



Rural Communities Initiative
TANF Technical Assistance Site Visit
Minnesota Car Ownership Programs
Minneapolis, Minnesota



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Minneapolis, Minnesota
June 30 – July 1, 2009

Prepared for the U.S. Department of Health and Human Services
Administration for Children and Families
Office of Family Assistance





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I. Overview

In recognition of the needs of rural communities and Temporary Assistance to Needy Families (TANF) agencies, the Office of Family Assistance (OFA), Administration for Children and Families (ACF), U.S. Department of Health and Human Services (DHHS) is sponsoring the Rural Communities Initiative. The Rural Communities Initiative provides States, Tribes, and local TANF agencies in 16 nominated rural sites from across the United States the opportunity to share information and promising practices on critical issues affecting the rural areas, and barriers to employment such as education, job skills, transportation, and child care. This Initiative was kicked off with the Rural Communities Academy, which was held in Kansas City, Missouri on September 3 - 5, 2008.

Throughout their experience with the Rural Communities Initiative, expanding transportation options for TANF participants has remained the primary technical assistance priority for the North Dakota Rural Communities Initiative site. Like many rural areas in the United States, North Dakota faces considerable transportation barriers in moving TANF participants off of public assistance and into sustainable employment. According to the United States Department of Agriculture (USDA), less than half of North Dakota's rural residents have access to bus service – the lowest percentage in the nation. North Dakota, especially within Tribal areas, is also reported to have high numbers of carless households.¹

While the site was unable to attend the Initiative's West Virginia Transportation Roundtable (January 2009) due to scheduling conflicts, they continued to express interest in visiting and learning more about other innovative car ownership programs. Through contacts at Opportunity Cars, a network of 150 innovative car ownership programs, it was suggested that the team visit sites in Minnesota, which has one of the highest number of car ownership programs in the country. The director of Opportunity Cars nominated three innovative programs that had distinctly different implementation models and were also centrally located in the state. The three car ownership programs selected to host the North Dakota team included: 1) Free to Be, Inc.; 2) People Responding in Social Ministry (PRISM); and 3) Minnesota Valley Action Council (MVAC). These sites were contacted prior to the site visit to ensure availability and a willingness to host the North Dakota participants and speak to them regarding their program's keys to success.

As North Dakota is currently in the early stages of designing the state's first car ownership assistance program, the timing of these site visits was critical. In order to ensure their program is best suited for the unique geography and demographics of the state and to avoid some of the

¹ United States Department of Agriculture (USDA) – Economic Research Service (2005). *Rural Transportation at a Glance*. Agriculture Information Bulletin Number 795.
http://www.ers.usda.gov/publications/AIB795/AIB795_lowres.pdf

unnecessary pitfalls associated with the early stages of program implementation, North Dakota needed to speak with a diverse group of car ownership directors and staff. Doing so allowed the state to hear the pros and cons of different car ownership models, familiarize themselves with evidence based promising practices, determine realistic expectations for their own program, and make contacts whose expertise, if needed, could be drawn on at a later date.

II. Day One – June 30, 2009

During the first day of site visits, the North Dakota team met with directors and staff from two car ownership programs: 1) Free to Be, Inc.; and 2) PRISM’s Project Family Car. For each site visit, discussions centered on the program’s background, service delivery model, partnering strategies, participant outreach, and potential funding sources.

Free to Be, Inc. Site Visit

On the morning of June 30, 2009, North Dakota met with Cliff Korkowski, Director of the nonprofit Free to Be, Inc. (Free 2B!) to discuss their Car Care Program. Free to Be, Inc. is located in Blaine, Minnesota, approximately eighteen miles north of Minneapolis.

Free 2B! seeks to help residents in Anoka County, Minnesota who are TANF participants, immigrants, unemployed, under employed, disabled or senior citizens, by providing assistance with car repair, car donations, vehicle maintenance, resource management, and basic budgeting. The Free2B! Car Care Program includes components of repair, replacement, and provides initial transportation for individuals in need. Last year, Free to Be, Inc. assisted participants with 680 vehicle donations and 2,400 car repairs.

Mr. Korkowski explained that Free2B! does not offer financial loans for either repairs or purchase. Repairs are done by Free2B! volunteers. Free2B! repairs cars twice a month during Car Care Saturday and provides up to 300 dollars in repair parts to eligible individuals in Anoka County. For these events, Free 2B! has a pool of 70 mechanics that have served as volunteers in the past. Financial support for vehicle parts is provided by foundations, faith communities, businesses, individuals, and service clubs. Parts and labor are provided at greatly reduced prices through arrangements with several repair shops and parts suppliers. Mr. Korkowski emphasized that, for his organization, the most critical first step of implementation was finding a reliable mechanic who believed in the principle of positive community development. In return for their altruism, Free 2B! provides repair shops with acknowledgement in the local media and sponsorship plaques.





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According to Mr. Korkowski, in addition to car repair and donation, Free2B! provides basic budget training so participants can eventually plan for and pay their own repair bills and purchase cars when needed. As a requirement for getting cars repaired during "Car Care Saturday," participants must attend a one-hour Basic Budgeting Seminar and a one-hour Car Maintenance Seminar during the time their cars are being repaired. A recent survey of past participants found that 99 percent indicated their Free 2B! vehicle was useful for finding or retaining employment.

People Responding in Social Ministry (PRISM) Site Visit

The next site visited on June 30 was People Responding in Social Ministry (PRISM) located in Golden Valley, Minnesota, six miles west of Minneapolis. While at PRISM, North Dakota met with the program's Executive Director, Elizabeth Johnson, as well as representatives from the national community development financial institution, Ways to Work, Inc.

After providing a tour of their facilities, Ms. Johnson explained the background, mission, and general service delivery of PRISM's transportation assistance program, the Family Car Initiative.



PRISM began as a collaborative effort among local service providers, PRISM's Family Car Initiative, and the Wheels to Work programs. It was put into place to help low-income individuals acquire reliable transportation as part of a strategy to find and maintain good employment. These initiatives take in reliable, donated vehicles, repair them, and make them available for working families. PRISM does not use a donation model like Free to Be, Inc., rather they provide low-interest loans to participants for purchase of their donated vehicles. The capital for these subsidized loans is provided through the Ways to Work program. Ms. Johnson explained that this subsidized loan model allows PRISM to do "banking with a heart." She also emphasized that their program is not best suited for the "poorest of the poor" as PRISM vehicle recipients need some type of steady income to pay their low monthly loan payments.

Ms. Johnson ascribes much of her program's success to the creation of a donor-friendly car donation model that offers extensive tax benefits to donors. An increased focus on advertising has also allowed PRISM to compete more efficiently in the car donation market.

In addition to receiving a donated vehicle, families in the program also receive car care education and ongoing budget counseling services. As an on-site employee in PRISM's Automotive Repair Shop, a certified PRISM mechanic gives participants basic car care and



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maintenance instructions for their newly acquired vehicles. On average, PRISM spends \$800 on repairs per vehicle they receive through donations. Participants also receive information on car insurance. Referrals to these car care classes are made by local service agencies. Budgeting counseling is provided primarily to help participants reduce debt, repair credit, and establish greater financial independence. Trainers for these classes work for PRISM through service contracts.

North Dakota expressed an interest in the car loan program, especially the prospect of having a national organization provide the loan capital. The state did express concerns about some of the obligations required for organizations managing this type of program. Specifically, North Dakota was concerned with the prospect of having to repossess a participant's vehicle in the case of defaulted loans. PRISM's repossession rate is currently around 12 percent.

III. Day Two – July 1, 2009

During the second and final day of site visits, North Dakota visited a car ownership program operated by the community action agency—Minnesota Valley Action Council's (MVAC).

Minnesota Valley Action Council (MVAC) Site Visit

On their arrival at MVAC, located in Mankato, Minnesota, 82 miles south of Minneapolis, the North Dakota representatives were met by Executive Director, John Woodwick. Mr. Woodwick first provided an overview of MVAC's Wheel Get There (WGT) program and provided a tour of the MVAC facility and used car lot.

MVAC's WGT program began receiving donated vehicles and offering tax deductions to donors in March 1998 through a grant from the McKnight Foundation. Vehicles are reconditioned and then sold to people receiving public assistance from MFIP (Minnesota Family Investment Program). MVAC has a vehicle repair shop on-site and has partnerships with local parts distributors



and junk yards to get vehicle components at reduced rates. MFIP originally provided loans to participants of up to 3,500 dollars for the purchase of vehicles. MVAC now operates a car program that is not reliant on grant dollars. Under this revised program, low-income participants lease a vehicle and meet monthly with a WGT Vehicle Advisor. These individuals receive experience and education in managing their vehicle maintenance needs, and every car used in the WGT program comes with a 30-day warranty. The goal of the WGT program is to provide reliable, affordable transportation so people to get to work and become self-reliant. Over 600 families have received a vehicle car since the inception of the WGT program.



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While MFIP usually only provides vehicles that are guaranteed to meet the long-term transportation needs of participants, they do offer “starter cars” for those individuals who only need 3-6 months of reliable transportation. These vehicles act as a type of diversion, providing the short-term transportation participants need to stay employed and not enter public assistance. MVAC also supplements their income by selling 10-12 higher end donated vehicles to the general public each year. MVAC, like many other car ownership programs in the United States, will be receiving American Recovery and Reinvestment Act of 2009 (ARRA) funds. They plan on using their ARRA funds to purchase a tow truck, tow dolly, and make other improvements to the car ownership program.

IV. Moving Forward: Implementation of North Dakota’s Car Ownership Program

In discussions post-site visits, North Dakota explained that they found this experience incredibly valuable. Of particular usefulness to the site was the opportunity to hear firsthand the advantages and disadvantages associated with car donation, car loan, and car lease programs. They are currently in discussions with State administrators and local partners regarding implementing a program similar to the Free 2B! program. From North Dakota’s perspective, this design is best suited for smaller scale endeavors, but also allows for scaling up when the partners and infrastructure are in place.



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Appendix A: Site Visit Agenda

June 29, 2009

6:00 p.m. – 8:30 p.m.

North Dakota Site Arrives

Team meets with Rural TA Coordinator to review site visit logistics over the next two days.

Location: Minneapolis, Minnesota

June 30, 2009

8:45 a.m. – 9:30 a.m.

Travel Time From Minneapolis to Blaine, Minnesota

9:30 a.m. – 11:30 a.m.

Meet with Free to Be, Inc. Staff

Team meets with director and other staff to discuss the background of their car ownership program, service delivery model, and partnering strategies. Team is also led on a tour of the Free to Be, Inc. facility.

Location: Blaine, Minnesota

11:30 a.m. – 12:30 p.m.

Travel Time from Blaine to Golden Valley, Minnesota

12:30 p.m. – 1:30 p.m.

Lunch

1:30 p.m. – 3:30 p.m.

Meet with Project Family Car – PRISM Staff

Team meets with director and other staff to discuss the background of their car ownership program, service delivery model, and partnering strategies. Team is also led on a tour of the Project Family Car – PRISM facility.

Location: Golden Valley, Minnesota

3:30 p.m. – 4:30 p.m.

Travel Time from Golden Valley to Minneapolis, Minnesota



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5:30 p.m. – 6:30 p.m.

Debrief on First Day and Review Logistics for Day Two

Location: Minneapolis, Minnesota

July 1, 2009

8:30 a.m. – 10:30 a.m.

Travel Time From Minneapolis to Mankato, Minnesota

10:30 a.m. – 1:00 p.m.

Meet with Minnesota Valley Action Council (MVAC) Staff

Team meets with director and other staff to discuss the background of the Wheel Get There car ownership program, service delivery model, and partnering strategies. Team is also led on a tour of the MVAC facility.

Location: Mankato, Minnesota

1:00 p.m. – 2:00 p.m.

Lunch

2:00 p.m. – 4:00 p.m.

Travel Time From Mankato to Minneapolis, Minnesota

5:00 p.m. – 6:30 p.m.

Debrief on Second Day and Capture the Learning Document

Location: Minneapolis, Minnesota

July 2, 2009

9:00 a.m. – 9:30 a.m.

North Dakota Team Departs for Bismarck



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Appendix B: Participant List

Minnesota Car Ownership Hosts

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