



George E. Pataki
Governor

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

Robert Doar
Commissioner

Local Commissioners Memorandum

Section 1

| | |
|--|---|
| Transmittal: | 06-LCM-09 |
| To: | Local District Commissioners |
| Issuing Division/Office: | Division of Employment and Transitional Supports |
| Date: | September 15, 2006 |
| Subject: | Claiming Process for Certain Two-Parent Families |
| Contact Person(s): | Fiscal Contact as noted in Section V DCSE County Representative Welfare-To-Work Technical Advisor |
| Attachments: | |
| Attachment Available On – Line: | |

Section 2

I. Purpose

The purpose of this LCM is to inform Social Services Commissioners of the new funding methodology and claiming process for certain two-parent households receiving Temporary Assistance. This policy is effective October 1, 2006.

II. Background

The Deficit Reduction Act of 2005 (public law 109-171) included provisions that amended the extent to which states may reduce the federally required work participation rate for two-parent households with children. States are required to engage 90% of all two-parent households in which neither parent is disabled in work activities for 35 hours averaged weekly, or 55 hours averaged weekly if the household receives federally funded child care assistance.

The original Temporary Assistance for Needy Families (TANF) legislation permitted states to reduce the required 90% Two-Parent work participation rate by the percentage the state’s two-parent family caseload decline since federal fiscal year 1995. The Deficit Reduction Act of 2005 amended this “caseload reduction credit.” Effective October 1, 2006, states will be permitted to reduce the 90% rate in any year by the percentage of caseload decline experienced from the previous federal year as compared to a new base year of federal fiscal year 2005. This change has the effect of significantly increasing the required Two-Parent work participation rate to one much closer to the 90% threshold.

Failure to achieve the required Two-Parent work participation rate would result in potentially significant fiscal penalties for the State and social services districts. This penalty would include a reduction in the amount of TANF funds available to New York State and a requirement that the State and social services districts significantly increase State and local spending.

The State generally provides federal funds to support fifty percent of the costs associated with Family Assistance benefit payments. Section 153 of the Social Services law and State Budget appropriation language establish reimbursement methodologies for cost incurred by social services districts associated with the provision of public assistance. To preserve the amount of federal TANF funding available to New York State, two-parent families that would otherwise be subject to the separate 90% Two-Parent work participation rate will be separately funded to avoid the federal 90% Two-Parent work participation rate requirement.

Two-parent families are households in which there is a child in common and both parents receive temporary assistance (including cases in which one or both of the parents is sanctioned). Federal law allows a two-parent case in which one of the parents is disabled to not count as a two-parent case for participation rate purposes, although the case would remain in the "All Families" work participation rate calculation. OTDA has defined "disabled" for purposes of establishing the federal work participation requirements to include a parent who is disabled, ill, and incapacitated as defined in 18 NYCRR Part 385.2. Specifically, this definition includes the following employability codes:

- 24 - Pregnant Within 30 days of Medically Verified Date of Delivery
- 36 - Incapacitated/Disabled (more than 6 month exemption)
- 41 - Temporary Illness (1 to 3 month exemption)
- 42 - Temporary Incapacity- (4 to 6 month exemption)
- 43 - Incapacitated (SSI application filed)
- 44 - Incapacitated (in receipt of SSI)
- 47 - Incapacitated/Disabled - Time Limit Exemption (More than 6 Months)
- 49 - Incapacitated - Time Limit Exemption (4 to 6 Months Exemption)
- 63 - Substance abuser (in rehabilitation or waiting for rehabilitation)
- 70 - Contesting employability determination

Two-parent families subject to the separate two-parent participation rate are families in which both parents are receiving assistance and neither of the parents is disabled (or neither parent has been assigned one of the above employability codes). These non-disabled two-parent families will be subject to the new claiming provisions outlined in this LCM. Such families can be identified by the two-parent indicator of "2" on screen one of the Welfare Management System. Effective October 1, 2006, program and administrative costs associated with these non-disabled two-parent cases will be claimed as Safety-Net Non-MOE to avoid consequences of a federal Two-Parent work participation rate.

These families will remain subject to work participation requirements and should be engaged in work activities to the extent deemed appropriate by the social services district consistent with the requirements of Title 9-B of Social Services Law.

III. Claiming Process for certain Two-Parent Families

Effective October 1, 2006, program and administrative expenditures associated with two-parent families that are subject to the federal Two-Parent rate (where neither parent is disabled) and assigned a WMS parent indicator of “2” will no longer be reimbursed by either TANF funds or TANF Maintenance of Effort (MOE) funds. The program and administrative costs must be claimed as Federally Non Participating (FNP) and cannot be applied to the TANF MOE.

To maintain a consistent level of federal reimbursement to social services districts on a statewide basis for SFY 2006-07, the amount of federal reimbursement that would have been provided to social services districts for costs associated with these two-parent households will be used to increase the federal reimbursement rate applied to the balance of TANF eligible families in the State for original Family Assistance claims covering the period October 2006 through March 2007. A decision on reimbursement beyond that period will be part of the SFY 2007-08 budget development and negotiation.

Claiming of Program Costs Prior to October 1, 2006

Before October 1, 2006, case type 11 (Family Assistance) payments are reported on the Schedule A Expenditures for Family Assistance (LDSS-187) and Case type 12 (Safety Net Federally Participating) payments are claimed on the Schedule C Expenditure for Safety Net Assistance (LDSS-1040) as Safety Net Federally Participating (SNFP). Case types 16 (Safety Net Case) and 17 (Safety Net Federally Non-Participating) payments with a state charge codes of 60 (TANF Ineligible Alien), 63 (TANF Eligible Individuals Exceeding 5 Year Limit) or 64 (TANF Native American on NYS Reservation Exceed 5 Year Limit) are claimed on Schedule C as SN FNP MOE. The above noted claiming process was made without regard to the parent indicator of “2” which is assigned to two-parent households in which neither parent is disabled on WMS.

Family Assistance program amounts are paid out of the A-6109 Family Assistance account. Safety Net program amounts are paid out of the A-6140 Safety Net appropriation account.

Claiming of Program Costs Effective October 1, 2006

Effective October 1, 2006, the following changes will occur to the claiming and paying of program costs associated with cases having a parent indicator of “2”:

- Case types 11 and 12 payments on a case with a parent indicator of “2” will be reported outside of New York City in BICS category 16 (Safety Net Cash). The payments will be made out of the A-6140 Safety Net appropriation account. The amounts will be reported on the Schedule C as SN FNP Non-MOE.
- Case types 16 and 17 payments on a case with a parent indicator of “2” will be reported outside of New York City in BICS category 16 and 17 respectively (same as before October 1, 2006). The payments will be made out of the A-6140 Safety Net appropriation account. These payments, with a state charge code of 60, 63 or 64 will be reported on the Schedule C as SN FNP Non-MOE, rather than SN FNP MOE (as existed before October 1, 2006).

Refer to the Fiscal Reference Manual (FRM), Volume 2, Chapter 3, for the Schedule C instructions. <http://otda.state.nyenet/bfdm/finance/docs/Vol02.pdf#page=1>

Refer to the Payment Issuance and Control System (PICS) Manual, Appendix D to review the revised Schedule C claiming matrices (to be revised effective with the Fall 2006 update).

<http://otda.state.nyenet/bfdm/finance/docs/PICS.pdf#page=1>

For New York City, expenditures associated with households with a “2” in the parent indicator field will be identified as Safety Net Non-MOE on the CRM100 report.

Claiming of Administrative Costs

The percentages used on the Schedule D-1 Claiming of Intake/Case Maintenance (I/CM) Expenditures (LDSS-2347A) for distribution of administrative costs are developed through the Intake/Case Maintenance Random Moment Study (I/CM RMS). Prior to October 1, 2006, FA and Safety Net MOE cases are counted toward the development of the percentages for the Schedule D-1, column 2 for Family Assistance and column 3 for Safety Net MOE, regardless of whether there is a parent indicator of “2” on the case. Effective October 1, 2006, cases with a parent indicator of “2” will now be recognized as Safety Net FNP Non-MOE and count toward the percentages developed for column 6, Safety Net Assistance, on the Schedule D-1. This portion of the administrative costs will no longer be federally funded or counted toward MOE.

Please refer to FRM, Volume 3 (Upstate) and Volume 4 (New York City) for the Schedule D-1 instructions. <http://otda.state.nyenet/bfdm/finance/docs/Vol03.pdf#page=1>
<http://otda.state.nyenet/bfdm/finance/docs/Vol04.pdf#page=1>

No action is required by the social services districts as a result of these changes.

IV. Program Implications

Electronic Benefits Transfer (EBT) Implications

Benefits for cases with a parent indicator of “2” will be recorded on the shares report as Safety-Net Non-MOE and will be charged back accordingly. Please refer to the EBT Manual, Chapter 7, for the shares report. <http://otda.state.nyenet/bfdm/finance/docs/EBT.pdf#page=1>

Temporary Assistance Program Implications

Although claimed as Safety Net Non-MOE, these two-parent cases will retain existing case type status on WMS and all policies associated with the household as either a Family Assistance or Safety Net MOE case will continue to apply without change.

The federal TANF 60-month clock will not increment for any of these Family Assistance or Safety Net two-parent cases as these cases will be funded solely with state and local funds. Consistent with current practice, the State 60-month clock will continue to increment for these cases.

No action will be required on the part of local social services district staff.

Reporting and Work Participation Rate Calculation

The Rest of State and NYC Payment systems will pass the WMS number of parents' information to the Welfare Reporting and Tracking System (WRTS). WRTS will exclude cases with payments identified as two-parent from the TANF and MOE reporting universes and work participation rate denominators. Cases may be included in the TANF or MOE universe and denominator if payments are issued at any time during the month when the number of parents is not "2."

Two-parent cases will be included in the Safety Net Non-MOE universe for case reporting purposes, but these cases will not be included in the Safety Net Non-MOE work participation rate calculation for households without children. Additionally, these cases will not be included in the federally required TANF/MOE work participation rate or included Safety Net MOE families, which is one measure used to award the Work Incentive Funds (see 06-LCM-02). These cases will remain part of a rate established for all Safety Net Families (households with dependent children). This rate is not currently tracked or reported on a monthly basis as there are no fiscal penalties or incentives associated with this rate. These two-parent families remain subject to all assessment, work participation and sanction requirements that apply to Family Assistance and Safety Net households, and districts are expected to continue to provide employment services to these households and engage them in work as quickly as possible.

Child Support Implications

The two-parent cases will be treated as Safety Net cases in the Child Support Management System (CSMS) and child support payments for these cases will be distributed in accordance with currently existing Safety Net distribution rules. When a WMS PA case number (CAN) for a two-parent household is entered or updated on CSMS, the following actions will occur:

- The PA CAN case type field on IVDJCH will update to display a case type of *16 to users; and
- A 21BR (Safety Net) ledger type will be built or re-activated for the current support obligation. The 21BR ledger build or re-activation will occur in accordance with the process described in Division of Child Support Enforcement's November 13, 2001 Dear Colleague Letter regarding TANF to Safety Net ledger conversions.

The actions described above will occur automatically - no action will be required on the part of social services districts to effectuate these changes. Child support staff should be aware, however, that although these cases will display a PA case type 16 on CSMS, WMS will continue to display a PA case type of 11 or 12. These changes will be effective with the claiming changes as of October 1, 2006.

V. Contacts

Questions regarding the information included in this LCM should be directed to the contacts listed below.

Fiscal Contacts:

Regions 1-4, Carolyn Oleyourryk at 1-800-343-8859, extension 4-7549 or (518) 474-7549
E-mail - Carolyn.Oleyourryk@otda.state.ny.us

Region 5, Michael Borenstein at (631) 854-9704,
E-mail – Michael.Borenstein@otda.state.ny.us

Region 6, Marian Borenstein at (212) 961-8250
E-mail – Marian.Borenstein@otda.state.ny.us

Child Support Contacts: Questions regarding the child support Two Parent Household process should be directed to your DCSE County Representative.

Employment Policy Contact: Questions regarding work participation requirements/employment policy should be directed to your district's Welfare-To-Work Technical Advisor.

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