Federal Office of Child Support Enforcement

Federal Financial Participation for Federal Parent Locator Service Fees Paid by States

December 16, 2022



Issue

Since the early 1990s, the federal Office of Child Support Enforcement (OCSE) has failed to reimburse states for Federal Parent Locator Service (FPLS) expenses in accordance with child support state plan expectations and the federal financial participation (FFP) statute.

Outline

- I. State Plan Agreement
- II. Federal Financial Participation
- III. Final Rule: FPLS Fees Assessment
- IV. OCSE Form 396 Form & Instructions
- V. Procedure to Correct

State Plan Agreement: 45 CFR 301.10

§ 301.10 State plan.

The <u>State</u> plan is a comprehensive statement submitted by the <u>IV-D</u> agency describing the nature and scope of its program and giving assurance that it will be administered in conformity with the specific requirements stipulated in title IV-D, the regulations in Subtitle A and this chapter of this title, and other applicable official issuances of the <u>Department</u>. The <u>State</u> plan contains all information necessary for the <u>Office</u> to determine whether the plan can be approved, as a basis for Federal financial participation in the <u>State</u> program.

State Plan Agreement: House Ways & Mean Green Book Section 8, Child Support Enforcement, P. 8-17

FUNDING OF STATE PROGRAMS

The CSE program is funded with both State and Federal dollars. The CSE program operated by States/localities is financed by five major streams of money. First, States spend their own money to operate a CSE program; the level of funding allocated by the State and/or localities determines the amount of resources available to CSE agencies.

The second and largest stream of money is the Federal Government's commitment to reimburse States for 66 percent of all allowable expenditures on child support activities. Allowable expenditures include (among other things) outlays for locating parents, establishing paternity, establishing orders, and collecting payments. The Federal Government's funding is "open-ended" in that it pays its percentage of expenditures by matching the amounts spent by State and local governments with no upper limit or ceiling.

There are two mechanisms through which Federal financial control of State expenditures is exercised. First, States must submit plans to the Secretary of HHS outlining the specific child support activities they intend to pursue. The State plan provides the Secretary with the opportunity to review and approve or disapprove child support activities that will receive the 66 percent Federal reimbursement. Second, as discussed previously, HHS conducts a financial audit of State expenditures.

Federal Financial Participation Availability

The Code of Federal Regulation includes FPLS usage fees as a child support enforcement expense eligible for federal reimbursement.

FFP Availability: 45 CFR 304.2

§ 304.20 Availability and rate of Federal financial participation.

- (a) Federal financial participation at the <u>applicable matching rate</u> is available for:
 - (1) Necessary and reasonable expenditures for child support services and activities to carry out the State title IV-D plan;
 - (2) Parent locator services for individuals eligible pursuant to § 302.33 of this title;
 - (3) Paternity and support services under the <u>State</u> plan for individuals eligible pursuant to § 302.33 of this chapter.
- (b) Services and activities for which Federal financial participation will be available will be those made to carry out the <u>State</u> title IV-D plan, including obtaining child support, <u>locating noncustodial parents</u>, and establishing

FFP Availability: 45 CFR 304.2(b)(5)(ii)

- (5) The establishment and operation of the <u>State</u> parent locator service including:
 - (i) Utilization of appropriate <u>State</u> and local locate sources to locate noncustodial parents;
 - (ii) Utilization of the Federal Parent Locator Service;
 - (iii) Collection of the fee pursuant to § 303.70(e) of this chapter;
 - (iv) Referral of requests for location of a noncustodial parent to the <u>IV-Dagency</u> of another <u>State</u>;
 - (v) Cooperation with another State in locating a noncustodial parent.

Final Rule: Federal Parent Locator Service Fees

In 1992, OCSE implemented a rule to assess and collect FPLS fees from states for national FPLS operations.

Final Rule FPLS Fees: AT-92-01

AT-92-01

Publication Date: June 6, 1992 | Current as of: October 14, 2020

ACTION TRANSMITTAL

OCSE-AT-92-01

July 6, 1992

TO: STATE AGENCIES ADMINISTERING CHILD SUPPORT ENFORCEMENT PLANS UNDER TITLE IV-D OF THE SOCIAL SECURITY ACT AND OTHER INTERESTED INDIVIDUALS

SUBJECT: Federal Parent Locator Service Fees

ATTACHMENT: The attached regulation, published in the Federal Register on June 24, 1992 (57 FR 28103) amends Federal regulations at 45 CFR 303.70, providing for requests by the State parent locator service for information from the Federal Parent Locator Service (FPLS). The regulation requires reimbursement from the States for the use of the FPLS for cases in which there is no required assignment of support rights to the State.

The Office of Child Support Enforcement (OCSE) operates the FPLS as part of its program of assisting States in securing support for children. States have the option to pay the fees themselves or charge the individuals in the case. The user fee is anticipated to be a minimal amount not exceeding \$1.00 per request.

The final regulation also revises 45 CFR 303.3, regarding the location of absent parents, by deleting §303.3(b)(6) which had required IV-D agencies to resubmit to the FPLS the names of absent parents and alleged fathers when their location was the next enforcement step.

There is a typesetting error on page 28110, at the top of the third column. It should read "2. For the reasons set forth in the preamble, we are removing (emphasis added) 45 CFR 303.3(b)(6)."

An Action Transmittal establishing payment procedures will be issued shortly.

EFFECTIVE DATE: June 24, 1992.

REGULATION REFERENCE: 45 CFR 303.3 and 303.70.

RELATED REFERENCE: OCSE-AT-90-15, dated December 15, 1990.

Final Rule FPLS Fees: Non Assigned Cases

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Administration for Children and Families

Office of Child Support Enforcement

45 CFR Part 303

RIN 0970-AA78

Child Support Enforcement Program;

Federal Parent Locator Service Fees

AGENCY: Office of Child Support Enforcement (OCSE), ACF, HHS

ACTION: Final Rule

SUMMARY: The Office of Child Support Enforcement operates the Federal Parent Locator Service (FPLS) as part of its program of assisting States in securing support for children. We have decided to seek reimbursement from States for use of the FPLS in IV-D cases in which the support rights are not required to be assigned to the State, effective with the publication of this rule in final form. States may pay the fees themselves or charge the individuals involved in the case. The user fee is anticipated to be a minimal amount, not exceeding \$1.00 per request.

EFFECTIVE DATE: June 24, 1992.

OCSE Form 396 & Instructions

OCSE did not change Form 396 & Instructions to account for assessing FPLS fees to the states, which resulted in a new expense to the states. Instead, OCSE continued to treat FPLS fees as state income.

OCSE Form 396 & Instructions: 45 CFR 304.50

OCSE Form 396 & Instructions only account for FPLS Fees as State Income. It does not account for FPLS Fees as a State Expense.

- Line 10: FPLS Fees Assessed and Received by States from individuals (FPLS Fees as State Income).
 - 2) No Line: FPLS Fees Assessed and Received by OCSE (FPLS Fees as a State Expense).

OCSE Form 396 & Instructions: 45 CFR 304.50

§ 304.50 Treatment of program income.

The <u>IV-D agency</u> must exclude from its quarterly expenditure claims an amount equal to:

- (a) All fees which are collected during the quarter under the title IV-D <u>State</u> plan; and
- **(b)** All interest and other income earned during the quarter resulting from services provided under the IV-D State plan.

[49 FR 36772, Sept. 19, 1984]

OCSE Form 396

2	Current (C Quarter E			Estimating) or Ending:		ark Initial Report ox: Rev'd Report				
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re, IV-D Agency Director			Signature,	Approving Official						
		Date:		Date:						

OCSE Form Instructions

Instructions for Completion of Form OCSE-396

Line 8. (Reserved)

SPECIAL REPORTING INSTRUCTION for LINES 9 THROUGH 13

Any amounts entered on Lines 9 through 13 will reduce the reported Net Federal Share of Expenditures and will also reduce a subsequent grant awarded to the State.

Invoices are sent each quarter to the State Title IV-D agency for fees charged for services provided by the Office of Child Support Enforcement. The amount of each of those fees is reported on Lines 10, 11 and 12 of Column B, as applicable. By doing so, the State is reimbursing OCSE for the cost of the services provided; the fees will be subtracted from the Federal share of expenditures.

Amounts offset by the IRS from Federal tax refunds of the non-custodial parent are forwarded to the State through the accounting services of HHS's Public Health Service (PHS) and are subsequently distributed by the State to the custodial parent. On occasion, the IRS determines that a portion of the amount offset must be returned to the non-custodial parent, and the IRS recoups this amount from the PHS. The State must then repay this amount to the PHS and may attempt to recoup the overpayment from either parent, in accordance with applicable State law and procedures and Federal policy. The amount being repaid by the State to the PHS is reported as an "Other Fee or Adjustment" on Line 13 of Column B. This line may also be used to report any other fee-for-service or other payment to the Federal government as may be needed.

Fees paid by a State for its use of the Child Support Enforcement Network (CSENet) or for Pre-Offset Notice services, respectively, and reported on Lines 11 and 12, are considered to be routine title IV-D administrative expenditures and should also be included on Line 1b of this report as an "Administrative Costs: IV-D." Fees paid by a State for its use of the Federal Parent Locator Service (FPLS) and repayments made by the State to PHS (see above), and reported on Lines 10 and 13, are not considered administrative expenditures and must not be included on any other line of this report. (If the State elected

OCSE Form Instructions

Instructions for Completion of Form OCSE-396

to make these repayments by check, no repayment amount is included on Line 13. See instructions for Line 13, below.) (FPLS fees are paid solely with State funds and are not eligible for Federal funding (Section 453(e)(2) of the Social Security Act).

- Line 9. Federal Share of Title IV-A Collections. The portion of child support collections used to reimburse the Federal government for its share of past assistance payments under title IV-A of the Social Security Act.
 - This is a direct entry in Column B, carried forward from Form OCSE-34, Line 10b, Col. G.
- Line 10. Fees for the Use of the Federal Parent Locator Service (FPLS). The quarterly fee charged to the State by OCSE for its use of the FPLS. (Report the total amount of this fee in Column B. See Special Instruction above.)
 - [This is a direct entry in Column B, carried from a quarterly invoice sent by OCSE.]
- Line 11. Fees for the Use of the Child Support Enforcement Network (CSENet). The quarterly fee charged to the State by OCSE for its use of CSENet. (Report the total amount of this fee in Column B. See Special Instruction above.)
 - [This is a direct entry in Column B, carried from a quarterly invoice sent by OCSE.]

Procedure to Correct

Authority exists to correct OCSE's error.

FFP reimbursement is provided for in a grant managed by the Administration for Children and Families Office of Grants Management.

Reimbursement does not come from the OCSE budget.

Procedure to Correct: 45 CFR 95.1

Subpart A - Time Limits for States To File Claims

Source: 46 FR 3529, Jan. 15, 1981, unless otherwise noted.

§ 95.1 Scope.

(a) This subpart establishes a two year time limit (15 months in some cases) for a State to claim Federal financial participation in expenditures under State plans approved under the following titles of the Social Security Act:

Title I - Grants to States for Old-Age Assistance and Medical Assistance for the Aged.

Title IV-A - Grants to States for Aid and Services to Needy Families with Dependent Children (except for Section 402(a)(19)(G) of the Act).

Title IV-B - Child Welfare Services.

Title IV-D - Child Support and Establishment of Paternity.

Title IV-E - Foster Care and Adoption Assistance.

Title X - Grants to States for Aid to the Blind.

Title XIV - Grants to States for Aid to the Permanently and Totally Disabled.

Title XVI - Grants to States for Aid to the Aged, Blind, or Disabled (AABD), or for Such Aid and Medical Assistance for the Aged.

Title XIX - Grants to States for Medical Assistance Programs.

Title XX - Grants to States for Services.

Title XXI - Grants to States for State Children's Health Insurance Programs.

Procedure to Correct: 45 CFR 95.7

§ 95.7 Time limit for claiming payment for expenditures made after September 30, 1979.

Under the programs listed in § 95.1, we will pay a State for a State agency expenditure made after September 30, 1979, only if the State files a claim with us for that expenditure within 2 years after the calendar quarter in which the State agency made the expenditure. Section 95.19 lists the exceptions to this rule.

Procedure to Correct: 45 CFR 95.19

§ 95.19 Exceptions to time limits.

The time limits in §§ 95.7 and 95.10 do not apply to any of the following -

- (a) Any claim for an adjustment to prior year costs.
- (b) Any claim resulting from an audit exception.
- (c) Any claim resulting from a court-ordered retroactive payment.
- (d) Any claim for which the Secretary decides there was good cause for the State's not filing it within the time limit.

ATTACHMENT: ESTIMATED MISSED REIMBURSEMENT FY1990-FY2020

STATE/FPLS FEES	FY2020		FY2019		FY	2018	18-	YR SUBTOTAL FEES	FFP@66%		30	-Year ESTIMATE	FFP	@66% ESTIMAT
ALABAMA	S	143,396	5	138,252	\$	134,904	5	2,082,616	S	1,374,527	S	3,471,026.67	\$	2,290,877.6
ALASKA	S	30.692	\$	29.512	S	28.660	5	432,369	s	285.364	s	720.615.00	s	475,605.9
ARIZONA	S	115,496	S	112,408	S	110,632	S	1,787,926	S	1.180.031	Š	2,979,876.67	S	1.966,718.0
ARKANSAS	s	69,988	5	68,688	5	68.032	\$	1.041.795	s	687,585	Š	1,736,325,00	S	1.145,974.5
CALIFORNIA	Š	801.304	S	777.244	s	770.564	s	13.031.217	s	8.600.603	Š	21.718.695.00	S	14,334,338.
COLORADO	Š	98,524	5	94,172	S	90,504	s	1,300,876	Š	858,578	š	2,168,126.67	Š	1,430,963.
CONNECTICUT	s	115.648	S	114.868	5	114.604	5	1.650,903	S	1.089.596	Š	2,751,505.00	S	1.815.993.
DELAWARE	S	52,416	S	49,480	Ś	47.168	S	605.564	S	399,672	s	1.009.273.33	S	666.120.
201100000000000000000000000000000000000					-								*	
DIST. OF COL	\$	31,172	\$	30,312	\$	29,936	\$	603,077	\$	398,031	\$	1,005,128.33	\$	663,384.
FLORIDA	ş	452,160	\$	459,140	\$	464,920	\$	6,573,597	\$	4,338,574	\$	10,955,995.00	\$	7,230,956.
GEORGIA	\$	261,836	\$	248,724	\$	238,948	\$	3,653,864	\$	2,411,550	S	6,089,773.33	\$	4,019,250.
GUAM	\$	4,352	\$	4,120	\$	3,952	\$	113,755	\$	75,078	\$	189,591.67	\$	125,130.
HAWAII	\$	50,272	\$	49,624	\$	48,628	\$	721,236	\$	476,016	\$	1,202,060.00	\$	793,359.
IDAHO	\$	74,932	\$	72,992	\$	71,900	5	916,069	\$	604,606	\$	1,526,781.67	\$	1,007,675.
ILLINOIS	\$	312,836	\$	300,024	\$	292,828	\$	4,815,706	\$	3,178,366	\$	8,026,176.67	\$	5,297,276.
INDIANA	\$	181,300	\$	180,008	\$	182,052	5	3,007,869	S	1,985,194	\$	5,013,115.00	\$	3,308,655.
IOWA	\$	111,276	\$	107,128	\$	104,948	\$	1,513,278	\$	998,763	\$	2,522,130.00	\$	1,664,605.
KANSAS	\$	90,092	\$	84,668	\$	80,984	\$	1,133,948	\$	748,406	ş	1,889,913.33	\$	1,247,342.
KENTUCKY	\$	182,728	5	176,068	\$	172,396	\$	2,481,873	\$	1,638,036	ş	4,136,455.00	\$	2,730,060.
LOUISIANA	S	190,032	S	183,072	\$	177,696	5	2,434,213	S	1,606,581	S	4,057,021.67	S	2,677,634.
MAINE	S	34,504	5	34.824	\$	35,472	s	566,715	S	374.032	s	944,525,00	s	623,386.5
MARYLAND	s	134,912	S	130,216	\$	129,660	S	2,170,883	s	1.432.783	Š	3,618,138.33	Ś	2,387,971.
MASSACHUSETTS	S	147,008	S	142,256	S	142,292	s	2,040,514	s	1,346,739	Š	3,400,856.67	s	2,244,565.4
MICHIGAN	Š	577.268	4	567.312	5	564.200	s	8.431.579	S	5.564.842	Š	14.052.631.67	S	9.274.736.9
MINNESOTA	S	150,132	Ś	145,352	Š	123,766	Š	1,989,933	Š	1.313.356	Š	3,316,555.00	Š	2,188,926.
MISSISSIPPI	s	195,396	S	191,260	s	191,268	s	2,544,683	S	1,679,491	Š	4,241,138.33	5	2,799,151.
MISSOURI	\$	223,360	\$	215.284	5	210.192	5		5		s		5	3.244.802.0
MONTANA	S		-		-	,		2,949,820		1,946,881	s	4,916,366.67	*	
		24,576	\$	23,808	\$	23,232	\$	363,495	\$	239,907		605,825.00	\$	399,844.5
NEBRASKA	\$	70,124	S	66,796	S	64,400	S	925,017	\$	610,511	\$	1,541,695.00	\$	1,017,518.
NEVADA	\$	61,948	5	60,212	\$	59,336	\$	869,000	\$	573,540	\$	1,448,333.33	\$	955,900.0
NEW HAMPSHIRE	\$	24,232	\$	22,656	\$	21,536	\$	353,882	\$	233,562	\$	589,803.33	\$	389,270.2
NEW JERSEY	\$	221,936	\$	220,084	\$	219,768	\$	3,153,498	\$	2,081,309	\$	5,255,830.00	\$	3,468,847.8
NEW MEXICO	\$	43,276	\$	41,020	5	40,056	\$	626,448	\$	413,456	\$	1,044,080.00	\$	689,092.0
NEW YORK	\$	566,620	\$	551,220	\$	540,684	\$	7,775,000	\$	5,131,500	\$	12,958,333.33	\$	8,552,500.0
NORTH CAROLINA	\$	269,100	\$	258,184	\$	251,356	\$	3,546,371	\$	2,340,605	\$	5,910,618.33	\$	3,901,008.1
NORTH DAKOTA	\$	24,436	\$	23,836	\$	23,368	\$	366,395	\$	241,821	\$	610,658.33	\$	403,034.5
OHIO	\$	556,340	\$	539,648	\$	532,576	\$	7,338,107	\$	4,843,151	\$	12,230,178.33	\$	8,071,917.7
OKLAHOMA	\$	131,968	\$	126,420	5	122,452	5	1,501,316	\$	990,869	\$	2,502,193.33	\$	1,651,447.6
OREGON	\$	131,080	\$	131,468	\$	131,840	\$	1,900,323	\$	1,254,213	\$	3,167,205.00	\$	2,090,355.3
PENNSYLVANIA	5	253,392	s	246,672	s	243,736	s	4,328,427	S	2,856,762	s	7,214,045.00	\$	4,761,269.7
PUERTO RICO	Š	144,136	Š	139,132	s	136.552	Š	1.899.475	Š	1.253.654	š	3.165.791.67	Š	2.089.422.5
RHODE ISLAND	S	34,528	S	33,692	S	33,264	S	531,077	S	350,511	Š	885,128.33	S	584,184.7
SOUTH CAROLINA	S	128,240	S	125,468	s	124,720	S	1,807,169	S	1,192,732	Š	3,011,948.33	5	1,987,885.9
SOUTH DAKOTA	S	31,000	S	29,224	Š	28,016	S	388.206	Š	256,216	Š	647.010.00	5	427.026.0
TENNESSEE	S	244,916	5	238,416	5	237,928	S	3.478.019	5	2.295,493	s	5.796.698.33	S	3.825.820.9
TEXAS	5	979,492	\$	910.764	5	853,092							*	
UTAH	\$	59,236	S	56,088	S	53,540	\$	9,729,717	S	6,421,613	\$	16,216,195.00 1,245,745.00	\$	10,702,688.
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VERMONT	s	10,760	\$	10,764	\$	10,840	5	214,190	\$	141,365	S	356,983.33	\$	235,609.0
VIRGIN ISLANDS	\$	4,428	\$	5,612	\$	5,400	\$	126,659	\$	83,595	\$	211,098.33	\$	139,324.
VIRGINIA	\$	200,996	\$	194,560	\$	191,268	\$	2,837,744	\$	1,872,911	\$	4,729,573.33	\$	3,121,518.
WASHINGTON	\$	219,724	\$	213,516	\$	209,608	5	2,866,641	\$	1,891,983	\$	4,777,735.00	\$	3,153,305.
WEST VIRGINIA	\$	77,708	\$	75,668	\$	74,216	\$	1,015,677	\$	670,347	\$	1,692,795.00	\$	1,117,244.
WISCONSIN	\$	236,988	\$	224,212	\$	215,696	5	3,004,029	\$	1,982,659	\$	5,006,715.00	\$	3,304,431.9
WYOMING	\$	19,720	\$	19,160	\$	18,908	\$	350,838	\$	231,553	\$	584,730.00	\$	385,921.8
TOTALS	\$	9,603,932	\$ 9	9,295,308	\$	9,098,494	5	132,640,045	\$	87,542,430	\$	221,066,741.67	\$	145,904,049.5