

## Welfare Reform

### Principles:

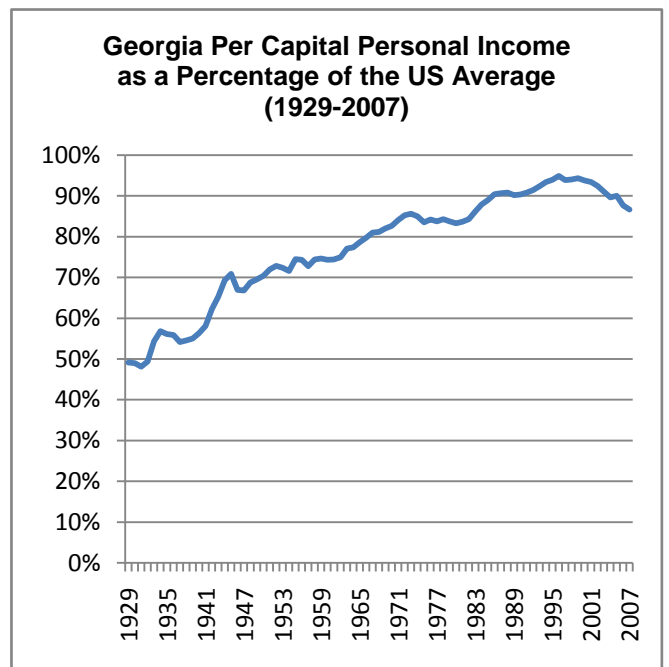
- Social programs should not crowd out efforts by private, civic and community-based organizations.
- Government subsidies should focus on individuals rather than creating services that parallel existing services.
- Social programs should insist upon personal responsibility.
- Social programs should target benefits to the most needy.
- Enrollment for social programs should be coordinated to eliminate fraud and abuse and enhance efficiency.
- Social programs should be temporary rather than permanent, with few exceptions.

### Agenda:

- Increase public education on the availability of the Earned Income Tax Credit
- Strengthen work requirements
- Implement a cash diversion program
- Focus on flexible transportation options to expand job opportunities

### Facts:

Before determining where you are going, it is important to recognize where you have been. Poverty continues to be a challenge in Georgia, but it is important to recognize the progress we have made. The chart below shows how, despite the recent decline, Georgia's per capita income relative to the national average has increased dramatically over the last 78 years.

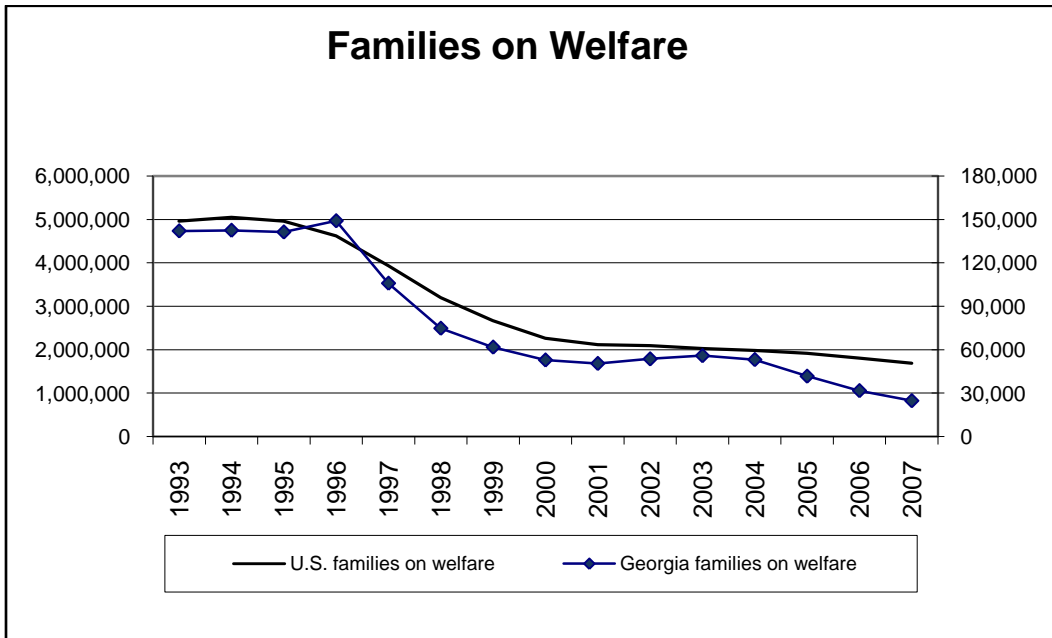


### Grading Welfare Reform

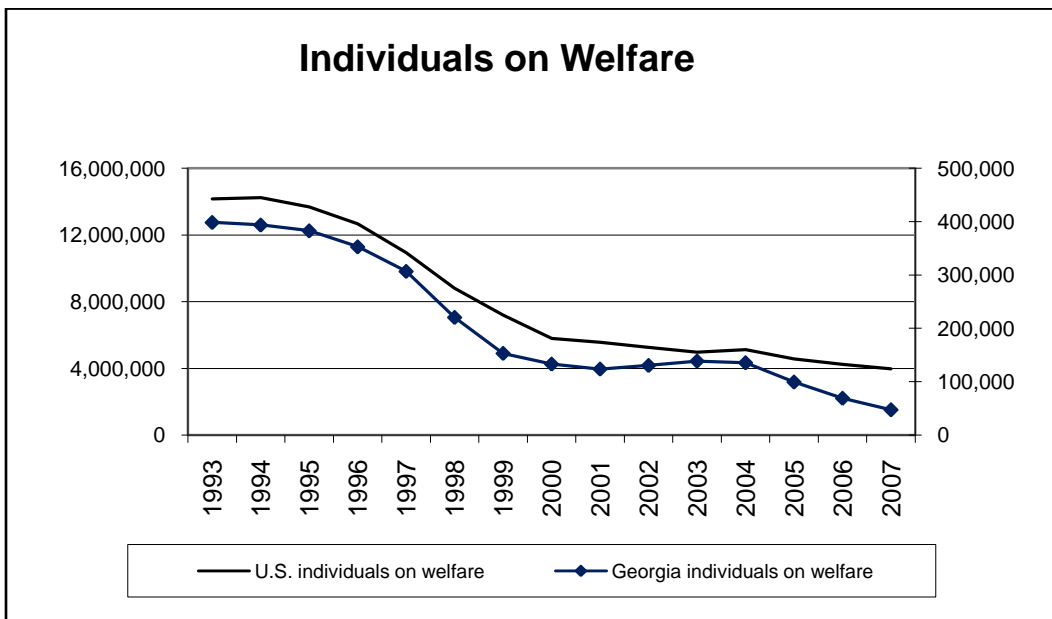
Georgia is ranked 16<sup>th</sup> highest in the nation in terms of welfare reform as measured by a recent Heartland Institute study.<sup>1</sup>

Welfare Reform Criteria	Ranking / Rating
Overall	16
TANF Recipient Decline	6
Overall Poverty Rate	17
Work Participation Rate	4
Unemployment	31
Teen Birthrate	11
Work Requirements	F
Cash Diversion	F
Family Cap Provisions	A
Time Limits	D
Sanctions	D
Service Integration	"Good"

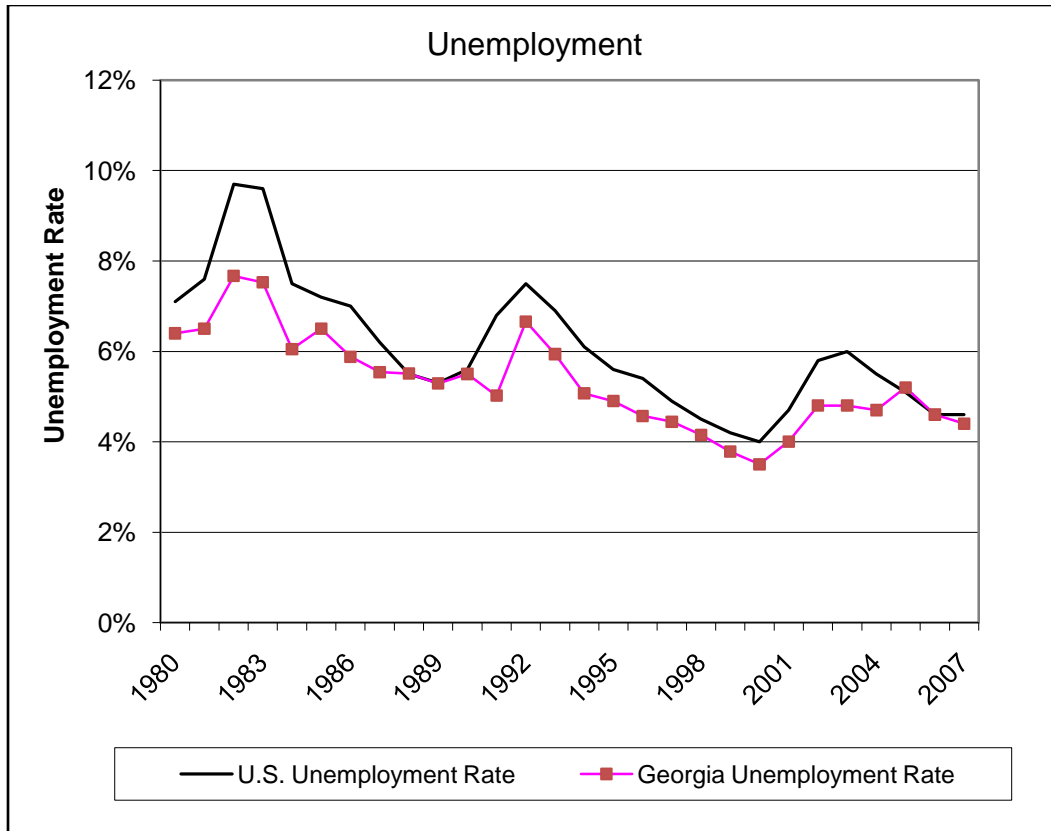
<sup>1</sup> "Welfare Reform After Ten Years," The Heartland Institute, 2008, <http://heartland.temp.siteexecutive.com/Article.cfm?artId=23497>



Administration for Children and Families <http://www.acf.dhhs.gov/programs/ofa/>



Administration for Children and Families <http://www.acf.dhhs.gov/programs/ofa/>



<http://www.bls.gov/cps/home.htm>

Only one federal welfare program – AFDC – was reformed in 1996. The other 69 major means-tested programs, including food stamps, housing, and Medicaid, were left largely unchanged with no requirements to be engaged in constructive activity, such as work or education, as a condition for receiving aid.<sup>2</sup>

## Overview

### *Economic Opportunity vs. Income Inequality*

There is much discussion today about income inequality or the gap between the rich and the poor. This has been true for some time. Even in 1995, a study by the Dallas Federal Reserve Board noted that these sentiments were popular, but argued that this focus shifts attention away from the more important question of economic mobility:

*It's hard to ignore their litany of the crises of our times:*

- *The rich are getting richer, and the poor are getting poorer. Most of us are getting nowhere.*
- *Upward mobility is the privilege of a select few, those lucky enough to win at life's lottery.*
- *The middle class is vanishing.*
- *Today's 20-something job-seekers face meager prospects and may be the first Americans in history not to live as well as their parents.*<sup>3</sup>

<sup>2</sup> The Heritage Foundation, <http://www.heritage.org/research/features/issues/issuearea/WelfareReform.cfm>

<sup>3</sup> "By Our Own Bootstraps - Economic Opportunity and the Dynamics of Income Distribution," Federal Reserve Bank of Dallas, 1995, <http://www.dallasfed.org/fed/annual/1999p/ar95.pdf>

*What these skeptics typically offer up as evidence of ebbing opportunity is the distribution of income – the slicing up of the American pie. They seize on two points. First, there’s a marked inequality in earnings between society’s “haves” and its “have-nots.” Second, and perhaps more ominous, the gap between the richest and poorest households has widened over the past two decades. ... This picture of the income distribution would be useful if America were a caste society with rigid class lines keeping those in the bottom today there tomorrow. But if ours is not a caste society, such statistics tell us virtually nothing – particularly about opportunity. By nature, opportunity is personal, an assessment of how well-off you can be tomorrow relative to today. Even the most sophisticated income distribution studies fail to tell us what we really want to know: are most Americans losing their birthright – a chance at upward mobility?”*

*Most important, a static portrait of income shares doesn’t answer the question of whether low-income households are getting better or worse off over time. By definition, there will always be a bottom 20 percent, but only in a strict caste society will it contain the same individuals and families year after year.*

*To decide that upward mobility has been lost in America, the evidence must show that the poor, for the large part, remain stuck where they are and that there’s little hope of climbing up the income ladder.*

*In short, between opportunity and equality, it’s opportunity that matters most. The prospect of upward income mobility is what individuals seek – indeed, that’s what powers the whole economic system. Income’s distribution comes second, both in order and importance.*

*Historically, economic growth, not welfare, has been the remedy for poverty. An expanding economy pays its dividends in rising incomes, lower prices and better products, all of which enable families to satisfy their basic needs with smaller and smaller portions of their income.*

*For households in the bottom income quintile, spending on food, clothing and shelter was 45 percent of consumption in 1993, compared with 52 percent two decades earlier, 57 percent in 1950 and 75 percent in 1920. As a result, today’s poorest households have more discretionary income than ever before.*

*That helps explain why today’s poorer households are more likely than those of a decade ago to own appliances and motor vehicles. Their consumption of these modern-day conveniences even compares favorably with that of all American households as recently as 1971*

*As consumption patterns show, many of today’s poorest households have more than yesterday’s, and more, even, than the general population had two decades ago. By today’s consumption standards, the majority of Americans were once poor.<sup>4</sup>*

## **Summary of the Dallas Fed findings:**

### ***Moving On Up***

*Of individuals who were in the lowest income quintile in 1975, 5.1 percent were still there in 1991, 14.6 percent had moved up to the second quintile, 21 percent to the middle quintile, 30.3 percent to the fourth quintile and 29 percent to the highest quintile. Of those in the highest quintile in 1975, 62.5 percent were still there in 1991, while 0.9 percent had fallen all the way to the bottom fifth.*

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<sup>4</sup> Ibid.

Income quintile in 1975	Percent in each quintile in 1991				
	1st	2nd	3rd	4th	5th
5th (highest)	.9	2.8	10.2	23.6	62.5
4th	1.9	9.3	18.8	32.6	37.4
3rd (middle)	3.3	19.3	28.3	30.1	19.0
2nd	4.2	23.5	20.3	25.2	26.8
1st (lowest)	5.1	14.6	21.0	30.3	29.0

### **The Poor are Getting Richer Faster**

*Individuals in the lowest income quintile in 1975 saw, on average, a \$25,322 rise in their real income over the 16 years from 1975 to 1991. Those in the highest income quintile had a \$3,974 increase in real income, on average. The rich got richer, but the poor got richer faster.*

### **Living Standards on the Rise**

*Judging by a constant measure of living standards – income quintiles of 1975 – 39.2 percent of those individuals in the lowest income quintile in 1975 managed, by 1991, to achieve a real income comparable to that of the highest income group in 1975. Only 2.3 percent of this group remained at a living standard equal to the lowest of 1975. Of those individuals who were at the highest living standard in 1975, 69.4 percent were able to at least maintain that standard.*

### **Creative Destruction**

*Only 82 of America's richest 400 people – one in five – got their fortune from inheritance. Four out of five are self-made, an increase from three out of five in 1984.<sup>5</sup> As the economy continues to move away from the manufacturing and agrarian eras and toward the information and service age, new fortunes are emerging in technology, retailing, finance and entertainment, eclipsing those made yesteryear in real estate, oil and gas, heavy manufacturing, media and agriculture.*

## **2007 Treasury Study Confirms Trend in Income Mobility**

In 2007, the U.S. Treasury Department published a similar study that showed the trends noted in the Dallas Fed study had continued to hold. According to the executive summary:

*This study examines income mobility of individuals over the prior decade (1996 through 2005) using information reported on individual income tax returns.*

*While many studies have documented the long-term trend of increasing income inequality in the U.S. economy, there has been less focus on the dynamism of the U.S. economy and the opportunity for upward mobility. Comparisons of snapshots of the income*

<sup>5</sup> According to the 1996 best-seller, "The Millionaire Next Door," 81 percent of millionaires made their own money, as opposed to inheriting it.

*distribution at points in time miss this important dimension and can sometimes be misleading.*

*Economic historian Joseph Schumpeter compared the income distribution to a hotel where some rooms are luxurious, but others are small and shabby. Important aspects of fairness are that those in the small rooms have an opportunity to move to a better one, and that the luxurious rooms are not always occupied by the same people. The frequency with which people move between rooms is a crucial aspect of the trends in income inequality in the United States.*

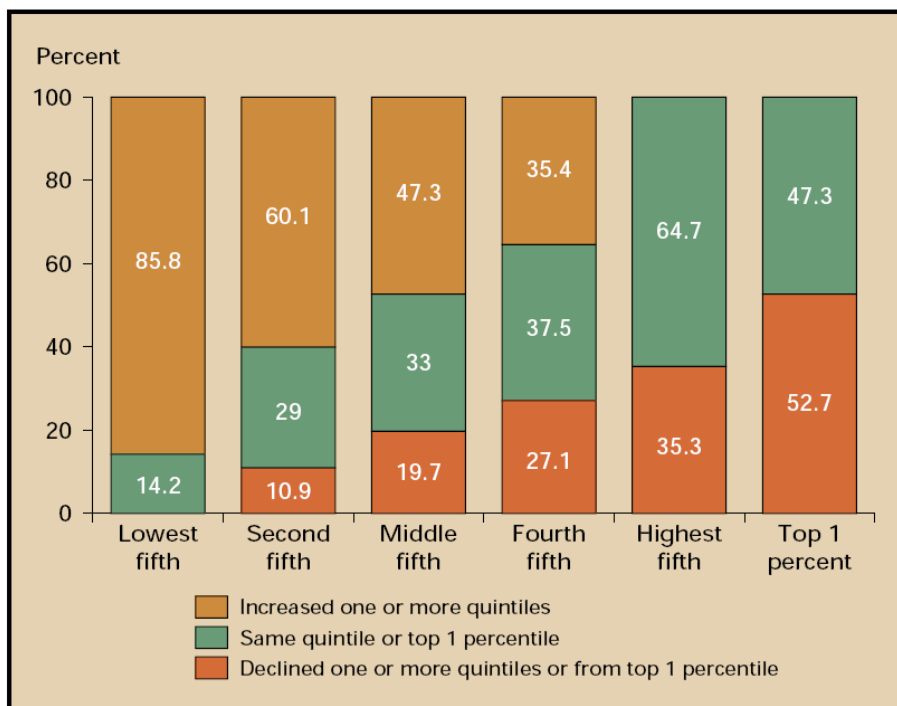
*The key findings of this study include:*

- *There was considerable income mobility of individuals in the U.S. economy during the 1996 through 2005 period as over half of taxpayers moved to a different income quintile over this period.*
- *Roughly half of taxpayers who began in the bottom income quintile in 1996 moved up to a higher income group by 2005.*
- *Among those with the very highest incomes in 1996 – the top 1/100th of 1 percent – only 25 percent remained in this group in 2005. Moreover, the median real income of these taxpayers declined over this period.*
- *The degree of mobility among income groups is unchanged from the prior decade (1987 through 1996).*
- *Economic growth resulted in rising incomes for most taxpayers from 1996 to 2005. Median incomes of all taxpayers increased by 24 percent after adjusting for inflation. The real incomes of two-thirds of all taxpayers increased over this period. In addition, the median incomes of those initially in the lower income groups increased more than the median incomes of those initially in the higher income groups.*

*The degree of mobility in the overall population and movement out of the bottom quintile in this study are similar to the findings of prior research on income mobility.<sup>6</sup>*

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<sup>6</sup> "Income Mobility in the U.S. from 1996 to 2005," U.S. Department of the Treasury, November 13, 2007, <http://www.ustreas.gov/press/releases/hp673.htm>



Source: U.S. Department of the Treasury

### What factors explain income inequity?

*In a complex modern economy, there are plenty of reasons for incomes to vary, and most of them have little to do with issues of fairness or equity. Among the most important factors are:*

**Education, experience.** *The lifetime earnings profile tracks income for various age groups. As an economy becomes more advanced, there are usually increasing rewards for education and experience, so earnings rise faster over a typical lifetime. As that happens, there's increasing diversity in income.*

**Two-income households.** *Obviously, two workers can earn more than one. The trend toward both spouses working creates some higher income households. As families choose different lifestyles, the income distribution will grow more unequal, even if individual incomes don't change at all.*

**Baby-boom demographics.** *A bulge in the population can alter a society's income distribution. When the baby boom first enters the labor force, it floods the economy with lower income workers. As the generation ages, entering peak earning years, it provides a disproportionate number of high-income households. In both cases, the distribution becomes skewed, first toward lower incomes and then toward higher incomes.*

**A greater "churn."** *A healthy economy grows by creating new, better and more affordable products. The process creates new industries and new jobs. They replace jobs in fading sectors. Economists call this the "churn." It makes society better off, and it produces big gains for entrepreneurs and higher incomes for most workers. For others, there will be spells of unemployment and downward mobility. When there are larger ups and downs in income, the distribution is likely to spread.*

**Longer retirements.** *Individuals who anticipate longer periods of retirement will, on average, accumulate more assets during their working lives and earn more interest. The income of middle-aged workers will rise relative to that of the young, once again widening the distribution.*

**Higher rates of return on assets.** *If accumulation of assets increases income disparity, higher rates of return on investment will do the same because those assets will produce more income.*

**A wealthier society.** *Once a society progresses to the point where most people can afford food, clothing, shelter and other necessities, some people choose to work harder for luxuries, while others opt to enjoy more leisure. When people make different choices about goods versus leisure, the income distribution pulls apart.*

*No one ought to be surprised that these are trends that have reshaped the U.S. income distribution over the past two decades. Although most of them widen the income distribution, none necessarily entails lower income households becoming worse off.<sup>7</sup>*

## Policy Implications

The best solution to poverty is to maximize economic opportunity. Policies should encourage work, savings, investment, education and workforce training. Policies should also remove barriers to upward mobility, such as arbitrary occupational licensing regulations and minimum wage laws.

Government programs should focus on empowering individuals rather than creating service providers. For example, when the government created the Food Stamp program to combat hunger, it did not create government grocery stores but simply empowered individuals to purchase and choose the food his or her family needed at existing privately owned grocery stores. In contrast, Medicaid and Medicare bypassed existing insurance companies to put in place a massive system of government price controls resulting in low quality and skyrocketing costs – even as many recipients cannot find a doctor and use the emergency room instead. The same result, with disastrous social consequences, was created by government construction of large housing projects in our nation's inner cities.

Transforming costly, bureaucratic programs into income support and counseling for those in poverty would increase the resources available, would create competition among service providers and would allow individuals to choose from a variety of services the ones that best serve their individual needs. Resources now focused on these government services could be refocused to educate citizens on the services available and counsel them to help them make thoughtful choices.

The Atlanta Housing Authority is a good example of this new way of thinking. The New York Times highlighted this success story in 2006:

*Public housing is urban government's largest orphan. It is an unloved recipient of tens of billions of dollars in funds, poured over decades by the federal government into housing projects in just about every city in the country. Neither the Republicans nor the Democrats want much to do with it anymore, and as a result physical plants are deteriorating while operating deficits soar. This failed experiment in government-financed, -built, -owned and -operated housing is over, yet the projects continue to house millions of Americans.*

*[The New York City Housing Authority] is trapped in old-style, mammoth public housing, proud that it has only demolished one major building since 1972. ... Meanwhile the*

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<sup>7</sup> "By Our Own Bootstraps - Economic Opportunity and the Dynamics of Income Distribution," W. Michael Cox and Richard Alm, Federal Reserve Bank of Dallas, 1995, <http://www.dallasfed.org/fed/annual/1999p/ar95.pdf>

*Atlanta Housing Authority, ranked in the early 1990s as the nation's fifth largest authority and the seventh most troubled, has been following the opposite course since 1996 – demolishing its old projects and replacing them with attractive one- and two-family townhouses built in vernacular architecture.*

*But striking as the new houses are, they're not Atlanta's real innovation. "We are not making a nicer box," says Renée Glover, AHA's president and CEO. "We are intentionally creating a market-rate community with a seamless affordable component. We work with private-sector development partners who have knowhow, expertise and access to financial capital. Our projects are driven, owned and managed by the private sector."*

*Ms. Glover has been systematically demolishing the old projects, which she calls toxic, and replacing them with normal-looking neighborhoods, made up of 40% market-rate tenants and homeowners, 40% former public housing tenants who meet stringent new qualifications, and 20% low-income tenants.*

*All of her new housing is oversubscribed, a far cry from the situation when she took over as executive director of the AHA in September 1994. An assessment of the agency at that time showed that over half of AHA's apartments – some 5,000 units – were vacant. It had an uncollected rent rate of over 25%. Maintenance was abysmal, with the agency needing an average of 60 days to complete routine work orders. AHA scored an appalling 39 out of 100 under HUD's Public Housing Management Assessment Program. This was overseen by a "bloated and untrained employee force," in Ms. Glover's words, of about 1,300. Today, AHA's vacancy rate is below 1%, as is its uncollected rent rate. Routine work orders take 48 hours, and the backlog of 12,000 orders has been eliminated. It scored a perfect 100 in HUD's assessment. Its work force has been cut down to around 325 "well-trained and motivated professionals," says Ms. Glover.*

*To the naked eye, AHA's developments are indistinguishable from adjoining communities. Ms. Glover partnered with private developers, leveraging small amounts of government money with far larger sums of private investment. ... AHA requires that all tenants between the ages of 18 and 65, except for the disabled, be employed, or be enrolled in job training or in school. "Residents must engage in an activity that will grow them out of the need for subsidy," says Ms. Glover. The result: Employment is way up (from 13% of residents in 1994 to 71% today) and crime is way down. Crime overall in Atlanta's public housing developments is down 76%, according to a Brookings Institution study released last year.*

*What's more, private development is springing up all around the former AHA projects, showing that private investment will readily enter once what Ms. Glover calls "residential brownfields" are removed. Centennial's neighborhood, which includes the Georgia Institute of Technology, BellSouth headquarters, All Saints Church and should never have been a brownfield, is "on fire" today, says a developer. Retail and commercial services are springing up in an area that long had none. Though ferociously opposed by the Board of Education, Ms. Glover set up Atlanta's first charter school in 1997, Centennial Place Elementary, which now has some of the highest standardized test scores in the entire school system – even though it receives only 60% of the funding of regular public schools.*

*What AHA is doing is entirely different from previous reform efforts because AHA does not intend to "manage" better public housing – it's getting rid of public housing. For the sake of both public housing residents and their neighborhoods, let's hope that other big city authorities follow, starting with New York.<sup>8</sup>*

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<sup>8</sup> "Project Vision," Wall Street Journal, August 18, 2006, [http://online.wsj.com/article/SB115586103194638960.html?mod=opinion\\_main\\_commentaries](http://online.wsj.com/article/SB115586103194638960.html?mod=opinion_main_commentaries)

More evidence appeared in the Atlanta Journal-Constitution in 2008: “Even more important than crime is what redevelopment has meant to children. [Georgia Tech economist and professor Thomas D.] Boston found that in 1995 just 10 percent of the students at the neighborhood elementary school passed a basic writing skills test. By 2002, a new neighborhood school had been constructed, new leadership appointed and a new curriculum adopted. Sixty-two percent of the neighborhood children passed the basic writing skills test – a level that was about 50 percent higher than all elementary schools in the Atlanta system.”<sup>9</sup>

This is exactly the type of innovative thinking that is necessary to combat poverty today. We cannot continue to do the same things we have done for so long that have not worked.

## **Agenda**

### **Increase public education on the availability of the Earned Income Tax Credit**

Many low-income working families in Georgia are eligible to claim the federal Earned Income Tax Credit (EITC), but many fail to do so. In fact, in 2004 (the latest numbers available) Georgia families failed to claim \$2.7 billion in EITC dollars.

“Because EITC targets low-income persons and is larger if the filer has one or two dependents, it provides a powerful work incentive for single mothers. Researchers have consistently found expansion of EITC to be a major factor in declining welfare participation rates and rising workforce participation rates for single mothers.

“If state and local social service agencies did a better job communicating the availability of EITC, billions of dollars in unclaimed tax credits would go directly to poor households, lifting hundreds of thousands of families out of poverty. In every state, the money available from EITC greatly exceeds the combined federal and state spending on TANF.

“Why is so little being done to collect billions of federal dollars left ‘on the table,’ especially at a time when many welfare advocates are clamoring for more state spending on welfare and social services? The answer seems to be that since the tax credit flows directly to individuals and not through welfare bureaucracies, there is little incentive for state and local welfare agencies to invest in public education programs. Public aid administrators naturally focus on the individual programs they are responsible for and tend not to step outside those bounds to support other efforts, even efforts such as EITC that would appear to be “free money” for needy families.”<sup>10</sup>

This education effort could be combined with efforts to encourage low-income families to obtain health care coverage through Medicaid or at least be informed about the closest free clinic or community health center.

### **Strengthen work requirements**

“Work improves family well-being economically, by providing a steady source of income and the opportunity to acquire assets, as well as socially and culturally. Work builds self-esteem, imposes order on adults’ lifestyles, creates role models for children, and fosters relationships of respect between adults and between adults and children. Many problems in disadvantaged families often trace back to not having a member of the household in the workforce.

“An entry-level job is only the first rung on the “ladder of opportunity,” but it has been shown to be an effective starting point where the “soft skills” are learned (punctual attendance, taking direction, getting along with co-workers). These skills can later be enhanced by training and promotion, general

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<sup>9</sup> “New public housing at heart of a civic rebirth,” Atlanta Journal-Constitution, July 2, 2008, <http://www.ajc.com/print/content/printedition/2008/07/02/glovered.html>

<sup>10</sup> “Welfare Reform After Ten Years,” The Heartland Institute, 2008, <http://heartland.temp.siteexecutive.com/Article.cfm?artId=23497>

educational development (GED) achievement, and/or specialized training such as that provided in the nationwide community college system.”<sup>11</sup>

Most states (37) require work immediately upon enrollment, but Georgia is one of nine states that allow two years on welfare to pass before work is required.

### **Implement a cash diversion program**

“Cash diversion” is a welfare reform policy whereby the state provides applicants with a lump sum cash payment to meet a short-term need, worth up to a few months of benefits, if they agree not to participate in TANF for some stated period of time. For example, when a working mother’s car breaks down, cash diversion allows the caseworker to provide money to fix the car without enrolling her on welfare. Some call the practice “front-door money.”

“Cash diversion empowers caseworkers to fix problems without adding people to welfare rolls, reducing the amount of time they must devote to people who do not need long-term support as well as staving off dependence. It also improves the relationship between caseworkers and clients by giving the caseworker more flexibility to meet the client’s need.

“Policymakers should support cash diversion, especially if it is paired with job search and counseling, because it reduces welfare rolls and spending without imposing hardships on people who need help. Doug Besharov, a welfare expert with the American Enterprise Institute, writes, “Compared to universal social welfare programs – such as Social Security and Medicare – targeted programs are much less expensive and, if properly focused, can do as much and perhaps more good.”<sup>12</sup>

More than half the states have cash diversion programs in place, but Georgia does not.

### **Focus on flexible transportation options to expand job opportunities**

According to a study by the University of Georgia’s School of Social Work, transportation is the number one employment barrier. Most of the time, the most reliable and shortest distance between a worker and his job is by car. Access to jobs is limited for many welfare recipients and low-income residents who rely on public transportation, especially in automobile-oriented Georgia. Likewise, lack of public (or any) transportation limits opportunities for those seeking jobs in the state’s rural areas. Not only is public transportation sketchy outside urban areas, but even access to public transportation has its hurdles. Bus and train schedules are restrictive and taxicabs are often prohibitively expensive. Additionally, child care and schools are sometimes also out of reach for a working parent relying on transit. Many welfare-to-work recipients benefit from federal Job Access Reverse Commute Program grants, which help fund additional bus routes, for example.<sup>13</sup> Providing welfare recipients with their personal transportation, however, opens the door to more job opportunities and a better quality of life.

Vehicle donation programs, grants and low-interest car loans help low-income families afford an automobile. While government agencies often take the lead in these programs, many non-profit organizations are focused on helping eligible low-income workers and welfare recipients advance. The opportunities for reducing government’s role in their lives through public-private partnerships are numerous and help reduce the cost and improve the oversight of such programs to taxpayers. Additionally, tax benefits encourage individuals to donate cars to those organizations that help put low-income families on the road to prosperity. The Internal Revenue Service provides a brochure to educate donors.<sup>14</sup> Unfortunately, changes in tax law have impacted auto donations. In 2003, the Government Accountability Office (GAO) found that many taxpayers’ estimates of the value of their vehicles, claimed

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<sup>11</sup> Ibid.

<sup>12</sup> Ibid.

<sup>13</sup> “Job Access Reverse Commute Program, Georgia Department of Transportation,”

<http://www.dot.state.ga.us/localgovernment/intermodalprograms/transit/Pages/JobAccess.aspx>

<sup>14</sup> “A Donor’s Guide to Vehicle Donations,” Internal Revenue Service, <http://www.irs.gov/pub/irs-pdf/p4303.pdf>

as tax deductions, were in excess of the charities' subsequent sales of the vehicles. Beginning in 2005, tax law changed and the allowable deduction is, in many cases, less than before. Before, taxpayers could claim estimated fair market value for any donated vehicle. The change meant taxpayers are generally limited to deducting only the sales price of the vehicle when a donated vehicle is sold by the charity. GAO was asked to determine how charities have been affected by the 2005 changes and found varied experiences. Of 10 charities GAO interviewed, when comparing 2003 to 2006, six reported decreases in the number of vehicles donated.<sup>15</sup>

Some examples of programs around the nation:

**Georgia:** Wheels to Work is administered by the Georgia Environmental Facilities Authority and makes automobiles available and affordable for those leaving welfare to seek and keep a job. Qualified current and former welfare recipients may purchase a used car with no money down and no interest. The participant is responsible for the car payment, insurance, maintenance and upkeep of the vehicle. As they become employed and establish a work history, car payments are adjusted accordingly. The repayment stream is used to purchase additional cars to assist more individuals. The program also allows participants to establish a good credit history.<sup>16</sup>

**New York:** Opportunities' Wheels for Work in Lewis County, New York, coordinates with government, accepts referrals from state and county programs (including Temporary Assistance to Needy Families and Social Services). Its employees share a "Family Development Philosophy" with the vehicle recipients and even offer repair assistance for existing vehicles.<sup>17</sup> Among its eligibility requirements: no roadworthy vehicles in the household and imminent job loss due to the lack of reliable transportation. New York state's Wheels for Work program also offers assistance with car repairs, auto insurance, registration and licensing fees, financial counseling, driver's education, defensive driving courses and car maintenance training.

**Texas:** The Wheels To Work program's eligibility requirements are: Applicants must be receiving or have received TANF through the Department of Human Services and then been enrolled in the Choices Program at the Workforce Center; have a valid driver's license; have proof of insurability, and sign a "Release from Liability and Statement of Understanding" form.<sup>18</sup> Individuals can satisfy their liens by providing payment in cash, performing community service or a combination of both.

**Florida:** Florida's Charity Cars, Inc. is a 501(c)(3) nonprofit organization established in 1996 to provide a free vehicle and vehicle support services to assist disadvantaged families in their transition from self-sufficiency.<sup>19</sup>

**Vermont:** Vermont allows donations of surplus motor vehicles and related equipment "to any nonprofit entity engaged in rehabilitating and redistributing motor vehicles to low-income Vermont residents"<sup>20</sup> Minnesota's Fleet and Surplus Services agency redistributes good, usable state and federal surplus property, including used vehicles, to eligible recipients, including programs for low-income, needy and homeless residents.<sup>21</sup>

#### Further reading:

- "Government, Poverty and Self-Reliance: Wisdom From 19th Century Presidents," <http://www.mackinac.org/archives/2005/sp2005-02.pdf>

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<sup>15</sup> "Vehicle Donations: Selected Charities Reported Mixed Experiences after Changes in Vehicle Donation Rules," February 2008, Government Accountability Office <http://www.gao.gov/new.items/d08367.pdf>

<sup>16</sup> Chestatee-Chattahoochee RC&D Council,

[http://chestchattrcd.org/db2/00186/chestchattrcd.org/\\_download/APPLICATIONPACKET.pdf](http://chestchattrcd.org/db2/00186/chestchattrcd.org/_download/APPLICATIONPACKET.pdf)

<sup>17</sup> Opportunities Wheels for Work, [http://www.lewiscountyopportunities.com/wheels\\_for\\_work.htm](http://www.lewiscountyopportunities.com/wheels_for_work.htm)

<sup>18</sup> Wheels To Work, <http://www.workforcelink.com/html/wheels2.html>

<sup>19</sup> 1-800 Charity Cars, <http://www.800charitycars.org/facts.htm>

<sup>20</sup> <http://www.leg.state.vt.us/statutes/fullchapter.cfm?Title=29&Chapter=059>

<sup>21</sup> Minnesota Fleet and Surplus Services, <http://www.fss.state.mn.us/>