

OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE

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 | ADMINISTRATIVE DIRECTIVE |
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TRANSMITTAL: 01 ADM-5

DIVISION: Temporary Assistance

TO: Commissioners of Social Services

DATE: April 19, 2001

SUBJECT: Temporary Assistance (TA) Budgeting: 2001 Changes to the Earned Income Disregard and the Poverty Level Income Test

 SUGGESTED

DISTRIBUTION: Temporary Assistance Staff
 Medical Assistance Staff
 Food Stamp Staff
 CAP Coordinators
 Directors of Services
 Staff Development Coordinators

CONTACT

PERSON: Call 1-800-343-8859 and ask for the Division of Temporary Assistance Central Team at Extension 4-9344.
 For Medicaid: Upstate Regional Representative at (518) 474-9130; New York City Representative at (212) 268-6855.

ATTACHMENTS: Attachment A: Federal Poverty Guidelines - Available on-line

FILING REFERENCES

Previous ADMs/INFs	Releases Cancelled	Dept. Regs.	Soc. Serv. Law & Other Legal Ref.	Manual Ref.	Misc. Ref.
97 ADM-23	00 ADM-3	352.18 352.19 352.20 352.3 (a) - (d) 352.8(b)(1)	SSL 131- a(8)(a)(iii)	PASB XVI-F1-F5	
OTDA-296EL (Rev. 11/98)					

I. Purpose

This directive advises social services districts (SSDs) of a change in the percentage of earned income which is disregarded during the temporary assistance (TA) budgeting process. Annually on June 1, as required by Social Service Law Section 131-a (8)(a)(iii), this percentage must be adjusted up or down to reflect the change in the most recently issued poverty guidelines of the United States Bureau of the Census (Attachment A). Additionally, this change in the earned income disregard requires that thresholds of the Poverty Level Income Test be updated.

II. Background

The Welfare Reform Act of 1997 (WRA) required SSDs to use a new budgeting methodology which employs a flat percentage earned income disregard. This earned income disregard is applied to the difference between the eligible applicant's/recipient's (A/R) gross income and the \$90 work expense disregard. The WRA requires that on an annual basis, beginning on June 1, 1998, the rate of the earned income disregard be adjusted to reflect the most recently released federal poverty guidelines.

The WRA also imposes a Poverty Level Income Test which requires that a household's total gross earned and unearned income cannot exceed the federally established poverty level by family size. This test applies only to persons living in situations subject to the maximum shelter allowances under 18 NYCRR 352.3(a)-(d), or 352.8(b)(1). An update to the threshold is necessary on a yearly basis in order to ensure that the appropriate poverty level is applied to applicants for and recipients of TA.

III. Program Implications

The earned income disregard increases from 47% to 49%, effective June 1, 2001. SSDs will be required to begin budgeting the new earned income disregard for budgets with an effective June 1, 2001 date or later. The ABEL system will provide support for this change effective April 14, 2001 (May 21, 2001, in NYC).

The change in the earned income disregard is applicable to all Family Assistance (FA) households. In addition, Safety Net Assistance (SNA) households which include a dependent child applying for or receiving SNA or SSI are also eligible to receive the earned income disregard.

Effective June 1, 2001, gross earned and unearned income cannot exceed the 2001 monthly poverty level. This provision continues to only apply to those persons living in situations subject to regular Departmental shelter schedules. It does not apply to individuals residing temporarily in hotel/motels, domestic violence shelters, AIDS housing, congregate care facilities, etc. This test is fully supported by ABEL.

The change in the Poverty Income Level Test applies to all TA households residing in appropriate shelter situations.

IV. Required Actions

A. Applicants

An applicant's eligibility for TA must be determined without application of the 49% earned income disregard unless the applicant has received TA for any one of the four months preceding the date of the current application. If eligible without the earned income disregard, the disregard is granted in calculating the net earned income.

The poverty level test will be applied automatically by ABEL to all applicants residing in appropriate shelter situations.

B. Recipients

A mass re-budgeting of all cases with earned income currently receiving the earned income disregard, and an authorization "to" date 6/1 or greater, will take place prior to June 1 on an annual basis. Recipients will receive notice of the change through the Client Notice System (CNS).

C. Examples

Example #1: NYC Eligible Recipient Family

A three person household is residing in a private apartment with heat included in the rent and has gross earnings of \$900 monthly.

\$ 900.00	Gross Earnings	\$577.00	standard of need
- (\$90.00)	Work Expense Disregard	-(413.10)	net earned income
810.00	(remainder)	163.00	net grant (rounded)
- (396.90)	(49% of remainder)	900.00	gross earned income
413.10	net earned income	\$1,063.00	grant+gross earnings

The family is eligible for a \$163.00 grant. The 2001 monthly poverty guideline for a family of three is \$1,219.17. The family passes the poverty level income test and remains eligible for TA.

Example #2: Ulster County Ineligible due to Poverty Level Income Test

A three person household is applying for TA and is residing in a private apartment with heat included in the rent and has gross earnings of \$1,225.00 monthly.

\$ 1,225.00	Gross Earnings
- 1,219.17	Poverty Income Limit
\$5.83	GROSS SURPLUS

The family is ineligible for TA because they have failed the poverty level test by \$5.83.

D. Food Stamps Implications

An increase in available TA income due to an increase in the TA earned income disregard must be counted when budgeting for Food Stamps. TA/Food Stamp (FS) cases that are mass re-budgeted will have their FS benefits adjusted automatically. FS households are still entitled to a 20% earned income disregard from their gross earned income.

E. Medical Assistance Implications

The change in the amount of the earned income disregard (EID) from 47% to 49% will be implemented for all Medicaid budgets with an effective "From Date" of June 1, 2001, or later. Also effective June 1, 2001, the Poverty Level Income Test will be based on the poverty levels published in the Federal Register in February 2001. These levels are the same as those used for expanded eligibility for pregnant women and children effective January 1, 2001.

The MBL system has supported these changes for Upstate since March 19, 2001. MBL Transmittal 011 issued March 13, 2001 provides details of the systems changes. New York City changes will be forthcoming.

At next client contact or recertification, cases with an effective "From Date" of June 1, 2001 or later will be re-budgeted using the EID of 49% and the Poverty Level Test based on the 2001 poverty level. Some cases may change from Medically Needy eligibility to Low Income Families (LIF) eligibility due to the increase in the EID. Cases re-budgeted after June 1, 2001, but with an effective "From Date" of June 1, 2001, will qualify retroactively for Transitional Medicaid (TMA) and the four month child support extension, if otherwise eligible.

Any SSDs that have cases affected by the change in the amount of the EID will be sent a report identifying such cases. Instructions will accompany the report.

F. Notice Requirements

Applicants and recipients who do not receive a notice through CNS must be provided with a manual notice that includes the following language:

We are counting less earned income against your temporary assistance needs. Each year the percentage of earned income that we must disregard is adjusted. The higher the earned income disregard, the smaller the amount of your earned income we count. We decide the amount of the new percentage based on changes to the most recently issued poverty guidelines issued by the United States Bureau of the Census. The earned income disregard has been changed from 47% to 49%. We do not count the first \$90 of your gross earned income and 49% of the remainder.

This decision is based on Regulation 18 NYCRR 352.20(c),

G. Systems Implications

The new 49% Earned Income Disregard and the new poverty levels for the Poverty Income Level Test were migrated Upstate as of April 14, 2001, for budgets with "Budget From" dates of June 1, 2001, or later. A Mass Re-budgeting/Re-authorization, on April 14, 2001 (initial phase), and April 21, 2001 (final phase), automatically re-budgeted TA cases with earned income and a 47% Earned Income Disregard. Cases listed as exceptions during the initial phase of the Mass Re-budgeting will need to be re-budgeted by the SSD. See ABEL Transmittal 01-2 for additional information regarding the MRB/A. The Mass Re-budgeting/Re-authorization in NYC will be run on the weekend of May 19, 2001, and will be available on May 21, 2001.

V. Effective Date

Effective June 1, 2001.

Patricia A. Stevens
Deputy Commissioner
Division of Temporary Assistance

2001 Federal Poverty Guidelines

<u>Size of Family Unit</u>	<u>Poverty Guideline</u>
1	\$8,590
2	11,610
3	14,630
4	17,650
5	20,670
6	23,690
7	26,710
8	29,730

For family units with more than 8 members, add \$3,020 for each additional member.