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| LOCAL COMMISSIONERS MEMORANDUM |
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OTDA-4037EL (Rev. 11/98)

Transmittal No: 00 LCM-21

Date: October 17, 2000

Division: Budget, Finance and
Data Management

TO: Local District Commissioners

SUBJECT: Temporary Assistance to Needy Families Maintenance of Effort
(MOE) Local Initiative

ATTACHMENTS: TANF MOE Plan
Expenditures for TANF MOE Programs (LDSS-3922M) (Rev.
8/00) (Not available on-line)
Report on Separate State Maintenance of Effort Programs
(OTDA-4710) (3/00) (Not available on-line)

ADDITIONAL SOURCES OF INFORMATION: SFY 2000-01 State Budget (Pages 468 and
469)
99 LCM-14 TANF MOE
00 LCM-8 Separate State MOE Program
Reporting

BACKGROUND:

The purpose of this Local Commissioner's Memorandum is to notify local social services districts of a new provision in the SFY 2000-01 state budget which allows for local districts to submit additional claims for expenditures to be used toward the Federal TANF Maintenance of Effort (MOE) requirement.

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Under the Federal TANF legislation, states are required to spend an amount equivalent to at least 75% of what they spent during the TANF base year of FFY 1994, or 80% if work participation requirements are not met. This Maintenance of Effort (MOE) provision has resulted in New York State being required to spend \$1.718 billion in state and local dollars each year for TANF programs. With reduced Family Assistance caseloads it has become increasingly difficult to meet the MOE requirement. To comply with the MOE requirement, New York State has been forced to reduce the Federal share of participation in Family Assistance expenditures below the historical 50% rate. This, in turn, has increased both the state and local shares of the cost of providing benefits.

The new provision in the SFY 2000-01 state budget allows that for time periods during which local districts Family Assistance (FA) reimbursement is being reduced below the historical 50% Federal share in order for NYS to comply with its TANF MOE requirement, local districts may be able to claim MOE for other local expenditures in addition to their normal local share expenditures for Family Assistance. While local districts are still required to meet their local share expenditure requirement, they have more flexibility in doing so as a result of this new provision.

The SFY 2000-01 state budget appropriation language allows for submission of a plan by a social services district adequately documenting, to the satisfaction of the commissioner, new local expenditures that can be reported as qualified state expenditures. It requires that the expenditures cannot impede the state from complying with all state and federal laws, including those relating to data reporting or work participation. Further, the local district's plan cannot reduce the regular local share of FA and related administration to less than 25%. The local share may not be a match to any Federal funding.

This new provision gives each local district an opportunity to avoid having some or all of its federal reimbursement in the Family Assistance Program reduced through new local spending. The local district still has the same required local expenditure. However, for any dollar spent on new MOE countable activities, the district will receive an additional dollar of Federal reimbursement for their Family Assistance expenditures up to the amount that had been lost by the district as a result of the reduction in the Federal reimbursement for their Family Assistance expenditures in order for the State to meet its MOE requirement.

Additionally, a State Plan Amendment filed earlier this year allows us to pay for programs that serve families with incomes up to 200% of poverty level with TANF and MOE countable funds. This development should provide added flexibility in counting program expenditures toward the MOE requirement since districts will be able to count expenditures for programs that serve a larger population (families within 200% of poverty) toward MOE. Districts should refer to 00 LCM-20 which provides guidance on TANF and MOE countable programs serving persons having incomes within 200% level. Also, 00 LCM-15 provides guidance on reporting requirements associated with programs with incomes within 200% of poverty level.

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EXAMPLE:

In the example below, \$20,000 in new spending results in an increase of \$20,000 in Federal reimbursement.

Reimbursement of On-Going FA Costs

	<u>Gross</u>	<u>Federal</u>	<u>State</u>	<u>Local</u>
Historical 50% Federal Share	400,000	200,000	100,000	100,000
Shares Adjustment to Meet MOE	400,000	160,000	120,000	120,000
Shares with \$20,000 in New Local MOE Spending	400,000	180,000	120,000	100,000

New Local District Spending

Local MOE Spending	20,000	-	-	20,000
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This new provision is effective October 1, 2000. OTDA will accept local districts plans at any time after the release of this LCM. Districts must have an approved plan in place before OTDA will approve any credits based on a local district's submission of an LDSS-3922M "Expenditures for TANF MOE Programs" form. It should be noted that if the Federal government does not ultimately accept the MOE claim, steps will be taken to reverse the MOE credit to the district.

ACTION:

To benefit from this new provision, a local district must:

Submit a TANF MOE Plan

Using the TANF MOE Plan template attached, the local district must submit a plan to Richard Radzynski in OTDA's Office of Budget, Finance and Data Management. OTDA staff will review the plan and notify the district of approval or disapproval, or request further information in order to evaluate the plan if necessary. Incorporated in OTDA's review will be an evaluation of the allowability of the proposed program under Federal TANF statute and regulations, the existing TANF State Plan, and New York State statute and regulations. If a program does not appear to be allowable, OTDA will determine whether pursuing a State Plan Amendment or legislative change is feasible and will proceed with obtaining a change if it is determined that such change is both practicable and reasonable. The local plan will not be approved until necessary State Plan Amendments or legislative changes are made. Once the local district's plan is approved, the local district may begin submitting claims. Any questions should be directed to Richard Radzynski at 1-800-343-8859, extension 4-7522.

Meet Data Collection and Reporting Requirements

Local districts must limit MOE programs covered by this LCM to "non-assistance".

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Also, it should be noted that the authorizing language refers to qualified expenditures. Under Federal rules qualified activities include cash assistance, child care assistance, educational activities to increase self-sufficiency, job training and work, and other services or benefits calculated to accomplish a purpose of the TANF program. The MOE programs referred to in the LCM must fall into the last three categories referenced above.

Finally, there is a provision in Federal law that limits the amount of MOE countable expenditures for programs that were not funded under the predecessor IV-A program to the incremental amount spent over and above the amount spent for the entire program in the FFY 1994-95 base year. Therefore the reporting forms and reporting requirements relate to the expenditure of local MOE countable dollars.

Local districts should refer to 00 LCM-8 for guidance on the Data Collection and Reporting Requirements for Separate State MOE Programs. Form OTDA-4710 must be completed for these programs.

To reiterate, the expenditures being addressed in this LCM are local expenditures. Therefore, the reporting forms and reporting requirements relate to the expenditure of MOE countable dollars.

Claiming Instructions for TANF MOE Countable Expenditures

Those local services districts that have a TANF MOE plan approved will report their local expenditures in the following manner.

The local districts will submit their claims for MOE credit on a LDSS 3922M, "Expenditures for TANF MOE Programs" in the first instance. These claims should be submitted on a monthly basis to the Bureau of Financial Services.

Costs should be identified as being administrative or non-administrative and should be reported in the respective columns. Expenditures cannot be needed to match Federal funds or be used as a condition of receiving Federal funds under other Federal programs. All costs will be examined on an individual basis.

Administrative costs for MOE are subject to a 15% limitation under Federal TANF regulations. Under the same regulations, certain activities that are normally considered administrative are classified as program costs under federal rules and are not subject to the 15% cap. For guidance on administrative versus non-administrative expenditures, local districts should refer to the TANF Services Plan guidelines provided in June 2000.

The LDSS-3922M should be completed by entering the costs on the appropriate lines of the form, the certification should be signed and the expenditure report submitted.

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Additional Information

For additional guidance on MOE countable expenditures, refer to 99 LCM-14 and the Helping Families Achieve Self-Sufficiency Guide issued by the Federal Department of Health and Human Services and attached to that LCM.

Because New York's TANF State Plan and State appropriation language governing the use of TANF funds include some requirements that are in addition to this Federal TANF guidance, districts must adhere to the more specific State requirements.

OTDA will provide a projection of MOE shortfalls as soon as our ability to do this become available. In the interim, a statewide estimate is available and a local district may estimate its shortfall using statewide data. For FFY-2000, it is projected that New York State's MOE shortfall will be \$150 million of which \$75 million is attributable to local share. As a guide in determining a particular local district's shortfall, the district's proportion of Family Assistance caseload/expenditures as a proportion of the statewide total may be used.

Note that this policy is only in effect when the Federal reimbursement rate on Family Assistance expenditures falls below 50%. More specifically, although OTDA will accept plans and claims at any time, districts will only receive credit toward their MOE obligation for years during which the Federal reimbursement rate on Family Assistance is less than 50%.

Philip Maher
Assistant Commissioner
Office of Budget, Finance & Data Management

Local District MOE Plan

For Each Program for Which MOE Will Be Claimed, provide the following:

Local District:

Contact Person:

Telephone:

Name of Program:

Purpose of Program:

Population Served by Program (list eligibility criteria and how eligibility will be determined and documented):

Amount of Local Funds Projected To Be Spent During FFY 2001

Source of Funds to be Counted Toward MOE (e.g. local tax levy)

Is the program considered "generally available" education? Yes___ No___

Are the expenditures needed to match Federal funds or used as a condition of receiving Federal funds under other Federal programs (if State funds are expended under Medicaid, answer "Yes") Yes___ No___

Are expenditures already used to count toward the TANF MOE? Yes___ No___

Did the funds originate with the Federal government? Yes___ No___

Was the program authorized and allowable under prior law (i.e. under an approved State IV-A plan in effect on September 1995)? ()Yes () No.

If the answer is "No", what were program expenditures for the entire program in federal fiscal year 1995?

State \$_____

Local \$_____

Note: Only the incremental amount above and beyond the entire amount spent in the base year for programs that were not reimbursable under the IV-A program can be counted toward MOE.

Explain how district plans to obtain reporting information.

Note: Claims for administration cannot exceed 15% of total program expenditures.