



North Carolina Department of Health and Human Services Division of Social Services

2420 Mail Service Center • Raleigh, North Carolina 27699-2420

Beverly Eaves Perdue, Governor
Lanier M. Cansler, Secretary

Sherry S. Bradsher, Director
(919) 733-3055

June 8, 2009

Dear County Director:

Attention: IV-D Directors, Child Support Managers and Supervisors

Subject: American Recovery and Reinvestment Act of 2009
Revisions to Child Support Enforcement Federal Incentive Match

The American Recovery and Reinvestment ACT of 2009 (ARRA), public law 115-5 will now allow state and counties to match their Incentive funds. ARRA temporarily changes the child support authorization language to allow the use of Federal incentive payments as the share of expenditures eligible for Federal match. This change is effective October 1, 2008 through September 30, 2010. Based on the passage of the Deficit Reduction Act (DRA) of 2005, the federal match on incentive funds was eliminated as of October 1, 2007. Incentive funds received after that date required expenditures to be submitted on the DSS-1571 as a "IV-D non-reimbursable incentive".

Effective immediately through September 2010 (Service Month: August 2010), eligible incentive expenditures should not be coded as non-reimbursable expenditures (code 123-4, or function code 79 on column 10). Due no later than June 22, 2009, counties can submit a written request to the Controller's office to adjust eligible incentive expenditures reported after October 1, 2008 on the DSS-1571 to claim 66% Federal funds. The written request must include the following: a dollar amount to be moved and a statement certifying that the expenditures being moved were made from Child Support Incentive dollars. No reclass request will be processed without this information. Counties should copy their Local Business Liaison (LBL) with this request.

Effective June 2009 (Service Month: May 2009), the Office of the Controller will issue new DSS-1571 codes to report eligible Child Support expenses that must be used through September 2010 (Service Month: August 2010). The amounts must not exceed actual Incentive Revenue received since October 1, 2008. This reporting will allow the State to track the Federal dollars received as a result of the American Recovery and Reinvestment Act (ARRA).

Fiscal Manual guidelines regarding purchasing and direct charging must be followed on the items purchased (example: data processing equipment). These guidelines can be found at the following link, Section III B:

<http://info.dhhs.state.us/olm/manuals/oc/fsc/man/>.

Although there are no new federal requirements for spending incentive funds, these funds must be reinvested in the Child Support program pursuant to federal regulations. However, the state requires these funds to be tracked separately. For your convenience, the DHHS Purchasing/Contract Procedures When Using ARRA Funds is attached for your use. Also attached is a sample copy of a contract and Attachment M - Contract Provisions ARRA Funds. The federal match on the Incentive funds are ARRA funds and, if you contract for the use of the incentive funds, these forms should be used in order to track the funds. If you contract to spend ARRA Funds, these forms are recommended.

If you have any questions regarding tracking and processing incentives, please contact the LBL assigned to your county or you may contact Michele Tart at (919)255-3803

Sincerely,

A handwritten signature in black ink, appearing to read "Barry Miller". The signature is written in a cursive style with a large initial "B".

Barry Miller, Chief
Child Support Enforcement Section

Attachments

cc: Sarah Barham
Debbie Hawkins
Myra Dixon
Child Support Program Representatives
Local Business Liaisons

09-06