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STATE OF MICHIGAN
DEPARTMENT OF HUMAN SERVICES
LANSING

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MICHIGAN IV-D ACTION TRANSMITTAL 2005-025

TO: Prosecuting Attorneys (PAs)
Friend of the Court Offices (FOCs)
Michigan County Controllers / Fiscal Officers

FROM: Marilyn F. Stephen, Director
Office of Child Support

DATE: June 10, 2005

SUBJECT: Reinvestment of Title IV-D Performance Incentives

Use of Title IV-D Performance Incentives to Fund Parenting Time and Custody

PURPOSE:

This Action Transmittal (AT):

1. Provides notice that parenting time and custody can no longer be funded with IV-D performance incentives.
2. Restates the IV-D performance incentives reinvestment requirements under federal regulations and the related Office of Child Support (OCS) reporting requirements.

APPLICATION / SCOPE:

All guidelines and regulations cited in this AT are mandatory for all parties that receive Title IV-D performance incentives.

HISTORY / BACKGROUND:

An AT on this subject was last issued June 3, 2002, as AT 2002-011, *Title IV-D Reinvestment of Incentive Quarterly Report, FIA-192* and August 17, 2001, as AT 2001-026, *Federal Incentive Payments for 2000, 2001 and 2002*.

PROGRAM ACTION(S) AND POLICY INFORMATION:

On March 11, 2005, the federal Office of Child Support Enforcement (OCSE) notified OCS that IV-D performance incentives must not be used to fund access and visitation services. Therefore, effective as of June 1, 2005, IV-D performance incentives must not

be used to fund parenting time and custody programs. AT 2002-011 that allowed such funding is obsolete. The State Court Administrative Office (SCAO) is reviewing the possibility of sending a second request to OCSE for approval to reinvest incentives in parenting time costs.

OCSE based its denial of the request to reinvest incentives in parenting time programs primarily on the fact that Congress is already funding an access and visitation grant program. OCSE indicated that generally it is not permissible to augment those grant funds with IV-D performance incentives. In Michigan, the State Court Administrative Office (SCAO), Friend of the Court Bureau (FOCB) administers the access and visitation grant program.

The federal requirements under 45 Code of Federal Regulations (CFR) for the reinvestment of IV-D performance incentives are as follows.

Sec. 305.35 Reinvestment.

- “(a) A State must expend the full amount of incentive payments received under this part to supplement, and not supplant, other funds used by the State to carry out IV-D program activities or funds for other activities approved by the Secretary which may contribute to improving the effectiveness or efficiency of the State's IV-D program, including cost-effective contracts with local agencies, whether or not the expenditures for the activity are eligible for reimbursement under this part.
- (b) In those States in which incentive payments are passed through to political subdivisions or localities, such payments must be used in accordance with this section.
- (c) State IV-D expenditures may not be reduced as a result of the receipt and reinvestment of incentive payments.
- (d) A base amount will be determined by subtracting the amount of incentive funds received and reinvested in the State IV-D program for fiscal year 1998 from the total amount expended by the State in the IV-D program during the same period. Alternatively, States have an option of using the average amount of the previous three fiscal years (1996, 1997, and 1998) as a base amount. This base amount of State spending must be maintained in future years. Incentive payments under this part must be used in addition to, and not in lieu of, the base amount.”

As was stated in AT 2001-026, Michigan chose to use the three-year average as its base spending. The county breakdown that was provided in AT 2001-026 is attached and remains in effect. Each county must maintain this spending base to be eligible for incentive payments. Also each county must continue to reinvest 100% of their incentives in the program.

Each county must continue reporting the reinvestment of incentives (as required under 45 CFR 305.35) on the DHS-192 *Title IV-D Reinvestment of Incentives Quarterly Report* (formerly known as the Family Independence Agency (FIA) -192). IV-D performance

incentives currently spent, and spent up to the effective date of this AT, by counties on parenting time and custody programs must be reported on the DHS-192.

PROCEDURE(S):

County staff will continue to send the DHS-192 Reinvestment of Incentives Quarterly Report to OCS within fifteen (15) working days after the end of each reporting quarter.

EXCEPTIONS / EXCLUSIONS:

None

LEGAL REFERENCES: Federal
45 CFR 305.35

State
None

POLICY REFERENCE: None

AT MAINTENANCE: Retain this AT until further notice. AT 2002-011 and AT 2001-026 are Obsolete.

EFFECTIVE DATE: Effective upon receipt

REVIEW PARTICIPANTS: DHS - OCS - Operations Section -Contract Management Unit
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DHS-Office of Internal Audit
SCAO, FOCB
OCS Contract Managers

ATTACHMENTS: Title IV-D Reinvestment of Incentives Quarterly Report

MFS/DN