

- ▶ Make Food Stamps Work for Working Families
- ▶ Allow Hungry Californians to Own Reliable Cars

Contact: George Manalo-LeClair at 415.777.4422 ext. 103 or george@cfpa.net

▶ Issue

California has one of the highest rates of hunger in the country. Although the Food Stamp Program can help, eligibility is based on several factors including car ownership. Owning a dependable car with a “Blue Book” value over \$4,650 forces some low-income people into a difficult choice: Give up the car needed to get to work or go hungry. There are a number of options the state legislature can take to address this problem and to allow hungry Californians to own reliable transportation and make the welfare-to-work transition work.

▶ Need

California is home to many working families who are hungry and own cars, especially in rural areas. Census data show that poor rural households are more likely to own cars than poor urban households. But since the auto-resource limit is so low in California, few people can receive help and still own a car. Currently, only 26% of food stamp recipients own cars. Still, the number of food stamp recipients who have earnings from work has almost tripled since 1993. Obviously, some families are finding ways of getting to work without a car, but many more families could be making the transition from welfare to work if they were allowed to own cars and get assistance. Recent research has found that whether a family has a reliable car is an important factor in determining the success of its effort to make the transition from welfare to work.

States have been given several options to raise the auto-resource limit for food stamps. Since California has recently been given the flexibility to set the food stamp auto-rule to be the same as our welfare (CalWORKs) rule, the simplest and most equitable option is to remove the auto-resource test for CalWORKs recipients. Most other states will take advantage of this opportunity because their state welfare car limits are significantly higher than the food stamp limit. In fact, 39 Governors from all over the country, both Democrat and Republican, have removed the auto-limit entirely or exempted one car.

▶ Request

Allow Food Stamp Recipients to Own Reliable Transportation By Raising the CalWORKs Auto limit

This request would seize the new opportunity to link food stamp and CalWORKs car limits. Since food stamp benefits are federally funded, an increase in the food stamp caseload as result of a change in the auto-resource rule would have little fiscal impact. Costs would be generated by the change in the CalWORKs auto limit as it would increase participation in CalWORKs, and these costs are shared by the state and the federal government.

▶ History

Since 1977 the auto resource limit for the food stamp program has been increased by only 3%, while the Consumer Price Index for cars has tripled. To correct for the real value of an automobile comparable to the \$4,500 limit set in 1977, the current limit would need to be \$12,867.

▶ Outcomes

By allowing food stamp recipient to own a reliable car, the state can:

- Reduce hunger
- Lower the state’s costly food stamp error rate, since 5% of the errors are caused by the asset test
- Reduce the administrative hassles associated with verifying the value of a car.
- Give folks the one of the keys to success: transportation to a job.

▶ Quote

From Barbra, owner of a 1996 Dodge Stratus and in need of a car and food assistance: “I’ve got two little mouths to feed. I can’t take the risk of losing the one thing that can help me do that.” LA Weekly