§ 305.2 Performance measures.

(a) The child support incentive system measures State performance levels in five program areas:

1. Paternity establishment; support order establishment; current collections; arrearage collections; and cost-effectiveness. The penalty system measures State performance in three of these areas: Paternity establishment; establishment of support orders; and current collections.

(i) Paternity Establishment Performance Level. States have the choice of being evaluated on one of the following two measures for their paternity establishment percentage (commonly known as the PEP). The count of children shall not include any child who is a dependent by reason of the death of a parent (unless paternity is established for that child). It shall also not include any child whose parent is found to have good cause for refusing to cooperate with the State agency in establishing paternity, or for whom the State agency determines it is against the best interest of the child to pursue paternity issues.

(ii) IV-D Paternity Establishment Percentage means the ratio that the total number of children in the IV-D caseload in the fiscal year (or, at the option of the State, as of the end of the fiscal year) who have been born out-of-wedlock and for whom paternity has been established or acknowledged, bears to the total number of children in the IV-D caseload as of the end of the preceding fiscal year who were born out-of-wedlock. The equation to compute the measure is as follows (expressed as a percent):

\[
\text{Total } \# \text{ of Children in IV-D Caseload in the Fiscal Year or, at the option of the State, as of the end of the Fiscal Year who were Born Out-of-Wedlock with Paternity Established or Acknowledged} / \text{Total } \# \text{ of Children in IV-D Caseload as of the end of the preceding Fiscal Year who were Born Out-of-Wedlock}
\]
§ 305.2 45 CFR Ch. III (10–1–12 Edition)

born out-of-wedlock during the pre-
ceding fiscal year. The equation to
compute the measure is as follows (ex-
pressed as a percent):

\[
\text{Total} \ # \ 	ext{of Minor Children who have been Born Out - of - Wedlock and for} \\
\text{Whom Paternity has been Established or Acknowledged During the Fiscal Year} \\
\text{Total} \ # \ 	ext{of Children Born Out of Wedlock During the Preceding Fiscal Year}
\]

(2) Support Order Establishment Performance Level. This measure requires a
determination of whether or not there
is a support order for each case. These
support orders include all types of le-
gally enforceable orders, such as court,
default, and administrative. Since the
measure is a case count at a point-in-
time, modifications to an order do not
affect the count. The equation to com-
pute the measure is as follows (ex-
pressed as a percent):

\[
\text{Number of IV - D Cases with Support Orders During the Fiscal Year} \\
\text{Total Number of IV - D Cases During the Fiscal Year}
\]

(3) Current Collections Performance Level. Current support is money applied
to current support obligations and does
not include payment plans for payment
towards arrears. If included, voluntary
collections must be included in both
the numerator and the denominator. This measure is computed monthly and
the total of all months is reported at
the end of the year. The equation to compute the measure is as follows (ex-
pressed as a percent):

\[
\text{Number Dollars Collected for Current Support in IV - D Cases} \\
\text{Total Dollars Owed for Current Support in IV - D Cases}
\]

(4) Arrearage Collection Performance Level. This measure includes those
cases where all of the past-due support
was disbursed to the family, or re-
tained by the State because all the sup-
port was assigned to the State. If some
of the past-due support was assigned to
the State and some was to be disbursed
to the family, only those cases where
some of the support actually went to
the family can be included. The equa-
tion to compute the measure is as fol-
lows (expressed as a percent):

\[
\text{Total number of eligible IV - D cases paying toward arrears} \\
\text{Total number of IV - D cases with arrears due}
\]

(5) Cost-Effectiveness Performance Level. Interstate incoming and out-
going distributed collections will be in-
cluded for both the initiating and the
responding State in this measure. The
equation to compute this measure is as
follows (expressed as a ratio):

286
(b) For incentive purposes, the measures will be weighted in the following manner. Each State will earn five scores based on performance on each of the five measures. Each of the first three measures (paternity establishment, order establishment, and current collections) earn 100 percent of the collections base as defined in §305.31(e) of this part. The last two measures (collections on arrears and cost-effectiveness) earn a maximum of 75 percent of the collections base as defined in §305.31(e) of this part.

§ 305.31 Amount of incentive payment.

(a) The incentive payment for a State for a fiscal year is equal to the incentive payment pool for the fiscal year, multiplied by the State incentive payment share for the fiscal year.

(b) The incentive payment pool is:

(1) $422,000,000 for fiscal year 2000;
(2) $429,000,000 for fiscal year 2001;
(3) $450,000,000 for fiscal year 2002;
(4) $461,000,000 for fiscal year 2003;
(5) $454,000,000 for fiscal year 2004;
(6) $446,000,000 for fiscal year 2005;
(7) $458,000,000 for fiscal year 2006;
(8) $471,000,000 for fiscal year 2007;
(9) $483,000,000 for fiscal year 2008; and
(10) For any succeeding fiscal year, the amount of the incentive payment pool for the fiscal year that precedes such succeeding fiscal year multiplied by the percentage (if any) by which the CPI for such preceding fiscal year exceeds the CPI for the second preceding fiscal year. In other words, for each fiscal year following fiscal year 2008, the incentive payment pool will be multiplied by the percentage increase in the CPI between the two preceding years. For example, if the CPI increases by 1 percent between fiscal years 2007 and 2008, then the incentive pool for fiscal year 2009 would be a 1 percent increase over the $483,000,000 incentive payment pool for fiscal year 2008, or $487,830,000.

(c) The State incentive payment share for a fiscal year is the incentive base amount for the State for the fiscal year divided by the sum of the incentive base amounts for all of the States for the fiscal year.

(d) A State’s maximum incentive base amount for a fiscal year is the State’s collections base for the fiscal year for the paternity establishment, support order, and current collections performance measures and 75 percent of the State’s collections base for the fiscal year for the arrearage collections and cost-effectiveness performance measures.

(e) A State’s maximum incentive base amount for a State for a fiscal year is zero, unless a Federal audit performed under §305.60 of this part determines that the data submitted by the State for the fiscal year and used to determine the performance level involved are complete and reliable.

(f) A State’s collections base for a fiscal year is equal to: two times the sum of the total amount of support collected for Current Assistance cases plus two times the total amount of support collected in Former Assistance cases, plus the total amount of support collected in Never Assistance/other cases during the fiscal year, that is: 2(Current Assistance collections + Former Assistance collections) + all other collections.

§ 305.32 Requirements applicable to calculations.

In calculating the amount of incentive payments or penalties, the following conditions apply:

(a) Each measure is based on data submitted for the Federal fiscal year. The Federal fiscal year runs from October 1st of one year through September 30th of the following year.

(b) Only those Current Assistance, Former Assistance and Never Assistance/other collections disbursed and those expenditures claimed by the State in the fiscal year will be used to determine the incentive payment payable for that fiscal year;

(c) Support collected by one State at the request of another State will be treated as having been collected in full by each State;