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Local Commissioners Memorandum

Section 1

Transmittal:	09-LCM-02
To:	Local District Commissioners
Issuing Division/Office:	Center for Child Well-Being/Division of Child Support Enforcement
Date:	March 13, 2009
Subject:	Child Support Incentives — Federal Fiscal Year 2007 (FFY2007)
Contact Person(s):	Program questions: Kevin Dommer at 800-343-8859, ext. 4-9081, Kevin.Dommer@otda.state.ny.us Fiscal Questions: Regions I-IV - James Carroll at (518) 474-7549, James.Carroll@otda.state.ny.us . Region V - Michael Borenstein at (631) 854-9704, Michael.Borenstein@otda.state.ny.us . Region VI - Marian Borenstein at (212) 961-8250, Marian.Borenstein@otda.state.ny.us .
Attachments:	Attachment #1 Adjustment of Actual to Reported Incentives—FFY 2007 Attachment #2 Estimated Incentives—FFY 2009
Attachments Available Online:	Yes

Section 2

I. Purpose

The purpose of this Local Commissioners Memorandum (LCM) is to provide 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) 2007.

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). States' ability to earn federal incentives is based entirely upon a 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 effectiveness. 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 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 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 consecutive years can result in a reduction of the Temporary Assistance for Needy Families (TANF) block grant.
- States are 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).

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 (OCSE), for FFY 2007 was \$25,865,261.

Of the \$25,865,261 statewide incentives received for FFY 2007, OTDA will allocate \$14,539,526 to local districts. Attachment 1, column 6, contains the adjusted incentive amounts for FFY 2007, 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 2009. The county-specific allocation is based upon actual FFY 2008 collection figures. Since final incentive figures for FFY 2008 are not expected from federal OCSE until late calendar year 2009, we are continuing to provide a conservative claiming figure (\$10 million in the aggregate) to avoid the potential for future negative adjustments. **Local districts should report the monthly estimated incentives consistent with Attachment 2.** These amounts should be reported each month beginning with the next original claim after this LCM is issued. In accordance with the A-1 instructions found in the Fiscal Reference Manual, Volume 2, Chapter 3, local districts must enter the estimated monthly incentive amount in column 2 “Current Assistance” of the A-1. This amount will automatically be entered as the column 1 “Total.”

As the result of the Deficit Reduction Act of 2005, no federal funds will be paid to a state for amounts expended from incentive payments made to the state effective October 1, 2007. Therefore, states must identify expenditures made with incentive funds as Federally Non-Participating (FNP). The fiscal impact of this action is that states lose federal reimbursement equal to 66% of their incentive funds. Districts must report on *Line 16 of Schedule D-8 (Expenditures funded with Title IV-D Incentives)* the amount of incentives that are reported on Schedule A-1 for the corresponding month. Refer to the Fiscal Reference Manual, Volume 3 (Volume 4 for NYC), Chapter 15 for detailed instructions. (On February 17, 2009, the President signed the American Recovery and Reinvestment Act of 2009, which temporarily restored the ability to receive federal reimbursement as occurred prior to the Deficit Reduction Act of 2005, for the federal fiscal years covering October 1, 2008 through September 30, 2010. As the details become available, claiming instructions will be provided.)

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.

Child support program questions should be directed to Kevin Dommer, at (800) 343-8859, extension 49081 or (518) 474-9081. His e-mail address is Kevin.Dommer@otda.state.ny.us.

OTDA fiscal questions should be directed to:

Regions I-IV

James Carroll at (518) 474-7549. His e-mail address is James.Carroll@otda.state.ny.us.

Region V

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

Region VI
Marian Borenstein at (212) 961-8250. Her e-mail address is
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Issued By:

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Title: Deputy Commissioner and Director
Division/Office: Center for Child Well-Being/
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ADJUSTMENT OF ACTUAL TO REPORTED INCENTIVES -- FFY 2007

1	2	3	4	5	6
DISTRICT	Total Collections FFY 2007	District Percent of Total	Actual Incentives Allocated (col. 3 x \$14,539,526)	FFY 2007 Total Reported Incentives	Adjustment Actual to Reported (col. 4 - col. 5)
NEW YORK STATE	\$1,601,087,523	100.00%	\$14,539,526	\$9,901,425	\$4,638,101
NEW YORK CITY	\$610,351,053	38.12%	\$5,542,617	\$3,758,062	\$1,784,555
REST OF STATE	\$990,736,470	61.88%	\$8,996,909	\$6,143,363	\$2,853,546
ALBANY	28,559,980	1.78%	\$259,354	\$180,780	\$78,574
ALLEGANY	6,309,383	0.39%	\$57,296	\$38,787	\$18,509
BROOME	17,631,320	1.10%	\$160,111	\$111,333	\$48,778
CATTARAUGUS	10,799,038	0.67%	\$98,066	\$68,781	\$29,285
CAYUGA	9,766,197	0.61%	\$88,687	\$61,347	\$27,340
CHAUTAUQUA	15,040,972	0.94%	\$136,588	\$96,726	\$39,862
CHEMUNG	9,860,252	0.62%	\$89,541	\$65,073	\$24,468
CHENANGO	5,518,685	0.34%	\$50,115	\$36,765	\$13,350
CLINTON	8,927,605	0.56%	\$81,072	\$57,378	\$23,694
COLUMBIA	5,790,479	0.36%	\$52,584	\$36,393	\$16,191
CORTLAND	5,081,742	0.32%	\$46,147	\$33,303	\$12,844
DELAWARE	4,647,803	0.29%	\$42,207	\$28,812	\$13,395
DUTCHESS	29,432,224	1.84%	\$267,275	\$183,216	\$84,059
ERIE	68,314,583	4.27%	\$620,367	\$432,255	\$188,112
ESSEX	3,900,289	0.24%	\$35,419	\$27,732	\$7,687
FRANKLIN	5,958,167	0.37%	\$54,106	\$37,887	\$16,219
FULTON	6,565,535	0.41%	\$59,622	\$42,438	\$17,184
GENESEE	5,902,918	0.37%	\$53,605	\$38,589	\$15,016
GREENE	5,079,478	0.32%	\$46,127	\$32,868	\$13,259
HAMILTON	417,151	0.03%	\$3,788	\$2,946	\$842
HERKIMER	6,983,102	0.44%	\$63,414	\$44,410	\$19,004
JEFFERSON	13,458,700	0.84%	\$122,219	\$84,896	\$37,323
LEWIS	3,521,606	0.22%	\$31,980	\$19,773	\$12,207
LIVINGSTON	7,364,562	0.46%	\$66,878	\$26,949	\$39,929
MADISON	6,007,785	0.38%	\$54,557	\$38,289	\$16,268
MONROE	65,511,292	4.09%	\$594,910	\$390,466	\$204,444
MONTGOMERY	5,756,147	0.36%	\$52,272	\$36,330	\$15,942
NASSAU	92,090,570	5.75%	\$836,277	\$577,584	\$258,693
NIAGARA	18,559,501	1.16%	\$168,539	\$103,581	\$64,958
ONEIDA	15,841,786	0.99%	\$143,860	\$106,092	\$37,768
ONONDAGA	44,988,361	2.81%	\$408,541	\$284,926	\$123,615
ONTARIO	11,181,686	0.70%	\$101,541	\$71,490	\$30,051
ORANGE	34,334,194	2.14%	\$311,790	\$213,603	\$98,187
ORLEANS	4,370,477	0.27%	\$39,688	\$27,720	\$11,968
OSWEGO	14,342,183	0.90%	\$130,242	\$91,826	\$38,416
OTSEGO	5,476,872	0.34%	\$49,736	\$35,187	\$14,549
PUTNAM	6,948,534	0.43%	\$63,100	\$44,860	\$18,240
RENSSELAER	17,885,194	1.12%	\$162,416	\$114,960	\$47,456
ROCKLAND	26,146,513	1.63%	\$237,437	\$165,264	\$72,173
ST.LAWRENCE	12,266,269	0.77%	\$111,390	\$76,210	\$35,180
SARATOGA	19,249,550	1.20%	\$174,806	\$121,668	\$53,138
SCHENECTADY	15,930,336	0.99%	\$144,664	\$93,995	\$50,669
SCHOHARIE	4,071,551	0.25%	\$36,974	\$26,988	\$9,986
SCHUYLER	1,983,388	0.12%	\$18,011	\$12,450	\$5,561
SENECA	4,304,970	0.27%	\$39,094	\$216	\$38,878
STEUBEN	10,513,239	0.66%	\$95,471	\$66,453	\$29,018
SUFFOLK	132,233,401	8.26%	\$1,200,816	\$810,591	\$390,225
SULLIVAN	7,372,516	0.46%	\$66,950	\$47,522	\$19,428
TIOGA	5,071,074	0.32%	\$46,051	\$31,860	\$14,191
TOMPKINS	7,688,140	0.48%	\$69,816	\$49,356	\$20,460
ULSTER	17,464,458	1.09%	\$158,595	\$109,983	\$48,612
WARREN	9,037,738	0.56%	\$82,072	\$52,857	\$29,215
WASHINGTON	7,756,296	0.48%	\$70,435	\$50,088	\$20,347
WAYNE	11,622,417	0.73%	\$105,544	\$74,432	\$31,112
WESTCHESTER	63,476,016	3.96%	\$576,428	\$389,628	\$186,800
WYOMING	4,136,506	0.26%	\$37,564	\$26,658	\$10,906
YATES	2,285,739	0.14%	\$20,757	\$10,793	\$9,964

Estimated Incentives - FFY 2009

1	2	3	4	5
DISTRICT	Total Collections FFY 2008	District Percent of Total	Estimated Incentives through 9/30/09 (col 3 X \$10M)	Estimated Monthly Incentives (col 4 / 12)
NEW YORK STATE	\$1,701,088,829	100.00%	\$10,000,000	\$833,333
NEW YORK CITY	\$657,902,786	38.68%	\$3,867,539	\$322,295
REST OF STATE	\$1,043,186,043	61.32%	\$6,132,461	\$511,038
ALBANY	30,230,208	1.78%	\$177,711	\$14,809
ALLEGANY	6,898,509	0.41%	\$40,553	\$3,379
BROOME	18,371,030	1.08%	\$107,996	\$9,000
CATTARAUGUS	11,083,132	0.65%	\$65,153	\$5,429
CAYUGA	10,146,385	0.60%	\$59,646	\$4,971
CHAUTAUQUA	15,982,614	0.94%	\$93,955	\$7,830
CHEMUNG	10,154,069	0.60%	\$59,692	\$4,974
CHENANGO	5,494,971	0.32%	\$32,303	\$2,692
CLINTON	9,433,053	0.55%	\$55,453	\$4,621
COLUMBIA	5,905,308	0.35%	\$34,715	\$2,893
CORTLAND	5,430,128	0.32%	\$31,921	\$2,660
DELAWARE	4,870,411	0.29%	\$28,631	\$2,386
DUTCHESS	31,016,565	1.82%	\$182,334	\$15,194
ERIE	73,628,237	4.33%	\$432,830	\$36,069
ESSEX	3,865,185	0.23%	\$22,722	\$1,893
FRANKLIN	6,338,263	0.37%	\$37,260	\$3,105
FULTON	6,823,763	0.40%	\$40,114	\$3,343
GENESEE	6,238,634	0.37%	\$36,674	\$3,056
GREENE	5,242,897	0.31%	\$30,821	\$2,568
HAMILTON	427,248	0.03%	\$2,512	\$209
HERKIMER	7,153,970	0.42%	\$42,055	\$3,505
JEFFERSON	14,241,623	0.84%	\$83,721	\$6,977
LEWIS	3,815,597	0.22%	\$22,430	\$1,869
LIVINGSTON	7,760,226	0.46%	\$45,619	\$3,802
MADISON	6,458,446	0.38%	\$37,967	\$3,164
MONROE	69,074,105	4.06%	\$406,058	\$33,838
MONTGOMERY	6,092,598	0.36%	\$35,816	\$2,985
NASSAU	97,665,122	5.74%	\$574,133	\$47,844
NIAGARA	19,121,370	1.12%	\$112,407	\$9,367
ONEIDA	16,779,478	0.99%	\$98,640	\$8,220
ONONDAGA	47,476,420	2.79%	\$279,094	\$23,258
ONTARIO	11,755,447	0.69%	\$69,105	\$5,759
ORANGE	35,684,804	2.10%	\$209,776	\$17,481
ORLEANS	4,673,414	0.27%	\$27,473	\$2,289
OSWEGO	15,053,909	0.88%	\$88,496	\$7,375
OTSEGO	5,516,143	0.32%	\$32,427	\$2,702
PUTNAM	7,605,577	0.45%	\$44,710	\$3,726
RENSSELAER	19,275,592	1.13%	\$113,313	\$9,443
ROCKLAND	27,464,853	1.61%	\$161,455	\$13,455
ST.LAWRENCE	12,899,700	0.76%	\$75,832	\$6,319
SARATOGA	19,947,715	1.17%	\$117,264	\$9,772
SCHENECTADY	16,818,690	0.99%	\$98,870	\$8,239
SCHOHARIE	3,986,525	0.23%	\$23,435	\$1,953
SCHUYLER	2,117,751	0.12%	\$12,449	\$1,037
SENECA	4,476,389	0.26%	\$26,315	\$2,193
STEUBEN	11,252,488	0.66%	\$66,149	\$5,512
SUFFOLK	139,162,809	8.18%	\$818,081	\$68,173
SULLIVAN	8,059,960	0.47%	\$47,381	\$3,948
TIOGA	5,513,663	0.32%	\$32,413	\$2,701
TOMPKINS	8,005,668	0.47%	\$47,062	\$3,922
ULSTER	17,880,370	1.05%	\$105,111	\$8,759
WARREN	9,325,264	0.55%	\$54,819	\$4,568
WASHINGTON	8,027,118	0.47%	\$47,188	\$3,932
WAYNE	12,098,069	0.71%	\$71,120	\$5,927
WESTCHESTER	66,591,505	3.91%	\$391,464	\$32,622
WYOMING	4,384,370	0.26%	\$25,774	\$2,148
YATES	2,388,686	0.14%	\$14,042	\$1,170