

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

November 4, 2002

LCSA LETTER: 02-36

ALL IV-D DIRECTORS

SUBJECT: INTEREST EARNED ON CHILD SUPPORT FUNDS

The purpose of this letter is to provide clarification regarding interest on child support funds. Child support funds are all monies received by local child support agencies (LCSAs) to administer the child support program, including state and federal incentives, and child support collections. Both state and federal governments are required to maximize interest earnings.

LCSAs are required to establish and maintain accounts which identify child support funds. Separate accounts must be used to identify assets held by a government in a trustee capacity for individuals, private organizations, and other governments.

All funds must be deposited into interest-bearing accounts. For further information, Family Code Section 17714 establishes how the LCSA must deposit, accumulate, and expend funds. Information can also be found in Code of Federal Regulations (CFR) Title 45, Subtitle A, Section 74.22 regarding interest-bearing accounts.

All interest earned on Child Support Enforcement program funds must be reported on the Administrative Expense Claim (AEC) CS 356 series as an abatement. Department of Child Support Services will be monitoring AECs to ensure that all LCSAs are reporting interest.



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If you have any questions or concerns regarding this matter, please contact your County Allocations and Claims Policy Team analyst or Linette Kleinsasser at (916) 464-5086.

Sincerely,

JAN SHERWOOD

Deputy Director

Administrative Services Division

Cc: David Oppenheim
Child Support Directors Association