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Fifty-four states and territories operate local child support programs in accordance with the federal Office of Child Support Enforcement's (now referred to Services') (OCSE's or OCSS') State Plan. The State Plan provides a federal funding participation (FFP) at a rate of 66 percent for eligible expenses.

OCSE assesses a fee to the local programs for the utilization of the Federal Parent Locator Service (FPLS) maintained by OCSE Division of Federal Systems. FPLS Utilization is among the statutory list of eligible expenses. However, the OCSE 396 form and instructions treat the FPLS Fee as income and prevent the local programs from claiming it as an expense.

**Issue**

The federal child support program's quarterly expense report (OCSE 396 form and instructions) has an error that constructively prevents local child support programs from claiming FFP for a statutorily eligible child support expense. The form treats the FPLS Utilization fee assessed by OCSE (form Line 10 post-2000, and Line 11 pre-2000 or so) as income rather than an expense, and instructs the local programs to exclude FPLS Utilization fees on the OCSE 396 line used to calculate FFP reimbursement.

**Rule**

The child support program FFP Statute 45 CFR 304.20 lists child support FFP eligible expenses. Among the list of expenses is "45 304.20(b)(5)(ii): Utilization of the Federal Parent Locator Service.

**Analysis**

Local child support programs complete the OCSE 396 quarterly to report expenses and claim FFP reimbursement at a rate of 66 percent. FFP reimbursements come from a \$4-5 billion appropriation maintained by HHS/ACF Office of Grants Management.

A 1988 memo suggests that costs associated with developing and operating national child support systems should be shared by local child support programs. Internal reviews by Health & Human Services Office of General Counsel in 2007 and 2018 confirm the intent of the 1988 memo. Although at least 35 years and 11-12 triennial reviews of the OCSE 396 have occurred since 1988, OCSE has yet to resolve this 3-decade long intent.

**Conclusion**

OCSE has constructively prevented local child support programs from claiming FFP reimbursement on a statutorily eligible expense. Several legal reviews over a 3-decade period confirm the intent to use FFP to reimburse local programs for FPLS utilization.

Local child support programs have paid more than \$200 million in FPLS Utilization fees and may be owed more than \$150 million at an FFP reimbursement rate of 66 percent. Treating the FPLS Utilization fee as income rather than an expense has ripple effects on the FFP calculation, because the OCSE 396 deducts income from the total FFP the reimbursement to the local programs.