

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

ACTION
 NOTICE

DFES 17-05

ISSUE DATE: 09/05/2017
DISPOSAL DATE: 12/31/2018

*PROGRAM CATEGORIES:

<input type="checkbox"/> AS	<input type="checkbox"/> FM	<input type="checkbox"/> ML	<input type="checkbox"/> TR
<input type="checkbox"/> CC	<input type="checkbox"/> FL	<input type="checkbox"/> NA	<input type="checkbox"/> W-2
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<input type="checkbox"/> CR	<input type="checkbox"/> LM	<input type="checkbox"/> TA	

DATE: September 5, 2017

TO: Child Support Agency Directors

FROM: Kris Randal
Division Administrator

RE: CALENDAR YEAR 2018 PRELIMINARY CHILD SUPPORT ALLOCATIONS

PURPOSE:

This Administrator's Memo notifies county child support agencies of the preliminary funding allocation information for Calendar Year 2018 (CY2018).

BACKGROUND:

Wisconsin expects to earn approximately \$12.98 million in child support incentives based on Federal Fiscal Year 2016 (FFY 2016) performance in five areas: court order establishment, paternity establishment, collection of current support, arrears collection, and cost effectiveness. The desired performance level for court order and paternity establishment, current support collections, and arrears collections is 80%. The goal for cost effectiveness is to collect at least \$5.00 for every \$1.00 expended.

Under state law, the first \$12.34 million of the federal incentive funds is distributed to county child support agencies. Federal law requires that all child support incentives be spent on the child support program, and the incentives may not be used to supplant state and local funding for the program. The department is distributing an estimated \$12.98 million in federal incentive funds, \$8.5 million in General Purpose Revenue (GPR) appropriated in 2013 Act 20, and additional funds associated with the GPR that are matched by the federal government. While the actual federal incentives award Wisconsin will receive is unknown until announced by OCSE in the first quarter of 2018, if we assume those incentives will be approximately \$12.98 million, the total funding from federal and state sources, including the employment referral awards, is estimated to be approximately \$37,985,420. The availability of GPR funding after June 30, 2018, is assumed for purposes of these calculations, however it is dependent on the appropriation of at least \$4.25 million for the first six months of CY2018. If a GPR appropriation is not approved, all planned distributions to the counties for CY2018 will be subject to recalculation.

Consistent with recommendations from the WCSEA Contract Committee, the Department of Children and Families (DCF) has decided to use the same allocation methodology that was used in CY2017 for the distribution of state and estimated federal incentive funds to the counties in CY2018. This allocation approach provides greater stability in the funding allocations, while continuing to reward performance that meets or exceeds federal performance standards. As in CY2017, a portion of the funding will be awarded to counties during CY 2018 to recognize the creation of robust partnerships with employment organizations.

See the attached [CY18 Preliminary Funding Allocation](#) spreadsheet for the estimated funding amounts for each county. There is a separate spreadsheet for each measure. Also included for reference are the [CY18 Preliminary Funding by Type](#) and [CY18 Tables and Formulas](#) documents, which further clarify the funding totals and calculations.

CY2017-CY2018 FUNDING DIFFERENCE - 5% FLOOR - DISTRIBUTION OF UNEARNED FUNDS:

The contract funding for Bayfield, Iron, Price, and Sawyer counties from CY2017 to CY2018 decreased by more than 5.00%. The decrease is, in large part, related to the unique circumstances arising from case transfers to tribal child support agencies, closing unworkable cases, and the corresponding effect of these caseload decreases using the modified allocation formula. The WCSEA Contract Committee and DCF have agreed to minimize the funding loss to -5.00%. Funds for this distribution will come from the remaining 10% unearned funds. This is a one-time allocation for CY2018 only.

ALLOCATION OF CHILD SUPPORT FUNDS:

The 2018 allocations will divide funding as follows:

- 20% for Measure 1 - Court Order Establishment - \$7,597,084;
- 25% for Measure 2 - Paternity Establishment - \$9,496,355;
- 20% for Measure 3 - Cases with Current Support Ordered- \$7,597,084;
- 15% for Measure 4 - Cases with Arrears Balances - \$5,697,813; and
- 20% for Measure 5 - Adjusted Caseload - \$7,597,084.

Each county will receive funding based on these performance measures as of September 30, 2016 using data provided on the KIDS PERF report. The measures mirror those used for federal performance with one exception; the department uses a fifth measure which awards a pro rata share of funding based on each county's adjusted caseload. In 2018, the adjusted caseload is the number of open cases with activity in the last two years. Each county will use the pro rata share of its adjusted caseload to allocate funding for court order and paternity establishment. Because most agencies, if not all, have met the federal performance standards for court order and paternity establishment, each agency will receive 100% of its pro rata share. Reports showing cases without activity in the last two years are available on the Child Support Partner Resource Page under Program Performance.

The allocation methodology for Measures 3 and 4 is very similar and strives to reduce differences due to fluctuations not related to program performance.

The allocation for Measure 3 is based on cases with current support ordered. The column titled "Court Cases with Current Support Ordered" from KIDS "PAMT" report dated 9/30/2016 was used to identify county cases with current support ordered. The amount awarded to each county is a "per case" rate. For CY2018 the rate is \$45.57 per case; based on the total funding allocation divided by the total number of statewide cases with current support ordered. The county's cases with current support ordered are multiplied by the "per case" rate, and then the allocation amount is multiplied by the federal applicable percentage that corresponds to the agency's current support collections performance rate to determine the amount earned for Measure 3.

The allocation for Measure 4 is based on cases with arrears balances. The amount awarded to each county is a "per case" rate based on the total funding allocation divided by the statewide cases with arrears balances. For CY2018, the "per case" rate is \$21.95 per case. The county's cases with arrears balances are multiplied by the "per case" rate and then the allocation amount is multiplied by the federal applicable percentage that corresponds to the agency's arrears performance rate to determine the amount earned for Measure 4.

The distributions in Measures 3 and 4 do not distribute all funds available. Remaining unearned funds from Measures 3 and 4 allocations will be split among county agencies as follows:

Ninety percent (90%) of the unearned funds will be prorated for each county based upon the counties earnings for all five measures.

Ten percent (10%) of the unearned funds will be distributed as follows:

- \$12,806 will be used for the Floor Distribution -5.00% allocation
- \$190,695 will be awarded in the Administrator's discretion to agencies that have created robust partnerships with employment organizations in CY 2017 that are an integrated element of the agencies' child support services that serve as best practice models for the program. DCF will provide detailed information on the process and criteria to be used for this funding distribution later in 2017.

In the proposed 2017-2019 Biennial Budget, \$300,000 in GPR will be allocated to child support agencies for identifying children who are receiving medical assistance benefits and have health insurance coverage or access to health insurance coverage. Allocations and performance requirements related to the CY2018 Medical Support Performance funds will be issued under a separate Administrator's Memo.

FUTURE YEARS:

DCF will continue to meet with the WCSEA Contract Committee to review the results of the funding allocations to assure they are achieving the intended goals. Future funding plans are subject to discussion and consultation with the counties pursuant to DCF 153.06, Wis. Adm. Code, and may be modified based on those discussions.

CONTACT: BRO CS Regional Coordinators

Attachments:

[CY18 Preliminary Funding Allocations](#)
[CY18 Court Order-Paternity Establishment](#)
[CY18 Cases with Current Support Ordered](#)
[CY18 Cases with Arrears Balances](#)
[CY18 Adjusted Caseload](#)
[CY18 Preliminary Funding by Type](#)
[CY18 Tables & Formulas](#)
[CY18 Federal Applicable % Tables](#)