



THE ANTI-POVERTY SOLDIER



Community Action

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Car Ownership as a critical tool toward upward mobility

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The relationship between transportation and social mobility is stronger than that between mobility and several other factors, like crime, elementary-school test scores or the percentage of two-parent families in a community.

- Nathaniel Hendren

Without really good public transportation, it's very difficult to deal with inequality. Access to just about everything associated with upward mobility and economic progress—jobs, quality food, and goods (at reasonable prices), healthcare, and schooling—relies on the ability to get around in an efficient way, and for an affordable price.

- Rosabeth Moss Kanter

In the spring of 2015, Harvard University economics professors Raj Chetty and Nathaniel Hendren, published a report titled, *The Impacts of Neighborhoods on Intergenerational Mobility*. In this empirical study, Chetty and Hendren focus on several issues related to poverty and place and how such matters shape economic and social mobility.

The authors identify “place” by two separate measures which consist of counties and what they refer to as commuting zones (or CZs), “which are aggregations of counties that are similar to metro areas but cover the entire U.S., including rural areas.” The results of their research demonstrate

that the lack of suitable transportation is one of the most significant barriers to one’s ability to escape poverty.

Many low-income individuals and families that rely on public transportation are negatively impacted by living in areas that have an inadequate transportation infrastructure. Moreover, even in cities and towns that possess better than average public transportation, there are often still limits which disparately effect those living near or below the poverty line.

In “Stranded: How America’s Failing Public Transportation Increases Inequality,” senior associate editor of *The Atlantic* Gillian B. White cites both the Harvard study and a recent report from the NYU Rudin Center for Transportation Policy and Management as evidence of this growing problem. Other research, including surveys from the *Journal of Community Health*, the *National Institute of Health*, and *Health and Social Care in the Community*, provide additional data that shows reliable transportation is essential to the social, economic, educational, and healthcare needs of low-income households.

One program that has demonstrated proven results in an attempt to alleviate transportation barriers among low-income individuals and families is Car Ownership, which we have been providing at Community Action for nearly three decades.

Established in 1988 as part of the McKnight Foundation’s Single Parent Loan program, this

initiative provided low-interest loans to single parent households in Washington County. As the program evolved over the years, Community Action expanded its reach to include individuals and families throughout both Ramsey and Washington Counties. Program participants must be employed, however due to poor or no credit history, limited income, and other factors they are not able to qualify for a traditional auto loan.

Over the course of 29 years, Community Action's Car Ownership Program has provided hundreds of low-income households with a critical asset that helps them meet their basic needs. In 2017, the program got an additional boost through the vision and benevolence of the Otto Bremer Foundation whose \$72,000 grant enabled the program to increase its maximum loan amount from \$4,000 to \$6,000.

This enables the program to keep pace with the current market and offer participants more reliable options when purchasing a car. And, as Heidi Goldberg of the Center on Budget Policy and Priorities notes when people "have a stable and consistent means to get back and forth to work,

their chances of obtaining and maintaining better jobs with higher pay are much greater."

To further enhance the impact of the Car Ownership Program, Community Action was approved as a credit reporting agency. Already an asset building program, Community Action's Car Ownership now possess the added advantage of helping low-income individuals build and/or repair their credit history. This represents yet another tool in helping to lift residents of Ramsey and Washington County out of poverty and on a course toward financial independence.

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