

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

ACTION 17-03
 NOTICE

ISSUE DATE: 05/30/2017
DISPOSAL DATE: Ongoing

*PROGRAM CATEGORIES:

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

To: W-2 Contract Agency Directors

From: Kris Randal
Division Administrator

RE: Additional Funding for the Wisconsin Works (W-2) and Related Programs Contract:
January - June 2017 Capitation Payments

PURPOSE:

This memo notifies W-2 Contractors of a contract modification related to the issuance of additional capitation funding for January – June 2017. This memo also provides an update to the capitation definition to include the additional funding for the provision of Intensive Support Services (ISS) and new SPARC codes and reporting requirements for the ISS funding.

BACKGROUND:

On April 20, 2017, at the W-2 Contractors' Meeting, the Division of Family and Economic Security (DFES) informed W-2 Contractors that it would issue additional capitation funding for the contract period January 1, 2017 through June 30, 2017. The intent of the additional funding is to address the intensive service needs of the greater proportion of participants experiencing significant barriers to employment given the declining caseload.

DFES defines intensive support services as any service needed to stabilize the family and remediate barriers to employment, e.g., housing services or mental health services. These services may also include, but are not limited to, job coaching, supported work sites, formal assessments, SSI/SSDI advocacy services, job skills training, or vocational rehabilitation services as determined to best meet the needs of the family.

FUNDING ALLOCATIONS:

DFES will disburse \$10,000,000.00 of additional capitation funding prior to June 30, 2017 across all W-2 Contractors based on the unduplicated W-2 Transition (W-2 T) caseload through March 31, 2017. DFES has targeted 40% (\$4,000,000.00) of the \$10,000,000 for program administration and service costs to address the recent caseload decline.

DFES has targeted the remaining 60% (\$6,000,000.00) to cover the provision of intensive support services (ISS) to assist W-2 participants with connecting to and obtaining much needed services to address the barriers that prevent securing employment. This disbursement includes a calculated 15% Administration Rate.

The [attached spreadsheet](#) identifies the anticipated dispersal of the additional capitation funding per the 2017 W-2 Contract Amendment.

UPDATED CAPITATION DEFINITION AND SPARC CODES:

DFES has created three new SPARC codes that W-2 Contractors must use to report new funding expenditures.

DFES created SPARC code 2381 for the reporting of expenses used for program administration and service costs to address the recent caseload decline.

DFES has created two new SPARC codes for the reporting of intensive support services (ISS) expenditures. SPARC code 2227 must be used to report ISS administration and program services for expenses beginning January 1, 2017, and going forward for the remainder of the contract period. SPARC code 2226 must be used to report administrative expenses up to 15%.

The additional capitation funds will be paid retroactively in monthly 1/6th payment allotments for the past payment periods. The June payment will be issued according to the [published payment schedule](#), on July 21, 2017.

The following chart provides the updated capitation definition and the inclusion of ISS specific SPARC codes that W-2 Contractors must use when reporting expenditures using the new capitation funding.

<p>Expanded Capitated Payment Definition: January-June 2017</p>	<p>SPARC Code 2381</p>	<p>The Capitated Payment amount is a monthly amount the W-2 Contractor will receive based on the Case Count Total (CCT) each month multiplied by the negotiated contracted rate per case. The CCT is the total of all paid and unpaid cases open at least one day during the month, excluding individuals who are in a CMF placement more than 3 consecutive months in a calendar year. DCF will determine the CCT based upon the data entered into CARES and CWW.</p> <p>The Capitated Payment amount is a monthly amount the W-2 Contractor will receive for a designated contract period. The Capitated Payment will be issued in amounts of 1/12 of the Total Capitated Amount each month. The Capitated Payments are intended to support a W-2 Contract Agencies' efforts in providing base services including eligibility determination, Job Access Loan processing and Emergency Assistance application processing.</p> <p>The Capitated Payment amount may also be used to offset costs related to intensive support services to participants with barriers that prevent them from full participation. These services may include vocational assessments, contracts with professional service providers who provide supported work sites, sheltered workshops, training, and other services for participants with barriers or those needing accommodations.</p>
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Intensive Support Services Administration	SPARC Code 2226	<p>The Intensive Support Services (ISS) Administration includes:</p> <ul style="list-style-type: none"> • Costs for general administration of ISS program services including costs related to the development and oversight of subcontracts for ISS Program Services and the related indirect costs; costs related to financial oversight of ISS Program subcontracts; and costs related to monitoring and quality assurance of ISS subcontracts and services; and <p>Excludes:</p> <ul style="list-style-type: none"> • Direct costs of providing ISS program services to W-2 applicants and participants; • Costs of providing program information to clients, screening and assessments, development of employability plans, work activities, post-employment services, work supports, and case management; and • The salaries and benefits costs for staff, including subcontract staff, providing program services and the direct administrative costs associated with providing the services, such as the costs for supplies, equipment, travel, postage, utilities, rental of office space, and maintenance of office space.
Intensive Support Services Program Services	SPARC Code 2227	<p>Direct costs of providing ISS program services to W-2 applicants and participants includes:</p> <ul style="list-style-type: none"> • Costs of providing program information to clients related to ISS available, screening and formal assessments of participants who may need ISS, ISS related work activities (sheltered workshops, supported worksite, training that includes accommodations etc.) and post-employment services. Includes the portion of subcontracts devoted to ISS program services; and • The salaries and benefits costs for staff, including subcontract staff, providing ISS program services and the direct administrative costs associated with providing the services, such as the costs for supplies, equipment, travel, postage, utilities, rental of office space, and maintenance of office space.

CONTRACT REQUIREMENTS:

Specific to the purchase of or subcontracts for intensive support services, Section XI of the W-2 and Related Programs Contract requires W-2 Contractors to submit all subcontracts for DCF approval. This includes any related Memorandums of Understanding (MOU). W-2 Contractors in Milwaukee shall submit any ISS subcontracts to their Regional Coordinator. W-2 Contractors in the Balance of State shall submit any ISS subcontracts to the Bureau of Regional Operations Regional Administrator.

Additionally, Section XI requires W-2 Contractors to monitor subcontractors for performance, compliance, and costs claimed by all subcontractors. These monitoring efforts will be documented and shall include on-site visits, at least annually. Any cost disallowed as a result of subcontractor monitoring will be recovered by the W-2 Contractor.

ACTION NEEDED:

DFES will schedule a mandatory conference call with all W-2 Directors, or a designated representative, to review this memorandum and address any questions. Directors will be notified by e-mail of the date and time of the call.

ATTACHMENT: [2017 W-2 Contract Amendment Period January 1, 2017 – June 30, 2017](#)

CONTACT: DFES/BWF Regional Administrators
DFES/BWF Regional Coordinators