# Driving out of Poverty in Private Automobiles

By
Lisa Brabo, Ph.D.
Peter Kilde, B.A., Executive Director, West CAP
Patrick Pesek-Herriges, M.A., M.A.
Thomas Quinn, B.A., Bush Fellow
Inger Sanderud-Nordquist, J.D.

West Central Wisconsin Community Action Agency, Inc.
P.O. Box 308
Glenwood City, WI 54013
715-265-4271

January 30, 2002

Submitted in response to the call for papers for

Rediscovering the Other America:
A National Forum on Poverty and Inequality

- ## INTRODUCTION AND OVERVIEW

West CAP (the West Central Wisconsin Community Action Agency, Inc.) is a community-based organization operating in a 7-county area proximate to the twin cities of Minneapolis and St. Paul, Minnesota. In 1998, administrators of the organization developed hypotheses re. the transportation problems of Welfare-to-Work households in a rural area. It was believed that only the private automobile could meet all of the needs of TANF or Wisconsin Works (W-2) households.

The agency developed resources to launch a facilitated-automobile purchase program named JumpStart. The program provides down payment loans and case management support. At the date of this paper, JumpStart has helped 90 eligible households purchase late-model, warranted automobiles. In order to provide low-interest loans to clients, West CAP developed partnerships with credit unions, obtaining preferential interest rates. In order to provide the lowest possible prices, the agency took the innovative step of becoming an automobile dealer, able to purchase at wholesale automobile auctions.

Evaluation of the program shows that combined interest and price savings average $3,900 per client household, and that the program provides its services at reasonable public cost. A survey of clients owning program vehicles for 6-months or more provides evidence of success in terms of the job income development purposes of the program.  In fact, the program data and client survey results presented in this paper argue strongly that ownership of a private automobile is a key element of success in obtaining the “assets” of independence: job training or education, a good job, health care, child care, social supports, and even self-esteem and family/community relationships.

- **THE PROBLEM**

When America set out to replace welfare with work, it was generally recognized that the transportation needs of new workers would have to be met in order for this reform policy to succeed. Four years after the full implementation of welfare reform, the lack of an adequate transportation solution has emerged as one of the most intractable barriers to the integration of former AFDC recipients into the work force.

As we better understand the direct experiences of TANF recipients in moving into the workforce, the full dimensions of this transportation barrier are more fully appreciated. Recent studies in Minnesota provide a good example. A May 2001 report by the Hennepin County Planning Department looked at several recent studies on transportation needs in the Minneapolis/ St. Paul metropolitan area.[1] These studies clearly identified transportation as the greatest obstacle for welfare recipients in finding or keeping a job. The primary finding was that while half of the people on welfare live in the core city, seventy percent of the jobs available to them are located in the suburbs. Three quarters of the welfare recipients reported that they must rely on public transit to get to their jobs. The studies showed that few of these jobs are sufficiently clustered to support the provision of frequent public transit service, or to address the irregular transportation needs frequently encountered by persons working entry level jobs (evening, night or weekend shifts).

The report also reviewed a study by three county-sponsored group transportation partnerships. In the partnerships' own words:

[1] Transportation and Low Income Workers, Hennepin County, Taskforce on Homeless Families, May 2001

> *All of the group transportation pilot programs, including van pooling and mini-route buses, were unsuccessful. Despite extensive efforts to recruit employers and riders from a sizable (TANF) population, limited ridership made group transportation strategies cost-ineffective.*

The Hennepin County report cited partnership strategies that did demonstrate success, all of which were focused on private vehicle access and maintenance. For example, a program that offered gap services consisting of car donations combined with supportive assistance for repair, insurance and maintenance costs had the highest rate for movement of participants out of welfare and into unsubsidized work. In 2000, approximately 68% of participants who received this kind of vehicle assistance were able to obtain or retain employment, and 14% moved out of welfare.

Although this report of studies addresses an urban situation, where it is at least possible to consider fundamental changes in transportation policies that could provide long-term solutions (e.g., public investment in transit; transportation management strategies) the results are nevertheless informative for welfare-to-work programs in rural areas. If it is difficult to make public and group transit programs work efficiently in densely populated urban areas, it is not surprising that the same project is nearly impossible in rural areas, where the population is dispersed and public transit is practically non-existent. Alternately, if ownership of private vehicles is a workable remedy in urban areas, this approach is even more likely to be workable in rural areas. Over 65% of rural Americans live in areas with either no public transit service or very negligible transit service.[2] Even in areas with service, it is likely to focus on fairly specific or high priority needs: the elderly, disabled, special medical concerns.

[2] Benefits of Rural Transportation, National Association of Development Organizations, November, 1998

In most cases, service quality is difficult and expensive to maintain. Most of these services are provided by vans (53%) or small buses (21%) that have restricted operating times and destinations. Half of these vehicles are considered to be past their life expectancies; 60% are not wheel chair accessible. Limited resources are also a problem.

The unfortunate result is that, as one study observed, while… "Almost 1,200 public transportation systems exist in rural communities across the U.S., no single transportation strategy appropriately addresses the diversity of rural America."[3]

For low-income persons, ownership of personal vehicles is every bit as great a problem. In 1995 only 4% of non-low income U.S. households did not own a car, compared with 24% of low-income households. From another perspective, approximately 62% of all U.S. households who do not own autos can be considered poor or "near poor". [4] The numbers for rural areas, taken discretely, are similar. While about 7% of rural households do not have cars, the proportion rises to 57% for rural poor -- an especially troubling number given the limited availability of rural transit."[5]

In 1999 and 2000, the Wilder Research Foundation conducted an assessment of the quality of life in the St. Croix River Valley (the counties of Washington in Minnesota and Pierce, Polk and St. Croix in Wisconsin). These counties comprise suburban, ex-urban and rural areas that share the commonality of the St. Croix River watershed. The study, funded by the Hugh J. Andersen Foundation, included a first phase that compiled available demographic, social and economic information and, in

[3] Benefits of Rural Transportation, National Association of Development Organizations, November, 1998
[4] National Personal Transportation Survey, 1990 and 1995
[5] Benefits of Rural Transportation, National Association of Development Organizations, November, 1998

the fall of 2000, a survey of 1,612 residents, conducted by telephone. The first phase data compilation clearly established the absence of public transit, particularly in the rural Wisconsin counties, and the high incidence of commuting. In the three Wisconsin counties, there were 3 "public transit facilities" (1 in Pierce, 2 in St. Croix) – all of which were municipally-based taxi services. All the Wisconsin counties had more commuters traveling to Minnesota than coming from Minnesota, and two of the counties (Pierce and Polk) had more net commuter travel to other Wisconsin counties.[6] Table 1 summarizes these findings.

Table 1: Public Transit and Commuting, Three Wisconsin Counties

| **Transportation Facilities** | Pierce | Polk | St. Croix |
|---|---|---|---|
| Public Transit Services | 1 | 0 | 2 |
| Elderly and disabled Transportation services | 4 | 4 | 7 |
| **Numbers of employees Commuting to work, 1994** | | | |
| Within county | 8,421 | 10,474 | 13,606. |
| Net commuters to or from Minnesota | -5,443 | -2,374 | -8,710 |
| Net commuters to or from Wisconsin | -1,125 | -785 | -1,776 |

The Y2000 Wilder survey[7] again established high rates of commuting. A net of 42.6% of respondents (N=1168) said that they commute 30 or more miles round trip for work. (Travel to work of less than 15 miles each way was not counted as commuting.) How do they commute, in a situation where public transit is virtually non

[6] Lay of the Land: Community Needs and Resources. Wilder Research Center, 1999.
[7] St. Croix Valley: Survey of residents. Wilder Research Center, September 2001.

existent? The survey reported that 97% of residents rely on their own cars for all transportation.

**The West CAP Transportation Program**

It may be self-evident that work-related transportation is a special challenge for low-income households with children as they leave dependency on welfare and seek to enter the work force – especially in a rural area. The West Central Wisconsin Community Action Agency, Inc. (informally known as West CAP) attempted to inventory the transportation needs of these households and to develop a demonstration program to meet those needs. The first step was to establish the criteria for an acceptable transportation program, thereby developing an hypothesis for a workable program. The second step was to implement that program and test its results.

**Criteria and hypothesis: Becky Gets To Work**

During the 60-year life span of AFDC, American life has developed around the assumption that everybody has a car. Over time, the ideal model of neighborhoods and communities where work, groceries, dry goods, school, church, medical care, medicine, family and friends and are all within walking distance of home has virtually disappeared. In light of this reality, West CAP posited the minimum transportation needs of a typical single working mother in today's economy. They named her "Becky", and constructed her story.

> *Becky received AFDC for a while, before it was eliminated by the 1997 federal TANF legislation. Now she works, earning just enough to keep her family together – so long as she receives subsidized childcare and Medicaid (no health insurance at her job). Her days are filled with travel: early in the morning, she takes 3-year old Sam to the Warm World Day Care Center and 6-year old Danielle to school. Then she drives to work. During lunch, she often runs the kinds of errands every mother knows:*

*getting a prescription filled, finding the right notebook for Danielle, getting her uniform from the dry cleaner. After work, she picks up the kids, goes home to cook, plays with the children until bedtime, and maybe kicks back with a late night TV program. On weekends, she does the grocery shopping, looks for bargains at the Goodwill store, goes to the Laundromat, has an outing with her sister's family, or brings the kids to the park. A couple times a year she likes to get back to her folks in Iowa and connect Sam and Danielle to that part of their family history.*

In a very real sense, Becky's situation is representative of the unprecedented transportation challenge facing post welfare America at the beginning of a new century. There is no real-life bus that fits Becky's needs. There will be no such bus in the reasonable future. To be successful – to support basic family activities and provide an opportunity to advance in the workforce – any transportation solution must at least meet the modest needs of families such as Becky's. At the same time, any enduring transportation solution for these families must be accountable to public policy concerns about cost-effectiveness and environmental sustainability. In its literature, West CAP argued that conventional programs fail both the needs test and the test of cost-effectiveness.

Here are West CAP's criteria:

*Every family situation is unique, but we believe that a transportation solution that meets Becky's needs would likely work in most situations – rural and urban. What are the <u>minimum</u> transportation requirements of this family?*

**1***.* ***Safety*** *- Beyond getting herself to work, Becky transports the most precious cargo in the world, and transports them a lot. In addition to round trips to day care and school, the kids are along on errands, appointments and recreational outings.*

**2***.* ***Reliability*** *- Becky needs to get to work, day care, and school 5 days out of every week, in rain, shine, snow, sub-zero temps, or whatever. There are doctor's appointments, minor emergencies, and a very hectic every day schedule.*

**3***.* ***Flexibility*** *- The complexity of Becky's schedule on even a "normal" day requires great flexibility, both in terms of the places Becky and the kids have to go and when they have to be there – and, of course, in the real world every day is not normal.*

**4.** ***Manageability*** *- Take the transportation demands under Flexibility and try to imagine meeting them while depending on volunteer drivers. Now try city busses, car pools, vanpools, taxis, trains, or bicycles. Now try it in a rural area.*

**5***.* ***Affordability*** *- Becky's budget is tight and will remain tight for a long time. When and if her income rises, so will her childcare co-payments. No real progress will be made in her standard of living until she is earning over $12.00/hr.*

**6***. **Consistent, predictable monthly expenses** - Becky's tight budget means that her transportation cannot surprise her with a large unexpected cost such as a transmission failure, the unplanned necessity to replace a car, or even a more modest repair.*

**7***. **Long-term function** - Becky's climb up the ladder and out of poverty will be a long climb. A short-term transportation solution may not suffice. If she falls off the ladder because of transportation problems, she may be in a worse situation than she was on AFDC, with less time on her clock and another failure on her mind.*

**8***. **Rural and Urban Applicability** - Many former AFDC recipients live in rural communities with limited or nonexistent public transportation. Even inner-city workers are finding that relying on public transit can limit their access to better paying jobs.*

**9***. **Reasonable Public Cost** - Continued public support will be essential to the success of any transportation program that meets the needs of families like Becky's, but these public costs will need to be perceived as reasonable, efficient, and affordable.*

**10***. **Environmental Sustainability** - An enduring transportation solution for low-income families must also address issues of environmental sustainability, and should demonstrate the use of energy saving* *strategies and new technologies. Low-income families should play a leading role in the development of these options.*

West CAP's analysis led to the conclusion that the private automobile is the only workable transportation program for its rural community. West CAP set itself the task of funding and demonstrating a program of facilitated automobile purchase for TANF-eligible households. To do this, West CAP established partnerships with six county TANF management agencies (W-2 agencies, in Wisconsin's vernacular) and with an area credit union. Funding from the state of Wisconsin, from the county W-2 agencies, and from the Otto Bremer Foundation initiated and sustained the program. Since March, 1999, when the first car purchase was made, West CAP has operated the JumpStart program of facilitated automobile purchase which, the organization believes, has demonstrated the ability to meet all of the transportation needs of its clientele.

- **THE JUMPSTART PROGRAM**

West CAP's JumpStart program helps its clients purchase late-model, warranted automobiles that meet minimum thresholds for efficiency and safety. The agency believes that its program's emphasis on fuel efficiency also provides a model for movement toward environmental sustainability.

The JumpStart program has three interrelated components: (1) client relationships, including outreach, assessment, and support; (2) financing partnerships with local lending institutions; (3) an "in-house" automobile dealership license, with an experienced automobile buyer.

JumpStart participants are TANF eligible households (under 200% of poverty, with children) whose situations have been evaluated by W-2 Financial and Employment Planners (FEPs). Program staff members work with each family to evaluate their transportation needs and their credit worthiness.

In partnership with one of the two participating local credit unions, they are able to create viable car purchase arrangements for eligible participants. In view of the financial evaluations by county FEPs and the case management support of JumpStart program staff, the credit unions offer JumpStart clients preferential interest rates – the same rates they charge their most credit-worthy clients. The value of this credit differential is significant, and will be discussed later in this report.

In order to provide the best possible prices to their clients, and to assure vehicle quality, West CAP has taken the innovative step of becoming a licensed automobile dealer. The dealership enables the program to purchase quality cars meeting program standards for efficiency and reliability directly from wholesale auctions, resulting in significant discounts. A typical JumpStart vehicle would be a two or three year old Saturn or Geo Prizm with less than 40,000 miles, still covered by the factory warranty.

West CAP provides $3,000 for the client to use as a down payment loan, and works with the credit union to provide a low interest loan for the balance. The average of credit union loans has been approximately $5,000; clients make their payments on loans directly to the credit union. The $3,000 West CAP down payment portion is managed as a no interest “patient loan”; clients pay $25 each month directly to West CAP. If they successfully complete payment of their car loan during a 5-year amortization period, West CAP will forgive the remaining $1,500 of its down payment loan.

At the time of the purchase, and as a requirement of the down payment loan, West CAP establishes a contract between client and program, requiring the client to maintain insurance, agree to own no other vehicles, maintain a good driving record, make timely car payments, and provide for regular vehicle maintenance. Additionally, each car loan includes the purchase of a six-year/100,000 mile extended warranty that provides protection against the possibility of major repair costs. The dealership license allows purchase of this warranty at a discounted price (currently, $790). The JumpStart case manager is available to help with decision-making on these and related matters, throughout the client's participation in the program.

## LITERATURE

During 2001, as JumpStart program staff initiated evaluative studies of the program, contemporaneous reports on the transportation needs of TANF participants and the relative value of car ownership were discovered. (Reports of these kinds were unknown to West CAP administrators when JumpStart was initiated.) Two examples are offered here.

### 1. Los Angeles County CalWORKs Transportation Needs Assessment

This Working Paper by Ong, Houston, Horton, and Shaw focused on the transportation experiences and difficulties of CalWORKs participants in transition to work.[8] It examines these experiences in an urban setting, with a public transit system. Among its findings are these:

- Job search and work activities require recipients to travel more…twice as many trips a day as those not working and not actively searching for work. And…the job-search stage…is characterized by a high degree of complexity and uncertainty…

- Work trips account for only about 11 percent of recipient trips; other trip purposes include shopping, childcare, and other activities

- Most recipients travel by car whenever possible… On a typical day, almost two-thirds (63 percent) of al recipient trips were by car, either as a passenger or a driver…

- Many recipients without access to a car ride with friends or relatives rather than rely on public transit. For every ten trips on a bus or train, there are nine trips as a passenger in a private vehicle.

- About two-fifths of recipients who used transit found public transit a viable mode of transportation. [Therefore, three-fifths did not find it viable.]

- Travel by public transit can be difficult for participants because of the difficulty identifying appropriate routes, the lack of direct lines (requiring transfers), crowding (with some being passed by), limited off-hour runs, and the inconvenience of making multiple work and family-related trips.

- Recipients who travel by car are significantly less likely to report trip difficulty compared to those using other modes of travel; this finding holds for job-search, work commute, childcare and health care trips.

- ***Unrestricted access to a household car is the most effective transportation resource in promoting the transition from welfare to work.*** [highlighted by authors of this paper]

- Given their limited income and the asset limits imposed by public assistance programs, recipients are likely to purchase older cars that often have higher maintenance and operating costs.

- Financing and credit for auto loans can often be problematic for recipients due to low wages, a lack of stable employment, and problematic credit histories.

[8] Working Paper #36, Los Angeles County CalWORKs Transportation Needs Assessment, The Ralph and Goldy Lewis Center for Regional Policy Studies at UCLA. Paul M. Ong, Douglas Houston, John Horton and Llinda L. Shaw. May, 2001.

- Auto insurance can also present a substantial barrier to owning and operating a car…

Additionally, respondents and focus group participants in this study expressed strong preference for auto-related programs: 53% wanted help getting a car loan; 88% wanted limited or unlimited access to a household car, but 66% did not have a household car.

In an overview statement, the authors write:

> *Car travel provides participants flexibility and convenience as they face the complexity and uncertainty of work-related trips on top of their multiple household responsibilities. It increases the odds of making the transition from welfare to work, and it makes trips for other purposes less difficult.*

**2. A Report on State and County Supported Car Ownership programs by the Center on Budget and Policy Priorities[9]**

This report is an overview of car ownership strategies as implemented by states and counties nationwide. It highlights the status of transportation as "…a significant barrier to finding and maintaining employment for low-income families" and notes that

> *"…an increasing number of jobs are located in suburban areas that are inaccessible to workers who live in cities or in rural communities. Public transportation – especially in rural areas – is often non-existent or inadequate. Even where public transit is available, it may not be conducive to the "off-hour" shifts that many low-wage jobs require. Public transportation also can be problematic when a parent's job and child care provider are located at some distance from each other."*

The author, Heidi Goldberg, documents the shortcomings of public transportation and the need for automobiles, noting that low-income families typically lack the resources with which to own and maintain reliable automobiles. She cites studies verifying that

[9] State and County Supported Car Ownership Programs Can Help Low-Income Families Secure and Keep Jobs. Heidi Goldberg. Center on Budget and Policy Priorities. November 8, 2001.

welfare recipients, youth, and low-income households in general are more likely to be employed if they own or have access to automobiles. She notes that federal TANF and state maintenance of effort (MOE) funds can be used to help families purchase, insure, or repair a car. In an overview of states that have implemented car purchase or lease programs, she notes that the levels of expenditure per vehicle vary widely. Table 2 summarizes findings and includes programs for current TANF recipients and those leaving welfare.

Table 2: Car Programs for TANF Recipients

| State | Total Allowance | Coverage |
|---|---:|---|
| Florida | 8,500 | N/A |
| Kansas | $5,000 | Car, licensing, insurance |
| Michigan | 1,200 | |
| Nebraska | 2,500 | Car, licensing, insurance |
| Pennsylvania | 750 | Down payment only |
| Tennessee | 4,600 | Loans for purchase, registration & insurance; vehicle inspection and free first repair |
| Wisconsin | 1,600 | Loans for purchase or repair |

Goldberg cites a number of other programs operated at sub-state levels, including Individual Development Accounts for car purchase (Illinois), donated cars (e.g., EARNA CAR in Chatutauqua County, NY), and the Good News Garage program in Vermont, which provides cars for the cost of repairs. Partial-cost programs and repair programs exist in numerous locales.

As stated by Goldberg, having a car

> *…is likely to afford advantages in obtaining and maintaining employment regardless of whether a family resides in an urban or rural area. Researchers have attempted to measure the impacts of having a car on employment outcomes. The evidence offered tends to support the theory that owning a car can increase the likelihood of being employed and at a higher wage.*

In a cautionary statement, Goldberg suggests that "…used cars costing less than about $2,000 are unlikely to be adequate for ongoing commuting to work and child care, even with substantial repairs." By this standard, only the Kansas, Florida and Tennessee programs can possibly provide "adequate" automobiles.

West CAP's experience suggests that the $2,000 standard is insufficient. A West CAP critique of the CalWORKs and Center on Budget and Policy Priorities investigations would argue that the value of an automobile to meet dispersed commuting needs and flexibility needs of TANF households is supported by these studies, but that all of the car purchase programs reported stop short of what is truly needed: a late-model, warranted, economical automobile.

## ❑ EVALUATION OF THE JUMPSTART PROGRAM

### Jumpstart Benefits: Program Data

At the date of this writing, the JumpStart program has helped 90 TANF/W-2 households purchase automobiles. Only two of the automobiles (2.2%) have had to be repossessed by the lending institution, and another two clients have voluntarily surrendered their cars owing to significant changes in their personal lives. The average retail value of the automobiles purchased is about $10,400. Low-income households have been able to afford these purchases for three significant reasons:

(1) Down payment loans of $3,000 provided by the JumpStart program through its funding by state and local government and the Otto Bremer Foundation;

(2) Price reductions that were initially gained through dealer discounts and are now obtained through the wholesale-purchasing abilities of the West CAP dealership;

(3) Preferential interest rates provided by the collaborating area credit unions.

**Down Payment Loans**

As noted in the foregoing program description, the program provides a partially forgivable down payment loan of $3,000. At the repayment rate of $25 per month, clients who successfully complete the program, having paid off their credit union loan, will have repaid one-half the down payment loan. The balance of $1,500 will be forgiven.

**Wholesale Prices**

Against an average retail value of $10,400 (without extended warranty), the program has provided vehicles to its clients at an actual average cost of $8,000, which includes the cost of the extended warranty ($790). The average price-reduction saving per client has been $2,400. This purchase strategy also allows control over car quality and fuel efficiency. The fuel economy rating of cars purchased through JumpStart is over 32 mpg.

**Preferred Interest Rates**

High-risk borrowers are normally charged an 18% interest rate. Through the agreements negotiated by West CAP staff, JumpStart borrowers are receiving the same rate as the most credit worthy borrowers served by the credit unions: 7.5% to 8%. This means that on a typical vehicle with an extended warranty financed at $5,000 (the balance remaining after West CAP's down payment loan), a JumpStart borrower is able to save over $1,500 on interest payments to the credit union during the five-year loan amortization period.

JumpStart staff collaborate with lenders on a policy requiring a household budget for each client. This client support, along with the regular monitoring procedures by the staff, means that JumpStart loans have a high probability of success. In fact, despite the poor initial credit rating of typical JumpStart clients, WESTconsin Credit Union reports that the delinquency rate on JumpStart loans is lower than the overall rate for their regular borrowers. This experience is having an impact on the credit policies of the lenders.

**Public Costs**

JumpStart is proving to be a fiscally prudent use of government funding. Of the $3,000 provided for the down payment loan, $1,500 is paid back by the client and is available to help additional clients. Of the remaining $1,500 in program assistance, $500 is returned to the state as sales tax on date of the purchase. The balance of $1000 is the net *direct* financial support to the participant household over the five-year period of the program loan.

There are, of course, *indirect* benefits to clients, in the form of supportive case management and program administration. Case management services include household financial management, liaison to other supportive services, support for job development, and consultation on vehicle maintenance. Administrative costs include supervision, accounting and audit. The current year's budget and vehicle purchase goals can be used as a base for calculating indirect support. The total JumpStart budget is $388,600. Of this amount, $148,000 is budgeted for down payment loans and a loan reserve fund. The balance of $ 240,600 serves the 50 clients of the current year, plus the 40 clients from the prior year (90 total). Thus, the cost-per-client for indirect support is just about $2,600. As client numbers increase -- along with the relative self-sufficiency of clients -- this cost will decrease.

West CAP believes that these costs represent a good investment in support of clients' efforts to obtain, retain, or improve employment, escape dependency on public benefits, and achieve self-sufficiency.

**Client Survey**

Method

In order to evaluate the experience of the program in the lives of its clients, West CAP conducted a survey of all clients who had owned a JumpStart vehicle for 6 months or more. The survey was conducted by telephone during November, 2001. The JumpStart program Special Projects Analyst attempted to contact 43 clients who had owned their cars for at least six months. Thirty-four clients were interviewed – 79% of the target population. Those contacted were asked 14 questions as to their social and economic status, and their program experience. Each set of responses was recorded by the interviewer. Responses were then entered into an SPSS database for analysis.

Findings

Of the 34 responding clients who owned JumpStart program automobiles for six months or more:

- 85% are employed, with 6% of these being self-employed. Twelve percent (12%) cannot work because of their own medical condition or that of a close family member for whom they give constant care

- Of those employed, the average wage is $9.80 per hour, approximately $2.00 per hour more than the average reported for employed TANF recipients in the same service area as served by the JumpStart program[10]
- Their average roundtrip commute is 24 miles
- Of those able to work, 53% have changed jobs since getting their JumpStart car
  - Of those, 100% report getting a better job
  - 75% report higher wages
  - 88% report that the JumpStart car helped them get their better job
- 53% report that transportation had been their biggest barrier in getting a better job, while an additional 18% shared transportation barriers equally with a second variable, such as education or lack of stable housing
- 79% report that there is no public transportation available to them
  - Of the remaining 21%, 86% report that the public transportation in their area cannot meet their needs
- 74% receive some sort of public assistance
  - Of those, 36% report that the level of assistance they receive has decreased since they received their JumpStart car
  - 50% credit the car with the reduction in other public assistance
- Of the 55% who have changed day care providers since getting their car
  - 100% report improved quality of day care
  - 50% credit their JumpStart car with their ability to access higher quality day care services
- 

[10] Wisconsin Department of Workforce Development, November 2001

- 47% have advanced their formal education or technical training since acquiring their automobiles.
- 35% have moved since getting their car
  - Of those, 58% went from renting to home ownership
- 85% report improved credit ratings
- 68% report overall improved financial health
- 74% report more involvement with extended family, friends and community
- 100% report a better overall quality of life; 79% say it is much better
- Asked to rate the JumpStart program on a scale of one to ten with one being lousy and ten being outstanding:
  - 62% gave JumpStart a "10"
  - 23% gave it a "9", and 15% gave it an "8"
- All vehicles are now fully insured, over/against 54% prior to the program, demonstrating a clear social benefit in lowering the insurance risk to the public.
- In the majority of cases, older unsafe and inefficient vehicles have been removed from service and replaced by safe, efficient vehicles. West CAP has not yet developed a quantitative measure of these safety and efficiency achievements, but they appear to be substantial.

## CONCLUSION

The JumpStart program responds to the transportation needs of TANF households moving from welfare to work by helping them purchase late model, economical, dependable automobiles. This strategy is designed to provide transportation that is safe, reliable, flexible, affordable, sustainable, and cost-effective for the client and in terms of public policy. The private automobile was determined to be the only program that could meet all the transportation criteria for “Becky”, the typical TANF head-of-household.

The program data and client survey results presented in this paper argue strongly that the program has succeeded in its purpose and that, in fact, ownership of a private automobile is a key element of success in obtaining the “assets” of independence: job training or education, a good job, health care, child care, social supports, and even self-esteem and family/community relationships.

While much of JumpStart’s success rests on the development of practical tools that meet real-life needs - financing partnerships, car purchasing assistance, targeted subsidies and efficient case management – it is important to recognize that its success is also based on offering meaningful and realizable incentives to participants. For most Americans, poor and not poor, owning a good quality, dependable automobile is not only a practical necessity, and the key to gaining remunerative work; it is also a key to acceptance and participation in the social fabric of their community life.

JumpStart works as an incentive program because it connects participants to both their work and “the rest of life” – family visits, medical and other service appointments, shopping, school activities, etc. The program’s focus on car quality and long-term support distinguish it from most other car-based programs that primarily assist with low-end purchases, or even donations, and offer little assurance of dependability. JumpStart derails the fairly common opinion that welfare households cannot (and perhaps *should not* –- an attitude sometimes encountered) sustain the ownership of a good quality late model car. From the first day they drive their car, and the first month they make a loan payment, JumpStart participants experience a meaningful improvement in the quality of their lives.