RELAXING THE FSP VEHICLE ASSET TEST: FINDINGS FROM THE NORTH CAROLINA DEMONSTRATION

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GLOSSARY OF ACRONYMS

AVADES Automated Vehicle Addendum Data Entry System (data entry system for the vehicle addendum forms)

AFDC   Aid to Families with Dependent Children

CPI   Consumer Price Index

DHHS   U.S. Department of Health and Human Services

DSS   North Carolina Department of Social Services (department in North Carolina that administers the Food Stamp Program)

FMV   fair market value

FNS   Food and Nutrition Service, U.S. Department of Agriculture

FSIS   Food Stamp Information System (North Carolina's administrative food stamp case database)

FSP   Food Stamp Program

FSU   food stamp unit

IQCS   Integrated Quality Control System

IRM   Information Resources Management (division of the North Carolina DSS that designs and maintains the FSIS database)

MATH   Micro-Analysis of Transfers to Households

MPR   Mathematica Policy Research, Inc.

PA   Public Assistance

PRWORA Personal Responsibility and Work Opportunity Reconciliation Act of 1996

SFSP   Simplified Food Stamp Program

SIPP   Survey of Income and Program Participation

SMSA   Standard Metropolitan Statistical Area

Glossary of Acronyms (*continued*)

SSI   Supplemental Security Insurance

TANF   Temporary Assistance to Needy Families

USDA   U.S. Department of Agriculture

VDP   Vehicle Demonstration Project

VELD   Vehicle Exclusion Limit Demonstration

PREFACE

The Food Stamp Program has undergone major changes due to the passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA). This legislation, enacted August 22, 1996, makes the following significant modifications to the FSP:

- Most legal permanent resident aliens are disqualified from the FSP

- Most able-bodied, non-working, childless adults are limited to three months of FSP benefits in any 36-month period

- The maximum food stamp benefit is reduced from 103 percent to 100 percent of the Thrifty Food Plan

- The standard deduction is frozen at fiscal year 1996 levels indefinitely

- New shelter deduction caps are established for fiscal years 1997 through 2001, and the cap is frozen at fiscal year 2001 levels in subsequent years

Because almost all of these changes were not implemented in fiscal year 1996, they are not reflected in this report.[1]

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[1]A summary of PRWORA provisions that affect the FSP is available from the Food and Nutrition Service World Wide Web site. For more details on how the alien and able-bodied provisions of PRWORA affect the FSP, consult *Characteristics of Childless Unemployed Adult and Legal Immigrant Food Stamp Participants: Fiscal Year 1995.* U.S. Department of Agriculture, Food and Consumer Service, Office of Analysis, Nutrition, and Evaluation; 1997.

EXECUTIVE SUMMARY

To ensure that Food Stamp Program (FSP) benefits are targeted to the neediest segment of the population, the U.S. Congress has mandated income and resource tests to determine FSP eligibility. Gross and net income tests determine whether a household is able to meet its consumption needs with its current income, and a resource (or asset) test ensures that food stamp recipients do not have substantial assets that they could sell to buy food. Some policymakers are concerned that the current method for measuring a household's vehicular assets in determining total resources may exclude truly needy households from the FSP. It has been argued that a vehicle is often required to find a job, commute to work, and become self-sufficient, and thus it should be exempt from food stamp eligibility determination. However, a competing concern is that relaxing the current requirements could significantly increase program costs. The Vehicle Exclusion Limit Demonstration (VELD) enabled us to observe directly how relaxing the vehicle asset test rules would affect FSP participation and benefit costs and what kinds of households would be made eligible.

The VELD represents the first "real world" experience of what actually occurs when the vehicle asset test is relaxed. Although we have simulation models that can estimate the number of households that would become newly-eligible under such a reform, these models use equations to predict the percentage of newly-eligible households that will actually participate in the FSP. These participation algorithms, which estimate that up to 70 percent of newly-eligible households will participate, may not be appropriate for the households made eligible by this reform, as they are more likely than traditional food stamp-eligible households to have earnings and other sources of income. We also have no information on how quickly newly-eligible households would respond to their new status and begin to participate in the FSP (the "take-up" rate). FNS's only related experience was when asset limits were raised after passage of the Food Security Act of 1985. Three years later, the participation rate of newly-eligibles was very low, indicating a low take-up rate. Evaluation of the VELD provides critical empirical evidence of the true participation and take-up rates of income-eligible food stamp applicants with high-FMV vehicles.

Currently, vehicles used to provide shelter, produce income, travel long distances for work-related reasons, transport physically disabled household members, or transport most of the household's fuel or water are exempt from the asset test. For the first countable vehicle and for any vehicles used to commute to work or work-related training, only the amount of its fair market value (FMV) in excess of $4,650, the current FMV threshold, is counted toward the asset limit.[1] Remaining vehicles are counted at their equity value[2] or their excess FMV, whichever is larger.

Until the passage of the Mickey Leland Childhood Hunger Relief Act of 1993, the FMV threshold was not indexed for inflation. The bill raised the FMV threshold just 1 percent—from

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[1]The countable asset limit is $3,000 for elderly households and $2,000 for nonelderly households.

[2]Equity value refers to the dollar amount of the vehicle actually owned by the household, accounting for any outstanding loan. For vehicles that are owned in full, the equity value is equal to the FMV. For vehicles that are not owned in full, equity is equal to the FMV minus the outstanding loan balance.

$4,500 to $4,550 beginning September 1, 1994, with an increase to $4,600 beginning October 1, 1995, and another increase to $5,150 beginning October 1, 1996. The FMV threshold would be adjusted on each October 1 thereafter to reflect changes in the new car component of the Consumer Price Index. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 established $4,650 as the FMV threshold and made no allowance for future adjustments or price indexing.

The real value of the FMV threshold has eroded steadily over time due to the lack of any increases above and beyond the minimal. Had the FMV threshold been indexed for inflation, it would have been equal to approximately $12,000 in the fall of 1994 when the Mickey Leland Childhood Hunger Relief Act raised it to $4,550. This erosion of real value has moved most vehicles above the current $4,650 limit,[3] and a growing number of otherwise eligible households have been disqualified from the FSP solely as a result of their vehicle holdings.

The Vehicle Exclusion Limit Demonstration

The 1990 Farm Bill required the Food and Nutrition Service (FNS) to conduct and evaluate a demonstration of liberalized vehicle asset test rules. One VELD project was established—the Vehicle Demonstration Program (VDP), which operated in Wake and Orange counties, North Carolina, from November 1994 through September 1996.

The VDP exempted four additional categories of vehicles from the asset test. One licensed vehicle per food stamp household was excluded if used to: (1) obtain food or food stamp benefits, (2) seek a job or commute to work, (3) pursue job-related education or training, or (4) transport an elderly household member. Any remaining vehicles were evaluated according to traditional policies. These provisions had the effect of essentially excluding one vehicle per household, regardless of value or use. All applicant households were evaluated for eligibility under both traditional and demonstration rules. Households made eligible solely due to the demonstration rules were designated as "VDP cases" and granted benefits only for the duration of the demonstration.

Data and Methodology

Our analysis of the effects of relaxing the vehicle asset test is based on data from four sources:

- *Food stamp case record data*, extracted from monthly case record snapshots of North Carolina's automated FSP case record data system,

- *Vehicle addenda* paper forms collected critical data on vehicle assets,
- *State-tabulated FSP caseload counts*, used to verify our computed caseload statistics,

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[3]For example, in 1977, a new family sedan such as the Oldsmobile Cutlass Supreme or a 3-year-old luxury car such as the Lincoln Continental were both within the FMV limit. Today, vehicles within the FMV limit might be a 6-year-old subcompact such as the Hyundai Excel or Geo Metro or a 10-year-old family sedan such as the Pontiac 6000.

Survey of Income and Program Participation data, used to simulate the impact of the VELD policy changes on FSP eligibility, and

Case study interviews with welfare reform coordinators and intake line staff supervisors in eight states with vehicle reforms.

Analysis Population

We restrict our analysis population to households *entering* the FSP in Wake and Orange counties during the demonstration period. We constrain our sample to "new entrant" households to avoid biases due to longitudinal changes in other conditions. Our final analysis population comprises 14,803 food stamp households, of which 617 are VDP participants.

A critical objective of the VELD was to estimate the impact of relaxing the vehicle asset test on FSP eligibility, participation, and benefit costs. Previous research had estimated the number of households that a VELD-like reform would make eligible, but this research could neither accurately predict the rate at which these newly eligible households would participate in the FSP nor, therefore, the impact of their participation on the cost of food stamp benefits. The VELD presented FNS the opportunity to more accurately gauge the cost implications of relaxing the vehicle asset test and thereby assess the economic feasibility of making this policy change for the entire United States.

Effects of the Additional Vehicle Exclusions on Eligibility, Participation, and Costs

As is expected for an expansionary eligibility change, over the first 12 months of the demonstration, participation increased steadily and dramatically. Over the final 10 months of the demonstration, the number of VDP recipients steadied, varying between 229 to 292 households. The average number of VDP cases during this period was 252 households, an average 2.3 percent increase in total food stamp cases in the demonstration site. The average cost of VDP benefits during this period was $44,900 per month—2.6 percent of the FSP benefits paid to all recipients in the demonstration site.

The VDP has a larger impact on costs than caseload in the demonstration site (2.6 percent compared to 2.3 percent) because VDP cases receive higher benefits per household than their traditionally-eligible counterparts. The average benefit paid to VDP households during the final 10 months of the demonstration was $180, compared to $155 for traditionally-eligible non-PA food stamp households. VDP households are larger than traditionally-eligible households and thus qualify for higher benefits.

Microsimulation estimates of national data indicate that if the most expensive vehicle in each unit is exempted, the number of eligible FSUs in the United States would increase by 6.0 percent. Eligible *persons* would increase by 6.5 percent. The percentage of individuals affected is greater than the percentage of households affected because households made eligible by expanded FSP vehicle exclusions are larger than average eligible households.

Applying the VDP-related percentage increases in participants and costs to the national FSP, would result in an additional 492,000 U.S. households receiving food stamps in a typical month at an additional cost of $587 million in food stamp benefits per year. However, it is important to note that results from this single demonstration site may not generalize well to the entire country.

Characteristics of VDP-Eligible Households

Our data indicate prominent and striking differences between VDP and traditional (non-PA) FSP households. VDP households have demographic and socioeconomic characteristics which suggest potential for both economic self-sufficiency and economic instability. Most striking is the discovery that VDP households have earned incomes more than double those of traditional FSP households.

In terms of demographic characteristics, VDP households differ from traditional households along important dimensions. VDP household heads are slightly younger and more likely to be female and white. Relatively few VDP households are headed by black men (less than 5 percent compared to more than 20 percent for traditional households). VDP households are larger than traditional households, more likely to include children, and less likely to include elderly household members. A disproportionate share of VDP participants live in Orange County—designated rural in character by demonstration staff—rather than Wake County.

The most salient differences between VDP and traditional households materialize when we turn to income and expenses. VDP households have higher incomes (gross, net, earned, and other); they also have more workers, hold title to more countable assets, and are much less likely to be homeless. These households have higher shelter costs as well as greater dependent care and medical expenses.

As expected, VDP and traditional households own different types of vehicles, although not different numbers of vehicles. VDP households own vehicles that are newer and substantially more valuable.

I. INTRODUCTION

The Food Stamp Program (FSP) helps nearly 21 million low-income people maintain nutritious diets each month. The total cost of benefits paid in fiscal year 1997 was $19.6 billion (USDA 1998). To ensure that these benefits are targeted to the neediest segment of the population, the U.S. Congress mandated income and resource tests to determine FSP eligibility. The resource test ensures that food stamp recipients do not have substantial assets that they could readily convert to cash to buy food. Some policymakers are concerned that the current method for measuring a household's vehicular assets in determining total resources may exclude truly needy households from the program. These policymakers contend that a vehicle is often required to find a job, commute to work, and become self-sufficient, and thus it should be exempt from the food stamp eligibility determination. However, there is a competing concern that with no Fair Market Value (FMV) or equity limit, families with luxury cars and low incomes could qualify for food stamps. Relaxing the current requirements could also significantly increase program costs.

The Vehicle Exclusion Limit Demonstration (VELD) provided a test of liberalizing the FSP vehicle asset test (the vehicular component of the resource test). The VELD operated in two counties in North Carolina from November 1994 through September 1996. It essentially exempted from the program assets calculation one vehicle per food stamp household, regardless of its value or intended use. The demonstration enabled us to observe directly how excluding a vehicle in determining FSP eligibility affects eligibility, participation, and benefit costs. The characteristics of participants made eligible for benefits under this reform could also be examined.

In the chapters that follow, we examine the cost and distributional impacts of this reform and develop a profile of the households and individuals affected. The remainder of this introduction

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provides context for our findings. Section A provides background for our analysis by highlighting key policy issues related to the food stamp vehicle asset test. Section B summarizes relevant previous research. The study objectives and specific research questions addressed are defined in Section C. Section D outlines the remainder of the report.

A. KEY POLICY ISSUES

For the first six months of 1998, 20.3 million Americans living in 8.5 million households received food assistance through the FSP (USDA 1998). With benefit outlays of $19.6 billion in fiscal year 1997, the FSP is one of the nation's largest social welfare programs. It is also the only public assistance program to apply uniform national eligibility standards[1] and to offer benefits to all in financial need without regard to age, health, or family composition.[2]

Administered by the U.S. Department of Agriculture's (USDA) Food and Nutrition Service (FNS) in partnership with state and local governments, the FSP provides benefits through food coupons or electronic benefit transfer. The use of these benefits is restricted to the purchase of eligible food items. Benefit allotments are based on financial need and are adjusted annually in response to increases in the cost of food. These benefits represent a major share of the total current purchasing power for many low-income households. For a typical household that receives no public

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[1]While the fundamental eligibility structure of the FSP remains uniform throughout the nation, Simplified Food Stamp Program (SFSP) procedures that change the FSP work requirements to conform to Temporary Assistance to Needy Families (TANF) rules have been approved in seven states, and SFSPs that change the food stamp benefit calculation have been approved in two states to date. In addition, several states operate their FSPs under USDA waivers, which may affect eligibility determination.

[2]Although this was the case at the time of the VELD, provisions in the 1996 Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) have since changed eligibility standards. Now there exist restrictions on benefits to legal immigrants and time restrictions for able bodied childless adults of working age. See preface on page xv for more information.

assistance other than food stamps, the food stamp benefit allotment constitutes about one-quarter of the household's total purchasing power (Ohls and Beebout 1993).

Given the FSP's central role in providing assistance to low-income households, policymakers and the public have been concerned about the equity and efficiency with which FSP benefits are distributed. A well informed response to these concerns demands that policymakers accurately gauge the impacts of potential program modifications on eligibility, participation, and costs. Demonstration projects can present important opportunities to assess the effects cost and distributional impacts of proposed program rule changes.

1. FSP Eligibility Criteria

The FSP has several eligibility requirements designed to target food assistance to the neediest households. Gross and net income tests determine whether a household can meet its consumption needs with its current income. An asset test further differentiates between low-income households that have significant resources other than current income and low-income households that have little or no such resources. Households with countable assets over a statutory limit ($3,000 for elderly households and $2,000 for nonelderly households) are excluded from the FSP. Vehicles used to provide shelter, produce income, travel long distances for work-related reasons, transport physically disabled household members, or transport most of the household's fuel or water are exempt from the asset test.

For the first countable vehicle and for any vehicles used to commute to work or work-related training, only the amount of its FMV[3] in excess of $4,650--the current FMV threshold--is counted

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[3]FMV refers to how much a vehicle is worth on the open market. In most cases, FMV is determined by its most current value in the *National Automobile Dealers Association Official Used Car Guide (Blue Book)*. The *Blue Book* does not value an individual vehicle, but presents an average

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toward the asset limit. Remaining vehicles are counted at their equity value[4] or their excess FMV (FMV above $4,650), whichever is larger.

2. The Vehicle Asset Test Debate

The vehicle asset test was designed to target food stamp benefits to the neediest households by ensuring that benefits would not be provided to households with excessive vehicle assets that could be sold to purchase food. It was designed to allow food stamp recipients at least one serviceable vehicle for commuting to work and performing other household functions, while preventing recipients from owning expensive, late-model, luxury vehicles. The $4,500 FMV threshold was established in September 1977 to represent the average FMV of a serviceable vehicle at that time. Dollar values in excess of this threshold were considered to be unnecessary and thus were included in calculations of a household's countable assets. A household's first vehicle is subject to only the FMV test because the FSP recognizes that at least one reliable vehicle per household is usually necessary to find and maintain employment, as well as to perform daily household functions such as shopping, running errands, and transporting family members. Additional vehicles are subject to both the FMV and equity tests in order to reserve FSP benefits for households most in need of nutritional assistance.

The vehicle asset test became controversial, however, because neither the FMV threshold nor the countable asset limit were indexed to adjust for inflation until the Mickey Leland Childhood

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[3](...continued)
value based on reports of actual transactions in a given month. This *Blue Book* value can be overridden if an FSP client can prove that a particular vehicle is worth less than its current *Blue Book* value--for example, by showing that the vehicle was damaged in an accident or has unusually high mileage.

[4]Equity value refers to the dollar amount of the vehicle actually owned by the household, accounting for the amount outstanding on a loan. For vehicles that are owned in full, the equity value is equal to the FMV. For vehicles that are not owned in full, equity is equal to the FMV minus the outstanding loan balance.

Hunger Relief Act of 1993 (PL 103-66, passed on August 10, 1993) provisions took effect on September 1, 1994. Despite remaining stable for 17 years, the bill raised the FMV threshold just 1.1 percent--from $4,500 to $4,550. The legislation allowed for another increase, to $4,600, on October 1, 1995, and a final increase to $5,150[5] on October 1, 1996 with automatic annual adjustments effective October 1 thereafter to offset changes in prices of used cars. However, PRWORA (PL 104-193) established $4,650 as the FMV threshold effective October 1, 1996, and the bill made no allowance for future adjustments or price indexing.

As shown in Table I.1, had the FMV threshold been indexed for inflation using the Consumer Price Index (CPI) for used cars, it would have been equal to approximately $12,000 in the fall of 1994 when the Mickey Leland Childhood Hunger Relief Act raised it to $4,550. This erosion of real value has moved most vehicles above the current $4,650 limit. For example, in 1977, a new family sedan such as the Oldsmobile Cutlass Supreme or a 3-year-old luxury car such as the Lincoln Continental were both within the FMV limit. Today, vehicles within the FMV limit might be a 6-year-old subcompact such as the Hyundai Excel or Geo Metro, a 7-year-old subcompact two-door Ford Escort, a 9-year-old Mazda 323 hatchback, or a 10-year-old family sedan such as the Pontiac 6000. Thus, the real value of the FMV threshold has eroded steadily over time.

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[5]$5,150 is based on a value of $5,000.

TABLE I.1

REAL VALUE OF THE FSP FAIR MARKET VALUE THRESHOLD AS
ESTABLISHED IN 1977: JANUARY 1988 - DECEMBER 1997
(Consumer Price Index (CPI) Adjusted Dollars)

A comparable vehicle worth $4,500 in January 1977 would be worth in:	Using the CPI for All Urban Consumers	Using the CPI for Used Cars	Using the CPI for New Cars	Average of the New and Used Car CPI
January 1988	$8,900	$9,431	$7,528	$8,480
January 1993	$10,969	$10,432	$8,490	$9,461
November 1994	$11,515	$12,100	$8,993	$10,547
September 1995	$11,785	$12,670	$9,124	$10,897
September 1996	$12,138	$12,735	$9,334	$11,034
December 1997	$12,408	$11,986	$9,209	$10,598

SOURCE: Mathematica Policy Research tabulations.

TABLE I.2

ESTIMATED ELIGIBILITY, PARTICIPATION, AND BENEFIT IMPACTS OF
REFORMS TO THE FSP VEHICLE ASSET TEST: 1985-1994
(Percentages)

	Estimated Percentage Increase in			
	Eligible Households	Participating Households	Participating Persons	Benefit Costs
Exclude one vehicle per household				
August 1985	3.7	2.8	3.0	2.7
January 1988	4.5	3.8	4.6	4.6
April 1994	5.6	4.0	4.2	4.3
Eliminate the vehicle asset test				
August 1985	9.9	7.7	9.0	8.1
January 1988	9.2	8.3	10.6	4.6
April 1994	11.9	8.4	10.3	9.9

SOURCE: Microsimulation analyses, using SIPP data from 1984-1994.

n.a. = not available

Because the FMV threshold has not increased commensurate to increases in vehicle costs, a growing number of otherwise eligible households have been disqualified from the FSP solely as a result of their vehicle holdings. Some policymakers believe that vehicles, because they may be crucial for commuting to work and acquiring jobs, should not be included among countable assets. While a household with one or more cars clearly has more resources than a similar-income household without a car, forcing people to dispose of their vehicles to become eligible for even short-term assistance may keep them from achieving economic self-sufficiency. Excluding one vehicle completely from the asset test--essentially the reform tested in the VELD--addresses these concerns. Thus, the goal of the demonstration was to provide policymakers with sufficient information to evaluate the cost and distributional impact of relaxing the vehicle asset test rules.

B. PREVIOUS FINDINGS

Due to the controversy surrounding the then unadjusted FMV threshold, numerous simulations of FSP eligibility criteria were conducted in the early 1990s to estimate the impact of the vehicle asset test. Based on simulations of the FSP eligibility criteria in August 1985 using Survey of Income and Program Participation (SIPP) data, Quinn (1993) found that eliminating the vehicle component of the asset test would have resulted in an 8.1 percent increase in benefit costs, a 7.7 percent increase in participating households, and a 9.0 percent increase in participating people (Table I.2). She found that excluding one vehicle--effectively what occurred in the VELD--would have resulted in a 2.7 percent increase in benefit costs, a 2.8 percent increase in participating households, and a 3.0 percent increase in participating persons. Later simulation analyses (Table I.2) show analogous estimates of the impact of relaxing or removing vehicle asset test regulations.[6]

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[6]In is important to be mindful, when reviewing these results, that although these simulation
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Wemmerus (1993) investigated whether the vehicle asset test excludes FSP households truly in need of nutritional assistance. She estimated that in January 1988, more than a million otherwise eligible households were excluded from the FSP solely due to their vehicle assets. The study found these "vehicle-ineligible" households to be a distinct population, significantly different in demographic and socioeconomic character from traditional food stamp recipients. According to Wemmerus' analysis of SIPP data, vehicle ineligibles tended to be younger and more educated than traditional recipients. Unlike typical food stamp recipient households, which are located predominately in urban areas and headed by women, the majority of vehicle-ineligible households are located in rural areas and contain married couples with children. They typically had at least one, though often two or three, earners per household. Vehicle ineligibles were predominately non-minorities. The majority owned their homes, and, by definition, all owned at least one vehicle. However, their incomes, the majority of which were below the poverty line, were low enough to qualify for food stamps.

High rates of employment and home and vehicle ownership, together with poverty-level incomes, suggests that vehicle-ineligible households may frequently cross the line between economic viability and poverty. These large, working households with few assets other than their homes and vehicles may slip into poverty during financially difficult times. Vehicle ineligibles appeared to be especially vulnerable to the effects of low wages, industry layoffs, and temporary reductions in work hours.

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[6](...continued)
models can estimate the number of households that would become newly-eligible under such a reform, these models use equations to predict the percentage of newly-eligible households that will actually participate in the FSP. The model estimated participation rates for those made eligible by the vehicle reforms to be 62 percent in 1985, 63 percent in 1988, and 62 percent in 1994. These participation algorithms estimate participation probabilities based on unit size; poverty level; age, race, and education of the household head; presence of children; receipt of public assistance; asset balances; and household earnings. Such an algorithm may not be appropriate for households made eligible by the VELD reform, as vehicle-ineligible households differ significantly from traditional food stamp households along dimensions not included in this participation equation.

Relatively high proportions of vehicle ineligibles received unemployment insurance or had no income at all, indicating that these households were more likely to have recently lost a job, further supporting the belief that a sluggish economy may cause these otherwise self-sufficient households to slip into poverty.

Wemmerus also found that vehicle-ineligible households owned more vehicles than traditional FSP households, and the vehicles they owned were worth significantly more, on average, than the vehicles owned by other low-income households. This was not the result of differences in make and model, as might be expected, for the distribution of the types of vehicles owned by vehicle-ineligible households did not differ significantly from that of FSP participants and other low-income households. Despite the relatively high average value of their automobiles, vehicle ineligibles were not significantly more likely than FSP participants, eligible nonparticipants, other asset ineligibles, or income ineligibles to own sports, luxury, or premium models. In fact, compact cars, trucks, jeeps, and vans were the most common types of vehicles owned by low-income households. Vehicle-ineligible households' vehicle holdings were of greater worth because they owned more vehicles than other low-income households, and because the vehicles they owned were significantly newer. It is not surprising that these households own more vehicles, as they include more household members and more earners. It is also not surprising that recently employed households would own relatively new vehicles compared to households who have long been out of the labor force.

These findings suggest that in disqualifying vehicle-ineligible households from the FSP, the vehicle asset test may not be performing its targeting function as well as it might, since in order to receive even short-term assistance from the FSP, these largely working-poor people would have to dispose of the vehicles they might need to acquire or hold a job. Because most vehicle-ineligible households are located in rural regions, this dilemma may be particularly acute. In addition, since the

majority of vehicle-ineligible households contain children, and most have incomes below poverty, the vehicle component of the asset test has a disproportionate negative impact on poor households with children.

Based on this research, the U.S. Congress included changes to the vehicle asset test in the Mickey Leland Childhood Hunger Relief Act of 1993. As described above, the FMV threshold was raised and indexed, and, in the 1990 Farm Bill, FNS was requested to conduct and evaluate a demonstration of relaxed vehicle asset test rules. This demonstration, upon which our research is based, is described in the next chapter.

C. OBJECTIVES AND RESEARCH QUESTIONS

The purpose of this study is to assess how relaxing the vehicular component of the FSP resource test would affect FSP participation and costs. Specifically, we seek to answer the following research questions:

- How would the changed policy affect the size and cost of the FSP?

    -- How did the VELD affect the number of eligible FSP households in the demonstration counties?

    -- How did the VELD affect the participation *levels* in the FSP in the demonstration counties?

    -- How did the VELD affect the participation *rate* in the FSP in the demonstration counties?

    -- What were the benefit cost impacts of the VDP in the demonstration counties?

- Who would be affected by the policy changes, i.e., what are the demographic and case characteristics of VELD eligibles compared to households that qualify under traditional rules in the demonstration counties?

- Would the cars of persons made eligible under VELD rules allow them to find or maintain jobs? Did the cars of these people allow them to find or maintain jobs in the demonstration counties?

• What are the vehicle asset test experiences of other states?

The VELD represents the first "real world" experience of what actually occurs when the vehicle asset test is relaxed. Although we have simulation models that can estimate the number of households that would become newly-eligible under such a reform, these models use equations to predict the percentage of newly-eligible households that will actually participate in the FSP. These participation algorithms, which estimate that up to 70 percent of newly-eligible households will participate, may not be appropriate for the relatively advantaged households made eligible by this reform. Evaluation of the VELD thus provides critical information regarding the true participation patterns of income-eligible food stamp applicants with high-FMV vehicles.

D. STRUCTURE OF THE REPORT

The remainder of this report includes six chapters. Chapter II describes the design and operation of the VELD and discusses the generalizability of our findings. Our data sources and study methodology are explained in Chapter III. The effects of the changes to the vehicle asset test on: (1) eligibility and participation, and (2) benefit costs are presented in Chapters IV and V. Chapter VI compares the demographic and socioeconomic characteristics of VELD and traditional food stamp households in the demonstration site. Chapter VII presents evidence from other states that relaxed their vehicle asset tests under a waiver from the USDA or the Department of Health and Human Resources (DHHS).

Five appendices provide supplementary information. Appendix A provides an example of the Vehicle Addendum form used by the demonstration site to collect demonstration-specific data. Appendix B presents tables comparing the characteristics of demonstration-eligible households in the two demonstration counties. Appendix C displays detailed information on the make and model and

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age of vehicles owned by demonstration participants. Appendix D provides information on the inflation factors used to convert dollar values in the analysis to constant November 1994 dollars. Appendix E presents supporting tables for the case study analysis presented in Chapter VII.

II. THE NORTH CAROLINA VEHICLE DEMONSTRATION PROJECT

The Vehicle Exclusion Limit Demonstration, which operated in two counties in North Carolina from November 1994 through September 1996, provided a test of relaxing the rules for counting vehicle assets in determining FSP eligibility. The VELD evaluation represents an opportunity for policymakers to accurately gauge how this FSP rule modification would affect participation and program costs. This chapter describes the VELD--also known by demonstration personnel as the Vehicle Demonstration Project (VDP). Section A provides background on the origins of the VDP; Section B describes the specific rule changes tested by the demonstration; Section C describes the operation of the VDP; and Section D presents a brief description of the demographic and socioeconomic character of the two demonstration counties and discusses the generalizability of our findings.

A. ORIGINS OF THE VELD

The U.S. Congress included a number of changes to the FSP vehicle asset test in the Mickey Leland Childhood Hunger Relief Act of 1993. The bill raised the FMV threshold from $4,500 to $4,550 on September 1, 1994, to $4,600 on October 1, 1995 and to $5,150 on October 1, 1996. It also required that the threshold be indexed annually for inflation, beginning on October 1, 1996. Prior to the Leland Act, the 1990 Farm Bill mandated that up to five demonstration projects be established to evaluate the impact of relaxing the vehicle asset test rules. Because previous research indicates that vehicle ineligibility may be a disproportionately rural phenomenon, the legislation mandated that both urban and rural sites be included in the demonstration sample. The 1991 Technical Amendments to the Farm Bill instituted a start date for this demonstration.

Because few eligible state agencies applied to be a demonstration site, only one demonstration project was established--the North Carolina VDP, administered by the North Carolina Department of Human Resources, Division of Social Services (DSS). A single change to the vehicle asset test was tested in one site composed of two counties, one of which was designated by the state as urban, the other rural. The VDP involved a non-experimental design, so it did not include treatment and control sites; the entire applicant caseload in the affected counties was subject to the same policy change.

B. CHANGES TO THE VEHICLE ASSET TEST

North Carolina's VDP expanded the categories of licensed vehicles that are excluded from consideration as a resource for applicant households. As described in Chapter I.A, under traditional rules, any licensed vehicle used to provide shelter, produce income, travel long distances for work-related reasons, transport physically disabled household members, or transport most of the household's fuel or water is exempt from the FSP asset test, regardless of its value. All other vehicles are counted toward the asset limit--either at the amount of their FMV over the FMV threshold or their total equity value. (See Chapter I.A for details.) As shown in Table II.1, the VDP exempted four additional categories of vehicles from the asset test. One licensed vehicle per food stamp unit (FSU) was excluded if used to: (1) obtain food or food stamp benefits, (2) seek employment or commute to work, (3) pursue employment-related education or training, or (4) transport an elderly member of the FSU. Any remaining vehicles were evaluated according to traditional policies. Because these additional exclusions are extremely comprehensive and likely to apply to every household with a car, the VDP rules in effect excluded one vehicle per applicant FSU.

TABLE II.1

COMPARISON OF TRADITIONAL AND DEMONSTRATION VEHICLE ASSET TEST RULES

Test Component	Traditional Vehicle Asset Test Rules	Demonstration Vehicle Asset Test Rules
Vehicle Exempt	Vehicles are excluded from the asset test if they are: • Used as shelter; or • Used more than 50 percent of the time to produce income (e.g., taxi cab); or • Annually producing income consistent with the FMV (even if used seasonally); or • Used for long distance travel that is essential to employment (other than commuting; e.g., traveling sales); or • Needed to transport a physically disabled household member (one vehicle per disabled FSU member); or • Needed to transport the household's main source of water or heating fuel for the home; or • A leased vehicle; or • An income producing vehicle of a self-employed farmer who has not farmed for one year or less. <center>*Countable Vehicle Assets = 0*</center>	Vehicles are excluded from the asset test if they are: • Used as shelter; or • Used more than 50 percent of the time to produce income (e.g., taxi cab); or • Annually producing income consistent with their FMV (even if used seasonally); or • Used for long distance travel that is essential to employment (other than commuting; e.g., traveling sales); or • Needed to transport a physically disabled household member (one vehicle per disabled FSU member); or • Needed to transport the household's main source of water or heating fuel for the home; or • A leased vehicle; or • An income producing vehicle of a retired self-employed farmer who has not farmed for one year or less; or **Used to obtain food or food stamp benefits; or** **Used to obtain, continue, or seek employment; or** **Used to pursue employment-related education or training; or** **Used to transport an elderly FSU member** <center>*Countable Vehicle Assets = 0*</center>
Vehicle Subject to FMV Test Only[a]	• One vehicle per household; and • Vehicles used for commuting to work or work-related training, or to meet work registration requirements. <center>*Countable Vehicle Assets = Excess FMV = FMV − FMV threshold[b]*</center>	
Vehicle Subject to Both Equity and FMV Tests[a]	• All other licensed vehicles that do not meet the above criteria. <center>*Countable Vehicle Assets = Max ((FMV − FMV threshold)[b], (Equity Value))*</center>	

[a]Demonstration rules did not differ from traditional rules in this area.

[b]The FMV threshold is currently $4,650. During the VELD period it was $4,550 (through 9/30/95) and $4,600 (10/1/95- 9/30/96).

C. OPERATION OF THE VEHICLE DEMONSTRATION PROJECT

North Carolina DSS selected Wake and Orange Counties--two of the six counties within the Raleigh-Durham Standard Metropolitan Area (SMSA) for the demonstration. They were chosen because they are geographically close to the state offices in Raleigh and are very different from one another in population size and character. Demonstration rules and procedures were developed by the state DSS in close cooperation with FNS and the county directors and food stamp supervisors in Wake and Orange Counties. All eligibility workers in the two demonstration counties were trained in the new policy by state officials, and new policy manuals were issued for these counties only.

The demonstration rules shown in Table II.1 were instituted in November 1994 and remained in effect for 23 months through September 1996.[1] During that time, all applicant households were evaluated for eligibility under both traditional and demonstration rules. Applicant households that met all traditional income and asset criteria other than vehicle ownership, i.e., households ineligible under traditional rules *solely* due to their vehicle assets, were designated as "VDP cases" and granted benefits for the duration of the demonstration if they were eligible under demonstration rules. These households would have been denied food stamps had it not been for the demonstration. VDP-eligible cases were flagged in the state's case record database--the Food Stamp Information System (FSIS) by substituting a "W" for the first character of the unique county case number.[2]

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[1]The VDP was intended to operate for 24 months, but the demonstration closed one month early because the North Carolina DSS demonstration project manager was transferred. This did not present any significant or adverse effects on our analysis.

[2]DSS had intended to use a "V" to denote VDP-eligible cases, but the "V" moniker was already being used to designate Vietnamese recipients.

During the demonstration period, eligibility workers, in addition to the traditional food stamp application, completed a Vehicle Addendum Form for every applicant owning one or more vehicle. Data were thus collected on the vehicles owned by both VDP households and traditional food stamp households. This form, shown in Appendix A, was used to collect information not stored in the state FSIS on vehicle age, make, model, value, and equity, as well as family composition and reason for applying for food stamps. The Vehicle Addenda were entered into the Automated Vehicle Addendum Data Entry System (AVADES) database by state demonstration staff.

D. DESCRIPTION OF DEMONSTRATION COUNTIES AND GENERALIZABILITY OF FINDINGS

Because of expected difference in VELD participation patterns and participants by urban-rural status, FNS mandated that demonstration projects contain both an urban and rural site. The VDP designated Wake County as the urban site, and nearby Orange County as the rural site. While Orange County has a significantly lower population density than Wake County (Table II.2), both demonstration site counties are located within the Raleigh-Durham SMSA (Figure II.1), and are thus both considered to be urban counties by the Bureau of the Census.

DSS considers Orange County to be rural in character, if not by definition. For this evaluation we refer to Orange County as the demonstration-designated rural site. In the body of the report we do not present results across the urban-rural dimension, as to do so could be misleading. (We do present differences in the characteristics of VDP recipients in the two counties in Appendix B.)

Wake County--the demonstration-designated urban site--contains the city of Raleigh, which is the state capital. According to state data, this county is largely urban, and a quarter of Wake County's population lives in the center city. Public transportation (buses) and car-pooling are widely

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TABLE II.2

SOCIODEMOGRAPHIC PROFILE OF DEMONSTRATION COUNTIES

| | Demonstration Counties | | State | United |
	Wake Co.	Orange Co.	(North Carolina)	States
Population (1995)				
Total persons (in thousands)	514	108	7,195	262,755
Population density	237.8	104.0	57	28.7
Average household size (1990)	2.5	2.3	2.5	2.6
Race / ethnicity (1990)				
Percent white	76.5	80.8	75.6	80.3
Percent black	20.8	15.9	22.0	12.1
Percent Hispanic	1.3	1.4	1.2	9.0
Percent foreign born	3.9	5.0	1.7	7.9
Socioeconomic (1989-1990)				
Percent female-headed households	10.0	9.4	12.3	11.6
Percent high school graduates [a]	85.4	83.6	70.0	75.2
Percent with 16+ yrs. of education [a]	35.3	46.1	17.4	20.3
Median household income	$36,222	$29,968	$26,647	$30,056
Percent families below poverty	5.5	6.4	9.9	10.0
Employment patterns (1995)				
Unemployment rate (1995)	2.4	1.9	4.3	5.6
Percent white collar employment	40.6	44.4	25.7	30.1
Percent blue collar employment	8.7	9.0	13.3	11.3
Industry patterns (1994)				
Percent earnings from farming	0.5	0.5	2.8	1.3
Percent earnings from manufacturing	11.0	7.0	25.8	18.3
Percent earnings from service fields	61.9	39.1	48.8	58.2
Percent earnings from government	19.8	50.0	16.8	16.0
Housing (1990)				
Median housing value	$97,200	$101,500	$65,800	$79,100
Median rent	$480	$472	$382	$447
Geographic (1995)				
Total land area (km^2)	2,160	1,035	126,180	9,159,127

SOURCE: 1997 County and City Extra: Annual Metro, City, and County Data Book.

[a] Percent of 25-year-olds.

FIGURE II.1

Raleigh-Durham (MSA6640)
Counties

Miles

0   10   20

Franklin

Johnston

Wake

Durham

Orange

Chatham

19
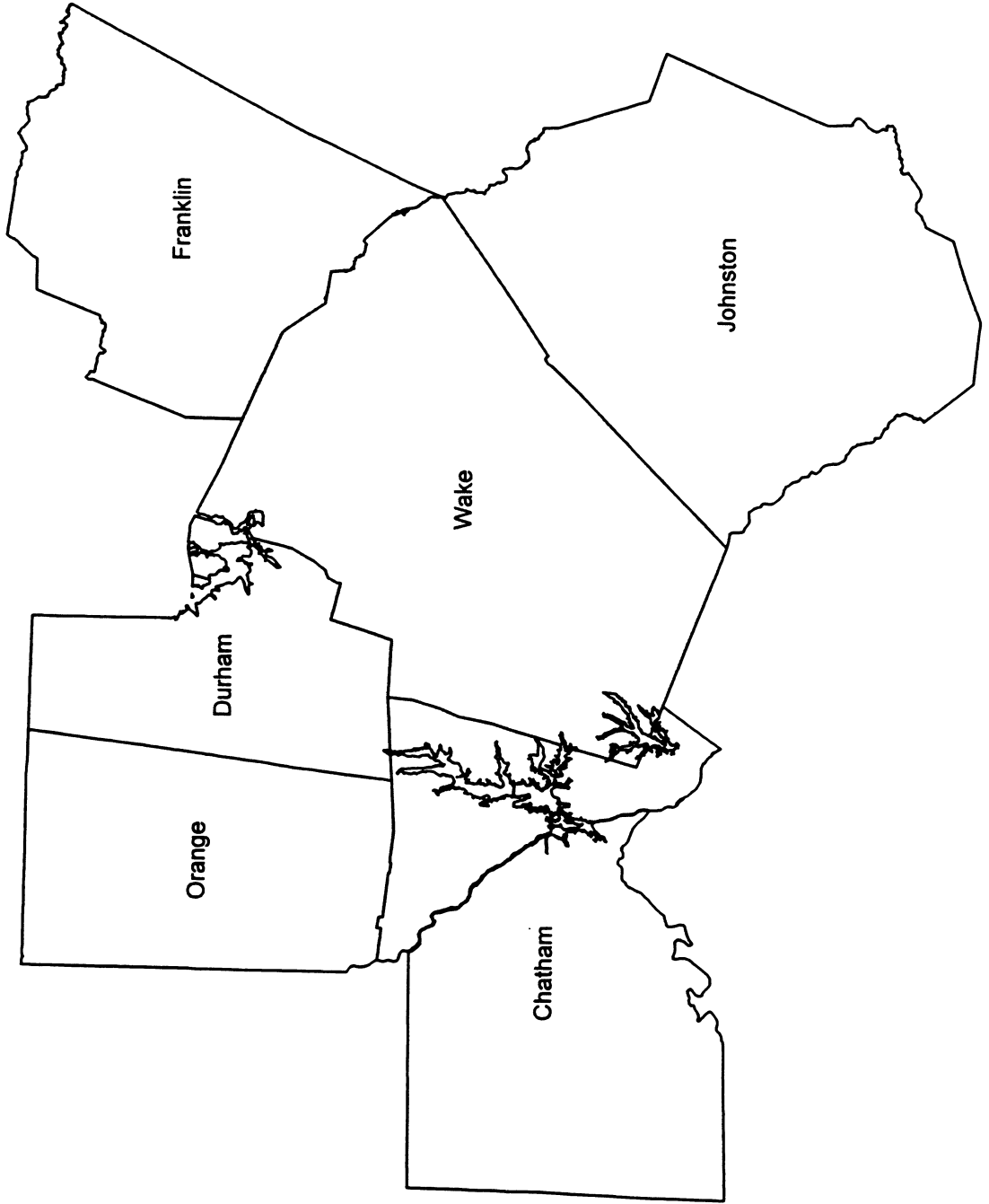
available and perceived as effective in Wake County. However, Wake demonstration administrators believe that many individuals seeking employment or training need access to a vehicle. Although there are 25 industrial parks throughout Wake County, many Wake County residents work in Research Triangle Park, which is 15 to 20 miles away in Durham County. Cars are needed in Wake County for shopping, as public transportation does not effectively cover the 110 shopping centers (North Carolina Department of Human Resources, DSS 1994).

Orange County's population is considered to be 40 percent rural. This county is deemed rural by demonstration staff. It is home to Chapel Hill and the University of North Carolina, which is the major employer for the county. Chapel Hill has public transportation, but most of the University employees do not live in the city, so for most, a vehicle is essential to employment. Because the entire county outside of Chapel Hill is rural, DSS considers a vehicle to be essential for access to medical treatment, shopping, and child care needs (North Carolina Department of Human Resources, DSS 1994).

As shown in Table II.2 the population of the demonstration counties differs significantly in character from the U.S. population. By Census Bureau standards, the entire demonstration site is urban, compared to three-quarters of the U.S. population. Compared to the U.S. as a whole, the demonstration counties have larger percentages of black persons, and they have smaller percentages of Hispanic and foreign-born persons. The demonstration population is better off by social and economic standards when compared with the total U.S. population. Wake and Orange County inhabitants have higher average educational attainment, with lower percentages of female-headed households and families with incomes below the poverty threshold. The unemployment rate in the demonstration site is significantly lower than the national rate, and a substantially higher percentage of the demonstration population is employed in white-collar occupations. Wake County employment

is predominantly based in the service sector, with more than half of its earnings derived from service occupations, compared with a third of U.S. earnings. More than half of the earnings in Orange County are from government employment, compared with less than a fifth of U.S. earnings. Because the demonstration population is more economically secure than the U.S. population as a whole, the demonstration may not accurately estimate how cost and participation would rise nationally. We suspect that the strong economic conditions in the demonstration counties could cause the VELD to underestimate the cost and participation impacts of relaxing the vehicle test nationwide, as a smaller percentage of households in the demonstration site are likely to be unemployed, recently laid off, or among the working poor compared to the nation as a whole.

Because the legislated purpose of vehicle asset test demonstration projects was to estimate the impact of relaxed rules on the nationwide caseload and benefit costs, optimally, demonstration sites would have been as closely representative of the U.S. population as possible. It was FNS' intent to select multiple sites representing urban and rural areas and areas with small and large caseloads (USDA 1993). However, only one demonstration project was selected, and the population of Wake and Orange counties does not mirror that of the U.S. population. Thus, the ability to generalize findings from the demonstration is limited. However, the patterns of change resulting from the VDP are very likely to be suggestive of the impact of enacting this reform at the national level.

III. DATA AND METHODOLOGY

This chapter describes the data and methodologies used to estimate the effect of relaxing the vehicle asset test rules. Section A describes the four data sources; Section B discusses our sample and analysis groups; and Section C presents our methodologies for estimating the impacts of the VDP.

A. DATA SOURCES

Our analysis of the effects of liberalizing the vehicle asset test is based on data from five sources:

1. Food Stamp Information System snapshots from November 1994 to September 1996

2. Vehicle Addenda

3. Published or state-tabulated FSP caseload and labor force data

4. Survey of Income and Program Participation

5. Interviews with welfare reform coordinators and eligibility worker supervisors in eight states.

The sections that follow summarize the use and limitations of these data.

1. Food Stamp Case Record Data

The food stamp data used in our evaluation is extracted from monthly case record snapshots of North Carolina's automated case record data system, the FSIS. FSIS data is entered by caseworkers, and the database is managed by the Information Resources Management (IRM) Division of DSS. FSIS contains a case record for each participating FSU. The record stores information on program participation, benefits received, expenses, and income. It also includes information on whether the FSU participates under VDP or traditional rules. (By "participating under VDP rules," we mean FSP

participants who, without the liberalized vehicle exclusions, would not be eligible for FSP benefits.)

For each household member, FSIS also maintains separate information on individual demographic

characteristics and sources of earnings.

We received end-of-month snapshots of FSIS for every month of the demonstration. IRM

produced these end-of-month files for Mathematica Policy Research (MPR) when the benefit file was

created each month for the vendor that distributed food stamp benefits. FSIS data therefore are

consistent across months and should correspond to published reports of participation in the two

counties. Each FSU has a unique identification number that remains unchanged over time. We used

this identifier to link individual monthly extracts for the entire 23-month demonstration period,

constructing a longitudinal analysis data file. This file contains information on participation, benefits,

expenses, and socioeconomic characteristics for each FSU for each month of the demonstration. The

longitudinal file allows us to track and compare participation patterns of VDP and traditional FSUs.

As shown in Table III.1, these data make up the crux of our analysis data. We use FSIS data to

estimate the participation and cost effect of the demonstration, and the data provide information on

the characteristics of VDP-eligible households. Limitations of these data are presented in Section C.

2. Vehicle Addendum Data from the Automated Vehicle Addendum Data Entry System

To gather critical data on vehicle assets, DSS line staff administered a paper Vehicle Addendum

Form in addition to the traditional food stamp application. The addendum collected information on

vehicle assets, knowledge of the VDP, and basic household structure that FSIS does not store. As

TABLE III.1

VELD EVALUATION RESEARCH QUESTIONS BY DATA SOURCES

Research Questions	Food Stamp Information System (FSIS)	Vehicle Addenda (AVADES)	Published FSP and Labor Force Data	Survey of Income and Program Participation (SIPP)	Case Study Interviews
How does the VELD affect the numbers of households *eligible* for the FSP?				✓	
How does the VELD affect the numbers of households *participating* in the FSP?	✓		✓		
How does the VELD affect total *benefit costs* of the FSP?	✓		✓		
What is the *participation rate* for households made eligible by the VELD?	✓		✓	✓	
How quickly do VELD-eligible households participate in the FSP?	✓			✓	
What are the characteristics of participating households made eligible by the VELD?	✓	✓			
How are the characteristics of newly eligible households different from those of traditional food stamp households?	✓	✓			
What are the vehicle asset test experiences of other states?					✓

shown in Table III.1, the AVADES data provide information on the vehicle assets of VDP-eligible and traditionally eligible households.

Line staff in the demonstration counties were trained to complete addendum forms for *all* new FSP applicants and recertifying households that owned one or more vehicles. It appears that staff did not apply this protocol consistently, however, as only 22 percent of our sample of food stamp households from FSIS also had addendum data. Since it is unlikely that less than 25 percent of participants in Wake and Orange counties own vehicles,[1] we suspect that line staff did not successfully collect vehicle addendum information from all households with cars.[2] Because it is possible that this non-response was systematic, we cannot confidently compare characteristics of VDP and traditional cases using only these data.

Sample Vehicle Addendum Forms can be found in Appendix A. Demonstration staff used the first form from November 1994 to May 1995, and the second form from June 1995 to September 1996. MPR designed AVADES to make these paper reports machine-readable. We subsequently call these data AVADES data.

The addenda capture the make, model, year, equity value, and fair market value of all cars owned by an applicant or recertifying FSU. The forms also record how the applicant heard about the VDP, and whether each car is exempt from the vehicle asset test due to traditional or VDP exclusions. The information given in these forms describes the vehicular assets of a given FSU only at time of application or recertification. Therefore, a household may gain or lose assets without AVADES capturing the change.

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[1]A SIPP-based microsimulation analysis using 1994 data found that 65 percent of food stamp households in the southeastern United States own vehicles.

[2]We did receive addenda for all demonstration-designated VDP food stamp cases.

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The addenda also record the FSU's unique identifier, which permits linking to FSIS administrative data. By linking the vehicle information to the longitudinal data on program benefits and participation patterns, we could analyze the relationship between the two. Less than 1 percent of cases (41 of 5,065) in AVADES did not have corresponding records in FSIS and are excluded from our analysis.

3. Published or State-Tabulated FSP Caseload and Labor Force Data

We use DSS's published and in-house tabulated FSP caseload counts to verify the caseload statistics computed from FSIS and to assess the impact of the VDP on participation and benefit costs. The analysis also employs information on labor market statistics in the demonstration counties provided by the North Carolina Employment Security Commission. The employment data provide context to our findings and are used to assess the influence of economic conditions on the cost impact estimation of the demonstration.

4. Survey of Income and Program Participation

The January 1994 MATH® SIPP Model is a microsimulation model designed by MPR that simulates FSP reforms using a representative national sample of 36,814 SIPP households from January 1994.[3] The SIPP is a nationally representative longitudinal survey that provides detailed monthly information on household composition, income, labor force activity, and program participation. SIPP's interviewed population is based on a multistage stratified sample of the noninstitutionalized resident population of the United States. MATH SIPP's computer algorithm

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[3]MATH (Micro Analysis of Transfers to Households) is a trade-name of Mathematica Policy Research, Inc.

mimics an FSP caseworker in calculating a sample unit's eligibility and benefits under the program rules.

We used the MATH SIPP Model to simulate the impact of the VELD policy changes on FSP eligibility. We also used the SIPP data to examine whether the administrative records of vehicle ownership by program participants in Orange and Wake counties are plausible.

5. Case Study Interviews

We augment our quantitative findings from the VDP evaluation with qualitative information gleaned from case studies of eight states that modified their FSP and/or Aid to Families with Dependent Children (AFDC)/TANF vehicle asset limits in conjunction with pre-PRWORA welfare reform demonstration projects. These eight states (California, Maryland, Michigan, Montana, North Dakota, Pennsylvania, Vermont, and Virginia) were chosen purposefully from a list of 15 states with vehicle asset test reforms to represent a range of vehicle reforms and geographic and regional diversity. Because we expect vehicle asset test experiences to differ along these dimensions, we selected both large and small states and largely urban and largely rural states.

In each state we reviewed the sections of the waiver applications that pertained to the vehicle asset test. We then interviewed (1) state officials responsible for pre-PRWORA welfare reform planning, (2) an eligibility worker supervisor in a randomly selected *urban* food stamp office, (3) an eligibility worker supervisor in a randomly selected *rural* food stamp office, and (4) where appropriate, demonstration evaluators.

Unlike Wake and Orange counties, these states simultaneously implemented a host of reforms to their FSP and AFDC/TANF policies that prevent us from isolating the specific impacts of changes to the vehicle asset test. We therefore focus on observations, opinions, and recommendations of the policy and line staff, particularly regarding their impressions of the traditional vehicle asset test

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policies. Our analysis, presented in Chapter VII, is descriptive, synthesizing the observations and opinions expressed in these interviews and highlighting observed differences between urban and rural food stamp staff.

B.   DEFINING THE ANALYSIS POPULATION

This section discusses our selection of an appropriate analysis population, how we define the VDP analysis groups, and the resulting sample sizes.

1.   Timing of Longitudinal Analysis

We restrict our analysis population to households *entering* the FSP in Wake and Orange counties during the demonstration period—from November 1994 through August 1996. We constrain our sample to "new entrant" households for two reasons. First, by considering only households that entered the FSP *after* the demonstration had begun, we avoid biases due to longitudinal changes in other conditions. That is, we do not compare households that first received food stamps in July 1995 to those who have been on the FSP for a full 10 years. All households in our analysis population entered the FSP during the same time period and under similar economic conditions.

Second, we discovered that our FSIS-calculated monthly case counts differ significantly from the published case counts provided by DSS. Differences between the counts were as high as 19 percent in one month. After extensive consultation with demonstration staff, we believe that IRM produced FSIS snapshots that do not necessarily include all participating households that entered the FSP before November 1994. In particular, IRM appears to have, in some months, excluded from the snapshots, food stamp households that exited the FSP during the extract month. Our analysis of a study conducted concurrently by IRM indicates that we do, however, have complete records of newly

entering households during the demonstration period. Thus, by limiting our analysis to new entrants we alleviate this serious data deficiency.

Although the VDP ran for 23 months through September 30, 1996, we limit most of our analysis to the first 22 months of the demonstration. On September 5, 1996, Hurricane Fran destroyed significant residential and commercial property in North Carolina, precipitating a staggering increase in FSP participants during this month. FSP participation rose by 120 percent from August through September 1996. We expect that these disaster-related new entrants are not representative of typical FSP participants, and thus we exclude September 1996 data from our analysis.

After limiting the analysis population to new entrant households and restricting our demonstration time frame to the 22 months from November 1994 to August 1996, our final analysis population comprises 14,803 food stamp households containing 43,373 individual recipients. Of these recipient households, we identify between 554 and 641 households as VDP participants, depending on how VDP participation is defined.

2. Distinguishing Between VDP and Non-VDP Participants

Our analysis requires that we distinguish between households that qualify for food stamps only under the liberalized vehicle asset rules (VDP-eligible participants) and FSUs that qualify under traditional rules. DSS established simple demonstration procedures to allow us to identify VDP participants based on a code on the FSIS data. Demonstration procedures mandated that line staff replace the first digit of the FSIS county case code with a "W" to denote a VDP case.

Unfortunately, this VDP indicator occasionally contradicts other information on the FSIS case record. We find four sources of discrepancies in VDP-designated cases:

1. According to FSIS data, 43 (7 percent) of the VDP-designated cases are pure public assistance (PA) households (i.e., food stamp households in which *all* members receive TANF or General Assistance benefits.) As pure-PA FSUs are *categorically* eligible for food stamps and thus not subject to the resource test; pure-PA households, should, by definition, be unaffected by demonstration rules.

2. According to the AVADES data, the FMV of 24 (4 percent) of the VDP-designated cases would have been too low to disqualify the household under traditional food stamp rules.

3. We found six traditionally eligible recipient cases in which AVADES data show that line staff excluded vehicles under VDP rather than traditional regulations. These cases may actually be VDP cases as they appear to be eligible only under VDP rules, although they were designated as traditionally eligible on the FSIS.

4. We found an additional 18 cases in which AVADES data show that the total FMV of non-excluded vehicles exceeds the asset ceiling. These cases appear to be VDP cases, though they were not designated as such on the FSIS.

To compensate for these contradictions, we devised six definitions of the VDP population and created six corresponding analysis groups that represent the range of possible VDP populations. Table III.2 summarizes the definition and size of the six groups. We present the full range of estimates of VDP participation in Chapter IV. Reproducing cost and comparison analyses for all six VDP definitions would be cumbersome, so we limit our principal analyses to the VDP "as operated" (Group A). We focus on this definition of the VDP because it represents how line staff in North Carolina actually administered the VELD rules. It is our best estimate of how a similar program would be administered in a different geographic location.

Groups B, C, and D exclude from the VDP population households that suffer from the contradictions listed above in points 1 and 2. Groups E and F include cases not designated as

TABLE III.2

VDP ANALYSIS GROUPS

Analysis Group	Size	Definition
VDP Group A*	617	VDP "as operated"—FSUs identified as VDP cases by the "W" in the first character of their unique county case code.
VDP Group B	574	VDP "as operated" *excluding* pure-PA cases (excludes households that are categorically eligible and thus not subject to the asset test).
VDP Group C	593	VDP "as operated" *excluding* one-vehicle FSUs whose car values are less than the FMV threshold (excludes households that do not appear to have countable vehicle assets greater than the asset limit under traditional rules i.e., potentially traditionally eligible households).
VDP Group D	554	VDP "as operated" *excluding* PA cases and one-vehicle FSUs whose car value is less than the FMV threshold (excludes cases described under analysis groups B and C).
VDP Group E	623	VDP "as operated" *plus* non-PA cases not marked as VDP but have one or more cars excluded under VDP rules and thus do appear to be VDP-eligible (includes households that appear to be eligible under traditional rules for whom AVADES indicates that a vehicle was excluded under VDP rules).
VDP Group F	641	Analysis Group E *plus* non-PA cases not marked as VDP that have countable vehicular assets above the asset limit, indicating apparent ineligibility under traditional rules (includes households that appear to be eligible under traditional rules whose countable vehicle assets are recorded in AVADES as exceeding the asset limit).

*Analysis Group A—VDP "as operated"—is the group used throughout most of our analyses in Chapter IV, V, and VI. The sample size on some tables in Chapter VI is lower than 617 due to occasional missing values.

VDP that, according to the contradictions listed in points 3 and 4, appear to qualify for food stamps only under VDP rules. It is likely that Analysis Groups E and F would be larger if the AVADES database was complete.

An additional data inconsistency observed is that 8 percent of the FSIS data for VDP-designated cases show that an FSU entered the VDP in a given month, yet no benefits are recorded for that month. This may be because the household applied after the 15th of the month and received a combined allotment in the following month. For these cases, we assume that the benefit amount issued the following month was also issued in the month in which the VDP indicator suggests that participation began. (As described in more detail in Section 3, we believe this to be a viable solution.)

3.   Problems Determining FSP Participation

Inconsistencies in how FSIS recorded when benefits were issued across the 23 months of linked data presented an obstacle to determining when food stamp participation began. For each FSU, our case records include three indicators of when an FSU received benefits: (1) the month benefits were last *issued*, (2) the month benefits were last *receive*d on the recipient's electronic benefit transfer card, and (3) the month *replacement benefits* were last *issued*. IRM staff count an FSU as participating in a given month if benefits were last issued in that month according to the data extract for that month. For example, if the March 1995 data show a value of March 1995 for any of these factors, we assume that the FSU participated in March 1995. However, the FSIS-recorded value for the most recent month in which benefits were issued or received was occasionally the month *after* the extract month. For example, March 1995 case record data for some FSUs show that benefits were last issued in April 1995, which is technically impossible given when IRM saved the FSIS snapshots for MPR.

Based on concurrent investigation by MPR and IRM, we believe that extensive IRM delays in sending us the data led to corruption of these benefit date fields; it is likely that occasionally IRM created the end-of-month snapshots a few days into the following month, rather than on the day in which they ran the benefit tapes, as IRM had agreed upon. Fortunately, there is no indication that other fields were corrupted. To correct this, we assume that an FSU participated during the extract month if the date of issuance was *later than* or equal to the extract month. For example, if March 1995 records show benefits issued most recently in April 1995, then we assume the FSU participated in March 1995. This assumption may lead to a slight overestimate of participation and therefore costs in a given month, but we (and IRM staff) suspect that the incidence is low.

C. EVALUATION METHODOLOGY

This section describes the methodologies we use to address the research questions presented in Section I.C.

1. Estimating the Effect of the VELD on Eligibility and Participation

We used two methodologies to analyze the eligibility and participation impact of the VELD reforms: microsimulation analysis and analysis of demonstration caseload data.

a. Eligibility Impact Estimates

The number of food stamp eligible households under traditional and VELD rules can not be determined from any existing data source. Thus, the impact of the VDP on eligibility cannot be determined from demonstration data without conducting a prohibitively costly sample survey of the low-income populations in Wake and Orange counties.[4] We are, however, able to use a sample

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[4]In the proposal stage of the VELD evaluation, FNS and MPR determined that a sample survey
(continued...)

survey-based microsimulation model (specifically the January 1994 MATH SIPP Model) to simulate

the state and nationwide impact of VELD policy changes on FSP eligibility.

b.   Participation Impact Estimates

To estimate the effect of relaxing vehicle asset test rules, we simply count the number of food

stamp cases that qualified under VELD rules. Not eligible outside the demonstration, these

households represent the net impact of the VELD on FSP participation. We graph the VDP

participation take-up over the 22-month demonstration period, graphically examining both VDP new

entrants and total active VDP cases over time. As is expected with a new program, we give the

target population time to learn about the reform before calculating our impact estimates. We visually

and statistically identified the point at which the rate of increase levels off and based estimates on

remaining demonstration months. We describe the take-up patterns observed and estimate the

expected steady state of VDP participants in the demonstration site. As the VDP was not long

enough to allow us to observe a true plateau in the participation curve, we present estimates of the

impact on participation based on the final months of the demonstration. We use moving averages to

smooth the data, reducing the effect of month-to-month fluctuations. We present this information

both as an absolute and percentage change in participation. As discussed in Section B.2 of this

chapter, we present our analysis of participation impacts across the six definitions of the VDP

population, but focus on Analysis Group A—the VDP as it actually operated in the demonstration

site.

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[4](...continued)
of the low-income population in the demonstration site would be prohibitively expensive.

Using the longitudinal FSIS file, we also compare the spell lengths of the food stamp households in the two groups (VDP and traditional) who entered the FSP during the demonstration period. As not all spells were completed before the end of the demonstration, we estimate a Kaplan-Meier survival function and a Cox proportional hazards model to compare the food stamp spell lengths of the two groups. These approaches allow us to include cases with truncated or censored spells.

2. Estimating the Effect of the VELD on Program Costs

To assess the impact of the VELD rules on program benefit costs, we calculate the value of benefits paid to VDP households under the six definitions of the VDP population. We multiply our estimates of participation impacts by average benefits paid to calculate the average monthly and cumulative costs of the additional vehicle exclusions. We present this information both as an absolute and percentage change in benefits paid. To make cost figures comparable across the 22-month demonstration period, we use CPI adjustment factors (described in Appendix A) to calculate the real value of benefits in November 1994 dollars.

3. Examining Distributional Effects: Who is Affected?

We examine characteristics of VDP households using the definition of VDP described in Table III.2 as Analysis Group A. We compare the sociodemographic and program characteristics of VDP households and traditional households. Because the VELD reform should not apply to pure-PA households, yet paradoxically 7 percent of VDP households are designated as pure-PA, the characteristics' tables break down traditional recipients by pure-PA status. In addition to including pure-PA cases which should not have been, VDP "as operated" also included households that appear

to be eligible under traditional rules, yet had a vehicle excluded under VDP rules. Tables that break down the VDP households in this manner are presented in Appendix C.

The characteristics are expressed as means, proportions, and frequency distributions, depending on the type of characteristic. To make expense, income, and vehicle values comparable across the 22-month demonstration period, we use CPI adjustment factors (described in Appendix E) to calculate their real value in November 1994 dollars (the start date of the demonstration).

IV. EFFECT ON ELIGIBILITY AND PARTICIPATION

An objective of the VELD was to estimate the impact of relaxing the vehicle asset test on FSP

eligibility and participation and to compare this "real world experience" to previous estimates gleaned

from simulations of sample survey data. This chapter examines the effect of the new rules on

eligibility as measured by microsimulation (Section A) and the impact on participation as observed

in the demonstration site (Section B).

A. EFFECTS ON ELIGIBILITY

As we did not conduct a sample survey of the low-income population of Wake and Orange

counties, it is not possible to accurately measure the change in eligibility in the demonstration site

resulting from the relaxed vehicle asset test rules. Hence, microsimulation is the preferred method

for determining the effect of the policy change on eligibility. However, the microsimulation data

sample is not large enough to estimate this change for the demonstration counties, so we conduct this

analysis at the state and national level.[1]

Using the January 1994 MATH® SIPP Model, we simulated the national effects of excluding an

FSU's most expensive vehicle from the vehicular asset calculation. (This is essentially equivalent to

the reform tested in the VDP.) The simulation estimates indicate that if the most expensive vehicle

in each unit is exempted, the number of eligible FSUs in North Carolina would increase by 5.6 percent

and in the United States would increase by 6.0 percent (Table IV.1). Eligible *persons* would increase

by 5.9 percent (state) and 6.5 percent (nation). The percentage of individuals affected is greater than

the percentage of households affects, indicating that households made eligible

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[1]Small area estimation methods are used to weight the national data to North Carolina's population.

TABLE IV.1

ESTIMATED EFFECT OF DEMONSTRATION VEHICLE ASSET TEST RULES ON STATE AND NATIONWIDE FSP ELIGIBILITY

Vehicle Asset Test Rules	Food Stamp Units		Persons	
	Number Eligible	Percent Change	Number Eligible	Percent Change
North Carolina				
Traditional rules	509,763	—	1,053,806	—
VELD rules[a]	538,143	5.6	1,115,497	5.9
United States				
Traditional rules	15,697,577	—	37,445,106	—
VELD rules[a]	16,645,095	6.0	39,871,521	6.5
Sample size	6,090		14,567	

SOURCE: 1994 MATH® SIPP Model.

[a]We simulated excluding the most expensive vehicle in an FSU from the vehicular asset test—essentially the rules operated by the VELD.

by expanded FSP vehicle exclusions are larger than average eligible households.

Our microsimulation analysis also found that, nationwide, households made eligible under the VELD-like exclusions are better off economically than those eligible under traditional rules. Newly eligible FSUs have higher income-to-poverty ratios, higher gross and net incomes, and more earners per FSU than do traditionally eligible households. Despite their higher incomes, newly eligible households are eligible for higher average food stamp benefits because they have more children and more household members in total than do traditionally eligible households.

B. EFFECTS ON PARTICIPATION

We expect the VDP's effect on participation to be smaller than its estimated effect on eligibility. Previous research, which is confirmed by our findings presented in Chapter VI, indicates that the characteristics of households made eligible under relaxed vehicle asset test rules are those associated with low FSP participation rates. Compared with those of the typical household eligible for food stamps, "vehicle-ineligible" household members have higher incomes, are more likely to work and have earnings, and are more likely to own their homes—all indications that they will participate in the FSP at rates lower than those of typical eligible households (Cody and Trippe 1997). This group of households may be further discouraged from participating if they have been denied food stamp benefits in the past due to their vehicle holdings. Thus, we expect the impact on participation of relaxing the vehicle asset test to be lower than the 5.6 to 6.0 percent estimated increase in eligible households.

This past research, however, is based on results from simulation models, which use an *equation* to predict participation rates of those made eligible by a reform to the vehicle test. These participation algorithms may not be accurate for this population. Thus, the VELD represents the first "real world" measurement of participation under relaxed vehicle rules.

Figure IV.1 presents the number of households participating in the VDP during the demonstration period for the six different VDP analysis groups. As is expected for an expansionary eligibility change, over the first 12 months of the demonstration, participation increases steadily and dramatically. For our primary VDP analysis group (A), participation rose from nine households in November 1994 to 228 households in October 1995. Over the next 10 months, the number of VDP recipients steadied, varying between 229 households in February 1996 and 292 households in

FIGURE IV.1
ACTIVE VDP CASES BY VDP ANALYSIS GROUP

Source: NC FSIS data.

42
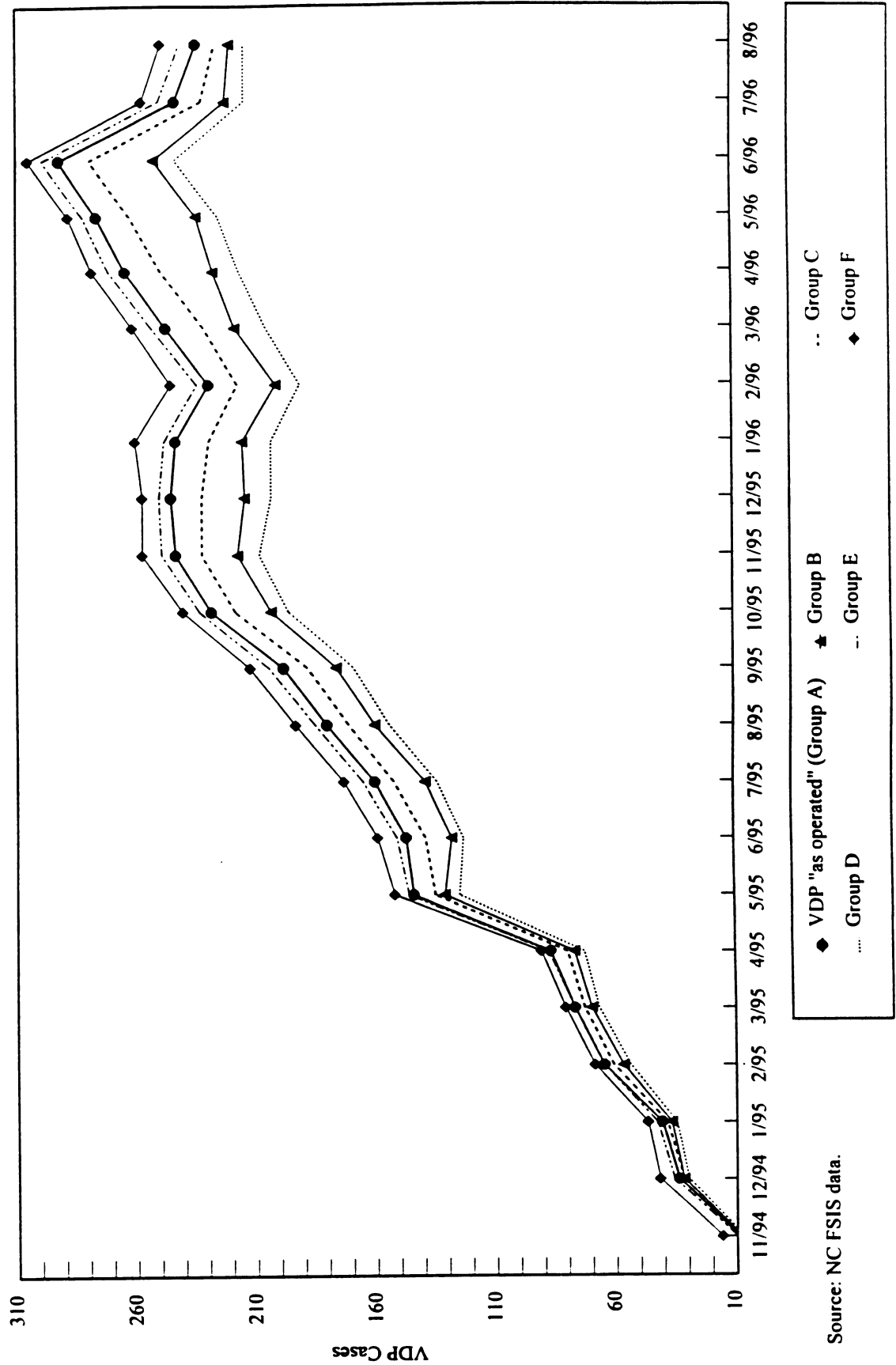
June 1996.[2] The average number of VDP cases during November 1995 to August 1996 was 252 households, which represents 2.2 percent of the total FSP caseload in the demonstration site. This represents our best estimate of the average steady state VDP caseload impact in this site.

VELD take up was steady and fairly rapid. By Month 6 of the demonstration, one third of the eventual caseload had begun receiving benefits. By Month 7 this figure had risen to one-half. Two-thirds were receiving benefits by Month 10, three-quarters by Month 11, and by 18 months into the demonstration the VELD reached the estimated steady state caseload.

The additional five series included in Figure IV.1 show the alternative estimates of VDP participation based on the definitions described in Chapter III.B. All six populations followed a take-up pattern similar to that described for VDP Analysis Group A. We show the expected steady state caseload under each definition in Table IV.2, with its corresponding share of the total food stamp caseload in the demonstration site. The range of estimates is not great; the proportion of the total FSP caseload comprising VDP households ranges from just 1.9 to 2.3 percent.

Figure IV.2 shows the percentage increase in the demonstration FSP caseload due to the relaxed vehicle asset test rules.[3] In addition to the monthly figures, we present a five-month moving average to smooth the monthly variations. The moving average clearly shows the transition toward a steady state VDP case load beginning in November 1995. Over the final 10 months of the demonstration (November 1995 - August 1996), VDP cases accounted for an average 2.2 percent increase in total food stamp case in the demonstration site. As expected, this is considerably lower than the percentage hypothetically made eligible by the reform and represents an implied participation rate

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[2]These are monthly caseload figures. The size of the six analysis groups presented in Chapter III referred to cumulative caseload totals.

[3]This figure examines the VDP as it operated in the demonstration site using VDP Analysis Group A, as defined in Table III.2.

TABLE IV.2

EFFECT OF DEMONSTRATION VEHICLE ASSET TEST RULES
ON FSP PARTICIPATION IN THE DEMONSTRATION SITE

VDP Analysis Group and Definition	Estimated VDP Caseload [a]	Percent of Total FSP Caseload
Group A: VDP "as operated"	252	2.2
Group B: VDP "as operated" *excluding* pure-PA cases	222	2.0
Group C: VDP "as operated" *excluding* one-vehicle FSUs whose car value is less than the FMV threshold	239	2.1
Group D: VDP "as operated" *excluding* pure-PA cases and one-vehicle FSUs whose car value is less than the FMV threshold	212	1.9
Group E: VDP "as operated" *plus* non-PA cases not marked as VDP that have one or more cars excluded under VDP rules	258	2.3
Group F: Analysis Group E *plus* non-PA cases not marked as VDP that have countable vehicular assets above the asset limit	266	2.3

[a]Based on the average VDP caseload during the final 10 months of the demonstration.

FIGURE IV.2
PERCENTAGE INCREASE IN FSP CASELOAD DUE TO THE VDP

Source: NC FSIS data.

45
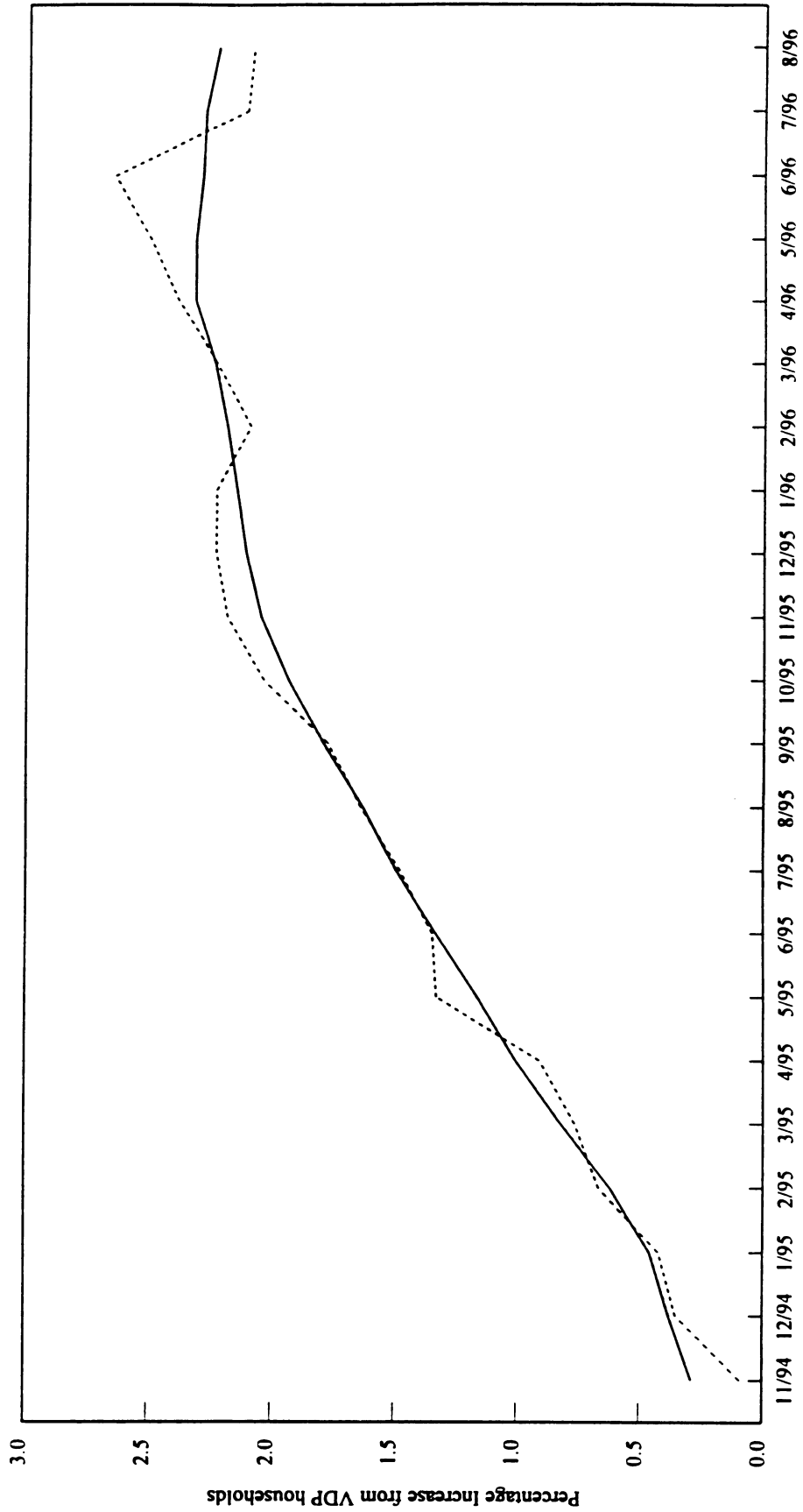
of 24.6 percent. A 2.2 percentage increase in cases applied to the FY 1997 national FSP caseload

would represent an additional 492,000 U.S. households receiving food stamps.[4]

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[4]As described in Chapter II.D, these findings represent data from only one demonstration site and are thus not generalizable to the U.S. population as a whole.

V. COSTS IMPACTS

A critical objective of the VELD was to estimate the impact of relaxing the vehicle asset test on FSP benefit costs. Previous research had estimated the number of households that a VELD-like reform would make eligible, but this research could neither accurately predict the rate at which these newly eligible households would participate in the FSP nor, therefore, the impact of their participation on the cost of food stamp benefits. The VELD presented FNS the opportunity to more accurately gauge the cost implications of relaxing the vehicle asset test and thereby assess the economic feasibility of making this policy change for the entire United States. This chapter examines the cost impact of the VDP as observed in the demonstration site in terms of total benefits paid to VDP households per month (Section A) and the estimated per spell cost of the policy change (Section B).

A. MONTHLY COSTS IMPACTS

Figure V.1 presents the total food stamp benefits paid to VDP households during the demonstration period for the six VDP analysis groups. As we observed with VDP participants in Chapter IV, costs increased steadily over the first 12 months of the demonstration. For our primary VDP analysis group (A), benefits paid to VDP households rose from just $2,100 in November 1994 to $40,800 in October 1995. Over the next 10 months, the cost of benefits paid to VDP households steadied, ranging from $41,500 in February 1996 to $51,900 in June 1996. The average cost of VDP benefits during the final 10 months of the demonstration was $44,900, which account for 2.6 percent of the FSP benefits paid to all recipients in the demonstration site. This represents our best estimate of the average steady state cost impact of the VDP in this site.

FIGURE V.1
MONTHLY VDP COSTS BY VDP ANALYSIS GROUP

Benefits paid (in FY95 dollars)

Thousands

$0 $10 $20 $30 $40 $50 $60

11/94 12/94 1/95 2/95 3/95 4/95 5/95 6/95 7/95 8/95 9/95 10/95 11/95 12/95 1/96 2/96 3/96 4/96 5/96 6/96 7/96 8/96

◆ VDP "as operated" (Group A)   ▲ Group B   ·· Group C
··· Group D   ·· Group E   ◆ Group F

Source: NC FSIS data.

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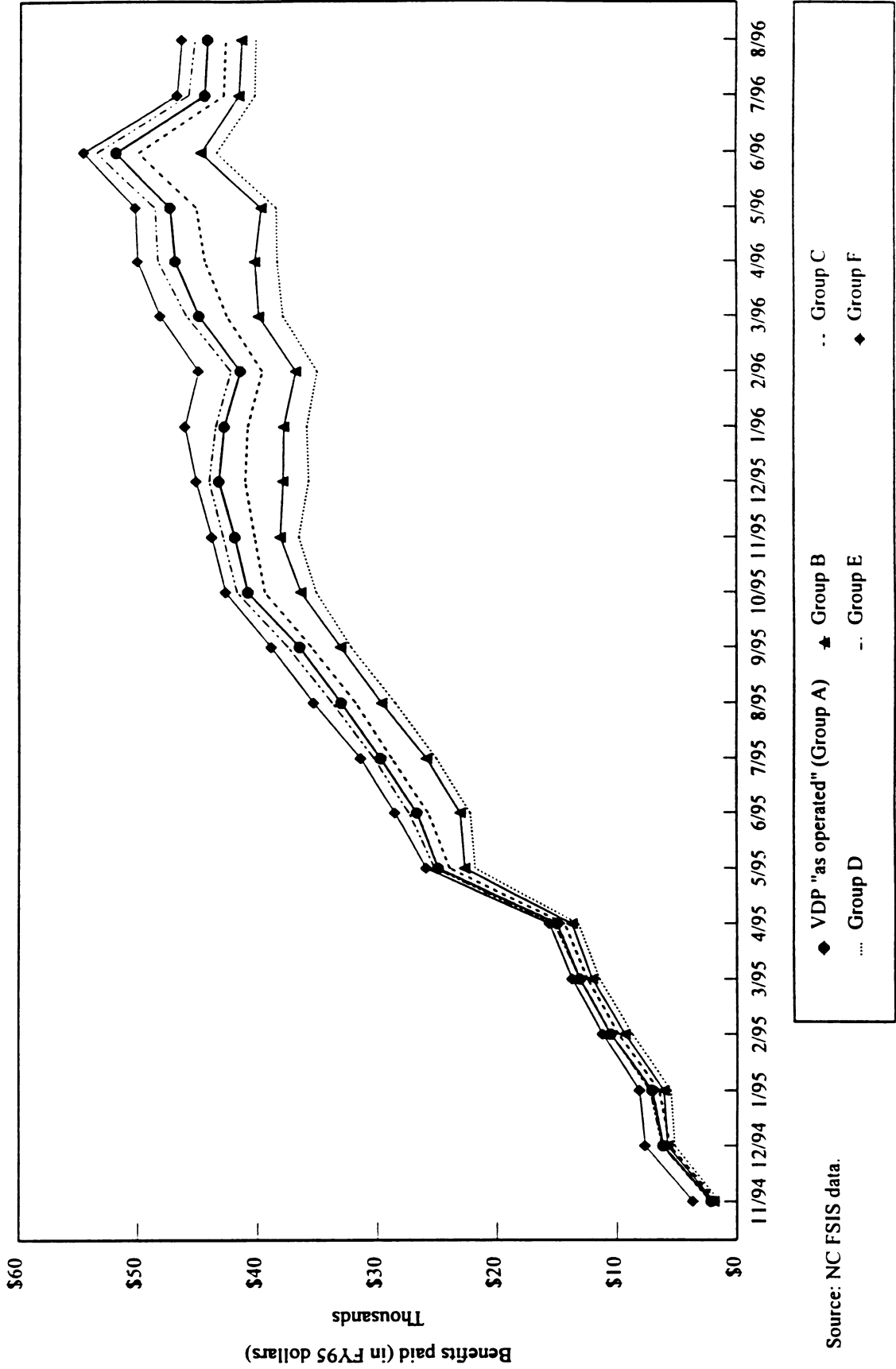
The additional five series included in Figure V.1 show alternative estimates of VDP-related costs based on the VDP definitions described in Chapter III.B. Benefits paid to each group increased at a rate and pattern similar to that described for analysis group A. In Table V.1 we show, for each definition, the estimated monthly benefit costs of the VDP and the VDP's share of the total benefits paid in the demonstration site. This range of estimates is not wide; the proportion of total FSP benefits in the demonstration site paid to VDP households ranges from 2.2 to 2.7 percent.

Figure V.2 shows the percentage increase in total benefit costs due to the relaxed vehicle asset test rules in percentage terms.[1] We also present a five-month moving average to smooth the monthly variations. The moving average clearly shows the transition toward steady monthly VDP costs around November 1995. Over the final 10 months of the demonstration (beginning in November 1995), VDP cases accounted for an average 2.6 percent increase in total benefits paid in the demonstration site.[2]

The VDP has a larger impact on costs than caseload in the demonstration site (2.6 percent compared to 2.3 percent). This percentage increase applied to national FSP benefit costs would represent an additional $509 million per year in food stamps to low-income U.S. households.[3] As suggested by the microsimulation analysis presented in Chapter IV, VDP cases receive higher benefits per household than their traditionally-eligible counterparts. The average benefit paid to VDP households during the final 10 months of the demonstration was $179, compared to $155 for

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[1]This figure examines the VDP as it operated in the demonstration site using VDP analysis group A, as defined in Table III.2.

[2]The percentage increase in costs attributed to VDP households ranged from 2.3 percent to 2.7 percent for this time period.

[3]This figure is based on FNS benefits data for FY 1997. As described in Chapter II.D, the VELD findings represent data from only one demonstration site and thus may not generalize to the U.S. population as a whole.

TABLE V.1

EFFECT OF DEMONSTRATION VEHICLE ASSET TEST RULES
ON FSP BENEFIT COSTS IN THE DEMONSTRATION SITE

VDP Analysis Group and Definition	Estimated Monthly VDP Benefits Paid [a]	Percent of Total FSP Benefit Costs
Group A: VDP "as operated"	44,947	2.6
Group B: VDP "as operated" *excluding* pure-PA cases	39,873	2.3
Group C: VDP "as operated" *excluding* one-vehicle FSUs whose car value is less than the FMV threshold	42,984	2.4
Group D: VDP "as operated" *excluding* pure-PA cases and one-vehicle FSUs whose car value is less than the FMV threshold	38,251	2.2
Group E: VDP "as operated" *plus* non-PA cases not marked as VDP that have one or more cars excluded under VDP rules	46,070	2.6
Group F: Analysis Group E *plus* non-PA cases not marked as VDP that have countable vehicular assets above the asset limit	47,660	2.7

[a]Based on the average costs of benefits paid to VDP households during the final 10 months of the demonstration.

FIGURE V.2
PERCENTAGE INCREASE IN FSP BENEFIT COSTS DUE TO THE VDP
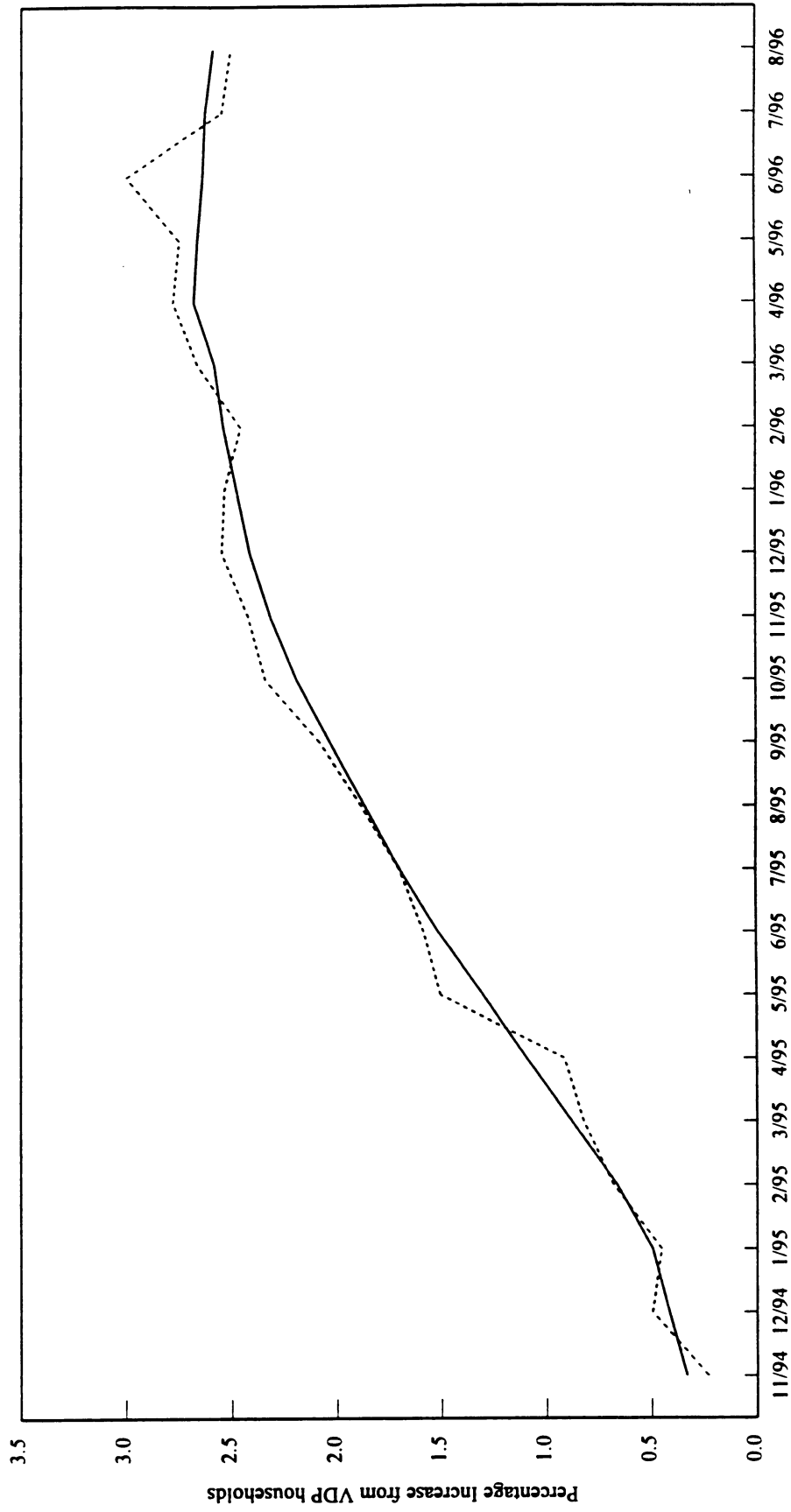
Source: NC FSIS data.

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traditionally-eligible food stamp households. As discussed in Chapter VI, this is primarily because VDP households are larger than traditionally-eligible households and thus qualify for higher benefits.

B. PER SPELL COSTS OF THE VDP

Although VDP participants receive higher average monthly benefits per household than traditionally-eligible participants, we hypothesized that the cumulative costs incurred by these households would be lower than those of traditionally-eligible food stamp households. We expected that, on average, VDP households would remain on the FSP for significantly fewer months than traditionally-eligible households and thus receive fewer cumulative benefits. We based this projection on our comparison of the characteristics of VDP and traditionally-eligible households. Compared to traditionally-eligible participants, VDP participants have higher incomes, are more likely to work and have earnings, and more likely to live in two parent households—all characteristics intuitively associated with reduced need for long-term food assistance.

The demonstration findings do not support this hypothesis; in fact, during the 22-month demonstration period, VDP households had longer food stamp spells than their traditionally-eligible counterparts. On average, VDP households received food stamps for 6.5 months, compared to 5.8 months for traditionally-eligible households. Even after we control for age, sex, race, household size, presence of children, earnings, benefit amount, and household expenses using Cox regression methods, VDP households had longer food stamp spells than traditionally-eligible households. This result is difficult to explain. We know that line staff in the demonstration counties did not assign different recertification periods to these cases. It is possible that the limited duration of the demonstration encouraged these otherwise ineligible VDP households to continue receiving food benefits through the end of the demonstration period, because they knew they would no longer qualify for assistance after the demonstration ended.

Cumulative benefits paid to VDP households are substantially higher than those paid to traditionally-eligible households. During the observed demonstration period, the average VDP household received $1,165 in food stamp benefits, 28 percent more than the $907 received by the average traditionally-eligible food stamp household.[4] Looking at estimated total benefits paid out per spell, VDP households will account for an additional 2.8 percent in cumulative benefits paid.

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[4]Because some food stamp spells are censored, these data may underestimate the true per spell benefit costs.

VI. WHO IS AFFECTED?

This chapter compares the demographic and socioeconomic characteristics of VDP and traditional FSP households in the demonstration site. Since previous research only simulated the FSP participation decision of eligible households, this analysis represents the first "real world" opportunity to test whether the striking differences found in the simulations between VDP and traditional households (Wemmerus 1993) are seen when observing households that elect to participate under relaxed vehicle restrictions.

Because of the data inconsistencies discussed in Chapter III, we provide not only values for the traditional FSP population as a whole, but also values for the pure-PA and non-PA groups within this population. Because pure PA households are automatically eligible and thus not subject to the asset test, the group most comparable to VDP households is the group our data identifies as the non-PA population within the traditional FSP group. We therefore use this group as the primary reference for comparison to the VDP population. That is, when we refer to the "traditional cases" in the following table descriptions, we generally emphasize the column labeled "Traditional Cases, Non-PA."

A. DEMOGRAPHIC CHARACTERISTICS

The demographic profile of VDP households is distinctly different from that of traditional FSP households. VDP household heads tend to be younger and are more likely to be female and white. VDP households are generally larger, are more likely to include children, and are less likely to include elderly members. Relative to non-VDP households, a greater percentage of VDP households live in Orange County, designated rural by demonstration staff, rather than in Wake County, which was designated urban.

Table VI.1 shows the age and race of household heads and county of residence for FSP households in the demonstration area. Both traditional and VDP households are, on average, headed by someone in their 30s. The mean age of VDP household heads is two and-a-half years younger than the mean age of traditional FSP household heads. In contrast to the traditional cases—more than a quarter of which are headed by someone over the age of 40—less than 17 percent of VDP households are headed by individuals older than 40. But VDP household heads are also less likely than traditionally-eligible household heads to be younger than 21. Racial composition of the VDP and non-VDP caseloads are very similar.

Orange County was selected by the North Carolina DSS as a characteristically rural county. Although it is located within an SMSA, we believe it is fairly representative of an American rural county. Relative to traditional households, VDP households are slightly less likely to live in Wake than Orange, suggesting that VDP cases are more likely than traditional cases to reside in a rural area. This supports earlier research by Wemmerus (1993) that found a disproportionate share of vehicle ineligible households living in rural areas.

Table VI.2 shows considerable differences in the sex and race of household heads between the two populations. More than 86 percent of VDP households are headed by women, compared with less than 68 percent of traditional FSP households. The racial composition of female-headed households is very similar among the VDP and non- VDP caseload. VDP male household heads, however, are predominantly white (63 percent white), whereas, non-VDP male household heads tend to be black (62 percent black). Less than 5 percent of VDP households are headed by black men, compared to 20 percent of traditional cases.

TABLE VI.1

DEMOGRAPHIC CHARACTERISTICS BY VDP STATUS
(Percentages)

| | VDP Cases | Traditional Cases | | |
		Total	Non-PA	PA
Age of Household Head				
0-17	0.5	2.0	1.8	2.8
18-20	4.0	8.6	7.4	13.1
21-30	45.8	34.9	32.7	42.6
31-40	32.7	29.7	31.7	22.4
41-50	10.8	13.4	15.1	7.0
51-60	4.3	5.7	6.3	4.2
61 or more	1.8	5.6	5.0	7.9
Total	100.0	100.0	100.0	100.0
Mean age of household head	32.4	34.4	34.9	32.6
Sample Size	599	13,864	10,864	3,000
Race of Household Head				
White, non-Hispanic	35.2	31.6	32.5	28.4
Black, non-Hispanic	62.1	63.7	62.7	67.2
Hispanic	1.8	3.0	3.2	2.6
Other, non-Hispanic	1.0	1.6	1.6	1.7
Total	100.0	100.0	100.0	100.0
Sample Size	617	14,183	11,102	3,081
County of Residence				
Orange (rural county)	19.6	14.9	14.7	15.8
Wake (urban county)	80.4	85.1	85.3	84.2
Total	100.0	100.0	100.0	100.0
Sample Size	617	14,186	11,102	3,084

SOURCE: Tabulations of administrative food stamp case record data from the North Carolina's FSIS, October 1994 - September 1996.

NOTES: All percentages listed are rounded to one decimal place. Information is presented for the first month of food stamp receipt during the demonstration period.

TABLE VI.2

SEX AND RACE OF HOUSEHOLD HEAD BY VDP STATUS
(Percentages)

	VDP Cases	Traditional Cases		
		Total	Non-PA	PA
Sex/Race of Household Head				
Female	86.1	71.9	67.7	87.0
White	30.7	31.3	32.6	27.7
Black	67.2	64.4	63.0	68.4
Other (including Hispanic)	2.1	4.3	4.4	3.9
Male	13.9	28.1	32.3	13.0
White	62.9	32.4	32.4	33.6
Black	30.0	61.9	62.0	58.8
Other (including Hispanic)	7.1	5.7	5.6	7.6
Total	100.0	100.0	100.0	100.0
Sample Size	617	14,183	11,102	3,081

SOURCE: Tabulations of administrative food stamp case record data from the North Carolina's FSIS, October 1994 - September 1996.

NOTES: All percentages listed are rounded to one decimal place. Information is presented for the first month of food stamp receipt during the demonstration period.

Most (58 percent) of VDP households are headed by black women, compared to less than 43 percent of traditional FSP households.

Table VI.3 presents household size and composition for the two populations. VDP households and FSUs are larger, on average, than traditional households and FSUs. Less than 10 percent of VDP cases are single-person households, compared to 30 percent of traditional FSP households. Almost half (44 percent) of VDP households have more than three members, compared to 30 percent of traditional FSP households. This difference is largely due to the number of children per household. VDP households have 0.8 more children on average than their non-VDP counterparts. VDP households also have fewer elderly members. There is only a small difference in the number of non-elderly adults between VDP and traditional households. This difference (-0.1 adults) can be explained by the difference in the number of elderly members, meaning that VDP and traditional households, on average, have similar numbers of non-elderly adults.

VDP households are more likely to be headed by a married couple than traditional households. This is particularly true in households with children, in which 30 percent of VDP heads are married compared to 22 percent of traditional food stamp households with children.

B. SOCIOECONOMIC CHARACTERISTICS

VDP households have higher gross incomes--both absolutely and as a percentage of the household's poverty threshold--than traditional households. They have higher net and other household incomes, as well as higher earned incomes. VDP households have more workers than traditional households and higher countable assets. Almost no VDP households are homeless, in

TABLE VI.3

HOUSEHOLD COMPOSITION BY VDP STATUS
(Percentages)

	VDP Cases	Traditional Cases		
		Total	Non-PA	PA
Household Size				
1 person	9.1	26.0	29.5	13.6
2 persons	18.6	22.7	21.2	27.8
3 persons	28.2	20.0	19.0	23.6
4 persons	20.1	14.1	13.9	14.9
5 persons	13.0	8.9	8.5	10.5
6 or more persons	11.0	8.3	7.9	9.5
Total	100.0	100.0	100.0	100.0
Mean household size	3.5	2.9	2.8	3.2
FSU Size				
1 person	14.8	42.2	47.4	23.5
2 persons	24.6	27.6	22.8	44.9
3 persons	29.8	16.3	15.3	20.1
4 persons	16.7	8.3	8.5	7.4
5 or more persons	14.2	5.5	6.0	4.0
Total	100.0	100.0	100.0	100.0
Mean FSU size	3.0	2.1	2.0	2.2
Sample Size	617	14,186	11,102	3,084
Number of Children in Household				
No children	18.3	45.2	51.0	24.3
1 child	27.7	26.8	23.3	42.8
2 children	30.3	17.4	16.0	22.2
3 or more children	23.7	10.6	10.6	10.8
Total	100.0	100.0	100.0	100.0
Mean number of children under age 6	0.8	0.5	0.4	0.7
Mean number of children under age 18	1.7	1.0	0.9	1.2
Percentage of with an elderly member	3.6	7.3	6.8	8.9
Percent married-couple households[a]	25.3	20.3	20.7	14.3
Households with children married-couple-headed[a]	30.2	21.7	22.2	15.4
Sample Size	617	14,183	11,102	3,084

SOURCE: Tabulations of administrative food stamp case record data from the North Carolina's FSIS, October 1994 - September 1996.

NOTES: All percentages listed are rounded to one decimal place. Information is presented for the first month of food stamp receipt during the demonstration period.

[a]Marriage data are unavailable for most of sample and are thus unreliable.

contrast to traditional households, of which 10 percent are homeless. VDP households are about as likely as traditional households to include a disabled household member.

The distribution and mean values for monthly household income are shown in Table VI.4. VDP cases have a mean household gross income of $542, which is almost twice that of traditional cases ($275). Moreover, more than a third of the VDP households have monthly gross income in excess of $750, compared to just 13 percent of traditional households. More than half of traditional cases have no household income, while less than a quarter of VDP households have none.[1]

Table VI.4 also shows household income as a percentage of the poverty threshold. Because a household's poverty threshold rises with the number of members, this measure in some sense adjusts for family size and needed income. By this measure, too, VDP households have significantly higher gross incomes. The average VDP household has income equal to almost half of the poverty threshold, while the average traditional household has a gross income equal to only 28 percent of its poverty threshold. The portion of VDP households (9 percent) with gross income above their poverty threshold is more than twice as large as the comparable portion of traditional cases (4 percent).[2] (Although the average VDP household may have a higher income than the average traditional household, both groups are still very poor.)

Data on household net income--household income minus FSP deductions for shelter, dependent care, and medical expenses--are presented in Table VI.4 as well. VDP households have higher net

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[1]Also worth noting is that pure-PA households have higher gross incomes that non-PA households. Perhaps this surprising finding is explained by the pure-PA households' AFDC or TANF benefits, which are included in gross income. (As will be discussed below, pure PA households have *lower* earned income, which does not include TANF benefits.)

[2]Even when adjusting for family size by using percentage of poverty threshold as a metric, pure-PA households still have higher gross incomes that non-PA households. The mean value for traditional non-PA households (28 percent of the poverty threshold) is more than a third lower than the value for traditional PA households (39 percent).

TABLE VI.4

INCOME AND POVERTY LEVEL BY VDP STATUS
(Percentages)

| | VDP Cases | Traditional Cases | | |
		Total	Non-PA	PA
Household Gross Income				
$0	22.9	40.4	50.6	3.5
$250 or less	12.0	15.3	10.4	32.9
$251 - 500	14.6	20.5	13.0	47.4
$501 - 750	17.0	12.1	12.6	10.2
$751 - 1,000	15.4	6.9	7.8	4.0
$1,001 or more	18.2	4.8	5.6	2.1
Total	100.0	100.0	100.0	100.0
Mean household gross income	$542	$296	$275	$371
Mean household net income	$354	$168	$163	$189
Household Income as a Percentage of the Poverty Threshold				
0 percent	22.8	40.4	50.6	3.5
Less than 50 percent	28.7	32.1	22.2	67.9
51 - 100 percent	39.7	23.7	22.9	26.5
Not poor (>100 percent)	9.0	4.0	4.0	2.0
Total	100.0	100.0	100.0	100.0
Mean percentage of poverty	48.0	30.0	28.0	39.0
Sample Size	617	14,183	11,102	3,081

SOURCE: Tabulations of administrative food stamp case record data from the North Carolina's FSIS, October 1994 - September 1996.

NOTES: All percentages listed are rounded to one decimal place. Information is presented for the first month of food stamp receipt during the demonstration period. Values for figures have been converted to November 1994 dollars.

income. (And, as with gross income, pure-PA households have higher net income than non-PA households.) Just over one-third (38 percent) of VDP households have no net income, while almost two-thirds (63 percent) of traditional households have no net income (not shown). The average VDP household's net income ($354 per month) is more than twice that of the traditional household ($163 per month). VDP households also have higher net income per member ($101) than traditional households ($58) even though VDP households tend to be larger.

Table VI.5 presents the number of workers per household (workers are defined as people with positive earned income), and the total earned income for the household. Just over half (52 percent) of VDP households have at least one worker, while only about one-seventh (14 percent) of traditional households do. As with household heads, VDP households, in general, have higher earned incomes.

Mean earned income of VDP households ($332) is more than twice as large as that of traditional households ($143). Just over half of VDP households (58 percent) have no earned income, while more than three-quarters of traditional households (79 percent) have none. Almost one third of VDP households have monthly earnings exceeding $500, while only 13 percent of traditional households fall into this category.

Table VI.5 also shows other household income. The mean of other household income is higher for VDP households ($172 per month compared with $118 for traditional cases). Mean public assistance and dependent care income is higher for VDP households, but mean Supplemental Security Insurance (SSI) income is lower. Of course, public assistance income is far higher for pure-PA households compared with non-PA households within the traditional cases group (more than 10 times higher, in fact). On the other hand, SSI income and dependent care income is lower for pure-PA households (relative to non-PA households). The distribution of other household income for the

TABLE VI.5

SOURCES OF INCOME BY VDP STATUS
(Percentages)

	VDP Cases	Traditional Cases		
		Total	Non-PA	PA
Earned Income				
$0	58.4	78.5	76.3	86.3
$1 - 250	5.1	4.9	5.2	3.9
$251 - 500	5.1	5.0	5.3	4.2
$501 - 750	9.0	4.4	4.8	2.8
$751 - 1,000	9.4	4.0	4.6	1.9
$1,001 or more	12.9	3.1	3.8	0.9
Total	100.0	100.0	100.0	100.0
Mean earned income	$332	$127	$143	$69
Sample size	599	13,867	10,867	3,000
Number of Workers per Household				
No workers in household	48.5	74.1	85.6	70.9
1 worker in household	49.1	25.0	14.2	28.0
2 or more workers in household	2.4	0.9	0.2	1.1
Total	100.0	100.0	100.0	100.0
Mean number of workers	0.5	0.3	0.2	0.3
Sample Size	617	14,183	11,102	3,081
Unearned Household Income				
Percent with unearned income	43.8	42.1	27.2	95.7
Mean total unearned income	$172	$160	$118	$313
Percent with PA income	14.8	26.4	7.3	95.3
Mean PA income	$40	$71	$22	$247
Percent with SSI income	7.1	10.9	10.1	13.9
Mean SSI income	$40	$52	$22	$46
Percent with dependent care income	10.7	2.8	3.2	1.4
Mean dependent care income	$20	$5	$6	$3
Sample Size	617	14,183	11,102	3,081

SOURCE: Tabulations of administrative food stamp case record data from the North Carolina's FSIS, October 1994 - September 1996.

NOTES: All percentages listed are rounded to one decimal place. Information is presented for the first month of food stamp receipt during the demonstration period. Values for figures have been converted to November 1994 dollars.

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total traditional cases group (both pure- and non-PA) is very similar to that of the VDP group, but this masks the fact that the non-pure and pure-PA household groups, judged separately, are both quite different from the VDP group.

Table IV.6 describes expedited case status, which we us as a proxy for severe food insecurity at time of application. Surprisingly, VDP cases are far more likely to be recorded as expedited (72 percent are expedited) than are traditional cases (only 45 percent are expedited).[3]

Table VI.6 also shows the incidence of homelessness and disability among food stamp households. Less than 1 percent of VDP cases are homeless, compared with 12 percent of traditional cases. VDP household heads show only a small difference in disability compared with traditional households heads (11 percent versus 13 percent disabled).

C. HOUSEHOLD EXPENSES AND BENEFITS

Table VI.7 shows recorded shelter, medical, dependent care, and other expenses for VDP and traditional households. VDP households have higher shelter costs, as well as greater medical, dependent care, and other expenses relative to traditional households consistent with a normally higher standard of living among VDP cases.

VDP households spend more per month on housing than do their traditional case counterparts ($391 versus $231 on average). VDP households are significantly more likely to report excess shelter than non-VDP households, and their average excess shelter expense is 1.5 time than of traditional households. Nearly half (44 percent) of traditional households pay no housing or utility costs, compared to less than 20 percent of VDP households.

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[3]Figures on the frequency of expedited status for both VDP and traditional cases are quite high compared to national estimates. According to 1996 Integrated Quality Control System (IQCS) data, only 32 percent of FSP units in an average month receive expedited service upon application.

TABLE VI.6

OTHER INDICATORS OF SOCIOECONOMIC STATUS
BY VDP STATUS
(Percentages)

	VDP Cases	Traditional Cases		
		Total	Non-PA	PA
Expedited Case Status				
Expedited case	71.8	53.5	45.0	84.3
Non-expedited case	28.2	46.5	55.0	15.7
Total	100.0	100.0	100.0	100.0
Sample Size	617	14,183	11,102	3,081
Homelessness				
Homeless case	0.3	9.2	11.5	0.9
Not homeless case	99.7	90.8	88.5	99.1
Total	100.0	100.0	100.0	100.0
Disability Status				
Any disabled household members	11.3	15.9	13.1	26.1
No disabled household members	88.7	84.1	86.9	73.9
Total	100.0	100.0	100.0	100.0
Sample Size	617	14,186	11,102	3,084

SOURCE: Tabulations of administrative food stamp case record data from the North Carolina's FSIS, October 1994 - September 1996.

NOTES: All percentages listed are rounded to one decimal place. Information is presented for the first month of food stamp receipt during the demonstration period.

TABLE VI.7

HOUSEHOLD EXPENSES BY VDP STATUS
(Percentages)

	VDP Cases	Traditional Cases		
		Total	Non-PA	PA
Shelter Costs				
$0	18.8	41.7	43.8	34.0
$1 - 250	18.5	21.3	15.8	41.0
$251 - 500	23.7	20.2	20.9	17.6
$501 - 750	29.8	13.9	15.9	6.6
$751 or more	9.2	3.0	3.6	0.9
Total	100.0	100.0	100.0	100.0
Mean shelter costs	$391	$217	$231	$166
Percentage with excess shelter	60.5	48.4	47.5	51.6
Mean excess shelter costs	$225	$137	$150	$89
Percentage paying mortgage/rent	71.2	48.5	49.8	43.6
Mean rent/mortgage	$263	$146	$158	$101
Mean utilities	$122	$69	$70	$63
Sample Size	617	2,606	2,307	299
Other Household Expenses				
Percent with medical expenses	1.8	2.9	3.2	1.4
Mean medical expenses[a]	$472	$101	$101	$95
Percent with dependent care expenses	10.7	2.8	3.2	3.4
Mean dependent care expenses[a]	$148	$156	$156	$155
Sample Size	617	14,186	11,102	3,084

SOURCE: Tabulations of administrative food stamp case record data from the North Carolina's FSIS, October 1994 - September 1996.

NOTES: All percentages listed are rounded to one decimal place. Information is presented for the first month of food stamp receipt during the demonstration period. Values for figures have been converted to November 1994 dollars.

[a]Mean value of households with positive expenses.

VDP households are slightly less likely than traditional food stamp households to report excess medical expenses, though those VDP cases that do have medical expenses report high costs. This is consistent with households with more children and childbearing women. Dependent care expenses are more common among VDP households, probably because VDP cases include more children, and more parents are working and thus require child care. Average other expenses are higher for the demonstration--eligible population.

Table VI.8 shows food stamp benefit amount. The monthly food stamp allotment for VDP cases ($180) is slightly greater than that of traditionally-eligible cases ($159), due primarily to household size, which is larger for VDP households (Table VI.3). Forty-four percent of VDP households have a allotment greater than $200, compared to 33 percent of traditional cases. The difference in benefit size between VDP and traditional households is not greater because VDP households have relatively high gross and net incomes and earnings.

D. ASSETS AND VEHICLE HOLDINGS

As expected, VDP households have considerably more assets than traditional food stamp households. Table IV.9 shows total countable assets--the amount of a household's resources counted toward the asset ceiling, including non-excluded vehicular assets--by VDP status.[4] None of these households have sizeable asset balances. Countable assets for VDP households ($211), however, are about double those of traditional households ($110), on average, although both groups have very low assets. The portion of VDP households with some assets (60 percent) is nearly double the portion of traditional households with assets (34 percent).

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[4]This number may be artificially low, because case workers may not bother to record this data for households that clearly pass the test.

TABLE VI.8

FOOD STAMP BENEFITS BY VDP STATUS
(Percentages)

	VDP Cases	Traditional Cases		
		Total	Non-PA	PA
Benefit Amount				
$1 - 100	23.0	20.3	17.5	30.4
$101 - 200	33.1	46.1	49.6	33.4
$201 - 300	27.4	23.6	22.6	27.3
$301 - 400	12.5	7.9	8.0	7.3
$401 or more	4.1	2.2	2.3	1.7
Total	100.0	100.0	100.0	100.0
Mean benefit amount	$180	$160	$159	$166
Sample Size	617	2,606	2,307	299

SOURCE: Tabulations of administrative food stamp case record data from the North Carolina's FSIS, October 1994 - September 1996.

NOTES: All percentages listed are rounded to one decimal place. Information is presented for the first month of food stamp receipt during the demonstration period. Values for figures have been converted to November 1994 dollars

TABLE VI.9

COUNTABLE ASSETS BY VDP STATUS
(Percentages)

	VDP Cases	Traditional Cases		
		Total	Non-PA	PA
Countable Assets				
None	40.5	68.2	65.6	77.2
$1 - 100	31.1	18.1	19.4	13.5
$101 - 500	12.3	7.1	7.6	5.4
$501 or more	16.1	6.7	7.5	3.9
Total	100.0	100.0	100.0	100.0
Mean countable assets	$211	$101	$110	$70
Sample Size	617	2,606	2,307	299

SOURCE: Tabulations of administrative food stamp case record data from the North Carolina's FSIS, October 1994 - September 1996.

NOTES: All percentages listed are rounded to one decimal place. Information is presented for the first month of food stamp receipt during the demonstration period. Values for figures have been converted to November 1994 dollars.

As shown in Table VI.10, VDP households do not own a higher number of vehicles than traditional food stamp households, but they do own significantly newer vehicles. Over 40 percent of cars owned by VDP households are less then two years old, compared to traditional households, in which 40 percent of vehicles owned are greater then 11 years old.

Table VI.11 shows that VDP cars are considerably more valuable than the cars of non-VDP households--probably largely due to their age. The average FMV of VDP households' vehicles ($6,440) is almost five times that of the average traditional household's vehicles ($1,370). Disparities are even more striking when comparing equity value, which indicates the FMV of the vehicle, minus any remaining loan. The equity value of the average VDP household's first (and most valuable) vehicle ($5,489) is 27 times that of the average traditional household's first vehicle ($201).

TABLE VI.10

VEHICLE OWNERSHIP BY VDP STATUS
(Percentages)

	VDP Cases	Traditional Cases		
		Total	Non-PA	PA
Number of Vehicles per Household[a]				
1	82.5	84.0	83.1	91.0
2	15.2	13.9	14.7	7.7
3 or more	2.3	2.1	2.2	1.3
Total	100.0	100.0	100.0	100.0
Mean Number of Vehicles	1.2	1.2	1.2	1.1
Sample size	617	2,606	2,307	299
Age of First Vehicle				
0 - 2 years old	43.3	0.9	0.9	1.0
3 - 4 years old	33.4	6.3	6.5	5.0
5 - 6 years old	13.5	8.8	8.8	9.0
7 - 10 years old	6.8	41.3	41.0	43.8
11 or more years old	3.1	42.7	42.9	41.1
Total	100.0	100.0	100.0	100.0
Mean Age of First Vehicle	2.6	10.3	10.3	10.2
Mean Age of All Vehicles	3.2	10.5	10.5	10.3
Sample Size of First Vehicle	595	2,606	2,307	299
Sample Size of All Vehicles	713	3,095	2,765	330

SOURCE: Tabulations of administrative food stamp case record data from the North Carolina's FSIS and AVADES, October 1994 - September 1996.

NOTES: All percentages listed are rounded to one decimal place. Information is presented for the first month of food stamp receipt during the demonstration period.

[a]Because vehicle ownership was collected for a small percentage of the non-VDP caseload, we are not able to determine how many traditional cases do not have vehicles.

TABLE VI.11

VEHICLE FAIR MARKET AND EQUITY VALUE BY VDP STATUS
(Percentages)

	VDP Cases	Traditional Cases		
		Total	Non-PA	PA
FMV of First Vehicle				
$0	5.2	27.0	26.6	29.8
$1 - 2000	3.7	46.5	46.7	44.8
$2,001 - 4000	1.3	16.0	16.0	16.4
$4,001 - 6000	6.4	9.4	9.5	8.4
$6,001 - 8000	49.1	1.0	1.0	0.3
$8,001 or more	34.3	0.2	0.2	0.3
Total	100.0	100.0	100.0	100.0
Mean FMV of First Vehicle	$7,253	$1,443	$1,454	$1,358
Mean FMV of All Vehicles	$6,440	$1,363	$1,370	$1,305
Sample Size of First Vehicle	595	2,606	2,307	299
Sample Size of All Vehicles	713	3,095	2,765	330
Equity Value of First Vehicle				
$0	39.8	85.3	89.6	91.0
$1 - 2000	8.2	12.1	12.7	8.0
$2,001 - 4,000	28.2	1.9	2.0	1.0
$4,001 - 6,000	12.8	0.6	0.7	0.0
$6,001 or more	10.9	0.0	0.0	0.0
Total	100.0	100.0	100.0	100.0
Mean Equity of First Vehicle	$5,489	$190	$201	$103
Mean Equity of All Vehicles	$5,239	$193	$203	$105
Sample Size of First Vehicle	615	2,606	2,307	299
Sample Size of All Vehicles	737	3,095	2,765	330

SOURCE: Tabulations of administrative food stamp case record data from the North Carolina's FSIS and AVADES, October 1994 - September 1996.

NOTES: All percentages listed are rounded to one decimal place. Information is presented for the first month of food stamp receipt during the demonstration period.

VII.   VEHICLE ASSET TEST EXPERIENCES OF OTHER STATES

To provide further context regarding potential reforms to the FSP vehicle asset test, we augment our quantitative findings from the VDP evaluation with qualitative information gleaned from case studies of eight states that modified their FSP or AFDC/TANF vehicle asset tests as part of a welfare reform demonstration project or DHHS waiver. This chapter presents findings from our case study analysis. Because these states simultaneously implemented a host of reforms to their FSP and AFDC/TANF policies, we cannot isolate the specific impacts of changes to the vehicle asset test. We therefore focus on the observations, opinions, and recommendations of the policy and line staff, as reported to welfare reform coordinators and eligibility supervisors. We focus, in particular, on their impressions of the traditional vehicle asset test policies, as they operated in a pre-PRWORA environment. Our analysis synthesizes the observations and opinions expressed in these interviews and highlights observed differences between urban and rural food stamp staff.

The vehicle asset test reforms tested in eight case study states (California, Maryland, Michigan, Montana, North Dakota, Pennsylvania, Vermont, and Virginia) are summarized in Appendix G (Tables G.1 and G.2). Most states excluded one vehicle per household, regardless of its value. For second vehicles, policies ranged from use of traditional rules to use of the equity test only. One state experimented with raising the FMV threshold to $7,500.

Six themes emerge from our case study interviews:

1.   Most eligibility intake staff have some negative feelings about the traditional vehicle asset test, which they believe to be cumbersome, time-consuming, and error-prone.

2.   Rural food stamp office workers have greater complaints about the vehicle asset test than do their urban counterparts.

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3. Intake staff are especially frustrated by the nonalignment of vehicle asset test rules across the various programs they administer, especially between the FSP and AFDC/TANF. While pure-PA households are automatically eligible for food stamps, categorical eligibility is not always clear in the initial intake interview, so eligibility workers must explain and justify the different rules to clients.

4. Commonly utilized "loop holes" to the traditional vehicle asset test undermine the intent of the test.

5. From both an administrative and philosophical point of view, eligibility workers prefer the relaxed and/or simplified vehicle asset rules tested under the welfare reform waivers.

6. Under the traditional rules, most vehicle-ineligible applicants are families in which the key earner had been recently laid off. The cars that make these households ineligible are typically new and are increasingly relatively expensive four-wheel-drive or other trucks preferred by clients for manual labor jobs or long commutes in inclement weather.

Eligibility supervisors across the eight states recommended that FSP legislation be amended to exclude one vehicle per household from the asset test. They also favor aligning the asset test policies to those of AFDC/TANF. While state officials clearly realize that relaxing the rules would result in significantly higher benefit costs, they believe that these higher costs would be somewhat offset by administrative savings and reduced error rates. Policy staff and line workers emphasized that these administrative savings, coupled with the belief that a vehicle is critical to promoting self-sufficiency and employment, are sufficient reasons to modify existing program rules.

A. IMPRESSIONS OF THE TRADITIONAL VEHICLE ASSET TEST

Eligibility worker supervisors in the eight states commonly reported a number of difficulties with the traditional FSP vehicle asset test regulations as they were defined by the Food Stamp Act of 1977. (These are summarized in the case study results tables presented in Appendix G.) These staff

expressed the belief that the rules are cumbersome to implement, time-consuming to administer, and difficult to explain to clients. Specific complaints reported are:

- It is difficult to remember which rules to apply to which vehicle.

- Clients may not know the exact model and year of their vehicle and often do not have their vehicle registration paperwork.

- The myriad exclusions and exemptions are often forgotten by workers.

- Rules concerning junked, unlicenced, jointly owned, antique, and multiple vehicles are difficult to administer.

- Determining the equity value is cumbersome, and receiving critical lien information from lenders is time-consuming.

- Requesting alternate valuation estimates from garages and dealers is time-consuming and can hold up eligibility determination.[1]

- Keeping up with household vehicle changes (which occur more often than other changes in household circumstances) between certification periods is especially difficult.

Supervisors report that line staff, who maintain generic caseloads in all eight localities interviewed, are further frustrated by the differences between the food stamps and AFDC/TANF vehicle asset test rules. Supervisors report that staff constantly need to refer to manuals to differentiate between the rules, and many errors occur as a result of this nonalignment. Explaining the nuances and caveats of these rules, especially to applicants applying for both food stamps and AFDC/TANF is challenging and frustrating to both the worker and client.[2]

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[1]Clients may challenge the "Blue Book" FMV of their vehicle and obtain an alternate valuation from a certified garage or dealership. (Some states require two alternate valuations to amend their eligibility decision.)

[2]Households in which all members qualify for AFDC/TANF are automatically eligible for the FSP and thus are not subject to the FSP asset test. However, categorical eligibility may not be clear at intake, which may explain why this concern was commonly noted by eligibility staff.

Staff reported that many clients have found loop holes to circumvent the vehicle asset test. Alternate valuations are common, especially in rural areas where staff reported that clients can easily get a garage to declare their vehicle to be worth far less than is actually the case. Clients have also learned to co-purchase their vehicles, which allows them to qualify for benefits if the co-signer declares to the food stamp office that he or she will not allow the applicant to sell the vehicle. These loop holes undermine the intent of the test and are frustrating to workers.

Interestingly, workers in rural food stamp offices were more likely than those in urban offices to report difficulties with the vehicle asset test rules. In California, Maryland, North Dakota, and Pennsylvania, urban eligibility supervisors reported that the traditional vehicle asset test is not a significant problem for their staff (though several still reported specific difficulties), while the eligibility supervisor in the rural office reported strong concerns with the test. These differences may be due in part to the greater need for vehicles in rural areas, which increases the impact of the vehicle restrictions on the applicant population. Indeed, Wemmerus (1993) found that the majority of vehicle-ineligible households reside in rural areas.

B. PHILOSOPHICAL REASONS FOR MODIFYING THE VEHICLE ASSET TEST

Welfare reform coordinators across the eight research states present consistent philosophical reasons for modifying the traditional vehicle asset test. The most commonly cited deficiency of the traditional test is that it impedes self-sufficiency. Policy staff strongly expressed the belief that a vehicle is critical in a new public assistance era that focuses on personal responsibility and requires work. Vehicles are necessary to find and commute to work, especially in rural areas where industry is increasingly moving into a few central locations, thus requiring employees to travel greater distances to work. Vehicles are also necessary to commute to education and training programs and

are critical to necessary life activities, such as visiting a doctor, utilizing child care, and purchasing food.

Policymakers, chiefly those in rural areas, pointed to lack of public transportation as a reason for relaxing the vehicle asset test. Staff in states with harsh winters—Montana, North Dakota, and Vermont—discussed the needs of their clients for four-wheel-drive vehicles that are safe and reliable for commuting during the winter months. Maryland and Montana also pointed out that increasingly more workers feel compelled to own pickup trucks to make their jobs easier; these trucks are not actually required for employment and thus are not exempt under traditional rules, but clients claim that trucks facilitate employment, especially in the construction industry.

Many policy staff find the traditional vehicle rules to be unfair. They specifically pointed to the commonly observed dilemma of an applicant owning a high-FMV vehicle with very little equity; the applicant could not sell the car for a significant profit as the lien is still high, but the excessive FMV precludes FSP eligibility. Staff also said that the FMV threshold is too low and that "Blue Book" values are too restrictive. Finally, state-level policy staff are in favor of making program rules consistent across assistance programs and relaxing rules to reduce paperwork and administrative burden on line staff. Supervisors reported that line staff believe that the vehicle asset test represents a significant portion of the total intake processing time--as high as 30 to 40 percent in some states. They have concluded that interview time reduced by simplifying the vehicle asset test would likely result in an overall decrease in case errors.

C. CHARACTERISTICS OF VEHICLE-INELIGIBLE HOUSEHOLDS

We asked eligibility intake supervisors (who conferred with line staff) to recall the number and characteristics of applicants previously ineligible for benefits due solely to their vehicle assets. Staff found it difficult to pinpoint the number or percentage of cases denied due to vehicles, and these

estimates range from "rarely" to "often." The estimates of vehicle ineligibility appeared to be slightly higher in rural offices than in urban offices, though these figures are certainly unreliable.

Under the traditional rules, most vehicle-ineligible applicants had recently been laid off from a well-paying job. The applicant earned enough at the job to allow him or her to buy a new car (almost always with a loan), and they did not expect to become unemployed. In some cases laid off applicants applied for food stamps before their unemployment insurance kicked in or after Unemployment Insurance benefits had been exhausted. Vehicle-ineligible cases were typically families rather than single persons; many of these families included two parents.

Other reported scenarios which regularly resulted in vehicle ineligibility included:

- applicants who were given a high-FMV car by a relative,

- divorced mothers who have no income but received cars in divorce settlements,

- unemployed workers who bought expensive cars with their workman's compensation or lawsuit settlements,

- low-ranking air force enlistees who qualified for generous military car loans,

- handymen and seasonal agriculture workers who felt the need to own a reliable (and thus not inexpensive) pickup truck, and

- applicants suffering loss of income following a natural disaster.

The cars that make these households ineligible are typically new or just a few years old. Intake staff also increasingly see relatively expensive four-wheel-drives or trucks used (but not required) for work or long commutes, often in inclement weather. Some workers reported that owning multiple low-FMV cars prevented families from receiving food stamps, and one supervisor recalled several cases in which classic antique cars had disqualified applicants.

D.   RECOMMENDED REFORMS TO THE VEHICLE ASSET TEST

Eligibility supervisors in the eight states most commonly recommended that the FSP exclude one vehicle per household from the asset test and align the asset test policies to those of AFDC/TANF to avoid confusion to clients applying for both programs concurrently.[3] Opinions regarding the number of vehicles to exempt from the asset test ranged from one per household to one per worker to one per licensed driver to an unlimited number per household.   Some staff recommended raising the FMV threshold to allow clients to own reliable vehicles.   Other staff suggested "time-limiting" vehicles—allowing recipients to keep all their vehicles until their first recertification review, thereby giving applicants the opportunity to find a new job without having to dispose of the very vehicle that would facilitate this process.

From both an administrative and philosophical point of view, supervisors said eligibility workers preferred the relaxed and/or simplified vehicle asset rules that were tested in their state under the welfare reform waivers (in most cases excluding one vehicle per household, regardless of its value).   These staff said that while they realize relaxing the rules would result in significantly higher benefit costs to the federal government, they believe these higher costs can be justified by significant administrative savings, reduced error rates, and the development of a fair policy that promotes self-sufficiency and facilitates employment.

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[3]The VELD operated prior to the welfare reform legislation; under SFSP regulations introduced under PRWORA, aligning TANF and FSP rules is possible if a state is able to show that this convergence would be cost-neutral.

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APPENDIX A

VEHICLE ADDENDUM FORMS

Vehicle Addendum Form 1 was used from November 1994 to May 1995, Form 2 from June 1995 to December 1996. These demonstration-specific data collection forms record information about vehicular assets not available from the DSS Food Stamp Information System. They were made machine readable via AVADES, the automated data entry and reporting system designed by MPR for this project. (See Chapter III for more detail on the data collected by these forms).

1. Case I.D._____   ☒ Application   ☐ Recertification

   Date. _____   ☐ Change in situation involving a vehicle.

2. **WHY IS THE CUSTOMER APPLYING FOR FOOD STAMPS?**

   ☐ Loss of employment   ☐ Reduction in income   ☐ Increase in expenses

   ☒ Just need help   ☐ Other_____

3. **IS THE CUSTOMER AWARE OF THE VEHICLE PROJECT?**   ☐ Yes   ☐ ~~No~~

4. **IF YES, HOW DID HE BECOME AWARE OF THE PROJECT?**

   ☐ Media   ☐ Poster   ☐ Flyer   ☐ Friend   ☐ Other_____

5. **COMPLETE THE FOLLOWING INFORMATION FOR EACH VEHICLE OWNED BY THE FSU.**

	Make	Model	Year	Fair Market Value	Equity Value	Excluded Regular Rules, (I., C.)	Excluded Project Rules, (I., I.)
1				$	$	☐ Yes ☒ No	☐ N/A ☒ Yes ☐ No
2				$	$	☐ Yes ☐ No	☐ N/A ☐ Yes ☐ No
3				$	$	☐ Yes ☐ No	☐ N/A ☐ Yes ☐ No
4				$	$	☐ Yes ☐ No	☐ N/A ☐ Yes ☐ No
5				$	$	☐ Yes ☐ No	☐ N/A ☐ Yes ☐ No
6				$	$	☐ Yes ☐ No	☐ N/A ☐ Yes ☐ No
7				$	$	☐ Yes ☐ No	☐ N/A ☐ Yes ☐ No

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Public Assistance Section   **(FIGURE-ADDENDUM-1)**

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Case I. D._____ Co. Case No._____ Worker No._____ Date_____

Customer Name_____ ❑ Application ❑ Recertification

2. WHY IS THE CUSTOMER APPLYING FOR FOOD STAMPS?

❑ Loss of employment ❑ Reduction in income ❑ Increase in expenses

❑ Just need help ❑ Other_____

3. WAS THE CUSTOMER AWARE OF THE PROJECT BEFORE YOU EXPLAINED IT TO HIM? ❑ Yes ❑ No

4. IF YES, HOW DID HE BECOME AWARE OF THE PROJECT?

❑ Media ❑ Poster ❑ Flyer ❑ Friend ❑ Other_____

5. HOUSEHOLD WITH CHILDREN ❑ YES (Check the appropriate box below) ❑ NO (Go to 6. below)

❑ Married couple ❑ Single parent (Other adults present)

❑ Single parent (No other adults present) ❑ Other households with children

6. HOUSEHOLD WITHOUT CHILDREN ❑ YES (Check the appropriate box below) ❑ NO (Go to 7. below)

❑ Single person ❑ Married couple ❑ Other related individuals ❑ Unrelated individuals

7. COMPLETE THE FOLLOWING INFORMATION FOR EACH LICENSED VEHICLE OWNED BY THE FSU.

	Year	Make --------------- Model	Fair Market Value (FMV)	Equity Value	A. Excluded (Regular Rules)	B. Excess FMV Or Equity Value Meets Reserve Limit	C. Excluded (Project Rules)
1		----------------------	$	$	❑ Yes **Stop** ❑ No ⇨⇨⇨	❑ Yes **Stop** ❑ No ⇨⇨⇨	❑ Yes ❑ No
2		----------------------	$	$	❑ Yes **Stop** ❑ No ⇨⇨⇨	❑ Yes **Stop** ❑ No ⇨⇨⇨	❑ Yes ❑ No
3		----------------------	$	$	❑ Yes **Stop** ❑ No ⇨⇨⇨	❑ Yes **Stop** ❑ No ⇨⇨⇨	❑ Yes ❑ No
4		----------------------	$	$	❑ Yes **Stop** ❑ No ⇨⇨⇨	❑ Yes **Stop** ❑ No ⇨⇨⇨	❑ Yes ❑ No

APPENDIX B

CHARACTERISTICS OF VDP
HOUSEHOLDS BY COUNTY

This appendix contains tables presenting the characteristics of VDP households from Wake and Orange counties. Demonstration staff have designated Wake County as urban and Orange County as rural. More information on this distinction can be found in Chapter II.

TABLE B.1

DEMOGRAPHIC CHARACTERISTICS BY VDP STATUS
(Percentages)

	VDP Cases		
	Total	Orange County	Wake County
Age of Household Head			
0-17	0.5	0.9	0.4
18-20	4.0	2.6	4.4
21-30	45.8	37.9	47.6
31-40	32.7	40.5	30.9
41-50	10.8	12.1	10.6
51-60	4.3	2.6	4.8
61 or more	1.8	3.5	1.5
Total	100.0	100.0	100.0
Mean age of household head	32.4	33.8	32.1
Sample Size	599	116	483
Race of Household Head			
White, non-Hispanic	35.2	58.9	29.4
Black, non-Hispanic	62.1	40.5	67.3
Hispanic	1.8	0.8	2.0
Other, non-Hispanic	1.0	0.0	1.2
Total	100.0	100.0	100.0
Sample Size	617	121	496

SOURCE: Tabulations of administrative food stamp case record data from the North Carolina's FSIS, October 1994 - September 1996.

NOTES: All percentages listed are rounded to one decimal place. Information is presented for the first month of food stamp receipt during the demonstration period.

TABLE B.2

SEX AND RACE OF HOUSEHOLD HEAD BY VDP STATUS
(Percentages)

	VDP Cases		
	Total	Orange County	Wake County
Sex/Race of Household Head			
Female	86.1	81.0	87.3
White	30.7	52.1	25.9
Black	67.2	46.9	71.8
Other (including Hispanic)	2.1	1.0	2.3
Male	13.9	19.0	12.7
White	62.9	86.8	54.3
Black	30.0	13.2	36.2
Other (including Hispanic)	7.1	0.0	9.4
Total	100.0	100.0	100.0
Sample Size	617	121	496

SOURCE: Tabulations of administrative food stamp case record data from the North Carolina's FSIS, October 1994 - September 1996.

NOTES: All percentages listed are rounded to one decimal place. Information is presented for the first month of food stamp receipt during the demonstration period.

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TABLE B.3

HOUSEHOLD COMPOSITION BY VDP STATUS
(Percentages)

	VDP Cases		
	Total	Orange County	Wake County
Household Size			
1 person	9.1	13.2	8.1
2 persons	18.6	21.5	17.9
3 persons	28.2	29.7	27.8
4 persons	20.1	20.7	20.0
5 persons	13.0	9.9	13.7
6 or more persons	11.0	5.0	12.5
Total	100.0	100.0	100.0
Mean household size	3.5	3.1	3.6
FSU Size			
1 person	14.8	16.5	14.3
2 persons	24.6	32.2	22.8
3 persons	29.8	29.8	29.8
4 persons	16.7	14.1	17.3
5 or more persons	14.2	7.4	15.8
Total	100.0	100.0	100.0
Mean FSU size	3.0	2.7	3.1
Sample Size	617	121	496
Number of Children in Household			
No children	18.3	22.3	17.3
1 child	27.7	32.2	26.6
2 children	30.3	31.4	30.1
3 or more children	23.7	14.1	26.0
Total	100.0	100.0	100.0
Mean number of children under age 6	0.8	0.7	0.9
Mean number of children under age 18	1.7	1.5	1.8
Percentage with an elderly member	3.6	8.3	2.4
Percent married-couple households[a]	20.2	19.3	20.5
Households w/children married-couple headed[a]	21.3	20.3	21.6
Sample Size	617	121	496

SOURCE: Tabulations of administrative food stamp case record data from the North Carolina's FSIS, October 1994 - September 1996.

NOTES: Information is presented for the first month of food stamp receipt during the demonstration period.

[a]Marriage data are unavailable for most of sample and are thus unreliable.

TABLE B.4

INCOME AND POVERTY LEVEL BY VDP STATUS
(Percentages)

	VDP Cases		
	Total	Orange County	Wake County
Household Gross Income			
$0	22.9	28.9	21.4
$250 or less	12.0	14.1	11.5
$251 - 500	14.6	10.7	15.5
$501 - 750	17.0	17.4	16.9
$751 - 1,000	15.4	17.4	14.9
$1,001 or more	18.2	11.6	19.8
Total	100.0	100.0	100.0
Mean household gross income	$542	$469	$560
Mean household net income	$354	$296	$368
Household Income as a Percentage of the Poverty Threshold			
0 percent	22.9	28.9	21.4
Less than 50 percent	28.7	22.3	30.2
51 - 100 percent	39.7	42.1	39.1
Not poor (>100 percent)	8.7	6.6	9.3
Total	100.0	100.0	100.0
Mean percentage of poverty	48.0	45.0	49.0
Sample Size	617	121	496

SOURCE: Tabulations of administrative food stamp case record data from the North Carolina's FSIS, October 1994 - September 1996.

NOTES: All percentages listed are rounded to one decimal place. Information is presented for the first month of food stamp receipt during the demonstration period. Values for figures have been converted to November 1994 dollars.

TABLE B.5

SOURCES OF INCOME BY VDP STATUS
(Percentages)

	VDP Cases		
	Total	Orange County	Wake County
Earned Income			
$0	58.4	64.7	56.9
$1 - 250	5.1	4.3	5.4
$251 - 500	5.1	6.0	5.0
$501 - 750	9.0	6.9	9.5
$751 - 1,000	9.4	8.6	9.5
$1,001 or more	12.9	9.5	13.7
Total	100.0	100.0	100.0
Mean earned income	$332	$275	$345
Sample size	599	166	483
Number of Workers per Household			
No workers in household	48.5	57.0	46.4
1 worker in household	49.1	40.5	51.2
2 or more workers in household	2.4	2.5	2.4
Total	100.0	100.0	100.0
Mean number of workers	0.5	0.5	0.6
Sample Size	617	121	496
Unearned Household Income			
Percent with unearned income	43.8	40.5	44.6
Mean total unearned income	$172.0	$160.0	$175.0
Percent with PA income	16.1	13.8	16.6
Mean PA income	$40.0	$42.0	$40.0
Percent with SSI income	4.8	3.2	5.1
Mean SSI income	$40.0	$47.0	$9.0
Percent with dependent care income	13.1	11.7	13.4
Mean dependent care income	$20.0	$11.0	$22.0
Sample Size	617	121	496

SOURCE: Tabulations of administrative food stamp case record data from the North Carolina's FSIS, October 1994 - September 1996.

NOTES: Information is presented for the first month of food stamp receipt during the demonstration period. Values for figures have been converted to November 1994 dollars.

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TABLE B.6

OTHER INDICATORS OF SOCIOECONOMIC STATUS
BY VDP STATUS
(Percentages)

	VDP Cases		
	Total	Orange County	Wake County
Expedited Case Status			
Expedited case	71.8	81.0	69.6
Non-expedited case	28.2	19.0	30.4
Total	100.0	100.0	100.0
Sample Size	617	121	496
Homelessness			
Homeless case	0.3	0.0	0.4
Not homeless case	99.7	100.0	99.6
Total	100.0	100.0	100.0
Disability Status			
Any disabled household members	11.3	9.5	11.8
No disabled household members	88.7	90.5	88.2
Total	100.0	100.0	100.0
Sample Size	617	121	496

SOURCE: Tabulations of administrative food stamp case record data from the North Carolina's FSIS, October 1994 - September 1996.

NOTES: All percentages listed are rounded to one decimal place. Information is presented for the first month of food stamp receipt during the demonstration period.

TABLE B.7

HOUSEHOLD EXPENSES BY VDP STATUS
(Percentages)

	VDP Cases		
	Total	Orange County	Wake County
Shelter Costs			
$0	18.8	25.6	17.1
$1 - 250	18.5	19.8	18.2
$251 - 500	23.7	22.3	24.0
$501 - 750	29.8	25.6	30.9
$751 or more	9.2	6.6	9.9
Total	100.0	100.0	100.0
Mean shelter costs	$391.0	$330.0	$406.0
Percentage with excess shelter	60.5	55.5	61.7
Mean excess shelter costs	$225.0	$181.0	$236.0
Percentage paying mortgage/rent	71.2	61.2	73.6
Mean rent/mortgage	$263.0	$216.0	$274.0
Mean utilities	$122.0	$110.0	$125.0
Sample Size	617	121	496
Other Household Expenses			
Percent with medical expenses	1.8	3.3	1.4
Mean medical expenses[a]	$472.0	$1,195.0	$77.0
Percent with dependent care expenses	10.7	9.1	11.1
Mean dependent care expenses[a]	$148.0	$118.0	$154.0
Sample Size	617	121	496

SOURCE: Tabulations of administrative food stamp case record data from the North Carolina's FSIS, October 1994 - September 1996.

NOTES: All percentages listed are rounded to one decimal place. Information is presented for the first month of food stamp receipt during the demonstration period. Values for figures have been converted to November 1994 dollars.

[a]Mean value of households with positive expenses.

TABLE B.8

FOOD STAMP BENEFITS BY VDP STATUS
(Percentages)

	VDP Cases		
	Total	Orange County	Wake County
Benefit Amount			
$1 - 100	23.0	33.9	20.6
$101 - 200	33.1	33.1	32.7
$201 - 300	27.4	27.3	28.6
$301 - 400	12.5	5.0	13.3
$401 or more	4.1	0.8	4.8
Total	100.0	100.0	100.0
Mean benefit amount	$180	$141	$189
Sample Size	617	121	496

SOURCE: Tabulations of administrative food stamp case record data from the North Carolina's FSIS, October 1994 - September 1996.

NOTES: All percentages listed are rounded to one decimal place. Information is presented for the first month of food stamp receipt during the demonstration period. Values for figures have been converted to November 1994 dollars.

TABLE B.9

COUNTABLE ASSETS BY VDP STATUS
(Percentages)

	VDP Cases		
	Total	Orange County	Wake County
Countable Assets			
None	40.5	43.0	39.9
$1 - 100	31.1	25.6	32.3
$101 - 500	12.3	11.6	12.5
$501 or more	16.1	19.8	15.3
Total	100.0	100.0	100.0
Mean countable assets	$211	$264	$206
Sample Size	617	121	496

SOURCE: Tabulations of administrative food stamp case record data from the North Carolina's FSIS, October 1994 - September 1996.

NOTES: All percentages listed are rounded to one decimal place. Information is presented for the first month of food stamp receipt during the demonstration period. Values for figures have been converted to November 1994 dollars.

TABLE B.10

VEHICLE OWNERSHIP BY VDP STATUS
(Percentages)

	VDP Cases		
	Total	Orange County	Wake County
Number of Vehicles per Household[a]			
1	82.5	81.0	82.9
2	15.2	15.7	15.1
3 or more	2.3	3.3	2.0
Total	100.0	100.0	100.0
Mean Number of Vehicles	1.2	1.2	1.2
Sample size	617	121	496
Age of First Vehicle			
0 - 2 years old	43.3	38.0	44.6
3 - 4 years old	33.4	34.7	33.1
5 - 6 years old	13.5	9.9	14.3
7 - 10 years old	6.8	9.9	6.1
11 or more years old	3.1	7.4	2.0
Total	100.0	100.0	100.0
Mean Age of First Vehicle	2.6	3.5	2.4
Mean Age of All Vehicles	3.2	4.2	3.0
Sample Size of First Vehicle	617	121	496
Sample Size of All Vehicles	713	147	566

SOURCE: Tabulations of administrative food stamp case record data from the North Carolina's FSIS and AVADES, October 1994 - September 1996.

NOTES: All percentages listed are rounded to one decimal place. Information is presented for the first month of food stamp receipt during the demonstration period.

[a]Because vehicle ownership was collected for a small percentage of the non-VDP caseload, we are not able to determine how many traditional cases do not have vehicles.

TABLE B.11

VEHICLE FAIR MARKET AND EQUITY VALUE BY VDP STATUS
(Percentages)

	VDP Cases		
	Total	Orange County	Wake County
FMV of First Vehicle			
$0	5.2	10.1	4.0
$1 - 2000	3.7	6.7	3.0
$2,001 - 4000	1.3	1.7	1.3
$4,001 - 6000	6.4	9.2	5.7
$6,001 - 8000	49.1	44.5	50.2
$8,001 or more	34.3	27.7	35.9
Total	100.0	100.0	100.0
Mean FMV of First Vehicle	$7,253	$6,488	$7,444
Mean FMV of All Vehicles	$6,440	$5,603	$6,658
Sample Size of First Vehicle	595	119	476
Sample Size of All Vehicles	713	147	566
Equity Value of First Vehicle			
$0	39.8	45.4	36.8
$1 - 2000	8.2	10.0	7.5
$2,001 - 4,000	28.2	20.7	28.9
$4,001 - 6,000	12.8	14.0	11.9
$6,001 or more	10.9	9.9	14.8
Total	100.0	100.0	100.0
Mean Equity of First Vehicle	$5,490	$3,644	$5,942
Mean Equity of All Vehicles	$5,239	$3,078	$5,787
Sample Size of First Vehicle	615	121	494
Sample Size of All Vehicles	737	149	588

SOURCE: Tabulations of administrative food stamp case record data from the North Carolina's FSIS and AVADES, October 1994 - September 1996.

NOTES: All percentages listed are rounded to one decimal place. Information is presented for the first month of food stamp receipt during the demonstration period.

APPENDIX C

VEHICLES OWNED BY VDP AND NON-VDP HOUSEHOLDS

Appendix C tabulates the make and model of vehicles owned by VDP and non-VDP households, broken down by PA status. The table shows that the most popular car among VDP and non-VDP households is the Ford Escort (tied with the Oldsmobile Cutlass for non-VDP households).

TABLE C.1

VEHICLE MAKE, MODEL, AND YEAR BY VDP STATUS
(Number of Vehicles)

Make and Model		Vehicles Owned by VDP Cases			Vehicles Owned by Traditional Cases		
		Total	lt 5 years	5+ years	Total	lt 5 years	5+ years
Acura	Integra	1	1		6		6
	Legend	6		6	1		1
AMC	Alliance				3		3
	CDL				1		1
	Concord				3		3
	Eagle				3	1	2
	Gremlin				1		1
	Station Wagon				1		1
Audi	4000	1		1	3		3
	5000s	1		1	2		2
BMW	318 i				4		4
	320				2		2
	325				2		2
	32i				2		2
	528				2	2	
	635 csi				2		2
Buick	Century	3	3		45	4	41
	Electra	2	1	1	24		24
	Estate Station Wagon			1		1	
	Le Sabre		1	2	24	24	
	Limited				1		1
	Regal	5	2	3	48	1	47
	Riviera				6		6
	Sedan				1		1
	Skyhawk				6		6
	Skylark	9	6	3	22	1	21

TABLE C.1 (*continued*)

Make	Model						
Buick	Somerset	1		1	1		1
	Station Wagon				1		1
	Wildcat				1		1
Cadillac	Brougham				1		1
	Deville	1		1	14		14
	El Dorado	1	1		6	6	
	Fleetwood	1		1	1		1
	Sedan				1		1
	Seville	3		3	3		3
Chevrolet	2S				2		2
	Astro	10	8	2	12		12
	Beretta	4	2	2	11	2	9
	Blazer	4	4		11		11
	Camaro	4	2	2	34		34
	Caprice	2	1	1	33		33
	Cavalier	14	12	2	68	14	54
	Celebrity	1		1	39		39
	Chevette				34		34
	Citation	1		1	19		19
	Classic				1		1
	Corsica	11	10	1	27	10	17
	El Camino N	1	1		2	2	
	Impala	1		1	23		23
	Lumina	7	7		8	3	5
	Malibu				29		29
	Monte Carlo	1		1	31		31
	Nova	1		1	23		23
	P'Up	3	2	1	33		33
	P'Up C10				1		1
	P'Up C10 x	1	1				
	P'Up C10/r	3		3	19		19
	P'Up C15/r				1		1
	P'Up C20/r				2		2
	P'Up C30/r				1		1
	P'Up K10	1		1	4	1	3
	P'Up Luv4				1		1
	P'Up S10	6	3	3	12		12
	Silverado				2		2

TABLE C.1 (*continued*)

Make	Model						
Chevrolet	Sprint	1		1	7	1	6
	Suburban				4		4
	Station Wagon	1		1	6		6
	Van	3	2	1	9		9
	Van 620				1		1
	Van G20	3	1	2	10		10
Chrysler	Cordoba				3		3
	Fifth Avenue	1		1	5		5
	Laser	2	2		4		4
	Le Baron	2	1	1	23	2	21
	New Yorker	2	2		18		18
	Station Wagon				1		1
	Town & Country				1		1
	Van	1	1				
Coleman	Camper				1	1	
Daihatsu	Charade				3	1	2
Datsun	210			.	6		6
	280 ZX	1		1	5		5
	310				5		5
	510				1		1
	P'Up				2		2
	Station Wagon				2		2
	SX				1		1
Dodge	600				2		2
	Aries	2		2	13		13
	Aspen				5		5
	Caravan	7	6	1	16	3	13
	Charger				4		4
	Colt	2		2	36	2	34
	Coronet				1		1
	Dart				1		1
	Daytona				6		6
	Diplomat				1		1
	Dynasty	1	1		5	3	2
	Hornet				1		1
	Intrepid	1	1				

TABLE C.1 (*continued*)

Make	Model						
Dodge	Lancer				2		2
	Omni				10		10
	P'Up	1	1		11	1	10
	P'Up D150	1	1	4		4	
	P'Up Dakota	2	2	2		2	
	P'Up Ram				1		1
	P'Up W150	.	.	.	2	.	2
	Raider 4x4				2		2
	Ram	1	1		14		14
	Royal				1		1
	Shadow	5	5		17	2	15
	Spirit	3	3		3		3
	Station Wagon	1		1			
	Swinger				1		1
	Tradesman				6	1	5
	Van				7	1	6
Eagle	Premier				2	1	1
Fiat	Strada				1		1
Ford	Aerostar	8	7	1	15	4	11
	Aspire	1	1		1	1	
	Bronco				7		7
	Club Station Wagon		1	2		2	
	Contour	2	2				
	Country Squire				1		1
	Crown Victoria				14	1	13
	Econoline	2	1	1	8		8
	Elite				1		1
	Escort	39	32	7	118	31	87
	Explorer	8	5	3	4		4
	Fairlane				1		1
	Fairmont				12		12
	Festiva	1		1	8	1	7
	Fiesta				2		2
	Galaxy				3		3
	Granada				10		10
	Heavy Truck	1		1			
	Ltd	3		3	25		25

TABLE C.1 (*continued*)

Make	Model						
Ford	Maverick				1		1
	MLX				1		1
	Mustang	9	9		47	2	45
	P'Up	7	3	4	34	1	33
	P'Up Amg			1		1	
	P'Up Courier			3		3	
	P'Up F100				12		12
	P'Up F150	6	1	5	11	1	10
	P'Up F250	1		1	1		1
	P'Up F350				2		2
	P'Up Ranger	4	2	2	9	1	8
	Pinto				1		1
	Probe	3	3		4	1	3
	Ranger	5	4	1	9	3	6
	Station Wagon				3		3
	Taurus	14	14		30	5	25
	Tempo	9	9		66	21	45
	Thunderbird	5	3	2	17		17
	Torino				2		2
	Van	3	2	1	9		9
	Van Super				2		2
Geo	Metro	1	1		20	16	4
	Prizm	5	5		18	13	5
	Spectrum				13		13
	Storm	1	1		14	8	6
	Tracker	2	1	1	2	1	1
GMC	Bus						
	Compac				1		1
	Caballero				1		1
	Jimmy	1		1	4		4
	P'Up	1	1		3		3
	P'Up CE660				1		1
	P'Up S15				1		1
	Van	1	1		4		4
Harley	Motorcycle				2		2
Honda	Accord	23	13	10	73	1	72
	Civic	7	3	4	48	3	45

TABLE C.1 (*continued*)

Make	Model						
Honda	CRX				1		1
	Motorcycle				2		2
	Prelude	3		3	10		10
	T600				1		1
	ULX	1	1				
Hyundai	Accent				3	3	
	Elantra	8	8		5	5	
	Excel	4	3	1	34	7	27
	Scoupe	1	1		5	3	2
	Scoupe Ls	1	1		1	1	
	SLS	1	1				
	Sonata	4	4		3	1	2
Internat'l	P'Up				1		1
Isuzu	Amigo	1	1				
	I Mark				7	7	
	Impulse				3		3
	P'Up				4	1	3
	P'Up 4WD				1	1	
	P'Up I Mark				1		1
	Trooper	1	1		4		4
Jeep	Cherokee	3	3		14		14
	Cj7				1		1
	Medallion				1		1
	Wagoneer				3		3
Kawasaki	Motorcycle				2		2
Lincoln	Continental	1	1		6		6
	Mark IV				1		1
	Mark V				1		1
	Mark VI				1		1
	Mark VII				1		1
	Town Car	1	1		11		11
	Versailles				1		1
Mazda	323	1		1	9	3	6
	626	4	2	2	19	1	18

TABLE C.1 (*continued*)

Make	Model						
Mazda	GL				8		8
	Miata	1	1				
	MPV	1	1				
	MX3	2	2				
	MX6	1	1		1		1
	MX6 Turbo			1		1	
	P'Up				6		6
	P'Up 2200				1		1
	P'Up B2000				1		1
	Protege	10	10		6	4	2
	RX7				5		5
Mercedes	190				1		1
	220d				1		1
	320e	1	1				
	3se	1		1			
Mercury	Capri				5		5
	Colony Park				1		1
	Comet				1		1
	Cougar	4	1	3	11		11
	Grand Marquis	1	1		4		4
	Lynx	1		1	6		6
	Marquis				6		6
	Monarch				1		1
	Sable	4	3	1	11	1	10
	Topaz	3	3		17	7	10
	Tracer				4	2	2
	Zephyr				4		4
Mitsubishi	Diamante	2	2				
	Eclipse	3	3				
	Galant	3	3		3	1	2
	Mirage	8	8		12	7	5
	P'Up				3		3
	P'Up Mighty				1		1
	Precision				1		1
	Starion	1		1	1		1
	Station Wagon	1		1			

TABLE C.1 (*continued*)

Make	Model						
Mobile Home	Oakwood				1		1
	Park				1		1
Nissan	200 SX				13		13
	240	1		1	4		4
	300 ZX				1		1
	610	1		1			
	Altima	5	5				
	Maxima	5	3	2	30	1	29
	NX 1600			1		1	
	P'Up	5	3	2	12	4	8
	P'Up 4 X4				1	1	
	P'Up King			2		2	
	Pathfinder	1	1		2		2
	Pulsar				10	1	9
	Quest				2	2	
	Sentra	36	33	3	86	13	73
	SGL	1	1				
	Stanza	5	5		13		13
	Ultima	1	1				
Oldsmobile	Achieva	3	3				
	Bel Aire				1	1	
	Calais	1		1	12	1	11
	CSU	1		1			
	Custom Cruiser				4		4
	Cutlass	7	5	2	118	2	116
	Delta	2		2	22		22
	Firenza				7		7
	Ninety-eight	1		1	12		12
	Omega				3		3
	Regency				2		2
	Starfire				1		1
	Station Wagon				2		2
	Toronado				7		7
Peterbilt	18 Wheeler				1		1
Peugot	505				1		1

TABLE C.1 (*continued*)

Make	Model						
Plymouth	4S				1		1
	Acclaim				6	2	4
	Arrow				1		1
	Caravelle				4		4
	Champion				6		6
	Duster				1		1
	Gran Fury	1	1		5	5	
	Grand Voyager				2		2
	Horizon	1		1	18		18
	Neon	5	5				
	P'Up				1		1
	P'Up Arrow				1		1
	Reliant	2		2	20		20
	Sundance	3	3		7	3	4
	Trailbuster				1		1
	Turismo				1		1
	Valiant				1		1
	Van				2		2
	Volare				12		12
	Voyager	3	3		27		27
Pontiac	1000				2		2
	6000	1	1		16		16
	Bonneville	1	1		17		17
	Catalina				2		2
	Firebird	3	1	2	15		15
	Grand Am	13	11	2	37	2	35
	Grand Prix	3	3		21	3	18
	Lemans	1	1		6	1	5
	Parisienne				1		1
	Phoenix				3		3
	Safari				2		2
	Sunbird	7	6	1	23	1	22
	Station Wagon				1		1
	T1000	1		1	2		2
	Trans Sport	2	2				
	Ventura				3		3
Porsche	924				1		1
	944	1		1			

TABLE C.1 (*continued*)

Make	Model						
Saab	9000	1		1	3		3
	SP6				1		1
Saturn	SC Coupe		1				
	SL1	1	1		1	1	
	SL2	1	1				
	Station Wagon	2	2				
Subaru	DL				1		1
	GL				13		13
	Justy				1		1
	Legacy	3	3		2		2
	Loyale				3	1	2
	Station Wagon				2		2
	XT				4		4
Suzuki	Motorcycle				4	1	3
	Samurai				3		3
	Sidekick	1	1		1	1	
	Swift				1	1	
Toyota	4 Runner				1		1
	Camry	15	14	1	29	3	26
	Celica	8	5	3	27		27
	Corolla	22	20	2	104	17	87
	Corona				2		2
	Cressida	2		2	3		3
	P'Up	3	2	1	10	1	9
	P'Up DLX				2	1	1
	P'Up LB	1		1	3		3
	P'Up SR5				2		2
	Supra	2		2	1		1
	Station Wagon	1		1	1		1
	Tercel	7	5	2	46	8	38
	Van				2		2
	Van LE				1		1
	Van Panel				1		1
	Van Previa	1	1				

TABLE C.1 (*continued*)

Make	Model						
Trailer	Long				1		1
	Star				1		1
	Viki				1		1
Volvo	240	2		2	3		3
	242				2		2
	244				1		1
	245				1		1
	264 GL				1		1
	740	1		1	2		2
	760	1		1	1		1
	780 Turbo	1		1			
	940 Turbo	1	1				
	DG4				1		1
VW	Beetle				3		3
	Betta	1	1				
	Fox				6	1	5
	Golf	1		1	3		3
	Jetta	1	1		11		11
	Quantum				1		1
	Rabbit				9		9
	Vanagon				2		2
Yamaha	Motorcycle				2		2
	Virago				1	1	
Yugo	GV				1		1
	YGV				1		1

SOURCE: Tabulations of administrative food stamp case record data from the North Carolina Department of Human Services Food Stamp Information System, and Vehicle Addendum data from the Automated Vehicle Addendum Data Entry System.

APPENDIX D

INFLATION ADJUSTMENT OF INCOME, EXPENSES, BENEFITS, AND VEHICLE VALUES

Characteristic tables (Chapter VI and Appendix B) summarize data values from each observation's first month of food stamp receipt. Because members of our sample first received food stamps at different times during the 23-month period, we standardized benefit, income, expense, and vehicle value to make them comparable. We used the Bureau of Labor Statistics' Consumer Price Index (CPI) to compare and combine benefit, income, expense, and vehicle values in real (as opposed to nominal) terms.

CPI series give an adjustment factor for each month. The ratio of any two adjustment factors shows the ratio of nominal values for those two months that signifies equality of real values. That is, if one month has an adjustment value of 100, and another has an adjustment value of 105, then a price that is *nominally* 5 percent higher in the second month is equal in *real* terms.

All dollar figures have been converted to November 1994 dollars, meaning that they are comparable in real terms. (November 1994 was chosen because it marks the beginning of the demonstration.) We took our adjustment terms for vehicles (fair market value and equity value) from the seasonally-adjusted CPI series for used cars. We took our adjustment terms for benefits and expenses from the CPI series for all urban consumers, the broadest measure of the relation between real and nominal prices calculated by the Bureau of Labor Statistics.[1]

For instance, suppose we have two households, one with medical expenses of $100 in October 1996 and another with medical expenses of $100 in January 1995. The adjustment factor from the relevant CPI series (all urban consumers) is 149.7 for November 1994, 150.3 for January 1995, and 158.3 for October 1996. We convert 100 January 1995 dollars to November 1994 dollars by multiplying by (149.7/150.3)--the real equivalent is 99.6 November 1994 dollars. This is valid

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[1]Benefit expenses are only updated once per year, in October, to reflect true annual adjustments to food stamp allotments.

because we've found a November 1994 nominal value that is equal in real terms with a January 1995 nominal value of $100. We convert 100 October 1996 dollars to November 1994 dollars by multiplying by (149.7/158.3)--the real equivalent is 94.6 November 1994 dollars. In other words, the second household's real medical expenditures are a little over 5 percent higher. (Table D.1 summarizes these calculations.)

TABLE D.1

CALCULATIONS OF REAL VALUES OF

Month	CPI Adjustment Value	Nominal to Nominal Ratio Signifying Real Equality	Real Value of Present $100 in November 1994 Dollars
November 1994	149.7	149.7/149.7=1.0	$100.0
January 1995	150.3	149.7/150.3=.996	$99.6
October 1996	158.3	149.7/158.3	$96.6

APPENDIX E

CASE STUDY FINDINGS

The following tables provide more detailed information on our findings from the case study interviews of other states that relaxed their vehicle asset tests under a waiver from the USDA or the Department of Health and Human Resources.

TABLE E.1
CASE STUDY RESULTS: VEHICLE ASSET TEST EXPERIENCES IN EIGHT STATES

	Summary			California: Work Pays			Maryland: Family Investment Prog.			Michigan: To Strengthen MI Families			Montana: Achieving Independence			North Dakota: TEEM*			Pennsylvania: Pathway to Independence			Vermont: Welfare Restructuring Project			Virginia: VIEW**		
	Tot	U	R	State	Urban	Rural	State	Urban	Rural	State	Urban	Rural	State	Urban	Rural	State	Urban	Rural	State	Urban	Rural	State	Urban	Rural
Reform to the vehicle asset test tested				Exclude 1 vehicle, regardless of FMV or equity.			PA hhs only: exclude 1 vehicle, align FS-PA rules.			Exclude 1 vehicle, regardless of FMV or equity.			Exclude 1 vehicle, then use equity test.			Exclude 1 vehicle, regardless of FMV or equity.			PA hhs only: exclude 1 vehicle; then normal rules.			PA hhs only: exclude 1 vehicle; then equity test.			PA hhs only: raise FMV threshold to $7,500.		
Purpose of changing vehicle asset test																								
Promote client self sufficiency	9	2	2				○						○	○		○	○		○	○		○	○	
Clients need cars to commute/long commute	14	3	5			○	○						○	○		○	○		○	○		○	○	
Clients need vehicles to get to education or training	6	1	2										○			○			○					
Clients need vehicles to go to doctor, store, child care	3	1	2									○	○						○					
Lack of mass transit	9	2	4						○				○	○	○	○	○		○			○		
Climate requires more reliable or 4WD vehicles	4	1	1										○	○	○	○			○	○				
Available industries require trucks or 4WDs	1	0	0										○	○						○					
Discourage clients from lying about vehicle assets	3	1	1						○			○						○			○				
Traditional asset test/FMV threshold unfair	4	1	2	○		○																○			
Program simplification (align FS-AFDC/TANF rules)	6	1	0	○						○	○		○	○		○	○		○					
Reduce paperwork for line staff	5	2	0	○						○	○		○	○											
Traditional vehicle rules considered cumbersome	11	4	7	No	No	○	No	○	○	○	No	○	○	○	○	No	○	○	No	○	○	○	○	No		
Two sets of rules present difficulties?	11	4	7	No	No	○	○	○	○	○	No	○	○	○	○	No	○	○	No	○	○	○	○	No		
Rules are too complex	8	3	4	○									○	○	○	○			○			○			○		
Junked/unlicensed vehicles difficult to administer	5	2	3		○							○	○									○	○				
Estimates from garage are time-consuming	4	2	2			○						○	○	○								○	○				
Exemptions/exclusions difficult to remember	3	1	2												○						○	○	○	○			
Determining equity is difficult	3	1	2												○				○	○		○					
Clients don't know their vehicles' make, model, year	2	1	1							○																	
Multiple vehicles difficult to administer	2	1	1									○			○												
Rules are ambiguous regarding antique cars	1	1	0																			○	○				
Hard to keep up with vehicle changes	1	1	0																			○	○				
Jointly owned cars confusing	1	1	0																								
Hard to explain vehicle asset test to clients	2	0	2						○									○			○		○				
Reform to vehicle asset test easier to implement?	13	7	6	NA	NA	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Mentioned loopholes in vehicle asset test rules	7	3	4	No	○	○	○	○	No	○	○	○	No	No	○	No	No	○	No	○	○	○	No	No		
Alternate valuation	5	2	3			○			○			○						○			○		○	○			
Co-owner or cosigner, so not counted	3	2	1						○	○	○							○			○						

E-3

*TEEM=Training, Education, Employment, and Management; **VIEW=Virginia Initiative for Employment not Welfare; ***of applicants; ****of denials.

TABLE E.2
CASE STUDY RESULTS: VEHICLE ASSET TEST EXPERIENCES IN EIGHT STATES

	Summary			California: Work Pays			Maryland: Family Investment Prog.			Michigan: To Strengthen MI Families			Montana: Achieving Independence			North Dakota: TEEM*			Pennsylvania: Pathway to Independence			Vermont: Welfare Restructuring Project			Virginia: VIEW**		
	Tot	U	R	State	Urban	Rural	State	Urban	Rural	State	Urban	Rural	State	Urban	Rural	State	Urban	Rural	State	Urban	Rural	State	Urban	Rural	State	Urban	Rural
Reform to the vehicle asset test tested				Exclude 1 vehicle, regardless of FMV or equity.			PA hhs only: exclude 1 vehicle, align FS-PA rules.			Exclude 1 vehicle, regardless of FMV or equity.			Exclude 1 vehicle, then use equity test.			Exclude 1 vehicle, regardless of FMV or equity.			PA hhs only: exclude 1 vehicle, then normal rules.			PA hhs only: exclude 1 vehicle, then equity test.			PA hhs only: raise FMV threshold to $7,500.		
How often were vehicles denied (prior to the implementation of a vehicle asset test reform)?				5%***	rare			rare	1 per month	5-6 per year	often		5%***	1 per month	common	fairly common		35-40%****	not common	1,700 per year		often	12%****		1-2 per month		
Characteristics of "vehicle-ineligible" households																											
Laid off, plant closed, injured on job	10	4	6		o			o	o		o	o		o	o					o			o			o	o	
Employed (working poor with little savings)	3	1	2					o			o	o		o							o						
Waiting for UI (or end of UI)	2	2	0					o						o						o							
Families	7	2	5		o			o	o					o									o			o	
Single persons rather than families	1	1	0			o						o												o			
Given car by family member	3	2	1									o												o			
Divorcee gets car in settlement but little else	1	0	1																				o				
Workman's comp lawsuit, so buys car; little else	1	0	1						o			o											o				
Air force (new airmen with big families qualify)	1	1	0											o													
Need car for work (handymen, seasonal ag. workers)	3	1	2																	o							
Natural disaster applicants	2	0	2			o						o		o					o							o	
Characteristics of vehicle ineligibles' cars																											
New	9	4	5		o			o	o		o			o			o			o			o			o	
1-2 years old	3	2	1					o						o						o						o	o
Truck needed for work	5	2	3						o		o			o												o	o
Mid-level or family-type vehicles	2	0	2						o			o		o									o				
4WD needed for winter commuting	3	2	1									o		o												o	o
Multiple junk cars	1	0	1									o											o				
Classic cars	1	1	0									o															
Reforms recommended by line staff																											
Exempt 1 vehicle per household	7	3	4		o			o	o		o	o		o	o		o	o		o	o		o			o	
Exempt 1 vehicle per worker in household	1	0	1					o	o																		
Exempt 1 vehicle per licensed driver in household	1	0	1			o															o						
Exclude all vehicles in household	1	0	1									o															
Align FS-AFDC/TANF vehicle asset test rules	6	2	4		o	o		o	o			o					o	o		o			o			o	
Time limit vehicles	2	1	1						o		o																
Provide clarification on antique and junked cars	1	1	0																									
Raise FMV threshold to $8,000-15,000	4	1	3								o			o									o			o	
Maintain current rules	1	1	0		o																						

SOURCE: Interviews with welfare reform coordinators and eligibility supervisors in 8 states.

*TEEM=Training, Education, Employment, and Management; **VIEW=Virginia Initiative for Employment not Welfare; ***of applicants; ****of denials.