



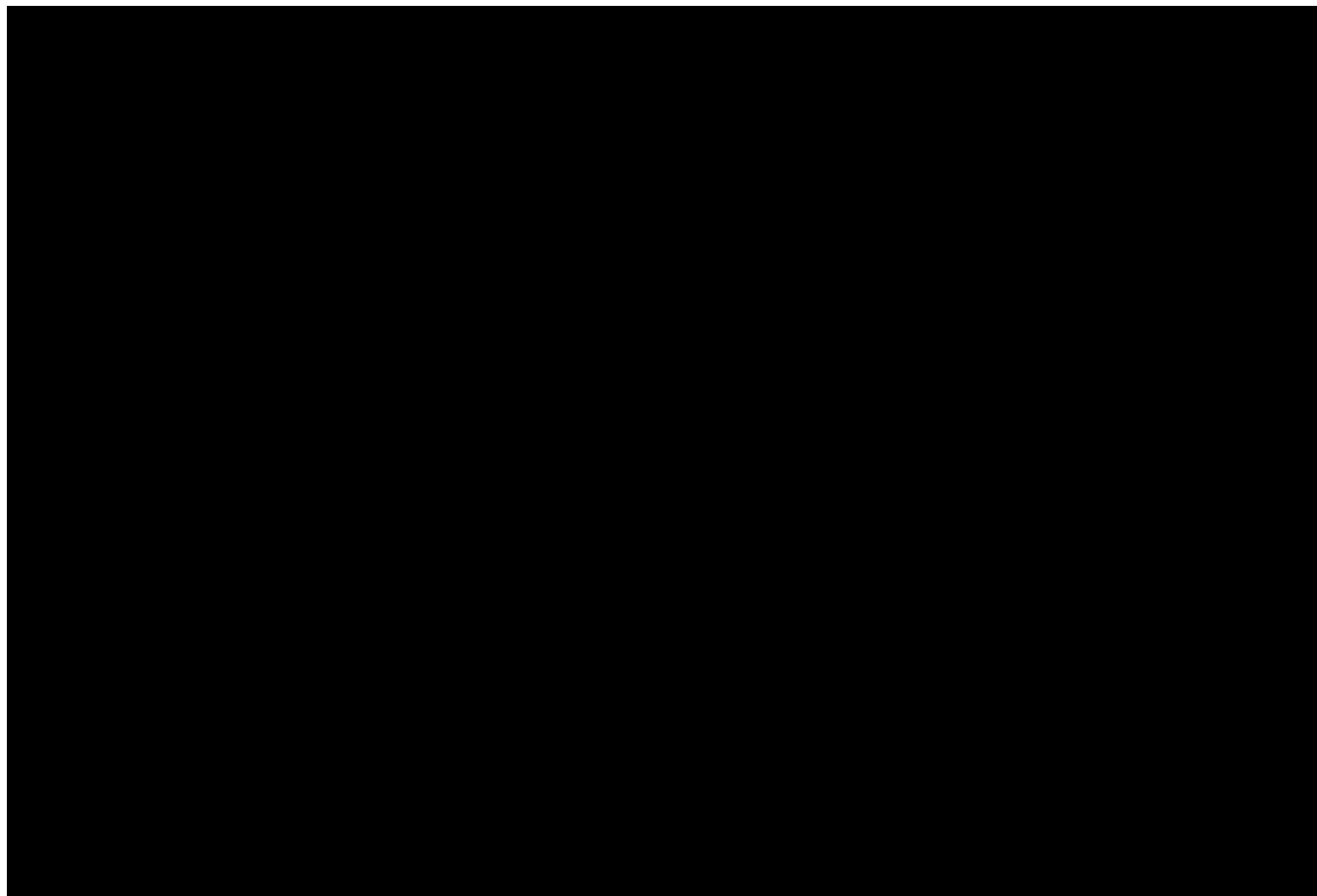
Improving Access to Work Supports for Low Wage Families

A presentation for The U.S. Conference of Mayors



June 13, 2012

Ways to Work



Understanding the Need

- While unemployment is dropping, underemployment continues to rise or hold steady with an estimated 19 percent of the U.S. workforce involuntarily working part-time or employed in low-wage jobs below their skill level, according to a recent Gallop Poll.
- Single mothers have been identified as those most at-risk of being impacted by job loss, underemployment and poverty; 21% of all children in America live in families with incomes below the federal poverty level.
- A recent study from the Brookings Institution found that even in metropolitan regions, only one-quarter of jobs in low- and middle-skill industries are accessible through a one-way ninety minute commute via public transit, as compared to one-third of jobs in high-skill industries.

Ways to Work Program

- Ways to Work is a Community Development Financial Institution – assists families in obtaining low-interest loans to address their transportation needs.
- Unique approach to building financial capacity and financial literacy.
- Targets underemployed families by providing resources for job retention/job advancement.
- Serves low- to moderate-income working families with challenging credit status/histories.
- Combines financial education, counseling, affordable loans and case management with high expectations and real-world accountability.
- WtW loans range up to \$6,000 for up to 30 months at a flat 8% interest rate resulting in typical monthly payments of \$150-220

Ways to Work Approach

- ***Focused financial education for all applicants*** – Aimed at preparing them for the car loan experience through financial education, budgeting and credit repair.
- ***The car serves the family and the program*** – Clients come to the program to gain affordable transportation and WtW utilizes this “teachable moment” to provide support and guidance needed to succeed in future credit experiences.
- ***The ongoing human intervention is critical*** –The success of WtW clients is significantly impacted by the quantity and quality of case management support during the repayment period (~10% default rate in the program vs. a 35% or higher “normal” default rate.)

Ways to Work Model

- ***Leverage existing networks*** - Replication and scaling is achieved through the use of an affiliate (franchise-like) business model where all affiliates are community-based multiservice nonprofit organizations that are also members of the Alliance for Children and Families, a premier national association of high performing, high impact nonprofits.
- ***Services embedded in communities*** - WtW leverages the counseling, case management expertise of these organizations, along with their connectedness to their communities to best deliver all client facing program engagements.
- ***Centralized services maximize economies of scale*** - The national WtW organization (the CDFI) provides all program support, training, oversight, lending and evaluation activities centrally at no cost to the affiliates.
- ***Leverage mainstream markets*** - The model combines private loan capital and loan repayment by clients with a wide array of public and private grant support to sustain the program today.

2011 Evaluation Studies

- Conducted by ICF International and includes 3 studies covering the 2007-2010 time period:
 - **Program Outcomes Study** - Documents outcomes from a variety of sources including a client survey and program generated data. The measures are grouped around Employment and Income, Educational Advancement, Access to Financial Services, Childcare and Quality of Life
 - **Credit Score Impact Study** - Documents ongoing credit score improvement. This version of the study includes a comparison group developed using propensity matching to demonstrate the differential impact of the program. It also includes longitudinal data back to 2002
 - **Return on Investment Study** - For the first time, attempts to quantify the benefit of the program to three distinct audiences: taxpayers, employers and the clients themselves

Select Study Results

- Ninety-four percent (94%) of WtW clients indicate that their car helped them maintain or improve their employment circumstances (44% got a promotion or raise.)
- Eighty-two percent (82%) of clients sustain themselves without TANF cash assistance after their loan despite having received it before participating in WtW.
- Twenty-six percent (26%) of clients indicate that they have increased their educational attainment since receiving their WtW loan.
- Fifty-eight percent (58%) of clients reported becoming banked by conventional financial institutions since participating in the program – checking and savings accounts, new car loan or other credit.
- Nearly all participants indicate that the car has helped them provide better care for their children and do more things with their children.

Select Study Results (cont.)

- Credit scores increased during and after the loan and did so at a faster pace than a comparison group of individuals that did not participate in WtW
- A total ROI of 248% was identified for three stakeholder groups: taxpayers, employers and clients
 - Taxpayers benefited primarily from increased tax revenues and public assistance costs avoided totally \$18.2 million per year for the 4,771 WtW clients during 2007-2010
 - Employers saved approximately \$9.3 million through reduced turnover, absenteeism and tardiness during the same period
 - Clients themselves were the biggest beneficiary with a gain of about \$30 million through increased income, avoidance of job loss and predatory lending, and increased purchasing power via improved credit

Scaling Ways to Work

- The program has more than 50 offices in 23 states
 - Up from 33 at the end of 2009
- Originated \$10 million in new loans to 2,200 families during 2010-2011
 - Repayment rate of ~90%,
 - Budgeted to do \$9 million in 2012
- Provided financial education and budgeting experiences to ~3,500 families during the same period
- The primary limiting factor to scaling the program is availability of a predictable source of funding for the counseling and case management services – the human intervention.

National Footprint



How Local Funding Helps Support Ways to Work Capacity-Building

- The geographic focus of WtW's service delivery is primarily determined by availability and types of funding streams. A national grant from Walmart Foundation has made it possible for WtW to launch 20 new sites in the next two years.
- WtW can access local funding streams through Jobs Access Reverse Commute (JARC) funding and through Workforce Investment Board funding, with a focus on job retention and job advancement.
- Local elected officials can also support the program through public relations (mentions in speeches, presentations, authored articles) and through participation in local and regional outreach events to the community. (For more details, please fill out the form that will be passed around).
- We are also able to work in partnership with local programming for financial education/literacy/capability.

Scaling Drivers for Ways to Work

- Location/placement of new WtW capacity is primarily determined by the availability and types of funding streams. National WtW staff assist local partners in assembling the necessary funding from a variety of sources.
- Philanthropy has been the core of the WtW funding strategy. The Walmart Foundation has provided \$4 million in recent years for WtW to re-grant locally as a catalyst to funding activity in those communities.
- Local (and state) “decisioned” funding streams such as Job Access/Reverse Commute (JARC), TANF, WIB and other work support funds have become important components in the funding mix.

Scaling Drivers for Ways to Work (cont.)

- Local consortiums, often led by United Ways, Federal Reserve Board community affairs and others have become the most successful pathway for expansion since 2009.
- Local elected officials engage with these consortiums but also lend support/momentum via public relations, targeted meetings, and participation in outreach events to the community. (For more details, please fill out the form that will be passed around).
- Collaboration, leverage and community building are critical success factors as WtW adds to existing capacities to serve these hard working citizens.

Enhancements to Scalability

- Intentional shifting of discretionary resources (all forms) to the most effective and efficient interventions.
- Create mechanisms—funding and regulatory—that encourage and sustain market-based solutions rather than inhibit.
- These mechanisms need to more equitably balance the “skin in the game” for impacted parties—for WtW those are the taxpayers, employers, financial institutions, nonprofits, and the clients themselves.



Moving Families *toward a* Brighter Future