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STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

November 30, 2006

Robert Doar  
Commissioner  
Office of Temporary and Disability Assistance  
40 North Pearl St.  
Albany, NY 12243

Re: Supplemental Security  
Income Maximization  
Report 2006-S-28

Dear Mr. Doar:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law, we audited the Office of Temporary and Disability Assistance (Agency) efforts to identify public assistance recipients who may be eligible for Supplemental Security Income (SSI). Our audit covered the period January 1, 2004 through August 31, 2006.

**A. Background**

The Agency's mission is to promote self-sufficiency of New York State's residents through the efficient delivery of temporary and transitional assistance, disability assistance, and the collection of child support. The Agency oversees the 58 local Social Service districts that administer public assistance programs in New York State (State). The local districts determine applicants' eligibility for public assistance benefits, administer benefits, and monitor recipient compliance with program requirements. The State's two primary assistance programs are the Temporary Assistance for Needy Families (TANF) program and the Safety Net Assistance (Safety Net) program.

TANF, created in 1996 to replace the Aid to Families with Dependent Children program, emphasizes employment for recipients to help them achieve economic self-sufficiency. The TANF program has a five-year lifetime limit on cash assistance. TANF recipients who exhaust their lifetime limit but still require assistance may be eligible for Safety Net assistance. The State also requires recipients of assistance to participate in work activities.

Both TANF and Safety Net focus on employment and self-sufficiency for assistance recipients. However, assistance recipients may be unable to secure employment for a number of reasons. A prior report issued by the State Comptroller (Report 2003-S-15, issued June 7, 2005) looked at barriers or obstacles to employment that public assistance recipients face. Job training, lack of child care, and lack of transportation are a few examples of barriers that often have to be

addressed before employment is possible. Local district workers look for barriers during the application process when they assess an individual's ability to work. Recipients with barriers are referred for participation in local programs designed to help them overcome the barriers. Often, participation in these programs is a condition of receiving benefits. Some recipients have barriers that are so severe they are unlikely to overcome them. According to GAO studies, long-term assistance recipients often have physical or mental impairments that can prevent them from securing employment. Assistance recipients with severe mental or physical conditions may be eligible for federal SSI benefits.

SSI is a federally funded program (with a State supplement) that provides benefits to individuals who are blind, aged or disabled according to Title 16 of the Social Security Act. To qualify for benefits, an applicant must have a severe impairment that will last longer than a year or can be expected to result in death. In addition, the applicant must be found unable to participate in any substantial work activities as defined in the law. The SSI program also has income and resource requirements. Unlike TANF and Safety Net, local districts do not administer SSI benefits. Rather, local districts refer potential SSI recipients to the local Social Security Administration (SSA) office to apply. The State and local districts no longer have to provide TANF and Safety Net assistance to recipients receiving SSI.

The challenge for local districts is to identify and refer individuals that may be eligible for the SSI program. The State and local districts have a practical, common interest in identifying TANF and Safety Net recipients that might be eligible for alternative assistance programs like SSI. The longer an individual is receiving public assistance, the more likely it is that the State and local districts pay a higher portion of the benefits. A Federal block grant covers about half the cost of TANF. By contrast, there is no federal participation in the Safety Net program. It is funded entirely by the State and local districts. Therefore, the five-year limit on TANF benefits leaves the State and local districts to bear the total cost of long-term assistance for recipients that do not have to or cannot secure employment.

## **B. Audit Scope, Objective and Methodology**

We audited the Agency's efforts to identify public assistance recipients who may be eligible for SSI for the period January 1, 2004 through August 31, 2006. The objective of our performance audit was to answer the following question:

- Do local districts identify public assistance recipients who should be referred to the federal SSI program?

To accomplish our objective, we obtained and analyzed data from the Agency's Welfare Management System (WMS). We also met with Agency officials to understand their SSI maximization project, and we reviewed documentation about the project. We surveyed local districts to learn about their processes for identifying potential candidates for SSI. In addition, we identified two populations that had the highest potential for an SSI referral, and selected a sample of public assistance recipients from each population. We reviewed information on file at the local districts for each of the individuals in our two samples. We looked to see whether the applicant received a medical evaluation if necessary. If the medical evaluation indicated that the condition was severe and could affect employment, we looked to see whether the applicant was referred to

apply for SSI. We also looked for evidence that the individual actually applied for SSI. In total, we reviewed 156 cases from a total of 9,312 recipients in the two populations at the following local districts: New York City (89), Erie (22), Monroe (27), Westchester (14), and one each in Cattaraugus, Chautauqua, Orange, and Rockland.

We conducted our audit in accordance with generally accepted government auditing standards. Such standards require that we plan and perform our audit to adequately assess the operations of the Agency that are within our audit scope. Further, these standards require that we understand the Agency's internal control structure and compliance with those laws, rules and regulations that are relevant to the operations included in our audit scope. An audit includes examining, on a test basis, evidence supporting transactions recorded in the accounting and operating records and applying such other auditing procedures as we consider necessary in the circumstances. An audit also includes assessing the estimates, judgments and decisions made by management. We believe our audit provides a reasonable basis for our findings, conclusions and recommendations.

In addition to being the State Auditor, the Comptroller performs certain other duties as the chief fiscal officer of New York State that have been mandated by statute and the State Constitution. The Division of State Services is responsible for several of these, including operation of the State's accounting system; preparation of the State's financial statements; and the approval of State contracts, refunds, and other payments. In addition, the Comptroller appoints members, some of whom have minority voting rights to certain boards, commissions, and public authorities. These duties may be considered management functions for purposes of evaluating organizational independence under generally accepted government auditing standards. In our opinion, they do not affect our ability to conduct independent audits of program performance.

### **C. Results of Audit**

Local districts are required to identify, assess, and refer to SSI, public assistance applicants who appear eligible. Public assistance recipients who are referred for SSI are required to apply for and pursue SSI benefits as a condition of receiving public assistance. We found that the local districts we visited are identifying public assistance recipients who should be referred to the SSI program. Potential SSI recipients are identified when they apply for or renew public assistance benefits.

Agency management has recognized the importance of identifying recipients who are unable to work and who are potentially eligible for SSI. The Agency's Bureau of Transitional Supports (Bureau) has promoted SSI maximization to counties as a cost savings measure. The Bureau started an SSI maximization project in 2004 to encourage local districts to identify potential SSI recipients. As part of the project, the Bureau developed a workgroup of Agency and local district representatives. The workgroup determined best practices among local districts and held regional meetings and training sessions throughout the State. In addition, the Agency developed new initiatives using available data to assist local districts in identifying potential SSI recipients. The Agency identified assistance recipients classified as exempt from work because of a medical condition as more likely to be eligible for SSI. The Agency has also identified assistance recipients that have been exempt from work for longer than one year. Local districts use this information to follow up on the status of the identified recipients. In addition, with the help of the State Health

Department (Department), the Agency analyzes Medicaid data for public assistance recipients. The Agency and Department use the data to identify public assistance recipients with certain Medicaid diagnosis codes that may be indicative of a severe disability. The Agency forwards these lists to the local districts for follow-up. The Agency expects local districts to follow up and report back on the status of the recipients.

We estimate these efforts have saved the State and local districts \$34 million in payments to TANF and Safety Net recipients between July 2004 and June 2006. Further, these efforts demonstrate that the Agency and local districts recognize the importance of maximizing federal SSI revenue as appropriate. Identifying and referring potential SSI recipients is a cost saving measure for the State and local districts. The State and local districts no longer have to support recipients of TANF and Safety Net if they qualify for SSI. In addition, assistance recipients who are eligible for SSI are often better off because the federal SSI benefits are higher than the public assistance benefits.

We provided a draft copy of this report to Office of Temporary and Disability Assistance officials for their review and comment. Office of Temporary and Disability Assistance officials expressed their appreciation for the level of effort put forth during this audit. The officials stated they will continue to provide support to the districts to improve their SSI identification process. Their comments were considered in preparing this report, and are included as Appendix A.

Major contributors to this report include Todd Seeberger, Brian Krawiecki, Theresa Nellis, Lucas McCullough, Wajhia Abrar, Kathleen Garceau, John Ames, and Paul Bachman.

We thank the management and staff of the Agency for the courtesies and cooperation extended to our auditors during this audit.

Very truly yours,

Richard K. Sturm  
Audit Manager

cc: Lisa Ng, Division of the Budget



George E. Pataki  
Governor

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Robert Doar  
Commissioner

November 10, 2006

Mr. Richard K. Sturm  
Office of the State Comptroller  
Division of State Services  
State Audit Bureau  
110 State Street, 11<sup>th</sup> Floor  
Albany, NY 12236

Re: Supplementary Security Income  
Maximization Report 2006-S-28

Dear Mr. Sturm:

The following is the New York State Office of Temporary and Disability Assistance (OTDA) response to the Office of the State Comptroller (OSC) Supplementary Security Income (SSI) Maximization draft report.

We appreciate the level of effort put forth by OSC staff to understand and accurately portray OTDA's success in developing new initiatives to assist local districts in identifying and referring people on assistance who may be eligible for the federal SSI program. OTDA will continue to provide support to the districts to help improve their SSI identification processes, which will further enhance the cost savings for the State and districts.

Thank you for the opportunity to comment on the draft report.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Doar".

Robert Doar

*"providing temporary assistance for permanent change"*