

### Moving Families toward a Brighter Future

A presentation for: **Promising Dathways** 

**Promising Pathways: Innovation Institute** 

• Innovation Through Evidence Informed Practice

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## Ways to Work At a Glance

- Unique asset development, economic selfsufficiency program and CDFI
- Serves hard working families with challenging credit histories but also the demonstrated will to succeed
- Combines financial education, counseling, affordable loans and case management with high expectations and real-world accountability



# The Ways to Work Approach

- Focused financial education for all applicants
  - household budgeting

 $\checkmark$ 

- reviewing/repairing credit report and score
  - "just-in-time" financial education class
- Low interest, character-based loan with realworld expectations for repayment
- The car serves the family and the program
- Case management services maximize success with the loan



# The Ways to Work Loans

- Loan values up to \$6,000 flat 8% interest rate
- Loans carry 24-60 month repayment terms
- Typical monthly payments of \$150 to \$220
- Borrowers save \$750 to \$3,000 in interest alone vs. their alternatives (Buy Here, Pay Here Lots)



# The Ways to Work Model

- Franchise-like business model
- All client work performed by local agencies
- Program support, management, lending and evaluation performed centrally by WtW
- Combines private capital and client payments with public and private grants, some fee-for-service contracts



## **Current Scale**

- Currently has 55 offices in 23 states
- 12 new / expanded offices in development in three new states
- Originated \$10M in new loans to 2,200 families during the past two years (2010-2011)
- Provided ~3,500 complete financial education experiences in 2011
- Current 24-month repayment rate is >88%



## **Genesis & Development of WtW**

- Product of early 80's welfare reform
- Client driven solution evolving from focus group interviews
- Initial replications were islands-no centralization
- Centralization originated around supply of resources
- Next stage was focused on best practice definition



### **Transition to Scale & Sustainability**

- Centralized lending platform key to manageability
- Centralized program data platform must control the core
- Continuously streamline program delivery make it easier, less costly
- Communicate the scaling plan all partners moving together
- Commit to 3<sup>rd</sup> party evaluation the glue that holds it all together



# **History of WtW Evaluation**

- Self-generated output data collected via monthly operator reports
- In-house outcomes surveys, little statistical analysis
- Third-party longitudinal studies with purchased data
- Third-party outcomes plus quasi-experimental design, initial ROI calculations



### **Key Challenges to Good Evaluation**

- Internal studies lack credibility, challenges staff expertise
- Access to and ownership of the needed data
- Demographic challenges of client base
- Audience expectation for frequency of renewal
- It is expensive!



### ...But it is worth it!

- Allows meaningful checks/enhancements to theory of change
- Validates best practices in program design, facilitates continuous improvements
- Protects program design from well-intentioned meddling
- Lends credibility to policy work/systems change
- Powerful addition to philanthropic case for support



#### **Ways to Work Theory of Change**

#### Inputs

- National Services
- Local Services
- Program marketing
- Manage loan committee
- Case management
   and cross-referrals
- Partner with mechanics
- Process asset
   purchase

#### **Context**

- Household in state of economic instability
- Applicant is parent who's working and/or in post-high school education
- Applicant has limited access to safe credit resources

#### National

Activities

- Activities
- Site selection management
- Raise loan funds
- Underwriting
  Provide IT Systems
- Local funding support
   Local Activities
- · Intake assessment
- Financial education and credit counseling
- Loan payment counseling & case management mirroring real world borrowing
- Car maintenance counseling
- Collection of loan in its entirety or vehicle repossession

#### Short-Term Outcomes

- National and Local Outcomes
- Protect current employment of participants
- Enhance job attainment of participants by promoting increased mobility
- Promote job readiness by increasing access to training and skill building
- Reduce transportation time for participants, freeing time for family, education or more work hours
- Support financial literacy & promote participants to open savings accounts
- Soft skill building w/improved self esteem

#### Intermediate Outcomes

- National and Local Outcomes
- Removal of barriers to employment by promoting reliable transportation, which reduces work absence of tardiness
- Financial literacy skills translate into job skills
- Increased income for participants from reliable transportation
- Increased credit worthiness of participants to access additional assets
- Support better care for children with more access to child care programs, access to after school activities, and health care facilities

#### Long-Term Outcomes

- National and Local Outcomes
- Economic stability for participating households
- · Loan repaid in full
- Household reduces reliance on public assistance programs
- Household can access traditional financial markets due to increased credit score



#### Ways to Work 2011 Evaluation Design

Program Evaluation	Credit Impact Study	Return on Investment
<ul> <li>Borrower survey</li> <li>Local site survey</li> <li>Community-level data</li> <li>Interviews</li> </ul>	<ul> <li>Quasi-experimental</li> <li>Propensity score analysis</li> <li>Comparison of Ways to Work borrowers with non- borrowers</li> </ul>	<ul> <li>Monetize the benefits of the Ways to Work program for partners and participants</li> <li>Compare benefits against investments and extrapolate over time</li> </ul>
Track progress towards goals and refine approach	Separates program impact from environmental factors	Exhibits value of program



Making a Difference, Changing Lives

- Powerful market-based intervention for lowincome families
- Evidence-based program design & outcomes
- Financial leverage and earned revenue imbedded in program <u>and</u> business model
- Lasting, meaningful change in economic status & quality of life for most clients

"Having a car has been a very big help to me, and to the entire family. Ways to Work helped me repair my life – not just my credit." Ways to Work Client







#### Moving Families toward a Brighter Future