

# Alternative Products for Unbanked and Underbanked Consumers

## **Working Wheels**

Judith Olsen

Pacific Northwest Bank/Wells Fargo

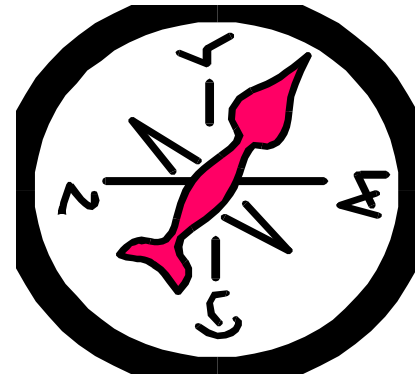
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# Overview of the Program

- Program Design/Theory
- Needs Assessment
- Program partners
- Process and Implementation
- Outcome/Impact
- Efficiency/Cost
- Statistics about the program

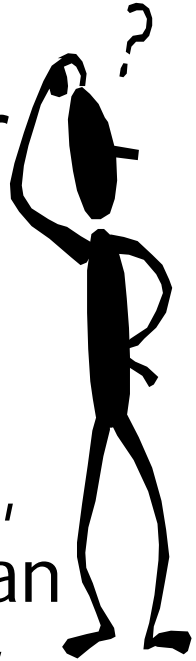


Do you need a car to get to  
work?

Needs Assessment



# What Does the Research Say About Car Ownership?



- People who own cars are more likely to be employed and to work more hours than those who don't own cars.
- Access to a car shortens periods of unemployment.
- Car ownership = increased earnings, especially for African Americans and low-skilled workers.
- Welfare recipients have increased their earnings & reduced dependence on other support.

Where there options in for low-income workers in Seattle?

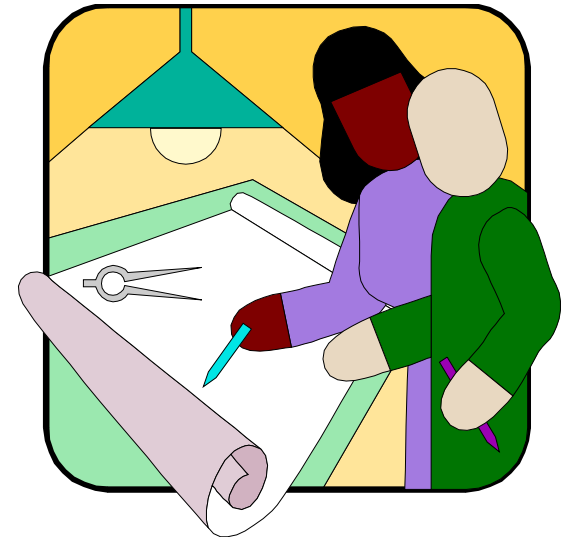
**NO**

- A poor transportation system.
- Jobs were located in areas not regularly serviced by public transportation.
- Getting children to day care.
- Many jobs changed sites every few months.



# Blueprint for the Model

- Program Operator
- Vehicle Inventory
- Training & Support Services
- Financing
- Loan Guarantee Fund



**Port Jobs**

Creator of Working Wheels. Port Jobs continues to play an active role in the program by providing technical assistance, brokering, resource development, and website and database development. Port Jobs is also creating a program replication manual and will be evaluating Working Wheels in 2003.

**Fremont Public Association**

Operates Working Wheels. FPA's Seattle Personal Transit division has certified auto mechanics recondition each car before sale. FPA also provides financial counseling to applicants.

**Washington State WorkFirst**

Provides on-going financial support.

**Seattle Foundation**

Provided start-up financial support.

**Client referral agencies**

WorkFirst, the Apprentice Opportunities Project, Seattle Jobs Initiative, Pacific Associates and TRAC Associates and other agencies refer participants to the program.

**Nowogrowski Rupp Insurance**

Helping participants find the most affordable insurance available to them and pulling driving records.

**Credit Union of the Pacific**

Provides low-interest auto loans and credit union services to participants.

**Port of Seattle**

Provides free storage space for cars.

**Pacific Northwest Bank**

Brokered relationships with many financial institutions.

**City of Seattle**

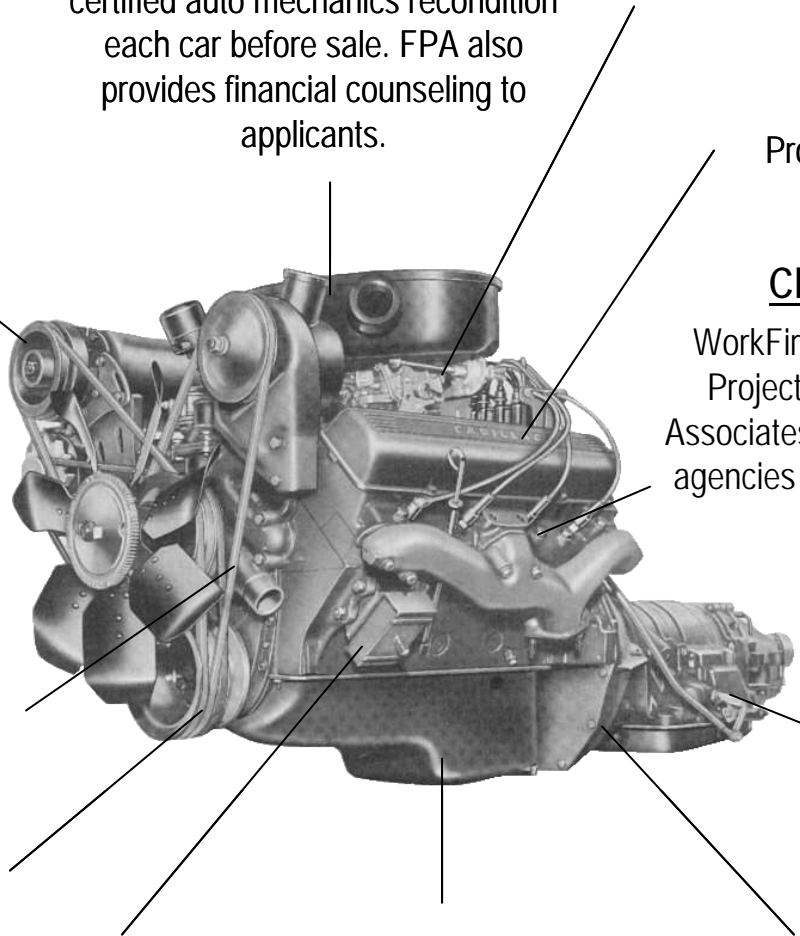
Donates fleet vehicles to Working Wheels.

**King County**

Donates fleet vehicles to Working Wheels.

**Federal Home Loan Bank of Seattle**

Provides loan guarantees for all Working Wheels loans.



# Program Operator

- Port Jobs contracted with Freemont Public Association (FPA).
- Largest community action agency in King County.
- FPA operates a garage and a financial literacy program.
- [www.fremontpublic.org](http://www.fremontpublic.org)

# Vehicle Inventory

- Retired fleet vehicles.
- Newer, have lower mileage, have received consistent maintenance.
- City of Seattle donated 50.
- King County donated 50.
- Port of Seattle donated 10.
- They have purchased some cars.

# Training & Support Services

- Basic auto maintenance instruction.
- Financial literacy training.
- Credit repair assistance if needed.
- Financial Mentor.
- Assistance with auto insurance during the early part of the loan, if needed.



# Financing

- Credit Union of the Pacific, now Sound Community Bank
- Loans \$1,500 - \$2,000
- LTV is less than 50%
- Term is 3 years
- APR is 7%.
- No loan fee.
- Payments average \$50.00.
- Must open a bank account.
- Automatic payment is an option, but not required.

# Loan Guarantee Fund

- FHLB of Seattle provided an Access Fund Grant.
- Grant is for 6 years.
- The bank can return the unused funds or renew the grant for 6 more years.
- FHLB grant was the key component is securing the lender.

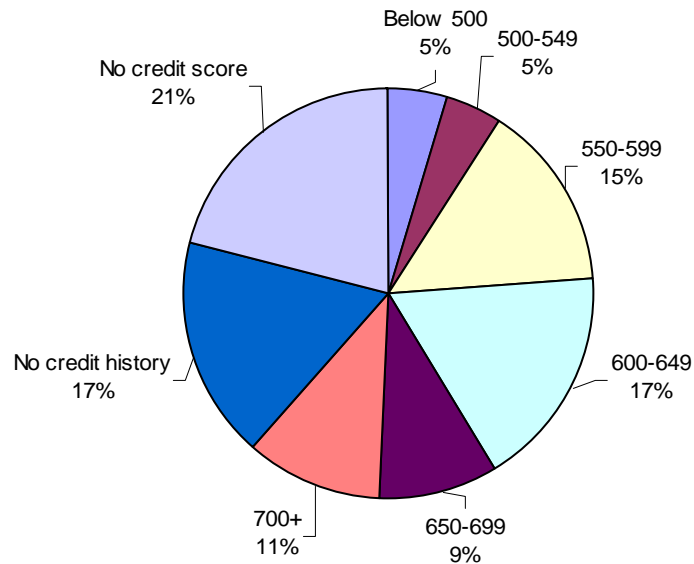
# Program Guidelines

- Borrowers must be low-income.
- They can not qualify for conventional bank financing.
- FPA does the interview and runs the credit of the applicant.
- FPA helps the borrower complete the loan application.
- A complete application is delivered to one assigned person at Sound Community Bank.

# About the Borrowers

## Median Score = 621

Working Wheels Car Owners: Credit Scores (at time of application (%))

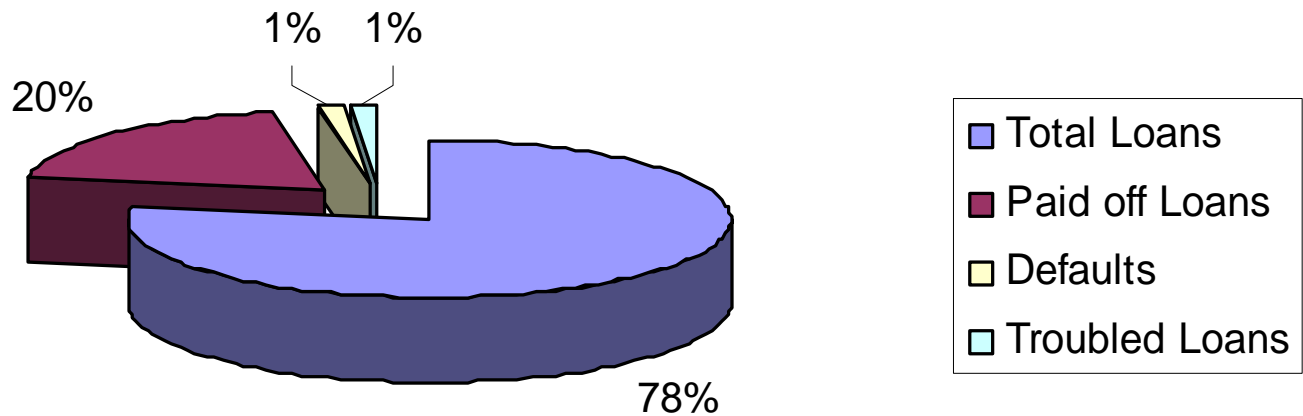


Source: Working Wheels database, 2004

Median Score = 621 Based on info available for 109 of 122 car owners

# Loan Performance To Date

## 111 Loans



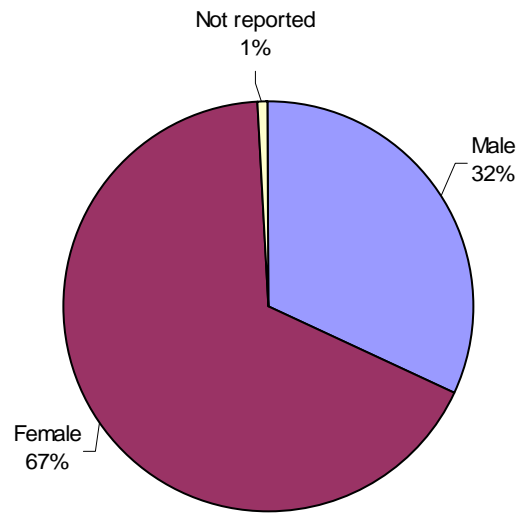
# What we know about the Borrowers

- One person has purchase a home
- One person has started an IDA
- 11 people are working with a financial mentor, doing financial planning
- Three people were able to keep their jobs and do additional training, which has lead to promotions and increased wages.

# Efficiency/Cost

- Annual budget is \$180,000.
- Two full time staff.
- For the first 111 loans, we estimate a subsidy of \$1500.00 per car.
- We received a small additional grant for on going financial planning. This is offered as an option for program participants.
- Financing of the program is a challenge.

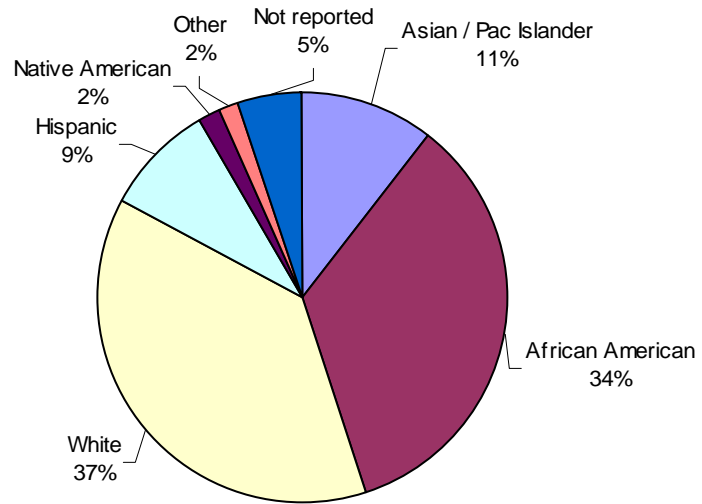
**Working Wheels Car Owners: Gender**



Source: Working Wheels database, 2004

n=122

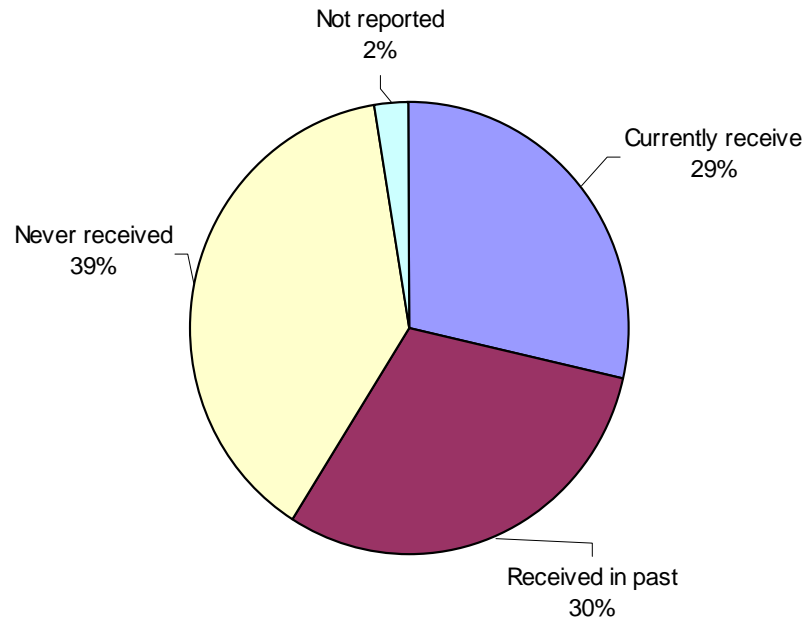
### Working Wheels Car Owners: Ethnicity



Source: Working Wheels database, 2004

n=122

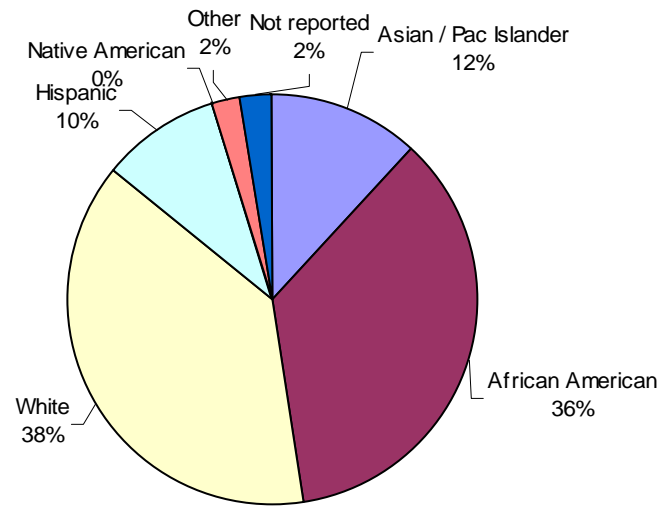
**Working Wheels Car Owners: TANF status (at time of application)**



Source: Working Wheels database, 2004

n=122

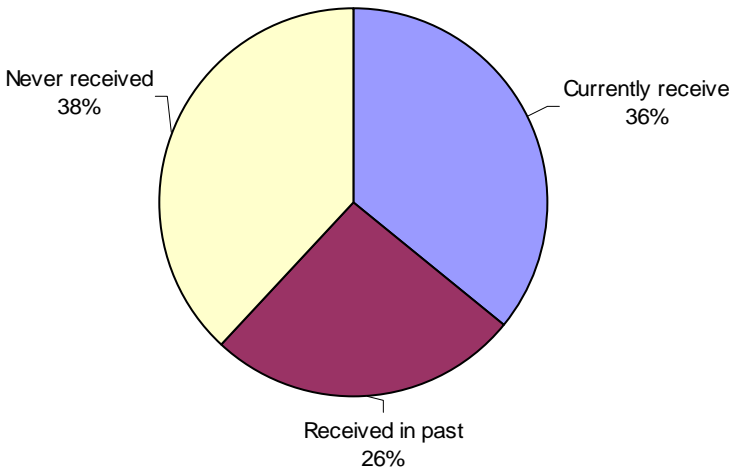
**Working Wheels Car Owners with no credit history or score: Ethnicity**



Source: Working Wheels database, 2004

n=42

**Working Wheels Car Owners with no credit history or score:  
TANF status (at time of application)**



Source: Working Wheels database, 2004

n=42

# For more information about Working Wheels

- Susan Crane, Executive Director, Office of Port Jobs.
- Port Jobs website contains research and several reports about car ownership programs.
- [www.portjobs.org](http://www.portjobs.org)

