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ASSISTANCE
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Informational Letter

Section 1

Transmittal:	08-INF-14
To:	Local District Commissioners
Issuing Division/Office:	Center for Employment and Economic Supports
Date:	September 5, 2008
Subject:	Temporary Assistance (TA) : Income Eligibility Verification System (IEVS) 1099 Processing for Local Districts
Suggested Distribution:	Temporary Assistance Directors Fraud Coordinators Food Stamp Directors TOP/CAP Coordinators Staff Development Coordinators WMS Coordinators Employment Coordinators Fair Hearings Staff
Contact Person(s):	Temporary Assistance Bureau at 1-800-343-8859; ext. 4-9344, Contact Margaret Gerard
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.
06-ADM-02 87-ADM-37 04-INF-20 90-INF-37 88-INF-72 01-LCM-6		18 NYCRR Part 351	I.R.C 6103(I)(7)	TASB Chapter 5 Section F 2-3	GIS Messages 06 TA/DC037 06 TA/DC013

Section 2

I. Purpose

The purpose of this Informational Letter (INF) is to remind local districts that when 1099 tax data is received from the New York State Office of Temporary and Disability Assistance (OTDA), the local district is required to take appropriate follow-up action within 45 days from the date the information is received by the local district. Appropriate actions include performing an investigation to determine the TA recipients' continued eligibility, and documenting the results of the investigation and its effect on continued eligibility in the TA case record.

II. Background

Federal regulations require each state to have a 1099 unearned income computer-matching component of the Income Eligibility Verification System (IEVS) for assistance programs funded under the Temporary Assistance for Needy Families (TANF) block grant. In September 2006, OTDA began receiving Federal Tax Information (FTI) from the Internal Revenue Service (IRS) to meet this requirement. OTDA advised all local districts to establish a 1099 contact person to whom OTDA can forward data that has been identified for appropriate action. Federal regulations assess a penalty of up to two percent of a state's TANF Block Grant for failure to participate in IEVS. To avoid this potential penalty, OTDA developed a 1099 matching process. Through various releases listed above, OTDA informed local districts of this process and of the local districts' responsibility to resolve any matches identified through this process.

III. Program Implications

The 1099 data match process involves only TANF funded cases (Family Assistance-case type 11 and Federally Participating Safety Net Assistance-case type 12) and electronically matches these cases with the IRS file to identify cases with FTI. OTDA IEVS staff access FTI through a stand-alone IEVS Tracking System (ITS). Screening filters are applied, and when an appropriate match passes the filters, IEVS staff send a third party collateral verification form (OTDA-4852A: Bank/Financial Verification Inquiry Cover letter and Response Form or OTDA-4852B: Income/Assets Verification Inquiry Cover letter and Response Form) to the source of the 1099 information to obtain primary verification of the FTI.

Information completed by the source of the 1099 information and returned to OTDA on the response form as directed is considered non-FTI primary documentation of income and resources. Although this information is no longer considered federal tax information and therefore does not fall under the security constraints of FTI, great care must be exercised in safeguarding its confidentiality. Confirmed data is assessed by OTDA IEVS staff to determine if there is a potential for impact on case eligibility, and forwarded (normally by e-mail) to the local district 1099 IEVS contact person.

Note: In the event of a change in the 1099 contact person, the local district must provide the corrected information to the 1099 IEVS Coordinator, Terri Wade, at 518-474-4231 or by e-mail to Terri.Wade@otda.state.ny.us.

Although the 1099 information forwarded from OTDA to the local district is considered primary non-FTI documentation, it may require additional agency investigation prior to the initiation of TA case action. Local district follow-up on this documentation must include at a minimum a case record review

to determine if the information is known to the local district. If the information is not known to the local district, further resolution such as direct contact with the recipient must be completed and documented in the case record. A complete review of the information will lead to either no action taken, or the initiation of case action to reduce or discontinue assistance, as appropriate. In addition to contacting the recipient, the local district may need to contact the source of the resource/income match for additional information.

The district must resolve the match and **initiate appropriate action within 45 days** from the date the verified information is received by the local district. Actions taken by the local district must be noted in the case record. If the documentation requires no further action, then the district must specifically indicate in the case record that the 1099 information was reviewed and required no further case action by the local district. The entire process from receipt of the match to follow-up and local district action is subject to review, and was included as part of the 2007-08 TANF Reviews conducted by OTDA staff. It is anticipated that future TANF reviews will include this component.

Note: All 1099 letters that are completed and returned by bank/financial institutions are reviewed by the IEVS staff; if a determination can be made based on a review from the Welfare Management System that no case action is required, the 1099 information is not forwarded to the local district. This process results in only a small portion of the 1099 matches being forwarded to the local districts for follow-up.

Issued By

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