

**HOW VEHICLES AFFECT
FOOD STAMP
PROGRAM ELIGIBILITY**

June 1993

Prepared by:

Nancy E. Wemmerus
Mathematica Policy Research, Inc.
600 Maryland Avenue, SW
Suite 550
Washington, DC 20024-2512

Prepared for:

U.S. Department of Agriculture
Office of Analysis and Evaluation
Food and Nutrition Service
3101 Park Center Drive
Alexandria, VA 22302

ACKNOWLEDGMENTS

The author would like to acknowledge the contributions made by many people to this report. Jenny Genser of the Food and Nutrition Service was the task leader for this study. Jenny Genser, Steven Carlson, and Christine Kissmer provided substantive review and comments on the earlier draft of this report. At Mathematica Policy Research, Tom Fraker, in his role as project director, provided important substantive input and reviewed the report in its various stages. Alberto Martini reviewed the outline and an early draft of the report. Julie Sykes provided technical guidance on the use of SIPP data. Cara Hendricks provided invaluable programming and analytical support. Guang Yang and Daisy Ewell worked with the Census Bureau to classify motor vehicles by type. Helene Archibald prepared the charts. Jayne Holman, Liz Schaefer, and Rob Olsen provided additional data-gathering and computational support. Daryl Hall edited the report and thereby made substantial contributions to its clarity. Sharon Clark prepared the tables and the manuscript, with assistance from Chiquita Payne and Bob Skinner. At the Census Bureau, Enrique Lamas coordinated the vehicle classification process, and Angela Feldman-Harkins and Robert Clemons were the programmers for the task.

MPR Project Number: 7890-006
MPR Project Director: Thomas Fraker
FNS Contract Number: 53-3198-9-31
FNS Project Officer: Christine Kissmer

CONTENTS

Chapter		Page
	EXECUTIVE SUMMARY	xiii
I	INTRODUCTION	1
II	DETERMINING FSP ELIGIBILITY	3
	A. THE INCOME TEST	3
	B. THE ASSET TEST	3
	1. The Vehicle Asset Test Regulations	4
	C. DISTRIBUTION OF THE POPULATION AMONG FIVE FOOD STAMP ELIGIBILITY AND PARTICIPATION GROUPS	6
	D. REASONS FOR INELIGIBILITY AMONG ASSET- INELIGIBLE HOUSEHOLDS	8
	1. Reasons for Asset Ineligibility	8
	2. Reasons for Vehicle Ineligibility	10
	E. SUMMARY	12
III	DATA AND METHODOLOGY	13
	A. THE SURVEY OF INCOME AND PROGRAM PARTICIPATION	13
	B. METHODOLOGY	14
	1. Classifying Households on the Basis of FSP Eligibility and Participation Status	14
	2. Comparing the Five Eligibility and Participation Groups	16
	3. Information on Vehicle Holdings	17
	C. LIMITATIONS OF THE METHODOLOGY AND DATA	20
	1. Analysis of Five-Year-Old Data	20
	2. Misreporting of FSP Participation and Asset Holdings	20
	3. Seemingly Ineligible Participants	21
	4. Limitations of the SIPP Asset Data	21
	D. SUMMARY	22

CONTENTS (continued)

Chapter	Page
IV	COMPARING VEHICLE-INELIGIBLE HOUSEHOLDS TO OTHER INELIGIBLE AND ELIGIBLE HOUSEHOLDS 25
	A. SYNOPSIS OF THE DEMOGRAPHIC AND SOCIOECONOMIC CHARACTERISTICS OF THE FIVE ELIGIBILITY AND PARTICIPATION GROUPS 25
	B. DEMOGRAPHIC CHARACTERISTICS 27
	C. SOCIOECONOMIC CHARACTERISTICS 37
	D. SUMMARY 47
V	VEHICLE HOLDINGS OF LOW-INCOME HOUSEHOLDS 49
	A. NUMBER OF VEHICLES OWNED BY LOW-INCOME HOUSEHOLDS 49
	B. VALUE OF VEHICLE HOLDINGS 53
	C. AGE AND TYPES OF VEHICLES OWNED BY LOW- INCOME HOUSEHOLDS 61
	1. Age of Vehicles Owned by Low-Income Households 61
	2. Types of Vehicles Owned by Low-Income Households 63
	D. SUMMARY 69
	REFERENCES 71
	APPENDIX A: EXAMPLES OF HOW THE VEHICLE ASSET TEST WORKS
	APPENDIX B: DATA FOR CHAPTER II FIGURES
	APPENDIX C: SIPP QUESTIONNAIRES ON VEHICLE HOLDINGS
	APPENDIX D: DETAILED VEHICLE AGE AND CLASSIFICATION TABLES

TABLES

Table	Page
III.1	RESULTS OF VEHICLE CLASSIFICATION PROCESS (Numbers and Percentages) 19
IV.1	RACE AND ETHNICITY OF HEAD OF HOUSEHOLD BY FSP ELIGIBILITY AND PARTICIPATION STATUS, JANUARY 1988 (Percentages) 28
IV.2	AGE OF HEAD OF HOUSEHOLD BY FSP ELIGIBILITY AND PARTICIPATION STATUS, JANUARY 1988 (Percentages and Means) 29
IV.3	HOUSEHOLD COMPOSITION BY FSP ELIGIBILITY AND PARTICIPATION STATUS, JANUARY 1988 (Percentages) 30
IV.4	SEX OF HEAD OF HOUSEHOLD BY FSP ELIGIBILITY AND PARTICIPATION STATUS, JANUARY 1988 (Percentages) 32
IV.5	MARITAL STATUS OF HEAD OF HOUSEHOLD BY FSP ELIGIBILITY AND PARTICIPATION STATUS, JANUARY 1988 (Percentages) 33
IV.6	COMPOSITION OF HOUSEHOLDS WITH CHILDREN BY FSP ELIGIBILITY AND PARTICIPATION STATUS, JANUARY 1988 (Percentages) 34
IV.7	HOUSEHOLD SIZE BY FSP ELIGIBILITY AND PARTICIPATION STATUS, JANUARY 1988 (Percentages and Means) 36
IV.8	URBAN/RURAL RESIDENCE BY FSP ELIGIBILITY AND PARTICIPATION STATUS, JANUARY 1988 (Percentages) 38
IV.9	EDUCATIONAL ATTAINMENT OF HEAD OF HOUSEHOLD BY FSP ELIGIBILITY AND PARTICIPATION STATUS, JANUARY 1988 (Percentages and Means) 39
IV.10	EMPLOYMENT STATUS BY FSP ELIGIBILITY AND PARTICIPATION STATUS, JANUARY 1988 (Percentages and Means) 41
IV.11	INCOME LEVEL BY FSP ELIGIBILITY AND PARTICIPATION STATUS, JANUARY 1988 (Percentages and Means) 42

TABLES (continued)

Table	Page
IV.12 SOURCES OF INCOME BY FSP ELIGIBILITY AND PARTICIPATION STATUS, JANUARY 1988 (Percentages and Dollars per Month)	44
IV.13 HOME OWNERSHIP BY FSP ELIGIBILITY AND PARTICIPATION STATUS, JANUARY 1988 (Percentages)	45
V.1 NUMBER OF VEHICLES PER HOUSEHOLD BY FSP ELIGIBILITY AND PARTICIPATION STATUS, JANUARY 1988 (Percentages and Means)	50
V.2 VEHICLES PER HOUSEHOLD MEMBER BY FSP ELIGIBILITY AND PARTICIPATION STATUS, JANUARY 1988 (Means)	52
V.3 TOTAL MARKET VALUE OF VEHICLE HOLDINGS BY FSP ELIGIBILITY AND PARTICIPATION STATUS, JANUARY 1988 (Percentages and Means)	54
V.4 TOTAL EQUITY VALUE OF VEHICLE HOLDINGS BY FSP ELIGIBILITY AND PARTICIPATION STATUS, JANUARY 1988 (Percentages and Means)	55
V.5 AVERAGE MARKET VALUE PER VEHICLE OF VEHICLE HOLDINGS BY FSP ELIGIBILITY AND PARTICIPATION STATUS, JANUARY 1988 (Percentages and Means)	56
V.6 AVERAGE EQUITY VALUE PER VEHICLE OF VEHICLE HOLDINGS BY FSP ELIGIBILITY AND PARTICIPATION STATUS, JANUARY 1988 (Percentages and Means)	57
V.7 MARKET VALUE OF MOST VALUABLE VEHICLE IN HOUSEHOLD BY FSP ELIGIBILITY AND PARTICIPATION STATUS, JANUARY 1988 (Percentages and Means)	58
V.8 EQUITY VALUE OF MOST VALUABLE VEHICLE IN HOUSEHOLD BY FSP ELIGIBILITY AND PARTICIPATION STATUS, JANUARY 1988 (Percentages and Means)	59
V.9 MARKET VALUE AND EQUITY OF VEHICLE HOLDINGS BY FSP ELIGIBILITY AND PARTICIPATION STATUS, JANUARY 1988 (Means)	60

TABLES (continued)

Table		Page
V.10	AGE OF FIRST VEHICLE BY FSP ELIGIBILITY AND PARTICIPATION STATUS, JANUARY 1988 (Percentages and Means)	62
V.11	AGE OF ALL VEHICLES BY FSP ELIGIBILITY AND PARTICIPATION STATUS, JANUARY 1988 (Percentages and Means)	64
V.12	AGE AND TYPES OF ALL VEHICLES BY FSP ELIGIBILITY AND PARTICIPATION STATUS, JANUARY 1988 (Percentages and Means)	66
V.13	TYPES OF ALL CLASSIFIED 1982 - 1988 VEHICLES BY FSP ELIGIBILITY AND PARTICIPATION STATUS, JANUARY 1988 (Percentages and Means)	68

FIGURES

Figure		Page
II.1	ELIGIBILITY AND PARTICIPATION STATUS OF HOUSEHOLDS WITH INCOMES WITHIN 300 PERCENT OF POVERTY	7
II.2	ASSET-INELIGIBLE HOUSEHOLDS: REASONS FOR INELIGIBILITY	9
II.3	VEHICLE-INELIGIBLE HOUSEHOLDS: REASONS FOR INELIGIBILITY UNDER CURRENT FSP VEHICLE ASSET TEST	11

EXECUTIVE SUMMARY

The Food Stamp Program (FSP) has several eligibility requirements designed to target food assistance at the neediest households. Gross and net income tests determine whether a household is able to meet its consumption needs with its current income, and 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, transport disabled household members, or travel long distances for work-related reasons are exempt from the asset test. For the first countable vehicle and for any vehicles used to commute to work, only the amount of its Fair Market Value (FMV) in excess of \$4,500 is counted toward the asset limit. Remaining vehicles are counted at their equity value or their FMV in excess of \$4,500, whichever is larger.

The vehicle asset test was designed to target food stamp benefits at 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. This test has become controversial in recent years. In particular, the \$4,500 threshold is criticized because it is neither indexed for inflation nor has it been adjusted since it was established in September 1977 with the passage of the Food Stamp Act. It is therefore argued that a growing number of otherwise eligible households have been excluded from the FSP because their vehicles push them over the asset limit. Compelling households to dispose of their vehicles in order to become eligible for even short-term assistance may inhibit them from achieving economic self-sufficiency. The purpose of this study is to inform the policy debate about the effectiveness of the vehicle asset test as a means of determining eligibility for the FSP.

In this analysis, we use data from 1988 Survey of Income and Program Participation (SIPP) to develop a profile of vehicle-ineligible households--income-eligible households that are disqualified from the FSP solely because of the value of their vehicle holdings.¹ We compare the demographic and socioeconomic characteristics of vehicle ineligible with those of four other groups of low-income households--FSP participants, eligible nonparticipants, other asset ineligible, and income ineligible--in order to determine whether the vehicle component of the asset test disqualifies from the FSP households that are truly in need of nutritional assistance. We also describe the vehicle holdings of the low-income population in terms of quantity, value, age, and style.

Vehicle ineligible are a distinct population with unique demographic and socioeconomic characteristics that occasion special needs. As shown in Table 1, vehicle ineligible tend to be relatively young, relatively well-educated, large, married-couple households with children. They typically have at least one, though often two or three, earners per household. Vehicle ineligible are predominately nonminorities, and most live in rural areas. The majority own their homes, and all own at least one motor vehicle. However, their incomes, the majority of which are below the poverty line, are low enough to qualify for food stamps.

¹These data from January 1988 were the latest available at the time this report was prepared.

TABLE 1
SUMMARY DEMOGRAPHIC AND SOCIOECONOMIC CHARACTERISTICS
BY ELIGIBILITY AND PARTICIPATION STATUS, JANUARY 1988
(Percentages and Means)

	Eligible Households		Asset-Ineligible Households		
	FSP Participants	Eligible Nonparticipants	Vehicle Ineligibles	Other Asset Ineligibles	Income-Ineligible Households ^a
Demographic Characteristics					
Mean Household Size	2.9	2.3	3.4	2.0	2.7
Percent of Household Heads under Age 40	47.8	41.8	50.0	20.0	41.0
Percent of Household Heads That Are Married	23.4	32.4	70.2	40.1	57.1
Percent with Children (age 17 or younger)	63.2	36.8	62.1	22.3	43.2
Percent with Elderly Member (age 60 or older)	23.0	39.4	19.2	59.6	35.8
Percent Minority	52.3	35.1	29.2	9.7	20.4
Percent Rural	49.2	45.7	56.6	50.9	47.0
Socioeconomic Characteristics					
Percent of Household Heads That Are High School Graduates	41.5	48.4	71.5	61.7	67.9
Percent with at Least One Worker	32.7	50.8	75.8	41.3	71.6
Percent with Earnings	25.3	44.3	66.9	29.5	70.5
Percent Receiving Public Assistance ^b	66.7	14.8	5.5	1.0	2.3
Percent below Poverty Level	83.6	59.9	55.1	45.9	0.0
Percent Homeowners	25.4	35.7	64.9	68.0	61.5
Percent with Vehicles	39.0	54.7	100.0	74.2	87.5
Mean Number of Vehicles Per Household	0.5	0.8	2.2	1.4	1.6
Mean Age of First Vehicle	11.0	10.5	4.2	7.4	6.5
<hr/>					
Total Weighted Count (in thousands)	5,908.7	6,977.0	1,049.0	3,883.4	28,418.0
Total Sample Size	1,173	1,380	211	809	5,849

SOURCE: Tabulations are from the January 1988 analysis file developed from the 1986 and 1987 panels of SIPP.

^aThis column includes only low-income households (those within 300 percent of poverty).

^bPublic assistance indicates receipt of either AFDC, General Assistance, or SSI.

What appears to be an inconsistency between high rates of employment and home and vehicle ownership, and poverty-level incomes suggests that the line between vehicle-ineligible and income-ineligible groups is easily crossed, as large, working households with few assets other than their homes and motor vehicles slip into poverty during financially difficult times. Vehicle ineligible appear to be especially vulnerable to the effects of low wages, industry layoffs, and temporary reductions in work hours. Relatively high proportions of vehicle ineligible receive unemployment insurance or have no income at all, indicating that these households are more likely than others 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.

This profile of the vehicle-ineligible population is very different than that of each of the other four eligibility and participation groups examined in this study. *FSP participants*, like vehicle ineligible, tend to be relatively young and poor, living in large households in which children are present. However, unlike vehicle-ineligibles, FSP participant households are predominately urban and female-headed. A small proportion of their household heads are in the labor force, and most rely heavily upon public assistance. *Eligible nonparticipants* are different from vehicle ineligible in that many have elderly members, and only about one third contain children. Half of the households have at least one worker, but earnings are low. Compared to vehicle ineligible, a relatively large proportion receive public assistance. *Other asset ineligible*, like eligible nonparticipants, are composed largely of nonworking, poor, elderly persons, most of whom receive Social Security or other retirement income. Like vehicle ineligible, most own their homes. *Income ineligible* are similar to vehicle ineligible in that they are relatively well-educated, working, married-couple households that own their homes. Their earned income is quite high relative to that of vehicle ineligible, however, and few receive public assistance other than Social Security.

Vehicle-ineligible households own more vehicles than other households, and the vehicles they own are worth more, on average, than the vehicles owned by other low-income households. This is 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 does not differ significantly from that of FSP participants and other low-income households. Despite the relatively high average value of their automobiles, vehicle ineligible are not significantly more likely than FSP participants, eligible nonparticipants, other asset ineligible, or income ineligible to own sports, luxury, or premium models. In fact, compact cars, trucks, jeeps, and vans are the most common types of vehicles owned by low-income households. Instead, vehicle-ineligible households' vehicle holdings are more valuable because they own more vehicles than do other low-income households, and because the vehicles they own are significantly newer than those of other low-income households.

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 households would have to dispose of the same vehicles that may be necessary for them 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.

I. INTRODUCTION

The Food Stamp Program (FSP) provides assistance to low-income households to help them obtain nutritious diets. FSP benefit amounts are based on household size and income, where a household is defined as either a single person or a group of persons who live together, and purchase and prepare food together. To ensure that these benefits are targeted at the neediest segment of the population, the U.S. Congress has mandated income- and asset-related tests to determine FSP eligibility. The extent to which the asset test, particularly the vehicle component of the asset test, performs this targeting function is the focus of this report.

The purpose of the FSP asset test (or resource test, as it is called in the FSP) is to differentiate between low-income households that have other resources to draw upon to purchase food, and households that do not, thereby ensuring that food stamp benefits are reserved for the neediest households. The vehicle component of the asset test ensures that food stamp benefits are targeted at households that do not own considerable vehicle assets that could be sold to purchase food. The vehicle test was designed to allow food stamp recipients at least one serviceable vehicle used for commuting to work and performing other household functions while preventing recipients from owning expensive, late-model, luxury vehicles. The asset test has been criticized in recent years because it lacks an index for inflation, and because a growing number of otherwise eligible households have been excluded from the FSP because of the value of their vehicles. Given this context, an important question for policymakers is: does the vehicle asset test exclude from the FSP households that are truly in need of nutritional assistance?

In response to this question, the Food and Nutrition Service (FNS) of the U.S. Department of Agriculture contracted with Mathematica Policy Research (MPR) to study the vehicle asset holdings of low-income households and to evaluate the targeting function of the current vehicle asset test. Low-income households in this study are categorized according to their food stamp eligibility and

participation status in order to differentiate between and compare the following five groups: (1) food stamp participants, (2) households that are eligible to participate in the FSP but do not, (3) income-eligible households with vehicle holdings that make them ineligible, (4) income-eligible households with nonvehicle assets that make them ineligible, and (5) households with incomes that are too high to qualify for food stamps. The study addresses the following research questions:

- ***Which elements of the current FSP vehicle asset test contribute most heavily to the disqualification of vehicle-ineligible households from the FSP?*** The vehicle asset test evaluates the fair market value (FMV) and the total equity value of a household's vehicle holdings. The analysis examines the relative importance of each of these elements in causing vehicle-ineligible households to fail the asset test.
- ***Who are vehicle ineligibles?*** This study develops a demographic and socioeconomic profile of the income-eligible households that are not eligible for the FSP because of their vehicle holdings. The demographic and socioeconomic characteristics of this group are compared and contrasted with those of other ineligible and eligible households to assess the needs of vehicle-ineligible households relative to those of other groups of low-income households.
- ***What are the characteristics of the motor vehicle holdings of various groups of low-income households?*** The types and value of vehicle holdings of the five eligibility and participation groups are evaluated and compared. We focus particularly on the characteristics of the vehicle holdings of vehicle-ineligible households.

The remainder of this report is organized as follows. Chapter II provides an overview of the current FSP eligibility requirements, focusing chiefly on the structure of the vehicle component of the asset test. The chapter also explains how households are distributed among the five eligibility and participation groups that form the basis for this study. Chapter III describes the data and methodology used in the analysis. Chapter IV presents results of the analysis, developing a demographic and socioeconomic profile of the vehicle-ineligible population relative to that of the other eligibility and participation groups. Chapter V describes the vehicles held by low-income households.

II. DETERMINING FSP ELIGIBILITY

FSP eligibility criteria are designed to test whether a household can meet its consumption requirements with its own financial resources. The FSP evaluates income, assets, and household size to assess the need for assistance. This chapter describes the FSP income and asset tests, focusing on the vehicle component of the asset test. It also explains how the low-income population is distributed among the five FSP eligibility and participation groups examined in the study, and what factors caused 4.9 million households be disqualified from the FSP in January 1988 because they failed the asset test.

A. THE INCOME TEST

To be eligible for the FSP, most households must pass both a gross income test and a net income test. Households containing an elderly (age 60 or older) or disabled person are exempt from the gross income test. The gross income test (or total income) provides a broad measure of the purchasing power available to a household. The net income test accounts for individual and regional differences in the potential nondiscretionary expenses of households, such as varying costs of living and shelter expenses. The net income test is based on an income measure in which several deductions, including one for excess shelter expenses, are excluded from gross income. To pass the income test, a household's gross income must be no greater than 130 percent of the federal poverty line, and its net income must not exceed the poverty line.¹

B. THE ASSET TEST

The asset test establishes uniform nationwide rules on the maximum value of assets that food stamp recipients may own. The purpose of this screening measure is to target food stamp benefits to households without substantial liquid assets that, when converted into cash, could be used to

¹The poverty line in January 1988 was \$775 per month for a household of three. The gross income cut-off (130 percent of poverty) for a household of three was thus \$1,008.

purchase food. The asset test counts all types of assets except those necessary for providing a place to live or for producing income. Therefore, it does not count the value of a home, income-generating vehicles such as taxi-cabs, certain household goods, income-producing property, or tools for practicing a trade. Elderly FSP households are permitted to maintain more countable assets than are nonelderly FSP households.

In 1971, the FSP first established the limit of countable assets at \$1,500 for nonelderly and single elderly households and at \$3,000 for elderly households containing two or more members. These thresholds were not indexed to account for inflation. The Food Stamp Act of 1977 raised the asset limit for households with no elderly members and for single elderly households to \$1,750; however, the 1980 amendments to this Act rescinded the increase. The asset limit was not raised again until 1985, when the Food Security Act (FSA) eased the eligibility requirements for the FSP. Still in effect, these FSA asset limits restrict the value of countable assets to \$2,000 for nonelderly food stamp households and \$3,000 for elderly food stamp households regardless of their size. Because the asset limit has not subsequently been raised to account for inflation, an increasing number and share of income-eligible households have been disqualified from the FSP because of the value of their countable household assets (Quinn 1993, Schaefer 1993).

1. The Vehicle Asset Test Regulations

The vehicle asset test was designed to ensure that FSP benefits would not be provided to households with excessive vehicle assets that could be sold to purchase food. Although a household with a car clearly has more resources than a comparable household without a car, the FSP treats vehicles somewhat differently from other types of assets so that applicants may not be forced to sell cars necessary for getting or keeping a job. Some vehicles are excluded from the asset test altogether, some are counted at partial *fair market value*, and others are counted at their full *equity value*.

- *Fair market value* 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 average values based upon 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.

- **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.

Vehicles used to provide shelter, produce income, transport disabled household members, or travel long distances for work-related reasons are exempt from the asset test. One vehicle per household and any additional vehicles used to commute to work or work-related training are subject to the FMV test; only the amount of market value in excess of \$4,500 is counted toward the asset limit. Remaining vehicles are counted at their total equity value or their FMV in excess of \$4,500, whichever is larger. The \$4,500 FMV threshold, established in September 1977 to represent the average FMV of a serviceable vehicle, has not been adjusted for inflation since 1977. The erosion of the FMV threshold's real value has moved many vehicles above the \$4,500 limit. For example, in 1977, a new family sedan such as the Oldsmobile Cutlass Supreme or a three-year-old luxury car such as the Lincoln Continental were both within the FMV limit. Today, vehicles within the FMV limit include a three-year-old subcompact such as the Hyundai Excel or a six-year-old family sedan such as the Oldsmobile Cutlass Supreme.

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 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 truly in need of nutritional assistance.²

²For a detailed illustration of how the vehicle test works for households with different combinations of vehicles and other assets, see Appendix A.

The vehicle asset test has become controversial in recent years, however, primarily because neither the FMV threshold nor the countable asset limit is indexed to adjust for inflation. As a result, an increasing number and share of otherwise eligible households have been disqualified from the FSP because of their vehicle holdings. In addition, some policymakers believe that motor vehicles that are crucial for commuting to work and acquiring jobs should not be included among countable assets. Possible reforms for addressing such criticisms would be to raise the FMV threshold to account for inflation,³ to exclude the first vehicle from the asset test, or to raise the countable asset limit.

C. DISTRIBUTION OF THE POPULATION AMONG FIVE FOOD STAMP ELIGIBILITY AND PARTICIPATION GROUPS⁴

The 46.2 million households in the U.S. that had incomes within 300 percent of poverty in January 1988 are the focus of this study. Figure II.1 presents the FSP eligibility and participation status of this population. (Data for figures in this chapter are presented in Appendix B.) This analysis found that 12.9 million households were eligible to participate in the FSP in January 1988, and 5.9 million households (45.9 percent of the eligibles) reported receiving food stamps.⁵ Nonparticipation in the FSP by eligible households may be caused by several factors (Martini 1992). Some households may not be aware that the program exists or that they are eligible to receive benefits, or they may be concerned about the stigma associated with using food stamps. Other households may not be motivated to participate because they perceive the benefit to be too low, and

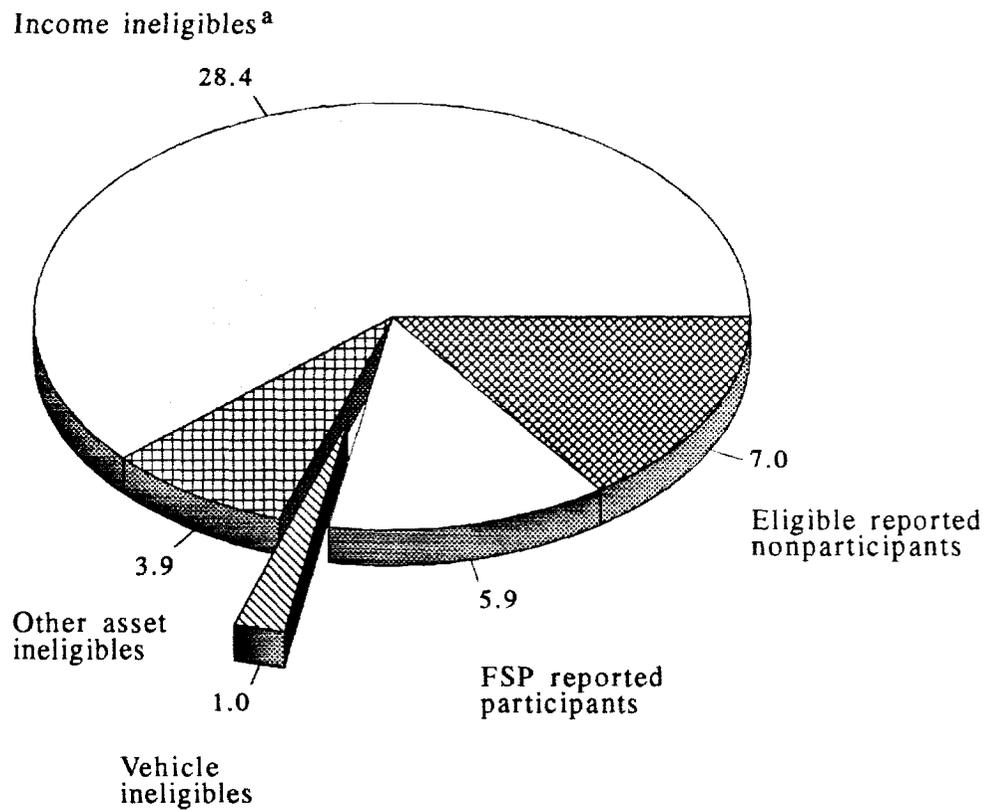
³If the FMV threshold had been indexed for inflation using the Consumer Price Index (CPI) for new cars, it would have been \$7,500 in January 1988, based on a percentage increase in the CPI of 167 percent between September 1977 and January 1988. The inflation-adjusted FMV threshold would have been \$8,500 in January 1993.

⁴The data presented in this section are drawn from the Survey of Income and Program Participation (SIPP), which is discussed in Chapter III, Section A.

⁵This reported FSP participation rate of 46 percent is significantly lower than the 56 percent rate reported for January 1988 by Trippe and Doyle (1992) because FSP participation is underreported in SIPP. This data limitation is discussed in greater detail in Chapter III, Section C.2.

FIGURE II.1

ELIGIBILITY AND PARTICIPATION STATUS OF HOUSEHOLDS
WITH INCOMES WITHIN 300 PERCENT OF POVERTY
(Households in Millions)



SOURCE: Tabulations from January 1988 analysis file developed from the 1986 and 1987 panels of SIPP.

^aLimited to those households with incomes less than 300 percent of poverty

thus not worth the effort required to apply and participate. This is particularly true among households with elderly members, whose need for food may be low relative to that of nonelderly households.

In addition to the 12.9 million eligible households, 4.9 million households passed the FSP income test in January 1988, but were disqualified from the FSP because their countable asset holdings were above the allowable limit. Approximately one-quarter (21.3 percent) of these income-eligible/asset-ineligible households were "vehicle ineligible"--were it not for their vehicle assets, these households would have been eligible to receive food stamps. The other three-quarters (78.7 percent) of asset-ineligible households were ineligible for the FSP because of nonvehicle asset holdings, such as checking or savings accounts and life insurance policies.

The remaining 28.4 million income-ineligible households represented in this study had gross incomes that were no greater than 300 percent of poverty (\$2,325 per month for a family of three in January 1988). These households comprise the lower middle class and the "near poor;" their incomes were relatively low, yet not low enough to qualify for food stamps. They are included in this study for purposes of comparison.

D. REASONS FOR INELIGIBILITY AMONG ASSET-INELIGIBLE HOUSEHOLDS

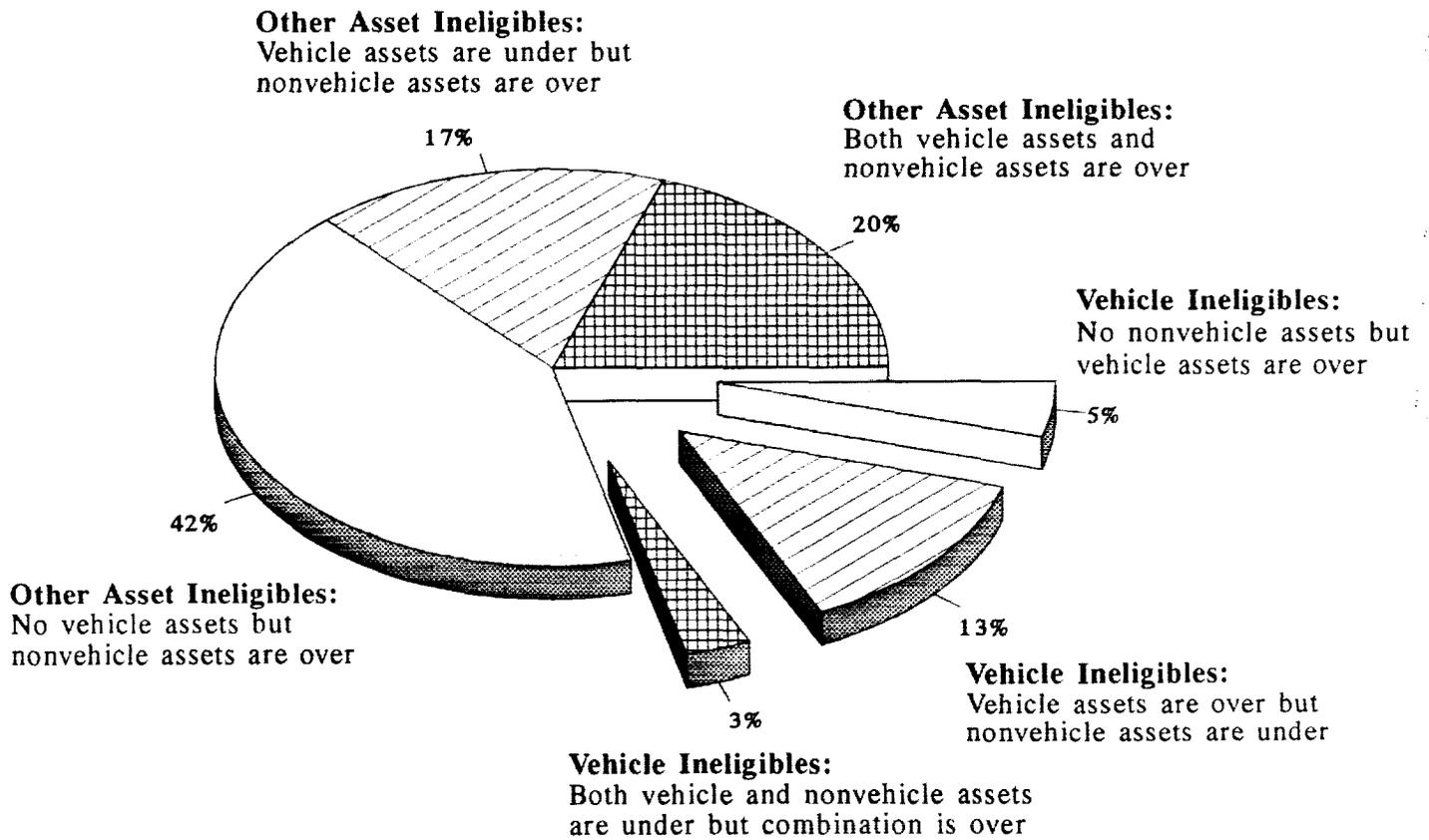
This section explains what caused the 4.9 million asset-ineligible households to be disqualified from the FSP in January 1988. The discussion begins by examining the combination of assets that caused asset-ineligible households as a whole to be ineligible for food stamps and goes on to address the relative importance of the various elements of the vehicle asset test in disqualifying otherwise eligible households from the FSP.

1. Reasons for Asset Ineligibility

Figure II.2 shows the combinations of vehicle and nonvehicle countable asset holdings that caused the 4.9 million income-eligible/asset-ineligible households to fail the asset test in January 1988.

FIGURE II.2

ASSET-INELIGIBLE HOUSEHOLDS: REASONS FOR INELIGIBILITY
(Percentages)



SOURCE: Tabulations from January 1988 analysis file developed from the 1986 and 1987 panels of SIPP.

Both vehicle assets and nonvehicle assets individually exceeded the asset threshold in one-fifth (19.6 percent) of these households. Although their vehicle assets were over the allowable limit, these households are classified as other asset ineligible because they would have been ineligible to receive food stamps even without their vehicle holdings. Conversely, in 3.2 percent of asset-ineligible households, the value of vehicle assets and nonvehicle assets were individually below the limit, but the combination of the two exceeded the limit. These households are classified as vehicle ineligible because they would have been eligible to receive food stamps without their vehicle holdings. The great majority (78.3 percent) of vehicle-ineligible households also had nonvehicle assets; however, fewer than half (46.6 percent) of other-asset-ineligible households owned automobiles.

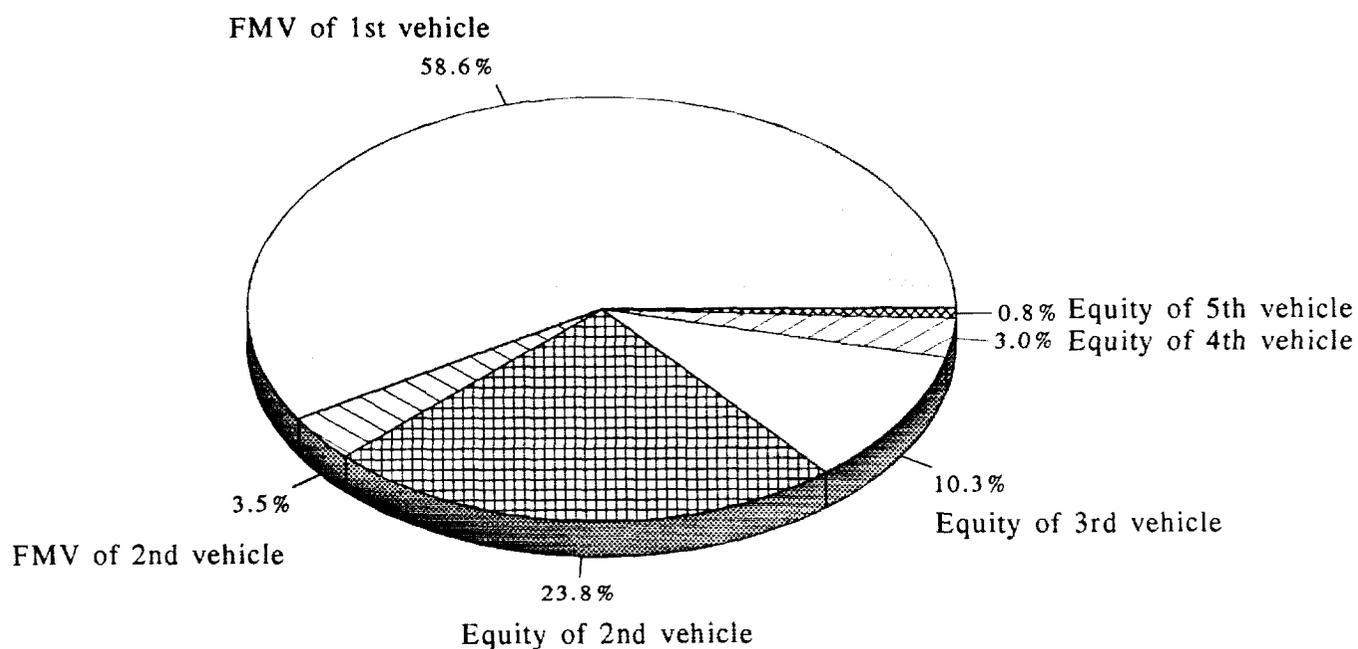
2. Reasons for Vehicle Ineligibility

Over one million income-eligible households were disqualified from the FSP in January 1988 because of the vehicle component of the FSP asset test. Figure II.3 shows the relative importance of each element of the vehicle asset test in excluding these otherwise eligible households from the program. The majority (58.6 percent) of vehicle-ineligible households were disqualified from the FSP because the FMV of their first (or most valuable) vehicle in excess of \$4,500 brought their total countable asset holdings over the allowable limit (\$3,000 for elderly households, \$2,000 for nonelderly households). Approximately half of these vehicle-ineligible households owned more than one vehicle, yet they would have remained ineligible even if they had sold their additional vehicles. The equity value or countable FMV of the second vehicle along with the countable FMV of the first vehicle caused an additional 27.3 percent of vehicle-ineligible households to fail the asset test.⁶ These particular households would have been eligible for food stamps if they had not owned this second vehicle. The remaining 14.1 percent of vehicle-ineligible households were disqualified because the

⁶Recall that the equity value of the first (or most valuable) vehicle is not counted toward the asset limit.

FIGURE II.3

VEHICLE-INELIGIBLE HOUSEHOLDS:
REASONS FOR INELIGIBILITY UNDER CURRENT FSP VEHICLE ASSET TEST
(Percentages)



SOURCE: Tabulations from January 1988 analysis file developed from the 1986 and 1987 panels of SIPP.

increments added to their total countable assets from the equity value of the third, fourth, or fifth vehicles raised their total countable asset holdings over the allowable limit.

E. SUMMARY

In summary, just over one-quarter (27.8 percent) of all FSP income-eligible households were disqualified from the FSP in January 1988 because the value of their asset holdings exceeded the federally mandated allowable limit. Four-fifths of these asset-ineligible households were disqualified because of the value of their nonvehicle assets. The other fifth (more than one million households) were disqualified strictly because of their motor vehicle holdings. More than half of these vehicle-ineligible households were disqualified because of the FMV of their first vehicle.

III. DATA AND METHODOLOGY

This analysis of the vehicle asset holdings of low-income households is based on data from the Survey of Income and Program Participation (SIPP). SIPP provides monthly measures of household composition, income, and program participation, together with periodic measures of the asset holdings of the population, including motor vehicles. Thus, it is well-suited for developing a profile of low-income households with vehicle and nonvehicle assets as well as for determining their FSP eligibility and participation status. This chapter describes the database, the methodology, and the limitations of the data used in this study.

A. THE SURVEY OF INCOME AND PROGRAM PARTICIPATION

SIPP is a nationally representative, multi-panel, longitudinal survey that collects demographic and socioeconomic information on individuals who are followed for a period of over two and a half years. Conducted by the U.S. Bureau of the Census, SIPP began in 1983, and replacement panels are added each year. The sample consists of adults age 15 or older who reside at approximately 12,000 to 20,000 addresses, forming a cross-sectional sample of dwelling units in the United States at the beginning of each panel year. These adults, along with other individuals with whom they reside, are interviewed every four months. In each round (or wave) of interviewing, a core questionnaire is used to collect information on demographic characteristics of the household, household composition, and monthly income for each of the four months preceding the interview date. In most waves, the monthly core questions are supplemented with questions on a range of topics that vary from interview to interview, known as topical modules.

The data used for this study are drawn from Wave 7 of the 1986 panel and Wave 4 of the 1987 panel of SIPP. These two waves were chosen because they refer to the same period in time and because they contain the topical module on assets, which is critical to this analysis. In combination,

the files present a relatively large cross-sectional sample of 18,870 households, which represents the civilian, noninstitutionalized population of the United States in January 1988.

The unit of analysis in this study is the food stamp unit, rather than the Census Bureau-defined household, which is the unit of observation in the SIPP file. For the great majority of cases, the two units are identical. However, 4.1 percent of Census households include an individual or subfamily that prepares food separately from the rest of the household, and thus would apply separately for food stamp benefits. In these cases, the food stamp units differ in size and composition from the larger Census household of which they are a part. This has little impact on the methodology used to develop our analysis file, except for the fact that in these cases, we have assigned the entire asset values of the Census household to the food stamp unit because SIPP does not provide enough information on how the ownership of assets is shared among members of households. While we carefully distinguish between these two units in this section, we use the term "household" to refer to the food stamp unit throughout the rest of the report.

B. METHODOLOGY

The first step in the methodology for this study was to simulate the FSP income and asset eligibility tests on the households represented in the January 1988 SIPP file. By combining the results of these simulations with reported FSP participation data, we classified the households in the analysis file into five groups according to their FSP eligibility and participation status. The evaluation of the targeting function of the vehicle asset test and the assessment of the vehicle holdings of the low-income population were based on comparisons between these groups.

1. Classifying Households on the Basis of FSP Eligibility and Participation Status

Using data from the SIPP core questionnaire and various topical modules, we determined the program eligibility status of each household in the analysis file by simulating the actual FSP income and asset tests. Data from the core questionnaire provide information on the income, size, and

composition of the household. Two topical modules (administered once per panel) provide information on child care and shelter expenses, which, under FSP regulations, are subtracted from gross income to compute net income. The combination of these data enabled us to simulate the FSP gross and net income tests. The topical module on assets contains detailed questions on the vehicles and other assets of SIPP households. Although these questions were not designed specifically to support simulation of the FSP asset test, the information allowed us to construct a profile of the asset holdings of SIPP households that could be used to estimate whether a household would pass the asset test. A household's FSP participation status was ascertained from answers to questions about the receipt of different types of welfare benefits in the core questionnaire. If a household reported that it received food stamps in January 1988, it was categorized as an eligible FSP participant regardless of its simulated eligibility status.¹

These data on eligibility and participation allowed us to distinguish between households that report receiving food stamps (eligible participants), eligible households that do not report participating in the program (eligible nonparticipants), income-eligible households that are not eligible for the FSP because their asset holdings exceed allowable limits (income eligible/asset ineligible), and households that are ineligible for the FSP because their income is too high (income ineligible).

Since SIPP collects detailed information on the market value, equity value, and function of each vehicle owned by the household, we were also able to simulate the vehicle component of the FSP asset test. Consequently, we could further differentiate between income-eligible/asset-ineligible households that are ineligible because of their vehicle holdings (vehicle ineligible) and those that are ineligible because of nonvehicle asset holdings (other asset ineligible). *We define an income-eligible household as vehicle ineligible if it would pass the FSP asset test without its vehicle holdings.* Consequently, households in which vehicle assets and nonvehicle assets *individually* exceed the

¹Limitations resulting from this decision are discussed in greater detail in Section C.3.

allowable limit are classified as other asset ineligible because they would be ineligible for the FSP even without their vehicle holdings. Conversely, households in which the value of vehicle assets and nonvehicle assets are individually below the allowable limit, but the combination of the two types of assets exceeds the asset threshold, are classified as vehicle ineligible because they would be eligible to receive food stamps without their vehicle holdings. (The specific SIPP questions on vehicle holdings from the assets topical module interview are included in Appendix C.)

Based on the simulations, we constructed the following five FSP eligibility and participation groups, which form the basis for this analysis:

1. FSP participants
2. Eligible nonparticipants
3. Vehicle ineligibles (income eligible)
4. Other asset ineligibles (income eligible)
5. Income ineligibles

2. Comparing the Five Eligibility and Participation Groups

This analysis is largely based on comparisons between vehicle ineligibles and the other four groups of ineligible and eligible households. In order to more effectively compare the characteristics of the vehicle-ineligible population to those of the income-ineligible population, income-ineligible households with gross incomes greater than 300 percent of poverty were omitted from the study. This decision restricts the analysis to low-income households, thus reducing the study population by approximately 50 percent, resulting in a sample of 9,422 households.

In order to evaluate the targeting function of the vehicle asset test, we compared the demographic and socioeconomic characteristics of vehicle ineligibles with those of FSP participants, eligible nonparticipants, other asset ineligibles, and income ineligibles (Chapter IV). The characteristics are expressed in terms of means, proportions, and frequency distributions, depending

on the character of the data. Statistical techniques were used to test whether the observed differences between vehicle-ineligible households and households in the other groups are significant and hence, not likely to be the result of chance or natural variability. The chi-square statistic was used to test differences between vehicle ineligible and the other groups in frequency distributions when the data are categorical, and the t-statistic was used to test differences in means and proportions. A significant test value, as denoted by an asterisk in the tables in Chapters IV and V, indicates that a difference between vehicle ineligible and another group is significant at the 95 percent confidence level.

3. Information on Vehicle Holdings

The quantity and type of the vehicles owned by the vehicle-ineligible population were compared to that of the vehicles owned by each of the other four groups, resulting in a detailed assessment of the vehicle holdings of low-income households. However, for reasons of confidentiality, the specific make and model of motor vehicles owned by SIPP households are suppressed on the SIPP public use files. It was thus necessary to acquire additional information on the types of vehicles owned by SIPP households in January 1988 from the Census Bureau and to merge this information into our analysis file. Since disclosure of detailed make and model data is prohibited, the Census Bureau provided this information to MPR in the form of eight mutually exclusive, vehicle-type categories based primarily on the model group classification scheme published annually by *Consumer Guide*. Following MPR's specifications, the Census Bureau converted the make, model, and year of manufacture of each motor vehicle reported by households in our analysis file into one of the following categories:

- Automobiles manufactured prior to 1982
- Subcompact and compact cars (1982-1988)
- Mid-size cars (1982-1988)

- Full-size cars (1982-1988)
- Premium and luxury cars (1982-1988)
- Sports cars (1982-1988)
- Trucks and vans (1982-1988)
- Motorcycles and recreational vehicles (all years)

SIPP interviewers do not collect make and model information for vehicles manufactured prior to 1982. Because these older vehicles could not be classified according to their make or model, they are categorized separately. The remaining vehicle-type categories are appropriate for this study because although they are based chiefly on size,² the classification scheme also takes into account style and functionality, critical distinctions for this analysis. Since *Consumer Guide* did not begin categorizing vehicles until 1983, 1982 vehicles are categorized according to 1983 criteria.

Table III.1 shows the results of the vehicle classification process. Using MPR's specifications, the Census Bureau classified 90 percent of the motor vehicles in our analysis file into one of the following categories: (1) vehicles manufactured prior to 1982 (no type categories), (2) 1982-1988 vehicles (further classified by vehicle type), and (3) motorcycles and recreational vehicles. Ten percent of the vehicles on the analysis file could not be classified because of missing or incomplete topical modules in which either the make, model or year of manufacture was not included on the Census Bureau's files. At least one vehicle was classified in fully 89 percent of the households in our analysis file with vehicle holdings.

When describing the value of the vehicle holdings of low-income households in Chapter V, we present both the FMV and equity value. The Census Bureau estimated the FMV of vehicles manufactured in or after 1982 based on their January 1988 *Blue Book* values. The FMV of vehicles manufactured prior to 1982 and the equity value of all vehicles are reported here as they are

²The difference between subcompact and compact, mid-size, and full-size cars is determined by the distance between the wheels and between the axles.

TABLE III.1
RESULTS OF VEHICLE CLASSIFICATION PROCESS
(Numbers and Percentages)

Classification Status	Number	Percent
Able to be Classified	11,583	90.3
Pre-1982 Vehicles (No Type Category)	6,778	52.9
1982 - 1988 Vehicles (Classified with Type Category)	3,517	27.4
Motorcycles or Recreational Vehicles (No Year of Manufacture Available)	1,288	10.0
Unable to be Classified	1,241	9.7
1982 - 1988 Vehicles with Missing Make or Model	957	7.5
Missing or Incomplete Topical Module	284	2.2
Total	12,824	100.0

SOURCE: Tabulations are from the January 1988 analysis file developed from the 1986 and 1987 panels of SIPP.

reported by the SIPP respondents. Equity measures the net value of an asset, accounting for an outstanding balance on a loan.

C. LIMITATIONS OF THE METHODOLOGY AND DATA

The results of this study should be interpreted in light of four data and/or methodological limitations: the age of the data, the misreporting of food stamp participation, the existence of seemingly ineligible food stamp participants in SIPP, and weaknesses of the SIPP asset data.

1. Analysis of Five-Year-Old Data

This analysis is based on data from January 1988. Consequently, caution must be exercised in interpreting today's situation in light of these results because both the U.S. economy and the character of FSP participants have changed over the past five years. Since January 1988, the economy has shifted from an expansionary phase to a recession and back to the beginning of a new expansion. During this time, FSP participation rose by more than 40 percent--from roughly 19 million persons in January 1988 to nearly 27 million today. The value of motor vehicles has also increased since 1988; however, the FSP vehicle asset test has the same asset limits and FMV threshold as it did in 1988. It is therefore likely that there are more FSP participant and vehicle-ineligible households today than are represented in this study.

2. Misreporting of FSP Participation and Asset Holdings

We use reported participation information to categorize eligible households as either FSP participants or eligible nonparticipants. The resulting estimates of the FSP caseload are somewhat low, since FSP participation is underreported in SIPP by about 15 percent (U.S. Department of Commerce 1989). This implies that a number of households categorized as eligible nonparticipants in this study actually receive food stamps.

SIPP asset data may reflect misreported information from a number of households. In a comparison of SIPP data with FSP administrative data, Allin and Doyle (1990) found that the SIPP

database contains significantly more food stamp households of two types: (1) those that report *no* countable assets and (2) those that report countable assets over \$1,000. If certain types of households are more likely to misreport their participation in the FSP or their assets, then some of the results presented in Chapters IV and V may be biased.

3. Seemingly Ineligible Participants

Classifying households according to their reported participation in the FSP without regard to eligibility status, as described in Section B.1, may yield some unrealistic findings. Approximately 110 households in the analysis file (9.4 percent of all participating households) report participating in the FSP, yet their reported income and/or asset balances exceed the FSP limits for eligibility. These "seemingly ineligible participants" reflect an inconsistency in the data. In some cases, this may be due to the fact that the questions on assets and FSP participation in the SIPP interview pertain to the entire four-month survey reference period, not to each month within that time frame; therefore, asset holdings and FSP participation may not coincide within the reference period. In other cases, households may have provided incorrect information to the Census Bureau or to the FSP. Additionally, the true composition of a food stamp unit within a larger household may differ from the reported composition. Furthermore, the imputation procedures used to assign values to missing data may exacerbate these inconsistencies. Because we treat seemingly ineligible participants in the same way as fully eligible FSP participants, the average reported income and asset holdings of the FSP participant population may be slightly higher than the true income and asset holdings.

4. Limitations of the SIPP Asset Data

SIPP does not identify whether vehicles are used to commute to and from work or work-related training. The FSP currently exempts such vehicles from the equity test, even if they are not considered to be the "first" household vehicle. Because we could not identify vehicles used for

commuting, the analysis may count the equity value of vehicles that are actually exempt from the equity test. As a result, the number of vehicle-ineligible households may be overestimated.

A large proportion of SIPP households did not report the value of some assets. The Census Bureau replaced the missing values with imputed values, but because the imputation procedures used by the Census Bureau did not contain adequate controls for the low-income population, these procedures produced higher values than the average reported values for this segment of the population (Allin and Doyle 1990). In certain cases, the Census-imputed values were replaced with values re-imputed by MPR. The objective of this re-imputation process was to improve the prediction of income-producing asset balances for the low-income population and to assign asset balances consistently to all nonrespondents.

SIPP was not designed specifically to support simulating the FSP asset test. For example, the FSP asset test counts the cash surrender value of life insurance policies, but SIPP provides a measure of the face value of these policies. Our asset test simulation used the face value of life insurance policies as measured in SIPP. In addition, FSP eligibility determinations are made on the basis of monthly balances; however, SIPP provides semi-annual, not monthly, measures of asset balances. We used the semi-annual balance as measured in SIPP. Finally, SIPP does not contain data on cash on hand; therefore, we did not include these data in the calculation of the FSP asset test. Cash on hand represents a very small part of the asset holdings of the overall population, particularly the low-income population, so this exclusion is not likely to significantly bias the results. However, these limitations in the SIPP asset data may have affected our ability to accurately determine FSP asset eligibility.

D. SUMMARY

Our analysis of the impact of the vehicle asset test is based on data from SIPP, which provides measures of household composition, income, and program participation, and periodic measures of asset holdings. Using data from the 1986 and 1987 panels of SIPP, we constructed an analysis file

that represents a cross-sectional sample of low-income households in the U.S. in January 1988. The combined panels provide a relatively large sample of 9,422 households.

We subdivided the sample into five groups based on simulated FSP eligibility and reported participation: FSP participants, eligible nonparticipants, vehicle ineligible, other asset ineligible, and income ineligible. The demographic and socioeconomic characteristics of vehicle ineligible were compared to those of the other four eligibility and participation groups to assess the relative economic status of the vehicle-ineligible population. The character of vehicle holdings of the low-income population were assessed using summary data acquired from the Census Bureau.

The results of the analysis may be slightly biased because of the age of the data, an approximately 15 percent underreporting of food stamp participation, the presence of seemingly ineligible food stamp participants, and minor differences between FSP asset test regulations and our simulation of the asset test.

IV. COMPARING VEHICLE-INELIGIBLE HOUSEHOLDS TO OTHER INELIGIBLE AND ELIGIBLE HOUSEHOLDS

This chapter builds a demographic and socioeconomic profile of the vehicle-ineligible population relative to that of other ineligible and eligible populations. In examining the economic status of vehicle-ineligible households, we evaluate the targeting function of the vehicle asset test to determine whether households that are ineligible for the FSP because of the value of their vehicle holdings are truly in need of food stamps.

A. SYNOPSIS OF THE DEMOGRAPHIC AND SOCIOECONOMIC CHARACTERISTICS OF THE FIVE ELIGIBILITY AND PARTICIPATION GROUPS

This portion of the analysis defines the five eligibility and participation groups, and compares the demographic and socioeconomic characteristics of vehicle ineligibles to those of the other four groups.

FSP participants include the poorest of U.S. households. They are composed primarily of the most disadvantaged members of the population: predominately young, urban, and female-headed families. FSP participants tend to live in relatively large households, most of which contain children. Relatively few food stamp household heads are in the labor force, and if they are employed, their earned income is low. As a result, FSP participants rely heavily upon public assistance. African

participating households, smaller shares of eligible nonparticipant households are headed by women or single parents, and the nearly two-thirds are white. Almost half have some form of earned income, though these earnings, on average, are low.

Vehicle ineligible--households disqualified from the FSP because of their vehicle assets--are predominately members of the working poor population. They are typically large, rural, white, married-couple households with children. Most vehicle-ineligible households have at least one employed member, but the household's earned income is low. More frequently than is the case for the other eligibility and participation groups, the heads of vehicle-ineligible households are young-to-middle-aged workers who may have little job seniority; consequently, they are more likely to experience temporary or permanent layoffs, or reductions in work hours. Vehicle ineligible are especially affected by such employment disruptions because their savings and other nonvehicle assets are limited.

Other asset ineligible--households disqualified from the FSP because of their nonvehicle asset holdings--are largely composed of nonworking elderly persons, many of whom, like eligible nonparticipants, are widows. Their incomes are low because they are unlikely to have earnings, yet their nonvehicle assets, typically accumulated over many years, make them ineligible to receive food stamps. These households rely primarily on social security and other retirement income. Few other-asset-ineligible households include children.

Income ineligible--households with incomes that are low relative to households in general, yet too high to qualify for food stamps--are members of the working class population. Nearly all of these households have one or more employed members, and their earned income, relative to that of income eligibles, is high. Composed chiefly of relatively well-educated, non-Hispanic white, married-couple families, these households are less disadvantaged than the four groups of income-eligible households.

B. DEMOGRAPHIC CHARACTERISTICS

The demographic profile of vehicle-ineligible households is distinctly different from that of the four other eligibility and participation groups examined in this study. Vehicle ineligible households are primarily young-to-middle-aged, nonminority, large, married-couple households. They resemble FSP participants in terms of age, household size, and presence of children, yet appear to be more like income ineligible households with regard to the race, ethnicity, marital status, and sex of the household head.

Table IV.1 shows the racial and ethnic distribution of the five groups of households. In contrast to FSP-participant households, which are disproportionately minority, almost three-quarters (70.9 percent) of vehicle-ineligible households are non-Hispanic white. Relative to FSP participants, vehicle-ineligible households include a significantly smaller proportion of African Americans and a nearly equal proportion of Hispanics.¹ The racial and ethnic composition of vehicle ineligible households also differs significantly from other asset ineligible households, who are predominately non-Hispanic white (90.3 percent). Vehicle-ineligible households most closely resemble eligible nonparticipants in terms of race and ethnicity. They are also similar to income ineligible households in that both groups are at least 20 percent minority, yet predominantly non-Hispanic white.

Tables IV.2 and IV.3 show the age distribution and household composition, respectively, of the five household groups. The age distribution of vehicle-ineligible households most closely resembles that of FSP-participant households. On average, vehicle ineligible households and FSP participants are relatively young households. The mean age of the household head for both groups is under 45, and a much higher percentage of vehicle ineligible households is under age 40 than is the case for eligible nonparticipants, other asset ineligible households, and income ineligible households. This is partly a function of household composition, for less than one-quarter of either vehicle-ineligible or FSP-participant households includes elderly persons. This differs sharply from the composition of the other three groups: 39.4 percent of eligible

¹The chi-square statistic shown at the bottom of the tables in this chapter is used to test differences between distributions. A significant test value, as denoted by an asterisk in the tables, indicates that the difference between the vehicle-ineligible population and another group is significant at the 95 percent confidence level.

TABLE IV.1

RACE AND ETHNICITY OF HEAD OF HOUSEHOLD BY FSP ELIGIBILITY
AND PARTICIPATION STATUS, JANUARY 1988
(Percentages)

Race/Ethnicity	Eligible Households		Asset-Ineligible Households		
	FSP Participants	Eligible Nonparticipants	Vehicle Ineligibles	Other Asset Ineligibles	Income-Ineligible Households ^a
Non-Hispanic White	47.7	64.9	70.8	90.3	79.6
Non-Hispanic African American	36.0	19.9	13.6	3.4	10.9
Hispanic	13.0	13.1	11.3	4.2	7.6
Non-Hispanic Other	3.3	2.1	4.4	2.1	1.8
Total	100.0	100.0	100.0	100.0	100.0
Chi-Square (critical value = 7.8)	47.9 *	9.3 *	--	57.1 *	13.8 *
Total Weighted Count (in thousands)	5,908.7	6,977.0	1,049.0	3,883.4	28,418.0
Total Sample Size	1,173	1,380	211	809	5,849

SOURCE: Tabulations are from the January 1988 analysis file developed from the 1986 and 1987 panels of SIPP.

^aThis column includes only low-income households (those within 300 percent of poverty).

*The households in this group are statistically different at the 95 percent confidence level from households classified as vehicle ineligible.

TABLE IV.2

AGE OF HEAD OF HOUSEHOLD BY FSP ELIGIBILITY AND PARTICIPATION STATUS,
 JANUARY 1988
 (Percentages and Means)

Age	Eligible Households		Asset-Ineligible Households		
	FSP Participants	Eligible Nonparticipants	Vehicle Ineligibles	Other Asset Ineligibles	Income-Ineligible Households ^a
Under 20	1.0	1.6	0.1	0.2	0.7
20 to 29	23.4	18.3	23.3	7.8	16.7
30 to 39	23.4	21.9	26.6	12.0	23.6
40 to 49	17.9	10.0	21.7	9.7	14.6
50 to 59	11.9	9.7	10.3	11.6	10.5
60 and over	22.6	38.6	18.1	58.7	34.1
Total	100.0	100.0	100.0	100.0	100.0
Chi-Square (critical value = 11.1)	6.0	50.9 *	--	135.4 *	30.0 *
Mean Age	44.5	50.1 *	43.1	60.0 *	48.8
Total Weighted Count (in thousands)	5,908.7	6,977.0	1,049.0	3,883.4	28,418.0
Total Sample Size	1,173	1,380	211	809	5,849

SOURCE: Tabulations are from the January 1988 analysis file developed from the 1986 and 1987 panels of SIPP.

^aThis column includes only low-income households (those within 300 percent of poverty).

*The households in this group are statistically different at the 95 percent confidence level from households classified as vehicle ineligible.

TABLE IV.3

HOUSEHOLD COMPOSITION BY FSP ELIGIBILITY AND PARTICIPATION
STATUS, JANUARY 1988
(Percentages)

Household Composition	Eligible Households		Asset-Ineligible Households		
	FSP Participants	Eligible Nonparticipants	Vehicle Ineligibles	Other Asset Ineligibles	Income-Ineligible Households ^a
Elderly Households	(23.0)	(39.4)	(19.2)	(59.6)	(35.8)
Single	16.4	28.3	4.3	40.3	14.0
With Children	2.5	1.8	2.6	2.0	2.5
Other	4.0	9.3	12.2	17.3	19.3
Nonelderly Households	(77.0)	(60.6)	(80.8)	(40.4)	(64.2)
Single	12.2	18.7	8.3	11.2	11.8
With Children	60.7	35.0	59.5	20.2	40.6
Other	4.1	6.9	13.0	9.0	11.8
Total	100.0	100.0	100.0	100.0	100.0
Chi-Square (critical value = 9.5)	69.9 *	94.9 *	--	164.8 *	40.0 *
Total Weighted Count (in thousands)	5,908.7	6,977.0	1,049.0	3,883.4	28,418.0
Total Sample Size	1,173	1,380	211	809	5,849

SOURCE: Tabulations are from the January 1988 analysis file developed from the 1986 and 1987 panels of SIPP.

^aThis column includes only low-income households (those within 300 percent of poverty).

*The households in this group are statistically different at the 95 percent confidence level from households classified as vehicle ineligible.

nonparticipant households, 59.6 percent of other-asset-ineligible households, and 35.8 percent of income-ineligible households have elderly members.

Vehicle ineligible, like FSP-participant households, are largely composed of young-to-middle-aged parents and their children. These nonelderly households with children comprise fully 59.5 percent of vehicle-ineligible and 60.7 percent of FSP-participant households, compared to just 20.2 percent of other asset ineligible, 35 percent of eligible nonparticipants, and 40.6 percent of income ineligible. In addition, children are also present in 13.5 percent of elderly vehicle-ineligible households, compared to just 3.4 percent of other-asset-ineligible, 4.6 percent of elderly eligible-nonparticipant, 7 percent of income-ineligible, and 10.9 percent of FSP-participant households.

In Table IV.4, we show the sex of household heads, distinguishing between households headed by married couples and those headed by a single person. Vehicle ineligible are unique in that over two-thirds (69.3 percent) of the households are headed by married couples. Income ineligible are the only other group in which at least half (56.6 percent) of the household heads are married. In contrast, less than one-third of FSP participant and eligible nonparticipant households contain married-couple families, as do just 38.4 percent of other asset ineligible.

Table IV.5 presents the detailed marital status of the head of the household. The unmarried heads of eligible-nonparticipant and other-asset-ineligible households are predominately widows and widowers, whereas the bulk of FSP-participant unmarried household heads are divorced or never married. Since such a large percentage of vehicle-ineligible households contain married couples, many may need more than one vehicle for commuting to work or for household use.

As shown in Table IV.6, the variation in family structure is even more striking in households with children. Almost 80 percent of vehicle-ineligible households with children are headed by a married couple, compared with just 26.7 percent of FSP-participant and 56.7 percent of eligible-nonparticipant households with children. The vast majority (73.3 percent) of FSP-participant households with children are headed by single parents, most of whom are women. It thus appears that vehicle-

TABLE IV.4

SEX OF HEAD OF HOUSEHOLD BY FSP ELIGIBILITY AND PARTICIPATION STATUS,
 JANUARY 1988
 (Percentages)

Sex of Head of Household	Eligible Households		Asset-Ineligible Households		
	FSP Participants	Eligible Nonparticipants	Vehicle Ineligibles	Other Asset Ineligibles	Income-Ineligible Households ^a
Married-Couple Head	22.9	30.6	69.3	38.4	56.6
Male Head	9.5	19.9	7.9	14.9	13.8
Female Head	67.7	49.6	22.8	46.7	29.6
Total	100.0	100.0	100.0	100.0	100.0
Chi-Square (critical value = 6.0)	191.3 *	121.9 *	--	65.1 *	14.4 *
Total Weighted Count (in thousands)	5,908.7	6,977.0	1,049.0	3,883.4	28,418.0
Total Sample Size	1,173	1,380	211	809	5,849

SOURCE: Tabulations are from the January 1988 analysis file developed from the 1986 and 1987 panels of SIPP.

^aThis column includes only low-income households (those within 300 percent of poverty).

*The households in this group are statistically different at the 95 percent confidence level from households classified as vehicle ineligible.

TABLE IV.5

MARITAL STATUS OF HEAD OF HOUSEHOLD BY FSP ELIGIBILITY
AND PARTICIPATION STATUS, JANUARY 1988
(Percentages)

Marital Status	Eligible Households		Asset-Ineligible Households		
	FSP Participants	Eligible Nonparticipants	Vehicle Ineligibles	Other Asset Ineligibles	Income-Ineligible Households ^a
Married	23.4	32.4	70.2	40.1	57.1
Widowed ^b	15.0	25.6	6.5	34.2	15.0
Divorced	24.0	15.4	10.7	12.6	12.4
Separated	13.3	7.0	3.2	2.6	3.8
Never Married	24.3	19.6	9.4	10.4	11.7
Total	100.0	100.0	100.0	100.0	100.0
Chi-Square (critical value = 9.5)	188.5 *	117.9 *	--	79.0 *	17.9 *
Total Weighted Count (in thousands)	5,908.7	6,977.0	1,049.0	3,883.4	28,418.0
Total Sample Size	1,173	1,380	211	809	5,849

SOURCE: Tabulations are from the January 1988 analysis file developed from the 1986 and 1987 panels of SIPP.

^aThis column includes only low-income households (those within 300 percent of poverty).

^bIncluding men.

*The households in this group are statistically different at the 95 percent confidence level from households classified as vehicle ineligible.

TABLE IV.6

COMPOSITION OF HOUSEHOLDS WITH CHILDREN BY FSP ELIGIBILITY AND PARTICIPATION
STATUS, JANUARY 1988
(Percentages)

Household Composition	Eligible Households		Asset-Ineligible Households		
	FSP Participants	Eligible Nonparticipants	Vehicle Ineligibles	Other Asset Ineligibles	Income-Ineligible Households ^a
Married-Couple Households	26.7	56.7	78.0	70.5	72.8
Single-Parent Households	(73.3)	(43.3)	(22.0)	(29.5)	(27.2)
Single Parent Alone	58.8	27.0	11.6	17.0	13.2
Single Parent With Other Adults	14.5	16.3	10.4	13.5	14.0
Total	100.0	100.0	100.0	100.0	100.0
Chi-Square (critical value = 6.0)	136.9 *	20.8 *	--	2.2	1.9
Total Weighted Count (in thousands)	3,734.9	2,566.1	652.2	862.5	12,253.0
Total Sample Size	721	506	131	183	2,514

SOURCE: Tabulations are from the January 1988 analysis file developed from the 1986 and 1987 panels of SIPP.

^aThis column includes only low-income households (those within 300 percent of poverty).

*The households in this group are statistically different at the 95 percent confidence level from households classified as vehicle ineligible.

ineligible households may be more economically viable than FSP-participant households; married-couple households potentially contain at least two workers, and child care is less likely to be a difficulty in households with more than one parent. A substantial share of single parents in all groups do not live alone with their children, but with other adults who may be family members, cohabitants, friends, or adult children. This living situation, which may ease economic and child-care burdens, is slightly less prevalent among single parents in vehicle-ineligible households than in the other household groups.

Table IV.7 compares household size across the five eligibility and participation groups. Vehicle-ineligible households are significantly larger than households in the other four eligibility and participation groups. The average household size for vehicle ineligible is 3.4 persons, and 40 percent of all households in this group consist of at least four persons. In contrast, the average household in each of the four other groups has fewer than three persons per household, and less than one-third of these households contains four or more persons.

Vehicle-ineligible households tend to be larger than the other households for three reasons. First, just 12.6 percent of vehicle-ineligible households are single-person households, compared to approximately half of eligible-nonparticipant and other-asset-ineligible households. Second, as demonstrated in the bottom half of Table IV.7, there are more adults on average in vehicle-ineligible households than in the other households chiefly because vehicle-ineligible households are composed predominately of married couples. Third, vehicle ineligible also have more children than all other household groups except for FSP participants, who have the same number of children per household. On average, there are 1.4 children per vehicle-ineligible and FSP-participant household, compared to fewer than one child per household in the other groups. Three or more children are present in fully 18.5 percent of vehicle-ineligible households, compared to 10.7 percent of eligible-nonparticipant, 10.5 percent of income-ineligible, and just 5.9 percent of other-asset-ineligible households.

TABLE IV.7

HOUSEHOLD SIZE BY FSP ELIGIBILITY AND PARTICIPATION STATUS,
JANUARY 1988
(Percentages and Means)

Household Size	Eligible Households		Asset-Ineligible Households		
	FSP Participants	Eligible Nonparticipants	Vehicle Ineligibles	Other Asset Ineligibles	Income-Ineligible Households ^a
1 Person	28.6	47.0	12.6	51.5	25.8
2 Persons	19.7	19.3	24.2	24.0	28.7
3 Persons	19.4	12.8	23.1	10.6	15.8
4 Persons	15.3	9.2	19.6	6.6	16.5
5 Persons	7.7	6.2	9.6	5.0	8.9
6 Persons	5.4	3.6	6.2	1.2	3.1
7 or More Persons	3.8	1.9	4.8	1.1	1.2
Total	100.0	100.0	100.0	100.0	100.0
Chi-Square (critical value = 12.6)	24.3 *	99.7 *	--	144.9 *	49.0 *
Mean Number of Persons Per Household					
Total Persons	2.9	2.3 *	3.4	2.0 *	2.7 *
Elderly Persons (Age 60+)	0.3	0.5	0.3	0.7 *	0.5 *
Adults (Age 18-59)	1.2 *	1.0 *	1.7	0.8 *	1.3 *
Children (Age 17 and Under)	(1.4)	(0.8)*	(1.4)	(0.5)*	(0.8)*
Children Age 5 and Under	0.5	0.3	0.5	0.2 *	0.3 *
Children Ages 6-17	0.9	0.5	0.9	0.3 *	0.5 *
Total Weighted Count (in thousands)	5,908.7	6,977.0	1,049.0	3,883.4	28,418.0
Total Sample Size	1,173	1,380	211	809	5,849

SOURCE: Tabulations are from the January 1988 analysis file developed from the 1986 and 1987 panels of SIPP.

^aThis column includes only low-income households (those within 300 percent of poverty).

*The households in this group are statistically different at the 95 percent confidence level from households classified as vehicle ineligible.

Table IV.8 shows the percentages of households in each eligibility and participation group that are located in urban and rural areas. Urban is defined as a region within a Census Bureau-defined Metropolitan Statistical Area (MSA); rural regions are outside of an MSA. MSAs consist of cities and their entire surrounding counties, which may include suburbs as well as less populated areas. Vehicle-ineligible households are unique in that most are located in rural regions. Compared to 43.4 percent of vehicle ineligible who reside within an MSA, the majority of FSP participants, eligible nonparticipants, and income ineligible live in urban areas. Since nearly six in ten vehicle-ineligible households are located in rural areas, and consequently, beyond the reach of most public transportation, they may have a greater need for vehicles than do household groups located largely within metropolitan areas.

C. SOCIOECONOMIC CHARACTERISTICS

The socioeconomic profile of vehicle-ineligible households most closely resembles that of the income-ineligible population.² Indeed, we speculate that households frequently "move" between the vehicle-ineligible and income-ineligible groups. Unlike FSP participants, eligible nonparticipants, and even other asset ineligibles, vehicle ineligibles are relatively well-educated, working-class households that rely primarily upon earnings for financial support. Yet despite the fact that most vehicle ineligibles work full time and many own their own homes, they are poor; their monthly income is only slightly higher than that of FSP participants. Having typically low wages and few nonvehicle assets, these households may be especially affected by temporary or permanent layoffs or reductions in work hours. When this occurs, they may have to sell their cars in order to be eligible for food stamps and other forms of public assistance.

The educational attainment of household heads is presented in Table IV.9. The heads of vehicle-ineligible households have significantly higher educational attainment than those in the FSP-

²Recall that income ineligibles fail the food stamp income test and may or may not own disqualifying vehicles.

TABLE IV.8

URBAN/RURAL RESIDENCE BY FSP ELIGIBILITY AND PARTICIPATION STATUS,
JANUARY 1988
(Percentages)

Residence	Eligible Households		Asset-Ineligible Households		
	FSP Participants	Eligible Nonparticipants	Vehicle Ineligibles	Other Asset Ineligibles	Income-Ineligible Households ^a
Urban Residence	50.8	54.3	43.4	49.1	53.0
Rural Residence	49.2	45.7	56.6	50.9	47.0
Total	100.0	100.0	100.0	100.0	100.0
Chi-Square (critical value = 3.8)	4.0 *	9.0 *	--	2.2	7.7 *
Total Weighted Count (in thousands)	5,908.7	6,977.0	1,049.0	3,883.4	28,418.0
Total Sample Size	1,173	1,380	211	809	5,849

SOURCE: Tabulations are from the January 1988 analysis file developed from the 1986 and 1987 panels of SIPP.

^aThis column includes only low-income households (those within 300 percent of poverty).

*The households in this group are statistically different at the 95 percent confidence level from households classified as vehicle ineligible.

TABLE IV.9

EDUCATIONAL ATTAINMENT OF HEAD OF HOUSEHOLD
 BY FSP ELIGIBILITY AND PARTICIPATION STATUS,
 JANUARY 1988
 (Percentages and Means)

Educational Attainment	Eligible Households		Asset-Ineligible Households		
	FSP Participants	Eligible Nonparticipants	Vehicle Ineligibles	Other Asset Ineligibles	Income-Ineligible Households ^a
No Formal Education	1.4	0.6	0.0	0.0	0.6
Less Than High School	27.7	28.1	18.1	20.5	15.2
Some High School	29.4	23.0	10.4	17.9	16.3
High School Graduate	31.6	30.8	42.8	33.1	38.5
Some College	7.3	12.0	20.6	14.6	18.6
College Graduate	2.6	5.6	8.1	14.0	10.8
Total	100.0	100.0	100.0	100.0	100.0
Chi-Square (critical value = 11.1)	91.5 *	42.7 *	--	19.2 *	9.7
Mean Years of Schooling	9.8 *	10.3 *	11.5	11.5	11.7 *
Total Weighted Count (in thousands)	5,908.7	6,977.0	1,049.0	3,883.4	28,418.0
Total Sample Size	1,173	1,380	211	809	5,849

SOURCE: Tabulations are from the January 1988 analysis file developed from the 1986 and 1987 panels of SIPP.

^aThis column includes only low-income households (those within 300 percent of poverty).

*The households in this group are statistically different at the 95 percent confidence level from households classified as vehicle ineligible.

TABLE IV.10

EMPLOYMENT STATUS BY FSP ELIGIBILITY AND PARTICIPATION STATUS, JANUARY 1988
(Percentages and Means)

Employment Status	Eligible Households		Asset-Ineligible Households		
	FSP Participants	Eligible Nonparticipants	Vehicle Ineligibles	Other Asset Ineligibles	Income-Ineligible Households*
Number of Workers Per Household					
No Workers	67.3	49.2	24.2	58.7	28.4
1 Worker	25.6	40.0	53.4	27.8	40.9
2 Workers	5.6	9.6	18.8	11.4	25.2
3 or More Workers	1.4	1.2	3.5	2.1	5.4
Total	100.0	100.0	100.0	100.0	100.0
Chi-Square (critical value = 7.8)	148.8 *	54.1 *	--	80.7 *	13.9 *
Mean Number of Workers Per Household	0.4 *	0.6 *	1.0	0.6 *	1.1 *
Hours Worked Per Week By Head of Household					
0 Hours	77.1	58.0	39.7	66.0	37.4
1 to 34 Hours (Part Time)	8.0	12.9	11.7	10.1	7.9
35 or More Hours (Full Time)	15.0	29.1	48.6	23.9	54.7
Total	100.0	100.0	100.0	100.0	100.0
Chi-Square (critical value = 6.0)	140.7 *	33.5 *	--	55.0 *	5.5
Mean Hours Worked Per Week By Employed Head of Household	34.9 *	38.1 *	43.9	39.4 *	42.0
Total Weighted Count (in thousands)	5,908.7	6,977.0	1,049.0	3,883.4	28,418.0
Total Sample Size	1,173	1,380	211	809	5,849

SOURCE: Tabulations are from the January 1988 analysis file developed from the 1986 and 1987 panels of SIPP.

*This column includes only low-income households (those within 300 percent of poverty).

*The households in this group are statistically different at the 95 percent confidence level from households classified as vehicle ineligible.

TABLE IV.11

INCOME LEVEL BY FSP ELIGIBILITY AND PARTICIPATION STATUS, JANUARY 1988
(Percentages and Means)

Ratio of Gross Income to the Poverty Line	Eligible Households		Asset-Ineligible Households		
	FSP Participants	Eligible Nonparticipants	Vehicle Ineligibles	Other Asset Ineligibles	Income-Ineligible Households ^a
No Income	3.4	7.0	6.1	3.2	0.0
Less Than 25% of Poverty	9.0	4.5	7.5	9.6	0.0
26 to 50% of Poverty	20.2	7.1	5.4	4.2	0.0
51 to 75% of Poverty	23.6	14.9	11.1	10.4	0.0
76 to 100% of Poverty	27.5	26.5	24.9	18.5	0.0
101 to 130% of Poverty	8.2	34.0	42.0	36.8	1.4
Greater Than 130% of Poverty	8.2	6.1	2.9	17.3	98.7
Total	100.0	100.0	100.0	100.0	100.0
Chi-Square (critical value = 12.6)	202.5 *	13.0 *	--	34.3 *	4,604.3 *
Mean Ratio of Income to Poverty	74.9	84.6	84.7	96.3	215.2 *
Total Weighted Count (in thousands)	5,908.7	6,977.0	1,049.0	3,883.4	28,418.0
Total Sample Size	1,173	1,380	211	809	5,849

SOURCE: Tabulations are from the January 1988 analysis file developed from the 1986 and 1987 panels of SIPP.

^aThis column includes only low-income households (those within 300 percent of poverty).

*The households in this group are statistically different at the 95 percent confidence level from households classified as vehicle ineligible.

income distribution of vehicle-ineligible households more closely resembles that of FSP-eligible households (especially eligible nonparticipants) than that of income ineligible. Like FSP participants and eligible nonparticipants, over 90 percent of vehicle ineligible have incomes within 130 percent of poverty, compared to 82.7 percent of other asset ineligibles and a mere 1.3 percent of income ineligibles.

Sources of income for the five household groups are shown in Table IV.12. Vehicle ineligibles are much more likely than FSP participants or eligible nonparticipants to have income from earnings, and relative to those two types of households, the average monthly earnings of vehicle-ineligible households are high. However, compared to the average monthly earnings of income-ineligible households, the earned income of vehicle-ineligible households is quite low. Furthermore, vehicle holdings of the vehicle-ineligible households exclude them from a number of public assistance programs. Compared to FSP participants who tend to be eligible for other welfare benefits, an extremely small share of vehicle ineligibles receive AFDC, General Assistance, or Supplemental Security Income (SSI) benefits. Other asset ineligibles and eligible nonparticipants are also less likely than FSP participants to be welfare recipients because so many receive Social Security, other retirement income, and to a lesser extent, SSI. The finding that vehicle ineligibles receive unemployment insurance benefits at a greater rate than households in the other groups is of considerable interest and is discussed later in this section.

Despite the fact that most vehicle ineligibles are poor, a surprisingly large share (64.9 percent) of them own their homes, as shown in Table IV.13. In contrast, just one-quarter (25.4 percent) of FSP participants and one-third (35.7 percent) of eligible nonparticipants are homeowners. The homeownership rate of vehicle ineligibles does not differ significantly from that of other asset ineligibles or income ineligibles. Although the high rate of home ownership among vehicle ineligibles may be driven somewhat by their propensity to reside in rural locations, this rate is particularly surprising in that vehicle-ineligible household heads are, on average, much younger than the heads of other-

TABLE IV.12

SOURCES OF INCOME BY FSP ELIGIBILITY AND PARTICIPATION STATUS, JANUARY 1988
(Percentages and Dollars per Month)

Source of Income	Eligible Households		Asset-Ineligible Households		Income-Ineligible Households ^a
	FSP Participants	Eligible Nonparticipants	Vehicle Ineligibles	Other Asset Ineligibles	
Earnings					
Percent	25.3 *	44.3 *	66.9	29.5 *	70.5
Mean	709	669	803	624	1,559
AFDC					
Percent	39.4 *	3.1	1.4	0.4	0.5
Mean ^b	358	289	208	395	249
General Assistance					
Percent	12.2 *	2.1	1.4	0.1 *	0.5
Mean ^b	236	209	343	25	264
SSI					
Percent	21.5 *	10.4 *	4.1	0.7 *	1.3 *
Mean ^b	255	234	282	178	304
Social Security					
Percent	24.6	38.0 *	19.6	51.1 *	35.3 *
Mean ^b	374	427	501	467	664
Unemployment Insurance					
Percent	2.2 *	3.4	5.9	3.8	3.1 *
Mean ^b	310	413	440	465	556
Other Income					
Percent	43.2 *	54.0 *	35.0	65.5 *	52.0 *
Mean ^b	354	420	462	473	773
Total Weighted Count (in thousands)	5,908.7	6,977.0	1,049.0	3,883.4	28,418.0
Total Sample Size	1,173	1,380	211	809	5,849

SOURCE: Tabulations are from the January 1988 analysis file developed from the 1986 and 1987 panels of SIPP.

^aThis column includes only low-income households (those within 300 percent of poverty).

^bCalculated only for households that have this source of income.

*The households in this group are statistically different at the 95 percent confidence level from households classified as vehicle ineligible.

TABLE IV.13

HOME OWNERSHIP BY FSP ELIGIBILITY AND PARTICIPATION STATUS,
JANUARY 1988 (Percentages)

Home Ownership	Eligible Households		Asset-Ineligible Households		
	FSP Participants	Eligible Nonparticipants	Vehicle Ineligibles	Other Asset Ineligibles	Income-Ineligible Households ^a
Own	25.4	35.7	64.9	68.0	61.5
Rent	67.9	55.1	29.0	27.3	33.8
Noncash Rent	6.8	9.2	6.1	4.7	4.7
Total	100.0	100.0	100.0	100.0	100.0
Chi-Square (critical value = 6.0)	134.7 *	66.7 *	--	1.0	2.6
Total Weighted Count (in thousands)	5,908.7	6,977.0	1,049.0	3,883.4	28,418.0
Total Sample Size	1,173	1,380	211	809	5,849

SOURCE: Tabulations are from the January 1988 analysis file developed from the 1986 and 1987 panels of SIPP.

^aThis column includes only low-income households (those within 300 percent of poverty).

*The households in this group are statistically different at the 95 percent confidence level from households classified as vehicle ineligible.

asset-ineligible and income-ineligible households. More than half of FSP-participant, eligible-nonparticipant, other-asset-ineligible, and income-ineligible homeowners are older than 50, whereas fully 61.8 percent of vehicle-ineligible homeowners are younger than 50. This suggests that either a disproportionately large number of vehicle ineligible have inherited homes, or the earnings of many vehicle eligibles have not always been low. Since vehicle eligibles are predominately young-to-middle-aged, and therefore have less job seniority, it is likely that they are particularly vulnerable to temporary or permanent layoffs, or reductions in work hours. Because they tend to have larger families and because savings and financial assets are low, vehicle eligibles may more easily slip into poverty as economic conditions become worse. Their high rate of home ownership is thus not incongruent with their low earnings, but is perhaps a reflection of what they were able to achieve in better economic times.

The notion that vehicle eligibles may easily slip into poverty is supported by two findings: a relatively high proportion of vehicle eligibles receive unemployment insurance (Table IV.12), and relative to FSP participants, other asset eligibles, and income eligibles, a relatively high percentage of vehicle eligibles have no income at all (Table IV.11). The percentage of vehicle-ineligible households with no income is twice as high as that for FSP participants and other asset eligibles. The percentage of vehicle eligibles who receive unemployment insurance (5.9 percent) is significantly higher than that of FSP participants and income eligibles. Both findings suggest that members of vehicle-ineligible households are more likely than members of the other households to have *recently* lost a job, thus somewhat explaining their relatively low earnings. These households may be reluctant to dispose of one or more vehicles in order to become eligible to receive food stamps because their cars may facilitate a job search, or be necessary for commuting once a new job is secured or if they are recalled to their old jobs, especially since so many of these households are located in rural regions. If the period of low earnings is expected to be brief, then the financial loss

and disruption that might accompany the distress sale of these vehicles may not be judged to be worthwhile.

D. SUMMARY

Vehicle ineligible are a distinct population with unique demographic and socioeconomic characteristics that occasion special needs. In many ways, vehicle-ineligible households do not fit the typical profile of food stamp households. Most are married-couple families with children. The majority are high school graduates. They typically have at least one, and often two or three, earners per household in full-time jobs, and few rely on public assistance to meet financial needs. Vehicle ineligible are predominately non-Hispanic whites, most live outside of cities, and the great majority own their homes. Despite their employment history, their incomes, most of which are below the poverty line, are low enough to qualify for the FSP. This suggests that vehicle-ineligible workers are employed in industries and jobs in which they are especially vulnerable to the effects of low wages, industry layoffs, or seasonal or temporary reductions in work hours.

Our seemingly conflicting findings of high rates of employment and home ownership with poverty-level incomes suggest that there may be frequent movement of households between the vehicle-ineligible and income-ineligible groups, as large working-poor families with few financial assets other than their vehicle holdings slip into poverty during economic crises. Relatively high proportions of vehicle ineligible receive unemployment insurance or have no income at all, indicating that these households are more likely than others to have recently lost a job, which further supports the theory that they tend to slip into poverty as a result of difficult economic conditions. This situation suggests that the vehicle asset test may not be adequately performing its targeting function because in order to receive even short-term assistance through the FSP, these households would have to dispose of the very vehicles that could eliminate their need for public assistance.

V. VEHICLE HOLDINGS OF LOW-INCOME HOUSEHOLDS

Since the cars, vans, trucks and recreational vehicles owned by vehicle-ineligible households disqualify them from the FSP, policymakers are interested in knowing how the characteristics of their vehicle holdings compare with characteristics of vehicles owned by other low-income households. This chapter assesses the vehicle holdings of the low-income population, focusing on the difference between the number, value, age, and types of automobiles owned by vehicle-ineligible households and those owned by other ineligible and eligible households.

A. NUMBER OF VEHICLES OWNED BY LOW-INCOME HOUSEHOLDS

The number of motor vehicles owned by households in each of the five eligibility and participation groups is shown in Table V.1. Vehicle ineligibles own significantly more vehicles per household than do the other groups. By definition, all vehicle-ineligible households own at least one car, and fully three-quarters (73.2 percent) have two or more cars. This pattern of ownership differs significantly from that of even income-ineligible households, 87.7 percent of which own vehicles, and less than half (47.8 percent) of which own two or more cars. Less than half (39.3 percent) of FSP participants own a car, and just over half (54.6 percent) of eligible nonparticipants are vehicle owners. The majority of other asset ineligibles also have vehicle holdings--nearly three-quarters (74.5 percent) own one or more cars--but unlike the vehicle-ineligible population, just one-third (35.1 percent) of other-asset-ineligible households have two or more vehicles.

Fully exempt vehicles--vehicles that are not included as countable assets because they are used primarily to provide shelter, produce income, or transport disabled persons--represent a very small share of the vehicle holdings of each group, and a particularly small share of the vehicle holdings of vehicle-ineligible households. Just 2.4 percent of the vehicles owned by vehicle-ineligible and eligible-nonparticipant households are fully exempt, compared to 3.9 percent of those owned by other asset ineligibles and 3.3 percent of those owned by income ineligibles. Less than 1 percent of vehicles

TABLE V.1

NUMBER OF VEHICLES PER HOUSEHOLD BY FSP ELIGIBILITY AND PARTICIPATION STATUS,
JANUARY 1988 (Percentages and Means)

Number of Vehicles	Eligible Households		Asset-Ineligible Households		
	FSP Participants	Eligible Nonparticipants	Vehicle Ineligibles	Other Asset Ineligibles	Income-Ineligible Households ^a
No Vehicles	60.7	45.3	0.0	25.6	12.2
1 Vehicle	29.3	38.3	26.7	39.4	40.1
2 Vehicles	7.2	12.6	38.1	18.2	29.5
3 Vehicles	2.3	3.1	26.3	9.2	13.4
4 or More Vehicles	0.6	0.6	8.8	7.7	4.9
Total	100.0	100.0	100.0	100.0	100.0
Chi-Square (critical value = 9.5)	522.3 *	415.4 *	130.2 *	130.2 *	71.9 *
Mean Number of Vehicles	0.5 *	0.8 *	1.4 *	1.4 *	1.6 *
Total Weighted Count (in thousands)	5,908.7	6,977.0	1,049.0	3,883.4	28,418.0
Total Sample Size	1,173	1,380	211	809	5,849

SOURCE: Tabulations are from the January 1988 analysis file developed from the 1986 and 1987 panels of SIPP.

^aThis column includes only low-income households (those within 300 percent of poverty).

*The households in this group are statistically different at the 95 percent confidence level from households classified as "vehicle ineligibles."

owned by FSP participants are exempt. These findings indicate that the high rate of vehicle ownership among vehicle-ineligible households cannot be explained by the presence of income-producing or other exempt vehicles.

The number of vehicles owned by vehicle-ineligible households can partly be explained by the size and composition of vehicle-ineligible households. On average, vehicle-ineligible households are significantly larger and contain more adults, and therefore more drivers, than do households in each of the other eligibility and participation groups (Chapter IV, Table IV.7). However, as shown in Table V.2, household size does not fully account for the relatively high number of vehicles owned by vehicle-ineligible households; vehicle ineligible own significantly more cars *per person* and significantly more cars *per adult* than do the households in the other groups. There is more than one vehicle for every adult in vehicle-ineligible households, compared to less than one vehicle per adult in FSP participant, eligible nonparticipant, other asset-ineligible and income-ineligible households.

Since cars are sometimes necessary for commuting to work, Table V.2 also shows the number of cars per worker for each of the five households groups. On average, vehicle ineligible own almost two cars per worker, more than may be necessary to travel to a job. In contrast, FSP participants and eligible nonparticipants own fewer than one car per worker, and other asset ineligible and income ineligible own 1.6 and 1.3 cars per worker, respectively. These figures do not take into account the fact that there may be unemployed members of the labor force in these households, and that the additional cars may be necessary for finding work. These two conditions may partly explain the relatively high ratio of cars to workers in vehicle-ineligible households; because a relatively high proportion of vehicle ineligible receive unemployment insurance (Chapter IV, Table IV.12) or have no income at all (Chapter IV, Table IV.11), it is expected that a disproportionate number of these households contain unemployed members of the labor force.

We cannot determine from SIPP data whether vehicles are operational, which may also partly explain the high number of vehicles owned by vehicle-ineligible households. We do know that the

TABLE V.2

VEHICLES PER HOUSEHOLD MEMBER BY FSP ELIGIBILITY AND PARTICIPATION STATUS,
JANUARY 1988 (Means)

Vehicles/Household Member	Eligible Households		Asset-Ineligible Households		
	FSP Participants	Eligible Nonparticipants	Vehicle Ineligibles	Other Asset Ineligibles	Income-Ineligible Households ^a
Vehicles per Person	0.2 *	0.4 *	0.8	0.7	0.7 *
Vehicles per Adult (Age 18 and Over)	0.4 *	0.5 *	1.2	0.9 *	0.9 *
Vehicles per Nonelderly Adult (Age 18-59)	0.4 *	0.6 *	1.3	1.2	1.0 *
Vehicles per Employed Worker	0.7 *	0.8 *	1.9	1.6	1.3 *
Total Weighted Count (in thousands)	5,908.7	6,977.0	1,049.0	3,883.4	28,418.0
Total Sample Size	1,173	1,380	211	809	5,849

SOURCE: Tabulations are from the January 1988 analysis file developed from the 1986 and 1987 panels of SIPP.

^aThis column includes only low-income households (those within 300 percent of poverty).

*The households in this group are statistically different at the 95 percent confidence level from households classified as "vehicle ineligible."

vehicles owned by multi-car owners tend to be much older than those owned by households with only one vehicle. Thus, some vehicles owned by these households may not be in operating condition. Vehicle-ineligible households may own several vehicles just to be certain that one works at any given time. Since the majority of the vehicle-ineligible population lives in rural areas (Chapter IV, Table IV.8) not served by public transportation, the additional vehicles may be particularly valuable to these households. Nevertheless, it may not be an undue burden for these households to divest of some of their vehicle holdings in order to qualify for food stamps.

B. VALUE OF VEHICLE HOLDINGS

The market value and equity value of the total, average, and most valuable vehicle holdings of the five household groups are presented in Tables V.3 through V.8, and summarized in Table V.9. Not only do vehicle ineligible households own more cars than households in the other eligibility and participation groups, but the cars that they own are worth more than the cars owned by the other households. As demonstrated in Table V.3, the average FMV of the total vehicle holdings of vehicle-ineligible households is \$10,315--quite high compared to just \$6,662 for income-ineligible households, \$6,312 for other-asset-ineligible households, and less than \$2,500 for FSP-participant and eligible-nonparticipant households. Vehicle ineligible households are also more likely than the other household groups to have relatively high total equity in vehicles, as shown in Table V.4. More than one-third (36.7 percent) of vehicle ineligible households have at least \$7,500 of vehicle equity, compared to less than 20 percent in the other groups.

Since vehicle ineligible households own more cars per household, it is not surprising that the market and equity values of their total vehicle holdings are substantially higher than those of the other households. However, as shown in Tables V.5 and V.6, the average FMV and equity value per car is also higher for vehicle ineligible households than for other households. The average FMV per car for vehicle-ineligible households is \$5,742, compared to less than \$4,000 for income-ineligible and other-asset-ineligible households, and less than \$2,000 for FSP-participant and eligible-nonparticipant households.

TABLE V.3

TOTAL MARKET VALUE OF VEHICLE HOLDINGS BY FSP ELIGIBILITY AND PARTICIPATION STATUS,
JANUARY 1988 (Percentages and Means)

FMV of Vehicle Holdings	Eligible Households		Asset-Ineligible Households		
	FSP Participants	Eligible Nonparticipants	Vehicle Ineligibles	Other Asset Ineligibles	Income-Ineligible Households ^a
No Vehicles	60.7	45.3	0.0	25.6	12.2
Less Than \$500	12.8	15.1	0.0	10.6	7.5
\$501 - \$1,000	8.4	10.1	0.0	5.6	8.0
\$1,001 - \$4,500	12.8	24.3	11.2	22.6	26.0
\$4,501 - \$6,500	2.4	4.6	13.9	9.5	11.1
\$6,501 - \$8,000	1.2	0.4	15.3	5.1	6.6
\$8,001 - \$10,000	0.3	0.1	16.3	5.1	7.9
\$10,001 - \$12,000	0.4	0.1	14.1	4.5	6.2
\$12,001 - \$15,000	0.6	0.0	15.2	4.6	5.9
\$15,001 and Higher	0.5	0.0	14.0	6.8	8.7
Total	100.0	100.0	100.0	100.0	100.0
Chi-Square (critical value = 16.9)	951.1 *	1,189.7 *	--	223.1 *	179.2 *
Mean FMV of Total Vehicle Holdings	\$2,218 *	\$1,970 *	\$10,315	\$6,312 *	\$6,662 *
Total Weighted Count (in thousands)	5,908.7	6,977.0	1,049.0	3,883.4	28,418.0
Total Sample Size	1,173	1,380	211	809	5,849

SOURCE: Tabulations are from the January 1988 analysis file developed from the 1986 and 1987 panels of SIPP.

^aThis column includes only low-income households (those within 300 percent of poverty).

*The households in this group are statistically different at the 95 percent confidence level from households classified as vehicle ineligible.

FMV = Fair Market Value.

TABLE V.4

TOTAL EQUITY VALUE OF VEHICLE HOLDINGS BY FSP ELIGIBILITY AND PARTICIPATION STATUS,
JANUARY 1988 (Percentages and Means)

Equity of Vehicle Holdings	Eligible Households		Asset-Ineligible Households		
	FSP Participants	Eligible Nonparticipants	Vehicle Ineligibles	Other Asset Ineligibles	Income-Ineligible Households ^a
No Vehicles	61.4	46.2	0.0	25.7	12.6
Less Than \$500	13.7	16.4	0.6	10.8	9.0
\$501 - \$1,000	8.2	10.4	0.9	6.1	9.2
\$1,001 - \$2,000	7.4	11.7	6.6	7.8	12.0
\$2,001 - \$5,000	6.5	13.5	32.2	20.5	28.4
\$5,001 - \$7,500	1.5	1.6	23.0	11.1	12.7
\$7,501 - \$10,000	0.3	0.1	16.4	7.2	7.1
\$10,001 - \$12,000	0.4	0.1	6.5	3.1	3.2
\$12,001 and Higher	0.5	0.0	13.8	7.6	5.8
Total	100.0	100.0	100.0	100.0	100.0
Chi-Square (critical value = 15.5)	813.2 *	891.3 *	--	139.0 *	133.3 *
Mean Equity Value of Total Vehicle Holdings	\$1,767 *	\$1,669 *	\$6,878	\$5,227 *	\$4,582 *
Total Weighted Count (in thousands)	5,908.7	6,977.0	1,049.0	3,883.4	28,418.0
Total Sample Size	1,173	1,380	211	809	5,849

SOURCE: Tabulations are from the January 1988 analysis file developed from the 1986 and 1987 panels of SIPP.

^aThis column includes only low-income households (those within 300 percent of poverty).

*The households in this group are statistically different at the 95 percent confidence level from households classified as vehicle ineligible

TABLE V.5

AVERAGE MARKET VALUE PER VEHICLE OF VEHICLE HOLDINGS BY FSP ELIGIBILITY
AND PARTICIPATION STATUS, JANUARY 1988
(Percentages and Means)

Average FMV of Vehicle Holdings	Eligible Households		Asset-Ineligible Households		
	FSP Participants	Eligible Nonparticipants	Vehicle Ineligibles	Other Asset Ineligibles	Income-Ineligible Households ^a
No Vehicles	60.7	45.3	0.0	25.6	12.2
Less than \$500	15.4	20.0	0.4	12.5	11.0
\$501 - \$1,000	9.6	11.9	5.2	10.3	11.2
\$1,001 - \$3,000	8.8	14.3	20.7	17.9	22.3
\$3,001 - \$4,500	2.1	5.2	21.6	11.0	14.0
\$4,501 - \$6,500	1.7	3.1	13.3	10.0	13.0
\$6,501 - \$8,000	0.8	0.2	14.7	4.9	5.9
\$8,001 - 12,000	0.6	0.0	14.7	6.2	8.2
\$12,001 and Higher	0.4	0.0	9.3	1.7	2.3
Total	100.0	100.0	100.0	100.0	100.0
Chi-Square (critical value = 15.5)	736.6 *	788.7 *	--	170.1 *	160.4 *
Mean Average FMV of Vehicle Holdings	\$1,670 *	\$1,538 *	\$5,742	\$3,549 *	\$3,841 *
Total Weighted Count (in thousands)	5,908.7	6,977.0	1,049.0	3,883.4	28,418.0
Total Sample Size	1,173	1,380	211	809	5,849

SOURCE: Tabulations are from the January 1988 analysis file developed from the 1986 and 1987 panels of SIPP.

^aThis column includes only low-income households (those within 300 percent of poverty).

*The households in this group are statistically different at the 95 percent confidence level from households classified as vehicle ineligible.

FMV = Fair Market Value.

TABLE V.6

AVERAGE EQUITY VALUE PER VEHICLE OF VEHICLE HOLDINGS BY FSP ELIGIBILITY
AND PARTICIPATION STATUS, JANUARY 1988
(Percentages and Means)

Average Equity of Vehicle Holdings	Eligible Households		Asset-Ineligible Households		
	FSP Participants	Eligible Nonparticipants	Vehicle Ineligibles	Other Asset Ineligibles	Income-Ineligible Households ^a
No Vehicles	61.4	46.2	0.0	25.7	12.6
Less Than \$500	16.2	21.9	1.8	13.3	13.4
\$501 - \$1,000	9.7	11.6	11.4	11.2	14.0
\$1,001 - \$2,000	6.3	9.3	21.1	10.8	18.5
\$2,001 - \$5,000	5.1	10.0	41.9	23.3	29.3
\$5,001 - \$7,500	0.7	1.0	12.3	9.4	7.8
\$7,501 and Higher	0.6	0.0	11.5	6.3	4.6
Total	100.0	100.0	100.0	100.0	100.0
Chi-Square (critical value = 12.6)	635.5 *	554.9 *	--	124.6 *	95.6 *
Mean Average Equity Value of Vehicle Holdings	\$1,328*	\$1,298*	\$3,781	\$3,009	\$2,626*
Total Weighted Count (in thousands)	5,908.7	6,977.0	1,049.0	3,883.4	28,418.0
Total Sample Size	1,173	1,380	211	809	5,849

SOURCE: Tabulations are from the January 1988 analysis file developed from the 1986 and 1987 panels of SIPP.

^aThis column includes only low-income households (those within 300 percent of poverty).

*The households in this group are statistically different at the 95 percent confidence level from households classified as vehicle ineligible.

TABLE V.7

**MARKET VALUE OF MOST VALUABLE VEHICLE IN HOUSEHOLD BY FSP
ELIGIBILITY AND PARTICIPATION STATUS, JANUARY 1988**
(Percentages and Means)

FMV of Vehicle	Eligible Households		Asset-Ineligible Households		
	FSP Participants	Eligible Nonparticipants	Vehicle Ineligibles	Other Asset Ineligibles	Income-Ineligible Households ^a
No Vehicles	60.7	45.3	0.0	25.6	12.2
Less Than \$500	15.3	19.6	0.4	12.4	10.8
\$501 - \$1,000	9.3	10.3	2.2	8.1	9.5
\$1,001 - \$3,000	7.9	12.9	13.1	13.3	15.0
\$3,001 - \$4,500	2.6	7.8	5.6	9.1	12.1
\$4,501 - \$6,500	2.1	3.5	16.1	10.6	12.2
\$6,501 - \$8,000	0.6	0.4	17.6	5.7	7.2
\$8,001 - \$12,000	0.9	0.0	29.3	10.2	14.3
\$12,001 and Higher	0.6	0.1	15.7	4.9	6.7
Total	100.0	100.0	100.0	100.0	100.0
Chi-Square (critical value = 15.5)	860.0 *	1043.7 *	--	194.0 *	166.4 *
Mean FMV of Most Valuable Vehicle in Household	\$1,884 *	\$1,719 *	\$7,779	\$4,710 *	\$5,170 *
Total Weighted Count (in thousands)	5,908.7	6,977.0	1,049.0	3,883.4	28,418.0
Total Sample Size	1,173	1,380	211	809	5,849

SOURCE: Tabulations are from the January 1988 analysis file developed from the 1986 and 1987 panels of SIPP.

^aThis column includes only low-income households (those within 300 percent of poverty).

*The households in this group are statistically different at the 95 percent confidence level from households classified as vehicle ineligible.

FMV = Fair Market Value.

TABLE V.8

EQUITY VALUE OF MOST VALUABLE VEHICLE IN HOUSEHOLD BY FSP ELIGIBILITY
AND PARTICIPATION STATUS, JANUARY 1988 (Percentages and Means)

Equity of Vehicle	Eligible Households		Asset-Ineligible Households		
	FSP Participants	Eligible Nonparticipants	Vehicle Ineligibles	Other Asset Ineligibles	Income-Ineligible Households ^a
No Vehicles	61.4	46.2	0.0	25.7	12.6
Less than \$500	16.1	21.3	1.8	12.6	12.6
\$501 - \$1,000	9.1	10.3	3.8	9.8	11.1
\$1,001 - \$2,000	5.4	8.4	13.1	6.5	11.6
\$2,001 - \$5,000	6.4	12.7	37.2	22.3	31.9
\$5,001 - \$7,500	1.1	1.2	21.4	10.8	10.6
\$7,501 and Higher	0.7	0.0	22.7	12.3	9.7
Total	100.0	100.0	100.0	100.0	100.0
Chi-Square (critical value = 12.6)	745.8 *	741.6 *	--	133.9 *	120.9 *
Mean Equity Value of Most Valuable Vehicle in Household	\$1,469 *	\$1,450 *	\$5,086	\$3,876 *	\$3,458 *
Total Weighted Count (in thousands)	5,908.7	6,977.0	1,049.0	3,883.4	28,418.0
Total Sample Size	1,173	1,380	211	809	5,849

SOURCE: Tabulations are from the January 1988 analysis file developed from the 1986 and 1987 panels of SIPP.

^aThis column includes only low-income households (those within 300 percent of poverty).

*The households in this group are statistically different at the 95 percent confidence level from households classified as vehicle ineligible.

TABLE V.9
 MARKET VALUE AND EQUITY OF VEHICLE HOLDINGS
 BY FSP ELIGIBILITY AND PARTICIPATION STATUS, JANUARY 1988
 (Means)

FMV and Equity	Eligible Households		Asset-Ineligible Households		
	FSP Participants	Eligible Nonparticipants	Vehicle Ineligibles	Other Asset Ineligibles	Income-Ineligible Households ^a
Total FMV of Vehicle Holdings	\$2,218 *	\$1,970 *	\$10,315	\$6,312 *	\$6,662 *
Total Equity of Vehicle Holdings	\$1,767 *	\$1,669 *	\$6,878	\$5,227 *	\$4,582 *
Average Value Per Vehicle	\$1,670 *	\$1,538 *	\$5,742	\$3,549 *	\$3,841 *
Average Equity Per Vehicle	\$1,328 *	\$1,298 *	\$3,781	\$3,009	\$2,626 *
8 FMV of Highest Vehicle	\$1,884 *	\$1,719 *	\$7,779	\$4,710 *	\$5,170 *
Equity of Highest Vehicle	\$1,469 *	\$1,450 *	\$5,086	\$3,876 *	\$3,458 *
Total Weighted Count (in thousands)	5,908.7	6,977.0	1,049.0	3,883.4	28,418.0
Total Sample Size	1,173	1,380	211	809	5,849

SOURCE: Tabulations are from the January 1988 analysis file developed from the 1986 and 1987 panels of SIPP.

^aThis column includes only low-income households (those within 300 percent of poverty).

*The households in this group are statistically different at the 95 percent confidence level from households classified as vehicle ineligible.

FMV = Fair Market Value.

Tables V.7 and V.8 present the FMV and equity value of the most valuable vehicle per household for each of the five groups. While the FMV of the most valuable car in FSP-participant and eligible-nonparticipant households is less than \$2,000, the most valuable car owned by vehicle ineligible households is worth almost \$8,000. Even among income ineligible households the car of the highest value owned by income ineligible households is worth significantly less than this, at \$5,170. The average equity per vehicle is also substantially higher for vehicle ineligible households than that for households in the other eligibility and participation groups.

C. AGE AND TYPES OF VEHICLES OWNED BY LOW-INCOME HOUSEHOLDS

In the preceding section, we established that the vehicles owned by vehicle-ineligible households are more valuable than the vehicles owned by the households in the other four eligibility and participation groups. The *total* FMV of the vehicles owned by vehicle-ineligible households is higher than that of the other households, in part because vehicle ineligible households are significantly more likely than the other households to own any vehicles at all. This section seeks to understand why the *average* FMV per vehicle is higher for vehicle ineligible households than for other household groups by examining the age and types of vehicles owned by each group.

1. Age of Vehicles Owned by Low-Income Households

Table V.10 presents the age distribution of the first (or newest) vehicle for households with vehicle holdings. Vehicle ineligible households own significantly newer vehicles than do households in the other four eligibility and participation groups. The average age of the first vehicle in vehicle-ineligible households is just 4.2 years, compared to 11 and 10.5 years for FSP-participant and eligible-nonparticipant households, respectively. The vehicles owned by other-asset-ineligible and income-ineligible households are not as old as those owned by FSP participants and eligible nonparticipants, but they are also not nearly as new as those owned by vehicle ineligible households. The mean age of the first vehicle is 7.4 years for other asset ineligible households and 6.5 years for income ineligible households. These differences

TABLE V.10

AGE OF FIRST VEHICLE BY FSP ELIGIBILITY AND PARTICIPATION STATUS, JANUARY 1988^a
(Percentages and Means)

Age of Vehicle	Eligible Households		Asset-Ineligible Households		Income-Ineligible Households ^b
	FSP Participants	Eligible Nonparticipants	Vehicle Ineligibles	Other Asset Ineligibles	
Less than 2 years old	4.2	1.6	34.5	17.7	24.3
3 - 5 years old	7.5	10.2	40.4	26.2	25.2
6 - 8 years old	16.3	21.5	13.9	21.0	19.3
9 - 12 years old	42.9	40.1	9.3	20.8	21.6
13 - 16 years old	21.8	17.2	1.3	7.6	6.4
17 - 20 years old	4.7	6.8	0.0	4.1	2.0
21 - 24 years old	1.8	1.7	0.6	1.6	0.8
Classic (at least 25 years old)	0.8	0.8	0.0	1.1	0.4
Total	100.0	100.0	100.0	100.1	100.0
Chi-Square (critical value = 14.1)	287.1 *	394.0 *	--	67.5 *	57.0 *
Mean age	11.0 *	10.5 *	4.2	7.4 *	6.5 *
Total Vehicles	2,267.6	3,792.9	1,027.8	2,869.3	24,782.1
Sample Size	488	765	207	601	5,127

SOURCE: Tabulations are from the January 1988 analysis file developed from the 1986 and 1987 panels of SIPP.

^aTable D.1 in Appendix D shows the year of manufacture for first vehicles.

^bThis column includes only low-income households (those within 300 percent of poverty).

*The households in this group are statistically different at the 95 percent confidence level from households classified as vehicle ineligible.

in vehicle age explain why vehicles owned by vehicle-ineligible households, on average, are worth more than those of other households.

More than one-third (34.5 percent) of vehicle ineligible's first automobiles are less than three years old, and three-quarters (74.9 percent) are five years old or younger. In contrast, less than five percent of the first vehicles owned by FSP-participant and eligible nonparticipant-households are less than three years old; in fact, nearly three-quarters (72 percent) of FSP participants' first vehicles and two-thirds (66.6 percent) of eligible nonparticipants' first vehicles are at least nine years old. Although other asset ineligible and income ineligible do not own as large a proportion of under-three-year-old vehicles as do vehicle-ineligible households, just over half of their first vehicles are five years old or less.

Table V.11 shows the age distribution of *all* vehicles owned by households with vehicles. Although the first vehicle owned by vehicle-ineligible households is on average quite new, vehicle ineligible own a fair number of older vehicles as well. A full quarter (24.4 percent) of their total vehicle holdings are between 9 and 12 years old, suggesting that vehicle-ineligible households own one relatively new vehicle as well as one or more older vehicles.

Comparing the age distribution of *all* vehicles for other-asset-ineligible and income-ineligible households to that of their *first* vehicles suggests that like vehicle-ineligible households, the additional automobiles owned by these households are also significantly older than their first cars. However, there is little difference between the age distribution of first vehicles and the age distribution of all vehicles for FSP-participant and eligible nonparticipant-households because a very small proportion of these households owns more than one vehicle. The average age of all their vehicles is nearly 12 years.

2. Types of Vehicles Owned by Low-Income Households

In order to determine whether different makes and models explain the relatively high FMV of vehicles owned by vehicle-ineligible households, we analyzed the types of vehicles owned by low-

TABLE V.11

AGE OF ALL VEHICLES BY FSP ELIGIBILITY AND PARTICIPATION STATUS, JANUARY 1988^a
(Percentages and Means)

Age of Vehicle	Eligible Households		Asset-Ineligible Households		Income-Ineligible Households ^b
	FSP Participants	Eligible Nonparticipants	Vehicle Ineligibles	Other Asset Ineligibles	
Less than 2 years old	3.1	1.3	19.1	11.7	15.0
3 - 5 years old	6.1	8.1	25.7	20.6	19.3
6 - 8 years old	14.7	16.7	16.6	16.8	18.3
9 - 12 years old	39.5	37.2	24.4	27.1	27.5
13 - 16 years old	23.3	21.6	9.5	12.4	10.8
17 - 20 years old	8.0	9.1	2.0	5.4	4.8
21 - 24 years old	2.9	4.2	1.9	4.2	2.5
Classic (at least 25 years old)	2.3	1.7	0.9	1.8	1.8
Total	100.0	100.0	100.0	100.1	100.0
Chi-Square (critical value = 14.1)	208.7 *	299.6 *	--	35.3 *	26.9 *
Mean age	11.9 *	11.8 *	7.5	9.5 *	8.7 *
Total Vehicles	3,061.3	5,226.6	2,273.9	5,234.8	45,115.9
Sample Size	664	1,049	455	1,099	9,455

SOURCE: Tabulations are from the January 1988 analysis file developed from the 1986 and 1987 panels of SIPP.

^aTable D.2 in Appendix D shows the year of manufacture for all vehicles.

^bThis column includes only low-income households (those within 300 percent of poverty).

*The households in this group are statistically different at the 95 percent confidence level from households classified as vehicle ineligible.

income households, creating the following seven categories of automobiles:

1. *Subcompact and compact cars* such as a Ford Escort, Honda Accord, or Plymouth Sundance
2. *Mid-size cars* such as a Pontiac Grand Prix, Buick Regal, or Mercury Sable
3. *Full-size cars* such as a Pontiac Bonneville, Oldsmobile Ninety-Eight, or Buick LeSabre
4. *Sports cars* such as a Ford Mustang, Mazda RX-7, or a Toyota Celica
5. *Premium and luxury cars* such as a Lincoln Continental, Volvo 240, or Cadillac Seville
6. *Trucks, jeeps, and vans* such as such as a Ford pickup, Jeep Cherokee, or Dodge Caravan
7. *Motorcycles and recreational vehicles* such as three-wheelers, campers, and boats¹

Because of data constraints, this analysis of the distribution of automobiles among these seven categories is limited to automobiles manufactured in or after 1982.² As shown in Table V.12, less than half of the automobiles owned by members of each eligibility and participation group were manufactured in or after 1982. As a result, this segment of the analysis covers only a portion of the vehicles owned by low-income households.

The proportion of vehicles manufactured between 1982 and 1988 differs significantly from one eligibility and participation group to the next, ranging from 11.8 percent of the vehicles in FSP-participant households to 43.3 percent of the vehicles owned by vehicle-ineligible households. Consequently, the results of this component of the analysis are more representative of the total vehicle holdings of the vehicle-ineligible population than they are of the FSP participant population. In addition, 21 percent of vehicles manufactured between 1982 and 1988 could not be classified because of missing make and model data. Analysis of the FMV and year of manufacture for these vehicles indicates that these vehicles are slightly newer and slightly more valuable, on average, than 1982-1988 vehicles as a whole.

¹Jeeps and other four-wheel-drive vehicles are classified as "trucks, jeeps, and vans."

²The data and methodology used to classify vehicles into the vehicle-type categories are presented in Chapter III, Section B.3.

TABLE V.12

AGE AND TYPES OF ALL VEHICLES BY FSP ELIGIBILITY AND
PARTICIPATION STATUS, JANUARY 1988
(Percentages and Means)

Age and Type of Vehicle	Eligible Households		Asset-Ineligible Households		
	FSP Participants	Eligible Nonparticipants	Vehicle Ineligibles	Other Asset Ineligibles	Income-Ineligible Households ^a
Pre-1982	82.1	82.3	38.5	52.8	51.2
1982 - 1988	11.8	12.4	43.3	34.5	36.7
Motorcycles and Recreational Vehicles	6.1	5.3	18.2	12.7	12.1
Total	100.0	100.0	100.0	100.1	100.0
Chi-Square (critical value = 6.0)	219.9 *	291.1 *	--	27.2 *	32.5 *
Total Vehicles	3,087.9	5,232.1	2,286.6	5,267.9	45,357.4
Sample Size	670	1,050	458	1,106	9,504

SOURCE: Tabulations are from the January 1988 analysis file developed from the 1986 and 1987 panels of SIPP.

^aThis column includes only low-income households (those within 300 percent of poverty).

*The households in this group are statistically different at the 95 percent confidence level from households classified as vehicle ineligible.

Table V.12 shows for each group the percentage of households with vehicles that also owns motorcycles and recreational vehicles manufactured in any year. Vehicle ineligible households are much more likely than any of the other household groups to own such vehicles. Fully 18 percent of vehicle-ineligible households own at least one motorcycle or recreational vehicle, compared to 12.7 percent of other asset ineligible households, 12.1 percent of income ineligible households, 6.1 percent of FSP participants, and 5.3 percent of eligible nonparticipants. In most cases, motorcycles and other recreational vehicles are not the primary vehicle in the household.

Table V.13 presents the distribution of automobiles by vehicle type for vehicles manufactured from 1982 through 1988. The distribution of vehicle-ineligible households' vehicles among the six types does not differ significantly from that of FSP-participant, other-asset-ineligible, and income-ineligible households, except that vehicle ineligible households are more likely than the other households to own a truck, jeep, or van. This may reflect the fact that a larger proportion of vehicle ineligible households live in rural areas than do any of the other groups (Chapter IV, Table IV.8).

Despite the fact that their vehicles are worth more on average than the vehicles of other low-income households, vehicle-ineligible households are not significantly more likely than other households to own sports cars or premium and luxury cars. Other-asset-ineligible households are the most likely of the five groups to own a premium or luxury automobile, probably because such a large proportion of these households includes elderly members.

It appears that subcompact and compact cars are popular among low-income households, especially among eligible nonparticipants. Compact cars tend to be less expensive than larger cars, which may account for their popularity among poor households. Close to half (44.6 percent) of the vehicles owned by eligible nonparticipants are subcompact or compact cars. They also account for over one-third (37.5 percent) of the vehicle holdings of income-ineligible households. Surprisingly, FSP participants are the most likely of the five groups to own full-size vehicles.

TABLE V.13

TYPES OF ALL CLASSIFIED 1982 - 1988 VEHICLES BY FSP ELIGIBILITY
AND PARTICIPATION STATUS, JANUARY 1988
(Percentages and Means)

Type of Vehicle	Eligible Households		Asset-Ineligible Households		Income-Ineligible Households ^a
	FSP Participants	Eligible Nonparticipants	Vehicle Ineligibles	Other Asset Ineligibles	
Compact Cars	30.4	44.6	29.7	27.3	37.5
Mid-size Cars	14.7	19.5	16.9	19.2	18.8
Full-size Cars	16.7	4.0	7.7	9.3	8.1
Sports Cars	6.0	5.2	6.6	5.6	6.3
Premium and Luxury Cars	4.2	4.1	7.0	12.7	5.6
Trucks, Jeeps, and Vans	27.9	22.6	32.0	25.9	23.8
Total	100.0	100.0	100.0	100.0	100.0
Chi-Square (critical value = 11.1)	6.2	13.3 *	--	7.5	10.6
Total Vehicles	413.1	821.9	1,092.8	1,966.9	19,567.1
Sample Size	91	170	220	416	4,123

SOURCE: Tabulations are from the January 1988 analysis file developed from the 1986 and 1987 panels of SIPP.

^aThis column includes only low-income households (those within 300 percent of poverty).

*The households in this group are statistically different at the 95 percent confidence level from households classified as vehicle ineligible.

In conclusion, it appears that make and model do not cause the relatively high FMV of vehicle-ineligible households' automobiles. Differences in the age of vehicles owned by vehicle ineligible and those owned by other groups are much greater and have a much more significant impact on the differences in average-per-vehicle FMV among households in the five eligibility and participation groups.

D. SUMMARY

Compared to the other households examined in this study, vehicle ineligibles own more cars--and this is not just because there are more adults in vehicle-ineligible households, for they own more cars per adult as well. Furthermore, vehicle ineligibles do not simply own a large number of low-value cars. At roughly \$5,700, the average FMV of cars driven by vehicle ineligibles is significantly higher than that of the other households. In addition, vehicle ineligibles do not have expensive cars that they cannot pay for; the equity value of their vehicles is also significantly higher than the equity value of vehicles owned by income ineligibles, other asset ineligibles, FSP participants, and eligible nonparticipants. This further supports the theory, introduced in Chapter IV, that vehicle ineligibles have not always had poverty-level incomes.

The relatively high FMV of vehicle ineligibles' automobiles is not a result of differences in make and model, as might be expected. Although vehicle ineligibles are more likely than other low-income households to drive trucks, jeeps, or vans, overall, the distribution of the types of automobiles they own does not differ significantly from that of FSP participants, other asset ineligibles, or income ineligibles. Their *average* FMV per vehicle is higher because they own significantly newer automobiles than do the other groups of households. Additionally, the *total* FMV of their vehicle holdings is higher because they own more vehicles.

REFERENCES

- Allin, Susan, and Pat Doyle. "Analysis of the Quality of SIPP As It Pertains to the Food Stamp Program." Washington, DC: Mathematica Policy Research, June 1990.
- David, Martin H., and Maurice MacDonald. "Indexing Asset Tests and Increasing Equity in the Design of Food Stamps Eligibility Rules: Who Will Be Eligible? Who Will Participate?" Madison, WI: Institute for Research on Poverty, October 1991.
- Martini, Alberto. "Participation in the Food Stamp Program: A Multivariate Analysis." Washington, DC: Mathematica Policy Research, March 1992.
- National Automotive Dealers Used Car Guide Co. *Official Used Car Guide: The Market Report of Used Car Values*, vol. 59, no. 11, November 1992.
- National Automotive Dealers Used Car Guide Co. *Official Used Car Guide: The Market Report of Used Car Values*, vol. 44, no. 1, January 1977.
- Ohls, James C., and Harold Beebout. *Designing Low-Income Assistance: The Case of Food Stamps*. Washington, DC: Mathematica Policy Research, September 1992.
- Quinn, Elizabeth. "A Profile of the Asset Holdings of Food Stamp Participants and Nonparticipants." Washington, DC: Mathematica Policy Research, February 1993.
- Rating the 1988 Autos*, February 1988, pp. 8-9. A Consumer Guide publication.
- Rating the 1987 Autos*, March 1987, pp. 8-9. A Consumer Guide publication.
- Rating the 1986 Autos*, April 1986, pp. 8-9. A Consumer Guide publication.
- Rating the 1985 Autos*, June 1985, pp. 8-9. A Consumer Guide publication.
- Rating the 1984 Autos*, June 1984, pp. 1-3. A Consumer Guide publication.
- Rating the 1983 Autos*, June 1983, pp. 1-3. A Consumer Guide publication.
- Schaefer, Liz. "Tables Describing the Asset Holdings of Food Stamp Participants and Nonparticipants in 1988." Washington, DC: Mathematica Policy Research, March 1993.
- Trippe, Carole, and Pat Doyle. "Food Stamp Program Participation Rates: January 1988." Washington, DC: Mathematica Policy Research, February 1992.
- U.S. Department of Agriculture, Food and Nutrition Service. "Characteristics of Food Stamp Households, Winter 1988." Washington, DC: USDA, 1990.
- U.S. Department of Commerce, Bureau of the Census. "Economic Characteristics of Households in the United States: Third Quarter 1984." *Current Population Reports*, Series P-70, No. 5. Washington, DC: U.S. Government Printing Office, 1985.

APPENDIX A

**EXAMPLES OF HOW THE
VEHICLE ASSET TEST WORKS**

Table A.1 presents examples of how different combinations of vehicle and nonvehicle asset holdings affect a household's food stamp eligibility status. As shown in Example 1, an income-eligible household with no nonvehicle assets can own one vehicle worth up to \$6,500 and still remain eligible for the FSP, for only the amount of a first vehicle's FMV in excess of \$4,500 is counted toward the asset limit.

Examples 2 and 3 illustrate the impact of the higher asset limit for elderly households. Because an elderly household is permitted to maintain more countable assets than a nonelderly household, an elderly household with only vehicle assets can own one vehicle worth up to \$7,500. And despite the fact that a nonelderly household may have the same amount of countable vehicle assets and countable nonvehicle assets as an elderly household, the nonelderly household may fail the asset test and the elderly household may pass the asset test, as demonstrated in Examples 2 and 3.

Example 4 demonstrates how countable vehicle assets are determined using both the FMV test and the equity test. Since both vehicles have the same FMV, the one with the higher equity value is chosen as the first vehicle. Because the first vehicle is exempt from the equity test, only the amount of its FMV in excess of \$4,500 (\$1,000 in this case) is counted toward the asset limit. The second vehicle is subject to both the FMV test and the equity test. Because the second vehicle's equity value (\$1,500 in this case) is greater than its FMV in excess of \$4,500 (\$1,000 in this case), its equity value is counted toward the asset limit. Consequently, this household fails the asset test because its countable vehicle assets exceed the \$2,000 limit.

As illustrated by Example 5, a household that owns just one high-FMV vehicle may be disqualified from the FSP. In contrast, Example 6, shows that a household owning a number of low-FMV vehicles remains eligible.

Example 7 shows that although a household may have low countable vehicle assets, if it has high nonvehicle assets, the combination of the two may raise the household's total countable assets above the allowable limit, thus disqualifying the household from the FSP.

Example 8 demonstrates that strategically designating which vehicle is considered to be the first vehicle (the one that is exempt from the equity test), can dramatically affect a households' eligibility status. In this example, the \$4,000 vehicle is chosen to be the first vehicle, because neither the \$4,000 equity value nor the FMV will be counted toward the asset limit. This household is thus eligible for the FSP. Had the \$6,000 FMV vehicle been designated as the first vehicle, the household would have failed the asset test.

TABLE A.1

THE VEHICLE ASSET TEST: EXAMPLES OF HOW
VEHICLES AFFECT FSP ELIGIBILITY

	Fair Market Value (FMV) and Equity Value of Vehicle Holdings	Countable Vehicle Assets	Explanation	Other Countable Assets	Total Countable Assets	Asset Limit	Asset Test Status
1.	Vehicle A FMV = \$6,500 Equity = \$6,500	\$2,000	FMV in excess of \$4,500; Exempt from equity test	\$0	\$2,000	\$2,000 for nonelderly household	Pass
		\$2,000					
2.	Vehicle A FMV = \$4,000 Equity = \$3,500	\$0	FMV less than \$4,500; Exempt from equity test	\$1,500	\$2,500	\$2,000 for nonelderly household	Fail
	Vehicle B FMV = \$1,500 Equity = \$1,000	\$1,000	Equity test				
		\$1,000					
3.	Vehicle A FMV = \$4,000 Equity = \$3,500	\$0	FMV less than \$4,500; exempt from equity test	\$1,500	\$2,500	\$3,000 for elderly household	Pass
	Vehicle B FMV = \$1,500 Equity = \$1,000	\$1,000	Equity test				
		\$1,000					
4.	Vehicle A FMV = \$5,500 Equity = \$2,000	\$1,000	FMV in excess of \$4,500; Exempt from equity test	\$0	\$2,500	\$2,000 for nonelderly household	Fail
	Vehicle B FMV = \$5,500 Equity = \$1,500	\$1,500	Equity test				
		\$2,500					

TABLE A.1 (continued)

	Fair Market Value (FMV) and Equity Value of Vehicle Holdings	Countable Vehicle Assets	Explanation	Other Countable Assets	Total Countable Assets	Asset Limit	Asset Test Status
5.	Vehicle A FMV = \$10,000 Equity = \$3,000	\$5,500	FMV in excess of \$4,500; Exempt from equity test	\$0	\$5,500	\$2,000 for nonelderly household	Fail
		\$5,500					
6.	Vehicle A FMV = \$4,600 Equity = \$4,600	\$100	FMV in excess of \$4,500; Exempt from equity test	\$200	\$1,800	\$2,000 for nonelderly household	Pass
	Vehicle B FMV = \$4,000 Equity = \$500	\$500	Equity test				
	Vehicle C FMV = \$1,000 Equity = \$500	\$500	Equity test				
	Vehicle D FMV = \$500 Equity = \$500	\$500	Equity test				
		\$1,600					
7.	Vehicle A FMV = \$1,000 Equity = \$900	\$0	FMV less than \$4,500; Exempt from equity test	\$1,700	\$2,200	\$2,000 for nonelderly household	Fail
	Vehicle B FMV = \$1,000 Equity = \$500	\$500	Equity test				
		\$500					
8.	Vehicle A FMV = \$4,000 Equity = \$4,000	\$0	FMV less than \$4,500; Exempt from equity test	\$0	\$1,500	\$2,000 for nonelderly household	Pass
	Vehicle B FMV = \$6,000 Equity = \$1,000	\$1,500	FMV in excess of \$4,500 is greater than equity value				
		\$1,500					

APPENDIX B

DATA FOR CHAPTER II FIGURES

TABLE B.1

ELIGIBILITY AND PARTICIPATION STATUS OF HOUSEHOLDS WITH
 INCOMES WITHIN 300 PERCENT OF POVERTY (FIGURE II.1)
 (Households in Thousands and Percentages)

Eligibility and Participation Group	Households	Percentages
Reported FSP Participants	5,908.7	12.8
Reported Eligible Nonparticipants	6,977.0	15.1
Vehicle Ineligibles	1,049.0	2.3
Other Asset Ineligibles	3,883.4	8.4
Income Ineligibles	28,418.0	61.4
Total	46,236.1	100.0
Sample Size	9,422	

SOURCE: Tabulations are from the January 1988 analysis file developed from the 1986 and 1987 panels of SIPP.

TABLE B.2

ASSET-INELIGIBLE HOUSEHOLDS: REASONS
FOR INELIGIBILITY (FIGURE II.2)
(Households in Thousands and Percentages)

Reason	Households	Percentages
Vehicle Ineligibles	1,049.0	21.5
No nonvehicle assets but vehicle assets are over	228.0	4.6
Vehicle assets are over but nonvehicle assets are under	663.3	13.5
Both vehicle and nonvehicle assets are under but combination is over	157.7	3.2
Other Asset Ineligibles	3,883.4	78.8
No vehicle assets but nonvehicle assets are over	2,073.9	42.1
Vehicle assets are under but nonvehicle assets are over	843.1	17.1
Both vehicle assets and nonvehicle assets are over	966.3	19.6
Total	4,932.4	100.0
Sample Size	1,020	

SOURCE: Tabulations are from the January 1988 analysis file developed from the 1986 and 1987 panels of SIPP.

TABLE B.3

VEHICLE-INELIGIBLE HOUSEHOLDS: REASONS
FOR INELIGIBILITY (FIGURE II.3)
(Households in Thousands and Percentages)

Reason	Households	Percentages
FMV of First Vehicle	614.7	58.6
FMV of Second Vehicle	36.7	3.5
Equity of Second Vehicle	249.7	23.8
Equity of Third Vehicle	108.0	10.3
Equity of Fourth Vehicle	31.5	3.0
Equity of Fifth Vehicle	8.4	0.8
Total	1,049.0	100.0
<hr/>		
Sample Size	211	

SOURCE: Tabulations are from the January 1988 analysis file developed from the 1986 and 1987 panels of SIPP.

APPENDIX C

SIPP QUESTIONNAIRES ON VEHICLE HOLDINGS

I. WAVE 7, 1986 PANEL:

**TOPICAL MODULE QUESTIONNAIRE
PART C - REAL ESTATE PROPERTY AND VEHICLES**

II. WAVE 4, 1987 PANEL:

**TOPICAL MODULE QUESTIONNAIRE
PART C - REAL ESTATE PROPERTY AND VEHICLES**

Section 4 - TOPICAL MODULES (Continued)

Part C - REAL ESTATE PROPERTY AND VEHICLES (Continued)

7b. Does anyone in this household own another kind of vehicle, not used for any business, such as a motorcycle, boat, or recreational vehicle?

- 8770** 1 Motorcycle
- 8772** 2 Boat
- 8774** 3 Recreational vehicle (RV)
- 8778** 4 Other - Specify _____
- 8779** 5 No - SKIP to Check Item P1, page 61

Mark (X) all that apply.

Ask items 7b-7e for each vehicle -

7c. Who is (are) the owner(s) of the (Read first/second category marked in 7a)?

Vehicle 1		Vehicle 2	
Person No.	Name	Person No.	Name
<input type="checkbox"/> 8780		<input type="checkbox"/> 8782	
Person No.	Name	Person No.	Name
<input type="checkbox"/> 8784		<input type="checkbox"/> 8786	

7d. If this vehicle were sold, what would it sell for in its present condition?

<input type="checkbox"/> 8788	\$	<input type="checkbox"/> 00	<input checked="" type="checkbox"/>	<input type="checkbox"/> 8790	\$	<input type="checkbox"/> 00	<input checked="" type="checkbox"/>
x1 <input type="checkbox"/> DK - Probe x2 <input type="checkbox"/> Ref. - SKIP to Check Item T18				x1 <input type="checkbox"/> DK - Probe x2 <input type="checkbox"/> Ref. - SKIP to Check Item P1, page 61			

7e. Is this vehicle owned free and clear, or is there still money owed on it?

<input type="checkbox"/> 8792	1 <input type="checkbox"/> Money owed	<input type="checkbox"/> 8794	1 <input type="checkbox"/> Money owed
	2 <input type="checkbox"/> Free and clear		2 <input type="checkbox"/> Free and clear
	x1 <input type="checkbox"/> DK		x1 <input type="checkbox"/> DK
} SKIP to Check Item T18		} SKIP to Check Item P1, page 61	

7f. How much is currently owed for this vehicle?

<input type="checkbox"/> 8798	\$	<input type="checkbox"/> 00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> 8799	\$	<input type="checkbox"/> 00	<input checked="" type="checkbox"/>
x1 <input type="checkbox"/> DK - Probe x2 <input type="checkbox"/> Ref.				x1 <input type="checkbox"/> DK - Probe x2 <input type="checkbox"/> Ref.			

CHECK ITEM T18

Are there any other vehicles which have not been asked about?

- 8800** 1 Yes - Ask 7b for next vehicle
- 2 No - Go to Check Item P1, page 61

Go to Check Item P1, page 61

NOTES

PROGRAM DIVISION

APPENDIX D

DETAILED VEHICLE AGE AND CLASSIFICATION TABLES

TABLE D.1

YEAR OF MANUFACTURE OF FIRST VEHICLE BY ELIGIBILITY
AND PARTICIPATION STATUS, JANUARY 1988
(Percentages and Cumulative Percentages)

Year of Manufacture	FSP Participants		Eligible Nonparticipants		Vehicle Ineligibles		Other Asset Ineligibles		Income Ineligibles ^a	
	Percent	Cumulative	Percent	Cumulative	Percent	Cumulative	Percent	Cumulative	Percent	Cumulative
Pre-1964	0.8	0.8	0.8	0.8	0.0	0.0	1.1	1.1	0.4	0.4
1964-1969	3.8	4.6	4.9	5.7	0.6	0.6	3.1	4.2	1.7	2.1
1970	1.3	5.9	2.1	7.8	0.0	0.6	2.1	6.3	0.8	2.9
1971	1.4	7.3	1.5	9.3	0.0	0.6	0.5	6.8	0.4	3.3
1972	4.4	11.7	3.7	13.0	0.4	1.0	2.1	8.9	1.6	4.9
1973	4.1	15.8	3.9	16.9	0.0	1.0	2.0	10.9	1.2	6.1
1974	8.7	24.5	6.0	22.9	0.5	1.5	2.6	13.5	1.9	8.0
1975	4.5	29.0	3.7	26.6	0.4	1.9	0.9	14.4	1.7	9.7
1976	10.7	39.7	9.3	35.9	1.6	3.5	2.8	17.2	3.2	12.9
1977	10.4	50.1	9.7	45.6	1.4	4.9	5.1	22.3	4.9	17.8
1978	11.9	62.0	9.1	54.7	4.5	9.4	6.1	28.4	6.3	24.1
1979	10.0	72.0	12.0	66.7	1.8	11.2	6.7	35.1	7.1	31.2
1980	8.3	80.3	8.8	75.5	7.0	18.2	8.6	43.7	6.6	37.8
1981	5.1	85.4	7.8	83.3	3.8	22.0	5.9	49.6	6.5	44.3
1982	2.9	88.3	4.7	88.0	3.0	25.0	6.6	56.2	6.2	50.5
1983	2.4	90.7	3.8	91.8	7.9	32.9	6.9	63.1	6.1	56.6
1984	2.8	93.5	4.2	96.0	12.2	45.1	9.5	72.6	9.5	66.1
1985	2.3	95.8	2.3	98.3	20.3	65.4	9.7	82.3	9.6	75.7
1986	2.0	97.8	0.8	99.1	12.7	78.1	7.5	89.8	11.5	87.2
1987	2.0	99.8	0.8	99.9	16.5	94.6	7.4	97.2	9.2	96.4
1988	0.2	100.0	0.1	100.0	5.4	100.0	2.8	100.0	3.6	100.0
Total Vehicles	2,267.6		3,792.9		1,027.8		2,869.3		24,782.1	
Sample Size	488		765		207		601		5,127	

SOURCE: Tabulations are from the January 1988 analysis file developed from the 1986 and 1987 panels of SIPP.

^aThis column includes only low-income households (those within 300 percent of poverty).

TABLE D.2

YEAR OF MANUFACTURE FOR ALL VEHICLES BY ELIGIBILITY
AND PARTICIPATION STATUS, JANUARY 1988
(Percentages and Cumulative Percentages)

Year of Manufacture	FSP Participants		Eligible Nonparticipants		Vehicle Ineligibles		Other Asset Ineligibles		Income Ineligibles ^a	
	Percent	Cumulative	Percent	Cumulative	Percent	Cumulative	Percent	Cumulative	Percent	Cumulative
Pre-1964	2.3	2.3	1.7	1.7	0.9	0.9	1.8	1.8	1.8	1.8
1964-1969	6.4	8.7	9.0	10.7	2.5	3.4	6.7	8.5	4.7	6.5
1970	2.3	11.0	2.3	13.0	0.8	4.2	1.7	10.2	1.3	7.8
1971	2.2	13.2	2.1	15.1	0.6	4.8	1.3	11.5	1.3	9.1
1972	5.3	18.5	4.7	19.8	2.5	7.3	2.1	13.6	2.8	11.9
1973	4.2	22.7	5.1	24.9	2.9	10.2	3.7	17.3	2.3	14.2
1974	8.8	31.5	7.8	32.7	1.8	12.0	3.6	20.9	3.1	17.3
1975	5.1	36.6	4.1	36.8	2.3	14.3	3.0	23.9	2.7	20.0
1976	10.0	46.6	9.4	46.2	5.9	20.2	5.7	29.6	5.2	25.2
1977	9.0	55.6	8.4	54.6	5.7	25.9	6.8	36.4	5.9	31.1
1978	10.3	65.9	8.7	63.3	6.8	32.7	8.1	44.5	8.2	39.3
1979	10.1	76.0	10.7	74.0	6.1	38.8	6.5	51.0	8.1	47.4
1980	7.7	83.7	7.3	81.3	8.6	47.4	6.7	57.7	7.0	54.4
1981	4.3	88.0	6.0	87.3	4.5	51.9	4.8	62.5	6.1	60.5
1982	2.7	90.7	3.5	90.8	3.4	55.3	5.3	67.8	5.2	65.7
1983	1.8	92.5	3.3	94.1	5.4	60.7	7.0	74.8	5.1	70.8
1984	2.1	94.6	3.1	97.2	8.2	68.9	6.7	81.5	7.3	78.1
1985	2.2	96.8	1.6	98.8	12.1	81.0	6.9	88.4	6.9	85.0
1986	1.5	98.3	0.6	99.4	7.8	88.8	5.5	93.9	7.3	92.3
1987	1.5	99.8	0.5	99.9	8.2	97.0	4.4	98.3	5.6	97.9
1988	0.2	100.0	0.1	100.0	3.0	100.0	1.7	100.0	2.1	100.0
Total Vehicles	3,061.3		5,226.6		2,273.9		5,234.8		45,115.9	
Sample Size	664		1,049		455		1,099		9,455	

SOURCE: Tabulations are from the January 1988 analysis file developed from the 1986 and 1987 panels of SIPP.

^aThis column includes only low-income households (those within 300 percent of poverty).

TABLE D.3

VEHICLE AGE AND TYPE FOR ALL VEHICLES BY ELIGIBILITY AND PARTICIPATION STATUS,
JANUARY 1988 (Percentages)

	Eligible Households		Asset-Ineligible Households		
	FSP Participants	Eligible Nonparticipants	Vehicle Ineligibles	Other Asset Ineligibles	Income-Ineligible Households
Vehicles Manufactured Prior to 1982	82.4	82.4	40.6	53.4	52.6
Vehicles Manufactured in 1982-1988	11.7	12.3	43.1	34.5	36.7
Compact Cars	2.9	5.6	9.3	7.3	11.3
Mid-size Cars	1.3	1.9	4.8	5.2	5.1
Full-size Cars	1.2	0.3	2.7	2.1	2.3
Sports Cars	0.8	0.7	1.9	1.7	1.8
Premium and Luxury Cars	0.2	0.1	2.1	3.3	1.4
Trucks, Jeeps, and Vans	1.8	2.1	8.8	6.3	6.5
Unclassifiable (Missing make or model)	3.6	1.6	13.5	8.6	8.2
Motorcycles and Recreational Vehicles (year unknown)	4.8	4.5	15.6	11.6	10.5
Incomplete Topical Module (Missing year, make or model)	1.1	0.8	0.7	0.5	0.3
Total	100.0	100.0	100.0	100.0	100.0
Total Weighted Count (in thousands)	3,121.8	5,266.8	2,299.2	5,293.1	45,438.6
Total Sample Size	675	1,057	460	1,110	9,526

SOURCE: Tabulations are from the January 1988 analysis file developed from the 1986 and 1987 panels of SIPP.