



Creating Sustainable Wealth for Rural Families



CFED
Assets
Learning
Conference
September 20, 2012



This session will offer....

- **Framework:** Provide an overview of a *Rural Family Economic Success Framework* — useful for gauging, planning and measuring progress.
- **Findings:** Offer *findings* from rural community focus groups about *what keeps local leaders* from taking action to increase family economic success — *and what motivates them as well*.
- **Focus:** Zero in on one *critical* — though non-traditional — “*asset*” that is particularly important to helping *rural* families climb the ladder to the mainstream: ownership of a reliable, affordable car.

Quilting better outcomes for families and communities the **RuFES** way

A framework for helping struggling rural families
move from the margins into the mainstream

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THE ASPEN INSTITUTE
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What is RuFES?

- RuFES stands for:
Rural **F**amily **E**conomic **S**uccess
- The RuFES Framework is:
 - Set of 28 family-focused goals organized around three primary family-desired outcomes:
 - ***Earn It***
 - ***Keep It***
 - ***Grow It***
 - Each goal states a condition that ***would be true*** if rural families were doing well.

What is RuFES?

- The RuFES Framework has **quadruple-play power**. It can help you:
 - Diagnose the “starting point” of the rural families that you are targeting with your work.
 - Set your RuFES action priorities.
 - Measure your RuFES progress.
 - Reframe your work for greater impact.
- Developed by the Annie E. Casey Foundation with the Aspen Institute Community Strategies Group.

RuFES Overview





AECF Core Belief

Children do well when their families do well.

Families do better when they live in supportive communities.



How Are Rural Families Doing?

**Most families work hard.
Many struggle to get ahead.**

- **Low wages** – One in four rural workers make wages that would not lift a family of four above the poverty level (\$22,811).
- **Multiple Jobs** – 25 percent hold multiple jobs, and 50 percent do odd jobs or self provisioning to make ends meet
- **Environments vary** – Some live in struggling communities. Some struggle in thriving communities.
- **Special obstacles** – Limited opportunities. Hard to find appropriate supports. Easy to find predatory practices.



How Are Rural *Kids* Doing?

- **DATA RELEASED TODAY**: 22.5% of America's children are living in poverty (*2011 – up from 20.6 in 2010..*)
- In 2011, more than **26.3%** of all rural children lived in families in poverty - *up more than 7 points since 2000.*
- In 2011, **31%** of young children – under the age of 6 – in rural America were poor.
- An earlier analysis showed that another **27%** of America's rural children live in working poor families
- That means **at least one-half** of all rural kids live in families that struggle to get by, let alone get ahead.

What would *Family Economic Success* look like?

Families getting by
and getting ahead
today

Building strong
financial futures

Contributing to and
buoyed by thriving
communities



The RuFES Framework





What does it take to **increase Rural Family Economic Success?**

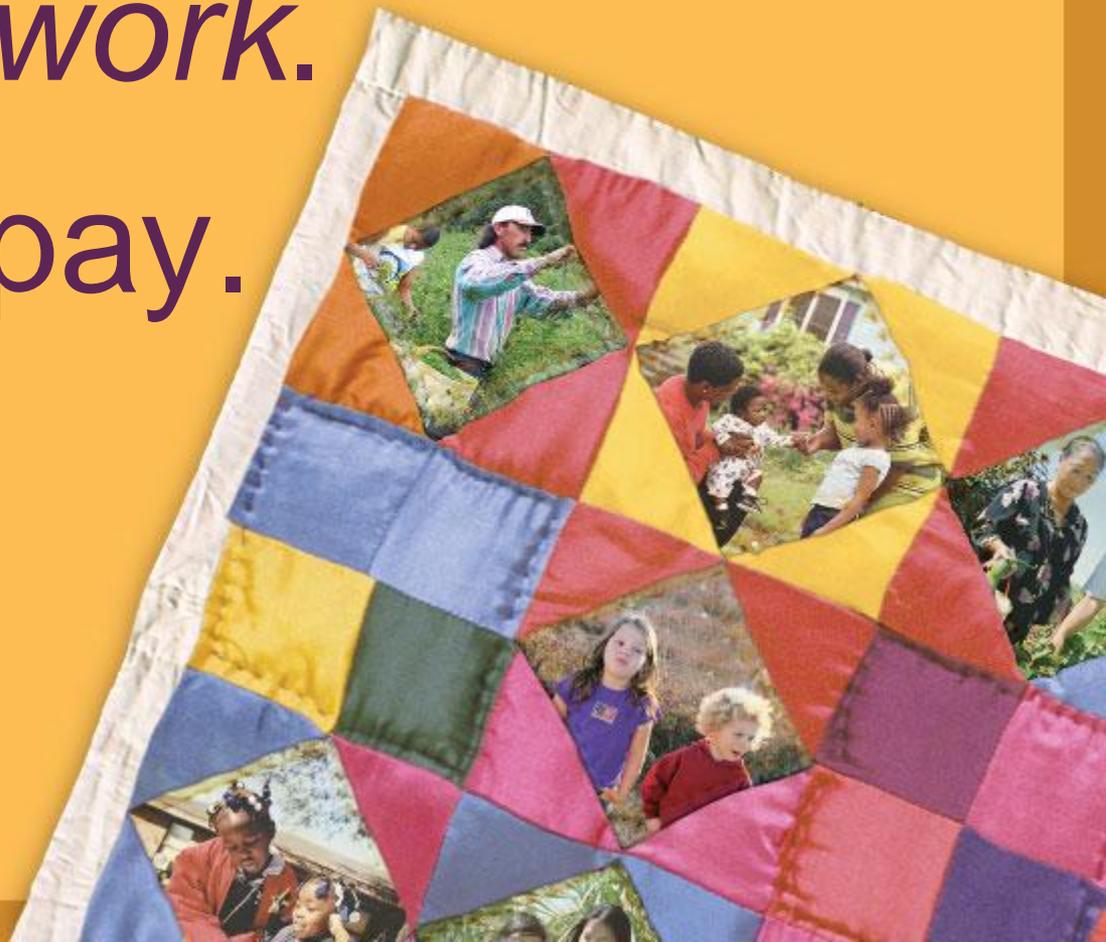
- **Earn It**
Increase earnings and income
- **Keep It**
Stabilize financial lives
- **Grow It**
Acquire family assets and
build wealth in thriving communities

Earn It

Make workers ready.

Make work *work*.

Make work pay.





Earn It: Desired Result

Confident, predictable, sufficient earnings and income.

- **Preparing for a job**
Readiness to earn.
Skills match jobs.
- **Landing and keeping a job**
Links to available jobs.
Work infrastructure: transportation, child care.
- **Advancing in a career**
Pipelines to better jobs.
Jobs that are better.

Keep It

Count every dollar.

**Make every
dollar count.**



Keep It: Desired Result

Financial stability
Families get by and begin to get ahead

- **Establishing Financial Health**

Get banked.

Repair credit.

Avoid predators.

Financial education linked to critical life events.

- **Protecting Income / Decreasing Costs**

Close the gap: Secure all EITC and Child Care tax benefits, vouchers and subsidies.

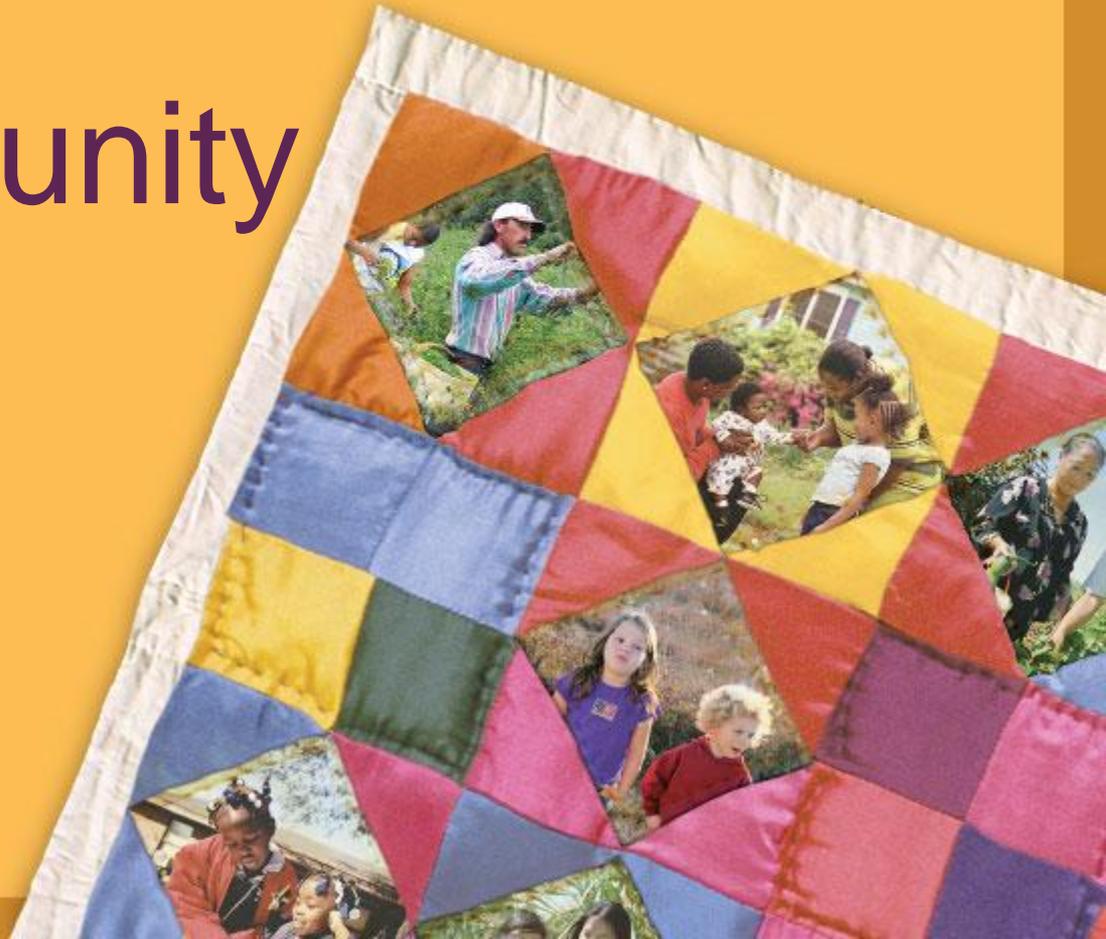
Make good purchasing choices.

Options are available for fairly priced goods.

Grow It

Build family prospects.

Build community prospects.





Grow It: Desired Result

Double Bottom Line for Communities and Families

Families get ahead. Communities thrive.

- **Accumulating family assets**

Start and increase savings.

Purchase assets: homes, businesses, autos.

Prepare for retirement.

- **Increasing the value of family assets in the community**

Homes and businesses are maintained and

increase in value.

Family education attainment improves over time.

Better economy keeps people in the community.



RuFES Delivery Systems

Makehe whole > than the sum of the parts

Desired Result:

- Families at the center
See RuFES goals/measures!
- Simultaneous *E-K-G*
- Sustained

Approaches:

- Make it a “quilt”
- Make services accessible to families
- Target families wisely based on your *and* their starting point
- Be in it for the long haul



RuFES Action Network

Connects you:

- Bi-weekly Action Alerts
 - Rural Practice Success Stories
 - Resources
 - New data
 - Program and Advocacy ideas
- Webinars – Action ideas, stories and Peer-Exchange
- www.rufes.org – all things RuFES!
- Other Peer-Exchange Opportunities
- Discounts!

Join Up!

Give us a card or jot down your name and email. We'll sign you up!

Managed by the Aspen Institute
Community Strategies Group

Asset Building in Rural Communities

Exploring and Identifying Opportunities

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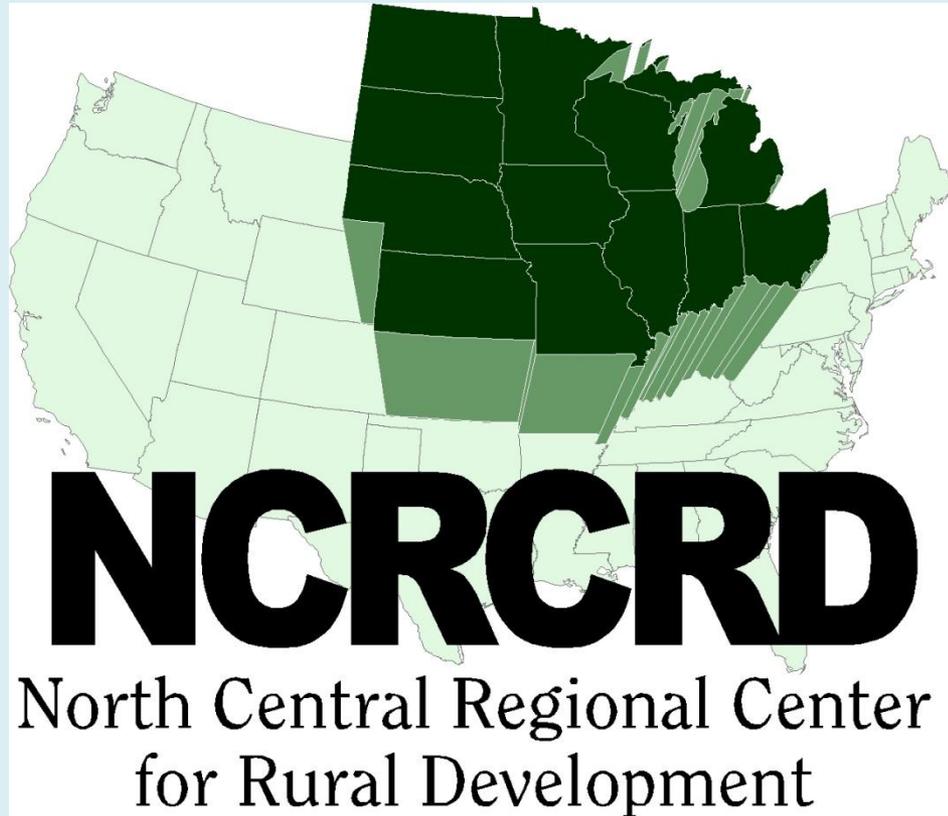
Rosemary Heins

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University of Minnesota

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NCRCRD

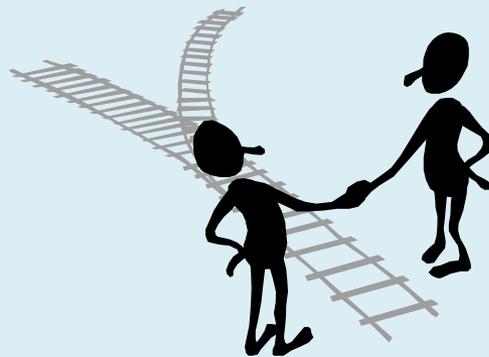
North Central Regional Center
for Rural Development

Study Objectives

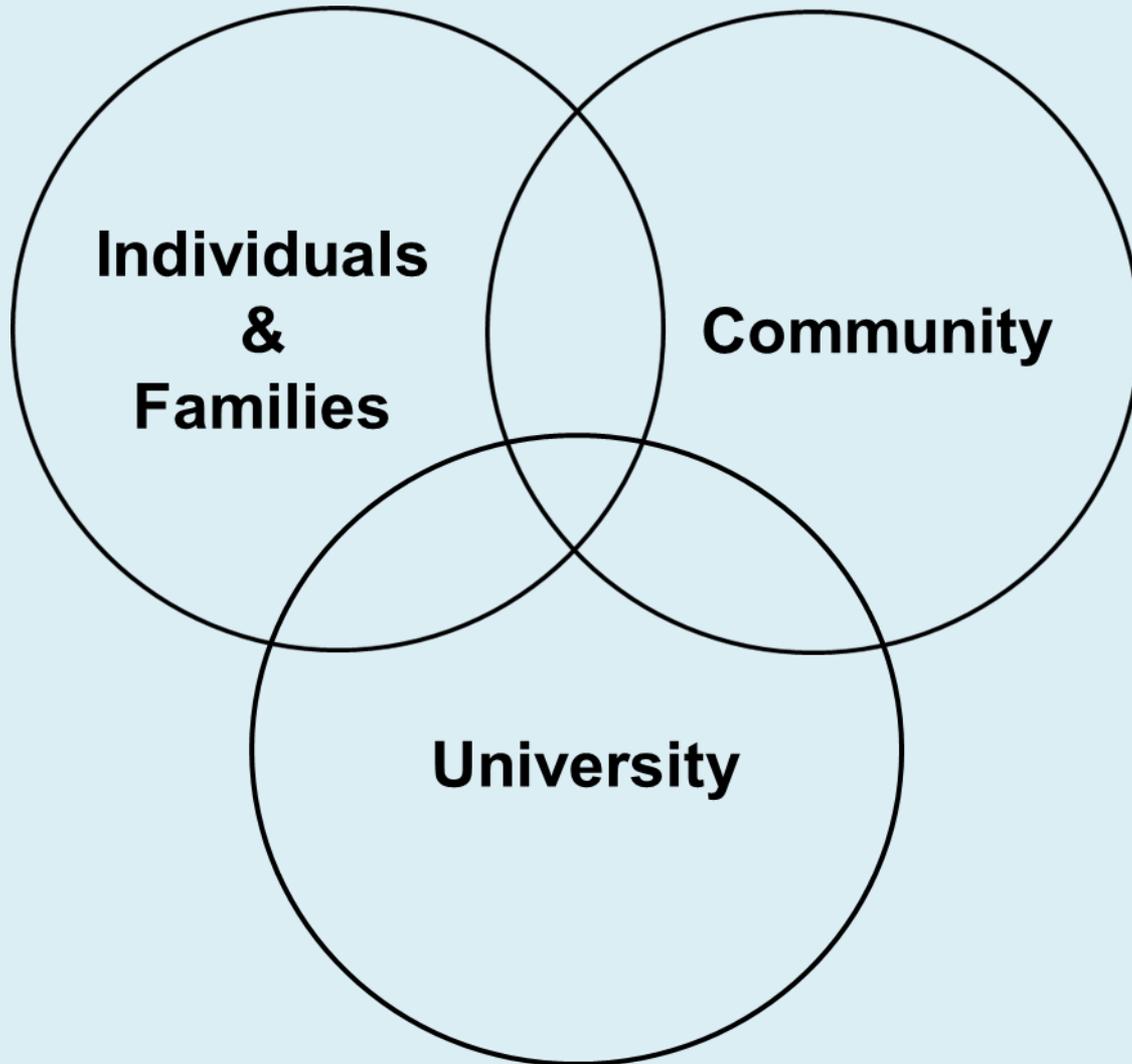
- to identify priorities for new asset-building initiatives in rural communities
- to identify community-defined and community-based strategies that partner families, communities and the university

Bridging Two Asset-Building Paths

- community rural development
- family economics



Asset-Building Partnerships



Research Questions

- What assets do rural, low- & moderate-income families perceive to be of greatest value in “getting ahead?”
- What barriers do they face?
- What resources exist within rural communities to facilitate family asset building?
- What are promising directions for sustainable, community-defined strategies?

Methods

- focus group interviews
 - low- & moderate-income families with children
 - community leaders
- 2 rural communities in Iowa, Minnesota and North Dakota that had participated in 18-month poverty reduction initiative

Data

- 12 focus group interviews
- 77 total participants
- 6 communities in 3 states

Interview Guide

1. What does financial success mean?
2. What are the biggest challenges?
3. What could this community do to help families be financially successful?
4. How does the fact that this is a *rural* community either help or hinder families as they manage their finances?

Meaning of Financial Success

- ability to pay the bills
- set aside funds for goals
- free from worry
- ability to give back

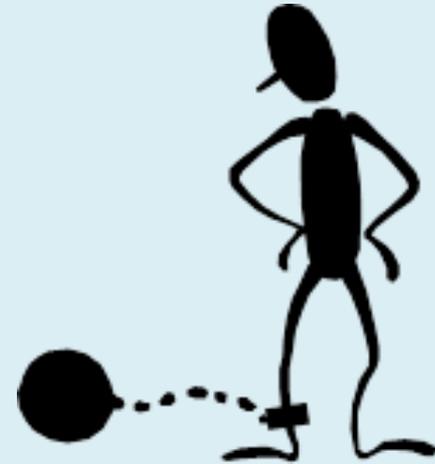


“...able to pay the bills and be comfortable so they don't have to worry.....For some people it's to have some set aside.....to help with retirement, kids in college.....”



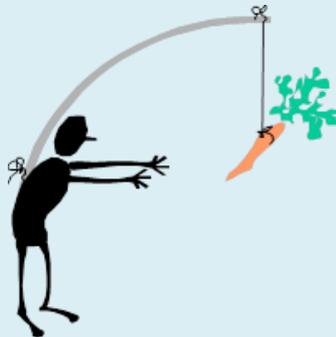
Barriers to Financial Success

- individual/family level
- community level
- societal level



Individual & Family Barriers

- personal decisions & lifestyle choices
- limited financial management skills
- lack of education & job skills
- lack of reliable transportation

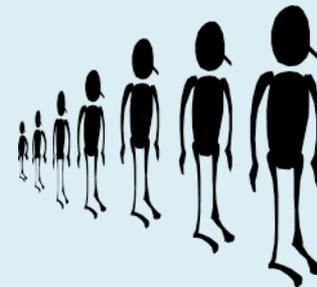


Community-level Barriers

- employment opportunities
- high-cost local goods & services
- basic financial management education
- preparation & support for post-secondary education
- discrimination & stigma
- time constraints for community work

Societal Barriers

- labor market constraints
- rising costs of living
- consumer culture
- predatory marketplace



Community-defined Priorities

- youth education
- adult education and coaching
- work supports



Community-defined Strategies: Youth

- Cracking the Books
- community-supported child scholarships
- bank in the school
- K-12 financial literacy education
- parent involvement/education
- post-secondary preparation & support
- scholarships for nontraditional students



School Performance Incentives

“...at the (locally-owned) bank...we have...Cracking the Books and we pay the students for their grades. They bring their report card in each quarter...It’s kind of a goal for them to do well in school and the money goes into a savings account and it has to have the parent’s signature and theirs for them to take the money out.”

Community-supported Child Savings/Scholarships

“Our community betterment group [is] talking about providing a scholarship for every year they attend the [elementary] school here... So that when they graduate they would have \$1,000 plus interest or whatever. That’s a project that we just started discussing *mainly* because we need to provide an incentive to keep our school open. So it would be a benefit to the community. So that’s the way we’re looking at it rather than the individual.”

Financial Literacy for Youth & Parents

“The added benefit to [child savings accounts]...would be hopefully parents would learn or see the benefit of saving the money now.”



Unbiased Financial Mentor

“...just kind of a contact or go-to person to say ‘I’m thinking about doing this and does it seem like a good idea to you?’ With no offense to the banking industry, but the banks are not financial planners.”



What are the unique opportunities for rural community-based asset building?

- affordable scale
- locally funded
- local buy-in and support
- sustainable
- pragmatic

Sustainability

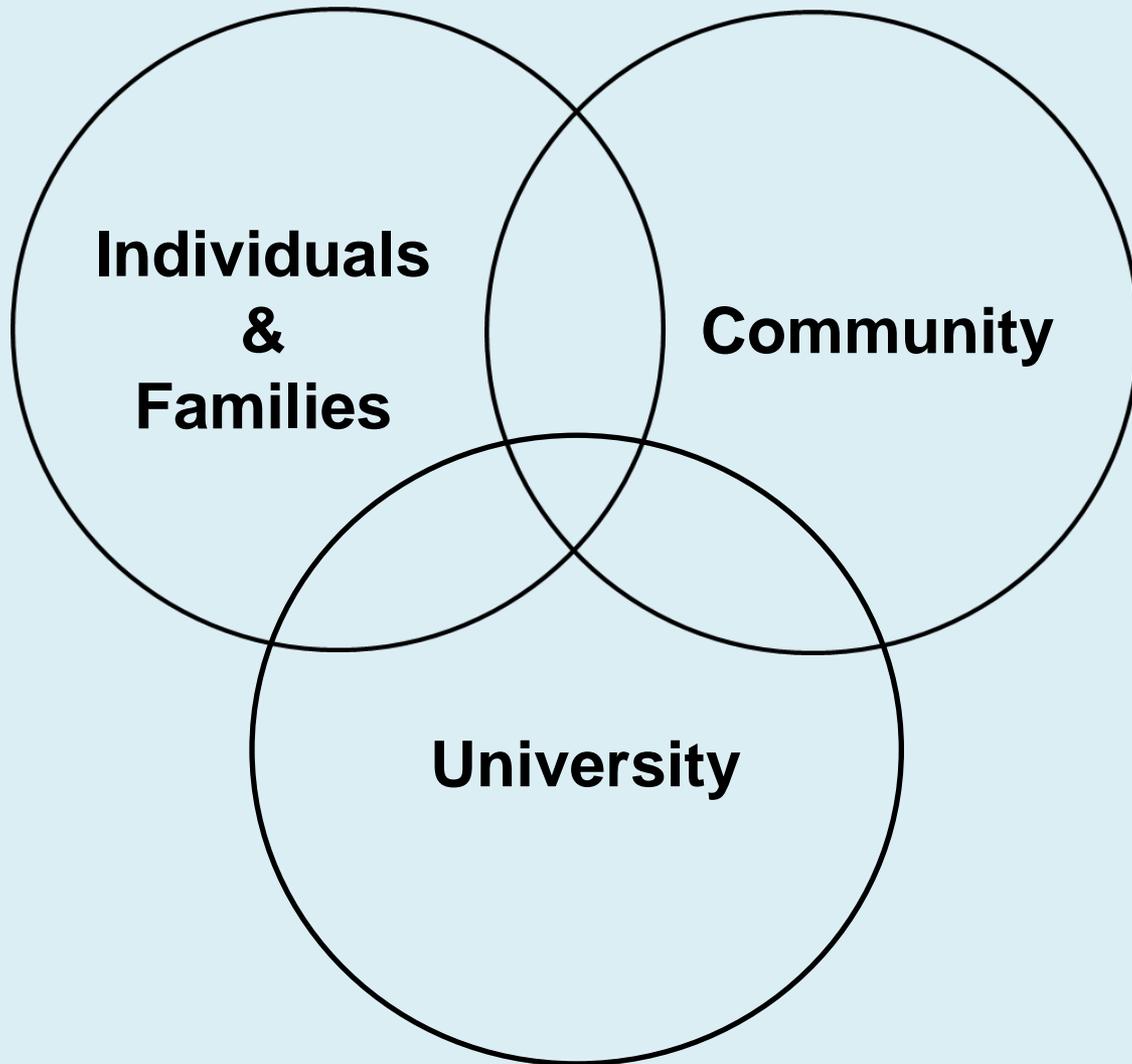
“We have an annual celebration and the money doesn’t go to anything – nothing specific. So if that [child scholarships] was at least one of the projects we were raising money for, then there would be an annual source of income. There would be a purpose. There’d be a reason for the younger ones to get involved with kids.”

Pragmatic

“Well, it’s tough in a small town...but there’s certain limitations that we’ve got to follow in a small town...it’s just – a potato is a potato...I don’t think there’s any one idea that’s a cure-all...Little things help, though, along the way. A bunch of little things help.”



Asset-Building Partnerships



Building Assets for Rural Families through Policy and Practice

Working Cars for Working Families

John Van Alst

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BUILDING ASSETS FOR RURAL FAMILIES THROUGH POLICY AND PRACTICE

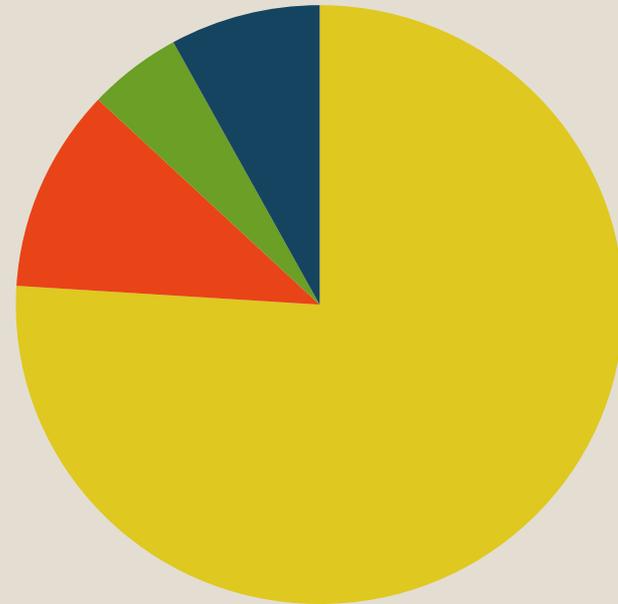


IMPORTANCE OF CARS TO WORKING FAMILIES

Access to Employment

Most people in the US drive to work

- Drive Alone 76%
- Carpooled 11%
- Public Transportation 5%
- Other 8%



Source: Journey to Work 2000 Census Brief

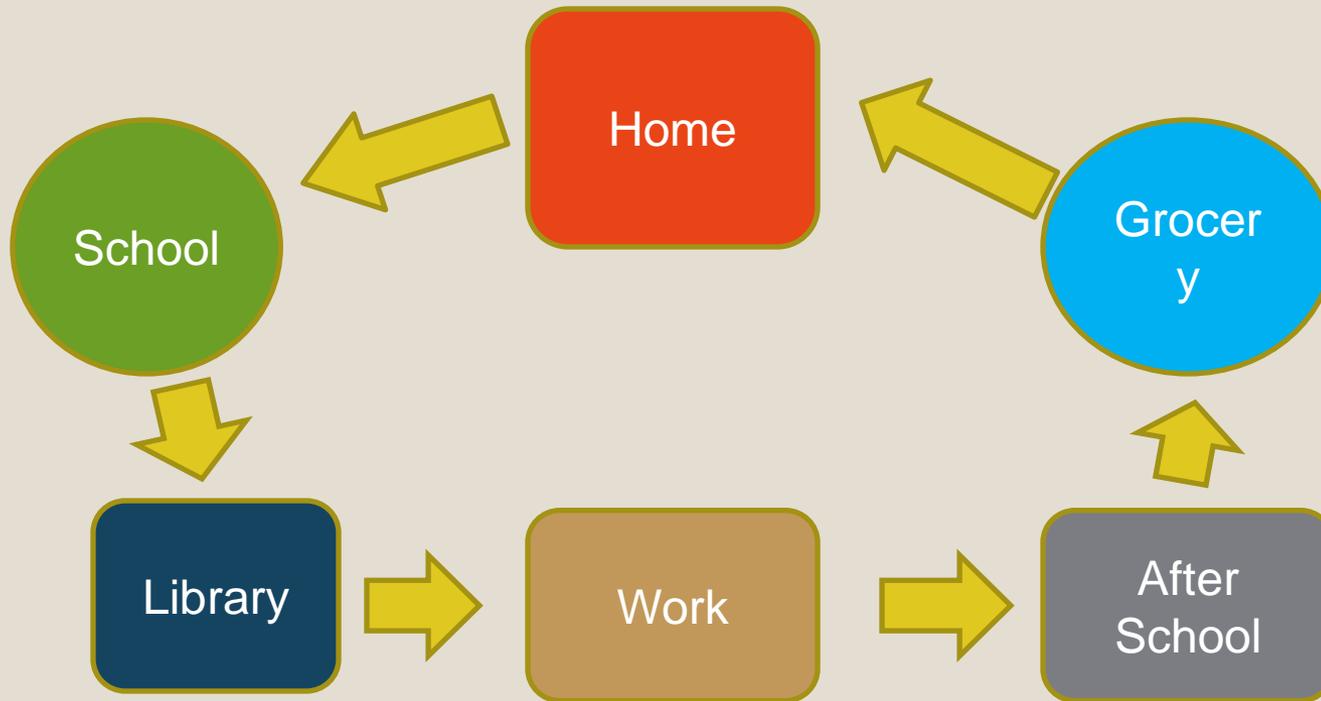
CARS AND INCOME

Households with incomes below \$25,000 per year are nine times more likely to be without a car than households with incomes above \$25,000.

U.S. Department of Transportation, Bureau of Transportation Statistics, *NHTS 2001 Highlights Report*, BTS03-05 (Washington, DC: 2003).

CARS ARE NOT JUST USED FOR WORK

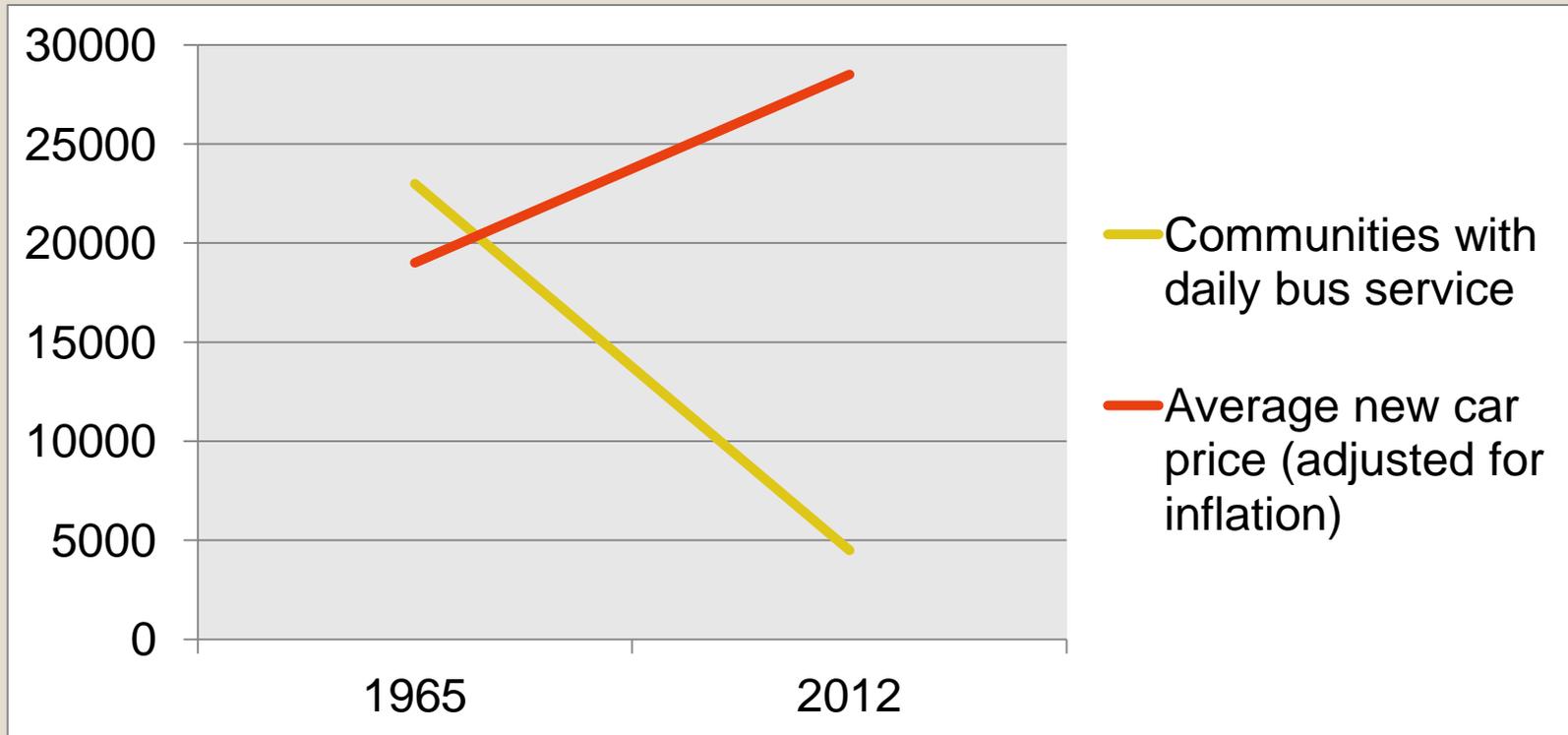
TRIP CHAINING



EVIDENCE- CAR OWNERSHIP BENEFITS LOW-INCOME FAMILIES

Benefits	Research
<i>Employment</i>	Ong and Miller, 2005; Stoll, 2005; Working Wheels, 2005; Brabo et al., 2003; Lucas and Nicholson, 2003; Ong, 2002; Blumenberg, 2002; Cervero, 2002; Danziger et al., 2000; Ong, 1996
<i>Earnings and Turnover</i>	Working Wheels, 2005; Rafael and Rice, 2002; Van Ryzin, 2001; Ong and Blumenberg, 1998; Ong, 1996
<i>Reductions in means-tested benefits</i>	Working Wheels, 2005; Lucas and Nicholson, 2003
<i>Health</i>	Zogby and Malin, 2001; Ellaway, Der, Ford and Hunt, 1998
<i>Goods and services</i>	Clifton, 2004; Corcoran et al., 1999
<i>Social relationships</i>	Perrin et al., 2004
<i>Other potential benefits:</i> Access extra curricular activities (sports, educational trips) family vacations, more time for family	

GROWING NEED



CARS ARE ESPECIALLY IMPORTANT IN RURAL AREAS

- In rural areas, public transit services are provided primarily to transit dependent groups such as the elderly and disabled,
- Today, there are approximately 4,500 communities with daily bus service compared to 23,000 communities in 1965. According to ridership surveys, intercity bus passengers tend to be lower income, female, minority, less educated and older than air and rail passengers.
- Household with no vehicle available Identified as one of four economic risk factors in study of needs in rural America.

The Geography of Need: Identifying Human Service Needs in Rural America
Brief by Colleen Heflin and Kathleen Miller
June 2011

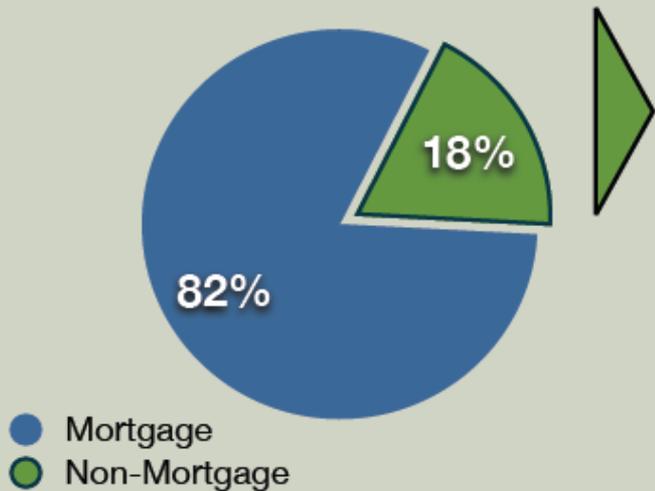
CAR LENDING- BIG BUSINESS

Figure 1

Consumer Loan & Leases, 3Q09

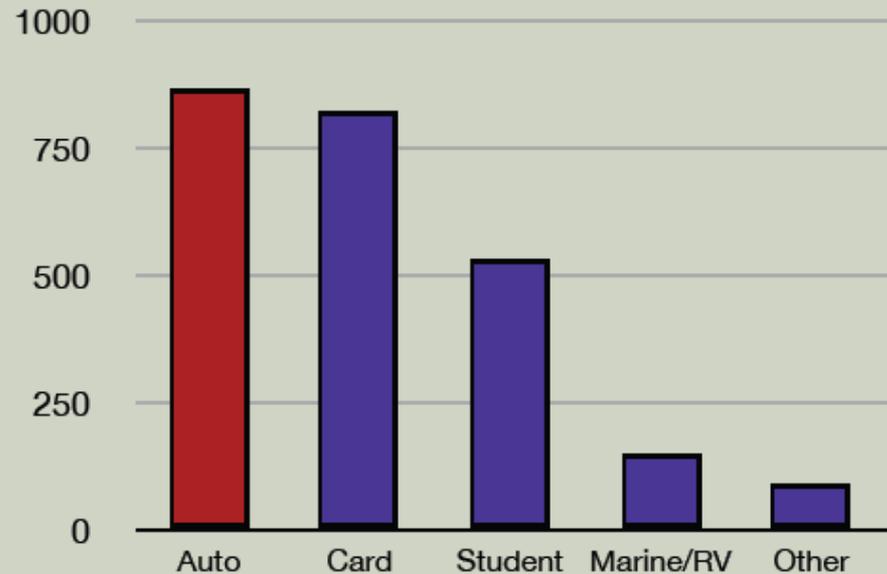
Total Consumer Credit

100% = \$13.4 trillion



Non-Mortgage Consumer Credit

\$ Billions



Source: Federal Reserve; Sallie Mae; JP Morgan; Cambridge Winter

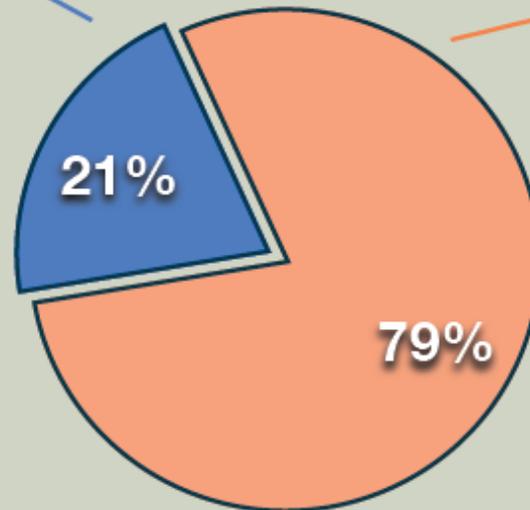
BUYING CAR AND FINANCING FROM DEALER

Figure 2

Auto Finance Channel Mix, 2007

Direct Channel

- Lenders negotiate “directly” with borrowers
- Branch, phone, and online
- Dealer disintermediated; no markup
- Requires borrower initiative

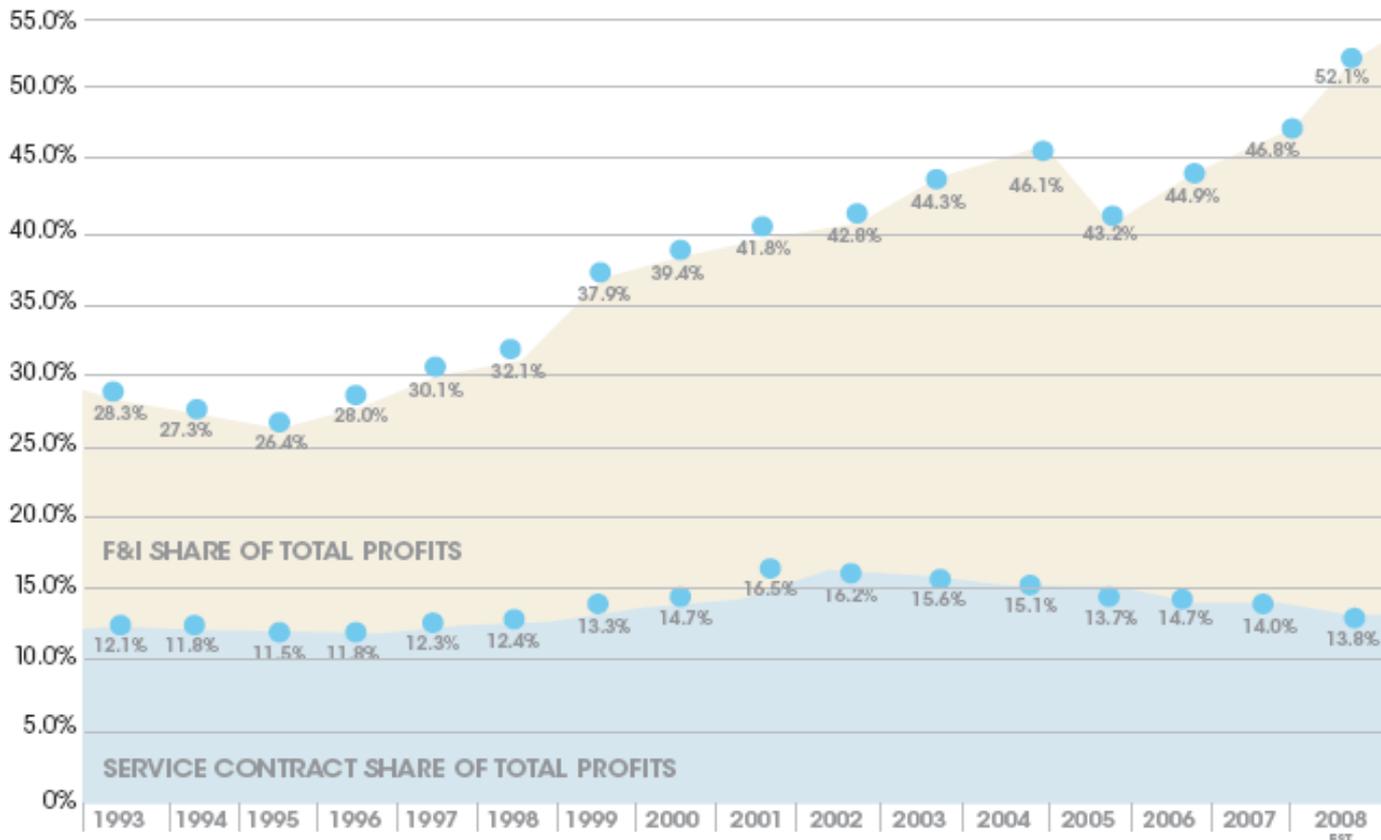


Indirect (Dealer) Channel

- Dealer serves as “middleman”
- Loan originated in dealership, sold to lender
- Dealer persuades borrower, checks loan approvals, handles paperwork
- Dealer markups
- “One-stop” convenience

Source: J.D. Power; Cambridge Winter

DEALER PROFITS: SELLING FINANCING NOT CARS



◀ F&I CONTRIBUTIONS TO DEALERSHIP PROFITS

After experiencing slight declines in 2005, F&I's contribution recaptured some ground in 2006 and continued to rise in 2007 and 2008, representing more than half of total profits. Lower gross margins on the sale of new units has helped increase the importance of F&I contributions.

SOURCE : CNW MARKET RESEARCH

EXISTING MARKET INEFFICIENT

CURRENTLY CONSUMERS FACE MANY HURDLES WHEN TRYING TO BUY, FINANCE, AND KEEP A RELIABLE CAR:

Unfair Sales Tactics

Condition of the Vehicle

Yo-yo Sales

Dealer Markups

Undisclosed Salvage

Dealer Add-ons

Unfair Repossessions

Dealer Bankruptcies

DEALER MARKUPS

The Problem

- Dealer sells both the car and the financing
- Dealer contacts prospective lenders/assignees and presents the consumer's financial information.
- Lenders determine at what terms they will be willing to lend to that consumer.
- Dealer has consumer enter into financing arrangements at a higher interest rate than the one for which the consumer actually qualifies.
- **Example:** Lender willing to lend to the consumer at an 12%, the dealer will structure the sale and financing at a 16% interest rate. The lender and dealer then split the extra money that will be paid by the consumer due to the higher interest charges.

Ran k	State	New Vehicle Market Share	New Vehicle Kickback Volume	Used Vehicle Market Share	Used Vehicle Kickback Volume	Total Dealer Kickback Volume
26	Alabama	1.26%	\$110,476,064	1.65%	\$199,560,418	\$310,036,482
50	Alaska	0.11%	\$9,914,978	0.21%	\$26,035,577	\$35,950,555
13	Arizona	2.61%	\$228,410,644	2.11%	\$256,264,673	\$484,675,317
35	Arkansas	0.85%	\$74,402,532	0.90%	\$109,059,142	\$183,461,674
			\$1,057,992,6		\$1,448,752,78	\$2,506,745,41
1	California	12.11%	30	11.95%	6	6
22	Colorado	1.61%	\$140,493,995	1.47%	\$178,025,775	\$318,519,771
30	Connecticut	1.17%	\$102,079,879	1.10%	\$132,847,890	\$234,927,769
49	DC	0.26%	\$22,468,182	0.15%	\$18,663,357	\$41,131,539
46	Delaware	0.31%	\$26,820,950	0.21%	\$25,634,228	\$52,455,178
						\$1,178,831,79
4	Florida	5.77%	\$504,151,195	5.56%	\$674,680,597	2
8	Georgia	3.70%	\$323,065,213	3.36%	\$407,671,641	\$730,736,855
42	Hawaii	0.33%	\$28,538,113	0.30%	\$36,936,277	\$65,474,390
39	Idaho	0.55%	\$48,427,492	0.49%	\$58,969,272	\$107,396,765
6	Illinois	4.52%	\$394,937,006	4.02%	\$487,602,027	\$882,539,032
16	Indiana	2.18%	\$190,226,706	2.02%	\$245,349,422	\$435,576,129
27	Iowa	1.35%	\$118,358,410	1.20%	\$145,118,756	\$263,477,166
32	Kansas	0.99%	\$86,458,502	0.96%	\$116,945,478	\$203,403,980
20	Kentucky	1.59%	\$138,588,600	1.62%	\$197,001,967	\$335,590,567
25	Louisiana	1.31%	\$114,836,696	1.63%	\$197,071,081	\$311,907,778
41	Maine	0.31%	\$27,066,509	0.34%	\$41,375,372	\$68,441,881
18	Maryland	1.99%	\$173,845,933	1.93%	\$233,483,543	\$407,329,476
	Massachusett s	2.16%	\$189,055,715	1.80%	\$218,817,918	\$407,873,633
17	Michigan	3.42%	\$298,616,832	2.79%	\$337,914,435	\$636,531,267
10	Minnesota	1.43%	\$124,807,602	1.56%	\$189,653,997	\$314,461,600
24	Mississippi	0.94%	\$82,106,608	0.91%	\$110,868,246	\$192,974,854
33	Missouri	1.67%	\$145,547,261	1.88%	\$228,497,594	\$374,044,855
19	Montana	0.29%	\$25,054,850	0.27%	\$33,335,045	\$58,389,895
43	Nebraska	0.46%	\$40,522,425	0.55%	\$67,216,943	\$107,739,369
38	Nevada	1.12%	\$98,264,544	0.91%	\$109,960,057	\$208,224,601
	New Hampshire	0.38%	\$33,358,404	0.41%	\$50,043,793	\$83,402,197
40	New Jersey	3.01%	\$263,222,301	3.05%	\$370,352,203	\$633,574,504
11	New Mexico	0.73%	\$63,723,788	0.86%	\$104,451,505	\$168,175,293
36						

TER,
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Rank	State	New Vehicle Market Share	New Vehicle Kickback Volume	Used Vehicle Market Share	Used Vehicle Kickback Volume	Total Dealer Kickback Volume
						\$1,346,107,627
3	New York North	6.23%	\$544,292,611	6.61%	\$801,815,017	7
9	Carolina	2.97%	\$259,900,705	3.34%	\$405,176,242	\$665,076,947
48	North Dakota	0.20%	\$17,265,135	0.21%	\$26,004,051	\$43,269,186
7	Ohio	3.48%	\$303,940,474	3.86%	\$467,821,924	\$771,762,398
29	Oklahoma	1.09%	\$95,642,921	1.20%	\$145,106,631	\$240,749,552
28	Oregon	1.09%	\$94,914,110	1.23%	\$149,702,143	\$244,616,253
5	Pennsylvania	4.11%	\$358,910,664	4.47%	\$541,872,721	\$900,783,385
45	Rhode Island South	0.27%	\$23,919,687	0.28%	\$33,479,337	\$57,399,024
23	Carolina	1.34%	\$117,471,427	1.62%	\$197,001,967	\$314,473,394
47	South Dakota	0.21%	\$18,698,289	0.27%	\$32,424,430	\$51,122,719
15	Tennessee	2.07%	\$180,501,359	2.33%	\$282,904,093	\$463,405,452
						\$1,643,473,904
2	Texas	7.85%	\$685,630,944	7.90%	\$957,842,960	4
34	Utah	0.87%	\$76,438,659	0.88%	\$107,201,537	\$183,640,196
44	Vermont	0.26%	\$22,817,732	0.29%	\$34,694,298	\$57,512,030
12	Virginia	2.85%	\$248,819,979	2.84%	\$343,969,840	\$592,789,819
14	Washington	2.31%	\$202,267,821	2.24%	\$271,233,432	\$473,501,253
37	West Virginia	0.67%	\$58,205,272	0.51%	\$62,381,349	\$120,586,621
21	Wisconsin	1.52%	\$133,240,489	1.57%	\$190,286,941	\$323,527,431
51	Wyoming	0.11%	\$10,024,212	0.13%	\$16,281,936	\$26,306,148
	Total U.S.	100.00%	\$8,738,743,050	100.00%	\$12,125,361,864	\$20,864,104,914

OTHER ISSUES

- **Gas**
- **Vehicle Miles Traveled**
- **Insurance**
- **Driver's Licenses**

FEDERAL POLICY CONSUMER PROTECTION



Consumer Financial
Protection Bureau

Federal Trade
Commission



Protecting
America's
Consumers

THE ROAD AHEAD
Selling, Financing & Leasing Motor Vehicles



A Roundtable

WORKING CARS FOR WORKING FAMILIES A
PROJECT OF THE NATIONAL CONSUMER LAW
CENTER

FEDERAL POLICY

BROADER TRANSPORTATION ISSUES



STATE POLICY CONSUMER PROTECTIONS

Los Angeles Times | ARTICLE COLLECTIONS

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Bills targeting Buy Here Pay Here car dealers win broad support

One bill is sent to Gov. Jerry Brown and two others await final approval by the Legislature.

August 29, 2012 | By Marc Lifsher, Los Angeles Times

Montana voters cap payday short-term loans at 36%

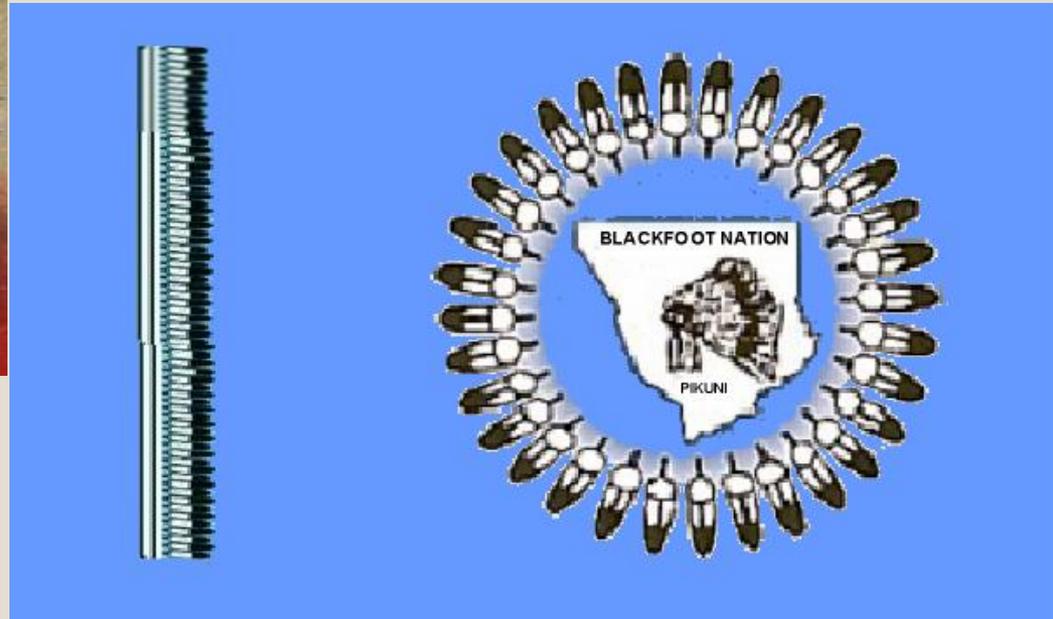
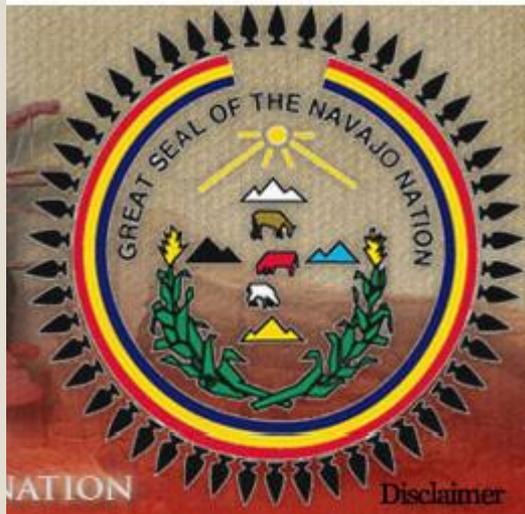
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By Sandra Block, USA TODAY

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WORKING CARS FOR WORKING FAMILIES A
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PROGRESS THROUGH PRACTICE



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board
staff

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how it works
benefits
donate money

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CALL 866-GIVE-CAR (866-448-3227)

GOOD NEWS!

Donate Your Car To Help A Neighbor. We encourage you to donate your personal car or company cars to Good News Mountaineer Garage because the more vehicles we receive, the more West Virginia families we can help. The life left in your car can truly make a difference in someone's life.

In most parts of West Virginia, a person without a vehicle can't keep a job. Lack of transportation also limits access to safe and affordable housing, medical care, educational opportunities and even groceries. Your car donation can make a huge difference in the lives of these people.

In the past four years we have provided vehicles to meet the transportation needs of 1,289 adults and 1,674 children.

THANK YOU TO OUR DONORS.

donated his 2000 Ford Taurus.

Mary Klein of Huntington, West Virginia, donated her 2004 Honda Civic.

David Bruining of Rohersville,



WORKING CARS FOR WORKING FAMILIES A
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PROGRESS THROUGH PRACTICE

Steer Clear:

How Credit Unions Help
Car Buyers Avoid
Predatory Loans



National
Credit Union Foundation
Investing In Your Community Through Credit Unions

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Working Cars for Working Families

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Working Cars for Working Families

A safe and reliable car is essential to the success of most working families. Child care, jobs, groceries, medical appointments, and so many other everyday tasks are often out of reach for families without a car. Yet, buying, financing, and keeping a reliable car is fraught with dangers for everyone and simply not possible for some families.

Working Cars for Working Families is fighting to ensure that families get a fair deal when buying and financing a car and that the lack of a car does not stand in the way of families' ability to become economically successful. We seek to bring about policy reform to bring transparency and fairness to the markets for used cars and car finance. We also promote policy and practice solutions to help non-profit ownership programs that help struggling families get a car.



Find a Program

Find a program that helps low-income families get a car if you need a car or want to donate one.



What's Going on in your Area?

The struggle to ensure that working families can get and keep a reliable car at fair terms is going on everywhere.



Get Involved

Find out about opportunities for you to join the fight to ensure working families can get and keep a reliable car at fair terms.



News

[CA: Say yes to AB 1447 and fair car sales](#)

[LA Times series](#) on "Buy Here Pay Here" used car dealers

Treated Unfairly by a Car Dealer? Tell the FTC.

Did you get a fair deal when you bought, leased, or financed your car? If not, the United States Federal Trade Commission (FTC) wants to hear from you.

[Learn More](#)

Update Auto Warranty Act

[Group comments](#) to the Federal Trade Commission on the Magnuson-Moss Warranty Act Review on auto warranties a and defects

Credit Risk Retention

[Comments](#) by National

QUESTIONS?