

Example #1 – Reduction of Permanently-Assigned Arrears

On September 1, 2015 James Sweet is pre-selected for the pilot program as he owes permanently-assigned arrears in an amount equal to or greater than \$5,000.00 to the Social Services District (SSD). On October 23, 2015, he attends his appointment with the Support Collection Unit (SCU) and provides the SCU with a completed *Financial Affidavit* and documentation of his current income, benefits and/or assets. The information is reviewed by the SCU and a *Participation Agreement for the Arrears Pilot Program (Participation Agreement)* is executed.

Mr. Sweet has a current child support obligation of \$25.00 weekly, presently payable to the custodial parent (CP) who is a former Temporary Assistance recipient. His arrears/past-due child support due as of October 23, 2015, the date he enters into the Participation Agreement, is \$8,100.00 as follows:

Ledger	Net Due or ASAB as of Appointment Date
11BV	100.00
21AV	400.00
22AV	7,600.00
Total	8,100.00

Under the Participation Agreement, Mr. Sweet agrees that beginning on the first due date under his existing child support order which occurs on or after January 1, 2016 and ending December 31, 2016, he will pay the equivalent of his current support obligation of \$25.00 per week or any subsequently adjusted or modified amount for that full time period.

Milestone 1:

By coming to the appointment, providing the information requested, and signing the Participation Agreement, Mr. Sweet has met Milestone 1 of the Participation Agreement.

- a. In return for Mr. Sweet’s obtainment of Milestone 1, the SCU makes a one-time arrears reduction of his permanently-assigned arrears owed to SSD as of October 23, 2015 in the amount of \$250.00 as follows:

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Ledger	Net Due or ASAB as of Appointment Date	Adjustment for Milestone 1	Net Due or ASAB after Adjustment for Milestone 1
11BV	100.00	N/A	100.00
21AV	400.00	-61 Batch 250.00	150.00
22AV	7,600.00	N/A	7,600.00
Total	8,100.00	250.00	7,850.00

- b. The SCU informs the Division of Child Support Enforcement (DCSE) of the \$250.00 arrears reduction by submitting **Attachment 6**, *LDSS Notification to State of Unreimbursed Assistance (URA) Adjustments as a Result of a Compromise of Arrears*. DCSE then makes the URA adjustment.

Milestone 2:

Following the end of Milestone 2 period (January 1, 2016 – June 30, 2016, on or after July 11, 2016, DCSE performs a data match to determine which pilot participants successfully obtained Milestone 2. DCSE then provides a listing of participants who achieved Milestone 2 to each participating SCU. The SCU reviews Mr. Sweet's payment history and the balance due to confirm all payments were applied and to confirm his successful completion of Milestone 2. Mr. Sweet was required to pay \$25.00 weekly for 26 weeks, or \$650.00. A review of his payments during Milestone 2 period indicates that at least \$650.00 was paid and applied to the account. For this example, from January 1, 20016 through June 30, 2016, Mr. Sweet has paid \$650.00 in support.

- a. Upon confirmation that Milestone 2 has been met, the SCU makes a one-time arrears reduction to Mr. Sweet's permanently-assigned arrears owed to SSD in the amount of \$2,000.00 as follows:

Ledger	Net Due or ASAB as of Milestone 2 Date	Adjustment for Milestone 2	Net Due or ASAB after Adjustment for Milestone 2
11BV	100.00	N/A	100.00
21AV	150.00	-61 Batch 150.00	0.00
22AV	7,600.00	-62 Batch 1,850.00	5,750.00
Total	7,850.00	2,000.00	5,850.00

- b. The SCU informs DCSE of the \$2,000.00 arrears reduction by submitting **Attachment 6**. DCSE will then make the URA adjustment.

Milestone 3:

Following the end of Milestone 3 period (July 1, 2016 – December 31, 2016) on or after January 9, 2017, DCSE performs a data match to determine which pilot participants successfully obtained Milestone 3. DCSE then provides a listing of participants that achieved Milestone 3 to each participating SCU. The SCU reviews Mr. Sweet's payment history from July 1, 2016 to December 31, 2016 and the balance due to confirm all payments were applied and to confirm his successful completion of Milestone 3. Mr. Sweet was required to pay \$25.00 per week for 26 weeks, or \$650.00. A review of his payments during the Milestone 3 period indicates that at least \$650.00 was paid and applied to the account. For this example, from July 1, 2016 through December 31, 2016 Mr. Sweet has paid \$650.00.

- a. Upon confirmation that Milestone 3 has been met, the SCU makes a one-time arrears reduction in the amount of \$2,750.00 to the permanently-assigned arrears owed to DSS as follows:

Ledger	Net Due or ASAB as of Milestone 3 Date	Adjustment for Milestone 3	Net Due or ASAB after Adjustment for Milestone 3
11BV	100.00	N/A	100.00
21AV	0.00	0.00	0.00
22AV	5,750.00	- 62 Batch 2,750.00	3,000.00
Total	5,850.00	2,750.00	3,100.00

- b. The SCU informs DCSE of the \$2,750.00 arrears reduction by submitting **Attachment 6**. DCSE will then make the URA adjustment.

Example #2: Reduction of Permanently-Assigned Arrears and Forgiveness of Interest

On September 1, 2015 Mary Smith is pre-selected for the pilot program as she owes permanently-assigned arrears in an amount over \$5,000.00 to the Social Services District (SSD). On October 20, 2015 she attends her appointment with the Support Collection Unit (SCU) and provides the SCU with a completed *Financial Affidavit* and documentation of her current income, benefits and/or assets. The information is reviewed by the SCU and a *Participation Agreement for the Arrears Pilot Program* (Participation Agreement) is executed.

Ms. Smith has a current child support obligation of \$100.00 per week presently payable to the custodial parent (CP) who is a former Temporary Assistance recipient. Her arrears/past-due child support due as of October 20, 2015, the date she enters into a Participation Agreement, is as follows:

Ledger	Net Due or ASAB as of Appointment Date
11BV	1,000.00
21AV	150.00
22AVI1	350.00
22AVJ1	5,700.00
Total	7,200.00

*****Note that if during the pilot period (1/1/16 – 12/31/16) Ms. Smith makes payment toward arrears equivalent to the difference between the permanently-assigned arrears and total amount of milestone arrears reductions made, the interest on any associated ledger will be forgiven. Importantly, when reducing due on judgments, the SCU must first reduce the due on the judgment ledger.**

For example, if Ms. Smith pays the amount equal to her weekly current support obligation for the pilot period, (52 wks. x \$100.00/wk.) \$5,200.00 she will receive the full \$5,000.00 reduction under the terms of the pilot. If Ms. Smith pays at least \$700.00 toward the arrears (\$5,700.00 - \$5,000.00) because the reduction and the amount she paid toward arrears are equal to or more than what is owed on the judgment ledger, she is eligible for forgiveness of all interest that has accrued on that judgment ledger.

Under the Participation Agreement, Ms. Smith agrees that beginning on the first due date under her existing child support order which occurs on or after January 1, 2016 and ending December 31, 2016, she will pay the equivalent of her current support obligation of \$100.00 per week for that full time period.

Milestone 1:

By coming to the appointment and signing the Participation Agreement, Ms. Smith has met the Milestone 1 of the Participation Agreement.

- a. In return for Ms. Smith's obtainment of Milestone 1, the SCU makes a one-time reduction of her permanently-assigned arrears owed to SSD as of October 20, 2015 in the amount of \$250.00 as follows:

Ledger	Net Due or ASAB as of Appointment Date	Adjustment for Milestone 1	Net Due or ASAB after Adjustment for Milestone 1
11BV	1,000.00	N/A	1,000.00
21AV	150.00	150.00	0.00
22AVI1	350.00	*N/A	350.00
22AVJ1	5,700.00	*100.00	5,600.00
Total	7,200.00	250.00	6,950.00

*For this pilot we are reducing principal on judgments before reducing interest.

- b. The SCU informs the Division of Child Support Enforcement (DCSE) of the \$250.00 reduction by submitting **Attachment 6, LDSS Notification to State of Unreimbursed Assistance (URA) Adjustments as a Result of a Compromise of Arrears**. DCSE will make the URA adjustment.

Milestone 2:

Following the end of milestone 2 period (January 1, 2016 – June 30, 2016), on or about July 11, 2016, DCSE performs a data match to determine which pilot participants successfully obtained Milestone 2. DCSE then provides a listing of participants that achieved Milestone 2 to each participating SCU. The SCU reviews Ms. Smith's payment history and the balance due to confirm her successful completion of Milestone 2. That is, Ms. Smith was required to pay \$100.00 weekly for 26 weeks, or \$2,600.00. A review of her payments for the past six month indicates that at least \$2,600.00 was paid and applied to the account. For this example, from January 1, 2016 through June 30, 2016 Ms. Smith has paid \$3,075.00.

In addition, as of June 30, 2016 interest in the amount of \$238.25 has charged and is added to prior accrued interest.

- a. Upon confirmation that Milestone 2 has been met the SCU makes a one-time reduction of Ms. Smith's permanently-assigned arrears owed to SSD in the amount

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of \$2,000.00 as follows:

Ledger	Net Due or ASAB at Milestone 2	Adjustment for Milestone 2	Net Due or ASAB after Charges, Payments and Adjustments for Milestone 2
11BV	1,000.00	N/A	525.00
21AV	0.00	N/A	0.00
22AVI1	588.25	N/A	588.25
22AVJ1	5,600.00	2,000.00	3,600.00
Total	7,188.25	2,000.00	4,713.25

- b. The SCU informs DCSE of the \$2,000.00 reduction by submitting **Attachment 6**. DCSE will make the URA adjustment.

Milestone 3:

Following the end of Milestone 3 period (July 1, 2016 – December 31, 2016), on or about July 11, 2016, On or about January 9, 2017, DCSE performs a data match to determine which pilot participants successfully obtained Milestone 3. DCSE then provides a listing of participants that achieved Milestone 3 to each participating SCU. The SCU reviews Ms. Smith’s payment history and balance due to confirm her successful completion of Milestone 3. That is, Ms. Smith was required to pay \$100.00 per week for 26 weeks, or \$2,600.00. A review of her payments for the past six months indicates that at least \$2,600.00 was paid and applied to the account. For this example, from July 1, 2016 through December 31, 2016 Ms. Smith has paid \$3,100.00.

In addition, from July 1, 2016 until December 31, 2016 further interest in the amount of \$101.32 has charged and is added to prior accrued interest.

- a. Upon confirmation that Milestone 3 has been met the SCU makes a one-time reduction in the amount of \$2,750.00 to the permanently-assigned arrears owed to DSS as follows:

Ledger	Net Due or ASAB at Milestone 3	Adjustment for Milestone 3	Net Due or ASAB after Charges, Payments and Adjustments for Milestone 3
11BV	525.00	N/A	25.00

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21AV	0.00	N/A	0.00
22AVJ1	3,600.00	2,750.00	850.00
Total	4,814.57	2,750.00	875.00

- b. The SCU then reviews the account to determine whether the NCP is also eligible for forgiveness of an interest ledger. The SCU compares the total arrears reductions earned under the pilot (\$250.00, \$2,000.00, and \$2,750.00) with the total judgment ledger as of the signing of the agreement and determines the difference is \$700.00 (\$5,700.00 - \$5,000.00). The SCU then reviews the account to determine whether the total of all actual payments made by Ms. Smith during the course of the pilot are equal to or greater than the current support due for the year plus the \$700.00 then the accrued interest can be forgiven.

Interest Ledger	Net Due or ASAB at Milestone 3	Adjustment for Milestone 3	Net Due or ASAB after Charges, Payments and Adjustments for Milestone 3
22AVI1	689.57	689.57	0.00
Total	689.57	689.57	0.00

- c. The SCU informs DCSE of the \$2,750.00 reduction and the amount of interest removed by submitting **Attachment 6**. DCSE will make the URA adjustment.