

## The Impact of Direct-to-Family Dollars on Family Goal Attainment Lessons from FII

In September 2017, Family Independence Initiative (FII) partnered with the MetLife Foundation and joined other MetLife grantees in a cross-learning project to better understand how direct investments in families allow for mobility. Below is brief review of the FII model, two-year outcomes of our families, and our findings on how direct investments impact family goal attainment and mobility.

### **About the FII model**

FII trusts and invests directly in more than 3,100 low-income families (12,937 children, youth, and adults) at twelve sites across the nation so they can work individually and collectively to achieve prosperity. We do this by providing families with a technology platform that they use to strengthen existing and create new social networks, access financial capital and incentives, set goals and monitor progress, and support one another in achieving mobility.

FII gathers cohorts of six to eight families that share the desire to take initiative and change their lives, are able to make a two-year commitment to working on their goals, and are willing to provide data each month on their progress towards those goals. Each month, families meet with their cohort. They also gain access to FII's online ecosystem, *UpTogether*.

Through *UpTogether*, families:

**Access Networks of Peers:** *UpTogether's* community-building platform is a trusted space where families build social capital in the community — forming groups around common interests, sharing and collecting information and resources, getting support, and holding each other accountable.

**Set Goals and Journal Monthly:** Families enter information into their online journals about income and savings, health, education and skills, housing, leadership, and connections monthly—over 400 data points in all. Staff verifies this data with families (using financial statements, legal documents, etc.) every

quarter. We reflect family data back to them so that families can follow their own progress. By tracking their progress, families take control of their own success and gain financial literacy.

**Access Flexible Dollars:** After six months of participation, families gain access to the FII's *UpTogether Fund* (formerly the *Resource Hub*). The Fund gives families access to dollars to support their self-directed efforts and on their own timeline, accelerating their mobility.

By documenting the success of the families, we are growing a rich body of data that shines a light on the initiative, creativity, and leadership of low-income communities. Families leverage that data to further their goals, and we use it to shift how this country views and responds to poverty to create relevant new systems and markets in a new knowledge economy where entire communities thrive and everyone benefits.

### **Outcomes**

Median baseline total income for FII's average family of four is \$22,836/year or 91% of the 2018 federal poverty line. After two years of engagement with FII, the median total family income is \$27,528/year or 110% of the poverty line. On average, during two years of engagement with FII, families report:

- 22% increase in monthly income with a 55% decrease in subsidies such as TANF and SNAP.
- 58% increase in monthly business income (from \$190 to \$301) with 63% of new family-owned business activity since participating in FII.
- Total family liabilities increase from \$12,921 to \$32,521 primarily due to an increase in home, auto, and student loans.
- 88% and 94% families report their students have excellent, good, or improved grades and attendance, respectively.
- Families increase their monthly savings account balance from \$247 to \$1,084 and their total liquid assets from \$623 to \$2,582.
- Families save an average of \$1,039 through newly established Retirement Investment Accounts.

Every month we ask families to report on how they help and receive help from their friends, family, and neighbors, and if those exchanges were monetized, how much money they would be worth. Reviewing this data, we discovered that FII families have exchanged an estimated \$8,501,974 in social capital through activities like watching each other's children, cooking for one another, lending money, etc.

### **A Note About FII's New *UpTogether Fund***

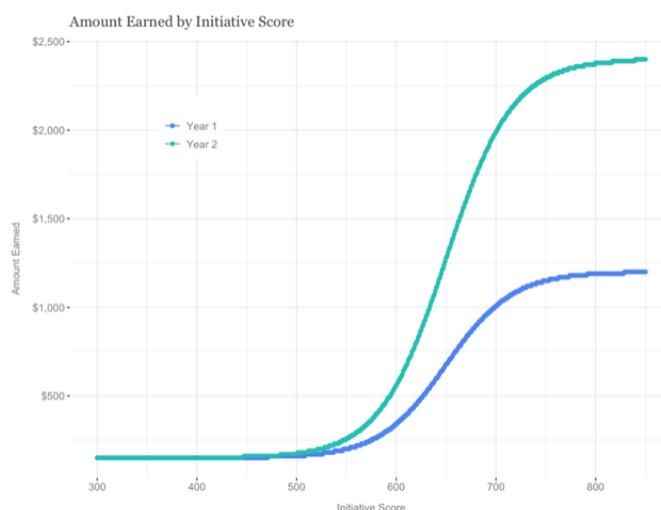
Based on feedback from families about the onerous and restrictive application and delayed distribution of direct-to-family dollars, we refined our direct-to-family

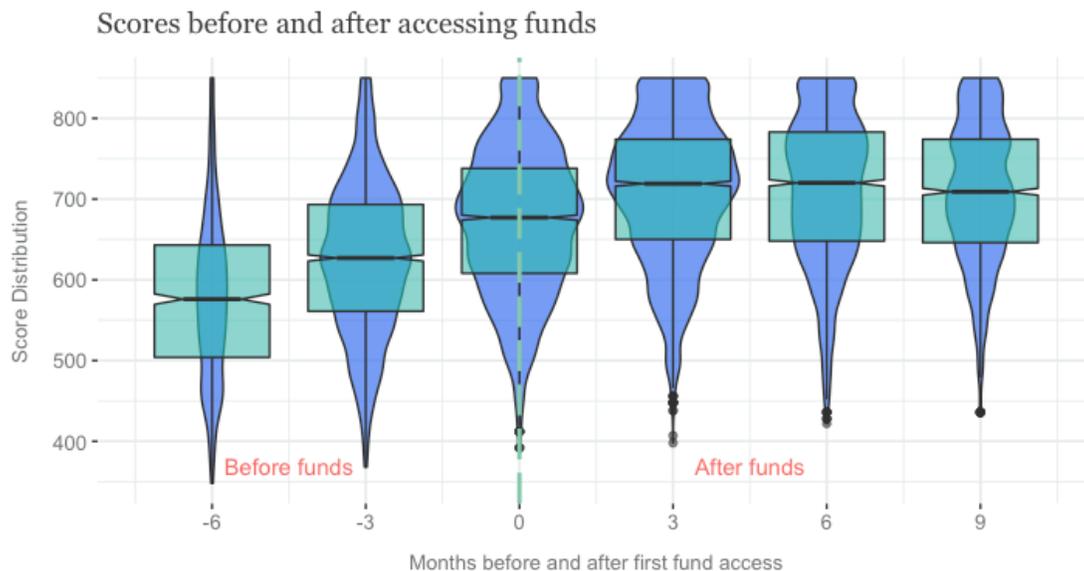
dollars with a simplified application process for and faster deployment of funds to families—renaming it the *UpTogether Fund*. Historically, direct-to-family dollars were bucketed in specific issue areas such as education and health, and families sometimes struggled to find ways to fit their goals to specific issues. Starting in December 2017, every dollar distributed to families is being done so using FII’s Initiative Score — the amount available pro-rated from the total \$1,200 available each year to any given family using the Score or \$2,400 maximum available to each family during their two years with FII.

The Initiative Score is an algorithm that utilizes the data we already collect on families and provides a comprehensive picture of assets, social, and professional networks and initiatives. We analyze indicators of family well-being using 70 step functions in the four general categories of Community; Financial; Health; and Youth & Family. The indicators include a range of ways in which a family takes initiative, such as participation in lending circles, volunteerism, income, assets, liabilities, density of social networks etc. The score in each of these categories is combined and the final Initiative Score is weighted to reflect the familiar FICO (300-850) scoring range. Families now see their Initiative Score and the dollars available for them on UpTogether when they log in.

This graph demonstrates the range of scores that families experience while in FII and the funds available for those scores. Although we continue to track for what and how families are using the funds, as well as their well-being, families no longer need to fit their initiative into narrow buckets. The application process is also much simpler— as it pulls on the data already provided by families, and deployment is faster — since it is an automated system.

When looking at UpTogether Fund access and the Initiative Scores of families, we see that, on average, families’ scores are rising when they first access funds, and their scores continue to increase after accessing these funds.





During the period of the grant, we collected data monthly on 1,710 families that were in their two years of partnership with FII and distributed \$2.7M direct-to-family dollars in technology, data, and fellowship stipends, for family and movement building events, and in capital resources through our *UpTogether Fund*. For the purposes of this research project, we analyzed this data and historic data collected on any families that had completed their two-year commitment to FII with two exceptions. Since families can access UpTogether Funds after participating in FII for six months, we analyzed data for all funds disbursed and any families that had accessed funds, especially as regarded the comparison between goals and funds.

### **The Impact of Direct Investment on Family Goal Attainment and Mobility: Key Findings**

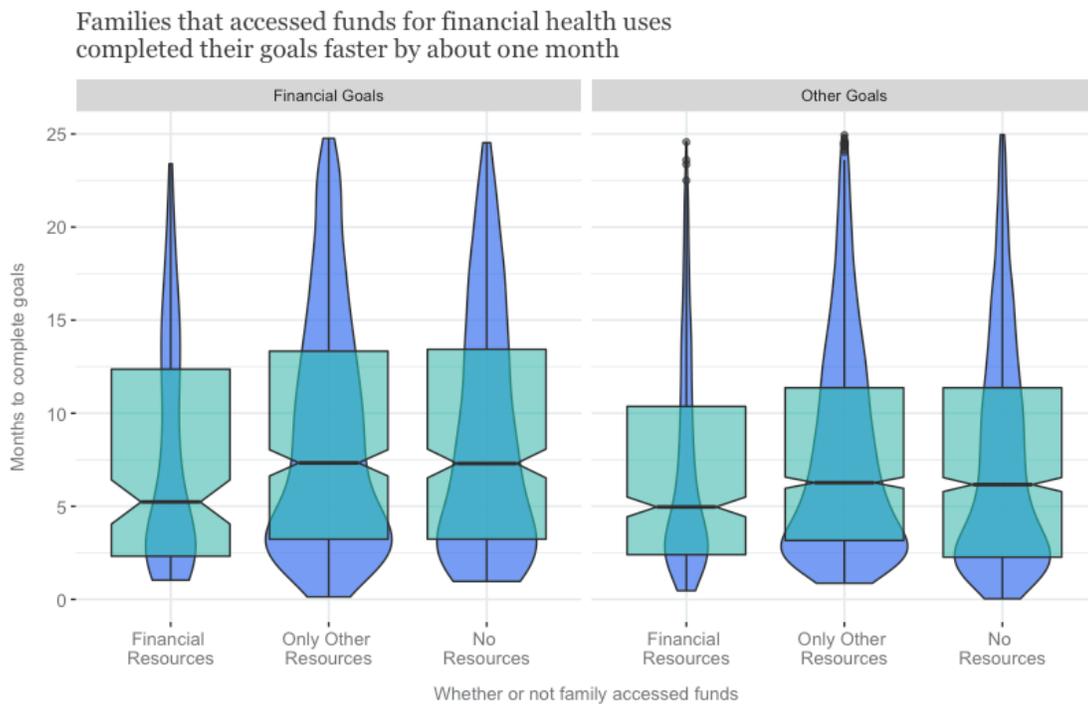
- Greater access to capital positively impacts goal completion, regardless of whether families use the capital specifically for the goal attained.
- Given the increased flexibility in using direct-to-family dollars offered by the new *UpTogether Fund*, more families use funds for their financial health, such as starting a savings account, paying bills, or reducing debt. With FII's Resource Hub, more dollars were distributed specifically for education, housing, and transportation.
- Supporting households' financial health leads to families also achieving their goals around education, improving their health and more. Families that report financial health reasons when accessing funds complete their goals faster and complete more of them on average, compared to families that did not access funds for this reason.

## Analysis

### Capital Access and Goal Attainment: Time to Complete Goals

Of families that have been with FII for at least two years and completed at least some of their goals, about 13% have accessed resources for reasons related to their financial health—paying bills, reducing debt, dealing with emergencies—reached their financial goals faster than other FII families.

For other goals, like supporting their children's education, improving their health, or spending time with family, the families that accessed resources for financial health reasons tended to complete their non-economic goals faster than families accessing funds for other reasons. Investing in families' financial well-being has wide ranging impacts, beyond economics.



### Goal Progress

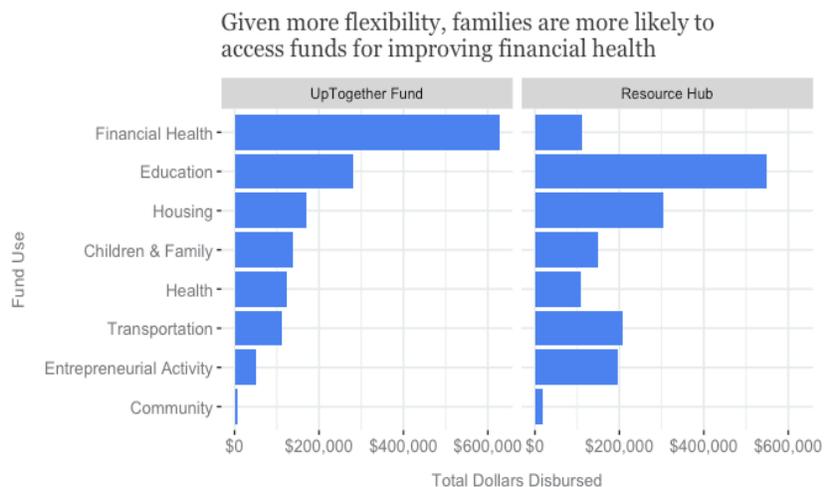
On average over the course of two years, households that accessed funds completed a greater percent of the goals they set for themselves. The graph below shows the difference between families that set financial goals and families that set goals such as improving their education or health, or investing in families or communities. Families that set any goal and accessed resources were more likely to complete their goals.

## Families that accessed funds are more likely to complete more of their goals in two years



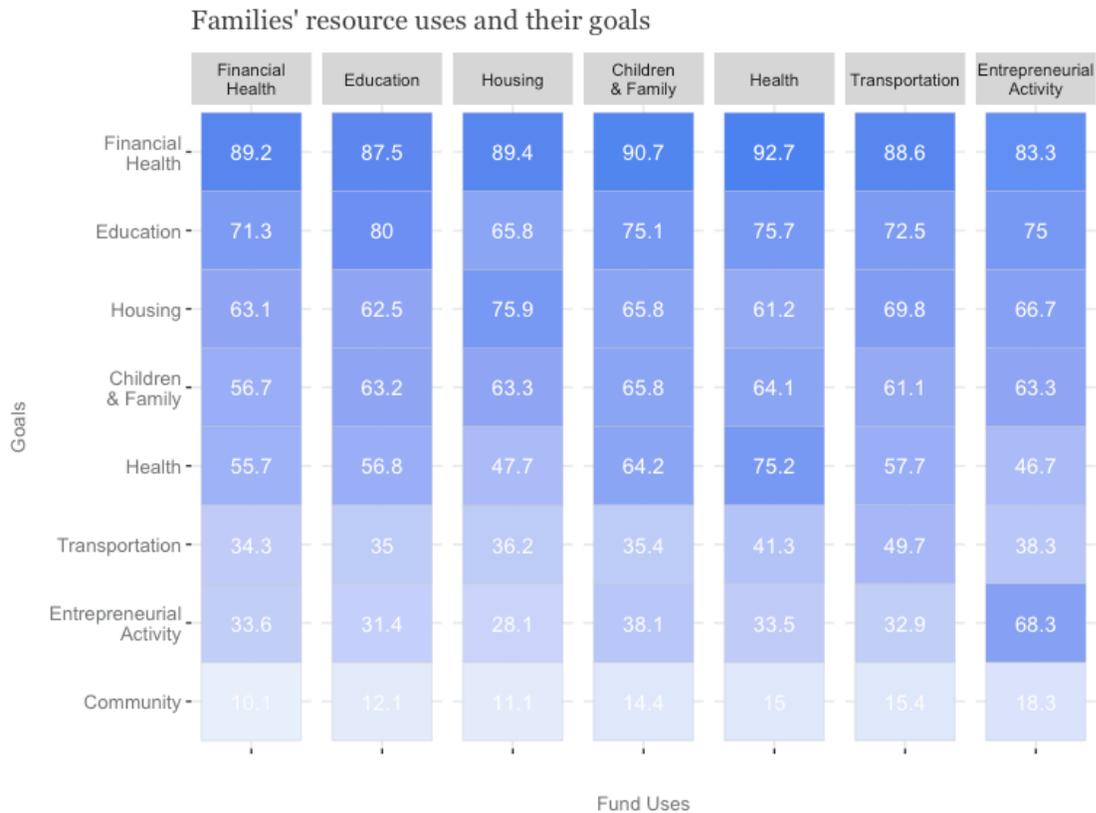
### Goals and Fund Use

Under FII's old *Resource Hub* more dollars were disbursed for educational purposes than any other use. With the change to the *UpTogether Fund*, and removal of silos defining how families can use their dollars, more dollars are being used for financial health, such as growing savings, paying bills, and reducing debt, than any other purpose. This graph shows the difference for the *Resource Hub* fund use (December 2016 to June 2017) compared to *UpTogether Fund* use (December 2017 to June 2018).



The chart below shows family goals by category compared to the stated use by category of *UpTogether Funds* drawn. For the most part, families' goals do not have a strong relationship to their fund uses, but we can see some relationship with health, business, and housing goals and funding. This may be because families set multiple goals for themselves, covering many aspects of their lives, but might only access FII resources once or just a few times. For example, a family may access funds for a family trip, because spending more time with their children is one of their goals, but they may also have goals to reduce their debt and eat more healthfully.

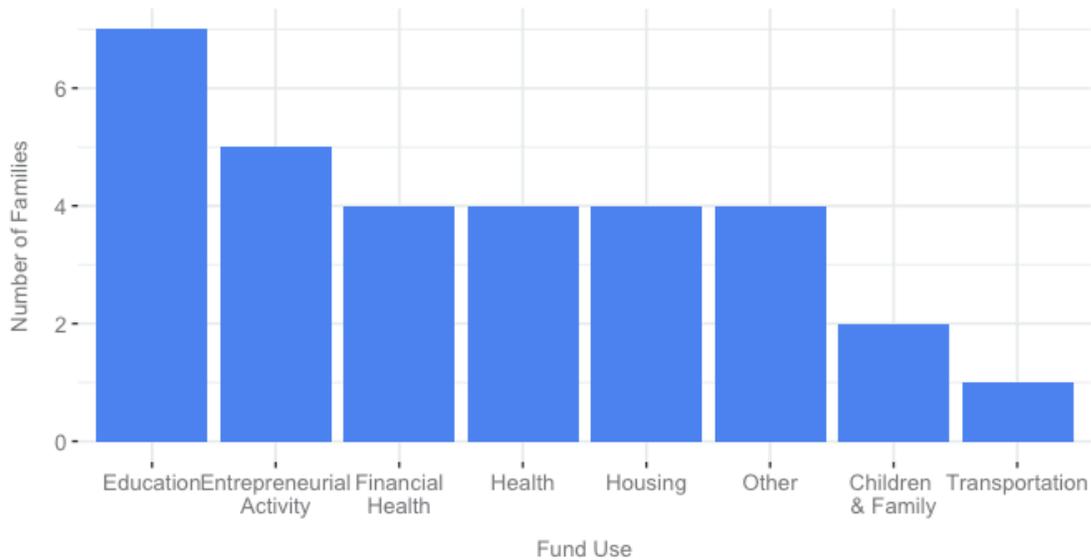
We can see that in any of these categories of fund access, families are also working toward other goals.



### Becoming Homeowners

Thirty-one families have become homeowners after accessing *UpTogether Funds*, and they accessed resources for a variety of purposes. This may be another example of how families' access to resources help them reach their goals, even if the funds are not targeted specifically at that purpose.

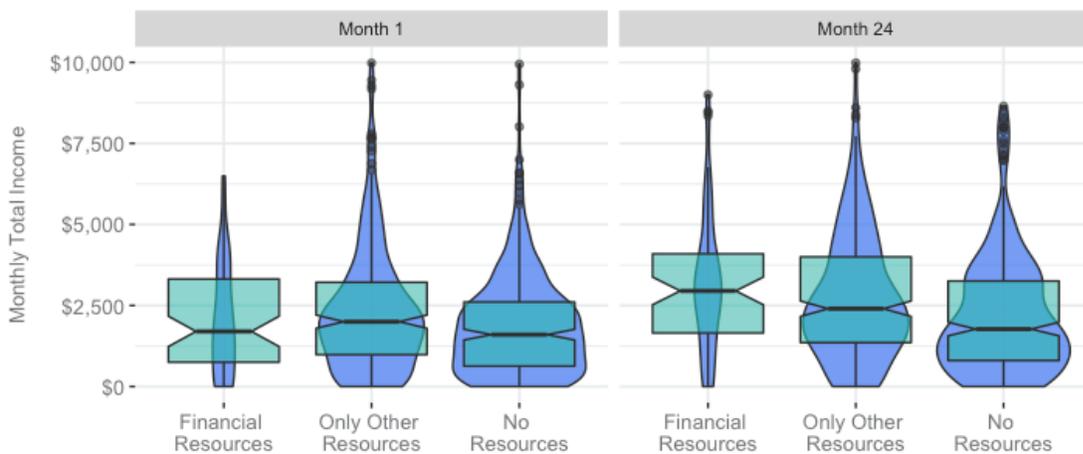
Families who became homeowners accessed funds for a variety of reasons



### Resource Access and Economic Mobility

On average, during the two years they partner with FII, families improve their economic and social mobility, as well as overall well-being. Resource access improves attainment of family goals and may also improve their overall economic well-being. Although not we did not find a strong relationship between resource access and increases in all family economic indicators, we did see some improvement in overall income for families that accessed UpTogether Funds for financial health and a slight improvement in overall income for those that accessed funds for other uses.

Families who access resources for financial health may have higher household incomes after two years compared to other FII families



## **Summary**

Direct access to capital positively influences attainment of goals for low-income families. When given the flexibility, these families primarily use this capital to improve their financial health and, in doing so, experience better goal attainment in nonfinancial goals such as improving their education and health, securing housing or transportation, investing in their families and more.

## Data and Metrics

Below is a table of select metrics gathered by FII through both our online monthly data journals and other periodic surveys conducted with families. Other metrics that are collected and inform FII's Initiative Score include:

- Participation in community programs, adult education classes or workshops
- Debt to income ratio
- Activity and participation on UpTogether
- Homeownership
- Health insurance coverage
- Financial changes
- Exchange of social capital and community engagement
- Goal setting and completion

activity_description <i>(of social capital activity)</i>	fbe_apply_for_loan <i>(choice &amp; control survey)</i>	liability_student_loan
address	fbe_ask_role_model <i>(choice &amp; control survey)</i>	liability_taxes
amount <i>(of disbursement from UpTogether Fund)</i>	fbe_broad_set <i>(choice &amp; control survey)</i>	liability_tickets
assets_balance	fbe_business_loan <i>(choice &amp; control survey)</i>	liabilityfii_loan
assets_bank_account	fbe_develop_plans <i>(choice &amp; control survey)</i>	met_with_friends
assets_cash_on_hand	fbe_feel_stuck <i>(choice &amp; control survey)</i>	met_with_friends_detail
assets_checking	fbe_get_training <i>(choice &amp; control survey)</i>	middle_name
assets_comment	fbe_improve_credit <i>(choice &amp; control survey)</i>	neighborhood_score <i>(family rating of happiness with their neighborhood)</i>
assets_number_of	fbe_job_resources <i>(choice &amp; control survey)</i>	neighborhood_score_reason

assets_other	fbe_lead_a_group <i>(choice &amp; control survey)</i>	number_of_members <i>(household composition)</i>
assets_personal_loan	fbe_lot_of_people <i>(choice &amp; control survey)</i>	organization_code
assets_ria	fbe_percent <i>(choice &amp; control survey)</i>	organization_name <i>(Family member participation in programs like education activities, social service programs, etc.)</i>
assets_savings	fbe_role_models <i>(choice &amp; control survey)</i>	other_work_income
audit_status	fbe_save_money <i>(choice &amp; control survey)</i>	other_work_income_change
birthday	fbe_take_risks <i>(choice &amp; control survey)</i>	other_work_income_change_other
book_amount_paid <i>(this is the amount families paid to participate in social services programs)</i>	fbe_total <i>(choice &amp; control survey)</i>	other_work_income_per_capita
book_estimated_value <i>(this is the amount families estimate the value of social capital exchanges with other families)</i>	fbe_training_program <i>(choice &amp; control survey)</i>	participant_attendance_coded <i>(this refers to participation in other social service programs)</i>
business_income	food_stamp_income	participant_attendance_reason <i>(this refers to participation in other social service programs)</i>
business_income_change_reason	food_stamp_income_change_reason	participant_performance_coded <i>(this refers to participation in other social service programs)</i>
business_income_per_capita	gender	participant_performance_reason <i>(this refers to participation in other social service programs)</i>
ca_works_income	gm_ability_to_get_ahead <i>(choice &amp; control survey)</i>	payment_method <i>(for doctor visits)</i>
ca_works_income_per_capita	gm_can_always_change <i>(choice &amp; control survey)</i>	percent_area_median_income
care_score <i>[How the individual family member rates the health care they received (1 to 5)]</i>	gm_no_matter_where <i>(choice &amp; control survey)</i>	percent_poverty

child_support_income	gm_percent ( <i>choice &amp; control survey</i> )	primary_language
child_support_income_change_reason	gm_total ( <i>choice &amp; control survey</i> )	program_name ( <i>this refers to participation in other social service programs</i> )
child_support_income_per_capita	gm_try_new_things ( <i>choice &amp; control survey</i> )	program_rating ( <i>this refers to participation in other social service programs</i> )
community_advice ( <i>these reference questions on FII's choice &amp; control survey</i> )	group_code	program_rating_reason ( <i>this refers to participation in other social service programs</i> )
community_econ_resources ( <i>choice &amp; control survey</i> )	health_access ( <i>choice &amp; control survey</i> )	program_type ( <i>this refers to participation in other social service programs</i> )
community_good_things ( <i>choice &amp; control survey</i> )	health_comment ( <i>choice &amp; control survey</i> )	program_willing_to_pay ( <i>this refers to participation in other social service programs</i> )
community_health_ideas ( <i>choice &amp; control survey</i> )	health_happy ( <i>choice &amp; control survey</i> )	registered_to_vote
community_healthy ( <i>choice &amp; control survey</i> )	health_percent ( <i>choice &amp; control survey</i> )	rental_income
community_help_given	health_total	rental_income_amount
community_help_given_cumulative_sum	healthcare_quality	rental_income_amount_change_reason
community_help_given_detail	hospital_name	retirement_income
community_help_given_int	housing_comment	retirement_income_change_reason
community_help_received	housing_happiness_improve	sc_many_jobs ( <i>choice &amp; control survey</i> )
community_help_received_cumulative_sum	housing_happiness_improve_other	school_name
community_help_received_int	housing_happiness_improve_steps	score_reason
community_help_recieved_detail	housing_happiness_reason	secondary_language
community_participate ( <i>choice &amp; control survey</i> )	housing_happiness_score	ssdi_income

community_participate_more <i>(choice &amp; control survey)</i>	housing_score <i>(family rating of happiness with their neighborhood)</i>	ssdi_income_change_reason
community_percent	housing_score_reason	ssi_income
community_projects <i>(choice &amp; control survey)</i>	housing_subsidized_amount	ssi_income_change_reason
community_total	housing_type	ssi_income_per_capita
community_trust_neighbors <i>(choice &amp; control survey)</i>	investment_circle	state
community_victim <i>(choice &amp; control survey)</i>	is_lmi	support_best_scholarships <i>(choice &amp; control survey)</i>
distribution_date <i>(of UpTogether Fund dollars)</i>	join_date	support_best_schools <i>(choice &amp; control survey)</i>
doctor_payment	journal_date	support_borrow_money <i>(choice &amp; control survey)</i>
doctor_visit	keywords <i>(keywords used in a family story)</i>	support_lawyer_recommend <i>(choice &amp; control survey)</i>
doctor_visit_date	leadership_book_estimated_value_average	support_recruit_volunteers <i>(choice &amp; control survey)</i>
doctor_visit_happiness	leadership_book_estimated_value_sum	total_entitlement_income
doctor_visit_happiness_average	leadership_comment	total_entitlement_income_per_capita
doctor_visit_happiness_reason	leadership_provided_flag <i>(whether a family showed leadership by providing social capital to others)</i>	total_income
doctor_visit_number	lending_circle	total_income_per_capita
doctor_visit_other	liabilities_balance	total_income_witheitc
doctor_visit_reason	liabilities_comment	total_subsidies
education_level	liabilities_interest_rate_average	total_subsidies_plus_housing
Eitc <i>(Earned Income Tax Credit income)</i>	liabilities_interest_rate_weighted_average	total_work_income
eitc_change_reason	liabilities_number_of	total_work_income_per_capita
eligible_to_vote	liability_auto_loan	transitionalma_income

email	liability_bank_loan	unemployment_income_change_reason
employment_income	liability_business_loan	unemployment_income_per_capita
employment_income_change	liability_child_support	<i>Use (Categorization of how the family used UpTogether Fund dollars based on a textual description provided by the family)</i>
employment_income_change_reason_other	liability_court_fees	<i>visit_reason (for health care visits)</i>
employment_income_per_capita	liability_credit_card	voted
ethnicity	liability_lending_circle	workers_comp_income
family_lead_activity_detail	liability_mortgage	zip_code
<i>fbe_accessto_resources (these are questions on FII's choice &amp; control survey)</i>	liability_other	