

CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES

P.O. Box 419064, Rancho Cordova, CA 95741-9064

Reason for this Transmittal

- State Law or Regulation Change
- Federal Law or Regulation Change
- Court Order or Settlement Change
- Clarification requested by One or More Counties
- Initiated by DCSS

June 23, 2003

LCSA LETTER: 03-10

ALL IV-D DIRECTORS

**SUBJECT: CS 34 AND CS 356 REPORTING INSTRUCTIONS FOR
UNDISTRIBUTABLE/ABANDONED COLLECTIONS**

The purpose of this letter is to provide clarification regarding the reporting and claiming of undistributable/abandoned collections. During the federal review of the new CS 34 Monthly Report of Collections and Distributions and CS 35 Supplement to Monthly Report of Collections and Distributions, it came to the attention of the Department of Child Support Services (DCSS) that several local child support agencies (LCSAs) were not accurately reporting undistributable and abandoned collections on the CS 34 and CS 356 Administrative Expenditure Claim (AEC).

Undistributable/abandoned collections are defined as the portion of collections that, despite numerous attempts, the State is unable to distribute in accordance with the provisions of Section 457 of the Social Security Act and unable to return to the non-custodial parent such as undeliverable or uncashed warrants and abandoned collections that cannot be identified by case number, obligee, obligor, or payment source. Under State law, these undistributable amounts are considered abandoned property once all of the following applicable provisions have been satisfied: Manual Policies and Procedures Section 12-430(k) and Government Code Sections 29802, 50050, 50051 and 50055. These abandoned funds can then be reverted to counties' general fund; however, additional action is also necessary.

In accordance with federal instructions, the undistributable/abandoned funds are considered to be "program income" and must be abated on the AEC. Therefore, effective with the CS 34 for the June 2003 report month, and the CS 356 for the quarter ending June 2003, which are due July 15, 2003, undistributable/abandoned collections must be reported on the CS 34, line 9A, box 42 and must be included in the entry recorded in Section VII, line B, cell 25 of the CS 356 AEC. In addition, any interest earned on undistributable and abandoned collections must be included in the entry recorded in

DCSS-AD-2002-CAC-0212



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Section VII, line A, cell 24 of the CS 356 AEC. DCSS will conduct periodic reviews to verify undistributable and abandoned collections are accurately reported on the CS 34 and CS 356. Additional information on undistributed collections (UDC) will be released in a future policy letter.

If you have any questions or concerns regarding the CS 356 AEC, please contact your County Allocations and Claims Policy Team analyst or Linette Kleinsasser at (916) 464-5086. If you have any questions regarding the CS 34/CS 35, please contact Doug Rose at (916) 464-5038 or Ed Lynch at (916) 464-5020. General policy questions can be directed to Tonya Crawford-Comage at (916) 464-5224.

Sincerely,

JAN SHERWOOD
Deputy Director
Administrative Services Division

cc: David Oppenheim, Executive Director
Child Support Directors Association