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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

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| Transmittal: | 05-ADM-09 |
| To: | Local District Commissioners |
| Issuing Division/Office: | Division of Employment and Transitional Supports |
| Date: | May 19, 2005 |
| Subject: | Temporary Assistance (TA) Budgeting: 2005 Changes to the Earned Income Disregard and the Poverty Level Test |
| Suggested Distribution: | Temporary Assistance Directors Food Stamp Directors WMS Coordinators Fair Hearing Staff Medicaid Staff TOP/CAP Coordinators |
| Contact Person(s): | Cash Assistance Bureau (TA) at 1-800 343-8859; extension 4-9344, Food Stamp Bureau (FS); extension 3-1469, HEAP Bureau; extension 3-0332, Metropolitan Field Support Bureau, (212) 961-8207 For Medicaid: Upstate Regional Representative at (518) 474-8216; New York City Representative at (212) 417-4500 |
| Attachments: | None |
| Attachment Available On – Line: | <input type="checkbox"/> |

Filing References

| Previous ADMs/INFs | Releases Cancelled | Dept. Regs. | Soc. Serv. Law & Other Legal Ref. | Manual Ref. | Misc. Ref. |
|------------------------|--------------------|---|-----------------------------------|----------------------------|------------|
| 97 ADM 23 04 ADM 03 | 04 ADM 03 | 352.18 352.19 352.20 352.3(a)-(d) 352. (b)(1) | SSL 131-a (8)(a)(iii) | TASB Chapter 18, Section I | |

Section 2

I. Summary

This release advises districts of a change in the Earned Income Disregard (EID) and Poverty Level Test in the Temporary Assistance (TA) budgeting process. The EID increases from 43% to 45% and districts must begin using the new EID for cases with a budget with an effective "From Date" of June 1, 2005 or later. The ABEL system provided support for this change Upstate on April 11, 2005 and will provide support Downstate on May 23, 2005. Also, beginning on June 1, 2005, the Poverty Level Test will change such that an applicant's or a recipient's gross earned and unearned income cannot exceed the 2005 Federal Poverty Guidelines for that size household. The Poverty Level Test applies to all TA households except those residing temporarily in hotel/motel, homeless or domestic violence shelter, AIDS housing, congregate care facility, etc.

The new EID and the Poverty Level Test migrated Upstate on April 11, 2005 for budgets with "Budget From" 6/1/2005 or later. A mass re-budgeting/reauthorization (MRB/A) ran on April 9, 2005 (initial phase) and April 16, 2005 (final phase). During the initial phase, cases with exceptions will need to be manually re-budgeted. Downstate will run the MRB/A on the weekend of May 21, 2005 and it will be available on May 23, 2005.

II. 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 changes in the most recently issued poverty guidelines of the United States Department of Health and Human Services. Additionally, this directive also updates the thresholds of the Poverty Level Income Test.

III. 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 applicants' or eligible 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 amount of the EID is calculated based on the amount necessary to cause a family of three (with children) 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.

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.

IV. Program Implications

The EID increases from 43% to 45% effective June 1, 2005. Districts must begin using the new EID for cases with budgets effective on this date and beyond. The ABEL system provided support for this change effective April 11, 2005, (May 23, 2005 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 containing a pregnant woman or 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 limit.

Effective June 1, 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 2005 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.

2005 Federal Poverty Guidelines

| Size of Family Unit | Annual Poverty Guideline |
|---------------------|--------------------------|
| 1 | \$9,570 |
| 2 | \$12,830 |
| 3 | \$16,090 |
| 4 | \$19,350 |
| 5 | \$22,610 |
| 6 | \$25,870 |
| 7 | \$29,130 |
| 8 | \$32,390 |
| Additional | +3,260 |

V. Required Action

Applicants

An applicant's eligibility for TA must be determined without application of the 45% EID unless the applicant has received TA for any one of the four months preceding the date of the current application. If eligible without 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 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 6/1/05 or greater (budget effective 6/1/05 or later) will take place prior to June 1, 2005. Recipients will receive notice of the change through the Client Notice System (CNS).

VI. Systems Implications

Upstate

The new 45% EID and the new poverty levels for the Poverty Level Test migrated Upstate on April 11, 2005 for budgets with "Budget From" dates of June 1, 2005 or later. A mass re-budgeting/reauthorization (MRB/A) ran on April 9, 2005 (initial phase), and on April 16, 2005 (final phase), the automatically re-budgeted cases with earned income were changed from 43% to 45% 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 05-3 for additional information regarding MRB/A.

Downstate

NYC will run the MRB/A on the weekend of May 21, 2005, and will be available on May 23, 2005.

VII. Additional Information (Optional)

Food Stamps Implications

Food Stamp (FS) benefits must be re-budgeted with the decrease in available TA income due to the increase 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 increase 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, 2005, the 100% Poverty Level Test will be based on the poverty levels published in the Federal Register in February 2005.

Medicaid budgets with an effective "From Date" of June 1, 2005 or later will reflect the change in the EID from 53% to 54%. As required by Social Service Law, Section 366 (1) (a) (8), Medicaid used the standards of the Family Assistance Program as they existed on November 1, 1997. Medicaid uses the November 1, 1997 shelter allowances in calculating the EID.

At next client contact or renewal, cases with an effective "From Date" of June 1, 2005 or later will be re-budgeted using the EID of 54% and the Poverty Level Test based on the 2005 Poverty Level.

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, 2005 but with an effective "From Date" of June 1, 2005, will qualify retroactively for transitional Medicaid (TMA) and the four-month Child Support Extension, if otherwise eligible.

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.

" In the Medicaid program, the EID for families eligible for Medicaid as Low Income Families (LIF) increases from 53% to 54% effective June 1, 2005. The EID percentage for Medicaid-only LIF

households differs from the Temporary Assistance EID because LIF requires use of the TA standards in effect on November 1, 1997.”

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 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 income we count. We decide the amount of the new percentage based on the changes to the most recently issued poverty guidelines by the United States Department of Health and Human Services. The earned income disregard has been changed from 43% to 45%. We do not count the first \$90 of your gross earned income and the 45% of the remainder.”

“This decision is based on Regulation NYCRR 352.20(c).”

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

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

VIII. Effective Date

June 1, 2005

Issued By _____

Name: Russell Sykes
Title: Deputy Commissioner
Division/Office: Division of Employment and Transitional Supports