



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

DFES 20-06

ISSUE DATE: 08/17/2020
DISPOSAL DATE: 12/31/2021

ACTION
 NOTICE

PROGRAM CATEGORIES:

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

DATE: 08/17/2020

TO: Child Support Agency Directors

FROM: Connie M. Chesnik
Division Administrator

RE: CY20 Admin Memo Additional Funding

PURPOSE:

This Administrator's Memo notifies county child support agencies (CSAs) of the Additional Funding allocation information for Calendar Year 2020 (CY20) and 2021 (CY21).

BACKGROUND:

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

Reporting MSL incentives as program revenue will start with the July 2020 System for Payments and Reports of Contracts (SPAEC) Child Support Expenditure Reports. In the meantime, the Department of Children and Families (DCF) has agreed with the Wisconsin Child Support Enforcement Association (WCSEA) Contract Committee to provide Additional Funding to CSAs that receive MSL incentives for the second half of CY20 and to provide funding to all CSAs in CY21.

FUNDING ALLOCATION:

The Additional Funding that will be allocated to CSAs in CY20 is \$700,000 based on the CY18 Birth Costs Collections and funding that will be allocated in CY 21 is \$1.4M that will be split 70% using CY18 Birth Costs Collections and 30% using CY21 Preliminary Funding Performance. The additional funding will be eligible for federal match and will be allocated to the CSAs using Contract Line 7335 the same way the Medical Support Liability incentives were paid.

The attachments; [CY20 Additional Funding](#) and [CY21 Additional Funding](#), provide the funding allocation for each CSA.

The CY20 attachment shows the CY18 Birth Costs collections, the CSA's percentage, the funding allocation, the federal match on the allocation, and the total funding for each CSA. For CY20, \$700,000 will be subject to federal match of \$1,358,824, for total funding to CSAs of \$2,058,824 when spent on the child support program.

The CY21 attachment shows CY18 Birth Costs collections, the CSA's percentage, the Birth Costs funding allocation, the CY21 Preliminary Funding Amount Earned, the CSA's percentage, the preliminary funding allocation, then the split 70% Birth Cost Collections and 30% Preliminary Funding Allocation for each county. The next columns show the federal match on the funding and the total funds earned. For CY21, \$1.4M will be subject to federal match of \$2,717,647, for total funding to CSAs of \$4,117,647 when spent on the child support program.

MSL INCENTIVES REPORTING CHANGE:

Beginning in July 2020, MSL Incentives will be treated as program revenue. In order to accomplish that, two new Contract Lines will be created: 7332R for the MSL Incentives program revenue earned by CSAs and 7332F representing the federal match 66% takeback because program revenue is not matchable. CSAs will see these Contract Lines on the next quarterly deposit. All reporting of MSL Incentives and the corresponding 66% takeback is done by Bureau of Child Support (BCS) Financial Management Section. This does not affect or change reporting by CSAs.

Example of Program Revenue Takeback:

An agency reports \$100 in normal child support program expenditures in SPARC. The county is reimbursed \$66 (\$100 x 66%) for the federal match (FFP) on the \$100 expenditure. However, program revenue, i.e. birth cost revenue of \$100 was also reported, so 66% of the program revenue is taken back - \$66 (\$100) x 66%, leaving the net federal reimbursement zero.

Activity	SPARC	Description	Bank Deposit
CSA Reported Expenditure	\$100	Federal Match 66%	\$ 66
CSA Reported Program Revenue	\$(100)	Federal Match 66%-Takeback	<u>\$(66)</u>
		Net Federal Reimbursement	\$ 0

To stay with this example, the CSA receives \$100 of MSL Incentives on Line 7332R, the federal match 66% takeback is \$(66) on Line 7332F, and Cooperative Agreement expenditures reported are \$5000 on Line 7474. The 66% takeback affects the total federal reimbursement of the child support monthly expenditures reported.

Line Code	Reported by CSA	Reported by BCS	Federal Reimbursement	
			66% Line Code 7477	Bank Deposit
7474	\$5,000	\$ -	\$3,300	\$ 3,300
7332R		\$100	\$ -	\$ 100
7332F		\$(66)	\$ (66)	
			Net Bank Deposit	<u>\$ 3,334</u>

Bank Deposit Report shows:

Line Code 7477	\$3,234
Line Code 7332R	\$ 100
Net Bank Deposit	\$3,334

CY20 FEDERAL INCENTIVES CARRYOVER:

For the CY20 Contract, the FFY2018 federal incentives estimate was \$12,972,400 and the actual CSAs' share received for FFY2018 was \$13,098,608, for an increase of \$126,208. This funding will be allocated to CSAs in the CY21 Contract using the CY20 Performance Funding allocation. The attached [CY20 Federal Incentives Carryover](#) spreadsheet provides each CSAs allocation for CY21, which totals \$126,201 due to rounding.

CONTRACT AMENDMENT UPDATES:

Per a request from DCF's Bureau of Finance, the following Contract Lines will be included in the contract amendment funding table with contract amounts listed as "Uncapped" due to unknown amounts:

7332F	Medical Support Incentives – 66% Federal
7332R	Medical Support Incentives – Revenue
7482	CS Child Support Fees 66 % Federal
7506	CS Qualifying Non IV-D Activities Federal
7507	CS Qualifying Non IV-D Activities State
9993	CS Nonqualifying Non IVD Expense State
9994	CS Nonqualifying Non IVD Expense Federal
9996	CS Non-Reimbursable Qualifying County Reported

Adding these lines to the contract amendment, and future contracts, helps the Bureau of Finance with the SPARC and the Contract system interface. This does not affect or change reporting by CSAs.

CONTACT: Bureau of Regional Operations (BRO) Child Support Coordinators

ATTACHMENTS:

[CY20 Additional Funding Allocation](#)
[CY21 Additional Funding Allocation](#)
[CY20 Federal Incentives Carryover](#)