



Social Return On Investment (SROI)

Case Study: Fair Gains

Investing to strengthen society

Fast Facts

About Momentum:

Momentum is a Community Economic Development (CED) charitable organization that works with people living on low incomes to develop productive futures. Momentum offers award-winning programs that assist people in developing financial, personal, social and professional assets. Momentum's programming includes skills training, business development, financial literacy, micro-lending, matched savings programs and computer literacy.

Web site: www.momentum.org

SROI Overview: Fair Gains is an individual development account (IDA) program decreases the likelihood that participants will need income support, subsidized housing and other services while increasing the likelihood they will earn a higher income, pay taxes, open new businesses and make consumer purchases.

Five-year SROI: \$551,800 or 1 : 3.08

By the numbers:

- Since 1999, over 900 individuals and families have participated in IDA programs at Momentum.
- Momentum's matched savings to date surpassed \$1.2M.
- 54 people have purchased their own home with their matched savings.
- In 2007, 89% of participants had increased their savings from \$23/month before the program to \$107/month after the program.

Momentum is a United Way Agency

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"Momentum gave me hope – a real light in the dark hole I felt I was in. I cannot express my gratitude enough. Now I can help my family! Thank you."
- Participant, Fair Gains

Background on Fair Gains

Fair Gains is an Individual Development Account (IDA) program in which low-income participants learn money management skills while saving for an education, starting or expanding a small business, purchasing tools for work, or purchasing their first home. Every dollar saved is matched with three additional dollars.

First, clients open a bank account in their name and keep total control over the account. They then deposit between \$15-\$50 per month, for one year, saving up to a total of \$600. During this time, they attend regular workshops, peer group meetings and one-on-one consultation sessions learning how to manage their money. For one year, their savings are matched at a 3:1 ratio (\$3 for every \$1 saved). They then decide on and purchase an asset within two years of finishing the program using their saved dollars and the matching dollars.

Once the program is completed, the participant has gained money management knowledge, developed a savings pattern, accumulated a 3:1 match on their savings up to \$2,400, purchased a lasting asset, and developed their personal and social assets such as optimism, self-confidence, goal setting and future orientation.

After their first year of savings, eight participants can also apply to increase their savings from \$50 to \$150 per month and extend their savings period for an additional year and a half in order to save towards a down-payment on a home. Momentum will match these savings at a ratio of 5:1. Since 1999, 54 people have purchased their own home with their matched savings.

Participants can apply to Fair Gains if they are 18 or older, are living on a low-income, have minimal savings or assets, and are not full-time students.

Social Value Created

Asset-building programs reward saving, promote economic independence and create an orientation to the future for individuals living in poverty. People living on low incomes affect all of us through shortages of skilled workers, less taxes paid, increased government assistance costs, increased health care costs, a greater need for law and correction systems, and additional needs for special education systems. Fair Gains reduces poverty by helping individuals move to prosperity in a sustainable way.

Theory of Change

If people living on low-incomes participate in an asset-building program, then they are more likely to exit poverty as a result of learning how to effectively manage their financial circumstances, access to productive assets, opportunities for personal growth, and building social connections in the community.

Funding provided by:



Learning with:

SIMPACT
SROI Facilitated Learning Group (07-08)

Convened by:



The opportunities created because of Fair Gains decreases the likelihood participants will need government assistance, subsidized health care and other support services in the future. The likelihood participants will open new businesses, earn a higher income, pay taxes and make consumer purchases is increased. Participants change life patterns that would have otherwise been maintained for years. The social value of Fair Gains can be calculated well into the future.

Fair Gains Participants

The people that participate in Fair Gains live on low-incomes and find it hard to move forward in their lives. They come from a variety of backgrounds and circumstances, including

single parents, immigrants, women surviving domestic violence, Aboriginal persons and persons with disabilities.

Participants in the Fair Gains program tend to work at lower paying jobs, have difficulty managing their limited financial resources (e.g., increased debt), experience isolation and lack self confidence.

Most of the participants are working but they are simply not making a living. The participants who are on social assistance are having a hard time making ends meet and are living well below the poverty line. They are, however, seeking to make a change in their lives and are highly motivated to improve their situation, for themselves and their family.

Calculating the SROI of Fair Gains

Pioneered in the United States, savings incentive programs, Individual Development Accounts (IDAs) came to Canada in the late 1990s. Momentum has the largest suite of continuously operating IDA programs operating in Canada with over 900 people participating to date. Fair Gains is an IDA program for low-income adults in Calgary.

Studies on IDA programs indicate that each dollar invested in an IDA program can yield a return of approximately three dollars to the economy in the form of new businesses, additional earning and tax revenue, reduced social assistance expenditure and increased consumer spending.

When the value of changing life circumstances is acknowledged, even for only five years, the SROI of the Fair Gains Program is \$3.08 per \$1 invested.

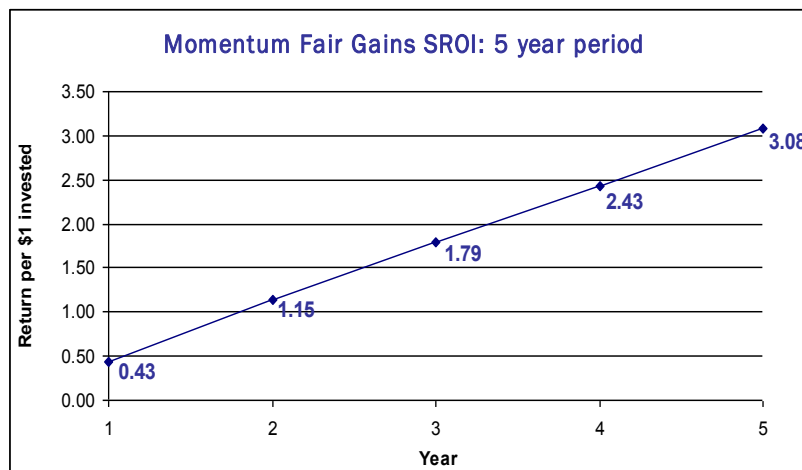
In 2004, a graduate student at the University of Calgary published a Master's thesis, "Impact of the Fair Gains program on its Graduates' Quality of Life." In this thesis the pre/post income data showed a significant increase in overall earning for the Fair Gains participants.

Each year, approximately 42 individuals graduate from the Fair Gains program. Based on a conservative estimate of the income gains of the participants after the program,

participants had an additional \$882,000 in income over the five years after the program.

The income gains are achieved by Fair Gains participants in a number of ways. Many participants use their matched savings for education, employment training or certification. With increased levels of education, participants are able to find better paying jobs. Some participants use their matched savings to open or expand a small business, which also increases their income. Other participants use their

matched savings for tools for work, which enables them to enter a trade, and increase their earnings through a better paying job. Given that it takes time for people to move forward in their lives, it was assumed that full income gains for the participants would take place in Year Two after the program, with only 50% of the gains taking place in Year One after



the program.

The Fair Gains research shows participants also exit social assistance. Exiting social assistance for paid employment increases income of the participant as well as taxes paid at all levels. Every year, at least one person (assumed to be a single mother with one child) will no longer need income support after involvement in Fair Gains in Year One, and then a second person (also assumed to be a single mother

with one child) exits social assistance in Year Two. Each family that no longer requires income support creates a social value of \$12,000/year in social assistance payments that can be reallocated.

Calculated based upon their pre/post income levels, participants in the 2007 Fair Gains program are collectively paying an additional \$25,000 in taxes. As income gains have been mapped over two years, it was also assumed that increased taxes would reach their full amount in Year Two.

Participants can access up to \$1,900 in matched savings (\$1,800 + \$100 bonus) within two years of the program, once they have used \$600 of personal savings. On average, 80% of graduating participants access their matched savings. The SROI calculation below assumes that 50% access their savings in Year One with the remainder accessing their savings in Year Two.

There have been individuals who have participated in the second year of the Fair Gains program to save for

homeownership, who have gone from living in social housing when they entered the program to owning their own home within five years. The stability for their family, the pride in ownership, and the lasting asset of the home is a significant achievement. As one participant tells,

"It is an amazing feeling to be a homeowner. It has been my greatest accomplishment so far. Sometimes I still can't believe it. I have a great sense of pride of ownership. It has given me a huge leap and a wide base of knowledge in the area of my long-term goals for financial security. I can't express how it feels to know that I will be contributing to those goals on a monthly basis as opposed to being stuck in the rut of renting and seemingly never getting ahead. Thank you for helping make my dream of owning a home come true!"

*It has been assumed Fair Gains is not the only support accessed by participants to move forward in their lives - 50% of the social value has been allocated to Fair Gains, and 50% has been allocated elsewhere. For example, participants access employment counseling and training, case management supports from disability, mental health, immigrant, women's and Aboriginal serving organizations, and other community and family supports. Participants also access other Momentum programs.

Social Value Calculation: Five Year Period							
SROI Indicators Included:	Indicator code	Total Value YR 1	YR 2	YR 3	YR 4	YR 5	Notes
1 Increased Income	ICI	\$93,911	\$187,821	\$193,831	\$200,034	\$206,435	Based on pre/post income data of participants in program.
2 Decreased Social Assistance	ICI	\$12,000	\$24,768	\$25,561	\$26,379	\$27,223	1 person (single mom, one child) exits social housing Year 1, additional person (single mom, one child) exits in Year 2.
3 Increased Taxes Paid	ICI	\$12,557	\$25,918	\$26,748	\$27,604	\$28,487	Increased taxes paid based on pre/post income data.
4 Increased Assets	ICI	\$32,300	\$32,300	\$0	\$0	\$0	Fair Gains provides \$1900 in match dollars for participants to purchase productive asset. Assumes 80% of eligible graduates cash out, 50% in Year 1, 50% in Year 2
5 Decreased Subsidized Housing	ICI	\$3,600	\$7,430	\$7,668	\$7,914	\$8,167	1 family exits social housing Year 1; 1 additional family exits social housing in Year 2.
Social value created annually (for the group):		\$154,368	\$278,238	\$253,808	\$261,930	\$270,312	Total of amounts above.
SROI Summary Data: Five Year Period							
A	Social value created annually (for the group):	\$154,368	\$278,238	\$253,808	\$261,930	\$270,312	Total of amounts above.
B	Social value created (Momentum portion @ 50%)	\$77,184	\$139,119	\$126,904	\$130,965	\$135,156	Fair Gains is a part-time program. The assumption is that other factors are helping to move participants out of poverty. Therefore 50% is attributed to other influences in their lives.
C	Present value of social value created (Momentum portion, over 5 YRS):	\$551,800					
D	Momentum investment in the group (occurs in YR1):	\$179,337					
E	SROI ratio:	0.43	1.15	1.79	2.43	3.08	

ICI = Individual Case Study Indicator, the data collected for this indicator is specific to this case study

For more information on



visit www.fcssaa.ab.ca

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