

CIRCLES[®]USA

Thriving Families, Thriving Communities



2016 MID-YEAR IMPACT REPORT



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IS IT POSSIBLE TO END POVERTY?

Many people in our country would answer this question with a resounding NO. We have been conditioned to believe poverty is an unavoidable societal problem. What if that were not true? What if we have normalized an abusive condition we can actually solve?

CIRCLES

In the 1980s, Circles founder Scott Miller worked at a community action agency with a federal mandate to END POVERTY. We experienced first-hand the disappointment of working hard to address the variety of problems families in poverty face, knowing that our band-aid fixes couldn't alter the day-to-day realities these families suffered. Realizing the futility of a piece-meal approach, we rejected the idea that we should focus on only managing the problems caused by poverty.

Circles USA began as Move the Mountain in 1992 with long-term support from the Annie E. Casey Foundation and the U.S. Health and Human Services Office of Community Services. At that time, we trained and coached our community action peers around the nation to take stock of their anti-poverty programs. We asked the hard questions, such as:

- *How do we inspire and equip families and communities to achieve our federal mandate to end poverty?*
- *How can we fundamentally change the lives of the families we serve?*
- *How do we transform the community systems to better support families out of poverty?*
- *What are the differences between high-impact and low-impact strategies?*
- *How do we change our organizations so we are not just managing poverty?*

Based on the answers to those questions we launched a community engagement pilot in 1996. We asked anti-poverty programs to invite the community to become an active partner in supporting families out of poverty. We created a process by which families who wanted to move out of poverty could support one another and build relationships with people from middle and upper income families for additional support. After four years of trial and error, we arrived at the model now known as Circles.

With financial support from numerous community and government partners, we demonstrated that a relational, long-term approach such as Circles could get a 2-to-1 return on welfare savings and a 4-to-1 return on new earned income. A 2004 study conducted by Iowa State University showed that people with an average of nearly four years on welfare were now getting off of welfare in just 10 months. The first 58 families were earning a total of nearly \$1 million new dollars a year.

INSPIRING AND EQUIPPING THE COMMUNITY

The cornerstone of our process is to inspire and equip families out of poverty. We do this by providing ongoing, peer-to-peer, weekly support meetings and creating individual Circles that matched families moving out of poverty with middle and upper income volunteers.

We knew, however, that in addition to working with families, if we truly wanted to end poverty we also needed to inspire and equip communities at the same time. We introduced a new feature called the Big View. Every month we invited business, government, education, faith, civic, and/or philanthropic leaders in the community to hear directly from people working their way out of poverty about the barriers they faced and asked them to join us in removing or mitigating those barriers.

Through the Big View process, we collected several early wins that resulted in more childcare assistance, donated cars for those ready to work, caps on predatory lenders, more affordable housing, and better policies by schools and police in how they addressed poverty-related problems.

Move the Mountain was renamed Circles USA in 2013. Inspired by the concept of tipping points, whereby reaching a 10% change in society could quickly and more easily affect change in the remaining 90%, we set out to learn if creating a “tipping point” could accelerate a major reduction of poverty.

CAN WE ACCELERATE A MAJOR REDUCTION OF POVERTY BY CREATING A TIPPING POINT? _____

We are about to find out. In 2016, the Circles USA Board of Directors committed to a 10% goal and instructed CUSA to bring Circles to 10% of all U.S. counties and 10% of all major cities. It also mandated we support existing chapters that commit to pursuing a 10% reduction in poverty by targeting specific neighborhoods, communities, or counties.

CIRCLES IS NOT JUST A NONPROFIT STRATEGY. IT IS AN ECONOMIC DEVELOPMENT SOLUTION.

Poverty is a significant economic-development challenge that we must solve in order to have enough qualified workers to maintain and grow local economies. As experienced Baby Boomers age out of the workforce, the skills required for most jobs have become more complex. At the same time, artificial intelligence and globalization continue to eliminate low-skilled jobs. This is prompting even more employers to rely on organizations such as Circles to not only provide qualified candidates to fill openings but also to help solve poverty-related problems for many of their employees and new job candidates.

WHAT WILL IT TAKE TO END POVERTY?

After 24 years of research, experimentation, and direct experience with families and communities across the United States, we have identified high-impact strategies necessary to end poverty.

To inspire and equip **communities** to end poverty:

- ✓ We as a nation must commit to eradicating poverty. To that end, the Circles USA board has made a commitment to pursue a national tipping point* by bringing the Circles approach to 10% of all U.S. counties and major cities within 10 years.
- ✓ The communities we support must commit to design and implement plans to reduce the poverty rate by at least 10% within 10 years and create a tipping point that can begin to end poverty.
- ✓ We must engage with the business community and together insist that government activates the *phantom workforce*. The first obstacle is to eliminate the cliff effect disincentives that prevent people who are otherwise willing and able to work from advancing in their current jobs or seeking better-paying jobs (the phantom workforce). The second obstacle is how to equip workers with the skills needed for our 21st century economy.
- ✓ We must provide opportunities for all able-bodied people to work up to their potential. This will require that:
 - social benefit programs are changed so that there are incentivized exit ramps,
 - the economy produces enough good-paying jobs,
 - education provides affordable and effective training for people to perform these emerging jobs,
 - programs such as Circles help people access community programs and prepare for the workforce, and
 - for everyone else, we must be willing to ensure they are not living in poverty. Currently 61% of all people living in poverty in the United States are children, students, disabled adults, and seniors. **

To inspire and equip **families** to end poverty:

- ✓ For households with the ability and determination, we must make a non-negotiable commitment to support them to achieve two times the Federal Poverty Level (FPL). For households not yet able to achieve two times the FPL, we must commit to help them become economically stable and pursue goals to the best of their abilities.

** Scientists at Rensselaer Polytechnic Institute have found that when just 10 percent of the population holds an unshakable belief, their belief will always be adopted by the majority of the society. We have all seen in our time social movements that reached the tipping point and changed our society as we know it.*

***Source Demos.*

STRATEGY ONE

BRING CIRCLES TO 10% OF ALL COUNTIES AND MAJOR CITIES

“Our Feasibility Study Group spoke to Circles USA personnel, leaders of Circles affiliates throughout the country, and representatives of other self-sufficiency and community-building programs. The decision to choose the Circles model came down to this: Circles is an established program with a proven track record of success and provides both a program framework and model, and flexibility for customizing the program to our community.”

- Sarah Thornburg,
Executive Director, Friends In Deed
Ypsilanti, MI

2016 MID-YEAR ACHIEVEMENTS

Our goal is to bring Circles to 300 of the 3,007 U.S. counties, and 30 of the 297 cities with populations of 100,000 or more by 2026.

Enrolled in Circles	1/1/16	6/1/16	Goal	% Of Goal
Counties	56	58	300	19%
Cities	12	13	30	43%

NATIONAL PARTNERSHIPS

CUSA is cultivating national partnerships with organizations that can help us spread our message and build new capacities to reach our 10% goal:

- **Education Testing Services (ETS)**, the administrators of SAT and other worldwide testing programs selected Circles to join a small group of other best-practice leaders to participate in a three-day roundtable on expanding high-impact strategies that use social capital to reduce the barriers of poverty for people striving to advance their education and succeed in the emerging economy. ETS has agreed to collaborate with Circles USA on an action research project that will support tipping-point plans.
- Our partners at the **U.S. Consumer Financial Protection Bureau** referred us to **Points of Light Foundation**, one of the largest networks of volunteers in the country. Points of Light has worked with CUSA to bring a pilot project to one of our chapters for Train-the-Trainer programs that teach Allies how to provide financial literacy coaching to Circle Leaders. CUSA will use the pilot project to expand this capacity across the nation.

- **University of Michigan's Ross School of Business** invited Circles USA to the launch of their new *Center for Social Impact*. Circles USA introduced them to the new Circles chapter leadership in nearby Ypsilanti to begin a planning process that would give us insights into how to partner with universities to build collective impact efforts throughout the country.

STRATEGY TWO

GAIN COMMITMENT FROM COMMUNITIES TO REDUCE POVERTY BY 10%

"When the number of committed opinion holders is below 10 percent, there is no visible progress in the spread of ideas. It would literally take the amount of time comparable to the age of the universe for this size group to reach the majority. Once that number grows above 10 percent, the idea spreads like flame."

- Boleslaw Szymanski,
Distinguished Professor at Rensselaer

There are now examples in communities across the country where United Way, economic development programs, and/or government leaders have initiated campaigns to reduce poverty by as much as 50% within some time frame such as 2020 or 2030. Without a 10% buy-in from the community at large, a detailed plan, and resources to staff the effort, these campaigns are unlikely to hit their goals.

Like any 1,000-mile journey, there must be achievable benchmarks along the way. Given the potential of the 10% tipping point theory, we have set the short-term goal at reducing poverty rates in our targeted communities by 10% within 10 years. While daunting, we believe it represents a SMART goal for communities: Specific, Measurable, Achievable, Relevant, and Time bound.

To accomplish this, we must have three things in place:

1. A commitment from community champions to reduce poverty by 10%;
2. A theory of change to reduce poverty and business plans to do so;
3. New resources to staff the effort.

2016 MID-YEAR ACHIEVEMENTS

- Circles USA has enrolled community champions in 46 counties from 17 states to join us in developing plans to reduce poverty by 10% within 10 years.
- The Fremont Area Community Foundation (in Michigan) hired Circles USA to help develop plans that could reduce poverty in their county by at least 10% within the next decade.

- Circles USA supported two chapters in securing initial scaling funds:
 - The Circles Utah Valley Chapter's lead organization received a \$1 million-a-year grant, which can be extended for up to five years, from an anonymous foundation to expand Circles and its impact in Utah. It assisted two other communities to begin Circles Chapters in Utah with a combined award of more than \$2 million from state TANF workforce funds to interrupt generational poverty.
 - Circles Greater Pittsburgh, PA has generated more than \$1 million to develop and support several Circles Sites in their area. It is currently developing plans to approach the tipping point in its area, supporting more than 700 people out of poverty.

STRATEGY THREE

CONTRIBUTE TO THE MITIGATION OF THE CLIFF EFFECTS

"One stated goal of the welfare reforms of 1996 was to encourage people to enter the work-force. Once there, new work support programs would enable low-income families to rise toward self-sufficiency. But in many instances, those programs have an unintended impact, an I-News at Rocky Mountain PBS inquiry has found. Working families can fall prey to the "cliff effect," in which even a modest rise in family income can lead to termination of a government benefit, including subsidized child-care, worth thousands of dollars a year."

- Rocky Mountain PBS

Through the generous time and talent donated by David Priemer from Connellsville, PA, we now have a **Cliff Effect Planning Tool** that can estimate reductions in Medicaid, childcare, housing, food stamps, and cash assistance as someone earns more income. The planner provides people with a forecast of estimated lost benefits so they can work within their Circles to find alternatives. Until cliff effects are eliminated with pro-rated benefit schedules, it may be better, for example, to wait until children no longer need childcare before accepting new jobs, more hours, or raises.

Most importantly, the planner is a powerful tool to educate government and business leaders about the cliff effects that can lead to change in policies and programs for a more robust work-force.

2016 MID-YEAR ACHIEVEMENTS

Goal	Current 2016	2020 Target
Planners are available in all CUSA states	10 states have planners	All CUSA state planners
Advocacy plans in all CUSA states	None yet. We have applied for funding to build our capacity to support plans.	All CUSA states are pursuing advocacy plans

STRATEGY FOUR**SUPPORT FAMILIES TO EARN 200% OF THE FEDERAL POVERTY GUIDELINES**

Circle Leaders are individuals who initially earn less than 150% of the federal poverty level when they enroll in Circles. They have made a commitment to build social capital with middle and upper-income Allies, attend community meetings, and work toward greater economic stability for their family and community.

Circles USA provides chapters with an online data system to track progress of Circle Leaders as they move toward economic stability. Baseline data is collected at enrollment, and progress results are collected at graduation from the Circle Leader Class and every six months thereafter.

2016 MID-YEAR ACHIEVEMENTS

Circles USA rolled out its data system earlier this year. We hired a full-time system analyst to provide training and technical assistance to our chapters on how to properly use the new data system. Circles USA estimates that half of the available data has been entered into our system. We also review entered data to ensure it is accurate and complete before publishing reports.

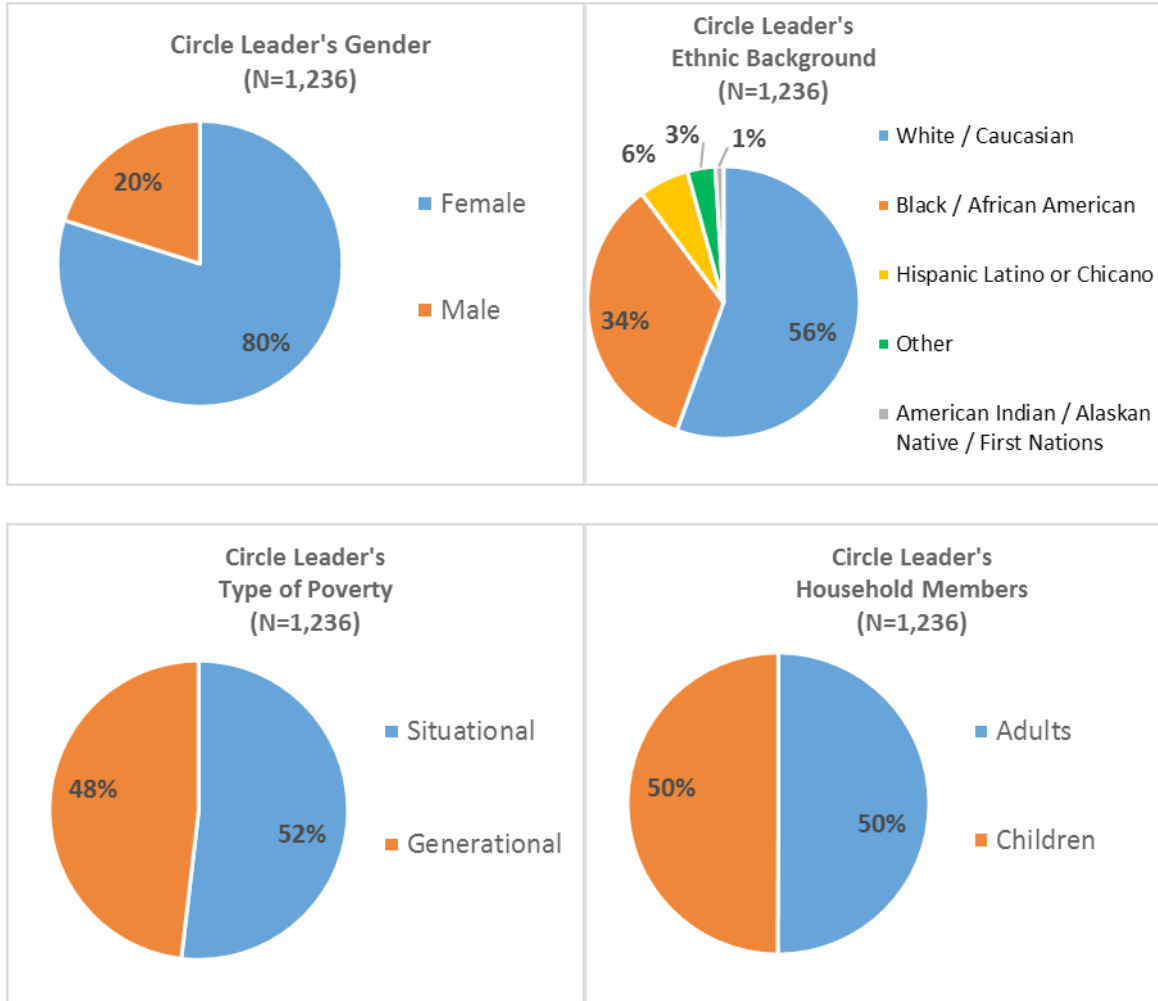
We now have data on 3,600 adults and children from 1,236 Circle Leaders' households. Our data system analyst has reviewed the data to verify accuracy and eliminate errors that may have caused initial outlier inputs. We have provided coaching and webinars to chapters to complete their data input and produce local reports.

Please note when reviewing graphs that the change in numbers (N) from six to 12 and 18 months reflects the fact that Circles groups start at different times. Although there is some attrition (and we will be able to analyze those rates in subsequent reports) the decrease in numbers reflects that each group is at a different stage in Circles.

NATIONAL REPORTS

DEMOGRAPHICS

The composition of households enrolled in Circles and entered into the data system is as follows:



Women are four times more likely to enroll in Circles. An analysis of earned income gains between situational and generational poverty showed virtually no difference in results for the first six months (37% increase for situational poverty and 38% for generational). There was a large difference after one year in Circles (63% for situational and 36% for generational) and less of a difference by 18 months (68% situational and 56% generational). Clearly, if people work the program, they can increase their earned income, regardless of being in situational or generational poverty.

EARNED INCOME

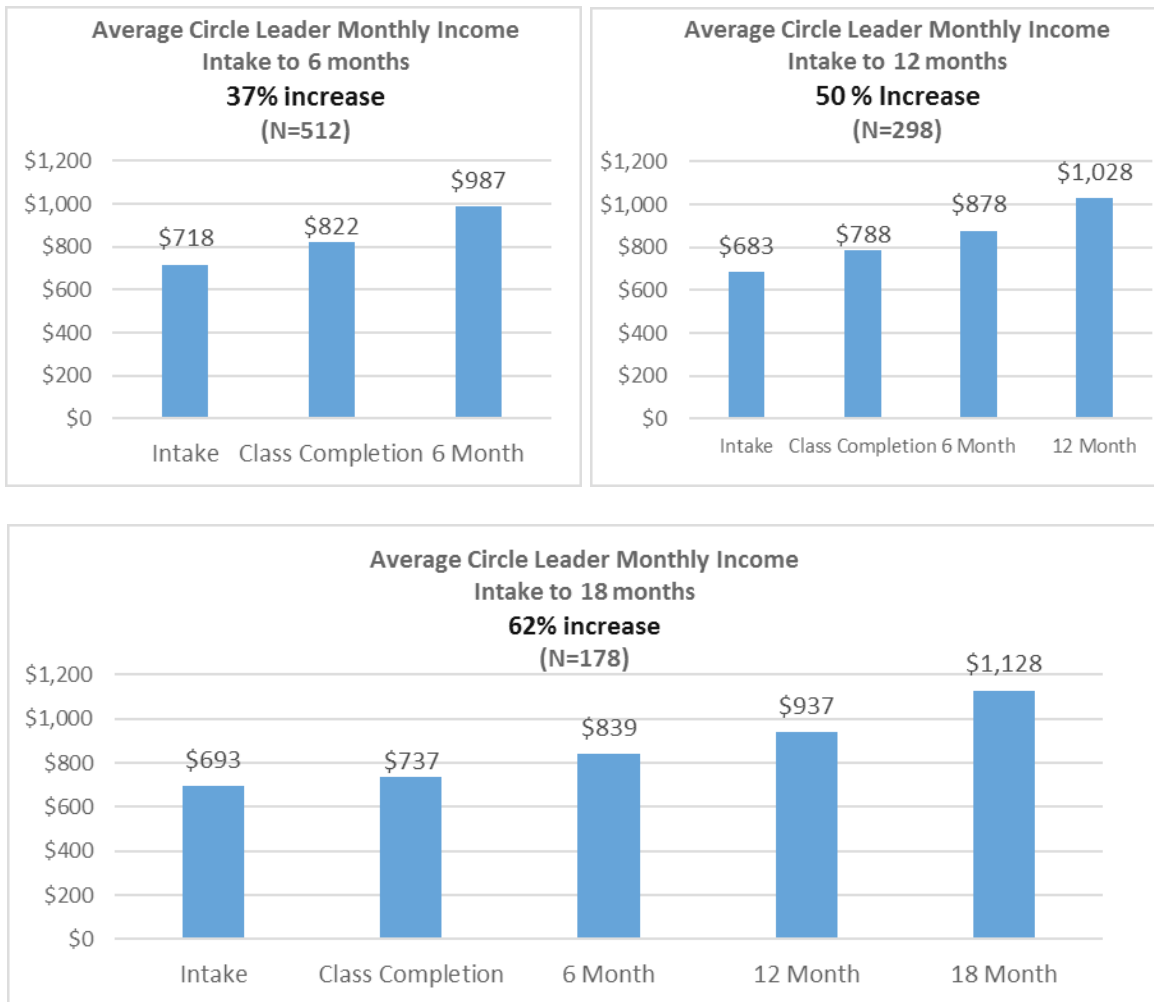
The primary indicator of progress in Circles is an increase in earned income. Circle Leaders earned:

- 37% more income after six months,
- 50% more after one year, and
- 62% more in 18 months.

512 heads of households are in groups that have been enrolled in Circles for at least six months and have increased their income by 37%.

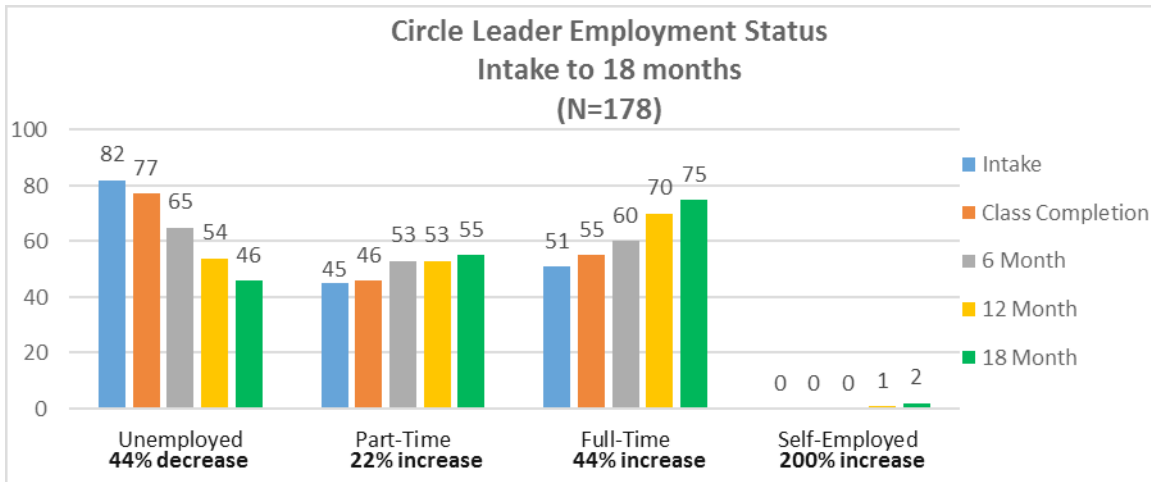
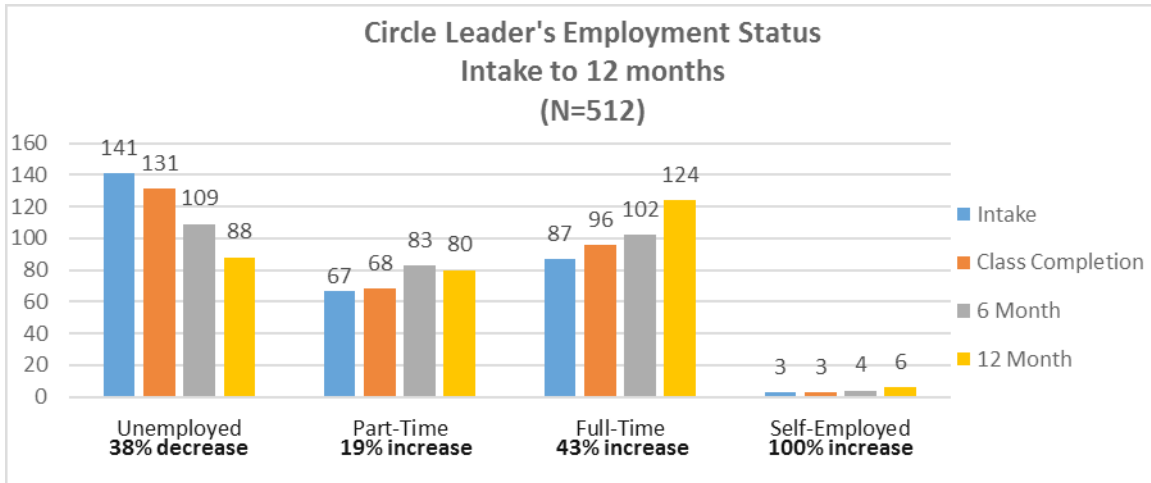
298 heads of households are in groups that have been enrolled in Circles for at least 12 months and have increased their income by 50%.

178 heads of households are in groups that have been enrolled in Circles for at least 18 months and have increased their income by 62%.



EMPLOYMENT STATUS

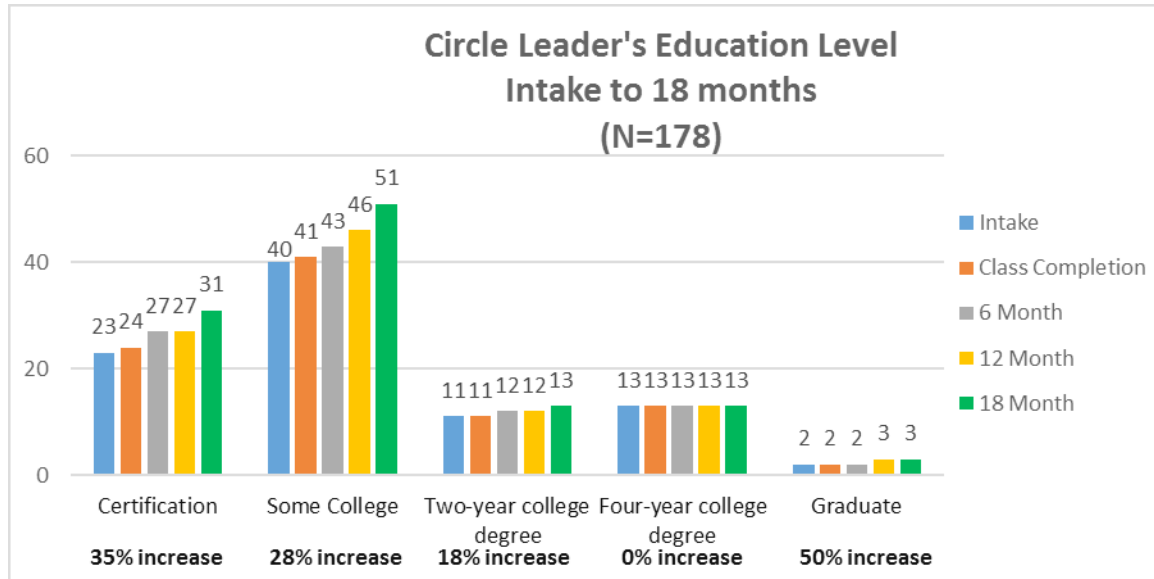
Circles supports people in becoming employed in order to earn enough income to achieve economic stability. There are significant gains for Circle Leaders in moving from unemployment to part-time or full-time jobs.



While the self-employed numbers are statistically insignificant at this time, we are collecting this data and reinforcing the strategy to support people into self-employment given economic forecasts for decreased traditional jobs and increased demand for entrepreneurial skills.

EDUCATION

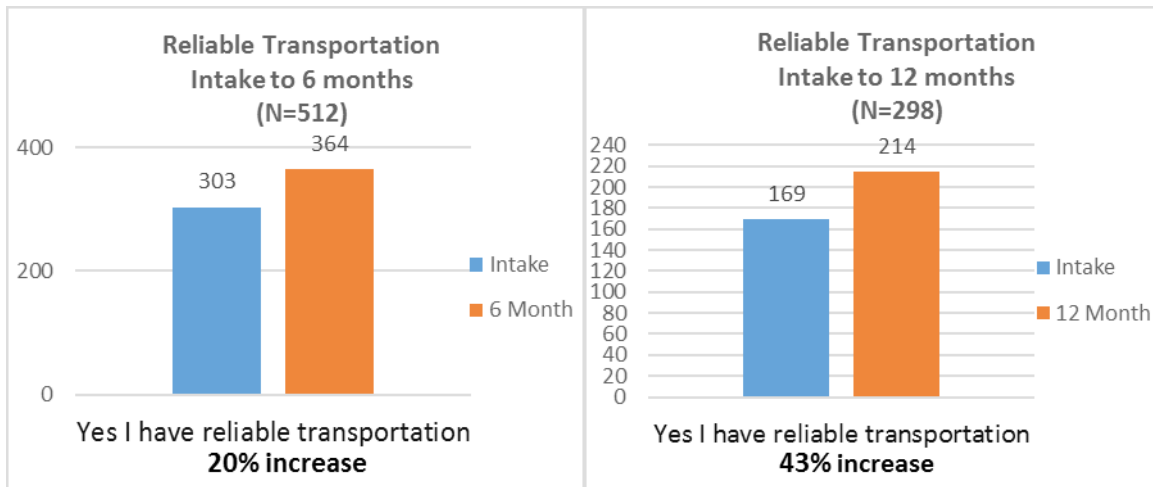
Circles supports people to increase their education in order to earn more income. Early results show increases in certifications and Circle Leaders entering college.



TRANSPORTATION

Reliable transportation is a major barrier to increasing earned income. Circles shows substantial gains in reliable transportation. People are asked at their Circles intake interview and every six months thereafter if they have reliable transportation.

- The number of active people in Circles groups who have been running for at least six months who reported reliable transportation increased by 20% from intake to six months.
- The number of active people in Circles groups who have been running for at least 12 months who reported reliable transportation increased by 43% from intake to 12 months.



HOUSING

Most Circles Chapters require stable housing before enrolling in Circles. Our goal is to help people maintain stable housing, which results show has been accomplished. There were even some gains in secure housing, as well as people who now own their home.



For more information on Circles visit CirclesUSA.org.