



Financial & Health Coaching RCT Stats - As of February 2018

To solve the multi-faceted and complex challenge of poverty, we need to keep innovating and experimenting. Capital Good Fund has a hypothesis: by improving the health and financial stability of a family, the children will do better in school and have a better chance at escaping poverty themselves. In 2013, we set out to test this hypothesis.

We created the Financial Coaching Plus Schools Program (FC+ Schools) and launched a Randomized Control Trial (RCT) in partnership with Brown University and the Providence Public School District. A treatment group is receiving our rigorous, specialized Financial + Health Coaching, and a control group is not.

Treatment participants complete four one-on-one Financial Coaching sessions during the first month of their study enrollment followed by check-ins at 6, 12, and 24 months after enrollment. Control group participants complete a brief survey at intake, 6 months, 12 months, and 24 months but receive no Coaching. This survey contains questions addressing multiple areas of personal finance and health, such as bank use, FICO credit scores, and food security.

As of Feb. 2018, 155 participants have finished the RCT; 76 are treatment participants and 79 are in the control group. There are another 135 participants in progress; 69 are treatment participants and 66 are in the progress control

We expect that all participants will have completed their final 24-month check-ins, and therefore, the RCT by the end of 2019.

Financial Stability and Resources

Income Increases

The average treatment participant increased their income by \$256 per month. Our treatment participants can use this additional \$3,000 of annual income to meet their families' needs throughout the year.

Meanwhile, the average control participant only increased their income by \$143 per month.

Participants' Average Increase in Monthly Income Chart (Outliers Removed)			
	Average monthly income increase	Median monthly income increase	Number of participants surveyed
Treatment	\$256	\$114	104
Control	\$143	\$16	112

Relying Less on Predatory Lending

Our RCT treatment participants have decreased their use of payday lenders, much more than their control group peers. At most recent check-in, only six (6%) out of 109 treatment participants had used a predatory financial service within the past six months. This represented a 65% decrease for the treatment group.

Meanwhile, 18 (17%) out of 109 control group participants had used one. This represented a 35% decrease for the control group. The decrease in predatory financial service among the control group was much smaller than in the treatment group.

Through our financial coaching, we discuss the high fees that most payday lenders charge, and how it traps their clients in the cycle of debt. We also work with clients to identify alternatives to these type of lenders. This often takes the form of opening a first secured credit card or personal savings account.

Use of Predatory Financial Services				
	At Intake	At Check-In	Percent Change	Number of participants surveyed
Treatment	18 (17%)	6 (6%)	- 65%	109
Control	25 (23%)	18 (17%)	- 35%	109

Budget Usage

While increasing income can lead to more savings, reducing expenses and adhering to a budget are also key. During their first Financial Coaching session, treatment participants build a budget and then work with their Coach to adhere to it. At their most recent check-in, 78% of treatment participants stated that they use a budget either entirely or mostly. This represents a 47% increase from intake. The control group reported a smaller increase in budgeting (34%), as seen in the table below.

Participants Using A Budget Either Entirely or Mostly				
	Intake	Check-In	Percent Change	Number of Clients Surveyed
Treatment	63 (53%)	94 (78%)	+47%	120
Control	61 (50%)	81 (67%)	+34%	121

Building FICO Credit Scores

The average FICO credit score among treatment participants increased 44 points from intake to most recent check-in. Fourteen (12%) out of the 116 treatment clients surveyed also established a credit score for the first time. Meanwhile, the control participants had an average FICO credit score increase of 31 over the same time period.

According to the myFICO blog, “FICO® Scores: How Often Do They Change?” in January 2018: “Score migration in a particular direction did not typically signal an ongoing trend – the initial movement of a consumer’s score up or down did not necessarily yield continued movement in that same direction in the next quarter.”

By surveying our clients over the course of two years, we are hoping to see long term, sustainable results in FICO score increases. As we continue to gather more data over the two year period we expect to see this trend toward higher credit scores among our treatment participants continue.

Average FICO Credit Score Increase			
	Average FICO Credit Score Increase	Established Credit for the First Time	Number of Participants Surveyed
Treatment	44	14 (12%)	116
Control	31	15 (14%)	111

Accessing Affordable Healthcare

At intake and check-in, we asked study participants if they or a family member had been unable to see a doctor or get a needed medication due to cost in the previous six months. The number of treatment participants who had been unable to afford a doctor or medication decreased by 33%. Meanwhile, control participants struggled more to afford a doctor or medication, with a 5% increase.

According to an article from CNBC, “Bankruptcies resulting from unpaid medical bills will affect nearly 2 million people this year [in the US]—making health care the No. 1 cause of such filings, and outpacing bankruptcies due to credit-card bills or unpaid mortgages, according to new data.” This demonstrates the dire financial need to help families work through ways to afford vital medical services that they need when family members are sick. Working with a financial coach at Capital Good Fund helps treatment group participants better understand costs if they have health insurance, or locate free or low-cost medical clinics if they are not eligible for insurance.

Participants Unable to Afford a Doctor or Medication				
	At Intake	At Check-In	Percent Change	Number of Participants Surveyed
Treatment	35 (30%)	23 (20%)	-33%	115
Control	26 (21%)	27 (22%)	+5%	122

Addressing Food Insecurity

Low-income parents often suffer mental distress about being unsure if their food budget will last the month. Sometimes their families will have enough to afford a grocery shopping trip, but other times they might turn to community supports like food pantries while they wait for their next paycheck. This lack of certainty related to basic nutritional needs causes stress and anxiety.

According to “Household food insecurities: Threats to children’s well-being” by the American Psychological Association, “Emotional distress, frequently manifested as symptoms of depression and anxiety, increases the number of stressors, interferes with caregiving practices and adversely impacts children’s well-being.” This outcome has the potential to change the trajectory of a family—after all, a hungry child is unlikely to do well in school, and the more we move the needle on food security, the more we can create the conditions for academic success.

At most recent check in, only 39 (33%) out of 118 treatment participants worried about running out of food for their family, while 66 (53%) out of 125 control participants did. This represents a 25% decrease among our treatment participants in the anxiety and stress caused by wondering if their family will have sufficient food throughout the month.

Participants Who Worried About Running Out of Food Either a “Few Times” or “Often”				
	At Intake	At Check-In	Percent Change	Number of Clients Surveyed
Treatment	52 (44%)	39 (33%)	-25%	118
Control	69 (55%)	66 (53%)	-4%	125

We also asked our participants if they actually ran out of food for their family in the last six months before they could afford to buy more. Our treatment participants reported marginally higher levels of food security through the research study than our control participants. At most recent check in, 84 (72%) out of 116 treatment participants were food secure, while 73 (62%) out of 118 control participants were food secure.

Participants Who Were Food Secure in the Previous Six Months, Meaning That They Never Ran out of Food for Their Family.				
	At Intake	At Check-In	Percent Change	Number of Participants Surveyed
Treatment	65 participants (56%)	84 participants (72%)	+29%	116
Control	56 participants (47%)	73 participants (62%)	+32%	118