

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**CHILD SUPPORT ENFORCEMENT
INCENTIVE PAYMENTS**



**Richard P. Kusserow
INSPECTOR GENERAL**

JUNE 1991

OFFICE OF INSPECTOR GENERAL

The mission of the Office of Inspector General (OIG), as mandated by Public Law 95-452, as amended, is to protect the integrity of the Department of Health and Human Services' (HHS) programs as well as the health and welfare of beneficiaries served by those programs. This statutory mission is carried out through a nationwide network of audits, investigations, and inspections conducted by three OIG operating components: the Office of Audit Services, the Office of Investigations, and the Office of Evaluation and Inspections. The OIG also informs the Secretary of HHS of program and management problems and recommends courses to correct them.

OFFICE OF AUDIT SERVICES

The OIG's Office of Audit Services (OAS) provides all auditing services for HHS, either by conducting audits with its own audit resources or by overseeing audit work done by others. Audits examine the performance of HHS programs and/or its grantees and contractors in carrying out their respective responsibilities and are intended to provide independent assessments of HHS programs and operations in order to reduce waste, abuse, and mismanagement and to promote economy and efficiency throughout the Department.

OFFICE OF INVESTIGATIONS

The OIG's Office of Investigations (OI) conducts criminal, civil, and administrative investigations of allegations of wrongdoing in HHS programs or to HHS beneficiaries and of unjust enrichment by providers. The investigative efforts of OI lead to criminal convictions, administrative sanctions, or civil money penalties. The OI also oversees State Medicaid fraud control units which investigate and prosecute fraud and patient abuse in the Medicaid program.

OFFICE OF EVALUATION AND INSPECTIONS

The OIG's Office of Evaluation and Inspections (OEI) conducts short-term management and program evaluations (called inspections) that focus on issues of concern to the Department, the Congress, and the public. The findings and recommendations contained in these inspection reports generate rapid, accurate, and up-to-date information on the efficiency, vulnerability, and effectiveness of departmental programs.

This report was prepared under the direction of William C. Moran, OEI Regional Inspector General, and Natalie Coen, OEI Deputy Regional Inspector, Region V. Participating in this project were the following people:

Chicago

Joe Penkrot (Project Leader)
Suzanne Johnson (Lead Analyst)
Ann O'Connor

Headquarters

Susan Hardwick

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**CHILD SUPPORT ENFORCEMENT
INCENTIVE PAYMENTS**



**Richard P. Kusserow
INSPECTOR GENERAL**

OEI-05-91-00750

EXECUTIVE SUMMARY

PURPOSE

This inspection was conducted to determine the types of activities and projects States fund with the Federal child support enforcement (CSE) incentive payments they receive. This study was requested by the Department of Health and Human Services' Policy Council in connection with their review of child welfare programs.

BACKGROUND

In 1975, Congress created the CSE program, a joint Federal-State effort to foster family responsibility and reduce Federal public assistance payments, by adding Title IV-D to the Social Security Act. Congress provides incentive payments to encourage States, counties, and other political subdivisions to cooperate in the collection of child support.

In fiscal year 1989, Federal incentive payments to States totalled \$234 million. Federal regulations do not specify how incentive payments should be used by States. The only Federal requirement States must meet is to share incentive payments with any political subdivisions which share in the program costs.

The Office of Inspector General contacted the State CSE agency in all 50 States, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands to review whether or not any legislation or regulations exist that pertain specifically to the use and dissemination of CSE incentive payments. We also collected information from these 54 respondents about their own State's uses of incentive payments.

FINDINGS

- ▶ *Thirty-two States have no statutes or regulations relating to incentive payments.*

Only 22 States have specific laws or regulations regarding incentive payments. However, often these laws or regulations only direct to what State account incentive payments go, rather than dictate how the State must spend the incentive payments. Only nine States mandate how incentive payments must be used.

- ▶ *Thirty-four States report distributing incentive payments to counties or political subdivisions.*

The remaining 20 States are not required to share incentive payments with counties or political subdivisions, since these entities are not sharing in the costs of the CSE program.

- ▶ *Most States use incentive payments for ongoing CSE activities, but exercise wide latitude in using incentive payments. In 10 States, some or all of the incentive payments are deposited into the State's general fund and are mingled with other revenues. The end use of the incentive payments cannot be specifically determined in these instances.*

In addition to using incentive payments for CSE activities, some States use the incentive payments for other purposes, such as paying for part of the State share of Aid to Families with Dependent Children, Medicaid and/or Food Stamp program costs.

- ▶ *At the State level, few special projects are funded by incentive payments.*

Ten of the 54 States reported that special projects, mostly for CSE purposes, had been funded through incentive payments.

TABLE OF CONTENTS

	PAGE
EXECUTIVE SUMMARY	
INTRODUCTION	1
Purpose	1
Background	1
Methodology	2
FINDINGS	3
Thirty-two States have no statues or regulations relating to incentive payments	3
Thirty-four States report distributing incentive payments to counties or political subdivisions	3
Most States use incentive payments for ongoing CSE activities, but exercise wide latitude in using incentive payments. In ten States, some or all of the incentive payments are deposited into the State's general fund and are mingled with other revenues. The end use of the incentive payments cannot be specifically determined in these instances	5
At the State level, few special projects are funded by incentive payments ...	6
APPENDIX	
Appendix A: Summary of State Uses of Incentive Payments	A-1

INTRODUCTION

PURPOSE

This inspection was conducted to determine the types of activities and projects States fund with the Federal child support enforcement (CSE) incentive payments they receive. This study was requested by the Department of Health and Human Service's Policy Council in connection with their review of child welfare programs.

BACKGROUND

In 1975, Congress created the CSE program, a joint Federal-State effort to foster family responsibility and reduce Federal public assistance payments, by adding Title IV-D to the Social Security Act. States were required to designate a single and separate agency to locate absent parents, establish paternity, and collect child support. These agencies are called IV-D agencies. The Office of Child Support Enforcement (OCSE), Administration for Children and Families, has oversight responsibility for these IV-D agencies. The OCSE helps States develop, manage, and operate their programs effectively and according to Federal law.

Initially, the CSE focus was to establish and enforce child support court orders for the Aid to Families with Dependent Children (AFDC) population. The States share the AFDC child support collections with the Federal Government. The Congress also provided incentive payments to encourage States, counties, and other political subdivisions (often, a local prosecutor's office) to cooperate in the collection of child support.

Beginning in 1984, States were required to provide all CSE services for non-AFDC clients if they were not already doing so. Since States do not receive any share of the non-AFDC collections, the incentive formula was expanded to include incentive payments for non-AFDC collections made by States. States are limited in the amount of non-AFDC incentives they can claim relative to their AFDC incentives. Non-AFDC incentive payments to States are capped at 115 percent of their AFDC incentives.

Federal regulations do not specify how incentive payments should be used. The only Federal requirement States must meet is to share incentive payments with any political subdivisions which share in the program costs. The method of sharing is left to the States' discretion. Counties and political subdivisions can and do use incentive payments for a wide variety of activities, since there are no Federal requirements prescribing how these funds are to be used.

In fiscal year 1989, total Federal incentive payments to States totalled \$234 million.

METHODOLOGY

The Office of Inspector General (OIG) contacted the IV-D State directors in all 50 States, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands¹ to review whether or not any legislation or regulations exist that pertain specifically to the use and dissemination of CSE incentive payments. We also collected information from these 54 respondents about their own State's uses of incentive payments. We did not independently verify the information supplied by the IV-D directors.

This inspection did not trace the flow of incentive payments within a particular State or to counties and political subdivisions. We did not quantify the proportion of incentive payments retained by the State for IV-D purposes or used by the State for other purposes or passed through to units of local governments. Nor did we focus on how counties and political subdivisions use the incentive payments they receive.

The OIG is auditing the flow of incentive payments in nine States (Alabama, Arizona, California, Kentucky, Michigan, New Mexico, New York, Pennsylvania and Washington). This audit will determine how incentive payments are used at both the State and local level in these States.

¹ Throughout this report, any reference to "the States" includes all 50 States, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands.

FINDINGS

FINDING 1. Thirty-two States have no statutes or regulations relating to incentive payments.

Only 22 States have specific laws or regulations regarding incentive payments. Nine States mandate how incentive payments must be used. (Appendix A summarizes how incentive payments in all States are treated, and specifically how they are used in the States that mandate expenditures.)

However, in the other 13 States with laws or regulations, the only direction regarding incentive payments is to what State account the incentive payments go, rather than dictating how the State must spend the incentive payments. (The table on page 4 shows which States have laws or regulations relating to incentive payments and the disposition of these funds.)

FINDING 2. Thirty-four States report distributing incentive payments to counties or political subdivisions.

States are required to distribute incentive payments to counties or political subdivisions that share in the costs of the CSE program. In States where some or all of the incentive payments go to counties or political subdivisions, these local entities often provide all CSE services in their jurisdiction. (The table on the following page shows which States share incentives.) The 20 States who do not share incentive payments with counties or political subdivisions are not required to do so, since these entities are not sharing in the costs of the CSE program.

States use a variety of formulas to determine the amount of incentives that local CSE agencies or others receive. Nineteen of the 34 States that pass on incentive payments describe their formula as mirroring the Federal allocation formula for incentive payments. At least six States - Arkansas, California, Colorado, Kentucky, Minnesota, and Ohio - make additional incentive payments to further encourage counties or political subdivisions to increase child support collections, or to stimulate performance on certain types of cases, such as paternity cases.

There are no State requirements on how these entities spend incentive payments, except in California, Ohio, Pennsylvania, South Carolina, and Tennessee, all of whom require expenditures on CSE activities.

STATES' DISPOSITION OF FEDERAL CSE INCENTIVE PAYMENTS

State	1989 Incentive Payment (IP)	State Has IP Law/Regulation	Law/Regulation Mandates IP Routing (R) or Purpose (P)	How State Uses IP (See KEY Below)	State Mandates How Local Entities Use IP
Alabama	\$ 2,541,256	NO	-----	CSE, Local	NO
Alaska	1,387,785	YES	R	CSE, GenF	N/A
Arizona	832,435	NO	-----	CSE, Local	NO
Arkansas	1,978,401	NO	-----	CSE, SW, Local	NO
California	33,270,555	YES	R & P	Local	YES
Colorado	2,251,105	YES	R	Local	NO
Connecticut	4,090,846	NO	-----	CSE	N/A
Delaware	735,224	NO	-----	CSE, GenF	N/A
District of Columbia	636,644	YES	R & P	CSE	N/A
Florida	6,700,474	NO	-----	CSE, GenF, Local	NO
Georgia	4,846,361	NO	-----	CSE, Local	NO
Guam	49,711	NO	-----	GenF	N/A
Hawaii	899,327	YES	R	CSE, Local	NO
Idaho	999,545	YES	R & P	CSE, SW	N/A
Illinois	5,210,268	YES	R & P*	CSE, GenF, Local	NO
Indiana	8,294,849	YES	R	CSE, Local	NO
Iowa	5,309,068	NO	-----	CSE, AFDC, Local	NO
Kansas	1,808,700	NO	-----	CSE, SW, Local	NO
Kentucky	2,506,530	NO	-----	CSE, Local	NO
Louisiana	2,659,545	NO	-----	CSE, SW, Local	NO
Maine	2,979,297	YES	R & P	CSE, AFDC	N/A
Maryland	4,290,480	YES	R	AFDC, Local	NO
Massachusetts	9,890,527	YES	R & P	CSE	N/A
Michigan	23,504,325	NO	-----	CSE, Local	NO
Minnesota	5,621,697	YES	R	AFDC, Local	NO
Mississippi	1,576,129	NO	-----	CSE, Local	NO
Missouri	4,659,024	YES	R	CSE, Local	NO
Montana	777,632	NO	-----	CSE, GenF, Local	NO
Nebraska	943,460	NO	-----	CSE, SW, Local	NO
Nevada	751,237	YES	R	CSE, Local	NO
New Hampshire	478,004	NO	-----	CSE	N/A
New Jersey	8,040,895	YES	R	Local	NO
New Mexico	754,628	NO	-----	AFDC	N/A
New York	14,965,078	NO	-----	SW, Local	NO
North Carolina	5,293,388	NO	-----	CSE, Local	NO
North Dakota	696,859	YES	R	CSE, AFDC, Local	NO
Ohio	9,347,929	YES	R & P**	Local	YES
Oklahoma	1,430,811	NO	-----	CSE, SW, Local	NO
Oregon	2,862,369	NO	-----	CSE, AFDC, Local	NO
Pennsylvania	13,137,100	NO	-----	CSE, Local	YES
Puerto Rico	520,241	YES	R	CSE	N/A
Rhode Island	1,349,510	NO	-----	CSE, AFDC	N/A
South Carolina	2,062,878	YES	R & P***	CSE, Local	YES
South Dakota	664,164	YES	R	GenF	N/A
Tennessee	2,829,201	YES	R & P	CSE, Local	YES
Texas	5,144,214	NO	-----	CSE	N/A
Utah	1,929,503	NO	-----	CSE, SW	N/A
Vermont	646,691	NO	-----	CSE, AFDC	N/A
Virgin Islands	36,151	NO	-----	CSE, GenF	N/A
Virginia	3,200,586	NO	-----	CSE, GenF	N/A
Washington	7,363,345	NO	-----	CSE, AFDC, GenF	N/A
West Virginia	611,681	NO	-----	CSE, AFDC, SW	N/A
Wisconsin	8,967,701	NO	-----	CSE, Local	NO
Wyoming	364,337	YES	R	Local	NO
Nationwide IP Totals	\$234,699,701				

KEY

CSE: money used in the IV-D program
AFDC: money returned to offset AFDC program costs
SW: money used in State umbrella social services agency
GenF: money goes to State general fund
Local: money is passed on to local jurisdictions

* In each calendar quarter, funds in excess of anticipated IV-D needs are transferred to the State's general fund.

** Local entities may file a waiver of the State's mandate to use funds only for CSE activities.

*** Excess funds not used by local entities in the fiscal year earned, may be transferred to that entity's general fund.

FINDING 3: Most States use incentive payments for ongoing CSE activities, but exercise wide latitude in using incentive payments. In ten States, some or all of the incentive payments are deposited into the State's general fund and are mingled with other revenues. The end use of the incentive payments cannot be specifically determined in these instances.

The only Federal requirement for States' use of incentive payments is to distribute them to counties or political subdivisions who share in the costs of the CSE program. Consequently, States have taken many different approaches in allocating and using these funds. Some States have more than one use for the incentives. (In Appendix A, State IV-D agencies report the uses of incentive payments in their State.)

Although 45 States do not have laws or regulations prescribing the use of incentive payments, these States appear to have informal procedures for incentive payments that they follow. There appears to be no difference in the use of incentive payments at the State level among States with or without laws or regulations governing the use of incentives.

Direct uses of incentive payments by States include ongoing CSE operations, improving IV-D automated systems, piloting CSE demonstration projects, and, funding additional IV-D agency employees. Motivating IV-D agency employees and negotiations with the State legislature to fund additional staff are among the indirect uses of the incentive payments utilized by the IV-D agency.

In addition to using incentive payments for IV-D activities, some States use the incentive payments for other purposes. Several States use incentive payments to pay for part of the State share of AFDC, Medicaid and/or Food Stamp program costs.

FINDING 4: At the State level, few special projects are funded by incentive payments.

Ten of the 54 IV-D agency respondents were able to point to either recent or current projects or accomplishments specifically funded by incentive payments to their States.² These States and some of their diverse accomplishments, attained because of the incentive payments, follow.

- ▶ Delaware is using 1 percent of the incentives to fund a demonstration project on the review and modification of support orders.
- ▶ Georgia contracts with a collection agency to increase collections of arrears on very difficult cases.
- ▶ Iowa and Kentucky used the incentive payments to cover the costs of systems development.
- ▶ Massachusetts contracted to convert cases to their Department of Revenue when the CSE function was transferred to this agency.
- ▶ Nebraska earmarked incentives from 1985-1989 to fund the Nebraska Commission on Child Support.
- ▶ North Dakota increased AFDC monthly benefits from between 4 and 5 percent effective July 1989.
- ▶ South Carolina was able to hire temporary key punchers when they converted to an automated system.
- ▶ Texas is conducting a pilot project on arrearage cases that links the IV-D agency with the State Attorney General, who monitors these cases.
- ▶ Washington used some non-AFDC incentive payments to implement recommendations of a State commission to improve program efficiency.

Although not tied to specific events or projects, several State IV-D directors mentioned the importance of the incentive payments in funding additional staff. In Mississippi, 270 IV-D agency time-limited positions are approved by the legislature, contingent upon the yearly receipt of the incentive payment.

² *It is not surprising that so few States can cite special projects funded by incentive payments. Incentive payments have no separate identity in most States, since these funds are usually credited to a State through a reconciliation process and not an actual transfer of monies.*

APPENDIX A

SUMMARY OF STATE USES OF INCENTIVE PAYMENTS

This appendix reports IV-D agency respondents' views on how their State uses the Federal CSE incentive payments.

Our inspection was limited to discussions with State CSE agencies (the IV-D director, in most instances). Therefore, the summary does not detail how counties or political subdivisions providing CSE services use incentive payments passed on to them by the State.

Our respondents reported varied uses of, and benefits derived from, incentive payments. Their comments reflect both the direct and indirect uses and benefits of incentive payments.

States that have laws or regulations prescribing how incentives are to be spent are marked with an asterisk (*).

Alabama

The incentive payments are used as a negotiating tool to encourage counties to enter into "cooperative agreements" with the State to administer CSE services. These contracting entities (i.e., district attorneys, courts) are reimbursed for their services with the incentive payments.

Alaska

The incentive payments are credited to the State general fund, from which the IV-D agency receives its operating funds.

Arizona

The incentive payments help meet the State's share of CSE administrative costs and also will be used to automate the IV-D caseload. The incentive payments are also shared with counties to help reimburse part of the counties' CSE program expenses.

Arkansas

The incentive payments are used primarily to fund the CSE program, at least to the extent of covering the State's costs and reimbursing the 19 local governments it contracts with to perform CSE services. The incentive payments are retained in a revolving account within the umbrella social services agency. Using funds from this account, the State was able to develop a State-wide data system costing about \$1.3 million.

Until 1991, it was the State's policy to use these incentive payments exclusively for the CSE program. However, the State is experiencing budget shortfalls and is using this money to help fund its other social service programs. As a result, the balance in this revolving account has been diminished from a high of \$7 million down to its present balance of about \$1.2 million.

California*

The State passes on all of the incentive payments to its counties. State law mandates that the counties use the incentive payments only for CSE services: "Any funds paid to a county ... over and above the county's cost of administering a CSE program, shall be used to support enforcement services of the district attorney."

Colorado

The State passes on all of the incentive payments to the counties with no restrictions. This money helps to sell the CSE program to the counties and also encourages them to invest in the program.

The State surveyed county usage of the incentive payments and found that:

- 48.1 percent apply incentives to CSE services;
- 14.8 percent apply incentives to other social services;
- 24.1 percent apply incentives to both CSE and social services; and,
- 13.0 percent apply incentives to their general fund.

Connecticut

The incentive payments are used as a negotiating tool with the State legislature during budget negotiations. To date, the CSE agency has received full appropriation for all CSE services.

Hawaii

Most of the incentive payments are passed on to the counties to pay for the CSE program costs they incur. The State CSE agency retains a minimal surplus of incentive payments for its own use.

Idaho*

The incentive payments are used to fund the CSE program. By statute, the incentive payments go into a "Cooperative Welfare Fund" where all deposits are perpetually appropriated for public welfare purposes. Thus, any incentive payments in excess of CSE program needs are used for other public welfare programs within the umbrella social services agency.

Illinois*

The incentive payments are used to help fund the CSE program, including reimbursement for county contracted CSE services. In each calendar quarter, funds in excess of anticipated State CSE needs are transferred to the State general fund.

Indiana

The State CSE agency retains a small percentage of the incentive payments to fund the income withholding orders received from other States.

Most of the incentive payments are passed on to counties using the following distribution to ensure equitable receipt of the funds: one-third of the incentives go to the county clerks, one-third to the prosecutors, and one-third to the county general fund. State law also mandates that incentive payments cannot be used to augment the salaries of elected county officials.

Iowa

The incentive payments go into the State general fund. At one time incentive payments were used specifically for system development. Now, it is State policy that about 60 percent of the incentive payments are used to help fund the AFDC program.

Counties, providing CSE services under cooperative agreement with the State, receive about 40 percent of the incentive payments and primarily use them to offset CSE program costs.

The incentive payments are also used by the State CSE agency as a bargaining chip because they are a revenue generating source.

Kansas

The umbrella social services agency uses the incentive payments to offset revenue in its budget to the State legislature. The incentive payments are usually used to help make up a shortage of funds in the medical area. Also, counties, providing CSE services on behalf of the State, receive a portion of the incentive payments.

Kentucky

Most of the incentive payments (90-95 percent) are passed on to the political subdivisions, usually a contracting county attorney. These county entities use the money to maintain their CSE programs.

A very small percentage of the incentive payments may be withheld for work the State CSE agency does on Internal Revenue Service and State income tax refund intercepts. Prior to 1985, the State accrued some money, which was used for system development of a State-wide computer system.

Louisiana

The State pays most of the incentive payments (90-95 percent) to the participating district attorney offices under contract to perform CSE services.

The remaining incentive payments are distributed within the umbrella social services agency. All social programs, such as CSE, AFDC and Food Stamps, benefit from the incentive payments.

Maine*

By statute, incentive payments must be dedicated to reduce the State's share of AFDC and CSE costs. Incentive payments have helped contribute toward paying for support enforcement expenses, protective services (e.g., child abuse), and to help fund the State's new Nexus computer system.

Maryland

The State's share of the incentive payments are used to help fund the AFDC program costs. The remaining portion of the incentive payments are distributed to counties under contract with the State to perform CSE services if they share in the costs of the program.

Massachusetts*

The incentive payments are used exclusively by the State CSE agency. Initially, they were used to enhance the CSE program. Now, the incentive payments are being used to pay for CSE administrative costs due to reduced CSE appropriations.

The State has used incentive payments in the following ways: (1) reimbursement for services rendered under interagency agreements (i.e., district attorney offices and unemployment offices); (2) purchase of a new computer system; and, (3) reimbursement for contract services performed by a vendor to come in and do "court conversion" on cases from the State Department of Welfare to the State Department of Revenue.

Michigan

The incentive payments are used in the State CSE agency for legal support contracts, State incentive programs, and for salaries of child support staff. The State also allocates some of the incentive payments to the counties providing CSE services.

Minnesota

The AFDC incentive payments are used by the State to offset AFDC costs. All of the non-AFDC incentive payments are passed on to the counties.

Mississippi

The incentive payments go into the State general fund and are budgeted by the legislature to fund CSE staff positions. The State passes on the incentive payments, again as staff positions, to the counties providing CSE services. The CSE agency has funded 270 time-limited positions with the incentive payments.

Missouri

Most of the incentive payments (about 90 percent) are distributed to city or county governments who have a cooperative agreement with the State to provide CSE services. A small percentage of the incentive payments is retained by the State CSE agency and used, in part, to fund 150 State CSE employees. The CSE agency also re-appropriated some of the incentive payments to help fund the State's share of the CSE administrative costs.

Montana

The incentive payments go into an "enterprise fund" and are used to cover the State's share of CSE costs. The State legislature designates the CSE agency's budget. At the end of their fiscal year, any fund balance in excess of the State appropriation goes into the State general fund.

Also, a portion of the AFDC incentive payments is shared with those counties under contract with the State to provide AFDC services. The State CSE agency does all CSE casework.

Nebraska

Currently, about 38 percent of the incentive payments are retained and used by the umbrella social services agency. In the future, this percentage will decrease to 30 percent. From 1985 through 1989 the incentive payments were earmarked for the State CSE agency's use, and used to fund the Nebraska Commission for Child Support.

Presently, the CSE agency's budget is not increased by the incentive payments, even though the funds may be used for CSE activities. The CSE agency subtracts the incentive payments from their AFDC budget request. The remaining portion of the incentive payments are passed on to the counties under cooperative agreement with the State to provide CSE services.

Nevada

Most of the incentive payments (95 to 99 percent) are passed on to the county district attorney offices under cooperative agreement with the State to provide paternity establishment and enforcement services. The remaining portion of the incentive payments go into the State general fund and used to benefit CSE and other social programs.

New Hampshire

The incentive payments go into the State general fund and are used by the State CSE agency to offset their administrative funds.

New Jersey

The law requires that all of the incentive payments be distributed to counties.

New Mexico

The incentive payments are budgeted as an offset against the State's share of AFDC program costs.

New York

About 75 percent of the incentive payments are passed on to the counties. The balance of the incentive payments are used to offset the State's share of income maintenance expenditures. These payments are budgeted as part of the State general fund-local assistance account which includes, but is not limited to; AFDC, Home Relief, Supplemental Security Income, Emergency Assistance to Families and Adults, and the Work Incentive Program.

North Carolina

The State CSE agency uses the incentive payments as a budget receipt to offset its program costs. The State also passes on a portion of the incentive payments to counties performing CSE services.

North Dakota

Seventy-five percent of the incentive payments are passed on to the counties under contract with the State to provide CSE services. In July 1989, the State used its share of the incentive payments to increase AFDC benefits by 4 to 5 percent. Beginning July 1 1991, the State CSE agency will be able to retain 25 percent of the incentive payments for its own use.

Ohio*

All of the incentive payments are passed on to the counties. The State mandates that the counties spend these funds on CSE activities.

Oklahoma

The incentive payments are used within the umbrella social services agency to help fund CSE and other social and welfare programs. A portion of the incentive payments are also used for contract funding with district attorneys and Community Action programs.

Oregon

The State uses all of the AFDC incentive payments and half of the non-AFDC incentive payments to replace State general revenues. The remaining non-AFDC incentive payments are distributed among the following entities: (1) county prosecuting attorneys under cooperative agreements to provide non-AFDC CSE services; (2) State Support Enforcement Division office; and, (3) Child Support Enforcement Division within the State Attorney General's Office.

Pennsylvania

The incentive payments are retained in a restricted account and automatically roll over year by year if not used. The State uses most of these incentive payments to pay counties for the CSE services they provide under cooperative agreement with the State. The State has also used the incentive payments to reimburse a "non-contract" county's paternity testing costs.

About 2 years ago, the State implemented incentive awards for county child support workers who reach or exceed set goals. The awards are funded, in part, by the incentive payments. In 1990, the goals measured were: (1) AFDC and non-AFDC net collections; (2) the number of paternity establishments; and, (3) the number of upward modification petitions resulting in higher child support orders.

Counties under cooperative agreement with the State are required to use the incentive payments to strengthen the mission of the CSE effort. Counties have used the incentive payments for one of three purposes: (1) to obtain goods and services that would otherwise only be available through special funding; (2) to augment CSE employees' salaries; and, (3) for CSE related capital expenditures not covered by the Federal share of administrative costs.

Puerto Rico

The incentive payments are retained in a special account and used by the CSE agency to fund its operating costs. These operating costs include traveling expenses, equipment, personal computers and other fixed costs, except employees' salaries.

Rhode Island

The incentive payments are budgeted as a receipt by the State CSE agency and used to offset AFDC expenses. Because the agency is seen as a revenue source, the legislature has allotted additional staff positions to the IV-D agency.

South Carolina*

The State budget proviso, with the effect of law, mandates that all incentive payments be used for CSE activities at both the State and county level. The State CSE agency retains about 22 percent of the incentive payments. The incentive payments have been used to hire temporary key punchers when the agency converted to an automated system; to purchase equipment and supplies; and, to replace funds lost due to State budget cuts.

The remaining incentive payments (about 78 percent) are passed on to the counties' clerk of the court under contract to provide CSE services. Counties must use the incentive payments for CSE activities. However, any excess incentive payments not used by the county in the fiscal year earned, may be transferred to that county's general fund.

South Dakota

The incentive payments go into State general revenues. Each year "it's a free-for-all" in budget allocations, as all agencies compete for these funds.

Tennessee*

Most of the incentive payments are passed on to political subdivisions participating in the IV-D program. The State has three types of political subdivisions: (1) district attorneys, (2) counties, and (3) county and district attorney combinations.

Any incentive payments earned in excess of 6 percent, are retained by the State and go into the general fund. This excess is used to offset State CSE agency expenses.

Texas

The incentive payments are held in a special account, along with AFDC collections, and appropriated for use by the State CSE agency to operate its CSE program.

In addition, the incentive payments, in part, are currently funding a pilot project in some counties. This project entails a special computer hookup - called the Delinquent Monitoring System - with the State Attorney General's office. This system immediately informs the Attorney General's office of delinquent child support payments in the month of delinquency.

Utah

The incentive payments are used in the State umbrella social services agency to operate the CSE program. Any excess funds not needed to run the CSE program are used to offset the State's public assistance costs.

Vermont

The incentive payments are used by the State to fund CSE and AFDC program costs. Currently, incentive payments account for about 45 to 50 percent of the CSE agency's budget.

Virgin Islands

The incentive payments go into the general fund and are used, in part, as an offsetting revenue when funds are appropriated for the CSE program.

Virginia

The incentive payments go into a special fund along with AFDC collections and the Federal share of CSE administrative costs. Funds to run the CSE program are appropriated from this special fund. Each year, any funds in excess of CSE operating costs are returned to the State general fund, which amounts to about 4-5 percent.

Washington

The AFDC incentive payments are used to offset the State's share of AFDC administrative costs. The non-AFDC incentive payments go into the State general funds as offsetting revenue.

In fiscal years 1989 and 1990 only, about 7 percent of the non-AFDC incentive payments were budgeted as supporting revenue to the IV-D program for the specific purpose of implementing the recommendations of a State Commission to improve program efficiency.

West Virginia

Most of the incentive payments are used by the umbrella social services agency to fund AFDC program costs. They may also be used to help fund CSE and other social services programs within the agency.

Wisconsin

The State retains a small portion of the incentive payments to help offset CSE program costs. Most of the incentive payments are distributed to counties under contract with the State to provide CSE services. The counties are also using the incentive payments to help offset CSE program costs.

Wyoming

All of the incentive payments are distributed to the county prosecuting offices under cooperative agreement with the State to provide CSE services.