

ARKANSAS REGISTER

FILED

Transmittal Sheet

DEC 11 1995



BY SHARON PRIEST
SECRETARY OF STATE

Sharon Priest
Secretary of State
State Capitol Rm. 01
Little Rock, Arkansas 72201-1094

For Office Use Only: Effective Date 10/1/95 Code Number 016.20.95--017

Name of Agency Department of Human Services

Department Division of County Operations

Contact Person Roy Kindle Phone 682-8251

Statutory Authority for Promulgating Rules Section 13923 of the Mickey LeLand Childhood Hunger Relief Act (P.L. 103, enacted August 10, 1993)

	Date
Intended Effective Date	Legal Notice Published <u>11/09/95</u>
<input type="checkbox"/> Emergency	Final Date for Public Comment <u>12/09/95</u>
<input type="checkbox"/> 10 Days After Filing	Filed With Legislative Council <u>11/09/95</u>
<input checked="" type="checkbox"/> Other (mandated P.L. 103-66) <u>10/01/95</u>	Reviewed by Legislative Council _____
	Adopted by State Agency <u>12/20/95</u>

CERTIFICATION OF AUTHORIZED OFFICER

I Hereby Certify That The Attached Rules Were Adopted
In Compliance with Act 434 of 1967 As Amended.

[Signature]
Signature

682-8375
Phone Number

DCO, Director
Title

12/8/95
Date

FILED

DEC 11 1995

BY SHARON PRIEST
SECRETARY OF STATE

QUESTIONNAIRE FOR FILING PROPOSED RULES AND REGULATIONS
WITH THE ARKANSAS LEGISLATIVE COUNCIL AND JOINT INTERIM COMMITTEE

DEPARTMENT/AGENCY Human Services
DIVISION County Operations
DIVISION DIRECTOR Roy Hart
CONTACT PERSON Roy Kindle, Jr.
ADDRESS P.O. Box 1437, Little Rock, AR 72201
PHONE NO. 682-8251 Fax No. 682-1469

INSTRUCTIONS

- A. Please make copies of this form for future use.
- B. Please answer each question completely using layman terms. You may use additional sheets, if necessary.
- C. If you have a method of indexing your rules, please give the proposed citation after "Short Title of this rule" below.
- D. Submit two (2) copies of your proposed rule and mail or deliver to:

Donna K. Davis
Subcommittee on Administrative Rules and Regulations
Arkansas Legislative Council
Bureau of Legislative Research
Room 315, State Capitol
Little Rock, AR 72201

- 1. What is the short title of this rule?
Food Stamp Certification Manual FSC 95-22
- 2. What is the subject of the proposed rule?
Resource eligibility - increases the vehicle resource disregard from \$4,550 to \$4,600.
- 3. Is this rule required to comply with federal statute or regulation? Yes X No

If yes, please provide the federal regulation and/or statute citation.

Section 13923 of the Mickey Leland Childhood Hunger Relief Act, P.L. 103-66

- 4. Was this rule filed under the emergency provisions of the Administrative Procedure Act? Yes _____ No X

If yes, what is the effective date of the emergency rule?

When does the emergency rule expire?

Will this emergency rule be promulgated under the regular provisions of the Administrative Procedure Act? Yes
No

5. Is this a new rule? Yes _____ No X

Does this repeal an existing rule? Yes X _____ No
If yes, please provide a copy of the repealed rule.

Is this an amendment to an existing rule? If yes, please
attach a markup showing the changes in the existing rule
and a summary of the substantive changes.

6. What state law grants the authority for this proposed rule?
If codified, please give Arkansas Code citation.
N/A

7. What is the purpose of this proposed rule? Why is it
necessary?

It is necessary to comply with P.L. 103-66.

8. Will a public hearing be held on this proposed rule?
Yes _____ No X _____ If yes, please give the date, time,
and place of the public hearing?

9. When does the public comment period expire?
December 9, 1995.

10. What is the proposed effective date of this proposed rule?
December 1, 1995, as mandated by P.L. 103-66/APA effective
December 20, 1995

11. Do you expect this rule to be controversial? Yes _____
No X _____ If yes, please explain.

12. Please give the names of persons, groups, or organization
which you expect to comment on these rules? Please provide
there position (for or against) if known.

Mr. David J. Manley
Attorney at Law
Legal Services of Arkansas

PLEASE ANSWER ALL QUESTIONS COMPLETELY

July 28, 1995

FILED

DEC 11 1995

SHARON PRIEST
SECRETARY OF STATE
BY

DEPARTMENT Human Services
DIVISION County Operations
PERSON COMPLETING THIS STATEMENT Beverly Doyle
TELEPHONE NO 682-8284 FAX NO. 682-1469

FINANCIAL IMPACT STATEMENT

To comply with Act 884 of 1995, please complete the following Financial Impact Statement and file with the questionnaire and proposed rules.

SHORT TITLE OF THIS RULE FSC 95-22

1. Does this proposed, amended, or repealed rule or regulation have a financial impact? Yes _____ No X
Any increased cost will be negligible. All cost will be federal dollars.
2. If you believe that the development of a financial impact statement is so speculative as to be cost prohibited, please explain. This amendment does increase the resource disregard for vehicles. This increase will be substantially offset by the increasing value of new vehicles.
3. If the purpose of this rule or regulation is to implement a federal rule or regulation, please give the incremental cost for implementing the regulation.

1995-96 Fiscal Year

1996-97 Fiscal Year

General Revenue	<u>-0-</u>
Federal Funds	<u>negligible</u>
Cash Funds	<u>-0-</u>
Special Revenue	<u>-0-</u>
Other	<u>-0-</u>
Total	<u>-0-</u>

General Revenue	<u>-0-</u>
Federal Funds	<u>negligible</u>
Cash Funds	<u>-0-</u>
Special Revenue	<u>-0-</u>
Other	<u>-0-</u>
Total	<u>-0-</u>

4. What is the total estimated cost by fiscal year to any party subject to the proposed, amended, or repealed rule or regulation?

1995-96 Fiscal Year
negligible

1996-97 Fiscal Year
negligible

5. What is the total estimated cost by fiscal year to the agency to implement this regulation?

1995-96 Fiscal Year
N/A

1996-97 Fiscal Year
N/A

July 28, 1995

MANUAL TRANSMITTAL

Arkansas Department of Human Services

Division of County Operations

FILED

DEC 11 1995

SHARON PRIEST
SECRETARY OF STATE

BY _____

Policy Form Policy Directive

Issuance Number FSC 95-22

Food Stamp Certification Manual

Issuance Date 11-01-95

From: Roy Hart
Director

Expiration Date Until
Superseded

Subj: Increase in Resource Disregard Limits for Vehicles

<u>Pages to be deleted.</u>	<u>Dated</u>	<u>Pages to be added.</u>	<u>Dated</u>
Front 4713 - 4714,	10-01-87	4713 - 4714,	10-01-87
Back 4800 - 4811,	05-01-95	4800 - 4811,	10-01-95
Front 4811 - 4821,	05-01-95	4811 - 4821,	10-01-95
Back 4821 - 4821,	05-01-95	4821 - 4821,	10-01-95
Front 4821 - 4821,	05-01-95	4821 - 4821,	10-01-95
Back 4821 - 4821,	05-01-95	4821 - 4841,	10-01-95
Front 4850 - 4850,	05-01-95	4850 - 4850,	10-01-95
Back None			

SUMMARY OF CHANGES

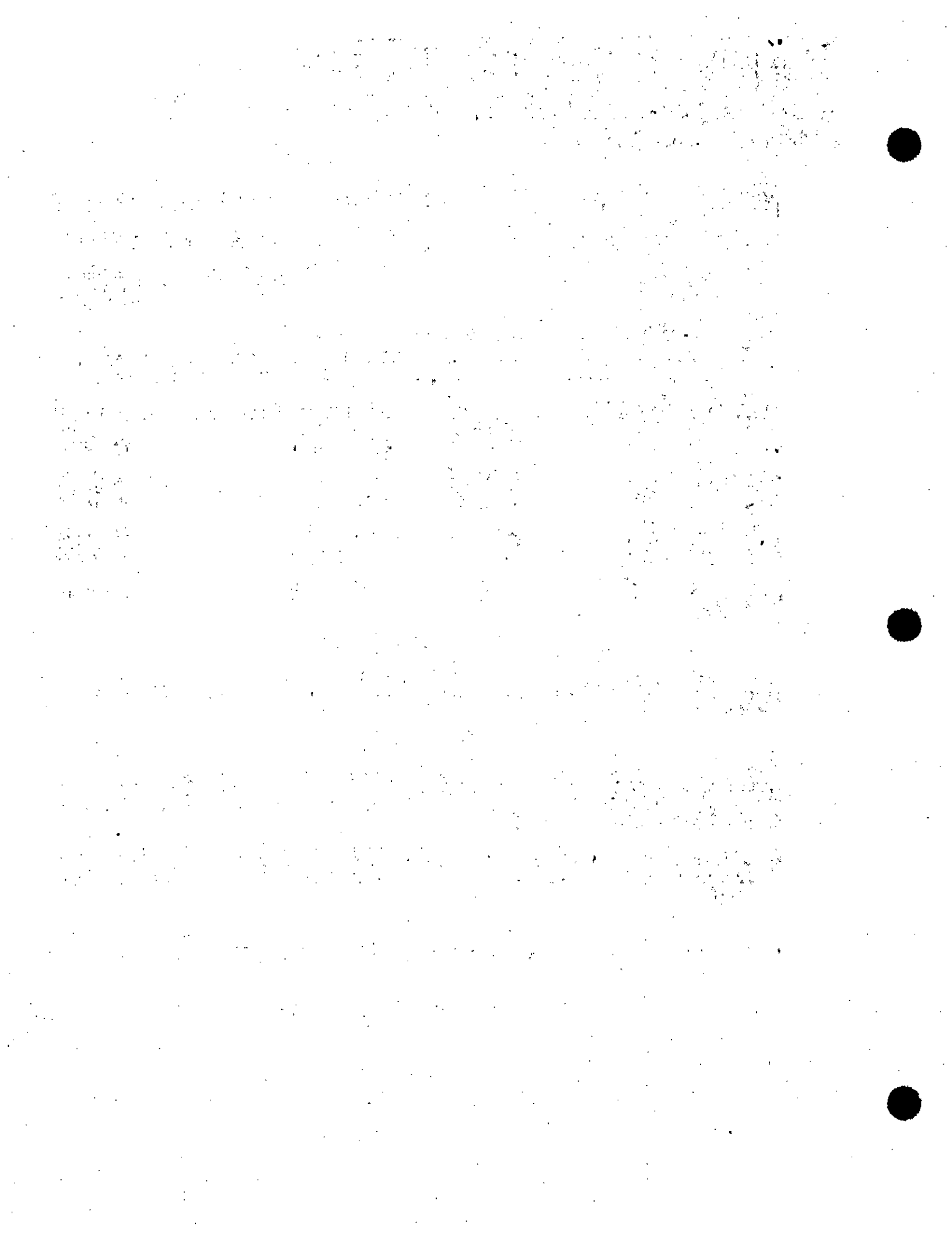
The \$4,550 vehicle resource disregard has been changed to \$4,600 effective 10-01-95.

IMPLEMENTATION

Under the authority of Section 13923 of the Mickey Leland Childhood Hunger Relief Act (Public Law 103-66), the new resource disregard of \$4,600 for vehicles must be implemented effective 10-01-95.

Any household who would have been eligible under this policy as of 10-01-95 will be restored any lost benefits. See FSC 13300 for instructions on restoring benefits.

Inquiries to: Betty Helmbeck, Food Stamp Section, 682-8284



Acceptable verification of fair market value of real property located in Arkansas is a statement from the accessor in the county in which the property is located. This includes the household's notice of reappraisal and/or a tax bill if it reflects the assessed value of the property after the reappraisal.

Acceptable verification of fair market value of real property located outside Arkansas is a statement from a source knowledgeable of the fair market value of the property. Examples of such sources include local realtors, local Farmer's Home employees, or local tax assessors.

Acceptable verification of the fair market value of personal property is a statement from a knowledgeable source. For example, verification of the value of a boat and motor could be supplied by a person who owns a store which sells boats and motors. Personal property may also be verified by newspaper ads in which similar property is being offered for sale. If a newspaper is used as verification, a copy of the ad may be placed in the case record. The name of the newspaper and the date the ad ran should be documented in the case record.

Acceptable verification of an encumbrance may include:

- a. Payment books;
- b. Bank schedules; or
- c. A statement from the lender specifying the total principle amount of the indebtedness.

Any verification of an encumbrance must specify the amount of the principle owed.

4714 Documentation of Non-Liquid Resources

Document:

- a. A complete description of the resource (include the legal description of real property if available);
- b. The household's statements regarding the fair market value of the resource and any encumbrances; and
- c. Whether the declared value of the resource is questionable.

If the declared value of the resource is questionable, document:

- a. Why the value is questionable; and
- b. The verification obtained.

Also, document the figures used to determine the equity value of any resource.

FOOD STAMP CERTIFICATION MANUAL 4800 - 4811 DATE: 10-1-95	SECTION: RESOURCES SUBJECT: VEHICLES/OWNERSHIP
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4800 Vehicles

4810 Summary

This section defines licensed and unlicensed vehicles and describes the procedures used to determine the resource value for each countable vehicle. This section will not discuss vehicles excluded as a resource. See FSC 4430 for an explanation of vehicles excluded from resource determination.

Each non-excluded vehicle must be evaluated to determine what resource value (if any) will be counted in the food stamp budget. This includes both licensed and unlicensed vehicles. Unlicensed vehicles will be evaluated even if they are not running. "Junked" cars must be evaluated as well. The resource value of all vehicles will always be either:

- * 1. The fair market value less \$4,600; or
- 2. The equity value.
- * The fair market value less \$4,600 will be assigned to licensed vehicles when the vehicle is:
 - 1. Used as the household's family car;
 - 2. Used to transport household members to employment, to training or education preparatory to employment, or to seek employment in compliance with the WORK Program.
- * The greater of the fair market value less \$4,600 or the equity value will be assigned to all other licensed vehicles.

Equity value (fair market value less encumbrances) will be assigned to all unlicensed vehicles.

4811 Ownership of Vehicles

The question of ownership of a vehicle arises when the title to a vehicle is held jointly in the name of two people but only one person has possession of the vehicle or when the title is held solely by one person but the vehicle is considered to belong to someone else because that person is paying for the vehicle and drives and maintains the vehicle. For example, a parent may allow a child to purchase a vehicle in the parent's name if the child cannot get the necessary credit approval.

Under Arkansas law, when property is bought by one person with the money or assets of another, the property actually belongs to the person who furnished the money or assets to purchase the property. Therefore, when the title to an automobile is held by a member of a food stamp household, yet he verifies he has no access to the vehicle and he is not paying for the vehicle, the vehicle should not be counted as a resource to his

- * Under the authority of Section 13923 of the Mickey Leland Childhood Hunger Relief Act (Public Law 103-66), the new resource disregard of \$4,600 for vehicles must be implemented effective 10-1-95.

household. (The vehicle will be considered a resource to household of the person who furnished the money to purchase the vehicle and who drives and maintains the vehicle.)

In these instances, the household will be asked to provide verification of that someone other than a household member is making payments on the vehicle and drives and maintains the vehicle. Verification of non-accessibility must be in the form of canceled checks or money order receipts showing the name of the person who actually makes the car payments and other documents (gas tickets, repair bills, etc.) which show use and maintenance of this vehicle by this person. In the absence of any of these documents, the household may provide collateral statements to provide the vehicle is inaccessible.

NOTE: This policy will not be applied to those situations where one person owns a vehicle but allows another person to drive it. The policy will only apply when the person who has possession of the vehicle is making payments on the vehicle and is using his own funds to maintain the vehicle.

4820 Definition of a Licensed Vehicle

A licensed vehicle is a vehicle currently licensed by a state to operate on public roads and highways. Vehicles which bear a temporary dealer's permit are considered licensed.

4821 Determining the Countable Resource Value of Licensed Vehicles

The resource value assigned to all licensed vehicles for purposes of determining food stamp eligibility will be either:

- **
1. The fair market value less a \$4,600 limit; or
 2. The equity value.

** Fair market value less \$4,600 limit will be assigned to the following licensed vehicles.

1. The family car. This is the vehicle used as the household's primary source of transportation. If the household has more than one vehicle, the household designates which vehicle is the family car.

** NOTE: A household may own only one vehicle and be ineligible for food stamps if the fair market value less the \$4,600 limit exceeds the resource limits. For example, if a household without an aged member owns one vehicle and that vehicle's fair market value is \$7,000, the household is ineligible.
** (\$7,000 - \$4,600 = \$2,400)

2. Cars used for transportation to work. This includes all vehicles necessary for household members to accept or continue employment or use for transportation to a school or other site for training or education preparatory to employment. (This does not include vehicles used by high school students for transportation to school.) Also included are all vehicles used by household members to comply

with a Project SUCCESS requirement. See FSC 3400. Vehicles used for transportation to work do not lose their exempt status during temporary periods of unemployment.

Fair market value is the average trade-in value of the vehicle as listed in the most recent "NADA Book" available in the county office with the following exceptions:

1. The vehicle is too new or too old to appear in the "NADA Book"; or
2. The value is not listed in the "NADA Book" for another reason; or
3. The household disputes the "NADA Book" value and presents conclusive proof that the current "NADA Book" value is inaccurate.

NOTE: Do not consider the value of special or optional equipment or low mileage when determining the average trade-in value of a vehicle.

New "NADA Books" are provided to all county offices every six months. When the vehicle is too new to appear in the "NADA Book", the current average trade-in value can be determined by contacting a local car dealer. When establishing the value of new vehicles, keep in mind that most new vehicles decrease substantially in value when purchased since the vehicle is now considered "used". Therefore, information such as contracts for purchase may be inaccurate.

When the vehicle is too old to appear in the "NADA Book", the household's statement of value may be accepted if the statement is not questionable. To determine if the statement is questionable, consider the age and make of the vehicle. For example, luxury cars such as Cadillacs, Mercedes, and Porsches do not lose value as quickly as other cars. A four-wheel drive vehicle will usually retain a high value also. Antique vehicles may have a high resale value if such vehicles have been properly maintained or have been restored.

The household has a right to dispute the average trade-in value of a vehicle as stated in the "NADA Book" if:

1. The vehicle has been damaged in a wreck or through other means;
2. The vehicle is inoperable due to motor failure or other major malfunction; or
3. The vehicle is a model which is generally unpopular and/or subject to malfunction making the vehicle difficult to resell.

It is the household's responsibility to provide conclusive proof of the vehicle's current fair market value. The vehicle's current value may be substantiated by statements from dealers or newspaper ads. Statements from reputable repair shops verifying motor failures or other major malfunctions or police reports verifying wrecked vehicles may be accepted as proof of the current condition. Other proof may be accepted if it is conclusive in the caseworker's judgment.

If the documentation submitted by the household is inconclusive or questionable, additional documentation may be requested. Also, the caseworker may re-contact collateral sources such as dealers to determine

how the value was assigned to the vehicle. Before contacting the dealer, the caseworker may wish to consult publications similar to the "NADA Book" or may check newspaper ads to determine the value of similar vehicles.

In such situations the caseworker must always provide documentation as instructed below.

1. Why the documentation provided is considered questionable or inconclusive - e.g. was the value stated by a dealer substantially less than the NADA book value? Was any reason given by the dealer for this difference in value? Is the reason plausible?
2. What the household was instructed to do to clear up the questionable documentation. (The household should be issued an DCO-206 which gives this information. A copy of the DCO-206 may serve as documentation.)
3. How the caseworker finally arrived at the fair market value of the vehicle which is the subject of the dispute. Include all contacts made by the caseworker or information obtained by the caseworker as well as any information provided by the household.

NOTE: When a newspaper ad is used to establish the fair market value of a vehicle, either a dated copy of the ad or a dated original must be attached to the case record.

** When a family car or a vehicle used for transportation to work has a fair market value of less than \$4,600 no resource value will be shown in the food stamp budget. Resource value is determined for each vehicle individually.

Example: A household declares two vehicles, a 1984 Ford with a fair market value of \$2,000 (used as the family car) and a 1993 Chevrolet with a fair market value of \$5,000 (used for transportation to work). To determine the resource value, the \$4,600 limit will be applied to each vehicle.

** Ford: \$2,000 - \$4,600 = 0 Countable Resource Value

** Chevrolet: \$5,000 - \$4,600 = \$400 Countable Resource Value

** When a licensed vehicle is not used as the family car, for transportation to work, for education preparatory to work, or to participate in Project SUCCESS Program, count the greater of the vehicle's fair market value over \$4,600 or the equity value. The equity value of a vehicle is the fair market value less encumbrances.

Example: A household has an Escort GT which is not used either as the family car or for work related purposes. The current average trade-in value in the "NADA Book" is \$6,050. The household owes \$5,000 on this car. The current value is calculated as follows:

FOOD STAMP CERTIFICATION MANUAL 4821 - 4841 DATE: 5-1-95	SECTION: RESOURCES SUBJECT: UNLICENSED VEHICLE/ RECREATIONAL VEHICLES
--	---

$$\begin{array}{r}
 \$6,050 - \text{average trade-in value} - \$6,050 \\
 -5,000 - \text{encumbrance} \qquad \qquad \qquad -4,600 - \text{limit} \\
 \hline
 \$1,050 - \text{equity value} \qquad \qquad \qquad \qquad \qquad \$1,450 - \text{fair market value}
 \end{array}$$

\$1,450 is the greater of the two values and will be added to the household's other countable resources.

4830 Definition of an Unlicensed Vehicle

An unlicensed vehicle is one which is not currently licensed by a state to operate on public roads and highways. This includes expired licenses. Vehicles which bear a temporary dealer's permit are considered licensed.

4831 Determining the Countable Resource Value of Unlicensed Vehicles

The resource value assigned to all unlicensed vehicles for the purpose of determining food stamp eligibility is the equity value. The equity value of a vehicle is the fair market value less encumbrances. The fair market value of unlicensed vehicles is determined in the same manner as the fair market value of licensed vehicles. See FSC 4821 above.

Example: A household owns a 1968 Ford Thunderbird which is currently being restored. It is unlicensed. The household estimates that the current fair market value of the Thunderbird is \$1,000. The household owes nothing on the car. \$1,000 will be added to the household's other resources.

4832 "Junked Vehicles"

Normally, the value of a "junked" vehicle will be the price the household anticipates it could receive if the vehicle were sold for scrap. Antique car and truck bodies may sell for more if they are in a condition to be restored. The household's statement of the value of a "junked" vehicle will be accepted unless questionable.

4840 Definition of a Recreational Vehicle

A recreational vehicle is a vehicle used primarily for recreational purposes. Vehicles such as motorcycles, mopeds, campers, motor homes, three and four wheelers and golf carts are usually considered recreational vehicles.

Before a vehicle is considered a recreational vehicle, the actual use of the vehicle must be determined. For example, a motorcycle used by a household member to commute to work would not be a recreational vehicle but would be treated as a vehicle used for transportation to work.

4841 Determining the Countable Resource Value of a Recreational Vehicle

If a recreational vehicle is licensed, the greater of the fair market value less \$4,600 or the equity value of the vehicle will be counted as a resource. If the recreational vehicle is unlicensed, the equity value of the vehicle will be counted as a resource. Instructions for determining fair market and equity value are contained in FSC 4821.

VEHICLE DESK GUIDE

HANDLING VEHICLES

4850	Vehicles To Be Considered	Amount To Be Excluded From Resources	Determination of Amount Considered Toward Resource Level
	<u>Licensed/Unlicensed Vehicles which are:</u>	Totally Excluded	-0- Resource Value
	- Used primarily for income producing purposes (over 50% of vehicle's use).	Totally Excluded	-0- Resource Value
	- Annually producing income consistent with fair market value.	Totally Excluded	-0- Resource Value
	- Necessary for long distance travel (other than daily commuting) essential to employment.	Totally Excluded	-0- Resource Value
	- Used as the household's home.	Totally Excluded	-0- Resource Value
	- Necessary to transport a physically disabled household member.	Totally Excluded	-0- Resource Value
	- Necessary to carry primary source of fuel (heating or water home use).	Totally Excluded	-0- Resource Value
**	<u>Licensed Vehicles which are:</u>	Up to \$4,600 of fair market value.	Fair market value of vehicle minus \$4,600 limit. If the remainder is above -0-, add remainder to the household's other countable resources.
**	- Household's only licensed vehicle.	Up to \$4,600 of fair market value.	
**	- Any other vehicles used to transport household members to and from:		
	1) Employment;		
	2) Training or education preparatory to employment; or		
	3) To comply with the WORK Program.		
**	Licensed vehicles not previously exempted.	Not Excluded	The greater of the fair market value less \$4,600 or the equity value will be added to the household's countable resources.
	Unlicensed Vehicles	Not Excluded	The equity value of each vehicle will be added to the household's other total countable resources.

FOOD STAMP CERTIFICATION MANUAL
 4850 - 4850
 DATE: 10-1-95
 SECTION: RESOURCES
 SUBJECT: CHART - HANDLING VEHICLES

