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 | ADMINISTRATIVE DIRECTIVE |
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TRANSMITTAL: 97 ADM-7

TO: Commissioners of
 Social Services

DIVISION: Temporary
 Assistance;
 MS&QI

DATE: March 27, 1997

SUBJECT: Public Assistance Treatment of Support Collections;
 Calculation, Issuance and Budgeting of Excess Support
 Payments

 SUGGESTED

DISTRIBUTION: Income Maintenance Directors
 CAP Coordinators
 CSEU Coordinators
 SCU Supervisors
 Staff Development Coordinators

CONTACT
 PERSON:

Public Assistance: Your Regional Team Representative
 at 1-800-343-8859: Region 1 - extension 3-0332;
 Region 2 - 4-9344; Region 3 - 4-9307; Region 4 - 4-9300
 Region 5 - 3-1469; Region 6 - (212) 383-1658
 Child Support: Your County Representative at
 1-800-343-8859, extension 4-9081
 Fiscal: Regions 1 - 4 - Roland Levie at
 1-800-343-8859, ext. 4-7549 or dial direct
 at (518) 474-7549; User ID FMS001
 Region 5 - Marvin Gold at (212) 383-1733;
 User ID OFM270

ATTACHMENTS: None

FILING REFERENCES

Previous ADMs/INFs	Releases Cancelled	Dept. Regs.	Soc. Serv. Law & Other Legal Ref.	Manual Ref.	Misc. Ref.
91 ADM-40		347.12	SSL 111-b	<u>PASB</u>	
92 ADM-40		347.13	111-c	VIII-R	
		352.15	131-a (8)	VIII-T	
		352.31 (a)	158 (e)	IX-J	
		360-3.3 (c)	349-b		
		369.2 (b)			
		370.2 (d)(8)			

I. PURPOSE

This policy transmittal clarifies public assistance (PA) policy and procedures concerning budgeting of assigned support payments and redetermining recipients' PA eligibility using amounts of support collected. This release also transmits instructions for the calculation, issuance and budgeting of "excess support payments".

II. BACKGROUND

A PA applicant, upon signing the application form (DSS-2921/DSS-2921-NYC), executes an assignment of support rights on behalf of all PA household members. Beginning on the date of eligibility determination, i.e., the first day for which assistance is granted, and as a condition of ongoing eligibility for PA, a recipient is required to remit to the social services district any support payments received. The support assignment applies to court-ordered support, voluntary support, current support and support arrears which accrued prior to the assignment. Federal and State regulations dictate the procedures and timeframes within which a district's support collection unit must distribute support which is collected pursuant to a PA recipient's assignment of support rights.

Amounts of current support collected on behalf of a PA recipient must be used by the district's income maintenance (IM) worker to review the recipient's continued eligibility to receive PA. Upon making a determination that a household is no longer eligible to receive PA, the district must close the PA case promptly. Several systems supports are available to facilitate this monitoring of ongoing PA eligibility. When IM completes the PA case closing transaction in WMS, the electronic IV-A/IV-D interface signals the district's office of child support enforcement (OCSE) that the household's assignment of support rights which accrue after the PA case closing is terminated. The assignment of past-due support remains in effect until the district has collected an amount of support which is sufficient to reimburse the total amount of PA paid to the household and not otherwise reimbursed, or until all past-due support is collected, whichever occurs first.

In certain rare instances, more child support is collected for a household than the district can retain as reimbursement of assistance. In these cases, the district must pay to the PA recipient household the amount of current support collected on its behalf which is in excess of the amount the district can retain as reimbursement of PA granted in the collection month: "excess current support". In addition, if support arrears are collected in excess of the amount which is needed to reimburse PA payments for all prior months, the "excess support arrears" also must be paid to the household. All excess support payments must be budgeted as PA income in the month following the district's issuance of the payments.

III. PROGRAM IMPLICATIONS

IM workers must redetermine the PA financial eligibility of households identified in certain support reports as potentially ineligible due to support collections, and promptly close cases which are found to be ineligible. Support enforcement/collection workers must provide support collection data to IM workers and calculate amounts of excess support, based on child support management system (CSMS) records of support collected and on benefit issuance records, furnished by IM, of PA granted. IM workers must use the results of the excess support calculations to authorize the issuance of excess support payments, and to include these payments as income in the recalculation of the households' PA eligibility and benefit amounts for the following month.

IV. REQUIRED ACTION

- A. Use of support amounts in determinations of initial and ongoing PA eligibility
1. Only current support is considered in PA eligibility determinations. Current support is the amount collected, as determined by its date of collection, which represents payment toward the obligor's court-ordered or voluntary current support obligation for that month. Support collections in excess of a month's obligation amount, e.g., payments on past-due obligation amounts for previous months, are not used in eligibility determinations. For example, in a case where the court order for current support is \$100 per month, and \$125 is collected, only the \$100 current support is used in the PA eligibility calculation. The additional \$25 collection is applied to the past-due support ledger.
 2. For the initial assistance month only, current support actually received by a PA household in the month of eligibility determination but prior to the date of eligibility determination, i.e., direct support, is counted as income. This calculation is accomplished in Upstate ABEL by entering the amount of current support received prior to the eligibility date as Other/Unearned Income Source Code "02 - Alimony/Spousal Support (Non-Arrears)" or "06 - Child Support Payments", as appropriate. In New York City ABEL, direct support income is entered in the Individual Screen (NSBL06) using Income Source Code "14 - Court Ordered Alimony, Spousal Support, Child Support Payment". Assigned current support which is due after the eligibility determination date in the initial month is entered Upstate as source code "13 - Alimony/Spousal/Child Support Assigned to Agency" and, in NYC, as "61 - Gross Alimony/Spousal/Child Support - Assigned to the Agency". ABEL will:

- a. disregard the first \$50 per month of current support (direct support is disregarded first),
 - b. apply the remaining direct support and assigned support in the gross income test. If ineligible, the application for PA should be denied, and separate determinations of eligibility for food stamps and medical assistance must be made. If eligible, ABEL will
 - c. apply the countable direct support to reduce the PA deficit amount for the initial month.
3. Beginning with the first full month for which the household receives PA, the IM worker must calculate and authorize a new ABEL budget with the amount of the current support obligation entered as assigned support: Upstate source code "13" and NYC code "61". ABEL will disregard the first \$50 per month of current support and apply the remaining amount in the gross income test, but will not apply assigned support income to reduce the amount of the PA grant.

A copy of the PA budget results screen must be provided to the recipient whenever an ABEL budget is recalculated and a notice is sent to the recipient. In Upstate districts, the PA closing notices which are generated by the Client Notices System (CNS) include budget explanations sufficiently detailed that a separate copy of the ABEL budget is not required to be sent with CNS closing notices.

4. In an ADC case which includes an essential person (EP), the IM worker must ensure that support collected on behalf of the ADC household members is not applied to the needs of the EP. Conversely, support which is collected on behalf of an EP must not be applied against the needs of the ADC household members. Instructions for budgeting cases which include EPs are provided in the Public Assistance Source Book Section VIII-R.
5. Subsequent to eligibility determination, any assigned support payments which the district verifies were received and retained by a PA recipient must be recouped (after disregarding the first \$50 per month of current support) using Recoupment Type Code "5 - IV-D Payment". Please note that, in order to be characterized as current child support and thereby qualify for the \$50 per month disregard, the money which was received by the household must be payments made pursuant to a court order or voluntary agreement for support which are paid through a support collection unit (SCU) with verifiable dates of collection.

6. A PA recipient who fails to cooperate with support enforcement, as evidenced by his or her continued acceptance and retention of assigned support payments, is subject to sanction until compliance.
7. For a PA household which is owed and receiving alimony/spousal support only, the support (current and arrears) is assigned to the district, but the district may allow the household to continue to receive and retain the support, and the district will count it as income. In this instance, the amount of current support actually received is entered in the ABEL budget as Upstate code "02" and NYC code "14". The amount of payments on support arrears is entered in the ABEL budget as Upstate code "17 - Alimony/Spousal Support (Arrears)" and NYC code "66 - Alimony Arrears". ABEL will disregard the first \$50 per month of current support, apply the remaining current support amount in the gross income test and, if eligible, apply the countable current support and the full amount of the support arrears payments to reduce the amount of the PA deficit.

B. Monitoring recipients' continued eligibility to receive PA

1. A district IM worker must redetermine the ongoing PA financial eligibility of each household which is identified, in the following reports, as potentially ineligible due to assigned support amounts:
 - a. ABEL budgets which include support amounts and generate a PA "Surplus" message or, Upstate only, a "Warning" message; or which include a monthly amount of assigned support which exceeds the PA deficit amount by at least \$50.
 - b. Cases appearing in the monthly IV-D MRB/A (child support pass-through mass rebudgeting/authorization) "eligibles" and "exceptions" lists with a "PA WARNING" message, for which total current support collected from all respondents associated with the case in the previous month exceeds the PA deficit in the ABEL budget which is stored (Upstate) / authorized (NYC) as of the date of the IV-D MRB/A.
 - c. Cases included in the monthly CSMS 8649 Report: "Obligation and Collections Greater Than Assistance Granted". As explained in the November 21, 1995 letter from OCSE's Systems Operations Unit to All CSEU Coordinators, the 8649 report has been revised to identify only those PA cases for which the sum of all current support obligations and collections (minus tax offset amounts) for the month exceed the PA grant amount plus the support disregard amount. Section "A-1" of the 8649 Report is based on a four-weeks-per-month factor, and Section "A-2" is

based on multiplying weekly support amounts by five and biweekly amounts by three. Both sections of the 8649 Report compare support amounts to both the PA deficit, for PA eligibility determinations; and to the PA deficit minus any recoupment amount, for excess support calculations. The 8649 Report is based on the ABEL budget which is stored/authorized as of the date of the report pulldown, and is available by the first Friday of every month. Upstate districts' BICS operators must print the monthly CSMS 8649 for immediate distribution to IM workers.

2. For each case identified in the above reports, IM workers must review the household's continued financial eligibility to receive PA, as follows:
 - a. Obtain from the district's support collection unit (SCU), for each support obligor associated with the PA case, the obligation amount and frequency for current support for the month in question, the amount of support collected from each of the obligors for the month and whether support continues to be collected. For cases listed in the CSMS 8649 report, the SCU will provide their information when the 8649 is processed as described in Section IV.C.3. of this directive.
 - b. Recalculate the household's PA eligibility for the month in question, by entering the support collections up to the obligation amounts for each of the support obligations, in an ABEL budget using code "02" or "06" Upstate or code "14" in NYC. Please note that, although the 8649 report is based on four- and five-week months, IM workers must use support amounts and frequencies as specified by the court orders and reported by the SCU; ABEL will convert weekly and biweekly amounts to monthly amounts using a $4\frac{1}{3}$ -weeks-per-month conversion factor. If the ABEL PA budget calculation results in a deficit, the household was eligible for the month and the test budget is not stored in ABEL. Check the current stored/authorized ABEL budget to ensure that the correct support obligation amounts are included as code "13" Upstate or "61" in NYC. If the support obligation amounts have changed, send a copy of the new ABEL budget to the recipient.
 - c. If the ABEL PA budget calculation using actual collection amounts with code "02"/"06"/"14" generates a "Surplus" message, the household was ineligible in the collection month. If the SCU has advised that support continues to be collected in the current month, the household continues to be ineligible for

the second consecutive month and is reasonably assured of a stable income source for future months. For cases with continued ineligibility based on support collections, store the "Surplus" ABEL budget, send timely notice of intent to discontinue PA and initiate PA case closing action. The IM worker must take care to use closing reason code "E32: Excess Income - Support" in order to generate an automated client notice (in districts that are using CNS for PA closings and denials) and medical assistance (MA) extension.

- d. EXAMPLE: Rose Fleur receives PA for herself and her daughters Iris and Myrtle. Ms. Fleur's PA case is listed in Section A-2 of the CSMS 8649 report for July. The IM worker receives the report on August 5 and contacts the SCU worker for support obligation and collection information. The SCU informs IM that Iris' father is court-ordered to pay \$20 per week for current support and made five payments in July, and Myrtle's father made three payments of \$50 each toward his \$50 biweekly obligation for July's support. The IM worker recalculates the July PA budget by entering the support collections as code "06" Upstate or "14" in NYC, in the amounts of \$20 weekly and \$50 biweekly. ABEL converts the collections to monthly amounts based on 4-1/3 weeks per month and calculates eligibility/deficit or ineligibility/surplus.

C. Calculating, issuing and budgeting excess support payments

1. Each month, after the disregard and pass-through of the first \$50 per month of court-ordered current support, the remaining current support is applied toward reimbursement of assistance granted to the PA household on whose behalf the support is collected. If the amount of current support which is collected in a month, up to the court-ordered obligation amount, exceeds the disregard plus the PA payment for that month, the excess current support must be paid to the PA household.

Instances in which excess current support payments must be issued are rare, but could occur in the following circumstances:

- a. the household is ineligible for PA but the case has not yet been closed. A household which is receiving aid-continuing pending a fair hearing on any issue, however, is not entitled to receive their excess support payments until after a hearing determination is made.
- b. the household was ineligible for PA in the collection month but, due to changed circumstances, the household is again eligible and the case remains open.

- c. the household is eligible, based on 4-1/3 weeks per month, but current support collected in a five-week month exceeds the amount of the pass-through and the PA grant.
 - d. the household is eligible but, due to subtraction of a recoupment amount, the PA grant is less than the current support collected (minus the pass-through).
2. The CSMS 8649 report, "Obligation and Collections Greater Than Assistance Granted", assists in identifying cases which potentially are owed excess current support. The CSMS 8649 must be printed by Upstate districts' BICS operators by the first Friday of each month and immediately distributed to IM.

IM must annotate Sections "A-1" and "A-2" of the 8649 with the actual amount of PA paid to each listed case during the collection month to which the report applies, and provide the annotated report to the SCU within three days, but no later than the 10th day of the month.

a. Include the following:

- (1) direct payment amounts issued in the calendar month (Upstate BICS LCRDP2 or NYC Benefit Issuance - PA), i.e., grant amounts after subtraction of recoupments. Include benefits which were available to the recipient, regardless of whether the benefits were redeemed and regardless of the period covered by the payments
- (2) indirect payments issued (BICS LCRIP3/ Benefit Issuance - PA), regardless of the period covered by the payments
- (3) TEAP grant diversion payments (Upstate 14; NYC 14)
- (4) IV-A (non-services) child care (Upstate payment type codes C8, 30 - 34, 36 - 38, R0 - R6, R8, K2; NYC issuance codes 30 - 34, 36 - 39, F1 - F7, P1 - P8, K4)
- (5) other IV-A payments, including one-time payments for underpayment adjustments, emergencies, shelter, fuel or utilities
- (6) EAF payments

b. Do not include the following:

- (1) JOBS (IV-F) payments (Upstate R7, R9, T1, T2, T3; NYC A8, A9, and other payments issued by the Office of Employment Services - OES)

- (2) transitional child care payments
 - (3) HEAP, MA, FS or EAA payments
 - (4) pass-through payments (Upstate D1; NYC 70, 54, 56)
 - (5) excess support payments (Upstate D3, D4, K3; NYC 71, 72, K3)
 - (6) payments already counted in prior months, i.e., replacements of benefits issued in previous months
 - (7) separate payments made to essential persons (EPs) in ADC cases, or that portion of an ADC grant which is intended to meet the needs of the EP, if the EP is not included in the support order on which payments are being collected. If, however, support is being collected on behalf of an EP, the district cannot retain that support in excess of the amount necessary to reimburse the EP's portion of the grant.
3. The SCU must calculate the amount of excess support, if any, which is owed to the PA households listed in the annotated 8649, write in the amounts and return the 8649 to IM. Excess support is calculated in accordance with instructions provided, under separate cover, by the Office of Child Support Enforcement.
- The SCU must return the 8649 to IM by the 12th day of the month, annotated with the following information:
- a. for each case, the amount and frequency of the obligation for current support (e.g., "\$30 per week") and whether support continues to be collected. IM will use this information to evaluate continued PA eligibility; and
 - b. for cases with excess support, the amount of excess current support and excess support arrears, if any, to be paid.
4. IM must issue the excess current support and excess support arrears payments in the amounts indicated in the annotated 8649. IM's authorization of the payments must be completed in WMS by the 15th day of the month. The following codes will be used:

Upstate WMS

PA payment type "D3 - Excess Current Support"
 PA payment type "D4 - Excess Support Arrears"

For both payment types, Special Claiming Category Code "N - Non-reimbursable" is required.

If the PA case has already been closed, IM workers should issue the excess support payments in Upstate WMS using closed case maintenance (WMS transaction type '14'). For Upstate cases which are clocking down to closing, IM workers should use transaction type "05 - undercare maintenance" and reason code "966 - other clockdown closing change" on screen one and enter the single issue payment lines on screen six.

NYC

PA single issuance code "71 - Excess Current Support"
 PA single issuance code "72 - Excess Support Arrears"

5. For each PA case which receives an excess support payment (current or arrears), IM must calculate a new PA budget for the month following the month of issuance, with the payment included as Upstate other/unearned income source code "24 - Excess Support Payment" or NYC income source code "71 - Excess Support Payment". If a decrease in the grant or a surplus results, provide timely notice to the household. For cases which are not closed, IM must change or remove the excess support income from the PA budget for the second month after excess support payment issuance, to correspond to a new or zero amount of excess support paid in the preceding month.

Excess support payments are excluded, as lump sums, from food stamp budgeting.

EXAMPLE: In August, IM pays Rose Fleur \$25 excess support which was collected in July. IM calculates PA eligibility for September, as follows:

PA standard of need	\$400.00
Income from UIB	-225.00
Excess support payment	- 25.00
Assigned current support obligation	
\$20/week X 4-1/3 =	\$ 86.67
\$50 biwkly X 2-1/6 =	<u>108.33</u>
Total assigned	\$195.00
Less disregard	- <u>50.00</u>
Countable current support	-145.00
Deficit/Eligible	\$ 5.00

After the eligibility determination is made, ABEL calculates Ms. Fleur's September PA grant as follows:

PA standard of need	\$400.00
Income from UIB	-225.00
Excess support payment	- 25.00
Assigned current support obligation	\$195
Eligible -- exempt support	<u>-195</u>
Countable current support	- 0.00
Deficit/Grant	\$150.00

Ms. Fleur does not receive an excess support payment in September, so IM calculates a new PA grant for October with the excess support income removed from the budget.

6. Child Assistance Program (CAP): In districts which operate a CAP demonstration project, CAP workers will continue to reconcile child support for CAP cases on a quarterly schedule, as stipulated in the federal waivers which govern the program. CAP workers should save the monthly annotated 8649 reports on which the SCU has noted the calculated amounts of excess support and, taking into consideration any child care reconciliation payments or recoupments, issue three-month support reconciliation payments (payment type "K3") in conjunction with processing the quarterly reports.

D. Claiming

Payments made as a result of excess current support or excess support arrears should be reported on line 18 of the Schedule A-1 (Summary of Collections and Distributions). For upstate districts, "D3 - excess current support" and "D4 - excess support arrears" coded payments will appear on the composites under the line item IV-D-ADC, claim IV-D.

For child support pass-through payments made to ADC and ADC-U recipients, effective October 1, 1996, there is no longer federal financial participation. Therefore, these payments should be reported on the Schedule A-1 on line 17, column 3 (Non-ADC), rather than under column 2 (ADC), to reflect their change to FNP claiming status. Since the ADC pass-through payments are now included in column 3 of line 2 on the schedule A-1, column 2 is increased and column 3 is decreased on line 2 by the amount of the disregards. The effect of this is to increase the Net Federal Share on line 7 by 50 percent of these disregards, the State Share on line 8 by 25 percent of the disregards, and the Local Share on line 9 by 25 percent of the disregards. These shares are carried over to the Schedule A.

Also, effective October 1, 1996, the amount of the ADC disregard should be reported as a reduction to the amount of cancellations, refunds and repayments reported on the Schedule A, line 2b, column 6.

V. SYSTEMS IMPLICATIONS

A. Upstate WMS and ABEL

New PA payment type codes "D3 - excess current support" and "D4 - excess support arrears" have been created and require the use of special claiming category code "N - non-reimbursable" and method of payment code "01 - unrestricted", "05 - associated name A" or "06 - associated name B". New ABEL other/unearned income source code "24 - excess support payment" also has been created.

B. NYC WMS and ABEL

New PA single issuance codes "71 - excess current support" and "72 - excess support arrears" and new ABEL income source code "71 - excess support payments" have been created.

C. 8649 enhancements

As detailed in the November 21, 1995 "All CSEU Coordinators" Letter, the CSMS 8649 report has been revised to include support information from all respondents linked to each PA case reported, and to eliminate cases for which the support obligation and collection amounts do not exceed the PA deficit by at least the amount of the support disregard/pass-through payment.

D. Automated processing

CSMS and WMS modifications to support automated calculation, issuance and budgeting of excess support payments are being explored.

VI. EFFECTIVE DATE

This transmittal is effective April 10, 1997.

Robert Doar
Director
Office of Child Support
Enforcement

Patricia A. Stevens
Deputy Commissioner
Division of Temporary
Assistance