INFORMATIONAL LETTER

TO: Commissioners of Social Services

DATE: February 28, 1995

SUBJECT: Direct Shelter and Child Care Payments

SUGGESTED DISTRIBUTION: Income Maintenance Directors
Medical Assistance Directors
CAP Staff
Staff Development Coordinators

CONTACT PERSON: For questions contact Greg Nolan at 1-800-343-8859, extension 4-9313

ATTACHMENTS: None

FILING REFERENCES

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This is to notify districts of some new WMS edits pertaining to the payment of shelter and child care expenses directly to the vendor. SSD's now have an option other than vouchers and two-party checks when paying restricted shelter and child care. WMS Coordinators were informed of these new edits already in a December 30, 1994 WMS Coordinator letter.

The advantage to direct payments to the vendor is primarily convenience. This method will not require the public assistance recipient's signature as a two-party check would or require the vendor to complete and return a voucher to the agency as the voucher method requires. The disadvantage to direct payments to the vendor is a loss of some of the fiscal control over payments provided by the voucher and two-party systems. SSD's must assess these factors when determining whether a direct payment would be an appropriate form of restriction. There has been no change in the voucher or two-party check process.

Like vouchers and two-party checks, direct payments to the vendor can be done on a monthly basis. Thus, this method will be particularly appropriate when a vendor is demanding shelter or child care payment at the start of a month.

SSD's are reminded that restricted payments to the vendor can be made under the following circumstances:

- **Shelter** - For ADC, the shelter payment has to be made as an unrestricted payment unless there has been a finding of mismanagement or the recipient has agreed to the restriction. For HR, the agency may choose to restrict payment and does not need the consent of the recipient.

- **Child Care** - The decision as to how child care is paid rests with the district. Districts can provide child care as:
  - a direct payment to the recipient either as a cash advance or reimbursement;
  - a direct payment to the vendor either as a cash advance or reimbursement;
  - a two-party check to the recipient or vendor;
  - a voucher to the vendor; or
  - a purchase of service contract or letter of intent.
The new direct payment to vendor capability will only apply to the following payment types:

**Child Care** - 07, 30-34, 36-38, 70, C0, C1, C3, C4, C8, F3, K2, RO-R6, R8

**Shelter** - 07, 10, 40, 46-53, 62, 64-68, 70, A6, A7, C0-C4, E3, E5, H6, J6, Q1, Q2, Q4, Q5

To authorize these payment types as a direct vendor payment, the SSD must use the following on the authorization change form (DSS-3209):

- Local action Code 2
- Method of Payment Code 09
- Pick-up Code 4
- Also, there must be a vendor ID to which the payment is authorized.

An example of a $400 shelter payment authorized directly to the vendor will illustrate the WMS coding:

```
PAY           PAY           PK   PERIOD   DATE   SPC   VENDOR
PAY           PAY           PK   PERIOD   DATE   SPC   VENDOR
ACT  TYPE   METH   AMOUNT   ISS   SCH   UP   FROM      TO    CLM   ID
2     10     09    400.00    1      M     4    050194    103194      12345
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These new edits were effective on WMS on January 23, 1995. Food Stamp policy for treatment of shelter and child care is unchanged.

Robert N. Seaman  
Acting Deputy Commissioner  
Division of Economic Security