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## Local Commissioners Memorandum

<b>Transmittal:</b>	07-LCM-05
<b>To:</b>	Local District Commissioners
<b>Issuing Division/Office:</b>	Office of Budget, Finance and Data Management
<b>Date:</b>	June 25, 2007
<b>Subject:</b>	Local Administration Fund Allocations 2007-2008
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<b>Attachments:</b>	Attachment 1: 2007-08 Local Administration Fund Base Allocations and Work Incentive Fund Allocations
<b>Attachment Available On – Line:</b>	Yes

### I. Purpose

The purpose of this Local Commissioners Memorandum is to publish the Local Administration Fund (LAF) allocation for each local social services district. The LAF was appropriated as part of the budget enacted for State Fiscal Year (SFY) April 2007-March 2008. (See Chapter 53 of the Laws of 2007.)

### II. Background

The LAF replaced the State share administrative cap which had been in existence since State Fiscal Year 1989-90. The LAF is intended to provide local district flexibility, reward efficiencies, and eliminates the administrative cap exempt area plan process which was cumbersome and slow. The 2007-08 LAF is funded at \$322 million including the Work Incentive Funds.

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), and 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 and Drug/Alcohol assessment and screening costs for Safety Net Assistance recipients. Medicaid administrative costs are not part of the LAF but are subject to the local share cap on Medicaid.

### **III. Program Implications**

The 2007-08 Local Administration Fund provides a total of \$322 million of State funds to local 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 was considered in the development of the allocations and although a heavier weighting on that performance was considered, it was determined most appropriate for the 2007-08 time period to maintain allocations at the 2006-07 level, in order to provide local districts consistent funding for State Fiscal Year 2007-08 and to allow districts to focus on the work participation requirements imposed under TANF reauthorization.

Note: Counties should be aware that prospectively the integration of performance factors into the calculation of the LAF allocations may take on a greater weighting factor and seek to reward districts who 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.” These funds are provided to support district efforts to engage parents in work and to reward districts that achieve high performance standards. As required by subdivision 17 of section 153 of the Social Services Law, counties achieving at least a rate of 50% work participation in each of the following two categories will earn these funds: TANF-funded assistance cases and MOE-funded Safety Net Families. The amount of Work Incentive Funds for each category is 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.

OTDA will advance only the “Base” portion of the appropriation for the first ten months of the State Fiscal Year. Districts that achieve the 50% rate will be paid their earned Work Incentive Fund allocation during the January – March 2008 quarter as a bottom line adjustment on the RF-2/2A State settlement. If one category is achieved but not the other, only funds in the category achieved will be paid. 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 2006 through September 2007.

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 based upon caseload decline achieved between FFY 2005 and FFY 2006 that will be applied by the federal government to New York’s statewide required rate. For example, the caseload reduction credit applied to the October 2006 through September

2007 work participation rate is currently estimated to be 6.7%, meaning that if a district achieves a work participation rate of 43.3% for either the TANF or SN MOE population it will have achieved that required rate. New York's actual caseload reduction credit is not yet known as the current estimate is subject to federal review and approval.

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, the Flexible Fund for Family Services (FFFS) and other sources are directed as needed to achieve the 50% work participation rate requirements.

#### **IV. Additional Information**

The LAF covers local district claims for calendar year 2007 and any supplemental claims that are submitted by February 4, 2008. As in the past, the allocation will be paid out as bottom line payments on the districts' claims settlements.

**Issued By**

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