



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

DFES 23-04

ISSUE DATE: 07/19/2023
 DISPOSAL DATE: 12/31/2024

- 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: W-2 Agency Directors

FROM: Connie M. Chesnik
 Division Administrator

RE: Calendar Year 2024 Preliminary Child Support Allocations

PURPOSE:

This Administrator's Memo notifies county child support agencies (CSAs) of the preliminary funding allocation information for Calendar Year 2024 (CY24).

BACKGROUND:

Wisconsin (WI) expects to earn approximately \$13.238 million in child support incentives based on Federal Fiscal Year 2022 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 establishment, current support collections, and arrears collections is 80%, and paternity establishment is 90%. The cost effectiveness rate target is \$5.00, which means at least \$5.00 was collected for every \$1.00 expended.

The actual federal performance incentives award is announced by the federal Office of Child Support Services (OCSS) later in the current calendar year or early in the next calendar year. Under Wis. Stat. § 49.24 Child Support incentive payments, the first \$12.34 million of the federal incentive funds are distributed to county CSAs. Any amount over \$12.34 million is split 70/30 between the WI Bureau of Child Support (BCS) (70%) and the county CSAs (30%).

*** PROGRAM CATEGORIES:**

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|------------------------------|---------------------------------------|------------------------------|-------------------------------|
| AS--Apprenticeship Standards | FM--Financial Management Requirements | ML--Migrant Labor | TR--Transportation |
| CC--Child Care | FL--Foreign Labor Certification | NA--Native American Services | W-2--Wisconsin Works |
| CS--Child Support | IT--IT Systems | RA--Refugee Assistance | WIA--Workforce Investment Act |
| CF--Children First | JC--Job Center | TC--Tax Credit Programs | |
| CR--Civil Rights | LM--Labor Market Information | TA--Trade Assistance | |

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) 2024-2025 Biennium Budget increased state general purpose revenue (GPR) for counties by \$5M (federal match \$9,705,882) for each year beginning with the CY24 contracts.

The table below shows the current GPR with federal match based on the Biennium Budget:

<u>Contract Year (CY)</u>	<u>CY24</u>
<u>Funding</u>	<u>Total</u>
Current GPR	\$ 10,760,000.00
Additional GPR	5,000,000.00
Current Federal Match	20,887,059.00
Additional Federal Match	9,705,882.00
Total	\$ 46,352,941.00

FUNDING:

The Department of Children and Families (DCF) will be allocating \$59,590,985 in funding for CY24, which consists of:

<u>Total Preliminary Allocation – Funding Type</u>	<u>Funding Amount</u>
GPR	\$ 15,760,000.00
Federal Match (FFP 66%)	30,592,941.00
Estimated Federal Incentives	<u>13,238,044.00</u>
Total Performance Allocation	\$ 59,590,985.00

The estimated federal performance incentives are based on the actual amount awarded from the prior federal fiscal year.

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

The contract allocation methodology was changed in CY21, 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 CY24, the entire “Unearned Amount” after the performance measures are calculated, will be pro-rated based upon the county’s “Total Amount Earned.”

The attached [CY24 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 [CY24 Preliminary Funding by Type](#) and [CY24 Tables and Formulas](#) documents, which further clarify the funding totals and calculations.

ALLOCATION OF CHILD SUPPORT FUNDS:

The contract funds will be allocated as follows:

Weights & Allocations for Each Measure	%	Allocations
Cases w/CSUP Ordered	20%	\$ 11,918,197.00
Cases w/Arrears Balances	15%	8,938,648.00
IV-D Caseload	65%	38,734,140.00
Total	100%	\$ 59,590,985.00

PERFORMANCE MEASURES ALLOCATIONS:

Each county will receive funding based on their performance measures as of September 30, 2022, 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, 2022, identifies the number of county cases with current support ordered. The CSUP performance percentage from the PERF (KALB) report dated September 30, 2022, 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.

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

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

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, 2022, 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 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")

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, the No Payments & No Worker Activity in Past Year report on the Program Performance Resource Page is available for CSAs to use and determine if any further action is needed.

FEDERAL FINANCIAL PARTICIPATION (FFP) TAKE BACK:

Federal performance incentives and program revenue are not eligible for the 66% federal financial participation (FFP) rate. Therefore, when federal performance incentives or program revenue are paid, DCF must take back 66% of the total amount since the county is reimbursed 66% for all reported expenditures less the RMS Non-IV-D Non-qualifying percentage, no matter the funding source. The take back is a reduction of the federal reimbursement.

The take back portion for performance incentives was previously SPARC line 7477 Federal Reimbursement. Beginning with the CY22 contract, the take back portion line code will be the same as the performance incentives line code for the federal fiscal year with a "F" at the end, i.e., federal incentives SPARC line 7622 and take back line 7622F.

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 CSAs 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 CY24 Medical Support Performance funds will be issued under a separate Administrator's Memo.

MEDICAL SUPPORT LIABILITY INCENTIVES FUNDS:

Per PIQ-19-01- State Medicaid Agency Incentive Payments for Assigned Medical Support Collection, the 15% medical support liability (MSL) incentives paid to CSAs 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 CSAs 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. Because MSL incentives are program revenue generated by the child support program, the revenue can only be used for the child support program and can no longer be used for any other federal, state, or county program.

BACKGROUND CHECK REMINDER:

CSAs are expected to cover the costs of background checks for new employees as stated in CSL 18-03 Background Investigation Fees. These costs should be reported as dedicated in SPARC in order for the CSA to receive 66% federal match.

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:

[CY24 Preliminary Funding Allocations](#)

[CY24 Tables & Formulas](#)

[CY24 Federal Applicable % Tables](#)

[CY24 Preliminary Funding by Type](#)

[CY24 Cases with Current Support Ordered](#)

[CY24 Cases with Arrears Balances and IV-D Caseload](#)