

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

October 27, 2005

LCSA LETTER: 05-18

ALL IV-D DIRECTORS

SUBJECT: USE OF COUNTY GENERAL FUNDS AND ADDITIONAL FEDERAL FINANCIAL PARTICIPATION FOR STATE FISCAL YEAR 2005/06

REFERENCE: LCSA LETTER 05-08, DATED APRIL 27, 2005

The purpose of this letter is to provide local child support agencies (LCSAs) the opportunity to request additional Federal Financial Participation (FFP) for use in State Fiscal Year (SFY) 2005/06. This opportunity only applies to Non-Electronic Data Processing Administrative budgets.

As you are aware, LCSAs have not been provided any additional funding for the cost of doing business for the past three years. As a result, LCSAs have had to reduce staff and operating costs to stay within their allocations. As in SFY 2004/05, in order to mitigate the impact of these reductions, LCSAs had requested to draw down additional federal funds to be matched with county funds. All LCSAs interested in using additional county funds with matching FFP should be aware that in past years the State has paid the alternative federal automation penalty calculated as 30 percent of the federal share of child support program expenditures for the prior federal fiscal year. LCSAs interested in using additional federal funds will be required to pay any additional penalty amounts associated with the increased actual expenditures.

To avoid creating further State General Fund obligations, Department of Child Support Services (DCSS) will require that LCSAs requesting additional federal funding enter into a memorandum of understanding (MOU) with DCSS. The MOU will include a condition that each LCSA provide the 34 percent match to the 66 percent federal funds request and pay for its portion of the increased penalty costs. In the event that California is subject to federal penalties based on FFP expended during the 2005/06 fiscal year, each LCSA must pay its share of the increased federal penalty no later than 30 days prior to the date DCSS is required to pay the penalty to the federal government. If the LCSA does not pay DCSS the full amount of the additional federal penalty 30 days prior to DCSS' required payment date, the LCSA understands and agrees that DCSS will

reduce the LCSA allocation of State General Fund for SFY 2007/2008 in the amount of the unpaid penalty.

The amount of available FFP in SFY 2005/06 is \$20 million. DCSS may not be able to fully fund all LCSA requests for additional FFP depending on the level of interest statewide. A copy of the MOU form (Attachment I) is being provided so that LCSAs interested in using additional FFP have an opportunity to obtain local Board of Supervisors approval to include these costs in LCSA budgets. Two original copies of the MOU must be completed and returned to DCSS in order to be eligible to receive additional FFP for SFY 2005/06. If it is determined at the local level that the Board of Supervisors must provide signatures for use of additional FFP, the LCSA may include those signatures as an attachment submitted with the MOU.

As a reminder, the child support program is governed by federal and State law, regulation, and policy directive which apply to any funds spent in operation of the child support program. The use of county funds does not relieve your agency from abiding by all of these same requirements that currently govern the use and expenditure of federal and State monies. Moreover, the use of county funds in the State child support program does not relieve the local agency of requesting prior approval from DCSS for projects and/or activities proposed to be funded with county dollars. The Legislature specifically grants authority to the Director of DCSS to review and approve LCSA budgets and to oversee Title IV-D operations at the LCSA.

Thank you in advance for your assistance in this process. If you have questions or concerns, please contact Cindi Pocaroba, at (916) 464-5086 or your County Allocations and Claims Policy Unit Analyst.

Sincerely,

o/s/Olivia Cortez

OLIVIA CORTEZ
Deputy Director
Administrative Services Division

Attachments

MEMORANDUM OF UNDERSTANDING
BETWEEN
CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES
AND
_____ COUNTY DEPARTMENT OF CHILD SUPPORT SERVICES

I. Recitals

- A. The California Department of Child Support Services (DCSS) is the single state agency responsible for administering the California child support program pursuant to Title IV-D of the Social Security Act.
- B. _____ County Department of Child Support Services is the local child support agency (LCSA) responsible for administering child support services pursuant to state and federal law, and DCSS policy direction.
- C. DCSS provides 66% federal funds and 34% state funds to LCSA for its operation and administration of the local child support program.
- D. LCSA desires to increase the 66% federal fund amount allocated to it by DCSS for state fiscal year (SFY) 2005/06. The SFY 2005/06 budget includes additional federal funds for this purpose.
- E. DCSS is paying substantial penalties to the federal government for failure to have a single statewide automated system for child support enforcement. The penalties are based upon the annual federal expenditure for California's child support program. Increasing the expenditure in accordance with LCSA's request will increase the federal automation penalty by 30% of the amount requested. State general funds will not be appropriated to pay the increased penalty.
- F. This Memorandum of Understanding between DCSS and LCSA sets forth the agreement, rights, and responsibilities of the respective parties to acquire the additional federal funds on behalf of LCSA without incurring a liability or expenditure of state general funds. DCSS will absorb any administrative expenditures incurred to distribute these funds, and will not use these funds for its operations.

II. Agreement

- A. LCSA requests that DCSS obtain for LCSA \$ _____ of federal funds.

ATTACHMENT I

- B. LCSA will provide \$ _____, which represents the 34% match to the 66% federal funds. State general funds will not be provided by DCSS for any part of the 34% matching funds, and DCSS shall not incur any liability in relation to the 34% match.
- C. LCSA will pay the additional federal automation penalty resulting from its receipt of the federal funds; this amount is estimated to be \$ _____. No portion of federal funds received may be used to pay the automation penalty. State general funds received may not be used to pay the automation penalty. Payment of the automation penalty shall be made as follows:
1. Consistent with the schedule of the federal penalty payment, the LCSA shall pay to DCSS the full amount of the additional federal automation penalty no later than 30 days prior to the date DCSS is required to pay the FFY 2007 automation penalty to the federal government. DCSS will provide LCSA notice 60 days prior to the date that payment of the additional automation penalty by LCSA is due to DCSS.
 2. If LCSA does not pay to DCSS the full amount of the additional federal automation penalty within 30 days prior to the date DCSS is required to pay the FFY 2007 automation penalty to the federal government, LCSA understands and agrees that DCSS will reduce the LCSA allocation of state general funds for state fiscal year 2007/08 in the amount of the unpaid automation penalty.
- D. This Memorandum of Understanding constitutes the entire agreement between the parties. This Memorandum of Understanding may be amended only by written agreement signed by both parties.
- E. The Director of LCSA certifies by signature below that he/she has the authority to enter into this agreement; that such authority includes the actions to either make the additional federal penalty payment from separate funding sources other than State general or federal funds, or in the alternative to allow DCSS to reduce LCSAs allocation.

Dated: _____

Dated: _____

GRETA WALLACE
Director, Dept. of Child Support Services

DIRECTOR
Local Child Support Agency