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 | ADMINISTRATIVE DIRECTIVE |
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TRANSMITTAL: 98 ADM-10

TO: Commissioners of
 Social Services

DIVISION: Temporary
 Assistance

DATE: June 4, 1998

SUBJECT: PA Budgeting: Changes to the Earned Income Disregard and the
 Poverty Level Income Test

SUGGESTED
 DISTRIBUTION:

Public Assistance Staff
 Medical Assistance Staff
 Food Stamp Staff
 CAP Coordinators
 Directors of Services
 Staff Development Coordinators

CONTACT
 PERSON:

Call 1-800-343-8859 and ask for the following:
 Temporary Assistance: Team 1, 3-0332; Team 2
 4-9344, Team 3, 4-9307; Team 4, 4-9300; Team 5
 3-1469; Team 6, 212-383-1658.
 Medicaid: Sharon Burgess, (518)-473-5536, or
 Priscilla Smith, (518)-473-5532

ATTACHMENTS:

Attachment A: Federal Poverty Guidelines
 Attachment B: Notice of Intent (NYC)
 Attachment C: Notice of Intent (Upstate)
 (Attachments available on line)

FILING REFERENCES

Previous ADMs/INFs	Releases Cancelled	Dept. Regs.	Soc. Serv. Law & Other Legal Ref.	Manual Ref.	Misc. Ref.
97 ADM-23		352.18 352.19 352.20 352.3(a)- (d) 352.8(b)(1)	131-a(8)(a) (iii)		

I. Purpose

This directive advises social services districts (SSDs) of a change in the percentage of earned income which is disregarded during the public assistance budgeting process. Annually on June 1, as required by Social Service Law Section 131-a (8)(a)(iii), this percentage must be adjusted up or down to reflect the change in the most recently issued poverty guidelines of the United States Bureau of the Census (Attachment A). Additionally, this change in the earned income disregard requires that thresholds of the Poverty Level Income Test be updated.

II. Background

The Welfare Reform Act of 1997 (WRA) required districts to cease employing the budgeting methodology which had previously been referred to as \$30 and 1/3, and begin using a flat percentage earned income disregard. This new earned income disregard is applied to the difference between the eligible applicant's/recipient's (A/R) gross income and the \$90 work expense disregard. The WRA requires that on an annual basis, beginning on June 1, 1998, the rate of the earned income disregard be adjusted to reflect the most recently released federal poverty guidelines.

The WRA also imposes a Poverty Level Income Test which requires that a household's total gross earned and unearned income cannot exceed the federally established poverty level by family size. This test applies only to persons living in situations subject to the maximum shelter allowances under Department Regulations 18 NYCRR 352.3(a)-(d), or 352.8(b)(1). An update to the threshold is necessary on a yearly basis in order to prevent persons from becoming ineligible for assistance because their gross earned and unearned income is above federal poverty guidelines.

III. Program Implications

The amount of the new earned income disregard amount increase is from 42% to 45%. SSDs will be required to begin budgeting the new earned income disregard for budgets with an effective June 1, 1998 date or later. The ABEL system will provide support for this change effective April 13, 1998.

The change in the earned income disregard is applicable to all Family Assistance (FA) households. In addition, Safety Net Assistance (SNA) households, which include a dependent child applying for or receiving SNA or SSI, are also eligible to receive the earned income disregard.

Effective June 1, 1998, gross earned and unearned income cannot exceed the 1998 monthly poverty level. This provision continues to only apply to those persons living in situations subject to normal Departmental shelter schedules. It does not apply to individuals residing temporarily in hotel/motels, domestic violence shelters, AIDS housing, congregate care facilities, etc. This test is fully supported by ABEL.

The change in the Poverty Income Level Test applies to all public assistance households residing in appropriate shelter situations.

IV. Required Actions

A. Applicants

An applicant's eligibility for public assistance must continue to be determined without application of the 45% earned income disregard unless not more than four months have elapsed since such person was off assistance. If eligible without the earned income disregard, the disregard is granted in calculating the net earned income.

The poverty level test will automatically be applied by ABEL to all applicants residing in appropriate shelter situations.

B. Recipients

A mass re-budgeting of all cases with earned income currently receiving the earned income disregard and an authorization "to" date 6/1 or greater, will take place prior to June 1 on an annual basis. A separate notice for New York City (Attachment B) and a separate notice for Upstate (Attachment C) have been prepared for this effort. Recipients with an authorization "to" date less than 6/1 who are eligible for assistance, will need to receive a notice which incorporates the information contained in the mass re-budgeting notice.

C. Examples

Example #1: NYC Eligible Recipient Family

A three person household is residing in a private apartment with heat included in the rent and has gross earnings of \$1,000 monthly.

\$1,000.00	Gross Earnings	\$577.00	standard of need
- (\$90.00)	Work Expense Disregard	-(500.50)	net earned income
910.00	(remainder)	76.00	net grant (rounded)
- (409.50)	(45% of remainder)	\$1000.00	gross earned income
500.50	net earned income	\$1076.00	grant+gross earnings

The family is eligible for a \$76.00 grant. The 1998 monthly poverty guideline for a family of three is \$1137.50. The family passes the poverty level income test and remains eligible for assistance.

Example #2: Ulster County Ineligible due to Poverty Level Income Test

A three person household is applying for public assistance and is residing in a private apartment with heat included in the rent and has gross earnings of \$1,150.00 monthly.

\$1,150.00 Gross Earnings
-1,137.50 Poverty Income Limit
\$12.50 GROSS SURPLUS

The family is ineligible for public assistance because they have failed the poverty level test by \$12.50.

D. Food Stamps Implications

An increase in available public assistance income due to an increase in the public assistance earned income disregard must be counted when budgeting for Food Stamps. Public Assistance/Food Stamp cases that are mass re-budgeted will have their Food Stamp benefits automatically adjusted. Food Stamp households are still entitled to a 20% earned income disregard from their gross earned income.

E. Medicaid Implications

The change in the amount of the earned income disregard from 42% to 45% affects Medicaid budgets with an effective From Date of June 1, 1998 or later. The Poverty Level Income Test will be based on the actual poverty levels published in the Federal Register in February effective June 1, 1998. The actual poverty line replaces the estimated poverty line which was effective January 1, 1998 through May 31, 1998. The MBL system provides support for both periods; changes are supported by MBL effective May 4, 1998.

Some cases may have changed from Medically Needy eligibility to LIF eligibility due to the increase in the Earned Income Disregard. These cases have the potential to become eligible for TMA and the four month child support extension in subsequent months if otherwise eligible. A report will be provided for you of those cases which may potentially need re-budgeting. The report will be accompanied by a MBL Transmittal which will provide information on the appropriate action to be taken.

F. Notice Requirements

Attachments B and C to this directive are copies of the increase letters. Spanish versions of these notices are available upon request.

G. Systems Implications

The new 45% Earned Income Disregard and the new poverty levels for the Poverty Income Level Test were migrated Upstate as of April 13th, for budgets with Budget From Dates of June 1, 1998 or later. A Mass Re-budgeting/Reauthorization, on Monday, April 27th, automatically re-budgeted public assistance cases with earned income and a 42% Earned Income Disregard. Cases listed as exceptions will need to be re-

budgeted by the SSD. See ABEL Transmittal 98-1 for additional information regarding the MRB/A.

V. Effective Date

Effective June 1, 1998.

Patricia A. Stevens
Deputy Commissioner
Division of Temporary
Assistance