

**OCSE 396 Form (OMB No. 0970-0181)**  
**Child Support Enforcement Program Quarterly Financial Report**

**Suggestions to Clarify Instructions related to ADP Expenditures**  
5-14-2021

The following table contains suggestions to clarify the Instructions language on how to report Automated Data Processing (ADP) expenditures on the OCSE-396. A recent analysis of state reporting has revealed inconsistencies in what lines are being used to report ADP costs, and additional instructional language could assist in remedying this. Also, the instructions on one line needs to be edited in order to be consistent with prior APD regulatory reform. In the table below, the first column is the relevant line number and description from the current instructions, the second contains the existing instructions language, the third has the suggested new language, and the final column contains comments and rationale for the changes. Please note that only language related to ADP is included; there is no intent to change other language (for example, the additional unrelated instructions on line 1b).

Line number and title from Instructions	Current ADP Relevant Language (highlights added)	New Language Suggested (changes in red)	Comments/Rationale
Line 1b. IV-D Administrative Expenditures	<p>Include:</p> <ul style="list-style-type: none"> <li>• Expenditures made for the planning, design, development, implementation, enhancement, operation or maintenance of an automated Statewide Child Support Enforcement System (CSES), <b>for which an approved APD is not required</b></li> </ul> <p>Do Not Include:</p> <ul style="list-style-type: none"> <li>• Expenditures for the planning, design, development, implementation, enhancement or operation of a Statewide Child Support Enforcement System (CSES). These expenditures are reported on Line 4, 5 <b>or 6</b>, as appropriate.</li> </ul>	<p>Do Not Include:</p> <ul style="list-style-type: none"> <li>• Expenditures for the planning, design, development, implementation, enhancement or operation of a Statewide Child Support Enforcement System (CSES). These expenditures are reported on Line 4, 5 <b>or 1a</b>, as appropriate.</li> </ul>	<p><b>Comments:</b></p> <ol style="list-style-type: none"> <li>1) Delete the “Include” language completely.</li> <li>2) In the “Do Not Include” language, change 6 to 1a.</li> </ol> <p><b>Rationale:</b></p> <ol style="list-style-type: none"> <li>1) As of the 2010 APD regulatory reform, approved APDs are required for all automated Statewide Child Support Enforcement (CSES) costs related to “<i>planning, design, development, implementation, enhancement, operation or maintenance</i>”, therefore none should be included on this line. (As noted in the instructions for Lines 4 and 5, the above costs are different from routine “ADP costs associated with ... <i>non-CSES systems</i> used in day-to-day office procedures, such as personnel, payroll, travel, etc.” Those costs do belong on lines 1a, 1b or 1c.)</li> <li>2) Delete reference to Line 6 as it is reserved, and instructions should not point to it.</li> <li>3) Add 1a in place of the reference to 6 to be clear to grantees that if they spend incentives on systems, they report on 1a instead of 4 or 5 in order to avoid inadvertently receiving FFP.</li> </ol> <p><b>Additional note:</b> On the OCSE-396 form, the word “Regular” is misspelled on the title of Line 1b.</p>
Line 4. Automated Data Processing (ADP) Expenditures	Expenditures made in accordance with the terms of an approved APD for the planning, design, development, implementation or enhancement of an automated Statewide Child Support Enforcement System (CSES). No	Expenditures made in accordance with the terms of an approved APD for the planning, design, development, implementation or enhancement of an automated Statewide Child Support Enforcement System (CSES). No	<p><b>Comments:</b></p> <ol style="list-style-type: none"> <li>1) Added references to the types of APDs to be more in sync with the regulations.</li> <li>2) Gave more instruction on when to split out development costs vs. O&amp;M, both in the scenario of a new system project with a</li> </ol>

<p>for System Development Under the Terms of an Approved Advanced Planning Document (APD).</p>	<p>expenditures may be claimed on this line unless approved under the APD process found at 45 CFR Part 95 Subpart F.</p> <p>Do not include:</p> <ul style="list-style-type: none"> <li>• Operation and maintenance costs reported on Line 5;</li> <li>• ADP costs associated with the development, purchase or operation of non-CSES systems used in day-to-day office procedures, such as personnel, payroll, travel, etc. These are routine administrative costs reported on lines 1a, 1b or 1c, as appropriate.</li> </ul>	<p>expenditures may be claimed on this line unless approved under the APD process found at 45 CFR Part 95 Subpart F.</p> <p>Include:</p> <ul style="list-style-type: none"> <li>• Expenditures under a PAPD or IAPD;</li> <li>• Expenditures associated with a replatforming or refactoring project of a legacy system.</li> </ul> <p>If the approved APD includes both development of a new system and operations and maintenance of a legacy system, only report new system development expenditures here. Report operation and maintenance costs of the legacy system on Line 5.</p> <p>If expenditures on a legacy system are both for development/enhancement activities and operation and maintenance activities, only report the former here. Report operation and maintenance of the legacy system on Line 5.</p> <p>Do not include:</p> <ul style="list-style-type: none"> <li>• Operation and maintenance costs under an OAPD;</li> <li>• Operation and maintenance costs for a legacy system while a new development project is underway;</li> <li>• ADP expenditures made with incentive funds;</li> </ul> <p><del>reported on Line 5;</del></p> <ul style="list-style-type: none"> <li>• ADP costs associated with the development, purchase or operation of non-CSES systems used in day-to-day office procedures, such as personnel, payroll, travel, etc. These are routine administrative costs reported on lines 1a, 1b or 1c, as appropriate.</li> </ul>	<p>legacy system still temporarily functioning, and when new development is happening on the legacy system in addition to O&amp;M.</p> <p>3) Specifically called out not reporting incentive expenditures to ensure states don't accidentally report here and receive FFP.</p> <p>Rationale:</p> <p>1) The last time this language was changed was 2000, and since then the APD rules and documents are much more defined. The scenarios for system modernization have also expanded.</p> <p>2) Given the level of inconsistent reporting, it would help the states to give more detailed guidance.</p>
<p>Line 5. Automated Data Processing (ADP) Expenditures for System Operation and Maintenance Under the Terms of an Approved Advanced Planning Document (APD).</p>	<p>Expenditures made in accordance with the terms of an approved APD for the operation or maintenance of an automated Statewide Child Support Enforcement System (CSES). No expenditures may be claimed on this line unless approved under the APD process found at 45 CFR Part 95 Subpart F.</p>	<p>Expenditures made in accordance with the terms of an approved APD for the operation or maintenance of an automated Statewide Child Support Enforcement System (CSES). No expenditures may be claimed on this line unless approved under the APD process found at 45 CFR Part 95 Subpart F.</p> <p>Include:</p> <p>Operation and maintenance costs under an OAPD or an AAPDU.</p> <p>If the approved APD includes both development of a new system and</p>	<p>Same as Line 4</p>

	<p>Do not include:</p> <ul style="list-style-type: none"> <li>• Planning, design, development, implementation or enhancement costs reported on Line 4;</li> <li>• ADP costs associated with the development, purchase or operation of non-CSES systems used in day-to-day office procedures, such as personnel, payroll, travel, etc. These are routine administrative costs reported on lines 1a, 1b or 1c, as appropriate.</li> </ul>	<p>operations and maintenance of a legacy system, only report the latter here. Report new system development expenditures on Line 4.</p> <p>If expenditures on a legacy system are both for development/enhancement activities and operations and maintenance activities, only report the latter here. Report development/enhancement costs of the legacy system on Line 4.</p> <p>Do not include:</p> <ul style="list-style-type: none"> <li>• Planning, design, development, implementation or enhancement costs reported on Line 4;</li> <li>• ADP expenditures made with incentive funds;</li> <li>• Expenditures associated with a replatforming or refactoring project of a legacy system;</li> <li>• ADP costs associated with the development, purchase or operation of non-CSES systems used in day-to-day office procedures, such as personnel, payroll, travel, etc. These are routine administrative costs reported on lines 1a, 1b or 1c, as appropriate.</li> </ul>	
<b>Line 6</b>	(Reserved)	(Reserved)	Comment: 1) See Line 1b changes above to delete reference to Line 6, since it should not be used. 2) Need to check OLDC functionality.