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Guaranteed Income and Other Cash Infusions

# LESSONS FROM LIFT AND FAMILY INDEPENDENCE INITIATIVE

PART TWO OF THREE



THE ASPEN INSTITUTE  
FINANCIAL  
SECURITY  
PROGRAM

CONSUMER  
INSIGHTS

## AUTHOR

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## ABOUT THIS BRIEF

This brief is the second in a set of three publications that explore how direct investments via cash infusions and transfers boost individual and family financial well-being. These briefs are designed to pull together what is known about the need for, the innovations in, and the effects of cash infusion and transfer programs on the financial security of recipients, their families, and their communities. They are intended to inform a diverse set of US-based stakeholders, including policymakers, employers, funders, researchers, and public, private, and nonprofit program designers interested in boosting financial security for residents, workers, and families in the face of widespread economic insecurity.

The first brief illuminates the importance of positive cash flow in household finances, the second brief is a set of two case studies of small, unrestricted cash transfer programs, and the third brief explores options to scale up cash transfer programs. All of the briefs can be found here: <https://www.aspeninstitute.org/publications/guaranteedincome>.

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## ABOUT ASPEN FSP

Aspen FSP's mission is to illuminate and solve the most critical financial challenges facing American households and to make financial security for all a top national priority. We aim for nothing less than a more inclusive economy with reduced wealth inequality and shared prosperity. We believe that transformational change requires innovation, trust, leadership, and entrepreneurial thinking. Aspen FSP galvanizes a diverse set of leaders across the public, private, and nonprofit sectors to solve the most critical financial challenges. We do this through deep, deliberate private and public dialogues and by elevating evidence-based research and solutions that will strengthen the financial health and security of financially vulnerable Americans.

To learn more, visit [AspenFSP.org](https://AspenFSP.org) or follow [@AspenFSP](https://twitter.com/AspenFSP) on Twitter.

# Introduction

This issue brief describes the program models, outcomes, and design lessons from two innovative, multi-site nonprofits in the United States—Family Independence Initiative and LIFT—that provide unrestricted cash infusions to their members. This issue brief is intended for public, private, and nonprofit program designers, funders, and others interested in implementation lessons and outcome data from these unrestricted cash infusion programs.

Lessons in this brief are drawn from Family Independence Initiative (FII) and LIFT, two members of Aspen FSP’s **Consumer Insights Collaborative**—an effort across nine leading nonprofits to collectively understand and amplify data about the financial lives of low- and moderate-income households for the public good—that provide cash transfers as a part of their program design. Specifically, this brief will explore lessons from FII’s UpTogether Fund and LIFT’s Family Goal Fund.

## Overview of Program Models

Both Family Independence Initiative (FII) and LIFT work with members over a two-year period and are grounded in trust for the families they serve, and the value of the families’ communities and social networks. LIFT builds relationships with low-income parents of young children to set family, career, education, and financial goals through a coaching model and connects them to the resources and networks to help them accomplish their goals. FII provides a technology platform to help low-income families strengthen existing social connections, create new connections, and access investment dollars to help families meet their self-defined goals and accelerate their economic mobility. To learn more about their individual programs, see the textbox on page 2.

LIFT and FII each have a cash transfer component to their programs and collect extensive information from participants, providing a rich dataset from which they and others can learn. The data from LIFT and FII support their philosophy that families understand how to best use the funds they receive.

The sections entitled “LIFT’s Family Goal Fund” and “Family Independence Initiative’s UpTogether Fund” provide case studies—that examine each program, its design, and the cash transfer outcomes of recipients—to explore the benefits of cash receipt for their members. “Cash Transfer Program Design Lessons and Implications” considers the implications of these case studies for program design and family outcomes.

## The Programs of Focus in This Case Study

**Family Independence Initiative** trusts and invests in the initiative of low-income families to advance their economic and social mobility, currently in 14 sites across the country. FII's approach focuses on three main components: (1) providing direct investments to families to improve their well-being, (2) lifting up individual and collective efforts families make through social capital, and (3) allowing families to have choice and control (through the unrestricted direct investments) over their lives. At the heart of the FII model is a trust that low-income families working in peer groups can lead their own change.

As FII Executive Vice President Jorge Blandón explains, "When we say, 'you're the expert of your own experience, in your community, and we trust you,' then you see families increasingly turn to each other for support with trust."<sup>1</sup> The program is grounded in this emphasis on community and social capital, which can be used to help families meet their goals and benefit the community as a whole. Through local service organizations, community groups, and educational organizations, families form groups of six to eight members with whom they work toward their self-determined goals. These families are from their natural affinity network (friends, co-workers, etc.). Successfully enrolled family groups share the desire to take initiative and change their lives. For more information, see [www.fii.org](http://www.fii.org).

Families make a two-year commitment with FII, agreeing to complete monthly online journal entries that capture data about the household, including information about household finances, health, education and skills, and social connections. After six months of program participation and in exchange for this knowledge sharing, the families can access FII's UpTogether Fund to support their self-directed goals. Families may access up to \$1,200 in unrestricted funds for each of the two years with FII, up to a total of \$2,400.<sup>2</sup>

LIFT helps parents of young children build their: (1) personal well-being, (2) social connections, and (3) financial strength to achieve economic mobility and break the cycle of poverty, lifting two generations at once. LIFT works with families in Chicago, Los Angeles, New York, and Washington, D.C. The organization unlocks the potential of families living in poverty by placing parents in the driver's seat, moving away from "managing" issues to giving parents the tools and resources they need to rise above and stay above the poverty line for good. For more information, see [www.whywelift.org](http://www.whywelift.org).

LIFT connects parents with professionally trained coaches who help them problem-solve immediate issues, stabilize their families, and make progress toward small and large individual and family goals for the future. The goals are typically related to career, education, and finances. At LIFT, coaching is a one-on-one collaborative relationship between a member and a coach that places the parent at the center and the coach in a supporting role.

In addition to their coaching services, LIFT has introduced the Family Goal Fund, a pool of financial resources designed to accelerate parents' goal attainment over a long-term engagement in coaching and provide a small buffer from the stressors of chronic volatility and scarcity that come with living in poverty.<sup>3</sup> While the member is engaged in the program, they receive quarterly unrestricted cash transfers of \$150 for two years, up to a total of \$1,200. The members can spend the funds any way they would like, and they work with a coach to discuss how the funds can support goal attainment.

# LIFT's Family Goal Fund

## WHAT IS LIFT'S CASH INFUSION PROGRAM?

The Family Goal Fund is LIFT's cash infusion program that is offered in conjunction with its coaching program. The Family Goal Fund is a direct, unrestricted cash transfer of up to \$150 that members receive quarterly for up to two years, totaling nearly \$1,200.\* Because it is unrestricted, families can use these funds in any way they choose. As of December 2019, LIFT has issued more than \$290,000 to over 600 families since the launch of the Family Goal Fund.<sup>4</sup>

## RECOGNIZING MEMBERS' FINANCIAL REALITIES

LIFT began offering cash transfers from the Family Goal Fund to enable members to stay engaged with the program and continue to make progress toward their goals, even when financial shocks or other barriers make program retention and engagement more difficult. When LIFT first began offering the program, it was expected the funds would be used for two primary purposes: to create slack in household budgets and to make family investments.

Members can create slack, or a small buffer in their monthly budgets, through the quarterly cash transfers. Creating slack provides households a financial cushion to help reduce the stress and cognitive cost of constantly having to find ways to make ends meet and to keep food on the table. If the fund is used in this way, it can provide some wiggle room to give members an opportunity to focus more on their goal attainment and less on their immediate financial concerns. For instance, this slack can help members cover unexpected costs or emergencies that could otherwise derail members' progress on their goals. Far

too many families across the income spectrum have little buffer between income and expenses, and for low- and moderate-income households, this concern is even more pressing because one sudden or unexpected expense—such as a large medical bill—can destabilize a household's budget and push families into poverty.

LIFT's staff also thought that providing these funds would allow members to make family investments by subsidizing goal-related expenses. Investments in this category would include using the funds to empower members or their families to make progress on their career, education, or financial goals. For example, members' most common financial goal is to build savings, and the quarterly funds received could immediately be used to start or build savings for a member. Similarly, savings-related goals for specific purposes can also be met through this path, be it to help a student member pay for licensing exams or to help a member purchase a more reliable car.

## LIFT'S PROGRAM DESIGN DECISIONS AND CHANGES

LIFT did not always have a cash infusion element built into its program. In fact, LIFT's experience serves as a reminder of why pairing a cash transfer to programs and strategies can help keep recipients on track to meet their goals, catalyze greater goal attainment, and improve program retention, especially protecting against losing members when an unexpected income or expense shock occurs. The Family Goal Fund's program design is a result of lessons learned from previous LIFT pilots, as well as evidence from behavioral science and scarcity research findings that underscore the importance of building financial slack, expanding mental bandwidth, and reducing stress.<sup>5</sup>

\* For each of the two years, LIFT provides members with quarterly cash transfers of \$150 three times a year and a final quarterly payment of \$149, totaling \$1,198 across the two years.



LIFT changed its national program model in July 2017 to include the Family Goal Fund. Prior to that, LIFT piloted a variety of cash transfer programs in each of its four sites that included design elements such as matched savings, emergency response funds, and programs that provided reimbursements for approved expenses, including one program that required receipts for such expenses.

Over the course of approximately three years, LIFT learned from these pilots, and measured how members fared with these offerings based on metrics including whether the money could be quickly dispersed to members (responsive to meet emergency needs). Other metrics included whether the receipt of cash was reliable (would requests for funds be easily met), and if the amount transferred created slack in the members' budgets. LIFT also wanted to learn how much the program demonstrated trust in the members (by allowing the members to decide how to spend the money), and if it was scalable (would the financial and administrative costs be feasible within the program's budget if it were provided to members broadly). Based on member outcomes and staff feedback, LIFT learned lessons from these pilots that informed its current model. For instance, in one pilot program, the lack of clarity around how the fund dollars could be spent created unintentional barriers for members to access that fund.

The current design of the Family Goal Fund is an unrestricted cash transfer program that does not require members to submit receipts from purchases made with the cash received. This choice was made to demonstrate LIFT's trust in its members' decisions, accelerate goal attainment for members, and eliminate unnecessary administrative burdens on LIFT and members. Additionally, by providing funds at a regular cadence instead of having members request funds when needed, members can plan more intentionally for future investments and more quickly make progress on their goals. The current program also removed barriers to accessing and using the funds so members could better respond to their own needs. Lastly, the current Family Goal

Fund model reflects logistical considerations that reduced the costs of administering the program—such as by removing the administrative burden of monitoring members' spending—and this, in turn, made it easier for members to access the funds.

## HOW LIFT MEMBERS PLAN TO USE THE CASH TRANSFERS FROM THE FAMILY GOAL FUND

LIFT finds that its members have used these funds to cover essential needs, expenses related to their goals, and in rare cases, the cash infusion has helped to pay for financial emergencies. Based on member feedback, LIFT knows how members plan to spend the funds that they receive. Families planned to spend 57 percent of the cash infusion on efforts that would help them create slack and cover basic needs, such as staying current on household bills and utilities. Some commonly identified needs were to buy groceries and other household necessities such as diapers and infant formula. Other needs include making car payments and filling up gas tanks to maintain reliable transportation, an important predictor of escaping poverty.<sup>6</sup> For a few families, the funds would help cover rent.

Members planned to use 40 percent of their stipends in ways directly related to pursuing their goals. These fit into four main categories: building savings and getting banked, decreasing debt, covering education-related costs, and making small business investments. Importantly, the transaction data also demonstrate that LIFT members do in fact spend the money in the ways they intend to.<sup>7</sup> For one member, the Family Goal Fund provided the funds she needed to pursue a long-held dream of owning her own business. She used the funds to enroll in entrepreneurship classes. Since then, she has launched her own cleaning services business.<sup>8</sup>

### LIFT Member Testimony

Dominique joined LIFT as a parent of three young children. One of her goals was to start her own business, but she couldn't access traditional investment funds and had trouble getting her business off the ground. To help her get started, Dominique enrolled in local entrepreneurship classes using her Family Goal Fund to cover course registration costs. She quickly and successfully completed the classes, which gave her new skills and resources that enabled her to take the next step toward her goal.

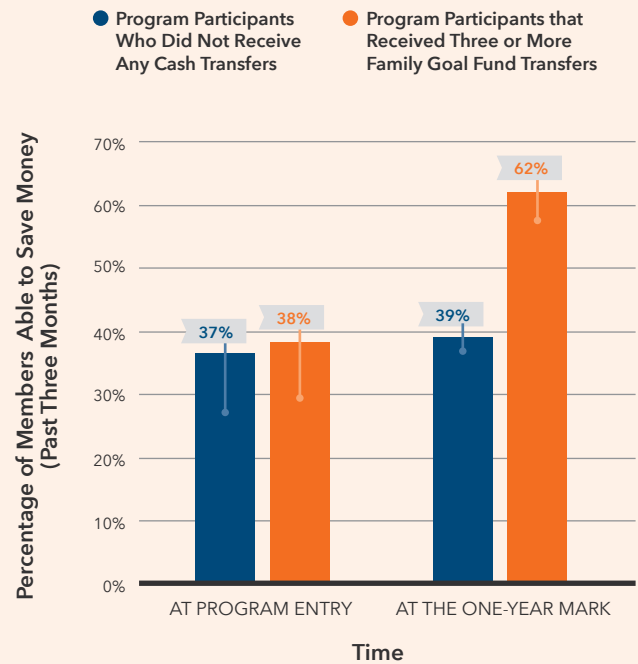
Dominique has since launched a successful cleaning services business; she has a professional website set up and is now recruiting employees and securing new contracts every day.

Reflecting on her accomplishments, Dominique said that: "Working with LIFT has kept me on track with my 'new beginnings.' LIFT has helped me keep my priorities in order, especially when my life becomes as busy as you could imagine. I am a person who gives 100 percent towards anything I do, and starting my business full-time was the perfect opportunity to give my 100 percent."<sup>9</sup>

A final use of the stipend is to help families build resilience against financial shocks so that they could continue to make progress on their goals. This use was less frequently reported, as it is unlikely that the timing of the cash disbursement would line up with a sudden expense or need. As such, just 3 to 5 percent of members planned to use their funds for this purpose to cover medical expenses or car repairs.

After one year of LIFT coaching, 62 percent of members who received at least three goal fund cash transfers reported that they were able to save money in the last three months, compared with only 39 percent of members who joined LIFT before the Family Goal Fund was introduced, and thus did not receive the goal fund, demonstrating the difference that small cash transfers can make in the financial lives of those that receive them. (See Figure 1.)

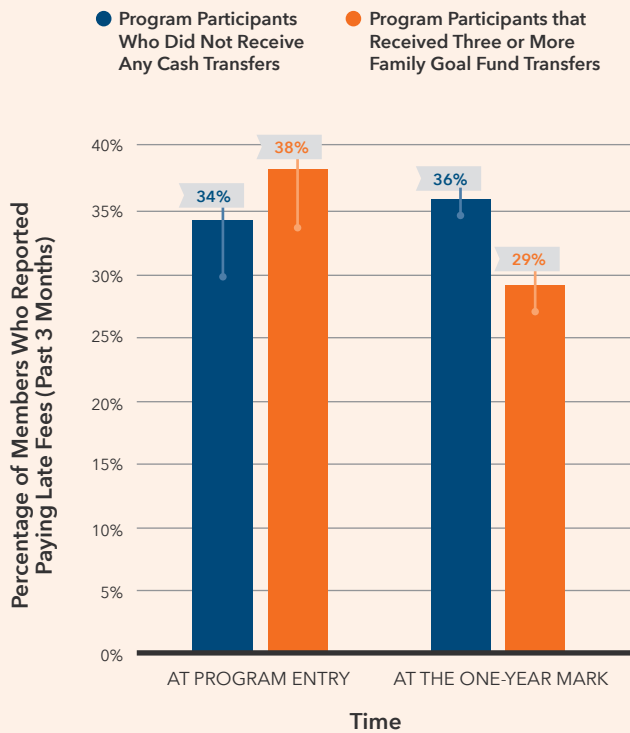
**Figure 1. Adding Cash Transfers to Existing Programming Helped LIFT Members Build Savings**



*Source:* Based on internal LIFT data from October 2016 through October 2019. The groups being compared are those members who were in the program for at least a year before the Family Goal Fund was introduced and thus received no transfers from the program, and those that joined after the program had rolled out.

Moreover, after one year of LIFT coaching, members who received at least three cash transfers were less likely to report paying late fees in the past three months (29 percent) compared with members who did not receive the goal fund (36 percent), because they joined LIFT before the Family Goal Fund was introduced. This represents a decrease in the share of members paying late fees for those that received the goal fund, compared with a small increase for those that did not receive any cash transfers. (See Figure 2.)

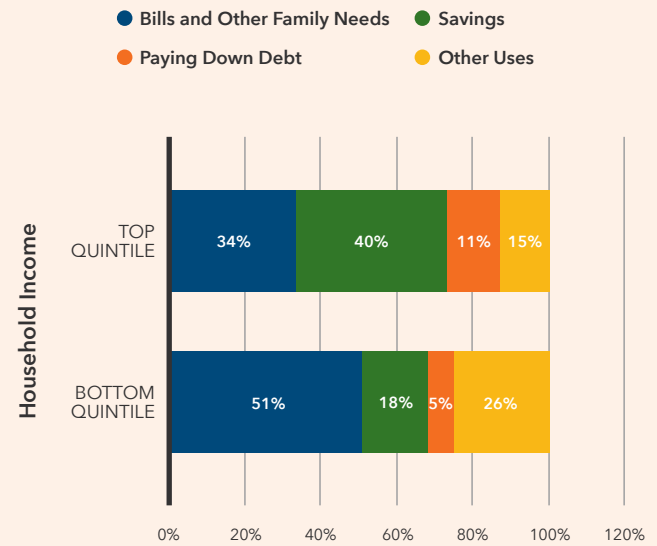
**Figure 2. One Year In, Fewer Members Reported Late Fees**



*Source: Based on internal LIFT data from October 2016 through October 2019. Respondents were asked, “Over the past 3 months, have you been charged a late fee on a loan or bill? (Yes/No).” The groups being compared are those members who were in the program for at least a year before the Family Goal Fund was introduced and thus received no transfers from the program, and those that joined after the program had rolled out.*

The flexibility of having an unrestricted cash transfer program allows members to use the funds in the ways most beneficial for their unique situation, meaning that members with different needs can plan to allocate the funds received toward different expenses. For instance, LIFT finds that members with lower incomes are more likely than members with higher incomes to allocate the fund toward bills and other family needs (51 percent vs. 34 percent), while members with higher incomes are more likely than members with lower incomes to allocate the fund toward building savings (40 percent and 18 percent respectively). (See Figure 3 for more details.)

**Figure 3. LIFT Members Allocated Their Family Goal Fund Transfers Differently, According to Their Needs**



*Source: Based on internal LIFT data from July 2017 through October 2019.*

Furthermore, because the funds can be used for any purpose, members can use the quarterly cash infusions in different ways from one disbursement to the next, and indeed, LIFT finds this to be the case over time. At each three-month disbursement of the funds, members can indicate one of 19 categories as the intended use of their Family Goal Fund transfer. These categories are then collapsed into five broader use types: bills and family needs, savings, debt, education, and other. Half of members allocate their second goal fund transfer differently than their first. After receiving four disbursements, 87 percent of members have changed their allocation at least once. (See Figure 4 for more details.)

In practice, this flexibility allows members to use the funds in ways that are idiosyncratic and best meet their individual needs, especially when there is a change in circumstance that might otherwise derail a member’s progress toward their goals. For example, LIFT-DC member Tabitha hoped to one day own a home, but her interim goal was to start her own business. As she worked toward this goal, she received a large unexpected bill



that threatened her ability to get to work. Instead of using her upcoming cash transfer toward her business goals as she originally planned, she was able to redirect the money to cover this new expense.<sup>10</sup> See the textbox for more details.

### LIFT Member Testimony

Tabitha was working toward a goal of owning her own business when she discovered that an automatic payment had been malfunctioning for more than three months and that she had a large set of past-due payments and late fees. Without having budgeted for these fees, the unexpected cost put Tabitha in a situation where she was at risk of losing the transportation she relied on to get to work.

LIFT helped Tabitha negotiate a lower fee, and then she used the Family Goal Fund to help pay the remaining balance, thus protecting her current employment (two jobs) and keeping her on track with her goals.<sup>11</sup>

**Figure 4. Unrestricted Cash Allows Members to Change How They Use Funds Over Time**

TIMELINE	PERCENTAGE WHO CHANGE WHAT FUNDS ARE USED FOR
After Two Goal Fund Disbursements	51%
After Four Goal Fund Disbursements	87%

Source: Based on internal LIFT data from July 2017 through October 2019.

LIFT’s experience with the Family Goal Fund demonstrates that a small cash transfer program can help accelerate families to complete their goals, and that when provided with unrestricted cash, families are able to choose the best way to spend these funds for their unique situations, which can change from week to week or month to month.

# Family Independence Initiative's UpTogether Fund

## WHAT IS FII'S CASH INFUSION PROGRAM?

The Family Independence Initiative supports families with its UpTogether Fund, a cash infusion program to support and accelerate families' efforts and self-identified goals. The funds are intended to be a direct investment into the families' goals. As such, families may access this cash based on their own timeline and plans, which demonstrates FII's trust in its families to improve their own economic and social mobility. Historically, FII has offered families up to \$1,200 a year through the UpTogether Fund toward their goals. The majority of resource draws are less than \$1,000, and the median amount drawn is approximately \$500.<sup>12</sup> FII has disbursed more than \$5.8 million dollars to support approximately 2,500 families through its direct cash investments.<sup>13</sup>

### FII's New Model

The funding and participation model presented in this brief reflects FII's approach from 2017 to 2019. In March 2019, FII's Board of Directors approved a new strategic direction that moves FII from demonstration to adoption, inviting others to trust and invest directly in families experiencing poverty.

Through FII's UpTogether platform, any philanthropic entity, whether it be an individual, government agency, or foundation, will be able to act as a partner on UpTogether. Partners can target members by geography (city, census tract, etc.) to receive unrestricted cash transfers. Partners can also determine the amount and cadence of transfers to members. This flexibility allows researchers to experiment with a wide range of cash-transfer models, identifying which amounts and cadences are most effective, building the evidence base that investing directly in people works. Consequently, users on the platform today may be receiving dollars at different amounts and timing than indicated in this section.

## FROM RESOURCE HUB TO UPTOGETHER FUND

FII has always offered a cash transfer to its families as part of its program, but some program design choices may have made the availability of these funds less clear to the families with whom they work. In FII's original model, families categorized their self-identified goals into specific buckets with Resource Hub. Despite the funds being available for whatever purpose families wanted, families found this process restrictive because their goals did not necessarily fit neatly into the pre-identified categories such as education and health. Families also found the process slowed the delivery of the direct-to-family dollars. As a result, FII streamlined the application process to make it simpler for members to complete and to allow faster deployment of funding to families.

In the new system, the UpTogether Fund, members were no longer required to apply for funds within a specific category, eliminating the confusion about whether only certain uses were permitted or would be approved. Though FII never limited how the money could be used, the categorization in the old system made it seem restricted to users. By no longer requiring families to bucket their fund requests, FII could more clearly communicate to members that the grant funds were unrestricted and could be used for any purpose. FII renamed Resource Hub to the UpTogether Fund when the new model was rolled out in December 2017.<sup>14</sup>

As a result of eliminating the bucket categories and these barriers to receiving funds, FII has found that its families experienced upward economic mobility,



**As a result of eliminating barriers to receiving funds, FII families experienced upward economic mobility through increased earnings.**



with a 27 percent increase in their percentage of the median area income, on average.<sup>15</sup>

## LESSONS FROM FII'S UPTOGETHER FUND: HOW FII MEMBERS USE CASH TRANSFERS

Previously, with the Resource Hub, the direct investment dollars were most often spent on education. However, with the removal of required categorization with the change to the UpTogether Fund, more dollars are now being spent on financial health purposes, such as starting or building savings accounts, paying bills, and reducing debt.<sup>16</sup> As FII Executive Vice President Jorge Blandón explains, financial health expenditures include “[p]aying down high interest debts, [and] bridging income gaps to help pay rent, so they’re not going into crisis mode.”<sup>17</sup> The cash infusions from FII have also helped members cover unexpected expenses, such as bills and needed items. For example, Chicago FII member Gabrielle used the funds to replace an old laptop while she was in medical school and to cover other unexpected expenses, such as some that occurred when she moved to Chicago, which has a higher cost of living than her Alabama hometown.

### FII Member Testimony

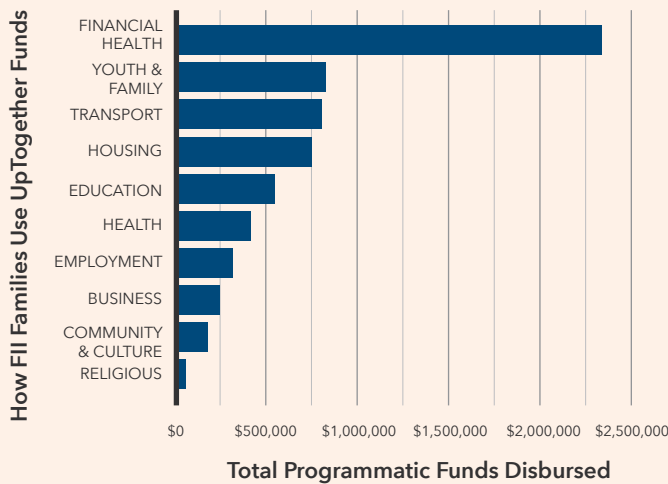
FII member Gabrielle moved from a small town in Alabama to Chicago to finish medical school but found the transition expensive as she adjusted to the higher cost of living in the city. She found FII through a friend and refers to the cash transfers she receives as “just in time funds,” as they have helped her replace her laptop for school and to cover other unexpected expenses. She has also found a community through the UpTogether platform, where she can connect with others working toward their goals. As she continues to work toward her goal of becoming a physician, she has said that, “FII has given me some financial and supportive freedom to see this dream to fruition.”<sup>18</sup>

Other common goals for the funds include spending the money for youth and family-, transport-, and housing-related purposes.<sup>19</sup> Youth- and family-related goals can include efforts to spend more time as a family, perhaps toward a trip or activity, such as going to a local museum to spend time together. Lastly, FII families are also spending the cash infusions for goals related to education, health, employment, and business. For instance, Blandón says, “Families are using dollars to start or expand their small businesses. It could be hair braiding, landscaping, a food cart, whatever. They’re using money to buy materials, to invest, to buy healthier produce. People buy yoga videos and mats so they can get together with their friends every week to meditate and do yoga. They come up with solutions using just small amounts of capital.”<sup>20</sup> One such example is the story of Alejandra, an FII member in Austin, Texas, who used FII funds to help her purchase inventory for her original small business and then to start a second business.<sup>21</sup> See Figure 5 below for a breakdown of the resource draws from the UpTogether Fund and families’ intended purposes for that cash.

### FII Member Testimony

Alejandra is a mom dedicated to her four children and to her husband. She is a housewife that has focused on raising her children, but then was presented with an opportunity to start her own small business selling home products. At times, she didn’t have the cash on hand to purchase the products for her clients. When she joined FII with a number of her neighbors, she used the UpTogether funds to invest in her original small business, and to create a second one that sold quilts and bedsheets. The UpTogether funds have given Alejandra the means to expand her businesses and contribute to the home, making her feel more independent and happier. She is hopeful that she will be able to use her earnings to make some home improvements.<sup>22</sup>

**Figure 5. FII Families Use UpTogether Resources to Invest in Their Financial Health and Family Well-Being**



Source: Based on internal Family Independence Initiative data.

Figure 5, above, also demonstrates how flexible unrestricted cash transfers can be, illustrating the many purposes on which members use the funds. But in addition to this flexibility, cash can also be used for one or several purposes in a single disbursement, and for a set of similar, overlapping or completely different goals in the next. An example of the way this can be employed is Khadija, a Detroit FII member. She had several goals, and over time, was able to use the cash transfers she received to increase savings, lower credit card and other debts, help her sister enroll in college, and pay for some of the fees needed to establish a new nonprofit organization in her community.<sup>23</sup>

### FII Member Testimony

Khadija joined FII while working to start a nonprofit with others in her Detroit community. The funds she received from FII helped pay for a portion of the 501(c)(3) filing fee to establish this nonprofit. In addition, she helped her sister pay for her college entrance applications and fees, and used the funds toward several financial goals she had for herself, including setting aside money for family emergencies and also for vacations, paying off her debt, and improving her credit score. She found that joining FII was a motivating factor for pushing harder for these self-defined goals.<sup>24</sup>

## HOW CASH TRANSFERS CHANGED THE TRAJECTORY FOR THE RECEIVING FAMILIES AND COMMUNITIES

The data above demonstrate the myriad ways that FII families spend the available cash transfers to meet their goals. But what about the outcomes for families that have received the funds?

The data show that on average, income increases by 22 percent, or by more than \$4,800 annually after two years of engaging with FII and accessing the UpTogether Fund. At the same time, reliance on government programs decreases by 26 percent or about \$348 annually. Families experienced an average increase in monthly savings account balance from \$311 to \$976 while increasing their total liquid assets from \$759 to \$2,396.<sup>25</sup>

For instance, Flor, an FII member in Albuquerque, New Mexico, used the direct investment from FII to expand her home-based child care business.<sup>26</sup> This investment helped her increase her monthly income from \$300 to \$1,000.<sup>27</sup>

### FII Member Testimony

When Flor joined FII, she had a small daycare center in her living room and hoped to expand this business. She shared these goals with her FII group and another member suggested she take early childhood education classes locally. Shortly after completing these courses, Flor attracted more clients and used the funds from FII to convert her garage into a larger daycare space. She expanded her business from three children to six children, generating an additional \$700 monthly for her and her family.<sup>28</sup> She overcame several obstacles to get to that point, and credits FII for trusting in her and investing in her dreams. “Despite everything, I am an example of possibility,” she said.<sup>29</sup>

# Cash Transfer Program Design Lessons and Implications

As described in the first brief in this series, for many families, margins are slim—the difference between income and expenses is minimal and one shock can have effects far beyond that one payment or expense. Creating financial buffers can help consumers continue toward their longer-term goals, without having to divert their efforts when unexpected expenses occur.<sup>30</sup> It is for this reason that some financial capability programs, including those at LIFT and FII, have chosen to provide cash infusions to their members.

## PROGRAM DESIGN MATTERS

Both FII and LIFT have learned how critical the program design of a cash transfer program is for the outcomes of receiving families, both in how the design can affect how quickly cash can be disbursed to families and how much of a burden the program rules place on families (receipts, forms, reimbursements that require families to have the cash up front to invest in themselves). Cash transfers make it possible to persist in programs like LIFT's, where without it, unexpected expenses may have forced members to focus their efforts elsewhere and derail progress toward goals. Because the Family Goal Fund is both unrestricted and easy to access it is good at helping members absorb those shocks and stay on track to meet goals.<sup>31</sup> FII found that by eliminating buckets and barriers for families, making it easier for them to use funds, more households accessed these dollars and improved their outcomes in a number of areas.<sup>32</sup>

## CASH TRANSFERS MAKE A DIFFERENCE IN THE LIVES OF THOSE WHO RECEIVE THEM

LIFT and FII offer some financial support to their members to help them reach their self-defined goals. These cash transfer programs that LIFT and FII offer are a way to demonstrate to members the respective program's trust in their members' initiative and ability to make a positive change for themselves and their communities. Moreover, the transfers allow families to make immediate progress on longer-term goals, by providing them with the capital needed to help move them forward. The data from the programs demonstrate that the families they work with have the initiative to make progress, and that these cash transfers can help them meet their various goals.



# Conclusion

## Unrestricted cash infusions improve financial well-being for recipients

For LIFT families, the Family Goal Fund has aided members in several ways, helping members create slack in monthly budgets, cover unexpected expenses when they come up, and facilitate goal and family-related investments. Similarly, FII families have shifted their use of funds toward financial health-related goals, and these have in turn helped them meet nonfinancial goals as well.

LIFT and FII's data make it clear that having steady, unrestricted infusions of cash allows families

to make decisions about how to best deploy these funds in their lives, whether that is by setting money aside for savings, paying down debts and covering bills, or using it to spend quality time with family and friends, among a plethora of other options. Cash can be used for anything, and actions that may be useful in one month—perhaps spending the money to cover a needed car repair—may not be in the next. Cash is flexible and allows families to best deploy the funds where needed. Cash puts dignity, creativity, and choice back into the hands of those receiving it.

## Endnotes

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# CONSUMER INSIGHTS COLLABORATIVE

## WHO IS THE CONSUMER INSIGHTS COLLABORATIVE?

The Aspen Institute Financial Security Program convenes the Consumer Insights Collaborative, an effort across nine leading nonprofits to collectively understand and amplify data for the public good, specifically about the financial lives of low- and moderate-income households. The Collaborative's vision is that data-driven insights will prompt a wide variety of actors to develop programs, products, and policies that help more people achieve financial security—and that the insights inspire more organizations to put their data to use for good.



Strengthens the financial security and opportunity of financially vulnerable people by discovering ideas, piloting solutions, and scaling innovations.  
[www.buildcommonwealth.org](http://www.buildcommonwealth.org)  
Boston, MA



Leverages financial technology and economic inclusion to empower low-income Americans to save and take charge of their financial lives.  
[www.about.saverlife.org](http://www.about.saverlife.org)  
San Francisco, CA



Provides a technology platform for low-income families to strengthen social networks, record progress towards goals, and unlock dollars to accelerate their mobility.  
[www.fii.org](http://www.fii.org)  
Oakland, CA



The Financial Clinic's mission is to build working poor people's financial security through an ecosystem of strategies that includes direct service, capacity building, and systems-level solutions fueled by financial technology.  
[www.thefinancialclinic.org](http://www.thefinancialclinic.org)  
New York, NY



Promotes financial inclusion by providing capital, building capacity, and developing innovative products and services for community development credit unions (CDCUs).  
[www.inclusiv.org](http://www.inclusiv.org)  
New York, NY



Builds relationships with parents to set and accomplish family career and financial goals, connecting them to the resources and networks that make those dreams a reality.  
[www.whylift.org](http://www.whylift.org)  
Washington, DC



Creates a fair financial marketplace for hardworking people by building on what they have through financial products, coaching, and technology.  
[www.missionassetfund.org](http://www.missionassetfund.org)  
San Francisco, CA



Equips young people of color growing up in financial deserts with the knowledge and financial tools they need to build wealth and get on the path to economic mobility.  
[www.mypathus.org](http://www.mypathus.org)  
San Francisco, CA



Helps everyday people take control of their finances through expert counseling linked to safe and goal-oriented financial products and delivered in convenient settings.  
[www.neighborhoodtrust.org](http://www.neighborhoodtrust.org)  
New York, NY