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Local Commissioners Memorandum

Section 1

Transmittal:	06-LCM-02	
To:	Local District Commissioners	
Issuing Division/Office:	Office of Budget, Finance and Data Management	
Date:	May 31, 2006	
Subject:	Allocation for the 2006-07 Local Administration Fund	
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Attachments:	Allocations of LAF	
Attachment Available On – Line:	Yes	

Section 2

I. Purpose

The purpose of this Local Commissioners Memorandum is to publish the Local Administration Fund (LAF) allocation for each social services district. The LAF was appropriated as part of the budget enacted for State Fiscal Year (SFY) April 2006 – March 2007. See Chapter 53 of the Laws of 2006.

II. Background

The LAF in the SFY 2005-06 budget replaced the State share administrative cap which had been in existence since SFY 1989-90. The LAF is intended to provide local district flexibility, reward efficiencies, and eliminate the administrative cap exempt area plan process which was cumbersome and slow. The SFY 2006-07 LAF is funded at \$322 million.

The LAF applies to the State share of costs for the following functional areas: Temporary Assistance, Food Stamps, Employment (including Food Stamp Employment and Training), Fraud and Abuse activities allocated to Temporary Assistance and Food Stamps. Please also note that Food Stamp Employment and Training includes participant reimbursement and dependent care costs. The LAF also includes the State share of Domestic Violence Liaison costs, Drug/Alcohol assessment and screening costs for Safety Net Assistance recipients, the State share of administrative costs for any districts that participated in the Child Assistance Demonstration Program and, finally, Teenage Age Services Act (TASA) expenditures claimed on the Schedule D-1.

Medicaid administrative costs are not part of the LAF and are dealt with as part of determining the local share cap on Medicaid which was effective January 2006.

III. Program Implications

The 2006-07 LAF provides a total of \$322 million of State funds to social services districts. Of this amount, \$310.6 million is a “Base” allocation to provide reimbursement for the program categories identified above. As first instituted in 2005-06, county performance is considered in the development of the allocations and, although a heavier weighting on that performance was considered, it was determined most appropriate for the 2006-07 time period to maintain historical spending to drive two thirds of the total dollars allocated, with the remaining one third based on the following performance factors:

- Temporary Assistance Caseload;
- TANF Work Participation Rate;
- Poverty Factor;
- Efficiency of each district compared to the statewide median;
- Increases in Food Stamp participation compared to the statewide median.

As in the prior year, limits were applied to each district's 2006-07 allocation as compared to their 2005-06 LAF funding, to avoid either large decreases or increases in the amount of funding each district will receive. This decision was in large part due to the recently enacted new provisions contained in the reauthorization of TANF related to significantly increased work participation requirements.

Note: Counties should be aware that prospectively the integration of performance factors into the calculation of the LAF allocations will take on a greater weighting factor and seek to reward districts that have met higher performance standards.

Work Incentive Funding

In addition to the Base funding, local districts will be eligible to receive a total of \$11.4 million in “Work Incentive” funds. Counties achieving at least a rate of 50% work participation in each of two categories will earn these funds. Those categories are TANF-funded assistance cases and MOE-funded Safety Net-Families. The amounts for each category are displayed on the allocation chart that accompanies this transmittal. These are the two categories now required under TANF to achieve a work participation rate of at least 50% to comply with the combined federal “All Families” work requirements effective October 1, 2006. The methodology used to allocate the \$11.4 million in work incentive funds is the same as was used to distribute the base level of LAF funding.

In an effort to enhance the districts’ achievement of each of these mandated work participation rates the “Incentive” funds are being advanced to districts at the same time as the “Base” funding. OTDA will advance both the “Base” and the “Incentive” portion of the appropriation for the first nine months, April-December 2006. Prior to processing the final LAF payment, an assessment of the compliance with the two participation goals will be completed. Districts that do not achieve the 50% rate will be subject to recoupment of incentive funds and if one category is achieved but not

the other only funds in the category NOT achieved will be recouped. This means that if a district is likely to miss the target for 10-12/06, the last payment would be reduced by the value of that incentive category.

While the following is not anticipated to occur, at worst case, the approximately \$32 million final payment of the 10 equal payments could be reduced by the \$11.4 million incentive down to \$20.6 million. The determination of whether a district achieved the required participation rates will be based on the respective monthly average participation rate for the period October, 1 2006 through December 31, 2006.

It is recommended that each district plan to achieve work participation rates for TANF and MOE cases of at least 50%. However, it should be noted that consistent with federal guidance, districts will have the 50% rate requirement reduced to the extent of the OTDA estimated statewide caseload reduction credit that will be applied by the federal government to the statewide rate. For example, the caseload reduction is currently projected to be in the range between 2 and 3 percent, meaning that if a district achieves a 48% rate and the caseload reduction is 2 percent the district will have achieved the required rate of participation. New York's caseload reduction credit is not yet known as it will now be based on the federally permissible TANF/MOE caseload reduction that occurs between FFY 2005 and FFY 2006 (rather than the previous federal caseload reduction credit which looked back to 1995 as the base year).

Although districts are not required to spend the incentive funds on employment services, it is recommended that each district ensure that sufficient resources through LAF, FFFS and other sources are directed as needed to achieve the 50% work participation rate requirements.

IV. Additional Information

Attached are the mappings from the various claiming schedules which are used to track expenditures against the LAF.

The LAF covers social services district claims for calendar year 2006 and any supplemental claims that are submitted by February 2, 2007.

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