Welfare – Food Stamps and Transportation
Event

THE WHITE HOUSE

WASHINGTON

Welfare —

February 22, 2000

FOOD STAMPS AND TRANSPORTATION EVENT

DATE: February 23, 2000
LOCATION: Presidential Hall – OEOB 450
BRIEFING TIME: 1:20pm – 1:35pm
EVENT TIME: 1:40pm – 2:25pm
FROM: Bruce Reed

I. PURPOSE

To unveil a new regulation and highlight several new budget initiatives to help low-income families get to work by making it easier to own a car or obtain public transportation.

II. BACKGROUND

Today you will announce a new regulation that will enable 150,000 individuals to own a reliable car without losing eligibility for food stamps. You will also call on Congress to enact three legislative proposals in your new budget that will: 1) enable 245,000 more families to own a car and still get food stamps by allowing states to use the more generous rules already put in place for their welfare reform programs; 2) double funding to $150 million for Access to Jobs grants; and 3) allow low-income families to use Individual Development Accounts (IDAs) to save for a car.

Families Need Transportation To Go To Work. Low-income families cannot participate fully in our strong economy and support their children unless they can get to work. Two-thirds of all new jobs are now created in suburbs, but three-quarters of welfare recipients live in rural areas or central cities. While many states and communities are working to develop innovative transportation strategies, existing public transit often fails to link to suburban job opportunities, cover evening and weekend hours, or serve rural communities. Even in metropolitan areas with extensive transit systems, studies have shown that less than half the entry level jobs are accessible by transit.

Having a car can make a tremendous difference. Data from the Urban Institute's National Survey of American Families show that twice as many welfare recipients with cars were working than those without cars, and 25 percent more low-income families with cars were working than those without cars. Studies of welfare recipients in Michigan and Los Angeles also underscore that access to a car is a critical factor in getting a job. The fact is, however, that many welfare recipients and low-income workers do not have a car.

Steps To Help More Families Get To The Job. Today's announcements will put more families on the road to work and opportunity by:

Making it Easier for Working Families to Own a Car and Receive Food Stamps. Current law forces many working families to choose between nutritional assistance and a reliable car because it limits food stamp eligibility to most families owning a vehicle worth less than $4,650. Today you will unveil a new regulation that will enable families with low amounts of *equity* in their cars to qualify for food stamps (equity being fair market value minus outstanding loans), so working parents will not be forced into this choice. The regulation will exclude, from the food stamp program's limit on assets, the value of any vehicle with an equity value of less than $1,000. You will also call on Congress to pass your new budget proposal allowing state food stamp programs to use the higher vehicle asset limits of their welfare reform programs. (In most states, the welfare reform rules on owning a car are more generous than the rules that apply to food stamps). Together, the regulatory change and the budget proposal will make it easier for an estimated 400,000 individuals by 2005 to get to work (150,000 through the regulation and 245,000 through the budget proposal).

Doubling 'Access to Jobs' Funding. You will also highlight your proposal to double Access to Jobs grants to $150 million in FY 2001. These grants fund locally designed transportation projects that help hard-pressed families get to work – for example, by extending public transit hours and routes or funding van services. Under the $150 million proposal, the Department of Transportation will also set aside $5 million for Indian tribes, and designate another $5 million for applicants from the Mississippi Delta region, as part of the Administration's Delta Initiative.

Allowing Working Families to Use Individual Development Accounts to Save for a Car that will Allow them to Get or Keep a Job. You will also highlight a $25 million initiative in your budget to fund the third year of a five-year IDA demonstration program signed into law in 1998. As part of this budget initiative, you will also propose allowing low-income families to use IDAs to save for a car that will help them get or keep a job. Currently, IDAs provide incentives through federal matching funds for low-income working families to save for a first home, post-secondary education, or start a new business – but not a car.

III. PARTICIPANTS

Briefing Participants:
Secretary Dan Glickman
Bruce Reed
Mary Beth Cahill
Loretta Ucelli
Cynthia Rice
Paul Glastris

Event Participants:

YOU

Secretary Dan Glickman

Michael Alexander

Michael Alexander, from Brockton, NY, is a 24-year-old single father of two children. Mr. Alexander is working hard to find jobs to support his family, but because he resides in an area with very limited public transportation and he did not own a car, it was very difficult for him to maintain steady employment. He is currently receiving welfare, Medicaid, and food stamps. Through the help of a county run program, EARNA CAR, Mr. Alexander was recently able to purchase a used vehicle. He attended classes about car maintenance, helped repair a donated car, and with the help of a local bank worked out a manageable loan payment. Now he is working part-time at Dunn Tire and attending classes in computer repair at a local community college. He is in the process of moving into full-time employment, so he can fully support his children and leave public assistance. Without this car, it would be extremely difficult for him to balance his responsibilities at home with his current work and school schedule, much less pursue the full-time employment that would make him completely self-sufficient.

IV. PRESS PLAN

Open Press.

V. SEQUENCE OF EVENTS

- **YOU** will be announced onto stage, accompanied by Secretary Dan Glickman and Michael Alexander.
- Secretary Dan Glickman will make remarks and introduce Michael Alexander.
- Michael Alexander will make remarks and introduce **YOU**.
- **YOU** will make remarks, work a ropeline, and depart.

VI. REMARKS

To be provided by speechwriting.

Transportation Event
Q&A
February 23, 2000

Q: What did the President announce today?

A: The President unveiled a new regulation and highlighted several new budget initiatives to help low-income families get to work by making it easier for them to own a car or obtain public transportation. The new regulation will enable 150,000 individuals to own a reliable car without losing eligibility for food stamps. The President also called on Congress to enact three legislative proposals in his new budget that will: 1) enable 245,000 more families to own a car and still get food stamps by allowing states to use the more generous rules already put in place for their welfare reform programs; 2) double funding to $150 million for Access to Jobs grants; and 3) allow low-income families to use Individual Development Accounts (IDAs) to save for a car. These new steps are an important part of the Administration's strategy to reform welfare, reward work, and help hard-pressed working families.

Q: Is lack of transportation really a problem for low-income families?

A: Transportation is a barrier to employment for many low-income families. Existing public transit often doesn't link to suburban job opportunities, cover evening and weekend hours, or serve many rural communities. Recent data show that welfare recipients and other low income workers with cars are significantly more likely to be working. **(Supporting data is attached).**

Q: How will this new regulation help families get a car so they can get to work?

A: The regulation will exempt, from the food stamps assets cap, the value of any vehicle in which the equity is less than $1,000, helping 150,000 low-income families have a car to get to work and still qualify for needed nutritional assistance. Putting it simply, if family sold its car and wouldn't get more than $1,000 after paying off the loan, the car is not counted for purposes of food stamp eligibility.

Under current food stamp policy, a family is generally ineligible if they own a car worth more than $4,650 even if the family needs the car to get to work and has only a small fraction of the car's value in equity.

Q: What does the budget's food stamp legislative proposal do and how is it different from the regulation?

A: The Administration's budget would help an additional 245,000 low-income families own a car and still qualify for nutritional assistance by giving states an option to use their higher TANF vehicle resource rules in the Food Stamp program. Most states exclude the value of one vehicle in determining TANF eligibility and many others have set higher values for TANF than allowed in the Food Stamp program. Thus, a state that has put in place an $8,000 vehicle limit for TANF could use the same one for food stamps, streamlining eligibility determination rules and allowing more families to have a car and still receive needed nutritional assistance. The higher vehicle limit set by the states would apply to all families (whether they were on TANF or not.) The regulation puts in place a nationwide policy that will help only certain families – those with $1,000 or less in equity in their cars. The regulation alone will help 150,000 families by the year 2005; the legislation will help an additional 245,000 families.

Q: What's the difference between equity value and fair market value?

A: Fair market value is the price a car should fetch on the market – sometimes called the "blue book value." Equity is what you'd get if you sell the car for the fair market value and pay off any loan on the car.

Q: Will these proposals bring back the welfare "Cadillac"? How expensive a vehicle will people be able to own?

A: No. An important point here is that to qualify for food stamps, your income has to be below 130 percent of the poverty line – that's $18,000 a year for a family of three. If you need to make payments on an expensive car, you're not going to be able to do that for very long on that income. In fact, USDA ran a project in North Carolina in 1995 and 1996 which basically allowed families to own a car regardless of value – and the average car was three years old with a market value under $7,300.

Q: Do you expect Congress to enact this proposal?

A: This proposal has bipartisan support in both the Congress and the states. Bipartisan legislation has been introduced in both the House and Senate which incorporates this proposal (HR 3192 introduced by Representatives Walsh, Kelly, Diaz-Balart, Clayton, Hall, and Kaptur, and S 1805 introduced by Senators Kennedy and Specter). In addition, last year the nation's state welfare directors called for changes in food stamp policies which included this change. Welfare reform has always been a bipartisan issue and we should be able to work with the Congress to enact this proposal this year.

Q: How much does this regulation and legislative proposal cost and how is it paid for?

A: Food stamp annual spending in FY2000 is now projected to be $1.1 billion below the Administration's baseline estimate in the FY 2000 Budget. The number of people receiving food stamps has fallen by 10.4 million since March 1994 and recent food stamp caseload declines have led to significant reductions in food stamp spending.

Some working families are not participating in the Food Stamp Program for reasons in addition to the strength of the economy and the success of welfare reform in moving people from welfare to work. The unanticipated and undesirable savings from declines in food stamp participation greatly exceed the $565 million cost of the proposed change in food stamp vehicle policy. The change in vehicle policy helps reverse some of the decline in food stamp participation among the working poor, though it will not necessarily help those who have left the rolls during the last several years. In the context of significant food stamp caseload reductions that go beyond changes in law or in economic assumptions, it has been determined in this instance that these caseload trends fully offset this administrative action. Moreover, the entire cost of the proposed policy change is included in the President's balanced budget request for FY 2001.

The food stamp legislative change, which is estimated to cost $661 million between FY 2001-FY 2005, is fully paid for within the context of the budget.

Q: What else does your budget do to help low-income families get transportation so they can go to work?

A: In addition to the proposals described above the budget:

Doubles "Access to Jobs" transportation grants to $150 million. These grants support locally designed innovative solutions to help low-income families get to work, including extending public transit hours and routes and funding van services.

Allows working families to use Individual Development Accounts to save for a car that will allow them to get or keep a job. Since 1992, the President has supported the creation of IDAs to empower individuals to save for a first home, post-secondary education, or to start a new business. The President's budget provides $25 million for IDAs in FY 2001to create over 20,000 new accounts. In recognition of the fact that a car is critical for many low-income workers to get or keep a job, the Administration is proposing to also allow IDAs to be used to save for a car.

Q: How is the Access to Jobs Program going? How do you react to reports that the Access to Jobs program is bogged down in bureaucratic delays?

A: Access to Jobs is a brand new program that is off to a promising start. To date, more than half of the 189 projects that were announced last May have received their FY 1999 federal funds, and DOT is working aggressively to provide technical assistance for grantees that are experiencing start-up delays. Start-up delays mainly reflect the fact that because the program is funded through Federal Transit funds, all grantees must meet the certain requirements, such as testing for drugs and alcohol and making sure new services don't have an adverse impact on existing transportation jobs. Also, the ATJ program involves a large number of non-traditional transit providers, such as community and faith-based organizations and human services agencies. In some cases it is taking longer than expected for the non-traditional providers to meet program requirements for the first time.

Q: Why do you think IDAs will help people save?

A: The first results from a major study of IDAs confirm that they are an effective tool in helping low income people save. On average, all IDA participants saved an average of $33 per month – a conservative figure that includes program dropouts and those with no savings. When combined with matching funds, participants accumulated an average of $845 over a nine-month period, and this is expected to grow as the program matures. Especially noteworthy was that very poor IDA participants saved almost as much as other participants, and saved a much larger portion of their income. Ninety percent of the participants had household incomes below 200 percent of the poverty line, with about 43 percent below the poverty line. Former welfare recipients saved at least as much as low income individuals who had never been on welfare. These results are from the American Dream Demonstration, a privately funded national demonstration operating in 14 sites around the country. Clearly, if a low-income family could save approximately $1,000 through an IDA in the course of a year, this would help them make a down payment on a decent car.

Q: Do you think the Retirement Savings Accounts included in your budget should be used to help someone save for a car?

A: A number of the details related to the qualified withdrawals for RSAs are still under development. We plan to explore further whether it is appropriate to allow RSAs to be used to save for a car as one of the non-retirement related withdrawals. RSAs would cover a much broader population – not just the low-income families eligible for IDAs.

Q: What is the Administration doing to make sure families get the food stamps and Medicaid for which they are eligible?

A: Medicaid and Food Stamps are essential supports for working families. As these parents leave welfare for work, it is important for them to know that health insurance and nutritional assistance benefits are still available. It's also important that states reach out to low-income working families who may be eligible for these programs since Food Stamps and Medicaid could keep them off of welfare in the first place.

In December, the President unveiled a new regulation proposed by the Department of Health and Human Services (HHS) which awards $200 million to high performing states that succeed in moving people from welfare to work, enrolling children and families in Medicaid, Children's Health Insurance Program (CHIP) and Food Stamps, and family formation. These new measures will ensure that welfare reform will continue to move millions of families from dependence to independence, by encouraging work, supporting working families to help them succeed and stay off welfare, and increasing the number of low-income children living with two married parents. We will also require states to certify that they are following Medicaid and Food Stamp laws as a condition of applying for the high performance bonus.

In July 1999, the President took executive actions to help ensure working families who need Food Stamps have access. These steps included: a new policy making it easier for working families to own a car and still receive Food Stamps; a new regulation simplifying rules so that families do not have to report income as often and states won't be penalized for small errors in projecting families' future earnings; and a new public education campaign launched by Secretary Glickman to educate working families about Food Stamps.

Data on transportation and its effect on employment status

Q: Is lack of transportation really a problem for low-income families?

A: Transportation to work is a barrier for many low-income families. Existing public transit often doesn't link to suburban job opportunities, cover evening and weekend hours, or serve many rural communities. Recent data show that welfare recipients and other low income workers with cars are significantly more likely to be working. In particular, studies show:

Transportation is a barrier to employment. Both welfare recipients and employers find the lack of transportation is a significant barrier to work.

- In Michigan, transportation was the most common barrier among welfare recipients surveyed: nearly half (47 percent) lacked access to a car and/or did not have a driver's license, and transportation was one of the most important factors in whether someone was working – as significant as a high school diploma. Welfare recipients without a transportation barrier are 53 percent more likely to work (69 percent employment rate) than those with transportation issues (45 percent). (Danziger, February 2000)

- Based on surveys by Wirthlin Worldwide, businesses in The Welfare to Work Partnership consistently cite transportation as among the top three barriers for welfare recipients they have hired, and one of the top issues affecting retention for these employees. More than half of businesses surveyed find employee transportation to be a problem, with 33% saying that public transportation routes do not run near their companies and 18% saying public transportation does not operate during hours needed to get workers to their jobs. (From 1998 survey Wirthlin Study, cited in Welfare to Work Partnership's publication "The Road to Work," released in 8/99).

- In Connecticut, 40 percent of welfare recipients report that transportation is a barrier to employment. (Welfare Research Group, 1997)

Car ownership.

- Data from the Urban Institute's National Survey of American Families show that as of 1997, 47 percent of families on welfare and 63 percent of low-income families (below 100% of poverty level) have a car, compared to 97 percent of higher income families (above 200% of poverty). Twice as many families receiving welfare who had a car were working (31 percent employment rate) than families on welfare who did not have a car (16 percent). Similarly, 25 percent more low-income families with a car were working (73 percent employment rate) than those without a car (59 percent).

- For welfare recipients in Los Angeles, those with a car are 32 percent more likely to get a job. ("Car Ownership and Welfare-to-Work," UCLA Working paper, Paul Ong, 2/14/00) Among welfare recipients with a job, those with a car earn 60 percent more than those without a car. ("Work and Automobile Ownership among Welfare Recipients," Social Work Research, Paul Ong, December 1996)

Adequacy and use of public transportation.

- Nationwide, 42 percent of welfare recipients reportedly rely on public transportation (Leete and Bania, Census Public Use Microdata Sample, 1995). Suburban and rural welfare recipients are 3 to 4 times more likely than urban recipients to consider public transportation as inadequate. (Census and HUD, American Housing Survey, 1995).

- In rural areas, commuting distances tend to be longer and approximately 40 percent of rural counties lack public transit systems entirely. (Community Transportation Association of America, Survey of rural FTA grant recipients, 1994).

- Even in metropolitan areas with extensive transit systems, less than half of the jobs are accessible by transit:

  - In Watts (Los Angeles), a low-wage jobseeker can get to 57 times more jobs than a person without a car. (Lewis Center for Regional Policy Studies, UCLA, Evelyn Blumenberg and Paul Ong).

- In Boston, only 43 percent of entry level jobs were found accessible by public transportation, and only 33 percent of all employers in high-growth employment centers were accessible by public transportation (VOLPE).
- In Cleveland, even with an 80-minute commute, residents from neighborhoods with a high concentration of public assistance recipients could reach less than 44 percent of appropriate job openings by public transit (Case Western).
- In the Atlanta region, only 43 percent of entry-level job opportunities were accessible by the transportation authority (Atlanta Metropolitan Planning Organization, Joe McCoughlin, MIT and Michael Rich, Emory University, 1998).

Job accessibility. Two-thirds of all new jobs are created in suburbs, but three-quarters of welfare recipients live in rural areas or central cities (BLS data and AFDC data).

- Suburban locations are adding jobs more than twice as fast as central cities -- 10.3 percent compared to 4.4 percent annually. (HUD State of the Cities Report 1999)

Andrea Kane 02/23/2000 08:56 AM

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To: See the distribution list at the bottom of this message

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Subject: AP stories on Food Stamps/Transportation

US To Change Food Stamp Car Policy

WASHINGTON (AP)

President Clinton will unveil a plan today aimed at helping the working poor get to jobs that are often far from their homes. Clinton's proposal would scrap an eligibility rule for food stamps that counts the value of all but the oldest cars against a family's assets. Previously, if a family had too many assets, it wasn't eligible for food stamps. Current rules bar food stamp recipients from owning a car valued at more than $4,651. Clinton will replace that limit with an equation that will enable families with little equity in their cars to qualify for food stamps, no matter the total value of the car.

February 23, 2000; Wednesday 2:34 AM, Eastern Time

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HEADLINE: US To Change Food Stamp Car Policy

BYLINE: ANNE GEARAN

DATELINE: WASHINGTON

BODY:

Recognizing that many of the working poor live far from where the jobs are, the White House plans to make it easier for families getting food stamps to own a decent car.

''When we say more Americans should be able to get to work, we mean it literally,'' said Eric Liu, deputy domestic policy adviser at the White House.

Clinton planned to scrap an eligibility rule that counted the value of all but the oldest, and thus least reliable, cars against a family's assets. Too many assets, and a family can't get food stamps, the national coupon program to subsidize grocery bills.

Under existing rules, food stamp recipients cannot own a car valued at more than $4,651. Clinton will replace that dollar limit with an equation that will enable families with little equity in their cars to qualify for food stamps, no matter the total value of the car.

To figure a car's equity, the government will subtract outstanding loans from the car's fair market value. If the equity value is less than $1,000, the car would be irrelevant toward determining food stamp eligibility.

The White House estimates the change, which Clinton planned to announce today, will help 150,000 people own a car over five years.

Two-thirds of all new jobs are now created in suburbs, but three-quarters of welfare recipients live in rural areas or central cities where public transit systems are often sketchy or nonexistent. The White House estimates that even in metropolitan areas with extensive transit systems, fewer than half the entry-level jobs are accessible by transit.

''Having a car can make a tremendous difference,'' a White House statement said, citing a recent Urban Institute study that shows twice as many welfare recipients with cars were working than those without cars.

The food stamp program, which benefits 19 million people, is expected to cost $21.2 billion in 2001, up $1.4 billion from this year.

The food stamp rule change, which does not require approval from Congress, goes along with a proposal in Clinton's 2001 budget that the White House estimates would benefit 245,000 people over five years.

If Congress agrees, each state could set a different automobile limit for food stamps and key the amount to what they now permit in their respective welfare programs, federal officials say.

Some states place no limit on the value of a welfare recipient's car. In many states, the limit ranges from $7,000 to $9,000. The change would cost taxpayers an estimated $80 million a year.

Clinton also wants congressional approval for two spending proposals intended to help the working poor.

He wants to double, to $150 million, a grant program that finances local transportation priorities keyed to low-income working people, such as extensions in the operating hours of public transit systems, commuter van programs or ride-share operations.

Under the proposal, the Department of Transportation will also set aside $5 million for Indian tribes and designate another $5 million for applicants from the Mississippi Delta region.

The president will also highlight a $25 million initiative in his budget to allow low-income families to use a federally subsidized savings program to save for a car that will help them get or keep a job. Currently, ''individual development accounts'' provide incentives through federal matching funds to save for a first home, post-secondary education or to start a business, but not to buy a car.

LANGUAGE: ENGLISH

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	Recipients*	**Work Status of Families by Income Relative to Poverty****		
	On welfare	**100% FPL**	**100-200% FPL**	**Above 200%FPL**
Own a car	47%	63%	87%	97%
Work	**31%**	**73%**	91%	98%
Don't work	69%	27%	9%	2%
No car	53%	37%	13%	3%
Work	**16%**	**59%**	90%	99%
Don't work	84%	41%	10%	1%
Total	100%	100%	100%	100%

*Welfare recipients are the primary child caregiver.

**Respondents are families with at least one person under 65; work is defined as one or more persons employed during the previous calendar year.

Source: Data from the National Survey of American Families, Urban Institute, 1997.

Clinton to Unveil Steps to Help Poor Get to Jobs

Updated 12:19 AM ET February 23, 2000

WASHINGTON (Reuters) - President Clinton plans to unveil measures on Wednesday aimed at making it easier for hundreds of thousands of low-income people to keep food-stamp aid and still own cars essential for getting to work.

Clinton is also to propose increasing aid for public transportation projects aimed at low-income workers and allowing poor people to buy cars with money in government-subsidized savings accounts, the White House said.

"All these proposals complement each other and go to the same goal -- getting more low-income Americans on the road to work," said Eric Liu, deputy domestic policy director at the White House.

The White House, in documents outlining the proposal, cited studies showing that low-income families living in poor inner-city or rural areas often have difficulty getting transportation to the suburbs, where two-thirds of new jobs are created.

"Having a car can make a tremendous difference," the White House said.

At a White House event, Clinton is to propose changing the way a car's value is used in determining food stamp eligibility.

Instead of the current strict limit of $4,650 on the value of a car that can be owned by a participant in the food stamp program, Clinton's proposed regulation would consider instead the amount of equity a person has in a car.

PLAN HINGES ON EQUITY

Any car with less than $1,000 in equity -- the car's market value minus any money still owed by the owner -- would not count against the overall cap on assets for a food-stamp recipient.

Over five years, the regulation would help 150,000 people own a car without losing eligibility for food stamps, the White House said.

A related proposal, which requires Congressional approval, would allow state food-stamp programs to apply more generous vehicle-asset allow state food-stamp programs to apply more generous vehicle-asset limits in their welfare programs. This could help 245,000 more families own a car without losing their food stamps, the White House said.

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The two changes would cost a total of $1.2 billion over five years, a White House official said.

Clinton will ask Congress to double funding in fiscal 2001, to $150 million, for grants to local transportation projects that help low-income families get to work, such as van service or increased public transit hours, the White House said.

Clinton also is expected to urge Congress to allow participants in government-subsidized savings accounts to buy cars with their savings. He is seeking $25 million for the third year of the so-called Individual Development Accounts program, which aims to subsidize savings to help low-income people pay for a first house, higher education or a new business.

McCain Back in Race After Michigan Victory *(Previous story)*
Study Says More U.S. Kids Given Psychotropic Drugs *(Next story)*

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PRESIDENT WILLIAM J. CLINTON
REMARKS ON TRANSPORTATION AND WORKING FAMILIES
THE WHITE HOUSE
WASHINGTON, DC
February 23, 2000

Acknowledgments: Sec. Glickman;

When I ran for President in 1992, I had in my mind a vision of what I wanted America to be: a place where everybody can achieve the American Dream if they're willing to work for it. Quite simply, I believed that people like TK could be successful if we started putting tools in their hands instead of obstacles in their way.

And so, beginning in 1993, we set out on a new course of change. We got the economy moving again with a new economic plan. We made work pay better by raising the minimum wage and expanding the Earned Income Tax Credit that has helped more than 4.3 million Americans work their way out of poverty toward the middle class. We made it easier for parents to succeed at home and at work by passing family and medical leave, which 20 million Americans have now used to care for a newborn child or a sick loved one. And we ended welfare as we knew it--requiring work while protecting health care and nutrition for children, and investing more in child care, transportation, and housing to help their parents go to work.

After seven years, I think it's clear that the changes we made were the right ones. We have nearly 21 million new jobs; the fastest economic growth in more than 30 years; the lowest unemployment rates in 30 years; the lowest poverty rates in 20 years; the lowest African American and Hispanic unemployment rates on record; the first back-to-back budget surpluses in 42 years. We've cut the welfare roles in half and helped millions move from welfare to work. And as of this month, we have achieved the longest period of economic growth in our entire history.

Now, the question is whether we will use this unparalleled moment of prosperity to finish the job we started in 1992, by giving hard-pressed working families more tools to get ahead and removing the remaining barriers that hold them back.

One of the greatest barriers is transportation. Two-thirds of all new jobs are now created in suburbs. Yet three-quarters of welfare recipients live in central cities or rural areas. Even in the few metro areas with extensive rail and bus systems, less than half of the jobs are accessible by public transit. And in most communities in America, which don't have extensive public transit, not having a car means being cut off from the vast majority of opportunity. Consider this: a low-wage job seeker living in the Watts neighborhood of Los Angeles who has a car can get to 57 times more jobs than one without a car. No wonder one recent study found that people in welfare-to-work programs who own a car are over 30 percent more likely to find a job than those who don't. And among welfare recipients who have jobs, those with cars earn 60 percent more than those who don't.

If we want more people to go to work, we have to help them get to work. The first step is to eliminate the roadblocks that keep them from getting or keeping a car. Among the most senseless are food stamp rules that force low-income families to choose between the nutritional assistance they need for their children and the car they need to get to work.

No family should have to face that choice, and today I am pleased to announce a new regulation that will help. Under current rules, a family that invests a small down payment to buy a reliable car immediately becomes ineligible for food stamps—even though it's the bank, not them, that really owns the car. The new regulation I am unveiling today raises to $1000 the amount of equity a family can have in a car and still be eligible for food stamps. It will help 150,000 low-income families have a car to get to work and still qualify for nutritional assistance.

Another problem is a rule that says you are ineligible for food stamps if the car you own—regardless of how much equity you have in it—is worth more than $4650. Since that cost limit was set 30 years ago, the price of the average car has tripled. Today, it is very hard to find a reliable car for less that $4650. Last summer, I issued an executive action allowing states to set much higher limits for families eligible for temporary assistance. Now, we must raise the limits for all low-income working families. The budget I submitted last month does that, allowing another quarter-million families to have a car to get to work and nutrition assistance for their children. I ask Congress to pass it.

My budget also takes two other important steps. First, it helps thousands of low-income families save money for a car through our so-called Individual Development Account pilot program. Currently, over 20,000 low-income families use these IDAs to save for college, a first home, or to start a new business, with the federal government matching their savings. I propose we give them the same incentive to save to buy a car for work.

Second, my budget doubles investment in our Access to Jobs initiative. This innovative program funds creative, locally-designed transportation solutions, such as van pools that many non-profit and faith-based groups have set up to shuttle inner-city workers to suburban jobs.

There has never been a better time to invest in these kinds of innovative transportation solutions, with employers across the country suffering labor shortages. And there is no better way to continue economic growth with low inflation than by bringing more Americans into the workforce, and into the circle of our prosperity. It's the smart thing to do, and the right thing to do.

Despite all the obstacles, million of low-income Americans who don't have cars still make it to work. They get up at dawn, take two-hour, three-bus commutes to suburban jobs that pay $7 an hour, then come home the same way, somehow managing to get their kids to and from school and do the grocery shopping, all without a car. Their grit and courage takes your breath away. But doing right by your family shouldn't be that hard. With the actions I have outlined today will ease burdens and open up opportunities for countless families—so that they can succeed at work and at the most important work of all: raising their children.

Thank you.

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Transportation Event
Q&A
February 23, 2000

Q: What did the President announce today?

A: The President unveiled a new regulation and highlighted several new budget initiatives to help low-income families get to work by making it easier for them to own a car or obtain public transportation. The new regulation will enable 150,000 individuals to own a reliable car without losing eligibility for food stamps. The President also called on Congress to enact three legislative proposals in his new budget that will: 1) enable 245,000 more families to own a car and still get food stamps by allowing states to use the more generous rules already put in place for their welfare reform programs; 2) double funding to $150 million for Access to Jobs grants; and 3) allow low-income families to use Individual Development Accounts (IDAs) to save for a car. These new steps are an important part of the Administration's strategy to reform welfare, reward work, and help hard-pressed working families.

Q: Is lack of transportation really a problem for low-income families?

A: Transportation is a barrier to employment for many low-income families. Existing public transit often doesn't link to suburban job opportunities, cover evening and weekend hours, or serve many rural communities. Recent data show that welfare recipients and other low income workers with cars are significantly more likely to be working.

Q: How will this new regulation help families get a car so they can get to work?

A: The regulation will exempt, from the food stamps assets cap, the value of any vehicle in which the equity is less than $1,000, helping 150,000 low-income families have a car to get to work and still qualify for needed nutritional assistance. Putting it simply, if family sold its car and wouldn't get more than $1,000 after paying off the loan, the car is not counted for purposes of food stamp eligibility.

Under current food stamp policy, a family is generally ineligible if they own a car worth more than $4,650 even if the family needs the car to get to work and has only a small fraction of the car's value in equity.

Q: What does the budget's food stamp legislative proposal do and how is it different from the regulation?

A: The Administration's budget would help an additional 245,000 low-income families own a car and still qualify for nutritional assistance by giving states an option to use their higher TANF vehicle resource rules in the Food Stamp program. Most states exclude the value of one vehicle in determining TANF eligibility and many others have set higher values for TANF than allowed in the Food Stamp program. Thus, a state that has put in place an $8,000 vehicle limit for TANF could use the same one for food stamps, streamlining eligibility determination rules and allowing more families to have a car and still receive needed nutritional assistance. The higher vehicle limit set by the states would apply to all families (whether they were on TANF or not.) The regulation puts in place a nationwide policy that will help only certain families – those with $1,000 or less in equity in their cars. The regulation alone will help 150,000 families by the year 2005; the legislation will help an additional 245,000 families.

Q: What's the difference between equity value and fair market value?

A: Fair market value is the price a car should fetch on the market – sometimes called the "blue book value." Equity is what you'd get if you sell the car for the fair market value and pay off any loan on the car.

Q: Will these proposals bring back the welfare "Cadillac"? How expensive a vehicle will people be able to own?

A: No. An important point here is that to qualify for food stamps, your income has to be below 130 percent of the poverty line – that's $18,000 a year for a family of three. If you need to make payments on an expensive car, you're not going to be able to do that for very long on that income. In fact, USDA ran a project in North Carolina in 1995 and 1996 which basically allowed families to own a car regardless of value – and the average car was three years old with a market value under $7,300.

Q: Do you expect Congress to enact this proposal?

A: This proposal has bipartisan support in both the Congress and the states. Bipartisan legislation has been introduced in both the House and Senate which incorporates this proposal (HR 3192 introduced by Representatives Walsh, Kelly, Diaz-Balart, Clayton, Hall, and Kaptur, and S 1805 introduced by Senators Kennedy and Specter). In addition, last year the nation's state welfare directors called for changes in food stamp policies which included this change. Welfare reform has always been a bipartisan issue and we should be able to work with the Congress to enact this proposal this year.

Q: What else does your budget do to help low-income families get transportation so they can go to work?

A: In addition to the proposals described above the budget:

<u>Doubles "Access to Jobs" transportation grants</u> to $150 million. These grants support locally designed innovative solutions to help low-income families get to work, including extending public transit hours and routes and funding van services.

<u>Allows working families to use Individual Development Accounts to save for a car that will allow them to get or keep a job.</u> Since 1992, the President has supported the creation of IDAs to empower individuals to save for a first home, post-secondary education, or to start a new business. The President's budget provides $25 million for IDAs in FY 2001to create over 20,000 new accounts. In recognition of the fact that a car is critical for many low-income workers to get or keep a job, the Administration is proposing to also allow IDAs to be used to save for a car.

Q: How is the Access to Jobs Program going? How do you react to reports that the Access to Jobs program is bogged down in bureaucratic delays?

A: Access to Jobs is a brand new program that is off to a promising start. To date, more than half of the 189 projects that were announced last May have received their FY 1999 federal funds, and DOT is working aggressively to provide technical assistance for grantees that are experiencing start-up delays. Start-up delays mainly reflect the fact that because the program is funded through Federal Transit funds, all grantees must meet the certain requirements, such as testing for drugs and alcohol and making sure new services don't have an adverse impact on existing transportation jobs. Also, the ATJ program involves a large number of non-traditional transit providers, such as community and faith-based organizations and human services agencies. In some cases it is taking longer than expected for the non-traditional providers to meet program requirements for the first time.

Q: Why do you think IDAs will help people save?

A: The first results from a major study of IDAs confirm that they are an effective tool in helping low income people save. On average, all IDA participants saved an average of $33 per month – a conservative figure that includes program dropouts and those with no savings. When combined with matching funds, participants accumulated an average of $845 over a nine-month period, and this is expected to grow as the program matures. Especially noteworthy was that very poor IDA participants saved almost as much as other participants, and saved a much larger portion of their income. Ninety percent of the participants had household incomes below 200 percent of the poverty line, with about 43 percent below the poverty line. Former welfare recipients saved at least as much as low income individuals who had never been on welfare. These results are from the American Dream Demonstration, a privately funded national demonstration operating in 14 sites around the country. Clearly, if a low-income family could save approximately $1,000 through an IDA in the course of a year, this would help them make a down payment on a decent car.

Q: Do you think the Retirement Savings Accounts included in your budget should be used to help someone save for a car?

A: A number of the details related to the qualified withdrawals for RSAs are still under development. We plan to explore further whether it is appropriate to allow RSAs to be used to save for a car as one of the non-retirement related withdrawals. RSAs would cover a much broader population – not just the low-income families eligible for IDAs.

Q: What is the Administration doing to make sure families get the food stamps and Medicaid for which they are eligible?

A: Medicaid and Food Stamps are essential supports for working families. As these parents leave welfare for work, it is important for them to know that health insurance and nutritional assistance benefits are still available. It's also important that states reach out to low-income working families who may be eligible for these programs since Food Stamps and Medicaid could keep them off of welfare in the first place.

In December, the President unveiled a new regulation proposed by the Department of Health and Human Services (HHS) which awards $200 million to high performing states that succeed in moving people from welfare to work, enrolling children and families in Medicaid, Children's Health Insurance Program (CHIP) and Food Stamps, and family formation. These new measures will ensure that welfare reform will continue to move millions of families from dependence to independence, by encouraging work, supporting working families to help them succeed and stay off welfare, and increasing the number of low-income children living with two married parents. We will also require states to certify that they are following Medicaid and Food Stamp laws as a condition of applying for the high performance bonus.

In July 1999, the President took executive actions to help ensure working families who need Food Stamps have access. These steps included: a new policy making it easier for working families to own a car and still receive Food Stamps; a new regulation simplifying rules so that families do not have to report income as often and states won't be penalized for small errors in projecting families' future earnings; and a new public education campaign launched by Secretary Glickman to educate working families about Food Stamps.

Paul D. Glastris
02/22/2000 10:13:06 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:
Subject: today's food stamp/cars2work remarks

Draft 2/22/2000 10:00 p.m.
Glastris

PRESIDENT WILLIAM J. CLINTON
REMARKS ON TRANSPORTATION AND WORKING FAMILIES
THE WHITE HOUSE
WASHINGTON, DC
February 23, 2000

Acknowledgments: Sec. Glickman; Michael Alexander

When I ran for President in 1992, I had in my mind a vision of what I wanted America to be: a place where everybody can achieve the American Dream if they're responsible enough to work for it. Quite simply, I believed that people like Michael Alexander could be successful if we started putting tools in their hands instead of obstacles in their way.

And so, beginning in 1993, we set out on a new course of change. We got the economy moving again with a new economic plan that cut the deficit, expanded trade, and invested in people. We made work pay better by raising the minimum wage and expanding the Earned Income Tax Credit, which in 1998 alone helped more than 4.3 million Americans work their way out of poverty toward the middle class. We made it easier for parents to succeed at home and at work by passing family and medical leave, which 20 million Americans have now used to care for a newborn child or a sick loved one. And we ended welfare as we knew it--requiring work while protecting health care and nutrition for children, strengthening child support, and investing more in child care, transportation, and housing to help their parents go to work.

After seven years, I think it's clear that the changes we made were the right ones. We have nearly 21 million new jobs; the fastest economic growth in more than 30 years; the lowest unemployment rates in 30 years; the lowest poverty rates in 20 years; the lowest African American and Hispanic unemployment rates on record; the first back-to-back budget surpluses in 42 years. We've cut the welfare rolls in half and helped millions move from welfare to work. And as of this month, we have achieved the longest period of economic growth in our entire history.

Now, the question is whether we will use this unparalleled moment of prosperity to finish the job we started in 1992, by giving hard-pressed working families more tools to get ahead and removing the remaining barriers that hold them back.

One of the greatest barriers is transportation. Two-thirds of all new jobs are now created in suburbs. Yet three-quarters of welfare recipients live in central cities or rural areas. Even in metro areas with extensive rail and bus systems, studies show that less than half the entry-level jobs are accessible by public transit. And in most communities in America, which don't have extensive public transit, not having a car means being cut off from the vast majority of opportunities. Consider this: a low-wage job seeker living in the Watts neighborhood of Los Angeles who has a car can get to 57 times more jobs than one without a car. No wonder a recent study found that people in a welfare-to-work program who own a car are over 30 percent more likely to find a job than those who don't. Another study found that among welfare recipients who have jobs, those with cars earn 60 percent more than those who don't. And nationwide, low-income families with cars are 25 percent more likely to work than are those without cars.

If we want more people to go to work, we have to help them get to work. The first step is to eliminate the roadblocks that keep them from getting or keeping a car. Among the most senseless obstacles are food stamp rules that force low-income families to choose between the nutritional assistance they need for their children and the car they need to get to work.

No family should have to face that choice, and today I am pleased to announce a new regulation that will help. Under current rules, a family that invests a few hundred dollar down payment in a car can immediately becomes ineligible for food stamps—even though it's the bank, not them, that really owns the car. The new regulation I am unveiling today allows families with as much as $1000 of equity in a car to keep the car and still be eligible for food stamps. It will help 150,000 low-income families have a car to get to work and still receive nutritional assistance.

Another roadblock is a law that says you are ineligible for food stamps if the car you own—separate from how much equity you have in it—is worth more than $4650. Since that cost limit was set by Congress over 20 years ago, the price of the average car has tripled. Today, it is very hard to find a reliable car for less that $4650. Last summer, I issued an executive action allowing states to set much higher food stamp limits for families with cars who are also eligible for any type of welfare benefit. Now, we must raise the limits again, to cover all low-income working families. The budget I submitted last month does that, allowing another quarter-million families to have a car to get to work and nutrition assistance for their children. I ask Congress to pass it.

My budget also takes two other important steps. First, it helps more low-income families save money for a car through our Individual Development Account program. Currently, thousands of low-income families use IDAs to save for college, a first home, or to

enabling rural families coming off welfare
to own cars & still receive FS.

start a new business, with the federal government matching their savings. I propose we give them the same incentive to save for a car for work.

Second, my budget doubles investment in our Access to Jobs initiative. This innovative program funds creative, locally-designed transportation solutions, such as van pools that many non-profit and faith-based groups have set up to shuttle inner-city workers to suburban jobs.

There has never been a better time to invest in these kinds of innovative transportation solutions, with employers across the country suffering labor shortages. And there is no better way to continue economic growth with low inflation than by bringing more Americans into the workforce, and into the circle of our prosperity. It's the smart thing to do, and the right thing to do.

Despite all the obstacles, million of low-income Americans who don't have cars still make it to work. They get up at dawn, travel two hours on three different buses to suburban jobs that pay $7 an hour, then come home the same way, somehow managing to get their kids to and from school and do the grocery shopping, all without a car. Their grit and courage takes your breath away. But doing right by your family shouldn't be that hard. With the actions I have outlined today, we can ease burdens and open up opportunities for countless families—and move our nation closer to what we all want it to be: a place where everyone willing to work for it can achieve the American Dream.

Thank you.

Message Sent To:____

Q&A for Transportation Event
February 23, 2000 – Draft as of 2/22 11 AM

Q: What did the President announce today?

A: The President unveiled a new regulation and several new budget initiatives to help low-income families get to work by making it easier for them to own a car or obtain public transportation. The new regulation will enable 150,000 individuals to own a reliable car without losing eligibility for food stamps. The President also called on Congress to enact three legislative proposals in his new budget that will: 1) enable 245,000 more families to own a car and still get food stamps by allowing states to use the more generous rules already put in place for their welfare reform programs; 2) double funding to $150 million for Access to Jobs grants; and 3) allow low-income families to use Individual Development Accounts (IDAs) to save for a car. These new steps are an important part of the Administration's strategy to reform welfare, reward work, and help hard-pressed working families.

How Big is the Problem?

Q: Is lack of transportation really a problem for low-income families?

A: Transportation to ~~work~~ is a barrier to employment for many low-income families. Existing public transit often doesn't link to suburban job opportunities, cover evening and weekend hours, or serve many rural communities. Recent data show that welfare recipients and other low income workers with cars are significantly more likely to be working. ~~In particular, studies show:~~

Transportation is a barrier to employment. Both welfare recipients and employers find the lack of transportation is a significant barrier to work.

- In Michigan, transportation was the most common barrier among welfare recipients surveyed: nearly half (47 percent) lacked access to a car and/or did not have a driver's license, and transportation was one of the most important factors in whether someone was working – as important as having a high school diploma. Welfare recipients without a transportation barrier are 55 percent more likely to work (69 percent employment rate) than those with transportation issues (45 percent). (Danziger, February 2000)
- Based on surveys by Wirthlin Worldwide, businesses in The Welfare to Work Partnership consistently cite transportation as among the top three barriers for welfare recipients they have hired, and one of the top issues affecting retention for these employees. More than half of businesses surveyed find employee transportation to be a problem, with 33% saying that public transportation routes do not run near their companies and 18% saying public transportation does not operate during hours needed to get workers to their jobs. (From 1998 survey Wirthlin Study, cited in Welfare to Work Partnership's publication "The Road to Work", released in 8/99).
- In Connecticut, 40 percent of welfare recipients report that transportation is a barrier to employment. (Welfare Research Group, 1997)

Car ownership.

- Data from the Urban Institute's National Survey of American Families show that as of 1997, 47 percent of families on welfare and 63 percent of low-income families (below 100% of poverty level) have a car, compared to 97 percent of higher income families (above 200% of poverty). Twice as many families receiving welfare who had a car were working (31 percent employment rate) than families on welfare who did not have a car (16 percent). Similarly, 25 percent more low-income families with a car were working (73 percent employment rate) than those without a car (59 percent).

- For welfare recipients in Los Angeles, those with a car are 32 percent more likely to get a job. ("Car Ownership and Welfare-to-Work," UCLA Working Paper, Paul Ong, 2/14/00) Among welfare recipients with a job, those with a car earn 60 percent more than those without a car. ("Work and Automoibile Ownership Among Welfare Recipients," Social Work Research, Paul Ong, December 1996)

Adequacy and use of public transportation.

- Nationwide, 42 percent of welfare recipients reportedly rely on public transportation (Leete and Bania, Census Public Use Microdata Sample, 1995). Suburban and rural welfare recipients are 3 to 4 times more likely than urban recipients to consider public transportation as inadequate. (Census and HUD, American Housing Survey, 1995).
- In rural areas, commuting distances tend to be longer and approximately 40 percent of rural counties lack public transit systems entirely. (Community Transportation Association of America, Survey of rural FTA grant recipients, 1994).
- Even in metropolitan areas with extensive transit systems, less than half of the jobs are accessible by transit:
  - In Watts (Los Angeles), a low-wage jobseeker can get to 57 times more jobs than a person without a car. (GET CITES: Evelyn Blumenberg – will fax backup)
  - In Boston, only 43 percent of entry level jobs were found accessible by public transportation, and only 33 percent of all employers in high-growth employment centers were accessible by public transportation (VOLPE).
  - In Cleveland, even with an 80-minute commute, residents from neighborhoods with a high concentration of public assistance recipients could reach less than 44 percent of appropriate job openings by public transit (Case Western).
  - In the Atlanta region, only 43 percent of entry-level job opportunities were accessible by the transportation authority (Atlanta Metropolitan Planning Organization).

Job accessibility. Two-thirds of all new jobs are created in suburbs, but three-quarters of welfare recipients live in rural areas or central cities (BLS data and AFDC data).

- Suburban locations are adding jobs more than twice as fast as central cities -- 10.3 percent compared to 4.4 percent annually. (HUD State of the Cities Report 1999)

Transportation and Food Stamps

Q: How will this new regulation help families get a car so they can get to work?

A: The regulation will disregard, or not count, the value of any vehicle in which the equity value is less than $1,000, helping 150,000 low-income families have a car to get to work and still qualify for needed nutritional assistance. Putting it simply, if family sold its car and wouldn't get more than $1,000 after paying off the loan, the car is not counted for purposes of food stamp eligibility.

Under current food stamp policy, a family is generally ineligible if they own a car worth more than $4,650 even if the family needs the car to get to work and really owns a small fraction of the car's value. [Note: see Q&A below for more on the food stamp asset test.] For example, suppose a family buys a 1997 Chevy pick-up with financing then the wage earner loses a job and takes a $6 per hour job. This family is now living on about $900 per month before payroll taxes and would be entitled to $280 in food stamps but the pick-up truck makes them ineligible under the current Food Stamp Program asset rules – even if they owe so much on the truck that if they sold it very little would be left for the family after paying off the finance company. Currently, if this family sells the truck, they would be eligible for food stamps but the wage earner won't be able to get to work.

~~The proposed regulation is currently on public display at the Federal Register and will be published later this month.~~

Q: What does the budget's food stamp legislative proposal do and how is it different from the regulation?

A: The Administration's budget would help an additional 245,000 low-income families own a car and still qualify for nutritional assistance by giving states an option to use their higher TANF vehicle resource rules in the Food Stamp program. Most states exclude the value of one vehicle in determining TANF eligibility and many others have set higher values for TANF than allowed in the Food Stamp program. Thus, a state that has put in place an $8,000 vehicle limit for TANF could use the same one for food stamps, streamlining eligibility determination rules and allowing more families to have a car and still receive needed nutritional assistance. The higher vehicle limit set by the states would apply to all families (whether they were on TANF or not.) The regulation puts in place a nationwide policy that will help only certain families – those with $1,000 or less in equity in their cars. The regulation alone will help 150,000 families by the year 2005; the legislation will help an additional 245,000 families. 2'04

~~**Q: What is the current food stamp vehicle allowance?**~~

~~A: The food stamp vehicle allowance is $4,650; in addition, families must have less than $2,000 in resources to qualify for food stamps. Thus, a family with $2,000 in a bank account could only have a vehicle worth $4,650. However, a family with no bank account or other resources could own a vehicle worth up to $6,650 and still qualify for food stamps, since the value of the vehicle above $4,650 counts towards the $2,000 resource limit.~~

In addition to these asset tests, families must have income of under 130 percent of poverty (about $8.75 an hour for someone working 40 hours per week in a family of three) to qualify for food stamps.

Q: What's the point of the $4,650 limit? Where did it come from?

A: The threshold of $4,500 was set by Congress in 1977 to ensure that people with luxury cars did not get food stamps. In the more than 20 years since the limit was set, however, it has been increased only $150 (or about 3 percent), while the Consumer Price Index for cars has nearly tripled. As a result, the vehicle limit has a far more restrictive effect on working poor families today than Congress intended when it established the limit.

Q: How many states have raised their vehicle limits under welfare reform and how much have they raised them to?

A: States have used the flexibility provided under welfare reform to adopt more generous vehicle limits for TANF than was allowed under AFDC:

- **3 States exclude all vehicles** – IL, MI and OH
- **4 States exclude one vehicle per adult** – AL, NH, NC, and SC
- **20 States exclude one vehicle per household** – AK, AZ, AR, CO, HI, KS, KY, ME, MD, MS, MO, MT, NE, NV, NM, ND, PA, VT, WV and WY
- **9 States have high equity or fair market value exclusions ($7,000 - $10,000)** – CT, LA, MN, NJ, NY (if car used for work), OR, UT, VA and WI
- **13 States have equity or fair market value exclusions between $4,650 - $5,000** – CA, DE, DC, GA, ID, IN, MA, OK, RI, SD, TN, TX and WA
- **2 States have other equity exclusions** – IA excludes equity of $3,889 for each adult and employed child; and FL has a combined equity exclusion of $8,500 for all vehicles.
- For welfare recipients in Los Angeles, those with a car are 32 percent more likely to get a job. Among welfare recipients with a job, those with a car earn 25 percent more than those without a car. (GET CITES: Paul Ong, unpublished data, 2000, and 1994)

Q: What's the difference between equity value and fair market value?

A: Fair market value is the price a car should fetch on the market – sometimes called the "blue book value." Equity is what you'd get if you sell the car for the fair market value and pay off any loan on the car.

Q: Will these proposals bring back the welfare "Cadillac"? How expensive a vehicle will people be able to own?

A: No. An important point here is that to qualify for food stamps, your income has to be below 130 percent of the poverty line – that's $18,000 a year for a family of three. If you need to make payments on an expensive car, you're not going to be able to do that for very long on that income. In fact, USDA ran a project in North Carolina in 1995 and 1996 which basically allowed families to own a car regardless of value – and the average car was three years old with a market value under $7,300.

Q: Do you expect Congress to enact this proposal?

A: This proposal has bipartisan support in both the Congress and the states. Bipartisan legislation has been introduced in both the House and Senate which incorporates this proposal (HR 3192 introduced by Representatives Walsh, Kelly, Diaz-Balart, Clayton, Hall, and Kaptur, and S 1805 introduced by Senators Kennedy and Specter). In addition, last year the nation's state welfare directors called for changes in food stamp policies which included this change. Welfare reform has always been a bipartisan issue and we should be able to work with the Congress to enact this proposal this year.

Q: How many people would be helped by these food stamp vehicle policies?

A: Together, the regulation and the legislative change will enable nearly 400,000 low-income people to own vehicles and still be eligible for food stamps. The regulatory change would help 150,000 people; the legislative proposal would help an additional 245,000.

Q: How much do the regulatory and legislative proposals cost and how are they paid for?

A: In the context of food stamp caseload reductions that go beyond changes in law or in economic assumptions, OMB has determined that this regulatory change, which costs \$565 million between FY 2001-FY 2005, will not need to include offsets that are generally required for administrative actions in order to ensure cost neutrality. Food stamp annual spending in FY 2000 is now projected to be \$1.1 billion below the Administration's baseline estimate in the FY 2000 Budget. The number of people receiving food stamps has fallen by 10.4 million since March 1994 and recent food stamp caseload declines have led to significant reductions in food stamp spending. Some working families are not participating in the Food Stamp Program for reasons in addition to the strength of the economy and the success of welfare reform in moving people from welfare to work. This regulatory change is aimed at addressing this issue.

The food stamp legislative change, which is estimated to cost \$661 million between FY 2001-FY 2005, is fully paid for within the context of the budget.

Q: How do these ~~proposals build~~ on the announcement the President made last July?

we define cat'g eligibility after TANF L funding to states + pub ed campaign

A: The executive actions announced by the President last July made it easier for low-income working families eligible for benefits under TANF to own reliable vehicles without losing nutritional support from the Food Stamp Program. As more families move from welfare to work, there is growing recognition of the importance of owning a reliable car to find and keep a job. The proposed regulation announced today will build on the actions the President took last summer by allowing households that have moved off welfare to have a reliable car and still be eligible for nutrition assistance if the household has little or no equity in the vehicle and the proposed legislative change will allow states to raise the vehicle limit to ~~match~~ the higher limits they've set in the TANF program.

Other Transportation Budget Initiatives

Q: What else does your budget do to help low-income families get transportation so they can go to work?

A: The Administration recognizes that different transportation strategies will work in different places and for different people, so our budget includes a package of initiatives to help low-income families get to work by making it easier for them to purchase a car as well as improving public transit solutions. ~~In addition~~ to the proposals described above to make it easier for working families to own vehicles and receive food stamps, the budget:

Doubles Access to Jobs transportation funding to $150 million to expand grants to communities to develop innovative public transportation solutions that help more low-income workers and welfare recipients get to work. These grants support locally designed innovative solutions to help low-income families get to work, including extending public transit hours and routes and funding van services. The Transportation Equity Act for the ~~21st Century authorized $750 million~~ over five years ($150 million annually) for the President's Job Access initiative and reverse commute grants. For FY 2001, the TEA-21 guaranteed funding level is $100 million and the President's budget seeks to double funding to the full authorized level of $150 million. The Department of Transportation will set aside $5 million for Indian tribes, and proposes to allow tribes to apply directly to the Federal Transit Administration for these grants. To support the Administration's Delta Initiative, $5 million will also be set aside for applicants from the Mississippi Delta region. The program is funded at $75 million for FY 2000, and in May, Vice President Gore awarded $71 million in FY ~~99 funds to 179 communities in 42 states around the country~~.

Allow working families to use Individual Development Accounts to save for a car that will allow them to get or keep a job. Since 1992, the President has supported the creation of IDAs to empower individuals to save for a first home, post-secondary education, or to start a new business. ~~In 1998, the President signed into law legislation authorizing a five-year $125 million IDA demonstration program~~. The President's budget provides $25 million for IDAs in FY 2001 to create over 20,000 new accounts. In recognition of the fact that a car is critical for many low-income workers to get or keep a job, the Administration is proposing to also allow IDAs to be used to save for a car.

Q: How is the Access to Jobs Program going? How do you react to reports that the Access to Jobs program is bogged down in bureaucratic delays?

[ERIC/ANNA – This is an entirely new answer; we'd left it blank in the 2/18 version]

A: Access to Jobs is a brand new program that is off to a promising start. To date, more than half of the 189 projects that were announced last May have received their FY 1999 federal funds, and DOT is working aggressively to provide technical assistance for grantees that are experiencing start-up delays. Start-up delays mainly reflect the fact that because the program is funded through Federal Transit funds, all grantees must meet the same requirements as for other Federal Transit programs such as testing for drugs and alcohol and making sure new services don't have an adverse impact on existing transportation jobs. One of the greatest strengths of the ATJ program is its emphasis on collaborative local planning that has resulted in involving a large number of non-traditional transit providers, such as community and faith-based organizations and human services agencies. In most cases, these groups are collaborating with more traditional public transit agencies and DOT has encouraged traditional transit providers to serve as the lead agency since they are familiar with the standard transit requirements. However, in some cases it is taking longer than exp~~ected for the non-tra~~ditional providers to meet these requirements for the first time. ~~DOT has~~ also told grantees that ~~they may begin~~ ~~providing transportation~~ services with their matching funds while completing the steps to comply with transit requirements needed to receive the federal funds. So far, about half of the grant sites have started services under this option. DOT is confident that funds ~~from the second~~ year's competitive application will go out faster based on the lessons learned this year and the technical assistance strategies put in place. DOT will release the ~~notice~~ for FY 2000 applications within the next few weeks.

Background

The Philadelphia Inquirer ran an article on February 13 citing bureaucratic delays in receiving Access to Jobs grant funds. The Philadelphia region was selected for $1.3 million in Federal Job Access funds in May. Their application involved a large number of non-traditional transportation sub-applicants. In an effort to expedite grant awards, DOT had set up a two-part process that involved initial selection in May, followed by completion of the transit requirements. According to DOT, once selected the traditional local transit agency—SEPTA--was reluctant to assume responsibility for non-traditional grantees meeting FTA grant requirements. SEPTA began some of their services in September using pre-award authority, but did not pass any funds to the sub-recipients so that they, too, could begin services. In December, SEPTA finally agreed to be the lead applicant for the purposes of the Federal requirements. The final application was then sent to the Department of Labor, who is in the process of completing Labor certifications and hopes to have these done within two weeks. At the behest of the FTA Regional Administrator, SEPTA agreed on February 16th to advance funds to the non-traditional applicants so that they can begin services as well.

While Philadelphia has experienced some problems which are now on their way to being solved, other ATJ grantees have enjoyed considerable success already. For example, a non-profit provider in Weirton, West Virgina has already transported nearly 700 low-income riders to employment opportunities, training, and child care, helping people get to jobs that they otherwise would not have been able to take. A new van service started in Toledo, Ohio with ATJ funds now reaches 200 employers and schools and has already served over 600 people, helping some low-income parents work for the first time. The Massachusetts Bay Transportation Authority began ATJ-funded services in September and is now providing bus service to 111 new stops reaching previously unserved employers and 410 stops at times not previously served. Approximately 285 of these new stops are within ¼ mile of the residences of welfare recipients or other low-income workers.

Q: Why do you think IDAs will help people save?

A: The first results from a major study of IDAs confirm that they are an effective tool in helping low income people save. On average, all IDA participants saved an average of $33 per month – a conservative figure that includes program dropouts and those with no savings. When combined with matching funds, participants accumulated an average of $845 over a nine-month period, and this is expected to grow as the program matures. Especially noteworthy was that very poor IDA participants saved almost as much as other participants, and saved a much larger portion of their income. Ninety percent of the participants had household incomes below 200 percent of the poverty line, with about 43 percent below the poverty line. Former welfare recipients saved at least as much as low income individuals who had never been on welfare. These results are from the American Dream Demonstration, a privately funded national demonstration operating in 14 sites around the country. Clearly, if a low-income family could save approximately $1,000 through an IDA in the course of a year, this would help them make a down payment on a decent car.

Q: **Do you think the Retirement Savings Accounts included in your budget should be used to help someone save for a car?**

A: A number of the details related to the qualified withdrawals for RSAs are still under development. We plan to explore further whether it is appropriate to allow RSAs to be used to save for a car as one of the non-retirement related withdrawals. RSAs would cover a much broader population -- not just the low-income families eligible for IDAs.

Q: **The President's FY 2001 Transportation Budget has been called "dead on arrival" by several influential members like Senators Shelby and Byrd, and Congressman Shuster. They have said that this budget diverts highway funds from states and violates the Transportation Equity Act for the 21st Century's (TEA-21) funding formulas.**

A: The FY 2001 Budget provides $55 billion, a record funding level, for transportation. This action reflects strong administration support for improving the nation's safety, highway, transit, rail, aviation, and maritime programs.

We propose to reallocate about $1.5 billion of the $3.1 billion in unanticipated funding that is available as a result of the higher than anticipated gas tax receipts to fund priority programs. Every State will receive more than it anticipated receiving when TEA-21 passed. This reallocation builds upon the reallocations Congress itself has enacted in each of the last years.

Our proposal for the Access to Jobs program would simply fully-fund the program at the authorized level Congress enacted in TEA-21.

Background

The Budget proposes to reallocate highway funds to the following programs:

- $50 million to help move more people from welfare to work through Access to Jobs;
- $70 for highway safety operations and research;
- $468 million for expanded intercity passenger rail;
- $75 million to improve roads in Indian reservations;
- $398 million to supplement the highway emergency relief fund;
- $48 million to expand transportation options in the Mississippi Delta Region; and

- other programs such as trade border and corridor, commercial drivers license, and the Transportation and Community and System Preservation Pilot.

This reallocation does not adjust the TEA-21 formulas and no states would lose funding compared to the amounts contained in the original TEA-21 baseline. This plan directs higher than anticipated funds to programs that are priorities for Congress and the Administration.

The Administration's plan focuses especially on the needs of the low income families and areas. With the reallocation of $50 million from the gas taxes described above, the Administration proposes doubling the Job Access and Reverse Commute Grant program in the Federal Transit Administration (FTA) to $150 million, the fully authorized level. These grants allow communities to develop innovative public transportation solutions to help more low-income workers and welfare recipients get to work.
Note: this Q&A was provided by David Tornquist and Lin Liu of OMB and was reviewed by Dorothy Robyn of the NEC.

Welfare Reform Background

Q: How is welfare reform going?

A: In 1992, President Clinton promised to end welfare as we know it, and now more than three years after the enactment of the welfare reform law, we've seen revolutionary changes to promote work and responsibility: the number of Americans on welfare is at its lowest level since 1969 – 30 years ago – as millions of people move from welfare to work. Since January 1993, the welfare rolls have fallen by more than half, from 14.1 million to 6.9 million. More than 1.3 million welfare recipients went to work in 1998 alone. All fifty states are meeting the law's overall work requirement in 1998, and the percentage of adults still on welfare who were working reached 27 percent -- a nearly fourfold increase over the 7 percent in 1992. Census Bureau data show that the employment rate of people receiving welfare in the previous year has increased by 82 percent since 1992. Numerous independent studies also confirm that record numbers of people are moving from welfare to work. The Welfare to Work Partnership, launched by the President in 1997, now includes 12,000 businesses that have hired nearly 650,000 welfare recipients. The federal government is also doing its share: in 1997 the President challenged federal agencies to hire 10,000 welfare recipients over four years and, with the Vice President's leadership, we've far exceeded that goal, hiring more than 16,000 people at a time when the federal workforce is the smallest it has been in thirty years.

Q: What has this Administration done to make work pay for low-income families?

A: President Clinton and Vice President Gore have worked for the last seven years to raise incomes, make work pay, help families make a successful transition from welfare to work, and extend opportunity to all. This includes raising the minimum wage, expanding the Earned Income Tax Credit, enacting the Children's Health Insurance Program, and promoting investment in underserved communities.

The President has warned Congress not to renege on the bipartisan commitment to help states and communities finish the job of welfare reform, vigorously opposing proposals to cut the welfare block grant and the EITC tax refund for low income workers which lifted 4.3 million people out of poverty in 1998. To finish the job and support hard pressed working families, we must enact our FY 2001 proposals to expand the EITC, health coverage, and child care, provide more housing vouchers, help low income working families upgrade their skills and get the critical work supports they need, promote responsible fatherhood by helping low income fathers work and support their children, and enact tough new measures to collect more child support from those who can afford to pay.

Q: What is the Administration doing to make sure families get the food stamps and Medicaid for which they are eligible?

OK

A: Medicaid and Food Stamps are essential supports for working families. As these parents leave welfare for work, it is important for them to know that health insurance and nutritional assistance benefits are still available. It's also important that states reach out to low-income working families who may be eligible for these programs since Food Stamps and Medicaid could keep them off of welfare in the first place.

In December, the President unveiled a new regulation proposed by the Department of Health and Human Services (HHS) which awards $200 million to high performing states that succeed in moving people from welfare to work, enrolling children and families in Medicaid, Children's Health Insurance Program (CHIP) and Food Stamps, and family formation. These new measures will ensure that welfare reform will continue to move millions of families from dependence to independence, by encouraging work, supporting working families to help them succeed and stay off welfare, and increasing the number of low-income children living with two married parents. We will also require states to certify that they are following Medicaid and Food Stamp laws as a condition of applying for the high performance bonus.

In addition, we've taken a number of actions to be sure both that states follow the law and that they do appropriate outreach. HHS has repeatedly urged states in many different ways to pay attention to their eligibility and enrollment processes to ensure that those eligible for Medicaid, particularly children, are enrolled. In fact, all state Medicaid and TANF administrators received a letter in June of last year explaining actions states should take to ensure that all those eligible for Medicaid receive it, including making Medicaid and CHIP applications available at sites where TANF eligibility is evaluated and where "diversionary" assistance is provided. Since that time, more letters have been sent, including a 27-page guide on how states can improve their Medicaid and welfare systems. We also have launched a 50-state review process to make sure that all those who should receive Medicaid do.

In July 1999, the President took executive actions to help ensure working families who need Food Stamps have access. These steps included: a new policy making it easier for working families to own a car and still receive Food Stamps; a new regulation simplifying rules so that families do not have to report income as often and states won't be penalized for small errors in projecting families' future earnings; and a new public education campaign launched by Secretary Glickman to educate working families about Food Stamps.

In January, 1999, USDA sent a formal notice to every state outlining the law's requirements, including that states should ensure that applicants are fully aware of their right to file an application for Food Stamps when applying for cash assistance and should not automatically terminate Food Stamp benefits as people move to work.

	Recipients*	Work Status of Families by Income Relative to Poverty**		
	On welfare	**100% FPL**	**100-200% FPL**	**Above 200%FPL**
Own a car	47%	63%	87%	97%
Work	**31%**	**73%**	91%	98%
Don't work	69%	27%	9%	2%
No car	53%	37%	13%	3%
Work	**16%**	**59%**	90%	99%
Don't work	84%	41%	10%	1%
Total	100%	100%	100%	100%

*Welfare recipients are the primary child caregiver.

**Respondents are families with at least one person under 65; work is defined as one or more persons employed during the previous calendar year.

Source: Data from the National Survey of American Families, Urban Institute, 1997.

PRESIDENT CLINTON TAKES ACTIONS TO HELP LOW-INCOME FAMILIES GET ON THE ROAD TO WORK AND OPPORTUNITY
February 23, 2000

President Clinton today will unveil a new regulation and highlight several new budget initiatives to help low-income families get to work by making it easier for them to own a car or obtain public transportation. The new regulation the President is announcing will enable 150,000 individuals to own a reliable car without losing eligibility for food stamps. The President will also call on Congress to enact three legislative proposals in his new budget that will: 1) enable 245,000 more families to own a car and still get food stamps by allowing states to use the more generous rules already put in place for their welfare reform programs; 2) double funding to $150 million for Access to Jobs grants; and 3) allow low-income families to use Individual Development Accounts (IDAs) to save for a car. These steps are a key part of the Administration's strategy to reform welfare, reward work, and help hard-pressed working families.

FAMILIES NEED TRANSPORTATION TO GO TO WORK. Low-income families cannot participate fully in our strong economy and support their children unless they can get to work. Two-thirds of all new jobs are now created in suburbs, but three-quarters of welfare recipients live in rural areas or central cities. While many states and communities are working to develop innovative transportation strategies, existing public transit often fails to link to suburban job opportunities, cover evening and weekend hours, or serve rural communities. Even in metropolitan areas with extensive transit systems, studies have shown that less than half the entry level jobs are accessible by transit.

Having a car can make a tremendous difference. Data from the Urban Institute's National Survey of American Families show that twice as many welfare recipients with cars were working than those without cars, and 25 percent more low-income families with cars were working than those without cars. Studies of welfare recipients in Michigan and Los Angeles also underscore that access to a car is a critical factor in getting a job. The fact is, however, that many welfare recipients and low-income workers do not have a car.

PRESIDENT ANNNOUNCES STEPS TO HELP MORE FAMILIES GET TO THE JOB. The Clinton-Gore Administration will put more families on the road to work and opportunity by:

Making it Easier for Working Families to Own a Car and Receive Food Stamps. Current law forces many working families to choose between nutritional assistance and a reliable car because it limits food stamp eligibility to most families owning a vehicle worth less than $4,650. President Clinton and Vice President Gore believe working parents shouldn't be forced into this choice, and today the President will unveil a new regulation that will enable families with low amounts of *equity* in their cars to qualify for food stamps (equity being fair market value minus outstanding loans). The regulation will exclude, from the food stamp program's limit on assets, the value of any vehicle with an equity value of less than $1,000. The President will also call on Congress to pass his new budget proposal allowing state food stamp programs to use the higher vehicle asset limits of their welfare reform programs. (In most states, the welfare reform rules on owning a car are more generous than the rules that apply to food stamps). Together, the regulatory change and the budget proposal will make it easier for an estimated 400,000 individuals by 2005 to get to work (150,000 through the regulation and 245,000 through the budget proposal).

Doubling 'Access to Jobs' Funding. The President today will also highlight his proposal to double Access to Jobs grants to $150 million in FY 2001. These grants fund locally designed transportation projects that help hard-pressed families get to work – for example, by extending public transit hours and routes or funding van services. Under the $150 million proposal, the Department of Transportation will also set aside $5 million for Indian tribes, and designate another $5 million for applicants from the Mississippi Delta region, as part of the Administration's Delta Initiative.

Allowing Working Families to Use Individual Development Accounts to Save for a Car that will Allow them to Get or Keep a Job. The President will also highlight a $25 million initiative in his budget to fund the third year of a five-year IDA demonstration program signed into law in 1998. As part of this budget initiative, the President will also propose allowing low-income families to use IDAs to save for a car that will help them get or keep a job. Currently, IDAs provide incentives through federal matching funds for low-income working families to save for a first home, post-secondary education, or start a new business – but not a car.

TODAY'S ACTIONS BUILD ON A RECORD OF REWARDING WORK AND HELPING HARD-PRESSED WORKING FAMILIES. President Clinton and Vice President Gore have worked for seven years to raise incomes, make work pay, help families make a successful transition from welfare to work, and extend opportunity to all. Today's transportation proposals will do even more to promote work and help hard-pressed working families and are part of a comprehensive package of proposals in the Administration's FY 2001 budget to expand the EITC, health coverage, and child care, provide more housing vouchers, help low-income working families upgrade their skills and get the critical work supports they need, promote responsible fatherhood by helping low income fathers work and support their children, and enact tough new measures to collect more child support from those who can afford to pay.