



GAINING TRACTION

**How Working Wheels Helps Working
Families Move Ahead**

Acknowledgments

Port Jobs conducted this study in accordance with a contract with the State of Washington. Contact Port Jobs for more information or additional copies of this report (Phone: 206-728-3882 or Email: portjobs@portseattle.org). The report may also be downloaded from the Port Jobs website at www.portjobs.org.

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Founded in 1993, Port Jobs is a non-profit action tank based in Seattle, Washington. Port Jobs brings together business, labor, government, education and the community to help women, people of color, and the economically disadvantaged access living wage jobs in the Port-related economy.

Note: All quotations in this report are from interviews with Working Wheels car owners, unless otherwise noted. To respect their privacy and protect their identities, Port Jobs has changed the names of all car owners quoted or referenced in this report.

For more information, visit the Port Jobs website:
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EXECUTIVE SUMMARY

In King County, Washington and across the nation, lack of reliable, affordable transportation is a critical barrier that prevents many low-income people from finding and keeping the jobs they need to move ahead.

While public transportation works for many people, it is not a viable option for everyone. Like the new apprentice who must travel with tools to different jobsites – often far from the reach of the bus line. Or the nursing assistant who works the graveyard shift, or the single mother who must drop her kids off at daycare as part of her commute to work. Across the country, new programs that help low-income workers purchase cars have emerged to address this problem.

Previous research has found that car ownership helps low-income people move out of poverty – by allowing them to travel farther for better-paying jobs, work more hours while taking care of family responsibilities, and to take advantage of training and education that builds job skills.

In 2002, the Working Wheels car ownership program was launched to help address the growing transportation-to-work need in King County. Now in its third year, Working Wheels (WW) has sold more than 225 affordable used cars to low-income individuals and families.

Port Jobs recently embarked on a comprehensive evaluation of WW to examine how owning a car has affected car owners' lives. The evaluation found three key findings (see box).

1. **WW car owners are earning more money** – their median hourly wage increased from \$11.25 before buying cars to \$12.34 three quarters after the cars – a 10% increase. This wage gain was 10% higher than that seen in the study's comparison group.
2. **Car ownership benefits the entire family** – parents reported it is now easier to take their kids to daycare, children can join new after-school activities, and families can spend more quality time together.
3. **WW car owners are good borrowers and are saving money** – only 2.5% of WW car owners have defaulted on their car loans.

The Working Wheels Program

Working Wheels is a nonprofit car ownership program that sells affordable used cars to low-income workers who live in King County. Working Wheels combines car ownership, access to credit, and support services to meet the following goals:

1. Sell low-cost cars to help low-income workers get to work and stay employed;
2. Help car owners access low-interest car loans and bank services, and build a credit history;
3. Provide support services, such as financial literacy training and mentoring, to help people be successful car owners.

Working Wheels was created by Port Jobs, a non-profit action tank that connects low-income residents to career opportunities within the port-related economy. Fremont Public Association, a community action agency that serves homeless and low-income families, operates the program.

Methodology

All evaluation findings are based on the following data sources:

1. Telephone interviews with 51 WW car owners.
2. Employment and earnings data from the WA State Employment Security Department (ESD) for 173 car owners¹ who bought cars between May 2002 and October 2004².
3. Comparison group analysis from ESD of wage gains for more than 1,000 workers with similar wages and industries of employment as WW car owners³.
4. Demographic information from WW program records on all car owners.
5. Aggregate loan information for all WW borrowers from Sound Community Bank, the lender for WW auto loans.
6. Stakeholder review of findings and feedback to formulate recommendations.

Summary of Findings

The evaluation found that Working Wheels has made a significant difference in the lives of car owners in three main areas: 1) employment opportunities and increased earnings; 2) family quality of life; and 3) access to credit and financial services.

Employment and Earnings

The evaluation found that most WW car owners are earning more money and working more hours than they were before they bought cars. Most car owners feel that their employment is more stable and that they have more job opportunities. Fewer rely on public assistance to make ends meet. Key findings include:

- ❶ **Car owners are working more hours:** On average, car owners worked 25 hours per week one quarter before they bought their cars, compared to 33 hours per week three quarters after the cars – an increase of 32% over 15 months.
- ❷ **They are earning more money:** When asked, 80% of car owners said that owning WW cars helped increase their incomes. Earnings data from ESD showed that 81% of car owners' incomes increased over the three quarters after they bought their cars⁴.
- ❸ **Their hourly wages have increased:** Car owners' median hourly wage, adjusted for inflation, increased from \$11.25 one quarter before car purchase to \$12.34 three quarters after - an increase of 10% over 15 months. This wage gain was 10% higher than the change seen in the study's comparison group³.

- ❶ **Fewer rely on public assistance:** 20% of the car owners who were interviewed had received Temporary Assistance for Needy Families (TANF) cash assistance when they started WW. At the time of the interviews, only 8% were receiving TANF – a 60% decrease. Most said that they left TANF because their incomes had increased.

“ I’ve been able to double my income by starting my own massage therapy practice. Without a car, I was limited to work out of someone else’s office. Now I’m independent! ”

- Claire, a massage therapist

Benefits to the Family

The evaluation found that the benefits of car ownership extend beyond income and earnings, particularly for low-income families. For many, cars are the missing link that helps them balance the needs of their families and their jobs. Car ownership allows parents to take care of family and household responsibilities that many take for granted – swinging by daycare on the way to work, stocking up on groceries at discount stores, and taking kids to after-school activities. Key findings include:

- ❶ **Transporting kids is easier:** Nine out of ten parents said that taking their children to daycare and doctor appointments is easier now that they have cars.
- ❷ **Kids are involved in new activities:** 83% of parents said that their children can now participate in new activities like the school debate team and Tae Kwan Do classes.
- ❸ **Families spend more quality time together:** 76% of parents said that having a car has increased the amount of time they spend with their children.
- ❹ **Families save time and money shopping:** 86% of car owners said that owning WW cars made a difference in where they shop for groceries, allowing them to save money by shopping at discount stores.

“ Having a car increases my flexibility, and my job performance has increased. Like yesterday, for example, I could stay late to finish a project and still pick up my son on-time from child care. ”

Access to Credit and Financial Services

Poor credit or a lack of a credit history can close doors for low-income families. As a result, many are driven to the only resources available to them – high cost and predatory financial services. The evaluation found that WW car owners – many of whom have never used credit before – are paying back their loans on time. They are also using new banking services offered by banks and credit unions.

Key findings include:

- Car owners are paying their loans on time:** Only 2.5% of car owners have defaulted on their loans. The President of Sound Community Bank, which makes the loans, has called WW borrowers’ performance “just phenomenal”.
- More car owners are using banking services:** More car owners are using checking and savings accounts than before they bought their cars. In addition, fewer use high-cost services such as payday loans.
- They are saving money:** 53% of car owners said they have been able to save more money since buying their cars.

Recommendations

Working Wheels is the only car ownership program for low-income workers in Washington state. While it is a small program, Working Wheels has demonstrated very promising results in helping working families get to work, stay in their jobs, and move ahead. The bottom line is that Working Wheels works.

Expanding the benefits of car ownership to working families throughout Washington state would require investment on two fronts: 1) the growth of Working Wheels, and 2) replication of the model beyond King County.

Port Jobs makes the following recommendations to Working Wheels, public and private stakeholders, and to other organizations looking to replicate the Working Wheels model:

Stakeholder	Recommendations
Washington State	*Dedicate state funding *Provide surplus fleet cars
Local Governments	*Provide funding *Provide surplus fleet cars
Car Dealers Businesses w/fleets	*Provide cars
One-Stop Employment System	*Explore funding options *Integrate WW into case management system
Banks & Credit Unions	*Make more auto loans to non-traditional borrowers
Working Wheels	*Secure more public and private car donations *Target marketing efforts to reach parents *Build new partnerships to serve more people *Support policies that enhance car ownership strategies
Foundations	*Provide funding for evaluation *Provide loan guarantee funds
Organizations replicating WW	*Provide support services before and after car purchase
WA Congressional Delegation	*Support policies that enhance car ownership strategies

1. **Dedicate Public Funding:** Washington State should create a dedicated funding source that would allow for both expansion and replication of WW. Because of limited availability of TANF funds in Washington State (which have previously been used to fund WW), other funding sources will need to be explored. Also, local governments whose residents benefit from car ownership programs should help support WW and newly emerging programs. Along with much needed funding, governments can provide other resources, like surplus cars (described below).
2. **Secure More Public and Private Car Donations:** Working Wheels should build relationships with a variety of donors to secure additional cars, including: local government fleets, state fleets, federal fleets, car dealers, corporate and business fleets. WW should also do marketing for higher quality donations from individuals. Access to surplus state and local government fleet vehicles, for example, would help WW expand and would be a resource for other organizations that want to replicate WW.
3. **Integrate Working Wheels into the Local One-Stop Employment System:** Working Wheels should be formally recognized in the local WorkSource system as an effective income-earning and job retention support service. This could lead to efforts to explore how Workforce Investment Act dollars could help support WW, and how WW could become more systematically integrated within the case management system. This could also apply to other parallel funding streams such as Office of Refugee and Immigrant Assistance, and Temporary Assistance for Needy Families.
4. **Make More Auto Loans Available:** To replicate or expand WW, more banks and credit unions will need to make loans to non-traditional borrowers. Organizations that replicate WW in their communities may need to secure loan guarantee funds so that banks will participate. Foundations could provide recoverable grant funds for this purpose.
5. **Target Marketing Efforts to Reach Parents:** Working Wheels should market its services broadly, but make special efforts to reach parents, who experience multiple benefits from owning cars. WW should market to providers that serve kids and families, like low-income daycare centers, schools, and Head Start programs.

“My motto is: if you have a car, you have access. The car changed my life dramatically, believe me.”

- Andre, a quality control specialist

6. **Build New Partnerships to Expand the Number of People Who Can Be Served:**

Working Wheels may be able to expand the numbers of people it can serve by building new partnerships with providers - like Housing Authorities - that integrate financial literacy and savings into their services.

7. **Support Policies that Enhance Car Ownership:**

Working Wheels, the Washington Congressional Delegation, and other stakeholders should express support for policies that could provide federal funding for car ownership. Examples include a \$25 million car ownership pilot program provision currently attached to the welfare reauthorization bill, and the proposed “Creating Access to Rides Act”, a five-year, \$50 million grant fund for car programs.

8. **Provide Support Services Before and After Car Purchase:**

Organizations replicating the WW model should build in a full range of support services to help car owners move out of poverty, including financial literacy training, financial mentoring, employment assistance, and connection to asset-building opportunities.

9. **Provide More Funding for Evaluation:**

Foundations and other funders should support ongoing evaluation of car ownership programs to build a more comprehensive picture of wage outcomes and family impacts.



“ Our Working Wheels car is everything to me and my family! In the morning, I can get my kids to school on time. That’s important. But the car also gives us more flexibility.”

- Mohammed, a parking garage attendant

GAINING TRACTION

REPORT NARRATIVE

“Without my Working Wheels car, I wouldn’t have a job. My supervisor told me I had two months to find transportation, or he would let me go. Having a reliable car is essential to keeping my job and keeping my life together.”

- Margaret, a home care aide

BACKGROUND

In King County, Washington and across the nation, lack of reliable, affordable transportation is a critical barrier that prevents many low-income people from finding and keeping the jobs they need to move ahead. Thirty-six percent (36%) of low-income single parents do not own a car compared with four percent (4%) of middle- and upper-income families (Goldberg, 2001).

While public transportation works for many people, it is not a viable option for everyone. Like the new apprentice who must travel with tools to different jobsites – often far from the reach of the bus line. Or the nursing assistant who works the graveyard shift, or the single mother who must drop her kids off at daycare as part of her commute to work. Without cars, many low-income workers simply cannot get to and from work.

Across the country, new programs that help low-income workers purchase cars have emerged to address this problem. What began in a few communities as highly individualized programs has become a distinct national trend. A recent field scan of low-income car ownership programs, conducted by the National Economic Development and Law Center, found more than one hundred and fifty car ownership or car loan programs nationwide.

Research suggests that having access to cars allows low-income people to travel farther for better-paying jobs and to take advantage of a wider range

of training and educational activities. Previous studies have shown that:

- Low-income people who own cars are more likely to be employed and work more hours than those who do not own cars (Ong, 1996).
- Access to a car shortens periods of unemployment (Holzer, 1994).
- Owning a car leads to increased earnings. Wage increases are greater for low-skilled workers than for higher-skilled workers (Raphael; Rice, 2000). Wage increases are also greater for African-American workers than for white workers (Holzer, 1994).
- On average, welfare recipients reduced their dependence on public support payments after receiving a car (Lucas and Nicholson, 2000).

In 1999, Port Jobs began research and development of Washington State's first car ownership program to help address the growing transportation-to-work need in King County. Two and a half years later, the Working Wheels program opened its doors, and has since sold more than 225 affordable used cars to low-income individuals and families.

In 2004, Port Jobs began a comprehensive evaluation of WW to examine how owning a car has affected car owners' lives. The evaluation findings add to the growing field of low-income car ownership program research.

“Whether we like to admit it or not, having a car means having an advantage. Employers are just more apt to consider your application if you have reliable transportation.”

-Yolanda, a US Postal Service temporary employee

THE WORKING WHEELS PROGRAM

" I am a single mom. I have two young boys. I'm attending school full-time and also work as a waitress. I do not have a car and this makes every day extremely difficult for myself and my children. My son's daycare charges \$5 for every minute you are late. The bus was late one day by 15 minutes, and I had to pay \$75 extra. Also, I want to apply to a construction apprenticeship program. One of the requirements is that you have reliable transportation, because I will be working on jobsites all around the county. Time is running out for me."

- Beth, a Working Wheels applicant

Working Wheels (WW) is a nonprofit car ownership program that sells affordable used cars to low-income workers who live in King County. WW combines car ownership, access to credit, and support services to meet the following goals:

- Sell low-cost cars to help low-income workers get to work and stay employed;
- Help car owners access to low-interest car loans and bank services, and build a positive credit history; and
- Provide support services and training, such as financial literacy workshops and mentoring, to help people be successful car owners and prevent car ownership from becoming a financial burden.

To meet these goals, Working Wheels provides a comprehensive set of services that includes:

- Acquiring and reconditioning used cars, the majority of which are donations from public agency fleets.

- Screening applicants based on need, income eligibility, and credit history.
- Providing financial education and credit repair services to prepare applicants for loan approval and successful repayment.
- Providing access to low-interest auto loans and banking services through a partnership with Sound Community Bank. Cars are sold through three-year loans at 7% interest, with no origination fees or prepayment penalties.
- Selling cars to low-income participants at below-market cost. A typical WW car is a 1994 Ford Escort with 51,000 miles, has a sales price of \$1,730, and a market retail value of \$3,300. This car would cost a WW car owner about \$60 per month (not including insurance and related costs).
- Providing other support services and training, such as insurance assistance, basic auto maintenance training, employment assistance, and ongoing financial mentoring.

Working Wheels was created by Port Jobs, a non-profit action tank that connects low-income residents to career opportunities within the Port-related economy. Port Jobs continues to provide database and other assistance to WW.

Fremont Public Association (FPA), a community action agency that serves homeless and low-income families, operates WW. This includes outreach, screening applicants, securing and repairing used cars, providing financial literacy workshops, doing credit repair, and helping people with loan paperwork.

Intended Program Outcomes

The WW program model was developed around a set of assumptions about how owning a car might affect a low-income family's life and employment situation. These intended outcomes serve as a set of indicators to measure the program's impact (see box).

Port Jobs designed the evaluation to answer three main questions:

1. How does owning a car affect an individual's employment situation? Is she earning more money?
2. How does a car owner's family benefit from the car?
3. Does access to a mainstream bank and low-interest loan affect a car owner's credit standing and his use of bank services?

INTENDED PROGRAM OUTCOMES

Owning an affordable, reliable car will help families overcome work-related transportation barriers, and, over time, will lead to:

Employment and Earnings

Increased earnings, increased flexibility to work more hours and shifts, improved ability to participate in work-related training, and decreased dependence on public assistance;

Benefits to the Family

Saved time in taking children to daycare, school, and extracurricular activities; increased opportunities for children to participate in new activities; increased time spent with children; and increased ability to manage household responsibilities; and

Credit and Financial Services

Increased knowledge and use of banking services; decreased use of predatory financial services; on-time monthly loan payments; improved credit standing; improved access to credit; and increased assets.

The Application Process

Working Wheels serves low-income people who live in King County, Washington. Applicants are referred by social service agencies, or they hear about WW from family, friends or through other outreach efforts. Those who meet the initial eligibility criteria (see box), complete an application and write a statement that describes their need for a car.

Working Wheels pulls each applicant's credit report/credit score through Equifax, a credit reporting agency, to determine whether she meets the credit guidelines established by Sound Community Bank (SCB). SCB's flexible guidelines accommodate people who have had some credit problems in the past or who have never used credit.

Eligible applicants attend a two-part money management workshop that covers budgeting, maintaining good credit, dealing with collections, and predatory lending. Those applicants who need additional assistance can work with a credit counselor to repair their credit to meet the bank's credit guidelines. Applicants develop a budget and get car insurance quotes to ensure that they can afford the car and related costs (including gas and maintenance).

The WW Selection Committee reviews applicant files and selects applicants for car purchase. Parents and Temporary Assistance for Needy Families (TANF) recipients receive priority for

cars. After choosing cars, purchasers go to the bank to complete loan paperwork. They may also open savings accounts if they choose to do so.

Finally, car owners learn about basic maintenance for their cars with WW staff, and then they get the keys. All car owners are then invited to work with a Financial Mentor to help them manage the financial responsibilities of repaying their loans and meeting other financial goals. The Mentor also provides employment assistance for those who lose their jobs or want to find better jobs.

WORKING WHEELS ELIGIBILITY CRITERIA

- Resident of King County**
- Valid Washington State driver's license**
- No DUI or vehicle-related felony convictions in the past 3 years**
- Employed or verifiable job offer**
- Demonstrate that the need for a car is employment-related**
- Low-income (below 200% of Federal Poverty level based on family size)**

Car Owner Profile

Working Wheels reaches people with a variety of backgrounds. Car owner records show that WW is serving people with the following demographic characteristics. This profile is based on information provided at the time of application.

The majority of car owners are women. Sixty-four percent (64%) of car owners are women, and 36% are men.

The majority of car owners are people of color: People of color represent 60% of WW car owners, of whom 40% are African American/Black.

Working Wheels helps immigrants. Forty percent (40%) of car owners are immigrants, refugees or new to the country, many of whom came from Kenya, Ethiopia, and Somalia.

Most car owners are parents, and many are single parents. Most car owners (77%) have children. Half of car owners are single parents, 27% are married parents, and 23% have no children. Most female car owners (77%) are single parents. The average family has two children, and the average age for children is 10½ years old.

Most car owners have relied on public assistance. Thirty percent (30%) of car owners received Temporary Assistance for Needy Families (TANF) cash assistance at the time they applied to WW. Another 29% had received TANF cash assistance in the prior two years.

Forty-one percent (41%) received food stamps, 21% received medical coupons, and 19% received assistance with child care. Small percentages of car owners received SSI, Section 8 housing, or child support.

Car owners have varied educational backgrounds. Twenty seven percent (27%) of car owners have only a High School diploma; 12% did not finish High School. Thirty two percent (32%) of car owners have some college education (including AA degrees), and another 18% have four-year college degrees or higher. Finally, 11% did not report their level of education.

Car owners had lower than average credit scores when they started WW; many had no credit history at all. According to the Fair Isaac Corporation, one of the leading credit scoring companies, the average credit score in the U.S. is 723 (www.myfico.com). Most credit scores range between 500 to 850.

People without credit scores have difficulty getting loans from traditional banks, and those with low credit scores often pay more in interest for their loans. Credit scores can affect other things as well. For example, landlords may check credit before renting apartments, and some employers pull credit scores before making job offers.

At the time of application, 61% of all WW car owners had a credit score. For these car owners, the average credit score was 642, below the U.S. average. The remaining 39% had either no credit

history or no score, which would have made it difficult to get an auto loan through a bank. When looking specifically at immigrant and refugee car owners, 55% had either no history or no score at the time of application.

Car owners work in a variety of jobs, particularly retail and service jobs. All car owners were employed when they applied to WW (a program requirement). They worked in a variety of industries, with jobs in retail and service industries (particularly health care and temporary services) being the most common.

“ I work part-time for a small company. I ride my bike an hour each way. My 12-year old son needs to get to various medical appointments and counselors, and I need to leave early from work to take care of this business. It makes it hard because I lose out on the time and money. I am constantly looking for a full-time job. I’ve been going to interviews, and I look kind of ragged after biking in my dress clothes. Most of the larger companies are in the outlying areas, which would make my commute much longer.”

- Frankie, a Working Wheels applicant

“Having a car makes you a more reliable, flexible and valuable employee in an employer’s eyes.”

- Keisha, a catering manager for a local bakery

METHODOLOGY

Port Jobs examined a number of data sources to see how owning Working Wheels cars have affected the lives of car owners and their families. All evaluation findings are based on the following data sources:

❶ **Interviews with 51 WW car owners.** Port Jobs mailed invitations to car owners who purchased cars between May 2002 and October 2004 (173 car owners). Sixty-six car owners self-selected to participate in the study, a response rate of 38%. Of those, fifty-one were interviewed by phone; unsuccessful attempts were made to reach the other 15 respondents. Study participants were paid \$25 to compensate them for their time. Interviews were 40 minutes in length, were conducted by two Port Jobs researchers, and covered 48 questions about employment, income, financial services, and benefits to the family.

While this sample was not randomly selected, it is representative of the demographic characteristics of the total population of 173 car owners (i.e. gender, ethnicity, household type, and TANF status). Survey responses were coded and analyzed in SPSS, a statistical software program, in conjunction with the other data elements on car owners.

❷ **Employment and earnings data** from the Washington State Employment Security Department (ESD) for the 173 car owners who purchased cars between May 2002 and October 2004 was analyzed. Earnings comparisons were drawn over a 15-month

period, comparing one quarter before car purchase to three quarters after purchase. Due to incomplete earnings records and varying lengths of time of car ownership, not all car owners could be included in the analysis; 78 individuals had the complete records that were needed for comparison.

❸ **Comparison group data** from Washington State ESD was reviewed, which showed earnings data for more than 1,000 individuals in Washington State with similar starting wages for the same year, quarter, and industries of employment as WW car owners. Comparison group hourly wage gains were compared with those of WW car owners over the same 15 month period.

❹ **Demographic information** was analyzed from WW program records for all car owners at the time of application, including age, gender, marital status, parental status, ethnicity, education, employment, earnings, hours worked, commute, credit history, credit score, and receipt of public assistance.

❺ **Aggregate loan information** from Sound Community Bank was reviewed for all WW borrowers, including payment histories, default rates, charge-offs, and banking services used, such as savings accounts.

❻ **Stakeholder review of findings** and feedback was used to formulate recommendations for expansion and replication of the program.

“If I didn’t have this car, I would be forced to take any job I could get near my home – which would limit me to mostly fast food restaurants. Bussing is just too difficult when you live way out of town. Having a car gives me more options and more flexibility.”

- Donna, a home care legal guardian for developmentally disabled persons

SUMMARY OF FINDINGS

The evaluation found that WW has made significant differences in the lives of car owners in three main areas:

1. **Employment opportunities and earnings:** WW car owners are earning more money, and have more job stability and employment options.
2. **More benefits for the entire family.** WW car owners are experiencing benefits that extend to their entire families, from taking children to daycare, and shopping at discount stores, to responding to family emergencies.

3. **Access to credit and financial services:** WW car owners have proven to be good borrowers and are saving money. They have lower than average default rates on their car loans, and are using traditional banking services; fewer use high-cost lenders.

The study results point to multiple and far reaching benefits of car ownership, which demonstrates that cars help expand employment options and opportunities, improve income earning power, and increase car owners' abilities to address vital family needs and save money.

"Within one year I went from being on welfare and working as a waitress, to earning more than \$18 per hour as a construction apprentice. Having a car was a requirement for my apprenticeship – I never could have made this change without Working Wheels."

Sally's morning started at 4 am each day, three hours before the start of her pre-apprenticeship training program. Her journey to school began with a mile walk with her son to the nearest bus stop, a short bus ride, a five minute stop to drop her son at daycare, and a half hour wait for the next bus. Like many Working Wheels car owners, Sally lives where the rents are lower, but public transportation is harder to reach, and good jobs are scarce.

A welfare recipient and survivor of domestic violence, Sally found it difficult to make ends meet as a single mother. Attending classes during the day and working at night didn't afford much room for spending hours each day on the bus. But like many low-income working parents, Sally was not eligible for a used car loan from a bank because she didn't have an established credit history. And her tight budget couldn't manage the high-cost car payments from a "no credit needed" dealer. She was stuck - until she found Working Wheels.

A year and a half later, Sally says she "feels like a real person again." Soon after purchasing her WW car, she was accepted into an apprenticeship program – and is now earning more than \$22 per hour with full benefits (which includes vision coverage for her son, for the first time). "My kids and I cried the day we got our car. You couldn't even imagine how much this car has changed our lives."

Improved Employment Opportunities

Sally’s story illustrates how car ownership can open doors to better jobs. And Sally is not alone: the evaluation overwhelmingly found that WW car owners are earning more money and working more hours than they were before they bought cars. Most car owners feel that their employment is more stable and that they have more job opportunities. Fewer rely on public assistance. While everyone’s story is different, a number of common themes emerge (Figure 1).

WW car owners are working more hours.

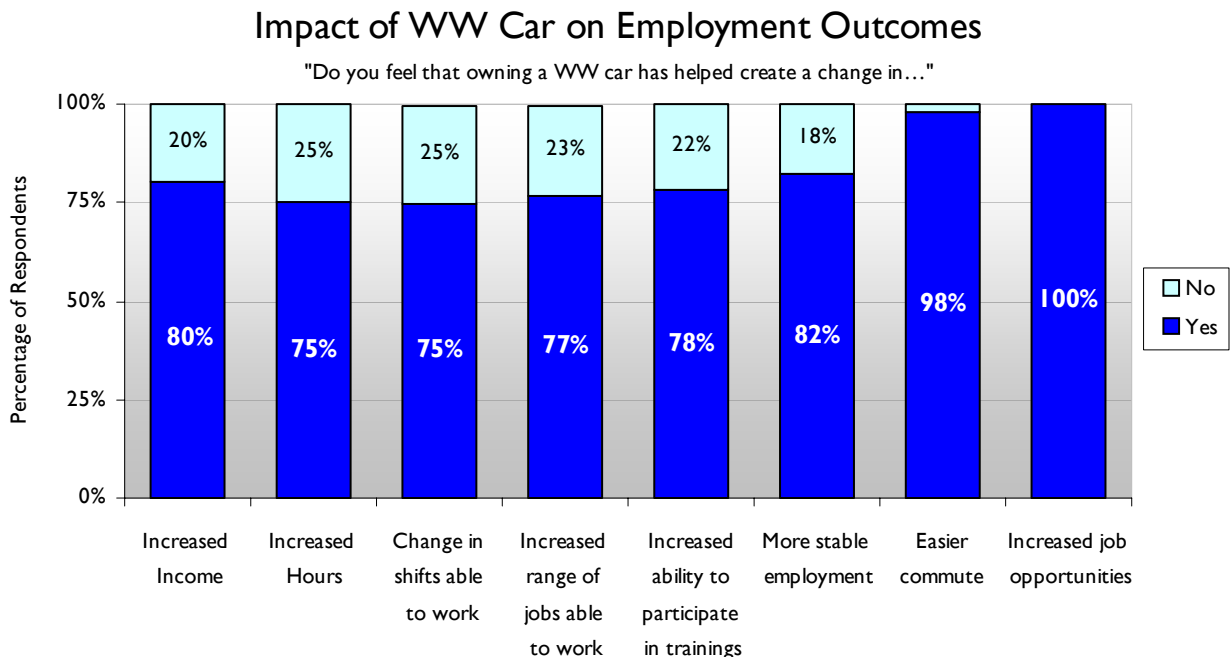
Seventy five percent (75%) of car owners said that having cars allowed them to increase the number of hours they work. Washington State ESD employment records show that, on average, WW car owners worked 25 hours per week one quarter

“When I get a call that there is a job available, and they need a substitute teacher in 30 minutes in a school across town – I need to be able to jump at that opportunity, or someone else will take it. Having a car allows me to respond quickly – which ultimately means more work, more hours, and more money.”

- Julia, an on-call para-substitute teacher

before they bought their cars, compared to 33 hours per week three quarters after the cars – an increase of 32% over 15 months.

FIGURE 1



* Source: Interviews with 51 WW car owners

For many car owners, this increase was related to their commute - 98% of car owners reported their commutes improved after they bought their cars, which often allowed them to work more hours. For others, cars offered the flexibility they needed to take second jobs. For those car owners working in temporary positions, cars allowed them to respond more quickly to job openings, which are often “first come, first placed”. Car owners who work in home service positions (such as home care aides and massage therapists) said that the cars allowed them to see more clients each day.

Car owners can accept a wider range of jobs.

Seventy-seven percent (77%) of car owners reported that having cars increased the range of jobs they can work. For many, it was now possible to travel farther for work, as they were no longer limited by the reach and schedule of the bus. Others said that having cars made it possible to accept jobs that required them to haul tools, drive between multiple jobsites, or commute to areas underserved by public transportation.

Car owners have greater flexibility to work non-traditional shifts. Seven out of ten car owners said that having cars gave them greater flexibility to work shifts that require commuting during non-traditional hours, such as swing, night, and weekend shifts. These shifts often pay higher wages, have more openings, and offer many workers, especially limited English speakers, a much needed “in” with a company or career track.

Car owners can participate in work-related trainings. Seventy eight percent (78%) of car owners reported that having cars allowed them to participate in work-related training or professional development. Cars gave them the time and mobility needed to attend classes while also working (often full-time). Others said that before they owned their WW cars, they had often missed out on professional training opportunities because the workshops were offered too early in the morning or too far away. Having cars made it possible to go to these trainings.

“ I know more doors will open for me when I finish my degree. I never could have done this without my car. ”

When Luisa moved to Seattle, she found a job as a receptionist with a social service agency. Luisa wanted to earn a degree, but bussing to school took too much time out of her workday. Then she heard about Working Wheels. Two years later, she is about to complete her AA degree in Business Information Technology – and with her new skills, has been promoted to administrative assistant.

Increased Earnings

Working Wheels is about helping people get out of poverty. One of the most exciting findings is that WW car owners are earning more money than they were before they bought their cars. While it is difficult to isolate exactly how much owning a car affects car owners' earnings, an analysis of pre-car and post-car earnings data from Washington State ESD shows that ^(1, 4):

Most car owners saw wage increases. Eighty-one percent (81%) of car owners experienced wage gains over a 15 month period. This analysis compares car owners' earnings one quarter before they bought their cars to their earnings three quarters after.

Car owners' median income increased after buying cars. Car owners' median annualized income, adjusted for inflation, increased from \$13,968 one quarter before they bought their cars to \$23,861 three quarters after buying cars. (Figure 2.)

The 2004 American Community Survey from the US Census reports that median earnings⁵ in King County increased slightly from \$34,116 in 2002 to \$34,150 in 2004. This comparison suggests the income growth experienced by WW car owners during this period is much greater than that experienced by the general population in King County.

FIGURE 2

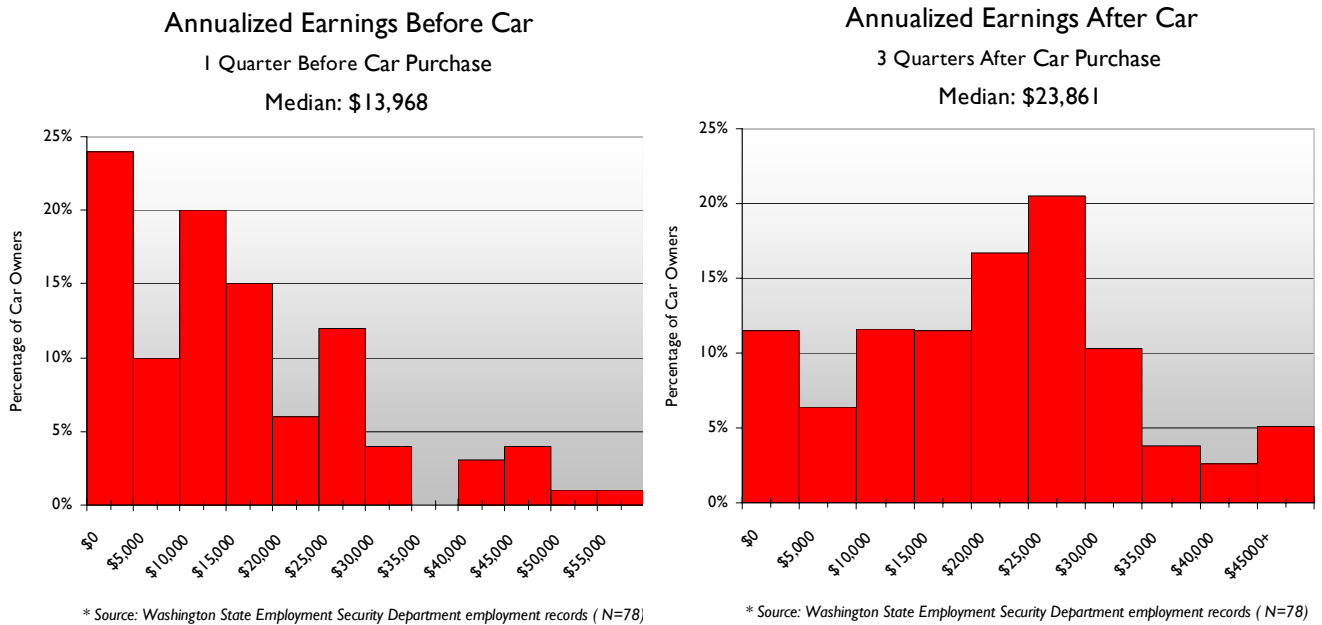


FIGURE 3
Median Hourly Wage
Before and After Car
10% Increase Over 15 Months



* Source: Washington State Employment Security Department employment records (N=78)

Car owners' median hourly wage increased.

WW car owners' median hourly wage, adjusted for inflation, increased from \$11.25 one quarter before car purchase to \$12.34 three quarters after - an increase of 10% over 15 months. (Figure 3.)

By comparison, the Washington State ESD Wage Report found the average hourly wage in Washington State was \$16.95 in 2002⁶. This report examined wage changes over a 10- year period, and found that, on average, wages increased 1.4% per year. This comparison suggests the wage change experienced by WW car owners during this period was much greater than the change experienced by the general population in Washington State.

Car owners wage gains were higher than a comparison group. WW car owners' median wage gain was 10% higher than the change observed in a comparison group of more than 1,000 individuals with similar wages for the same year, quarter, and industries of employment.

Fewer WW car owners depend on public assistance. Twenty percent (20%) of the car owners who were interviewed had received TANF cash assistance when they started WW. At the time of the interviews, only 8% were receiving TANF cash assistance - a 60% decrease. Most said that they left TANF because their incomes had increased.

" Schools in higher-income areas pay almost \$2 per hour more than those near my home. "

Kelly is a single mother who works as a Montessori school teacher. Before she owned her WW car, she was limited to schools within a short commute to her home and her daughter's daycare. Now that she has a car, she has the freedom to search for jobs in higher paying areas.

“I am just so relieved to know that every day I can get my family to all the places we need to go. This seems simple, but it really does make life easier, and makes it easier to move ahead.”

- Nadia, a home care provider who also attends community college full-time

Benefits to the Family

“Getting kids to appointments might not seem like a big deal for most people, but my kids hadn’t been to the dentist in two years. I couldn’t get them there.”

When the head gasket on Molly’s 1998 Ford Contour blew, she discovered that being a single mom living outside the city without a car was more than just an inconvenience – it was a hardship.

Molly, a welfare recipient, was thankful to have received medical coupons for her children. But this support meant they could see only those physicians who accepted medical coupons. One dentist in her town took coupons; however, it took Molly three buses to get there. Also, the dentist didn’t offer night or weekend appointments. Working full time just to make ends meet, Molly couldn’t afford to take time out of her workday. “What were we supposed to do?” she asked.

Getting her kids to appointments was only one part of Molly’s daily challenges. Getting her youngest daughter to and from daycare on time was a problem that often meant Molly had to pay late fees. When she had early morning work meetings, Molly had to ask neighbors to take her kids out to catch the bus.

“The worst was when I had to beg the neighbors to take my daughter to the hospital one night when she had a fever of 105 degrees. This was so frustrating, so humiliating. I just wanted to be independent – to be able to provide for my family.”

The benefits of car ownership extend beyond income and earning. For many low-income families, especially single parents like Molly, owning a car is often the missing link that helps them balance the needs of their families and their jobs. Having cars to ‘make all the little things work’ helps families overcome daily challenges that become significant barriers over time. Car owners shared many examples of how their WW cars had benefited their entire families.

Getting kids where they need to go is easier.

Nine out of ten parents said that taking their children to daycare, school, and extracurricular activities is easier now that they own cars. Almost all parents with young children reported saving

money and feeling less stressed in getting their children to daycare.

Like Molly, many parents found that taking their kids to medical appointments was not only easier, but their families were more likely to get the medical care they needed. Other parents explained that having cars allowed their kids to stay in the same schools after their families moved. Ninety-three percent (93%) of parents also found that having cars helped them become more involved in their children’s education, because they were more likely to go to parent-teacher conferences.

" Now when my daughter asks to spend the night at a friend's house, or stay after school for some activity, I can say 'Yes' because I know I can take her. Before it was just too hard on the bus. "

- Sylvia, an on-call warehouse employee

Children participate in more activities that enrich their lives. Ninety-six percent (96%) of parents reported that having cars made it easier to take their kids to after-school activities like sports, study groups, and cultural clubs. In addition, 83% of parents said it was now possible for their children to participate in new activities in their schools and communities. Parents shared stories about how their kids – for the first time – were taking Tae Kwan Do and violin lessons, seeing a therapist, joining the school debate team, and volunteering at the community center. Having cars simply made it easier for families to “go out” together for short trips or just get out of the house to go to the park or a friend's house.

Families spend more time together. Seventy-six percent (76%) of car owners said that having cars allowed them to spend more time with their children and families, or improved the quality of time they spent together. For many parents, simply getting to and from work more quickly allowed them to spend more time at home. Not having to worry about transportation allowed parents to relax, which meant more time to focus on their families. Others were able to visit their family members more often, or to help in ways they could

not help before. This was especially important for car owners who have aging or disabled relatives.

Families save time and money shopping at discount stores. Many car owners reflected on how challenging it is to carry heavy grocery bags on the bus. Owning cars made shopping easier, less stressful, less embarrassing, and more efficient. In addition, 86% of car owners said that owning cars made a difference in where they shop for groceries. They can now go to wholesale stores like Costco or to stores with sales, which allowed them to save money. Car owners who have immigrated to the U.S. said that they could now travel to ethnic grocery stores to buy specialty items from their home countries.

Whether as simple as shopping at discount stores or as urgent as a medical emergency, these stories show how owning cars help parents respond to their families' needs.

" I have a mentally disabled brother. Now that I have a car, I can help him with errands and grocery shopping. But more importantly, when I call and he doesn't answer his phone, I can jump in the car and drive over to make sure he's okay. Before I would have to take a taxi that I couldn't afford, so I was less likely to go. "

- Tina, a part-time product data collector for a marketing firm

Access to Credit and Financial Services

“Now that we’ve repaired our credit with WW, we’re going to reapply for a home loan.”

When Eduardo and his family arrived in Seattle, they started from scratch to establish a new life for themselves. Eduardo was hired for a maintenance position with a local hotel, but when they downgraded his position to janitor, Eduardo started searching for better work. He received a few good offers; however, those positions required a car for transporting tools and supplies.

Eduardo and his wife Emi were not eligible for a used car loan from a bank or credit union because they didn’t have established credit histories. As a result, they turned to payday lenders to make ends meet between paychecks, not fully understanding how this could lead to financial trouble. Hoping to build their assets, they applied for a home loan, but were declined due to their poor credit standing.

Through Working Wheels, Eduardo and Emi learned how to manage their money and build a good credit history. After working to repair their credit, they were approved for a WW auto loan. They also began working with WW’s Financial Mentor to establish financial goals and create a spending plan. Through this process they learned about United Way’s Earned Income Tax Credit (EITC) campaign, and used this service to get free assistance in filing their taxes. “We’ve paid to get help filing our taxes in this past – and this year, not only is this service free, we’re also getting extra money back through EITC!”

Poor credit or lack of a credit history can close doors for low-income families. As a result, many are driven to the only resources available to them – high cost, predatory financial services. For people like Eduardo and Emi, Working Wheels offers an opportunity to break the cycle of high-cost borrowing, and begin establishing a positive credit history.

The evaluation explored how well WW borrowers have been paying back their loans and what kinds of banking services they use. Auto loan payment information from Sound Community Bank (SCB), the bank partner, showed that WW borrowers are successfully repaying their loans. In addition, more

car owners are using traditional banking services, and fewer are using high-cost financial services. Financial outcomes include:

Only 2.5% of WW borrowers have defaulted on their loans. WW borrowers have proven to be low-risks for SCB. Only 2.5% of all WW borrowers have defaulted on their loans, and only 9.5% have ever had a delinquent payment. The bank’s loss on the loan portfolio has been minimal. SCB has said it would be happy to extend loans to more borrowers if WW increased its capacity to serve more people.

More car owners are using banking services.

When asked about the kinds of banking services they used now compared to before they bought their cars:

- 39% more car owners said they were now using savings accounts.
- 9% more were using checking accounts.
- 6% fewer were using check cashing services.
- 15% fewer were using money orders.
- 4% fewer were using payday loans.

WW car owners are opening new lines of credit. Many car owners said they have opened new lines of credit since opening their WW car loans, including credit cards, student loans, personal loans, and a home loan.

“Working Wheels has given us an opportunity to provide banking services to folks who had been unbanked. We’ve had very few delinquencies, and we’re providing additional banking services to Working Wheels customers. We believe that these customers have been doing so well because Working Wheels helps create responsible car owners.”

- Laurie Stewart, President,
Sound Community Bank

“Through the process of opening my car loan, I developed a wonderful relationship with Sound Community Bank, and now I do all my banking there – I even pay my bills online which saves time and money. I would never go back to my old way of managing my money – this change has been a lifesaver!”

- Leona, a cook at a children’s home

WW car owners are saving money. Almost all car owners commented on how hard it is for low-income families to save money; however, 53% reported they have been able to save more money since buying their cars. Some learned savings tips at the financial literacy classes they took as part of the WW application process. A few simply had more money to work with each month because they earn more money. Others were motivated to save because of the maintenance and other financial responsibilities of owning cars.

Working Wheels is helping to crack the myth that low-income = bad credit. WW has served people with a variety of credit backgrounds, and they have performed as well as other borrowers at SCB.

“The payment on these loans has been excellent, just excellent. When you think of the caliber of the borrowers compared to the caliber of our overall portfolio, this performance is just phenomenal.”

–Laurie Stewart
President, Sound Community Bank

CONCLUSIONS

Working Wheels is the only low-income car ownership program in Washington State. It is small – both in terms of its budget and staff size, and the numbers of people and geographic area it can serve. Yet Working Wheels has demonstrated very promising results in helping working families get to work, stay in their jobs, and move ahead.

Working Wheels car owners are earning more money and working more hours. They can now take care of family and household responsibilities that many take for granted – swinging by daycare on the way to work, stocking up on groceries at discount stores, and taking kids to after-school activities. And car owners – many of whom have not used credit before – are paying back their loans on time and are using new bank products and services. The bottom line is that Working Wheels works.

To continue providing this critical service at its current level in King County, Working Wheels will need the continued support of key public and private resources, including:

Funding

Working Wheels is partially self-supporting. However, the revenues generated by car sales do not cover the full cost of the program. Working Wheels still requires outside funding – through foundation grants, public contracts, Port Jobs, and other sources. Some local governments provide funding and other donations (like cars and storage space); however, not all of the cities whose residents benefit from Working Wheels, do.

During its initial start-up, Working Wheels received TANF funding from the Washington State Employment Security Department, which recognized that the lack of transportation was one of the key barriers welfare recipients faced in moving to work. These TANF funds dried up, however, like they did in many states. Currently, Working Wheels does not receive any state funding.

Car Donations

Working Wheels relies on donations of reliable, family-appropriate vehicles. The City of Seattle and King County both passed ordinances that allow their fleets departments to provide up to 50 surplus fleet vehicles to WW each year. This innovative legislation, the first of its kind in Washington, offers a model for other local and state governments.

Maintaining a regular inflow of cars has been a continual challenge for WW, however. Budget constraints often limit the number of cars that local governments can surplus. Also, gaps in donation cycles have left Working Wheels without cars at times, which hurts families who desperately need to get to work.

Bank Loans

Working Wheels also relies on banks to make affordable financing available to its non-traditional borrowers. Sound Community Bank (SCB), the lender for WW, offers flexible credit guidelines for car owners. The program has been a win-win

– not only has SCB tapped a new market in WW car owners, but SCB reports that regulators responded very positively to WW during the bank’s Community Reinvestment Act examination. The bank earned an outstanding rating, and the WW program is a significant factor in that achievement.

Support Services

A banker involved in WW identified three reasons why she believes car owners succeed: 1) they are prepared for the financial responsibilities of car ownership, e.g. applicants go to financial literacy classes and develop budgets to see if they can afford cars; 2) the program offers financial mentoring, employment assistance, and asset-building services to car owners *after* purchasing cars; and 3) the car is more than a car – it is a means to a better life. Undoubtedly, the full range of training and supports that car owners receive through WW are factors in their success. The Paul G. Allen Foundation funds a portion of these services now. Finding funding to continue these services will be essential for the program’s success.

Within King County, the demand for reliable, low-cost cars is greater than WW’s capacity to meet it. At its current level, WW lacks the resources to serve all of the individuals who come to its doors for help. Growing WW would allow the program to assist more working families and to expand services – such as developing more supports to serve people who are unable to qualify for WW’s current credit and financing requirements. Expansion of WW – and implementing many of

the recommendations that follow – would require additional resources as well.

There is also great need to replicate the Working Wheels model in Washington State, especially in rural and suburban communities that may lack comprehensive public transportation systems. People living outside King County regularly call WW looking for help or for car programs in their areas. Organizations in Western and Eastern Washington have expressed interest in the model and have contacted Port Jobs and WW for more information.

“ Because of my WW car loan experience, I decided to apply for a home improvement loan – and I was approved! I’ve owned my home for 30 years, but haven’t been able to afford needed improvements. My knees have seen better days, and I can hardly manage to climb the stairs to my bedroom every night. Now I can put a bedroom in downstairs, so I don’t have to experience pain everyday. I am so grateful.”

- Betsy, an aide for a recreational program for senior citizens

“Grocery shopping was so difficult before – I was limited to stores close to my home, and would have to pile all my groceries on top of my kids in their two-seat stroller. Now I can shop at bigger stores, can drive to the vegetable market, and can buy all the groceries I need at one time.”

-Andalu, assistant manager at a gas station

RECOMMENDATIONS

Expanding the benefits of car ownership to working families throughout Washington State will require investment on two fronts: 1) the growth of Working Wheels, and 2) replication of the model beyond King County.

In formulating recommendations, Port Jobs solicited input from a number of strategically selected stakeholders, including WW's bank partners, a national consultant on family and workforce issues, and a high-level staff person from the WA State House of Representatives. In addition, Port Jobs discussed partnership-building opportunities with the local Workforce Development Council and housing authority.

Port Jobs also heeded the advice of an expert on car ownership program policy, who provided feedback and updates on federal car policy. Finally, Port Jobs drew upon its role as a participant in a national network of car ownership programs to keep apprised of effective practices in the field. These collective efforts ensured that Port Jobs took different perspectives into account so that recommendations were grounded and well-positioned to move forward.

With this input, Port Jobs makes a number of recommendations to Working Wheels, public and private stakeholders, and to other organizations looking to replicate the WW model. Recommendations fit within five themes:

- Funding
- Car Donations
- Bank Financing
- Marketing
- Support Services

A summary of recommendations and targeted stakeholders is in the box below. A more detailed description of each recommendation follows.

Stakeholder	Recommendations
Washington State	*Dedicate state funding *Provide surplus fleet cars
Local Governments	*Provide funding *Provide surplus fleet cars
Car Dealers Businesses w/fleets	*Provide cars
One-Stop Employment System	*Explore funding options *Integrate WW into case management system
Banks & Credit Unions	*Make more auto loans to non-traditional borrowers
Working Wheels	*Secure more public and private car donations *Target marketing efforts to reach parents *Build new partnerships to serve more people *Support policies that enhance car ownership strategies
Foundations	*Provide funding for evaluation *Provide loan guarantee funds
Organizations replicating WW	*Provide support services before and after car purchase
WA Congressional Delegation	*Support policies that enhance car ownership strategies

1. Dedicate Public Funding for Car Ownership

Washington State should create a dedicated funding source for car ownership assistance programs. This pool of funding would allow for both the expansion of Working Wheels and for replication throughout the state (currently there are no funding streams to do this kind of work). Because of the limited availability of TANF funds in Washington State, other funding sources would need to be explored.

Other states have taken up the charge. New York State, for example, created the Wheels for Work initiative in 2001. Administered by the State Department of Labor's Welfare to Work Division, this initiative has provided more than \$14 million in state funds to more than 30 car ownership programs across the state. Together these programs have helped more than 2,500 people buy cars. New York uses a state budget allocation of TANF funds to pay for this initiative.

In addition, Washington State should explore how Job Access and Reverse Commute (JARC) grants might support car ownership programs. Recent legislative changes have transformed JARC from a national competition for funds into a formula grant program to states. There may be more flexibility to tap these resources for car programs, now that decisions will be made at the state and local levels.

Other support

Local governments whose residents benefit from car ownership programs should help support these initiatives. This is critical for the expansion of Working Wheels, but also for new programs that may start in other cities and counties. Along with much-needed funding, local governments can provide other creative resources. For example, the City of Seattle and King County provide surplus fleet vehicles to WW each year. In addition, in a city where storage space is costly, another local government provides in-kind parking space for WW's vehicle inventory.

2. Secure More Public and Private Car Donations

Working Wheels should initiate an ongoing car donation campaign to secure donations from new and multiple sources. Additional cars would smooth the ebbs and flows of donation cycles, allow the program to serve more clients, and provide additional income for operation.

Working Wheels should dedicate a staff person to this critical resource development effort who has the right set of skills to approach, develop and maintain relationships with potential donors.

While this recommendation is directed at WW, Port Jobs would also reverse it to say that the following stakeholders should provide cars to WW. Access to surplus state fleet vehicles, for example, would not only help WW expand, but would be a resource for other organizations that want to replicate WW.

Local Government Fleet Donations

Surplus fleet vehicles are an excellent source of cars, because they are kept on a regular maintenance schedule and may require fewer repairs than cars donated by the general public. The legislation passed by the City of Seattle and King County provides models for other governments to support their low-income residents. Working Wheels should approach other cities in King County, which may be able to surplus even a few cars to the program each year.

State Fleet Donations

One area for further research is State surplus fleet vehicles. The Washington Administrative Code (WAC 236-48-190) outlines a number of restrictions that make it difficult for car ownership programs to access these cars, however. For example, vehicles that are sold or transferred to a non-profit organization are intended to be used within the agency to serve clients. The WAC specifies that “entities...shall not profit from the immediate resale of surplus property”. Additionally, the only organizations specified in Revised Code of Washington (RCW 43.19.1920) as being eligible for donated surplus state property are shelters providing emergency or transitional housing for the homeless. Further research would need to be done to see whether State surplus vehicles could be a feasible source of cars and what kinds of administrative or legislative changes might need to be made.

Federal Fleet Vehicles

Another area for further research is Federal fleet vehicles, which are surplus through the WA State General Services Administration (GSA). Donations and sale of these vehicles are subject to both federal and state regulations, which make it difficult for car ownership programs to acquire and sell these cars. GSA and State regulations need to be examined to see what kinds of administrative or legislative changes would need to be made to access these vehicles. One other car program is currently examining this process for a pilot project on the East Coast.

Car Dealers

Working Wheels should initiate partnerships with local car dealers who can donate vehicles. Additionally, WW should build partnerships with auto dealer associations that can help open doors to the dealer community. Local car dealers could donate a certain number of their trade-ins to the program each month. Dealers would receive tax breaks, providing a financial incentive. In turn, WW could generate good press for participating dealers.

Working Wheels, in partnership with car dealers and its current bank partner, could also explore expansion of the kinds of car ownership services it offers. For example, WW could act as a broker to help WW car owners, who are financially ready to take the next step, to purchase newer model cars from reliable, partner auto dealers.

Corporate and Business fleets

Some businesses maintain corporate fleets that are eventually surplus. Working Wheels could approach these companies through their corporate giving departments. These businesses would also receive tax write-offs for donations. Again, WW could provide good press.

Individual donations

Working Wheels should develop and implement a marketing plan to target higher quality vehicles from the general public. In 2005, changes to the IRS tax law limited the tax deduction that individuals can take for donating cars to charity. The new rules support programs that sell cars directly to low-income people, however. In these cases, donors can deduct the full market value of the vehicle, giving them a greater tax advantage than if they had given their cars to programs that sell cars at auction to support operations (instead of using the cars as transportation for working families). Working Wheels can take cues from other car programs across the country that have taken advantage of these tax law changes to successfully market for higher quality vehicles from individual donors.

Other kinds of support

Working Wheels should approach other auto industry businesses to secure support for the program and its clients. Participation could include: donating funds; donating or significantly reducing the cost of parts and outside repairs; or offering discounts on insurance to car owners.

3. Integrate Working Wheels into the Local One-Stop Employment System

Working Wheels should be formally recognized in the local WorkSource system as an effective income-earning and job retention support service. This could lead to efforts to explore how Workforce Investment Act (WIA) dollars could help support Working Wheels. In addition, Working Wheels could become more systematically integrated within the WorkSource case management system. This would result, for example, in case managers incorporating questions within their intake processes to document client need for transportation to overcome barriers to employment. Case managers would then be able to utilize WW as one of the resources to address the need and could tap WIA dollars, as they do for other employment-related support services. This recommendation could also apply to other parallel funding streams such as Office of Refugee and Immigrant Assistance and Temporary Assistance for Needy Families (TANF).

4. Make More Loans Available

To replicate WW, more banks and credit unions will need to make auto loans to non-traditional borrowers. Working Wheels has demonstrated that with a package of supports and services, low-income people can be a successful, untapped market for banks for both loans and other banking products.

Other organizations may find, however, that they need to provide loan guarantee funds so that financial institutions will participate. This may be especially true if programs don't incorporate all of WW's program components, like financial literacy training. Loan guarantee funds reduce banks' risk should car owners default on their loans. Foundations – bank, regional, community, or corporate foundations – could provide recoverable grants for the sole purpose of loan guarantees. This would help new car programs overcome a potentially large hurdle in building partnerships with banks.

5. Target Marketing Efforts to Reach Parents

The evaluation suggests that owning a reliable car has multiple impacts for car owners, but particularly for single parents and two-parent working families who did not own cars before they entered the program. Working Wheels should market its services broadly; however, it should make special efforts to reach the parent population that seems to experience multiple benefits – employment, earnings and quality of life – from owning cars. Working Wheels should market to providers that serve kids and families, for example, low-income daycare centers, grade schools, Head Start programs, and bus riders.

Working Wheels should also regularly educate local social service and employment/training case managers about the program. This can be done by holding training workshops for case managers, regularly participating in human service provider

meetings, or making rounds of presentations to social service agency staff. Again, WW could focus these efforts on agencies that serve children and families. While the case manager population has high turnover, ongoing education efforts to this group allows WW to expand its reach within low-income communities, beyond what WW can do itself.

6. Build New Partnerships to Expand the Number of People Who Can Be Served

Working Wheels may be able to expand the number of people it can serve by building new partnerships with local providers that integrate a financial literacy or savings approach into their services. Take housing authorities, for example. The HUD Family Self-Sufficiency Program (FSS) is a savings program for families in public and Section 8 housing. Families whose rents will increase because of wage gains, can qualify for special interest-bearing escrow accounts. HUD makes deposits equal to the rent increases that tenants must pay when they earn more money.

These funds can be used for such things as car purchase and repair, college tuition and down payments for houses. Research shows that the most common use for these funds is car purchase and repair. Partnerships between housing authorities and low-income car ownership programs like WW can ensure that FSS participants purchase reliable used cars at below market costs and can ensure that those needing car repair are educated to be good consumers.

7. Support Policies that Enhance Car Ownership

Working Wheels, the Washington Congressional Delegation, and other stakeholders interested in transportation-to-work issues (employers, banks, car dealers, foundations, etc.) should express support for Federal policy efforts that could provide funding for car ownership strategies. As of this writing, two such items under consideration include:

Welfare Reauthorization

The U.S. Senate has included a provision in its version of welfare reauthorization that would authorize a new car ownership pilot program for \$25 million per year. The bill does not appropriate the funds – this would happen as part of the annual appropriations process.

Creating Access to Rides (CAR) Act

Introduced by Representative Gwen Moore (D-WI), the CAR Act (HR 2349) would authorize a five-year, \$50 million grant program to strengthen existing car ownership programs or create new ones. States, localities, and non-profits could apply for funding. This legislation also incorporates changes that would allow Individual Development Accounts to be used for car purchase.

8. Provide Support Services Before and After Car Purchase

Organizations replicating the WW model should build in a full range of support services and asset-building strategies to help car owners move out

of poverty. Programs can do the following – whether offering the services themselves or acting as brokers to connect car owners to other available resources:

- ❶ Ensure that car owners access all outside support services available to them, such as those provided through TANF or the Workforce Investment Act.
- ❷ Provide financial literacy training covering topics like budgeting, credit, credit repair, and loan obligations to prepare car owners for car ownership.
- ❸ Offer post-car supports to ensure that people don't get into trouble due to financial issues or unemployment. For example, the Financial Mentoring Program (FMP) allows car owners to work one-on-one with a mentor to develop plans to meet their goals, such as getting out of debt or dealing with late car payments. The FMP also provides employment services to help car owners who become unemployed, want to find a better job, or want to go to training or college.
- ❹ Connect car owners to asset-building opportunities, such as Earned Income Tax Credit (EITC) or Individual Development Accounts (IDAs). Car owners are perfect for IDAs that will help them save for further education or a house. Many communities have started EITC campaigns and offer free tax preparation sites.

9. More Funding for Car Ownership Evaluation

Foundations and other funders should support ongoing evaluation of car ownership programs and client outcomes. Tracking car owners' employment, wage changes, family benefits, and financial outcomes over longer periods of time will provide a more comprehensive picture of the impact of car ownership and how families have fared. Port Jobs also recommends better tracking of credit score outcomes, which we were unable to do as part of this study due to credit privacy issues. One of the program expectations is that people's credit scores will improve over time through timely payments and access to further credit.

Additionally, Working Wheels should do ongoing follow-up with car owners to track their progress and regularly share these results with supporters (e.g. local governments, foundations, partners, social service agencies, and others mentioned in this report). This will help keep Working Wheels visible and the issues related to transportation-to-work in the forefront.



" Without this car, I don't have a job. I can't begin to tell you how much Working Wheels has saved my life. This car has been the greatest one-time gift I've ever received. "

- Margaret, a home care aide

ENDNOTES

1. **Employment and earnings data** for 173 WW car owners were provided by Washington State Employment Security Department (ESD). Due to incomplete ESD records and varying lengths of time of car ownership, not all car owners could be included in the analysis; 78 individuals had complete records for third quarter post car comparisons. Earnings comparisons were drawn over a 15-month period, comparing one quarter before car purchase to three quarters after car purchase.

2. **Time frame of analysis.** Because participants purchase their cars at different points in time, changes in earnings are relative to a unique quarter for each individual. This analysis considers changes in earnings for all car owners from May 2002 to October 2004.

3. **Comparison group data from Washington State Employment Security Department** (ESD) were computer-generated from ESD, and include over 1000 individuals in Washington state with similar starting wages for the exact year, quarter, and industries of employment as WW car owners. Comparison group hourly wage gains were compared with WW car owner hourly wage gains over the same 15 month period.

4. **Before and after earnings comparisons** represent observations in the data, and have not been statistically modeled to control for other life factors that influence a person's earnings, such as age, education, gender, industry of employment, or whether those individuals previously owned cars.

5. **King County median earnings** were used for this comparison as this measure is the closest Census category that considers an individual's income (as opposed to household income).

6. **Washington State Wage Report.** WW car owners' median hourly wage cannot be directly compared to King County using the same source as above, because the US Census does not report or calculate individual wages per hour.

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