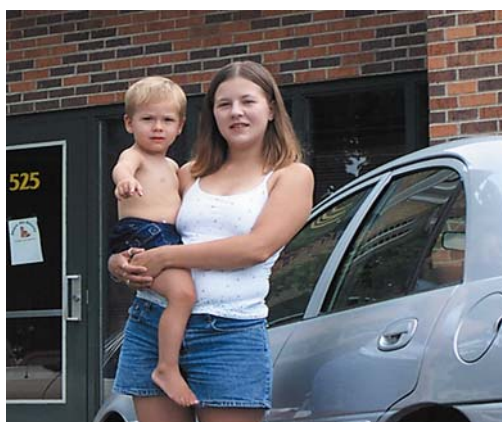


Becky Gets to Work

*Transportation Requirements for Low-Income
Single Parent Families...
... and the West CAP JumpStart Program*



The
JumpStarttm
Program



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Becky is a single, working mother. She earns just enough to keep her family together – so long as she receives some kinds of public assistance, such as childcare and Medicaid (there's no health insurance at her job). Her days are filled with travel. Early in the morning, she takes 3-year old Sam to the Warm World Day Care Center and 6-year old Danielle to school. Then she goes to work. Often, she uses her lunch break to run the kinds of errands every mother knows: getting a prescription filled, finding the right notebook for Danielle, getting her uniform from the dry cleaner. After work, she picks up the kids, goes home to cook, plays with the children until bedtime, and then maybe kicks back with a book, a magazine, or a late night TV program. On weekends, she does the grocery shopping, looks for bargains at the Goodwill store, uses the Laundromat, has an outing with her sister's family, or takes the kids to the park. A few times each year, she likes to get back to her folks in Iowa and connect Sam and Danielle to that part of their family history.

Transportation is a big issue for Becky.

This paper briefly examines Becky's transportation challenge – the same challenge faced by Becky's many cohorts – and suggests a program model to meet the need. At West CAP, our work on this issue suggests that the problem has not been carefully studied and that, in general, the complexity of the challenge is not fully appreciated. We have found little evidence that the situations of the Beckys in our society are well understood. The ideas and programs that have been suggested or implemented consistently fail to meet the minimum requirements of a transportation solution that will work for this population in America at the start of the twenty-first century.

During the existence of the AFDC program – for about 60 years of American life – single low-income women (and other custodial parents) had a choice about ways and means of providing for their families. Absent financial support from fathers or from other family members, they could either work or be supported by AFDC. For many reasons, many single moms preferred to work. But – for those without other financial support or without the significant social support of extended families, for those lacking “significant others” who could be depended on to help with child care, to lend a few bucks in a crisis or to lend a car when the mom's broke down – AFDC was an available choice. Now that this choice is gone, even single moms without meaningful financial or social support must rely on work to support their families – for the income itself and for access to childcare and other supportive services.

Here is another significant factor. During the twentieth century, American life has developed around the assumption that everybody has a car. Neighborhoods and communities in which work, groceries, dry goods, schools, church, medical care, medicine, and the relatives are all within walking distance have disappeared. Additionally, jobs have migrated to the suburbs and to “edge cities” – located at the wide ends of the public transportation funnels, which all narrow into city centers. In the countryside, of course, such transportation systems do not exist at all.

In a very real sense, Becky's transportation challenge at the beginning of the 21st century is unprecedented. This is a new situation, calling for new and truly innovative thinking.

The assumption of this paper is that a transportation solution for working low-income parents must at least meet the needs of Becky and her family. Every family situation is unique, but we believe that a transportation solution meeting Becky's needs will work in most situations. So: Becky is working full time, Sam is in day care and Danielle is in first grade. What are the *minimum* transportation requirements of this family?

Becky's Minimum Transportation Needs

1. Safety Beyond getting herself to work, Becky transports the most precious cargo in the world, and transports them a lot. Beside the round trips to day care and school, the kids ride along on errands, appointments and recreational outings. They love going to a lake on summer weekends, and they love the trips to see Grandma and Grandpa in Iowa. Clearly, safety must be the highest priority.

2. Reliability Becky needs to get to work, day care, and school five days a week, in rain, shine, snow, and sub-zero temperatures. If she misses work often, she will lose her job – the key to her family's survival. There are doctor's appointments, caseworker appointments, minor emergencies, and a very hectic schedule to maintain. A simple car failure can cause much greater failures in other parts of Becky's life.

3. Flexibility The complexity of a "normal" day already demands flexibility, both in terms of places to go and times to be there. Sam's day care limit is 10 hours, and Danielle's Latch Key program locks the door at six p.m. – just half an hour after Becky's shift ends. But not all days are normal. If Sam gets sick, Becky has to come and get him. Danielle's orthodontist doesn't work evenings or weekends. Some days Becky has to work overtime or a split shift because she is low in seniority at the plant. On these days she barter with her friend Julie to pick up the kids, knowing she'll need to help Julie on another day.

4. Manageability Take the *Flexibility* requirements and try to imagine meeting them while depending on volunteer drivers. Now try city busses, car pools, vanpools, taxis (cf. *Affordability*, below), and trains. Whatever transportation Becky uses, it has to be available and at her command whenever she needs it and take her wherever she needs to go, or it won't work.

5. Affordability Becky's budget is tight and will remain tight for a long time. When her income rises, so will childcare co-payments. Further up the ladder, but before she has any truly discretionary income, she will lose medical assistance, food stamps and housing subsidies. No real gains in her standard of living will be realized until she is earning a wage that is above the income self-sufficiency standard for her community —significantly more than the \$8.50 /hr. she now earns.

6. Consistent, predictable monthly expenses Becky's transportation budget cannot surprise her with large costs such as a transmission failure or the unplanned need to replace a car. Even a modest or untimely repair e.g., exhaust or brake replacement) could well be unaffordable.

7. Sustainability Becky's climb up the ladder and out of poverty will be a long haul. A 6-month or 1-year or 2-year transportation solution will not suffice. If Becky falls off the ladder she may be in a worse situation than if she were on AFDC, with less time on her TANF clock and another failure on her mind.

8. Rural and Urban Applicability Many of the Beckys in America live outside metro areas, in places without public transportation. For self-sufficiency programs to work in all geographies, the transportation needs of single moms living in the country, in trailer courts on the edges of dying towns, in small cities with one or two major employers, and in city neighborhoods with jobs in the suburbs must all be met.

9. Reasonable Public Cost The public has determined through its state and national lawmakers that it wants to replace welfare with work, and it is willing to invest a lot of money toward that end, through Wisconsin's W-2 and other programs in other states. It is not unreasonable to expect some public support for transportation if it is clearly understood as necessary to achieve the goals of welfare reform, but public costs will need to be perceived as reasonable and affordable.

10. Environmental Responsibility Like the rest of us -- Becky has a responsibility to protect the environment we all share. But Becky's need for environmentally responsible transportation has an added political dimension. Becky will need public assistance of some sort to meet her transportation needs, but no public assistance transportation program will be legislated or funded without threshold-level support from the environmental community. This is why current federal transportation policy fails to meet Becky's needs and unfairly singles her out to bear -- in addition to her situational challenges -- the extra burden of unclogging freeways, cleaning up the air, and protecting farmland.

The JumpStart Program

JumpStart Program “Mechanics”

JumpStart is a facilitated automobile purchase program for low-income families. The program helps families acquire appropriate late-model cars that meet safety and efficiency standards. Preferred rate financing is obtained through partner credit unions and banks. As a licensed automobile dealer, West CAP purchases selected cars for clients at wholesale auto auctions. Net savings per client through interest rate reductions and wholesale buying are averaging \$2,050.



How does it work?

Becky – and every low-income family referred to JumpStart – receives a thorough consultation and assessment of transportation requirements and resources. If Becky already has an unreliable or broken down vehicle, questions need to be asked: What kinds of repairs are required and what would they cost? Would the cost of the repairs be a wise investment? What is Becky’s credit situation? Will her income allow payments on a reliable, efficient late model automobile – including insurance? What kind of vehicle is the most practical to purchase? JumpStart staff can answer these questions in a way that makes sense for Becky’s unique situation.

Key to Success—buying the right car

Since its beginning in 2000, the JumpStart program has convincingly demonstrated that, for most families like Becky’s, the best solution to their transportation needs is to drive a late model economy car with a performance guarantee, good safety features, a gas-sipping engine that starts in the winter, and a reasonable expectation that it will remain reliable for all the miles and years that Becky and her family need it to be—basically, the same solution that works most working families in America.

But "Becky" typically cannot get the down payment together and doesn’t have the credit history necessary to buy this kind of car. This is where the JumpStart Program comes in.

On a typical \$8,500 purchase of a basic late model car, West CAP – with its financing partners – puts up \$1,500 as a forgivable loan for Becky to use as a down payment, works out a low interest car loan, establishes a car repair fund, and trains Becky in driving safety and basic car maintenance. Becky makes her monthly payments directly to the bank or credit union. She must have insurance, agree to own no other vehicles, maintain a good driving record, regularly make her car payments, and take good care of her car. The JumpStart Manager is available to help Becky with decision-making on these and related matters, throughout her participation in the program.

The JumpStart program provides a model for low-income transportation that is radically different from traditional approaches. JumpStart helps low income families purchase a good quality, dependable, late-model car that will meet all of their transportation needs—work, personal, family.

Assistance includes:

- Help from JumpStart’s car dealership in finding a good quality, fuel-efficient used car with a substantial savings on price.
- Help in getting a low-interest loan from credit union or bank to finance the car purchase.
- Assistance with an initial down payment on the loan.
- Providing a vehicle assurance plan that helps pay for essential repairs during the loan period.
- Help in obtaining or repairing credit ratings.
- Assistance in applying for and obtaining auto insurance.

Assuring Reliability & Providing Public Benefits

West CAP guides its clients toward the purchase of reliable, low-maintenance automobiles. But in order to assure that the long-term development plans of JumpStart clients are not upended by major repair problems, the JumpStart program takes an additional step. At the time of each client's car purchase, a \$400 program participation fee goes into a pooled car repair fund that is used to cover major repairs during the loan period. Additionally, clients' monthly payments include \$20 for deposit in custodial maintenance accounts. The status of each account is tracked and reported to clients. Clients may access these accounts for car maintenance. At the end of the amortization period, any unused funds become an asset for the respective client, fully payable to them for their discretionary use, or for down-payment for a newer, replacement automobile.



Out of the \$1,500 in assistance, \$500 is returned to the state in the form of sales tax on the first day Becky drives her car off the lot. That leaves \$1000 in net financial support costs for Becky over her five years in the program. Only \$200 per year in financial support is needed to meet this fundamental requirement of Becky's successful transition from welfare to work. In fact, survey's show that 70% of JumpStart families reduce their need for public assistance by an average of \$312 per month, a \$3744 annual saving in benefit cost per client. JumpStart is a real bargain, and quite possibly the cheapest transportation solution *that will actually work* for the thousands of Beckys in post-welfare America.

Other models for car purchase programs have been tried, mainly focusing on older, lower-cost vehicles. There is a temptation to jump at the "cheaper" versions of the JumpStart program, but a word of caution is in order. It should be remembered that there are many hidden ownership costs that drive up the cost of these versions over the sustainable long haul.

JumpStart I—Example

Car: 2-3 year old economy car (4 cyl) 31,000 mi.
\$9,975 Average Retail Price

Base Program Price	\$8,479 (Includes fees, inspection, repairs)
Sales Taxes	\$ 466
Registration	\$ 98
	\$ 564
Price + taxes & reg.	\$9,043
Participation Fee	\$ 400 (Major Repair Assurance)
Price to Client	\$9,443
Less Down payment Assistance	<u>(\$1,500)</u> (Forgivable loan)
Client Loan Amt.	\$7,943
Monthly Loan Payment	\$ 159 (5 years / 7.75%)
Personal Repair Fund	\$ 20 (Held in escrow)
Monthly Payment	\$ 179

IDEAL AUTO

www.idealauto.org

JumpStart's Non-Profit
Automobile Dealership

Ideal Auto is social-enterprise that provides cars to the JumpStart program at significantly discounted prices. Ideal Auto assures that JumpStart clients can purchase the right car at the right price. It provides:

- A licensed dealership with a professional, experienced staff who understand cars.
- The ability to purchase cars at wholesale auctions and sales.
- The capacity to inspect and repair cars before they are sold to JumpStart families.

JumpStart Program Outcomes

West CAP has regularly surveyed its clients to assess the value of the program, and to improve its “mechanics”. Three surveys were conducted, in 2001, 2003 and 2004. A 2007 study is now in process. The most recently completed study was conducted by the Survey Research Center (SRC) of the Regional Development Institute, University of Wisconsin – River Falls. Working from a list of clients who had owned their JumpStart vehicles for 6 months or more, this statistically valid research can be summarized as a set of program outcomes in the lives of clients. The SRC survey learned that JumpStart clients had accomplished all of the following:



75% were employed, at an average wage significantly higher than similar populations of workers. Others were self-employed, full-time caregivers, unable to work through disability, and/or unemployed.

Of those able to work, earlier studies showed that 53% had changed jobs since getting their JumpStart car. Of those, 100% reported getting a better job, 75% reported higher wages, 88% reported that the JumpStart car helped them get their better job

62% of surveyed clients were receiving public assistance. Of these, 70% reduced their dependency on public assistance, averaging \$312 per month, or \$3,744 per year.

51% of surveyed clients had moved to other housing since getting their JumpStart cars. Of these, 76% reported improved housing (better location viz. jobs, better neighborhood or schools). Earlier studies showed that almost 20% had moved from being renters to homeowners.

32 % of respondents had advanced their formal education or technical training since acquiring their car, and 80% of these credited their gains to the JumpStart automobile.

66% reported improved overall financial security, and 34% reported improved credit ratings. In earlier studies, over 90% reported improved credit ratings.

79% reported a better overall quality of life, and 44% said it was “much better”. 53% reported having more involvement with extended family, friends and community. Many respondents reported changing daycare providers, and 100% of these reported improved quality of care.

52% of clients had roundtrip commutes of 25 miles or less; 16% commuted 61 miles or more. In the majority of cases, older unsafe and inefficient vehicles were removed from service and replaced by safe, efficient vehicles.

When asked to rate the JumpStart program on a scale of one to ten with one being lousy and ten being outstanding: 69% gave the JumpStart program a “10”, 6% gave it a “9”, 13% an “8”, and only 12% ranked it as a “7” or lower.

In the conclusion of their report, SRC said:

This re-evaluation of the overall JumpStart program supports the conclusion that the JumpStart program is very successful in meeting its goals. The results indicate that owning an automobile contributes to increased self-sufficiency and participation in the community. Most of these improvements are statistically significant and not simply impressionistic. For these clients, public transportation is virtually non-existent and owning a car is necessary to find and keep a job.

JumpStart Success

Since its inception, JumpStart and its replications have placed over 320 families into efficient, reliable and affordable vehicles. Fewer than 8% of these loans have required repossession.

JumpStart families understand the tangible, day-to-day benefits of owning a good quality car and have a strong incentive to fulfill their loan and vehicle

JumpStart Works Because It Meets Real-Life Needs

Many ideas have been suggested and some tested to address the transportation needs of America's Beckys. While some solutions work for some folks for a time, they generally fail to meet one or more of the minimum transportation requirements. This summary of West CAP's "JumpStart" program presents a solution that, we believe, meets all the minimum requirements for most women in Becky's shoes. A summary of outcome studies verifies this assertion, and a comparative table lists all of the transportation solutions of which we are aware and plots them against the minimum requirements and the JumpStart solution.

Here are a few weakness faced by other car purchase programs:

- program staff time needs will be much greater in locating and checking out the mechanical condition of these older cars,
- repair costs are likely to be much higher for older cars not covered by an extended warranty,
- older cars will not be as reliable or stay in service as long, necessitating more case management time finding replacement cars or other transportation, or worse, leaving clients with a debt on a broken car they can't afford to fix.
- older cars may not generate the changes of behavior and attitude demonstrated by participants receiving newer cars. A late model car can motivate Becky to find a better job, attend consumer credit counseling to clean up her credit record, attend school or vocational training or -- as we have seen -- even quit smoking. Let's not underestimate the motivational power that comes from driving a vehicle you are proud of - especially in a society that may judge Becky by the car she drives!

Transportation Options Table

Minimum Requirements	Public Transit	Volunteer Drivers	Commercial Service (Taxis)	Old "Beaters"	Van or Car Pools	JumpStart
Safety	Yes	?	?	No	?	Yes
Reliability	Yes	?	?	No	Yes	Yes
Flexibility	No	No	No	Yes	No	Yes
Manageability	No	No	No	?	No	Yes
Affordability	Yes	Yes	No	?	Yes	Yes
Consistent Costs	Yes	Yes	No	No	Yes	Yes
Sustainability	Yes	No	Yes	No	?	Yes
Urban and Rural	No	?	No	Yes	Yes	Yes
Acceptable Public Cost	?	Yes	No	?	Yes	Yes
Environmental Responsibility	Yes	?	No	No	Yes	Yes



*Strong, Secure Families
Sustainable Communities*

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