



**ANDREW M. CUOMO**  
Governor

## Office of Temporary and Disability Assistance

**SAMUEL D. ROBERTS**  
Commissioner

**BARBARA C. GUINN**  
Executive Deputy Commissioner

May 9, 2018

Andrea Inman  
Audit Director  
Office of the State Comptroller  
Division of Government Accountability  
110 State Street, 11<sup>th</sup> Floor  
Albany, NY 12236-0001

RE: Office of the State Comptroller's Final  
Report (2017-S-17) "Oversight of  
Undistributed Child Support Funds"

Dear Ms. Inman:

As required by Section 170 of the Executive Law, this is the New York State Office of Temporary and Disability Assistance's (OTDA) response to the above-mentioned final report. This response will also be sent under separate cover to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees.

As background, the Office of the State Comptroller (OSC) conducted a review to determine if OTDA's oversight and guidance are sufficient for districts to effectively reduce undistributed child support balances and initiate the process that would allow these funds to be escheated. OSC's review covered the period of January 1, 2014 – December 31, 2016. In its final audit report, OSC recognized the efforts and resources devoted by child support professionals at the State and local level in actively addressing existing Undistributed Collections (UDC) and preventing the accumulation of future UDC. OSC specifically noted:

- UDC is an inherent component of the Child Support Program where a significant portion of UDC is appropriate and associated with the day-to-day operations of the Child Support Program as defined by governing rules and regulations;
- OTDA improved the way child support funds are distributed by increasing the electronic disbursement of child support payments via debit card and direct deposit to decrease the likelihood of payments being returned and becoming undistributable;
- OTDA is committed to providing guidance to districts and has taken positive steps to mitigate risks and improve the process of reducing UDC statewide;
- Enhanced procedures at the State Disbursement Unit (SDU) were implemented to require call center operators to verify addresses and immediately update case records with changes;
- System enhancements were made to streamline and simplify the process of issuing refunds to noncustodial parents; and
- Additional guidance was issued to districts to address specific issues that result in UDC such as when a party related to a child support case is deceased.

As a result of these efforts, OSC's audit recognized that statewide UDC dropped by approximately \$19 million – a decrease of approximately 27.3% - over the course of the 2014-2016 audit period. OSC's audit noted that of the \$50.7 million in UDC as of the end of 2016, a cumulative amount since the inception of the Child Support Program in 1975, only \$6 million or 12% is aged more than 3 years. Moreover, annual UDC is a small percentage of the \$1.8 billion in child support that is received and distributed on an annual basis.

OSC recognized that it is the responsibility of the districts to determine why funds are undistributed and, if necessary, pursue steps to locate the rightful owner.

OSC issued three (3) recommendations in its final report, to which OTDA responds as outlined below:

### **Recommendation 1**

Develop specific policies and guidelines to help districts reduce UDC balances, including but not limited to:

- Providing clear and measurable guidance for what constitutes diligent efforts and measurable guidelines for the districts to meet this definition;
- Establishing an expected timeframe for when districts should petition Family Court regarding UDC; and
- Developing uniform procedural steps that the districts can use to initiate the escheatment process.

OTDA agrees in part with this recommendation. To the extent streamlining administrative efforts, establishing timeframes for petitioning family court, and developing uniform processes may result in greater operational efficiency, OTDA concurs in the recommendation. OTDA notes that it has proposed a legislative solution to address the recommendation. OTDA has proposed legislation (see Departmental Bill #196, tendered to the Legislature in March, 2018) which seeks to clarify, simplify and make more efficient the process by which districts transfer undisbursed funds to the Office of the State Comptroller's Office of Unclaimed Funds (OSC OUF). The goal of this legislation is to allow for a streamlined, administrative process aligning New York's process with similar processes that exist for unclaimed child support in other states. An administrative process enables a more streamlined mechanism to transfer UDC to the OSC OUF where appropriate, reduces the resource needs and burden on districts, and will increase the likelihood that fund owners will receive unclaimed funds sooner.

At the conclusion of the 2018 legislative session, OTDA anticipates drafting guidance which establishes uniform definitions and timeframes to assist districts with the complexities in current law. As part of that, OTDA anticipates the issuance of an Administrative Directive to districts for use in the interim that will introduce new petitions and an associated attachment for the disposition of unclaimed funds paid to the Support Collection Unit pursuant to an order of support.

### **Recommendation 2**

Expand current outreach efforts to include all districts. In addition to explaining procedures, identify best practices statewide for reducing UDC and initiating the escheatment process.

OTDA has already implemented this recommendation. As stated in the final report, OTDA has diligently reached out to, and worked with, district child support units with the goal of decreasing UDC. Over the course of 2017, OTDA has provided technical assistance to each district on UDC and identified opportunities to decrease UDC balances. This technical assistance focused on

educating and reminding staff of the importance of using and reviewing coding indicators that help identify and track UDC. OTDA also identified specific tools and methods to locate custodial and noncustodial parents to whom UDC was payable. Due to these efforts, 73.7% of UDC cases were coded as of February 2018. Coding increased by over 93% since January 2017 when 38.1% of cases were coded. These outreach efforts have had a positive impact on and are responsible, in part, for the \$2.5 million decrease in UDC between January 2017 and February 2018.

Additional technical assistance with the districts is scheduled over the course of 2018 to monitor coding percentages, provide technical support, and ensure that districts are addressing UDC appropriately. Utilizing information obtained from districts during calls, meetings, and site visits, OTDA will compile a listing of best practices and strategies that focus on addressing existing UDC and decreasing the accumulation of UDC in the first instance.

### **Recommendation 3**

Develop additional guidance to help districts improve their current process for reducing UDC and initiating the escheatment process, to include information on best practices and how to use the available tools.

See OTDA's response to Recommendation 1 above. OTDA's proposed legislation, if passed, will streamline the unclaimed funds process and will provide districts with the recommended direction. At the conclusion of the 2018 legislative session, OTDA will issue guidance that reflects the current state of the law.

Sincerely,

A handwritten signature in cursive script that reads "Sam Roberts". The signature is written in a dark ink and is positioned above the printed name and title.

Samuel D. Roberts  
Commissioner