



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

DFES 21-06

ISSUE DATE: 07/19/2021
DISPOSAL DATE: 12/31/2022

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: 07/19/2021

TO: Child Support Agency Directors

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

RE: Calendar Year 2022 Preliminary Child Support Allocations

PURPOSE:

This Administrator's Memo notifies county child support agencies of the preliminary funding allocation information for Calendar Year 2022 (CY22).

BACKGROUND:

Wisconsin (WI) expects to earn approximately \$13.185 million in child support incentives based on Federal Fiscal Year 2020 (FFY20) 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 FFY20 federal performance incentives award for WI will be announced by the federal Office of Child Support Enforcement (OCSE) sometime in CY22. 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.

FUNDING:

The Department of Children and Families (DCF) will be allocating \$44,832,262 in funding for CY22. The State Fiscal Year (SFY) 2022-2023 State Biennium budget increased state general purpose (GPR) revenue for counties by \$1.75M, from \$9.01M to \$10.76M. Respectively, federal match on GPR funding increased by \$3,397,059, from \$17.49M to \$20,887,059.

The funding will consist of:

Total Preliminary Allocation	Funding \$
State General Purpose Revenue (GPR)	\$ 10,760,000
Federal Match (Federal Financial Participation 66%)	\$ 20,887,059
Federal Incentives Estimate (FFY2019 Actual Award)	<u>\$ 13,185,203</u>
Total Preliminary Allocation	\$ 44,832,262

If any funding changes occur during the contract year, all planned distributions to the counties will be subject to recalculation.

In CY21, BCS changed the contract allocation methodology, with recommendations from the WCSEA Contract Committee, from five measures to three measures: Cases with Current Support Ordered, Cases with Arrears Balances, and IV-D Caseload.

The current allocation approach provides greater stability in the funding allocations, while continuing to reward performance that meets or exceeds federal performance standards. For CY22, the entire unearned pool will be pro-rated based upon the county's "Total Amount Earned."

The attached [CY22 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 [CY22 Preliminary Funding by Type](#) and [CY22 Tables and Formulas](#) documents, which further clarify the funding totals and calculations.

ALLOCATION OF CHILD SUPPORT FUNDS:

The CY22 allocations will divide the GPR, federal match, and federal performance incentives as follows (difference of \$1 due to rounding):

20% - Cases with Current Support Ordered- \$8,966,452.
15% - Cases with Arrears Balances - \$6,724,839; and
65% - IV-D Caseload - \$29,140,970.

Each county will receive funding based on these performance measures as of September 30, 2020 using data provided on the KIDS PERF report.

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 allocation for both these measures does not distribute all funds available. The remaining unearned funds are prorated for each county based upon the county's earnings for all three measures. Due to rounding, \$7 was added to the unearned funds allocation for Forest County because of their funding decrease.

IV-D Caseload (from KIDS Report "PERF")

Starting in CY21, the WCSEA Contract Committee and DCF agreed to allocate by using only the county's IV-D caseload with no adjustments to the caseload. The change helps counties with caseload fluctuations to prepare for funding changes for the next contract year. In addition, court order and paternity establishment was combined with the IV-D Caseload increasing the caseload measure weight from 20% to 65%.

For CY22, due to a large decrease in their caseload during FFY2020, 1,715 cases were added back to Milwaukee County's caseload as recommended by the WCSEA Contract Committee.

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 WEBI report in the Child Support Data Warehouse.

IV-D Caseload Formula

$$\text{IV-D Caseload} = \text{IVD Caseload (as of 9/30/XX)} \\ \text{Allocation & Amount Earned} = \frac{\text{County's IV-D Caseload}}{\text{Total IV-D Caseload}} \times \text{Total IV-D Caseload Allocation}$$

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 CY22 Medical Support Performance funds will be issued under a separate Administrator's Memo.

MEDICAL SUPPORT LIABILITY INCENTIVES FUNDING:

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).

In July 2020, BCS started reporting MSL incentives as program income. MSL incentives are reported using SPARC line 7332R and the take-back of the federal reimbursement (66%) based on the MSL incentives is reported on SPARC line 7332F.

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:

[CY22 Preliminary Funding Allocations](#)

[CY22 Tables & Formulas](#)

[CY22 Federal Applicable % Tables](#)

[CY22 Preliminary Funding by Type](#)

[CY22 Cases with Current Support Ordered](#)

[CY22 Cases with Arrears Balances and IV-D Caseload](#)