



## Local Commissioners Memorandum

### Section 1

Transmittal:	25-LCM-18
To:	Social Services District Commissioners
Issuing Division/Office:	Child Support Services
Date:	December 15, 2025
Subject:	Child Support Incentives – Federal Fiscal Years 2023 and 2025
Contact Person(s):	Child Support Questions: Rachel Bink (518) 408-6003 or via e-mail at: <a href="mailto:Rachel.Bink@otda.ny.gov">Rachel.Bink@otda.ny.gov</a> Automated Claiming System (ACS) Questions (Region 1-5): Justin Gross (518) 474-7549 or via e-mail at <a href="mailto:otda.sm.Field Ops.IV@otda.ny.gov">otda.sm.Field Ops.IV@otda.ny.gov</a> ACS Questions (Region 6): Michael Simon (212) 961-8250 or via e-mail at <a href="mailto:Michael.Simon@otda.ny.gov">Michael.Simon@otda.ny.gov</a>
Attachments:	<a href="#">Attachment 1– Adjustment of Actual to Reported Incentives – FFY 2023</a> <a href="#">Attachment 2– Estimated Incentives – FFY 2025</a>

### Section 2

#### I. Purpose

The purpose of this Local Commissioners Memorandum (LCM) is to provide information about the Office of Temporary and Disability Assistance's (OTDA's) method for allocating child support incentive funds to social services districts (districts); to reconcile the federal fiscal year (FFY) 2023 incentive payments; and to provide the estimated incentive funding allocations for FFY 2025.

#### II. Background

Pursuant to Section 458 of Title IV-D of the Social Security Act (codified at 42 U.S.C. § 658a), a state's federal child support incentive payment share is calculated according to a formula based upon the following measures of state performance for the fiscal year:

- Paternity establishment
- Support order establishment
- Current support payments
- Cases paying toward arrears
- Cost effectiveness

Performance measures in each of the five (5) areas are assigned an applicable percentage rate, as defined by a federal matrix, weighted, and applied against a state's collection base to yield the state's maximum incentive base amount. The collection base is determined by doubling the state's total collections for current and former Temporary Assistance for Needy Families (TANF), Medicaid and Title IV-E foster care cases then adding this figure to the state's total collections for never

assistance cases. States receive incentive payments based upon their respective percentage of the maximum incentive base amount for all states, as applied against the total “capped” incentive payment pool available to all states.

A state’s ability to receive its incentive payment is subject to satisfactory data reliability audits of its reported performance measures. Failure to meet the data reliability audit criteria for one or more performance measure has the potential to significantly reduce a state’s individual incentive allocation when compared to other states. In addition, failure to meet the minimum performance measure threshold and/or data reliability audit criteria in the categories of paternity establishment, support order establishment and/or current support payments for two (2) 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, but not supplant, other funds used 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 including districts. To meet the reinvestment requirement, entities receiving incentive funds must expend an amount of funds equal to the incentive amount received that exceeds a base expenditure level. States may elect to use either the FFY 1998 state and/or local expenditures, or the average of FFYs 1996-1998 state and/or local share expenditures as the base expenditure level. New York has opted to establish the base expenditure level as the average of the state and local shares of expenditures over the course of FFYs 1996-1998.

### **III. Program Implications**

#### **FFY 2023 Actual Incentive Calculation**

For FFY 2023, \$679 million in federal incentive funding was made available nationwide. New York State’s performance in the five (5) performance measures cited above resulted in an incentive payment of \$38,790,848, which represents an increase of \$2,162,735 or 5.90% compared to FFY 2022.

Of the \$38,790,848 in statewide incentives received for FFY 2023, OTDA is allocating \$23,029,525 to districts. The incentive allocation to districts is 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.

Adjustment of Actual to Reported Incentives – FFY 2023 (Attachment 1), column 6, contains the final adjusted incentive amounts for FFY 2023, 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 2025 Estimated Incentive Calculation**

Estimated Incentives – FFY 2025 (Attachment 2), is a schedule of estimated incentive payments for FFY 2025. The district-specific allocation is based upon actual FFY 2025 shares of total support collection figures through month end August 2025. Given that incentive awards are subject to the availability of federal funds and final incentive figures for FFY 2025 are not expected from the federal Office of Child Support Enforcement (OCSE) until sometime during calendar year 2027, New York State is continuing to provide a conservative claiming figure (\$10 million in the aggregate) to avoid the potential for future negative adjustments. Districts 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 (FRM), Volume 2, Chapter 3, districts 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 FRM Volume 1, Chapter 5, districts must submit claims for federal reimbursement within twenty-two (22) months after the end of the quarter in which the expenditures were made to meet the two (2) 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), from November 2, 2022, to November 1, 2023, for inclusion in the Federal Quarterly Expenditure Reports for FFY 2023.

Districts must identify a Federally Non-Participating (FNP) component of their administrative expenditures equal to the amount of incentive funds 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 2023 estimated to actual payment as a bottom-line adjustment for FFY 2025, districts must also manually include this additional amount on the Schedule D-8, Line 16 when the payment is received. Instructions for completing Schedules A-1 and D-8 are found in FRM Volume 2, Chapter 3 and FRM Volume 3, Chapter 15, available at: <https://otda.ny.gov/resources/fiscal-reference/>.

## Relationship Between Incentives and Federal Performance Measures

Although the incentive funding allocation calculated for each district is based on collections and program administrative costs and attaining and maintaining high standards for each of the five (5) federal performance measures is extremely important to ensure that New York State:

- Provides effective and federally compliant services to its child support caseload
- Maintains a consistent level of incentive revenue
- Avoids a federal financial penalty for poor program performance, which could negatively impact the TANF block grant
- Maximizes the statewide incentive payment, thereby maximizing the amount available for districts

Districts seeking assistance in improving program performance should contact the Division of Child Support Services’ Bureau of Program Operations at: [otda.sm.dcse.bpo@otda.ny.gov](mailto:otda.sm.dcse.bpo@otda.ny.gov).

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## Issued By:

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