	INDIANA DEPARTMENT OF CHILD SERVICES TITLE IV-D POLICY MANUAL	
	Chapter 2: Funding	**Effective Date: 09/08/2020**
	Section 2: Federal Financial Participation (FFP)	**Version: 1.1** **Revision Date: 09/01/2020**

BACKGROUND

Federal Financial Participation (FFP) is an after-the-fact reimbursement. Therefore, the State and county must have funds to initially pay for operation of the program before seeking reimbursement. In the case of the State, the Office of Child Support Enforcement (OCSE) estimates the amount each State will need for the upcoming quarter and makes it available in a "line of credit" from which the state may draw funds.[1] The Child Support Bureau (CSB) uses this money to fund its operations.

There is no draw or "cash advance" made to the counties. The counties must appropriate and spend their own funds before seeking reimbursement.

POLICY

FFP is available for four (4) categories of expenditures with each having a designated reimbursement percentage in the federal statue:

1. Expenditures for the operation of the approved State Plan (currently 66%).[2]
2. Expenditures attributable to the planning, design, development, installation, or enhancement of an automatic data processing and information retrieval system (currently 66%).[3]
3. Expenditures attributable to laboratory costs incurred in determining paternity (currently 66%).[4]
4. Expenditures for an alternative statewide system for which a waiver has been granted (currently 66%).[5]

There are two (2) types of costs for which FFP can be sought:

1. "**Direct costs**" are expenses that can be traced directly to, or identified with, a specific cost center, such as a department, program, service, and/or activity and is covered in the cost allocation plan.
2. "**Indirect costs**" are expenses incurred for common or joint purposes, and not solely for Title IV-D activities, therefore they cannot be recovered directly.[6] These include costs distributed through a cost allocation plan which produce an equitable distribution of expenses based on the amount of usage and the benefits derived. These can benefit both State and county agencies who identify and allocate Title IV-D costs for goods, services, and facilities which are then eligible for 66% federal reimbursement. Counties

[1] 42 U.S.C. § 655(b)(2)
[2] 42 U.S.C. § 655(a)(1)(A)
[3] 42 U.S.C. § 655(a)(1)(B)
[4] 42 U.S.C. § 655(a)(1)(C)
[5] 42 U.S.C. § 655(a)(1)(D)
[6] 2 C.F.R. § 300; 31 C.F.R. § 205.12

must have a cost allocation plan submitted by the County Auditor in order to claim indirect expenses.

An example of an indirect cost would be the county electric bill paid by the county, but a portion of the costs are attributable to the Title IV-D Prosecutor's Office. Commonly, this allocation is done by using the square footage of Title IV-D Prosecutor's Office's space, including the Title IV-D Prosecutor's Office, the Clerk of Court's child support area, and any Title IV-D Court space. Likewise, county IT services may be allocated and claimed by using Title IV-D staffing numbers, or Title IV-D computer devices supported by the IT Department. For counties, these funds then are returned to the County General Fund.

FFP is not available for:

1. Service of process and court filing fees unless the court or law enforcement agency would normally be required to pay the cost of such fees;
2. Costs of compensation (salary and fringe benefits) of judges;
3. Costs of travel and training related to the judicial determination process incurred by judges;
4. Office-related costs, such as space, equipment, furnishings and supplies, incurred by judges;
5. Compensation (salary and fringe benefits), travel and training, and office-related costs incurred by administrative and support staffs of judges; and
6. Costs of cooperative arrangements that do not meet the requirements of 45 C.F.R. § 303.107: Requirements for cooperative arrangements.[7]

The State pays its costs from the advance and then draws the 66% reimbursement from a line of credit that the federal government provides. The counties pay their Title IV-D costs from budgeted funds. The county then submits a Monthly Expenditure Claim (MEC) to the state for FFP reimbursement each month. The state then pays the 66% to the county and draws the 66% from the federal credit line to restore its own balance. Although not required under statute, the cooperative agreement between the State and each Title IV-D Prosecutor's Office provides that the county's initial expenditures each year (up to a certain amount) shall be reimbursed at 100%. The 100% is reached through a combination of FFP and State funds.

REFERENCES

- **2 C.F.R. § 300**: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- **31 C.F.R. § 205.12**: What funding techniques may be used?
- **42 U.S.C. § 655**: Payments to States
- **45 C.F.R. § 304.21**: Federal financial participation in the costs of cooperative arrangements with courts and law enforcement officials

PROCEDURE

N/A

FORMS AND TOOLS

[7] 45 C.F.R. § 304.21(a)(2)(B)

1. **IV-D Expense Reporting and Reimbursement Complete Guide**

FREQUENTLY ASKED QUESTIONS

N/A

RELATED INFORMATION

N/A

REVISION HISTORY

Version	Date	Description of Revision
Version 1	05/29/2015	Final Approved Version
Version 1.1	09/08/2020	Updated for consistent formatting and language, updated hyperlinks.