NEW YORK STATE
OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE
40 NORTH PEARL STREET
ALBANY, NY 12243-0001
Andrew M. Cuomo
Governor

Local Commissioners Memorandum

Section 1

Transmittal:	13-LCM-04
To:	Local District Commissioners
Issuing Division/Office:	Center for Child Well-Being (CCWB) Division of Child Support Enforcement
Date:	May 10, 2013
Subject:	Child Support Incentives - Federal Fiscal Years 2011 and 2013
Contact Person(s):	Child Support Questions: John McPhillips, (518) 408-3301 or via e-mail at John.McPhillips@otda.ny.gov Claiming Questions (Regions I – V): Edward Conway, (518) 474-7549 or via e-mail at Edward.Conway@otda.ny.gov Claiming Questions (Region VI): Michael Simon, (212) 961-8250 or via e-mail at Michael.Simon@otda.ny.gov
Attachments:	Attachment 1 – Adjustment of Actual to Reported Incentives - FFY 2011 Attachment 2 – Estimated Incentives – FFY 2013
Attachment Available On – Line:	Yes

Section 2

I. Purpose

The purpose of this Local Commissioners Memorandum (LCM) is to provide information about the method for allocating Social Services District (SSD) child support incentives, reconcile the federal fiscal year (FFY) 2011 incentive payments and provide the estimated incentive allocations for the remainder of FFY 2013.

II. Background

Pursuant to Section 458 of Title IV-D of the Social Security Act (42 USC § 658a), a state's ability to earn federal child support incentives is based entirely upon a formula that takes into consideration the state's performance in five key child support areas:

- Paternity Establishment;
- Support Order Establishment;
- Current Support Payments;
- Cases Paying Towards Arrears; and
- Cost Effectiveness.

Performance level percentages in each of the five areas are provided an applicable percentage rate as defined by a federal matrix, are weighted and are applied against a state's collection base. The collection base is determined by doubling the state's total collections for current and former TANF, Medicaid assistance and Title IV-E foster care cases then adding this figure to the state's total collections for never assistance cases. States receive incentives based upon their respective percentage of the incentive base for all states, as applied against the total "capped" incentive payment pool available to all states.

A state's ability to obtain its incentive payment is subject to data reliability audits of its reported performance measures. Failure to meet the data reliability audit criteria for one or more performance measures has the potential to significantly reduce a state's individual incentive allocation when compared to other states. In addition, failure to meet the data reliability audit criteria in a specific category for two consecutive years can result in a reduction of the TANF block grant.

States are required to reinvest an amount equal to the amount of incentive funds received. States must expend the incentive payments to supplement, and not supplant, other funds used by states to carry out IV-D program activities or other approved activities that may contribute to improving the effectiveness or efficiency of a state's IV-D program. This reinvestment requirement also applies to political subdivisions, i.e., SSDs. In meeting the reinvestment requirement, those entities receiving incentives must expend an amount of funds equal to its incentive amount received over and above a base expenditure level (FFY 1998 state and/or local expenditures or the average of FFYs 1996-1998 state and/or local share expenditures).

III. Program Implications

FFY 2011 Actual Incentive Calculation

For FFY 2011, $513 million in federal incentive funding was made available nationwide, which represents an increase of 1.8% over the $504 million made available the prior FFY. New York State's performance in the five key child support areas resulted in an incentive payment of $28,574,341 which represents an increase of approximately $1.2 million or 4.3% compared to FFY 2010.

Of the $28,574,341 in statewide incentives received for FFY 2011, OTDA will allocate $17,900,058 to SSDs. Incentive allocations to SSDs are based on the overall percentage of local IV-D program administrative costs as compared against the combined total of State and local IV-D program administrative costs. Attachment 1-*Adjustment of Actual to Reported Incentives – FFY 2011*, column 6 contains the final adjusted incentive amounts for FFY 2011, which is the difference between claimed incentives reported on Schedule A-1 and actual incentives allocated. These amounts will be processed on an upcoming settlement for each district. **Please do not submit a supplemental Schedule A-1 claim for these adjustments.**

FFY 2013 Estimated Incentive Calculation

Attachment 2 - *Estimated Incentives – FFY 2013* is a schedule of estimated incentives for the remainder of FFY 2013. The county specific allocation is based upon actual FFY 2012 shares of total support collection figures. Since final incentive figures for FFY 2012 are not expected from the federal Office of Child Support Enforcement (OCSE) until late calendar year 2013 or early calendar year 2014, New York State is continuing to provide a conservative claiming figure ($10 million in the aggregate) to avoid the potential for future negative adjustments. SSDs should report the monthly estimated incentives consistent with Attachment 2, column 5. These amounts should be reported each month beginning with the next original claim after this LCM is issued. In accordance with the Schedule A-1 instructions found in the Fiscal Reference Manual, Volume 2, Chapter 3, SSDs must enter the monthly estimated incentive amount on line 19, column 2 “Current IV-A Assistance” of the Schedule A-1. This amount will automatically be entered as the line 19, column 1 “Total.”

Claiming Instructions

Consistent with the instructions found in the Fiscal Reference Manual, Volume 1, Chapter 5, SSDs must submit claims for federal reimbursement within 22 months after the end of the quarter in which the expenditures were made to meet the two-year federal time limit. Claims used to determine the final adjusted incentive amounts are those that were final accepted in the Automated Claiming System (ACS) between November 2, 2010 and November 1, 2011 for inclusion in the Federal Quarterly Expenditure Reports for FFY 2011. Since supplemental claims accepted between November 2, 2010 and December 6, 2010 did not meet the criteria for inclusion in the FFY 2010 QER (as per 11-LCM-04), supplemental claims accepted after November 1, 2010 were included in the 2011 QER. As such, the reconciliation for FFY 2010 was based on the dates of November 4, 2009 through November 1, 2010.

Beginning with October 2010 Schedule D-8 claims, SSDs must identify an FNP component of their administrative expenditures equal to the amount of incentives received and reinvested in the Child Support program; this includes the amount received as an adjustment from estimated incentives to actual incentives. Therefore, the amount on Schedule A-1, Line 19 (*Estimated Incentive Payments*) should be reported on the Schedule D-8, Line 16 (*Expenditures Funded with Title IV-D Incentives*). ACS will automatically transfer the Schedule A-1, Line 19 estimated incentive total to the Schedule D-8, Line 16. However, upon receiving the 2011 estimated to actual payment as a bottom line adjustment in FFY 2013, SSDs must also manually include this additional amount on the Schedule D-8, Line 16 during FFY 2013.

Relationship Between Incentives and Federal Performance Measures

Although the incentive allocation calculated for each SSD is based on collections, attaining and maintaining high standards for each of the five federal performance measures is extremely important to ensure that New York State:

- Provides full services to its entire child support caseload;
- Maintains a consistent level of incentive revenue;
- Avoids a federal program penalty for poor performance; and
- Maximizes the statewide incentive payment, thereby maximizing the amount available for local SSDs.

Issued By:
Name: Eileen M. Stack
Title: Deputy Commissioner and Director
Division/Office: Center for Child Well-Being, Division of Child Support Enforcement