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Local Commissioners Memorandum

Section 1

Transmittal:	03 LCM 6	
To:	Local District Commissioners	
Issuing Division/Office:	Office of Finance	
Date:	June 25, 2003	
Subject:	Adminstrative Cap State Fiscal Year 2003-04	
Contact Person(s):	Roland Levie Regions I-IV 518-474-7549 Michael Borenstein Region V 631-854-9704 Marian Borenstein Region VI 212-383-1735	
Attachments:	Adminstrative Cap 2003-04	
Attachment Available On – Line:	yes	

Section 2

I. Purpose

The purpose of this LCM is to advise local social services districts that the enacted State Budget for 2003-04 enacts a \$15 million cut to the State share administrative cap for SFY 2003-04.

II. Background

Since State Fiscal Year 1989-90, local districts have been capped at the level of State share reimbursement for administrative costs for Temporary Assistance, Food Stamps, and Medicaid. Once a local social services district reaches its cap, reimbursement of State share ceases.

The enacted 2003-2004 State Budget requires a reduction in the State share cap of seven and a half percent (7.5%), but in calculating the amount of the 7.5% reduction, the amount appropriated for Medical Assistance is excluded. This means that the Medical Assistance portion of the cap was not included in the calculation of the reduction, as displayed in the attachment. However the State share of administrative costs for Medical Assistance are still subject to the cap.

There are certain costs that can be exempted from the cap through the submission of an exempt area plan. Instructions for completing and filing exempt area plan requests are found in Volume 1, Chapter 5 of the Fiscal Reference Manual.

Statewide (total) reimbursement of approved waiver plan items is limited to the total (Statewide) amount paid for all waivers in State Fiscal Year 2002-03. Any approved waiver items not reimbursed in SFY2002-03 can be reimbursed with available funds in subsequent SFY's.

III. Program Implications

Each local district was assigned its proportionate share of the reduction, by each district's share of the administrative cap. For example, if a County's share of the administrative cap was 5% of the Statewide

amount, it received a 5% share of the \$15 million. Each district's cap and the amount of the reduction are reflected in the chart attached to this LCM.

The cap is applied to claims timely received for calendar year 2003 or any supplemental claims received during the State Fiscal Year. Once a local social services district's cap level is reached, State reimbursement, for the balance of the State Fiscal year, for capped areas ceases. Ordinarily, the State advances (before the end of the State Fiscal year) an amount against a district's exempt area plan for the prior calendar year (e.g. the State advances in March 2004 an amount for a local district's 2002 exempt area plan).

Federal reimbursement of administrative costs continues to be paid for allowable costs even after a district exceeds its State share cap.

Issued By

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