ADMINISTRATIVE DIRECTIVE

TRANSMITTAL: 93 ADM-11

DIVISION: Economic Security

TO: Commissioners of Social Services

DATE: April 14, 1993

SUBJECT: Employment-Related Child Care Disregards/Supplements and Quarterly Reporting System (QRS)

SUGGESTED DISTRIBUTION:
- Public Assistance Staff
- Services Staff
- Food Stamp Staff
- WMS Coordinators
- Staff Development Coordinators
- Child Care Supervisors

CONTACT PERSON: Call 1-800-342-3715 and ask for the following:
- Income Support: Maureen Standish, extension 3-6555
- Bureau of Early Childhood Services: Dee Wooley, extension 4-9324
- Food Stamps: Food Stamp Representative, extension 4-9225

ATTACHMENTS: None

FILING REFERENCES

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DSS-296EL (REV. 9/89)
I. PURPOSE

This directive advises social services districts (SSDs) of procedures for issuing employment-related child care disregards and supplements to PA recipients as a result of the Department's implementation of quarterly reporting.

II. BACKGROUND

90 ADM-31 details the conditions under which employment-related child care supplements must be provided. Monthly reporting/retrospective budgeting was eliminated as of January 1, 1993. A quarterly reporting system is being implemented as of April 1, 1993. Employment-related child care supplements are dependent upon the application of the child care income disregard and are thus tied into the quarterly reporting system.

III. PROGRAM IMPLICATIONS

Employment-related child care disregards/supplements will now be determined on a prospective basis. Although supplements must be determined prospectively, social services districts remain free to provide them in a variety of ways: cash advances, reimbursement, or vouchers. We strongly encourage districts to use cash advances, since other methods may not assure recipients of access to care, particularly in the case of new employees who frequently work for several weeks before receiving their first paycheck. Districts are reminded, however, that overpayments for child care may be recovered only from future child care benefits or, with the consent of the recipient, from AFDC benefit payments.

This will make the administration of child care supplements compatible with the new budgeting procedures. The supplements will now better reflect the current actual child care costs of employed recipients and should be more responsive to their child care needs.

IV. REQUIRED ACTION

A. Computing Child Care Disregards and Supplements

When computing an employment-related child care disregard and supplement for a payment quarter, the worker must calculate the projected average monthly child care costs for the quarter by:

1. Averaging the last four weeks of verified child care costs. This is done by:
a. taking each full week of verified child care costs, adding together and dividing by four; and

b. then taking this weekly average and multiplying by 4.333 weeks to arrive at a monthly figure.

This averaging method is used only if there has not been a significant change in child care costs. A significant change in child care costs is any increase or decrease that is expected to last at least 30 days.

Examples of significant changes are:

a. change in child care provider, i.e. going from informal child care to a day care center
b. change in the hours of child care, i.e. going from part-time child care to full-time child care
c. addition of a child into child care.
d. change in rate

2. Discarding a week among the last four weeks of child care costs which was higher or lower because of an unusual circumstance that the agency does not expect to continue. The three remaining weeks of child care costs would then be averaged and multiplied by 4.333.

Examples of unusual circumstances include:

(1) missing a week of child care because of illness;

(2) increased child care costs because of overtime that is not expected to last;

(3) temporary closing of a plant, so child care was not needed, etc.

If the worker has no reason to believe that the high or low child care costs are temporary, then the average must be based on the four weeks of pay.

3. Using the most current information when the last four weeks of child care costs cannot be used because there has been a significant change in child care costs. The most current child care information requires that the new weekly child care costs be multiplied by 4.333 weeks per month.

4. Using the anticipated costs if child care costs are just beginning.

NOTE: Child care costs may be verified by receipts of child care paid or by statements by the child care
provider of what the child care cost obligations are.

B. Recalculation of Child Care Supplements

The child care disregard and supplement must be recalculated at each semi-annual face-to-face recertification and when each quarterly report is received. When an adjustment is made to the child care disregard and/or supplement because of the information provided, appropriate notice must be provided to the recipient.

It should be noted that ABEL forces a recalculation of the supplement when the date of birth of the child indicates the supplement should be calculated at a new rate.

C. Changes in Child Care During Payment Quarter

Recipients are still obligated to immediately report any changes in their child care situation which occur during a payment quarter. If the recipient experiences a significant change in child care costs during a payment quarter, the worker must obtain verification of the change and adjust the child care disregard and supplement.

D. Supplementation for Hardship

Temporary changes in child care costs do not require that the ongoing disregard or child care supplement be adjusted. A temporary change is any increase or decrease in child care costs which is expected to last less than 30 days.

At times however, a temporary increase in child care costs may cause a hardship. When this occurs the SSD must supplement the client for the increased child care costs.

To receive a supplemental child care disregard/supplement, the recipient must:

(1) request the supplement; and

(2) provide verification of the increased child care cost no later than 10 days after the month in which the increase occurred;

To determine the amount of the supplemental child care disregard/supplement, the worker must compute a budget with the increased child care cost.

For example, a recipient receives a child care disregard of $108 because the child's grandmother had been watching the child for $25 a week. However, the grandmother becomes ill and cannot
care for the child for 3 weeks out of the month. As a result, the mother places the child with a Family Day Care Provider for 3 weeks at a cost of $85 per week (for a total of $255 for the month). The mother claims hardship and provides verification of the increased costs. The supplement would equal $172 ($255 + $25 for the week grandmother watched child = $280 in actual child care costs - $108 which is the disregard already budgeted).

E. Quarterly Reports

The quarterly report form instructs recipients to send in proof of child care costs. This form must be returned to the social services districts by the tenth of the process month. Note, however, that a quarterly report is not considered incomplete if a recipient fails to verify child care costs. Recipients who fail to provide verification of child care costs with the quarterly report are not eligible to receive the child care disregard or supplement. In these instances, the child care fields on ABEL should be left blank and a timely reduction/discontinuance notice must be sent to the recipient. When the child care verification is provided, the child care disregard and supplement must be restored beginning in the month verification is provided. (e.g. The child care is verified in the second month of the quarter. The child care disregard and supplement must be restored for the second and third months of that quarter.)

F. TEAP Cases

Although TEAP cases are exempt from quarterly reporting, they are eligible for a child care disregard and supplement as long as child care costs are verified. The child care costs must be verified at the start of the TEAP contract and at each recertification. If there are any changes in child care arrangements or costs between recertification, the TEAP recipient must notify the district and the child care disregard or supplement must be changed to reflect this.

A TEAP case which receives a cash grant and has a child care need can receive the child care disregard plus a supplemental child care payment. This supplemental payment is equal to the difference between the child care disregard and either the actual child care cost or the market rate for the particular county, whichever is less. This calculation can be done using ABEL.

A TEAP case with a budget surplus must have child care paid by a child care supplement. An assumption is made that the child care up to the child care disregard used to budget the case is paid out of the case's income. The supplement would therefore also equal the difference between the disregard and either the
actual child care or the market rate for the county, whichever is less. However, the supplement in this situation will have to be calculated manually and authorized separately as the case is not receiving a cash grant.

For example:

A woman on TEAP has a budget surplus and does not receive a public assistance cash grant. She has a 2½ year old child who attends a day care center on a full-time basis. She pays $400 a month for child care (the market rate for the particular county for full-time day care in a day care center for a 2½ year old is $412). The supplement that would be provided would equal $225 ($400 - $175 child care disregard = $225).

Food Stamp Implications

Food stamp employment related child care costs are to be calculated on a prospective basis in accordance with Section IV.A. of this release. The provisions outlined in Section IV.D. Supplementation for Hardship do not apply in food stamp budgeting. Child care costs made as supplemental PA payments are excluded as reimbursements and are not allowable as a food stamp dependent care cost. Child care costs that are paid by the recipient from funds other than PA child care supplements are allowable as food stamp dependent care costs up to $160 per month per child.

Changes in child care costs reported on a quarterly report that are not verified are to be processed as follows:

- if the change in dependent care costs would decrease food stamp benefits make the change following issuance of a timely notice of adverse actions;
- if the change in dependent care costs would increase food stamp benefits do not make the change until the month following the month verification is obtained.

V. ADDITIONAL INFORMATION

Need for Timely Processing of Child Care Disregard and Supplement

The ultimate goal of public assistance is to enable those who can become self-sufficient to eventually leave the assistance rolls. Therefore, it is important to provide in a timely manner to those recipients who become employed, all the supports available and necessary to begin and to continue employment. This is especially true for those who become employed through their own initiative.

To achieve their goals, it is important that whenever recipients with children inform the worker that they are, or will soon become,
employed, the worker must ensure that these recipients receive the appropriate child care disregard and supplement, if applicable. A recipient has the right to choose the type of child care the children will receive (i.e., regulated vs. informal). When informed that the recipient is employed or will become employed, the worker should ask the recipient if the recipient currently has child care, if that is the type of child care the recipient wants and how much it costs. The worker also has an affirmative responsibility to notify the recipient of the availability of, and eligibility for, a child care supplement (as long as the child care is legal care). If the recipient needs assistance in locating child care or in changing the type of child care (i.e., informal to regulated), the worker should refer the recipient to the person, unit or outside agency designated by the SSD to help secure such care. When a recipient selects an unregulated child care provider, the SSD must determine whether the care given is exempt from regulation. Specific notices and procedures relative to such determinations were included in 92 LCM-143.

Therefore, to ensure that employment is not lost due to inability to secure and retain child care because the SSD did not act quickly, we recommend that workers make every effort to rebudget and provide child care disregards and supplements to these cases as soon as possible after the income and child care needs have been reported and verified.

For example, a recipient reports and verifies on February 3 that work will begin on February 10 and pay will begin February 14 on a weekly basis. The recipient has enrolled a one year old child in a day care center and verifies the cost. The worker should rebudget the case prior to the next payment (e.g., February 15) to ensure that the disregards are budgeted and that the child care supplement, if appropriate, is authorized.

Likewise, when a recipient reports and verifies that work will start the following month and verifies the amount of the future wages and the future child care costs, the worker should make every effort to rebudget the case and provide the child care disregard and supplement, whenever possible, so that the disregard and supplement will be available when needed (i.e., the month child care costs begin).

For example, a recipient reports and verifies on February 10 that work will begin on March 2 and weekly pay will begin March 6. The recipient has made arrangements for two children to receive child care and verifies the cost and that it is legal child care. The worker should rebudget the case and authorize the child care disregard and supplement, if appropriate, effective with the first payment for March.

91 LCM-181 which deals with payment of child care costs for a month in which a recipient begins work, but does not have income to apply until the following month is being rescinded. As a result of a State
Plan Amendment there is no authority to make these payments. However, an SSD can use the Child Care and Development Block Grant to cover child care costs for the period.

Workers also must explain to recipients that:

- the child care disregarded income amount is the amount that they are required to pay to the child care provider;

- the disregarded amount will be supplemented up to the actual cost (not to exceed the local market rate) if the provider is legal;

- workers should explain to recipients that they can voluntarily request that a portion of their PA grant equal to the child care disregard amount be sent directly to the child care provider if the PA deficit amount is sufficient.

WMS Implications

Upstate

When budgeting income on public assistance ABEL budgets prospectively, workers should use alpha frequency codes of W, S, B or M for weekly, semi-monthly, bi-weekly or monthly income. This is necessary to correctly convert income to a monthly amount and to ensure use of disregards and market rates appropriate to the child's age.

Downstate

Instructions will be forthcoming via ABEL transmittal when available.

VI. EFFECTIVE DATE

This release is effective April 1, 1993.

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