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Governor

**NEW YORK STATE**  
**OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE**  
40 NORTH PEARL STREET  
ALBANY, NY 12243-0001

**Robert Doar**  
Commissioner

## Administrative Directive

### Section 1

<b>Transmittal:</b>	04-ADM-03
<b>To:</b>	Local District Commissioners
<b>Issuing Division/Office:</b>	Division of Temporary Assistance
<b>Date:</b>	April 27, 2004
<b>Subject:</b>	Temporary Assistance (TA) Budgeting: 2004 Changes to the Earned Income Disregard and the Poverty Level Test
<b>Suggested Distribution:</b>	Temporary Assistance Directors Food Stamp Directors Staff Development Coordinators WMS Coordinators Fair Hearing Staff Medicaid Staff TOP/CAP Coordinators
<b>Contact Person(s):</b>	Central Team (TA) at 1-800-343-8859; extension 4-9344, Eastern Team (FS); extension 3-1469, Western Team (HEAP); extension 3-0332, and Metro Team, (212) 961-8207 For Medicaid: Upstate Regional Representative at (518) 474-8216; New York City Representative at (212) 268-6855
<b>Attachments:</b>	None
<b>Attachment Available On – Line:</b>	<input type="checkbox"/>

### Filing References

Previous ADMs/INFs	Releases Cancelled	Dept. Regs.	Soc. Serv. Law & Other Legal Ref.	Manual Ref.	Misc. Ref.
03 ADM-4 97 ADM-23	03 ADM-4	352.18 352.19 352.20 352.3(a)-(d) 352.8(b)(1)	SSL 131-a(8)(a)(iii)	TASB Chapter 18, Section I	

## Section 2

### I. Purpose

This directive advises local districts of a change in the percentage of the earned income disregard (EID) in the temporary assistance (TA) budgeting process. Annually on June 1, as required by Social Services Law (SSL) 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. Additionally, this directive also updates the thresholds of the Poverty Level Income Test.

Note: The change in the EID outlined in this Release is statutorily required and should not be confused with a current budget proposal included in the SFY 04-05 Executive Budget and under active consideration that would change the way the EID is calculated. This proposed legislation, if enacted, provides for a 50% EID for FA and SNA-MOE cases with a gradual reduction of the disregard based on time on assistance.

### II. Background

The Welfare Reform Act of 1997 (WRA) required districts to use a new budgeting methodology employing a flat percentage EID. The EID is applied to the difference between the eligible applicant's/recipient's gross income and the \$90 work expense disregard. SSL 131-a (8)(a)(iii) requires this Office to adjust the EID annually on June 1 each year to reflect the most recently released federal poverty guidelines.

The WRA also imposes a Poverty Level Income Test that requires a household's total gross earned and unearned income to be at or below 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) and 352.8(b)(1). DTA issues an update to the threshold on a yearly basis.

The amount of the EID is calculated based on the amount necessary to cause a family of three living in New York City without special needs or unearned income, living in a heated apartment to become ineligible for assistance when earnings equal the most recently issued federal poverty guidelines. Effective November 1, 2003, changes to 18 NYCRR 352.3 increased shelter allowances for a family of three residing in New York City with heat included. This increase in the corresponding standard of need for this size family caused the EID to decrease effective June 1, 2004.

### III. Program Implications

The EID decreases from 51% to 43% effective June 1, 2004. Districts must begin using the new EID for cases with budgets effective on this date and beyond. The ABEL system provides support for this change effective April 12, 2004 (May 17, 2004 in NYC).

The change in the EID is applicable to all Family Assistance (FA) households, including households in which the category of assistance is FA by reason of pregnancy. Safety Net Assistance (SNA) households including a dependent child applying for or receiving SNA or SSI are also eligible to receive the EID. This includes cases no longer eligible to receive federally funded FA or SNA because an adult on the case, or minor head of household, has reached his/her State 60-month time limit.

Effective June 1, 2004, the Poverty Level Test limits will change. Beginning on that date, the gross earned and unearned income of applicants for and recipients of TA cannot exceed the 2004 Federal Poverty Guidelines as published in the Federal Register by family size, and available at <http://aspe.hhs.gov/poverty/poverty.shtml>. The Poverty Level Test applies to all

TA households except those residing temporarily in a hotel/motel, homeless shelter, domestic violence shelter, AIDS housing, congregate care facility, etc. ABEL fully supports this test.

### **2004 Federal Poverty Guidelines**

Size of Family Unit	Annual Poverty Guideline
1	\$9,310
2	12,490
3	15,670
4	18,850
5	22,030
6	25,210
7	28,390
8	31,570
Additional	+3,180

#### **IV. Required Action**

##### Applicants

An applicant's eligibility for TA must be determined without application of the 43% EID unless the applicant has received TA for any one of the four months preceding the date of the current application. If eligible without the EID, the district must use the disregard in calculating the net earned income.

ABEL automatically applies the Poverty Level Test to all applicants residing in the appropriate shelter type (all TA households except those residing temporarily in a hotel/motel, homeless shelter, domestic violence shelter, AIDS housing, congregate care facility, etc).

##### Recipients

A mass re-budgeting of all cases with earned income currently receiving the EID and with an authorization "To Date" of 6/1/04 or greater (budget effective 6/1/04 or later) will take place prior to June 1, 2004. Recipients will receive notice of the change through the Client Notice System (CNS).

#### **V. Systems Implications**

##### Upstate

The new 43% EID and the new poverty levels for the Poverty Level Test will migrate Upstate as of April 12, 2004 for budgets with "Budget From" dates of June 1, 2004 or later. A mass re-budgeting/reauthorization (MRB/A) on April 10, 2004 (initial phase), and April 17, 2004 (final phase), automatically re-budgeted cases with earned income and a 51% EID. Cases listed as exceptions during the initial phase of the mass re-budgeting need to be manually re-budgeted by the district. See ABEL Transmittal 04-3 for additional information regarding the MRB/A.

##### Downstate

NYC will run the MRB/A on the weekend of May 15-16, 2004, and will be available on May 17, 2004.

## **VI. Additional Information (Optional)**

### Food Stamps Implications

Food Stamp (FS) benefits must be re-budgeted with the decrease in available TA income due to the decrease in the TA EID. TA/FS cases that are mass re-budgeted will have their FS benefits adjusted automatically. Households that lose financial eligibility for TA due to the EID reduction must have their continued eligibility for FS, including transitional benefits (TBA), separately determined. FS households continue to receive a 20% earned income disregard from their gross earned income.

### Medicaid Implications

Effective June 1, 2004 the Poverty Level Test will be based on the poverty levels published in the Federal Register in February 2004. Districts will be advised of the Medicaid Budgeting Logic (MBL) changes for Upstate in a forthcoming MBL transmittal. Information regarding New York City systems changes will also be forthcoming.

Medicaid budgets with an effective "From Date" of June 1, 2004, or later will reflect the change in the EID from 51% to 53%. Since Medicaid did not revise the shelter allowance, the EID increased rather than decreased as it did for TA. At next client contact or recertification, cases with an effective "From Date" of June 1, 2004 or later will be re-budgeted using the EID of 53% and the Poverty Level Test based on the 2004 poverty level. All cases that lose TA eligibility due to increased income as a result of the lower EID for TA should be referred for a separate Medicaid determination.

For Medicaid, some cases may change from Medically Needy to Low Income Families (LIF) eligibility due to the increase in the EID. Cases re-budgeted after June 1, 2004 but with an effective "From Date" of June 1, 2004, will qualify retroactively for Transitional Medicaid (TMA) and the four-month Child Support Extension, if otherwise eligible.

### Notice Requirements

Districts must provide recipients who do not receive a notice through CNS with a manual notice that includes the following language:

"We are counting more earned income against your temporary assistance needs. Each year, the percentage of earned income that we must disregard is adjusted. The lower the earned income disregard, the greater 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 by the United States Bureau of the Census. The earned income disregard has been changed from 51% to 43%. We do not count the first \$90 of your gross earned income and 43% of the remainder."

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

For TA cases closed due to the reduction of the EID, workers must use closing code E30, Excess Income (no Transitional Medicaid). Use of this code will prompt the separate Medicaid determination required.

Districts must send a timely and adequate notice to households who receive a reduction in FS benefits because of this change.

Effective Date

Effective June 1, 2004

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**Issued By**

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**Title:** Deputy Commissioner

**Division/Office:** Temporary Assistance