# Assessing a Financial Capability Model for Program Delivery of HUD’s Family Self-Sufficiency Program: The Experience of Compass Working Capital in the Field

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## Abstract

*This article describes a unique model for administering and implementing the Family Self-Sufficiency (FSS) program developed by the mission-driven nonprofit organization, Compass Working Capital (“Compass”). Guided by a theory of change that emphasizes asset building and strengthening personal financial practices, Compass has partnered with select public housing authorities and multifamily affordable housing providers to deliver a version of the FSS program that includes access to a personal financial coach for each participant. Since 2010, Compass has been the primary administrator of FSS for more than 5,000 households receiving federal rental housing assistance, and these families have collectively accumulated more than $19,000,000 in FSS escrow savings accounts. Program performance measures—such as enrollment, retention, and graduation rates—and participant outcome indicators, as reflected by changes in earned income, escrowed savings, credit scores, and homeownership, reveal the promise and potential of Compass’ financial capability model for the FSS program. Although researchers have more to learn about how and why the Compass Model works, these findings add to a growing body of evidence that well-run FSS programs focusing on asset building and financial capability can support families to build savings, reach their financial goals, and become more financially secure.*

## Introduction

The insight that people need access to financial assets to invest in their futures has increasingly informed social policy efforts intended to promote asset building among households starting with few financial resources. Yet many of these families live in asset poverty, lacking the financial resources to cover 3 months of basic living expenses without income. For those striving for financial stability and economic mobility, the opportunity to build assets may feel out of reach, a perception reinforced by the reality that antipoverty programs often have rules that discourage or penalize the accumulation of savings that could otherwise be used to help navigate their financial lives. These penalties intersect with systemic and historic inequities that have actively stripped wealth from communities of color and contributed to a persistent racial wealth gap, which is especially pronounced for women-led households.

Compass Working Capital ("Compass") is a mission-driven nonprofit organization founded in 2005. It is dedicated to ending asset poverty in America for families with low incomes and narrowing the racial and gender wealth divides. To pursue this mission, Compass has forged partnerships with affordable housing providers who share these goals and are open to identifying new ways to achieve them. Beginning in 2010, Compass identified HUD's Family Self-Sufficiency (FSS) program as an existing federal program that could be more effectively leveraged to support families already receiving rental subsidies.

With an organizational commitment to impact, innovation, and evidence, Compass has honed a strategy focused on expanding the scope and performance of FSS programs. FSS has two features that work in combination to make it unlike any other antipoverty program in the country. The first feature is a financial incentive in the form of alternative rent rules that allow participants to divert higher earnings into an escrow savings account rather than rent payments. The second feature is service coordination and case management. Program rules allow for a great deal of discretion in what services are offered, but the common thread is the ability of participating families to work with professional staff to access or be referred to support services.

Compass believed that the FSS program could become more effective with a programmatic approach emphasizing financial capability and asset building. Over the past 14 years, Compass has partnered with select public housing agencies and affordable housing providers to operate a financial capability model for the FSS program. Today, Compass administers FSS programs on behalf of public housing authorities in Boston, Cambridge, and Philadelphia and specific multifamily affordable housing projects owned or managed by the Preservation of Affordable Housing (POAH), The Caleb Group, Mercy Housing, and WinnCompanies. In total, Compass has worked with almost 5,000 families since beginning this work, and currently, more than 3,000 families are enrolled in a Compass-run FSS program nationwide (as of May 2024).

At the core of this work has been the development of a high-impact model to implement the FSS program, which relies on delivering financial coaching to participants. Through various additional activities, Compass has become a national leader in promoting the FSS program and supporting a growing field of practitioners. These activities include partnering with housing providers to administer FSS programs, increasing the number of clients served, convening national stakeholders, and delivering training and technical assistance to other practitioners. Compass has also worked to identify policy solutions that dismantle barriers to asset building and has engaged with HUD to support the growth of a field of effective practice.

From the inception of this work, Compass has been committed to maximizing participant outcomes, improving program performance, and exploring how successful approaches can be replicated and scaled (Compass Working Capital, 2023). When engaging with residents, Compass employs a client-centered and trauma-informed approach that encourages program participants to take the lead in identifying which goals to pursue while enrolled in the program. Compass actively maintains a detailed database that tracks program performance and other participant-level information and has revised and refined the intervention model in response to evidence collected in the field. In addition, Compass has contracted with a third-party program evaluator, Abt Global (formerly known as Abt Associates), to examine and analyze program performance, cost-benefit calculations, and other assessments of impact.

This article, as a contribution to the HUD PD&R symposium on the FSS program, describes the "Compass Model" for the FSS program, presents performance data derived from organizational information and third-party evaluations, and offers a strategy to refine the model through ongoing assessment and learning.

## The "Compass Model" for FSS

As originally conceived, the FSS program is intended to combine stable, affordable rental housing with case management, service coordination, and a savings incentive in the form of an escrow savings account that increases in value as participants' earnings increase. The Compass Model for FSS combines the traditional FSS savings opportunity with the opportunity to work with a personal financial coach (Geyer et al., 2017). The implementation of the Compass Model of FSS is distinguished by several innovative features, including the following:

- Access to a trained financial coach who serves as a case manager and service coordinator.
- Client-centered and participant-driven goal setting.
- A strong focus on helping clients build financial capability by paying down high-interest debt, building savings, and improving budgeting skills and credit scores.
- Extensive marketing and outreach efforts that build on the real-life experiences and perspectives of prospective clients, especially among families led by Black or Latina women, and achieve a goal of 20-percent enrollment of eligible families in a project.
- Public-private partnerships to facilitate access to services and philanthropic resources in addition to funds from partner agencies and HUD.

In contrast to traditional FSS programs, which are run by public housing authorities, Compass directly administers programs on behalf of housing providers. With this approach, Compass is better positioned to ensure that program quality is maintained, staff training is consistent and robust, and participants are exposed to asset-building strategies and financial practices that have worked for similarly situated families. Drawing upon experience as a third-party administrator across the field, Compass has been able to implement best practices in caseload management, use of technology, and forging relationships in the community for service provision. These practices support a primary philosophy for implementing the program, which uses financial coaching as the primary interface with families. This approach contrasts with that of traditional FSS programs that generally focus on providing services and referrals to families, often focusing on boosting earnings rather than activities that strengthen participants' financial capabilities.

Another point of emphasis for Compass and its delivery of FSS programs is an openness to innovation in program administration. This attribute was reflected in designing an FSS program with the Cambridge Housing Authority (CHA), which is designated as a Moving to Work agency, meaning they have extra flexibility with prevailing HUD rules. This flexibility has allowed CHA to experiment with different models for escrow, including offering a less generous escrow calculation equal to one-half of the traditional amount and eliminating a previous cap on escrow accumulation for households with incomes between 50 and 80 percent of the Area Median Income (Lubell and Thomas, 2019a). That cap has subsequently been removed for all traditional FSS programs as well. CHA is exploring the impact of an alternative approach for calculating escrow payments based on a percentage of earnings, which can make escrow calculations easier to administer and less complicated to explain to potential participants.

Another feature of the Compass Model is the openness to offering participants a full range of options under FSS program rules to help families best meet their goals. Those options could include families requesting an additional 2 years to complete the program and interim withdrawals of escrowed funds before graduation if it can help them achieve their long-term financial goals. Compass has concluded that these policies benefit participants for the long term and ultimately support the organization's mission to partner with families with low incomes to build assets as a pathway out of poverty.

## Tracking the Compass Model in the Field: Program Measures and Participant Outcomes

Compass has an organizational commitment to provide high-quality services for the clients it works with and to pursue innovation that can lead to more effective delivery of those services. Pursuing these goals requires using data to improve program outcomes. Since launching an FSS program, Compass has engaged in ongoing program monitoring and evaluation to understand what is working for participants and how the program can become more effective. Much of this information is provided directly by participating families. By centering their voices and lived experiences, a continuous feedback loop enables Compass to collect, interpret, and act on information it receives from clients.

Compass collects data through surveys, qualitative interviews, and the guidance of its Program Committee, which is composed of FSS graduates and participants. The assessment of this information—along with analysis of other client-based information, such as credit reports and tax returns—can be used to gauge the performance and effectiveness of its programs. This evaluation strategy is designed to help reveal differences in impact for a family over time in comparison with other families in the program, at other FSS program sites, and for distinct subpopulations.

Compass tracks program performance by maintaining a database of key variables intended to understand how the program works and its impacts on participants. The database includes demographic information on participants, variables of program performance, and participant-specific outcome indicators. Collecting and assessing these data are essential for understanding any cumulative effects of the Compass FSS program compared with traditional FSS programs and with the general population of housing subsidy recipients who do not participate in FSS.

***Program Performance Measures:***

- *Enrollment*
- *Retention (Participants Who Exit and Program Terminations)*
- *Participant Graduation*
- *Demographic Characteristics*
- *Client Feedback and Satisfaction*

***Participant Outcome Indicators:***

- *Earned Income*
- *Credit Score*
- *Debt*
- *Collection Debt*
- *Savings in FSS Escrow*
- *Use of Public Assistance*
- *Homeownership*
- *Financial Practices and Behaviors*

***Data Sources:***

- *Program Enrollment and Escrow Information*
- *Participant Credit Reports*
- *Participant Surveys*
- *HUD Program Data*

## Key Findings of Impact for the Compass FSS Model

Through the ongoing collection of information that populates an organizational database, Compass can track the scale of its work, its impacts on participating families, and how specific programs are functioning in the field. The following analysis is based on data compiled by Compass for its programs and information publicly shared by HUD in its annual congressional justification reports.

These specific program performance measures and participant outcome indicators—for graduates and program participants—offer a means to evaluate the impact of the collective experience of Compass FSS programs.

## Program Performance Measures

Families provide baseline demographic data when they begin the FSS program. Other information is collected during their enrollment through a financial practices and well-being survey, which captures participants' attitudes and experiences. The combined data from these sources offer insight into the dynamics of program performance, which is partially captured by enrollment, retention, and participant graduation rates.

### Enrollment

- The Compass Model for FSS has an enrollment rate of 10 percent, which is approximately three times higher than the national enrollment rate for all eligible households in FSS programs.[1]

Once Compass has reached an agreement with the housing provider to administer the FSS program at a particular site, several outreach strategies are employed to inform residents about the program and enroll them, if appropriate. Compass monitors each project's enrollment rate, which calculates the total enrolled in the local FSS program as a percentage of the total eligible population at a particular site. Enrollment rates can vary by project site and can be influenced by the extent of available program resources and staffing levels.

Compass is working with more than 3,000 families who are receiving housing assistance. Of this total enrolled population, 90 percent are women, 85 percent are persons of color, and 75 percent are caregivers who have children in the household. Of all sites combined, Compass has enrolled 4,712 families (as of May 2024) out of a total eligible population of almost 30,000. The enrollment rate tracked by Compass is distinct from the participation rate as defined by HUD, which is calculated as the percentage of enrolled families based on how many families it is funded to serve. For example, a Public Housing Agency (PHA) that is funded to serve 75 families and enrolls 100 families would have a participation rate of 1.33. Compass coaches track the number of families enrolled at a particular site, and these coaches typically have higher caseload targets than others in the field.

### Retention

- Of the families enrolled in a Compass FSS program, 79 percent either graduate or remain in the program while eligible.

One measure of program success is keeping participants enrolled. The program retention rate tracks the percentage of participants who remain in the program before graduation. Compass has observed a retention rate of 79 percent, which is the proportion of families who remain in the program or have successfully graduated. Because this rate includes all families enrolled, regardless of the timeframe, the rate will be higher for new programs, such as those administered by Compass. Even

[1] We estimate the number of FSS-eligible households to be 2.2 million (Lubell and Thomas, 2019a), and current enrollment is approximately 57,000 families (HUD, 2024), which equates to a 2.5-percent enrollment rate.

though there are important differences between Compass and traditional FSS programs, comparing their relative performance is instructive. For instance, families leave the program for various reasons, including moving to other housing or becoming disabled so they cannot work and benefit from the program's financial incentive. Among Compass FSS programs, the retention rate varies by partner, with a range of 61 to 95 percent. HUD does not require tracking of retention rates, so no national benchmark is available for programs to use as a comparison.

To better understand the experience of clients who do not successfully complete the program, Compass has engaged with the research firm Abt Global. Examining the experience of clients in Compass programs in a mixed-methods study, researchers found that about one-half of terminations are attributed to "did not comply with program requirements," which, in most cases, means that the client has not engaged with their coach for more than 1 year (Thomas et al., 2021). Another common reason for early exits from the program was a family either leaving assisted housing or deciding voluntarily not to continue participating (Thomas et al., 2021).

Compass has a vested interest in understanding how clients engage with the program while enrolled; accordingly, Compass collects data on how often clients meet with their financial coach. An organizational goal for clients and coaches is to have one or more appointments within a 6-month period. The expectation for coaches is to have met with 80 percent of clients in the past 6 months.

Retention rates tend to be lower in programs delivered to residents of multifamily housing where rental assistance is project based, and residents cannot remain in the program if they leave their housing situation. Recipients of project-based assistance contrast with housing choice voucher (HCV) recipients because those who receive HCVs can take their housing assistance with them if they move. The HCV program also has portability rules to facilitate a family staying enrolled if they move to another area with a housing authority that operates an FSS program.

### Participant Graduation

- Of the families who enrolled 5 or more years ago in a Compass FSS program, 75 percent have graduated from FSS, three times the national average.[2]

Compass believes that families can experience many positive outcomes from participating in an FSS program, but particular benefits can accrue when a family is able to graduate. If the family has been able to increase its earnings while enrolled, graduation unlocks the funds that have accrued in FSS escrow accounts that otherwise would have gone to rent payments. Compass is committed to helping all participants who are able to meet the program's requirements to graduate. Compass FSS programs have seen a 75-percent graduation rate for families who enrolled 5 or more years ago, which is three times the national graduation rate for all FSS programs, as reported by HUD in its FSS Achievement Metrics (FAM) score calculations (HUD, 2022).

[2] The FSS graduation rate for programs is a component of the FSS Achievement Metrics (FAM) score and is reported by HUD (2022) for all the programs scored by FAM. The FAM score does not currently score Moving to Work or multifamily FSS programs.

## Participant Outcome Indicators for Graduates of Compass FSS Programs

A closer look at the characteristics and experiences of participants who graduated from a Compass-run FSS program reveals the potential impact of program participation. Although not every participant successfully completes the requirements to graduate from a Compass FSS program, those who *do* graduate appear to increase their financial security significantly. They also appear to be doing better, on average, than those graduating from traditional FSS programs.

Organizational data show a graduation rate of 75 percent for families who have been enrolled for 5 or more years in a Compass FSS program. Further, 90 percent of graduating families have accumulated escrow savings, with an average amount of approximately $9,000. The average length of time that graduates were enrolled in the FSS program was 47 months (almost 4 years). About one-half (51 percent) were able to graduate early, defined as being before 5 years in the program. Most graduates completed an exit interview in which they were able to report on their current financial circumstances and other changes that occurred from the time they enrolled in the FSS program to the time they graduated.

According to a set of key outcome indicators—such as employment, earnings, credit scores, and debt levels—a significant percentage of graduates were better off economically after graduating from the program than when they started it.

### Employment and Earnings of Compass FSS Graduates

- Of the Compass FSS graduates, 71 percent were employed full time, up from 50 percent at intake.
- Of the Compass FSS graduates, 93 percent were employed full time or part time, up from 76 percent at intake.
- Graduates had average annual earnings of $37,000, up from $25,000 at intake.
- Over the course of participating in Compass FSS, 70 percent of graduates had increased their earned income.

### Homeownership

- Of the Compass FSS graduates, 16 percent have become homeowners, compared with 11 percent of graduates from other FSS programs (HUD, 2023).

### Credit Scores of Compass FSS Graduates

- The average FICO® credit score for graduates was 665 after completing the Compass FSS program, up from an average of 625 at intake.
- Only 4 percent of graduates are unscored, down from 12 percent at intake.
- In total, 75 percent of graduates improved their credit score by either establishing credit or increasing their score by an average of 75 points.

**Debt Levels for Compass FSS Graduates**

- Graduates of Compass-run FSS programs have increased debt while in the program. However, the character of this debt changed: they had less "collection debt" from unpaid bills and more "total debt," including student loans and car payments, which may be supporting the achievement of their goals.
- The percentage of graduates with "collection debt" declined from 58 percent to 33 percent, and the average amount of collection debt decreased from $2,500 to $1,600.
- In total, 45 percent of graduates were able to decrease their collection debt.
- Overall, 35 percent of Compass FSS graduates were able to decrease their total debt; the average decrease was approximately $10,000. However, their average total debt, which includes collection debt, student loans, and financing payments for cars and other purchases, equaled $43,700, up from $22,000 at intake.

These findings underscore the complicated nature of the financial lives of people receiving housing assistance. Even as employment and earnings increased overall for graduates, access to money remains a challenge, which explains the persistence of debt on the graduates' balance sheet. That the character of this debt has changed from less "collection debt" to more "total debt," though, is revealing. Some forms of debt can be more productive than others if used to support activities that increase financial well-being over the long term. Borrowing money to pay for tuition in an educational or training program increases the amount of debt a family holds at a moment in time, but as an investment in one's human capital, it can facilitate a higher income in the future. Similarly, taking out an auto loan can enable a family to secure the transportation necessary to reach a place of employment.

Furthermore, changes in families' practices indicated less risky financial behavior related to debt. For example, 80 percent of Compass FSS graduates reported paying all debts on time for 3 or more months, 50 percent used 30 percent or less of revolving debt, and 74 percent had $400 or more in personal savings at the time of their graduation from a Compass FSS program, which is higher than the national rate of 63 percent for all U.S. households in 2023 (Board of Governors of the Federal Reserve System, 2024). A higher prevalence of these types of practices may be associated with better financial outcomes over time.

## Outcome Indicators for Participants in Compass FSS Programs

The Compass Model for FSS is designed to have positive impacts on the financial life and well-being of participating families, regardless of whether or not they complete all of the program requirements to graduate. Examining how participants fare according to outcome indicators and comparing them to the broader population of families receiving housing assistance and other families participating in traditional FSS programs is another way to assess the impact of the Compass FSS Model.

### Earned Income and Employment

The majority of participants in Compass FSS programs (72 percent) are employed at the time of enrollment. This finding counters a prevailing perception that housing assistance recipients are not in the labor force. Of those who are employed when they enroll, 50 percent are employed full time and 25 percent are employed part time. During participation, the overall percentage of employment among participants in a Compass-run FSS program rises slightly over the first 4 years, increasing from 76 percent to 78 percent, and then bumps up to 88 percent in the fifth year. The percentage of those who are able to increase their earned income rises each year, from 28 percent at 6 months after enrollment to 46 percent after 2 years, 59 percent after 4 years, and 69 percent after 5 years. This finding is important because it is the key to increasing savings in FSS escrow accounts. Among all participants 1 year after enrollment, the *average increase in earned income* is $3,731, an amount that increases to $6,558 after the second year and $9,539 after the fifth year. Looking at only those who increased their earnings, the average increase was $14,570 at 6 months, rising to $23,753 after year 2 and totaling $17,591 after year 5.

Standard FSS rules require participants who are already working to increase their hours worked or total earnings to benefit from the financial incentive of the FSS escrow account. This requirement may be a challenge for some participants. However, some may also benefit over the long term if they succeed in acquiring more training and education. Those pursuits may keep them out of the workforce and prevent the accumulation of escrow, but increasing their knowledge and skills may result in the ability to earn more in the future, even if they cannot accumulate escrowed savings in their FSS account.

### Credit Scores

The average credit score of Compass FSS participants at the time of intake is 624. Thirteen percent of participants have no credit score at all, and 32 percent have a credit score equal to or greater than 660, a rate at which many people can qualify for favorable lending terms. Over time, the average change in credit score since intake has steadily increased. The most pronounced gain in credit scores appears in the fourth and fifth years, which may reflect the reality that improving credit scores can take time as new financial practices take hold. These positive findings confirm insights from a third-party evaluation conducted by Abt Global, which is described in a subsequent section of the article (Geyer et al., 2019).

Although HUD does not collect credit score data for all FSS program participants, the percentage of Compass FSS participants with a prime credit score greater than 660 increases from 37 percent in the first year after enrollment to 49 percent in year 5. Another significant finding is that the percentage of participants who improved their credit scores increased from 58 percent at 6 months after enrollment to 69 percent after 5 years. In addition, the percentage of Compass FSS participants with a credit score increased modestly over time (from 89 percent to 93 percent), reflecting the increase in the number of participants who established a score while enrolled.

### Escrowed Savings

The financial incentive to accumulate savings in an escrow account from increased earnings is a primary feature of the FSS program. The percentage of families in the Compass program with escrowed savings increases substantially over the 5-year period of program participation. Some families are able to quickly begin diverting what would otherwise be increased rent into their escrow accounts. Twenty-six percent are able to escrow savings within the first 6 months. Other families take more time, but almost everyone who stays in the program for an extended period is able to accumulate savings. The percentage rises to 42 percent after the first full year, increasing to 63 percent at year 2, 70 percent at year 3, 81 percent at year 4, and 91 percent at year 5.

Staying in a Compass-run FSS program is dramatically associated with increasing earnings, which eventually leads to higher escrow amounts. The average amount escrowed increases substantially over time as well—from $1,632 at 6 months to $3,921 at the end of the second year and up to $9,109 in year 5.

## Participant Attitudes on Financial Practices and Financial Well-Being

One of the primary ways that Compass can understand how participation in the program changes attitudes and behaviors related to finances is to ask. The *Financial Practices and Financial Well-Being Survey* is administered at intake for Compass FSS programs and once per year for everyone enrolled. It is a valuable tool for gaining insight into the financial lives of program participants and covers topics such as personal savings goals, experiences in the financial marketplace, financial practices, and identification of barriers to achieving financial goals.

The survey reveals that participant savings goals become more specific after 2 or more years in a Compass FSS program. Instead of "general savings," as a top-three savings goal (named by 5 percent of participants), "retirement" appears as a top-three goal (named by 7 percent of participants). Beyond attitudes, the findings of the survey reflect important declines in the prevalence of risky financial practices—specifically, the percentage of Compass FSS participants who use check-cashing stores declines from 10 percent to 5 percent; use of prepaid debit cards decreases from 7 percent to 3 percent; making a rent-to-own purchase shrinks from 5 percent to 3 percent; and using pawnshops to get access to cash drops from 4 percent to 2 percent. Other practices that were cited most frequently and experienced declines included incurring late fees (27 percent to 18 percent), asking friends or family for help in paying bills (24 percent to 15 percent), and incurring overdraft fees on bank accounts (22 percent to 15 percent). The one typically unhealthy financial practice identified that increased in prevalence was charging basic expenses on a credit card, which rose from 23 percent at enrollment to 26 percent after 2 years in an FSS program. Conversely, participants reported engaging in positive financial practices more frequently in the survey 2 years after intake. Almost one-half of the respondents (47 percent) reported paying all of their bills on time, up from 36 percent initially.

When asked to identify barriers to meeting their financial goals, the most frequently cited issue at enrollment was not having enough income (44 percent), and this situation largely persisted after 2 years in the program, when it was cited as a major barrier by 42 percent of respondents. Another leading barrier was having a low to no credit score, which was cited by 32 percent of respondents at intake. However, the frequency of this barrier declined significantly after 2 years in an FSS program, when it was cited by 23 percent of respondents. Participants also reported a decline in difficulty with paying bills on time, which was originally named by 5 percent of participants but declined to 1 percent after 2 years. Other impediments to financial health that were cited at enrollment and largely persisted after 2 years in the program included underemployment, high debt levels, high household expenses, and the financial needs of their families—all of which reflect the persistent precariousness of their financial lives despite enrollment in a Compass-run FSS program.

## Comparison of Compass FSS Programs With Traditional FSS Programs

Many of the outcomes described here are descriptive. Collectively, they reflect the best attempts to capture the experiences of clients participating in Compass-administered FSS programs. These findings are more compelling than those of other FSS programs. As previously described, each participant in a Compass program is assigned a financial coach who works with them to set goals and provides information designed to increase financial capability. In traditional programs, the housing provider—most often a public housing authority—has staff who act more generally as service coordinators. Among several key indicators, the Compass Model experience is generating impacts that exceed those of the traditional approach to FSS.

Relevant findings include the following:

- Participants in Compass FSS programs graduate at a rate three times the national average 75 percent of the time compared with about 25 percent for participants in traditional FSS programs.[3]
- The overwhelming majority of graduates from Compass FSS programs (90 percent) have accumulated escrowed savings, far exceeding the 25 percent of FSS graduates in traditional programs who graduate with savings and 57 percent who accumulate savings at some point in the program.[4]
- Compass FSS graduates become homeowners at a higher rate (16 percent) than the national average (11 percent).[5]
- Compass FSS graduates leave housing assistance within 1 year at a higher rate (35 percent) than the national average (27 percent).[6]

In addition, the average escrow amount for graduates with escrow in Compass FSS programs is approximately $9,000. This figure is similar to the national average, but Compass enrolls and graduates a larger proportion of eligible participants. To date, no systematic evaluation has been conducted comparing the relative strengths and impacts of the two program types that could explain the different outcomes reflected in these statistics. A set of explanations would likely be

[3] Graduation rates are reported by HUD in its FSS Achievement Metrics (FAM) scores (HUD, 2022).

[4] Escrow savings figures are reported by HUD in its *Congressional Justification Fiscal Year 2025* (HUD, 2024).

[5] The homeownership rate for FSS graduates is reported by HUD in its *Congressional Justification for Fiscal Year 2025* (HUD, 2024).

[6] Exits from housing assistance by FSS graduates are reported by HUD in its *Congressional Justification for Fiscal Year 2025* (HUD, 2024).

relevant for future policy and program refinements. For example, beyond the content of what staff can provide to participants, an approach that features an intermediary who is not employed by their landlord may be advantageous. The focus on financial capability may be particularly impactful for many families. Because researchers have much to learn about the impacts of various approaches to administering an FSS program, a valuable effort would be to pursue additional evaluations of relative program performance and focus attention on the factors associated with high-quality programs that produce strong outcomes.

## Third-Party Evaluations of the Compass FSS Model

Beginning in 2014, Compass engaged Abt Global to conduct ongoing and rigorous evaluations of its FSS programs. Using a range of quantitative and qualitative methods, Abt Global sought to analyze the program's impact on various outcome measures, including participants' earnings, public assistance use, changes in credit scores, and debt outcomes. In addition, Abt Global produced a preliminary cost-benefit assessment of Compass FSS programs.

Because the subject of analysis was a relatively new intervention administered by a new administrative partnership, the choice of research methods was determined by data availability and the implementation cycle. Abt Global designed a "quasi-experimental" approach, which depended on comparing a set of FSS participants with a comparison group of housing-assisted but non-FSS families that could serve as a benchmark (Moulton, Freiman, and Lubell, 2021). Abt Global used administrative data reported by housing agencies. The accuracy of the data depends on the completeness of PHA income certifications, and the data can track specific households at various points in time. This approach attempts to control observable differences between treatment and comparison households and is more feasible to implement than conducting a random assignment evaluation.

Abt Global used this method to assess the impact of Compass FSS programs administered on behalf of three public housing authorities in Massachusetts (Lynn, Cambridge, and Boston Metro) and a nonprofit affordable housing provider operating at six sites (POAH) (Geyer et al., 2019). Abt Global reported results at key program intervals and explained the advantages and limitations of their approach. Among the issues for these types of analyses is the challenge of combining data for participants in different programs who are enrolled for different lengths of time. However, in several important areas, the Abt Global studies consistently produced positive findings; specifically, its quasi-experimental evaluations, as summarized by Lubell (2022), found that participation in a Compass FSS program is associated with the following:

- Strong growth in annual earned income.
- Reductions in public benefits receipt.
- Improvements in credit scores.
- Slower accumulation of debt relative to other, similar households.
- Indications that the Compass Model is cost effective.

Although the data limitations made some of the cost-benefit calculations preliminary, the Abt Global reports are particularly insightful because they offer a means to compare outcomes from an intentional approach to FSS as delivered by Compass with a set of families receiving housing assistance with no FSS. As such, these reports make an important contribution to the research and are helpful to augment other evaluations, such as the HUD-commissioned national studies of FSS that have been conducted over a 20-year period.

The range of approaches that public housing authorities have taken in delivering FSS presents a particular challenge for researchers and policymakers, as does the uniqueness of the Compass Model, which diverges from prevailing practice. That said, the Abt Global results are promising in that they found the combined sample of public housing authority programs performed substantially better than the comparison group in earnings growth and reductions in public assistance income, which declined $249 (39 percent) on average annually (Moulton, Freiman, and Lubell, 2021). Moreover, these results were observed over discrete time horizons.

- In the short term, Compass FSS participants had annual household earnings that were $4,997 (21 percent) higher (on average) than the earnings of the comparison group 1 to 3 years after FSS enrollment, at an average of 1.5 years after FSS enrollment (Moulton, Freiman, and Lubell, 2021).
- In the long term, Compass FSS participants had annual household earnings that were $6,032 (23 percent) higher (on average) than the earnings of the comparison group, as measured by the most recent income certification, at an average of 3.2 years after FSS enrollment (Moulton, Freiman, and Lubell, 2021).

Abt Global's results assessing the relative costs and benefits of the Compass Model were generally favorable but worth interpreting with caution (Dastrup, Freiman, and Lubell, 2021). A number of potential benefits are unmeasured, including net benefits of changes in participants' credit scores and debt profiles, effects on children in the household, impacts on earnings after the study period ends, and net costs to the government and housing agencies (Lubell, 2022).

When aiming to assess the entire body of work, Abt Global concluded that its studies consistently generated similar results across methodologies, time periods, and programs covered, reflecting a degree of robustness to the finding of a "strong" impact on earnings growth and public assistance receipt declines (Lubell, 2022). All those findings provide a foundation for the conclusion that Compass' experience in the field demonstrates "that the FSS program can be an effective vehicle for helping participating families to increase their earnings and build assets" (Lubell, 2022).

## Refining the Compass Model Through Ongoing Assessment and Learning

FSS program rules established by Congress allow for significant flexibility in program administration. Although the program has procedures to follow, providers are afforded discretion in how they design their programs, which has generated a range of local strategies. Compass has taken advantage of this opportunity to partner with housing providers to develop a unique financial capability model for FSS centered around each participant having access to a financial coach and information about personal finances. Compass has implemented this financial capability model for FSS and has already reached more than 5,000 families.

As a mission-driven organization, Compass is dedicated to achieving positive outcomes for its clients and partners. This goal requires an ongoing commitment to assessing organizational practices to learn more about program effectiveness and impact and makes the process of gathering information from clients and partners a central organizational activity. This information is collected and maintained in a database that can track clients' experiences and the performance of specific local programs over time. In addition, third-party researchers have examined Compass FSS programs as they are implemented in the field.

What has been learned to date from all these efforts is promising. Participant outcomes in Compass FSS programs compare favorably to more traditional FSS programs that operate nationally. These initial findings support Compass' organizational conviction that well-run FSS programs with access to a financial coach and a focus on asset building can help families make progress in reaching their financial goals. The findings also invite further scrutiny, which in turn can promote improvements in program delivery and future policy efforts to more effectively leverage the provision of housing assistance to achieve a broader set of social policy objectives.

## Authors

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