



CONSEQUENCES • TRANSPORTATION

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IMPACT ON ALICE

What do families do when they cannot afford a vehicle?

In most parts of the U.S., owning or leasing a vehicle is necessary in order to get from place to place. Public transportation systems, including busses, trains, subways, and light rail, do not operate in most areas, especially ones that are more rural or have a lower population density. With low income, little or no savings, and a range of family and work responsibilities, families have limited choices. These are strategies that different ALICE families try:

▼ Reduce Other Expenditures

While it may seem obvious to spend less elsewhere, it is difficult for families on an already tight budget to make further reductions. Because a vehicle is essential for work, families often make sacrifices with significant consequences in order to own or lease, and maintain, a vehicle.



Consequences



Give up other essential needs: ALICE families who need to spend more on a car may have to go without other necessities, such as adequate housing, healthy food, prescriptions, or preventative medical care.



Forgo savings: Spending more on a vehicle can mean that there are no funds available to save for future needs or emergencies.

OLDER CARS, RISING COSTS

The average cost of owning and operating a new vehicle in the U.S. was \$8,500 in 2017, but costs go up significantly after three years and more than quadruple after 10 years for most models. Long commutes add costs — additional maintenance, gas, and child care — that ALICE households cannot afford.³

▼ Buy a Lower Cost Vehicle

One way to mitigate the cost of buying a car is to purchase a lower-priced, used vehicle. This is often a good option depending on the age and condition of the vehicle, but it requires enough money up front for a down payment.



Consequences



Greater costs for repair and maintenance. Older, used cars typically require more maintenance, making them more expensive in the long run.⁵



Vehicle may not be dependable. Older, used cars can be less reliable than new ones, which can lead to:⁶



- Tardiness and absenteeism at work, which can jeopardize employment.
- Missed medical or dental appointments, which can lead people to delay or forgo care until the issue becomes critical (which in turn increases symptom severity and cost of care).
- Missed appointments with social services, which are often only available during specific hours and may be required to determine eligibility for benefits.
- Limited child care and school options: Having limited access to a vehicle means that some families struggle to access quality child care, or pay more to take a child to a quality program, or incur extra “late pickup” fees.⁷ The ability to choose a better or more appropriate school may be similarly impacted in districts where school bus transportation is unavailable.
- Limited access to healthy food. Low-income neighborhoods have fewer full-service, competitively priced grocery stores, and a higher proportion of less-healthy fast-food restaurants and convenience stores, than more affluent neighborhoods. Because of this, ALICE residents without access to transportation who have to shop locally are often forced to spend more of their income on less nutritious food.⁸

MEDIAN VEHICLE VALUE

The median vehicle value for low-income families is around \$4,000, or about one-third of the \$12,000 median value of vehicles owned by middle-income families. While more affordable to buy, these vehicles are usually less fuel-efficient, tend to break down, and need more frequent repairs, adding ongoing expenses.⁴

CARPOOLING VS. CAR OWNERSHIP

Nationally in 2017, the percentage of workers without access to a vehicle ranged from 2 percent in most southern and western states to 22 percent in New York State and 25 percent in the District of Columbia. Workers who earned less than \$25,000 per year were more likely to carpool than workers who made \$75,000 or more (12 percent compared to 2 percent).⁹

▼ Delay or Avoid Payments

Other costs of owning a vehicle include insurance, registration fees, and traffic fines, any one of which can be prohibitive. A car owner might decide not to pay for insurance, register a vehicle (which incurs an annual fee and possibly repairs needed for the vehicle to pass inspection), or pay speeding, parking, or other traffic tickets. Any one of these actions can have serious long-term consequences.



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Long-term penalties: Delaying or not paying insurance, registration, or tickets offers short-term savings, but may have long-term consequences that are especially harmful for ALICE and poverty-level families, such as:¹²



- impounding of the vehicle
- license suspension
- lowered credit ratings
- deportation (if driver is undocumented and pulled over for traffic violations)
- incarceration

UNINSURED DRIVERS

Even though driving without insurance is a violation in all states except New Hampshire, on average, an estimated 13 percent (ranging from 4.5 percent in Maine to 26.7 percent in Florida) of drivers were uninsured in 2015.¹⁰ States with more affordable insurance have lower rates of uninsured drivers.¹¹

Day-to-day disruptions: Drivers whose licenses are suspended because of problems with insurance, registration, or unpaid fines experience delays and complications in getting to work, school, shopping, and medical appointments, which creates added stress and expenses for the whole family.¹³

LOWER INCOMES, HIGHER RATES

On average, low-income drivers are charged 59 percent more (an extra \$681 annually) for insurance coverage than drivers with higher incomes.¹⁴

Insurers issue quotes based on factors unrelated to driving ability, including an individual's:

- Socioeconomic status. Education level, occupation, homeownership status, insurance purchasing history, and marital status factor into the cost of premiums.
- Credit score. In some states, credit scores can have more of an impact on premiums than any other factor.
- Race. In 2017, premiums were 30 percent higher in zip codes where most residents were people of color than in predominantly White neighborhoods with similar insurance losses.¹⁵

These higher rates make it even harder for ALICE and poverty-level drivers to afford insurance and increase the likelihood that they will skip payments or opt out altogether.¹⁶

▼ Use Public Transportation

ALICE workers could decide to save money by using public transportation, which costs far less than owning a vehicle, or moving to an area where public transportation is available. Nationally in 2017, only 5 percent of adults used public transit to commute to work, with most of these commuters concentrated in urban areas.¹⁷ Only 3 percent of workers in rural areas reported using public transit regularly. The highest levels of public transit ridership are among immigrant (25 percent), Black (23 percent), Hispanic (15 percent), and low-income (15 percent) workers.¹⁸



Consequences



High cost of living: The urban areas with the best public transportation, including San Francisco, New York, Boston, and Washington D.C., are also some of the most expensive places in the country to live.¹⁹ ALICE and poverty-level families often cannot afford to live in these areas.



Longer commutes: Moving to lower-cost areas outside of cities increases commuting times significantly. Long commutes also reduce time for other activities such as exercise, shopping for and cooking healthy food, and community and family involvement.²⁰

Limited routes: Public transportation systems do not always provide routes that ALICE workers need. Transit agencies often neglect the routes that serve low-income neighborhoods, and routes often do not extend to areas outside cities where new jobs are being created. Even more importantly, in an era of increasingly flexible work scheduling, public transit often does not accommodate jobs that require working early, late, or on weekends.²¹

LONGER COMMUTES

Nationally, the average travel time for commuters using public transit is 50 minutes, twice as long as the average commute for those who drive to work.²² In part, this is due to a longer distance travelled, but it is also due to increased inefficiencies and limitations of public transit systems — especially those farther from city centers, like rural bus routes.²³

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