housing authorities around the country. The total FSS program was funded at \$75 million in 2011 and had 57,087 participating families; which is not even 1% of the roughly 5 million households participating in federal rental assistance programs.¹

Thought leaders in both the housing and asset development fields have long argued that the FSS program would benefit from both expanded public-private partnerships and targeted "asset building" reform.

[Compass Working Capital \(Compass\)](#) recognizes that increasing financial capability along with savings and assets plays a critical role in breaking the cycle of poverty and has the potential to promote financial well-being across the life span.

THE PROBLEM

Many traditional antipoverty programs that provide income supports have inadvertently created disincentives and barriers for families to work and achieve long-term financial stability. In 1990, the U.S. Department of Housing and Urban Development established the **Family Self-Sufficiency (FSS) program** to address these barriers. However, despite FSS' potential to promote employment, asset building and long-term financial security for recipients of federally subsidized housing, it has historically been underutilized and under optimized.

AN INNOVATIVE SOLUTION

Recognizing FSS' untapped potential as a scalable asset building program for Housing Choice Voucher and public housing residents, **Compass Working Capital (Compass)** launched an innovative model for the program in 2010. The Compass FSS model integrates an aspirational marketing campaign, financial education, financial coaching and other asset building strategies into the program's core delivery model.

HOW DOES IT WORK?

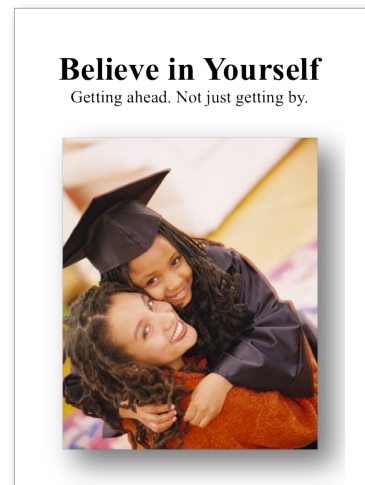
Compass collaborates with three housing authorities in Massachusetts: Lynn Housing and Neighborhood Development (LHAND), Cambridge Housing Authority (CHA), and Metropolitan Boston Housing Partnership (MBHP). Through these partnerships, Compass bolsters the FSS program with outreach, financial education and financial coaching to engage participants in building financial skills and savings.

- **MARKETING.** Compass believes that effective outreach strategies for FSS must tap into parents' deeply held aspirations for themselves and their children. Through marketing materials and orientation sessions, Compass frames FSS as a powerful opportunity to pursue financial dreams and goals. The main marketing tool is a

¹Emple, Hannah, [Asset-Oriented Rental Assistance: Next Generation Reforms for HUD's Family Self-Sufficiency Program](#), New America Foundation, 2013.

postcard to eligible Housing Choice Voucher and public housing residents informing them briefly about the program and inviting them to the next program orientation. Although this is a light touch, many participants have attended the orientation after receiving 2-3 postcards and are intrigued by the compelling images and messages of saving for a home or their child's education. Compass leads all of the marketing efforts on behalf of the housing authorities due to the limited resources available to them.

- **FINANCIAL EDUCATION.** Participants must complete three financial education workshops as a prerequisite to Compass FSS enrollment. Workshops provide a screen for motivation for participants and help establish key financial skills that are predictive of future financial well-being. The classes focus on three key concepts:
 1. Goal setting and budgeting;
 2. Credit and debt management; and
 3. Savings and Asset-building.



Example of Compass Marketing Postcard

At the CHA, 87% of participants who completed the workshops have gone on to enroll in Compass FSS.

- **FINANCIAL COACHING.** Participants receive ongoing, customized financial coaching from a Compass staff member who helps FSS participants reach benchmark targets in five core areas: income and employment, credit repair and debt management, savings, utilization of quality financial services and asset building.
- **LONG-TERM SAVINGS.** The Compass model focuses on optimizing FSS savings through strategic use of interim disbursements, such as paying down debt or covering expenses related to post-secondary education/training. The program also empowers participants with knowledge and confidence to use their FSS savings to invest in their targeted long-term asset goals, including small business development, homeownership, 529 college saving accounts and retirement.
- **EVALUATION.** Compass is committed to demonstrating client and program impact through rigorous data collection and analysis in an effort to constantly improve program engagement and optimize financial outcomes. In 2010, Compass engaged the [Institute on Assets and Social Policy \(IASP\)](#) at Brandeis University to develop and conduct an evaluation of the Compass FSS model. The focus of Compass' evaluation plan is to measure participant outcomes in core areas of financial security: income and employment, credit and debt, savings, utilization of high quality financial products, utilization of public benefits and asset development. In addition to tracking client financial security outcomes, Compass administers a qualitative survey to participants and tracks "process" measures related to program enrollment and retention.

WHAT'S THE IMPACT?

Compass FSS participants are predominantly working, single, female-headed households with children, with an average earned income of about \$23,000. A majority of program participants enter the program with significant credit and debt related issues and low confidence around their financial practices.² Despite these barriers to success, participants leave the program with improved financial footing and more self-reliance around making financial decisions. Early evaluations of the Compass FSS program are promising.

² Kimbrel, Delia and Venner, Sandra, [Compass Financial Stability and Savings Program Pilot Evaluation: Final Report](#), Prepared for Compass Working Capital by the Institute on Assets and Social Policy, March 2014.

Compass FSS has more than double the enrollment rates of the national average.

- LYNN: The enrollment rate in the second year was approximately 18% of the eligible population, which is approximately four times the national average for the FSS program.³
- CAMBRIDGE: The enrollment rate in the first year was 81 participants, or 8% of those eligible.⁴

Participants experience a significant increase in annual earned income.

- LYNN: After 12 months participants experienced an average annual income increase of \$2,916.⁵
- CAMBRIDGE: After 6 months participants experienced an average annual income increase of nearly \$2,000.⁶

Participants experience a substantial improvement in their credit and debt measures.

- LYNN: 60% have reduced their debt by an average of \$3,801 in the first 12 months.⁷
- CAMBRIDGE: 68% have improved their credit score by an average of 43 points in the first 12 months.⁸

Participants accumulate significant assets to purchase a home or attend school.

- LYNN: Twelve-months into the pilot 65 participants with funds in their escrow account had an average of \$1,524 saved.⁹
- CAMBRIDGE: Six months into pilot 16 participants with funds in their escrow account had an average of \$807 saved.¹⁰

By providing enhanced marketing to public housing and Section 8 residents and a robust set of services through financial education workshops and customized individual financial coaching, the Compass FSS program has demonstrated the motivation and ability of residents to successfully save, increase their income, improve their education and reduce their use of public benefits.

Using the FSS program's promising infrastructure allows Compass to make relatively small financial investments in services in order to see improved outcomes for the participants. In a time of cutting budgets and growing demand for low-income housing, public and private investments should capitalize on the FSS program that has the potential to lead more families off of benefits and towards long-term financial stability.

The author of this brief is Alicia Atkinson (aatkinson@cfed.org), Policy Analyst at CFED. Special thanks to Sherry Riva (sherry@compassworkingcapital.org), Executive Director at Compass Working Capital and Mabell Fernandez (mfernandez@compassworkingcapital.org), Business Development Manager at Compass Working Capital who shared their expertise to inform this brief.

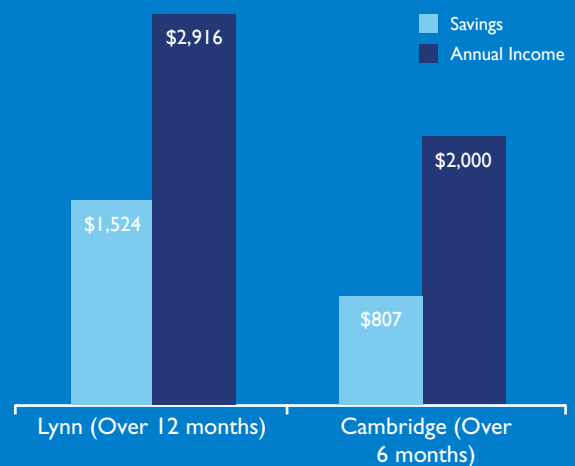
Successful marketing of the FSS Compass program: "[The postcard] caught my attention. I wanted to save for kid's college and that was on the postcard. The postcard was really encouraging. It was like, 'I can do this.'"

— Compass Participant

Benefits of financial coaching and resources: "Compass is dedicated to help people get out of being stuck...there are some people who want to try and do something. They just need a little hope and inspiration and they'll be alright. I think Compass is good for that."

— Compass Participant

FSS COMPASS PARTICIPANTS EXPERIENCE EARLY GAINS IN ANNUAL INCOME & SAVINGS



Source: IASP, 2013 & 2014

³ Kimbrel, Delia, *Compass Financial Stability and Savings Program Pilot Evaluation: Second Year Report*, Prepared for Compass Working Capital by the Institute on Assets and Social Policy, April 2013.

^{4,6,8,10} Kimbrel, Delia et. al., *Compass Financial Stability and Savings Program Pilot Evaluation: Final Report*, March 2014.

^{5,7,9} Kimbrel, Delia, *Compass Financial Stability and Savings Program Pilot Evaluation: Second Year Report*, April 2013.