

## **DISTRIBUTION/DISBURSEMENT**

### **INTRODUCTION**

#### **GENERAL INFORMATION**

This chapter contains information on the following topics:

1. [Distribution changes to due to the Deficit Reduction Act of 2005 \(DRA\);](#)
2. [Distribution changes due to the Personal Responsibility Work Reconciliation Act of 1996 \(PRWORA, commonly referred to as "Welfare Reform"\);](#)
3. [The financial accounts and subaccounts used by ACTS;](#)
4. [The accounting system used by ACTS;](#)
5. [The charging process used by ACTS;](#)
6. [The rules of distribution used by ACTS;](#)
7. [Other information related to distribution and disbursement.](#)

### **DISTRIBUTION - DEFICIT REDUCTION ACT OF 2005 (DRA)**

#### **GENERAL INFORMATION**

This topic contains information on the following subjects:

1. [An overview of the distribution changes that resulted from the Deficit Reduction Act of 2005 \(DRA\);](#)
2. [The arrearage categories defined by DRA;](#)
3. [DRA's effect on how support is distributed based on case type;](#)
4. [DRA's effect on how the distribution of support is prioritized.](#)

#### **DISTRIBUTION CHANGES OVERVIEW - DRA (DEFICIT REDUCTION ACT OF 2005)**

The Deficit Reduction Act of 2005 (DRA), Public Law 109-171, revises the assignment of support rights and distribution requirements. It limits the assignment of support rights to the State to the amount of support that accrues during the period when a family receives assistance, not to exceed the cumulative amount of unreimbursed assistance. The definition and calculation of [URPA](#) (Unreimbursed Public Assistance) remain the same, except that DRA rules of distribution have changed the effect that the URPA balance has on the distribution of support.

In an effort to distribute more support to the family, North Carolina discontinued assignments for pre-assistance arrearages in accordance with DRA. Under DRA, child support arrearages that accrue when a client is not receiving Public Assistance are no longer assigned to the State while the client is receiving Public Assistance. Those Non-Public Assistance arrearages that are owed to the client remain payable to that client.

#### **ARREARAGE CATEGORIES DEFINED - DRA**

Under the Deficit Reduction Act of 2005 (DRA), Non-Public Assistance (NPA) arrearages are not assigned to the State (or rolled over to a

subaccount that is payable to the State) when a client starts to receive:

- Temporary Assistance for Needy Families (TANF);
- Work First Family Assistance (WFFA); or
- Work First Benefits (WFB).

These are collectively referred to as "TANF".

However, caseworkers might need to create or update several of the subaccounts as defined by [PRWORA](#) when entering specific financial information in ACTS. Some PRWORA subaccounts that contain past due support owed to the client (TEMP, UNDA, UNPA, COND) still appear in ACTS. For more information, see [Arrearage Categories Defined - PRWORA](#).

ACTS uses the following extension (subaccount) types:

1. PERMANENTLY ASSIGNED ARREARS (AFDC/IVE or TANF) - These are arrearages that accumulate while a client receives Public Assistance (PA); they are paid to the State.
2. NEVER ASSIGNED ARREARS (NPA) - These are Non-Public Assistance (NPA) arrearages that are paid to the client.
3. UNASSIGNED PRE-ASSISTANCE ARREARS (UNPA) - These are arrearages that accrue for a child support order prior to IV-A or IV-D involvement. UNPAA arrearages are paid to the client.
4. CONDITIONALLY ASSIGNED ARREARS (COND) - These are arrearages that are rolled to this type of subaccount from an existing Temporarily Assigned Arrears (TEMP) subaccount when the case type changes from "AFDC" to "NPA" or "MAO."

#### **SUPPORT DISTRIBUTION BASED ON CASE TYPE - DRA**

##### ***AFDC CASE TYPES (TANF/WFFA/WFB Recipients) -***

Clients assign their rights to receive child support to the State as a condition of TANF eligibility. All current support that is collected while the client is receiving Public Assistance is paid to the State, until the URPA balance equals \$0.00. The support collected in excess of the URPA balance is paid to the client.

The frequency amount on arrearages is payable to the subaccount to which the frequency amount is assigned. All collected support that exceeds the URPA balance is paid according to the distribution hierarchy. Disbursements to the State occur at the end of the month. Disbursements to the client can occur during the month or, under certain circumstances, at the end of the month.

##### ***NPA CASES (That Never Received TANF) -***

Clients receive all current support and arrearages.

##### ***NPA CASES (That Were Previously TANF) -***

Clients receive all current support and the arrearages up to the "Never Assigned Arrears" (NPA) balance. All paid support is

distributed according to the distribution hierarchy, regardless of the URPA balance.

For more information on PRWORA support distribution based on case type, see [Support Distribution Based on Case Type - PRWORA](#).

#### **DISTRIBUTION PRIORITY - DRA**

Child support collections under DRA follow the same distribution hierarchy as under [PRWORA](#). First, child support collections satisfy current support (CSUP). After CSUP is paid, any remaining money is distributed to arrearage subaccounts with a frequency amount attached. Unadjudicated arrearages are paid before adjudicated arrearages within each subaccount type. As each subaccount's arrearage balance is paid off, the remaining payment amount due is applied to the next appropriate subaccount balance. Child support that is collected for cases with no frequency amount due on arrearages is distributed according to the same distribution hierarchy.

The following table shows the order in which arrearage categories are satisfied:

##### **ARREARAGE CATEGORY**

Never Assigned Arrears (NPA)  
Unassigned Pre-Assistance Arrears (UNPA)  
Conditionally Assigned Arrears (COND)  
Temporarily Assigned Arrears (TEMP)  
Permanently Assigned Arrears (AFDC/TANF)  
Unassigned During Assistance Arrears (UNDA)  
Permanently Assigned Arrears (IV-E)  
State Foster Home Fund Arrears (SFHF)  
Medical Arrears (MEDI)  
Out-of-State Arrears (OSTA)  
Legal Fees (AFLG)  
Parental Kidnap Fees (AFKD)  
Paternity (Genetic) Tests (AFBT)  
IRS Interest (AFII)  
Credit Card Fees (AFCC)  
Not Sufficient Funds Fees (AFNF)

For more information, see [Rules of Distribution Used by ACTS](#).

#### **DISTRIBUTION - WELFARE REFORM (PRWORA)**

##### **GENERAL INFORMATION**

The Personal Responsibility Work Opportunity and Reconciliation Act of 1996 (PRWORA, commonly referred to as "Welfare Reform") was superceded by the requirements of the Deficit Reduction Act of 2005 (DRA). For more information, see [Distribution - DRA](#). However, many of the subaccounts and PRWORA arrearage categories could still appear for cases with orders that were established prior to October 31, 2009. This topic contains information on the following subjects:

1. [An overview of the distribution changes that resulted from the Personal Responsibility Work Opportunity Act of 1996 \(PRWORA, commonly referred to as "Welfare Reform"\)](#);

2. [The arrearage categories defined by PRWORA;](#)
3. [PRWORA's effect on how support is distributed based on case type;](#)
4. [PRWORA's effect on how the distribution of support is prioritized;](#)
5. [PRWORA's effect on how intercepted State income tax refunds are distributed.](#)

#### **DISTRIBUTION CHANGES OVERVIEW - PRWORA (WELFARE REFORM)**

PRWORA (commonly referred to as "Welfare Reform") was superceded by the requirements of the Deficit Reduction ACT of 2005 (DRA). For more information, see [Distribution Changes Overview - DRA](#).

PRWORA changed the way that child support was distributed. The State kept all child support that it collected for TANF and IV-E cases and used it to reduce the [URPA/URPF](#) balances.

The "URPA" balance is the total unreimbursed public assistance paid for a TANF case PLUS the current month's assistance payment MINUS the amount of support that was collected for the current month and used to reimburse the State for that assistance.

The "URPF" balance is the total unreimbursed public assistance paid on behalf of a child in a IV-E case PLUS the current month's assistance payment MINUS the amount of support that was collected for the current month and used to reimburse the State for that assistance.

Once the URPA/URPF balance equaled zero (\$0.00), any remaining child support collections was paid to the family. For more information on how URPA/URPF affects distribution, see [URPA/URPF](#).

#### **ARREARAGE CATEGORIES DEFINED - PRWORA**

PRWORA (Welfare Reform) defined the following arrearage categories:

1. PERMANENTLY ASSIGNED ARREARS (AFDC/IVE or TANF) - These were arrearages that accumulated while a client received Public Assistance (PA); they were paid to the State.
2. NEVER ASSIGNED ARREARS (NPA) - These were Non-Public Assistance (NPA) arrearages that were paid to the client.
3. TEMPORARILY ASSIGNED ARREARS (TEMP) - In compliance with the Deficit Reduction Act of 2005 (DRA), ACTS no longer creates TEMP arrearages. These were NPA arrearages that the client accrued before he/she began receiving PA. When an NPA client became PA, the "Never Assigned Arrears" that were assessed to the client became "Temporarily Assigned Arrears" and the "Never Assigned Arrears" balance became \$0.00. "Temporarily Assigned Arrears" did not accrue. When the URPA balance was \$0.00 and the client stopped receiving PA benefits, any "Temporarily Assigned Arrears" were paid to the family.

On October 1, 2000, PRWORA (Welfare Reform) mandated that "Temporarily Assigned Arrears" be made payable to the client and not the State. As a result, the following new arrearage subaccounts were added to ACTS financials. These new arrearage subaccount types refer to former PA cases; they have been redefined based on [DRA requirements](#).

1. CONDITIONALLY ASSIGNED ARREARS (COND) - These were arrearages, less than or equal to the amount of URPA, that rolled from TEMP subaccounts once the family left the PA program.
2. UNASSIGNED DURING ASSISTANCE ARREARS (UNDA) - These were all of the previously assigned (AFDC) arrearages that accrued DURING the receipt of PA and exceeded the cumulative amount of URPA when the family left the PA program.
3. UNASSIGNED PRE-ASSISTANCE ARREARS (UNPA) - These were all of the temporarily assigned (TEMP) arrearages that accrued PRIOR TO the receipt of PA and exceeded the cumulative amount of URPA when the family left the PA program.

These subaccounts were created during the rollover process when TANF clients became former PA clients. The AFDC and TEMP arrearages were split between one or all of the three new arrearage subaccounts. The client's URPA balance at the time of case type change was used to determine how the arrearages were split. If the client has multiple cases, the URPA balance was split equally between all open cases with that participant as an active client.

*NOTE: If the client had multiple cases and a case closed after the system had distributed the URPA balance, the system DID NOT redistribute the URPA balance among the open cases. Local CSS caseworkers SHOULD NOT send an adjustment request or use the calculator to redistribute URPA to open cases.*

CONDA, UNDA, and UNPA arrearage subaccounts could be created by local caseworkers when creating or updating court orders. CSS Central Office Distribution Unit workers could create these arrearage subaccounts when adjusting subaccount balances.

The only exception to money being disbursed from a COND subaccount to the client was Federal tax intercept, which was paid to the State if the client had an URPA balance.

For more information on DRA arrearage categories, see [Arrearage Categories Defined - DRA](#).

#### **SUPPORT DISTRIBUTION BASED ON CASE TYPE - PRWORA**

##### ***TANF/IV-E Cases -***

All child support that was collected (whether current support or arrearages) was paid to the State until the URPA/URPF balance equaled \$0.00. Any remaining amount was paid to the client.

##### ***NPA Cases (That Never Received TANF/IV-E) -***

Clients received all current support and arrearages.

##### ***NPA Cases (That Were Previously TANF/IV-E) -***

Clients received all current support and the arrearages up to the "Never Assigned Arrears" (NPA) balance. If URPA/URPF was greater than \$0.00, the "Temporarily Assigned Arrears" (accrued before receiving Public Assistance) and the "Permanently Assigned Arrears" (accrued while receiving Public Assistance) were paid to the State until

URPA/URFA equaled \$0.00. When URPA/URPF equaled \$0.00, "Temporarily Assigned Arrears" and "Permanently Assigned Arrears" were paid to the client.

For more information on DRA support distribution based on case type, see [Distribution Based on Case Type - DRA](#).

#### **DISTRIBUTION PRIORITY - PRWORA**

Child support collections under PRWORA followed the same distribution hierarchy as under DRA. For more information, see [Distribution Priority - DRA](#).

#### **DISTRIBUTION OF STATE INCOME TAX INTERCEPTS**

Under PRWORA, State income tax intercept money follows the same distribution scheme as regular support. If the NCP has not paid the current support obligation and State income tax intercept funds are applied to the case, current support is satisfied before arrearages. If any excess remains after this transaction, it is applied to arrearages according to regular support distribution hierarchy. However, Federal tax intercept payments continue to be distributed to arrearages only.

North Carolina General Statutes indicate that tax intercept collections in excess of the certified amount are to be refunded to the NCP. The CSS Central Office is responsible for identifying cases with excess State tax intercept funds, placing the money on "hold", and sending a refund to the NCP. A refund check should be issued within twenty-four (24) hours of identifying the excess.

### **FINANCIAL ACCOUNTS AND SUBACCOUNTS**

#### **GENERAL INFORMATION**

This topic contains information on the following subjects:

1. [An overview of the financial accounts and subaccounts used by ACTS;](#)
2. [System accounts;](#)
3. [Agency accounts;](#)
4. [Case accounts;](#)
5. [Participant accounts;](#)
6. [The subaccounts used by ACTS;](#)

#### **ACCOUNTS/SUBACCOUNTS OVERVIEW**

ACTS uses the different types of accounts to track how funds from child support collections "flow" through the system. The system also uses "subaccounts" within some of these account types to track the flow of funds more precisely.

#### **SYSTEM ACCOUNTS**

ACTS uses "System Accounts" to handle funds that are not currently associated with a specific participant or case. System accounts are used to store all funds that are received into the system and all funds that are disbursed from the system.

#### **AGENCY ACCOUNTS**

State and local agencies have their own "Agency Accounts" in ACTS. The account numbers for CSS agencies correspond to their FIPS (Federal Information Processing System) code numbers.

#### **CASE ACCOUNTS**

Every case in ACTS is assigned a "Case Account" number, which is the same as its CSS case (IV-D) number. As funds move through the system, they often move from the payor's "Participant Account" into the appropriate case account(s). In the normal flow of funds, the money then moves from the case account to the payee's participant account or to a "System Account".

As funds move from a case account to the payee's participant account in the normal money flow, ACTS credits the payment toward the obligation that is owed to that payee. This reduces the balance of the subaccount that is used to track that obligation. For example, when payments are applied to a current child support obligation in a NPA case throughout the month, the balance in the Current Support subaccount is reduced at the same time that the money moves from the case account to the payee's participant account.

#### **PARTICIPANT ACCOUNTS**

Every participant is assigned a "Participant Account" number, which is the same as his/her MPI number. In the normal flow of funds, money moves from Cash Receipts system account to the NCP's participant account whenever a collected payment is posted. The money then moves from the NCP's participant account to the case account(s) for which the NCP is a payor. After the money is distributed, it moves from the case account(s) to the appropriate payee's participant account. (For NPA cases, the funds are then disbursed to the appropriate payee.)

#### **SUBACCOUNTS USED BY ACTS**

ACTS uses "subaccounts" to record and track financial activities and to modify the balances of the different obligations that might exist for a case. Some subaccounts are created when CSS caseworkers add "extensions" to a court order. Other subaccounts are created ONLY by ACTS to record certain types of financial activities (such as tracking the amount of unadjudicated arrearages, recoupment account activities, assessment and collection of mandatory annual fees, etc.) Once these subaccounts have been created, local caseworkers and/or CSS Central Office Distribution Unit workers can make adjustments to them - in certain situations.

#### **HOW THE ACTS ACCOUNTING SYSTEM WORKS**

## **GENERAL INFORMATION**

This topic contains information on the following subjects:

1. [An overview of the ACTS accounting system;](#)
2. [Nightly processing;](#)
3. [End of month processing;](#)
4. [Calendar month distribution;](#)
5. [Special processing for income withholding and Interstate payments;](#)
6. [Distribution/disbursement for Foster Care \(IV-E/SFHF\) cases.](#)

## **ACTS ACCOUNTING SYSYTEM OVERVIEW**

At the most general level, the ACTS Accounting System performs the following functions:

1. Receives collections;
2. Disburses payments;
3. Keeps track of obligations; and
4. Provides a means to modify accounts in response to new information, changes in case circumstances, and identified errors.

When ACTS performs these functions, it creates "Financial Events" to keep a detailed historical record of the financial activities that have occurred for the cases and participants. These financial events can be made up of one or more "Financial Transactions" that give even more detailed information about the activities that have occurred.

When a payment is posted in ACTS, the system applies the funds from that payment to the appropriate case accounts. Then the system distributes the funds to the appropriate subaccounts (which were created when the caseworker entered extensions during the order establishment or modification process), and the funds are disbursed to the appropriate payee(s).

ACTS keeps a complete records of the payments, distributions, and disbursements that are made. These records can be accessed for a specific case, participant, payment, and/or disbursement.

## **NIGHTLY PROCESSING**

ACTS processes daily collections during the nightly batch processing. These collections enter the Cash Receipts account when deposits are made to the State Treasurer's bank account for CSS. These deposits consist of payments made to the NCCSCC operation by employers, NCPs, other states, local Clerks of Court, the military, and the Cherokee Tribal Court. Payments made to the NCCSCC are posted into ACTS through a nightly file transfer from NCCSCC to ACTS. The State Controller's office certifies the deposit to the State Treasurer's bank account by accessing the receipts file from NCCSCC and verifying EFT transactions.

Nightly processing affects all collections that were posted during that business day as well as any funds from previous days that could not be processed due to "holds" or because there was insufficient information available in the system. Accounts on "hold" with a release date in the future are bypassed during nightly processing until the release date is reached.

A [charging process](#) also occurs each night, but it only affects certain cases on any given night, based on the charge frequency of that case's order. The following functions take place during this charging process: [delinquency testing](#), [account charging](#), and/or [billing](#). The time that each of these functions is performed can also vary according to the case's charge frequency.

#### **END OF MONTH PROCESSING**

Under [PRWORA](#), further distribution and disbursement occurred at the end of each calendar month. No money was disbursed to clients in active TANF cases until end-of-month processing was completed.

Now funds are disbursed according to the DRA distribution hierarchy, so a TANF client might receive support during the month for an "AFDC" case. Under DRA, the following rules govern the end-of-month distribution for TANF cases:

1. Collections are first applied to the current support that is owed during the current month. These funds are distributed to the State as a reimbursement of the current month's TANF grant (up to the amount of the [URPA](#) balance).
2. Any collected funds that are left over after the current support order has been satisfied is then applied to arrearages. These arrearages could have accrued after the court order was established, or they could have been entered as retroactive obligations at the time the order was established.

The manner in which collections for these arrearages are distributed depends on the distribution hierarchy. Once current support is satisfied, the excess collection is applied first to the subaccount that has a frequency amount due.

Once the arrears frequency amount is satisfied, the distribution of additional funds depends on the next subaccount balance in the hierarchy. If that subaccount balance is owed to the client, funds are disbursed to the client when they are received. Once that subaccount balance is satisfied, any remaining funds are disbursed based on the amount of the arrearages and the client's URPA balance.

Any collections toward PA arrearages are distributed to the State and also serve to reduce the client's URPA balance as well as the arrearage balances. When the client's URPA balance equals "\$0.00", collections toward PA arrearages are distributed to the client. See [Calendar month distributions](#) below.

#### **CALENDAR MONTH DISTRIBUTION**

ACTS takes the following factors into consideration when distributing collections:

1. The monthly obligation amount. This is the amount of current support that the NCP is ordered to pay during the calendar month. For weekly orders, this is the weekly payment amount that is due multiplied by the number of weeks (4 - 5) in the month;
2. The distribution hierarchy: current support, arrearages with a frequency amount, arrearages with no frequency amount.
3. The amount of any payments from the NCP that are collected during the calendar month. The effective date of a payment determines the calendar month to which that payment is applied;
4. For active TANF cases, the grant amount for the calendar month and the amount of the URPA balance.

For distribution purposes, ACTS considers any amount that is collected during the calendar month and that is equal to or less than the monthly obligation as payment for CURRENT SUPPORT (up to the amount of the URPA balance). ACTS considers any collected amount that is in excess of the monthly obligation as payment for a PRIOR month's debt. When all prior months' debts have been satisfied, any excess funds are held as "future money" in the NCP's account.

ACTS distributes collected funds in the following manner:

1. Under PRWORA, the State/Federal government retained all collections for TANF, IV-E, and other Public Assistance cases, until the total URPA/URPF balance (URPA + Current Months Grant) equaled "\$0.00". ACTS made no distinction between current support and arrearage payments, and no distinction was made based on the date of collection. Once URPA/URPF was "\$0.00", any collected funds that remain were disbursed to the client. Under DRA, funds that are collected for TANF cases are distributed according to the distribution hierarchy (current support first, then arrearages with a frequency amount due, and last arrearages with no frequency due). Therefore, based on the distribution hierarchy, a TANF client could receive a child support payment during the month, regardless of whether or not an URPA balance or AFDC balance exists. Payments in excess of the current support and arrearage balances are held as "future money" at the NCP's account level.
2. Collected payments for cases with clients who are currently NOT receiving Public Assistance are distributed in one of the following ways:
  - A. For cases that have NEVER been Public Assistance (PA), the client/family gets all collections that are in excess of the mandatory \$25 fee for CSS services that is assessed annually. Collections are applied to the "FEE" subaccount (if the annual fee is assessed), to current support, and then to arrearages.
  - B. For cases that HAVE been PA in the past:
    - 1.) The client receives all payments towards current support for the calendar month and towards Non-Public Assistance (NPA) arrearages, according to the distribution hierarchy.

- 2.) Once all arrearage balances that have a higher priority in the hierarchy are \$0.00, the State receives payments towards PA arrearages until the URPA balance reaches "\$0.00". Then the client receives any collections towards the PA and other remaining arrearages.

For cases that are coded "NPA", the monthly obligation amount, the frequency amount on an arrearage subaccount, and the amount that is collected control the distribution calculation. ACTS distributes all current support and arrearage payments that is paid directly to the case's payee within two (2) business days of receipt by N.C. agency.

If an URPA balance exists from the time when a case was a PA case, ACTS holds any payments that are distributed to a PA arrearage subaccount until the end of the calendar month. At that time, collections are compared with the client's URPA balance in order to determine the actual distribution of the collection.

ACTS maintains two separate sets of balances at each subaccount level. One set of balances tracks court ordered arrearages and delinquency (charging balances, frequency due, period amount due, etc.) The other set of balances tracks the distribution of funds for calendar month obligations (calendar month obligation due, distribution balances, etc.) The nightly distribution process distributes funds, based on the distribution balances and the calendar month obligations that are due.

The month-end subaccount initialization process sets up the calendar month obligations of each subaccount for the distribution of money during for the following month. The charging process sets up new period amounts due and past due balances, based on court-ordered charging cycle dates.

If the case changes from PA to NPA and distributions have already occurred in that calendar month PRIOR TO the case type change, ACTS notifies the responsible CSS caseworker. Caseworkers then review the distributions for that case. If a court order modification is made that affects CSUP calendar month distributions have already occurred in the calendar month prior to the order modification, ACTS also notifies the responsible caseworker. Caseworkers might need to request a manual adjustment to the distributions for the case.

#### **SPECIAL PROCESSING FOR INCOME WITHHOLDING AND INTERSTATE PAYMENTS**

In order for funds to be distributed and disbursed properly, the date when the NCP made the payment is recorded in ACTS. This date is called the "Payment Effective Date".

For over-the-counter payments and payments that are mailed directly from the NCP to the Clerk of Court, the effective date is the same as the date when the money is received in the office. However, for interstate and income withholding payments, the effective date is almost always prior to the date when the payment is received.

The effective date for an income withholding payment is the date when the money was withheld from the NCP's income. The effective date for an interstate payment that is not made through income withholding is

the date when the NCP made the payment to the responding state. The responding state is required to provide this date to the initiating state.

Federal regulations require that income withholding and interstate payments be distributed and disbursed in precisely the same manner that they would have been disbursed if they had been posted on the date when the NCP made the payment. Recording the effective date allows the system to distribute and disburse money in accordance with Federal regulations.

#### **DISTRIBUTION/DISBURSEMENT FOR FOSTER CARE (IV-E/SFHF)**

##### ***IV-E (FOSTER CARE) CASES/SUBACCOUNTS***

ACTS processes payments that are applied to current support for IV-E (Foster Care) cases and cases with IV-E (Foster Care) subaccounts in the following manner:

- On the night when a payment is posted in ACTS, the funds are distributed to the system account for in-state Foster Care.
- At the end of the month, these funds are moved to a "shares" account.
- The funds are disbursed around the 17th of the next month in the following manner:
  1. For amounts up to the minimum boarding rate (regardless of the court-ordered amount), sixty-six percent (66%) is disbursed to the IV-E Federal Shares account and the remaining thirty-four percent (34%) is divided equally between the State agency and the applicable county agency. Funds to the county agency are transmitted to the County Finance Officer.
  2. Any funds over the minimum boarding rate (up to the obligation amount) that is paid to the above entities are disbursed to the applicable county's DSS Director once a month.

Funds that are applied to IV-E arrearages are retained by the State to repay [Unreimbursed Foster Care \(URPF\)](#), if an URPF balance exists. These funds are divided between Federal, State, and local agencies, using the same percentages that were described in Step # 1.

##### ***SFHF (STATE FOSTER HOME FUND) CASES/SUBACCOUNTS***

ACTS processes payments that are applied to current support for SFHF (State Foster Home Fund) case in the following manner:

- On the night when a payment is posted in ACTS, the funds are distributed to the appropriate SFHF agency account.
- At the end of the month, these funds are moved to a "shares" account.
- The funds are disbursed at the end of the month in the following manner:

1. For amounts up to minimum boarding rate (regardless of the court-ordered amount), funds are divided equally between the State agency and the applicable county agency. Funds to the county agency are disbursed to the County Finance Officer.
2. Any funds over the minimum boarding rate are disbursed to the County Finance Officer.

## CHARGING PROCESS USED BY ACTS

### GENERAL INFORMATION

This topic contains information on the following subjects:

1. [An overview of the ACTS charging process;](#)
2. [A list of terms associated with the ACTS charging process \(with definitions\);](#)
3. [Delinquency testing;](#)
4. [Account charging;](#)
5. [Charging periods for weekly and biweekly child support orders;](#)
6. [Billing.](#)

### CHARGING PROCESS OVERVIEW

ACTS performs the following functions during the charging process:

1. [Delinquency testing;](#)
2. [Account charging;](#)
3. [Billing.](#)

### TERMS USED IN THE CHARGING PROCESS (WITH DEFINITIONS)

The following terms are used in the charging process:

#### **"ADJUDICATED ARREARS (or ARREARAGES)" -**

This is the amount of unpaid current support (or other obligations) that a court has ruled as debt owed by the NCP. Caseworkers can present the judge with the amount of unadjudicated arrearages that an NCP has accumulated, and the judge can adjudicate (or dismiss) all or part of the debt. The court can also set a Frequency Amount for the NCP to pay toward these arrearages.

#### **"BILLING PERIOD" -**

This is the period of time that elapses between each bill that is sent to an NCP. The first billing period for an obligation begins on the effective date of the court order for that obligation. Each year has twelve (12) billing periods, which coincide with the charging periods for the ordered obligation.

#### **"CHARGE FREQUENCY" -**

This is the period of time that the NCP has been ordered to pay a specified amount toward his/her current support and/or arrearage obligation(s). If the NCP is ordered to pay \$50.00 per week for current support, his/her Charge Frequency is "weekly" and the Frequency Amount is \$50.00.

**"CHARGING PERIOD" -**

This is the period of time that elapses between one charge to an NCP's account and the next charge. The first charging period for an obligation begins on the start date (effective date) of that obligation. Cases with weekly (every seven days), biweekly (every two weeks), semi-monthly (twice a month), and monthly charge frequency have a charging cycle of one month. However, charging periods vary for cases with different charge frequencies.

**Charging Period for MONTHLY Orders -**

The first charging period begins on the effective date of the court order for that obligation. All charge dates that follow occur on the same day of the month.

**EX: Start Date of Order = 03/01/96**

1st Charge Date = 03/01/96  
1st Charge Period = 03/01/96 - 03/31/96

2nd Charge Date = 04/01/96  
2nd Charge Period = 04/01/96 - 04/30/96

**Start Date of Order = 03/23/96**

1st Charge Date = 03/23/96  
1st Charge Period = 03/23/96 - 04/22/96

2nd Charge Date = 04/23/96  
2nd Charge Period = 04/23/96 - 05/22/96

**Charging Period for SEMI-MONTHLY Orders -**

The first charging period begins on the effective date of the court order for that obligation. Semi-monthly orders must ALWAYS begin on the 1st or the 16th day of the month.

**EX: Start Date of Order = 03/01/96**

1st Charge Date = 03/01/96  
1st Charge Period = 03/01/96 - 03/31/96

2nd Charge Date = 04/01/96  
2nd Charge Period = 04/01/96 - 04/30/96

**Start Date of Order = 03/16/96**

1st Charge Date = 03/16/96  
1st Charge Period = 03/16/96 - 04/15/96

2nd Charge Date = 04/16/96  
2nd Charge Period = 04/16/96 - 05/15/96

**Charging Period for BIWEEKLY Orders -**

The first charging period begins on the effective date of the court order for that obligation. The second charging date occurs twenty-eight (28) days (two bi-weekly periods) after the initial charge date. (This allows the obligor a month to make the payment.) Then four (4) weeks (28 days) are added to the current charge date to get the next charge date.

Twice during the year, a situation arises where adding four (4) weeks to the charge date causes the next charge date to occur in the same month. When this occurs, six weeks (6) are added to the charge date instead of four (4) weeks. In either situation, the charge date is always on the same day of the week. (See the example that follows.)

EX: Start Date of Order = 01/06/96

1st Charge Date = 01/06/96  
1st Charge Period = 01/06/96 - 02/01/96

2nd Charge Date = 02/02/96]  
2nd Charge Period = 02/02/96 - 02/29/96

3rd Charge Date = 03/01/96\*  
3rd Charge Period = 03/01/96 - 04/11/96

4th Charge Date = 04/12/96  
4th Charge Period = 04/12/96 - 05/09/96

5th Charge Date = 05/10/96  
5th Charge Period = 05/10/96 - 06/01/96

6th Charge Date = 06/07/96  
6th Charge Period = 06/07/96 - 07/01/96

7th Charge Date = 07/05/96  
7th Charge Period = 07/05/96 - 08/01/96

8th Charge Date = 08/02/96  
\*\*8th Charge Period = 08/02/96 - 09/01/96

9th Charge Date = 09/13/96  
9th Charge Period = 09/13/96 - 10/01/96

10th Charge Date = 10/11/96  
10th Charge Period = 10/11/96 - 11/01/96

11th Charge Date = 11/08/96  
11th Charge Period = 11/08/96 - 12/01/96

12th Charge Date = 12/06/96  
12th Charge Period = 12/06/96 - 01/03/97

\* Six-week charging needed or charge would be on Mar. 29, 1996.

\*\* Six-week charging needed or charge date would be on Aug. 30, 1996

**Charging Period for WEEKLY Orders -**

The first charging period begins on the effective date of the court order for that obligation. The second charge date occurs thirty-five (35) days (5 weeks) after the initial charge date. (This allows the obligor a month to make the payment.) If the second charge date is the first Monday in the month, ACTS charges on the first Monday in each month from this point onward. Therefore, some charging periods have four (4) weeks, and some periods have five (5) weeks. (See the example that follows.)

EX: Start Date of Order = 08/13/96

1st Charge Date = 08/13/96  
\*1st Charge Period = 08/13/96 - 09/16/96  
2nd Charge Date = 09/17/96  
\*\*2nd Charge Period = 09/17/96 - 10/14/96  
  
3rd Charge Date = 10/15/96  
\*\*\*3rd Charge Period = 10/15/96 - 11/18/96  
  
4th Charge Date = 11/19/96  
4th Charge Period = 11/19/96 - 12/16/96  
  
5th Charge Date = 12/17/96  
5th Charge Period = 12/17/96 - 01/13/97  
  
6th Charge Date = 01/14/97  
\*\*\*6th Charge Period = 01/14/97 - 02/17/97  
  
7th Charge Date = 02/18/97  
7th Charge Period = 02/18/97 - 03/17/97  
  
8th Charge Date = 03/18/97  
8th Charge Period = 03/18/97 - 04/15/97  
  
9th Charge Date = 04/16/97  
\*\*\*9th Charge Period = 04/16/97 - 05/20/97  
  
10th Charge Date = 05/20/97  
10th Charge Period = 05/20/97 - 06/16/97  
  
11th Charge Date = 06/17/97  
11th Charge Period = 06/17/97 - 07/14/97  
  
12th Charge Date = 07/15/97  
\*\*\*12th Charge Period = 07/15/97 - 08/18/97

\* The initial charging period is five (5) weeks (35 days) long.  
\*\* The second charge period begins on the third Tuesday of the month.  
\*\*\* This charge period is five (5) weeks long.

*NOTE: An exception exists to these rules. If the second charge date is on the fifth Monday (or other day) of the month and next month does not have a fifth Monday, the next charge date is on the last Monday of each month.*

**"COMPLIANCE ARREARS" -**

This is the total amount of an NCP's unadjudicated arrearages PLUS the Past Due Arrears Frequency that the NCP must pay to be in compliance with the court order.

**"FREQUENCY AMOUNT" -**

This is the amount that an NCP is ordered to pay toward his/her current support and/or arrearage obligation(s) for each time period that is determined by the "Charge Frequency" of the order. If the NCP is ordered to pay \$50.00 per week for current support, his/her Frequency Amount is \$50.00 and the Charge Frequency is "weekly".

**"FREQUENCY AMOUNT DUE" -**

This is the amount that the NCP has been ordered to pay toward his/her current support and/or arrearage obligation(s) during every "charging period". For example, if an NCP is ordered to pay \$90.00 per week for current support, the "Frequency Amount" is \$90.00. However, the "Frequency Amount Due" is \$360.00 if the charging period spans four (4) weeks or \$450.00 if the charging period spans five (5) weeks.

**"PAST DUE ARREARS FREQUENCY" -**

This is the total amount that an NCP has been ordered to pay toward adjudicated arrearages, but has NOT PAID, since the last court date. This field accumulates the unpaid Period Amount Due for adjudicated arrearages at the end of each charging period.

**"PERIOD AMOUNT DUE" -**

This is the amount that the NCP has been ordered to pay during every charging/billing period (Frequency Amount Due) MINUS the amount that he/she has paid during that charging/billing period. ACTS converts weekly, biweekly, and semi-monthly frequency amounts to monthly amounts in order to calculate the Frequency Amount Due.

For example, the NCP has a Frequency Amount Due of \$450 toward current support for that charging/billing period. At the start of the charging/billing period, the Period Amount Due is equal to the Frequency Amount Due. If the NCP pays \$200 during that charging/billing period, the Period Amount Due is \$250.

At the end of the charging period, any remaining Period Amount Due is "rolled over" to the appropriate unadjudicated arrearage subaccount during the account charging function. Any Period Amounts Due for adjudicated arrearage subaccounts that are greater than \$0.00 are added to the Past Due Arrears Frequency.

**"UNADJUDICATED ARREARS (or ARREARAGES)" -**

This is the total amount of any Period Amounts Due for current support that have not been paid AFTER the monthly charging process has occurred. Unpaid current support remains a Period Amount Due until that month's charging process occurs. Then ACTS moves the unpaid amount into the appropriate unadjudicated arrearage subaccount. If an unadjudicated arrearage subaccount does not already exist, ACTS creates one with a balance that equals the remaining Period Amount Due at the end of the monthly charging process. If an unadjudicated arrearage subaccount does already exist, ACTS adds the remaining Period Amount Due to the balance of that subaccount.

**DELINQUENCY TESTING**

Delinquency testing determines if an NCP is delinquent in his/her child support payments by an amount greater than or equal to one month's current support obligation. One month's current support obligation is defined as the total amount of current support (child, spousal, and/or medical) that must be paid in a month.

ACTS performs delinquency testing on the "charge date" of the court order, which is calculated based on the charge frequency of the order. (EX: If an order is charged weekly, ACTS performs delinquency testing weekly; if it is charged monthly, delinquency testing is performed monthly; etc.)

When ACTS determines a NCP to be delinquent on one of his/her CSS cases, it places that case in the Delinquency Processing Status. Once a case is in the Delinquency Status, the monthly bill to that NCP displays a prominent Delinquency Notice.

## **ACCOUNT CHARGING**

ACTS performs account charging on the "billing date" of the order. The billing date occurs twelve (12) times per year if the charge frequency for the order is monthly or more frequent. Account charging moves (or "rolls") the amount of any unpaid current support into the appropriate unadjudicated arrearage subaccount and resets the Frequency Amount Due balance for the current support subaccount.

## **CHARGING PERIODS FOR WEEKLY AND BIWEEKLY ORDERS**

The initial charge period for a weekly order is five weeks (35 days) so that the obligor has thirty (30) days to make the payment. For biweekly orders, the initial charge period is two "bi-weeks" (28 days).

To allow ACTS to use 4-week and 5-week billing cycles depending on the month, the day of the week and month of the initial charge date dictates the charging periods for weekly and biweekly orders. This ensures that weekly orders have fifty-three (53) weeks over a 12-month period and biweekly orders have twenty-seven (27) biweeks over a twelve (12) month period.

*EX: A court order is entered and initially charged on 9/5/95, which is the first Tuesday in September. ACTS completes charging on this CSS case on the first Tuesday of each subsequent month (10/3/95, 11/7/95, 12/5/95...)*

## **BILLING**

ACTS performs the billing function on the "billing date" of the order. The billing date occurs twelve (12) times a year if the charge frequency for the order is monthly or more frequent. (See the "[Billing Period](#)" definition for more information.) The system generates billing statements and prints a monthly bill to notify the NCP on a timely basis of his/her ordered current support and/or arrearage obligation(s) for the current month. If the NCP is delinquent, the monthly bill displays a prominent Delinquency Notice.

If NCPs meet the criteria to receive billing statements, they can elect to receive e-mail notification of their monthly billing statements and view an electronic copy ("e-statement") on-line. For more information, see [Electronic Billing Statement](#).

## **RULES OF DISTRIBUTION USED BY ACTS**

### **GENERAL INFORMATION**

This topic contains information on the following subjects:

1. [An overview of the ACTS rules of distribution;](#)
2. [The current rules of distribution \(post-October 1, 2000\);](#)
3. [The prior rules of distribution \(pre-October 1, 2000\);](#)
4. [The rules of distribution for funds from Federal tax intercepts;](#)
5. [The rules of distribution for funds from State tax intercepts.](#)

## **RULES OF DISTRIBUTION OVERVIEW**

Due to the [Deficit Reduction Act of 2005 \(DRA\)](#), changes have been made to enable ACTS to distribute more support to the family. However, the distribution hierarchy that took effect as a result of the [Welfare Reform Act \(PRWORA\)](#) on October 1, 2000, remains the same. All payments that were distributed prior to September 30, 2000, follow the "old" distribution priority.

ACTS distributes funds that are paid by a noncustodial parent (NCP) to his/her obligations according to a pre-defined priority system. The distribution process prorates and applies funds to the highest level of the priority system until all of the subaccounts at that level are satisfied. Then if funds are still available, ACTS moves to the next level of priority and prorates and applies funds to those subaccounts. If funds still remain after all of the NCP's obligations have been satisfied, those funds are kept in the NCP's participant account for distribution during the next charging/billing period.

The rules that follow apply to funds that are posted for an NCP's payment at ALL priority levels, unless indicated otherwise:

### **ARCHIVED CASES -**

Funds are NEVER applied to closed cases that are archived or retrieved. A case must be re-opened before any funds can be applied to its associated subaccounts.

### **CLOSED CASES -**

Funds are not applied to subaccounts in closed cases but are refunded to the payor. These funds are put on "HOLD" until it is determined whether or not a refund is appropriate. For cases that are closed due to redirection, however, ACTS sends the refund check directly to the appropriate Clerk of Court.

### **CLOSED SUBACCOUNTS/SUBACCOUNTS WITH ZERO BALANCE -**

Funds are not applied to closed subaccounts or to subaccounts with a zero (\$0.00) balance. A subaccount must be re-opened before any funds can be applied to it.

### **DIRECT TO DOCKET NUMBER -**

When a payment that is posted in ACTS is directed to a specific docket number, funds are only applied to the cases associated with that docket number.

### **MINIMUM AMOUNT OF DISBURSEMENT -**

Effective January 17, 2000, ACTS stopped issuing disbursement checks for amounts less than \$10.00. These funds are placed on "HOLD". When the \$10.00 minimum amount is reached, the "HOLD" is released, and ACTS disburses the funds. Effective February 29, 2008, payments of less than \$10.00 that are owed to a client with an active direct deposit or active ncKIDScard account are deposited into that account.

**PAYMENT SOURCE -**

Only those subaccounts for which income withholding is allowed can have income withholding funds applied to them, regardless of the docket number associated with the payment. If ACTS finds no cases with an I/W Worksheet for the NCP, it puts the payment on "HOLD" and notifies the responsible CSS caseworker.

**PRIOR MONTH RECEIPTS -**

If the effective date entered for a payment is prior to the current month, that payment is processed as a prior month receipt. Funds are distributed based on the subaccount balances that existed during that prior month.

**RULES OF DISTRIBUTION FOR SUBACCOUNTS (CURRENT)**

ACTS uses the following rules of distribution for payments that were collected on or after October 1, 2000. Payments that were collected before October 1, 2000, were distributed according to a different set of rules.

The rules of distribution define the priority of payment distribution. Current support is distributed first (on all of the NCP's cases) before any arrearages are distributed. Once current support is satisfied, ACTS distributes payments to the arrearages with a frequency amount due (on all of the NCP's cases), then finally to any remaining arrearage subaccount balances. Each arrearage subaccount has a predefined priority level commonly known as the "distribution hierarchy".

*NOTE: ACTS does not prorate payments that result from enforcement actions such as purge, FIDM, liens, and performance bonds. ACTS applies these payments based on the docket number that was specified in the court action.*

**FIRST PRIORITY LEVEL - CURRENT SUPPORT**

Current support (CSUP) is given a higher priority than arrearages and is distributed within each support type before any arrearage balances are distributed. The support types in order of priority are:

- Child
- Spousal
- Medical Support
- Medicaid
- Miscellaneous

ACTS distributes CSUP for "Child", then CSUP for "Spousal", then CSUP for the other support types per the predefined hierarchy. Once all CSUP is distributed for each support type, ACTS distributes the arrearages for each support type based on the predefined hierarchy.

If funds are not sufficient to satisfy the total current support on all of the NCP's cases, ACTS prorates the funds based on the current support due for each case.

**SECOND PRIORITY LEVEL - ARREARAGES WITH A FREQUENCY AMOUNT**

Once all current support (CSUP) is satisfied on all NCP's cases, ACTS distributes payments to arrearage balances that are assigned a frequency amount. CSS workers manually enter the frequency amounts based on the terms of the court order. A case can only have one frequency amount assigned to an arrearage subaccount per support type. In accordance with Federal Rules of Distribution, caseworkers should assign the frequency to the arrearage subaccount that is highest in the distribution hierarchy. If caseworkers enter the frequency amount on an incorrect subaccount, ACTS distributes funds up to that frequency amount to that subaccount and not according to the predefined hierarchy.

If funds are not sufficient to satisfy the total frequency amount due on all of the NCP's cases, ACTS prorates the funds based on the frequency amount due on each case.

*NOTE: If no arrearage balances exist (on the distribution side) in any of the NCP's cases, ACTS will not distribute the funds. These funds remain at the payor participant level as undistributed funds (sometimes called "future money") and ACTS will not distribute them until the next calendar month when current support becomes due.*

**THIRD PRIORITY LEVEL - ARREARAGE BALANCES WITHOUT A FREQUENCY AMOUNT**

Once the current support amount due and the ordered frequency amount due have been distributed, ACTS distributes funds based on a predefined arrearage hierarchy. The arrearage distribution hierarchy in order of priority is:

**Never Assigned Arrears -**

Priority	Subaccount
2	NPA Arrears - Unadjudicated
3	NPA Arrears - Adjudicated
4	NPA Arrears - Sum Certain Judgment

**Unassigned Pre-Assistance Arrears -**

5	Unassigned Pre-Assistance Arrears - Unadjudicated
6	Unassigned Pre-Assistance Arrears - Adjudicated <i>There are NO Sum Certain Judgment Unassigned Pre-Assistance Arrears.</i>

**Conditionally Assigned Arrears -**

7	Conditionally Assigned Arrears - Unadjudicated
8	Conditionally Assigned Arrears - Adjudicated <i>There are NO Sum Certain Judgment Conditionally Assigned Arrears.</i>

**Temporarily Assigned Arrears -**

9	Temporarily Assigned Arrears - Unadjudicated
10	Temporarily Assigned Arrears - Adjudicated <i>There are NO Sum Certain Judgment Temporarily Assigned Arrears.</i>

**Permanently Assigned Arrears -**

11	TANF Arrears - Unadjudicated
12	TANF Arrears - Adjudicated
13	TANF Arrears - Sum Certain Judgment

**Unassigned During Assistance Arrears -**

14	Unassigned During Assistance Arrears - Unadjudicated
15	Unassigned During Assistance Arrears - Adjudicated <i>There are NO Sum Certain Judgment Unassigned During Assistance Arrears.</i>

**Permanently Assigned Arrears -**

16	IV-E Foster Care Arrears - Unadjudicated
17	IV-E Foster Care Arrears - Adjudicated
18	IV-E Foster Care Arrears - Sum Certain Judgment

**State Foster Home Fund Arrears -**

19	State Foster Home Fund Arrears - Unadjudicated
20	State Foster Home Fund Arrears - Adjudicated
21	State Foster Home Fund Arrears - Sum Certain Judgment

**Medical Arrears -**

22	Medical Arrears - Unadjudicated
23	Medical Arrears - Adjudicated
24	Medical Arrears - Sum Certain Judgment

**Out-of-State Arrears -**

25	Other State Arrears Account
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**Legal Fees -**

26	Noncustodial Parent Fees - Legal Fees
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**Parental Kidnap Fees -**

27	Noncustodial Parent Fees - Kidnap
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**Genetic (Paternity) Test Fees -**

28	Noncustodial Parent Fees - Paternity Test
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**IRS Interest -**

29	Noncustodial Parent Fees - IRS Interest
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**Credit Card Fees -**

30	Noncustodial Parent Fees - Credit Card
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**Not Sufficient Funds Fees -**

31	Noncustodial Parent Fees - NSF Checks
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**RULES OF DISTRIBUTION FOR SUBACCOUNTS (PRIOR)**

ACTS used the following distribution priorities for payments that were collected PRIOR TO October 1, 2000:

***DISTRIBUTION HIERARCHY - FROM 09/01/1997 TO 09/30/2000***

<b>Priority</b>	<b>Subaccount</b>
1 - 5	Current Support
6	NPA Arrears
7	Temporarily Assigned Arrears
8	AFDC/TANF Arrears
9	IV-E Arrears
10	SFHF Arrears
11	Medical Arrears
12	Out-of-State Arrears
13	Paternity (Genetic) Test Fees
14	Legal Fees

***DISTRIBUTION HIERARCHY - PRIOR TO 09/01/1997***

<b>Priority</b>	<b>Subaccount</b>
1 - 5	Current Support
6	AFDC Arrears
7	IV-E Arrears
8	SFHF Arrears
9	Medical Arrears
10	NPA Arrears
11	Out-of-State Arrears
12	Paternity (Genetic) Test Fees
13	Legal Fees

**RULES OF DISTRIBUTION FOR FEDERAL TAX INTERCEPT FUNDS**

ACTS uses the following distribution priorities when applying Federal tax intercept funds to subaccounts:

<b>Priority</b>	<b>Subaccount</b>
1	TANF Arrears - Unadjudicated
2	TANF Arrears - Adjudicated
3	TANF Arrears - Sum Certain Judgment
4	Temporarily Assigned Arrears - Unadjudicated
5	Temporarily Assigned Arrears - Adjudicated
6	Conditionally Assigned Arrears - Unadjudicated
7	Conditionally Assigned Arrears - Adjudicated
8	IV-E Foster Care Arrears - Unadjudicated
9	IV-E Foster Care Arrears - Adjudicated
10	IV-E Foster Care Arrears - Sum Certain Judgment
11	Medical Arrears - Unadjudicated
12	Medical Arrears - Adjudicated
13	Medical Arrears - Sum Certain Judgment
14	Unassigned Pre-Assistance Arrears -Unadjudicated
15	Unassigned Pre-Assistance Arrears - Adjudicated
16	Unassigned During Assistance Arrears - Unadjudicated
17	Unassigned During Assistance Arrears - Adjudicated

18	NPA Arrears - Unadjudicated
19	NPA Arrears - Adjudicated
20	NPA Arrears - Sum Certain Judgment
21	State Foster Home Fund Arrears - Unadjudicated
22	State Foster Home Fund Arrears - Adjudicated
23	State Foster Home Fund Arrears - Sum Certain
24	Other State Arrears Account

**RULES OF DISTRIBUTION FOR STATE TAX INTERCEPT FUNDS**

ACTS uses the following distribution priorities when applying State tax intercept funds to subaccounts:

<b>Priority</b>	<b>Subaccount</b>
1	Current Support
2	NPA Arrears - Unadjudicated
3	NPA Arrears - Adjudicated
4	NPA Arrears - Sum Certain Judgment
5	Unassigned Pre-Assistance Arrears - Unadjudicated
6	Unassigned Pre-Assistance Arrears - Adjudicated
7	Conditionally Assigned Arrears - Unadjudicated
8	Conditionally Assigned Arrears - Adjudicated
9	Temporarily Assigned Arrears - Unadjudicated
10	Temporarily Assigned Arrears - Adjudicated
11	TANF Arrears - Unadjudicated
12	TANF Arrears - Adjudicated
13	TANF Arrears - Sum Certain Judgment
14	Unassigned During Assistance Arrears - Unadjudicated
15	Unassigned During Assistance Arrears - Adjudicated
16	IV-E Foster Care Arrears - Unadjudicated
17	IV-E Foster Care Arrears - Adjudicated
18	IV-E Foster Care Arrears - Sum Certain Judgment
19	State Foster Home Fund Arrears - Unadjudicated
20	State Foster Home Fund Arrears - Adjudicated
21	State Foster Home Fund Arrears - Sum Certain Judgment
22	Medical Arrears - Unadjudicated
23	Medical Arrears - Adjudicated
24	Medical Arrears - Sum Certain Judgment
25	Other State Arrears Account
26	Noncustodial Parent Fees - Legal Fees
27	Noncustodial Parent Fees - Kidnap
28	Noncustodial Parent Fees - Genetic (Paternity) Test
29	Noncustodial Parent Fees - IRS Priority Interest
30	Noncustodial Parent Fees - Credit Card
31	Noncustodial Parent Fees - NSF Checks

**OTHER DISTRIBUTION/DISBURSEMENT INFORMATION**

**GENERAL INFORMATION**

This topic contains information on the following subjects:

1. [Incentive payments;](#)
2. [Unreimbursed Public Assistance \(URPA/URPF\).](#)

## INCENTIVE PAYMENTS

Incentives are rewards earned by states based upon their CSS program's performance, which is measured in the following categories:

- Percentage of paternities established
- Percentage of support orders established out of the total caseload
- Percentage of current support collected
- Percentage of cases with payment towards arrearages, and
- Cost effectiveness of the program

## UNREIMBURSED PUBLIC ASSISTANCE (URPA/URPF)

Unreimbursed Public Assistance (URPA/URPF) is the amount of Public Assistance that has been paid during the entire time that assistance was received MINUS the amount that has been collected and used to reimburse the State for that assistance. ACTS tracks the amount of URPA and URPF in separate subaccounts. The "URPA" subaccount is used for TANF cases and is associated with the client's MPI number. The URPA balance is important in determining when the client or the State receives collections that are distributed to Public Assistance current support and arrearage subaccounts. The "URPF" subaccount is used for IV-E cases and is associated with the child's MPI number.

The examples that follow show how URPA is calculated and how it is used to determine who receives the funds that are paid toward the current support and arrearage obligations. The same principles apply when URPF is calculated.

The client's URPA balance is calculated using this formula:

$$\text{URPA} = (\text{Previous URPA Balance} + \text{Current Month's Grant}) - (\text{Amount Collected for Current Support} + \text{Amount Collected for Arrearages})$$

### **EXAMPLE 1 -**

*A TANF client is receiving a \$250 monthly grant. The NCP in the case is ordered to pay \$200/month toward current support (CSUP). The case has no arrearages.*

**1st Month:** *The NCP pays his/her \$200 obligation.*

*Previous URPA Balance = \$0  
Current Month's Grant = \$250  
Amount Collected for CSUP = \$200  
Amount Collected for Arrearages = \$0*

*URPA = (\$0 + \$250) - (\$200 + \$0); therefore, URPA = \$50 at the end of the first month. The State receives the \$200 that was collected from the NCP to reimburse the grant money that the client received.*

**2nd Month:** *The NCP pays \$175 towards obligation.*

*Previous URPA Balance = \$50  
Current Month's Grant = \$250  
Amount Collected for CSUP = \$175  
Amount collected for Arrearages = \$0*

$URPA = (\$50 + \$250) - (\$175 + \$0)$ ; therefore, URPA = \$125 at the end of the second month. The State receives the entire \$175 that was collected to reimburse the grant. The NCP owes \$25 in arrearages to the State.

**3rd Month:** The NCP pays \$200 towards obligation.

Previous URPA Balance = \$125  
Current Month's Grant = \$250  
Amount Collected for CSUP = \$200  
Amount Collected for Arrearages = \$0

$URPA = (\$125 + \$250) - (\$200 + \$0)$ ; therefore, URPA = \$175 at the end of the third month. The State receives the entire \$200 that was collected to reimburse the grant. The NCP still owes \$25 in arrearages to the State.

**4th Month:** The NCP pays \$225 towards obligation.

Previous URPA Balance = \$175  
Current Month's Grant = \$250  
Amount Collected for CSUP = \$200  
Amount Collected for Arrearages = \$25

$URPA = (\$175 + \$250) - (\$200 + \$25)$ ; therefore, URPA = \$200 at the end of the fourth month. The State receives the entire \$225 that was collected to reimburse the grant. The NCP owes \$0 in arrearages in the State.

**NOTE:** When the monthly grant amount is GREATER THAN the amount of the ordered obligation, the client's URPA balance always increases, and any payments made by the NCP go to the State. Under DRA, if an arrearage subaccount exists with a frequency amount due that is payable to the client, ACTS applies the payment amount that exceeds the CSUP amount to that arrearage subaccount instead of to the State. If no arrears frequency due exists or it has been satisfied, ACTS distributes any excess funds according to the pre-defined distribution hierarchy, regardless of the URPA balance.

In the preceding example, the case has no NPA arrearages and no arrears frequency due, but it does have an URPA balance and an AFDC arrearage subaccount. Since no arrearage subaccount exists with a higher priority, the payment amount that exceeds the amount of CSUP is payable to the State.

**EXAMPLE 2** -

A PA client, who was previously an NPA client, is receiving a \$250 monthly grant. The NCP is ordered to pay \$250/month for CSUP. When the client went on Public Assistance, she had a \$500 unadjudicated NPA arrearage balance.

Under PRWORA, the NPAAU balance would have been converted to an unadjudicated PA arrearage balance that was payable to the State.

Under DRA, the assignment of support rights to the State is limited to the amount of support that accrues during the period that a family

receives assistance. Any NPA arrearages that are owed to a client remain NPA arrearages and payable to the client, regardless of the URPA balance.

**1st Month:** The NCP pays \$200 towards obligation.

Previous URPA Balance = \$0  
Current Month's Grant = \$250  
Amount Collected for CSUP = \$200  
Amount Collected for Arrearages = \$0

$URPA = (\$0 + \$250) - (\$200 + \$0)$ ; therefore, URPA = \$50 at the end of the first month. The State receives the \$200 that was collected to reimburse the grant.

Under PRWORA, the NCP's unadjudicated PA arrearage balance would have increased to \$550.

Under DRA, the NCP's unadjudicated NPA arrearage subaccount remains the same, and ACTS creates an unadjudicated PA arrearage subaccount with a \$50 balance.

**2nd Month:** The NCP pays \$225 towards obligation.

Previous URPA Balance = \$50  
Current Month's Grant = \$250  
Amount Collected for CSUP = \$225  
Amount Collected for Arrearages = \$0

$URPA = (\$50 + \$250) - (\$225 + \$0)$ ; therefore, URPA = \$75 at the end of the second month. The State receives the \$225 that was collected to reimburse the grant.

Under PRWORA, the NCP's AFDCU subaccount balance would have increased to \$575.

Under DRA, the NCP's unadjudicated NPA arrearage balance remains \$500, and the unadjudicated PA arrearage balance increases to \$75.

**3rd Month:** The NCP pays \$200 towards obligation.

Previous URPA Balance = \$75  
Current Month's Grant = \$250  
Amount Collected for CSUP = \$200  
Amount Collected for Arrearages = \$0

$URPA = (\$75 + \$250) - (\$200 + \$0)$ ; therefore, URPA = \$125 at the end of the third month. The State receives the \$200 that was collected to reimburse the grant.

Under PRWORA, the NCP's unadjudicated AFDC arrearage balance would have increased to \$625.

Under DRA, the NCP's unadjudicated NPA arrearage balance remains \$500, and the unadjudicated PA arrearage balance increases to \$125.

**4th Month:** The NCP pays \$300 towards obligation.

Previous URPA Balance = \$125

Current Month's Grant = \$250  
Amount Collected for CSUP = \$250  
Amount Collected for Arrearages = \$50

$URPA = (\$125 + \$250) - (\$250 + \$0)$ ; therefore, URPA = \$125 at the end of the fourth month.

Under PRWORA, the State would have received the entire \$300 that was collected to reimburse the current and past grant, and the NCP's unadjudicated AFDC arrearage balance and URPA balance would have been reduced to \$575.

Under DRA, the State receives \$250 for the current month's grant amount and CSUP. The remaining funds are paid to the next subaccount in the distribution hierarchy, which is the unadjudicated NPA arrearage. This balance decreases to \$450, and the unadjudicated AFDC balance remains \$125.

**5th Month:** The NCP pays \$750 towards obligation.

Previous URPA Balance = \$125  
Current Month's Grant = \$250  
Amount Collected for CSUP = \$250  
Amount Collected for Arrearages = \$200

$URPA = (\$125 + \$250) - (\$250 + \$0)$ ; therefore, URPA = \$125 at the end of the fifth month.

Under PRWORA, the State would have received \$375; \$250 for the current grant and \$125 for the past grants that make up part of the arrearage balance. The NCP's unadjudicated AFDC arrearage balance would have decreased to \$0. The client would have received \$125 of the arrearage payment because the URPA balance would have been \$0.

Under DRA, the State receives \$250 for the current month's grant and CSUP. The remaining funds are distributed first to the NCP's subaccount balance with the next highest priority (unadjudicated NPA), which reduces its balance to \$0. The client receives \$500. ACTS distributes the remaining funds to the NCP's subaccount balance with the next highest priority (unadjudicated AFDC), which reduces its balance to \$75. The State receives \$50, and the URPA balance is reduced to \$75.

Once the URPA balance is \$0.00, the payee for support changes from the State to the client. The State cannot keep more money than it has disbursed as grant to the client. See [Distribution - PRWORA](#), [Distribution - DRA](#), or the [Current Rules of Distribution](#).

Effective October 1, 2000, URPA balances are split equally among cases when the client has multiple open cases.

*NOTE: If the client has multiple cases and a case closes after the system has distributed the URPA balance, the system WILL NOT redistribute the URPA balance among the open cases. Local CSS caseworkers SHOULD NOT request an adjustment or attempt to redistribute URPA to open cases.*