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| LOCAL COMMISSIONERS MEMORANDUM |  
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Transmittal No: 00 LCM-1

Date: January 07, 2000

Division: Budget, Finance and  
Data Management

TO: Local District Commissioners

SUBJECT: Temporary Assistance to Needy Families Maintenance of Effort  
FY 2000

ATTACHMENTS: None

The purpose of this Local Commissioner's Memorandum is to notify local social services districts that there is a potential that New York State may be in jeopardy of not meeting the Federally mandated Maintenance of Effort for the Temporary Assistance to Needy Families (TANF) Block Grant for the 2000 Federal Fiscal Year (October 1999 - September 2000) if reimbursement at 50% Federal share for most expenditures continues to be paid. New York State must achieve MOE compliance by September 30, 2000. Due to decreasing caseloads, the MOE shortfall is projected at \$150 million for the Federal Fiscal Year ending 9/30/2000. As a result local districts will see a reduction in Federal Financial Participation in order to ensure sufficient State/local spending to guarantee New York State meets its Federal MOE requirement. Please refer to 99 LCM-14 for additional background.

Background:

Under the TANF legislation, States are required to spend 75% of a State's historic expenditures if work participation rates are met, or 80% of historic expenditures if work participation rates are not met. Based on recent trends and participation data, we assume the State will meet its participation rate, and therefore we budget to meet the 75% MOE goal. Historic expenditures were based on FFY 1994. The federally mandated MOE was calculated using the State/local share of Statewide expenditures for ADC, EAF, ADC related child care, transitional child care, At Risk Child

Care and JOBS, including any adjustments as a result of audit initiatives. With the continuing decline in the Family Assistance caseload, expenditures for FFY 2000 may put the State in jeopardy of not meeting its MOE.

Action

As a result of our projection, advance payments for the Federal share of TANF funds will be reduced during the period of January through March 2000 and possibly subsequent quarters. The Federal share of advances will be reduced by \$40 million for the quarter, or \$13 million per month. However, the State share of TANF advances for this same period will be increased by \$20 million, or \$6.5 million per month. In this same manner, the State shares the cost of the reduced Federal share with the districts. Our agency will continue to monitor expenditure levels to determine if further adjustments are warranted.

Any questions concerning this LCM should be directed to: (Regions I-IV) Roland Levie 1-800-343-8859, extension 4-7549, and (Region V) Marvin Gold (212) 383-1733.

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