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NEW YORK STATE
OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE
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Robert Doar
Acting Commissioner

Local Commissioners Memorandum

Section 1

Transmittal:	03 LCM 10
To:	Local District Commissioners
Issuing Division/Office:	Division of Child Support Enforcement
Date:	December 31, 2003
Subject:	Child Support Incentives--Federal Fiscal Year 2002 (FFY 2002)
Contact Person(s):	Kevin J. Boyle (518) 474-0766 Kevin.Boyle@dfa.state.ny.us
Attachments:	Attachment #1 Adjustment of Actual to Reported Incentives -- FFY 2002 Attachment #2 Estimated Incentives -- FFY 2004
Attachment Available On – Line:	Yes

Section 2

I. Purpose

The purpose of this Local Commissioners Memorandum is to provide additional information about the method for allocating local district child support incentives and provide you with the reconciliation of incentives allocated to incentives claimed for federal fiscal year (FFY) 2002.

II. Background

Beginning with FFY 2000, federal child support regulations at 45 CFR 305, Performance Measures, Standards, Financial Incentives and Penalties, significantly changed the method for allocating incentive payments to states. These changes were phased in over FFY 2000 (October 1, 1999 through September 30, 2000) and FFY 2001 (October 1, 2000 through September 30, 2001). During this two-year period, federal incentives were allocated to states using a combination of the old and the new incentive methodologies. Effective with FFY 2002, states' ability to earn federal incentives are based entirely upon the new federal method, a complex formula that takes into consideration several factors including:

- States' performances in the five key child support areas of paternity establishment, support order establishment, current collection percentage, percentage of cases with arrears collections and cost benefit ratio. Percentages in each of the five areas are applied against a collection figure (determined by doubling the current and former assistance collections and adding never assistance collections), which is then summed to determine a state's collection base. States receive incentives based upon their respective percentage of the national

collection base as applied against the total “capped” amount of incentives available to all states.

- States’ ability to earn incentives are now limited or “capped” at the federal level, which has the potential for reducing a state’s individual allocation when compared to the previous incentive methodology.
- States are now subject to data reliability audits of their reported performance measures. Failure to meet the data reliability audit criteria for one or more performance measure has the potential for significantly reducing a state’s individual allocation when compared to other states. In addition, failure to meet the data reliability audit criteria in a specific category for two years in a row can result in a reduction of the TANF block grant.
- States are now required to reinvest an amount equal to the amount of incentive funds received. States must expend this amount 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., local social service districts. 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).

Prior to these changes, incentives were distributed to states using a relatively predictable, cost benefit methodology that facilitated estimating incentives. This allowed local district planners to be reasonably confident about the estimated incentives claimed each month on the “Summary of Title IV-D Collections and Distributions” (Schedule A-1). Given the complex formula and inherent uncertainties of the new federal allocation methodology, there is insufficient information to accurately estimate the amount of incentives that New York State will receive. We published an allocation methodology in November 2000 that was based entirely on a local district’s percentage of statewide collections. The estimated claiming amounts were intended to be conservative to ensure that local districts did not over-claim estimated incentives, which could potentially result in a negative adjustment.

III. Program Implications

ACTUAL INCENTIVE CALCULATION

The Office of Temporary and Disability Assistance (OTDA) has been notified that the actual IV-D child support incentives earned by New York State from the U. S. Department of Health and Human Services, Office of Child Support Enforcement, for FFY 2002 was \$30,176,739.

Of the \$30,176,739 statewide incentives received for FFY 2002, OTDA will allocate \$17,500,000 to local districts. Attachment #1, column 6, contains the adjusted incentive amounts for FFY 2002, which is the difference between estimated 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 claim for these adjustments.

ESTIMATED INCENTIVE CALCULATION

Attachment #2 is a schedule of estimated incentives for the remainder of FFY 2004. The county specific allocation is based upon actual FFY 2003 collection figures. Since, final incentive figures for FFY 2003 are not expected from federal OCSE for another year, we are providing a conservative claiming figure (\$10 million in the aggregate) to avoid the potential for future negative adjustments. **Local districts should report the new monthly estimated incentives beginning with any claim**

submitted on or after January 15, 2004. Until schedule A -1 is modified to accept only a total figure, local districts can enter any amounts in the TANF and Non TANF fields on line 16 of Schedule A -1, provided that the total amount does not exceed the monthly claiming amount in column 5 of attachment # 2. These amounts should be reported each month through September 2004.

Although the incentive allocation to each local district 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.
- Does not incur a federal program penalty for poor performance.
- Maximizes the statewide incentive amount, thereby maximizing the amount available for local districts.

DCSE program questions should be directed to Kevin Boyle, at (800) 343-8859, extension 40766 or (518) 474-0766. His e-mail address is Kevin.Boyle@dfa.state.ny.us.

OTDA fiscal questions should be directed to:

Regions I-IV

Patricia Humphrey (518) 408-3073. Her e-mail address is Patricia.Humphrey@dfa.state.ny.us.

Region V

Michael Borenstein (631) 854-9704. His e-mail address is Michael.Borenstein@dfa.state.ny.us.

Region VI

Marian Borenstein (212) 383-1735. Her e-mail address is Marian.Borenstein@dfa.state.ny.us.

Issued By:

Name: Margot Bean

Title: Deputy Commissioner and Director

Division/Office: Child Support Enforcement

**03 LCM 10 Attachment #1
ADJUSTMENT OF ACTUAL TO REPORTED INCENTIVES -- FFY 2002**

1 District	2 Total Collections FFY 2002	3 District Percentage to Total	4 Actual Incentives Allocated (col. 3 x \$17.5M)	5 Total Reported Incentives	6 Adjustment Actual to Reported (col. 4 - col. 5)
New York State	\$1,321,291,471	100.00%	\$17,500,000	\$14,404,005	\$3,095,995
New York City	\$485,290,927	36.73%	\$6,427,493	\$6,345,762	\$81,731
Rest of State	\$836,000,544	63.27%	\$11,072,507	\$8,058,243	\$3,014,264
Albany	23,810,320	1.80%	315,359	210,237	105,122
Allegany	5,409,826	0.41%	71,651	62,644	9,007
Broome	15,582,250	1.18%	206,381	166,595	39,786
Cattaraugus	9,026,070	0.68%	119,547	87,366	32,181
Cayuga	7,999,124	0.61%	105,945	78,360	27,585
Chautauqua	14,395,309	1.09%	190,660	191,988	-1,328
Chemung	9,909,475	0.75%	131,247	108,138	23,109
Chenango	5,373,546	0.41%	71,171	54,357	16,814
Clinton	7,770,795	0.59%	102,921	76,575	26,346
Columbia	5,105,671	0.39%	67,623	52,896	14,727
Cortland	4,873,641	0.37%	64,550	52,845	11,705
Delaware	4,394,495	0.33%	58,203	44,184	14,019
Dutchess	23,980,234	1.81%	317,609	209,948	107,661
Erie	58,753,437	4.45%	778,167	623,966	154,201
Essex	3,664,368	0.28%	48,533	40,005	8,528
Franklin	5,661,771	0.43%	74,988	54,844	20,144
Fulton	5,841,554	0.44%	77,369	64,200	13,169
Genesee	5,289,508	0.40%	70,058	57,096	12,962
Greene	4,688,562	0.35%	62,098	38,928	23,170
Hamilton	464,032	0.04%	6,146	4,408	1,738
Herkimer	6,629,856	0.50%	87,810	67,362	20,448
Jefferson	11,901,281	0.90%	157,628	124,464	33,164
Lewis	2,656,999	0.20%	35,191	24,273	10,918
Livingston	6,614,000	0.50%	87,600	0	87,600
Madison	5,483,209	0.41%	72,623	54,422	18,201
Monroe	57,092,841	4.32%	756,173	665,478	90,695
Montgomery	5,131,572	0.39%	67,966	63,384	4,582
Nassau	71,521,307	5.41%	947,272	620,877	326,395
Niagara	18,247,663	1.38%	241,683	213,854	27,829
Oneida	14,758,787	1.12%	195,474	158,808	36,666
Onondaga	40,272,396	3.05%	533,392	411,996	121,396
Ontario	10,037,982	0.76%	132,949	91,084	41,865
Orange	27,925,591	2.11%	369,864	268,616	101,248
Orleans	3,718,487	0.28%	49,250	39,276	9,974
Oswego	12,809,846	0.97%	169,662	142,768	26,894
Otsego	4,899,470	0.37%	64,892	46,174	18,718
Putnam	6,153,709	0.47%	81,504	48,762	32,742
Rensselaer	14,740,621	1.12%	195,234	154,960	40,274
Rockland	19,089,176	1.44%	252,829	69,516	183,313
St.Lawrence	10,334,903	0.78%	136,882	100,542	36,340
Saratoga	16,002,292	1.21%	211,944	137,121	74,823
Schenectady	13,522,734	1.02%	179,103	125,391	53,712
Schoharie	3,214,644	0.24%	42,577	32,145	10,432
Schuyler	1,668,374	0.13%	22,097	15,438	6,659
Seneca	3,617,288	0.27%	47,910	31,464	16,446
Steuben	9,147,771	0.69%	121,159	93,168	27,991
Suffolk	105,419,948	7.98%	1,396,247	1,007,217	389,030
Sullivan	5,911,230	0.45%	78,292	65,531	12,761
Tioga	4,638,383	0.35%	61,434	50,391	11,043
Tompkins	6,521,704	0.49%	86,377	61,974	24,403
Ulster	13,857,231	1.05%	183,534	56,180	127,354
Warren	7,908,337	0.60%	104,743	93,994	10,749
Washington	6,831,873	0.52%	90,486	79,572	10,914
Wayne	9,623,738	0.73%	127,463	94,340	33,123
Westchester	50,051,949	3.79%	662,919	410,172	252,747
Wyoming	3,889,186	0.29%	51,511	40,536	10,975
Yates	2,160,178	0.16%	28,611	17,413	11,198

**03 LCM 10 Attachment #2
Estimated Incentives -- FFY 2004**

1	2	3	4	5
District	Total Collections FFY 2003	District Percentage to Total	Estimated Annual Incentives (col. 3 X \$10M)	Estimated Monthly Incentives (col. 4 / 12)
New York State	\$1,367,594,743	100.00%	\$10,000,000	\$833,333
New York City	\$503,477,813	36.81%	\$3,681,484	\$306,790
Rest of State	\$864,116,930	63.19%	\$6,318,516	\$526,543
Albany	24,871,470	1.82%	181,863	15,155
Allegany	5,517,479	0.40%	40,344	3,362
Broome	16,006,136	1.17%	117,039	9,753
Cattaraugus	9,420,195	0.69%	68,881	5,740
Cayuga	8,386,454	0.61%	61,323	5,110
Chautauqua	14,272,778	1.04%	104,364	8,697
Chemung	9,617,431	0.70%	70,324	5,860
Chenango	5,416,567	0.40%	39,607	3,301
Clinton	8,216,292	0.60%	60,078	5,007
Columbia	5,362,154	0.39%	39,209	3,267
Cortland	5,021,677	0.37%	36,719	3,060
Delaware	4,423,686	0.32%	32,346	2,696
Dutchess	24,882,121	1.82%	181,941	15,162
Erie	60,936,240	4.46%	445,572	37,131
Essex	3,467,689	0.25%	25,356	2,113
Franklin	5,733,475	0.42%	41,924	3,494
Fulton	6,055,632	0.44%	44,279	3,690
Genesee	5,503,068	0.40%	40,239	3,353
Greene	4,931,675	0.36%	36,061	3,005
Hamilton	493,655	0.04%	3,610	301
Herkimer	6,620,300	0.48%	48,408	4,034
Jefferson	12,037,339	0.88%	88,018	7,335
Lewis	2,746,589	0.20%	20,083	1,674
Livingston	6,618,291	0.48%	48,394	4,033
Madison	5,445,036	0.40%	39,815	3,318
Monroe	58,923,019	4.31%	430,851	35,904
Montgomery	5,313,511	0.39%	38,853	3,238
Nassau	75,172,247	5.50%	549,668	45,806
Niagara	18,177,145	1.33%	132,913	11,076
Oneida	14,922,879	1.09%	109,118	9,093
Onondaga	40,523,630	2.96%	296,313	24,693
Ontario	10,238,525	0.75%	74,865	6,239
Orange	29,815,641	2.18%	218,015	18,168
Orleans	3,932,836	0.29%	28,757	2,396
Oswego	12,978,778	0.95%	94,902	7,909
Otsego	4,940,797	0.36%	36,128	3,011
Putnam	6,582,437	0.48%	48,131	4,011
Rensselaer	15,169,843	1.11%	110,924	9,244
Rockland	20,525,180	1.50%	150,082	12,507
St.Lawrence	10,796,239	0.79%	78,943	6,579
Saratoga	16,708,862	1.22%	122,177	10,181
Schenectady	13,865,216	1.01%	101,384	8,449
Schoharie	3,453,137	0.25%	25,250	2,104
Schuyler	1,599,650	0.12%	11,697	975
Seneca	3,766,496	0.28%	27,541	2,295
Steuben	9,268,985	0.68%	67,776	5,648
Suffolk	109,893,270	8.04%	803,551	66,963
Sullivan	6,219,306	0.45%	45,476	3,790
Tioga	4,498,401	0.33%	32,893	2,741
Tompkins	6,737,512	0.49%	49,265	4,105
Ulster	14,414,545	1.05%	105,401	8,783
Warren	8,007,472	0.59%	58,551	4,879
Washington	6,945,109	0.51%	50,783	4,232
Wayne	10,126,011	0.74%	74,042	6,170
Westchester	52,408,557	3.83%	383,217	31,935
Wyoming	3,947,657	0.29%	28,866	2,405
Yates	2,240,613	0.16%	16,384	1,365