



CENTER ON URBAN AND METROPOLITAN POLICY

The Long Journey to Work:

A Federal Transportation Policy for Working Families

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To work, low-income adults need to get to work. However, traveling to jobs is frequently easier said than done, particularly for those without access to fast, reliable transportation. In almost every city, automobiles remain the fastest and most reliable way to get around. Moreover, the continuing decentralization of population and employment has exacerbated the isolation of many low-income families who lack reliable auto access. This brief examines the serious transportation challenges facing low-income workers as they seek employment and offers specific policy responses. Central to the argument is research evidence showing that improved transportation services can enhance economic outcomes, with the most compelling evidence centered on access to automobiles. But the transportation needs of the poor vary by metropolitan area and by neighborhood; therefore, this brief provides a full menu of practical policy options, including automobile access programs, improved fixed-route transit services, and expanded paratransit and other door-to-door transit services.

I. Introduction

Evidence from Census 2000 and elsewhere underscores that the decentralization of economic and residential life remains the dominant growth pattern in the United States. Suburban areas continue to capture the lion's share of population and employment growth. America has rapidly become an "exit ramp" economy with office, retail, and commercial facilities increasingly located on the suburban fringe.² Consequently, more and more of all travel moves from suburb to suburb—a far cry from the stereotype of suburbs as simply bedroom communities for workers commuting to traditional downtowns.

Across the 100 largest metropolitan areas, on average, about 22 percent of people work within three miles of the city center, and more than 35 percent work more than ten miles from the center. In metropolitan areas such as Los Angeles, Detroit, Tampa, and Chicago those percentages exceed 60 percent.³

Low-income families have also dispersed (although many remain concentrated in central-city neighborhoods). Families that live in dense, urban neighborhoods are often within a short walk, drive, or bus ride to most destinations. However, for those who live in more isolated residential areas—whether in the central city, rural areas, or the suburbs—jobs and services can be remote, particularly for families without access to automobiles.

Years of urban disinvestment, the lack of affordable housing, and residential segregation have all contributed to the geographic isolation of the urban poor.⁴ Spatial isolation has also been exacerbated by the lack of viable transportation options to meet the changing

structure of metropolitan areas. Meanwhile, rural employment is often many miles from a dispersed rural population. In view of this, the transportation challenges facing working families are numerous:

- The decentralization of jobs away from central cities to lower-density, auto-oriented suburbs has shifted job markets farther away from low-income families who remain concentrated in central city neighborhoods
- Job decentralization is especially problematic for low-income households without access to reliable automobiles because traditional, fixed-route public transportation is not well-suited to increasingly dispersed metropolitan travel patterns
- Not surprisingly, the vast majority of metropolitan travel today is by private vehicle, even among the poor; but while most low-income families own vehicles, they tend to be older, less reliable, and more prone to needing expensive repairs
- Even in cities with good transit service, transit travel times, on average, far exceed automobile travel times because of walking to and from stops, waits at stops and for transfers, and frequent vehicle stops along the way. These slower travel speeds are especially difficult for parents who must “trip chain,” make stops for child care or shop along the commute

Numerous studies suggest that improved transportation services can improve economic outcomes among the poor. However, no one-size-fits-all transportation policy exists for working families. Metropolitan areas are diverse. So too are low-income families, who live in a wide array of neighborhoods and who have varied transportation resources. Not surprisingly, then, meeting the transportation needs of working families will require a mix of transportation solutions and the federal funding flexibility to creatively pursue varied regional and local policy strategies.

In recent years, new sources of federal funds have helped agencies initiate transit services aimed at moving low-income adults into the labor market. By contrast, policymakers have paid far less attention to increasing automobile access among the poor. Given the strong connection between cars and employment outcomes, auto ownership programs may be one of the more promising options and one worthy of expansion.

Transportation, after all, links families to their livelihoods, which means that sound transportation policy is also sound economic policy. Of course, transportation policies for working families must be developed in the context of broader efforts to help improve the mobility, economic vitality, and environmental quality of 21st century metropolitan America.⁵ And indeed, federal transportation reform efforts have already ushered in a new era defined by novel and integrated thinking about how transportation connects to other community priorities such as housing, economic development, and air quality.

Congress has an opportunity to improve low-income transportation policy when it reauthorizes a number of important federal laws due to expire this year. Most notably, the federal surface transportation law will expire at the end of September 2003 (although Congress is likely to extend it for at least several months). Similarly, the work-based welfare law passed in 1996 expired in September 2002, and has yet to be reauthorized, although it has been extended by Congress several times. Also expiring this year is the Assets for Independence Act, the national demonstration of Individual Development Accounts, and the Workforce Investment Act.⁶

This brief examines the transportation and job access challenges facing low-income workers and welfare recipients. It also offers specific policy responses to those challenges based on a menu of options, including fixed-route transit, paratransit and other door-to-door services, and automobile programs. Implicit in these recommendations is the assumption that these programs and services should be developed collaboratively in a way

“Job decentralization is especially problematic for low-income households without access to reliable automobiles...”

that allows regional and local stakeholders to collectively define and develop programs that are in the best interest of their communities.

II. Background: Work-Based Welfare Policy and the Increased Focus on the Transportation Needs of Working Families

The work-based welfare law passed by Congress and signed by President Clinton in 1996 created Temporary Assistance for Needy Families (TANF) block grants to states. States use the \$16.5 billion per year in block grant funds to provide cash assistance, child care, training, and other welfare-to-work services to welfare recipients and low-income working families.⁷ The new law created work mandates for states and welfare recipients, as well as a time limit on receipt of federally funded assistance. These changes in welfare policy motivated policymakers and researchers to focus on the transportation barriers faced by welfare recipients and low-income workers.

After signing the historic welfare law in 1996, President Clinton proposed several new transportation initiatives to assist low-income families in getting and keeping jobs. In the proposal to reauthorize the federal surface transportation act (the Transportation Equity Act for the 21st Century, or TEA-21), the administration recommended creating a new transportation program that would target additional funds to agencies providing transit services to welfare recipients and other low-income workers.

Elected officials of both parties, especially local leaders, advocated for the proposed new transportation funds because they were concerned that low-income residents would have difficulty finding work unless they gained better access to suburban jobs. In 1998, Sens. Arlen Specter and Rick Santorum of Pennsylvania cosponsored an amendment to the transportation bill to create what became known as the Job Access and Reverse Commute (JARC) program. At an event announcing the amendment, then-Philadelphia Mayor, Ed Rendell, said, “The jobs that are available for which [welfare recipients] qualify are out in the suburbs. The people who need these jobs are located so far away and do not own automobiles. Our transportation system is inadequate to get them out to the suburbs.”⁸

The JARC program authorizes up to \$150 million annually for a national competition to support new or expanded transportation services that connect parents on welfare and other low-income workers to jobs and employment-related services. According to a Federal Transit Administration fact sheet: “JARC is intended to establish a coordinated regional approach to job access challenges.”⁹ To that end, the U.S. Department of Transportation (DOT) awards 60 percent of program funds to applicants from urbanized areas with populations of at least 200,000. The local metropolitan planning organization (MPO) must approve proposals submitted to the DOT. Another 20 percent is awarded to state-selected applicants from urbanized areas with populations below 200,000. The remaining 20 percent is awarded to applicants from rural areas selected by states. The federal statute requires a collaborative planning process among states, MPOs, transportation providers, county welfare and employment agencies, and other relevant stakeholders for funded projects.

Members of Congress added the JARC program to TEA-21 on the theory that transportation is a significant barrier to employment for the poor. They argued that improved transit and paratransit (usually provided with vans) would increase the mobility of low-income adults and better enable them to find and retain employment. In the JARC statutory language, Congress acknowledged that transit is not a practical or cost-effective solution for all low-income households.¹⁰ Therefore, policymakers also proposed and adopted other programs to assist poor families with car ownership. For example, TANF funds can now be used to purchase cars and auto insurance, a change that makes it possible for welfare recipients to own reliable cars and still be eligible for food, child care, and health coverage assistance.

III. Transportation: An Essential Link Between Low-Income Workers and Jobs

Generally, three strategies can increase welfare recipients' geographic access to employment. These include: 1) urban reinvestment strategies designed to bring jobs closer to low-income communities; 2) housing mobility strategies that move low-income residents closer to jobs; and 3) transportation-based strategies intended to enhance mobility.¹¹ Although each strategy has different collateral benefits and costs, transportation policies, if properly targeted, can have a more immediate impact—which is important given the time limits on welfare receipt. Relocation—whether jobs or people—requires longer lead times. Furthermore, although the relocation strategies have benefits unrelated to the work commute, they do not necessarily eliminate transportation needs, although they may reduce them. The evidence suggests that transportation solutions can provide an essential link between low-income workers and employment.

A. Transportation Is a Major Barrier to Employment

Low-income adults frequently mention the importance of transportation in their work lives. In a study conducted in Illinois, over 25 percent of former welfare recipients interviewed reported problems in getting or paying for transportation to work.¹² A similar study of welfare leavers in North Carolina found that 22 percent of unemployed respondents believed that transportation would be a problem if they were to find employment.¹³ An overwhelming 61 percent of long-term welfare recipients in Iowa reported transportation barriers to work.¹⁴

Welfare administrators and employers also acknowledge the importance of transportation to the success of welfare-to-work programs. In Indiana and California, more than three-quarters of county welfare administrators surveyed reported that transportation is a significant barrier to the self-sufficiency of their clients.¹⁵ In a Minnesota survey, 28 percent of employers identified transportation as the main barrier to hiring and retaining welfare recipients, with rural employers more likely than urban employers to identify transportation as a problem for their workforce.¹⁶

Finally, many employers report that their entry-level jobs are inaccessible by public transit. In 1997, the Economic and Social Research Institute conducted a nationwide survey of employer attitudes toward entry-level workers.¹⁷ The survey included 500 employers in industries that hired a greater than average number of entry-level workers as well as two smaller samples of 100 each in Los Angeles and Milwaukee. Overall, 36 percent of employers reported entry-level jobs inaccessible by public transit. The subsamples, however, show substantial variation across metropolitan areas. Only 13 percent of employers in Los Angeles were inaccessible by public transit compared with 30 percent in Milwaukee.

B. A Spatial Mismatch Exists Between Jobs and Low-Income Workers

The structure of metropolitan areas has gradually changed over time so that a majority of employment and residents are dispersed in suburban neighborhoods distant from the urban core. In 1910, the vast majority of metropolitan residents lived in the central city and only one-quarter in the suburbs. Today, nearly two out of three metropolitan residents (62 percent) live in the suburbs.¹⁸ Similarly, employment has also shifted outward toward suburban areas, which, as of 1997, were home to 57 percent of metropolitan employment.¹⁹ These trends are also reflected in metropolitan transportation patterns where, since the 1970s, the dominant commuter flow has been from suburb to suburb. In 1960, travel within suburbs composed only 10 percent of commutes,²⁰ far less than the more than 46 percent of all commutes that now begin and end in the suburbs.²¹

As economies and opportunity decentralize and the working poor remain disproportionately centralized, a “spatial mismatch” arises between jobs and people in metropolitan areas.²² In suburbs, entry-level jobs abound in manufacturing, wholesale trade, and retailing, jobs that hold out opportunities for people with basic education and skills. However,

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the absence of viable transportation options—combined with persistent residential racial segregation and a lack of affordable suburban housing—effectively cuts many inner-city workers off from regional labor markets. Quite literally, low rates of car ownership and inadequate public transit keep job seekers in the core from reaching many suburban jobs. Often, inner-city workers, hobbled by poor information networks, do not even know these jobs exist.

The spatial mismatch is frequently cited as a primary explanation for the transportation barriers faced by poor families.²³ Many scholars, beginning with Kain in 1968, have provided compelling evidence that the spatial separation of housing and employment exacerbates the poverty of inner-city blacks.²⁴ Low-wage jobs are increasingly located farther out in the urban periphery, and competition for the remaining central city jobs can be fierce.²⁵

Although the spatial mismatch hypothesis has been put to the test by a host of skeptical scholars, empirical support for the concept remains. For this reason, the spatial mismatch hypothesis has become the chief framework for understanding the transportation needs of all low-income, central-city residents, including welfare recipients. In fact, Congress cited the spatial mismatch hypothesis to justify funding of JARC, declaring that: “Congress finds that...two-thirds of all new jobs are in the suburbs, whereas three-quarters of welfare recipients live in rural areas or central cities...”²⁶

Work-based welfare policy has also prompted many scholars and transportation planners to examine the location of welfare recipients and potential low-wage employment opportunities. These studies use maps to illustrate the high concentrations of welfare recipients residing in central cities, the growth in low-wage, suburban employment, and, frequently, the weak public-transit links between central cities and suburbs.²⁷ Once again, these studies underscore the relevance of the spatial mismatch hypothesis to low-income, central-city residents including, but not limited to, blacks.

C. Transportation Problems Extend Beyond Central-City Households

For transportation policy purposes, however, it is important to look beyond the spatial mismatch. Although many low-income adults live far from employment opportunities, many others live closer to jobs, yet still face transportation barriers. Among the metropolitan poor, 44 percent live in the suburbs.²⁸ Yet high concentrations of employment remain in some inner cities.²⁹ Although some metropolitan areas, particularly in the Northeast and Midwest, have experienced a dramatic hollowing out of the urban core, this experience is far from universal. The decline in central-city Cleveland or St. Louis looks vastly different from that of Boston, San Francisco, New York, or Minneapolis.³⁰ Not surprisingly, studies

Table 1. Access to Automobiles and Commute Mode, Metropolitan Areas

	Non-Low-Income	Low-Income
Commute Mode*		
Personal Vehicles	91%	88%
Transit	6%	8%
Walk	3%	4%
Other	1%	1%
Access to Automobiles		
% of households with at least one vehicle	95%	86%

Source: 2001 National Household Travel Survey. Households are considered low-income if they have 1-2 persons and incomes under \$10,000; 3-4 persons and incomes under \$20,000; and 5+ persons and incomes under \$25,000.

* Column totals differ from 100 percent due to rounding.

find metropolitan variation in the extent and effects of the spatial mismatch.

However, living and working in the same part of the city, whether in the suburbs or the central city, does not necessarily reduce or eliminate transportation problems. Low-income workers tend to commute relatively short distances—far shorter, on average, than higher-income commuters.³¹ Still, most low-income workers find employment outside of their immediate neighborhoods and require some form of reliable transportation. Contrary to popular perception, as Table 1 shows, most low-income adults commute by car.³² Those workers fortunate to have access to automobiles can reach many employment opportunities within a reasonable commute time regardless of where they live.

Not all low-wage workers, however, have access to automobiles. Auto ownership rates vary substantially by income and race and ethnicity. Data from the Census 2000 show that 10 percent of all households lack vehicles, and those without vehicles are more likely to be in the lowest income brackets. Specifically, households with incomes below \$25,000 comprise 65 percent of households without vehicles.³³ Further, black households are especially likely to lack vehicles, in as much as they comprise 12 percent of all households but 35 percent of those without cars.³⁴ For their part, poor workers who are dependent on public transit—even when traveling within the central city—may live close to bus stops but often face lengthy commutes resulting from long waits at transit stops, cumbersome and time-consuming transfers, and infrequent service during off-peak hours.³⁵

For the suburban and rural poor, access to employment may be most difficult, especially for those families without automobiles.³⁶ Although most jobs are in the suburbs, they tend to be dispersed over large areas and can be inaccessible to low-income residential neighborhoods. Similarly, rural employment often remains many miles from a dispersed rural population. Lower densities in these areas typically do not support the extensive transit networks found in many central cities, forcing most rural and suburban low-income commuters to rely on personal vehicles. Those without cars, however, can be the most isolated from employment.

Even for those low-income residents facing the central-city–suburban mismatch, policy solutions must consider the difficulty of traveling to distant, unfamiliar destinations. Long-distance travel on public transit is unlikely to be the best option for some low-income adults. Travel on transit from central cities to suburbs can be time-consuming, unreliable, and inconvenient. Single parents may have the most difficulty with these trips given that paid work is in addition to household responsibilities that they must manage without the help of a spouse. For example, a mother who takes two buses and more than an hour to get to a suburban job is in no position to depart quickly to pick up a sick child at school. Nor does transit easily accommodate the need to “trip chain,” to make multiple stops at the child care center, the grocery store, and so forth.

D. Access to Reliable Transportation Improves Employment Outcomes

Numerous scholars find that reliable transportation leads to increased access to employment, higher earnings, and greater employment stability among the poor. The most compelling evidence centers on the positive relationship between access to automobiles and employment rates, hours worked, and mean monthly earnings.³⁷ Low-income households without cars are also more likely to experience unmet food and housing needs and have greater difficulty traveling for medical care.³⁸

So far, most low-income car ownership programs remain relatively new and small, so that research evaluating their impact is limited.³⁹ However, surveys of workers who obtained cars from subsidized car-ownership programs report higher wages and better jobs, improved quality of day care, more involvement with family and community, and more frequent participation in worship services.⁴⁰ In one study of a car ownership program in Vermont, researchers found that program participation significantly increases the probability of employment, as well as earned income.⁴¹

The evidence on the relationship between public transit and employment outcomes is more varied. Some studies show that access to public transit has a positive effect on overall

“Scholars find that reliable transportation leads to increased access to employment.”

employment rates and, more specifically, a moderate effect on transit use and employment rates among welfare recipients.⁴² The evidence also suggests that black welfare recipients are much less likely than other recipients to be hired for jobs that are located far from public transit stops, once again underscoring the negative effect of spatial isolation.⁴³

In contrast, a study of Dade County, Florida, shows that access to public transit has no effect on employment rates; however, it raises income, suggesting that better transit connections enabled residents to obtain higher paid employment.⁴⁴ Although scholars continue to debate the magnitude of the effect of public transit on employment, many acknowledge that car ownership is a much more powerful predictor of employment than public transit.⁴⁵

IV. Transportation Services to Support Welfare and Employment Goals

One of the most commonly prescribed transportation remedies for the poor is programming to facilitate reverse commuting—travel from central cities to the suburbs. In 2000, 9.8 percent of work trips were from the center city to the suburbs in a “reverse commute.”⁴⁶ To facilitate travel from the urban core to the suburbs, JARC has a special funding set-aside specifically for reverse commute programs, and many transit agencies are experimenting with a variety of these services.

However, improved reverse commute transit service will only address a small part of the transportation difficulties facing the poor. Currently, private vehicles facilitate most reverse commutes, even among the poor.⁴⁷ This is not surprising given that fixed-route transit often has difficulty serving the reverse commute. Fixed-route transit works best in the inner city, where there are dense clusters of jobs and residents. In the suburbs, employment is less often located adjacent to transit stops, and travel time from the central city is often lengthy.

The challenge for policymakers and planners extends beyond the reverse commute to targeting scarce funds most effectively and avoiding costly projects that are unlikely to generate results. This challenge is complicated by the fact that no one-size-fits-all transportation solution exists. Improving the mobility of low-income adults requires a mix of transit and auto-related solutions.

Three strategies must be considered: first, enhancements to existing fixed-route public transit service in dense urban areas to improve mobility and access in neighborhoods where transit use is highest and residents are underserved; second, demand-response service in areas where densities are too low to support fixed-route service but high enough to make demand-responsive service viable; and, third, automobile programs to assist low-wage workers whose travel needs cannot easily be accommodated by public transit. In fact, cars may be the most cost-effective transportation solution in areas where low residential and employment densities raise the costs of public transit—even demand-responsive service—beyond those of providing personal vehicles. Each approach has real strengths, as well as drawbacks.

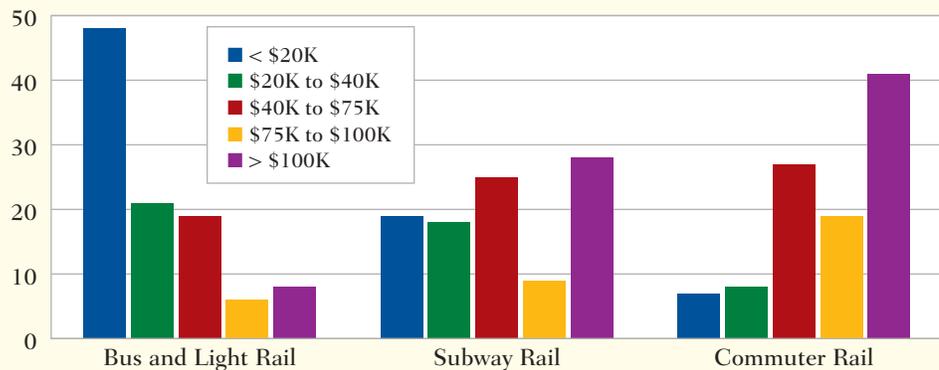
Public Transit

Fixed-route public transit excels in providing intra-urban transportation. High densities of jobs and residences in the urban core lend themselves to this transportation mode, and within the central city, negative car-induced externalities (such as traffic congestion and inadequate parking) detract from the advantages of private automobiles. In these central-city neighborhoods, low-income people tend to be underserved and could benefit greatly from improved intra-city transit services.

In most cities, improvements mean greater investment in urban bus systems that carry the vast majority of low-income riders. A focus on inner-city buses, however, goes against the current mission of most mass transit agencies, whose focus is on luring suburban riders out of their automobiles and onto commuter rail systems.⁴⁸ As Figure 1 illustrates, low-income transit users (household incomes less than \$20,000) make up nearly one-half of the bus and light rail riders, while riders with very high household incomes (over \$100,000) dominate the commuter rail category.⁴⁹

“Fixed-route transit works best in the inner city, where there are dense clusters of jobs and residents.”

Figure 1. Household Income Distribution Percent by Mode of Transit Users



Source: John Pucher and John L. Renne, "Socioeconomics of Urban Travel: Evidence from the 2001 NHTS," *Transportation Quarterly* 57 (3) (2003). Based on Federal Highway Administration survey data from 1969, 1977, 1983, 1990, 1995, and 2001.

Although reverse commute solutions using fixed-route public transit have been widely attempted, these express bus routes can come at a great cost to transit systems. The routes that cover a larger share of their costs from fares are those in which buses are crowded with passengers traveling short distances. Under these conditions, one seat will generate fares from a continuous stream of riders, thereby reducing the subsidy required to operate the service. Reverse commute service can be relatively inexpensive if it is provided as the "back haul" trip of cost-effective inbound service. However, if reverse commute service is provided simply to transport inner-city residents to suburban locations, the costs of providing this express service will be very high. On these long runs, unless transit providers charge a premium for the trips, the seats will turn over less frequently and generate less income per mile traveled. Transit agencies may be forced to reduce services on better-performing, intra-city routes to cover the additional subsidies needed to provide suburban express service.⁵⁰

Paratransit and Demand-Responsive Van Service

To offset some of the weaknesses of fixed-route transit, some transit agencies and welfare-to-work providers are implementing paratransit service—flexibly organized vanpools and shuttles that are provided on request. Most of these programs have yet to undergo extensive empirical evaluation. However, experience with paratransit service largely for the elderly and disabled shows that these types of demand-responsive programs can provide door-to-door service rivaling the convenience of the automobile but at a very high cost. Data from the 2000 National Transit Database present the relative cost-effectiveness of public transit by this mode. According to the data, the operating expense per unlinked passenger trip is \$16.74, approximately eight times that of a bus (\$2.19).⁵¹ Even reverse-commute bus service tends to be less expensive than demand-responsive transit service. In Los Angeles, for example, the cost per rider on even the most expensive reverse commute bus route is far below the expense of running door-to-door van service.⁵⁵

Some communities have successfully reduced the costs of paratransit services by using "mobility managers" who act as brokers for transportation services. In most communities, large public transit agencies are not the only providers of transportation services. Agencies and organizations such as social service providers, community-based organizations, churches and synagogues, and nonprofits also provide transportation services to smaller, more specialized populations such as senior citizens, the disabled, veterans, welfare-to-

work clients, and Medicaid recipients. Transportation brokers and mobility managers can provide a single point of contact for all users, rather than relying on case managers in each of the separate systems. Further, local governments that consolidate these multiple services can issue contracts by geographic area rather than serving residents by funding stream, wherever they live.

In a recent report, the U.S. General Accounting Office identified 62 federal programs that fund transportation services to transportation-disadvantaged populations.⁵³ Coordination across numerous programs is complicated by federal eligibility requirements and rules that vary with respect to eligibility, funding, reporting, safety, and program goals.⁵⁴ Consolidation, when it occurs, can allow transit providers to benefit from economies of scale and reduce costs per ride.⁵⁵

However, the problems associated with public transit often apply equally to paratransit solutions, even the best ones. It is difficult for parents to travel long distances to work with limited means of quick return in an emergency or to make stops, for groceries or child care, along the way. Other types of demand-responsive service such as taxis, for example, could help circumvent many of these problems and increase the mobility of the poor. Taxi service, often provided to low-income riders through user subsidies, can be cost-effective given that it relies on existing service.

Automobile Ownership

Increasingly, transportation solutions include improving access to private automobiles for working poor families. Cars have many obvious benefits, which is why more than 86 percent of all trips, regardless of purpose, are made in automobiles.⁵⁶ Cars allow flexibility, accommodating schedules that may include complicated nonwork travel and unforeseen travel requirements. This is particularly important given that only 15 percent of all trips are for work.⁵⁷ Cars also decrease travel time by avoiding long waits at bus stops, multiple stops, and the circuitous routes of public transit. Cars also allow commuters to more easily travel during off-peak hours when transit service may be limited. Finally, cars provide door-to-door service, allowing people to avoid isolated bus stops and travel in greater safety after dark.

To be sure, cars generate substantial and well-known social costs, including traffic congestion, air pollution, sprawl, and the anxiety that accompanies increasing dependence on foreign oil, all of which makes some policymakers hesitant to support policies and programs that might be viewed as contributing to these problems. Indeed, transportation and environmental policies should broadly address the negative effects of widespread auto use. At the same time, the potential contribution of low-income drivers to congestion and other auto-related problems remains minimal. Because land-use patterns in the United States dictate the necessity of automobiles for employment, it seems neither fair nor pragmatic to condemn policies intended to encourage auto ownership among the poor, while at the same time expecting low-income adults to work their way out of poverty.

Cars can make travel easier and thereby improve employment, health, and other outcomes, but cars can also raise issues that specialized auto programs should address. Cars in low-income households are nearly 40 percent older than the average car.⁵⁸ These older vehicles are often less than a year away from extensive repairs and can be unreliable. Moreover, with auto ownership comes added costs and responsibilities, such as fuel, maintenance and repairs, auto insurance, and monthly loan payments.

In fact, many low-income adults cannot afford to purchase automobiles and have difficulty either borrowing one or carpooling with others. Frequently, low-income workers do not qualify for traditional automobile loans at prime rates, pricing many out of the auto market. Others are forced to pay a premium when purchasing cars from dealers who charge subprime rates.⁵⁹

Despite efforts to eliminate public policies that create ownership disincentives, some state and federal decisions continue to raise the cost of car ownership for the poor. Before implementation of the 1996 welfare law, states could not provide cash assistance or other

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“With key transportation and work support laws up for reauthorization in 2003, federal policymakers have an unprecedented opportunity to address the transportation barriers faced by working poor families.”

benefits to families who owned vehicles worth more than \$1,500, although many states sought federal waivers to allow higher vehicle asset limits. The 1996 statute gave states the flexibility to change or eliminate the asset limit. After 1996, federal administrators clarified that states may abolish the vehicle asset limit altogether in some federally funded work-support programs. Many policymakers support this strategy, asserting that poor families should not have to choose between car ownership that enables work and work support services intended to help parents get and keep jobs.⁶⁰

Most states have responded to these options favorably. All states raised or eliminated the vehicle asset limit for cash assistance. In addition, some states have eliminated the vehicle asset limit for at least one vehicle per household or worker for other work support services provided with TANF funds. States have also liberalized their asset rules, including car rules, in Medicaid; twenty-one states have no asset test in their Medicaid programs for parents, and 44 states have no asset test in their programs for children.⁶¹ However, some states still set the asset level well below the purchase price of a reliable vehicle. For example, nine states have retained the federal policy for food stamps, which counts the value of cars that exceed \$4,560. Seven other states have increased the asset limit for the first car to between \$8,000 and \$15,000. By contrast, the vehicle asset limit would have to be \$12,200 to have the same purchasing power that it had when it was set at \$4,500 in 1977.⁶²

Despite the difficulties associated with auto ownership, policies to increase access to private vehicles among the poor are essential. In central cities, the problems associated with lacking personal vehicles are at best only partly addressed by effective public transit systems, while in rural or suburban areas, where public transit is less available and less viable, cars may be the only realistic option.

VI. A Transportation Agenda to Support Welfare Policy and Low-Income Working Families

TEA-21, and its predecessor, the Intermodal Surface Transportation Efficiency Act (ISTEA), marked a dramatic change in federal transportation policy. In metropolitan area after area, that change is apparent in many tangible ways. More funding has been allocated to transportation alternatives, more attention has been placed on repairing and maintaining existing transportation infrastructure, and more integrated thinking has been initiated about the connection between transportation and other community priorities such as air quality, housing, and economic development. Moreover, these changes reflect the changing market and the changing demographic realities of the country.

Nevertheless, federal transportation policy must go much further in developing and maintaining transportation services for the working poor and those making the move from welfare to work. The JARC program and innovative use of TANF funds for transportation have created many new, if small, services designed to overcome transportation barriers. Still, lack of adequate and affordable transportation remains a primary barrier to work for many low-income people.

Additional funds are necessary to meet the transportation needs of the disadvantaged. The funds, however, will do little good unless they can be flexibly deployed to address the diverse transportation needs of working poor families, whose access to employment and services varies significantly by metropolitan area, by neighborhood, and by transportation resources. The most effective plans likely will evolve through regional and local planning and coordination followed by rigorous program evaluation.

In this context of overall flexibility, transportation investments should support a menu of options, including: improved public transit where it is an efficient and cost-effective solution; reorganized and streamlined demand-responsive service (vans, shuttles, and taxi programs); and subsidized car ownership. Moreover, the time is right for action. With several of the nation’s work support program laws up for reauthorization in 2003, federal policymakers have an unprecedented opportunity to address the transportation barriers faced by working poor families.

Federal policymakers should therefore adopt the following proposals:

TEA-21 Reauthorization

- **Increase funding for the JARC program.** The current appropriation is inadequate to meet the need for transportation assistance to low-income workers and, unfortunately, the fiscal year 2003 budget cut the discretionary program funding below that of previous years. This need is exacerbated by recent state decisions to reduce or eliminate TANF-funded transportation services. In 2002, states spent as much as \$584 million in TANF and state matching funds on transportation, but states such as Arkansas, Arizona, Montana, and Tennessee recently cut these funds as a result of the budget difficulties and caseload increases during the recession.⁶³ Although President Bush's JARC program budget request for 2004 is for the full, authorized amount of \$150 million, this amount does not adjust for inflation.
- **Retain the competitive grant process.** In addition, President Bush's proposal devolves administration of the JARC program to states, eliminating the national competition for funds. Turning the program into a formula grant to states will not increase the number of people served. Unless Congress significantly increases the funding level and provides clarification that states must distribute the funds using a formula that considers local needs, state administration may not work. Furthermore, the president's proposal would also require state administration of transportation funds for disabled and elderly persons. This programmatic approach could lead to consolidated state block grants for transportation assistance, blending the funding for targeted needy populations. Pitting one underserved population against another in the state budget process may result in reduced services to one group as a result of the political popularity, or lobbying strength, of another. For example, analysis of the federal block grants enacted in 1982 shows that states substituted other criteria for income eligibility, reallocated funds that had been targeted to urban areas, and reduced costs by eliminating service characteristics and standards.⁶⁴
- **Establish an equitable JARC state-local match and eliminate congressional earmarking of JARC.** Congress should also reduce the local, 50 percent funding match requirement to 20 percent, which is consistent with the match for most other federal transportation programs. Although helping to facilitate interagency collaboration, the 50 percent match creates difficulties for some agencies that, in an era of state and local budget deficits, have had difficulty finding local funding matches. Finally, Congress should discontinue the earmarking of funds since this practice undercuts requirements for local planning coordination.
- **Allow greater flexibility in using JARC funds for on-demand transit services.** Increased flexibility could facilitate the consolidation of paratransit services and so make the most of existing vehicle capacity. For example, the JARC program could allow funds to pay for mobility managers; currently JARC funds generally do not cover operating expenses. Mobility managers are instrumental in creating a seamless paratransit system, having both the incentive and ability to connect riders to the appropriate transportation resources.
- **Permit nonprofit and public operators of low-income car programs to use JARC funds for automobile purchase.** JARC funds should be made more available to local planners for programs intended to help low-wage workers purchase automobiles. Although Federal Transit Administration (FTA) funds are generally unavailable for automobile purchase programs, FTA recently clarified that car lease programs can use these funds under certain circumstances.⁶⁵ However, low-income car ownership programs subsidize car purchases in a variety of other ways. Federal policy should

“Federal transportation policy must go much further in developing transportation services for the working poor...”

support these locally developed approaches, which include matched savings and limited subsidy programs. Excluding these options from funding unfairly prejudices rural communities in particular, where fixed-route transit and demand-responsive van service is less efficient and, therefore, less available than in more urbanized areas.

- **Require that statewide and metropolitan planning consider the access needs of all workers.** Transportation planning does not explicitly consider the job access and spatial mismatch problems within metropolitan areas. Further, the current transportation systems are not designed to alleviate spatial barriers to employment. In view of that, Congress should mandate, as a requirement to receive federal transportation funds, that metropolitan and statewide transportation plans include job access needs assessment and strategies to provide maximum regionwide accessibility for low-income workers.
- **Enforce the congressionally mandated evaluation of the JARC program and ensure that the FTA is systematically collecting data on the performance of JARC grantees.** Although the JARC program has resulted in many new transportation programs, without evaluating these services, it is impossible to examine whether they both meet the transportation needs of the working poor and are cost-effective. TEA-21 required that the DOT evaluate the JARC program and submit its findings to Congress by June 2000. The DOT has not completed this evaluation, nor has it announced a date for release.⁶⁶
- **Refocus funding for public transportation to better meet the needs of transit-dependent communities and individuals.** Previous federal transportation reform efforts underscored the importance of multi-modal transportation networks in metropolitan areas. Despite earlier reforms, federal policy and programs continue to place transit projects at a disadvantage. This has profound implications for welfare recipients and low-income workers, particularly those who rely on buses for their mobility and job access. Congress should take steps to ensure that federally funded transit projects specifically and explicitly serve the objective of providing job access to low-income workers and welfare recipients.
- **Ensure transit-oriented development also serves the needs of low-income families.** With the reauthorization of TEA-21, the federal government has a unique opportunity to leverage the billions that have already been invested in light rail and other rail projects to serve low-income workers. A key criterion for allocating transit funding should be the consistency of local land use plans and zoning codes with transit-supportive land uses and provisions for affordable housing.

TANF Reauthorization

- **Create incentives and funding for subsidized car ownership programs by adding a new provision in TANF that funds a competitive demonstration car purchase and ownership program.** There are a growing number of low-income car ownership programs across the country, but most of these are small programs with limited funding and capacity. Many program operators face funding cuts as a result of state budget deficits and other funder cutbacks.⁶⁷ To ensure that these promising programs continue to grow and provide services and to encourage replication of successful programs, Congress should create a new funding stream targeted to car ownership for low-income working families. Funded programs should provide financial education to assist car purchasers with budgeting for car ownership and other asset development. In 2002, the TANF reauthorization bill passed by the Senate Finance Committee included a new section providing limited authorization for flexible funding to create a car ownership program. Congress should include a similar proposal with mandatory funding in the final TANF reauthorization bill.

- **Oppose unnecessary increases in work rates for TANF that reduce state flexibility and resources to create transportation services.** Some reauthorization proposals include increased work rates for states and individuals. The Congressional Budget Office estimates that the House-passed legislation could cost as much as \$9 billion over five years to create and administer new work programs for a larger share of the caseload and provide the necessary additional child care. Yet, none of the legislative proposals increase TANF block grants above the levels established in 1996. Static funding for a decade would force state policymakers to cut additional services given that the cost of services increases even when funding levels do not. Further, in 2002, states spent more than their annual block grant for the second year in a row, using savings accumulated during the early years of implementation when the welfare rolls dropped significantly and unexpectedly. Now, unspent funds have, for the most part, evaporated and states face large, overall budget deficits. In the face of these budget difficulties, many states have already cut work support services, including transportation programs. Mandating increases in work requirements would further reduce the resources available for transportation and other work support services. The proposed changes to work rates would be expensive to implement, are not supported by research, and would unnecessarily reduce state flexibility to provide transportation assistance (and other services).⁶⁹
- **Clarify state and local options to use TANF funds to match Individual Development Accounts (IDAs) used for car purchase without jeopardizing the account holder's eligibility for other federally funded support services.** IDAs are savings accounts for low-income workers that provide an incentive to save by matching deposits with public and private funds. Public and private funding provides operating resources to organizations that support low-income workers who participate in an IDA program. The nonprofit organizations generally offer financial literacy training in addition to other management services. The current TANF statute effectively limits using IDA accounts matched with TANF funds to three qualified expenses: homeownership, postsecondary education, and starting a business. Although the U.S. Department of Health and Human Services (HHS) has clarified that states may use TANF funds to match IDAs for other purchases such as cars, the IDA might be considered an asset in eligibility determinations for other federal benefits, such as food stamps. A technical amendment to the statute would eliminate this barrier and allow more flexible use of state TANF funds. Other federal programs already give program operators this flexibility. For example, IDA funds administered as part of the HHS Office of Refugee Resettlement are used to match IDA savings for car purchases. Adding cars to the list of qualified expenditures simply creates another option for local operators and low-income working families—not a mandate. A number of states (Connecticut, Maine, Oklahoma, Pennsylvania, and Tennessee, for example) have created such programs, but the implementation is difficult owing to the TANF statutory problem.
- **Require states to address transportation gaps in state TANF plans and create incentives for human service agencies to better understand and address the role of transportation barriers in welfare-to-work outcomes.** At the local level, the required collaborative process in competing for JARC funds has forged important new institutional relationships between transit agencies, public and private human service agencies, and workforce development agencies. Staff from these agencies frequently works together to plan, fund, and operate new transportation programs and services. However, there is no mandate that state agencies consider the transportation needs of low-income families and welfare recipients as they make funding recommendations and decisions on TANF block grant and matching state funds. At a minimum, requiring that states identify transportation barriers and plans to address these needs as part of the state TANF plan could lead to better understanding and cooperation at the state level.

“Proposed changes to work requirements would ... unnecessarily reduce transportation assistance.”

Other

- ***Create an option to use Assets for Independence Act (AFIA) federal funds and the new CARE Act program to match savings for a car in IDAs.*** The federal AFIA funds a demonstration of IDAs in which eligible uses are a home, an education, and starting a microenterprise. President Clinton proposed amending the act in 2000 to add car purchases. Although the administering agency and the lead national organization agreed to the amendment, Congress adjourned without implementing the change. The other federal funding stream for IDAs, in the Office of Refugee Resettlement, currently permits car purchases with IDA savings. A recent survey of AFIA programs and others interested in AFIA reauthorization found that most observers recommend expanding the eligible purchases, including for cars.⁷⁰ AFIA is scheduled for reauthorization in 2003 and Congress should add car purchase as an eligible use when the law is updated. Also, as Congress considers the new IDA program proposed in the Senate's Charity Aid Relief and Empowerment (CARE) Act of 2003, it should add cars to the list of eligible purchases for the IDA tax credit program included in the act.⁷¹
- ***Eliminate the vehicle asset test in all federally funded, means-tested work support programs to allow a family to own one car for every adult in the household capable of working.*** Workers who own a reliable car are still barred from certain benefits in some places despite efforts to reduce the vehicle asset limit barrier to eligibility for work supports such as health insurance, food stamps, and TANF-funded services. Policymakers should strengthen these work support programs by ensuring that every able worker has access to a reliable car without being forced to forgo other services. In 2001, President Bush proposed such a change as part of changes in the Food Stamp program. Although Congress did not adopt the change for reauthorization, it can amend the law at any time.
- ***Create a federal demonstration program to improve credit options for low-income workers who need a loan to purchase a car.*** Federal policymakers made it possible for many low-income families to become homeowners by creating a subsidized and guaranteed loan program for veterans, by reducing the risk for lenders with FHA guaranteed loans and funding home purchase training programs, by subsidizing the purchase with the Section 8 program, and other policies. A small demonstration program testing options for expanding credit for a car purchase could lead to a more open market for automobile purchase. A grant program to reduce bank loan risk might encourage lenders to get involved. Nonprofit organizations could allocate part of the grant to a collaborating lending institution and provide car purchase and financial education for participants. Congress could couple this demonstration with a donation of vehicles from the retired federal fleet (rather than selling the cars for proceeds) to low-income car ownership programs.
- ***Require state and local workforce boards to assess transportation needs of the labor market as part of the Workforce Investment Act reauthorization.*** Workforce boards serving disadvantaged, displaced, and incumbent workers should be required to consider the transportation barriers faced by clients, particularly in labor markets served by more than one board. These barriers must be addressed when developing local plans in order to make the most effective use of state and federal resources intended to help workers get and keep a job, as well as move up the job ladder.
- ***Direct the federal HHS and DOT, as well as other agencies, to allocate additional funds to research examining the transportation issues facing low-income families.*** The growing body of research on transportation and the poor has provided numerous insights into how best to address transportation barriers to employment. However, there is still much that we do not know:

- (a) Although we have a growing understanding of the travel patterns and transportation needs of welfare recipients and other public program participants, we know far less about these issues as they relate to the broader low-income population.
- (b) Access to automobiles is strongly related to employment. However, we know relatively little about how to provide cars to low-income families, who often have difficulty affording the initial and ongoing costs of automobile ownership. Nor have we effectively examined alternative approaches, such as car-sharing or taxi voucher programs.
- (c) Fixed-route public transit works best in dense urban areas. Although public transit service in these urban neighborhoods is typically extensive, we must identify neighborhoods that remain underserved because they are located far from public transit stops, because levels of public transit service are inadequate, or because transit service hours have not accommodated changes in the work schedules of low-wage workers.
- (d) In job-poor residential neighborhoods, long travel times can be problematic. Typically, MPOs have addressed this issue by emphasizing big ticket capital projects. However, for low-income commuters, we must better understand how innovations in line-haul transit services, such as bus rapid transit, can be used to serve the longer distance travel needs of the poor. Also, we need continued research on “smart” technologies in the deployment of paratransit. These technological enhancements can improve the cost-effectiveness and efficiency of this type of service.
- (e) Much of the research on transportation and the poor has centered on the journey to work and employment rates. While this research is important, we also need to better understand the relationship between transportation and other necessary and, often work-supporting, aspects of low-income households, including job search and non-work-related travel, as well as the effect of transportation on earnings, job turnover, housing choice and residential location, and access to medical and child care.

VII. Conclusion

The 1996 work-based welfare law did not create transportation barriers for low-income parents and others, but the new culture of work for welfare recipients has focused greater attention on this problem. The media now regularly covers the issue, oftentimes by riding along with a single mothers on their long rides on public transit from center-city homes to suburban entry-level jobs. Moreover, more and more research reveals that access to reliable transportation can improve employment outcomes for inner-city residents, as well as low-income rural and suburban poor residents. When the media’s featured low-income worker says (as she almost always does) that she cannot wait until she can afford a car, we now know that she says this with the intuitive knowledge of what the research bears out: Car ownership is a much more powerful predictor of employment than public transit. Nevertheless, flexibility in our policy response is essential. A menu of transportation solutions—transit, paratransit, and automobile access—must be developed, enhanced, and implemented according to the transportation needs of low-income communities living in diverse settings. Sound transportation policy is also an investment in our nation’s economic success.

Despite the existing and growing body of evidence, the federal government has been much slower to invest in transportation services for working poor families than other work supports, such as child care and the Earned Income Tax Credit. This year, Congress and

the administration have numerous opportunities to make at least incremental improvements in the system of services that reduce transportation barriers. Building on the still inadequate system of work and family supports by addressing transportation needs is an imperative that should wait no longer.

Endnotes

1. Evelyn Blumenberg is assistant professor of urban planning at the University of California Los Angeles School of Public Policy and Social Research. Margy Waller is a visiting fellow at the Brookings Institution Center on Urban and Metropolitan Policy.
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