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Revised July 1, 2008

## STATES' VEHICLE ASSET POLICIES IN THE FOOD STAMP PROGRAM

States have great flexibility to set the food stamp vehicle asset policies to ensure that needy households can get the help they need and still have reliable transportation. Forty six states have used this flexibility to exempt at least one vehicle from consideration in determining food stamp eligibility. However, nine states still limit the value of the cars participants may own. This paper provides information about each state's policy and which option the state utilized to set its vehicle policy.

### Background

The existing federal food stamp vehicle asset policy has been outdated for some time. The Food Stamp Act of 1977 required states to count the fair market value of a car as a resource to the extent that the fair market value (FMV) exceeded \$4,500. (This is only the first step of a complex vehicle asset rule, See Appendix: The Federal Food Stamp Vehicle Resource Test.) The exemption was not indexed to inflation and has been raised by only \$150 in 26 years. For the vehicle limit today to have the same real value that the \$4,500 limit had in 1977, it would need to be set at more than \$11,000. The federal policy no longer meets the goal of allowing low-income households, especially working families, to own reliable means of transportation. It is also out of step with the vehicle policy improvements many states have made in their Temporary Assistance for Needy Families (TANF) cash assistance and Medicaid programs.

Fortunately, states have a great deal of flexibility in crafting a food stamp vehicle asset rule that suits their needs. (See David Super and Stacy Dean, [New State Options to Improve the Food Stamp Vehicle Rule](#), *Center on Budget and Policy Priorities*, January 19, 2001). States have two methods by which they may exempt vehicles from consideration as assets in the Food Stamp Program policy: aligning food stamp policy to federal TANF or state Maintenance of Effort (MOE)-funded *assistance* programs or using the asset rules in a TANF/MOE-funded *benefit* program for households authorized to receive that benefit.

*Aligning Food Stamp Policy to TANF-MOE-funded Assistance Programs.* States may now use in the Food Stamp Program the method for valuing vehicles that the state has established under a

TANF/MOE-funded cash or non-cash assistance program<sup>1</sup> so long as it is not more restrictive than federal food stamp rules. For example, Alabama, Ohio, Kansas, Utah, and Maryland are among the states that exclude the value of all vehicles in its TANF cash assistance programs. These states have now imported this rule into the Food Stamp Program, ensuring that vehicle ownership will never prevent their residents from getting food stamp assistance. Wisconsin, Missouri, Colorado, and others do the same with their child care assistance programs.

In many states, the cash assistance vehicle asset rule limit applies to only one vehicle and households with multiple vehicles are not generally eligible for TANF cash assistance. Federal food stamp rules permit households to own multiple vehicles, albeit vehicles with a very low value. These states are not permitted to simply import their TANF cash assistance rules into the Food Stamp Program because it would make many households with multiple vehicles worse off. They may, however, merge their TANF/MOE-funded assistance program rules with food stamp rules in order to ensure that the final policy addresses all vehicles in a method no more restrictive than federal policy. For example, Pennsylvania and Arkansas apply their TANF cash assistance policy to exempt one vehicle per household and then apply federal food stamp rules to all additional vehicles.

*Using Categorical Eligibility.* Alternatively, states may employ in the Food Stamp Program the vehicle asset rule from a TANF/MOE-funded *benefit* or *service* program for households that are authorized to receive that TANF/MOE-funded benefit. Under the Food Stamp Program, households that receive a TANF/MOE-funded benefit are “categorically eligible” for food stamps and do not have to meet the food stamp asset test in order to receive benefits. In some states, virtually all food stamp households are eligible for the TANF/MOE-funded benefit program.<sup>2</sup> In others, only a small number of households are eligible for the services. For households that do not receive such benefits, the state must apply an alternative vehicle policy. They may use federal food stamp rules or import the rule from a TANF/MOE-funded assistance program as described in the previous section.

These new policy options have given states the ability to craft vehicle asset rules in the food stamp program that work best for them. They also give states the ability to make the rules consistent with other programs, such as TANF and Medicaid, ensuring that the food stamp rules do not work against other programs’ goals.

## **Review of the Survey**

In 2001, the Center on Budget and Policy Priorities (CBPP) in conjunction with the Food Research and Action Center and America’s Second Harvest conducted a survey of the 51 states to determine what policies states had adopted in response to these new options.

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<sup>1</sup> The TANF block grant can fund a broad array of programs. States may only align vehicle rules to a TANF or MOE-funded program that provides benefits that are defined as assistance under TANF regulations at 45 C.F.R. § 260.31. This definition “includes cash, payments, vouchers, and other forms of benefits designed to meet a family’s ongoing basic needs (i.e., or food, clothing, shelter, utilities, household goods, personal care items, and general incidental expenses).” It also covers services with a clear cash value such as child care and transportation subsidies (except when provided to a working family).

<sup>2</sup> This is true even for households without children. Under certain circumstances, TANF/MOE funds may be spent on services for individuals without children.

**TABLE 1: SUMMARY OF STATE POLICIES**

- 33 states exclude the value of all vehicles;
- 1 state excludes the value of all vehicles for families with children and 1 vehicle for all other households;
- 1 state excludes vehicles based on the use of the vehicle (exempting most vehicles);
- 7 states exclude the value of one vehicle per adult and then apply federal food stamp rules to subsequent vehicles;
- 5 states exclude the value of one vehicle per household and then apply federal food stamp or similar rules to subsequent vehicles;
- 4 states apply a less restrictive fair market value or equity test (generally to the first vehicle and then apply food stamp rules to additional vehicles).

**Which Option Are States Using?**

- 26 states are aligning to TANF-funded cash assistance;
- 11 states are aligning to TANF/MOE-funded non-cash assistance, primarily child care;
- 11 states are using categorical eligibility;
- 3 states are using a combination of categorical eligibility and aligning to TANF/MOE-funded assistance.

We published the survey results on August 1, 2001 and have periodically updated the information to reflect revised state policies. Our updates are based on a review of state policy manuals and legislation, as well as conversations with state officials.

Food stamp vehicle policy can be complex because it must cover multiple vehicles. It is possible that, in an effort to summarize each state's policy, CBPP may have missed a particular nuance of the policy. In addition, the CBPP survey did not make an effort to determine if each state's policy was consistent with federal rules and regulations governing the policy options.

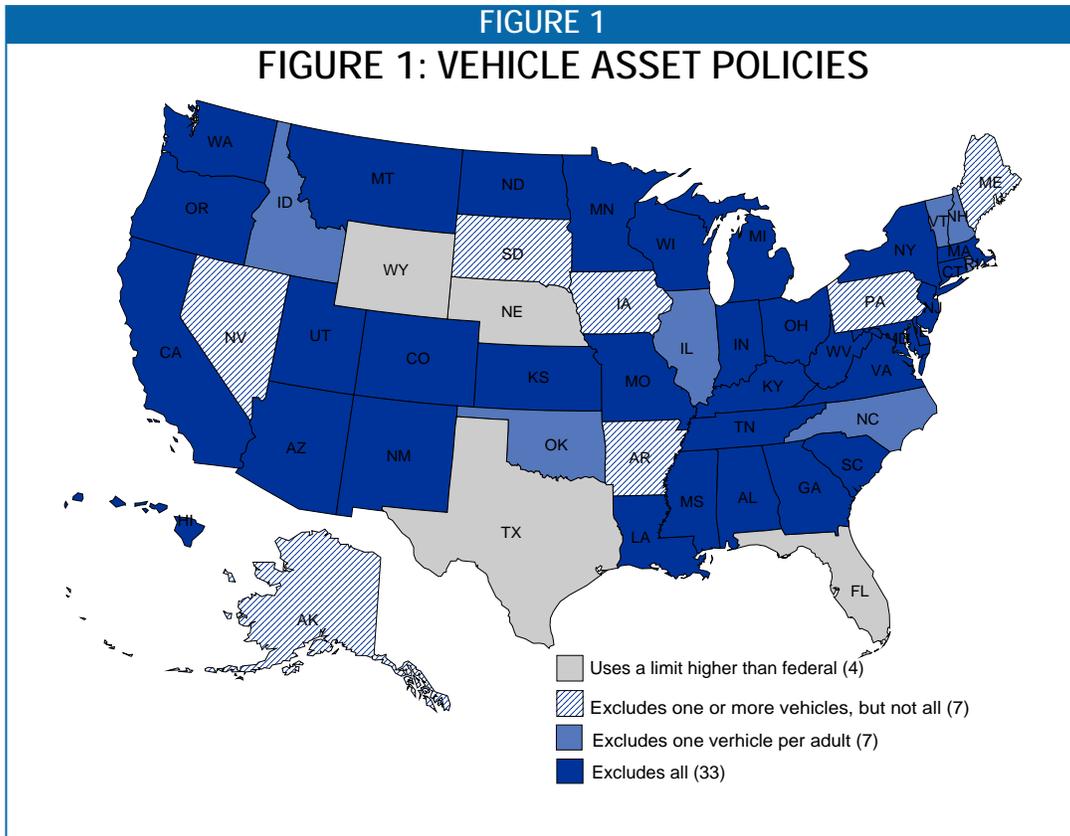
**Overview of the Survey Results**

States have overwhelmingly embraced this food stamp flexibility. All states have now adopted simpler, less restrictive policies that enable low-income families to both own a reliable vehicle and receive food stamps. Table 1 summarizes the types of policies states have adopted as well as which option they used to implement the new policy. Table 2 provides the detailed vehicle policy for each state.

Thirty three states exclude the value of all vehicles<sup>3</sup> and fourteen more exclude at least one vehicle per household. Of these fourteen states, seven exclude one vehicle per adult and five exclude one vehicle per household. Of the two remaining states, Alaska excludes cars necessary for transportation to meet basic needs and Maine excludes all vehicles for households with children and one vehicle per household for other households.

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<sup>3</sup> Some states continue to count the value of recreational vehicles as a resource.



Only four states have not exempted any vehicles, although they have increased the \$4,650 FMV exemption for one or more vehicles; for example, Texas excludes the FMV up to \$15,000 for one vehicle. In most states with a more generous treatment of a limited number of vehicles, federal food stamp vehicle rules typically apply to any additional vehicles.

**TABLE 2: STATES' VEHICLE ASSET POLICIES IN THE FOOD STAMP PROGRAM**  
*as of June 2008*

<b>State</b>	<b>Food Stamp Vehicle Policy</b>	<b>Which Option</b>
AK	Excludes the value of a vehicle if it is necessary for transport to meet basic needs. All other vehicles subject to the federal food stamp rules.	Aligning to cash assistance
AL	Excludes the value of all vehicles.	Aligning to cash assistance
AR	Excludes the value of one vehicle per household. All other vehicles subject to the federal food stamp rules.	Aligning to cash assistance
AZ	Excludes the value of all vehicles.*	Categorical eligibility
CA	Excludes the value of all vehicles.	Aligning to child care assistance
CO	Excludes the value of all vehicles.	Aligning to child care assistance
CT	Excludes the value of all vehicles.	Aligning to child care assistance
DC	Excludes the value of all vehicles.	Aligning to cash assistance
DE	Excludes the value of all vehicles.*	Categorical eligibility
FL	Excludes the equity value of one vehicle up to \$8,500 for households without any members subject to the work requirements. For households with one (or more) members subject to the work requirements, excludes the combined equity value of as many vehicles as there are household members subject to the work requirements up to a total of \$8,500. Equity value over \$8500, as well as the equity value of other vehicles (including unlicensed vehicles) counts against the food stamp resource limit. All other vehicles subject to the federal food stamp rules.	Aligning to cash assistance
GA	Excludes the value of all vehicles.**	Categorical eligibility and aligning to TANF-funded non-cash assistance
HI	Excludes the value of all vehicles.	Aligning to cash assistance
IA	Excludes the value of one vehicle per household. All other vehicles subject to the federal food stamp rules.	Aligning to cash assistance
ID	Excludes one vehicle per adult except RVs. All other vehicles subject to the federal food stamp rules.	Aligning to cash assistance
IL	Excludes one vehicle per adult (and any vehicles used by minors under 18 to drive to employment, training, or school) plus one vehicle per household. All other vehicles subject to the federal food stamp rules.	Aligning to cash assistance
IN	Excludes the value of all vehicles used for transportation. All other vehicles subject to the federal food stamp rules.	Aligning to child care assistance
KS	Excludes the value of all vehicles.	Aligning to cash assistance
KY	Excludes the value of all vehicles.	Aligning to cash assistance
LA	Excludes the value of all vehicles.	Aligning to cash assistance
MA	Excludes the value of all vehicles.*	Categorical eligibility
MD	Excludes the value of all vehicles.*	Aligning to cash assistance
ME	For households with children (under 18 or 18 and a full-time student) living with a parent or caretaker relative, excludes the value of all vehicles. For other households, excludes the value of only one vehicle per household. All other vehicles subject to the federal food stamp rules.	Categorical eligibility and aligning to cash assistance
MI	Excludes the value of all vehicles.*	Categorical eligibility
MN	Excludes the value of all vehicles.*	Categorical eligibility

**TABLE 2: STATES' VEHICLE ASSET POLICIES IN THE FOOD STAMP PROGRAM**  
*as of June 2008 (Cont'd)*

MO	Excludes the value of all vehicles.	Aligning to child care assistance
MS	Excludes the value of all vehicles.	Aligning to cash assistance
MT	Excludes the value of all vehicles.	Aligning to child care
NC	Excludes the value of one vehicle per adult. All other vehicles subject to the federal food stamp rules.	Aligning to cash assistance
ND	Excludes the value of all vehicles.*	Categorical eligibility
NE	Excludes one vehicle up to \$12,000 fair market value. All other vehicles subject to the federal food stamp rules.	Aligning to child care assistance
NH	Excludes the value of one vehicle per adult. All other vehicles subject to the federal food stamp rules.	Aligning to cash assistance
NJ	Excludes the value of all vehicles.	Aligning to cash assistance
NM	Excludes the value of all vehicles	Aligning to child care assistance
NV	Excludes the value of one vehicle per household. All other vehicles subject to the federal food stamp rules.	Aligning to cash assistance
NY	Excludes the value of all vehicles.*	Categorical Eligibility
OH	Excludes the value of all vehicles.	Aligning to cash assistance
OK	Excludes one vehicle per adult (including ineligible and disqualified members) regardless of use and any other vehicle used by a member under 18 for education or employment purposes. The equity in all other vehicles in excess of \$5,000 is considered against the food stamp resource limit.	Aligning to cash assistance
OR	Excludes the value of all vehicles. *	Categorical eligibility
PA	Excludes the value of one vehicle per household. All other vehicles subject to the federal food stamp rules.	Aligning to cash assistance
RI	Excludes the value of one vehicle per adult up to two vehicles per household. All other vehicles subject to the federal food stamp rules.	Aligning to cash assistance
SC	Excludes the value of all vehicles.* *	Categorical eligibility and aligning to cash assistance
SD	Excludes the value of one licensed vehicle per household. All other vehicles subject to the federal food stamp rules.	Aligning to cash assistance
TN	Excludes the value of all vehicles.	Aligning to child care assistance
TX	Excludes the fair market value of one vehicle up to \$15,000. All other vehicles subject to the federal food stamp rules with the excess value of vehicles counted toward a \$5,000 resource limit.	Categorical eligibility
UT	Excludes the value of all vehicles.	Aligning to child care assistance
VA	Excludes the value of all vehicles.	Aligning to cash assistance
VT	Excludes the value of one vehicle per adult (maximum two vehicles exempted). All other vehicles subject to the federal food stamp rules.	Aligning to cash assistance

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*as of June 2008 (Cont'd)*

WA	Excludes the value of all vehicles.*	Categorical eligibility
WI	Excludes the value of all vehicles.	Categorical eligibility
WV	Excludes the value of all vehicles.	Aligning to child care assistance
WY	Excludes the fair market value of two cars combined up to \$12,000 if the household contains a married couple. Otherwise, excludes the fair market value of only one car up to \$12,000. All other vehicles subject to the federal food stamp rules.	Aligning to cash assistance

\* In these states, virtually all food stamp households are authorized to receive a TANF/MOE-funded benefit that makes them categorically eligible for food stamps. Therefore, virtually all food stamp households are subject to the vehicle asset rule from the TANF/MOE-funded benefit program instead of the federal food stamp rule. A small number of households may not be authorized to receive the TANF/MOE-funded benefit; they would be subject to the federal rules or the vehicle asset rules of a TANF/MOE-funded assistance program with which the state has aligned food stamp rules.

\*\* In these states, virtually all food stamp households are authorized to receive a TANF/MOE-funded benefit that makes them categorically eligible for food stamps. However, the TANF program rules also exclude all vehicles, so even those few cases that are not categorically eligible have no vehicle limit due to alignment with TANF.

## Appendix: The Federal Food Stamp Vehicle Resource Test<sup>4</sup>

There are four steps to the food stamp vehicle test:

1. Determine if any of the household's cars are excludable. A vehicle is excludable if:
  - it is used primarily for income-producing purposes (such as taxi cabs),
  - it annually produces income consistent with its fair market value,
  - it is needed for long-distance employment-related travel, other than daily commuting,
  - it is used as the household's home,
  - it is needed to transport a physically handicapped household member (one car per disabled member exempt),
  - it is needed to carry fuel or water that is the household's primary source of fuel or water, or
  - the household has less than \$1,500 equity in it.
  
2. For vehicles that are not excluded under Step 1, the vehicle's fair market value (based on the used car "blue book") must be evaluated. If the amount is greater than \$4,650, the excess may be counted toward the household's \$2,000 resource limit (see step 4). Under this step, each vehicle is evaluated separately against the \$4,650 threshold. The values of multiple vehicles are not added together.
  
3. After determining the fair market value of cars that are not excludable under Step 1, an equity value may also have to be determined for some of these cars.
  - a. Determine if the vehicle is subject to the equity test. Cars exempt from the equity test include:
    - one vehicle per adult in the household regardless of the use of the vehicle,
    - any additional vehicle a household member under age 18 drives to commute to employment or training or education.
  
  - b. Determine the equity value of any vehicle not excluded under Step 3a. Equity is the fair market value of a car less any encumbrances (e.g., outstanding loan balances).
  
4. Now, count the appropriate amount toward the food stamp resource limit.
  - a. For each vehicle evaluated under Steps 2 and 3, count the higher of the fair market value above \$4,650 (Step 2) or the equity value (Step 3).
  
  - b. Add up the values established for each car under 4a.

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<sup>4</sup> This rule reflect USDA's revised food stamp vehicle asset test published in the Federal Register on November 21, 2000, 65 Fed. Reg. 70202-3. These changes revise 7 C.F.R. ' 273.8(e), (f) and (h).

- c. Add the amount determined under 4b to the value of the household's other resources and compare the result with the general asset test of \$2,000 (or \$3,000 for a household with an elderly member). If the total is no more than \$2,000, the household meets the resource eligibility requirements for food stamps.

Note: This description is based on the new food stamp vehicle policy issued by USDA in final regulations on November 21, 2000 (65 Fed. Reg. 70134-70212).