

Lever Fund Investment Analysis

Organization: Family Services, Inc. (FSI)

Program: Keys to Success

Lever Fund Investment: \$25,000

Benefit-cost ratio: 27:1

Analysis prepared by Mark Swartz, May 2016

Gaithersburg, MD, is not the first community one pictures when poverty comes up, and yet, as a recent NPR story¹ noted, it is a prime example of what the Brookings Institution terms “the suburbanization of poverty.”² Experts contend that social services and charities have been slow to recognize the shift in need.

Family Services, Inc., has helped poor people from Gaithersburg and the vicinity for over a hundred years. The Keys to Success Program is FSI’s innovative program for teen mothers (who are still in school) and their young children, who participate in the Early Head Start (EHS) program that focuses on achieving positive maternal and child health outcomes. FSI’s EHS program serves 147 children and their mothers, of whom currently 15% are parenting teens. A federal funding opportunity for EHS expansion is expected to be announced in the summer of 2016.

We recommend that FSI use a \$25,000 Lever Fund investment as it sees fit to further the mission of the Keys to Success Program. Among the possibilities we have discussed with FSI’s leadership are increasing staff time to better support the teens after high school graduation and renovating office space to accommodate more children. Saint Mark Presbyterian Church in Bethesda is currently considering a capital grant request to fund the capital project.

Assuming the investment from the Lever Fund would serve 12 teen mothers (high school students and recent graduates³) and their 12 children, incurring benefits to both cohorts, our metrics account for the following outcomes:

Child Development

- **Optimized development (kindergarten readiness).** We project that, without our intervention, 8 (66%) of these 12 children would graduate high school and that with our intervention, 11 (91%) will graduate high school.⁴ We value these 3 additional

¹ NPR, [Advocates struggle to reach growing ranks of suburban poor](#).

² Brookings Institution, [Confronting Suburban Poverty](#).

³ The newest cohort comprises nine 9th graders, seven 10th graders, one 11th grader, and four 12th graders.

⁴ Similar estimates were made for an analogous Robin Hood Foundation grantee.

graduations at \$95,000 each [\$50,000 for increased earnings and \$45,000 for improved health (we recognize that early-childhood interventions, while crucial, do not themselves guarantee outcomes)], resulting in a total of \$285,000 in benefits.⁵

- **Other factors to be considered in future analysis:** reduced incidence of arrest, reduced incidence of abuse, reduced infant mortality, and reduced incidence of low birth weight.

Parent Support

- **Increased chance of completing high school diploma (not incorporated into these calculations) and associate’s degree.** Robin Hood estimates that individuals with an associate’s degree will earn – on average – about \$10,000 more per year than college dropouts.⁶ Following the Robin Hood Foundation’s example, we project these earnings 10 years into the future. We project that *without* our intervention, 6 (50%) of these moms would complete their degree at Montgomery College and that *with* our intervention, 10 (83%) will complete. Wage boost: \$400,000.
- **Other factors to be considered in future analysis:** linking mothers to mental health treatment, primary care, dental care, and federal entitlement; and reduced incidence of arrest.

Lever Fund investment amount	\$25,000
Individuals served	12
Wage Boost (children)	\$285,000
Wage Boost (parents)	\$400,000
Total Wage Boost	\$685,000
Benefit/Cost Ratio (Projected)	27:1

⁵ See the Robin Hood Foundation’s [beta metrics equations](#) (September 2014).

⁶ <https://www.robinhood.org/prize>