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Cars, Working Families & Asset Limits

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Under current law, California's welfare-to-work families are restricted from savings and owning a reliable car. Families owning a car worth more than \$4,650 are penalized with a loss or reduction of CalWORKs benefits.



According to the US Census Bureau, 88% of Americans get to work by car while only 5% rely on public transportation.^[1]

^[1] US Census Bureau, *American Community Survey* (2005).



For the state's low-income working families, having access to a reliable car is critical in finding and maintaining employment and becoming economically self-sufficient.^[2]

^[2] Steven Garasky; Cynthia Needles Fletcher & Helen Jensen, "Transitioning to Work: The Role of Private Transportation for Low-Income Households," *Journal of Consumer Affairs*, (Summer 2006).



How Much Car \$4,650 Can Get You, on Average

Cars That Cost Around \$4,650 in California are Likely to Have Large Maintenance Costs & Hidden Problems.

- 1992 Toyota Previa, no mileage or other details, damaged rear bumper, \$4500.
- 1993 Nissan Sentra GXE, 130,759 miles, \$4,600.
- 2001 Toyota Camry, 182,000 miles, slight electric problems, 2 small dents on bumper, \$4,700.

-Based on a search through craigslist.com and the *Kelley Blue Book*.

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Vehicle Ownership is Correlated with Gains in Work Participation

Recipients **without** a car:

- 30% more likely to face difficulty in seeking work.^[3]

Recipients **with** a car:


- 20% more likely to be gainfully employed.^[4]
- 10 times more likely to find gainful employment and exit welfare than those without a car, nationally.^[5]

^[3] County of Los Angeles, Urban Research Division, *Assessing the Transportation Needs of Welfare-to-Work Participants in Los Angeles County*, (November 2000).

^[4] Ibid.


^[5] Paul Ong, "Car Ownership and Welfare-to-Work," *Journal of Policy Analysis and Management* (Spring 2002).

The Social Stigma of Welfare Impacts Program Participation

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- Only 50% of California's eligible families participate in the Food Stamp program.^[6]
 - Social stigma associated with government aid causes people to either not apply or exit programs.^[7]
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^[6] USDA Food and Nutrition Service, *Reaching those in Need: State Food Stamp Participation Rates*, (2006).

^[7] Food Research and Action Center, *Access and Access Barriers to Getting Food Stamps: A Review of the Literature*, (February 2008). Social stigma is defined as embarrassment, shame in applying for and using benefits.


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- According to the U.S. Government Accountability Office (GAO), stigma is associated with 80% of the Food Stamp application and utilization process.^[8]
 - In Sum: people apply for government aid as a last resort and are not likely to "game" the system.
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^[8] Ibid.



Exempting the Vehicle in CalWORKs Eligibility Will Not Cost the State

•One-tenth of one percent (0.1%) of denied CalWORKs applicants are denied for exceeding the vehicle asset limit.^[9]



If these people got on the rolls, the potential cost will be offset by the administrative savings and the state will still save over \$2 million average per year.


^[9] Los Angeles County Department of Social and Human Services, *Applicant Denials Report*, (July 2008-June 2009).


- Eliminating the vehicle asset test will not result in a cost increase to Medi-Cal.

Many people who are not on CalWORKs, but are low-income, are already eligible for a variety of programs under Medi-Cal.

Many States Have Moved in the Direction of Eliminating the Vehicle Asset Test in TANF Eligibility.^[10]

^[10] National Center for Children in Poverty, www.nccp.org/tools/policy/.


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- 12 U.S. states have eliminated the vehicle asset test entirely from TANF eligibility.
 - 14 states have excluded the value of at least one vehicle per household.
 - 10 states have significantly increased the value of the vehicle.
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- 3 states (Ohio, Virginia, Illinois) have abolished the entire assets test in TANF eligibility.
 - California: AB 1058 (Beall & Fuentes) California Workforce and Mobility Initiative aims to streamline the CalWORKs application process and increase efficiency by removing the vehicle asset test from CalWORKs eligibility.
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Administrative Savings



It costs California \$4.9-\$9.7 million dollars to administer the vehicle asset test. Even if the 0.1% of denied applicants got on CalWORKs the state still saves over \$2 million on average annually.^[11]



^[11] Calculations based on DSS and LA County DPSS data (July 2008-June 2009).



A Win-Win For Recipients, Caseworkers and the State

Eliminating the Vehicle Asset Test Will:

- give families the tools to secure employment and exit welfare
- allow caseworkers more time to serve recipients
- save money in staff time and reduced caseloads
- help state meet work participation requirements



Questions?
