

POLICY SERIES



The Road Out of Poverty

Lowering barriers to employment through automobile ownership

By Peter Shawn Taylor

About the Author



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Executive Summary

There exists a large and convincing body of research on the role car ownership plays in employment. Automobility—access to a vehicle for personal daily use—confers substantial benefits in finding and keeping a job, hours worked and income. This evidence is particularly crucial for social assistance recipients attempting to move from welfare to work.

The link between car ownership and employment is simple and intuitive. Having access to a car permits greater flexibility in searching for employment than is possible when relying on public transit. This means a wider job search, a larger potential selection of jobs, and a better match between employment and individual skills. After employment is found, having a car reduces absenteeism and makes the commute easier.

Automobility confers additional advantages on busy families, as it allows for multiple stops while commuting, accommodating trips to child care, school, shopping and the like.

Given the preponderance of evidence from U.S. data, there has been a substantial

response by U.S. non-profit organizations and governments. Numerous programs match social assistance recipients with inexpensive cars. Many state governments have removed vehicle asset tests from social assistance applications, further recognizing the role played by car ownership in overcoming barriers to employment.

However, other policies, including the much-publicized Cash for Clunkers program, may work to hinder automobility.

In Canada, almost no attention has been paid to this issue in the academic literature or within the non-profit or public sectors. In addition, the four largest provinces continue to impose vehicle asset tests as a requirement for social assistance eligibility. In Canada, much can be done to improve automobility.

This paper was written with two purposes in mind. First, it aims to introduce the large body of compelling U.S. research on automobility to a Canadian audience. Second, it makes several policy recommendations with the goal of improving automobility for low-income Canadians.

Automobility means a wider job search, a larger potential selection of jobs, and a better match between employment and individual skills.

Introduction

Selected facts about automobility and transportation barriers to employment

- U.S. research shows that welfare recipients with access to a car are able to reach 59 times more employment opportunities than welfare recipients forced to rely on the bus alone.¹
- A U.S. study found the employment rate for California adults with cars was nearly 80 per cent, while the employment rate for those without cars was 53 per cent. Car owners worked 13 hours more per week than non-owners did.²
- A study of non-high school graduates in the United States found that owning a car was as important to finding a job as was a high school equivalency degree. Car ownership boosted the employment rate of subjects by 80 per cent and raised weekly earnings by \$275(US).³
- Among social assistance recipients in Saskatchewan, 38 per cent reported that finding reliable transportation to work was a barrier to employment. This survey also found that Aboriginal social assistance recipients were more likely to report problems with transportation and were less likely to own a car or have a valid driver's license.⁴
- A 2006 review of the Good News Garage program in the United States, which provides donated cars to single mothers on welfare, found one-third of its clients were no longer receiving social assistance one year after getting a car.⁵
- In the United States, there are currently over 170 non-profit, charitable programs engaged in helping low-income Americans gain access to cars. Similar programs in Britain provide low-cost scooters to help low-income individuals get to work.

Recommendations

POLICY RECOMMENDATION #1: There is an immediate need for academic research into automobility issues using Canadian data.

POLICY RECOMMENDATION #2: Canadian non-profit organizations should investigate the feasibility of implementing programs in the style of U.S. initiatives such as Good News Garage, Working Wheels or Wheels to Work. Given the controversial nature of direct government involvement in promoting car ownership, such measures are best left to the private, non-profit sector.

POLICY RECOMMENDATION #3: Provinces that currently impose vehicle asset limits—British Columbia, Alberta, Ontario and Quebec—should remove them. Given the significant role played by personal vehicles in finding and keeping a job, it makes little sense to force social assistance applicants to sell their vehicles or trade down to a less reliable model at a time when a record number of Canadians are receiving Employment Insurance.

POLICY RECOMMENDATION #4: All new policies with implications for transportation and car ownership should be evaluated for their potential impact on automobility among low-income Canadians. Policies adopted for environmental or economic stimulus reasons could have unintended effects on car ownership rates and create further transportation barriers to employment.



Part 1: Automobile ownership and employment

Introduction

Numerous barriers present themselves when individuals try to move from social assistance to the world of work. These obstacles can include the perverse disincentives of the welfare wall, a lack of education, housing or child care as well as language and disability difficulties. Many of these barriers have received considerable attention from Canadian academics and policy-makers in recent years.

Yet one key obstacle that is rarely discussed in Canada, and thus rarely receives any attention, is transportation. Regardless of the effectiveness of government policies in lowering other

barriers to employment, if an individual is unable to find reliable and affordable transportation to and from work, it is extremely unlikely he or she will be able to establish permanent employment and successfully move off social assistance.

A variety of transportation options are available to social assistance recipients looking for work, including public transit, biking and walking. However, automobile ownership appears to be the most effective and efficient, despite its higher cost. Owning a car can play a crucial role in opening up employment opportunities for low-income families and individuals.

U.S. Research

Perhaps reflecting the deep-seated image of the automobile as the embodiment of the American Dream, there is a wealth of U.S. data and academic investigation on the topic of automobility.

Initial U.S. work in this area focused on the spatial mismatch of jobs and poverty.

Starting in the 1960s, poverty in the United States became increasingly concentrated in urban areas, as jobs moved outside existing city cores in major metropolitan

centres. This led economist John Kain to argue that it was no longer possible for low-income Americans living in large cities to gain easy access to employment opportunities.⁶ With longer commutes now required of the urban poor and with car ownership rates for low-income families (and in particular, black families) below that of the rest of the population, public transit became the only form of transportation available.

Kain's work showed that public transit was unable to meet the commuting needs of low-income Americans. Although initially less expensive than car ownership, public transit presents many obstacles to job searching and employment. The most obvious is that it limits the geographic area of potential employment. Because possible job opportunities are limited to areas conveniently accessible by transit routes, welfare recipients without car access face reduced employment possibilities.

Since Kain's initial work, several decades of investigation have confirmed his observations. We will examine a selection of the most recent studies.

Urban planning professors Evelyn Blumenberg and Paul Ong looked more closely at the role of public transit in satisfying the commuting needs of low-income residents of Los Angeles County.⁷ They found that the bus or other forms of public transit met the needs of fewer than half of all welfare recipients.

Using neighbourhood-by-neighbourhood data, the researchers showed how a reliance on public transit could be detrimental to a successful job search. The authors considered a scenario involving a low-income family living in the Watts neighbourhood of Los Angeles and facing a standard 30-minute, one-way commute. According to their research, welfare recipients with access to a car could consider 59 times more employment opportunities than could a welfare recipient forced to rely on the bus alone. Such an enormous increase in potential employment will inevitably result in a better job match for searchers and should lead to higher wages.

Transit routes may not be synchronized with entry-level job hours or locations. In particular, low-wage jobs in the cleaning and security business may require working outside normal rush-hour patterns.

At these times, buses may travel with reduced frequency, or on shortened routes or not at all. Reliance on public transit is linked to greater absenteeism and lateness. Neither improves job prospects for social assistance recipients.

Further work by Blumenberg with Margy Waller for The Brookings Institution emphasized that public transit is additionally problematic for single mothers.⁸ Anyone who faces multiple stops on her daily commute—to accommodate child care, schools or shopping—will find public transit frustrating and inconvenient. This report also noted that access to reliable transportation is not solely an urban issue. The authors pointed out that 44 per cent of metropolitan low-income American families live in suburban locations where public transit is even less reliable than in downtown cores.

If taking the bus limits the choice of jobs, makes life difficult for single mothers and reduces the reliability of workers to show up on time, what is the impact of owning a car?

Economists Steven Raphael and Lorien Rice revealed large and positive effects of car ownership.⁹ Using California data from the early 1990s, they found the employment rate for non-disabled adults with cars was nearly 80 per cent, while the rate for those without cars was 53 per cent. Car owners also worked 13 hours longer per week. These effects were noticeably stronger for men than women. Additionally, they found a significant difference in car ownership rates between white and black populations, even after correcting for human capital characteristics such as education. Overall, the authors reported "quite strong effects of car ownership on the probability of employment and usual hours worked per week."

A survey of 466 welfare recipients in Alameda County, California, found that car ownership, along with education, significantly increased the probability that an individual would move to permanent work.¹⁰ "Having a car while being welfare dependant increased the odds of finding a job and getting off welfare two years later," the report concludes. "And transitioning from not owning to owning a car was positively associated with transitioning from welfare to work."

Using Tennessee data, economists Tami Gurley and Donald Bruce showed that welfare recipients who subsequently gained access to a car worked nearly nine more hours per week than welfare recipients who did not.¹¹ Car owners and those with access to a car earned higher wages than those without access.

Both the Alameda County and Gurley and Bruce research established a causal link between car ownership and employment.

Canadian Context

While automobility research is convincing in establishing a link between cars, employment and income in the United States, there is a near-total lack of similar research involving Canadian data.^{14/15} This absence of research arises from the lack of detailed census and geographic data capable of describing commuting patterns, place of work and residence, and social variation in Canada.

Without specific national data and academic research, it is difficult to determine whether the large body of U.S. evidence is directly applicable to Canada. Is transportation to and from work a similar barrier for low-income Canadians? Has the Canadian experience with poverty somehow avoided the problems of spatial mismatch and other

Previous research was unable to determine if car ownership led directly to improved future employment prospects or if it merely signalled that an individual who found a job was more likely to be able to afford a car.

Research in Portland has shown that among non-high school graduates, owning a car is as important to obtaining employment as a high school equivalency degree is.¹² Car ownership boosted the likelihood of being employed by 80 per cent and raised weekly earnings by \$275. The number of weeks worked per year also increased.

Surveys of welfare recipients in Illinois, North Carolina and Iowa, plus surveys of welfare administrators in Minnesota and Indiana all reported that transportation is a significant, perhaps the most significant, barrier facing welfare recipients looking for a job.¹³ For residents in rural or suburban areas where public transit is often unavailable, cars may be the only realistic solution to this problem.

transportation barriers to employment? A brief examination of some relevant points of comparison is in order.

First, U.S. research on spatial mismatch supposes an urban concentration of poverty that leaves many low-income families unable to conveniently reach job opportunities outside central city cores. Does Canada face similar concentrations of urban poverty?

Both the United States and Canada are considered highly urbanized countries, with approximately 80 per cent of both populations living in urban settings.^{16/17} However, the U.S. census defines urban as a population in excess of 2,500.¹⁸ In Canada, urban is any centre with a population over 1,000.¹⁹

A more realistic urban cut-off with respect to public transit access would be the percentage of the population living in areas of greater than 50,000 people. By this standard, Canada is somewhat less urbanized than the United States (59 per cent versus 64 per cent).^{20/21} While this might limit the concentration of urban poverty and the applicability of spatial mismatch, it also suggests more Canadians live in areas without any access to public transit, leaving them even more vulnerable to transportation barriers to employment. This is consistent with observations made by Blumberg and Waller.²²

It also appears that Canada faces an overall concentration of urban poverty similar to that in the United States. A report commissioned by the Canadian government in 1997 concluded: “[T]rends in the concentration of poverty in Canada and the USA between 1980 and 1990 are very similar.”²³ According to an earlier study in the *Canadian Journal of Sociology*, “Canada has proportionally more people in concentrated urban poverty than the United States.”²⁴ More-recent research has shown a slight decline in the concentration of urban poverty in Canada.²⁵

Urbanization and poverty data suggest Canada may not be very different from the United States with regard to concentrations

“More Canadians live in areas without any access to public transit, leaving them even more vulnerable to transportation barriers to employment.”

of poverty. While more low-income Americans may live in denser inner cities where public transit can make access to employment difficult, more Canadians appear to live in less-dense cities or towns where there may be no public transit at all.

With respect to car ownership, Table 1 reveals that low-income households in the United States are far more likely to own a vehicle than is a similar family in Canada. Fewer than half of all low-income Canadians own a car. In comparison, in the United States, nearly two-thirds of low-income Americans own a car. This large gap in low-income car ownership rates between Canada and the United States indicates that there could be a significant transportation barrier to employment in Canada.

Table 1: Vehicle ownership rates: Canada vs. the United States

	Households with equity in at least one vehicle	Low-income (first quintile) households with equity in at least one vehicle
Canada	77.9%	46.6%
United States	84.7%	62.3%

Source: Statistics Canada, 2005; U.S. Census Bureau, 2006

A further means of comparing transportation barriers to employment between the United States and Canada is in commuting times. Census data reveal that Canadians spend more time commuting than do Americans. The average round-trip commute for working Canadians is 63 minutes.²⁶ U.S. Census figures reveal a daily commute of only 48.6 minutes.²⁷

Figures are more similar for the biggest cities in each country. Toronto residents face a 79-minute daily commute, while New Yorkers spend 77 minutes back and forth to work; Chicago has a 61-minute commute compared to 76 minutes for Montreal.

Canadians also make greater use of public transit. According to detailed 1997 data, Canadians made 48 transit trips per capita annually compared to 31 by Americans.²⁸ Other more-recent estimates suggest Canadians use transit with twice the frequency of Americans.²⁹

Unfortunately, this information is not entirely illuminating. Is the greater number of transit trips per capita in Canada evidence that public transit better serves the needs of low-income Canadians than it serves the needs of Americans—thus eliminating concerns regarding spatial mismatch? Or do lower car-ownership rates suggest Canadians are forced to use public transit more frequently, leading to even greater automobility problems than are evident in the United States? The answers to these questions are not obvious.

Without comprehensive Canadian research, we must look to anecdotal evidence for additional insight. The evidence provided here suggests transportation is indeed a major, if unaddressed, issue for social assistance recipients despite the greater use of public transit in this country.

Using personal interviews with social assistance caseworkers, staff and advocates,

graduate student research in Vancouver identified transportation as a major problem facing social assistance recipients.³⁰ The evidence suggested the cost of bus tickets was a significant barrier for low-income residents seeking work.

Research by a McGill graduate student showed that access to a car was a high priority among poor single mothers, regardless of the availability of public transit.³¹ Low-income single mothers were much more likely to allocate additional income toward a car purchase than were high-income single mothers.

Interviews with 437 welfare recipients in Regina and Yorkton, Saskatchewan, revealed that 38 per cent of respondents experienced transportation barriers to employment.³² The authors noted that this finding was nearly identical to a survey of welfare recipients in Connecticut that showed 40 per cent of welfare recipients “reported that transportation is a barrier to employment.” This suggests the experiences of U.S. and Canadian social assistance recipients may be similar with respect to automobility issues.

The authors further noted that Aboriginal recipients of social assistance are more likely to report problems with transportation and were less likely to own a car or have a valid driver’s license. This again parallels previously cited U.S. work that showed car ownership is much lower among blacks.³³

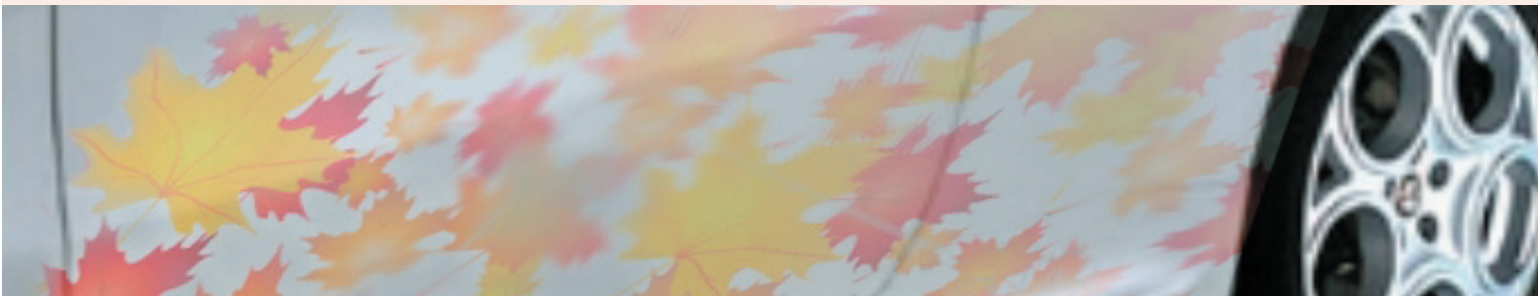
In a 2002 survey of residents in two low-income neighbourhoods in British Columbia by the Cowichan Women Against Violence Society, 19 per cent of respondents identified transportation as a barrier to employment.³⁴ The issues noted included “not enough buses on routes” and “buses don’t run in evenings.” Such complaints are similar to those found in Blumenberg and Ong with respect to low-income, U.S. neighbourhoods.³⁵

Additionally, it appears to be the case that some non-profit organizations have already recognized the issue of transportation barriers to employment. Goodwill Industries, Ontario Great Lakes, based in London, Ontario, provides a free shuttle van service for clients who are moving into the workforce to ensure they have reliable transportation to and from their jobs.³⁶ This reflects the fact that public transportation is often less reliable and less convenient in smaller urban centres than it is in major metropolitan areas such as Montreal, Toronto and Vancouver.

While it may be impossible to make a direct link between U.S. research and Canadian experience, the robustness of the U.S. results, the many points of similarity between Canada and the United States in areas of urbanization and poverty, plus assorted anecdotal evidence showing that transportation to and from work is a significant issue for low-income households suggest automobility is a relevant and important topic for Canada.

POLICY RECOMMENDATION #1

There is an immediate need for academic research into automobility issues using Canadian data and addressing Canadian concerns.



Part II: Policies for improving low-income access to automobiles

Introduction

U.S. evidence clearly indicates that access to a car improves the likelihood of finding and keeping a job and can lead to higher wages and more hours worked. Accepting

this, many U.S. non-profit organizations and local and state governments have created policies and programs to promote car ownership among low-income families.

The Private Sector

There are currently over 170 non-profit, charitable programs nationwide engaged in helping low-income Americans gain access to cars.³⁷ Similar programs in Britain provide low-cost scooters to help low-income individuals get to work.³⁸ While every program is different, there tends to be three basic models of program delivery. A brief sketch of an example of each model follows.*

Program Delivery Options

1. Selling donated cars to screened candidates at a low price;
2. Providing low-interest loans to screened candidates to buy a pre-selected car or;
3. Providing low-interest loans to screened candidates to buy a car of their choosing.

* None of these charity examples should be confused with donate-your-car-to-charity programs that are prevalent in both Canada and the United States. These services typically offer to remove non-working or unwanted cars from donors' driveways. Owners receive a tax receipt for the estimated value of the car. Non-working cars are sold to recyclers for scrap and donors receive a \$100 tax receipt. Cars in good running condition are sold at auction and the donor receives a receipt for the actual sale price. Such programs may provide a benefit to charitable organizations involved in helping social assistance recipients, but they do not directly address transportation barriers to employment.

1. Good News Garage, Burlington, Vermont

This program, a subsidiary of a Vermont-based Lutheran ministry, accepts donations of used cars and repairs them in-house.³⁹ They are then sold for the cost of repairs or a similarly nominal fee to screened welfare recipients. Successful candidates must be ready for work. Car donors receive a tax receipt.

A 2006 independent evaluation surveyed 76 recipients of Good News Garage cars.⁴⁰ Almost all recipients were single mothers. One year after obtaining a car, approximately one-third of the respondents were no longer receiving social assistance. Forty-eight per cent of the recipients identified the car as being responsible for an improvement in their education and the vast majority (83 per cent) attributed their ability to keep a job to having a car.

The Good News Garage is a high-profile car donation program, and founder Hal Colston was recently featured as a 'Hero in Hard Times' on *The Oprah Winfrey Show*. There are five Good News Garage offices across New England.

2. Working Wheels, Seattle, Washington

Seattle's Working Wheels program receives funding from state and local government as well as donated surplus government cars.⁴¹ It also purchases used cars from private dealers. These cars are repaired if necessary and then sold to screened low-income residents who can prove they have a job or a job offer. Sale prices are geared to income and typically represent half the market price. Working Wheels facilitates these sales by providing or arranging low-interest loans.

According to a 2005 evaluation of the program, Working Wheels participants experienced a 32 per cent increase in hours worked following receipt of a vehicle.⁴² Car owners' median hourly wage increased 10 per cent. Recipients reported other benefits from car ownership such as spending more time with family, enrolling their children in more after-school activities and easier commutes. The program exhibits a surprisingly low default rate of 2.5 per cent.

3. Ways to Work, Milwaukee, Wisconsin

This Milwaukee-based organization has offices in 20 states across the United States.⁴³ It facilitates loans to screened candidates and provides assistance in selecting an appropriate vehicle, but it does not directly supply the cars.

In association with private lenders such as banks and credit unions, Ways to Work offices select suitable candidates and arrange low-interest car loans. New loans are funded on a revolving basis through repayments on existing loans as well as with matching federal funds.

According to a 2005 evaluation of Ways to Work, loan recipients experienced an

average monthly income increase of 28 per cent over the course of the two-year loan.⁴⁴ Among loan recipients who were previously receiving social assistance, 87 per cent were no longer on welfare once the car loan was paid off. The default rate for Ways to Work loans is approximately 15 per cent.

An ancillary benefit of the Ways to Work program is that it appears to improve the credit worthiness of candidates who pay off their loans. Two-thirds of recipients opened new bank accounts after receiving a loan.

The Public Sector

The identification of spatial mismatch as a public policy problem has led to significant government attention to this issue in the United States, particularly following federal welfare reform in 1996.⁴⁵

The 1998 Job Access and Reverse Commute program receives \$165-million (US) in annual funding to improve public transit for low-income workers.⁴⁶ Reverse commute refers to the fact that while public transit is typically designed for a suburb-to-city centre morning commute, many low-income workers face a very different route and at different times of the day. Many entry-level jobs such as office cleaner or security guard require night shifts.

However, improvements to public transit can be slow to bear fruit. And there are benefits to car ownership that cannot be replicated through public transit. With this in mind, U.S. governments have also recognized the need to boost car ownership among low-income households.

The U.S. federal government now permits the allocation of social assistance payments to car payments or car insurance. In this way, welfare recipients can own a car and not jeopardize food, child care or health coverage assistance.⁴⁷

Additionally, many state governments run their own car donation programs similar to the non-profit operations previously described.

In Massachusetts, for instance, the Department of Transitional Assistance operates the Car Ownership Program.⁴⁸ This provides a free car for one year along with insurance, tax, registration, one year's membership in the American Automobile Association and limited maintenance to selected social assistance recipients. After the first year, clients keep the car. Successful clients have to be employed or in receipt of a job offer. The local office of the Good News Garage provides the cars. The total cost per car is estimated at \$6,000 (US).

State officials say the program provides a net benefit to the state treasury, as it reduces social assistance payments. In the past year, 61 social assistance recipients

received a car. Of these, 44 got a job and ceased receiving social assistance payments. This led to a savings in state welfare expenses of \$310,000 per year.

Despite a bipartisan history for this program (it was established by former Republican Governor Mitt Romney and is currently supported by Democratic Governor Deval Patrick), Massachusetts' Car Ownership Program has proven controversial, particularly in the midst of the current recession. The state legislature recently considered and rejected a proposal to scrap the program following heavy media debate over the appropriateness of free cars to welfare recipients.^{49/50/51}

An estimated 11 other states have operated or continue to operate similar car donation programs, including New York, California, Colorado and Illinois.⁵²

POLICY RECOMMENDATION #2

Canadian non-profit organizations should investigate the feasibility of implementing programs in the style of U.S. initiatives such as Good News Garage, Working Wheels or Wheels to Work. Given the controversial nature of direct government involvement in promoting car ownership, such measures are best left to the private, non-profit sector.

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Part III: Policies for maintaining existing access to automobiles

Introduction

Providing car access to low-income households creates distinct benefits in terms of finding employment, hours worked and income. It thus follows that maintaining existing access to a vehicle for anyone recently unemployed would be similarly beneficial.

However, many provincial social assistance programs require applicants to divest themselves of vehicles before they can receive welfare. This undermines the benefits of automobility, and it could lengthen the time spent on social assistance.

Employment Insurance, Social Assistance and Asset Tests

Since the global recession took hold in Canada in the fall of 2008, Employment Insurance claims have grown in step. However, EI is designed to pay temporary benefits, and it provides coverage up to a maximum of 50 weeks. After this, claimants become the responsibility of provincial social assistance programs. The current large cohort of EI recipients therefore represents an equally large inflow of potential new social assistance recipients.

This shift from EI to provincial social assistance is significant for automobility issues, as some provinces impose limits on the value of vehicles owned as part of their eligibility tests.

In provinces where a vehicle asset limit exists, equity in the vehicle above a set dollar amount counts as income for the purposes of qualifying for social assistance. Applicants can be denied social assistance if they own a car worth more than the specified amount. To qualify, households may be forced to sell their cars or trade down.

Currently, the four largest provinces—British Columbia, Alberta, Ontario and Quebec—impose vehicle asset tests. (See Table 2, next page.)

Given the crucial link between automobility and employment, any policy that denies the unemployed access to a vehicle will make the situation worse, not better. This applies in particular to the large cohort of individuals who lost well-paying factory jobs over the past year through no fault of their own due to global economic conditions. There is no apparent advantage in requiring these people to sell the family vehicle so they can qualify for social assistance.

In the United States, 14 states exclude the value of all vehicles in calculating eligibility for social assistance.⁵³ Another 17 exclude either one vehicle per household or one vehicle per adult driver. This follows research that has shown that removing vehicle asset tests create important benefits for low-income single mothers.⁵⁴

Table 2: Provincial vehicle asset tests for social assistance eligibility

Province	Vehicle Asset Limit	Notes
British Columbia	\$5,000	One vehicle
Alberta	\$10,000	Unlimited number of vehicles up to \$10,000
Saskatchewan	No limit	One vehicle of "reasonable value"
Manitoba	No limit	One vehicle
Ontario	\$10,000	One vehicle*
Quebec	\$10,000	One vehicle
New Brunswick	No limit	One vehicle
Nova Scotia	No limit	One vehicle for "basic transportation"
PEI	No limit	One vehicle
Newfoundland	No limit	One vehicle

Source: Provincial social assistance policy manuals.

*Additional vehicles with the same value limit are allowed in Ontario for each member of the household who requires one for employment purposes.

Lobbyists for the policy group New America Foundation seek to remove vehicle asset tests in all states. As an example of this effort, California is currently considering

legislation to eliminate all asset tests in its social assistance program CalWORKS. This includes the removal of the current \$4,650 (US) fair market value limit for vehicles.⁵⁵

POLICY RECOMMENDATION #3

Provinces that currently impose vehicle asset limits—British Columbia, Alberta, Ontario and Quebec—should remove them. Given the significant role played by personal vehicles in finding and keeping a job, it makes little sense to force social assistance applicants to sell their vehicle or trade down to a less reliable one at a time when a record number of Canadians are receiving Employment Insurance.

Part IV: Cash for Clunkers and “automobility”

The promotion of automobility in reducing barriers to employment appears to be at odds with other recent government priorities such as environmental policy and economic stimulus packages.

For example, various governments have offered incentives for the scrapping of older vehicles. The Canadian government operates a Moving on Sustainable Transportation Program, which seeks to move people from cars to other forms of transportation.⁵⁶ Ottawa also provides \$92-million in funding to the Retire Your Ride program, which encourages drivers to trade in their pre-1995 model cars for a bike coupon, free transit passes or \$300 in cash.⁵⁷ British Columbia has a similar program called SCRAP-IT, which offers up to \$1,250 in incentives.⁵⁸

The U.S. government provided nearly \$3-billion (US) through its Car Allowance Rebate System, better known as Cash for Clunkers.⁵⁹ This program provided up to \$4,500 (US) in vouchers to anyone who traded in a vehicle with low fuel efficiency for a more fuel-efficient vehicle. Cars traded in were destroyed. The car industry in Canada has called for a similar system, although the federal government has so far rejected this call.⁶⁰

Cash for Clunkers and similar, if less well-funded, programs have environmental and economic policy objectives in mind. Removing older cars from the road may reduce greenhouse gas emissions, and it appears to have stimulated new car sales, if only temporarily.

However, these plans could also have a significant, if indirect, affect on automobility. Removing and destroying older, low-value vehicles will impede automobility among the unemployed or poor by reducing the stock of inexpensive cars. Thus, Cash for Clunkers could have the unintended consequence of increasing transportation barriers to employment and exacerbating the plight of the unemployed in the midst of a recession. It seems foolish to pit environmental concerns against social assistance recipients in a zero-sum situation. Both issues require action.

Finally, it is worth noting that the most vocal supporters of improved car accessibility among low-income families in the United States tend to be think-tanks that focus on social issues or have Democratic

POLICY RECOMMENDATION #4

All new policies with implications for transportation and car ownership should be evaluated on their potential impact for automobility among low-income Canadians.

Policies adopted for environmental or economic stimulus reasons could have unintended effects on car ownership rates and create further transportation barriers to employment.

Party pedigrees. This includes the New America Foundation, The Mobility Agenda, and The Brookings Institution. Margy Waller, executive director of The Mobility Agenda, is one of the more prolific researchers on automobility. Previously she was Senior Advisor on domestic policy in the Clinton White House, and a Senior Fellow at the Progressive Policy Institute.⁶¹

This suggests automobility is not a right-wing or ideological proposal. Neither is it an agenda that is blind to the environment or other concerns. Rather, it represents a set of practical solutions to the barriers to employment faced by low-income households. And it is based on observations from the real world.

Part V: Conclusions and Recommendations

Despite the obvious and intuitive links between car ownership and employment—and the considerable amount of effort put into this topic in the United States—automobility issues have been largely ignored in Canada. The most obvious reason for this oversight is the lack of research.

In addition to calling for more-detailed data collection and academic research on Canadian evidence, this paper is also recommending additional measures be taken to lower transportation barriers to employment and to improve automobility among low-income Canadians.

Non-profit organizations should carefully examine programs similar to those found in the United States, including Good News Garage, Wheels to Work and Working Wheels. These efforts aim to match low-

income families with inexpensive cars in order to facilitate the move from welfare to work, and they appear equally applicable to Canada.

Provincial governments should also acknowledge the importance of vehicle ownership in employment and remove all vehicle asset tests from social assistance eligibility. It makes little sense to force families to dispose of their vehicles during periods of temporary unemployment.

Finally, many environmental or economic stimulus policies, including Cash for Clunkers-type programs, may be popular with car buyers or environmentalists, but they could pose serious problems for access to cars among low-income Canadians. It is important to consider the automobility implications of all programs and policies.



POLICY RECOMMENDATION #1: There is an immediate need for academic research on automobility issues using Canadian data.

POLICY RECOMMENDATION #2: Canadian non-profit organizations should investigate the feasibility of implementing programs in the style of U.S. initiatives such as Good News Garage, Working Wheels and Wheels to Work. Given the controversial nature of direct government involvement in promoting car ownership, such measures are best left to the private, non-profit sector.

POLICY RECOMMENDATION #3: Provinces that currently impose vehicle asset limits—British Columbia, Alberta, Ontario and Quebec—should remove them. Given the significant role played by personal vehicles in finding and keeping a job, it makes little sense to force social assistance applicants to sell their vehicles or trade down to a less reliable vehicle at a time when a record number of Canadians are receiving Employment Insurance.

POLICY RECOMMENDATION #4: All new policies with implications for transportation and car ownership should be evaluated for their potential impact on automobility among low-income Canadians. Policies adopted for environmental or economic stimulus reasons could have unintended effects on car ownership rates and create further transportation barriers to employment.

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Further Reading



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