

Affordable Wheels: The High Cost of Transportation

Recently, one of Couleecap's program participants stated "Our transportation is starting to get unreliable. We don't have the money for repairs. If anything out of the ordinary happens to our car, our budget falls apart." When budgets fall apart, lives can fall apart. Families already struggling to survive can be severely affected by problems with transportation.

We all need transportation--to work or school, to shop for groceries, to visit friends and family, to go to church or keep an appointment--whether we live in the city, country or small town. We need transportation that is reliable, convenient, safe, affordable, and physically-accessible. However, good transportation comes with a high price.

What Does It Cost to Own a Car?

In 2004, the average annual cost of owning and operating a midsize car in the U.S. (assuming 15,000 miles driven per year) was \$8,759. In 2003, American households in the highest 20% of income earners averaged 2.9 vehicles. However the average number of vehicles in American households in the lowest 20% of income earners was 0.9%. Many low-income families cannot afford to own a car. However, transportation is a critical element for most people to get to work, go to school, reach needed services, and prosper.

A 2003 BTS (Bureau of Transportation Statistics) study found that the working poor spend nearly 10% of their income on getting to and from work. This compares to just over 2% for individuals earning \$45,000 or more annually, and 3.9% for all working Americans. For the 66% of the working poor who commuted by private vehicle, the expense of commuting is even more burdensome. Those individuals spent 21% of their income to get to and from work.

High transportation costs can have a significant effect on a family's long term financial outlook. Spending on vehicles erodes wealth, while spending in the other major household category – housing – can build wealth. For example, over ten years, for every \$10,000 invested in a home, the homeowner can get a return of over \$4,730 in equity. For every \$10,000 invested in an automobile, a car-owner receives equity of just \$910. Low-income families that rent their housing and pay for a car have few chances to build financial assets.

Automobile loans are the largest category of household debt outside of home mortgages. 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 higher interest rates.

Transportation costs do not get the same level of attention as housing costs, even though for most Americans transportation is an expense second only to housing. In 2001, the average American household devoted 19.3 cents out of every dollar to transportation. Most American families spend more on driving than on health care, education, or food. And the poorest families spend proportionately the most.

For low-income families, the expense of transportation poses a tremendous burden and inhibits wealth creation. Nearly 95% of funds spent on transportation by the poorest American families are devoted to private vehicle expenses. But communities designed with the car in mind give low-income families no other alternative. To meet life's daily needs, to reach jobs, doctors, and buy groceries, most American families, including those who can least afford it, must rely on a car.

In the Coulee Region

In Couleecap's four-county service area, more than 21,000 people live in poverty according to the poverty line set by the federal government. What is the poverty line? In 2007, the federal government classifies a family of four as "poor" if its gross cash income is less than \$20,650; for a family of three, \$17,170; for a family of two, \$13,690; and

for an individual, \$10,210. Poverty has many faces and people living in poverty face a wide range of barriers. The inability to afford reliable transportation can serve as a barrier to getting and keeping a job; participating in school activities; and accessing services.

In La Crosse County, there is bus service but it does not cover all areas and does not run all hours of the day. For people working second and third shifts, the bus will not get them to and from work. For families needing to make multiple stops (getting to and from work, getting kids to and from daycare, stopping to get groceries, etc.) using the bus is very difficult. Some communities in La Crosse County have cab service, but it can be quite expensive for a family to rely on this type of transportation to meet their daily needs. Cab service is the only public transportation in the counties of Crawford, Monroe, and Vernon, and only a few communities in each of the counties offer this service.

Many low-income people in our four-county service area cannot afford a car, so they must rely on family and friends for transportation, which can make it very difficult for them to search for jobs, get to work, shop for groceries and other necessities, and get to appointments. Low-income people who have a car often have older, unreliable cars and struggle to properly maintain their vehicle.

Making A Difference

Surveys of low-income workers who obtained a car from subsidized car-ownership programs report higher wages and better jobs, improved quality of day care, and more involvement with family and community. One local program that is helping low-income people meet their transportation needs is Workforce Connections' Wisconsin's Employment Transportation Assistance Program (WETAP) serving residents in Crawford, Monroe, Vernon, and Juneau counties. For more information about this program, contact Julia Barth, Workforce Connections' Transportation Coordinator, at 608-647-3957 or barthj@workforceconnections.org.

Access to reliable, affordable transportation is an important component in overcoming poverty. Here are some ways you can get involved in your community:

- Make a donation to Couleecap. We help our clients with transportation costs.
- Donate your time, money, or other resources to local organizations that provide low-income people with transportation assistance.
- Support elected officials who care about poverty issues and who demonstrate this by their voting record.
- Encourage your local congressman to support low-income transportation policies.
- Educate yourself about transportation issues. Visit your local library or research websites on the Internet. Some good websites are Surface Transportation Policy Project – www.transact.org and The Brookings Institution Series on Transportation Reform – www.brookings.edu.
- Advocate for transportation programs that assist low-income families.
- Advocate for extending bus service hours and providing cab voucher programs for low-income people.
- Advocate for pay-as-you-go auto insurance and car-sharing programs.
- Donate used cars to local organizations that will give them to low-income families in need of transportation.

Couleecap, Inc. is a private non-profit 501(c) 3 charitable organization created in 1966. Our four-county service area includes Crawford, La Crosse, Monroe, and Vernon counties in Wisconsin. For more than 40 years, we have been helping low-income people build on their strengths and become more self-sufficient. We operate over 40 programs in the areas of housing, family and youth services, and emergency services. For more information regarding Couleecap, Inc. and its programs go to www.couleecap.org, or visit our State association at www.wiscap.org.

Presented by Shelly Teadt, Director of Planning, Couleecap, Inc. Westby WI 54667 March 2007

References: Driven to Spend: Executive Summary and Transportation Costs and the American Dream, Surface Transportation Policy Partnership, 2000 & 2003; www.transact.org
Stats on How Much Americans Pay for Essentials, Grist, 2006; www.grist.org
Ruralfacts: Rural Transportation, RTC Rural; 1998; <http://rtc.ruralinstitute.umd.edu>
The Long Journey to Work, The Brookings Institution Series on Transportation Reform; 2003; www.brookings.edu
Workforce Connections WETAP, 2007; www.workforceconnections.org

Special Thanks to Jeff Segebrecht, Southwest CAP's Work 'n Wheels Program Coordinator, and Julia Barth, Vernon County Workforce Connections Transportation Coordinator, for their assistance in preparing the final draft of this paper.