



Division of Safety and Permanence

DSP Informational Memo Series 2026-09i

March 11, 2026

To: DCF/DMCPS Administrator
DCF Area Administrators
County Board Chairpersons
County Departments of Community Programs Directors
County Departments of Human Services Directors
County Departments of Social Services Directors

From: John Elliott
Administrator

Re: **Change to Title IV-E Passthrough Rate Methodology for TPR Legal Representation and Legal Services—Effective January 1, 2027**

PURPOSE

This memo provides updated title IV-E passthrough claiming requirements for Termination of Parental Rights (TPR) cases related to legal representation and legal services. **Effective January 1, 2027, title IV-E passthrough claims for TPR-related legal costs must be calculated using the Foster Care penetration rate, rather than the Adoption Assistance penetration rate**, due to clarification of federal claiming requirements.

BACKGROUND

DCF establishes penetration rates for Foster Care, Adoption Assistance, and Subsidized Guardianships separately. The penetration rate is calculated quarterly based on the number of children who are eligible for and receiving title IV-E maintenance payments compared to the total number of children in that population. This penetration rate is then multiplied by the federal FFP of 50% to calculate the federal reimbursement. For calendar year (CY) 2026, the Foster Care reimbursement rate was 26% and the Adoption Assistance reimbursement rate was 40%. Historically, Wisconsin reimbursed counties at the Adoption Assistance penetration rate for both TPR legal services and TPR legal representation. Legal services refer to the title IV-E allowable administrative costs for legal representation of the agency in Foster Care proceedings. Legal Representation of children and parents refers to the title IV-E allowable administrative costs for legal representation of children and parents in Foster Care proceedings.

In 2024, the federal Department of Health and Human Services promulgated a new rule governing the Title IV-E passthrough for legal representation. Upon review of federal claiming parameters and allowable cost allocation methodology outlined in the new rule ([45 CFR 1356.60\(c\)\(4\)\(i-iii\)](#)) and related guidance ([ACYF-CB-IM-24-05](#)), DCF has determined that legal

representation and legal services costs related to TPR should be allocated using the Foster Care penetration rate.

The Foster Care penetration rate has been historically lower than the Adoption Assistance penetration rate. This change will result in a shift in reimbursement amounts for TPR legal representation and legal service costs. Fiscal staff should anticipate rate impacts beginning in 2027. Using CY2026 rates to get an approximation of the impact, DCF identified the following potential impacts:

- Legal representation
 - Impacts 40 counties who claim
 - Impact would range from \$300 to \$84K reduction
 - Total impact: \$242K
- Legal Services
 - Impacts 48 counties who claim
 - Impact would range from \$634 to \$175K reduction
 - Total impact: \$543K

Each county that received passthrough funding in CY2026 will be provided with county specific impacts based on CY2026 so they can estimate potential impacts for CY2027, ahead of their budget planning.

POLICY AND PROCEDURE REQUIREMENTS

Beginning in calendar year 2027, all costs related to legal representation and legal services will be claimed and reimbursed to the counties using the Foster Care penetration rate. The finalized Foster Care penetration rate will be available in July 2026 and will be provided to county partners in mid-August 2026. At that time, all counties will receive an email from their Bureau of Regional Operations (BRO) coordinator with information for the 2027 IV-E passthroughs along with a link to the title IV-E website where the 2027 application materials can be found.

Changes to reporting will also occur within SPARC in CY2027. As both TPR and CHIPS will use the Foster Care penetration rate, the SPARC codes will be consolidated. Additional information regarding SPARC changes will be included in the 2027 application materials which will be provided via email from each counties BRO coordinator in mid-August 2026.

ACTION SUMMARY

To ensure compliance and consistency statewide, DCF will be taking the following actions to update the following documents by August of 2026:

- Fiscal claiming tools/workbooks will be updated to reflect county match/IV-E reimbursement rates at the Foster Care penetration rate

- County invoicing guidance will be revised to reflect the new passthrough rate methodology
- Passthrough applications and guides will be revised to reflect all changes
- DCF will provide a Passthrough Lunch-n-Learn in late August to review changes with counties

INFORMATION SUMMARY

TPR legal representation and legal services passthrough costs must be claimed using the Foster Care penetration rate beginning in 2027. This change is required due to clarification of federal Title IV-E claiming requirements for legal representation and ensures compliant and consistent statewide claiming practices.

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