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

DFES 22-04
ISSUE DATE: 06/01/2022
DISPOSAL DATE: 12/31/2023

☐ ACTION
☒ NOTICE

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 2023 Preliminary Child Support Allocations

PURPOSE:

This Administrator's Memo notifies county child support agencies of the preliminary funding allocation information for Calendar Year 2023 (CY23).

BACKGROUND:

Wisconsin (WI) expects to earn approximately $13.185 million in child support incentives based on Federal Fiscal Year 2021 (FFY21) 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 FFY21 federal performance incentives award for WI will be announced by the federal Office of Child Support Enforcement (OCSE) later in CY22 or early CY23. Under Wis. Stat. § 49.24 Child support incentive payments, 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 between the WI Bureau of Child Support (BCS) (70%) and the county child support agencies (30%). Federal regulation 45 CFR 305.35(d) 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.

STATE BIENNUM BUDGET CHANGES:

The State Fiscal Year (SFY) 2021-2023 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.

FUNDING:

The Department of Children and Families (DCF) will be allocating $44,817,994 in funding for CY23. 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 (FFY21 Estimate)	13,170,935
Total Preliminary Allocation	$ 44,817,994

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

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

The current allocation approach provides greater stability in the funding allocations, while continuing to reward performance that meets or exceeds federal performance standards. For CY23, the entire "Unearned Amount" after the performance measures are calculated will be pro-rated based upon the county's "Total Amount Earned."

The attached CY23 Preliminary Funding Allocation spreadsheet provides the estimated funding amounts for each county with separate spreadsheets for each performance measure. Also, included for reference are the CY23 Preliminary Funding by Type and CY23 Tables and Formulas documents, which further clarify the funding totals and calculations.

ALLOCATION OF CHILD SUPPORT FUNDS:

The CY23 allocations will divide the GPR, federal match, and federal performance incentives as follows:

Weights & Allocations for Each Measure	Allocations	%
Cases w/CSUP Ordered	$ 8,963,599.00	20%
Cases w/Arrears Balances	6,722,699.00	15%
IV-D Caseload	29,131,696.00	65%
Total	$44,817,994.00	100%

PERFORMANCE MEASURES ALLOCATIONS:

Each county will receive funding based on their performance measures as of September 30, 2021, using data from the KIDS PAMT and PERF reports.

Cases with CSUP Ordered Formula (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, 2021, identifies the number of county cases with current support ordered. The CSUP performance percentage from the PERF (KALB) report dated September 30, 2021 is used to determine the Federal Applicable Percentage.

The amount allocated is pro-rated based upon each county's Cases with 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.

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

Amount Earned = County's CSUP Allocation x Federal Applicable %

Cases with Arrears Balances Formula (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, 202, 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.

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

Amount Earned = County's Arrears Allocation x Federal Applicable %

The allocation for the Cases with CSUP Ordered and the Cases with Arrears Balances measures do not distribute all funds available. The remaining unearned funds are prorated for each county based upon the county's earnings for all three measures.

IV-D Caseload Formula (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%. The allocation for this measure is distributed 100% so there are no unearned funds to redistribute.

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

$$\text{Allocation \& Amount Earned} = \frac{\text{County's IV-D Caseload}}{\text{Total IV-D Caseload}} \times \text{Total IV-D Caseload Allocation}$$

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 the court order measure goes below 80% statewide and/or the paternity establishment measure goes below 90% statewide, DCF will consider changing future funding allocations.

In addition, since many agencies use the No Payments & No Worker Activity in Past Year report (see Program Performance Resource Page), DCF will keep publishing that report until there is a way to create a WEBI report in the Child Support Data Warehouse.

MEDICAL SUPPORT GPR 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 CY23 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).

The reporting of MSL incentives as program income started in July 2020. MSL incentives are reported on SPARC line 7332R and the associated 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 Wis. Admin. Code § DCF 153.06 and may be

modified based on those discussions.

CONTACT: BRO Child Support Coordinators

ATTACHMENTS:
[CY23 Preliminary Funding Allocations](#)
[CY23 Tables & Formulas](#)
[CY23 Federal Applicable % Tables](#)
[CY23 Preliminary Funding by Type](#)
[CY23 Cases with Current Support Ordered](#)
[CY23 Cases with Arrears Balances and IV-D Caseload](#)