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**NEW YORK STATE**  
**OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE**  
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**Robert Doar**  
Commissioner

## Local Commissioners Memorandum

### Section 1

<b>Transmittal:</b>	04-LCM-14	
<b>To:</b>	Local District Commissioners	
<b>Issuing Division/Office:</b>	Office of Finance	
<b>Date:</b>	September 28, 2004	
<b>Subject:</b>	Administrative Cap State Fiscal Year 2004-05	
<b>Contact Person(s):</b>	Virginia Scala Regions I-IV 518-474-7549 Michael Borenstein Region V 631-854-9704 Marian Borenstein Region VI 212-961-8250	
<b>Attachments:</b>	Administrative Cap 2004-05	
<b>Attachment Available On – Line:</b>	Yes	

### I. Purpose

The purpose of this LCM is to advise local social services districts that the enacted State Budget for 2004-05 establishes an additional \$45 million reduction to the State share administrative cap for SFY 2004-05, annualizing the reduction that was initiated in SFY 2003-04 to the full annual level of \$60 million.

### 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 2004-2005 State Budget requires a reduction in the State share cap of twenty-four and a half percent (24.5%), but in calculating the amount of the 24.5% 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, however the State share of administrative costs for Medical Assistance are still subject to the cap. The calculation results in a Statewide reduction amount of \$45 million.

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 2003-04. Any approved waiver items not reimbursed in SFY 2003-04 can be reimbursed with available funds in subsequent SFY's.

### III. Program Implications

Each local district was assigned a proportionate share of the reduction, based on 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 \$45 million. Each district's cap is reflected in the chart attached to this LCM.

The cap is applied to claims timely received for calendar year 2004 and any supplemental claims received during the State Fiscal Year through February 2, 2005. 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 2005 an amount for a local district's 2003 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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