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## Administrative Directive

### Section 1

<b>Transmittal:</b>	01 ADM 13
<b>To:</b>	Local District Commissioners
<b>Issuing Division/Office:</b>	Temporary Assistance
<b>Date:</b>	October 11, 2001
<b>Subject:</b>	Temporary Assistance Budgeting: Initial and Increased Earnings of Recipients
<b>Suggested Distribution:</b>	Temporary Assistance Directors Medical Assistance Directors Child Assistance Program Coordinators Staff Development Coordinators
<b>Contact Person(s):</b>	Temporary Assistance Policy Questions: Central Region at (518) 474-9344
<b>Attachments:</b>	None
<b>Attachment Available On – Line:</b>	<input type="checkbox"/>

### Filing References

Previous ADMs/INFs	Releases Cancelled	Dept. Regs.	Soc. Serv. Law & Other Legal Ref.	Manual Ref.	Misc. Ref.
93 ADM-9; 95 INF-19; 94 INF-56	94 INF-56	352.17(e)	SSL 131-a; SSL 131-n		01 TA/DC015

### Section 2

#### I. Purpose

The purpose of this administrative directive is to inform districts of a change in Temporary Assistance (TA) budgeting procedures related to the receipt of initial or increased earnings.

#### II. Background

Social services districts (SSDs) were instructed in 94 INF-56 that when a TA recipient begins employment the districts must not initiate action to reduce or close the case until the recipient receives his/her first paycheck.

Unfortunately, because of the necessary processing time frames, timely notice requirements and systems constraints, it is not possible to reduce or close the TA case for initial or increased earnings until the start of a new semi-monthly payment cycle (i.e. the first or sixteenth of the month upstate, or cycle A or B in NYC) at the earliest. In most circumstances, it is usually not possible to reduce or discontinue TA benefits until at least one full semi-monthly benefit cycle has elapsed. Because of this, districts normally have calculated and begun recoupment of an overpayment for all new initial or increased earnings cases.

A number of districts expressed concern regarding this policy. The primary concerns were that the process was time consuming, complex in nature and required the involvement of numerous local staff. Other districts questioned whether this process was counterproductive under welfare reform. This concern focused upon the negative message being given to clients when they start employment. Indeed, under the process required under 94 INF-56, the first notice the recently employed recipient received usually was for a grant reduction/closing and overpayment recoupment/recovery.

Based upon input from districts, this Office drafted a GIS message (01 TA/DC015) that was effective June 1, 2001. This GIS message allows for an administrative processing period to avoid the necessity of calculating and recovering overpayments related to new or increased earnings. This ADM is a follow-up to that GIS message and provides more detailed policy information in this area.

### **III. Program Implications**

The provision of an administrative period to avoid the necessity of calculating overpayments has implications in several different areas. These implications are outlined below.

#### **A. BUDGETING OF NEW OR INCREASED EARNINGS**

When initial or increased earnings have been reported in a **timely** manner (i.e. ten days after receipt of initial or increased earnings) there is a reasonable administrative time period that SSDs require to process the change. SSDs must not calculate income related overpayments until at least one full semi-monthly payment cycle has elapsed following the receipt and timely report of new or increased earnings.

The following examples will help to illustrate this process.

##### **Example – Initial Earnings**

John Smith is receiving cash SNA. On May 9, 2001 John starts a job. He receives his first pay on May 16<sup>th</sup>, which he reports to the SSD on May 25, 2001. The agency closes John's case for June 16<sup>th</sup>. No overpayment is calculated for the month of May or for the period from June 1, 2001 to June 15, 2001. Note that if the entire month's rent had been issued on June 1<sup>st</sup>, there would be an overpayment at closing for the shelter allowance provided for the second half of June. For example, if the full monthly shelter allowance provided on June 1<sup>st</sup> was \$180, there would be a \$90 overpayment.

##### **Example - Increased Earnings**

Mary Jones is an FA recipient. She is working part-time at Wal-Mart. On May 1, 2001 Mary begins working full – time which she reports to the SSD on May 8<sup>th</sup>. The SSD reduces Mary's TA budget for June 1<sup>st</sup>. No overpayment is calculated for the month of May.

## **B. APPLICANT POLICY AND UNTIMELY REPORTS OF EARNINGS**

### **1. Applicant vs. Recipient**

The administrative period SSD's possess for not calculating overpayments for new or increased earnings applies only to recipients. It does not apply to earnings that are known at the time of application acceptance.

#### **Example**

An FA applicant submits all the information required to determine eligibility for FA on May 8<sup>th</sup>. At that time the SSD is aware that the applicant has started work and will receive her 1<sup>st</sup> pay on May 23, 2001. The earned income she will receive in May must be counted in the initial month's budget because the SSD was aware of it at the time the application was accepted.

SSDs are reminded that an FA applicant is recognized as a recipient as of the date all eligibility conditions are satisfied. An SNA applicant is recognized as a recipient from the date that an "Action Taken on Your Application ..." (DSS-4013) notice is sent to the individual.

### **2. Untimely Reports of Earnings**

The administrative period districts have for not calculating overpayments due to initial or increased earnings, also does not apply to recipients who do not report the change in earnings timely.

#### **Example**

Jim Adams is an SNA recipient. Jim starts employment on May 3<sup>rd</sup> and receives his first paycheck May 10<sup>th</sup>. However, Jim does not report this to the SSD until May 28<sup>th</sup> and does not have a good cause reason for the report being late. The SSD would reduce Jim's grant for June 16<sup>th</sup> and calculate an overpayment for May 1<sup>st</sup> through June 15<sup>th</sup>.

## **C. NOTICE REQUIREMENTS**

94 INF-56 required districts to wait at least until the initial paycheck was received before providing notice of intent to reduce or discontinue a TA case. This ADM repeals 94 INF-56; so it is no longer necessary to wait until the initial paycheck is received to provide notice.

## **D. TEMPORARY EMPLOYMENT**

There has been no change in Office policy (see 95 INF-19, page 8, question 1) that temporary employment (less than 30 days) requires calculation of an overpayment. This exception is necessary because of the large number of temporary jobs that are available, and because this Office does not want to encourage the starting and stopping of jobs to thwart income from being budgeted.

## E. OVERPAYMENT CALCULATION

There has been no change in TA policy related to determining overpayments for client error or fraud cases. Districts must continue to budget the actual income received in a particular month to determine the overpayment amount. Also, since these cases would involve unreported income, the administrative period for not calculating an overpayment would not apply.

### **Example**

Karen Johnson starts a job and receives her 1<sup>st</sup> pay on May 9<sup>th</sup>. She does not report this to the SSD until June 15<sup>th</sup>. The SSD calculates an overpayment for May and June based on actual May and June income without allowing earned income deductions. The earnings are then budgeted for July along with a recoupment of the overpayment amount.

There is a minor change in calculating overpayments for agency error cases. Districts must continue to use actual income to calculate agency error overpayment, but an exception must be made to account for the administrative processing period in which the initial earnings or increased earned income is received.

Some examples will help to illustrate this. Initial earnings is a relatively simple concept. The agency needs to make sure that none of the initial earnings is budgeted to determine the overpayment for the administrative processing period (initial payment cycle of first pay receipt and following full payment cycle). The policy involving increased earnings is more complicated than that for initial earnings. The following examples will illustrate how it works.

### **Example - Increased Earnings**

Tim Brown and his four children are receiving an FA grant. Tim starts a part-time job and receives his first pay in the amount of \$100 on January 8<sup>th</sup>. He reports this to the agency on January 9<sup>th</sup>. However, the paperwork gets misplaced and no adjustment is made by the SSD to Tim's grant. Tim continues to work at a rate of \$100 weekly until early May at which point he becomes full-time (\$200 weekly). He receives his first increased pay of \$200 on May 7<sup>th</sup>. When Tim reports the increase in early May, the agency discovers that it has not budgeted any earnings from the time he began working.

To calculate the overpayment, the agency would use the following gross income amounts:

January – nothing would be budgeted since this is the administrative process period

February - \$400

March - \$400

April - \$500 (5 week month)

May - \$400 (the administrative period for processing the increase would be this month)

The correct gross earnings amount of \$200 x 4.333 weeks would then be budgeted for June presuming timely notice could be provided. The overpayment recoupment would also begin then.

If the agency has a difficult time determining the amount of the increase in the month in which it occurs, an average weekly income amount from the month prior to the increase month can be used to figure out what the client's income was before the increase. For example:

## **Variable Income Example**

A client has reported earnings but the agency has not taken action. In April the client has the following earnings at a part-time rate:

April 1 - \$110  
April 8 - \$97  
April 15 - \$105  
April 22 - \$96  
April 29 - \$ 108

In early May, the client begins receiving wages at a full-time rate. Since this family reported the income timely, May's overpayment would have to be calculated without taking into account the increased income. May's income is:

May 6 - \$208  
May 13 - \$205  
May 20 - \$189  
May 27 - \$216

The agency would use an average of April's income to figure what May's "actual" income would have been prior to the increase, since this is the administrative processing period. The weekly average of April's wages would be \$103.20. This would then be multiplied by the number of payweeks in May (4) to arrive at the gross income of \$412.80, which would be used to calculate May's overpayment. This would preclude using the increased earnings amount to calculate the overpayment.

The increased income would then be used to calculate the June grant after providing timely notice.

This Office is attempting to keep the overpayment policy as simple as possible and consistent with Food Stamp policy.

## **F. CHILD ASSISTANCE PROGRAM**

This initial and increased earnings policy does not apply to CAP participants.

## **IV. Required Action**

Districts were already advised of the changed policy regarding the administrative processing period in GIS 01 TA/DC015. Districts must modify their procedures to reflect the additional information provided regarding the administrative processing period as outlined above.

## **V. Medicaid Implications**

Families that lose eligibility under the Medicaid categorical group, “Low Income Families” due to increased income, may become eligible for Transitional Medicaid (TMA). TMA requirements have not changed. In the example of increased earnings for Mary Jones (III-A), if earnings had resulted in the TA case closing, TMA would begin June 1<sup>st</sup> as long as the other TMA requirements were met.

**VI. Systems Implications**

None.

**VII. Additional Information (Optional)**

None.

**VIII. Effective Date**

The administrative processing period was effective June 1, 2001 as previously instructed. The additional changes noted above are effective immediately.

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**Issued By**

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