



STATE OF MICHIGAN

DEPARTMENT OF HUMAN SERVICES  
LANSING

RICK SNYDER  
GOVERNOR

MAURA D. CORRIGAN  
DIRECTOR

**IV-D MEMORANDUM 2011-020**

**TO:** All Friend of the Court Staff  
All Prosecuting Attorney Staff

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

**DATE:** October 17, 2011

**UPDATE(S):**

Manual

Form(s)

**SUBJECT:** State General Fund/General Purpose (GF/GP) Payments to the Friends of the Court (FOCs) and Prosecuting Attorneys (PAs) and the Required Maintenance of Effort (MOE) Related to the GF/GP Payments

**RESPONSE DUE:** None

**POLICY EFFECTIVE DATE:** Upon receipt

**PURPOSE:**

This IV-D Memorandum explains the payment process for GF/GP funds included in the State of Michigan Department of Human Services (DHS) appropriation bills to replace the lost Title IV-D match for federal performance incentives. It also describes the required MOE related to the GF/GP funds (GF/GP MOE) and distinguishes the GF/GP MOE from the MOE required under 45 Code of Federal Regulations (CFR) 305.35 related to federal performance incentives.

This IV-D Memorandum replaces and obsoletes Action Transmittal (AT) 2008-002, *Payments Required to Be Made Under Sections 901(7), 905 and 906 of Act 131 of Public Acts of 2007 in Fiscal Year 2008 (FY 2008, October 1, 2007 to September 30, 2008) and Required Maintenance of Effort (MOE).*

**DISCUSSION:**

The DHS fiscal year (FY) 2011 and FY 2012 appropriation bills provide \$9,570,000 of GF/GP to be paid to the counties and used as federal Title IV-D matching funds for

services provided by the FOC and PA.<sup>1</sup> The funds are to be used to replace the lost Title IV-D match for federal performance incentives. The \$9,570,000 GF/GP provided in the DHS appropriations is equal to 66 percent of \$14,500,000, and when used as a match, will replace the lost federal funds.

### **Office of Child Support (OCS) Action**

#### **FY 2011 Calculation of the Overall GF/GP Payable to the FOC and PA**

As noted above, \$9,570,000 GF/GP is provided in the DHS appropriations, calculated at 66 percent of \$14,500,000. However, OCS determined, in accordance with IV-D Memorandum 2011-003,<sup>2</sup> that for FY 2011, \$14,000,000 of federal performance incentives would be payable to the counties. Therefore, only \$9,240,000 (66 percent of \$14,000,000) GF/GP was paid to the counties in FY 2011.

#### **FY 2011 Calculation of the GF/GP for Each FOC or PA**

The GF/GP for each county was calculated as follows: The \$9,240,000 was multiplied by each county's percentage share of the \$14,000,000. The county amounts are included in [Exhibit 2011-020E1](#).

OCS calculated the amount for each FOC or PA within a county as follows:

- The federal performance incentives deducted on the *Title IV-D Cooperative Reimbursement Actual Expenditure Report* (DHS-286) submitted for FY 2011 indicated how the county allocated the FY 2011 federal performance incentives between the FOC and PA within the county (the split between the FOC and PA).
- If no amount of the performance incentives was assigned to the PA, then the entire amount of the GF/GP was assigned to the FOC. If some of the federal performance incentives were assigned to the PA and the split was based on a percentage, OCS used the same percentage in this calculation. If a specific dollar amount was assigned to the PA, OCS assigned the same specific dollar amount for this purpose.

DHS disbursed the entire amount of the GF/GP funds in August 2011.

**Note:** The GF/GP paid to the counties is a change in the source of funds (from federal IV-D to state GF/GP) provided to the FOC and PA under the Cooperative Reimbursement Program (CRP) agreements. DHS has determined, however, that it was not necessary for the DHS OCS to amend Year 2 (covering FY 2011) of the CSCOM-10, CSFOC-10 or selected CSPA-10 CRP agreements.

---

<sup>1</sup> Payments are sent to the PA only in those counties that assign federal performance incentives to the PA office.

<sup>2</sup> Ref: [IV-D Memorandum 2011-003, Payment of Federal Performance Incentives and Federal Performance Incentives Reporting on the Title IV-D Cooperative Reimbursement Actual Expenditure Report \(DHS-286\)](#). See the subsection "If the State Receives Less Than \$26.5 Million in Federal Performance Incentives."

## **FY 2012 GF/GP Payment**

The FY 2012 overall GF/GP payable to the county and the GF/GP for each FOC or PA within the county will be calculated in the same manner as for FY 2011.

For FY 2012, the GF/GP will be incorporated into the FY 2012 CRP budgets submitted in EGrAMS. In order to incorporate the GF/GP, OCS will deduct an amount equal to the FY 2011 actual federal performance incentives (Ref: Exhibit 2011-020E1) for each FOC and PA<sup>3</sup> in the FY 2012 CRP budgets submitted in EGrAMS. (Note: The entries into EGrAMS will be done by OCS and not the FOC or PA.) To offset the deduction, EGrAMS will be programmed to add 66 percent of the deducted amount as GF/GP (the calculated amounts will agree with the amounts in Exhibit 2011-020E1). The effect of the actions described above will split the state share of funding between IV-D and GF/GP, but the total funding in the budget will remain the same. The GF/GP will be paid by OCS on the same quarterly schedule as the federal performance incentives as described in IV-D Memorandum 2011-003 and will be calculated at 66 percent of the federal performance incentive paid in that quarter.

## **FY 2011 FOC and Selected PA Action**

### **FY 2011 Reporting of the GF/GP on the DHS-286**

The FY 2011 GF/GP payment was **not** reported on the DHS-286.

### **FY 2011 MOE**

The GF/GP cannot be used to replace or supplant county funding for the FOC or PA IV-D program. In order for a provider to retain the full amount of the funding listed above, and to ensure the funds are not used to replace or supplant county funding, the county must maintain spending on the IV-D program at the same percentage as it provided to the IV-D program in the previous FY (FY 2011 will be compared to FY 2010). OCS will make the MOE calculations when the final DHS-286 billings for all months for FY 2011 have been received. If the MOE is not met, DHS will withhold the amount necessary to return the FY 2011 funding to the appropriate percentage from any unpaid FY 2012 GF/GP or CRP billings.

The calculations OCS will make for FY 2011 are as follows:

FY 2010 (MOE percentage that must be met in FY 2011):

- Accumulate the FY 2010 (October 1, 2009 through September 30, 2010) actual IV-D Net Expenditures from Line 12 of the DHS-286.

---

<sup>3</sup> Payments are sent to the PA only in those counties that assign federal performance incentives to the PA office.

- Multiply the total of the Line 12 amounts by 34 percent to calculate the county share.
- Subtract the federal performance incentives paid to the county from the county share to calculate the net county share.
- Calculate the MOE percentage (rounded to two decimal places) by dividing the net county share by the total of the accumulated Line 12 amounts.

FY 2011:

- Accumulate the FY 2011 (October 1, 2010 through September 30, 2011) actual IV-D Net Expenditures from Line 12 of the DHS-286 (Note: In FY 2011, the federal performance incentives were deducted to arrive at Line 12, which was not the case in FY 2010).
- Multiply the Line 12 Net Expenditures by 34 percent to calculate the county share.
- Subtract the GF/GP paid to the county from the county share to calculate the net county share.
- Calculate the MOE percentage (rounded to two decimal places) by dividing the net county share by the total of the accumulated Line 12 amounts plus the federal performance incentives paid to the county.

The FY 2010 MOE percentage will be compared to the FY 2011 MOE percentage.

Adjustments to the accumulated FY 2010 net expenditures described above for non-recurring, one-time costs or any unusual FY 2011 circumstances will be evaluated on a case-by-case basis. The provider must submit documentation that describes any expenditure adjustments or any unusual circumstances and identifies the costs.

A completed MOE example is included in [Exhibit 2011-020E2](#).

### **FY 2012 FOC and Selected PA Action**

#### **FY 2012 Reporting of the GF/GP on the DHS-286**

The FY 2012 GF/GP payment should not be reported on the DHS-286.

#### **FY 2012 MOE**

The MOE calculation for FY 2012 and future FYs will differ from the procedure described in this IV-D Memorandum for FY 2011 (see the crossed-out text in the last bulleted item below). Also, unlike FY 2011, the same calculation will be used for both years in the MOE comparison.

MOE calculation:

- Accumulate each FY (October 1 through September 30) actual IV-D Net Expenditures from Line 12 of the DHS-286.
- Multiply the Line 12 Net Expenditures by 34 percent to calculate the county share.
- Subtract the GF/GP paid to the county from the county share to calculate the net county share.
- Calculate the MOE percentage (rounded to two decimal places) by dividing the net county share by the total of the accumulated Line 12 amounts ~~plus the federal performance incentives paid to the county.~~

A completed MOE example is included in Exhibit 2011-020E2.

### **GF/GP in Future FYs**

If GF/GP as described in this IV-D Memorandum is provided in future DHS appropriations and the appropriations do not prescribe otherwise, OCS will use the calculations and procedures outlined in this IV-D Memorandum to budget, calculate and pay the GF/GP in future fiscal years other than as follows: OCS anticipates that beginning in FY 2013, the GF/GP will appear on the DHS-286 and will be paid each time a DHS-286 billing is submitted with a federal performance incentive deduction. The GF/GP payment will be equal to 66 percent of the deduction.

### **Federal MOE Related to Incentives**

The MOE required by this IV-D Memorandum does not supersede, eliminate or change the MOE related to incentives required by 45 CFR 305.35.<sup>4</sup> The federal incentive MOE compares the net county share identified above to a federal base amount. If the net county share does not equal or exceed the federal base amount, then the federal performance incentives paid to the provider must be reduced.

### **NECESSARY ACTION:**

Retain this IV-D Memorandum until further notice. This IV-D Memorandum obsoletes AT 2008-002.

### **REVIEW PARTICIPANTS:**

DHS-OCS Financial Management  
 DHS-OCS Contract Management  
 DHS-OCS Bureau of Accounting  
 Program Leadership Group

### **CONTACT PERSON:**

---

<sup>4</sup> Ref: IV-D Memorandum 2011-003.

Duane Noworyta  
OCS Financial Management  
[NorworytaD@michigan.gov](mailto:NorworytaD@michigan.gov)  
(517) 241-7728

**CC:**

None

**SUPPORTING REFERENCES:**

Federal  
45 CFR 305.35

State  
Section 18a of the Social Welfare Act 1939  
Public Act 280, Michigan Compiled Law (MCL) 400.18a

**ATTACHMENTS:**

2011-020E1:	FY 2011 Federal Performance Incentives and FY 2011 GF/GP
2011-020E2:	OCS GF/GP MOE Calculation

**MFS/DN**