

**CONTRA COSTA COUNTY'S EMPLOYMENT AND HUMAN SERVICES  
DEPARTMENT'S AUTO LOAN PROGRAM: KEEPING EMPLOYMENT  
EQUALS YOUR SUCCESS (KEYS)**

**Almera E. Milanes**

**EXECUTIVE SUMMARY**

The Keeping Employment Equals Your Success (KEYS) Auto Loan Program a program provided by the Contra Costa County Employment and Human Services Department (EHSD) Workforce Services. It is available to California Work Opportunity and Responsibility to Kids (CalWORKs) participants who need a personal automobile to complete their transition to self-sufficiency. Contra Costa County EHSD implemented the KEYS auto loan program in November of 2002, and it issued the first approved loan in January of 2003. CalWORKs participants eligible to apply for the KEYS auto loan program are those who:

- Have verifiable employment for a minimum of three months,
- Can make the loan payments as part of a monthly budget,
- Demonstrated the need for the automobile to maintain employments, and
- Have been unable to obtain an auto loan through conventional means.

This case study explores the loan referral and approval process as well as the personnel and partnerships that Contra Costa County EHSD took to develop the KEYS program. This case study will also include the feasibility of implementing a similar program with San Mateo County Human Services Agency (SMC HSA) and conclude with a recommendation that an in-house loan program might not work best for San Mateo County. However, elements of the KEYS Program – collaboration with a Credit Union and Public Works and a referral process to address

transportation needs of a specific population—are areas that can be further explored by San Mateo County.

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**Introduction**

According to the 2013 American Community Survey reports, about 86 percent of all workers have commuted to work by private vehicle, either driving alone or carpooling. Driving a personal automobile has played a fundamental role in shaping where we live and how we get from point A to point B. For mothers with multiple children, driving in a private automobile is sometimes the only way to get to and from places such as the grocery store, kids' schools, and work.. For workers who commute to work by private automobile, it gives them freedom and flexibility to move around and get to work on time. However, for those who travel to work either by walking or taking public transportation, it is a big challenge, especially for a single mom who needs to drop kids off at daycare or school. Per Nightingale's Transportation Issues in Welfare Reform article (2017), transportation is identified as one of the top challenges faced by welfare recipients towards achieving self-sufficiency. For those clients who do not have a private vehicle, especially for those who live or are employed in urban areas, keeping their employment or appointments becomes a challenge.

Contra Costa County has recognized that most of the public transportation in the county does not serve many rural areas, where most of the low-income families live, or areas where suburban employment exists. To provide support to CalWORKs participants working towards self-sufficiency, Contra Costa County EHSD established the Keeping Employment Equals Your

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Success (KEYS) auto loan program. The KEYS auto loan program was developed based on models from Humboldt County's Social Service Department's Auto Loan Programs as well as the Jewish and Family Service model in Marin County. Contra Costa County EHSD implemented the KEYS Program in November of 2002 to provide a menu of options for case managers to use while selecting the most appropriate employment transportation choice for CalWORKs participants.

### **Key Employment Equals Your Success**

The goal of the KEYS auto loan program is to provide auto loans to help CalWORKs participants, including those on retention services, to purchase an automobile necessary to obtain and maintain employment. The KEYS auto loan program is not only helping participants obtain auto loans and purchasing cars, but also help them build a positive credit history, which can help participants obtain other types of financing in the future.

The loan has a maximum dollar amount of \$4,000 and a two-year term up to 5% interest rate.

The auto loan program targets CalWORKs participants who need a personal automobile to go to work or training but cannot obtain personal loans from the bank or financial institutions due to their credit history. Participants who are selected to receive an auto loan are assisted in the selection of a vehicle to purchase and are required to complete a personal budgeting session and a short course on automobile maintenance responsibilities. The selected vehicle must pass an auto diagnostic test and be approved by the Auto Loan Coordinator.

### ***Auto Loan Program Guidelines***

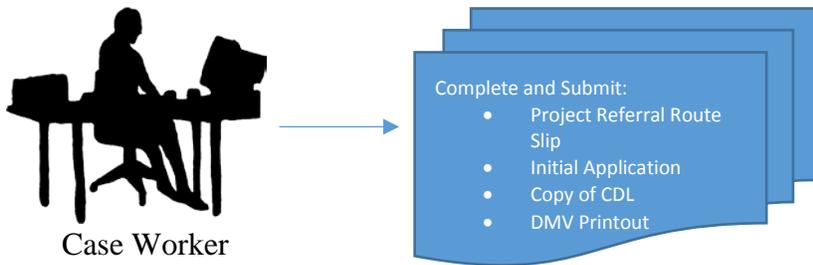
To be eligible for the KEYS Auto Loan Program, participants must meet the following criteria:

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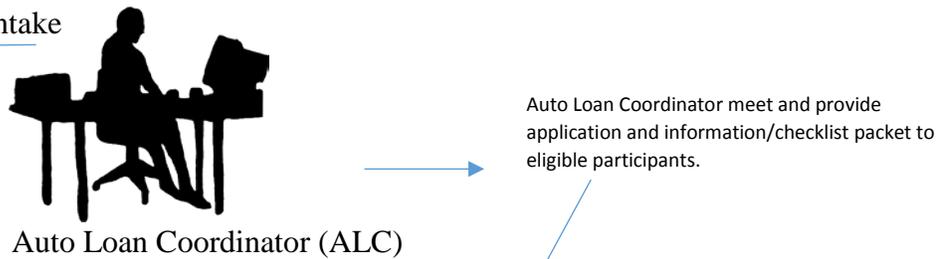
- must be a current participant of CalWORKs or receiving CalWORKs retention services;
  - must have a need for a car to access work/training;
  - must be employed at the current job full time for at least (3) months;
  - must be a resident of Contra Costa County
  - must have a valid California Driver License and no more than one minor moving violation in the past three years;
  - must be referred to the Auto Loan Coordinator by the participant's caseworker;
  - must be unable to qualify with any other funding source for an auto loan;
  - must be willing to obtain vehicle insurance of \$15,000 bodily injury for each person, \$30,000 bodily injury for each accident, \$5,000 property damage liability, collision and comprehensive insurance and maintain that insurance through the period of the loan;
  - must make monthly payments as required and agreed upon with Contra Costa Federal Credit Union (CCFCU)
  - must be willing to become a member of Contra Costa Federal Credit Union by opening a \$5.00 savings account and maintain a minimum balance in the account for the length of the loan;
  - must maintain the yearly registration for the vehicle purchased through the life of the loan;
  - must be willing to authorize the KEYS Auto Loan Program the right to obtain a credit report to assist in the determination of participant's application;
  - must be willing to attend a budget management class and an auto maintenance class
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**Auto Loan Process:**

1) Referral



2) Phone Intake



3) Application Completed

Presentation to loan committee



**Approved Loan:** Participants attend financial management seminar and auto maintenance, and then meet with the bank to receive the loan

**Denied Loan:** Letter of denial will be sent to the participant.



CalWORKs participants submit supporting documentation to ACL, personal statement, budget, credit report, employment verification, copy of driver's license, DMV print out, and 3 months' worth of recent paystubs

EHSD caseworkers are asked to pre-screen their clients/participants for both need for a personal automobile to maintain employment and eligibility for a loan under this program. If the

caseworker determines that the client will benefit from this program, he or she completes a referral form and sends it to the Transportation Services Specialist (TSS).

The Contra Costa County EHSD Workforce Services has created and hired a TSS who is the Auto Loan Coordinator (ALC) for the KEYS Program. The ALC serves as the link between Contra Costa County EHSD and Contra Costa Federal Credit Union (CCFCU). The TSS collects the information necessary to complete the loan packages from the referring caseworker and loan applicants and presents the applications that best meet the program criteria to the Loan Review Committee. The Auto Loan Coordinator took a financial certification class with Consumer Credit of the East Bay, which is now under the name Money Management International, to be able to provide the required Financial Literacy workshop to the participants.

Once the Auto Loan Coordinator receives the Referral Route Slip from the caseworker with all the required attachments, the Auto Loan Coordinator will work one-on-one with the participant, and will keep the caseworker informed at each step of the process. Upon receiving these documents, the Auto Loan Coordinator will review them to determine whether the participant meets the program's eligibility criteria. If the participants appear to meet the established program criteria, the TSS will then send the auto loan packet to applicant/participants. Receiving an auto loan packet is not a guarantee that the loan will be approved. It means that the participant will be asked to supply additional information about him or herself for the Loan Review Committee (LRC) to assess.

The Loan Review Committee (LRC) evaluates loan applications based on the participant's ability to repay the loan based on the KEYS loan guidelines. The LRC consists of one CCFCU Loan Officer, CalWORKs Program Specialist, and Eligibility Supervisor. The LRC meets on a need basis. If the participant is denied for an auto loan, the Auto Loan Coordinator will contact

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the caseworker and participant to explain the reasons for denial. The Workforce Service Transportation Unit within EHSD's Workforce Service Bureau will then work with the caseworker and the participant to help identify other transportation options. If the loan is approved, the TSS will notify the participant and inform him/her of the next steps. Applicants who are approved by the LRC are referred to CCFCU for loan closing. CCFCU holds the title to the vehicle until the loan is fully paid.

### **The KEYS Program Collaborators**

The KEYS Auto Loan Program operates as a partnership between Contra Costa EHSD Workforce Services Bureau and the following key partners or providers:

- **Contra Costa Federal Credit Union (CCFCU):** the lending institutions for the KEYS Program. Workforce Services has deposited funds in an account with CCFCU to serve as a loan guarantee fund in the event a loan defaults. They hold the vehicle's title until the loan is paid off.
  - **Contra Costa Public Works Department (CCPWD):** allows CCCPAA to purchase up to 40 surplus vehicles each year for the KEYS Auto Loan program at an established price. The CCCPAA purchase price is higher than what the county will receive for these vehicles at the wholesale auction.
  - **Contra Costa County Public Auto Auction (CCCPAA):** CCCPAA is a resale agent that was authorized and approved by Contra Costa County EHSD to transact business with CCPWD for KEYS Auto Loan program.
  - **Ace Inspections:** this contractor provides diagnostic inspections, to ensure safety and operational suitability of a vehicle for the KEYS auto loan program.
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- **Rod's of the Valley:** this contractor provides a basic auto maintenance course to KEYS participants to help them understand how to maintain and operate vehicles. The course is about two hours and 15 minutes. It focuses on how to make basic inspections of mechanical items in the vehicle such as checking brakes, tires, lights, and windshield wipers.

**Outcomes and Next Steps**

As of April 2016, KEYS Auto Loan program has reached 13 years and 5 months in providing low-interest car loans to CalWORKs participants in Contra Costa County. The program showed great success not only in providing an affordable loan but also helping participants maintain their employment as they are working towards self-sufficiency.

Statistical Information as of FY2014-15- KEYS Auto Loan Program

Year	Application Sent	Application Received	Approved	Denied	Loan Approval/Denial Rate		Funded	Funded Dollars
					Approval	Denial		
2003-04	65	36	20	16	56%	44%	16	\$ 43,300.62
2004-05	36	23	17	6	74%	26%	12	\$ 39,796.60
2005-06	35	24	12	12	50%	50%	12	\$ 39,132.22
2006-07	38	19	11	8	58%	42%	8	\$ 25,198.75
2007-08	43	21	10	11	48%	52%	9	\$ 29,529.54
2008-09	38	24	14	10	58%	42%	14	\$ 36,745.06
2009-10	26	16	8	8	50%	50%	8	\$ 22,295.22
2010-11	38	26	12	14	46%	54%	12	\$ 32,235.34
2011-12	27	17	10	7	59%	41%	8	\$ 25,725.12
2012-13	28	16	11	5	69%	31%	10	\$ 26,539.74
2013-14	24	16	10	6	63%	37%	6	\$ 15,902.48
2014-15	24	15	8	7	53%	47%	6	\$ 19,473.68
<b>TOTAL</b>	<b>422</b>	<b>253</b>	<b>143</b>	<b>110</b>	<b>57%</b>	<b>43%</b>	<b>121</b>	<b>\$ 355,874.37</b>

Client Demographics:			
# of Clients	121	<b>Sex</b>	
		Male	16
		Female	105
		<b>Income</b>	
		Under \$10K	N/A
		\$10K-15K	19%
		\$15K-\$25K	54%
		\$25K-\$35K	18%
		\$35K-\$40K	9%
		<b>Age</b>	
		18-19	1%
		19-24	13%
		25-34	40%
		35-43	31%
		44-54	15%
		Over 55	1%
		<b>Location</b>	
East	45%		
Central	20%		
West	35%		

*Figure 1: KEYS 12<sup>th</sup> Year Interim Report*

EHSD measures its success by sending questionnaire survey to participants. According to the KEYS 2014-15 interim reports, based on the questionnaire surveys received from participants in 2014-15, it was reported by the participants that having a private automobile through KEYS helped the participants:

- reduce work time missed
- reduce travel time to and from work
- increase the time for family activities
- increase the ability to transport children after school activities, medical, and dental appointments
- increase wages (average \$1.00 per hour)

Contra Costa County Workforce Services has secured additional funding through the Low Income Flexible Transportation (LIFT) grant to expand the auto loan program to CalFresh and Medi-Cal populations. The KEYS coordinator is currently working with Air Resource Program (ARB) to consider providing loans to disadvantaged individuals by offering an affordable loan thru the ARB Light Duty Vehicle Financing Assistance Program.

### **Fiscal Impact**

Contra Costa EHSD decided to go “in-house” with its KEYS auto loan program instead of contracting the service out because it found it more financially beneficial for the county. The department also believes that it will be able to handle the program better as it knows its CalWORKs participants. At program inception, until 2006, the KEYS Program was funded through the CalWORKs allocation. From 2007 to the present, the program revenue source is

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through the Metropolitan Transportation Commission's (MTC) Lifeline funding. Contra Costa is eligible through the Job Access and Reverse Commute (JARC) program, which provides a grant to communities for filling gaps in employment transportation. JARC requires 50% matching. Contra Costa County has to reapply for this grant every three (3) years. The implementation and on-going, "in-house" management of the KEYS auto loan program involves hiring a Transportation Services Specialist, with an approximate salary cost of \$87,000 annually. Other program costs include Diagnostics Inspections of \$110 per vehicle inspection, an auto maintenance course \$35 per attendees, initial auto insurance assistance, DMV assistance, repair costs and loans charged-off approximately \$17,000. Based on the KEYS result in FY14-15, the program had reported approximately total cost incurred of \$163,000 (rounding up).

### **Recommendation**

While working on this project, I recommend that San Mateo County Human Services Agency (SMC HSA) forego creating an "in-house" car loan program for our CalWORKs participants for the following reasons:

- (1) A similar program is available to low-medium income families through Peninsula Family Services Agency (PFSA) through its Financial Empowerment programs such as Ways to Work, Lending Circles, Start2Save, Prepaid Debit Card, Second Careers Employment, and Financial Workshops. PFSA is a non-profit organization serving San Benito, Santa Clara, Santa Cruz, and San Mateo counties. However, PFSA charges application fees and is not offering Auto Maintenance workshops to its participants.
  - (2) Funding availability and security pose risks. Since the funding for the program is grant-based, the grant amount may vary depending on the availability of funds from the
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different organizations, and sometimes grants are time-limited.

- (3) If SMC HSA wants to explore this option, the agency needs to do the cost-benefit analysis before exploring further. We need to determine the number of job-ready CalWORKs participants that need transportation to determine how much impact this program will have in increasing self-sufficiency. We also need to determine the comparable SMC job classification to that of the TSS to determine the program implementation cost.

However, the proven partnerships established by EHSD in serving and connecting its CalWORKs participants to answer their transportation needs is something that SMC HSA can potentially mimic. It should:

- (1) Explore the possibility of collaborating with PFSA and San Mateo County Department of Public Works. Similar to how KEYS Program partnership with CCPWD, SMC HSA can look into the possibility of having the retired county cars sold to another entity and having PFSA coordinate the process. Staff can avail itself of existing knowledge and resources PFSA has regarding providing loans to SMC residents.
  - (2) Establish a stronger referral process between SMC HSA and PFSA for a car loan application. Similar to how the EHSD Caseworker refers participants to the TSS for a Loan Application, SMC HSA can explore the possibility of creating a process where we can refer the CalWORKs participants to PFSA. Also, as part of the referral process, SMC HSA can potentially pay for the loan application fee using the CalWORKs funding (potential Supportive Services).
  - (3) Each recommendation above ((1) and (2) can also be potentially extended to those youths exiting foster care.
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