

**§ 304.10**

AUTHORITY: 42 U.S.C. 651 through 655, 657, 1302, 1396a(a)(25), 1396b(d)(2), 1396b(o), 1396b(p), and 1396(k).

EDITORIAL NOTE: Nomenclature changes to part 304 appear at 64 FR 6252, Feb. 9, 1999.

SOURCE: 40 FR 27166, June 26, 1975, unless otherwise noted.

**§ 304.10 General administrative requirements.**

As a condition for Federal financial participation, the provisions of part 74 of this title (with the exception of 45 CFR 74.23, Cost Sharing or Matching and 45 CFR 74.52, Financial Reporting) establishing uniform administrative requirements and cost principles shall apply to all grants made to States under this part.

[40 FR 27166, June 26, 1975, as amended at 61 FR 67241, Dec. 20, 1996]

**§ 304.11 Effect of State rules.**

Subject to the provisions and limitations of title IV-D of the Act and chapter III, Federal financial participation will be available in expenditures made under the State plan (including the administration thereof) in accordance with applicable State laws, rules, regulations, and standards governing expenditures by State and local child support enforcement agencies.

**§ 304.12 Incentive payments.**

(a) *Definitions.* For the purposes of this section:

*Non-title IV-A collections* means support collections, on behalf of individuals receiving services under this title, satisfying a support obligation which has not been assigned under section 408(a)(3) of the Act or section 471(a)(17) of the Act, including collections treated in accordance with paragraph (b)(4)(ii) of this section.

*Title IV-A collections* means support collections satisfying an assigned support obligation under section 408(a)(3) of the Act or section 471(a)(17) of the Act, including collections treated in accordance with paragraph (b)(4)(ii) of this section.

*Total IV-D administrative costs* means total IV-D administrative expenditures claimed by a State in a specified fiscal year adjusted in accordance with paragraphs (b)(4)(iii), (b)(4)(iv) and (b)(4)(v) of this section.

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(b) *Incentive payments to States.* Effective October 1, 1985, the Office shall compute incentive payments for States for a fiscal year in recognition of title IV-A collections and of non-title IV-A collections.

(1) A portion of a State's incentive payment shall be computed as a percentage of the State's title IV-A collections, and a portion of the incentive payment shall be computed as a percentage of its non-title IV-A collections. The percentages are determined separately for title IV-A and non-title IV-A portions of the incentive. The percentages are based on the ratio of the State's title IV-A collections to the State's total administrative costs and the State's non-title IV-A collections to the State's total administrative costs in accordance with the following schedule:

Ratio of collections to total IV-D administrative costs	Percent of collection paid as an incentive
Less than 1.4 .....	6.0
At least 1.4 .....	6.5
At least 1.6 .....	7.0
At least 1.8 .....	7.5
At least 2.0 .....	8.0
At least 2.2 .....	8.5
At least 2.4 .....	9.0
At least 2.6 .....	9.5
At least 2.8 .....	10.0

(2) The ratios of the State's title IV-A and non-title IV-A collections to total IV-D administrative costs will be truncated at one decimal place.

(3) The portion of the incentive payment paid to a State for a fiscal year in recognition of its non-title IV-A collections is limited to the percentage of the portion of the incentive payment paid for that fiscal year in recognition of its title IV-A collections, as follows:

- (i) 100 percent in fiscal years 1986 and 1987;
- (ii) 105 percent in fiscal year 1988;
- (iii) 110 percent in fiscal year 1989; and
- (iv) 115 percent in fiscal year 1990 and thereafter.

(4) In calculating the amount of incentive payments, the following conditions apply:

- (i) Only those title IV-A and non-title IV-A collections distributed and expenditures claimed by the State in the fiscal year shall be used to determine