



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

DFES 20-05

ISSUE DATE: 7/13/2020
DISPOSAL DATE: 12/31/2021

- ACTION
 NOTICE

DATE: 7/10/2020

PROGRAM CATEGORIES:

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

TO: **Child Support Agency Directors**

FROM: **Connie M. Chesnik**
Division Administrator

RE: **Calendar Year 2021 Preliminary Child Support Allocations**

PURPOSE:

This Administrator's Memo notifies county child support agencies of the preliminary funding allocation information for Calendar Year 2021 (CY21).

BACKGROUND:

Wisconsin (WI) expects to earn approximately \$12.97 million in child support incentives based on Federal Fiscal Year 2019 (FFY19) performance in five areas: court order establishment, paternity establishment, collection of current support, arrears collection, and cost effectiveness. The targeted federal 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.

The actual FFY19 federal performance incentives award for WI will be announced by the federal Office of Child Support Enforcement (OCSE) sometime in CY21. Under state law, the first \$12.34 million of the federal incentive funds are distributed to county child support agencies. Any amount over \$12.34 million is split 70/30 with the WI Bureau of Child Support (BCS). Federal law requires that all child support incentives must be expended on the child support program, and the incentives may not be used to supplant state and local funding for the program.

FUNDING:

The Department of Children and Families (DCF) will be allocating \$39,893,329 in funding for CY21. The funding will consist of:

Total Preliminary Allocation	<u>Funding</u>
State General Purpose Revenue (GPR)	\$ 9,010,000.00
Federal Match (Federal Financial Participation 66%)	17,490,000.00
*Federal Incentives Estimate (Actual Award from FFY2017)	13,026,662.00
Post-ARRA Federal Incentives	<u>366,667.00</u>
Total Preliminary Allocation	\$39,893,329.00

*Note: Funding variance of \$3 is due to the rounding of the federal incentives.

The availability of GPR funding for July 1, 2021 through December 31, 2021, is included for purposes of these calculations, however, the funding is dependent on the appropriation of at least \$4.505 million for the last six months of CY21. If the GPR funding changes, all planned distributions to the counties for CY21 will be subject to recalculation.

Consistent with recommendations from the WCSEA Contract Committee, DCF has decided to use the same allocation methodology from CY20 for the distribution of state and estimated federal incentive funds to the counties in CY21, except for the changes to the adjusted caseload and limiting the funding loss for Forest County to 5%. The current allocation approach provides greater stability in the funding allocations, while continuing to reward performance that meets or exceeds federal performance standards. As in CY21, the entire unearned pool will be pro-rated based upon the county's "Total Amount Earned."

The attached [CY21 Preliminary Funding Allocation](#) spreadsheet provides the estimated funding amounts for each county; separate spreadsheets for each performance measure are also provided. Also, included for reference are the [CY21 Preliminary Funding by Type](#) and [CY21 Tables and Formulas](#) documents, which further clarify the funding totals and calculations.

ADJUSTED CASELOAD MEASURE CHANGES:

Last year, the adjusted caseload measure was an agency's IV-D caseload as of the end of the prior fiscal year less IV-D cases in the following three (3) reports:

- CONS;
- CUL1;
- CUL3;

Starting with CY21, WCSEA Contract Committee and DCF have agreed to eliminate these 3 reports, which leaves only the county's IV-D caseload. This will help counties with caseload fluctuations to prepare for funding changes for the next year.

Because the adjusted caseload measure is also used to allocate funding for Measures 1 & 2 - court order and paternity establishment, these Measures will be incorporated into the Adjusted Caseload Measure, increasing the weight from 20% to 65%. The adjusted caseload measure will be changed to IV-D Caseload.

The court order and paternity establishment measures are still important to DCF. These measures will be monitored for any reductions that could affect the future federal performance incentives award. If the performance rate for either measure goes below 80% statewide, DCF will consider changing future funding allocations.

In addition, since many agencies use the No Payments & No Worker Activity in Past Year report, DCF will keep publishing that report until there is a way to create a WEBSITE report in the Child Support Data Warehouse.

IV-D Caseload Formula

IV-D Caseload = IVD Caseload (as of 9/30/XX)

County's IV-D Caseload

Allocation & Amount Earned = ----- x Total IV-D Caseload Allocation
Total IV-D Caseload

ALLOCATION OF CHILD SUPPORT FUNDS:

The CY21 allocations will divide the GPR, federal match, and federal performance incentives as follows:

20% for Measure 3 - Cases with Current Support Ordered- \$7,905,332;
15% for Measure 4 - Cases with Arrears Balances - \$5,928,999; and
65% for Measure 5 – IV-D Caseload - \$25,692,328.

Each county will receive funding based on these performance measures as of September 30, 2019 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 IV-D caseload.

The allocation methodology for Measures 3 and 4, cases with current support ordered and cases with arrears balances, is very similar and strives to reduce differences due to fluctuations not related to program performance. The terms Measures 3 and 4 will be removed and each measure will be known as Cases with Current Support Ordered and Cases with Arrears Balances.

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

The allocation for this measure is based on cases with current support ordered. The column titled "Court Cases with Current Support Ordered" from KIDS PAMT (KAPF) report dated September 30, 2019 was used to identify county cases with current support ordered. However, the CSUP performance percentage is from the PERF (KALB) report dated September 30, 2019. The amount allocated is pro-rated based upon each county's Cases w/CSUP Ordered. Each county's allocation amount is the county's cases with current support ordered divided by the total cases with current support ordered then multiplied by the total allocation for Cases with Current Support Ordered. Each county's earned amount is the allocation amount multiplied by

the federal applicable percentage that corresponds to the agency's current support collections performance rate to determine the amount earned for this measure.

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

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

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

The allocation for this measure is based on cases with arrears balances. The amount allocated is pro-rated based upon each county's Cases with Arrears per the September 30, 2019 KIDS PERF (KALB) report. Each county's allocation amount is the county's cases with arrears divided by the total cases with arrears then multiplied by the total allocation for Cases with Arrears. Each county's earned amount is the allocation amount multiplied by the federal applicable percentage that corresponds to the agency's arrears performance rate to determine the amount earned for this measure.

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

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

The allocations for both these measures do not distribute all funds available. The remaining unearned funds will be prorated for each county based upon the county's earnings for all five measures. A portion of the unearned funds, \$5,500.00, will be used to reduce the funding loss for Forest County from -12% to -5%.

MEDICAL SUPPORT PERFORMANCE FUNDS:

In a continuing appropriation from the Wisconsin's Department of Health Services, \$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 CY21 Medical Support Performance funds will be issued under a separate Administrator's Memo.

MEDICAL SUPPORT LIABILITY INCENTIVES FUNDING CHANGES FOR CY2020 and CY2021:

Per PIQ-19-01 - State Medicaid Agency Incentive Payments for Assigned Medical Support Collection, the 15% medical support liability (MSL) incentives paid to child support agencies are to be reported on the OCSE-396 by states as program revenue. This means that MSL incentives are no longer subject to federal match so child support agencies will not receive additional funding from this funding source. For example, an MSL incentive of \$15 will be worth only \$15 instead of \$45 (MSL incentive of \$15 plus federal match of \$30).

BCS will be reporting the MSL incentives as program income beginning in July 2020. e. In the meantime, the Department of Children and Families has agreed to provide hold harmless funding to the counties that receive MSL incentives for the last six months of CY2020 and the entire year of CY2021. The amounts used to fill the gaps are \$700,000 for CY2020 and \$1.4M

for the CY2021 contract year, based upon the CY2018 MSL Incentives, as agreed upon by the WCSEA Contract Committee. Because the State is still investigating the funding sources that will be used for this funding gap, another administrative memo will be issued with more details.

BACKGROUND CHECK REMINDER:

Child support agencies are expected to cover the costs of background checks for new employees as stated in CSL 18-03 Background Investigation Fees beginning October 1, 2018.

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 Child Support Coordinators

ATTACHMENTS:

[CY21 Preliminary Funding Allocations](#)
[CY21 Cases with Current Support Ordered](#)
[CY21 Cases with Arrears Balances](#)
[CY21 IV-D Caseload](#)
[CY21 Preliminary Funding by Type](#)
[CY21 Tables & Formulas](#)
[CY21 Federal Applicable % Tables](#)