

**WISCONSIN DEPARTMENT OF CHILDREN & FAMILIES
Division of Family & Economic Security
Bureau of Child Support**

**TO: Child Support Directors
Child Support Supervisors or Lead Workers
Child Support Attorneys**

**FROM: Director
Bureau of Child Support**

<p>CHILD SUPPORT BULLETIN</p> <p>No.: 09-19</p> <p>Date: 07/13/2009</p>
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SUBJECT: Reporting Child Support Expenditures and Program Income on CORE

NOTE: *This bulletin has been revised to include new instructions for claiming regular expenditures and other expenditure report changes. **This bulletin replaces and obsoletes CSB09-06.***

Purpose

This child support bulletin explains how to report expenditures and revenues on the Department of Workforce Development CORE system and should be read in conjunction with other resource materials listed at the end of this bulletin.

Background

This bulletin communicates the requirements for reporting all program expenditures and revenues/program income appropriately on CORE. When reported correctly, child support revenues/program income will offset child support program expenditures on the federal quarterly OCSE-396A Child Support Enforcement Program Financial Report.

Failure to report IV-D program expenditures and IV-D revenues/program income accurately could have audit consequences. The county may be subject to repayment or penalties if auditors later determine that child support expenditures and/or revenues/program income were reported incorrectly. Counties are required to maintain backup documentation for all expenditures and revenues/program income reported.

CORE Report Format

The first section of the Child Support Expenditure CORE report includes identifying information for the contract: county name, contact name, contact phone number, CORE agency number, email address, whether this is a final report for the contract year, reporting period, and FAX number.

The next section of the CORE report explains when reports are due and when payments will be deposited after the report is filed.

The reporting section consists of four areas:

- Revenues/Program Income,
- Expenditures-Reimbursable,
- Service Contract Revenue and Expenditures-Nonreimbursable, and
- Misc. Programs not applicable to all counties.

The CORE report format is updated as needed to simplify reporting, provide more information, and reflect changes in federal requirements. Announcements will be made when the CORE report is updated to advise counties to use the new report format.

Reporting Revenues/Program Income

Under federal regulations, all child support program income (revenues) must be used to offset the state's administrative costs for the IV-D program. A recent federal Office of Inspector General (OIG) audit found that some counties had failed to report unclaimed funds as program income on CORE. This bulletin clarifies that unclaimed funds or any other program income must be reported on CORE. The CORE data is used for the federal *OCSE-396A Child Support Enforcement Program Expenditure Report*.

Child support program income includes payments for:

- Fees and costs paid directly to the CSA by child support case participants;
- Fees paid by case participants to cooperating agencies for services provided under a cooperative agreement; and/or
- Court-ordered recovery of costs or fees paid to the Wisconsin Support Collections Trust Fund and applied to KIDS system-level accounts.

CSA program income that must be reported includes the following:

- IV-D application fees;
- Recovery of costs for genetic testing;
- Service of process or other costs;
- Certain filing fees if the clerk of courts has a cooperative agreement with the child support agency;
- Fees associated with services provided under other cooperative arrangements; and
- Any other fees or costs recovered for services rendered by the child support program.

The CORE report lines used to report revenues/program income are as follows:

Application and Other Fee Income - CORE Line Code 7480

Report on this line all fees and recovered costs, whether processed through the CSA or KIDS.

These fees include, but are not limited to:

- IV-D application fees;
- vital record fees;
- process server fees;
- court costs;
- attorney costs;
- lab fees;
- and miscellaneous costs or fees.

When fees are paid through KIDS, counties will receive a month-end check with the corresponding D562 EOS Report (KACZ). These fees and their corresponding system-level accounts are: 51-Blood Test Costs (Genetic Testing), 100-Process Service Costs, 101-Vital Statistics Costs, 103-Court Costs, 104-Attorney Costs, and 105-Miscellaneous Costs.

When fees are paid to the county by a participant and not processed by KIDS, the county must maintain supporting documentation and report these fees on this line.

Service Contract Income - CORE Line Code 7483

This line is for Specialized Services Contract Fees-payments received from another agency for services provided. A Specialized Services Contract is a contract established between county child support agencies in which one child support agency provides child support program services for the benefit of another child support agency. Do not report these fees on any other Revenue line or net with any other Expenditure(s).

Interest Earned on IV-D Collections - CORE Line Code 7490

This line is for interest earned on IV-D collections in the county's bank account. Since IV-D collections are no longer processed by the counties, there should be no interest for counties to report on this line. If there is interest related to county unclaimed child support funds, it is reported as part of Unclaimed Funds-CORE Line Code 7493.

Unclaimed Funds - CORE Line Code 7493

All income from county unclaimed funds on IV-D cases, including interest related to unclaimed funds, are to be reported as child support program revenue as required by federal regulations. Since IV-D collections are no longer processed by the counties, there should be no unclaimed funds for counties to report on this line.

Reporting Expenditures-Reimbursable

Child support expenditures must be reported on the appropriate CORE lines. The CSA must maintain the financial records and backup documentation to support all expenditures claimed for child support reimbursement. The following are the CORE Line Code definitions and descriptions.

The CORE report lines used to report reimbursable expenditures are as follows:

Regular Expenditures- CORE Line Codes 7478, 7476, and 7491

These lines should include all child support program expenditures not reported on any other line. Costs incurred by the CSA staff include, but are not limited to salaries, fringe benefits, telephone, postage, printing, office supplies, travel, furniture, acquisition for items under \$5,000, and depreciation expense for items over \$5,000.

Purchases of equipment **with a unit** cost over \$5,000 must have prior approval by DCF. Please contact your regional administrator for more information.

Contracts with private attorneys and private process servers must be reported on this line.

Do not report fees, indirect costs, and cooperative agreement costs on this line.

Steps for Reporting on CORE Lines 7478 and 7476

- Using the CORE Contract Balance report from the prior month, review the contract balance for line 7556 CS ARRA Funded Incentives.
- If the county has a balance on that line, take the **contract balance** (not the contract amount) and divide it by 34% (known as the 34% Calculation).
- This amount is the total that can be reported on line 7478 Regular Expenditures-Matchable. This calculation will need to be done each month until the contract balance for line 7556 is zero.
- If the monthly reportable expense is greater than the 34% calculation, report the calculated amount on line 7478 and the balance on line 7476 Regular Expenditures-FFP (66%).
- If the contract balance for line 7556 is zero, report all expenditures on line 7476 Regular Expenditures-FFP (66%).

In summary:

- 1) Regular Expenditures up to the 7556 Contract Balance using the 34% Calculation**
Report this amount on line 7478 Regular Expenditures-Matchable.
- 2) Regular Expenditures Greater than 34% Calculation**
Report any remainder of the calculation above on line 7476 Regular Expenditures-FFP (66%).
- 3) Contract Balance Line 7556 is Zero**
Once the contract balance on line 7556 is zero, keep reporting on line 7476 Regular Expenditures-FFP (66%).

Steps for Reporting on CORE Line 7491

Counties with carryover contract balances from 7497 and 7491 will report on line 7491. The reimbursement for this line is 34% from Contract Line 7491 and 66% from CORE line 7555 CS 66% FFP ARRA Funding. The amount to report on this line is calculated in the same way as line 7478 Regular Expenditures-Matchable. See the section below for more reporting instructions.

- Using the CORE Contract Balance report from the prior month, review the contract balance for line 7491 CS Special Improv FFY06 Incentives.
- If the county has a balance on that line, take the **contract balance** (not the contract amount) and divide it by 34% (known as the 34% Calculation).
- This amount is the total that can be reported on line 7491 Special Improvement & FFY06 Incentives. This calculation will need to be done each month until the contract balance for line 7491 is zero.
- If the monthly reportable expense is greater than the 34% calculation, report the calculated amount on line 7491 and the balance on line 7476 Regular Expenditures-FFP (66%).
- If the contract balance for line 7491 is zero, report all expenditures on line 7476 Regular Expenditures-FFP (66%).

ARRA Plan Expenditures – CORE Line Code 7479

This CORE expenditure line has been created to track the county's approved ARRA Plan Expenditures as required by the State of WI. The ARRA Plan Expenditures contract line 7554 is drawn down 34%. Counties will need to frequently review the contract balance to prevent over reporting expenditures on line 7479. If the expenditures for the ARRA Plan are greater than the amount submitted, the county will need to submit a revised/additional ARRA Plan.

Do not report any other expenditures on this line.

Indirect Cost - CORE Line Code 7467

Indirect costs attributable to the child support program are reported based on the county cost-allocation plan. Indirect costs may be reported monthly or quarterly, and will be reimbursed along with the direct cost reimbursement.

County Cooperative Agreements - CORE Line Code 7474

Expenditures related to intra-county cooperative agreements must be reported on this line. These costs are limited to the expenditures incurred under a signed cooperative agreement and must be attributable to the child support program.

The CSA is required to develop a methodology to determine the portion of the cooperating agency's costs that are attributable to child support cases. Costs incurred by a cooperating agency may include, but are not limited to: salaries, fringe benefits, telephone, postage, printing, and office supplies.

Expenses incurred by cooperating agencies should be reported on this line *minus any fees collected by those agencies* because there is no CORE line for fees/revenue received by cooperative agencies. Fees/revenue subtracted on this line would be any fees paid by IV-D participants to a cooperative agency for work performed by the cooperative agency.

Example: The clerk of courts' (COC) charges time and pro-rated copier costs to the IV-D program for copies of court orders provided to case participants. The COC also charges participants for copies of court documents. *Net out* the COC costs by subtracting the fees collected from participants from the gross costs claimed under the cooperative agreement.

Do not report child support expenditures incurred by a cooperative agency on any other line.

Do not report costs associated with outside contracts, including contracts with private attorneys, process servers, and genetic testing, on this line.

Qualifying Non-IV-D Activities - CORE Line Code 7505

Per CSB07-19, these expenditures are suspended from funding until further notice; however, please keep reporting.

Federal financial participation (FFP) is available for certain Non-IV-D fiscal activities for Non-IV-D cases in which the first court order was established after January 1, 1994. The Non-IV-D fiscal activities eligible for reimbursement are conducting case audits, answering account questions, adjusting accounts, and entering court orders for cases with active income withholding.

Costs associated with generating an income withholding notice for Non-IV-D cases are never eligible for FFP funding and should not be reported on this line.

Reporting Service Contract Revenue and Expenditures-Nonreimbursable

These CORE lines are for counties that have Specialized Service Contracts in place.

SC Income-Non-qualifying Non-IV-D (Non-FFP) - CORE Line Code 9483

Contract payments from Specialized Service Contracts must be reported on this line by the provider county for Non-FFP-Eligible services as child support program income.

Do not report any income associated with FFP-Eligible IV-D activities on this line.

SC Expenditures-Non-qualifying Non-IV-D (Non-FFP) - CORE Line Code 9505

Specialized Service Contract payments by the payer county must be reported on this line for Non-FFP-Eligible services received by the provider county.

Do not report this expenditure on any other line.

Reporting Miscellaneous Programs not Applicable to All Counties

These CORE lines only apply to a few counties. The following are the CORE Line Code definitions and descriptions.

Children First - CORE Line Code 7700

This line is reserved for expenditures for county child support agencies administering the Children First program, and may not be used by any other counties. Other counties report Children First expenditures through the W-2 program, not the child support program.

County Shared Costs--Child Support (for CS agencies that are a part of a Human Services Agency) - CORE Line Code 8466

Report the county-allocated indirect costs incurred by counties where the child support program is under the umbrella of the Human Services or Social Services Agency on this line.

IV-D Recordkeeping Requirements

The IV-D agency, in discharging its fiscal accountability, must maintain an accounting system and supporting fiscal records adequate to assure that claims for federal funds are in accord with applicable federal requirements. The retention and custodial requirements for these records are prescribed in 45 CFR 74 and further discussed in *Child Support Bulletin 07-01 Retention of Records for Child Support Administrative Cost Claims*.

CORe Reporting Changes:

- **New CORe Report**-Child support agencies must use the new report form on the CORe website. This form contains new line codes for reporting that are based upon funding. If the new form is not used, the submitted CORe report will be returned to the county for correction.
- **New “Regular Expenditures” Line Codes**-The GPR Regular Expenditure Line 7475 and Performance Incentives Line 7497 have been removed from the CORe Child Support Expenditure Report. Those lines have been replaced with two new lines: CORe Line 7478 Regular Expenditures-Matchable, CORe Line 7476 Regular Expenditures-FFP (66%), and CORe Line 7479 ARRA Plan Expenditures.
- **Contract Balances**-Each county will be responsible to watch their contract balances using CORe report “Contract Balance by Agency” for CORe Line Codes 7556 CS ARRA Funded Incentives, 7491 CS Special Improv FFY06 Incentives, and 7554 ARRA Plan. Any amounts over the contract balances will need to be moved to the appropriate CORe Line Code, except CORe Line 7554 ARRA Plan, which will need to have a revised ARRA Plan submitted due to the funding source. The DWD Grants Section, which is responsible for CORe, will not be contacting counties about over contract balances.