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| LOCAL COMMISSIONERS MEMORANDUM |
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Transmittal No: 90 LCM-39

Date: March 20, 1990

Division: Operations

TO: Local District Commissioners

SUBJECT: Unapplied/Undistributed Support Collections

ATTACHMENTS: I. Department of Health and Human Services (DHHS)
January 9, 1990 letter and 3 enclosures (not available
on-line)

II. New York State Office of Child Support Enforcement
(OCSE) Instructions Regarding Unapplied/Undistributed
Collections (available on-line)

Attachment I is a copy of correspondence received from DHHS regarding the growth of undistributed child support collections in New York State. As of September 30, 1989, there was a total of \$19.3 million in undistributed collections: \$1.3 million ADC and \$18 million non-ADC (see Attachment I, Enclosure #1). Federal timeframes for distribution of collections require, effective October 1, 1990, that most collections be distributed within 15 calendar days of initial receipt by the child support program. The New York State Child Support Enforcement Program periodically undergoes federal audits which measure the distribution of collections against specific audit criteria, to ensure that the state and local districts:

1. Have written procedures which, if properly applied, would result in a distribution of collections.
2. Make distribution according to the established written procedures.
3. Have personnel available for distributing support collections.

Failure to meet these criteria subjects the state/local district to substantial audit penalties.

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Although some unapplied/undistributed collections are unavoidable, OCSE would like to stress the importance of review and disposition of undistributed collections to ensure that reasonable levels are not exceeded. Included with this LCM are detailed instructions (see Attachment II) which address the issue of undistributed collections and which describe new Child Support Management System (CSMS) Quarterly Reports of Unapplied/Undistributed Collections which were sent out to districts over BICS on January 5, 1990. Review of the reports and taking action utilizing the instructions provided will reduce the amount of support left undistributed. Please share a copy of this LCM and attachments with your CSEU Coordinator and your SCU Supervisor.

DONALD J. FADEN
DEPUTY COMMISSIONER FOR OPERATIONS

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NEW YORK STATE OFFICE OF CHILD SUPPORT ENFORCEMENT
INSTRUCTIONS REGARDING UNAPPLIED/UNDISTRIBUTED COLLECTIONS

1. Collection Conditions

A child support collection processed by a support collection unit will be in one of these conditions either:

- a. applied and distributed
- b. applied and undistributed
- c. unapplied and undistributed

The instructions provided under items 4 and 5 below pertain to the last two conditions.

2. Definitions

- a. Applied collections - is money paid which has been used to satisfy the respondent's net due on the ledger. The nightly accounting run applies monies based on a priority system. (See CSEM Vol. II/ASCU pg. 5-54.)
- b. Distributed collections - is money paid which has been applied to a ledger and the collection sent to a beneficiary.
- c. Unidentified collections - money paid which cannot be associated with a CSMS account.
- d. Suspense accounts - when a payment is received for which a corresponding CSMS account cannot be found or payments are identified which require further review before application, the payment should be posted to a holding account, called a suspense account. There are several reasons for using suspense accounts:
 1. Tax refund offset
 - o ADC tax refund offset
 - o Non-ADC tax refund offset (money held for up to 6 months)
 - o ADC/NADC tax refund offset (reject)
 2. Identified respondent but no account
 3. Unidentified respondent and client

3. CSMS Quarterly Reports of Unapplied/Undistributed Collections

New quarterly reports have been developed which list accounts in your district with unapplied and undistributed monies. These lists were initially sent to you via BICS on January 5, 1990. The next report is scheduled for April 6, 1990.

Format

The format for the quarterly reports as shown below offers more descriptive information about each account than has been previously provided on the Monthly Report of Undistributed Collections. This will better enable districts to resolve cases with unapplied and/or undistributed collections.

Resp. Name	ASCU Account Number	Ledger Type(s)	Status	Dist Sw	Net Due	ASAB	Tickler Date	Amt. Unapp/Undist.
Smith, John	AA12345X1	11BW	01	1	\$0.00		12/11/86	\$495.00
		21AW	01	1	\$0.00			
		22AW	01	1	\$0.00	\$246.50		
Jones, John	AB98765Y1	11B	01	1	\$0.00			\$315.00
		22A	01	1	\$0.00	\$397.85		
TOTALS								\$810.00

SORT: A. By ASCU investigator code in descending order by amount unapplied/undistributed.

B. Straight descending order by amount unapplied/undistributed.

These reports serve as a safety net for review of accounts where activities have not, or could not, be undertaken when cases were first identified on the Daily Activity Report and/or the Monthly Undistributed Report. (See CSEM Vol. II pg. 8-27.)

As with the daily and monthly interfaces, it is important to review the cases listed on these reports and determine the reason the money is accumulating on the account. Common reasons and suggested dispositions are provided in the next section. It is, however, important to point out that the success of disposing of undistributed collections may rest with effective interface between SCU/CSEU staff to identify undistributed collection and then direct the case to the proper worker to take necessary action.

4. Reasons for Money Accumulating and Disposition

The following examples illustrate some of the most common reasons for money to accumulate on respondent accounts. Suggested disposition is also provided:

- a. Location of Client Unknown: An SCU disbursement check is returned (i.e. bad client address) for which no address has yet been entered on the system. Batch Type 83 automatically changes the distribution switch to 3 and all future monies are held. Bad client addresses are one of the main reasons large amounts of support collections are undistributed.

Disposition: Districts need to investigate client address by sending a manually prepared postal clearance, contacting family, friends and employers, reviewing public assistance and court files to ascertain client address and then making appropriate accounting changes. Districts should also consider having printed on disbursement envelopes directions to the mail carrier to Return to Sender with Forwarding Address. If, after diligent efforts to locate the client, no address is obtained and the payments have remained unclaimed for not less than two years, the district must petition the family court to enter an order to dispose the funds. (See Social Services Law 111-h (5)(6)(7))

- b. Payments exceed obligation: The respondent is remitting support payments that are greater than the court ordered obligation amount and there are no unsatisfied delinquencies and/or ASAB's. This situation often occurs when the collection is retained from another jurisdiction, but the SCU was never notified of a change in the court order.

Disposition: Staff should contact the court or referring court, if appropriate, and investigate the current status of the order. The account should be adjusted as appropriate. When the respondent pays more than is due and it is not the result of a modified order, the district should review the case for upward modification.

- c. No arrears: The respondent has liquidated court ordered arrears balances or satisfied IEX delinquencies.

Disposition: Staff should be reviewing CSMS Daily Action Listing for arrears satisfied messages or IEX satisfied and then take action to amend income executions and contact respondents to ascertain whether the excess amount should be refunded or retained as advance payment. The case should also be reviewed for upward modification.

- d. Suspended/Terminated Account: A payment is placed on a suspended or terminated account (e.g. change in respondent's employment status or as a result of enforcement action).

Disposition: Review case for reasons for suspension/termination and take action to modify order/account. If appropriate, apply payment to ledgers where money is due.

- e. New ADC Case: There is an existing CSS account and recent public assistance opening, but notification (i.e. CSMS IV-A/IV-D Interface Report) has not been acted upon by the district child support staff. CSMS has changed the distribution switch to 03 which leaves money applied but undistributed.

Disposition: Review the IV-A/IV-D Interface Report and, if necessary, create a IVDADC subaccount and make necessary adjustments (e.g. transfer collections from non-ADC to ADC ledger) (see CSEM Vol. II pg. 5-67).

5. Suspense Accounts

A review of the undistributed collections will also identify suspense accounts which have unapplied or undistributed collections. The following action should be taken on each suspense account listed below that appears on this quarterly report.

a. Tax Refund Offset Collections

1. Non-ADC Tax Refund Offset Collections

Non-ADC joint return suspense accounts must be reviewed to determine which payments were entered greater than six months ago and still remain in the account. If no negative adjustments have been made within six months, the funds must be applied to the appropriate client ledgers. There is no legal authority to hold such money for more than six months.

2. Excess ADC and Non-ADC Tax Refund Offset Collections

Suspense accounts which have been created for the tax refund offset process should also be reviewed where the offset is in excess of the amount certified. The respondent should be contacted to ascertain whether the excess amount should be refunded or retained to satisfy delinquent amounts which accrued subsequent to certification of the account (Reference CSEM Vol. II pg. 12-9). The district should notify the respondent of the above and indicate that, if there is no response, these funds will be applied to satisfy delinquencies. Notice should be sent to the respondent by

certified mail and depending on the result of the initial notice, a minimum of two copies should be sent to the respondent. Districts should consider having printed on the notice envelope directions to the mail carrier to Return to Sender with Forwarding Address. If these notices are returned due to a bad address, the district must attempt to locate the respondent through the Parent Locator Service and Absent Parent Resource Reporting System. If all attempts to locate the respondent have proven unsuccessful, these funds may be applied to liquidate any remaining outstanding delinquencies. If, after satisfaction of these delinquencies excess funds still exist, and these funds remain unclaimed for not less than two years, family court must be petitioned for their disposition. (See Social Services Law Section 111-h(5))

b. Unidentified Payments

1. Identified Respondent but no Account

Districts should do CSMS name search (IVDJNS) to see if a case exists with or without a subaccount. District should also review for receipt of court order, court notes, etc., and, if necessary, contact family court for court order. Subaccounts should be established and payments applied where appropriate.

2. Unidentified Respondent and Client

Any payments that have been received and placed into the suspense accounts due to lack of respondent and client identification at the time of remittance, may be applied as ADC collections. To apply the unclaimed funds, local districts should create a DSS voluntary current ledger as follows:

Respondent Name: ADC, Applied Unclaimed Funds
Client Name: ADC, Applied Unclaimed Funds
FIPS Code: 136_ _ _ (own county code)
Billing Switch: 5
Ledger Type: 24A
Status: 01
Frequency: D07
Obligation Amount: \$0.00

Batches should be processed as follows:

1. Process a positive 62 for the amount of the transfer.
2. Process a negative batch 71 for each amount to be transferred from the unidentified payment suspense account.

3. Process a positive batch 71 for the amount to be applied to the 24A ledger of the unclaimed funds refund account. At the end of the month, these funds will be disbursed to the Department of Social Services and identified on the Monthly Made and Retained IV-D ADC Child Support Collection Roll and included as repayment of assistance on the Schedule A-1. If a respondent establishes in family court his/her just and legal claim to any payment disbursed to the Department of Social Services within five years of remitting such payment, the SCU must credit the respondent accordingly. (Social Services Law 111-h(b))

Future payments received which lack respondent and client identification at the time of remittance should be applied as ADC collections utilizing the ADC, Applied Unclaimed Ledger described above.

The monies which have accumulated on these accounts remain unapplied/undistributed and could, if above actions were taken, count toward your ADC collection goal.

6. Summary

Districts should review the quarterly reports and assess if current methods of handling payments readily identify these case conditions. Reviewing these reports on a regular basis and taking action will prevent large sums from accumulating.