

# **Evaluation of Bonnie CLAC Outcomes: Carsey Institute Research Report**

**Sally K. Ward**

**Professor of Sociology and Senior Fellow, Carsey Institute**

**Sarah Savage**

**Ph.D. Candidate in Sociology and Carsey Institute Evaluation Fellow**

**With the assistance of Karen Schreiner and Jennifer Hagberg**



## **Evaluation of Bonnie CLAC Outcomes: Carsey Institute Research Report**

### **Executive Summary December 2007**

This research by the Carsey Institute at the University of New Hampshire was designed to examine the economic and social outcomes of participation in the Bonnie CLAC car loan program. The program offers financial counseling, assistance in dealing with automobile dealerships, and car loan assistance to those who need to purchase new cars. The program is in an expansion phase, and data on program outcomes will be useful for further program development.

Three sources of data have been used to assess the impact of the Bonnie CLAC program on its clients: in-depth interviews with thirteen clients; a mailed survey from 58 clients; and before and after credit scores from 31 clients.

Bonnie CLAC clients are a diverse group with often strained financial situations that have prevented them from accessing reliable personal transportation. Their experiences with Bonnie CLAC are largely very positive, and they report substantial program impacts. The most dramatic include:

- The ability to get to their jobs (50%), to do so on time (40%), and to maintain a steady work schedule (34%)
- An improvement in their overall financial situation (73%)
- Changes in their spending and handling of their finances, especially spending less on car repairs (76%), gas (45%), and interest rates (41%), managing to pay their bills on time (47%), and being more careful about their purchases (43%)
- Greater ability to shop and run errands (71%), to transport family members (55%), and to attend community events (47%)
- Improved access to health care (52%) and nutritious food options (38%)
- Increased credit scores (68% had an increased score, and the average change was +43 points)

The data provided here suggest that Bonnie CLAC clients are experiencing positive financial and personal outcomes from their participation in the program and their ownership of new, reliable cars.

## **Evaluation of Bonnie CLAC Outcomes: Carsey Institute Research Report**

### **Background**

One of the biggest barriers facing low to moderate income people transitioning from welfare to work is transportation (Brabo et al. 2002; Waller 2005; Blumenberg and Waller 2003). In 1996, the Personal Responsibility and Work Opportunity Reconciliation Act pushed an unprecedented number of low skilled people into the workforce. Without access to reliable private transportation or flexible public transit, joining the workforce can present challenges to many workers, especially those in more rural areas. The welfare-to-work policy shift also occurred on the heels of the economic trend of suburbanization of job opportunities. The result is a spatial mismatch between inner city populations, consisting of many low income persons most likely to be affected by welfare reform, and job opportunities in the suburbs, where public transit tends to be insufficient (Blumenberg and Waller 2003). Rural populations have even more limited access to public transit and are more likely to require private transportation to participate in the workforce than their urban counterparts given the greater dispersion of employment opportunities in rural areas (Brabo et al. 2002). The need for private transportation among low income persons may partially explain the increase in the subprime auto financing market over the past decade, which has trapped many consumers into high interest loan payments on what are usually used, less reliable vehicles (Kim 2002). One solution offered by Kim (2002) to protect low income consumers from predatory lending is to increase the competition among lenders, and in effect mainstream the subprime market to give consumers greater choice and to bring down the high interest rates. It is this predatory practice that motivated local business leaders to provide a service to those disproportionately affected by subprime auto financing through the establishment of Bonnie CLAC.

Bonnie CLAC is a nonprofit organization established in 2001 by two former auto salespeople—Robert Chambers and Leo Hamill—frustrated with the high interest rates paid by many of their consumers. The organization is committed to making the ownership of new cars more available and affordable for people of all financial backgrounds. Bonnie CLAC provides consultative services regarding the purchase of automobiles, offers financial fitness classes that have benefits beyond the car purchase<sup>1</sup>, pre-negotiates with manufacturers and dealers, banks and credit-unions, and suppliers of extended warranties and insurance products; and finally, provides partial financial guarantees to lending institutions in exchange for reduced-interest loans for its consumers. Performance numbers suggest that Bonnie CLAC is making a real difference. For instance, since 2001, the organization has facilitated over \$12 million in loans for its

---

<sup>1</sup> Bowers and Crosby (1980) distinguish between repayment performance according to whether factors are beyond the control of the individual (unemployment or illness) or within control (marital status or housing changes), and find that when factors fall in the latter category, repayment performance may be improved with education and counseling.

clients and has helped over 850 people purchase vehicles. Bonnie CLAC also has offices in six locations throughout New Hampshire (Bonnie CLAC 2007). As a supplement to the performance and growth measures, the goal of this evaluation is to use systematic data analysis to determine if participants in Bonnie CLAC's services experience improvements in their lives both economically and socially that may be attributed to their participation.

## **A Review of the Literature**

According to Kim (2002), in recent years, the subprime auto market has quadrupled in size from approximately \$15 billion in loans to a range of \$65-125 billion. Subprime lenders tend to capitalize on consumers with non-existing or poor credit, who are disproportionately of low to moderate income. Given the need for private transportation, many credit-poor, low income consumers find themselves faced with exorbitant interest rates of 18% or more for a used, and in many cases, unreliable vehicle. This translates into \$3,600 in interest on a five year \$10,000 loan (2002). There are limited alternatives to participating in the subprime auto finance market for those faced with a requirement to work and unable to afford a car through mainstream financing. Public transit may offer a partial solution in urban areas where it is more accessible and reliable, but it falls short when inner city residents work beyond city limits to participate in the economic fringe such as retail, office parks, and commercial facilities, largely clustered in less accessible suburbs (Blumenberg and Waller 2003). And public transit certainly falls short in rural places where jobs are much more dispersed (Brabo et al. 2002). The problematic nature of the transition-to-work requirement among low income persons with inadequate transportation has been addressed at congressional levels, where there have been efforts to overcome this seemingly intractable barrier to work.

### The Policy Space

The idea that transportation facilitates workforce participation motivated many community groups to organize and advocate on behalf of welfare recipients to ensure access to transportation (Center for Community Change 2001). The advocacy efforts paid off when congress enacted the Transportation Equity Act for the 21<sup>st</sup> Century (TEA-21). This transportation bill amounted to \$217 billion, of which \$750 million was allocated over five years for the Job Access and Reverse Commute (JARC) grant program (2001). The purpose of JARC is to overcome transportation gaps that disproportionately affect low income people through creative solutions such as re-routing buses to meet the spatial patterns of workers, adding weekend and late night service, sponsoring ridesharing and carpooling, and starting a shuttle service, for example (2001). While JARC grants do not support the purchase of private transportation for a given household, the establishment and support of JARC does suggest that the link between transportation and work is embraced at many decision-making levels. This is a good opportunity for organizations such as Bonnie CLAC that rely on buy-in from multiple stakeholders ranging from community residents, public and private funders, to employers and social service providers. The added benefit offered by Bonnie CLAC relative to JARC-funded programs is that Bonnie CLAC does focus on private and reliable transportation for its

program participants, which offers much more flexibility than public transit, especially in less populated areas (Brabo et al. 2002). Given the increased flexibility of private transportation and the idea that transportation facilitates employment, one might hypothesize that owning a reliable vehicle would have a positive impact on employment and other economic outcomes. This hypothesis is supported by previous studies on the relationship between private transportation and employment and economic indicators.

### Research on Transportation and Employment

There are multiple articles with empirical research to suggest that the relationship between car ownership and employment outcomes is not simply theoretical (Ong 2002; Cervero et al. 2002). Paul Ong (2002) conducted a study of TANF recipients in Los Angeles County to measure the impact of car ownership on employment. The sample consisted of single female heads of households aged 18 to 45, required to fulfill the transition to work imposed by welfare reform. The data used in the study are from a survey of TANF recipients. The author found that vehicle ownership increased the probability of employment by 9%.

A study by Cervero et al. (2002) also finds support for the relationship between car ownership and employment outcomes, and provides additional insight into the impact of car ownership versus public transit. The authors surveyed a random sample of 466 welfare recipients in Alameda County, California, for whom the authors also had access to rich data from welfare records, dating back to the early 1990s. The authors found that car ownership significantly increased the likelihood that former welfare recipients would find secure employment. Not surprisingly, the results suggested that private mobility or car ownership is much more important than public transportation in facilitating the transition to work among inner city residents. There is one exception, however. Cervero et al. (2002) found that if public transit was within walking distance, it did significantly positively affect employment outcomes. While the authors find that car ownership has a greater impact on employment outcomes than public transit regardless of its proximity, they concede that car ownership is not the cure all to the welfare-to-work problem especially since the costs of insuring a vehicle in high crime areas can be prohibitive to car ownership, not to mention that many single mothers on welfare may lack a driver's license (2002). Ong (2002) also addressed the issue of car insurance as a potential barrier to car ownership, especially in areas where redlining occurs, a process that restricts the availability of insurance and pushes up premiums. According to Ong (2002), California is experimenting with an insurance program for individuals earning less than 150% of the federal poverty level (FPL), whereby eligible persons would be charged a flat fee of \$450 for car insurance regardless of the characteristics of their neighborhood. The research by Ong (2002) and Cervero et al. (2002) provides empirical support for the relationship between car ownership and employment outcomes, however, both studies focus on urban areas, which are less generalizable to less populated areas, such as those served by Bonnie CLAC. Two programs that may be more relevant to the Bonnie CLAC model and for which there are evaluation results are the JumpStart program, developed by the West Central Wisconsin Community Action Agency, Inc. (West CAP), and the Good News

Garage (GNG), established in part by the Social Ministry Outreach Project of Lutheran Social Services of New England.

In recognition of the fact that many individuals transitioning to work may need transportation assistance and that needs vary by place size, West CAP inventoried the transportation needs of individuals transitioning to work in rural areas in order to develop an effective program (Brabo et al. 2002). The agency began by asking a simple question: what are the minimum transportation requirements of a transition-to-work family. The answers to this question were used to develop the JumpStart program, which helps clients purchase late-model warranted vehicles that meet minimum thresholds for efficiency and safety, with attention paid to fuel efficiency (2002). The program consists of 1) client relationships, including outreach, assessment, and support; 2) financing partnerships with local lending institutions, and 3) an in-house automobile dealership license, with an experienced automobile buyer. Participants are TANF eligible households. Their transportation needs and credit worthiness are assessed by staff. West CAP provides \$3,000 for the client to use as a down payment loan, which they pay back at \$25 per month. Each car loan includes the purchase of a six-year/100,000 mile extended warranty, available at a discounted price (\$790). A case manager is available throughout the client's participation in the program. Services include household financial management, liaison to other supportive services, support for job development, and consultation on vehicle maintenance. Participants who owned a car for at least six months were surveyed (N=34) to assess the impact of the program on their lives both economically and socially. Findings from the survey indicate that participants earned \$2.00 more per hour than TANF recipients in the service area of JumpStart; 47% advanced their formal education, 35% moved (of those that moved, 58% went from renting to home ownership), 85% reported improved credit, 68% reported overall improved financial health, 74% reported more involvement with friends, family, and community; and 100% reported overall improved quality of life (2002). Like Bonnie CLAC, the JumpStart program is committed to not just facilitating car ownership, but ensuring ownership of reliable, economical vehicles (2002). The Good News Garage (GNG) of Vermont has also shown evidence of positive impacts on participants' economic outcomes, despite some fundamental differences in the program (Lucas and Nicholson 2002).

Like Bonnie CLAC and JumpStart, GNG focuses more on servicing populations outside of inner cities. GNG is different from Bonnie CLAC and JumpStart in that it sells donated vehicles that it refurbishes for minimal cost. The idea behind GNG was to provide a "community garage" of sorts to ensure that low income individuals could have access to affordable, yet reliable private transportation. Priority is given to applicants who need a vehicle to retain a job or participate in job training. GNG has provided over 1,000 donated cars to low income residents of Vermont. According to Lucas and Nicholson (2002), there are unique challenges of transitioning to work in a rural place, where automobiles are even more critical, especially given the lack of public transit options. This may contribute to a doubling of the unemployment rate in the more rural parts of Vermont relative to more urban parts (2002). To determine the impact of the program on participants' economic outcomes, Lucas and Nicholson (2002) used an econometric

model that takes monthly income into effect as a function of vehicle acquisition to determine if the acquisition leads to an increase in earned income. The authors chose this method because they did not have access to a non-participant group. Controlling for other variables that may also impact earned income, including age, sex, education, location, number of children, ages of children and whether the individual is a single parent; the authors found that small-scale vehicle donation-and-sales increased earned income and the probability of employment among individuals in transition (2002).

## **Research Questions**

Bonnie CLAC does have some sense of its impacts on program participants through its performance indicators and the anecdotal evidence provided by testimonies of participants. As mentioned previously, since 2001, the organization has facilitated over \$12 million in loans for its clients and has helped over 850 people purchase vehicles (Bonnie CLAC 2007). Testimonies from clients suggest they are making a real difference as well.

*"I thought that I would never get back on my feet. The bills kept piling up and suddenly I found myself without a car. Contacting Bonnie CLAC was the best thing that I have ever done! Not only did they help me to get my brand new car, they counseled me on my finances and taught me how to clean up my credit report. I am forever indebted to them!" -- Aimee, New Honda Civic DX, 2005 (Bonnie CLAC 2007).*

The missing piece that this evaluation addresses is to systematically measure and quantify the impact of Bonnie CLAC's programs on the short-term economic and social outcomes of participants. Specifically, the research provides data to answer the following research questions:

- To what extent do employment patterns and earnings change?
- To what extent are clients able to reallocate their financial resources?
- To what extent does family/community involvement change?
- To what extent does overall well-being and health change? In particular, how is access to health care affected?
- To what extent do participants' credit scores improve?

## **Methodology**

The research collected data from three sources:

- In depth interviews with a small sample of Bonnie CLAC clients
- A survey sent to approximately 200 Bonnie CLAC clients
- Credit scores for a subset of clients, obtained from lending institutions and from client requests sent directly to TransUnion, one of the three major companies providing credit information

### The Interviews

Interviews were conducted with thirteen clients. The interviewees were chosen to represent a cross-section of Bonnie CLAC clients. Contact information was provided by Bonnie CLAC staff, and Sarah Savage contacted the clients to arrange for the interviews. The original plan was to interview twenty clients, but it was difficult to establish contact with clients, and the press of time limited the interviews to those who could be contacted, resulting in a total of thirteen interviews. The purpose of the interviews was to obtain in-depth client perspectives on their experiences and to provide data useful for the development of the survey instrument and the analysis of the survey data.

### The Survey

To obtain data from a broader sample of Bonnie CLAC clients, we developed a survey which was mailed to 214 clients. The 214 clients were selected in consultation with Bonnie CLAC staff to provide a sample across the program sites and clients who had their car loans for a sufficiently long period to allow for the measurement of change. We also limited the client list to those who had obtained a loan from one of two lending institutions which had agreed to work with us to obtain credit scores (Northeast Credit Union and Chittenden Bank).

The research team sent an announcement letter to the 214 clients indicating that the survey would arrive within a few days, explaining the purpose of the research, and encouraging their response to the survey. Several days later the survey was sent out with a cover letter and return envelope. Clients were provided with a \$10 gift card incentive for their participation. The original plan was to then send a follow-up postcard reminder. Because there was an error in the original data base, we sent out a second mailing of the entire survey to ensure that all clients received the survey, addressed properly. We then sent out a reminder postcard following the second survey mailing. Of the original 214 surveys sent out, 23 were returned as undeliverable (mostly the result of the client having moved with no forwarding address). A total of 58 surveys was returned, for a final response rate of 30.5%.

### Credit Score Data

A great challenge for the research was identifying a strategy for obtaining client credit scores. We were able to obtain original (i.e., at the time of the original car loan) credit scores from the lending institutions. To measure change over time, we also attempted to obtain credit scores at the time of the survey. The original plan was to get permission from the clients, as part of the survey process, for the lending institutions to obtain their current credit scores. This proved to be problematic since a lending institution inquiry might affect the client's credit score. As an alternative, we wrote to the clients who had responded to the survey and to those whom we had interviewed asking them to request their credit score directly from TransUnion, providing them with the \$7.95 fee this would require. Of the 58 survey respondents and 13 interviewees, we were able to obtain original and current credit scores from 31 clients (7 interviewees and 24 survey respondents).

## Data Analysis

### The Interviews

Because of the sensitive nature of the information being sought by this research, the first step in the multi-method approach was to conduct interviews with a small sample of participants (N=13). This allowed the research team to learn about participants' experiences and perceptions regarding the program, which could then be used to inform the design of a survey instrument.

Following are a number of tables summarizing the responses from the interviews. It is important to keep in mind that these are based on only 13 interviews. The distribution of answers may provide a sense of this sample's experiences but is not representative of all Bonnie CLAC participants. The value provided by the interviews was that the research team was able to put these answers into context based on other factors shared by respondents. Examples will be provided.

According to Table 1, most participants were either referred to Bonnie CLAC through an agency/nonprofit or by a friend, co-worker or family member (word of mouth).

Table 1. How Participant Became Involved with the Bonnie CLAC Program

How respondent heard of Bonnie CLAC	Freq.	Percent	Cum.
agency/org/nonprofit	4	30.77	30.77
word of mouth	5	38.46	69.23
newspaper/print	1	7.69	76.92
counselor	2	15.38	92.31
car dealership	1	7.69	100.00
Total	13	100.00	

One factor that emerged in the interviews that might be strongly related to whether or not a participant experiences economic changes in his/her life, especially in the short-term, is whether or not the participant had a car prior to joining the program. While "peace of mind" was frequently cited (see Table 4) as a benefit of the program, some participants who already had a car, albeit an unreliable car, experienced no immediate changes other than a reduction in fear about breaking down; however, they did hope that the overall experience would lead to an improvement in their credit over the long-term. Table 2 reveals that a large majority of those interviewed had cars prior to the program.

Table 2. Whether or not Participants Had a Vehicle Prior to the Program

The respondent's car situation	Freq.	Percent	Cum.
no car	4	30.77	30.77
unreliable car	9	69.23	100.00
Total	13	100.00	

As might be expected, almost all of the participants interviewed struggled with credit and/or a lack of income, which led to their participation in the program. A factor that emerged from these answers as something for consideration includes reasons for bankruptcy. For instance, one respondent had filed due to divorce. The respondent claimed that she had no credit cards, but that she inherited part of her ex-spouse's debt, which for her was "inconceivable". From this participant's standpoint, a change in credit score may be her biggest goal and job changes would not apply. Another respondent had filed due to an investment in a business venture, which he did on the side of his steady job. After utilizing credit cards to fund his investment, the respondent found himself consumed in debt. Again, this respondent's income and job are unlikely to change, but there is still potential for an impact, especially with his credit score over the long-term.

These examples reveal that in some cases, participants may not show impacts in certain areas despite dire circumstances at the onset but that impacts could occur in other areas. Two interviewees who cited bankruptcy as a factor described how the program affected them in ways that are not tied to job changes. These interviews suggest the importance of looking at a range of outcomes of the program.

Table 3. Reason Why Participant Needed Bonnie CLAC's Help

The reason the respondent needed Bonnie CLAC	Freq.	Percent	Cum.
no/poor credit and low income	5	38.46	38.46
poor credit	3	23.08	61.54
bankruptcy	4	30.77	92.31
wanted guidance	1	7.69	100.00
Total	13	100.00	

When asked about what changes respondents experienced after the program, peace of mind was cited repeatedly. This of course, may be a function of the large proportion of people in this sample who had an unreliable car prior to going through the program. Other respondents mentioned multiple positive changes as indicated in Table 4. One factor that emerged from these answers is the role that age may play in a participant's experiences.

A participant that experienced positive changes in her job and her living situation admitted that the changes were due to the fact that she was graduating from college and moving out of her parent's home for the first time. Her participation in the program

coincided with these milestone events. This is not to say that the program did not help her in numerous ways – she had a lot of debt and needed guidance – but that without this knowledge, one might assume that her job and living changes resulted from the program as opposed to her personal development.

Table 4. Positive Changes Experienced After the Bonnie CLAC Program

Changes experienced by the respondent after the program	Freq.	Percent	Cum.
peace of mind	4	36.36	36.36
job performance	2	18.18	54.55
combination of factors	5	45.45	100.00
Total	11	100.00	

Interviewees were asked about suggestions for improvement, summarized in the last table. Regardless of these suggestions, every single respondent had positive feelings about the Bonnie CLAC program and seemed grateful for the experience. Several respondents mentioned referring other friends and family and some said they had purchased more than one car through Bonnie CLAC. When asked how Bonnie CLAC could improve its services, respondents shared suggestions listed in Table 5. Some individuals had to really think about an answer, but one suggestion that 3 participants felt strongly about was that there should be more car options.

Table 5. Suggestions for Improving Bonnie CLAC’s Services

Suggestions for improvement to the program	Freq.	Percent	Cum.
no suggestion	3	23.08	23.08
provide follow up	2	15.38	38.46
more car options	3	23.08	61.54
make loaner cars cheaper	1	7.69	69.23
reduce fee	2	15.38	84.62
fix paperwork issues	1	7.69	92.31
more assistance with credit	1	7.69	100.00
Total	13	100.00	

Summary. Based on the interviews, it is obvious that while many participants share a status of poor credit and/or a lack of income, their situations vary tremendously. Some individuals admitted to struggling persistently, while others had a more acute credit or financial problem. Participants also shared gratitude toward Bonnie CLAC, and multiple respondents indicated that they had no idea what they would have done without Bonnie CLAC’s assistance.

### The Surveys

The survey data provide systematic information on a large number of clients on various outcomes of their Bonnie CLAC experience. The surveys were mailed to an

original sample of 214 clients. Usable surveys were returned by 58 clients. A copy of the survey instrument is provided in the Appendix.

Characteristics of the Sample. The final sample includes 49 females and 9 males. This is close to the distribution in the original list of 214, but there is a slight over-representation of females (76% among the 214; 83% among respondents).<sup>2</sup> The average age of survey respondents is 42 years old, and the men in the sample are significantly older than the women. Half of the respondents have children under the age of 19; none of the men in the sample have children under the age of 19. The majority of the respondents is currently employed (77%), and of those not currently employed, the majority (7 out of 12) is at or approaching retirement age. In short, the sample is diverse in demographic terms, and this suggests different motivations to seek the counseling and services of Bonnie CLAC.

Outcome Measures. The analysis of the survey data on outcome measures is organized by the research questions posed above:

- Employment patterns and earnings change
- Reallocation of financial resources
- Family and community involvement
- Health outcomes

Employment patterns and earnings change. We asked two sets of questions that provide information about employment and earnings. First, we asked “Which of the following activities have you been able to do as a result of completing the Bonnie CLAC program?” Two of the options were: “finding a job”, and “getting to my job.” We then asked a question specific to job changes: “Going through the Bonnie CLAC program has helped me accomplish the following job changes.” Options were:

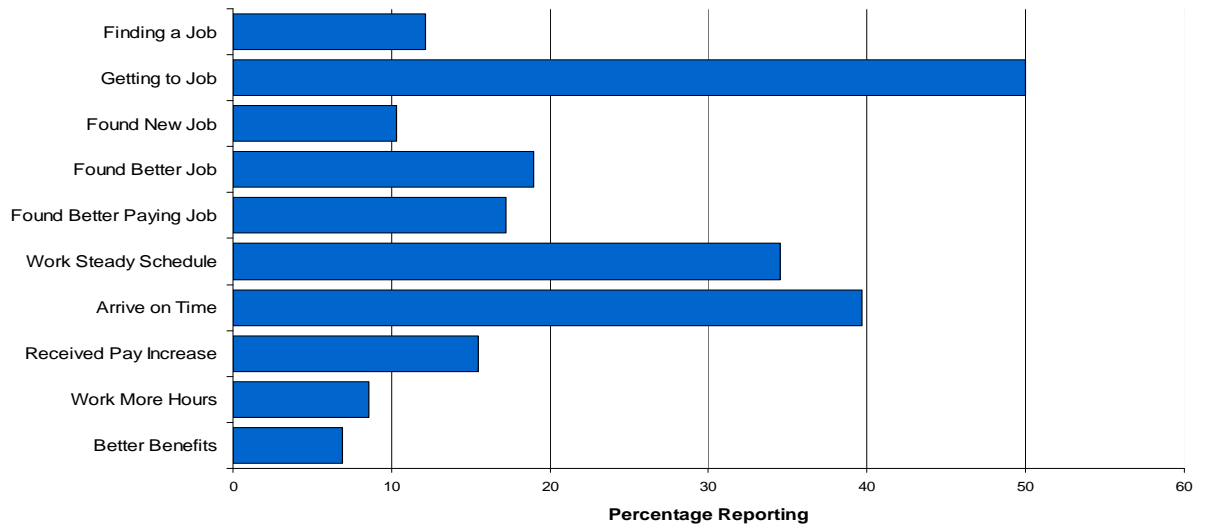
- I found a new job
- I found a better job
- I found a better paying job
- I can work a steady schedule
- I arrive on time for work
- I have received a pay increase in my current job
- I work more hours per week
- I receive better benefits

The combined results of both questions are presented in Figure 1.

---

<sup>2</sup> This is the only sample characteristic we are able to compare to the original list of 214. It would be possible to do further comparisons if we had access to the Bonnie CLAC data base, or the Bonnie CLAC staff could do this comparison, which might be informative.

**Figure 1: Job Related Outcomes**



The job outcomes most affected by program participation are related to being able to get to the job reliably: 50% report improvement in actually getting to their job, almost 40% report improvement in arriving at the job on time, and about 35% report being able to work a steady schedule. These are job improvements that are likely to result in long-term employment improvements (e.g., job advancement and enhanced performance evaluations). Only 15% report an increase in pay, and 17% report being able to find a better paying job, but in the long-term it is likely that other job improvements would result in more substantial income increases. This should be examined in more detail in future research.

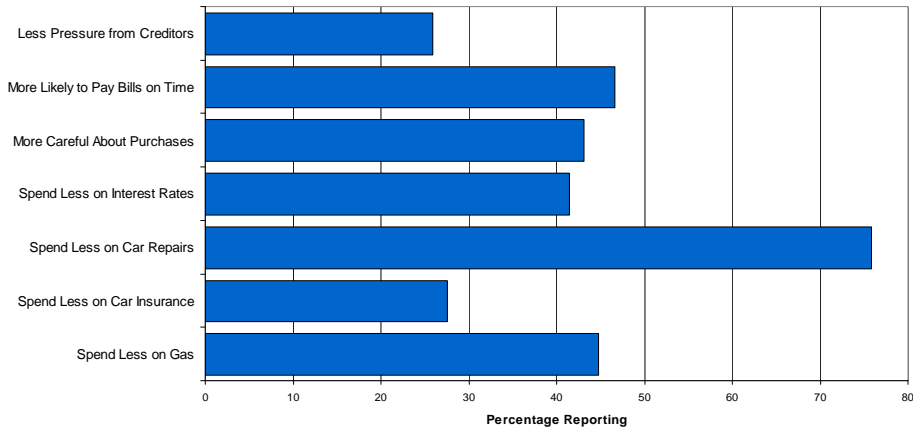
Reallocation of financial resources. We asked three questions about spending patterns and financial resources. The first was “Due to your participation in Bonnie CLAC’s program how has your spending changed?” Response options were:

- I spend less on gas for my car
- I spend less on insurance for my car
- I spend less on repairs for my car
- I spend less on interest rates
- I am more careful about my purchases
- I am more likely to pay bills on time
- I have less pressure from creditors

The results, presented in Figure 2, show substantial changes in spending patterns across the board. Over  $\frac{3}{4}$  of the respondents report spending less on car repairs, indicating one

of the great benefits of being able to purchase a new car. Almost half are more careful about their purchases, indicating one of the benefits of receiving financial counseling as part of the Bonnie CLAC program. Over 40% spend less on gas and on interest rates, and over 40% report they are more likely to pay their bills on time. Finally, over 30% report they spend less on insurance. These changes in spending patterns contribute to a better financial situation, as indicated by the report of less pressure from creditors.

**Figure 2: Changes in Spending Patterns**



When we asked about the respondent’s overall financial situation, close to 75% report their financial situation is either somewhat or much better since they purchased their car through the Bonnie CLAC program. We think this is a function of the changes in spending patterns reported in Figure 2.

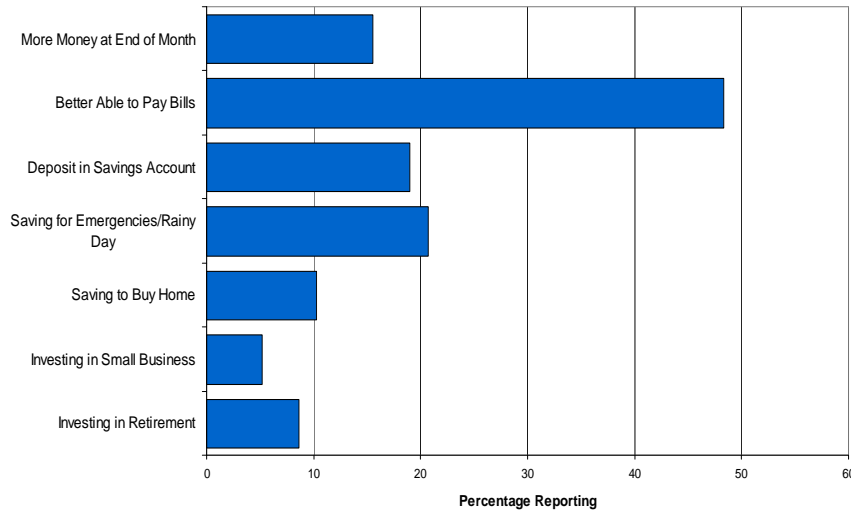
We also asked about specific aspects of their financial situation: “Due to your experience with Bonnie CLAC, which of the following aspects of your overall financial situation have changed?” Options were:

- I have more money at the end of each month
- I am better able to pay my bills
- I put money into my savings account
- I put money towards a rainy day fund and/or a reserve for emergencies
- I am saving to buy a home
- I am investing in a small business
- I am investing in a retirement account

The responses, summarized in Figure 3, indicate that program participation is associated with enhanced ability to pay bills (almost 50%), leading to greater financial security in the long term. Savings also increase for about 20% of respondents (either in the form of

savings accounts or a rainy day fund), and 15% report having more money left over at the end of the month. Again, these indicators suggest greater financial security in the long term and should be examined in future research designed to measure long-term outcomes.

**Figure 3: Changes in Overall Financial Situation**

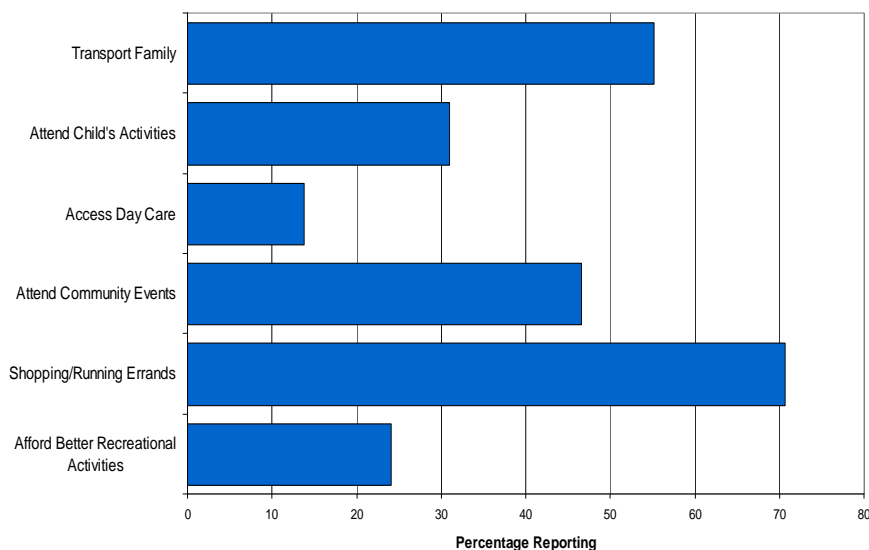


*Family and community involvement.* In addition to job and financial outcomes, we asked about family issues and community involvement, since reliable transportation is a key resource for being able to provide for one’s family, especially in a rural environment. To measure this, we asked “Which of the following activities have you been able to do as a result of completing the Bonnie CLAC program?” The options relating to family needs and community involvement include:

- Transporting family members
- Attending child’s activities
- Accessing day care
- Attending community events
- Shopping/running errands

The question on financial changes included an option we report on here as a family outcome: “I am able to afford better recreational activities.” These family and community outcomes are summarized in Figure 4. The impacts of the program on the ability of respondents to shop and run errands (70%) and transport family members (55%) are especially noteworthy. Being able to attend community events and a child’s activities are also affected by having reliable transportation (approximately 45% and 30% respectively). The data thus suggest important family outcomes, in addition to the job and financial outcomes reported above.

**Figure 4: Personal and Family Outcomes**



*Health outcomes.* One of the potential outcomes that has emerged as a focus of interest for Bonnie CLAC programming in recent months is that of health-related issues. Although the current research was not designed to measure health outcomes in any detail, we did ask a number of health-related questions. In the activities question (listed under family and community involvement) there were three health-related options:

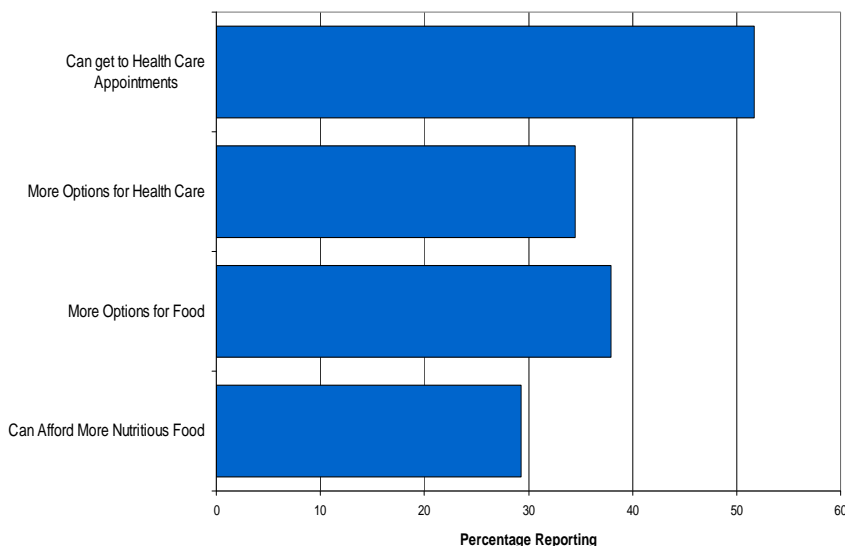
- Going to health/dental care appointments
- Having more options for food
- Having more options for health care

In the financial changes question one of the options was:

- I am able to afford more nutritious food

The responses to these health-related outcomes are summarized in Figure 5. Over 50% of the respondents indicate greater ability to get to health and dental appointments as a result of their participation in Bonnie CLAC. Substantial minorities also report greater options for health care, for food, and for more affordable, nutritious food. In addition to the greater access to better recreational activities (see Figure 4), it is likely that accessing health care and enhanced food options will positively affect health in the long term.

**Figure 5: Health Related Outcomes**



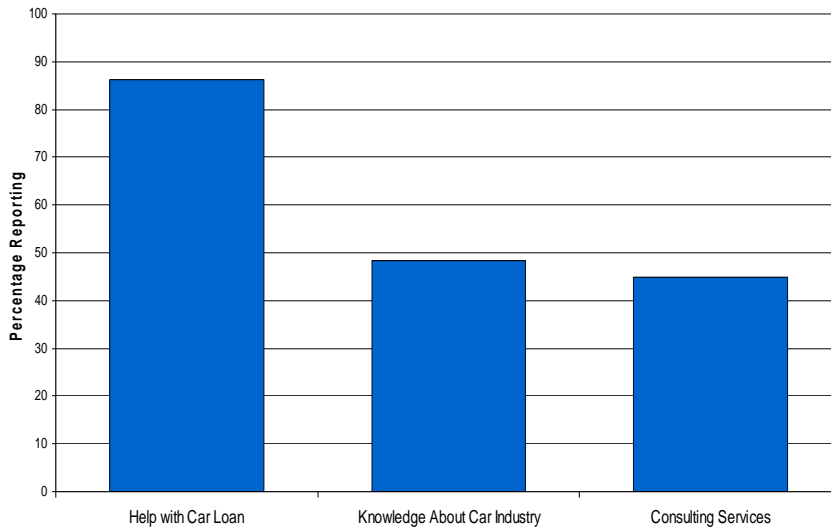
A final measure of health outcomes includes a question about health insurance. We asked if the respondent had health insurance before the Bonnie CLAC experience and also about current health insurance. Just over 66% had health insurance before Bonnie CLAC, and about 77% had health insurance at the time of the survey. It is possible that the increase is associated with better job-related benefits, but we cannot determine this from the data. It may be that the increase is a function of some other factor unrelated to Bonnie CLAC participation.

Views about the Bonnie CLAC Experience. Although the client views about the program were not the focus of a research question, we asked about these views as important feedback for the Bonnie CLAC staff. Reported below are responses to a question about the overall Bonnie CLAC experience, whether the respondent would recommend the program to a friend, and what aspects of the program the respondent found most valuable.

The overall Bonnie CLAC experience was very positive for the survey respondents. Seventy-seven percent reported that the experience was “excellent” and another 14% indicated that it was “good.” This is not surprising given the outcomes summarized above. Clients would overwhelmingly recommend the program to a friend, 86% indicating they would definitely do so.

We asked about which three aspects of the program were the most important. The results are summarized in Figure 6. The most commonly mentioned aspect was “help with the car loan,” but substantial percentages also mentioned the importance of knowledge about the car industry and the Bonnie CLAC consulting services.

**Figure 6: Items Rated as Being Most Important by Bonnie Clac Participants**



We gave respondents opportunities to write in responses throughout the survey. To conclude this section on views about the program, we list four of these written responses. Of all the written responses, the great majority were positive about the Bonnie CLAC experience:<sup>3</sup>

*The Bonnie CLAC program is a program that enables a person or family to go forward with their lives in a positive, independent, and productive way.*

*Having reliable/affordable transportation allows an individual access to many activities and breaks the barrier of isolation/dependence on others.*

*Thank you for this opportunity Bonnie CLAC. My credit has improved and I make sure I don't mess up this awesome opportunity to have reliable transportation for me and my children (with heat and all the windows). I feel better as a parent having a safe, reliable car to drive.*

*They helped me to turn my life around! With my new car I was able to get to N.A. meetings and have been able to stay clean for 8 years.*

---

<sup>3</sup> A full list of written comments is provided in the Appendix.

## Credit Score Data

The final data source for the research is the information on client credit scores. We were able to obtain data on before and after credit scores from 31 clients (i.e., credit score at the initiation of the loan and at the time of the survey). These data are the most objective measure of the outcome of the Bonnie CLAC program, and they provide another measure of the impact of the program.

The average credit score among the 31 clients at the time of their Bonnie CLAC facilitated loan was 631. At the time of the survey, the average credit score was 674. This is a statistically significant increase in credit scores of +43 points.<sup>4</sup> The average increase masks some variations in the changes in credit score; only ten of the clients experienced a decrease in credit score, while twenty-one experienced an increase in credit score. The average of the decrease was -33 points, while the average of the increase was +78 points. Not all clients experienced an improvement in credit scores, but many more experienced an improvement than a decline, and the magnitude of the improvement was substantially higher than the magnitude of the decline.

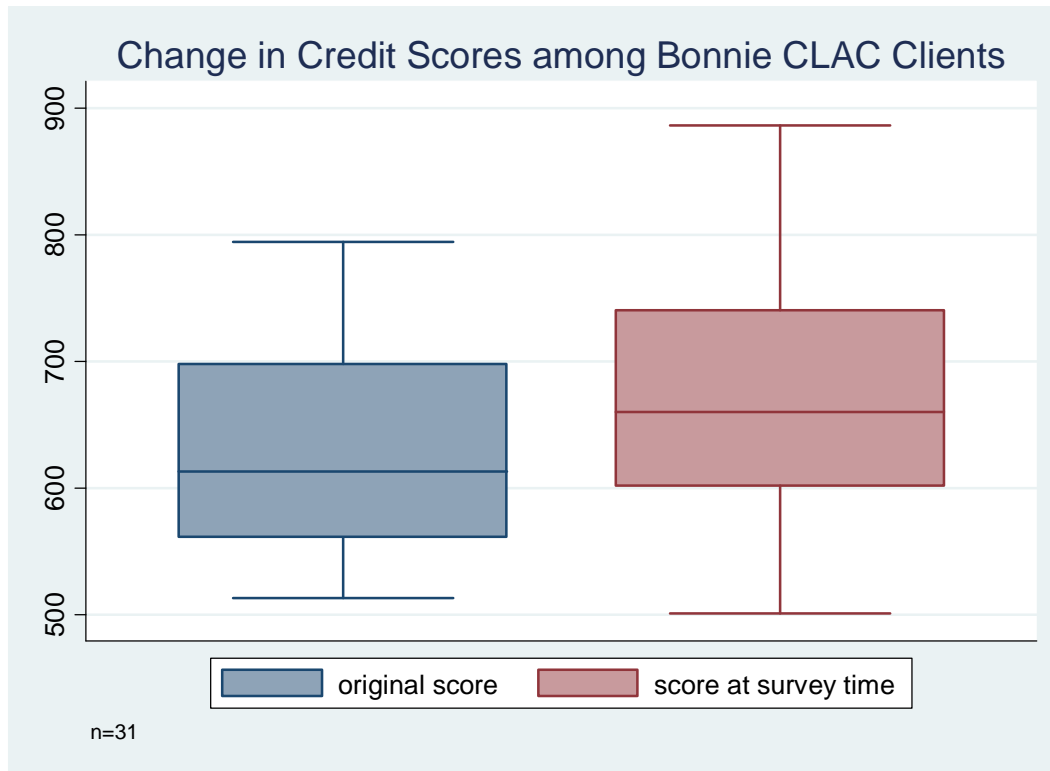
The data on change in credit scores are presented graphically in Figure 7. This figure is a “box plot” of the credit scores before Bonnie CLAC and at the time of the survey. A box plot is a graphic display of a variable. The line in the middle of the box is the median score (half the cases are above this and half are below). The box includes the middle 50% of the scores or cases. The lines extending from the box represent the range of scores.

Figure 7 shows graphically that the scores increased over time and that the range also increased over time. There were a greater number of clients with higher scores at the time of the survey, providing an objective indicator of the impact of the program. These data are based on only 31 clients, so some caution is needed to interpret these results. Nonetheless, the data are encouraging and warrant further research with a larger sample of clients.

---

<sup>4</sup> Paired t-test,  $p < .01$ .

## Figure 7



### Suggestions for Future Research

In important respects, the current research is a pilot study for the Bonnie CLAC outcome assessment. It has provided some revealing data about Bonnie CLAC clients and their perceptions about the program and the impact of the program on their personal and financial well-being. It has also provided important lessons about carrying out research on Bonnie CLAC clients, most noteworthy being the collection of credit scores, that will be necessary as the program expands. Given time constraints it was not possible to design a longitudinal study, following clients over time. Instead, we relied on retrospective accounts about how the clients perceived changes in their lives since their participation in the program. Future research should include more rigorous longitudinal research, and the addition of a comparison group (i.e., a sample of individuals who lack a reliable new car) would greatly enhance the design.

In addition to the recommendation about conducting longitudinal research, we also suggest the following:

- Provide the research team with access to the program data base, assuming that appropriate protections are in place for privacy and informed consent. Bonnie CLAC could obtain informed consent from clients as part of the in-take process.

- It would greatly facilitate the credit score data collection if scores were obtained at the beginning, as part of the loan process. Agreements with clients and lending institutions would need to be part of this process.
- Build in approval and methodology for obtaining post-program credit scores at the beginning of the client enrollment. If clients know at the start that their help in obtaining credit scores will be asked in the future, it would facilitate this important data collection piece.
- The program should provide incentives for clients to keep in touch with Bonnie CLAC staff so they can be contacted in the future (e.g., ask clients to provide a change of address when they move and provide an incentive for this information). Up-to-date data on the clients is essential in order to contact them for research over time.
- The data base of client information at Bonnie CLAC is important and could be used both for the program and for research. Important research information could be asked as part of in-take process and used for research on outcomes, thus simplifying the survey portion of the longitudinal research. It would be necessary to maintain the quality of the data base. Therefore, the plans in place to hire a staff person to manage the data base are a good step forward.

### **Summary**

Three sources of data have been used to assess the impact of the Bonnie CLAC program on its clients: in-depth interviews with thirteen clients; a mailed survey from 58 clients; and before and after credit scores from 31 clients.

Bonnie CLAC clients are a diverse group with often strained financial situations that have prevented them from accessing reliable personal transportation. Their experiences with Bonnie CLAC are largely very positive, and they report substantial program impacts. The most dramatic include:

- The ability to get to their jobs, to do so on time, and to maintain a steady work schedule
- An improvement in their overall financial situation
- Changes in their spending and handling of their finances, especially spending less on car repairs, managing to pay their bills on time, and being more careful about their purchases

- Greater ability to shop and run errands, to transport family members, and to attend community events
- Improved access to health care and nutritious food options
- Increased credit scores

The research has provided good pilot data from which the program can learn and on which future, more comprehensive research can build. The addition of a longitudinal component focused on the long-term impacts of the program will be an important aspect of the program's future development. The data provided here are promising and do suggest that Bonnie CLAC clients are experiencing positive financial and personal outcomes from their participation in the program and their ownership of new, reliable cars.

## References

- Bonnie CLAC. 2007. Retrieved February 26, 2007  
([http://www.bonnieclac.org/PR\\_Exeter\\_12\\_06.html](http://www.bonnieclac.org/PR_Exeter_12_06.html)).
- Bowers, Jean S. and Kristen R. Crosby. 1980. "Changes in the credit repayment performance of low-income customers: An exploratory study." *Journal of Consumer Affairs* 14(1):96-108.
- Brabo, Lisa, Peter Kilde, Patrick Pesek-Herriges, Thomas Quinn, and Inger Sanderud-Nordquist. 2002. "Driving out of poverty in private automobiles." in *Rediscovering the other America: A national forum on poverty and inequality*: West Central Wisconsin Community Action Agency, Inc.
- Blumenberg, Evelyn and Margy Waller. 2003. "The Long Journey to Work: A Federal Transportation Policy for Working Families." *The Brookings Institution Series on Transportation Reform*.
- Center for Community Change. 2001. "Job Access and Reverse Commute." Community Transportation Association of America: Washington DC. Retrieved February 26, 2007 (<http://www.ctaa.org/ntrc/atj/jarc.asp>).
- Cervero, Robert, Onesimo Sandoval and John Landis. 2002. "Transportation as a Stimulus of Welfare-to-Work: Private versus Public Mobility." *Journal of Planning Education and Research* 22(1). Retrieved February 26, 2007 (<http://jpe.sagepub.com/cgi/content/abstract/22/1/50>).
- Kim, Anne. 2002. "Taken for a ride: Subprime lenders, automobility, and the working poor." Retrieved April 17, 2006  
([http://www.ppionline.org/documents/Automobility\\_1102.pdf](http://www.ppionline.org/documents/Automobility_1102.pdf)).
- Lucas, Marilyn T. and Charles F. Nicholson. 2002. "Subsidized vehicle acquisition and earned income in the transition from welfare to work." Department of Applied Economics and Management, Cornell University.
- Ong, Paul M. 2002. "Car Ownership and Welfare-to-Work." *Journal of Policy Analysis and Management* Vol. 21(2) 239-252.
- Waller, Margy. 2005. "High Cost or High Opportunity Cost? Transportation and Family Economic Success." *Center on Children and Families #35*, Brookings Institution Policy Brief.