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To: Child Support Agency Directors

From: Director, Bureau of Child Support

Subject: **ARRA Plan Requirements**

The American Recovery and Reinvestment Act (ARRA) temporarily reinstates federal matching funds on incentive payments which States spend on the child support program. This legislation has a two-year limit; child support incentive payments may be used to draw down federal matching funds for the period October 1, 2008 through September 30, 2010.

With the passage of ARRA, \$5.5 million in general-purpose revenue (GPR), which had been allocated by the State legislature to replace the lost incentive funds, is withdrawn and will be replaced with matchable incentive funds. See *Sections A and B* on the attached *CY 2009 Child Support Funding Analysis* spreadsheet.

In CY 2009, an *additional* \$8,479,015 in incentives and federal matching funds will be available to pay for additional projects and operational expenses under an approved ARRA Plan. See *Section C: Incentives/Match Available for State/County Projects, on the attached CY 2009 CS Funding Analysis Calculations*.

Supplement, Not Supplant

OCSE has cautioned states that federal stimulus funds are intended to *supplement, not supplant* or replace other child support funding. Child support regulations at 45 CFR 305.35 require that states expend all incentive payments to carry out the IV-D program and meet minimum reinvestment levels. Wisconsin will meet federal reinvestment minimums in 2009 if counties maintain County Contribution levels at 90% or above CY 2008 levels.

Allowable Costs

ARRA Incentive funds may only be spent on child support activities. These funds may be used to hire child support staff and pay CSA operational costs. The CSA may increase funding under cooperative agreements and may implement new child support projects. CSAs should plan to address immediate program needs during the economic downturn, and consider investments in infrastructure projects that will reduce long-term costs.

Funds may only be spent on child support activities that are *otherwise allowable* under federal regulations. For more information about allowable costs, see Child Support Bulletin 05-01.

CSAs are reminded that equipment with a unit cost of \$5,000 or more is considered a capital expenditure and is subject to depreciation. Under certain circumstances, equipment with a unit cost of \$5,000 or greater may be charged as direct cost with prior DCF approval. Please contact your Child Support Regional Administrator for more information.

ARRA Plans and Federal Reporting

The CSA must develop a spending plan (ARRA Plan) to access the additional funds. Upon approval of the CSA's ARRA Plan, BCS will release incentive funding (34%) needed to cover the total amount of funding requested under the ARRA Plan. The CSA may submit multiple ARRA Plans throughout 2009 for approval to expend up to the full amount of funding available as shown in *Section C*.

The CSA's ARRA Plan must be submitted using the attached Budget Worksheets. CSAs will be required to track ARRA Plan expenditures separately. In addition, CSAs must report new or retained staffing on the attached FTE Reporting Form.

To obtain approval of ARRA Plans, the agency must comply with ARRA requirements, including:

- **Non-supplant Restrictions:** To ensure that child support reinvestment minimums are maintained, ARRA Incentives and matching funds must be used to *supplement, not supplant*, county child support funding. That is, counties may not *replace* county funding with ARRA funding. The county must maintain the required minimum County Contribution from local budget resources.
- **Fund Only Child Support Activities:** Incentive funds may only be spent on child support activities, and may be used to hire child support staff and pay CSA operational costs. Funds may be spent only on child support activities that are otherwise allowable under federal regulations.
- **Tracking and Reporting:** The CSA must track the amount of ARRA plan/project funds separately from regular funding and report the expenditures separately on CORE line 7479. The CSA must report the number of jobs retained or created, during the term of the plan/project.
- **Accountability:** Maintain a list of projects or activities for which ARRA funds are obligated and expended, and ensure that established methods to track ARRA accountability and transparency requirements are in place.
- **Changes to CSA Budget or Cooperative Agreements:** If the county board takes formal action to change the CSA budget, it will be necessary to send the amended CSA budget to your Regional Administrator. If the CSA changes cooperative agreements or cooperating agency budgets, the signed agreement and/or revised budget must be sent to the Regional Administrator no later than the last day of the quarter in which the duties are performed and expenditures are increased.

Plan Approval and Reimbursement

Plans submitted to the Regional Administrators by the 15th of a month will be approved on time to pay expenses claimed for the prior month.

For example: On July 30, Badger County sends an ARRA Plan to the Regional Administrator totaling \$100,000. The Regional Administrator approves and notifies BCS. On August 16, BCS notifies CORE to upload \$34,000(34%) for the Badger County Plan. The CSA submits July ARRA expenses on CORE line 7479 on August 23. July ARRA expenses will be paid by August 31.

ARRA State and Federal Reporting

We have been advised that additional state and federal reporting will be required to account for ARRA funding and ARRA jobs created. DCF will use the ARRA Costs reported on CORE Line 7479 to report ARRA Plan expenditures, and the FTE Reporting Form to report the number of new positions created or positions retained with ARRA funding.

Attachments:

CY09 CS Funding Analysis Calculations

CSA Budget Worksheet

County ARRA FTE Survey