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 | ADMINISTRATIVE DIRECTIVE |  
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TRANSMITTAL: 92 ADM-42

TO: Commissioners of  
 Social Services

DIVISION: Economic  
 Security

DATE: October 14, 1992

SUBJECT: Public Assistance Budgeting: Treatment of Adoption Subsidies

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 SUGGESTED

DISTRIBUTION: Directors of Public Assistance  
 Directors of Food Stamps  
 Directors of Medical Assistance  
 Staff Development Coordinators

CONTACT

PERSON: Please phone 1-800-342-3715 and ask for the  
 following people at the noted extension:  
Public Assistance - Greg Nolan, ext. 4-9313  
Food Stamps - County Representative, ext. 4-9225  
Medical Assistance - County Representative,  
 ext. 3-7581  
 New York City, (212) 417-4853

ATTACHMENTS: Attachment A - Budget Example - available on-line

FILING REFERENCES

Previous ADMs/INFs	Releases Cancelled	Dept. Regs.	Soc. Serv. Law & Other Legal Ref.	Manual Ref.	Misc. Ref.
82 ADM-6	77 ADM-81	352.22(p), 352.30(a) 387.1(w)(2) (i)(c), 387.10 (b) (2)(ii)		<u>PASB</u> XVI-J-1.2, XVI-B-1 <u>FSSB</u> V-A-2-all, XII-C-1 <u>MARG</u> p. 410	

I. PURPOSE

This is to inform Social Services districts of a change in policy regarding the treatment of adoption subsidy payments.

II. BACKGROUND

Previously, a child on whose behalf an adoption subsidy payment was being received was included in the public assistance (PA), case and the adoption subsidy was disregarded as income. This was very favorable financially to the PA family, since the family received both an adoption subsidy and a PA grant for the child.

A recent change in federal law eliminated this duplication of benefits. Now, when a child receiving an adoption subsidy is included in the PA case, the full adoption subsidy must be budgeted as unearned income. Whether such a child is included in the PA case depends on if a family benefits financially by including or excluding the child with the adoption subsidy income.

Department regulations 352.22(p) and 352.30 (a) were amended on September 9, 1992 to reflect this change for all PA cases.

III. PROGRAM IMPLICATIONS

The proposed change will simplify budgeting procedures. The prior policy was confusing to staff, since it seemed inconsistent to include the child in the grant, but disregard the adoption subsidy. However, there will be some initial administrative effort required to adjust affected cases at the time of the next case contact.

Applying the full adoption subsidy if the child is included in the PA grant or removing the child from the grant will result in some fiscal savings.

IV. REQUIRED ACTION

A. Public Assistance

1. Review of PA Cases

At the time of next case action, district staff must review the PA case to determine if the caretaker is receiving an adoption subsidy for any child in the PA case.

2. Completing Comparison Budgets

If an adoption subsidy is being received, the agency must complete two budgets to compare whether the family would benefit financially under the new policy with or without

the child in the case. The first budget must show the PA grant the family would receive if the child were included in the grant with the full adoption subsidy budgeted as unearned income to the PA case. The other budget must show the PA grant the family would receive if the child were not included and the adoption subsidy was disregarded as income.

3. Adjusting the PA Grant

Under the new policy, the social services district will either include the child and the adoption subsidy in the PA grant or exclude the child and the adoption subsidy from the grant depending upon which is more favorable financially to the family. However, regardless of whether the family will benefit by including or excluding the child, there will be a reduction in benefits to each family under the new policy. This will occur because both options are less favorable than the old policy.

If the family will financially benefit under the new policy to include the child in the PA case along with the adoption subsidy, the ABEL budget must be adjusted to include the child and the adoption subsidy, and a timely and adequate reduction notice sent to the PA case. Suggested wording for this notice is:

Public assistance budgeting rules have changed. (Enter child's name)'s adoption subsidy of (enter amount) must now be counted against the family's PA grant.

If the family will not financially benefit under the new policy by including the child in the PA case with the adoption subsidy as unearned income, the child must be removed from the case, the ABEL budget adjusted to exclude the child and the adoption subsidy, and a timely and adequate notice of the reduction must be sent to the PA case. Suggested wording for this notice is:

Public assistance budgeting rules have changed. Adoption subsidy income must now be counted to see if the child getting the adoption subsidy can still get public assistance. (Enter child's name)'s adoption subsidy of (enter amount) is more than the public assistance he/she gets; therefore, (enter name) can no longer get public assistance.

Attachment I shows an example of how the new adoption subsidy budgeting rules work.

B. Food Stamps

Food stamp household composition rules as defined in FSSB V-A-2 require parents and adopted children to be members of the same household, unless at least one parent is elderly or disabled or the adopted child has a child.

Adoption subsidies as specified in FSSB XII-C-1 are counted as unearned income.

C. Medical Assistance

As in PA, adoption subsidies have previously been disregarded from income when determining the MA eligibility of a child receiving a subsidy while the child continued to be included in the case.

Due to the federal change, adoption subsidies must now be included as income when determining MA eligibility for a child for whom the subsidy is received. The budgeting procedures are those described in 82 ADM-6, (Mehler/Vales), and in the Medical Assistance Reference Guide, on page 410.

V. SYSTEMS IMPLICATIONS

WMS Upstate

Districts must enter adoption subsidies on the ABEL PA Budget using ABEL unearned income source code "01 - Adoption Subsidy".

A list of PA/FS and mixed FS households in which a family member is receiving an adoption subsidy is also being produced from ABEL to assist districts in identifying impacted PA cases. The lists will be mailed immediately following the release of this ADM to each district along with a "Dear WMS Coordinator" letter.

WMS Downstate

A future system enhancement will change income source code 13 from exempt to unearned PA income. Until the change is available, workers must input income source code 99 - "Other Unearned Income" to budget income for these situations. HRA will be notified via an ABEL Transmittal when the change is available.

MBL Support

Effective September 28, 1992, MBL supports the unearned income code, 01, "Adoption Subsidy". This Change is addressed in MBL Transmittal 92-1.

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VI. EFFECTIVE DATE

This ADM is effective November 1, 1992, retroactive to October 1, 1992.

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Oscar R. Best, Jr.  
Deputy Commissioner  
Division of Economic Security

BUDGETING EXAMPLE

The Johnson's are a five person family receiving ADC in Albany County. The head of household, Mary Johnson, receives an adoption subsidy of \$290 on behalf of her son, Edward.

Under the rules in place prior to this ADM's release, Edward was included in the ADC case and his adoption subsidy disregarded as income. This budget was calculated:

BASIC	\$379.00
HEA	47.70
SHEA	37.00
SHELTER (with heat)	<u>\$289.00</u>
	\$752.00

Since the adoption subsidy was disregarded, the family received a full PA grant for five.

Under the new budgeting policy that is in place following the release of this ADM, the social service district must determine whether it would be financially beneficial for Edward to be included in the ADC household (five person case) and the full \$290 in adoption subsidy funds budgeted against the case or for Edward to be excluded from the PA case (four person case) and none of the adoption subsidy budgeted as unearned income. This is done:

Budget With Edward Included and Adoption Subsidy Budgeted (Five Person Household)

BASIC	\$379.00
HEA	47.70
SHEA	37.00
SHELTER (with heat)	<u>289.00</u>
PA NEEDS	\$752.00
ADOPTION SUBSIDY	<u>-290.00</u>
PA GRANT	\$462.00

Budget with Edward Excluded and Adoption Subsidy Not Budgeted (Four Person Household)

BASIC	\$307.00
HEA	38.70
SHEA	30.00
SHELTER (with heat)	<u>267.00</u>
PA NEEDS	\$642.00
NO INCOME	<u>0.00</u>
PA GRANT	\$642.00

Since the Johnson's will receive more ADC with Edward excluded from the PA filing unit, Edward cannot be included in the ADC grant.