

## **Assets and Program Participation**

**Robert B. Nielsen, Washington, DC**  
**Steven B. Garasky, Iowa State University<sup>1</sup>**  
**Cynthia Needles Fletcher, Iowa State University<sup>2</sup>**

Research that examines public assistance program participation and household movement out of poverty often has focused on the role of earnings and assets in establishing economic self-sufficiency. Recently, policy makers have reconsidered assets when determining program eligibility and eased restrictions on the values of vehicles. This study simulates the effect that recent rule changes in Iowa related to asset values might have on a sample of low-income respondents to the Iowa Transportation and Employment Survey (ITES). In Iowa, asset rule changes attempt to recognize the role that access to a reliable vehicle plays in moving families from welfare to work by excluding one vehicle, without regard to its value, when assets are calculated to determine TANF and Food Stamp Program eligibility. The ITES, conducted in 2001, includes vehicle rosters for each household, a “Blue Book” value of these vehicles, and other demographic and economic information for a sample of 289 low-income households. To simulate recent asset rule changes, we model public assistance program participation for these households with explicit consideration of the role of vehicle values in explaining nonparticipation among otherwise apparently eligible households. We find that after controlling for other factors that influence program participation, the inclusion of an asset threshold reduces program participation among our sample of low-income households. Specifically, when simulating recent asset rule test changes that allow one vehicle to be excluded from the household’s assets, we find that the exclusion of the vehicle with the highest value is associated with a marginal increase in program participation of 30 percent. That is, 30 of 36 formerly ineligible low-income households in the ITES would be eligible for public assistance under asset rule changes implemented by the state of Iowa in 2004. These results suggest that removal of vehicle asset test may indeed be associated with greater program participation. However, in the context of other literature, access to higher-valued, and presumably more reliable, vehicles may actually facilitate the transition from welfare to work in the long term.

### Endnotes

<sup>1</sup> Associate Professor, Department of Human Development and Family Studies, Iowa State University, Ames, IA.

<sup>2</sup> Professor, Department of Human Development and Family Studies, Iowa State University, Ames, IA.