



SHIFTING INTO GEAR

A COMPREHENSIVE GUIDE TO CREATING A CAR OWNERSHIP PROGRAM

The National Economic Development and Law Center
and The Annie E. Casey Foundation

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The National Economic Development and Law Center

The National Economic Development and Law Center, established in 1969, is a nonprofit public interest law and planning organization that specializes in community economic development. It works in collaboration with community organizations, private foundations, corporations, and government agencies to build the human, social, and economic capacities of low-income communities and their residents. NEDLC helps to create both strong, sustainable community institutions that can act as “change agents,” and an effective local infrastructure for their support. For more information, visit the NEDLC website at www.nedlc.org.

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Public transportation may get many people to work, but it will not work for everyone. Many people work shifts outside of nine-to-five business hours, take children to school or day care on their way to work, or live beyond the reach of a transit system or in a rural area without any public transit at all. Car ownership programs represent an innovative response to address the transportation needs of low-income workers.

INTRODUCTION

While most Americans take a job and decide how to get to work afterward, many low-income people find their ability to seek employment or their choice of jobs limited by lack of transportation options. Public transportation may get many people to work, but it will not work for everyone. Many people work shifts outside of nine-to-five business hours, take children to school or day care on their way to work, or live beyond the reach of a transit system or in a rural area without any public transit at all.

Historically, federal and state policies have been crafted around the assumption that welfare recipients and the working poor will simply take public transit to work. Since passage of the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA)—often referred to as “welfare reform”—imposed time limits on benefits and thousands of people have transitioned to work, it has become clear that public transit is not enough. Too many people quite literally cannot get to work. This has become a concern for policymakers because in the long run, welfare recipients who cannot get to work will not be able to leave the welfare system. Thirty-six percent of low-income single parents do not own a vehicle (compared with 4 percent of middle- and upper-income families) while only 32 percent of entry-level jobs in high growth areas are accessible by public transportation.¹ Growing awareness of this problem has broadened into national recognition of the lack of transportation as a barrier to better jobs for the working poor.

To address the problem of transportation barriers to work, government and the nonprofit community have responded in several different ways. The U.S. Department of Transportation administers the Job Access and Reverse Commute (JARC) program, which funds reverse commute, para-transit, vanpool, and rideshare programs for recipients of Temporary

Assistance for Needy Families (TANF) around the country. States have made changes to transportation-related eligibility requirements for welfare and related programs. For example, in many states TANF recipients can now own a higher value car and still qualify for welfare. TANF and support services funds can be used for more transportation-related expenses, such as car repairs and auto insurance. However, one of the most interesting and innovative responses has been the creation of special programs to help low-income workers and job seekers acquire cars.

What began in a few communities as highly individualized programs to meet local needs has become a discernible national trend. In 2002 there are an estimated 60 or more car ownership programs across the country serving welfare recipients and the working poor. Several states such as Georgia and New York have invested millions of dollars in these programs. At the grassroots level, many churches and community groups are creating programs to help their members and others cope with the high cost of car ownership, maintenance, and repair. Car ownership programs are unique in that they recognize that an individual's transportation needs are not limited to their ability to get to and from work, but include all the other travel everyone does on a daily basis: taking children to school, participating in recreational activities, shopping, or making visits to the doctor.

THE RELATIONSHIP BETWEEN CAR OWNERSHIP AND EMPLOYMENT

To date only limited research on car ownership programs has been conducted. Existing work falls into three basic categories: academic studies of the work-related impact of car ownership; policy studies of how car ownership could help low-income people; and most recently, studies of the existing programs and their clients. Combined, these studies have found the following:

- Owning a car increases hours worked and earnings;

- Owning a car reduces reliance on the state among welfare recipients; and
- Car ownership is a viable solution to transportation barriers to work for low-income people that government agencies and nonprofits should pursue further.

Since passage of PRWORA, several researchers have explored questions of whether car ownership increases the likelihood that low-income people will work or if it offers opportunities for increased incomes. Using data on AFDC recipients in California, Paul Ong found that welfare recipients who own cars are more likely to be employed than those who do not.² Furthermore, those welfare recipients who own cars and are employed work more hours and earn more than those who do not. Another study found that having access to a car shortens periods of unemployment and increases earnings.³ In addition, car ownership increases wages more for African-American workers than for white workers.⁴

While these earlier studies showed a correlation between car ownership and employment status, they did not show causality. Using state data on insurance rates and gas taxes, Steven Raphael and Lorien Rice found that car ownership leads to increased earnings, and not that higher earnings lead to car ownership. Their study found that people who own cars are more likely to work, and workers who own cars work more hours and earn higher wages than those who do not own cars. Perhaps most important for car ownership programs for low-income workers and job seekers, Raphael and Rice found that the impact of car ownership on those factors is greater for low-skilled workers than for higher-skilled workers.⁵

IMPACT OF EXISTING PROGRAMS

There have not been enough clients and not enough time has passed to make sweeping conclusions about the effectiveness of the car ownership strategy. However, the studies that do exist indicate that the impact of these programs on working and wages is positive.

In their study of Good News Garage, Marilyn Lucas and Charles F. Nicholson found that clients of the program who were also on welfare saw their earnings increase and their support payments from the state decrease after receiving a car.⁶ They also found that the per car amount the state TANF agency paid Good News Garage for their services was recovered within five months in the form of reduced support services payments to the client who received the car.

A baseline study of the characteristics of 48 clients of New Leaf Services, the nonprofit funded by the Georgia Wheels to Work program in Atlanta, found that the average client is in his/her early 30s, has three or fewer children living at home, works 38 hours per week, and earns \$9.17 per hour.⁷ These clients most valued their cars for getting to work, and providing increased access to both medical and child care services. Future studies are planned to determine the impact of New Leaf's car program on these and other clients.

CAR OWNERSHIP AS A POLICY RESPONSE

In *Working Far From Home: Transportation and Welfare Reform in the Ten Big States*, Margy Waller and Mark Alan Hughes at the Progressive Policy Institute point out that private automobiles have been considered taboo in the effort to solve transportation problems for welfare recipients.⁸ They see significant promise in the states that have used car ownership programs, and argue that policymakers need to recognize the realities of commuting to and from work in urban areas when developing transportation policies.

More recently, there has been emerging momentum among policymakers to support car ownership strategies as an option in the array of transportation solutions for low-income workers. During the TANF reauthorization discussion in 2002, the Senate Finance Committee bill included a provision to provide \$15 million per year to fund demonstration projects that

promoted car ownership across the country. In 2002 the Federal Transit Administration, which administers the Job Access and Reverse Commute (JARC) program, developed new guidelines that allow car ownership programs to qualify for funding under certain conditions. Since the original JARC legislation explicitly prohibited program expenditures for individual car ownership, the relaxing of this rule signals an important development in federal policymaking.

NEDLC'S ROLE

In 2000 the National Economic Development and Law Center (NEDLC), in partnership with the Office of Port JOBS in Seattle, Washington, undertook a national review of car ownership programs to document promising practices and lessons learned in the emerging field of car ownership programs. NEDLC is a national, nonprofit organization specializing in community economic development. NEDLC is known as an organization that creates demonstration projects that result in measurable impact and that can be replicated across the country. NEDLC embarked on this car ownership study to identify opportunities for supporting and expanding the field of car ownership programs at the practice and policy levels and to explore strategies for making stronger connections to the private sector. The Office of Port JOBS had conducted research on car ownership programs in response to their recognition of the transportation challenges faced by TANF recipients and others in King County and across the country. Part of their work included the application of “promising practices” to develop a model demonstration program in their local area.

The above research culminated in a report, *On the Road: Car Ownership as an Asset-Building Strategy for Reducing Transportation Related Barriers to Work*, which was an in-depth study of seven of the most promising programs. The programs were chosen based on criteria that included an established level of program scale and well-developed infrastructure and systems that

were thought to hold promise for long-term sustainability. The purpose of the report was to share emerging promising practices with organizations wanting to strengthen existing programs and to help inform those interested in starting their own car ownership programs about both policy and practice. Another goal was to help improve the policy environment for overcoming transportation barriers to work for low-income workers and job seekers.

In 2001 NEDLC convened the seven programs studied, along with policy consultants from the Brookings Institution and the Center on Budget and Policy Priorities. This two-day meeting was the first time many of the car programs had met each other and provided a unique forum for sharing lessons learned. The meeting also provided an opportunity for the policy advocates to learn about the program-related successes and challenges, and for the programs to receive current information on national and state policy related to larger transportation issues. The information collected during that forum helped to shape this guide.

CAR OWNERSHIP GUIDE

This transportation guide is a continuation of NEDLC's systematic study of this new trend in car ownership programs designed to help low-income workers and job seekers overcome transportation barriers to work. The guide is a useful tool for organizations interested in launching a car ownership program and will be useful for existing car ownership programs to refine certain program components.

The guide consists of this introduction and four chapters, each of which addresses a key component of program design. Rather than proposing one program model, the guide offers various options in each program component along with a discussion of the associated benefits and challenges. The decision to implement a specific strategy is left to communities in recognition of their unique needs and settings.

The planning for a car ownership program should be based on an inventory and evaluation of existing transportation programming and a solid understanding of the target community's needs. The assessment guides contained in this chapter will help inform whether a car ownership strategy is 1) a necessary strategy that will fill a gap in current transportation programming, 2) a feasible strategy for your community, and 3) a program that your organization is able to undertake based on your current infrastructure, available resources, staffing, and other considerations.

CHAPTER 1: FEASIBILITY ANALYSIS

PUBLIC AND PRIVATE TRANSPORTATION SERVICES

For those organizations new to the transportation services field, this chapter provides an overview of some of the broader transportation programs and services designed to improve mobility for the general population. This information is intended to help inform the environmental scan described in the following section as you begin to assess the programs and services that are already available in your community.

PUBLIC TRANSPORTATION STRATEGIES

Improving Public Transportation

Local public transportation administrators have worked to make public transportation more affordable and efficient for low-income passengers, particularly welfare recipients. Programs have also been implemented to provide reduced fares for low-income riders who do not qualify for discounts necessarily based on income (youth, elderly, and disabled riders). Transit administrators have extended service hours, created new routes, and altered existing ones to accommodate the needs of residents reentering the workforce. Bus and van routes have been created to provide commuter service from central cities to their suburbs, where most new jobs in retail and service are located.

New routes include the development of feeder services, which are local transportation services that provide passengers with connections to a major arterial service by using mini-buses and vans operated under contract with local governments. Feeder services provide transportation to those in areas where it is not economically feasible for conventional buses to run, shuttling customers from home to public transit stations or from public transit stations to work sites, making

public transportation a viable option for people who live far from pick-up points.⁹ Feeder services can exist as a dial-a-ride service, subscription bus service, or fixed-route service.

Utilizing Existing Public Vehicles

States and local municipalities can encourage the cross-utilization of transportation systems already in place to meet the needs of welfare recipients, such as vehicles for senior citizens, people with disabilities, Head Start programs, para-transit vehicles, and public schools. For example, senior citizen centers often have vans available during commuting times, many of which are equipped for those with special needs. These vehicles are insured and can be used during off-hours to serve the needs of employment transportation.¹⁰ Similarly, welfare recipients can ride on school buses to access jobs with local schools. The use of school buses as a means of transportation has been quite controversial but it is permissible if state legislatures and boards of education allow it.

PROGRAM EXAMPLE

The North Carolina Division of Social Services (NCDSS) has helped to improve access to jobs and training for Work First clients by coordinating with the school bus network. In May 1997 the North Carolina Board of Education and the Department of Public Instruction passed a resolution in support of welfare recipients, which allowed them to ride on school buses to access jobs provided by local school systems—when there are no alternative methods of transportation available. The adult riders are trained as bus monitors when riding on the school bus.¹¹

Transit Commuter Benefits

Local social services and transportation agencies are promoting the Internal Revenue Services' Transit Commuter Benefit to encourage employers to subsidize their employees' public transportation and/or vanpooling expenses. This program has potential benefits for all stakeholders: the employer gets a tax break; the employee gets subsidized employment transportation; and the local transit system gets additional riders.¹²

PRIVATE TRANSPORTATION STRATEGIES

Reverse Commute Subscription Services

One innovative way to link welfare recipients to new employment opportunities is the provision of “reverse commute” subscription services, where various types of vehicles are used to transport employees from designated pick-up points in the inner city to out-lying factories or commercial centers. Reverse commute programs can utilize vanpools and carpools, and transit bus routes with a peak-hour commuter service from an inner city to its suburbs.

PROGRAM EXAMPLE

Suburban JobLink Inc. in Chicago has developed reverse commute routes with their own older buses, and provides social counseling to help welfare recipients become ready to work. They also use old school buses to run three daily shifts out to office parks and factories. Welfare recipients ride free while training and then pay the regular fare of \$1.85 when they find work.¹³

Vanpool/Ridesharing Program

Vanpool and rideshare programs allow workers with similar commute schedules to travel together. These services can be customized to meet specific transportation needs of the target population including day care stops. Carpools consist of two or more individuals who share a ride in a private automobile. Commuter-driven vanpools are organized ridesharing arrangements that provide transportation to work for a group of individuals using vans with a seating capacity greater than seven persons (including the driver). Carpools and vanpools can be used to provide transportation to jobs both in the central city and in the suburbs. The U.S. Department of Transportation is promoting rural vanpooling to help meet rural employment transportation needs. The North Carolina Department of Transportation provides vans to county transit systems with the expectation that the local employers will contribute to the transportation operating costs along with the employees.¹⁴

Volunteer Driver Programs

Volunteer driver programs can be administered by a government agency, nonprofit organization, or faith-based or charity organization. Volunteers drive agency cars or their own vehicles and are generally reimbursed for mileage or fuel. Some programs operate on a donation basis by accepting contributions for mileage. Volunteers are usually retired people.

One-on-One Transportation Assistance—Transportation Brokerages

Some Workforce Investment Boards and social services agencies have directly contracted mobility management services out to a transportation provider. On behalf of the agency, mobility management services provide customized trip planning and link eligible participants with the appropriate transportation solution (e.g., private taxi, demand-response or fixed-route bus, carpool and vanpool program, among others). If the mobility manager is also a transportation provider, it can ensure cost-effective transportation because the transportation providers’ centralized intake and scheduling allows maximum coordination of riders. This coordination can succeed in lowering per trip transportation costs by maximizing vehicle efficiency. A mobility manager strategy is effective when the social services agency, one-stop center, or training agency requires and has access to a variety of transportation modes to meet the needs of participants.¹⁵

PROGRAM EXAMPLE

In Tennessee the Department of Human Services (DHS) refers each Families First (TANF) participant to a mobility manager who creates a transportation plan for the recipient. The transportation managers with whom DHS contracts are the 14 Service Delivery Areas (SDAs) for the state, covering all of the state’s 95 counties. The SDAs have the responsibility of assessing the needs of each participant and contracting with transportation providers to arrange services for those who do not have access to a vehicle to get to job training, educational sites, and employment. Transportation managers encourage using a variety of transportation options. Participants can use

a monthly bus pass on public transit, use taxi service, or participate in vanpools. Stops at child care centers are prearranged as part of the vanpool service and the cost for children riding is funded by DHS.¹⁶

Automobile Ownership, Maintenance, and Repair

The personal automobile has emerged as the most practical, long-term solution for many people living or working in suburban and rural areas to access and sustain employment. Public and private agencies across the country have implemented numerous strategies, including providing loans for car purchase, maintenance, and repairs. Other strategies that promote automobiles are leasing programs and car ownership programs that secure affordable cars that are then transferred to clients. Car ownership strategies will be discussed more in the next section.

CAR OWNERSHIP PROGRAM KEY FEATURES

Even if the environmental scan and needs assessment discussed in the following sections conclude that car ownership is a necessary strategy in your community, another important consideration is whether your organization has the internal capacity to operate such a program. Operating a car ownership program is very different from administering a social services program. Although both strategies are client-centered, car ownership programs entail a complex set of procedures for processing the vehicle side of operations, which is foreign to many nonprofit organizations. As a consequence, these programs tend to incorporate strong business practices and necessitate industry-related knowledge that will require significant investments on the organization's part if such expertise is not currently in place. Put simply, car ownership programs begin to reflect the operations of a used car dealership in transferring cars to clients.

An organizational capacity assessment can be helpful to determine if there is interest, support, and capacity

for this new program undertaking. To inform the organizational assessment as well as the other feasibility analysis processes, a brief description of the key features of car ownership programs follows.

MISSION AND GOALS

The mission of many car ownership programs is very simple: to provide cars to low-income families to facilitate their ability to get to work or training. Car ownership programs are providing short-term assistance to address an immediate, usually employment-related need, thus the cars that are provided are considered “starter” cars. They are not intended to last a long time, usually no longer than 1–2 years. Due to the limited supply of available cars, clients are eligible to receive one car and usually are not permitted to return for additional cars.

TARGET POPULATION

Car ownership programs usually target low-income individuals who are employed, have employment offers, or have enrolled in a training program. As many car ownership programs are funded by Temporary Assistance for Needy Families, the bulk of participants are welfare-to-work clients. However, a few programs have revised their screening criteria to include low-income people who earn below a specified income level in an attempt to include the working poor as part of their target population. Programs that have expanded their target population to include non-TANF clients have been able to generate unrestricted revenue in order to provide this service. Other important client eligibility considerations are possession of a driver's license and income earnings that allow them to cover car-related expenses, particularly if a loan is part of the package.

PROGRAM INFRASTRUCTURE AND SUSTAINABILITY

The program infrastructure is usually divided into two primary functional areas:

- Vehicle processing: staff is responsible for handling all functions related to the car from processing car donations to car repair.
- Client processing: staff is responsible for working with prospective and existing clients to screen clients, handle the car financing, track client payments, and provide case management.

Car ownership programs blend two distinct sets of expertise in their program operations to promote both financial sustainability and their social mission. Automobile expertise is necessary to purchase used cars, to handle the car donations process, and to deal with car repair. For programs that have prioritized program sustainability, industry-related expertise is especially important for the wholesaling of cars to generate unrestricted program revenue. By selling used cars in the existing private-sector automobile market and investing the profits back into the program, these programs are similar to social businesses. As a consequence, implementing sound business practices, such as developing market studies, financial proformas and budgets, and an overall business plan, are important components of car ownership programs.

If programs decide to provide car financing, another area of expertise will need to be developed to handle the loan process. Your organization will need to decide whether loans or financing will be provided through bank partnerships or managed internally. Financial risk will need to be addressed in either case. In recognition of the importance of business-related expertise, many car ownership programs have established advisory boards separate from the Board of Directors to tap into additional expertise from their local business community.

Another equally important component of car ownership programs is their social mission of promoting economic self-sufficiency among low-income individuals. Besides the actual vehicle, many programs have human capital development goals, which necessitate

another area of expertise. Programs have put in place numerous supports to assist clients with building their financial credit history and with financial literacy classes that include budgeting and automobile maintenance workshops. Because these programs are often not structured to be comprehensive social services agencies, many car ownership programs have established partnerships with those entities that can provide complementary and more intensive services.

POLITICAL CHALLENGES FACED BY CAR OWNERSHIP PROGRAMS

Car ownership programs are not without controversy. The debate over car ownership strategies involves environmentalists and urban planners who argue against increased traffic congestion and pollution associated with the older cars that are given to poor clients. Policymakers argue that the taxpayers should not subsidize cars for the poor. Furthermore, the car donation strategy for charitable purposes has come under increasing scrutiny by the Internal Revenue Service because the tax credit can overestimate the true value of the donated car. Another vocal contingent has been used car dealerships that argue against the unfair advantages that nonprofit car ownership programs have by being exempt from many industry regulations.

Programs have responded in different ways to these political challenges. The main strategy has been to develop political allies and demonstrate successful program outcomes to cultivate alliances with key stakeholders. Nonprofits who utilize a car donation strategy have placed caps on the amount that can be written off for taxes. To combat accusations of unfair market advantages, nonprofit programs have acquired industry-related licensing and, in fact, many use them to their advantage by directly wholesaling cars for additional revenue. It has been more difficult to diffuse arguments posed by environmentalists—however, some car ownership programs have been able to

reframe the issue by suggesting that poor people are not the causes of traffic congestion and not to be blamed for poor urban planning, which has led to limited viable public transit options. In addition, car ownership programs have been careful not to position themselves as a panacea for all transportation-related barriers but posit that car ownership should be part of the menu of mobility options to meet the various needs of low-income workers.

PROGRAM-RELATED CHALLENGES

Program-related challenges fall into two categories: program sustainability and client issues. Program budgets range from \$198,000 for a regional program to \$10 million for a statewide effort. Put another way, the average per unit cost to acquire, process, and transfer a car to a client ranges from \$3,340–\$7,060. Many car ownership programs rely heavily on TANF funding or private grants to continue operations. Given the budget size, the lack of diversified funds puts car ownership programs in financially vulnerable positions especially in light of the government budget deficits and cutbacks. With program sustainability as a goal, many programs have identified other streams of unrestricted revenue, including setting up a used car lot to sell to the general public, or directly wholesaling and salvaging cars not used in the program. Programs that rely on car donations have a better chance of program sustainability than those that purchase cars for their clients.

On the client level, a constant challenge is the affordability issue and keeping vehicle costs low. The high cost of insurance and expensive car repairs stretch the already limited budgets of low-income clients. Although programs have put in place supports to subsidize these costs, they find that once the subsidies are withdrawn, clients face budgeting dilemmas. The long-term solution is to increase the income earned by clients and promote career advancement strategies. However, while strategies such as these present opportunities for collaboration with local workforce

development strategies, these employment-related strategies are perceived to be beyond the direct scope of a car ownership program's work, and thus many programs have not responded effectively to deal with these long-term issues.

Another issue is the next generation car. The cars given to clients have short life spans, and the philosophy of a "starter" car and limited resources are the primary reasons why programs have not provided assistance to clients to acquire their second cars. However, the approaching expiration dates of the donated vehicles will be an ongoing issue for clients who are unable to purchase the next car. Programs may want to investigate strategies to facilitate savings promotion to address this emergent challenge.

CONCLUSION

Starting a car ownership program will entail significant investments in developing internal expertise as well as developing partnerships with new stakeholders such as banks. Political support for such a strategy is not automatic so relationships with policymakers and agency directors will also need to be cultivated. Despite the level of effort necessary to initiate such a program, car ownership strategies have the great potential to be financially sustainable if certain procedures are in place. As a result of the program's ability to generate unrestricted funds, the opportunity for sustainability is enhanced and there is potential for the program to reach a certain scale and expand into larger regions or serve more low-income workers.

CONDUCTING THE FEASIBILITY ANALYSIS

Before developing a car ownership program, your nonprofit organization should conduct a feasibility analysis to determine if a car ownership program is an appropriate strategy for your community and organization. For an organization that is new to the transportation services field, this process will also

introduce you to the latest developments in the field and key stakeholders.

This section outlines the three components to the feasibility analysis. An overall environmental scan should be the first step to inventory the other types of broader transportation services and to determine if there is already a car ownership program in place. After the environmental scan is conducted, the next step is to conduct a community needs assessment to determine if a car ownership program is an appropriate strategy for your target population. Finally, an internal organizational assessment should be undertaken to determine if the organizational support and staff capacity exist to meet the demands of program start-up and implementation.

The findings from the environmental scan can be compared against the community needs assessment to determine how well matched or mismatched services are to community transportation needs. A mismatch or gap in services may suggest a car ownership strategy may be feasible. An additional benefit from performing this feasibility analysis is the partnership-building process as your organization begins to identify key stakeholders that may support a program.

ENVIRONMENTAL SCAN

One of the first steps is to perform an environmental scan to determine what transportation services currently exist to serve low-income clients. Given that many car ownership programs have started in the past few years, you may discover one already operating in your area. In addition to creating an inventory of existing current programs, their eligibility criteria and utilization rates should also be examined. Other assessment criteria can be applied such as program accessibility, availability, or frequency of use, and whether the transportation program meets clients' employment needs (e.g., off-commute hours, proximity to worksite).

A good place to start is with your local metropolitan planning organizations or regional planning councils (in rural areas), which are public agencies that handle almost all the transportation funding and planning for your region. They are an important resource to identify current transportation programs. For example, they will likely have a list of programs that have secured Job Access and Reverse Commute grants, which fund numerous transportation strategies geared toward welfare-to-work and low-income clients. In addition, these transportation planning organizations may have conducted their own community surveys or used mapping software to map public transit routes and their proximity to low-income communities and employment centers. Other agencies that fund transportation programming are local social services agencies that administer TANF funds and the employment services agencies that handle welfare-to-work grants.

Consider these questions while conducting your environmental scan:

- What transportation efforts are currently taking place in your area?
- What are the eligibility requirements for accessing existing transportation programs?
- How effective are those programs in meeting the needs of your target population?
- Are there time limits for transportation subsidies?
- Do the transportation programs accommodate the multileg trips that parents have to make?
- How easy is it to access public transit (e.g., frequency, distance to bus stops)?
- What stakeholders are involved with transportation planning and delivery?
- Can improvements be made to the existing systems to meet the needs of your target population?
- Where are these services lacking?

Transportation services will likely fall into three categories:

- Individual subsidies (e.g., car repairs, bus vouchers)
- Public transit options
- Private automobile programs that can include rideshare, car leasing, and car ownership programs

You may discover in your inquiries that one of these existing agencies has expressed an interest in beginning or supporting a car ownership program, if one doesn't already exist.

The Appendix of this guide contains a sample inventory form. It is important to compare the information collected on available transportation services with utilization rates of your target population to conclude if existing programming is adequate.

COMMUNITY NEEDS ASSESSMENT

A survey of the targeted population's transportation needs will reveal whether car ownership is an appropriate strategy, or it will clarify if other types of transportation assistance may be better suited to their needs. For example, if your target population is the working poor, you may find that many already own cars but need assistance with car repairs. Following are questions that should be part of the transportation needs assessment:

- What types of transportation assistance are they currently receiving?
- Vehicle ownership: Do they already own a vehicle?
- Driving eligibility: Do they have driver's license and clean driving record?
- Destinations: Where do they need to travel to for work or training?
- Household information: Is this a single or two-parent household? How many children?
- Proximity to public transit or accessibility of transportation programs: What transportation services do they currently use? Are there any challenges to accessing these services?

- Work needs: Do they work during regular commute hours or off-shift hours? How far do they work from home? Do they need a car as a requirement of their job?
- Income level: Do they earn enough to handle a monthly car payment? Can they pay for insurance on an ongoing basis?
- What is their experience with financial institutions? Do they have a savings or checking account?

In addition to creating a community profile of transportation needs, the needs assessment will help with targeting which specific population will benefit most from a car ownership program. For example, will the car ownership program be open to any low-income worker who needs a car or geared toward those who demonstrate more transportation need such as families with children or workers who commute farther distances or to workplaces inaccessible by public transit. In addition, the needs assessment can help inform program design and the provision of services that best meet clients' needs. For example, if there is a finding that numerous residents have little to no experience with financial institutions such as banks, then financial literacy may be a necessary component of your program. See Appendix for a sample needs assessment.

ORGANIZATIONAL CAPACITY ASSESSMENT

An organizational capacity assessment will help determine if a car ownership program should be started up by your organization. Starting a car ownership program necessitates building up potentially new areas of expertise that include business and industry-related skills. Some of the larger programs that operate on a regional level are independent nonprofits. The questions that follow are important for determining if your organization is interested in investing in building these new capacities and developing new relationships, often outside of the circles your organization usually runs in. Otherwise,

another option would be to identify another agency—one that may already have transportation programming in place—to partner with or to undertake the development of a car ownership program.

Another set of questions relates to the target population and whether your organization has access to and experience working with low-income clients. For example, many stand-alone car ownership programs rely on numerous partner agencies for client referrals. To effectively conduct outreach and provide critical supports for clients to be successful, it is important for your organization to have experience working with the target population. Otherwise, your organization will have to build internal expertise to screen clients and provide supports.

Following are some areas of inquiry you and your organization may want to consider:

- Does the program fit within the mission of the organization?
- Has the organization embarked on any business-related venture in the past?
- Does the organization have partnerships with banks or financial institutions? Is the organization ready to undertake a program that has a loan financing component?
- Is there access to industry-related expertise such as relationships with used car dealerships and mechanics?
- Does your organization have a relationship with the metropolitan planning organizations (urban areas) or regional development organizations (rural areas) that handle transportation planning?
- Are funding sources available to support a low-income car ownership program (e.g., Temporary Assistance for Needy Families, private foundations, Job Access and Reverse Commute grant)?

- Does your organization have access to the target population and experience working with and providing support to that population?

Starting a car ownership program requires significant investment of staff and financial resources. In addition, with the potential for funding sustainability, it lends itself to a long-term strategy. Some car ownership programs that started out locally have expanded to a regional area that encompasses several states. An organizational assessment will help inform key decisions as to whether such a program can be undertaken internally, grown in-house and spun off, or developed in partnership with another organization.

NEXT STEPS

After conducting these three assessments, you will be better positioned to decide if your organization should embark on developing a car ownership strategy. If the findings do confirm the need for a car ownership program, the next step is to review the strategic planning process outlined in the next three chapters to begin establishing program operations.

Operating a car ownership program is very similar to establishing a used car dealership driven by a “social mission.” Consequently, careful and thorough business planning, as well as having an understanding of existing industry-related practices, are important components for successful implementation and program sustainability. This chapter reviews the process of establishing a car ownership program from fund development to strategic partnership building. The emphasis is on the necessary infrastructure to acquire and move cars to clients.

CHAPTER 2: PROGRAM DESIGN

This chapter will outline the steps necessary to acquire and process vehicles for transfer to clients. The strategic planning process can be divided into four main categories:

1. Developing the program mission and goals
2. Identifying stakeholders and staffing
3. Acquiring cars
4. Distributing cars

Based on our research, there is a wide variety of car ownership programs and models. In many instances, the programs studied were developed in response to local conditions and often guided by the philosophy of the executive director or program manager who was charged with program development. As such, this chapter presents several different strategies for consideration.

An important aspect to note is that the structure of certain programs facilitates program sustainability through the generation of unrestricted revenue. Throughout this section, we have highlighted a number of these procedures and strategies for consideration.

PROGRAM MISSION AND GOALS

The first step in the strategic planning process for starting up a car ownership program is to develop a mission statement. This can be developed with your board and staff and can include an advisory committee that includes a broad range of stakeholders. This mission statement will be a guiding document throughout the process of developing the components of your car ownership program. The diverse stakeholders will have disparate interests and a mission statement will help develop consensus around the

common goal of the initiative. A clear mission statement will help you make important decisions in establishing program procedures, particularly as you seek to balance business and social goals.

BALANCING BUSINESS AND SOCIAL GOALS

Compared to other social services programs, car ownership programs are in a unique position to generate an independent source of revenue for program investment. Depending on how operations are structured, car ownership programs can sell excess cars to other audiences besides low-income clients—in particular, wholesalers and the general public. If privately generated revenue sources and potential program sustainability are priority goals, there are specific elements that need to be in place in the design of the car ownership program. More specifically, business expertise will be a necessary program capacity and will guide much of the decision-making around structure and staffing. Other critical program components are industry-related expertise, a car donations strategy, car financing, and wholesaler or used car dealer licenses.

Although the social goal of providing cars to low-income individuals is being met, program decision-making and resource allocation may be structured differently in a program where financial sustainability is a goal. Car repossessions best illustrate this tension between social and business goals. Some programs will repossess the car if clients fail to make payments because they depend on the revenue source. Others will never repossess because it contradicts their social mission of assisting low-income individuals. Program differences will also exist in the type and level of staffing (e.g., business expertise vs. social services expertise), the level of support services for clients, and the target population. The balance between social and business goals must be weighed as various program components are being developed, and ultimately, the decisions are guided by the organization's philosophy.

SAMPLE STRATEGIC PLANNING QUESTIONS

The key questions you should ask as you develop your mission statement are:

- Who do you want to serve as your target population?
- Is the program a short-term intervention to help with initial engagement in the workforce or part of a long-term human development strategy?
- What are the client-related outcomes that are to be achieved?
- What are program-related outcomes (e.g., program sustainability)?
- What is the balance between meeting client or social goals with those that may be necessary to produce funding sustainability?

The target population you want to serve may be one or more of the following:

- TANF recipients
- Working poor who earn below a certain income threshold
- Residents of a specific neighborhood
- A specific minority group

Client-related outcomes may include one or more of the following:

- Promote access to the labor market
- Increase earnings
- Improve the overall quality of life for clients by improving mobility
- Develop or repair the financial credit history of clients

Program-related outcomes may include one or more of the following:

- Make cars available to clients
- Establish a program that is financially self-sustaining
- Advocate for policy or administrative changes that promote car ownership among low-income people

PROGRAM EXAMPLE

Vehicles for Change's (VFC) mission is to assist less fortunate families who are ready, willing, and able to advance themselves, become financially secure, and help others. VFC will assist these families by selling them a reliable automobile at a minimal price and assist in identifying resources to pay for insurance, title, tags, and taxes.

PROGRAM EXAMPLE

The goals of Good News Garage:

- To accept the donation of vehicles
- To recondition the donated "wheels" or recycle their parts
- To donate the "wheels" to qualified, low-income applicants who could not otherwise afford transportation for the purpose of improving their economic situation and move (literally) from welfare to work
- To provide training for entry-level mechanics and tow truck drivers as welfare-to-work activities

FUNDING SOURCES AND PROGRAM SUSTAINABILITY

Car ownership programs are a relatively new strategy and as a result, there are currently no established funding sources dedicated for this approach. However, the growing recognition of the necessity of cars under the welfare-to-work mandates has prompted some legislators and administrators to include car ownership programs as an allowable activity in various funding sources.

Many car ownership programs received their start-up funding from either state TANF or local, private foundations. As the car programs became more established, they have become more sophisticated in weaving together numerous sources of funding and utilizing in-kind resources to defray operational costs. Funding for car ownership tends to fall into two categories: funds that are available to low-income individuals to purchase cars and grants that support car ownership program operations.

PUBLIC FUNDING SOURCES

Job Access and Reverse Commute Grants

The Job Access and Reverse Commute program is welfare-to-work grant funding in the Transportation Equity Act of the 21st Century. This grant program assists states and localities in developing new or expanded transportation services that connect welfare recipients and other low-income persons to jobs and other employment-related services. JARC projects are targeted at developing new or expanded transportation services such as shuttles, vanpools, new bus routes, connector services to mass transit, and guaranteed ride home programs for welfare recipients and low-income persons. Due to a new guidance released in April 2002, JARC grants can be used to support programs that offer an auto loan component. Funds that are used to purchase vehicles are allowable as long as programs maintain the title during the loan repayment period and promote the use of vehicles for shared rides.

State Temporary Assistance for Needy Families Funds

States can use TANF funds toward car ownership programs and car purchase assistance as long as the expense is in line with accomplishing a purpose of the TANF program, for example, promoting job preparation and work. Many low-income car ownership programs were started with state TANF funding and continue to rely on this as a primary source for ongoing operations. Arizona, Georgia, and New York

appropriated state TANF funding to establish car ownership programs.

Asset-Building Accounts

Individual Development Accounts (IDAs) are savings accounts matched by state and federal programs that are used to assist low- to moderate-income people with building assets. Currently, federal law stipulates that savings can be used only for job training, education, and business or homeownership, not for car ownership. However, through using flexible TANF funding goals, some states have been able to allow IDA-like asset-building accounts to be used for car purchase. Under welfare law, these accounts are not considered true IDAs, but states can design these accounts, using federal or state maintenance of effort TANF funds, so they are not counted toward assistance eligibility. Arkansas, Illinois, and Maine currently allow TANF-funded asset-building accounts to be used for car purchase or repair.¹⁷

Welfare-to-Work Grants

Welfare-to-work grants are provided by the federal government to states and communities to develop job opportunities for difficult to employ TANF recipients. States must match one-third of funds for the two-thirds the federal government contributes. These funds may be utilized toward IDA-type asset-building accounts that are used for car purchase.

Workforce Investment Act (WIA) Funds

With the approval of the local Workforce Investment Boards, WIA funds can be dedicated to car purchases.

Local TANF Transportation Subsidies

Administered by the local agency that is responsible for social services, welfare-to-work clients have access to a wide array of subsidies to facilitate their job placement including transportation subsidies. Although regulations vary from county to county, transportation subsidies have been used to pay for car repairs

and car purchases. In addition, some welfare agencies have established a loan fund that allows welfare recipients to purchase cars. Car ownership programs can tap into this fund to pay for car reconditioning or repairs.

PRIVATE FUNDING SOURCES

Individual Donations

Private donations have been an important source of revenue for car ownership programs. Churches have also assisted with fundraising in addition to providing overall funding support for program operations. For example, churches have assisted with securing funds for car repairs for clients who may be part of their congregation and/or community.

Financial Institutions

As part of their Community Reinvestment Act (CRA) obligation whereby they are required to provide products and services to low-income communities, banks have given grants to car ownership programs to receive CRA credit. Credit unions also have partnered with car ownership programs to offer low-interest loans for car purchase.

Nonprofit-Administered Loan Funds

Nonprofits also administer loan funds that allow for car purchases. For example, Ways to Work is a family loan program coordinated by the Alliance for Children and Families and The McKnight Foundation. Ways to Work provides loans for the purchase of a used car, car repairs, child care, or a mortgage payment. Ways to Work has 38 programs in 20 states.

Private Foundations

Local foundations have funded car ownership programs. Many banks also have local foundations that support these programs and/or car purchase.

Sale of Donated Cars

Higher-end car donations from individuals that are not transferred to clients can be sold to generate

program revenue. This has become an important source of unrestricted funds for car ownership programs, which allows them to become financially sustainable. In order to sell donated cars, programs have had to acquire a wholesale or used car dealership license.

IN-KIND SOURCES

Donated Parts/Labor

Car programs have established partnerships with auto parts suppliers, repair garages, and mechanics that offer parts and labor at discounted prices.

Volunteers

In addition to cash donations, volunteers have assisted with driving cars between locations and providing office support. Mechanics have also volunteered to offer their services to car recipients.

PROGRAM SUSTAINABILITY

Depending on the volume of cars they receive, programs that rely on the car donation strategy are best positioned to generate unrestricted revenue that can be invested back into the program. These car ownership programs have established a business venture component through which they sell donated cars to various outlets such as car auctions and other wholesalers.

Conducting a feasibility study to determine the level of car donations necessary to support program operations is a critical first step. As with any business venture, a Board of Directors or advisory committee, as well as staff with business expertise, are important for achieving financial sustainability. Increasing car donations is ultimately the key objective that will accomplish sustainability (and commensurately, serve more low-income individuals). Working within a regional market and having effective marketing strategies are essential components for success.

PROGRAM EXAMPLE

Good News Garage (GNG) relies on multiple funding sources to operate their Wheels to Work program:

- Local TANF funds are used to subsidize the car repair costs of vehicles before the car is transferred to the client
- The State Department of Labor provides funding that enabled GNG to purchase a tow truck and employ the tow truck driver
- State TANF funding provides operational support
- The Vocational Rehabilitation program used to sell vehicles to them and they currently support the mechanic hotline that provides advice on car repair and repair estimates
- Job Access and Reverse Commute grant funds partially subsidize operational costs

Besides government funding, GNG also relies on local contributions, donated materials and parts, and in-kind support, which is estimated at 2,500 volunteer hours. Another important source of funding is the revenue generated by the sale of cars that are not used in the program. Cars are either wholesaled, retailed, or salvaged. For the fiscal year 2003, the Vermont site of GNG is expected to generate \$100,000 from its disposition of cars.

RECRUITING STAKEHOLDERS

Car ownership programs incorporate a unique blend of skills in their attempt to balance social mission with business practice. The stakeholders involved often reflect representation from two generally very different worlds: social services providers and industry-related businesses. Furthermore, since car programs have the potential to be financially self-sustaining, business expertise is an important program component if this is established as a goal. In addition to hiring staff with industry-related and social services expertise, other program stakeholders are important to cultivate as allies from both the social services and business worlds. Other program stakeholders can help design effective programs, leverage additional resources and expertise, ensure effectiveness, increase community buy-in, and ultimately improve program sustainability.

Program stakeholders can either serve in an advisory capacity or be an integral partner in program operations:

Advisors: Advisors assist with strategic planning and are integral in the start-up phase. They share industry-related expertise, facilitate marketing and access to resources, and bring other potential stakeholders to the table. Respect for the time of stakeholders is critical to their performance. Efficient meetings designed with key decisions in mind; good record keeping of what has occurred and who has agreed to complete certain tasks; timely follow-up; and openness to new ideas and learning are key elements of successful management of this stakeholder group.

Program Partners: Partners play a prominent role in the implementation of the car program. For example, they can be the referral source of clients for the car ownership program or provide discounted auto parts. It is advised that program partners outline a memorandum of understanding that is signed by both parties to ensure continuity through staff changes on either side. If numerous partners are involved, the organization may want to develop a brief procedures manual that can be helpful in outlining the roles and responsibilities of the different partners involved.

It is important to be clear with stakeholders about their expected roles and responsibilities. This will help them to realistically assess the amount of time and other resources they will need to invest.

RECOMMENDED STAKEHOLDERS

Car Dealership/Used Car Distributor: A representative who is familiar with the used car business is probably one of the most important stakeholders to recruit. This person will have thorough knowledge of wholesale industry practices and regulations that can augment existing internal expertise. By being an advisor, this representative can share strategies for leveraging additional resources from their networks as well as

help mitigate potential opposition from other dealerships or used car operations in the community.

Auto Parts Company: An auto parts company that is a program partner can reduce program costs by donating or selling parts at a discount. Reconditioning and repair costs are often the two most expensive elements of car ownership operations.

Businessperson: A business representative with a strong financial background is important in helping develop the budget and financial feasibility plan. This stakeholder can help monitor revenue streams and maintain financial integrity; two important aspects of promoting program sustainability.

Community-Based/Faith-Based Organizations: These partners can provide expertise with working with low-income clients as well as provide supportive services. In addition, faith-based organizations can be a resource for soliciting used cars, repair assistance, word of mouth advertising, and donations.

PROGRAM EXAMPLE

Getting There operates “Car Sunday” at various congregations throughout a three-county area in Minnesota. A church will administer a special collection to pay to repair a car that will later be donated to a client. On a designated Saturday or Sunday, the car is placed in front of a church with signage and balloons, encouraging congregants to contribute if they wish. At one church, contributions are actually placed in the car itself. Over 50 “Car Sundays” have been held, and it has been an effective strategy for raising funds and awareness of the car ownership program.

Corporate Employers: Employers can help provide corporate cars cycling out of use, financial resources, or in-kind support, and be an important political stakeholder with regard to advocacy efforts. Access to job openings ensures uninterrupted employment or minimizes unemployment spells for clients, which is important to maintaining car payments.

PROGRAM EXAMPLE

Vehicles for Change (VFC) established a referral partnership with three corporate employers: Marriott, Giant Food, and CVS Pharmacy. Employers view recipients of car ownership programs as dependable and thus share job openings with clients of VFC to tap into this labor supply.

Employment and Training Agencies: These nonprofits are important referral organizations that can help clients who have lost jobs to reenter the job market. Employment is often a key condition of car receipt as it allows clients to keep up with their car payments if they’ve taken out a car loan. In addition, employment and training entities can help with career advancement for many of these low-wage workers.

Financial Institutions: Financial institutions can either be advisors or integral program partners that handle the car loans for your program. Their expertise on car loan requirements, the application process, and industry standards will be invaluable if your program has a car financing component. Banks can also provide in-kind support such as financial advisors or funding support.

Insurance Companies: Insurance has been identified as one of the most expensive costs for clients. Partnerships with insurance companies and/or brokers can help identify strategies to make it more affordable for low-income drivers such as eliminating the surcharge for first-time insurance buyers or offering a discount for clients who take a safe driving course. Local insurance brokers could also assist by waiving all or part of their commission for car ownership clients, especially for those new or returning after a hiatus to the insurance market.

Auto Repair Garages: Repair shops can be program partners that provide discounted repair services in terms of labor and parts. Individual mechanics can also donate their expertise and time for inspection,

and help make sure the programs are getting the repairs they need for a reasonable cost. Repair garages have also been a source of car donations.

Political Representative: A political stakeholder is integral to program sustainability as they can identify program funding sources, spearhead legislation in support of the program, and help protect the program from detractors.

Workforce Development Public Agencies: Social services agencies that administer Temporary Assistance for Needy Families were the first to fund car ownership programs and continue to be a primary source of client referrals. They are often key program partners that provide case management services and other support services to clients in car ownership programs. Other government entities that fund workforce development programs such as the Workforce Investment Board are also important stakeholders.

PROGRAM STAFFING

This overview will describe the staffing needs of car ownership programs for the two primary operational areas: vehicle and client processing. The level of staffing will vary depending on vehicle and client volume and does not necessarily all have to be in-house. For example, client support services can be provided by a partner agency.

OVERALL MANAGEMENT

Executive Director/Program Manager: Because many of the car ownership programs developed without knowledge of other programs' design and implementation strategies, the people who established the program mission and design came from a wide variety of backgrounds. Some came from social services, a few from the private sector, and others had run their own used car dealerships. Whether the program undertook a business-like or social services orientation

was strongly influenced by the background and expertise of the program's executive director/manager. If program financial sustainability is a goal, it may be important to identify a program manager with a strong business background.

VEHICLE PROCESSING

Inventory Manager: Perhaps one of the best investments a car ownership program can make in its sustainability is hiring staff with experience in the used car business. This staff person will know the wholesale value of the vehicles being purchased, be able to accurately estimate needed repairs and their related costs, is seasoned in identifying "hidden" problems that can cause older cars to have higher short- and long-term repair costs, know how to maximize the return on investment for donated cars, and has connections with auctions, wholesalers, and other used car dealers for purchasing program cars. All of these things can help a program save money and provide better cars to its clients.

Donations Coordinator: This role is essential for programs that solicit cars from the general public. This person will be responsible for fielding calls, and screening and processing donations. They handle all aspects of customer service including scheduling pick ups, processing paperwork, and managing the donations database. Depending on the volume of the car donations, the coordination responsibility was often structured as one of many other job duties and usually was not a full-time function.

Marketing Coordinator: This person's role focuses on increasing the volume of donations of good quality cars. A variety of marketing strategies can be utilized (see Vehicle Donations Strategies section, p. 26) and should effectively target the sources that will bring in reliable, working cars. In addition to marketing, partnerships with repair garages, used car lots, faith-based organizations, and others can provide other sources of cars.

Tow Truck Driver/Coordinator: Towing capacity is needed to pick up donations and clients' cars that are not working and move the vehicles between locations. Some programs outsource this function while others have their own truck and driver.

Mechanic: In addition to car assessment and repair, the mechanic can be a resource to both the organization and clients by providing a second opinion on car problems and verifying repair estimates. In addition, they can help diagnose car problems for clients by phone. This person can also assess donated cars and will know what cars can safely be put back on the road.

CLIENT PROCESSING

Case Manager: This role is important for screening clients and providing client supports to enable successful car ownership whether through the direct provision of services (e.g., budgeting training) or connecting clients to other community supports. A background in working with welfare-to-work clients or workforce development may be helpful to promote job retention and connections to other employment-related resources. Other important functions are to track clients to enhance timely car payments, troubleshoot any other client issues that can jeopardize car ownership, and collect other information that may help improve the program.

PROGRAM EXAMPLE

Getting There depends on 14 partner agencies for the success of the program. The partner agencies make referrals, provide an evaluation of families' needs, collaborate on fundraising events, provide financial assistance for car repairs after placement, and provide participant car education among other services. Selected partners include the CAC Family Loan Program, Carver County Employment and Training, Hastings Family Services, and Neighbors, Inc.

PROGRAM EXAMPLE

Citrus Cars purchases cars for TANF recipients and directly provides car financing. Citrus Cars serves 125 clients with a staff of 1.5 employees. The program manager has significant industry expertise since he used to be a used car salesman, a general manager, finance manager, and sales manager for a Ford dealership. The manager handles almost every aspect of program operations from tracking payments to performing the periodic car inspections.

CAR ACQUISITION STRATEGIES— PURCHASING CARS AND SOLICITING DONATIONS

There are two primary strategies that nonprofits have utilized for acquiring cars for transfer to low-income clients:

Soliciting Vehicle Donations: Cars are donated to the nonprofit from various sources, including the general public, government and businesses (i.e., fleets), and repair garages.

Purchasing Vehicles: Used cars are purchased from used car dealers or wholesale sources (i.e., car auctions, individual wholesalers, private owners at wholesale prices).

The amount of capital available was a primary determinant of which strategy the nonprofit organization undertook to establish their car supply. Programs that operated a car purchase strategy had generally depended on accessing a large infusion of capital from public and private funding sources that provided the necessary start-up revenue stream.

Vehicle donation strategies require less start-up capital—however, more administrative overhead is required in creating the necessary infrastructure to take calls from the general public, move the cars between multiple locations, inspect each accepted car, and dispose of it. Following is a comparative analysis of the two approaches to inform strategic planning and decision-making.

COMPARING CAR PURCHASE AND CAR DONATION STRATEGIES

Start-up Funds

Car programs that choose to purchase vehicles in the open market need a certain level of initial capital. In the programs studied, the average cost of each car purchased ranged between \$2,500–\$5,000. In addition, to increase the affordability of cars for their clients, vehicle purchase programs further subsidize the car price. In general, clients are not asked to pay what programs paid for the car but are charged an established affordable rate determined by the program. These client subsidies add to the capital needs of programs utilizing a car purchase strategy.

In comparison, acquiring cars by donation from the general public, private businesses, or government generates the lowest inventory cost. Although this approach requires less start-up capital, funding will be needed to put in place six key elements:

- A call center to process donations (preferably toll-free)
- Towing capacity (e.g., truck, tow truck driver) to pick up and drop off cars
- Car assessment and valuation capacity (preferably on staff)
- Reconditioning and repair capacity (preferably through key stakeholders)
- Storage space for cars
- Funds to dispense undesirable cars

Staffing Needs

The staffing requirements for car purchase programs tend to be smaller when compared with car donation operations. To transfer approximately 125–150 cars to clients, only 1–2 staff are needed for car purchase programs compared with vehicle donation programs that need 3–5 staff people.

Industry-related expertise is a necessary element for both acquisition strategies. Although partnerships with used car dealerships and repair shops can fulfill this

expertise area, it is recommended that internal expertise is present. For purchasing program cars, this staff person will know the wholesale value, cost of needed repairs, nature of repairs needed, and retail value of the vehicles being purchased. They will also have critical and trusted connections with auction houses, wholesalers, and other used car dealers. For vehicle donation programs, this staff person can assess the overall condition of donations and accurately estimate needed repairs and their related costs. They are also seasoned in identifying “hidden” problems that can cause older cars to have higher short- and long-term repair costs and will have connections with reliable mechanics.

Car Quality Control

There is no consensus or evidence to verify whether there is a difference in car quality between vehicles acquired from car purchase programs compared with car donations. Although one may assume that purchased cars may be of higher quality, the car screening procedures that are in place at car donation programs likely result in better quality cars being placed with clients. Another indication that there is likely little difference between cars acquired through donation or purchase is that the average retail values of cars are comparable.

Inventory Management

Programs that purchase cars have greater control over their inventory and greater predictability. The process of transferring cars to clients can be facilitated more efficiently if program operators can estimate the number of cars needed and purchase them to meet the short-term demand.

For car donation programs, their car supply issue is not so much how many cars are donated but how many are usable. On average, about one out of ten cars are determined to be appropriate (e.g., in working order, low cost for maintenance) for low-income clients. If there are not enough working cars with

relatively low repair needs coming into inventory, clients will usually have to wait longer for delivery than those in car purchase programs.

PROGRAM EXAMPLE

Minnesota's Getting There augments their donation strategy with car purchases to increase the number of cars that are available to clients. In 2002 Getting There received about 249 donated cars, of which approximately 13 were in good shape and transferred to clients. The rest of the donations were salvaged or sold for additional program revenue. To augment their car supply, Getting There purchased an additional 13 cars for eligible clients.

Funding Sustainability

Currently, many programs that utilize a car purchase strategy are facing program sustainability challenges because they subsidize the interest rate and car purchase price. However, car purchase programs may also build in program sustainability by structuring how they use their capital as part of a revolving loan fund—in other words, their operations begin to mirror financial institutions. The revenue generated by spreads on interest rates can help finance operations and create a strong repayment stream that is a critical factor for sustainability. However, higher interest rates may make payments burdensome for clients thus care needs to be taken to balance sustainability goals with client needs. Other models of revolving loan funds and their levels of program sustainability should be investigated if your organization is interested in pursuing a car purchase strategy.

Selling cars that have been donated is a profitable arena with a high level of competition and many seasoned players. There are many established intermediaries that process car donations and transfer a portion of the proceeds to nonprofits. This well-established market that solicits car donations is an indication of the financial viability of this approach.

Car donation programs have the potential to be financially self-sustaining through revenue generated from cars that are diverted and sold to the public or salvaged. Furthermore, a car donation strategy in combination with a client purchase strategy generates another source of revenue from the repayment stream. Some nonprofits have intentionally chosen a car donation strategy to meet program sustainability goals.

PROGRAM EXAMPLE

Program financial sustainability was a requirement of the Board of Directors when they initiated Vehicles for Change. Out of the approximately 3,000 cars donated to their program on an annual basis, 500 go to clients and the rest are salvaged or sold to generate unrestricted revenue that is invested back into program operations. In addition, the loan payments on the cars sold to clients represent another revenue source. In 2002 approximately 60 percent of VFC's operating expenses were supported by sales of donated cars and other corporate contributions.

Other Benefits for Each Strategy

- Vehicle donation strategies make the car program more visible in the community as people learn about it through advertising to attract donations. It also gives the public an opportunity to participate in the program, building goodwill and support. People often choose to donate to these programs rather than ones that use the cars only for fundraising because they know that their cars will be used to help an individual, rather than sold into a for-profit system.
- Car purchase programs can build long-term relationships with local dealers by bringing them regular business, which can engage and gain the support of the auto retail community. These programs promote economic development through the support of local businesses such as banks, repair shops, and car washes, and improve the overall quality of neighborhood life by enhancing families' access to needed services.

Strategic Planning Questions

- Do you have access to a large funding source?
- What staffing size does your organization envision for this strategy?
- Is program sustainability a necessary goal?
- Do you have access to potential donors of cars? For example, are there middle- to upper-class communities that can be targeted? Do you have relationships with public agencies or private corporations with car fleets?

PROGRAM EXAMPLE

Georgia Wheels to Work is a statewide program being operated in nine different regions and serving 1,600 clients. Supported by a special state fund that provided \$10 million, Wheels to Works provides zero-interest loans with no down payment to enable TANF recipients to purchase used cars from partner dealerships. The average purchase price for cars ranges from \$2,000–\$5,000. Initial loan payments are low, approximately, \$50–\$100, and increase gradually as the client's income grows. Low loan default rates of 2–3 percent and a strong repayment stream have enabled Georgia Wheels to Work to replenish their revolving loan fund, thereby providing more loans to additional families.¹⁸

PROGRAM EXAMPLE

Established in 1998 by the Arizona State Legislature, Goodwill's Wheels to Work program operates six locations throughout the state. With a \$1,500 state tax credit established specifically for this program and expenditures of up to \$400,000 on marketing, Goodwill has received over 1,400 calls from individuals wanting to donate their vehicles. Goodwill only accepts 20–30 percent based on criteria such as age, mileage, and working condition. In 2000 Goodwill sold 283 cars to clients for \$240, which was decreased to \$120 in 2001.¹⁹

VEHICLE DONATION STRATEGIES

Car programs can acquire donations from many sources including the general public, private businesses, the public sector (government), or as an affiliate of a

national vehicle donation entity. There are a number of common program criteria that need to be in place when embarking on this strategy regardless of the program's geographic location. At the same time, because local conditions vary, some strategies can be developed that are unique to each target market, which will allow you to access and maximize donations from particular sources. The following are some common program elements found in each of the programs that accept vehicle donations:

- *Establish a "Car Profile"*: Criteria should be established to create a "profile" for the cars that will be acceptable for donation. Programs that accept donated cars from the general population often perform a telephone prescreen with the donor. Cars with a "clean" title (no existing liens), newer than 1988, less than 150,000 miles, and no significant engine problems and/or body damage are common baseline criteria. Whether nonworking cars should be accepted depends on the program's capacity—whether there is internal expertise to diagnose the extent of potential repairs and, if there is, access to a tow truck to bring it in or move it to salvage.
- *Ensure Adequate Storage Space*: Storage space needs to be available while the cars await their new owners. There are usually state regulations that limit the number of cars that can be stored on a lot before it is considered in violation of public ordinances unless you are a used car dealer. Some programs store cars at several locations (e.g., a number of church lots) while others have rented or owned space. Security may be an issue if a large lot has been leased for storage. It is important to have a client waiting list so that inventory and storage space can be managed well.
- *Facilitate Title Transfers*: Car programs must establish a system for processing title changes. There may be an issue of lag time in certain

states, which will delay the transfer of title to the clients.

GENERAL PUBLIC DONATIONS

Marketing Strategies

The industry standard is that approximately 10 percent of donated cars end up being made available to low-income clients. Therefore, a large volume of donations is important if your program plans to serve many families and if your program depends on this approach for a revenue stream. The remaining 90 percent are either high-end cars that are disposed of through wholesale sources or unusable cars salvaged for parts to generate program revenue. Developing and implementing an effective marketing strategy is essential for any program that relies on donations as its main supply stream for cars and also to differentiate your program from your competitors.

Car donations are a highly competitive field, and numerous nonprofit organizations rely on car donations from the general public as a significant source of revenue. Many well-known, local and national nonprofits are very aggressive with their outreach and have large budget line items dedicated to marketing for this purpose. As a result, the competition for donated cars is fierce, especially for local programs that are often targeting the same markets for solicitation. Local car ownership programs may have difficulty with a direct marketing approach and will need to develop new and creative messages and marketing strategies to penetrate the market.

Despite a more limited budget, car ownership programs have devised many cost-effective marketing approaches with an emphasis on distinguishing themselves from other car donation programs. An important messaging strategy is that the car will go to help an individual and their family by being transferred to low-income workers rather than just used as a general

revenue source. Effective messages are personal stories of how having cars turned lives around. An important rule is to target marketing to certain neighborhoods—those that are middle class to affluent—to bring in better quality cars. Also, these communities will be more likely to benefit from the charitable deduction or tax credit associated with their donation.

Following are a variety of marketing strategies that low-income car ownership programs have utilized:

- Features in newspaper articles (human-interest angle)
- Using donated advertising space in newspapers
- Public service announcements on the radio and television
- Inserts in church bulletins or nonprofit newsletters
- Partnerships with local garages and local dealerships (to refer owners to donate non-working cars)
- Posters at automobile dealerships
- Private business linkages with messages in company newsletters or personal appearances at charity meetings

It is important to track which marketing approach generates a higher quantity and/or quality of cars to determine the most cost-effective strategies.

PROGRAM EXAMPLE

Vehicles for Change uses numerous marketing strategies to attract approximately 1,200 car donations a year. Partnerships have been established with auto repair shops and used car dealerships. Other marketing techniques include trying to land a front-page human-interest or feature story. VFC finds that newspaper articles generate a lot of publicity and shortly after, an onslaught of car donations. One of the more innovative marketing strategies is their partnership with Giant Foods that will place program advertisements on their milk cartons.

Charitable Tax Deduction

Another important tool to attract more cars from the general public and businesses is the charitable tax deduction that can be applied to federal taxes and, in some cases, state taxes. This financial incentive will attract car donors who itemize their tax deductions. The amount of the deduction is tied to the “fair market value” of the car; that is the current sale price of the car in its current condition. Estimates on the “fair market value” are usually determined by industry guidebooks such as the Kelley Blue Book and also must take into consideration the condition of the car. In some states, there are established limits on the amount of tax deduction one can claim for their vehicle. The soliciting nonprofit must have tax-exempt status as a charity 501(c)(3) under the Internal Revenue Service. In addition, they must be registered to solicit with the state government’s charity registration office (usually a division of the state’s attorney general’s office).

PROGRAM EXAMPLE

Good News Garage has four sites throughout New England, one of which is a joint venture partnership with Rockingham Community Action in New Hampshire. The state of New Hampshire has legislated a tax-credit program offering businesses a 75 percent tax credit when they donate cars to Rockingham Community Action. This state tax credit, which is geared toward car dealerships to facilitate higher-quality car donations, has generated a supply of cars from the private sector. Based on New Hampshire’s positive experience, GNG is spearheading similar tax-credit legislation for the state of Vermont.

PROCESSING DONATIONS

It is important to make the donation process as easy as possible for the general public. Features such as a toll-free phone number, quick pick up of cars, and other donation options for cars not accepted by the

car ownership program will facilitate the process and generate good “word of mouth” referrals. The staff person who is dedicated to screening potential donations usually has this as one of many other job duties.

A pick-up strategy needs to be devised and can include volunteers driving working cars, or a tow truck operated by the program or through partnerships with towing companies. Many programs institute another car inspection point at the time of pick up and detailed instructions for the transfer process (e.g., title transfer, tax credit).

PUBLIC AND PRIVATE FLEET DONATIONS

Some car programs have found public agency and county fleets to be a good source of used cars as they tend to be well-maintained. However, there are some challenges to address before tapping into this source. There are often ordinances that govern how public fleet vehicles are retired and usually these cars are auctioned off by the county for revenue. For many government agencies, this revenue is necessary for maintenance of existing cars and to purchase new cars. In New York the governor signed legislation that allowed their Boards of Cooperative Educational Services to transfer repaired vehicles to welfare recipients at little or no cost. It is extremely helpful to have an ally from a government agency or political arena, and for the program to have advocacy experience, before embarking on this strategy.

Similar to the challenge with public fleet donations, the financial incentive may not be in place for private businesses to donate corporate cars to nonprofits. However, this strategy may work if an ally is in place or with creative negotiating such as free publicity for the company or tax write-offs.

PROGRAM EXAMPLE

Seattle's Port JOBS initiated the Working Wheels program in 2002 and targeted retired fleet vehicles as their car source. Retired fleet vehicles have been identified as a good source of cars for Working Wheels because fleet vehicles are likely to require less reconditioning than other donated cars since fleet vehicles are on a regular maintenance schedule. Through their leadership and advocacy, the city council passed legislation that would set aside 50 surplus fleet vehicles each year. In return, Fremont Public Association, the agency that implements the program, will recondition the vehicles and sell them to qualified low-income individuals at below-market cost.

NONPROFIT AFFILIATE

Nonprofits can register as an affiliate to a third-party broker who will solicit cars on your behalf. This model capitalizes on economies of scale and is based on the existing national car donation strategy whereby national nonprofits broker through an intermediary that handles the donations process and transfers an established portion of the revenue to the nonprofit. In this case, vehicles rather than revenue are transferred to the nonprofit affiliate. The national or regional intermediary usually handles all aspects of soliciting, securing, refurbishing, and distributing the cars. The nonprofit affiliate is responsible for marketing the car solicitation phone number and recruiting clients for the vehicles. The nonprofit affiliate strategy is still in nascent stages with only one or two nonprofits serving in this intermediary role.

PROGRAM EXAMPLE

Charity Cars in Orlando, Florida, is a national, nonprofit vehicle donation-processing center that has established nonprofit affiliates to distribute vehicles to clients and provides unrestricted funding for the organization. Charity Cars maintains a vehicle inventory list with nonprofits having ten days to select a car for their clients. If after ten days, the vehicle is not selected, it is sold at auction and salvaged with 50 percent of the proceeds going to the nonprofit and the other half accruing to Charity Cars.

LICENSES—WHOLESALE AND USED CAR DEALERSHIPS

In most states, anyone who sells, leases, offers, or negotiates the sale or lease of ten or more vehicles per year must have a dealer license. States license dealers to ensure fair business competition and protect consumers. State dealer licensing requirements can sometimes be a challenge for nonprofit organizations interested in implementing car ownership programs because they require upfront money to pay for fees. Car ownership programs have responded to these licensing requirements in two ways:

1. Obtaining appropriate licenses to access unrestricted funding opportunities
2. Seeking an exclusion or waiver from the legal requirements

DEALER LICENSING REQUIREMENTS

The majority of car ownership programs studied acquired dealer licensing because of the benefits that accrued to the program and the clients they serve. With a dealer license, car purchase programs can leverage cost reductions and access sources that only sell cars in wholesale (below retail) markets and therefore take in cars at a lower price. These cost savings can be transferred to the client and make the loan payments more manageable. Car donation programs can take advantage of the license to generate unrestricted revenue through the sale of donated cars that are not used for clients which is then reinvested to support operations.

The requirements and types of dealer licenses that car ownership programs may need vary from state to state. These requirements typically include completing an application, attending a dealer education seminar, providing proof of surety bond, and paying application fees. A chart showing the licensing guidelines for selected states is available in the Appendix. Although the specific terms will vary from state to

state, following are the general definitions of each type of license:

Wholesale License: A wholesale dealer may purchase and resell used vehicles to licensed dealers only, never to the public. Possessing a wholesale license enables car ownership programs to purchase cars below retail through other wholesalers and auctions and then distribute the cars to their clients. Car pricing guides such as the Kelley Blue Book, NADA Yellow Book, and the National Auto Research Black Book will be useful to programs that purchase cars at wholesale. Wholesale licenses can also help car ownership programs become financially sustainable by allowing them to sell high-end cars to auctions and using the revenue for the program. Wholesale licenses, however, are not available in all states.

Used Car Dealer License: A used car dealer may buy, sell, lease, broker, wholesale, or auction any make of used vehicle. A used car dealer license allows car ownership programs to sell cars to the public at fair market retail for additional revenue, which is in turn used for program expenses. A used car dealer license is beneficial to large car ownership programs that transfer a high volume of cars, protecting them from being viewed as having any advantages compared with for-profit used car dealers. Programs that operate in multiple states also benefit from having a license, since exemptions will only be honored in states that provide them.

Wholesale licenses tend to have less requirements compared with used car dealer licenses thus the costs are less. However, most states have used car dealer licenses but only a handful offer wholesale dealer licenses. To obtain more information about local licensing requirements, please visit the following sources:

- State Department of Motor Vehicles or Business/Occupational Licensing Board

- National Independent Automobile Dealers Association (Used Car Dealer Association). NIADA provides basic information about dealer licensing requirements in each state, along with links to the agencies that have jurisdiction over licensing. www.niada.org

PROGRAM EXAMPLE

Due to their used car dealership license, Getting There is able to wholesale cars and operate a used car lot. In 2002 they were able to generate \$31,187 from cars sold on their lot.

DEALER LICENSING EXCLUSIONS

A few car ownership programs opted to put in place legislation that would exclude them from dealer licensing requirements. These exclusions are provided through state legislation and statutes that either explicitly give waivers to nonprofits, or limit the definition of a dealer to exclude nonprofit organizations. Such a strategy enables the nonprofit to bypass the regulatory process and fees associated with licensing. Several states, including California, Maryland, and Virginia currently offer exclusions for public or private nonprofit charitable, religious, or educational institutions that sell vehicles if certain conditions are met.

PROGRAM LIABILITY

Although existing car ownership programs have not encountered any major liability problems to date, programs have implemented measures to minimize or address their potential exposure in the following three areas:

- Insurance coverage
- Title transfers
- Car repossessions

INSURANCE COVERAGE

Following are common categories of liability insurance carried by programs:

Garage Liability Coverage: This liability policy provides insurance for events that occur on the premises where your cars are stored.

Umbrella Liability: This is one of the most expensive insurance policies that provides blanket coverage for the organization. Organizations that hold the car title while clients are paying off their loan—such as in the case of a nonprofit that operates a lease to own strategy—should carry this insurance to cover accidents that the client may become involved in.

In addition, programs may require clients to sign hold harmless agreements to protect the agency in case of an accident or equipment failure. For organizations that secure the state's used car dealership license, they will have to abide by mandated stipulations that generally include posting a bond in the amount set by the state.

TITLE TRANSFERS

The person or entity that holds the car title can be liable for car accidents that occur. Thus it is important to be clear as to who holds the car title, especially during the title transfer process. Car titles are transferred when:

- cars are donated from the original owners
- the program transfers title to the financial institution who is holding the lien
- the program or bank transfers title after the car loan has been paid off

It is important to ensure that the title is cleared to the new owner every time it is transferred. Car programs often monitor or undertake the process themselves. In some states, there is a lag time for title transfers; in

this case, the process should be monitored through completion.

CAR REPOSSESSIONS

Nonprofits that handle the car financing for their clients will also have the responsibility of handling repossessions (if they chose to include repossessing vehicles as a part of their program). Car programs that use a conventional financial institution may be able to delegate this task to the financial institution. Depending on program requirements, repossession can take place if any of the following occurs: loss/lack of car insurance, unemployment, nonpayment of car loan, revocation of driver's licenses, or criminal convictions (e.g., driving under the influence).

Every state has different regulations governing the process of repossession that usually include a notification and customer response time period. It is important for car programs to be aware of the proper procedures. In addition to the administrative responsibilities, repossessions can also be a costly and staff-intensive process that requires tracking down the vehicle, paying for towing services, reconditioning the car, and other considerations.

CAR DISTRIBUTION STRATEGIES

Car programs can give away, sell, and lease cars to clients. Each approach entails a different level of involvement with clients. The decision on which approach is most feasible will depend on the level of resources available, target population, and program goals.

Regardless of the approach, car programs usually subsidize the cost of the car for their clients to promote affordability. For example, the purchase price is usually subsidized in a program where cars are sold to clients. The cars have retail values ranging from \$2,000–\$5,000 and are generally from 8–14 years old. The cars used in these programs, and especially the older

cars, are intended to provide short-term solutions as a bridge to overcoming initial transportation barriers. The expected life use of program cars is from one to two years, long enough for a client to begin to get on their feet.

GIVING CARS AWAY

Car programs that elect this strategy transfer the car and title to the client immediately at no (or little) cost to the client. This approach is likely to allow more clients to qualify for cars as no installment payment is required other than car ownership-related costs. In this case, the program assumes no responsibility for monitoring client use of the car or related behavior. The program also has minimum liability exposure. Even though the program may charge a minimal one-time, lump sum fee to cover registration fees and other owner-related fees, programs engaging in this strategy should also consider assisting the client with other related costs such as insurance.

To keep costs down, the giveaway strategy should be paired with a car donation strategy as the primary source of cars. Otherwise, a large operating budget is necessary to support car purchases. Unless the seed funding is substantial, programs that pair car purchase with car giveaways will unlikely be able to serve a large number of people and may be unable to expand the program to serve other areas due to the lack of revenue generation.

PROGRAM EXAMPLE

After reconditioning and repairing the donated car, Good News Garage gives the car away to clients for a nominal fee. Clients are expected to provide payment for repair fees that average \$1,200 per car. These costs, however, are not paid by the client. The local TANF department and GNG have an arrangement whereby TANF provides transportation subsidies to clients, who in turn pay GNG for the cost of repairs.

SELLING AND LEASING CARS

Car programs that sell or lease cars to clients tend to have additional objectives, such as helping clients build their financial stability and history. In programs where cars are being financed, programs may also seek to build relationships with clients to provide other supports. Cars can either be sold or leased to clients with the goal of ownership. The main difference between selling the car outright to clients and leasing it is in who owns, or holds title to the vehicle, during the repayment period.

Car sale programs transfer the title directly to the client, while lease programs hold the title until the lease terms are fulfilled. When the lease term ends, the title is then transferred to the client. The main drawback of lease to own programs is that they may potentially face greater liability risks if a client causes an accident while driving. Their major benefit is that lease programs are on stronger ground to insist that clients comply with all requirements for keeping the car and have greater legal standing if it is necessary to repossess the car.

Some of the programs that sell cars to clients have themselves listed as lien holder on the title. This enables them to track whether or not the client is maintaining insurance and ensures that the car is not resold during the payment period. This allows for more oversight of the clients and cars, while reducing the program's potential liability. When this strategy is paired with car donations, the program will be able to generate revenue from the repayment stream, which facilitates fund diversification.

PROGRAM EXAMPLE

Arizona's Wheels to Work program, administered by Goodwill, utilizes a leasing strategy where they retain the car title to sell cars to clients. Although the average value of the car that is placed with clients is approximately \$2,400, Wheels to Work sells the cars to clients for only \$120. Originally, the cars were sold for \$240 with \$20 monthly payments over a 12-month period. Goodwill was encountering high default rates of up to 17 percent and liability issues were of concern. As a result they reduced the sale price of the car to \$120 in July 2001 and shortened the lease period to only six months. The state of Arizona provides insurance for the entire lease period.

FINANCING INFRASTRUCTURE

Programs that sell or lease cars need to build an infrastructure that is commensurate with the number of program objectives that support individual development. Care should be taken to ensure that only those clients who can afford the total costs become car owners. Programs need to determine who will handle the payment process and whether it will be handled internally or through a financial institution partner. Whether the car is leased or sold, monthly payments must be structured so that low-income clients can afford those payments and other car-related costs. In addition, given the goal of improving the financial credit history, the program should consider mechanisms to promote on-time payments and minimize loan defaults.

Programs that sell cars subsidize the cost of the car purchase for their clients through a reduced interest rate or lowered car price. Based on a NEDLC study in 1999, the interest rates vary from 0–12.9 percent with averages between 7–9 percent. Programs that acquire their cars from donations are better able to set an affordable price for the car. Programs have either partnered with existing financial institutions to offer loans or acted as a financial intermediary to provide loans directly to clients. In assessing whether to offer

loans directly or through a financial partner, factors to consider include availability of start-up capital, target population eligibility, and the level of program involvement with case management.

In either case, it is important for clients to go through the loan agreement in detail and understand their responsibilities. The primary reasons for defaults are late payments, lack of insurance, terminated employment, DUIs, convictions, and loss of driver's licenses. A rigorous screening process and eligibility requirements can minimize default rates. This is especially important for programs that depend on the repayment stream to capitalize their loan fund and for program continuation. However, the goal of mitigating defaults needs to be balanced with the mission of assisting needy clients who may not be able to meet market-based qualifications (e.g., credit scores). Other measures to promote repayment can be instituted such as reminder calls as a follow-up for missed loan payments or restructuring loan payments. These mechanisms can also benefit clients by encouraging them to improve their financial credit history. Finally, programs must decide whether or not to repossess in the case of defaults.

INTERNAL FINANCING

In these programs, the loan payments are arranged between the program and the client. Operations similar to those conducted by financial institutions will need to be established to process the loans from the initial eligibility assessment through payment collections. In these cases, because programs hold the lien, they will also have the responsibility to conduct repossessions if they are a part of program operations. Start-up and ongoing costs will need to be secured for staffing to handle loan administration along with monitoring requirements such as clients' possession of insurance. One benefit to internal loan financing is that more clients with poor financial histories can be

served who would otherwise be unable to obtain favorable credit in external financial markets. This type of financing will also allow programs to more closely monitor clients and their cars, which facilitates case management if this has been determined as an integral goal.

PROGRAM EXAMPLE

Citrus Cars provides direct financing of cars and as of 2001, they were managing 250 loans. They utilize Auto-Trac software, a package designed by “Buy Here-Pay Here” lots to monitor and track loan payments. Each client is charged \$26.50 per month at zero interest for two years for his or her car. The total cost to the client is \$609.50. Citrus Cars also subsidizes the insurance for three months, which is paid in advance. They have a repossession rate of about 6 percent but they allow the cars that have been repossessed to be redeemed once.

BANKING PARTNERS

Programs have partnered with one or more financial institutions to offer car loans for their clients. Due to low volume and a relatively high-risk target population, community banks or credit unions are usually more amenable to working with car ownership programs and negotiating terms that are feasible for the target population. Programs have had more difficulty partnering with larger commercial banks that have less flexibility with establishing loan terms and more concern about the higher exposure to loan defaults. Loan guarantees are usually a necessary ingredient in these bank partnerships with programs fronting a cash pool ranging from \$30,000–\$100,000 that banks can access to mitigate losses associated with loan defaults. The amount of the loan guarantee is tied to the number and amount of loans that are provided; usually it is a one-to-one match.

The banks usually handle of all the administrative details with loan processing and hold the car titles. Programs sometimes hold second liens in case of car

repossessions so that they can receive a portion of the car proceeds when it’s sold at auction. Some programs dedicate an internal staff person to walk clients through the paperwork especially if their organization is also backing the loan. One challenge in working with banking partners is finding enough credit-worthy clients as loan requirements are often too rigorous. In addition, financial institutions usually do not work with clients to help make them credit-worthy.

PROGRAM EXAMPLE

For their Working Wheels program, Port JOBS developed a partnership with a local credit union to offer car loans to their clients at a 7 percent interest rate. The Federal Home Loan Bank of Seattle provided \$30,000 for loan guarantees to cement the financing partnership. The cars are sold for \$1,500 and the loan is paid off over a three-year period, keeping payment levels at a manageable \$54 per month.

DEFAULTS AND REPOSSESSIONS

In 2002 the programs surveyed had loan default rates ranging from 9–22 percent. In the case of a loan default, the program will need to decide if the car should be repossessed. Some programs do not repossess the car even if the loan is defaulted or other program requirements are unmet. If the car is repossessed, then the client may end up in a worse financial situation, which contradicts their program’s goals. Other programs will repossess because they consider it vital to maintaining the program’s integrity and/or depend on the payment streams.

Repossessions are time-consuming and costly. The structure of the financing arrangement and how the title is held can influence who does the repossession. For example, programs that rely on bank partners to handle the financing can have themselves listed as lien holder on the title to maintain oversight but may be able to delegate the repossession responsibilities to the banks.

CAR DISTRIBUTION PROCESS

Inventory Management and Storage

Programs that acquire cars from donations need to establish a process for transferring cars to eligible clients. Tight inventory management is an essential ingredient to maximize the efficient use of limited and expensive storage space. Many car programs have more clients and waiting lists compared to the supply of cars ready for disposition. It is estimated that it takes between ten days to a month to process the car distribution to accommodate the paperwork, especially if financing and coordinating the car drop-off are involved. Car donations that are not dedicated for clients should be quickly wholesaled or sold for scrap.

States have different regulations governing how many unregistered cars can be stored in one lot before it is deemed a junkyard. Programs have leased storage space but some cite security concerns such as theft and vandalism. To minimize the cost of storage space, some programs have identified several lots for storage including church parking lots.

Matching Cars to Clients and Delivery Schedules

To accommodate specific needs of clients, programs have established criteria for matching cars to recipients. Programs survey clients based on the following factors to determine appropriate matches:

- past car experiences
- ability to drive manual or automatic
- size of family and number of car seats necessary

Cosmetic details such as color or type of cars are not usually factors for consideration. Programs usually retain the discretion to match cars to clients to make the process more efficient.

As a cost-effective measure, programs have developed regular schedules (e.g., monthly) for group delivery rather than transferring cars individually to clients.

Long distance deliveries are time consuming so programs sometime require clients to pick up cars from a central location in the city or other places that can be accessed by public transportation. For example, three to five cars can be transferred to clients in various counties during different days of the month. Some programs utilize volunteers to drive cars to the drop-off sites.

CAR RECONDITIONING AND REPAIR STRATEGIES

Whether the cars are acquired through donation or purchase, all require some investment in reconditioning and repair prior to going to clients. The costs associated with car repairs, or reconditioning, are one of the most expensive elements of car ownership programs. The average total cost ranges from \$200–\$1,500 per car. In addition, many programs offer car warranties to cover breakdowns during the first few months of ownership, which adds to the total per car cost incurred by programs. Car ownership programs have attempted to control their reconditioning and repair costs by partnering with repair garages or by hiring staff to conduct the repairs.

PARTNERSHIPS WITH AUTO REPAIR GARAGES

Car ownership programs often have established partnerships with auto repair garages or individual mechanics who offer discounted labor and parts for both preownership work and as a preferred vendor for clients after they have taken possession of their cars. Repair shops should be prescreened to determine trustworthiness, efficiency, and reliability. These partnerships will spur goodwill among local repair shops toward the car ownership program, which is important for building alliances and encouraging repair shops to provide program support as a referral source of car donations. Some drawbacks to this approach are inconvenience for clients and the ability to

authenticate car repair cost estimates. Repair shops may not be open on weekends or be able to take the client's car immediately, which may result in clients missing days or taking time off from work. It is important to institute controls for repairs that are done by external shops to ensure fair repair quotes. Some programs offer a service whereby a client can verify repair quotes with the industry expert on staff.

PARTNERSHIPS WITH TRAINING PROGRAMS

Auto mechanic training programs at community colleges or private vocational education institutions are also another source of affordable auto repairs. However, this strategy will only work if programs have a very low volume of cars and clients. Scheduling coordination difficulties and the longer time necessary to complete car repairs, which may increase storage costs, are challenges when working with training programs. In addition to the volume of cars, programs that operate in a large geographic vicinity or in multiple counties may not be near training program centers.

INTERNAL REPAIR PROGRAM

Some car programs have developed in-house repair programs in an effort to increase control over car repairs in terms of scheduling and costs. Establishing in-house repair capacity is costly in the short-term since staffing, equipment, and space are needed along with additional liability insurance. However, in the long run, it may be a more cost-effective strategy depending on the volume of cars processed. Programs that have implemented an auto repair component usually establish it as part of a training program to leverage funds for ongoing operating costs.

Programs that conduct their repairs internally find that they are better able to control costs, more effectively authenticate the need and cost for repairs, provide better quality repairs, and can determine repair hours to accommodate working clients' schedules (e.g., Saturday mornings). In addition, programs can also track repair data that can improve operations and management—for example, which car models are less prone to breakdowns.

PROGRAM EXAMPLE

One of the key components of the Good News Garage is the repair garage they have established in-house, which has employed a master mechanic. In addition to car repairs, the garage also serves as a training ground for welfare recipients who are interested in becoming mechanics. The internal garage allows Good News Garage to control the quality and cost of repairs to donated cars that are given to clients. In 2003, after a successful capital campaign, Good News Garage moved into an 11,000-square-foot facility that contains a larger, custom-built garage. The garage is outfitted with four bays, fully equipped with eight professional lifts and adequate tool and parts storage to allow for efficient simultaneous car repairs.

Clients represent the other essential component of a car ownership program equation. This chapter reviews strategies for working with low-income clients to enable successful car ownership. For many clients, this car may be the first one that they own. If they purchase or lease their car, it may also be their first car payment. Car ownership programs should build in strategies such as case management and budget counseling along with other supports to broaden clients' understanding of what is needed to keep and maintain a functional car.

CHAPTER 3: CLIENT STRATEGIES

This chapter will focus on the strategies to help clients achieve successful car ownership. For many clients, this may be their first experience with owning a car. In addition, if car financing is part of the package, clients will need to understand the responsibilities and obligations associated with having a loan. Car ownership programs have put in place a number of mechanisms to support and educate their clients. This chapter will outline:

- Common client challenges
- Eligibility and screening criteria
- Case management
- Personal budgeting and financial literacy
- Auto maintenance
- Insurance

COMMON CLIENT CHALLENGES

Many clients participating in these programs are undergoing major life transitions and are often entering the workforce for the first time. The expenses and legal responsibilities associated with car ownership, especially for clients who have never owned a car before, introduces additional challenges. Car ownership programs can increase the likelihood of success by requiring that all clients have ongoing case management and providing other client supports. Without such supports, programs will likely experience high loan defaults and witness abandonment of nonworking vehicles. Ongoing case management also allows programs to track clients, which will facilitate program evaluation.

Program decisions regarding client supports often need to strike a balance between individual client responsibility and program-subsidized supports since

client needs are infinite and program resources are limited. Some programs have developed strategies that promote cost-sharing strategies with clients or leverage resources from partner agencies to defray costs associated with client supports. The tension between program resources and client challenges is particularly acute in cases where programs provide internal financing and rely on the repayment stream to continue operations. In these cases, program finances are inextricably tied to the success or challenges faced by clients. For example, significant costs accrue to the program if a client defaults on their loan or if their car breaks down frequently. On the other hand, if there are low default rates, then the program will be able to use this as an additional revenue stream. Programs have implemented measures to control or decrease default rates such as utilizing more rigorous client screening criteria.

CLIENT FINANCES AND BUDGETING

The many costs associated with car ownership such as registration fees, insurance, and repairs are significant barriers in light of the limited incomes of clients served by car ownership programs. According to the American Automobile Association (AAA), the national average annual cost of driving a ten-year-old car is approximately \$5,000. A monthly car payment adds another ongoing cost that many clients may not have previously accounted for. It is important for both programs and clients to understand all the financial responsibilities associated with car ownership and to determine if this is an affordable strategy for the client to undertake.

Beyond budgeting issues, a lack of financial literacy may also be a challenge. Clients may have poor credit histories as a result of overextended credit, late payments, or bankruptcies. For other clients, they may have no credit history and the car note represents their first loan. In either case, it is important for clients to understand all the financial responsibilities

associated with the car and the implications of missed or late payments. Car ownership programs find that developing financial literacy is an ongoing process. In addition to building their clients' financial literacy, programs have identified numerous strategies to defray car ownership costs.

CAR MAINTENANCE

In cases where clients are first-time car owners, a thorough understanding of car maintenance is important to prevent unnecessary breakdowns and repairs resulting from negligence. Since the cars clients acquire are used and may range from 8–14 years old, the cars will inevitably require maintenance and repairs. Programs will need to put in place car repair strategies and mechanisms to control these costs to both the program as well as the clients. Based on past experiences, car ownership programs find that it is beneficial to have in-house expertise to diagnose the extent of repairs and estimate repair costs to verify estimates posed by outside repair shops. Otherwise, this cost area has the potential to become exorbitant for programs and clients.

ELIGIBILITY AND SCREENING CRITERIA

Although target populations vary by program, the bulk of clients served by many car ownership programs are Temporary Assistance for Needy Families recipients because TANF has often been the primary funding source. More recently, programs are expanding the definition of who can be served and establishing income eligibility criteria to include the working poor. Programs that serve a diverse clientele are able to do so because they have tapped into numerous funding sources and have access to unrestricted revenue.

Once the initial eligibility criteria have been determined, programs should establish how clients will be

recruited and further screened. The goal of the screening criteria is to facilitate client selection and prioritization because the number of eligible clients will usually always exceed the supply of available cars. Almost all car programs rely on partner agencies to recruit potential clients because it is more cost-effective. Many of the car ownership programs do not have automatic access to low-income individuals because they are new and often stand-alone organizations. In addition, in many cases car ownership programs perceive themselves as an adjunct to the larger social services nonprofits and agencies since they address a specific transportation need. Therefore, it makes more sense for car ownership programs to establish referral relationships with agencies that have an existing client base instead of developing this constituency themselves.

ELIGIBILITY CRITERIA AND RECRUITMENT

Eligibility requirements vary slightly among car ownership programs, although almost all programs require that the client be low-income, possess a valid driver's license, and be insurable. Some programs will add an additional requirement of a clean driving record. The usual arrangement with the partner agency is that they will refer as many clients as fit the eligibility criteria and the car program determines which clients will receive the available cars. However, in some cases, the car program is on contract to provide cars to a specified number of program clients who are sent in by the referring agency. In this case, the car ownership program will not be responsible for determining eligibility criteria.

SCREENING CRITERIA

Most car programs have established internal screening procedures for potential clients that are usually conducted in an individual or group interview format. Screening criteria are especially important for programs that provide car financing in order to minimize losses

associated with loan defaults. Programs also found that the more successful clients were those for whom the lack of transportation was the primary obstacle for accessing work. Clients with multiple challenges had difficulty maintaining a car in working order or repaying the loan. In almost all cases, the number of clients who are eligible exceeds the supply of available cars so waiting lists needed to be established.

Following are other common screening requirements:

- *Lack of Transportation:* Many programs require that clients demonstrate a need for the car, whether to get to work or training or be at risk of losing a job for lack of transportation. Additional screens such as proximity and accessibility to public transportation are also used to assess the need for a car. Families with children are sometimes prioritized over single adults. Programs found that clients who were able to articulate the necessity of a car would value the vehicle more, which in turn leads to better-maintained cars or fewer loan defaults.
- *Affordability:* Many programs work with clients to calculate a monthly budget to determine if they can afford to maintain the car and car payments. If the car is being financed, the client must be currently employed, as their wage income is a necessary element of the affordability analysis. The budget development process is often done jointly between staff and the client to ensure that all costs such as insurance and gas mileage are considered to present an accurate picture of income and expenditures.
- *Financial Credit History and FICO Scores:* Many low-income clients are unable to access loans from mainstream financial institutions because they have poor credit histories and are considered financially risky, which translates into higher loan defaults. The level of financial risk that a program is willing to undertake should be clearly defined as this can directly impact the

loan fund pool or be addressed in the establishment of bank partnerships, usually with loan guarantees. Some programs pull credit histories and establish minimum FICO credit scores in order to qualify for car loans.

- *Vehicle Down Payment:* Although not a common criteria due to the limited incomes of clients, an initial down payment on the car is sometimes required and is usually a nominal sum that is scaled according to ability to pay. This screening criterion can help to minimize loan defaults. A down payment that can be made by a client is an important signal to programs that the client is economically and personally invested in the car.

PROGRAM REQUIREMENTS

In addition to eligibility considerations, some programs have established program participation requirements that must be met during the payment period and some will repossess for noncompliance. Possession of current vehicle insurance is commonly monitored and expiration of coverage is one of the most common reasons for car repossessions. Vehicles can also be repossessed if the client has a revoked driver's license or has incurred a DUI. Some programs also require periodic check-ins, participation in case management, attendance at various trainings, or mandatory periodic vehicle inspections.

PROGRAM EXAMPLE

Vehicles for Change has created an interview committee of various stakeholders to screen potential clients. A panel interview is conducted where the "sponsoring" agency, which is the organization responsible for client referrals, makes a case for why individual clients should receive a car. This process engages the referring agency to be invested in their clients and their success, which translates into enhanced case management services. Vehicles for Change has dropped partner agencies that have consistently referred clients with high default rates of 30 percent or higher.

CASE MANAGEMENT

Case management is described as the monitoring of clients' progress and often includes the provision of support services to address emergent client challenges. Programs that work with low-income clients find case management to be critical to clients' program success. The level of case management varies in car ownership programs and in many cases, the agency that referred the clients often serves in the role of case manager. For car programs that operated a car loan component, internal case managers are usually assigned to primarily track payments and assess the working condition of the cars. Few car ownership programs provide comprehensive case management services beyond those that are auto-related, but many expressed a desire to do more in this area if resources were available.

If an outside agency provides the case management, the car program should have some kind of formal agreement, such as a memorandum of understanding (MOU) with the agency, that makes explicit the types of services provided and the responsibilities of each party. Based on their experiences, car ownership programs found that they were taking on more and more of the case management role that their referring agencies had agreed to provide. MOUs with all referring agencies will also help to ensure that all of the car ownership program clients receive similar services, even if they are referred from several different agencies.

TRACKING ELIGIBILITY AND PAYMENTS

For programs with a financing component, the repayment stream is important to continue program operations. In these cases, staff are motivated to follow-up with clients who may have missed payments. Many programs found that just a few reminder calls were all that was necessary to prompt immediate payment. If late payments are an ongoing issue, program staff sometimes ask the referring agency to intervene. In addition, programs also monitor whether clients are

adhering to program requirements, which include maintaining active employment status, retention of automobile insurance, and possession of a driver's license.

COMPREHENSIVE CASE MANAGEMENT SERVICES

If resources are available, a more proactive case management role can be undertaken to promote client success in other aspects of their daily lives. The decision to provide more comprehensive services is a philosophical one based on what programs feel is the acceptable level of support or "hand-holding" necessary for success. Beyond tracking payments, there is currently no consensus on the level of additional case management services that car ownership programs should provide.

Some car ownership programs expressed a desire to institute a monthly check-in with clients requiring that they bring their cars in for inspection. During this scheduled meeting, the car can receive a visual and diagnostic check while staff work with clients to provide support and refer them to other necessary services. In this case, the program's investment, the vehicle, is maintained in good working order and a trusting relationship can be built with clients at the same time. These forums may also help to reveal what additional program services should be implemented to address common challenges such as job turnover. For example, many programs find that clients become unemployed during the repayment period and need assistance to seek new employment.

PERSONAL BUDGETING AND FINANCIAL LITERACY

Automobile ownership comes with a number of financial responsibilities, including monthly car payments, acquiring liability insurance, maintaining the vehicle, and obtaining necessary repairs. Therefore, one of the most crucial elements of working with

clients is ensuring that they are able to afford the total costs of automobile ownership. Addressing the financial responsibilities associated with owning a car in the initial phase of the program will help your organization effectively screen for eligible clients, ensure that clients do not default on their car payments, and make certain that clients are meeting other financial obligations. Beyond an affordability analysis, some programs have put in place financial literacy goals for their clients.

ELIGIBILITY SCREENING AND AFFORDABILITY ANALYSIS

Eligibility screening is a process in which staff from the car ownership program use financial data, such as personal income and expenses and credit history, to determine whether or not clients can afford to meet the obligations of monthly car payments and ongoing maintenance costs. An affordability analysis moves beyond eligibility screening by working with clients to make sure they understand what is entailed in car ownership, and balancing these responsibilities with other financial needs. Aside from considering the cost of monthly car payments, this discussion covers the cost of insurance, fuel, maintenance, and post-warranty repairs. Program staff can help clients examine their overall financial situation and determine if they can truly afford car ownership. Staff can also help their clients access other resources and support services such as the Earned Income Tax Credit (EITC) so they can have increased discretionary income.

FINANCIAL LITERACY

Financial literacy programs provide clients with an in-depth understanding of financial management and personal budgeting beyond the costs of car ownership and household budgeting. According to the National Foundation for Educational Research, financial literacy is the ability to make informed judgments and to make effective decisions regarding the use and management of money.²⁰ For families earning lower

wages, including those new to the workforce or moving from welfare to work, financial literacy skills are especially important to help them make ends meet. This can be accomplished by providing training that enables program participants to develop skills and acquire the necessary knowledge to effectively manage their own financial situations.

Financial literacy training programs range in substance and depth. The basic topics addressed in these programs include simple financial skills such as living within a budget, paying bills on time, and saving for the future. More in-depth programs cover the importance of a good credit record, understanding employer-sponsored benefits, and the pitfalls of “storefront” services such as check-cashing stores, pawnshops, rent-to-own businesses, and payday lenders. These topics can be covered in just a few short hours, or over the course of several sequential workshops.

If your organization wants to provide financial literacy training, it is important that the material covered is conducive to the audience, including individuals who are newly employed, immigrant or limited-English speaking populations, or those who have experienced career advancement and an increase in earnings.

NEXT STEPS

Regardless of the length or depth of the car ownership program’s financial education services, it is important to ensure that, at the very least, clients receive a holistic understanding of the costs of car ownership, as addressed in an affordability analysis. These services can be facilitated in-house by program staff, provided by program partners or referral sources, or presented by financial management professionals or other organizations. For example, your agency can partner with organizations that provide Individual Development Accounts to reserve slots for your clients to attend their financial literacy classes with an understanding that clients are not automatically enrolled in the IDA program.

PROGRAM EXAMPLE

Port JOBS recently received a grant to support Working Wheels clients with their financial literacy needs. Port JOBS will develop a financial literacy assessment process to identify the areas in which clients need assistance. Training modules and mentoring strategies will be designed to address knowledge gaps and behavioral issues. A resource consultant will work with clients to develop financial action plans and assist those who are in danger of default. The goal is to develop a financial literacy model with products that can be used by other car provision programs nationwide.

AUTO MAINTENANCE

One of the key elements in assuring that clients will succeed in keeping their car in good condition is for car ownership programs to assist clients with car maintenance. The goal of auto maintenance is to prevent car breakdowns due to negligence and address inevitable repair problems. Programs can help clients by conducting basic maintenance training before the car is transferred to the client. Other strategies are also beneficial, such as establishing relationships with local repair shops, providing warranties for engine and transmission failures, and conducting in-house maintenance and repairs. Some programs provide membership to roadside assistance programs such as AAA to clients as an added program benefit.

BASIC CAR MAINTENANCE TRAINING

Programs help their clients to maintain their new automobiles and minimize car repairs by sharing information and instructions in a variety of ways:

- Provide in-house training for clients before they acquire the car. To facilitate information retention, the training should be held one week in advance of car delivery to the client. The training class should show clients how to check fluids, tire pressure, and other basic maintenance procedures. This can be done through a

group orientation or on a one-on-one basis with clients. Maintenance training should be innovative and engage the clients. For example, programs can “quiz” the clients on their maintenance skills after the class.

- Provide clients with a brochure outlining how they can maintain their car. Many programs provide a pamphlet that contains a checklist of things to look out for and inspect on a regular basis. See Appendix for sample.
- Refer clients to a basic auto maintenance class at a local community college or adult school. Efforts should be made to defray any enrollment costs.
- To preclude costly breakdowns, some programs require clients to bring their car in periodically so that an in-house mechanic can inspect the car and troubleshoot any problems.

CAR WARRANTIES

Programs can provide a car warranty in case major problems surface within the first few months of ownership. These warranties vary in coverage and duration. Car ownership programs should consider the following when providing warranty for cars:

- *Length of the warranty:* What period of time will the warranty cover? Longer warranties will cost the program more money, as clients will be able to bring their cars back for a longer period of time. Most programs currently provide warranties in the range of six months to one year.
- *Coverage:* What repairs or parts will the warranty cover? At the least, warranties should cover major mechanical breakdowns.

Car warranties are a significant program expenditure because the used cars often need repair. If the cost of repair is beyond a certain level, then cars are traded off and replaced with others. Existing car ownership programs have cited that it is difficult for them to distinguish between client negligence and unforeseen

damages. Some programs have implemented mechanisms for determining if clients have been negligent such as installing temperature tabs on engines to measure overheating engines. As a cost control, some programs have implemented a cost-sharing model of car repairs whereby clients have to pay a portion of the repair costs, encouraging them to better maintain their cars. Some programs also provide small loans for car repairs.

REPAIR STRATEGIES

To better control repair costs, programs have either formed partnerships with repair shops or established an in-house mechanic advice hotline.

Partnerships with Local Garages

Programs have established partnerships with local car repair facilities that agree to provide discounted repair services or parts if clients are referred exclusively to them. Even if subsidized repairs cannot be secured, programs have developed lists of recommended repair shops based on their costs, reliability, and trustworthiness. Establishing these lists is an inexpensive way for car ownership programs to address the maintenance needs of their clients while promoting consumer protection at the same time.

In-House Repair Services

There are a variety of in-house services that car ownership programs can provide to help clients with their car maintenance needs. As discussed in an earlier section, internal staff can be designated to advise or diagnose car problems or to field maintenance questions. The same staff person can also help to verify repair estimates that are quoted by outside repair shops. These consumer education and protection strategies will help minimize repair costs for clients.

INSURANCE

In recent years, states have adopted stricter insurance laws, requiring mandatory auto insurance and imposing

stiffer consequences for driving without car insurance. State Departments of Motor Vehicles often require proof of insurance upon registration of a car, and drivers can lose their driving privileges if found to be driving without insurance. Given the legal requirements and general necessity of insurance, it is important for car ownership programs to consider the costs of insurance, educate their clients about this expense, and provide assistance in obtaining and maintaining insurance. There are two approaches car ownership programs can undertake to assist their clients with insurance:

1. In the short term, programs can work directly with clients to identify affordable options for their needs.
2. In the long term, programs can engage in advocacy efforts to make auto insurance more affordable for low-income people.

For many low-income people served by car ownership programs, the cost of car insurance can be very high. The annual cost of insurance for program clients may be higher than the full cost of the car. Many programs cite that the lapse of insurance coverage is the number one reason for repossession. Therefore, it is important for car ownership programs to assist their clients in obtaining and retaining reliable insurance.

Car ownership programs can help their clients with auto insurance in many ways:

- Cover the cost of insurance for the first few months while clients are starting new jobs and getting acclimated to new costs and budgeting.
- Send clients to a full day of safe driver training for a certificate of completion. Some auto insurance companies will provide a reduction on insurance premiums through a safe driver program.
- Empower clients to do their own research and get several quotes from different insurance companies and/or brokers for the best possible rates.

- Conduct in-house research, determine which companies offer the best rates, and refer clients to them. This will save time, work, and money for the clients.
- Establish relationships with a local insurance agent or broker who will provide program clients with a discount on their insurance policies. This strategy is particularly helpful if a car ownership program has a high volume of clients that can be exclusively referred to the agent or broker. Large multistate insurance companies can voluntarily offer reduced rates for low-income drivers who participate in a car ownership program. This can be done by eliminating the surcharge for first-time insurance buyers or by offering a discount for clients who take a safe driving course. Local insurance brokers could assist by waiving all or part of their commission for car ownership program clients, especially for those new or returning after a hiatus to the insurance market.
- Although most donated cars will likely not have antilock brakes, automatic seatbelts, or airbags, which are features to warrant insurance discounts, even something as simple as an antitheft device such as a steering wheel lock can help clients receive discounts.

ADVOCACY EFFORTS

Advocacy efforts can be implemented to encourage government and the insurance industry to make car insurance more affordable to low-income drivers. The industry is pricing auto insurance too high for many low-income drivers, often for reasons that are not related to the driving ability of the individual. States and perhaps the federal government could intervene and ban the use of credit ratings for setting auto insurance rates. The surcharge that insurance companies impose on drivers who are new to owning insurance should be eliminated for low-income drivers. Several other models are available for increasing access

to auto insurance for low-income drivers. Because advocacy is a long-term strategy, car ownership programs can partner with existing advocacy organizations to promote affordable auto insurance for low-income people. The following are examples of state responses to successful advocacy efforts:

- *“Lifeline” Low Cost Auto Insurance Program.* California is experimenting with a promising model—a special pool for low-income drivers, who pay a lower rate than they could get on the open market. A 1999 law sponsored by the nonprofit, nonpartisan Foundation for Taxpayer and Consumer Rights established this pilot program. It requires insurance companies to underwrite a \$450 basic liability auto insurance policy in Los Angeles County (\$410 in San Francisco) for qualifying low-income motorists. The policy is sold through the California Automobile Assigned Risk Plan (CAARP), which is overseen by the Department of Insurance (CDI). More information about this program is available at www.insurance.ca.gov/LCA/CAILCP.htm.
- *Texas CentsPerMileNow Insurance Project.* The state of Texas passed legislation in 2001 that allows insurance companies to offer mile rates as the way for consumers to exert direct control over insurance cost—buying miles only as needed at cents-per-mile rates. The law was designed to encourage insurance companies to offer their customers an affordable, cost-based alternative to traditional dollars-per-year rates. Whether this is indeed an affordable option depends on the distance people drive to work. More information about this program can be found at www.newrules.org/equity/insurance_texas.html.

Some states have laws that require auto insurers to offer rate reductions for older drivers who take remedial driver’s education courses. Similar programs could be created for low-income drivers.

Tracking program data will be important in maintaining and securing additional funding. It helps to be able to demonstrate the impact the program is having in the community, and the measurable results that car ownership can produce related to work, wages, job retention, and overall family economic success and sustainability. In addition, the information can be used in marketing materials for soliciting either monetary or car donations. Some programs have used program data to refine or improve the services they provide to clients.

CHAPTER 4: PROGRAM EVALUATION AND OUTCOME MEASURES

Car ownership programs should engage in program evaluation and collect program data to help improve internal operations and gauge its overall effectiveness in reaching the goal of helping clients access employment through car ownership. Conducting program evaluation can facilitate long-term sustainability by ensuring that cost-effective strategies are being implemented. Client data and outcomes can be interpreted to implement program improvements such as refining the eligibility criteria or adding new services. Furthermore, the data, particularly successful outcomes data, can be used in marketing materials and fundraising proposals.

There are two approaches that organizations can use to implement program evaluation:

1. Develop internal tracking mechanisms to collect information on clients and cars.
2. Form a partnership with a third party, such as a university, to conduct a formal program evaluation.

INTERNAL TRACKING

Tracking the number of cars moved and the quality of the cars will help the program plan for future car acquisition. For example, program staff may discover that certain years, models, or makes of cars tend to break down more frequently, and may choose to not pass these types of cars on to clients. Programs can also track their clients' experience with the cars, such as the amount and type of needed maintenance and repairs and the kinds of support services requested by clients to help refine program design. In order to track these data, forms and a set of procedures must be developed to facilitate the collection of infor-

mation and the input of that information into a database.

Data should be tracked separately for clients and vehicles, particularly when car donations is the primary acquisition strategy. If program refinement is a desired goal of program evaluation, then program staff will need to keep detailed records of internal activities and who received which services for programs to assess its effectiveness.

The data collected for clients can include the following:

- Client employment status after receiving a car
- Change in wage earnings/income
- Change in work hours
- Number of on-time payments
- Number of clients who fully pay off their loan or lease
- Number of cars repossessed
- Loan or lease default rates
- Use of car to support other needs
- Program service utilization and frequency
- Level and amount of car repairs

Data on vehicle donations can inform the program decision-making on what types of cars to accept as well as which communities to target for marketing campaigns. Following are some important types of information that should be collected:

- Donor contact information
- Recipient contact information
- Recipient status information
- Dates of first contact, pick up, and delivery of vehicle
- Vehicle information (VIN/stock number/year/make/model/color/book value/body style/transmission type/number of cylinders/amount received for the vehicle)

- Amount paid for reconditioning or repair of cars
- Value of cars purchased or used for program

It is important to identify measures that define program success. Some examples include the number of cars provided to clients, wage increases experienced by clients, decreased expenditures for car repairs, and increased car donations.

PROGRAM EXAMPLE

Vehicles for Change maintains a database of client characteristics and outcome information. The data are collected from surveys that are administered with car recipients at six months and a year later. This process required minimal staff time and resources. In the follow-up surveys that Vehicles for Change conducts with its clients, findings suggest that the vast majority have seen their lives improve as a result of getting a car. Seventy-three percent of the 38 respondents have increased their income by an average of approximately \$4,000. Other outcomes include job promotions, improved health as a result of being able to get to the doctor, and a generally improved sense of well-being. See the example of Vehicles for Change's evaluation form in the Appendix.

PROGRAM EVALUATION

Formal program evaluation is usually conducted by a third party, using data collected by the program, focus groups, and interviews with staff and clients to determine the program's overall effectiveness in meeting its mission and goals. Formal program evaluation results are better received by funders, particularly government funders, because of the use of an objective third party in data collection and interpretation. The third party is usually a professional program evaluator, or college or university faculty or graduate student.

PROGRAM EXAMPLE

In partnership with the University of Vermont and Cornell University, Good News Garage conducted an evaluation of their Donated Wheels program in 1999. Earnings of 28 welfare recipients were compared before and after receiving the car. In the subsequent 12 months, they found that average support payments were 23 percent lower after acquiring the car which constituted an average decrease of \$2,000. Mean earned income had increased by 179 percent or an average increase of \$3,000 over the 12-month period. They concluded that the transportation subsidies provided by the welfare agency that enabled the client to acquire the car were recovered through lower support payments in a little over four months.

Car ownership is not meant for everyone. If the ultimate goal of welfare reform is employment, then a wide array of transportation options should be made available for low-income workers to navigate that transition. Just as one size does not fit all, public transit may not be feasible for all. Car ownership programs are not meant to be a substitute for public transit but should be viewed as a value-added strategy among many other choices to help connect workers to work.

CONCLUSION

For many middle-class families, car ownership is a given. However, this does not hold true for low-income individuals and whether government has a role in addressing this is still hotly debated. Organizations that are interested in a car ownership program will find that their first challenge is securing funding support. Securing ongoing operating support is another challenge, which is why program features that support program financial sustainability should be considered carefully. Despite these challenges, car ownership programs have demonstrated their ability to make a meaningful impact on clients' work and families' lives. Beyond improved employment outcomes, the increased mobility enhances overall family life as parents are able to accomplish simple day-to-day activities in a more efficient manner. In some ways, new worlds are opened up as road trips and other recreational activities become possible. In this day and age, car ownership provides the means and a freedom for low-income workers and parents that many already take for granted.

Endnotes

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REFERENCES

REFERENCE MATERIALS

GENERAL TRANSPORTATION RESOURCES

Community Transportation Association of America
www.ctaa.org

Welfare to Work Partnership
www.welfaretowork.org

U.S. Department of Labor
wtw.doleta.gov

American Public Transportation Association
Transit Commute Benefit Program Information
www.apta.com/govt/legis/commuteindex.htm

Volunteer Transportation Resources
Community Transportation Association of America
www.ctaa.org/ntrc/volunteer_resources.asp

TRANSPORTATION ASSESSMENT RESOURCES

Moving Forward: A Transportation Toolkit for Welfare Reform

The Alliance for Transportation Research Institute,
University of New Mexico

www.unm.edu/~atr/moving-forward.html
(See Appendix A, Surveys)

This resource has useful transportation surveys for clients and providers, including one that is translated into Spanish.

Linking People to the Workplace Toolkit

Community Transportation Association/U.S.
Department of Labor

www.ctaa.org/data/toolkit_full.pdf
(See Chapter 5, Partnerships in Action)

This toolkit provides a detailed step-by-step guide to evaluating transportation needs and resources, including assessing transportation needs, conducting an inventory of transportation resources, and evaluating the mobility needs based on available transportation resources.

FINANCIAL LITERACY RESOURCES

National Council of La Raza and the National Endowment for Financial Education

Title: One Step Closer to Your Dreams: Making Your Paychecks Work for You

Description: This 54-page guide, written at a 5th-grade reading level, covers the personal finance aspects of job searching, job retention, and career planning. It also addresses employee benefits and related personal finance opportunities and obligations. A Spanish-language version is available.

Contact NEFE for more information:

National Endowment for Financial Education
5299 DTC Blvd., Suite 1300
Greenwood Village, CO 80111

National Urban League and the National Endowment for Financial Education

Title: Planning for Success

Description: The program has three consumer guides, each written at a 6th-grade reading level: *Landing the Job*, *Making the Most of Job Benefits*, and *Making Your Paychecks Count*. A meeting guide also is provided. The program focuses on personal finance and job readiness issues such as job searching, job start-up, and job retention. The materials provide a long-term perspective for individuals seeking to change their employment circumstances.

Contact NEFE for more information:

National Endowment for Financial Education
5299 DTC Blvd., Suite 1300
Greenwood Village, CO 80111

**The Enterprise Foundation and the
National Endowment for Financial Education**

Title: Making Your Money Count: How to
Successfully Spend and Save Your Money

Description: This 72-page workbook focuses on basic money-management skills and other personal finance issues facing low-income job seekers who are in workforce development programs. It is written at a 6th-grade reading level.

Contact NEFE for more information:

National Endowment for Financial Education
5299 DTC Blvd., Suite 1300
Greenwood Village, CO 80111

**University of Arkansas Cooperative Extension
Service**

(Easter H. Tucker, Author)

Title: Life Skills for Work and Family

Description: This comprehensive 33-lesson curriculum is designed for a limited-resource audience, including young workers and individuals moving from welfare to work. Lessons vary in length from 30–60 minutes and address basic money management, job skills, balancing work and family, clothing, housing, and infant care and development. Written for an 8th-grade or lower reading level.

Contact:

Easter H. Tucker, University of Arkansas
Cooperative Extension Service
PO Box 391
Little Rock, AR 72203

**Center for Enterprise Development IDA Financial
Literacy Initiative**

Title: Finding Paths to Prosperity

Description: This financial literacy curriculum includes a printed 207-page Facilitator's Guide, a printed, 96-page Participant's Workbook, and a CD-ROM that includes PDF versions of the manual and workbook, handouts, visual aids, and Ida's Dream House, a game to be used as an alternative activity for the curriculum. All of these materials are available for download at:

www.idanetwork.org/index.php?section=initiatives&page=financial_literacy_initiative_download.html

Contact:

Corporation for Enterprise Development
777 N. Capitol St., N.E., Suite 800
Washington, DC 20002

REFERENCED CAR OWNERSHIP PROGRAMS

ARIZONA WHEELS TO WORK was created and fully funded by the state of Arizona in 1999. Administered by Goodwill of Central Arizona, this program accepts donation of vehicles, which are reconditioned and repaired, then leased to clients for one year. Unlike the other donation programs in this study, Arizona Wheels to Work is limited by law to accepting only those cars that can be used in the program. If the client keeps up with lease payments and continues working throughout the lease period, the title is handed over to the client at the end of the year. This Wheels to Work program leased 283 cars to clients in 2000. In 2002, due to funding cuts, the Arizona Wheels for Work program was discontinued.

Contact Person:

Paul Wilson

Arizona Wheels to Work

1620 E. Polk Street

Phoenix, AZ 85006

Phone: 602-254-2222 x180

Email: pwilson@goodwillaz.org

CITRUS CARS was created by the Workforce Development Board (WDB) of Polk County, Florida. Polk is a suburban and rural county halfway between Orlando and Tampa. The program was spearheaded by the owner of a local Ford dealership, who also was chair of the WDB in 1998. Citrus Cars purchases used cars, has them reconditioned and repaired, then leases them to TANF recipients in the county for \$25 per month. After two years of payments, during which time the client must continue working, the title is handed over to the client, and who then owns the car free and clear. Citrus Cars leased cars to 125 new clients in 2000.

Contact Person:

David Sims

Citrus Cars

205 E. Main Street, Suite 107

Bartow, FL 33830

Phone: 863-519-0100 x25

Email: dave_sims@polkworks.org

GEORGIA WHEELS TO WORK began as a small program in rural northeast Georgia in 1992. It grew incrementally until 2000, when the state invested \$10 million to expand it statewide. Administered by eleven multicounty Resource Development and Conservation Councils (RC&Ds) plus one nonprofit agency, Wheels to Work is different in each region. Overall, each region purchases used cars and sells them to TANF recipients with zero-down, zero-interest loans. Georgia Wheels to Work has assisted several other states in creating similar programs, including Alabama and Tennessee. The program plans to have sold 1,600 cars to clients statewide by the end of fiscal 2000-01. The state TANF funding was not renewed in 2001, however, Wheels to Work is still offered in all 159 counties in Georgia and will continue to operate for many years on the repayment stream.

Contact Person:

Beverly McElroy

Georgia Wheels to Work

2090 Equitable Building

Atlanta, GA 30303-1911

Phone: 404-656-7975

Email: bmcelroy@gefa.org

GETTING THERE was created in 1994 by the CAP Agency of Scott, Carver, and Dakota Counties, in the southern suburbs of Minneapolis, Minnesota. The program has been redesigned several times as the CAP Agency staff has gained greater expertise. Today the program takes donated cars from the general public, reconditions and repairs them, then sells them to TANF recipients and other low-income people for

\$750 through a bank-administered loan. Cars that are not appropriate for the program are sold, and the funds generated from that are reinvested in the program. Getting There sold 54 cars to clients in 2000.

Contact Person:

Judson Kenyon
Getting There
14551 County Road, Suite 100
Burnsville, MN, 55337
Phone: 952-997-4804
Email: judson.kenyon@scdcap.org

GOOD NEWS GARAGE of Burlington, Vermont, is a program of Lutheran Social Services-New England, and serves the entire state. Established in 1996, Good News Garage accepts donated cars, reconditions and repairs them in their own three-bay garage, and gives them to TANF recipients and other low-income individuals in exchange for the cost of the repairs. GNG also uses its garage to train low-income job seekers as mechanics and auto service writers. The program has been involved in creating similar car ownership programs in New Hampshire, Massachusetts, and Connecticut, and has created a replication manual that others can use to start their own programs. Good News Garage donated 232 cars to clients in 2000.

Contact Person:

Hal Colston
Good News Garage
One Main Street
Burlington, VT 05401
Phone: 802-864-6017
Email: hal@goodnewsgarage.org

WORKING WHEELS, created by Port JOBS and operated by the Fremont Public Association (FPA), sells cars to low-income residents of King County, Washington. The program acquires cars from vehicle fleets through donation or by purchasing them.

Before being sold, each car is reconditioned by a certified mechanic through FPA's Seattle Personal Transit Division. Cars are then sold for \$1,500 through a three-year loan with a local credit union. The program provides other services to help clients be successful borrowers and car owners, including: budget development, financial counseling to address credit issues, basic auto maintenance training, and assistance with insurance costs. Working Wheels opened its doors in 2002 and expects to sell 75 cars in its first year.

Contact Person:

Susan Crane
Port JOBS
PO Box 1209
Seattle, WA 98121
Phone: 206-728-3304
Email: crane.s@portseattle.org

VEHICLES FOR CHANGE also accepts donated cars, has them reconditioned and repaired, and sells them to TANF recipients and clients of several nonprofit programs through bank-administered loans. Created in 1999 in part by Precision CertiPro, an aftermarket car parts company, Vehicles for Change serves two suburban counties in Maryland plus Baltimore and expanded to Washington, D.C., in 2002 and Richmond, Va., in 2003. Vehicles for Change awards between 45–60 cars per month.

Contact Person:

Marty Schwartz
Vehicles for Change
6350A S. Hanover Road
Elkridge, MD 21075
Phone: 410-540-9023
Email: vehfch@aol.com

Form A — Worksheet: Transportation Services Inventory

Transit Agency or Community Program	Type of Service (bus, van, taxi, rail, car)	Days of Service	Hours of Service	Lift or Ramp Equipped?	Type of Payment?	How to Access Service?
1. Name: Address: Phone: Contact: Fax:				<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Free <input type="checkbox"/> Voucher <input type="checkbox"/> Fare	
2. Name: Address: Phone: Contact: Fax:					<input type="checkbox"/> Free <input type="checkbox"/> Voucher <input type="checkbox"/> Fare	<input type="checkbox"/> Subscription
3. Name: Address: Phone: Contact: Fax:				<input type="checkbox"/> No	<input type="checkbox"/> Voucher	<input type="checkbox"/> Call for each ride
4. Name: Address: Phone: Contact: Fax:				<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Free <input type="checkbox"/> Voucher <input type="checkbox"/> Fare	<input type="checkbox"/> Fixed schedule <input type="checkbox"/> Call for each ride <input type="checkbox"/> Subscription
5. Name: Address: Phone: Contact: Fax:				<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Free <input type="checkbox"/> Voucher <input type="checkbox"/> Fare	<input type="checkbox"/> Fixed schedule <input type="checkbox"/> Call for each ride
6. Name: Address: Phone: Contact: Fax:					<input type="checkbox"/> Fare	<input type="checkbox"/> Fixed schedule <input type="checkbox"/> Call for each ride <input type="checkbox"/> Subscription

Source: Jeskey, Carolyn. "Linking People to the Workplace." Community Transportation Association of America. Washington, D.C.: January 2001.

1999 TANF Transportation Survey

This is a voluntary and anonymous survey. Your benefits will not be affected whether or not you choose to fill out the survey. If you choose to fill out the survey, your information will help the state of New Mexico Human Services and Transportation Departments plan better transportation options for people who receive public assistance.

Do not put your name on the survey. Check the box by your answer or fill in the blank. When you are finished put the form in the box marked "Completed Transportation Surveys." If you have questions you may call collect the Transportation Survey Project, University of New Mexico at (505) 246-6016.

1. Which of the following transportation services would help you the most?
 - 1 free bus pass
 - 2 help with car insurance
 - 3 coupons for gas
 - 4 money for car maintenance
 - 5 transportation to get my child to and from child care
 - 6 ride in a carpool or vanpool
 - 7 help to buy a car
 - 8 other _____
2. What county of New Mexico do you live in?

3. What is your home zip code? _____
4. What city or town do you live in? _____
5. If you do not live in a city or town what is the closest town to your home?

6. If you live outside of town, how long would it take you to drive to the center of town?
_____ minutes
7. Are you 1 Male or 2 Female?
8. What is your age? _____ years
9. How many adults (ages 18 or over) live in your household? _____
10. What is your household's approximate income per year, including wages and cash assistance?
 - 1 \$8,000 or less
 - 2 \$8001-\$12,000
 - 3 \$12,001-\$16,000
 - 4 \$16,001-\$20,000
 - 5 \$20,001-\$24,000
 - 6 \$24,001-\$28,000
 - 7 \$28,001 or more

Source: "Moving Forward: A Transportation Toolkit for Welfare Reform." The ATR Institute. Albuquerque, N.M.: February 2000.

11. Check your highest level of education:

- 1 some high school 2 GED 3 high school diploma
4 some college 5 associate degree 6 bachelor degree
7 graduate school 8 graduate or professional degree

12. Describe your current employment status.

- 1 employed, full-time 2 employed, part-time
3 unemployed, looking for work 4 unemployed, not looking for work

13. Have you ever **MISSED OUT** getting a job because you did not have transportation to get there?

- 1 yes 2 no

14. Have you ever **LOST** a job because you did not have transportation to get there?

- 1 yes 2 no

15. (If you are employed), how long does it take to travel from home to work? _____ minutes

16. How much time would you be willing to spend traveling from home to work (one-way)?

_____ minutes

17. How do you usually get to work now?

Or, (if not employed) how do you plan to get to work in the future?

- 1 drive my own vehicle 2 ride with someone 3 bicycle 4 bus
5 borrow a vehicle 6 walk 7 don't know 8 other

18. If that falls through, do you have a backup plan?

- 1 yes 2 no, go to #20

19. If yes, what is it?

- 1 drive another vehicle 2 ride with someone 3 bicycle 4 bus
5 borrow a different vehicle 6 walk 7 other

20. How many vehicles does your household currently have? _____

21. Are any of these vehicles registered in your name?

- 1 yes 2 no 3 don't have one,

go to #27

22. Please list the Year, Make, and Model of the vehicle you typically use.

- 1 don't have one

(Example; 1990 Ford Escort)

Year

Make

Model

23. Do you usually have a vehicle to drive yourself wherever you need to go?

- 1 yes 2 no,

go to #27

24. In the last seven days, how many days were you unable to use the vehicle? _____ days

25. Why couldn't you use the vehicle?

- | | |
|--|---|
| 1 <input type="checkbox"/> no gas money | 2 <input type="checkbox"/> someone else used it |
| 3 <input type="checkbox"/> vehicle not working | 4 <input type="checkbox"/> insurance lapsed |
| 5 <input type="checkbox"/> registration expired | 6 <input type="checkbox"/> driver's license revoked |
| 7 <input type="checkbox"/> doesn't pass emissions test | 8 <input type="checkbox"/> other _____ |

26. In the past year have you failed to get auto insurance or dropped it for financial reasons?

- 1 yes 2 no

27. Please list the ages of all your children who are 16 years old and under (write in margin, if needed).

- 1 none Age of Child #1 _____ years Age of Child #2 _____ years
Age of Child #3 _____ years Age of Child #4 _____ years Age of Child #5 _____ years

28. If you are currently employed, or if you went to work tomorrow, where would your children (age 12 and under) go for child care?

- | | |
|--|---|
| 1 <input type="checkbox"/> no dependent children that age | 2 <input type="checkbox"/> private home day care |
| 3 <input type="checkbox"/> Headstart program | 4 <input type="checkbox"/> before/after school program |
| 5 <input type="checkbox"/> caregiver would come to my home | 6 <input type="checkbox"/> stay at the home of a relative or friend |
| 7 <input type="checkbox"/> child would stay home alone | 8 <input type="checkbox"/> child care center |
| 9 <input type="checkbox"/> don't know | |

29. When was the last time you had a valid Driver's License?

- | | |
|---|--|
| 1 <input type="checkbox"/> never | 2 <input type="checkbox"/> now |
| 3 <input type="checkbox"/> _____ months ago | 4 <input type="checkbox"/> _____ years ago |

30. Check all boxes which apply to you.

Currently Receiving

OR

- | | |
|---|---|
| 1 <input type="checkbox"/> TANF (Cash Assistance to Families with Children) | 2 <input type="checkbox"/> Applying today, don't know yet |
| 3 <input type="checkbox"/> Food Stamps | 4 <input type="checkbox"/> Not applying, not receiving benefits |
| 5 <input type="checkbox"/> Medicaid | 6 <input type="checkbox"/> Other _____ |

**Thank you for your time and cooperation.
Please return survey to the box marked "Completed Transportation Surveys."**

2
3 **ORDINANCE _____**

4 AN ORDINANCE relating to the Fleet and Facilities Department; authorizing the City to enter
5 into an agreement with Fremont Public Association, allowing the City to participate in the
6 Working Wheels Program and to provide at least fifty surplus vehicles to the Working
7 Wheels program each year.

8 WHEREAS, the City of Seattle auctions off approximately 300 surplus City vehicles each year;
9 and

10 WHEREAS, many low-income individuals are barred from getting or keeping good jobs because
11 these individuals lack reliable personal transportation; and

12 WHEREAS, the Working Wheels program has been designed to provide low-cost vehicles to
13 low-income workers and job-seekers residing within King County who need personal
14 vehicles in order get or maintain employment; and

15 WHEREAS, Working Wheels clients will be referred by a network of community organizations
16 and government programs whose purpose it is to help low-income job seekers get and keep
17 employment; and

18 WHEREAS, the City of Seattle, through its Seattle Jobs Initiative and other programs, has a
19 demonstrated commitment to helping low-income citizens get out of poverty by providing
20 them with training, support services, and job placement assistance; and

21 WHEREAS, the non-profit Office of Port JOBS has worked with the City of Seattle's Office of
22 Economic Development and the Washington State Department of Employment Security to
23 create the Working Wheels program; and

24 WHEREAS, Working Wheels will be operated by the Fremont Public Association, a non-profit
25 community-based organization; and

26 WHEREAS, the Fremont Public Association was selected to operate Working Wheels through
27 an open, competitive Request for Qualifications (RFQ) process conducted by the Office of
28 Port JOBS;

29 Now, Therefore:

30 BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:



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Section 1. The Director of the Fleet and Facilities Department is hereby authorized to enter into an agreement on behalf of the City of Seattle with Fremont Public Association whereby the City will, beginning in January 2002, transfer at least fifty (50) surplus vehicles each year to Fremont Public Association for use in the Working Wheels program. In exchange, Fremont Public Association will provide the following valuable consideration to the City: reconditioning these cars for use in the Working Wheels program; screening program applicants and determining their eligibility; providing program participants with financial management and other necessary training and assuming all responsibilities for transferring these cars to qualified low-income King County residents who need private automobiles either to get or keep employment. The number of cars distributed by Working Wheels to eligible low-income Seattle residents each year shall at least equal the number of cars provided to Working Wheels by the City of Seattle.

Section 2. Fremont Public Association and the Office of Port JOBS will furnish a report to the City Council on an annual basis, during the first quarter of each year for the preceding calendar year, describing the outcomes of the Working Wheels Program.

Section -3. Any actions taken consistent with the authority and prior to the effective date of this ordinance are hereby ratified and confirmed.



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Section -4. This ordinance shall take effect and be in force thirty (30) days from and after its approval by the Mayor, but if not approved and returned within ten (10) days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

Passed by the City Council the 8th day of October, 2001 and signed by me in open session in authentication of its passage this 8th day of October, 2001,

Mayor C. Pappas
President of the City Council

Approved by me this _____ day of _____, 20____.

Paul Schell, Mayor

Filed by me this _____ day of _____, 20____.

City Clerk

(SEAL)



USED VEHICLE DEALER AND WHOLESALE DEALER LICENSING FOR SELECTED STATES

STATE	CLASSIFICATION OF DEALER LICENSE	REQUIREMENTS FOR USED/ WHOLESALE DEALER LICENSING	FEES FOR USED/ WHOLESALE DEALER
<p>CALIFORNIA State of California Department of Motor Vehicles www.dmv.ca.gov/vehindustry/ol/dealer.htm</p>	<ul style="list-style-type: none">  New Car Dealer  Used Car Dealer  Wholesale-Only Dealer  Exemption for non-profit/charity programs 	<ul style="list-style-type: none">  File an application with DMV  Pay all required fees  Provide copy of Certificate of Completion, Dealer Education Program  Provide proof of successfully passing the Used Vehicle Dealer Test  Provide proof of surety bond (\$10,000 bond executed). 	<ul style="list-style-type: none">  \$150 Nonrefundable application fee  \$ 1 Family Support Program fee  \$ 70 For each branch location (if applicable)  \$ 31 For each dealer plate and  \$ 33 for each motorcycle plate (plus county fees, if applicable)
<p>CONNECTICUT Department of Motor Vehicles, Dealers and Repairers Division</p>	<ul style="list-style-type: none">  New Car Dealer  Used Car Dealer 	<ul style="list-style-type: none">  Location approval from local authorities  Application for license  Provide proof of surety bond (\$20,000 bond executed) 	<ul style="list-style-type: none">  \$280 Examination fee (new locations)  \$140 Application fee (all licenses)  \$560 Used dealer license  \$140 Registration fee per plate  \$ 5 Safety fee (per plate)
<p>FLORIDA State of Florida Division of Motor Vehicles www.hsmv.state.fl.us/dmv/dmvdeal.html</p>	<ul style="list-style-type: none">  Franchise (New)  Independent (Used)  Wholesale  Auction  Mobile Home  Recreational Vehicles 	<ul style="list-style-type: none">  Location approval from DMV  Application  \$25,000 surety bond or letter of credit  Garage Liability Insurance  Copy of lease for location or proof of ownership  Dealer training seminar certificate  Registration of fictitious trade name  Copy of corporate papers  Sales Tax Number  Federal EID  Fingerprints and applicable fees 	<ul style="list-style-type: none">  \$300 application fee  \$ 39 fingerprints (per person)
<p>GEORGIA State Board of Registration of Used Motor Vehicle Dealers and Used Motor Vehicle Parts Dealers www.sos.state.ga.us/plb/usedcar/</p>	<ul style="list-style-type: none">  New Dealer  Used Dealer (no wholesale category) 	<ul style="list-style-type: none">  Application  License fee  \$20,000 surety bond  Certificate of Insurance  Photographs (showing business)  Pre-licensing seminar  Fingerprint cards 	<ul style="list-style-type: none">  \$170 Application fee  \$ 24 Fingerprinting

USED VEHICLE DEALER AND WHOLESALE DEALER LICENSING FOR SELECTED STATES

STATE	CLASSIFICATION OF DEALER LICENSE	REQUIREMENTS FOR USED/ WHOLESALE DEALER LICENSING	FEES FOR USED/ WHOLESALE DEALER
<p>ILLINOIS Vehicle Services Department, Dealer/Remitter Licensing Section www.sos.state.il.us/depts/vehicles/ veh_home.html</p>	<ul style="list-style-type: none">  New Dealer  Used Dealer (no exemptions for brokers or wholesalers) 	<ul style="list-style-type: none">  Application  \$20,000 surety bond  Insurance 	<ul style="list-style-type: none">  \$50 Licensing fee  \$36 Annual fee for master plates
<p>MARYLAND Maryland Motor Vehicle Administration www.mva.state.md.us/default.htm</p>	<ul style="list-style-type: none">  Motor Vehicle Dealer (no differentiation bet. new & used)  Exemption for nonprofits/charities 	<ul style="list-style-type: none">  Application  Bond depending on sales/# of cars  Location approval 	<ul style="list-style-type: none">  \$500 Licensing fee
<p>MASSACHUSETTS Commonwealth of Massachusetts Registry of Motor Vehicles www.state.ma.us/rmv/forms/21386.pdf</p>	<ul style="list-style-type: none">  Class I - New and/or used vehicle dealer  Class II - Used vehicle dealer 	<p>Dealer licenses are issued from the local City Hall; the Boston Police Department issues licenses for dealers based in the city of Boston.</p>	<p>Unknown</p>
<p>MICHIGAN (Dealer manual available online) Michigan Department of State's Bureau of Automotive Regulation www.sos.state.mi.us/apps/dealer_manual/table/html</p>	<ul style="list-style-type: none">  Class A - New Vehicle Dealer  Class B - Used Vehicle Dealer  Class C - Used Vehicle Parts Dealer (and so on)  Exemptions for charitable orgs. 	<p><i>Class B/Used Vehicle Dealer</i></p> <ul style="list-style-type: none">  Repair facility registration or service agreement  Secretary of State branch designation  Fleet Insurance Certificate  Minimum of 2 dealer plates required  \$10,000 Vehicle dealer surety bond 	<ul style="list-style-type: none">  \$10 Licensing fee  \$54 Fingerprinting fee

USED VEHICLE DEALER AND WHOLESALE DEALER LICENSING FOR SELECTED STATES

STATE	CLASSIFICATION OF DEALER LICENSE	REQUIREMENTS FOR USED/ WHOLESALE DEALER LICENSING	FEES FOR USED/ WHOLESALE DEALER
<p>MINNESOTA Minnesota Department of Public Safety Dealer Unit www.dfted.state.mn.us/01x03x02x05.asp?LicenseID=4306</p>	<ul style="list-style-type: none">  New Vehicle Dealer  Used Vehicle Dealer  Wholesale Dealer  Broker  Lessor License 	<p><i>Used Car Dealer License</i> - MAY BUY, SELL, LEASE, BROKER, WHOLESALE OR AUCTION ANY MAKE OF USED VEHICLE.</p> <ul style="list-style-type: none">  Commercial Building  Display Area for a min. of 5 Vehicles  Zoning Approval  Surety Bond  Liability Insurance  Signage  Posted hours of operation <p><i>Wholesale License</i> - MAY SELL VEHICLES TO DEALERS ONLY.</p> <ul style="list-style-type: none">  Commercial office space  Zoning Approval  Surety Bond  Liability Insurance 	<ul style="list-style-type: none">  \$153.30 Application and annual renewal fee
<p>NEW JERSEY State of New Jersey Dealer's Unit, Business License Compliance Bureau</p>	<ul style="list-style-type: none">  New Car Dealer  Used Car Dealer 	<ul style="list-style-type: none">  Application form  Affidavit  Signature card  Security check authorization waiver form  Supplemental application form 	<p>\$100 License fee</p>
<p>VIRGINIA Virginia Motor Vehicle Dealer Board www.mvdb.vipnet.org/licensing.html</p>	<ul style="list-style-type: none">  Dealer (no differentiation between new, used, or wholesale dealers) 	<ul style="list-style-type: none">  DMV test  Application  \$25,000 surety bond  Local zoning approval  Virginia State Corporation Commission 	<ul style="list-style-type: none">  \$ 25 Application fee  \$200 Dealer license  \$250 Dealer annual fund fee  \$ 15 Criminal history check

1. Change the Oil

We strongly urge you to change the oil on your vehicle every **3,000 miles or 3 months**, whichever comes first. Why? Oil keeps parts of the engine that touch each other from destroying one another. And over time, oil gets dirty and diluted, doesn't lubricate as well, and can scratch the cylinders of the engine. It costs less than \$30 for an oil change, and that's about the cheapest insurance you can buy for the engine of your car.

2. Get Preventative Maintenance

Every six months, a dependable mechanic should check out a number of things on your car. For instance, CV boots (small, **inexpensive** coverings that protect the **very expensive** CV joints) should be inspected. Finding a tear in a boot early, before you ruin the joint, could save you hundreds of dollars. The same is true of the hangers that hold the exhaust system in place. If they break, part of the exhaust system can hang down and break off, costing you much more than a \$3 hanger. Have the mechanic check the battery, water, transmission fluid, and anti-freeze, too. Every year you should have the fuel filter, air filter, and spark plugs checked or changed. Consider doing it more often, especially if you drive on dirt roads. And save your receipts so you have a record of who did what work when.



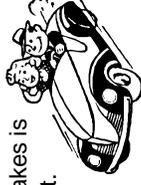
3. Drive Gently

Try to avoid potholes and bumpy roads whenever possible. If you can't avoid them, at least slow down—that goes for crossing railroad tracks, too. It will save damage to the springs, ball joints, and tie rods of your car. At the same time, don't get in the habit of slamming the doors, trunk or hood too hard, either. Those jolts are absorbed throughout the car, and can't help but loosen up things that shouldn't be loose. Overloading the car with too much weight—too many people or too much cargo—puts a damaging strain on the engine, causing it to run too hot, and shortening its life. Instead, try to lighten the load and make an extra trip. The inconvenience could save you big trouble down the road.



5. Coddle Your Clutch

If you drive a standard transmission car, you can lengthen the life of the clutch by avoiding a few bad habits. For instance, don't ride the clutch when stopped on a hill. If you're afraid you might start rolling backward, use the hand brake instead. When shifting, get your foot off the clutch pedal as quickly as possible. When you're not shifting, keep your foot completely off the pedal—don't rest on it. "Cool" as it may seem, downshifting to stop—going from fifth to fourth to third to second—instead of using the brakes is a sure road to clutch replacement. People think they're saving the brakes, but instead they're wearing out the clutch sooner. And replacing a clutch is a lot more expensive than replacing brakes!



4. Avoid Sudden Changes

Forget "jack-rabbit" starts that jolt the transmission. Start gradually and build up speed. Going too fast, too soon doesn't give enough time for the oil to warm up and do its job of protecting the engine. You don't need to warm the car up in the driveway—just take it easy when you start out. And while you're at it, avoid repeated quick stops that cause unnecessary wear and tear on the tires and brakes. To save damage to your car's transmission, come to a complete stop before changing directions—don't shift forward while you're still rolling backward. In short, drive at an even, reasonable speed. Not only is it better for the car, but it's safer for you and your passengers.



6. Find a Good Mechanic

You don't need to go to the dealer for service. Their primary business is selling cars. Get word-of-mouth recommendations from friends, your employer, social worker, doctor or clergy—anyone and everyone you trust. If the same one or two mechanic's names come up, you might be on to something. Stop in and talk to the owner of the garage. Ask what his hourly rate is and ask if he has a specialty. Do all this now, before you need work done. So when the time comes, you'll know right where to go. And if you're happy with the work the first time, stick with the same mechanic so he can get to know your car.

**VEHICLES FOR CHANGE, INC.
EVALUATION FORM**

Caller Information:

Name: _____

Date Called: _____ Time: _____

Result: _____

(B – busy; N/A – no answer, D – disconnected;
W – wrong number; C – contacted)

General Information:

Home Phone: _____

Number of miles driven since getting car: _____

Changes to address or phone:

Lifestyle Changes:

1. This is the first car I have owned: Yes No

2. Since I have had my car I have:

- been job hunting
- gotten a new job
- gotten a better job
- increased my incomeby how much
\$_____ per yr. mo. wk. (*circle one*)
- been able to attend religious services
- returned to school or taken training courses
- been able to take my children to doctor's
appointments when necessary
- been able to take my children to day care

- been able to care for aging family members
- been able to spend more time with family
members
- drive a carpool—or others to work occasionally
- provide transportation assistance to others
outside of work
- been able to spend more time with friends
- been able to take my children to new activities

Check those that apply:

- sports programs
- after-school activities
- tutoring programs
- music lessons
- other
- the car has helped improve my health
- I have become more independent
- I feel I have more opportunities
- my daily life has become less stressful

3. Overall, I feel my life has improved since getting
my car. Yes No Not Sure

Car Performance:

1. My car is reliable? Yes No N/A

2. Number of times your car has needed repairs
other than regular maintenance: _____

List repairs if known:

3. How much money have you spent on repairs?
(only those having their car for more than 6
months) \$_____

4. Which of the following have you done to your car?

Oil change Tune-up New Tires

5. I trust my car to travel more than 30 miles?

Yes No Not Sure

6. I am happy with my car purchase: Yes No

Mechanic Performance:

1. Repairs were completed quickly:

Yes No Not Sure

2. Repairs were successful:

Yes No Not Sure

Name of shop where car was repaired:

3. Number of days in repair shop each time:

1. _____ 2. _____ 3. _____ 4. _____

4. I was treated well by the garage staff:

Yes No Not Sure

Application Process:

The application was easy to complete: Yes No

My sponsoring agency was knowledgeable and helpful in completing the application: Yes No

Was there any difficulty in obtaining the following:

Insurance: Yes No

Explain _____

Tags and Title: Yes No

Explain _____

Picking up your car: Yes No

Explain _____

Vehicles for Change Staff:

1. I have had to contact the VFC staff:

Yes No

2. Please check all that apply:

Yes No I was able to speak with someone from VFC immediately.

Yes No Someone from VFC returned my call within 24 hours.

Yes No I felt the VFC staff was responsive to my needs.

Yes No I was treated with respect by the VFC staff.

Yes No I felt the VFC staff was knowledgeable.

Yes No I would like to have ongoing contact with someone from VFC.

Other Comments:

Thank you for your time. Your responses are extremely valuable in helping VFC better serve future customers.



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