

Appendix C. State Discussion Questions

State UDC Interview Questions

A. Compiling Data for the OCSE-34A Report

1. OCSE-34A Report – what process does the state go through to identify the amounts to be reported in this report? How does the system identify previously “distributed” amounts that come back undeliverable?
 - a. Line 6, “Collections available for distribution” – the total amount of collections eligible for distribution by the State during the quarter, including those amounts received during the quarter and those amounts remaining undistributed from a previous quarter.

[(lines 1 + 2 + 3) minus (lines 4 + 5)]
 - b. Line 9, “Gross Undistributed Collections” – the amount of collections that the State was unable to distribute during the quarter.

[(line 6 minus line 8) or (line 9a + line 9b)]
 - c. Line 9a, “Undistributable Collections” – the portion of collections reported on Line 9 that, despite numerous attempts, the State has determined it will be unable to distribute in accordance with the provisions of Section 457 of the SSA and unable to return to the NCP. Under State law, these amounts are considered to be “abandoned property.” If State law does not require that abandoned property be identified each quarter, this line may be left blank in quarters where such a determination is not made. This amount is considered “program income” and must be included in the entry reported on Line 2b of Form OCSE-396A, the “Quarterly Report of Expenditures for the Child Support Enforcement Program.”

[Direct Entry]
 - d. Line 9b, “Net Undistributed Collections” – the amount of collections that remain available for distribution in a future quarter.

[line 9 minus line 9a]

- e. Line 7c, “Distributed to Family (or foster care)” – collections not included on either lines 7a or 7b that are distributed either to the family or to the foster care agency to be used on the child’s behalf.

[Direct Entry]

2. If line 9a must be reported as program income, and monies escheated are not available for the IV-D program’s use, this can’t be used to offset admin costs for the state (see instructions for line 2b on the OCSE-396A). How does the state deal with this issue?
3. Per Instructions for OCSE-34A, states are to use this line to make any adjustments when a distribution is uncashed, or returned as undeliverable. How does the system track this when stale-dated checks and returned checks are an issue? Where are these reported on the OCSE-34?
4. What are the escheat procedures for the state and when is it reported as program income? Please provide a copy of your state’s escheat statute(s) that apply to child support collections.
5. The UDC Workgroup has been discussing the issue of those undistributed collections that would become distributed after the end of the quarter, but for the monthly support obligation that has not yet rolled over.

For example, in WA state, a large proportion of the collections they report as undistributed at the end of a quarter are collections that would be distributed at the beginning of the month following the end of the quarter (e.g. payments that come on cases on March 31st that will automatically apply to the April obligation on the 1st of April).

So here are my questions:

- (1) Do you see this as an issue for your state?
- (2) Is it possible to get your undistributed amounts from your system at the beginning and/or mid-month (after the bulk of beginning/end-of-month processing is finished) and, if so, would it be burdensome to report it? The reason I ask is because we’re looking for some volunteer states to provide their data at the beginning of the month following the end of a fiscal quarter to see if there is indeed a big difference between the amounts reflected as UDC via reporting as the states do now, vs. reporting after the first of the month.

B. Categorization of Undistributed Collections

1. How does the state categorize undistributed collections (e.g., unidentified payments, interstate payments, special instruction holds, legal impediments, IRS holds, future payments, overpayments, no address for CP, etc.)?
2. Do you have amounts of UDC by category on any reports, or can you provide the breakout from the most recent OCSE-34A submitted? If yes, please provide.
3. How are the various categories handled for the purposes of resolution?
4. Is there a priority in the handling of the various categories?
5. Which categories do you perceive as being caused by factors outside your control?
6. Which categories do you perceive as being caused by factors arguably within your control?

C. Payment Processing

1. What is the process for payment processing, identifying unidentified payments, putting payments into suspense, etc.? Do you have a flow chart you could share? If yes, please provide a copy.
2. Do you have any statistics on how implementation of EFT/EDI may have impacted your UDC rates? What percentage of your employer payments are EFT?
3. How much work on unidentified payments is centralized vs. done in the local offices?
4. How much work on distribution-related UDC (as opposed to unidentified) is centralized vs. done in the local offices?
5. How are monthly “problem” payments/cases resolved (e.g., recurring special distribution instructions, employer issues, etc.)?

D. Systems-Related Issues and Solutions

1. What types of system-related remedies have you put in place to prevent some UDC-related issues (emancipation, changes in obligation, etc.)?

2. When you receive an overpayment for a case, does the system still apply what it can to the case and dump the rest into suspense?
3. Does the state use imaging technology for processing payments and resolving UDC?
4. Does the state use scannable payment coupons or billings with payments?

E. Policy and Procedures

1. Can you give us current written policy/procedures on distribution, cash processing, etc.? If yes, please provide.
2. Is the state holding IRS collections on joint returns? If so, for how long?
3. Which of the following have impacted your UDC rates, and if so, have you found a way to minimize the impact?
 - i. changes to distribution rules under PRWORA
 - ii. change to “date of collection” rules under PRWORA
 - iii. Plan A vs. Plan B distribution implementation
 - iv. \$50 disregard (continuation or discontinuation)
 - v. implementation of new TANF program by the State’s IV-A program, and/or IV-A/IV-D computer interface issues
 - vi. moving to, or from a private vendor (from, or to, State-run program)

Appendix D. Task Order 19 Discussion Topic Organizer

Reducing the Amount of Undistributed Collections OCSE Task Order 19: Technical Assistance Delivery to Big 8+1 States

Thank you in advance for providing your feedback. Your responses will help develop effective strategies for delivering technical assistance to States for reducing the amount of undistributed collections. Please provide a contact person for follow up questions.

State:	
Contact Name:	
Contact Telephone Number:	

Please return your responses to Brian Laatsch at blaatsch@policy-studies.com by March 12, 2001.

1. What is the estimated percentage of undistributed collections in your State for the following categories as of the end of September 2000?

Undistributed Collection Category	Percentage of All UDC
a. Payment to Custodial Parent which Is "Undisbursed" or Returned to the State because of Invalid Address	
b. Federal Tax Refund Offset Held During Review Period	
c. State Tax Refund Offset Held During Review Period	
d. Non-Tax Refund Collections Held During Review Period	
e. Refunds of Overpayments to Noncustodial Parents	
f. Refunds of Overpayments to Employers and Income Providers	
g. Refunds of Overpayments to Other Political Entities	
h. Unidentified Payments	
i. Future Child Support Payments	
j. Child Support Payments Processed and not yet Certified for Check Issuance	
k. Child Support Payments Processed but not yet Transferred to TANF or IV-E Agency	
l. Other:	
m. Other:	
n. Other:	

2. Please briefly describe the focus and general approach of any special projects your State has done to reduce the amount of undistributed collections.

3. What strategies has your State pursued through your payment processing procedures and technology to reduce the amount of undistributed collections? Please include your sense of the impact that EFT/EDI technology has had on reducing UDC.

4. What strategies has your State pursued with your computer system to reduce the amount of undistributed collections?

5. What statutes or administrative policies has your State enacted to reduce the amount of undistributed collections?

6. Please rank each issue on a scale of one to five, with five indicating "highest priority". The priority indicates how pressing you believe it is for your State to address the issue relative to the other issues on the list.

Issue	Rank Priority
a. Improving strategies to locate custodial parents who have child support payments waiting to be disbursed to them.	
b. Developing a method to identify in-state payments that were initially unidentified.	
c. Developing a method to identify interstate payments that were initially unidentified.	

Issue	Rank Priority
d. Developing a procedure to quickly refund payments to obligors, employers, and political entities.	
e. Developing Procedures to Identify the Root Causes that Lead to Undistributed Collections.	
f. Other:	
g. Other:	
h. Other:	

Appendix E. State UDC Categorization Schemes

STATE	UDC CATEGORIES	UDC RATE 2 ND QTR FY01
Alaska	<ul style="list-style-type: none"> • Unidentified payments • Distribution holds (no order, no current case, etc.) • “Legitimate Holds” • IRS holds • Future holds • Permanent Fund Dividend holds (must be manually applied) • Judicial appeals • End-dated address for CP • Custodial parent change (but no order yet) 	14.16%
Arizona	<ul style="list-style-type: none"> • AZ has 40+ suspense reject codes. 	9.93%
Colorado	<ul style="list-style-type: none"> • Undeliverable • Canceled (uncashed check) • Manual Hold • Identified Suspense (20 different reason codes) • Unidentified (worked by their SDU vendor) 	1.08%
Connecticut	<p>The state categorizes their Unapplied UDC Payments into 18-20 categories, the biggest of which are:</p> <ul style="list-style-type: none"> • IRS/State tax offset (only category managed primarily by state staff) • Wrong file number (SDU primarily manages) • Unidentified payments (usually money orders – SDU manages) • Nothing owed (overpayments) • No Futures • No Case Set Up/Order exists • No Wage Withhold on Record Yet (employer sends in payment prior to agency receiving acknowledgment of wage withhold by employer) 	4.04%
Delaware	<ul style="list-style-type: none"> • Delaware does utilize any type of categorization scheme for their UDC payments. 	26.10%
Georgia	<ul style="list-style-type: none"> • Unidentified (both payor and payee) • Funds in Error (distribution – also used if account not set up) 	7.69%

STATE	UDC CATEGORIES	UDC RATE 2 ND QTR FY01
	<ul style="list-style-type: none"> • Escrow (funds not disbursed due to bad address, 15-day hold on NCP refunds, 30-day hold on IRS and state tax intercepts). 	
Idaho	<ul style="list-style-type: none"> • ID does not categorize or prioritize their undistributed collections by reason code. 	0.99%
Indiana	<ul style="list-style-type: none"> • IN has 25+ suspense codes. 	17.97%
Kansas	<ul style="list-style-type: none"> • Debt Paid In Full • Invalid Case Number • Invalid Court Order Number (KS uses CTO numbers as one type of case identifier) • Invalid Person Number • Manual Reapplication (necessary for adjustments to payments applied manually) • Manual Distribution (set by worker) • Multi Payor on Order (unable to determine which party on order is the payor) • No Debt on Court Order (no current debt on existing order) • No Debt/Overpayment • No Debt for Person • No Debt to Post Historical Payments to (NOTE: this is an accounting category only – payments previously reported to OCSE that were on Kansas’ old system that need to be put on case to build payment history – these are not UDC) • No Person Account (no obligation established) • Overpayment Notice • Overpayment Refund • “PROCCANREF” – staff couldn’t recall what this was; they will get back to me • Research (unidentified payments) 	6.27%
Louisiana	<ul style="list-style-type: none"> • Bad addresses (system will disburse payment automatically when good address is input into the system); • Backed out payments (canceled checks) • Distribution Error (LA reports that this category is rarely used) • AFDC futures (system will set alert at worker and supervisor level for review) • Journal Entry Errors (manual adjustment didn’t go through – these are also rare) • Manual Distribution (worker has put in special 	2.15%

STATE	UDC CATEGORIES	UDC RATE 2 ND QTR FY01
	<p>instructions)</p> <ul style="list-style-type: none"> • No debt to distribute to (no order on case yet) • Posting hold (held at the case level) • Potential Refund (usually IRS) • User Suspended • Unidentified Payments 	
Massachusetts	<ul style="list-style-type: none"> • Distribution Holds – funds held at CP level (returned checks, stale-dated checks, no valid address) – field office workers may resolve some of the “no valid address” payments; otherwise the balance of these are worked by central office. • Collection Holds – funds held for enforcement reasons (bank levies, funds over certain amount – to prevent NSF’s – IRS holds, no arrears on case, no obligation set yet, no court order yet, futures). This category makes up the majority of MA’s UDC payments. • Suspense – also known as “unidentified” – these payments are only for those where the payor is unknown. 	16.33%
Maine	<ul style="list-style-type: none"> • Unidentified Receipts – cashier section can resolve about 95% of these UDC payments; remainder is sent to central office with copy of check; of the remainder, most are non-IVD cases not yet set up on the system. • Identified Undistributed (aka Futures) – very few of these, primarily non-TANF cases where some piece of information is missing on the system. Division staff resolve these payments. • TANF UDC – caused by IVA-IVD interface problems; usually occurs at rollover; system generates a monthly report for caseworkers for staff intervention. • Held Receipts – these are usually worker initiated (distribution hold set on case) – they are resolved manually; system generates an alert for the next day and monthly reports are generated. • Address Hold – when there is no confirmed address on the system and/or there is an end-date to the current address that has been 	3.79%

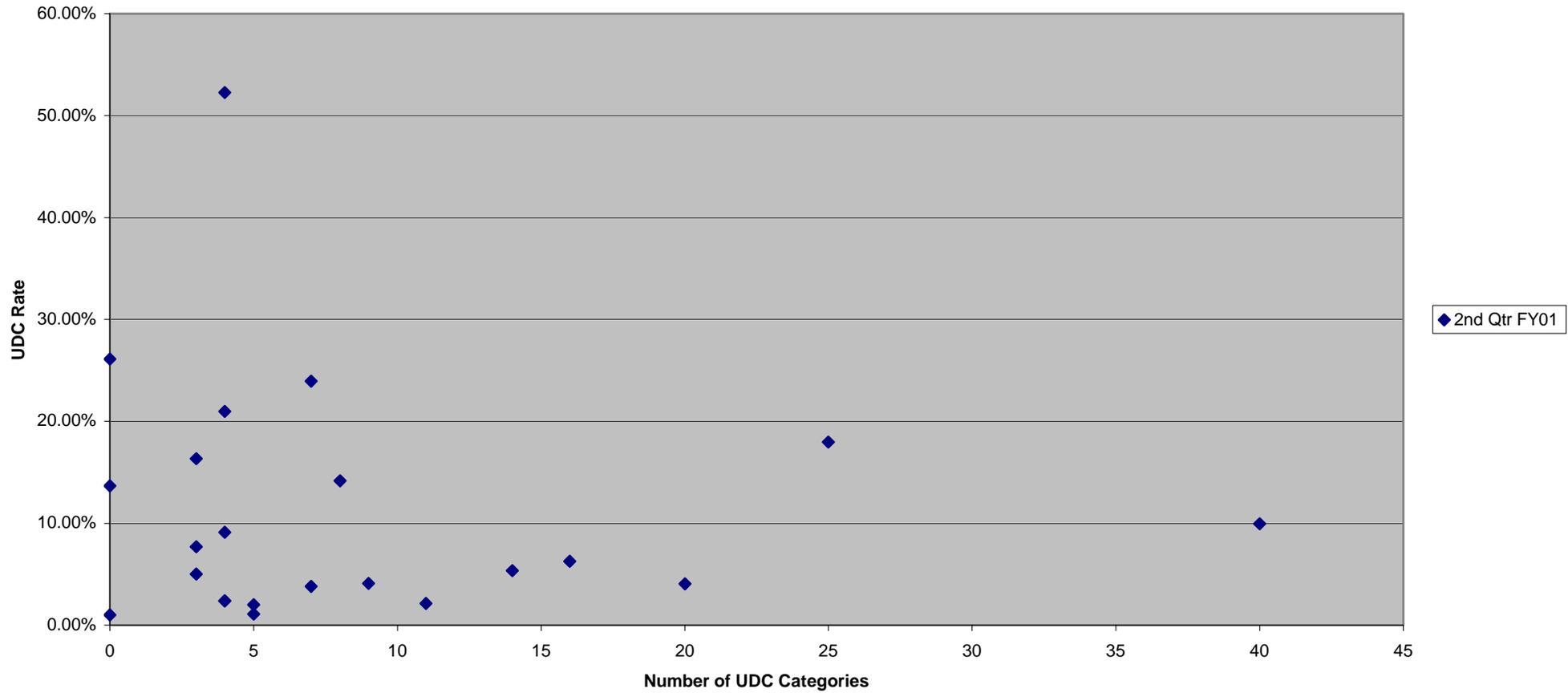
STATE	UDC CATEGORIES	UDC RATE 2 ND QTR FY01
	<p>reached, the system will put payment on address hold. System will put case into auto-locate (system looks for address, DOB, name and SSN).</p> <ul style="list-style-type: none"> • Payee Hold – this category is usually worker-initiated – either a check has come back undeliverable, or there is a question about the payee on the case. • IRS Hold – Maine holds IRS payments on joint returns for up to 6 months (policy). No worker intervention is required since this is a hold mandated by their state law. 	
Minnesota	<ul style="list-style-type: none"> • Unidentified (payor unknown) – accounts for very little of the UDC, “under \$200.” • Suspense (most of their UDC): includes: <ul style="list-style-type: none"> - Funds remaining - No income withhold in place - No active obligation - Interstate - IRS payments - CP deceased - Rejected disbursements (includes cases where CP has no address) 	5.00%
Missouri	<ul style="list-style-type: none"> • User-initiated holds • No debt to apply payment to • No address • Unidentified 	20.97%
Nevada	<ul style="list-style-type: none"> • Six-month hold for IRS joint returns • Distributed, but not disbursed to CP/NCP (something needs to be “fixed” before \$\$ will go—e.g., order, conversion error needs fixing, etc.) • Insufficient information from employer (unidentified) • State-dated checks (from old bank account) 	9.12%
New Mexico	<ul style="list-style-type: none"> • Prior period collection • Futures • Unreleased (due to batch processing, posted but not released – typically \$0 in this category) • IRS Tax holds • Manual Hold; either worker generated, or payment is greater than \$5K and needs review 	23.94%

STATE	UDC CATEGORIES	UDC RATE 2 ND QTR FY01
	<p>prior to disbursement; may also include holds due to court action</p> <ul style="list-style-type: none"> • Suspended (pending, unidentified, interstate) • Excess Holds (no valid obligation or no order) 	
Oregon	<ul style="list-style-type: none"> • Suspense (contains unidentified payments and payments put on manual hold by the caseworker) • Future payments • Check Recon System (holding account for all checks that come back undeliverable, uncashed – account serves all agencies under their umbrella organization, including IVA and IVE) • Adjust (overpayments that cannot be applied to a debt or future obligation) 	2.39%
Tennessee	<ul style="list-style-type: none"> • Unidentified – note: TN has not been able to work the backlog of these payments since the statewide system was implemented (due to other PRWORA priorities); they will begin working on the backlog during the next year. • IRS Joint Returns • Distribution holds – TN reports that this is the largest proportion of their UDC; it is made up of a variety of subcategories: no order, no case set up, closed case (these are payments that the system could not distribute to a case). • Disbursement Holds – these are payments that have been distributed to a case, but there is no valid CP address, or the payment was returned due to a bad address, or CP is deceased. 	52.27%
Utah	<ul style="list-style-type: none"> • Amount of check is small • Undeliverable/Stale-Dated checks • Tax holds • Interstate payments • Unidentified payments (no participant – unable to post to a case) 	2.02%
Virginia	<ul style="list-style-type: none"> • Virginia has 14 different suspense categories. 	5.33%
Washington	<ul style="list-style-type: none"> • Unidentified (4%) • Special handling instructions, requiring manual intervention (17%) • Held for financial/debt set up on the system (9%) • Future support (70%) 	2.39%

STATE	UDC CATEGORIES	UDC RATE 2 ND QTR FY01
Wisconsin	<ul style="list-style-type: none"> • Invalid address • Six-month joint tax intercept hold • Five-day tax intercept hold (state tax intercept?) • All obligations paid • Accounting Review • Future Obligation Date • An Open Subaccount Exists but Cannot be Paid • Case Worker Review • Miscellaneous Hold 	4.09%
Wyoming	<ul style="list-style-type: none"> • Wyoming has no system to categorize UDC, no reports that break down UDC. They report that they have no “real idea” of what comprises their UDC amounts. 	13.67%

Appendix F. UDC Categories Scatter Graph

UDC Rates as a Function of Number of Categories



Appendix G. Undistributed Collections 2nd Quarter FFY 2001

UNDISTRIBUTED COLLECTIONS

FY 2001 2nd quarter	Available for Distribution line 6	Gross UDC line 9	UDC as % of collections (line 9 / line 6)	FY 00 2nd Qtr Gross UDC	Change in UDC from Previous FY	% Change in UDC from Previous FY
ALABAMA	\$54,357,503	\$3,096,133	5.70%	\$2,338,180	\$757,953	32.42%
ALASKA	19,751,090	2,796,633	14.16%	2,513,079	283,554	11.28%
ARIZONA	59,400,013	5,897,016	9.93%	5,266,119	630,897	11.98%
ARKANSAS	36,459,460	3,142,347	8.62%	2,990,079	152,268	5.09%
CALIFORNIA	641,555,564	191,569,375	29.86%	133,228,030	58,341,345	43.79%
COLORADO	47,137,834	507,436	1.08%	1,253,783	-746,347	-59.53%
CONNECTICUT	48,768,737	1,969,159	4.04%	441,257	1,527,902	346.26%
DELAWARE	17,685,735	4,616,810	26.10%	4,042,924	573,886	14.19%
DIST. OF COL.	10,681,973	1,701,351	15.93%	2,739,754	-1,038,403	-37.90%
FLORIDA	212,014,013	41,690,613	19.66%	46,902,685	-5,212,072	-11.11%
GEORGIA	103,901,484	7,988,460	7.69%	4,094,074	3,894,386	95.12%
GUAM	5,851,130	3,803,784	65.01%	2,384,216	1,419,568	59.54%
HAWAII	19,380,002	3,093,862	15.96%	845,507	2,248,355	265.92%
IDAHO	21,997,752	217,505	0.99%	-187,125	404,630	216.24%
ILLINOIS	108,446,219	14,495,911	13.37%	571,985	13,923,926	2434.32%
INDIANA	110,888,224	19,928,868	17.97%	21,192,102	-1,263,234	-5.96%
IOWA	59,032,928	2,907,888	4.93%	2,898,707	9,181	0.32%
KANSAS	36,427,450	2,285,082	6.27%	1,462,673	822,409	56.23%
KENTUCKY	74,650,729	14,172,795	18.99%	1,584,254	12,588,541	794.60%
LOUISIANA	62,456,202	1,344,096	2.15%	491,443	852,653	173.50%
MAINE	24,362,226	922,216	3.79%	4,170,670	-3,248,454	-77.89%
MARYLAND	119,667,034	29,932,212	25.01%	6,798,347	23,133,865	340.29%
MASSACHUSETTS	102,894,193	16,805,184	16.33%	14,586,236	2,218,948	15.21%
MICHIGAN	359,208,526	22,501,179	6.26%	32,536,067	-10,034,888	-30.84%
MINNESOTA	132,722,408	6,632,321	5.00%	6,163,547	468,774	7.61%
MISSISSIPPI	45,984,125	6,424,649	13.97%	3,237,850	3,186,799	98.42%
MISSOURI	114,659,884	24,041,064	20.97%	22,034,612	2,006,452	9.11%
MONTANA	11,096,011	728,138	6.56%	662,719	65,419	9.87%
NEBRASKA	41,998,295	5,116,560	12.18%	2,225,689	2,890,871	129.89%
NEVADA	23,189,131	2,115,533	9.12%	965,665	1,149,868	119.08%
NEW HAMPSHIRE	\$19,122,902	\$1,383,854	7.24%	\$900,225	\$483,629	53.72%
NEW JERSEY	189,854,757	9,098,491	4.79%	7,264,344	1,834,147	25.25%
NEW MEXICO	13,067,516	3,128,933	23.94%	2,907,775	221,158	7.61%
NEW YORK	349,029,521	56,410,346	16.16%	48,356,172	8,054,174	16.66%
NORTH CAROLINA	121,149,266	16,083,231	13.28%	14,908,541	1,174,690	7.88%
NORTH DAKOTA	13,688,769	1,356,734	9.91%	1,848,709	-491,975	-26.61%
OHIO	375,757,771	11,067,605	2.95%	66,851,138	-55,783,533	-83.44%
OKLAHOMA	28,235,529	538,047	1.91%	983,075	-445,028	-45.27%
OREGON	69,788,969	1,666,503	2.39%	3,721,754	-2,055,251	-55.22%
PENNSYLVANIA	328,471,761	21,205,747	6.46%	21,171,345	34,402	0.16%
PUERTO RICO	52,216,881	3,987,010	7.64%	4,691,476	-704,466	-15.02%
RHODE ISLAND	15,500,658	2,772,428	17.89%	2,028,498	743,930	36.67%
SOUTH CAROLINA	62,375,324	7,482,950	12.00%	4,632,961	2,849,989	61.52%
SOUTH DAKOTA	12,524,570	1,376,370	10.99%	1,040,006	336,364	32.34%
TENNESSEE	143,891,453	75,219,152	52.27%	71,699,886	3,519,266	4.91%
TEXAS	322,982,323	31,450,569	9.74%	38,263,082	-6,812,513	-17.80%
UTAH	32,247,783	652,720	2.02%	721,134	-68,414	-9.49%
VERMONT	11,621,361	1,999,522	17.21%	1,370,183	629,339	45.93%
VIRGIN ISLANDS	1,947,251	187,434	9.63%	437,165	-249,731	-57.13%
VIRGINIA	107,584,852	5,729,433	5.33%	5,573,596	155,837	2.80%
WASHINGTON	144,605,071	3,457,008	2.39%	3,866,949	-409,941	-10.60%
WEST VIRGINIA	45,255,943	12,263,195	27.10%	7,510,804	4,752,391	63.27%
WISCONSIN	149,709,767	6,123,769	4.09%	5,412,299	711,470	13.15%
WYOMING	12,390,043	1,693,327	13.67%	725,477	967,850	133.41%

TOTAL **\$ 718,778,558**
 2nd Qtr FY00 Total **\$647,321,722**

