

## **Dual Outcomes for Individual and Community Wealth Building Project**

Starting in 2004, the Texas IDA Network embarked on a pioneering process to explore the relationship between the outcomes of building individual wealth through IDAs and the impact on communities – with the “Dual Outcomes for Individual and Community Wealth Building” Project.

To begin this effort, the Ford Foundation provided a one-year planning grant (Phase One) to Covenant Community Capital Corporation for the Texas IDA Network to support the “Dual Outcomes for Individual and Community Wealth Building” Project.

### **Exploring IDAs to leverage community impacts**

The purpose of Phase One of our work was to explore and research opportunities for Individual Development Accounts (IDAs) and other asset building tools to leverage community impacts beyond those benefits for the individual participant. As part of this phase, we proposed to expand IDAs and other wealth-building programs in Texas to move towards a dual outcomes model. Over a twelve-month period, the Texas IDA Network brought together key wealth-building players in Texas, including IDA program administrators, as an advisory committee to explore indicators and outcomes of individual and community benefits of IDA programs.

During this process, we engaged the advisory committee in the Success Measures approach to participatory evaluation. Success Measures, a program of NeighborWorks America, was created by grassroots community development leaders and has been developed over the years to include data collection tools, indicators, and outcomes that measure the success of community development activity, and a web-based data system to manage information electronically.

Following the Success Measures approach, we engaged stakeholders (the Advisory Committee and IDA program participants) in a visioning process to develop a Benefits Picture for the Texas IDA Network.

### **Dual Outcomes Benefits Picture**

The completed Dual Outcomes Benefits Picture is as follows:

The Texas IDA Network fosters effective and sustainable initiatives that help individuals and families escape poverty by increasing personal finance skills and building assets. Through these actions, individuals and families can increase their effectiveness and confidence and foster inter-generational economic stability. Economic stability means self sufficiency without dependence on public assistance or unsecured debt for ongoing living expenses. Stable families in turn enhance the strength of their communities through their financial resilience and responsible civic participation.

Families demonstrate financial resiliency by improving conditions, such as their educational attainment and new job-specific skills, occupational status, spending habits, income, credit, net worth, and risk management, which enable them to weather financial crises. Families demonstrate responsible civic participation by knowing their neighbors, supporting community institutions, voting, practicing their faith, maintaining attractive residences, and encouraging these habits in their children.

Responsible civic participation contributes to strong communities which in turn enhances family financial resilience and beneficial networks of reciprocity.

The Texas IDA Network Dual Outcomes Initiative provides a savings match, financial education, and civic engagement training, and challenges IDA participants to give back to the community as responsible neighbors.

Recognizing the interdependence of individuals, families, and communities, the initiative will measure the impact of program participants' financial knowledge and resiliency, personal confidence and effectiveness, family stability and responsible civic participation and the resulting changes in their communities.

### **Five Major Outcomes Provided**

From the Benefits Picture, we identified three (3) main groupings (personal, family, and community) and five (5) major outcomes:

1. Increase program participants' personal financial knowledge and skills
2. Build individual and family assets and financial resiliency
3. Increase program participant's personal effectiveness and confidence
4. Increase intergenerational family economic stability
5. Strengthen communities through program participants' civic participation

For each Outcome, the Advisory Committee identified possible Indicators. They are:

#### **Outcome 1**

##### **Increasing program participants' personal financial knowledge and skills**

- Financial status after six months or various intervals
- Attendance and participation in financial literacy classes
- Class / program evaluation
  - Participants identify benefits that they learned, etc.
- Testing – pre- and post
  - Self evaluation on a continuum/scale
- Assess participants – synthesis of material through their ability to formulate questions
- Observing their role play or participation in exercises
- Changes in behavior that result from classes
  - restoring credit
  - paying bills on time

- credit scores
- debt reduction
- secured credit card (and use wisely)
- or not get a credit card if not had a strong credit history
- developing and using a budget
- developing and using financial planning
- opening bank accounts
- direct deposits
- refund splitting with EITC

## **Outcome 2**

### **Building assets and financial resiliency**

#### Assets

- Number of assets
- Value of assets
- Financial assets include
  - cash
  - home
  - car
  - savings
  - pension
  - retirement
  - insurance
  - investments
  - personal assets/durable goods
  - business equity or farm land
- Non-financial assets include
  - educational attainment (detailed in data collection tool)
  - non-degree training
  - work experience
  - credit rating
  - job benefits
  - knowledge and use of computers and Internet
- Reserve fund (cash)
  - community-based emergency program funds
  - equity in your home
  - insurance
  - fraternal and religious sources
  - awareness and use of available cash reserve
- Reserve strategy
- Credit score – improve and maintain

#### Financial Resiliency

- Relationship with financial institution
  - ability to borrow at affordable rates
  - reasonable interest rates – moving away from predatory lending

- Ability to be thrifty
- Ability to develop a budget and live within it
- Use of public benefits and assistance and length of time used
  - unemployment benefits
  - public housing assistance
  - CHIP
  - downpayment assistance
  - Food Stamps
  - Medicaid
  - LIHEAP
  - Emergency food and shelter
- Social networks of reciprocity with financial benefit
  - childcare
  - home maintenance
  - transportation
- Net worth
  - assets less liabilities (debt)

### **Outcome 3**

#### **Increase program participant's personal effectiveness and confidence**

- Personal confidence
  - with confidence and comfort carry out personal responsibility
  - day to day and in crisis
- Family
  - parenting and family obligations
  - day to day and in crisis
  - have children in good learning environment
- Managing health with confidence and comfort
- Work
  - sense you can succeed
  - can set goals and achieve them
- Have power and control
- Sense of future orientation
- See value of delayed gratification
- Confidence
  - to do something
  - start something new
- Sense of hope
- Move beyond basic needs
  - belief that they can do it
  - self actualization

### **Outcome 4**

#### **Increasing intergenerational family economic stability (over approximately five years)**

- Rationale for economic stability

- to pass it on to children
  - degree to which this is a motivating factor
- Family participation in family budget
- Savings for children's education
- Children have savings accounts / are saving
- Credit history over time (3+ years)
- Habits changed and maintained (weathered crisis) over time for financial benefit
- Participation in investments / financial markets
- Long term (financial planning, long term care insurance, life insurance, children as beneficiary)
- Saving for retirement
- Extent to which parents/family encourages children to complete school and transition to the working world
- Extent to which families talk about money and finances
- Have a will / trust – documents (durable power of attorney, health care power of attorney, and physician's directive)
- Modeling behavior – increase in occupation, income, economic status
- Children have balanced lives (school, sports, arts and culture, volunteering)

### **Outcome 5**

#### **Strengthen communities through program participants' civic participation**

##### Responsible participation

- Incidence of participation
  - frequency (#)
  - degree
  - what do they do
- Social cohesion
  - gives depth to “responsible”
- Sense of community
  - neighborliness,
  - trust,
  - how connected do they feel to each other
  - what do they do that demonstrates that (i.e. taking care of pets, borrowing and retaining equipment, etc.)
  - reduce abandonment, places of crime, hot spots, etc.
- Leadership – extent to which participation leads to leadership
- Voting
  - frequency
  - depth (city/council, state, national)
- Practicing faith
  - frequency
  - role
  - working with people of different faiths
- Good, nurturing parenting
- Role model

- intended, unintended; positive and negative
  - Set the example
- Strong community = program participants' civic participation leads to strong communities
  - Community participation by residents
  - Trust among residents – social capital
  - Community leaders developed from community residents
- Define “resulting changes in their communities” – for example:
  - Crime
  - Value in homes (be careful maybe a better one is housing stability)
  - Commercial district \$
  - Better schools and children staying in schools longer
  - Public infrastructure
- Measure against existing data
- Community of people and community of place
- As people change, environment around them will change (neighborhood, relationships, etc.)
- Need to make the distinction
- What's being measured can be credited or related to program activities

When taken together, these five outcomes describe a community-focused IDA program. The Advisory Committee looked at them as a set, being cumulative and interrelated. Within each of these five major outcomes, our Advisory Committee began to provide possible indicators for each of the outcomes. We are currently looking at determining the corresponding data collection tools and a process for developing them.

The work of Phase One of the “Dual Outcomes for Individual and Community Wealth Building” Project is significant as the first effort to identify the outcomes sought by IDA programs that will benefit not just individuals, but families and communities. Also, we have laid the groundwork to explore further the reciprocal relationship between individual wealth and community wealth. In the next phase of the project, we hope to research the connection between IDA programs as vehicles for increasing civic participation and nurturing grassroots community leadership. In addition, we will look at activities for supporting individuals to serve as investors in their community to build community wealth.

For more information on the Dual Outcomes Project contact Woody Widrow, project director, Texas IDA Network at [widrow@consumer.org](mailto:widrow@consumer.org).