Findings of interviews with graduates of Family Self-Sufficiency programs co-administered by Compass Working Capital and three Massachusetts housing agencies

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Introduction

The U.S. Department of Housing and Urban Development's (HUD) Family Self-Sufficiency (FSS) program, administered locally by public housing agencies or private subsidized housing owners and their partners, is designed to help families receiving rental assistance to increase earnings, build savings, and achieve other goals that they identify. This report details findings from interviews with 17 participants who graduated from one of the FSS programs that the nonprofit Compass Working Capital (Compass) has administered in partnership with the Cambridge Housing Authority (CHA), Lynn Housing and Neighborhood Development (Lynn), and Metro Housing|Boston (Metro Housing).[1] In addition to this study, Compass and HUD have contracted with Abt Associates to conduct qualitative companion studies on the experiences of Compass-administered FSS program participants who exited the program without graduating, eligible households that have not enrolled in Compass-administered FSS programs, and participants in an opt-out version of the FSS program for which Compass conducted a demonstration study in two public housing developments in partnership with CHA. This research also builds on an earlier quasi-experimental impact study and cost-benefit analysis showing promising results, that Abt Associates conducted for Compass and HUD (Geyer et al. 2017 and Dastrup et al. 2017). A fall 2021 release is expected for follow-up impact and cost-benefit studies.

Compass is a nonprofit organization that partners with public housing agencies and private owners of affordable housing to deliver an asset-building and financial coaching model of FSS. In the FSS programs that Compass administers in partnership with CHA, Lynn and Metro Housing, Compass provides financial coaching to participants to help them build financial capability, improve their credit and debt profiles, build durable financial skills and increase their earned income.[2] As with all FSS programs, participants build savings in a program-administered escrow savings account that grows as families' earnings and rent payments grow. Participants only receive the full amount they accumulate in escrow savings if they persist in the program and successfully graduate by meeting program requirements and achieving self-selected goals within five years.[3]

This retrospective study seeks to understand graduates' experiences of the FSS program and any changes in their lives or behaviors they attribute to participation in the program. The study is based on semi-

[1] Compass administered FSS in partnership with Lynn Housing and Neighborhood Development (the public housing authority) from November 2010 through December 2018 using the Compass FSS model. The FSS program is now administered directly by Lynn housing authority. Compass was administering the FSS program at the time that interviewees graduated from the program.

[2] A summary of Compass' approach to FSS can be found at www.compassworkingcapital.org/fss.

[3] Where programs deem appropriate, participants may be granted an extension of up to two additional years.

structured interviews, conducted in June and July 2020 with a sample of 17 participants from the CHA, Lynn, and Metro Housing FSS programs who graduated in 2017 or 2018 (two to three years prior to the interviews). Fifteen of the interview participants also completed a brief survey on current financial behaviors and experiences. These interviews were conducted during the COVID-19 global pandemic, which may have affected participants' experiences since graduation from the FSS program.

The following are the key findings from our analysis of these interviews:

- Overall, interviewees demonstrated important learning from the FSS program, improved financial well-being and progress towards achieving long-term goals.
- Most of the interviewees achieved personal goals during, or after graduating from program.
- Many interviewees report benefitting from mindset changes such as increased self-confidence and empowerment through participating in the FSS program, which they found helpful when managing challenging financial situations after graduation.
- Some interviewees reported large improvements in their circumstances, such as changes in employment and housing, as a result of participating in the FSS program.
- The interviewees identified goal-setting, with financial coaching, and the escrow account as critical to achieving their goals and building financial resilience and self-efficacy.
- COVID-19 provided a window into interviewees' ability to cope with challenging experiences. Some interviewees had been financially impacted by COVID-19 and reported they were able to use skills learned in the FSS program, as well as the funds remaining from their escrow savings, in order to manage financial stress.

The report that follows begins by reviewing the methodology and sample characteristics. It then discusses the key findings outlined above, addressing the following thematic areas: interviewee program experience, changes in graduates' financial lives, changes in graduates' housing and employment, and graduates' resilience. After discussing the mechanisms through which FSS appears to have helped these graduates, the report concludes by reviewing suggestions for improving the FSS program emerging from the findings and recommendations by interviewees.

All interviewees' names used in this report are pseudonyms designed to protect their privacy.

Methodology and Sample Characteristics

Abt staff conducted 17 one-hour semi-structured interviews with FSS program participants who graduated from the CHA, Lynn, or Metro Housing Compass FSS program in 2017 or 2018 (two to three years prior to the interviews). Three of these individuals had re-enrolled in the FSS program for a second time after graduating.[4]

Recruitment Process

Because of the relatively small number of FSS program participants who graduated during the two-year period of 2017 and 2018 at CHA (32), Lynn (18), and Metro Housing (7), Compass and Abt staff actively recruited interview participants from the entire population of graduates by e-mail, phone, and text message. The ultimate sample of interviewees consists of those individuals the study team were able to reach by one of these modes and who agreed to participate in an interview. Interviewees were provided

4 Re-enrollment in FSS after graduation is permissible, so long as the host PHA allows it. Based on an analysis of Compass Working Capital administrative data, about 13 percent of graduates of FSS graduates in CHA, Lynn, and Metro Housing have re-enrolled in the program.

with a $50 VISA gift card in appreciation of their time. Figure 1 summarizes interviewee and response characteristics.

Because of response patterns, the study sample of FSS graduates includes far more interviewees from CHA than Lynn or MHB (CHA graduates comprise 76 percent of the interview sample). Just 1 graduate actively refused to participate in the study, and an additional 39 graduates did not respond to recruitment efforts.[5] Abt staff interviewed all of the remaining individuals – a total of 17 interviewees. While originally planned as in-person interviews, these interviews were conducted by phone due to the COVID-19 pandemic, in line with Abt's COVID-19 protocols.

Figure 1: Characteristics of Sample Compared to Graduate Population (percentage of population and sample by PHA)

	CHA	Lynn[a]	Metro	Total
Total in population	32 *56%*	18 *32%*	7 *12%*	57 *100%*
Active refusal	1	0	0	1
Non-responsive	18	15	6	39
Study sample	13 *76%*	3 *18%*	1 *6%*	17 *100%*

Source: FSS program data provided by Compass Working Capital

[a] includes both Lynn voucher holders and statewide program voucher-holders located in Lynn (administered by Lynn)

Participants are identified as non-responsive if they did not respond to recruitment outreach by phone, text or email. The one participant who responded to recruitment outreach but said they did not wish to participate in the study is identified as an active refusal.

Methodology and Data Reviewed

Before holding the interview, we asked graduates who agreed to an interview to complete a short online survey using a subset of questions from the Compass Financial Well-being survey administered by Compass to all participants in their FSS programs. A total of 15 out of the 17 interviewees completed the survey. Subsequently, we conducted one-hour semi-structured interviews with each participant. Interviews were designed to elicit information about changes in their housing and employment, financial behaviors, financial well-being, and opportunity to meet personal goals following graduation from the FSS program. Interview questions also focused on participant experience while in the FSS program. After completing the interviews, Abt staff applied qualitative coding to the interview transcripts using NVivo qualitative analysis software and drew out key themes from the data. Initial codes were established based on interviewer observations and research questions and adjusted and expanded by coders as new themes emerged. For initial coding, Abt coders double-coded a transcript and reviewed it together to ensure intercoder reliability. The research team conducted additional data validation when reviewing coded data, making any needed adjustments and corrections. The research team wrote analytic memos and conducted an analysis workshop to outline the findings from the analysis. Additionally, Abt staff analyzed results of the survey questions.

Findings

In this section, we detail our principal findings, grouped into four topic areas:

1. Interviewee Goals
2. Experience while in the Program
3. Post-Graduation Changes in Interviewees' Lives
4. Post-Graduation Experiences during COVID-19.

[5] It is not possible to know why graduates contacted did not respond. Non-response may have been driven by passive refusals, outdated contact information, or both.

1. Interviewee Goals

In this sub-section, we review findings related to interviewees' goals and their capacity to achieve these goals.

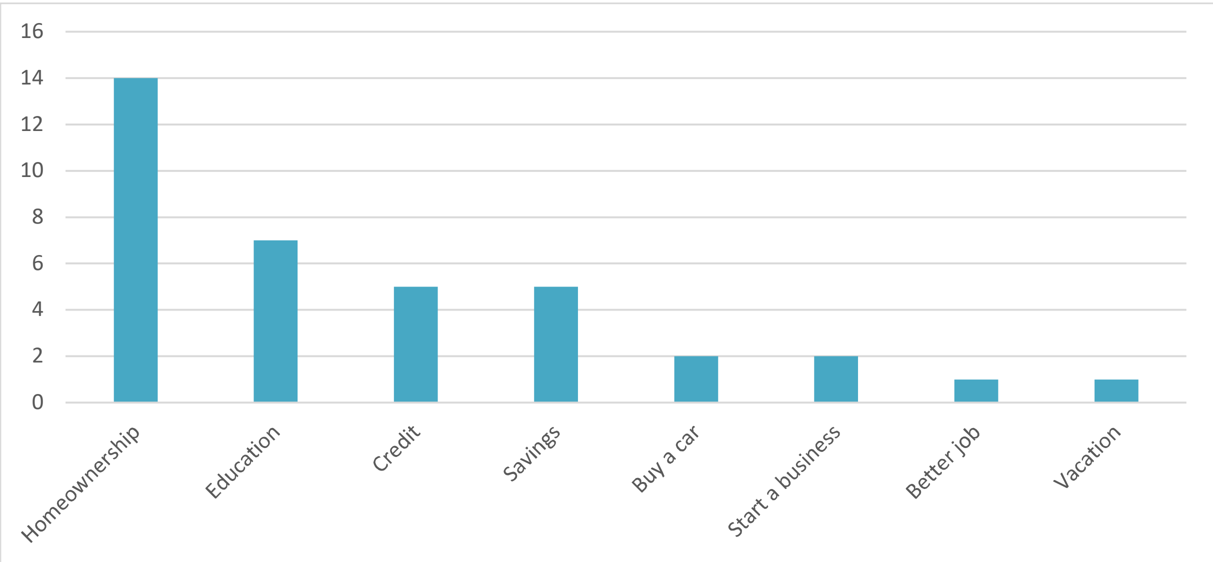
Interviewee Goals and Motivations

Interviewees joined the Compass FSS program initially because they were motivated by the hope of becoming homeowners, saving for their own or their children's education, improving their credit, or building retirement savings. Interviewees usually achieved at least one of the goals they had set for themselves when entering the program, more often reaching goals related to improving credit, paying for education and building a savings fund in general.[6] Homeownership was a strong motivation for most interviewees and had been achieved by four graduates by the time of the interviews.[7] Escrow savings played an important part in helping interviewees make progress towards their goals.

Interviewees Wanted to Build Assets to Achieve Homeownership, Pay for Education, Improve Their Credit, and Build Retirement Savings

More than three-quarters of the interviewees said that they wanted to build savings, at least in part, to help them achieve homeownership. Most interviewees also had goals of saving for their own or their children's education or to address their credit (either by establishing or improving their credit). Nearly one-third of interviewees wanted to save to build their retirement security. A small number were interested in buying a car, starting a business, getting a better job, or taking a vacation. Figure 2 shows the goals that interviewees identified in their interviews. Note that fifteen participants had more than one goal—only two had one goal.

Figure 2: FSS Program Goals of Graduates Interviewed



NOTE: Most interviewees described more than one goal (n=15), so the total number of goals exceeds the total number of interviewees.

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6 For the purposes of this report, we focus on the goals participants say they had for themselves upon entering FSS, which may have been more ambitious than the formal program goals they set with their coaches and needed to meet in order to graduate. For example, a participant may have a goal of homeownership, but the goal they must meet in order to graduate from the FSS program is to complete a homebuyer course.

7 Most of the graduates interviewed were graduates from the CHA program. The cost of buying a home in Cambridge is high, making staying in Cambridge and becoming a homeowner a challenging proposition.

Goals Achieved in the Program

As described above, some interviewees had goals of improving their credit and attaining education and training for either themselves or their children–goals they mostly achieved, with only a few exceptions. In addition, most interviewees had a goal of homeownership; about one-quarter of these interviewees (4) owned homes by the time of the interview.

Katrina was one of the interviewees able to achieve her homeownership goal. She entered the program with a goal of saving to buy her own home. Katrina took a local homebuyers course. She was able to accumulate $10,000 in her escrow account. By saving $200 a month into a separate savings account, she accumulated another $5,000. With her escrow and personal savings she made a down payment on a two-family property and is now able to rent out one apartment to help cover the mortgage. She describes her living situation as greatly improved.

Two interviewees were able to purchase their home with additional resources beyond accruing FSS escrow savings, improving credit, or gaining skills from financial coaching. Lillian achieved her goal of purchasing a home in this way. While the savings she accrued in the FSS program were part of the equation, Lillian reported that she was only able to afford the house as a result of getting homebuyer support that she called a "housing lottery,"[8] which she considered to be a potentially once-in-a-lifetime opportunity. This support was from another program, not connected to FSS.

At the time of the interview, many of the interviewees who had not yet met their homeownership goals (n=10) still aspired to own a home. For example, Olivia was excited about the opportunity to own a home and described this as her primary motivation for enrolling in the FSS program initially. She joined a homebuyers course towards the end of her time in FSS and was preparing to start searching for houses when her daughter suffered a serious medical crisis. Olivia put off her goal of homeownership to care for her daughter, but she did not use the money saved through FSS escrow for medical expenses. As of the time of the interview, three years later, she planned on continuing her search and putting her $18,000 of savings from the FSS program towards a down payment on a home.

Jill also had homeownership goals she had not yet achieved. She entered the FSS program with multiple goals: she aspired to own her own home, send her daughter to college, and to start a business. Upon completing the program, she successfully accomplished one of these; she sent her daughter to college. She described this moment as being extremely gratifying and had such a positive experience that she ended up re-enrolling in FSS. Upon completing the program for a second time, Jill has saved $19,000 that she is continuing to build upon and plans to put towards her business and a house.

Figure 3 provides detail on the breakdown of interviewees who attained the personal goals they set out at the start of the FSS program and those who did not.[9] It shows that the graduates we interviewed were most successful in meeting their education and credit goals. In addition, at least half of the individuals who said they had goals of building savings, buying a car, or starting a business succeeded in achieving these goals. As described above, while many had homeownership goals, only a few had purchased homes by the time of the interviews. One aimed to save enough to take a vacation and met this goal. Another had a goal of getting a better job but had not yet achieved this goal. In total, 13 of the 17 interviewees reported that they had achieved at least one of the goals they set out to accomplish.

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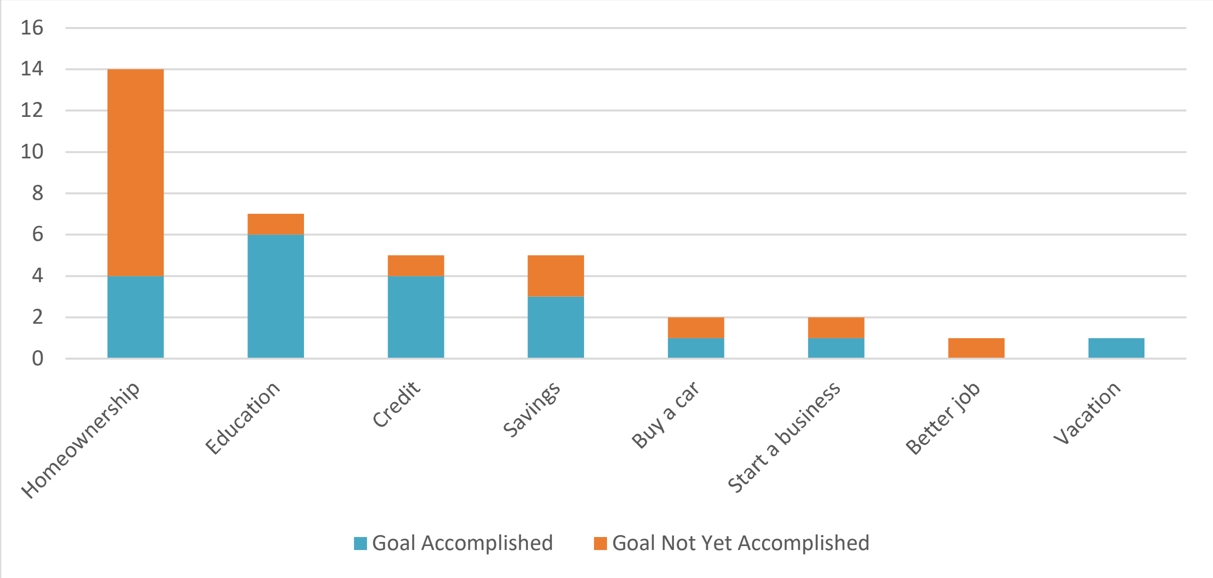
[8] The "housing lottery" is a homeownership program where potential homeowners are put into a lottery for the opportunity to own an affordable home.

[9] The personal goals we asked participants about were not necessarily the same as the formal goals they listed on their Individual Training and Services Plan (ITSP), which must be met in order to graduate from FSS.

Figure 3: Interviewees—Goals at FSS Enrollment by Whether Achieved or Not



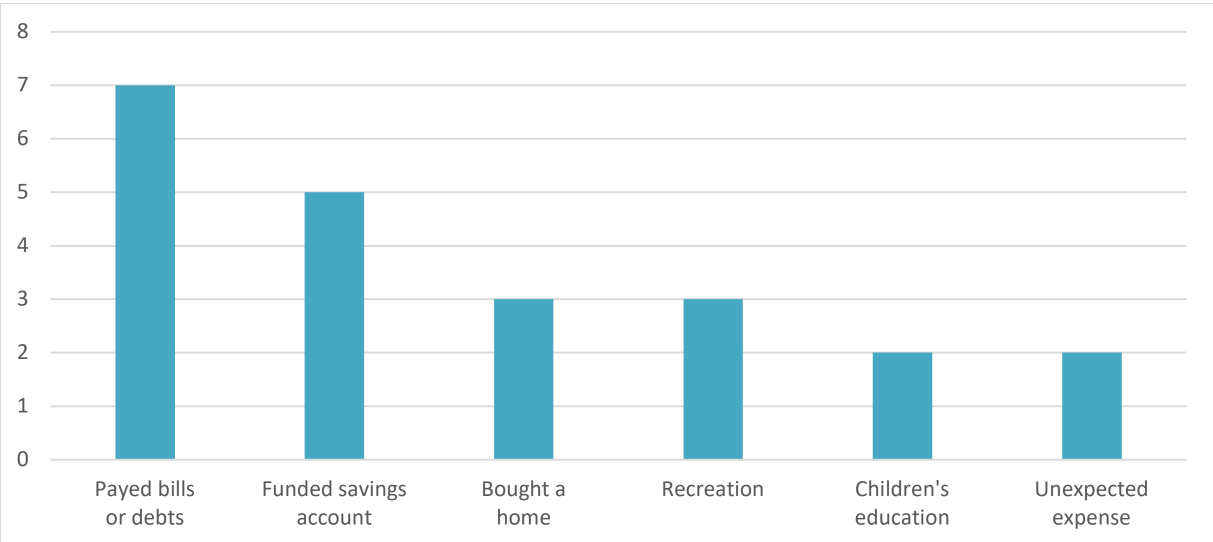
NOTE: "Goals Accomplished" and "Goals Not Yet Accomplished" add up to total number of interviewees who reported each goal.

Uses of Escrow Funds

Interviewees Frequently Used Their Escrow Funds to Achieve Their Goals

Interviewees reported using their FSS escrow funds for a range of purposes, usually in support of achieving one or more of the goals with which they entered the FSS program. For example, Jill, who participated in the program twice, set out the first time to save and use her escrow savings for her daughter's education. Following her first graduation from FSS, she used her escrow payments to pay for her daughter's college tuition and college moving expenses. She said: "*It was very gratifying because when I needed the money, it was there and I used it for the goal that I had*." Figure 4 shows how interviewees reported using their escrow savings.

Figure 4: Interviewees' Reported Uses of Escrow Funds



NOTE: Some interviewees reported using escrow funds for more than one purpose, so uses of escrow sum to more than the total number of interviewees.

Two of the 17 interviewees reported using their escrow to cover an unexpected expense, rather than a pre-identified goal. For example, Lauren initially planned to use her escrow money for a down payment on a house. However, she reported being unable to meet her goal because of her mother's unexpected death close to her graduation date. Instead, she used her escrow to cover all the funeral expenses, "*Yeah it went to all our expenses, you know because it [the funeral] was out of state and I had to travel so. Lodging and travel, stuff like that and all the little stuff that happens at that time*." Despite disappointment that she could not use the savings towards the goal of buying her own home, she noted that she was lucky to have the escrow savings money to cover these expenses: *"… I don't know what it would've been. So I am just grateful that I didn't have to face that*."

While the two interviewees who had to use their escrow for unexpected needs were not able to use the funds to achieve their goals, their escrow savings served as important asset buffers for an emergency expense. In the absence of the escrow savings, these interviewees may have incurred debt, overburdened family and personal financial networks, or damaged their well-being and stability in other ways.

About one-third of interviewees had not yet spent all of their escrow savings, opting to keep the remaining money in a savings account. Several of these interviewees used some of the money for other purposes but kept a portion in their savings account as an emergency fund. Christine spoke about how she used some of her savings to cover expenses when COVID-19 began. "*I actually saved it and when the pandemic came, I ended up dipping into it a little bit but then like I said, the PUA [Pandemic Unemployment Assistance] came and so I still have some of the money*." Christine's savings were important in creating resilience, but she also planned to build her savings back up since she wanted to go on a vacation with her son. "*And like I said, me and my son have saved some money for a trip and we're on the verge of saving again, so I still have the money that I did have remained and was put towards that*."

2. Experience in the Program

Interviewees reported mostly positive experiences in the FSS program, particularly with the financial coaching. The main complaint raised by interviewees was the high turnover of Compass financial coaches, echoing feedback from FSS participants who exited the FSS program without graduating.

Interviewees Had a Range of Positive Program Experiences

All interviewees reported positive experiences with the FSS program. These positive experiences were predominantly related to the skills they learned through financial coaching. All but one expressed appreciation for the support and advice they got from their financial coach. A couple of interviewees talked about the value of free "financial advising". One interviewee explained "*I like the fact that I have a free financial advisor. A friend of mine's like, they're expensive. I had a free financial advisor who helped me work with my finances."*

Most interviewees felt supported in the decisions they made (n=16), even though the expectations that came with coaching could be challenging or intimidating. Chloe described how intensive some of the budgeting work with her coach was. "*Well, it was very detailed. We took a real hard look at what all my expenses are. Really, my coach really challenged me to take a look at what my spending is and whether it was necessary. And so, I did learn through that time period how to cut costs and how not to waste money. We definitely looked at numbers."*

Some interviewees noted that the FSS coaches provided accountability. For example, Christine said: "*There was times when I was slacking and she would kind of reel me back in…*". Christine also described spending a lot of money on family members to help them out. Her coach helped her to understand that she could not afford to keep doing this. She said: *"… they help you to realize how much money you are or are not making. And the reality of it is I was not making the money that I thought even though it was available to me at the time. … It always left me really in a bad predicament. So, I kind of learned to say no."*

Others pointed to concrete advice and recommendations on day-to-day financial behaviors that they learned from their coaches. Speaking of her coach, Shayleen said: "*She just taught me so, so much … I still use a lot of that to this day where I'm able to just be smart and savvy about making sure that I'm not paying interest on any credit card transactions that I may have but especially if I feel like I may carry a balance or whatever if I have an opportunity to transfer credit -- transfer a balance I can do that and have that be interest-free for the most part, so just really a lot of great tips that I just wasn't aware of.*"

Some interviewees noted that certain coach characteristics and practices fostered a more trusting relationship. For example, several interviewees talked about the importance of empathy and an absence of judgment from the financial coaches which helped these interviewees feel comfortable discussing their finances. Other interviewees spoke about the flexibility of the coaches to work around interviewees' schedules, including offering times to meet in the evenings or weekends if needed.

The Most Commonly Cited Complaint about the Program was Financial Coach Turnover

Overall, interviewees described their experience in the program in positive terms and focused on positive aspects of the FSS program, but a little over one-third expressed frustration at the frequent turnover in their financial coaches. These interviewees said that with each new coach, they needed to build trust again or acclimate to differences between the coaches' approaches or temperaments.

For example, Christine reported this transition to be frustrating, especially having to rebuild the relationship and review her story again, *"I just didn't like the part about how they switch coaches quickly. … because you're like, hey, I just told them all my business and now they're gone and now I have to tell this new person or this new person's going to know everything."*

Not all interviewees found coaching changes to be disruptive or frustrating. Chloe also experienced working with two coaches but found that she worked well with both coaches and met her goals. She said: "*My first financial coach and my second financial coach were amazing. My first financial coach really laid the foundation. My second financial coach really was just carrying the torch to make sure that I was staying consistent with the original goals that I had when I had just started the program.*"

3. Post-Graduation Changes in Interviewees' Lives

All of the interviewees reported changes in their lives which they attributed at least in part to participating in the FSS program. This section first presents an overview of the changes in interviewees' financial lives, including the degree to which they believe the FSS program contributed to these changes. It then reviews changes in interviewees' housing and employment.

Changes in Interviewees' Financial Lives

All Interviewees Reported Positive Changes in Their Financial Behavior as a Result of Attending Compass' FSS Program

Every interviewee reported one or more positive changes in their financial behavior as a result of participating in the FSS program, such as changes in budgeting, spending, handling credit and debt, or saving.

Many interviewees described changes in budgeting (12) and spending behaviors (11). Most of these interviewees attributed the changes specifically to the FSS program. Chloe described going through her itemized expenses with her financial coach and deciding what was necessary and what was wasteful. Through this, she committed to making serious changes in how she spent her money, finding a balance, and continuing to do things that are meaningful to her while remaining frugal. For example, she continued her habit of drinking coffee twice per day but began to make it at home rather than making twice daily purchases at Starbucks.

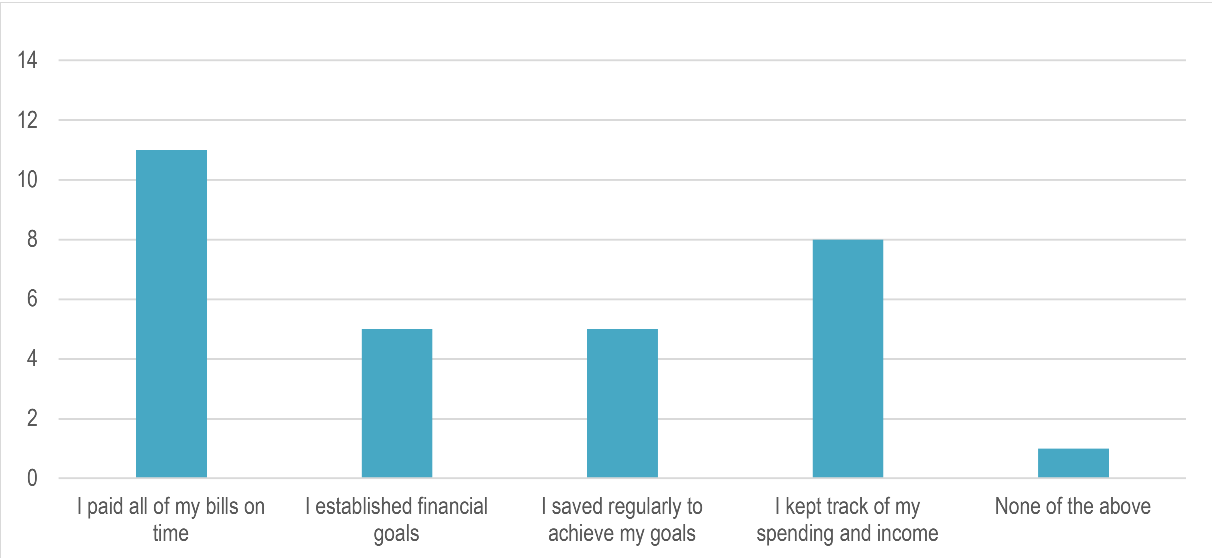
Similar numbers of interviewees reported changes in credit knowledge and behavior (12) and managing their debt (13). When Alice enrolled in the FSS program, she had never had a credit card and had not established any credit. One of her goals entering the program was to change this – she wanted to learn how to acquire her first credit card and establish a good credit score. With the help of her coach, she was able to do both of these things. Having achieved a credit score of 700, she hopes to be in a better position to prepare for retirement.

Eleven interviewees reported changes in their savings behavior. For example, Eva said that if she does not owe money for the month on a bill that has already been paid, she will save it rather than spend it. She explained: "*Like for instance, I just …paid off my car insurance for the year. So I started the policy in January, and I had to pay $300 a month, which was a lot, but then I finished paying two weeks ago. So now I have -- the money that I was going to pay towards that I can save it now.*"

Katrina described how the program had helped provide her with more focus on saving. She said: *"I was saving, but, they helped me put more emphasis in saving more. A lot of focus on savings. How one could save, what one had to eliminate to be able to save as much as possible…"*[10]

Interviewee responses to the brief online survey also provided an encouraging picture of their financial behaviors. Of the 15 interview interviewees who completed the survey (Figure 5), nearly three-quarters (11) reported paying all of their bills on time. About half reported keeping track of their spending and income, while about one-third reported establishing financial goals and saving regularly to achieve their goals. Only one interviewee, Lilian, reported not doing any of these.

Figure 5: Survey Responses to the Following Question: "In February 2020, did you do any of the following? Select all that apply." (15 survey respondents)



A Small Number of Interviewees Reported Financial Struggles despite Improvements in Financial Behaviors

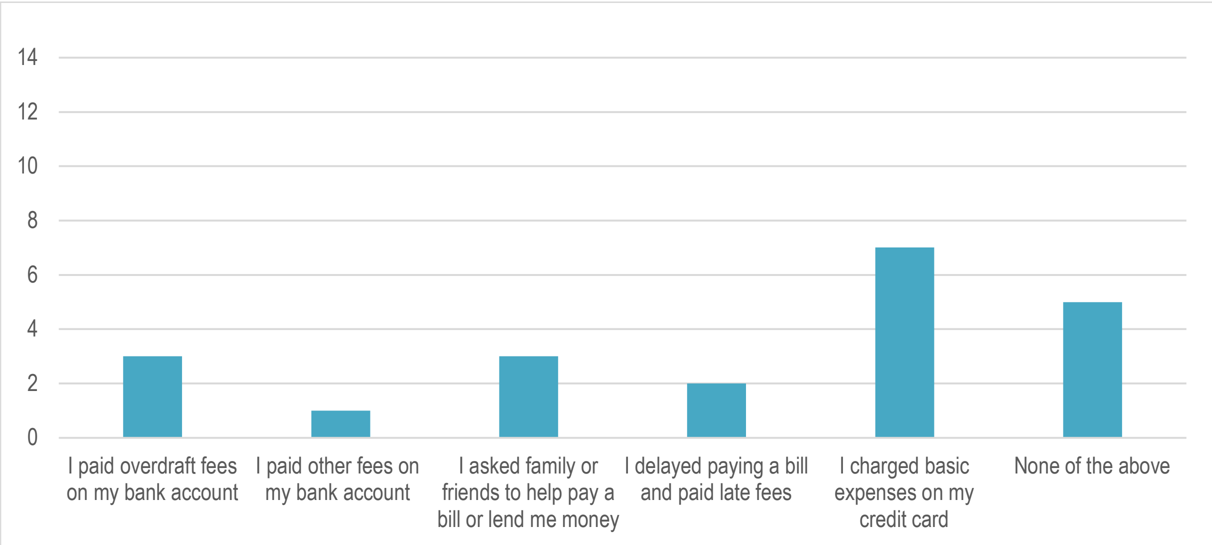
While all interviewees experienced some positive financial changes in their lives, both the interview responses and survey data point to some financial practices which might indicate increased financial stress. Some interviewees were aware of financial best practices but felt limited by their resources, regardless of FSS participation.

10 Translated from Spanish to English.

A couple of interviewees reported struggling financially and turning to alternative financial products to cover gaps between income and expenses. Lillian had bought a home and found the expenses too much to handle. She reported in her interview that she had used payday loans to cover the shortfall between her income and expenses. Tia reported in her survey that she had used payday loans and cash advances. She did not provide more information on this behavior in her interview, instead broadly glossing over the challenges of having substantial debt.

Figure 6 shows how many respondents reported in the survey that they needed help with paying a bill, paid fees on their account, or charged basic expenses on a credit card in February 2020. Less than one-quarter paid fees on their overdraft account; a similar proportion of survey respondents reported asking family or friends to help pay a bill or lend them money. These survey responses suggest that while interviewees reported improvements in financial behaviors during interviews, they still had moments of struggle where they needed to turn to family for help or incur fees on their bank or utility accounts.[11]

Figure 6: Survey Responses to Question "In February 2020, did you do any of the following?" (15 survey respondents)



Some Interviewees Reported Changes in Their Mindsets as a Result of Compass' FSS Program

Almost half of the interviewees reported changes in their mindset as a result of attending Compass' FSS program. The mindset changes reported included feeling more empowered, feeling more disciplined, and feeling more in control of their finances.

For example, after working with her financial coach, Eva, a working mother living in Cambridge, described shifting how she thought about money from being her "enemy" to being her "friend." She said: "*I feel more confident. I feel like I can do -- like before I was unsure whether I could accomplish certain things. I had a lot of fears within myself, like not knowing if I could really complete anything. But just getting to do this program, but not just the program, but meeting different staff and everything made me realize I can really accomplish anything I put my mind to… I have hope to move forward and become more than what I was back then*." Eva also talked about how she has changed who she spends time with because the FSS program made her realize that many in her social circle had different goals and priorities

[11] Paying for basic expenses on a credit card is not always a sign of financial stress. Sometimes it is a conscious strategy to earn points and gain cash rewards or to facilitate automatic or online payments. However, it can also be a sign of financial stress in cases when a household does not have sufficient income to pay basic expenses.

that could make it harder for her to progress toward her own. She described her old social circles as not interested in moving forward and changing their lives. She said: "*So there's a lot of people I had to back away from because they're not in the same mind frame as me. Like they don't want to do better than where they are. They're complete where they are. And I didn't want to be complacent as well and stay there, I wanted to do better.*"

Study participants expressed a bit more anxiety about money in survey responses than they did in the interviews. Thirteen of the 15 survey respondents reported that they either agreed or strongly agreed with the statement that "I worry about money." One interpretation of the concern that survey respondents expressed about money, despite describing increased confidence in handling their finances in their interviews, is that, notwithstanding challenges having sufficient income to pay for things they need or want, they feel more capable of managing difficult financial situations. This interpretation is supported by 11 survey respondents agreeing (agree or strongly agree) with the statements "I feel confident that I can teach my children about budgeting and saving" and "When my children are grown, their financial situation will be better than ours is today." This suggests that these interview respondents feel optimistic and empowered, even as they continue to worry about money.

Many Graduate Interviewees Reported Concrete Changes in Their Financial Lives As a Result of the FSS Program

In addition to changes in financial behavior and mindset, many (12) respondents reported improvements in financial outcomes such as improved credit scores (7) and reduction in debt (4). A few (4) were able to purchase a home.

Many interviewees (12) noted that improvements in their credit score have made a substantial positive difference in their lives. For example, Alice came into the FSS program with no established credit. Following the advice of her financial coach, she opened a credit card and started to use it on small expenditures so that she could establish credit, paying off the bill every month. After three years since graduating from the program, her credit score was 700. She said about her financial coach: "*She helped me find a credit card company and establish credit.*"

Interviewees also reported the escrow account had an impact on their financial lives. More than half noted they had used FSS escrow savings to pay down debt. In some cases, the combined impact of improved financial behaviors and access to savings to pay off debt appears to have improved interviewees' financial situation, putting them in a better position to achieve other goals such as buying a home. For example, Lillian had initially hoped to put the money saved in her escrow account towards a down payment on a house, but she realized that she would not have been approved for a mortgage with her credit score at the time. With this in mind, she decided to pay down bills with her $7,000 in savings which would allow her to build up her credit and set her on a path towards home ownership (as of the time of the interview, she had not yet purchased a home).

Many Interviewees Reported Referring Friends to FSS and Sometimes Sharing the Benefits of What They Had Learned with Family and Friends

More than half of the interviewees (10) reported referring their friends and family to the FSS program . Most interviewees (15) shared information that they had learned with family and friends and said that their experience in FSS influenced the advice or support they gave to family and friends. For example, when Christine's younger cousin told her about his credit history and current debt, she advised him: "*no matter what, just get in touch with them, set up an arrangement, just get it paid slowly but surely, or however, if you have the money because you really can't save if you owe."*

Interviewees did not always find it easy to share financial capability lessons with those close to them. Christine articulated the challenge of sharing what she had learned with friends and family members: "*...you don't want to seem like a 'know-it-all'"* She came up with a more indirect strategy to share what she was learning. *"So, I would just kind of implement it. Like … 'you know what I think that I'm going to try' and then we'd do it as a challenge and then it just kind of goes from there. Or I'd be like, no, maybe we shouldn't do that. Maybe we should just try to instead of going to the mall, let's think about the money that they would save, that they would spend on one day and we could put it in this bin and we could just keep track on how much we're saving, things like that*."

Interviewees who shared information reported using what they had learned through participating in the FSS program as a guide for how to help others to whom they already provided advice or support. Christine explained how the knowledge that she learned in FSS meant that when her son was offered an opportunity at his school to save money, she encouraged him to do so. Another interviewee, Sarah, described the way in which participating in the program made her a more effective case worker in the shelter where she has worked. She recalled: "*I was doing budgeting with 20-plus clients every month, and I was telling them about their credit.*"

Changes in Interviewees' Housing

About one quarter of interviewees attributed changes in their housing to the FSS program, including the interviewees who had become homeowners. Of those who identified a connection between housing improvement and the FSS program, most (4) had moved from renting to homeownership, facilitated through their escrow and credit score improvements. The remaining renters saw changes as a result of other factors outside of the FSS program or did not experience any changes in their housing situation.

While Homeownership was a Major Motivator for Study Interviewees, it was Hard to Achieve

Fourteen interviewees aspired to homeownership and four of them were able to achieve this goal by the time of the interview. For two of these interviewees, it took participating in and graduating from the FSS program two times to get their finances in order and save enough for a down payment and other homebuying costs.

Four interviewees reported becoming homeowners as a result of participating in the FSS program. Of these, three became homeowners using their escrow savings as part or all of a down-payment. The fourth interviewee was able to purchase her home because she had used her FSS funds to pay off outstanding debts and repair her credit. Two of the respondents who purchased homes were able to connect with other organizations to help learn about homeownership and to access additional funds to support the purchases of their homes.

For three of the four interviewees, becoming a homeowner has clearly been a positive development. However, one interviewee, Lillian, has struggled to pay the mortgage every month. Originally, she understood she could qualify for a homeownership program through the Housing Choice Voucher program. However, when it was time to graduate, the rules changed and she was no longer eligible. She graduated and continued to work on her plan to purchase a home, moving in with her mother so that she could save money. Lillian found a home in a suburb of Boston and with her improved credit she qualified for a mortgage. She used her escrow funds as a down-payment. While she purchased the home and is grateful to now be a homeowner, she is struggling financially. Lillian spent all of her savings to cover closing costs and fees associated with buying the home. In the interview she explained how much she worries month to month whether she will be able to make ends meet.

Olivia had hoped to buy a house using her escrow savings but was unable to do so at the end of the FSS program. Her daughter's health challenges had taken her attention away from the housing search right as she was about to put in an offer on the home. She decided to put her home search on hold and placed the escrow funds into her bank account, which she says put her over an asset limit for participating in the

Housing Choice voucher program.[12] She is now renting in the private market and has trouble affording the rent—last year she reported the landlord raised the rent from $1,500 to $1,800. She explained that the quality of the apartment was "terrible" and that she had reported the land lady to the city three times. At the time of the interview, she had managed not to touch the savings and was still hoping she could figure out how to buy a home.

Tara had hoped to purchase a home using her escrow savings, but information that she learned in the FSS program about the high cost of owning a home in Cambridge dissuaded her from immediately seeking homeownership. She said *"it's really intimidating. It's really scary. It's a lot of things. And when you think of, I mean, a house is hundreds of thousands of dollars. And so when they're like, oh, you got to put down a down payment and you're like, well, how would I ever be able to come up with that money? So I appreciate living in subsidized housing and it's great. And it allows me to live in Cambridge…"* Tara still hopes to own a home eventually, but she has put the search on hold for the time-being while the economy is depressed from the COVID-19 pandemic.

Most of the Renters Did Not See Changes to Their Housing as a Result of the FSS Program

Thirteen interviewees were renting their homes as of the time of the interview. Nearly two-thirds of these renters were still receiving housing assistance and had not changed where they were living since participating in the FSS program. One-third (4) had left federal rental assistance; some had positive experiences while others experienced financial hardship or stress. Alice gave up her Housing Choice Voucher to move to a project-based Section 8 apartment building which she reported as low quality. Hazel moved into a group home as a manager in exchange for housing, eliminating her housing expenses. At the time of the interview Lauren paid 75 percent of her income on housing after moving out of her housing development when rehab work began. Olivia stayed in the same apartment but was disqualified from the Housing Choice Voucher program after she put her escrow into her savings account.[13] Interviewees' feelings about those moves out of the Housing Choice Voucher program were split. Three interviewees saw the moves as an improvement to their housing situation (e.g., either because of the quality of housing or because of increased independence and privacy). One interviewee felt that their housing situation was worse, noting a decline in the quality of their housing.

Changes in Employment

At the Time of the Interview, Most Interviewees' Incomes Had Increased since Joining the FSS Program

All of the interviewees had at least some periods while enrolled in the FSS program where they increased their earnings, and all accumulated escrow savings by the time they graduated. If we look at income change between joining the program and the study interview, there is a pattern of positive income change for nearly all interviewees. All but two of the interviewees reported that their annual earnings[14] increased after joining the FSS program. At the time of the interview, the median increase in reported annual earned income since joining the program was $12,476. Five interviewees reported income fluctuation, with increases in their income while they were in the FSS program, but a subsequent drop in income after graduating from the program. The following are some of the patterns reported by interviewees that led to higher earned income:

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[12] There is no asset limit associated with initial or continued eligibility for Housing Choice Vouchers, so the participant was likely unclear on this point, referring to an asset limit associated with a different benefit program, or referring to an increase in rent associated with her increase in earnings.

[13] There is no asset limit associated with initial or continued eligibility for Housing Choice Vouchers. It is unclear whether some other factor affected the participant's housing assistance eligibility.

[14] Three interviewees did not know their annual, monthly, or weekly income.

- Six interviewees reported getting additional education while in the FSS program which enabled them to take on a new and higher paying job.
- Five interviewees had worked for their employer for more than ten years and continued to gain more responsibility and pay during the course of the FSS program.
- Four interviewees described opportunities for new jobs arising while they were in the FSS program and taking these positions.
- One interviewee started her own business and another found a second job to supplement her income.

Some Interviewees Reported Changed in Employment that Stemmed from Increased Awareness of Their Finances

In the FSS program, the escrow account rewards participants when they increase their earned income. Compass's FSS program additionally seeks to encourage and support earnings increases through financial coaching to raise program participant awareness about budgets and credit scores and the income needed to support their financial goals. Five interviewees reported conversations with their FSS coach which directly influenced their decision to change their employment in search of better wages while participating in the FSS program.

Katrina was one interviewee who sought and got a better paying job at least in part as a result of her experience with a financial coach. She had been working as a teacher's aide in the public school system. After Compass staff encouraged her to meet her goals of completing an English language course, she was able to get a better paid position working one-on-one with children in the school.

Similarly, Sarah noted how the FSS program had shifted her mindset about finding a new job and provided her with concrete guidance about how to get there. The advice from her FSS coach to seek a better job helped her to see this as a genuine possibility. She found that the general support and guidance of her coach helped her to take steps to find a better job. She spoke to the value of not just the shift in mindset, but the tools and guidance, noting that, without the guidance to her coach, she would likely still be trying to "figure it out" today instead of benefiting from her improved employment. Reflecting at the end of the interview, she said that she thought additional and specific employment support would have been of even greater help in assisting her to find an even higher paying job.

Of the interviewees who did change jobs or work hour but did not attribute the new employment *directly* to the FSS program, one reported an *indirect* influence from the FSS program. After graduating the FSS program, Hazel found herself presented with an opportunity to take a residential case-worker job where her housing would be paid for. She said: *"…when the opportunity presented itself I knew I would be jumping on it because it's just a no-brainer in having the opportunity to not only save a boat load of money. … It was really a thought where I would be able to take my goals through FSS and just be able to kind of step it up to the next level*." She also reported seeing how her friend who had held this position previously, had been able to save enough to become a homeowner. The FSS program appears to have played a role in influencing how Hazel approached future job opportunities, demonstrating the potential for lasting impact from the FSS program.

The five interviewees who had no changes in their employment during or after graduating from the FSS program had all worked in their current positions for between nine and ten years. All but one remained satisfied with their existing employment. They all expressed that the FSS program had not influenced their choices relating to employment either during or after their participation in the FSS program.

4. Post-Graduation Experiences during COVID-19

Since the interviews were conducted amid the COVID-19 pandemic, the data provided insight into interviewee resilience when facing a massive economic disruption. This section briefly reviews the experiences of interviewees and the degree to which behaviors and practices learned during the FSS program influenced those experiences.

Two-thirds of the Interviewees Did Not Experience Any Financial Hardship (or Improvement in Finances) During the COVID-19 Pandemic

Eleven of the interviewees said that they did not experience any impact on their employment and income from the COVID-19 pandemic at the time of the interview, or that any impact had been very limited. At the time of the interview, three interviewees, who were unemployed at the time, saw temporary improvements in their finances because of enhanced unemployment income and the stimulus check from the federal government provided as part of the government response to COVID-19's economic fallout. Forbearance based on the pandemic response also played a role in stabilizing the experiences of some respondents. For example, Lillian, who was struggling because, even though she was employed, her mortgage and other housing costs exceeded her income prior to the pandemic, noted that because of the pandemic she was able to negotiate a hold on some of her bills, and in some cases get forgiveness. She was able to then put a hold on paying her mortgage and get her other utility bills under control and put some money into savings for when she would need to start paying her mortgage again in September. Tamara also experienced an improvement from the extra unemployment income. She was able to save a large amount of the extra $600 a week in unemployment income and had increased her savings by $7,000, bringing it to $11,000, including the remaining escrow from the FSS program.

Less than One-Quarter of Interviewees Experienced Financial Hardship from COVID-19; Some Relied in Part on Learning or Financial Resources from FSS Program Participation to Cope with Hardship

Four interviewees—Sarah, Christine, Jill, and Tia—reported financial hardship as a result of COVID-19. Sarah had her hours cut because of COVID-19 and decided, given her children's schooling needs, that it made sense for her to stay at home. She has been able to rely on her partner's income and has cut back on expenses by being much more attentive to what she was spending. Jill had just started to work as an independent distributer, but her business has gone down since the COVID 19 pandemic began, which has decreased her income. Jill reported applying the skills she learned from Compass every day: *"…when one enters the program … they provide tools and send you information of where you can find such information—like how to eliminate an account, how to do an agreement, how to save money, how to have an account that you don't touch. They're educating you with stuff that in reality, you didn't have organized. How to do a budget for a house, a budget, don't go out if it's not necessary, things like that. They're things that I didn't even think about. But now I apply it daily. I don't go to the store with money I shouldn't spend – I don't do that. I don't go to all the events I am invited too because you need to spend."*

Two of the FSS graduates interviewed reported dipping into the savings from their FSS escrow accounts during the pandemic to alleviate financial hardship. For these two interviewees, their escrow savings provided a form of resilience or "rainy day fund" to cope with the financial hardship from the pandemic. For example, Christine used some of her escrow savings to pay bills and also got some assistance through other local relief funds and food banks.

Jill reported how she has used skills learned from the FSS program to manage financial hardship during COVID-19 when her income from her business decreased. "*They taught me to give priority to the smallest expenses. What I do is pay the smallest expenses and other expenses that I can wait on, I wait to pay those. Now I choose, not like in the past, in the past I never chose and I would pay for whichever thing, for example, if I had my credit card and I would be late to pay a bill, I didn't think about it, I didn't calculate it. Now, for example, if I have the money for rent and I need to pay credit card payments, I pay the credit card bills first and talk to Alejandro and ask him to wait one more week and then I pay him since I don't pay interest to him. But I do pay interest on my credit card*."

Tia reported the savings skills she learned from her FSS coach helped her to be more resilient during the COVID-19 pandemic when she was furloughed from one of her jobs (for an airline). "*I've always been* *pretty good with money, especially thanks to the Compass program. So I always try to make sure I save when I can. So even if I do get a little extra money, I always have that savings, like that cushion, like I said, that rainy fund. So it just stays in my checking account. So luckily for times like this, I don't account for, I didn't account for COVID, but for times like this, it helps. So when the income's not coming in like it should I have that there to save me and until hopefully either my airline picks up or I go look for another job*."

Mechanisms for Change

In the Findings Section, we discussed the changes that interviewees reported experiencing as a result of the FSS program. These include: changes in financial behavior, changes in mindset and sense of self-efficacy, improvements in overall financial well-being, and some changes in housing and employment. While we cannot be certain what factors drove these changes, three features of the FSS program stand out as potential mechanisms for change:

- **Financial coaching** provides *tools, knowledge and support* in changing financial behavior and increasing financial knowledge.
- The **escrow account** provides funds that interviewees can use to make progress towards their goals as well as a financial incentive for interviewees to increase their earnings.
- The **goal-setting** included within financial coaching helps to support interviewees' aspirations. It also provides a direction for interviewees to focus on in using their escrow account.

Our interviews provide support for each of these three potential mechanisms. The combination of goal-setting and financial coaching appears to help set the context for changes in financial behavior, which then helps interviewees build increased self-confidence in knowing how to address financial challenges. Some interviewees (6) reported increased self-confidence as a result of having already taken steps to address a specific challenge. Specific steps to improve their financial situation or meet goals and overall financial behavior changes reduce debt and increase credit scores, improving financial well-being and interviewees' confidence in their own ability to address financial challenges.

Many (12) interviewees also reported that the escrow account helped them achieve their program goals or provided savings that they plan to use later towards achieving goals such as homeownership, paying for education, retirement savings, or paying down debt. Sometimes, interviewees ended up using a portion of these savings for emergencies, which interviewees generally felt limited debt and other obligations that they would have had to take on had the escrow savings not been available.

At the same time, a few interviewees mentioned negative factors that made it more difficult to change financial behaviors, acquire escrow, or use escrow savings effectively. These stressors included negative peer influences that impeded progress towards goals, borrowing habits, or mindset patterns, financial stress that made it difficult to focus on goals or implement healthy financial behaviors, and adverse life events that claimed interviewee attention or resources.

As with any intervention, some participants experienced unintended consequences that they attributed to participating in the FSS program, both positive and negative. A couple of interviewees noted that, since joining FSS, they had pulled away from friends and acquaintances that they saw as negative influences on their financial behaviors or ability to meet their goals in the long-term. While reviewing their social networks in this way may be positive, negative, or both, this may be an unintended consequence of participating in the FSS program and establishing new habits and patterns. The financial stress that a graduate could experience as a homeowner is another potential unintended consequence of participating in the program for those interviewees who are able to achieve a homeownership goal. This possibility is underscored by the experience of one of the respondents who purchased a home but at the time of the interview reported difficulty in paying the mortgage, and at least one other who chose not to purchase a home because of concerns over long- and short-term affordability. At the same time, for other interviewees who purchased homes following graduation from the FSS program, homeownership has increased both their housing security and financial well-being.

Conclusion and Recommendations

Overall, respondents reported gaining substantial value from participating in the FSS program in the form of skills learned, increased self-efficacy and, for the most part, an improvement in financial well-being. These changes appear to have resulted both from learning new behaviors that were a result of coaching and practice over their time in the program and from the accumulated escrow. Only a minority of interviewees experienced changes in housing and employment that they attribute to the program. However, it appears all interviewees experienced increases in earned income while in the program since they all accumulated escrow. Based on the findings from these interviews, we offer the following suggestions for Compass to consider.

Interviewee Employment and Education Goals: Only a limited number of interviewees reported that the FSS program had directly impacted their employment choices. It is unclear whether there are additional indirect and unobserved impacts of the FSS program on interviewee employment choices. For example, one interviewee noted that the increased awareness of her finances led her to look for additional work. Yet she did not attribute this to Compass' financial coaching. Compass may wish to better understand the mechanisms through which the FSS program influences program participants' employment choices, given the importance of employment and wage increases in the original intent of the program. One way to achieve this would be to conduct real-time observational research to collect information from current program participants about the influence of the coach, the escrow and their identified financial goals on their employment choices. Such observational research could include direct observation of some clients in coaching sessions to assess the frequency of discussion about employment in typical coaching appointments. A focus group discussion may offer an alternative forum to gain valuable feedback.

Homeownership Goals: Many interviewees wanted to become homeowners (n=14); this goal clearly motivated their engagement in the program. However, it was hard for interviewees to reach this goal, at least in part due to the expensive housing market in Cambridge where the majority of graduates lived. And even when they did achieve homeownership it was not always as beneficial for their overall well-being as they had anticipated. Compass may wish to review how it approaches the goal of homeownership to ensure that coaches are setting clear expectations about the likely timeline for achieving homeownership, all steps and expenses related to purchasing a home, and expenses associated with homeownership. Two interviewees asked specifically for a Compass homeownership program that could support graduates in learning more about homeownership and support them after they leave the FSS program to become and remain a homeowner.

Financial Coach Turnover: Similar to the report on early exits, some graduate interviewees mentioned financial coach turnover as a challenge. Compass may wish to explore how to reduce financial coach turnover and reduce any turnover-related stress on program participants.

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