



Strengthening our communities is vital to our economy. Ways to Work, a Community Development Financial Institution (CDFI) and a national leader in the field, understands that keeping people working is important not only for our economy but also for our families. As a national organization working in local communities, our efforts are targeted at guaranteeing transportation stability for hardworking, credit-challenged families. The Ways to Work program builds financial capability through education and counseling while providing a lower interest loan, typically used to purchase a reliable vehicle.

Long-term success depends on an individual's ability to access other supporting services. In developing our strategy, we intentionally co-located our Ways to Work offices with community organizations family-serving member agencies of the Alliance for Children and Families. This ensures that our borrowers have ready access to a wide variety of services that will help strengthen their families and ensure their success. We are positively impacting local communities across our nation.

WAYS TO WORK APPROACH

- Focused financial education for all applicants – Aimed at preparing them for the car loan experience through financial education, budgeting and credit repair.
- The car serves the family and the program – Clients come to the program to gain affordable transportation and WtW utilizes this “teachable moment” to provide the guidance necessary for success with the car loan and future credit experiences. The car also strengthens the program’s capacity to enforce compliance with the loan terms.
- The ongoing human intervention is critical – The success of WtW clients is significantly impacted by the quantity and quality of case management support during the repayment period (~10% default rate in the program vs. a 35% or higher “normal” default rate.)
- Amount, rate, timeline – Loans range up to \$6,000 for up to 30 months at a flat 8% interest rate resulting in typical monthly payments of \$150-220.

WAYS TO WORK MODEL

- Leverage existing networks – Replication and scaling is achieved through the use of an affiliate (franchise-like) business model where all affiliates are community-based multiservice nonprofit organizations.
- Services embedded in communities – WtW leverages the counseling and case management expertise of these organizations, along with their connectedness to their communities to best deliver all client-facing program engagements.
- Centralized services maximize economies of scale – The national WtW organization (the CDFI) provides all program support, training, oversight, lending and evaluation activities centrally at no cost to the affiliates.
- Leverage mainstream markets – The model combines private loan capital and loan repayment by clients with a wide array of public and private grant support to sustain the program today.



Ways to Work has helped 32,000 families access more than \$63 million in affordable loans.

National Evaluation Documents Strong Results



In late 2011, ICF International, a Fairfax, Va. based consulting group, completed an evaluation of the national Ways to Work program. The following highlights are a selection of findings from the ICF studies. The full study can be found at waystowork.org.

PROGRAM OUTCOMES STUDY

- 94% of borrowers maintained or improved their employment circumstances after receiving their Ways to Work vehicle.
- Nearly half of employed participants have received a promotion or pay increase (35% increased by more than 10%) since receiving the Ways to Work loan at a time when wages nationally fell by 4.9%.
- Ways to Work has helped 26% of borrowers increase their educational attainment.
- 50% of Ways to Work borrowers have opened a checking account since receiving the loan.
- Nearly 50% of all borrowers attribute a reduction in tardiness and missed days of work to the car they obtained through the Ways to Work program.

CREDIT IMPACT STUDY

- 82% of borrowers sustain themselves and their families without TANF cash assistance despite receiving it before their Ways to Work loan.
- Borrowers experienced mean credit score increases of 44.6 points.
- 90% of borrowers improved their financial situation through Ways to Work's counseling and support.

RETURN ON INVESTMENT STUDY

- Total ROI is 248%, or \$2.48 for every \$1.00 invested for all stakeholder groups combined annually.
- The annual benefit for borrowers is approximately \$30 million, or \$6,300 per borrower.
- Public assistance annual cost savings of approximately \$13.8 million, or \$2,900 per borrower.
- Annual benefit for employers is approximately \$9.3 million, or \$1,950 per borrower.



CRA Credit Opportunities for Large Retail Banks⁽¹⁾

ACTIVITY OR SUPPORT	COMMUNITY DEVELOPMENT LENDING TEST	COMMUNITY DEVELOPMENT INVESTMENT TEST	COMMUNITY DEVELOPMENT SERVICE TEST
TEACH FINANCIAL LITERACY OR TRAIN LOCAL WTW STAFF			Yes
BANK OFFICER SERVE ON WTW LOAN COMMITTEE			Yes
GRANT TO LOCAL SOCIAL SERVICE AGENCY		Yes(3)	
PROVIDE CHECKING AND SAVINGS ACCOUNTS TO WTW CLIENTS			Yes
PROVIDE FOLLOW-ON LOANS TO WTW CLIENTS			Yes
LOAN TO WTW NATIONAL OFFICE	Yes(2)		
INVESTMENT IN WTW NATIONAL OFFICE		Yes	

NOTES 1 Large Retail Bank Institutions (total assets of at least \$1.202 billion for December 31 of both of the prior two years). Large institutions are evaluated under three criteria: Lending Test; Investment Test; Service Test—all three of which will have a Community Development component. Large Banks are subject to CRA data collection.

2 Concessionary priced loans to the WtW National Office may qualify as Community Development Loans as a lending activity that is responsive to the credit needs of the community. Furthermore, lending activities that include a financial education component about how to avoid unsuitable lending activities may be considered favorably (12 CFR 563.22 (a)(1)).

3 Qualified investments include gifts to organizations supporting activities essential to the capacity of low- and moderate-income individuals or geographies to utilize credit or to sustain economic development, such as, day care operations and job training programs that enable people to work. (12 CFR 563e.12(g) & 563.23).



Volunteer and In-Kind Donations Opportunities for Bank Branches

The grid below provides an overview of Ways to Work (WtW) volunteer and in-kind donation opportunities that could qualify as eligible community development service activities. All volunteer and in-kind opportunities listed below are ongoing. The duration of the volunteer engagement or space contribution is entirely at the discretion of branch staff and management.

Project Activity	Volunteer Activity Description / Time Commitment	Occupancy
FINANCIAL EDUCATION	<p>Formal classroom financial education is provided to all applicants, and is a requirement to receive a loan through the program. WtW has a developed a standard curriculum that is typically delivered via a single 2.5 hour session. Average class size is 15, and classes are held 1-4 times a month. Training materials such as a PowerPoint templates, pre- and post-tests and handouts are provided by WtW.</p> <p>Total time per month: 2.5 – 10 hours</p>	Provide in-kind donation of classroom space with capacity for 20 or more people for the activity described in the box to the left.
LOAN UNDERWRITING	<p>Client underwriting is carried out by a volunteer loan committee comprised of community representatives. The committee is responsible for analyzing client loan applications preceding the granting of a loan. The committee is typically staffed by eight volunteers, with an average of 5-7 members in attendance at each meeting. Meetings are held 1-4 times a month, and last approximately 1.5 hours. All preparations for the meetings are handled by WtW.</p> <p>Total time per volunteer per month: 1.5 – 6 hours</p>	Provide in-kind meeting space for 5-7 people for the activity described in the box to the left.
ACCESS TO FINANCIAL SERVICES	<p>During or prior to loan closing, branch staff would have the opportunity to offer financial services that are relevant to program participants at the time, or those services that may be available following successful repayment of their WtW loan. WtW program staff typically complete 3 – 8 loan closings with clients each month. Each client represents an opportunity for branch staff to discuss additional financial services. The discussions could be done prior to each closing, or grouped in order to make efficient use of volunteers' time.</p> <p>Total time per month: 1 – 2 hours</p>	Provide in-kind office space for 2-4 people for the activity described in the box to the left.
CLIENT SCREENING AND COUNSELING	N/A – Performed by WtW program staff.	Provide in-kind office space for 2-3 people where WtW staff can meet with individual program applicants. Space commitment could be for one or more days per week for the activity described in the box to the left.



**2011 Evaluation of the National
Ways to Work Program**





Ways to Work (WtW) is a unique federally certified Community Development Financial Institution (CDFI) based in Milwaukee, Wis. Through our network of loan offices across the country, we provide small, short-term, low-interest loans to hardworking credit-challenged families. We provide an alternative to predatory lenders for people with a demonstrated commitment to achieving increased self-sufficiency.

All of our loan offices are hosted and operated by family-serving member agencies of the Alliance for Children and Families. This ensures that our borrowers have ready access to a wide variety of services to help them be successful with their loan and with the change in lifestyle that this typically requires.

National Evaluation Documents Strong Results

In late 2011, ICF International, a Fairfax, Va. based consulting group, completed an evaluation of the national Ways to Work program. The evaluation was based on surveys of past and current borrowers, data captured by the program, and TransUnion data archives to explore the extent to which the program is having its intended effect. The three focus areas were: Program Outcomes Study, Credit Impact Study and Return on Investment Study. Despite what many economists call “the Great Recession,” Ways to Work loans are leading to better employment circumstances, increased financial education, improved credit score, and enhanced quality of life. ICF concluded:

EMPLOYMENT AND INCOME

- Cars obtained through Ways to Work have helped most borrowers (94%) improve their employment circumstances.
- About half of all borrowers attribute a reduction in lateness and missed days of work to the car they obtained through the Ways to Work program.
- Nearly half of employed participants have received a promotion or pay increase (35% increased by more than 10%) since receiving the Ways to Work loan at a time when wages nationally fell by 4.9%.

EDUCATION

- 87% of borrowers say their car has been very helpful for decreasing commuting time, allowing many participants to pursue and complete education programs.
- Ways to Work has helped 26% of borrowers increase their education attainment. Most commonly, participants have gone from a high school degree to completing some college courses.

CREDIT SCORE IMPROVEMENT AND FINANCIAL BENEFITS

- According to most participants (90%), counseling and support from the Ways to Work program has helped them to understand and improve their financial situation.
- 82% of participants sustain themselves and their families without TANF cash assistance despite receiving it before receiving their Ways to Work loan.
- With the help of Ways to Work, more than half of borrowers are currently saving for a rainy day/emergencies.
- Borrowers experienced mean credit score increases even during the recent recession of up to 44.6 points.
- The study confirms Ways to Work borrowers outperform their non-Ways to Work borrower counterparts in terms of improving their credit scores.
- The time and transportation costs for meeting with Ways to Work staff and filling out the loan application are negligible (< \$100) when compared against the return of \$6,300 per borrower. There are about \$63 of benefits enjoyed by borrowers for every \$1 of effort they invest in the program.

QUALITY OF LIFE AND CARE OF CHILDREN

- On average, borrowers were able to double the amount of time they spend doing volunteer work.
- Nine out of ten borrowers credit the car they received through their Ways to Work loan for their ability to spend more time with family and friends.
- Most borrowers (93%) indicated that their car loan significantly improved their overall quality of life.
- Nearly all borrowers indicated that the car they received through their Ways to Work loan helps them provide better care for their children and do more things for or with their children.

The loan “opened up doors for a lot of other things.” With her car repaired, she was able to accept an invitation to serve on the board of the Monroe Community Center, a nonprofit in Canton. “Because I had a car, I had a chance to go to those meetings,” she says. “Then, I was doing such a good job on the board, they asked me to be an office person. They said, ‘Can you work late hours? We need someone who has reliable transportation.’ I was able to say ‘Yes,’ and ‘yes.’”



Helping to Reconnect Families to the American Dream

The Ways to Work program is designed to meet the immediate needs of credit-challenged working families by providing access to resources that transform destructive financial habits and builds the skills and knowledge necessary for sustained financial security.

The program provides Ways to Work borrowers with low-cost financing for a car, with no down payment required. To identify borrowers that will be successful at repaying their loans, Ways to Work uses a character-based underwriting process with real-world expectations of repayment.

Instead of basing the provision of the loan on borrowers' credit scores, the loan officer evaluates each borrower's work history and motivation to improve his or her economic situation. To obtain a loan, borrowers must submit a statement of why they deserve to have a Ways to Work loan and demonstrate that they will monitor their income and expenses to pay back the loan by developing a household budget. Their monthly loan payments are reported directly to two of the three major credit bureaus (TransUnion and Experian), establishing for them a pattern of creditworthiness.

KEY POINTS OF THE WAYS TO WORK PROGRAM

- WtW is a community service targeted to credit-challenged individuals.
- WtW provides financial literacy and financial services education to credit-challenged individuals.
- WtW serves primarily the "unbankable" population that often falls victim to predatory lenders.
- WtW is an innovative and flexible program that provides credit to credit-challenged individuals that do not have access to traditional lenders.
- WtW loans are distributed to credit-challenged individuals with real-world expectations of repayment.
- The goals of WtW for its clients are:
 - o Greater economic self-sufficiency
 - o Improved credit scores
 - o A higher degree of success in the mainstream financial market



To date, Ways to Work has helped 32,000 families access more than \$63 million in affordable loans.

Everyone benefits when at-risk individuals achieve a measure of self-sufficiency. The combined total annual benefit to all stakeholder audiences is projected to be about \$57.7 million for loans made to 4,771 borrowers, an approximate 250 percent return, or \$2.50 for every \$1 invested.

BORROWERS

The annual benefits for the 4,771 participating borrowers in the 2007 to 2010 time frame were approximately \$30 million, or \$6,300 per borrower.

- Borrowers who would have lost their job but for a Ways to Work car loan increased their income by approximately \$7.55 million. The study documented that program participants earned incremental wages totaling \$2.630 million. Therefore, the total increase in income by Ways to Work participants is \$10.2 million.
- Approximately \$1.2 million in financing and fees are avoided by not using payday loans and check cashing outlets, which comes to about \$250 per borrower.
- The estimated current direct benefits of \$13.7 million in expanded purchasing power is inclusive of student loans for college (5 percent of all borrowers) and mortgages (3 percent of all borrowers), which equals about \$2,900 per borrower.

EMPLOYERS

The annual benefit for employers during the four years under analysis was approximately \$9.3 million, or \$1,950 per borrower.

- Employers benefitted from approximately \$3.9 million or about \$817.44 per borrower when averaged over all 4,771 borrowers in avoiding costs of recruitment and training that would otherwise have been incurred had the Ways to Work borrower been unable to retain employment.
- The cost avoidance of productivity losses associated with absenteeism and lateness (or leaving early) was approximately \$5.4 million or about \$1,130 per borrower.

TAXPAYERS

Taxpayers are one of the primary beneficiaries of the Ways to Work program. Additional annual tax revenue collected and public assistance costs avoided amounted to approximately \$18.2 million, or about \$3,775 per borrower.

- Additional tax revenue due to increased earnings and economic activity were approximately \$4.4 million, or about \$861 per borrower.
- Public assistance cost savings of approximately \$13.8 million, or \$2,900 per borrower.

LOCAL LENDERS

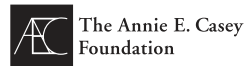
- Each new borrower represents (on average) additional income of \$144 for a financial institution. The estimate of \$144 multiplied by the 14 percent who open checking accounts multiplied by the 4,771 borrowers comes to an economic benefit of \$93,685.



Ways to Work delivers a significant positive impact for its stakeholders.



with the generous support of



Ways to Work, Inc.

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