



DEPARTMENT OF CHILDREN AND FAMILIES
DIVISION OF FAMILY AND ECONOMIC SECURITY
ADMINISTRATOR'S MEMO SERIES

DFES 26-02

ISSUE DATE: 5/20/2026
DISPOSAL DATE: 12/31/2027

PROGRAM CATEGORIES:

- ACTION
- NOTICE

- W-2 - Wisconsin Works
- RA - Refugee Assistance
- CS - Child Support
- CF - Children First
- TJ - Transitional Jobs
- TMJ - Transform Milwaukee Jobs

DATE: 5/20/2026

TO: Child Support Agency Directors

FROM: Connie M. Chesnik
DFES Administrator

RE: Calendar Year 2027 Preliminary Child Support Allocations

PURPOSE:

This Administrator's Memo notifies county child support agencies (CSAs) of the preliminary funding allocation information for Calendar Year 2027 (CY27).

BACKGROUND:

The State-County Child Support Contract consists of funding from federal and state sources. Federal funding includes the annual performance incentives and the federal match of 66%. State funding includes state general purpose revenue (GPR), medical support GPR, and medical support liability (MSL) incentives, which are 15% of birth cost collections.

The funding in this Administrator's Memo will concentrate on the state GPR, corresponding federal match, and federal performance incentives.

FEDERAL PERFORMANCE INCENTIVES:

Federal regulation [45 CFR §305.35\(d\) Reinvestment](#) requires that child support performance incentives must be spent on the child support program and may not be used to supplant state and local funding.

Under [Wis. Stat. § 49.24\(2\) Child Support Incentive Payments](#):

(a) The department shall, in consultation with representatives of counties, promulgate a rule that specifies the formula according to which the payments under sub. (1) and federal child support incentive payments will be distributed to counties. The rule shall provide that the total of state and federal incentive payments per year to a county may not exceed the costs per year of the county's child support program under s. [49.22](#).

(b) Subject to the incentive payments limit specified in par. (a), the department shall distribute to counties, in accordance with the formula established under par. (a), all of the following:

2. Of the amount of federal child support incentive payments awarded to the state for each federal fiscal year, the amount awarded if that amount is less than \$12,340,000, or \$12,340,000 plus 30 percent of the amount awarded that exceeds \$12,340,000.

3. All federal matching funds associated with the amounts distributed under subd. 2.

(c) The department may retain 70 percent of the amount of federal child support incentive payments awarded to the state for each federal fiscal year that exceeds \$12,340,000, to be used to pay the costs of the department's activities under ss. [49.22](#) and [49.227](#) and costs related to receiving and disbursing support and support-related payments.

(dm) If the amount of federal child support incentive payments awarded to the state for a federal fiscal year is less than \$12,340,000 and the department is providing child support incentive payments to counties for that federal fiscal year under sub. (1)(b), the total of payments distributed to counties under par. (b) and sub. (1) for that federal fiscal year may not exceed \$12,340,000.

(3) A county that receives any state child support incentive payment under sub. (1) or any federal child support incentive payment under sub. (2) may use the funds only to pay costs under its child support program under s. [49.22](#).

The most recent federal performance incentives award for FFY23 of \$14,067,801 will be used for the CY27 State-County Contract. Once the FFY25 federal performance incentives award is known, contract amendments for CY27 will be done.

STATE-COUNTY CONTRACT FUNDING:

The current allocation approach, developed with the Wisconsin Child Support Enforcement Association (WCSEA) Contract Committee, provides greater stability in the funding allocations, while continuing to reward performance that meets or exceeds federal performance standards. The tables below list the State-County Contract Funding and Allocations.

Preliminary Allocation	Funding
GPR	\$15,760,000
Fed Match	30,592,941
Estimated Federal Incentives	14,067,801
Total Preliminary Allocation	\$60,420,742

Weights & Allocations for Each Measure	%	Allocations
Cases w/Current Support (CSUP) Ordered	20%	\$12,084,148
Cases w/Arrears Balances	15%	9,063,112
IV-D Caseload	65%	39,273,482
Total Preliminary Allocation	100%	\$60,420,742

The attached *CY27 Preliminary Funding Allocation* spreadsheet provides the estimated funding amounts for each county with separate spreadsheets for each performance measure. The *CY27 Preliminary Funding by Type* and *CY27 Tables and Formulas* documents are included, which clarify the funding totals and calculations.

If any funding changes occur during the contract year, all planned distributions to the counties will be subject to recalculation.

PERFORMANCE MEASURES ALLOCATIONS:

Each county receives funding based on their performance measures as of September 30, 2025, using data from the KIDS PAMT and PERF reports.

Cases with CSUP Ordered Formula (from KIDS Report "PAMT")

The allocation for this measure uses the KIDS PAMT (KAPF) report - column titled "Court Cases with Current Support Ordered" (the number of county cases with current support ordered), and the county's CSUP performance percentage from the PERF (KALB) report for the associated Federal Applicable Percentage.

To calculate the CSUP allocation "Earned Amount" for each county, there are two steps to the formula (see formulas below):

- 1) The county's "cases with current support ordered amount" is divided by the statewide total to arrive at the county's percentage. The percentage is then multiplied by the total funding allocation for Cases w/CSUP Ordered.
- 2) After the county's allocation is calculated, the allocation is then multiplied by the federal applicable percentage that corresponds to the agency's current support collections performance rate.

$$\text{CSUP Allocation} = \frac{\text{County's Cases w/ CSUP Ordered}}{\text{Total Cases w/ CSUP Ordered}} \times \text{Total CSUP Allocation}$$

$$\text{Amount Earned} = \text{County's CSUP Allocation} \times \text{Federal Applicable \%}$$

Cases with Arrears Balances Formula (from KIDS Report "PERF")

The allocation for this measure uses the KIDS PERF (KALB) report, column titled "Arrears Cases" (the number of county cases with arrears) and the county's CSUP performance percentage from the PERF (KALB) report for the associated Federal Applicable Percentage.

To calculate the Arrears allocation “Earned Amount” for each county, there are two steps to the formula (see formulas below):

- 1) The county’s “cases with arrears amount” is divided by the statewide total to arrive at the county’s percentage. The percentage is then multiplied by the total funding allocation for Cases w/Arrears Balances.
- 2) After the county’s allocation is calculated, the allocation is then multiplied by the federal applicable percentage that corresponds to the agency’s current support collections performance rate.

$$\text{Arrears Allocation} = \frac{\text{County's Cases w/ Arrears}}{\text{Total Cases w/ Arrears}} \times \text{Total Arrears Allocation}$$

$$\text{Amount Earned} = \text{County's Arrears Allocation} \times \text{Federal Applicable \%}$$

IV-D Caseload Formula (from KIDS Report “PERF”)

The allocation for this measure uses the KIDS PERF (KALB) report, column titled “IVD Cases” (the number of county IV-D cases). The allocation for this measure is distributed 100%, so there are no unearned funds to redistribute.

To calculate the IV-D Caseload allocation for each county, the county’s IV-D cases are divided by the statewide total. The percentage is then multiplied by the total funding allocation for the IV-D Caseload.

$$\text{IV-D Caseload} = \frac{\text{IVD Caseload (as of 9/30/XX)}}{\text{Total IV-D Caseload}}$$

$$\text{Allocation \& Amount Earned} = \frac{\text{County's IV-D Caseload}}{\text{Total IV-D Caseload}} \times \text{Total IV-D Caseload Allocation}$$

Court Order and Paternity Establishment Performance Measures

The court order and paternity establishment performance measures, while important to the Department of Children and Families (DCF), are part of the funding allocation due to the measures meeting the federal performance standards and no significant changes. These measures will be monitored for reductions that could affect the future federal performance incentives award. If the performance rate for the court order measure goes below 80% statewide and/or the paternity establishment measure goes below 90% statewide, DCF will consider changing future funding allocations.

Total Unearned Funds

The “Amount Unearned” (the allocated amount minus the earned amount), for the measures Cases w/CSUP Ordered and Cases w/Arrears Balances, are pro-rated based upon the county’s “Total Amount Earned” on all measures.

The current allocation for Unearned Funds, upon agreement with the WCSEA Contract Committee, has a funding loss limited to 10% based on the prior year’s preliminary funding. The 10% loss calculation used the Total Unearned Funds.

Uncounted Cases Report

The “Uncounted Cases Report” also known as “No Payments & No Worker Activity in Past Year Report” is found on the Program Performance Resource Page. The report is available for use by CSAs to find out if further action is needed on a IV-D case and is not used for funding allocations.

FEDERAL FINANCIAL PARTICIPATION (FFP) TAKE BACK:

Federal performance incentives and program revenue are not subject to the federal financial participation (FFP) rate of 66%. Therefore, when federal performance incentives or program revenue reported in SPARC, DCF must take back 66% of the total amount. The takeback is a reduction of the federal reimbursement, not a reduction of federal performance incentives or program revenue.

The federal takeback stands for the part of child support expenditures during the contract year that are not matchable when using federal performance incentives or program revenue. Counties are reimbursed 66% for all reported expenditures, minus the Random Moment Sample (RMS) % when applicable, no matter the funding source used by the county to pay for the expenditures.

Simplified Example:

County was allocated \$10,000 in federal performance incentives. The CSA used \$10,000 for child support expenditures and received a federal match reimbursement of \$6,600 (\$10,000 x 66%). When DCF paid out the federal performance incentives to the county through SPARC, the county received a net deposit of \$3,400, which was the federal incentives earned of \$10,000 minus the \$6,600 takeback from a prior federal reimbursement.

SPARC Report & Deposit

\$10,000 CS Expenditure
X 66% Federal Reimbursement Rate
\$6,600 Federal Reimbursement Deposit

SPARC Incentives Payout

\$10,000 Performance Incentives
Minus \$6,600 Prior Federal Reimbursement
\$3,400 Net Deposit

In addition, the SPARC takeback line codes, which are the same as the related funding line codes with “F” added, will show the takeback is a reduction of the federal reimbursement - line code 7477. Below are the changes starting with the CY27 contract:

- From 7332F to 7477M - Medical Support Incentives Takeback.
- From 762XF to 7477P - Federal Performance Incentives Takeback.

MEDICAL SUPPORT LIABILITY (MSL) INCENTIVES FUNDING:

Per the federal Office of Support Enforcement (OCSE), the 15% MSL incentives paid to CSAs, must be reported as program income because the MSL incentives are derived from the child

support program. MSL incentives are found on SPARC line 7332R and can only be used for the child support program and no other county, state, or federal program. In addition, the change means MSL incentives of \$15 are only worth \$15 instead of \$45 (MSL incentives of \$15 plus federal match of \$30) due to no federal matching.

MEDICAL SUPPORT GPR PERFORMANCE FUNDING:

Under [Wis. Stat. § 49.25 Incentive Payments for Identifying Children with Health Insurance](#), Wisconsin's Department of Health Services distributes \$300,000 in GPR from a continuing appropriation to CSAs for finding children who are receiving medical assistance benefits and have access to other health insurance coverage. The CY27 Medical Support Performance allocations will be issued under a separate Administrator's Memo.

BACKGROUND CHECK REMINDER:

CSAs are to cover the costs of background checks for new employees per [CSB 23-09 IRS Publication 1075 Personnel Security Program – Background Investigations](#). These costs are reported as a dedicated expenditure in SPARC and are subject to FFP 66% reimbursement.

FUTURE YEARS:

DCF will continue to meet with the WCSEA Contract Committee to review the results of the funding allocations to ensure that performance measures are met. Future funding plans are subject to discussion and consultation with the counties per [Wis. Admin. Code DCF §153.06](#).

CONTACT:

HSAC Coordinators – Child Support

ATTACHMENTS:

- [CY27 Preliminary Funding Allocations](#)
- [CY27 Tables and Formulas](#)
- [CY27 Federal Applicable % Tables](#)
- [CY27 Preliminary Funding by Type](#)
- [CY27 Cases with Current Support Ordered](#)
- [CY2027 - Cases with Arrears and IV-D Caseload](#)