

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

ACTION
 NOTICE **11-10**

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 AS FM ML TR
 CC FL NA W-2
 CS IT RA WIA
 CF JC TC
 CR LM TA

TO: Child Support Agency Directors
FROM: Kristiane Randal
Division Administrator
RE: CY2012 Child Support Performance Measures and Performance-Based Funds

PURPOSE

The Child Support contract between the Department of Children and Families and local child support agencies specifies that certain funds are awarded on a performance basis. This memo describes the standards used to determine performance-based funding for calendar year 2012 (January 1, 2012-December 31, 2012).

BACKGROUND

The federal government awards child support incentive funding to states based on performance. The amount of money awarded to each state is based on each state's collections and performance on five federal performance measures: #1 Court Order Establishment; #2 Paternity Establishment; #3 Percentage of Current Support Collected; #4 Arrearage Cases with a Collection; and # 5 Cost Effectiveness.

The Department of Children and Families (DCF) uses a performance-based approach to award incentive funding to local Child Support Agencies (CSAs) to ensure that Wisconsin earns the highest possible federal award. Child support incentive funds awarded to counties may only be used to pay the costs for administering the child support program.

Under Administrative Rule DCF 153 Child Support Incentive Payments, federal standards or other measures may be established to help Wisconsin meet statewide performance goals. Under 2011 Wisconsin Act 32, the Department of Children and Families (DCF), Division of Family and Economic Security (DFES) was required to develop and submit a detailed plan for distributing child support incentive payments to counties during calendar years 2012 and 2013. The statute provides that funding may be awarded to counties based on standards set by the Department and specifies that the Department's standards may reward counties based on the county's rate per full time equivalency (FTE) for establishing child support court orders, establishing paternity and collecting current child support.

On August 29, 2011, DCF submitted the Child Support funding plan based on four federal performance measures and a fifth proficiency measure. The funding plan was developed after consulting with the Contract Committee from the child support Policy Advisory Committee (PAC).

The Wisconsin State Legislature's Joint Committee on Finance approved the DCF funding plan November 10, 2011.

Performance-Based Funding for CY 2012: \$29.35 Million

In 2012, incentives and general purpose revenue funds will be awarded to county child support agencies based upon each agency's performance and proficiency levels for federal fiscal year (FFY) 2011, as outlined in this Administrator's Memo.

The funds available for distribution include general purpose revenue (GPR) appropriated under Wis. Stat. §. 20.437(2)(bc), as well as 66% federal financial participation (FFP), and an estimated \$12.683 million per year in federal incentive funds appropriated under Wis. Stat. §. 20.437(2)(nL).

Federal Incentives - \$12,683,000

Under Wis. Stat. §. 49.24 (2)(b) local child support agencies receive the first \$12.34 million in federal incentives awarded to the state, plus 30% of any amount over \$12.34 million. Using this statutory formula, the Department is awarding \$12.683 million from the estimated \$13.5 million in federal performance incentives anticipated for FFY 2010. The actual federal incentive award notice may not be issued until late December, 2011. To avoid delaying the contract, this estimate will be used to set CY 2012 contract levels.

General Purpose Revenue (GPR) and Federal Matching Funds (FFP) - \$16,666,667

Under 2011 Wisconsin Act 32, GPR of \$4.25 million per state fiscal year is appropriated to fund county child support programs. The funding plan phases in the GPR reduction by providing county child support agencies with GPR of \$5.667 million each year for 2012 and 2013. This funding level is derived by using the \$4.25 million in GPR for SFY12 to cover local child support expenditures for the first six months of CY 2012, and splitting the \$4.25 million in GPR for SFY13 and SFY14 to provide a total of \$5.667 million in 2013.

The \$5.667 million GPR is eligible for 66% FFP. Total FFP is \$11 million per year for a combined total of \$16.667 million (GPR plus FFP) in 2012.

Under current law, the projected amount of GPR available to fund county child support programs in CY 2014 is \$4.25 million. Wisconsin statutes provide that this funding will be withdrawn if the federal government reinstates the 66% federal match for incentive funds.

Roll-Forward Methodology

In the past, child support agencies earned performance funding based on their performance during the calendar year. In October, the Department reconciled the award to the county's actual performance and reallocated the funding. Under the newly-approved funding plan, the Department uses a *roll-forward* methodology whereby individual county performance for a federal fiscal year is rolled forward and used to determine the county's allocation for the following calendar year.

For calendar years 2012 and 2013, the Department will measure each county's performance under five performance standards as of September 30, and use the county's actual performance and proficiency data from the prior FFY to establish the *final* funding levels for the following calendar year. There will be no performance-based reconciliation completed in calendar years 2012 and 2013.

For 2012, the final allocations are adjusted to ensure that no county's funding is reduced by more than 26% or by less than 18% from 2011 funding levels. This approach moderates the impact of state funding reductions for low-performing counties in an attempt to preserve statewide performance. Under federal law, the state must ensure that available funds are used to provide child support services to all eligible families.

Treatment of Excess Funds or Shortfalls

Since child support agencies can earn more or less than 100% of the county allocation under the five performance standards, unallocated funds are redistributed and shortfalls are absorbed across all counties based on each county's pro-rata share of performance earnings under the standards.

Five Performance Standards

The funding is awarded based on five performance standards: Four federal performance measures and a fifth proficiency measure. One-fifth of the available \$29.35M or \$5.87M is applied to each performance standard and awarded to individual child support agencies based on actual performance and proficiency during federal fiscal year 2011.

Four Federal Measures

Funds applied to the four federal measures are allocated across CSAs based on caseload. Caseloads as of September 30 of the prior year will be adjusted by the number of cases on the case consolidation report and the cases that require a manual locate action pending closure.

To earn 100% of performance funds for Court Order, Paternity, Current Support and Arrears Cases with Collections, the CSA must meet or exceed the federal target of 80%. If the county's final 2011 performance is below 80%, the county will earn a lower amount based on the sliding scale found in code of federal regulations 45 CFR 305.33.

Fifth Proficiency Measure

Funds applied to the fifth proficiency measure are prorated based on the total number of new court orders and paternitys established during the federal fiscal year, and prorated based on each county's share of the total number of paternitys and court orders established during the federal fiscal year.

To earn 100% of proficiency funds the CSA must meet or exceed the state average number of paternitys and court orders established per FTE. If the county's final 2011 performance falls below or above the average, the county will earn between 80% and 120% of the funding allocation for this measure.

1. Existing Federal Performance Measure - Court Order Establishment Rate:

The Court Order Rate (CO Rate) is the ratio of the number of federal IV-D cases with court orders divided by the total number of IV-D cases as of the last day of the federal fiscal year (September 30). Court orders include all legally enforceable court orders, including current support orders, medical support orders, arrearage orders, work-search orders, and orders that are held open by the court.

The federal performance standards require that the percentage of child support cases in the caseload that have a child support order established be equal to or greater than 80%. Agencies that obtain a CO Rate of 80% or higher will earn 100% of the funds allocated under this measure. Agencies below 80% earn a lesser rate based on the table provided in federal regulations displayed on Table 1.

2. Existing Federal Performance Measure - Paternity Establishment Rate:

The Paternity Establishment Rate (PE Rate) is the ratio of the number of paternity-related children present in the IV-D caseload as of September 30, 2010 divided by the total number of paternity related children present in the IV-D caseload anytime during the federal fiscal year 2011 who have paternity established. Therefore, agencies may achieve more than 100% PE Rate.

The definition of paternity-related children includes all children under the age of 19 who were born out of wedlock. Paternity establishments include acknowledgements, legitimizations, or judicial actions, whether or not the agency handled the paternity action. Each paternity-related child is counted only once, even if the child is present in multiple IV-D cases. Children who turn age 19 during the year or whose IV-D cases close during the year are counted.

The federal performance standards require that the percentage of paternity-related children in the caseload that have paternity established be equal to or greater than 80%. Agencies that obtain a PE Rate of 80% or higher will earn 100% of the funds allocated under this measure. Agencies below 80% earn a lesser rate based on the table provided in federal regulations displayed on Table 1.

3. Existing Federal Performance Measure - Current Support Collection Rate:

The Current Support Collection Rate (CSUP Rate) is the ratio of the total amount of current child support and spousal support collected during the month when it was due divided by the total amount of current support and spousal support that was due and owing during the federal fiscal year. Current support due and current support collected during the month when due are cumulative for each month of the federal fiscal year.

The federal performance standards require that the percentage of current support collected in the month when due must be equal to or greater than 80%. Agencies that obtain a CSUP Rate of 80% or higher will earn 100% of the funds allocated under this measure. Agencies below 80% earn a lesser rate based on the table provided in federal regulations displayed on Table 2.

4. Existing Federal Performance Measure - Arrears Cases w/ Collections Rate:

The Arrearage Case Collection Rate (ARR Rate) is the ratio of the number of federal IV-D cases with a payment on arrears at any time during the federal fiscal year divided by the total number of federal IV-D cases *with arrears due anytime* during the federal fiscal year. The federal definition of eligible IV-D arrearage cases includes all federal cases with a child support or maintenance arrearage, birth costs, interest, or a past support balance due greater than zero. Unless a payment is applied toward an arrears balance during the federal fiscal year, the case is counted even if it is closed during the federal fiscal year.

The federal performance standards require that the percentage of arrears cases with a payment applied toward arrears during the federal fiscal year must be equal to or greater than 80%. Agencies that obtain an ARR Rate of 80% or higher will earn 100% of the funds allocated under this measure. Agencies below 80% earn a lesser rate based on the table provided in federal regulations displayed on Table 2.

5. New Proficiency Measure - Paternity/Court Order Rate per FTE:

The Paternity/Court Order Rate per FTE calculates the total number of court orders plus paternitys established by the agency during the federal fiscal year per FTE. The agency's FTEs are counted on July 1 of that year.

Agencies that meet the statewide average number of paternitys and court orders established per FTE will earn 100% of the funds allocated under this measure. A sliding scale is used to award funding to counties with proficiency levels between 80% and 120% of the statewide average as displayed on Table 3.

REGIONAL OFFICE CONTACT: Child Support Regional Administrators
CENTRAL OFFICE CONTACT: Dianne Bahr-DCF/DFES/BCS Accountant

Attachment: [CY12 Performance Tables](#)
[CY12 CS Funding Plan](#)