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Robert Doar
Commissioner

October 27, 2004

Mr. Frank J. Houston
Office of the State Comptroller
Division of State Services
State Audit Bureau
123 William Street – 21st Floor
New York, NY 10038

Re: OSC Follow-up Report: Undistributed
Child Support (2004-F-25)

Dear Mr. Houston:

The following is the New York State Office of Temporary and Disability Assistance (OTDA) response to the Office of the State Comptroller (OSC) Undistributed Child Support Follow-up Report.

We appreciate the level of effort put forth by OSC staff to understand and accurately portray our efforts to date on this matter. We are confident that our managed and integrated approach to the issue of undistributed collections has resulted in significant accomplishment and can support a determination by OSC that recommendations 4 and 5 are fully implemented. That said, we also realize the need and we remain committed to providing the ongoing operations and monitoring necessary to reduce and avoid the incidence of undistributed collections. As such, the following is an update of our continuing efforts with respect to OSC Recommendations 1, 2 and 3.

OSC Follow-up Observations

Recommendation 1 - Implement a public service outreach program that may include a website as well as print, radio, and/or television advertisements announcing that undistributed child support finds exist and offering suggestions on how to make inquiries of districts.

“providing temporary assistance for permanent change”

Status - Partially Implemented – Agency Action - According to OTDA officials, the initial phase of the DCSE website was launched on October 18, 2002. One of the key client services the website provides is the ability for custodial and non-custodial parents to view recent payment histories. Included on the payment history page is the total arrears owed, which identifies undistributed amounts for each child support account. The web page prompts both custodial and non-custodial parents to contact local districts if they have any questions about their accounts. OTDA is exploring modifications to this prompt to include language specific to undistributed collections. In conjunction with this website, DCSE is in the process of establishing a help desk where parties will be able to better facilitate the release of undistributed collections that belong to them. However, OTDA has not yet initiated any print, radio or television advertisements to inform the public that undistributed child support funds exist.

OTDA Response: We continue to make progress in this area and we are in the early stages of mapping out discrete web page text prompts that correspond to the 44 SPEC code scheme/definitions referenced in our response to OSC Recommendation 3. For example, if an account has undistributed funds due to an address issue, we plan to provide a descriptive message to the custodial parent to that effect and direct them to contact either their local district or the help desk. This should enable web users to make informed decisions thereby preventing unnecessary or misdirected UDC inquiries.

Recommendation 2 - Require districts to develop and submit formalized plans for OTDA 's approval, with the objective of reducing undistributed child support. Such a plan should address the current status of undistributed child support for the district, as well as staffing utilization, reduction methodologies, the number of cases and amount of undistributed child support to be disbursed, and the maximum level of undistributed child support that should remain in the balance.

Status - Partially Implemented – Agency Action - In January 2004, DCSE established a task force to address the issue of undistributed collections. The task force consists of representatives from six counties and New York City, which account for 90 percent of the State's undistributed collections. Two goals of the task force are to develop automated and non-automated reduction methods, and to assist in the development of local districts' formalized plans. In addition, the task force will address methods for reducing undistributed collection balances, and enhancing the Child Support Management System's capabilities to capture and sort child support information and generate reports. These functions support the task force's overall plans to reduce the undistributed child support balance. In addition, the task force has identified eight issues that hamper the distribution of child support. These issues are being researched through pilot projects, which will be shared with the districts when they are fully tested. One of these pilot projects will identify specific steps in the distribution process that can be automated. For those steps that cannot be automated, all local districts will be required to submit formalized work plans.

OTDA Response: Since the on site follow-up review by OSC staff, the UDC task force continues to meet bi-weekly resulting in progress in the various undistributed collection initiatives. Specific accomplishments include:

The custodial parent locate project, which was designed to physically locate custodial parents with UDC money has progressed to the address verification stage. Beginning the week of October 18, 2004, 1,000 "Address Verification Letters" (AVLs) were mailed to custodial parents at the address leads resulting from the locate project data matches. The AVLs were mailed to those custodial parents who have the highest undistributed funds amount. These letters request verification of the current mailing and, if different, residential address and stress the importance of receiving the correct information on the child support case. These 1,000 AVLs were sent with the inclusion of a pre-addressed postage paid return envelope bearing a P. O. Box address utilized exclusively for this project. This project also integrates the automatic updating capability of the 44 SPEC field referenced in response to OSC Recommendation 3.

The task force also made substantial progress on the non-custodial parent refund of overpayment project. The account eligibility selection criterion remains the critical business decision for this initiative. However, the all-important criteria for the first category of "safe refunds" has been determined. The first stage of this project will focus exclusively on New York City accounts and their process of refunding to non-custodial parents. OTDA, having identified the "safe refund" accounts, is working with New York City to finalize the release of funds for these accounts. Upon evaluation of this phase, we plan to roll this process out to all other local districts.

Additionally, the task force has agreed on seven enhancements to expand the allowable payment identification criteria used by our Centralized Collection Processing agent to process non-custodial parent payments that do not include identifying information. The primary benefit of this initiative is its proactive nature that will eliminate or reduce the need to unnecessarily place funds in suspense accounts pending further investigation.

Recommendation 3 - Require the districts to issue periodic reports of funds disbursed, cases closed, growth in new cases and undistributed funds, the number of cases submitted to Family Court, and the number of cases forwarded to County Treasurers or to the New York City Commissioner of Finance.

Status - Partially Implemented – Agency Action - OTDA officials stated that the existing fund distribution reports need enhancement to make the data more useful. Although the enhanced reports have not yet been finalized, the task force has identified 9 major new categories and 51 subcategories of undistributed child support funds, enabling districts to better code and track undistributed collection balances. Districts are using the new categories and subcategories on an interim basis in reporting undistributed collections.

OTDA Response: The task force members continue to review and code their respective UDC cases. Since the OSC follow-up review, the codes have been updated twice by the task force. As recently as October 19th, 4 new codes were added and the definition of 1 code was clarified. In addition, every effort is made to automatically update the 44 SPEC code field as part of both pilot projects and ongoing processes. Once the coding is complete, detailed production reports will be available to both local districts and OTDA, virtually eliminating the need for local reporting back to OTDA.

Thank you for the opportunity to comment on your follow-up findings.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Doar', with a long horizontal flourish extending to the right.

Robert Doar