

+-----+
 | INFORMATIONAL LETTER |
 +-----+

TRANSMITTAL: 94 INF-19

TO: Commissioners of
 Social Services

DIVISION: Economic
 Security

DATE: April 26, 1994

SUBJECT: Charging of Local Share for Operating
 Costs of the Central Collection and
 Disbursement of Support Payments

SUGGESTED

DISTRIBUTION: CSEU Supervisors
 SCU Supervisors
 Directors of Administrative Services
 Accounting Supervisors
 Staff Development Coordinators

CONTACT PERSON: Kevin Boyle, Office of Child Support Enforcement
 (1)-800-342-3012, ext. 4-9082

ATTACHMENTS: None

FILING REFERENCES

Previous ADMs/INFs	Releases Cancelled	Dept. Regs.	Soc. Serv. Law & Other Legal Ref.	Manual Ref.	Misc. Ref.
			Chapter 502, Laws of 1990		
			Chapter 53, Laws of 1993		

I. Purpose

The purpose of this Informational Letter is to inform the local districts of the methods used in calculating the local share of expenditures for Central Collection and Disbursement of Support Payments.

II. Background

Chapter 502, Laws of 1990: (1) required the Department to perform collection and disbursement functions on behalf of local district support collection units, (2) authorized the Department to contract those functions through a fiscal agent, and (3) required that the local share of expenditures incurred by the Department for provision of centralized collection and disbursement services pursuant to section 111-h of Social Services Law, be charged back to social services districts.

The Department entered into an agreement with a fiscal agent to perform collection and disbursement functions on behalf of each of the fifty-eight local districts. The agreement covers the period January 1, 1993 through December 31, 1995.

Implementation of central collection and disbursement functions began with two local districts on March 29, 1993 and nine more local districts were added on June 1, 1993. The remaining local districts will be converted to centralized collection and disbursement processing during the period June 1, 1994 through March 1, 1995.

The Department's agreement with the fiscal agent also includes additional services beyond collection and disbursement functions. Those services are: (1) generating and mailing respondent billing statements, employer reminders and various notices, and (2) establishing and maintaining a Voice Response System. Although the collection and disbursement services were tested first for eleven local districts, the above services were made available on March 29, 1993 for all fifty-eight local districts.

III. Fiscal Implications

Local districts will be charged their share, currently 17%, of the operating costs of the Central Collection and Disbursement of Support Payment functions on a quarterly basis through the normal settlement process. The eleven pilot local districts will be charged their respective local share of central collection and disbursement operating costs commencing with the costs incurred during the January through March, 1994 quarter.

The remaining local districts will be charged their respective local share of central collection and disbursement operating costs commencing ninety days after their conversion to centralized processing.

All fifty-eight local districts will be charged their respective local share of operating costs associated with generating and mailing billing statements and notices as well as those costs associated with maintaining the voice response system commencing with the costs incurred during the April through June, 1993 quarter.

The types of operating costs and the methodology used for calculating the local share of those costs are as follows:

A. Central Collection and Disbursement Functions

1. Payment Processing - the costs associated with this function include:

- a. Fixed price contract costs covering receipt of mail, mail opening and sorting, payment identification, creation of payment file, transmission of payment file to the Department, deposit of payments into local district bank account and all the ancillary functions required to maintain security and control over the entire process.

Each local district's share of those costs will be determined by: (1) summing the number of payments processed for each local district for the quarter, (2) dividing each local district's total payments processed by the grand total of payments processed for all local districts for the quarter, (3) summing the payment processing fixed priced contract costs for the quarter, and (4) multiplying the percentage derived for each local district as calculated in item #(2) times the total costs determined in item #(3). The result of item #(4) will be each local district's share of payment processing fixed costs.

- b. Reimbursable contract costs covering: postage for mailing correspondence, suspense account documentation, respondent payment envelopes, etc. to local districts.

Each local district's share of those costs will be based on actual cost of postage.

2. Disbursement Processing - the costs associated with this function include:

- a. Fixed price contract costs covering receipt of disbursement file, generating, signing, stuffing and mailing checks and all ancillary functions required to maintain security and control over the entire process.

Each local district's share of those costs will be determined by: (1) summing the number of checks issued for each local district for the quarter, (2) dividing each local district's total checks issued by the grand total of checks issued for all local districts for the quarter, (3) summing the checks issued fixed priced contract costs for the quarter, and (4) multiplying the percentage derived for each local district as calculated in item #(2) times the total costs determined in item #(3). The result of item #(4) will be each local district's share of disbursement processing fixed costs.

- b. Reimbursable contract costs covering: postage for mailing checks to clients and envelopes in which checks are mailed to clients.

Each local district's share of those costs will be based on actual cost of postage and envelopes.

B. Respondent Billing Statement, Employer Reminder, Notices, and Voice Response Functions

1. Respondent Billing Statement and Employer Reminder Processing - the costs associated with this function include:

- a. Fixed price contract costs covering the redesign of respondent billing statements, generation and mailing of monthly respondent billing statements, generation and mailing of weekly respondent billing statements for new cases entered on CSMS, initial design of employer reminders, generation and mailing of monthly employer reminders, creation of employer reminder file, updating employer reminder file, producing and mailing billing statement roster to local districts and all the ancillary functions required to maintain security and control over the entire process.

Each local district's share of those costs will be determined by: (1) summing the number of statements and reminders mailed for each local district for the quarter, (2) dividing each local district's total statements and reminders mailed by the grand total of statements and reminders mailed for all local districts for the quarter, (3) summing the billing statement processing fixed priced contract costs for the quarter, and (4) multiplying the percentage derived for each local district as calculated in item #(2) times the total costs determined in item #(3). The result of item #(4) will be each local district's share of billing statement processing fixed costs.

- b. Reimbursable contract costs covering: postage for mailing respondent billing statements and employer reminders, paper stock and printing supplies used to produce respondent statements and employer reminders, envelopes used in the mailing of respondent statements and employer reminders, and microfiche or hard copy of billing statement rosters.

Each local district share of those costs for postage, paper stock, and envelopes will be based on actual cost incurred.

Each local district share of those costs for printing supplies will be determined by: (1) summing the number of statements and reminders mailed for each local district for the quarter, (2) dividing each local district's total statements and reminders mailed by the grand total of statements and reminders mailed for all local districts for the quarter, (3) summing the actual costs for printing supplies for the quarter, and (4) multiplying the percentage derived for each local district as calculated in item #(2) times the total costs determined in item #(3). The result of item #(4) will be each local district's share of respondent billing statement and employer reminders processing reimbursable costs for printing supplies.

- 2. Notice Processing - the cost associated with this function include:

- a. Fixed price contract costs covering generation and mailing of notices, e.g., initial change of address notices, to respondents and employers for submission of payments quarterly notice of support, etc. and all the ancillary functions required to maintain security and control over the entire process.

Each local district's share of those costs will be determined by: (1) summing the number of notices mailed for each local district for the quarter, (2) dividing each local district's total notices mailed by the grand total of notices mailed for all local districts for the quarter, (3) summing the notice processing fixed priced contract costs for the quarter, and (4) multiplying the percentage derived for each local district as calculated in item #(2) times the total costs determined in item #(3). The result of item #(4) will be each local district's share of notice processing fixed costs.

- b. Reimbursable contract costs covering: postage for mailing notices, paper stock and printing supplies used to produce notices, envelopes used to mail notices to respondents.

Each local district's share of those costs for printing supplies will be determined by: (1) summing the number of notices mailed for each local district for the quarter, (2) dividing each local district's total notices mailed by the grand total of notices mailed for all local districts for the quarter, (3) summing the actual printing supplies costs for the quarter, and (4) multiplying the percentage derived for each local district as calculated in item #(2) times the total costs determined in item #(3). The result of item #(4) will be each local district's share of notice processing reimbursable printing supplies costs.

3. Voice Response System - the costs associated with this system include:

- a. Fixed price contract costs covering installation of voice response system, updating of voice response system daily, addition or enhancement of messages as needed, statistical reporting, and all the ancillary functions required to maintain security and control over the entire process.

Each local district's share of those costs will be determined by: (1) summing the number of ADC and Non-ADC cases for each local district on the last day of the quarter, (2) dividing each local district's total cases by the grand total of cases for all local districts for the quarter, (3) summing the voice response system fixed price contract costs for the quarter, and (4) multiplying the percentage derived for each local district as calculated in item #(2) times the total costs determined in item #(3). The result of item #(4) will be each local district's share of voice response system fixed costs.

- b. Reimbursable contract costs covering: installation of lines, and monthly line and usage charges.

Each local district's share of those costs for voice response charges will be determined by: (1) summing the number of ADC and Non-ADC cases for each local district on the last day of the quarter, (2) dividing each local district's total cases by the grand total of cases for all local districts for the quarter, (3) summing the contract costs for the quarter, and (4) multiplying the percentage derived for each local district as calculated in item #(2) times the total costs determined in item #(3). The result of item #(4) will be each local district's share of voice response reimbursable line and usage costs.

Note: All costs associated with reimbursable expenses are reviewed to ensure that all contract requirements are met regarding reasonable evidence that the best possible vendor has been obtained, price and all other factors required.

Date April 26, 1994

Trans. No. 94 INF-19

Page No. 8

There is no direct action required by the local districts concerning the chargeback of the local share. The costs for each county will be computed by the New York State Department of Social Services and deducted quarterly through the standard settlement process. Local district Financial Officers should be notified of the settlement adjustment for charging of the local share for operating costs of Central Collection and Disbursement of Support Payments.

Oscar R. Best, Jr.
Deputy Commissioner
Division of Economic Security