

Understanding the Impact of Car Ownership Programs

Martin Schwartz, Vehicles for Change

Jeffrey E. Faulkner, President, Ways to Work, Inc.

Dr. Yvette Lamb & Emily Appel-Newby, ICF International

John W. Van Alst, The National Consumer Law Center

Jessica Hiemenz

National Consumer Law Center

**This webinar is sponsored with a grant from the Annie E. Casey Foundation and is
one of a series of webinars about working cars for working families.**

January 26, 2012



Presenter – John Van Alst

- Joined NCLC in 2006 as a Staff Attorney at the Center's Washington, DC Office.
- At NCLC John specializes in issues related to car sales and finance.
- Prior to joining NCLC John work for seven years as an Attorney with Legal Aid of North Carolina.

Presenter - Martin Schwartz

- Martin started Vehicles for Change (VFC) in April 1999 with a \$30,000 grant from Precision CertiPro Warehouse an auto parts distributor. The program awarded its first car in Carroll County, Maryland awarding 5 cars per month. Martin has directed an expansion that included Baltimore City and 12 other Maryland counties, most of Virginia and Washington DC. VFC has changed the lives of more than 10,000 individuals through the awarding of more than 3,300 cars. Today 35 to 45 cars are awarded monthly.
- VFC was selected as a “best practice” organization in a national study completed by the “National Economic Development and Law Center”.
- In 2005 Martin started Freedom Wheels, a retail used car business. A fully owned subsidiary of VFC Freedom Wheels netted in \$260,000 in 2010 and gross sales of \$1.3M and provided a net income of \$314,000 for VFC.. He was selected as the University of Baltimore 2007 Social Entrepreneur of the Year and the Baltimore Visitors and Convention Bureaus “Sales Person of the Year” award.
- Martin co-authored a book on Social Enterprise titled *Effective Social Enterprise: Practical Advice and Best Practices from Leaders in the Field* and serves on the *Baltimore Workforce Investment Board*.

Presenter – Jeff Faulkner



- Was appointed as the third President of Ways to Work, Inc. in 2004.
- During his tenure, WtW has completed a dramatic shift in its business model by centralizing its consumer lending operations, including the design and implementation of a comprehensive technology infrastructure.
- Also since his arrival at WtW, the organization has more than doubled its capital available for lending, and increased its annual loan production and geographic scale, both by more than 50 percent.
- With its increased capacities and improved systems, WtW is rapidly advancing its scaling program that is expected to more than triple its network of loan production offices and quadruple its annual lending volume within the next four years.
- WtW is also actively developing new products and initiatives to further leverage its expanded capacities.

Presenter – Dr. Yvette Lamb

- Has contributed to over 20 year's worth of family strengthening, education, health and community capacity building initiatives.
- With ICF International, Dr. Lamb is currently involved with TANF-related initiatives including guiding the direction of the research and evaluation group within the Family Self Sufficiency line of business.
- Her prior work at ICF includes serving as former project manager on the evaluation of the Communities in Schools project that focuses on fostering positive youth development; former project director for the Children's Bureau's Systems of Care project, that is designed to improve outcomes for children and families in the child welfare system.

Presenter – Emily Appel-Newby

- Is a community economic development and asset building specialist with several years of experience.
- At ICF International, she contributes to multiple technical assistance and evaluation projects in the areas of family economic security, asset building, and disability employment.
- She developed her first-hand knowledge of community economic development as director of the Washington, D.C. asset building collaborative program for three years.

Agenda

- **Measuring and Understanding the Outcomes for Vehicles for Change Recipients**
 - Martin Schwartz, Vehicles for Change

Questions

- **Evaluating Ways to Work- Results and the Method of Evaluation**
 - Jeffrey E. Faulkner, President, Ways to Work, Inc.Joined by
 - Dr. Yvette Lamb & Emily Appel-Newby, ICF International

Questions

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For more information

- To subscribe to the listserv of those interested in Cars and Working Families just go to:
<http://lists.nclc.org/subscribe/> and check the Auto Ownership, Finance, and Policy list
- Visit the following website:
 - National Consumer Law Center's Auto Page:
 - <http://www.workingcarsforworkingfamilies.org>

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VEHICLES FOR[®] ***Change***

Changing lives with donated cars.





The Model

- Donated Cars
- Sell the car for \$700
- Provide a 12-mo. loan; 6-mo. Warranty
- Typical car 10 yrs old; 117,000 miles
- Recipients are recommended by partner orgs.
- Awarded over 3,700 cars to date
- MD, VA and the District



Regional Job Access

- 81,000+ low-income households without cars in Baltimore metro area. (source Brookings Institute)
- Transit reaches only 41% of all jobs in area *In some low-income neighborhoods, residents can reach only 15% of low- and middle-skill level jobs.* (source Brookings Institute)



Outcomes Survey

- Completed internally contacting 45 recipients who have owned their car for at least 12 months.
- Conducted phone interviews and collected pay stubs both pre and post car award
- Collected information pertaining to employment, lifestyle changes and family activities.



Earnings

45 Recipients Surveyed - (owning a car for between 12 and 24 months)

- 89% still employed!
- 75% have found a better job and or increased earnings!
- Average salary increase \$7,000

Why are earnings increased?

- 19 obtained better jobs
- 14 working more hours and increase hourly rate



Better Employees

- 76% attending on the job training and education
- 66% have reduced tardiness
- 77% have reduced days missed at work



Family Impact!!

- *100% taking Children to Activities Never Before Possible*
 - *87% to after-school and tutoring*
 - *87% to athletic activities*
 - *81% to art and music*
 - *93% went on vacation*



Cars Make a Difference!

- *97% Say Their Lives Have Improved*
- *Their round trip daily commute has been reduced by 90 minutes!*



Questions



Ways to Work 2011 Program Evaluation

Presented by:

Yvette Lamb, Principal

Emily Appel-Newby, Senior Associate

Jeffrey E. Faulkner, President, Ways to Work, Inc.

January 26, 2012



What is Ways to Work?

- **Ways to Work is a family loan program that provides loans to help low-to-moderate-income families:**
 - Get to work and school
 - Bring children to daycare
 - Complete daily household tasks

- **We are a unique economic empowerment program helping working-poor families:**
 - Solidify position in the workforce
 - Build financial literacy and capacity
 - Attain self-sufficiency



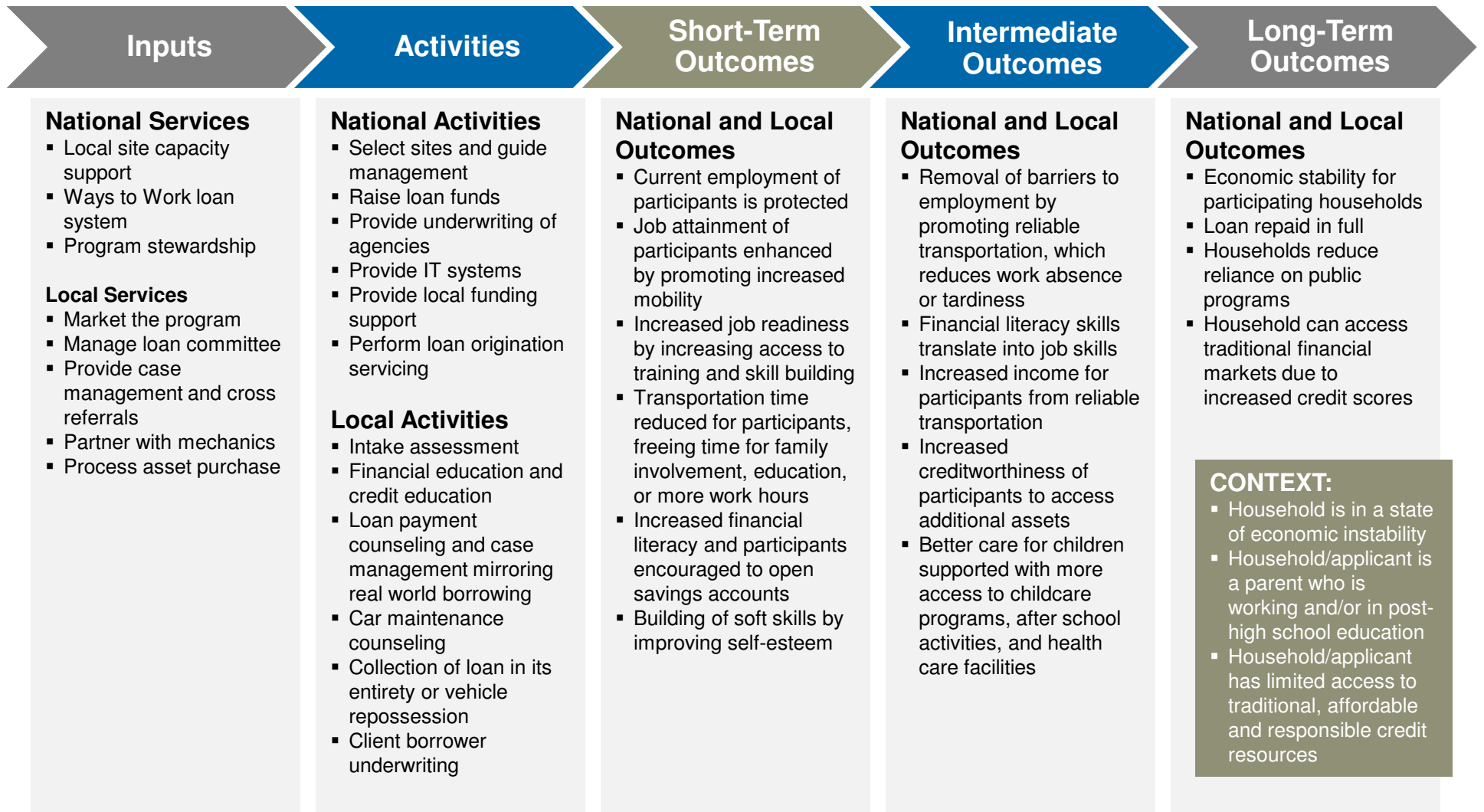
The Ways to Work Approach

- **Focused financial education for all applicants**
 - Household budgeting
 - Reviewing/repairing credit report and score
 - “Just-in-time” financial education class

- **Low interest, character-based loan with real-world expectations for repayment**

- **Personal case management services maximize success with the loan repayment**

Ways to Work Evaluation



Ways to Work 2011 Evaluation Questions



- 1** What are the short-term individual and family outcomes associated with participation in the Ways to Work program? Is there a link between program activities and outcomes for borrowers?
- 2** Are credit scores higher for borrowers after participation in the Ways to Work program? How do they compare to those of non-participants with similar baseline credit scores?
- 3** Does the Ways to Work program result in a net financial gain for stakeholders?
- 4** Are the individuals who participate in the Ways to Work program able to achieve a higher degree of economic security?

Ways to Work 2011 Evaluation Design



Program Outcomes Study	Credit Impact Study	Return on Investment
<ul style="list-style-type: none">■ Borrower survey■ Local site survey■ Community-level data	<ul style="list-style-type: none">■ Quasi-experimental■ Propensity score matching■ Comparison of Ways to Work borrowers with non-borrowers	<ul style="list-style-type: none">■ Monetize the benefits of the Ways to Work program for partners and participants■ Compare benefits against investments and extrapolate over time
<p>Track progress towards goals and refine approach</p>	<p>Separates program impact from environmental factors</p>	<p>Exhibits value of program</p>

Findings: Program Outcomes Study

Program Outcomes Study

- Borrower survey
- Local site survey
- Community-level data

Track progress towards goals and refine approach

- 94% of borrowers reported the car helped them improve or maintain their employment status.
- 47% of employed borrowers received a promotion or pay increase. 35% increased their income by more than 10% at a time when wages nationally fell by 4.9%.
- Borrowers are advancing their educational careers. Most commonly, participants have gone from a high school degree to completing some college courses.
- 82% of borrowers sustain themselves and their families without TANF cash assistance despite receiving it before their loan.
- Most borrowers credit their car loan for significantly improving their quality of life.
- Borrowers were able to double the amount of time they spend volunteering per month.

Findings: Credit Impact Study

Credit Impact Study

- **Quasi-experimental**
- **Propensity score matching**
- **Comparison of Ways to Work borrowers with non-borrowers**

Separates program impact from environmental factors

- Recent borrowers may be increasing their credit scores more quickly than borrowers in the past.
- Program participation contributes to improvements in credit scores. Borrowers experienced mean credit score increases even during the recent recession of up to 44.6 points.
- Ways to Work borrowers outperform their non-Ways to Work borrower counterparts in terms of improving their credit scores.

Findings: Return on Investment Study

Return on Investment

- **Monetize the benefits of the Ways to Work program for partners and participants**
- **Compare benefits against investments and extrapolate over time**

Exhibits value of program

- The projected annual return on investment of the Ways to Work program for all stakeholder groups combined is approximately 250 percent, or \$2.50 for every \$1 invested.
- There are \$63 of benefits enjoyed by borrowers for every \$1 of effort they invest in the program.
- Taxpayers benefit from a projected annual savings of approximately \$18 million from reduced enrollment in public assistance of families who have participated in the Ways to Work program.
- To the benefit of employers, borrowers reported fewer missed days from work and fewer instances of tardiness per month after receiving their car loan.

Formal Program Evaluation: Why Bother?



- **Primary benefits of quality, third party evaluation:**
 - Professional evaluation lends tremendous weight to case for support claims with philanthropic and government funding/policy audiences.
 - Best practice data with linkage to outcomes allows for better informed program refinement or even redesign.
 - Best practice data can also help avoid program meddling by well intentioned supporters with long lists of unrelated activities/benefits they wish to see inserted into your program.

- **Key lessons learned:**
 - “Critical” program activities don’t always lead to intended benefits (or any at all).
 - Understanding broader context is integral in interpreting program outcomes from study to study (i.e. changes in the economy impacts poverty outcomes).

Questions?



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