

**INFORMATIONAL LETTER**

**TRANSMITTAL:** 00 INF-3

**TO:** Commissioners of  
Social Services

**DIVISION:** Temporary Assistance

**DATE:** January 25, 2000

**SUBJECT:** TA Diversion Payments: Clarification of Purpose and Use

**SUGGESTED**

**DISTRIBUTION:** Temporary Assistance Directors  
Staff Development Coordinators

**CONTACT PERSON:** Central Region/PA Policy Team Representative at 1-800-343-8859, extension 4-9344

**ATTACHMENTS:** None

**FILING REFERENCES**

Previous ADMs/INFs	Releases Cancelled	Dept. Regs.	Soc. Serv. Law & Other Legal Ref.	Manual Ref.	Misc. Ref.
			CFR, Parts 260 and 265		WMS Coordi- nator Letters - 6/07/99 and 10/26/99

**I. Purpose**

This letter explains the purpose of recently defined Temporary Assistance (TA) "diversion" payment types, and clarifies their use by local districts.

## **II. Background**

Under recent federal regulations (CFR 260.31, 263.2, Part 265), payments formerly classified as "public assistance" are now differentiated into "assistance" payments and "non-assistance" payments, based upon their purpose. Certain payments issued to divert applicants from the need for ongoing assistance by meeting a specified once only or short-term item of need, must now be identified as "diversion" payments. The distinction becomes very important for federal reporting requirements, and the State and local districts are subject to significant fiscal penalties if the federal reporting requirements are not fulfilled. The new payment types identified in this letter as "diversion" payments generally apply a new name to types of payments and situations already addressed by social services districts in meeting the needs of the working poor, whether or not they are for TA recipients.

## **III. Diversion Payment Types**

This Division has defined three new payment types in WMS to specifically identify three types of "non-assistance" under the federal definitions. Diversion payments can be issued only to families who are categorically eligible for Family Assistance (FA), including families receiving Non-Cash Safety Net Assistance (SNA)/FP (case type 12). Districts will continue to use Cash Safety Net Assistance (SNA) (case type 16) to divert individuals and childless couples from needing ongoing assistance, but the new "diversion" payments explained in this letter are not appropriate for Cash SNA situations.

All three of the following payment types are now available in upstate WMS. In New York City WMS, only D7 is now available:

1. **D7 - Transitional Services Payments (TA Ineligible Due to Employment):** This payment type should be used to authorize employment-related expenditures such as uniform allowances, disability or payroll insurance, tools, license fees, or other items needed to enable the recipient to maintain employment. The households for which these payments are made are cases that are no longer in receipt of ongoing FA, or non-cash SNA/FP, because of employment. Transportation-related expenditures such as car insurance, auto repairs or similar transportation costs should not be authorized with this payment type.

2. **D9 - Diversion Transportation Payment:** This is a non-recurring payment for employment-related transportation expenses issued to an employed applicant, who may or may not have previously received Temporary Assistance (TA). Such payments would include the cost of public transportation, car insurance, or car repairs. The purpose of the payment may be one of the following:
- To divert the family from needing TA;
  - To provide transportation for job search activities while TA eligibility is being determined or;
  - To assist a former recipient who moved off TA through employment to retain the individual's employment and continued self-sufficiency.
3. **F5 - Diversion Payment (Upstate WMS); D5 - Diversion Payment (NYC WMS):** This is a non-recurrent, short-term payment made directly in cash or indirectly through voucher or other means to deal with a specific crisis situation or episode of immediate need, the once-only resolution of which is expected to enable the recipient to avoid the need for ongoing TA. In order to be "short-term", the specific need must not extend more than four months in duration. This pay type must not be used to pay transportation expenses, child care expenses, costs related to applicant job search, or payments for work-related items. The pay type should be used for such crisis items as shelter costs, moving expenses, storage fees, or household structural or equipment repairs. A diversion payment should **not** be made for a utility shutoff emergency or to pay a security deposit or brokers'/finders' fees.

Following is a table to summarize and compare the three new payment types:

SUMMARY OF DIVERSION PAYMENTS

<u>Type</u>	<u>Name</u>	<u>Items</u>	<u>Former Recipients</u>	
<u>Employed</u>			<u>Only</u>	<u>Only</u>
D7 -	Transitional Services	Employment-related Expenses	Yes-TANF**	Yes
D9 -	Diversion Transportation	Employment-related Transportation	No	Yes
F5 -	Diversion Only*(Upstate)	Crisis- Once	No	No
D5 -	Diversion Only* (NYC)	Crisis- Once	No	No

\* Not employment-related, transportation, child care-related expenses, or for utility shutoffs, security deposits, or brokers'/finders' fees.

**\*\*TANF includes FA (case type 11) and Non-cash SNA/FP (case type 12).**

#### **IV. Use of New Diversion Types**

Since the above payment types impact federal reporting as "non-assistance," they must be used in all situations that meet the criteria in the definitions. In many cases, districts are already using EAF, to "divert" former recipients or non-former recipients from needing ongoing TA. In these same situations, districts should now use the new diversion payment types if the situation qualifies under one of the new definitions, and the additional criteria explained here are met.

- a. **Categorical determination:** The applicant household must be categorically eligible for FA - that is, there must be a minor child residing with an eligible caretaker relative as a basis for eligibility for a diversion payment. All other FA categorical criteria also apply.
- b. **Financial eligibility:** the determination of financial eligibility for the diversion payment will be based upon the same criteria used for EAF - that is, the family or individual must be without resources immediately accessible to resolve the need.
- c. **Limitation on diversion payment:** The provision of diversion payments is subject to the same scope of assistance as EAF as specified in Part 372 of regulations. If the item is specified in Part 352 of Office regulations, the diversion payment is subject to the same conditions and amounts as specified in Part 352. Emergency situations involving utility shut-offs under Regulation 352.5 (e) are not diversion situations. In addition, diversion payments may not be used to provide security deposits or to pay finders'/brokers' fees.
- d. **Other decision criteria:** In general, the following questions should be answered affirmatively before a diversion payment type is used instead of another payment type:
  1. Is the applicant family categorically eligible for FA?
  2. Is the item of need other than a utility shut-off situation, a security deposit, or brokers'/finders' fees?
  3. Is there a reasonable chance that the one-time or short-term payment will enable the applicant to maintain self-sufficiency and avoid the need for ongoing assistance?
  4. Does the applicant meet the diversion payment criteria for the specific item of need - for example, is the applicant a former TANF recipient and employed for a work-related expense diversion payment, or employed as required for transportation-related diversion payments?
  5. Is the family without immediately available resources to address the specific item of need?

When each of the above questions can be answered "yes," districts must issue the payment as a diversion payment type. Accurate use of the new types will assure that we meet federal reporting requirements and avoid the penalty for failure to do so. Crisis situations now addressed with EAF will not always fit the "diversion" payment criteria. In these cases, non-diversion payment types must be used to address the situation.

e. **Case Bases for Diversion Payments**

Diversion payments may be issued through EAF or through a closed FA or non-cash SNA/FP case. In addition, these payments may be issued to "application status" FA cases when the issuance has the potential to prevent the need for the opening of an ongoing FA case.

f. **Necessity for Non-TA Program Determinations in Diversion Process**

In addition to utilizing the TA diversion payment types to divert individuals and families from the need for ongoing TA, districts must also provide eligibility determinations for Medical Assistance, Food Stamps, Services, and Child Care Assistance based upon the "Common Application." These other programs are vital resources in the diversion process and their effective use will reinforce the probability that the TA diversion payment will achieve its purpose - to prevent the need for ongoing TA.

g. **Examples**

**Example #1:** Mrs. X applies for assistance in an upstate district. She has a minimum wage job and by working 50-60 hours a week she has managed to maintain herself but has fallen behind in her utility payments and has received a shutoff notice. She does not wish to apply for ongoing assistance and her income would probably make her financially ineligible for TA. Because this is an energy-related emergency, the worker does not consider a diversion payment and resolves the situation with the non-diversionary payment type '60' - Emergency Payment to Prevent Shutoff or Restore Service. (In New York City, the payment would be issued as code 50 - Utility Advance - non recoupable.)

**Example #2:** Mr. Z has never received TA, but his wife has just had their first child and stopped working. This has caused the family financial stress and Mr. Z has sought a better job. He has just obtained employment ten miles from the family's apartment, but a friend who offered transportation has been hospitalized and Mr. Z needs to find transportation to the job for two weeks until he gets his first check. The worker determines that Mr. Z has no available resources to pay for the two weeks of taxi and bus fare. Since the new job offers higher pay and a full work week, it will probably enable Mr. Z to maintain his family self-sufficiently. The worker therefore authorizes a diversion payment as D9 (Diversion Transportation).

**Example #3:** Miss B is employed in a minimum wage job near her current apartment where she lives with her seven year-old daughter. She has been offered a higher paying and more secure job in a nearby town and has found a reasonably-priced apartment near the new employer. She has used all her available cash to put a security deposit down on it. However, she cannot get together enough additional money to move her household belongings into the new apartment and this is a necessity as she does not have a car and the public transportation is inadequate. The worker determines that this is a diversion situation since the applicant will probably become more self-sufficient with the move. The worker therefore issues the moving expenses as 5(upstate)/D5(NYC) - Diversion Payment - on an EAF case.

#### **V. Claiming and Reporting Information**

Claim changes will be made in the future to separately identify the diversion payments on the Schedules A, C, and F for federal reporting purposes.

Until the changes are made to the Schedules, BICS composites will include these payments as "Safety Net Regular" payments for SNA payments (case type 12) for the Schedule C. For FA cases, these payments are included on the BICS composites for the Schedule A in the "Other" grouping. EAF diversion payments will show up on the BICS composites under the Schedule F "CASH" grouping for payments made directly to the client or as two-party checks. If such payments are made as vendor payments, they will show up under the "Other" grouping for the Schedule F.

If you have any questions about this release, please contact the Central/PA Policy Team at the number indicated in page 1, "Contact Person."

Sincerely,

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Patricia A. Stevens  
Deputy Commissioner  
Division of Temporary Assistance