



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

**DFES 25-08**

ISSUE DATE: 6/24/2025  
DISPOSAL DATE: 12/31/2026

- ☐ 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 2026 Preliminary Child Support Allocations

**PURPOSE:**

This Administrator's Memo notifies county child support agencies (CSAs) of the preliminary funding allocation information for Calendar Year 2026 (CY26).

**BACKGROUND:**

The State-County Child Support Contract consists of funding from federal and state sources. Federal funding consists of the annual performance incentives and the federal match of 66%. State funding involves state general purpose revenue (GPR), medical support GPR, and medical support liability (MSL) incentives (15% of birth cost collections).

The funding in this Administrator's Memo will concentrate on the state GPR, corresponding federal match, and federal performance incentives.

**FEDERAL PERFORMANCE INCENTIVES:**

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(2) Child Support incentive payments, the first \$12.34 million of the federal performance 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%). 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.

Since the FFY2024 award is received after the contract year begins, the actual federal performance incentives award for FFY2022, \$13,595,820, will be used for the initial CY26 State-County Child Support Contract. Contract amendments will be done once the final FFY2024 award is known.

#### STATE-COUNTY CONTRACT FUNDING:

The current allocation approach, developed with the WCSEA Contract Committee, provides greater stability in the funding allocations, while continuing to reward performance that meets or exceeds federal performance standards. The tables below list the State-County Contract Funding and Allocations.

Preliminary Allocation	Funding
GPR	\$15,760,000.00
Fed Match	30,592,941.00
Estimated Federal Incentives	13,595,820.00
Total Preliminary Allocation	\$59,948,761.00

Weights & Allocations for Each Measure	%	Allocations
Cases w/CSUP Ordered	20%	\$11,989,752.00
Cases w/Arrears Balances	15%	8,992,314.00
IV-D Caseload	65%	38,966,695.00
Total	100%	\$59,948,761.00

The attached [\*CY26 Preliminary Funding Allocation\*](#) spreadsheet provides the estimated funding amounts for each county with separate spreadsheets for each performance measure. The [\*CY26 Preliminary Funding by Type\*](#) and [\*CY26 Tables and Formulas\*](#) documents are included, which clarify the funding totals and calculations.

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

#### PERFORMANCE MEASURES ALLOCATIONS:

Each county will receive funding based on their performance measures as of September 30, 2023, 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 identifies the number of county cases with current support ordered. The CSUP performance percentage from the PERF (KALB) report is used to determine the Federal Applicable Percentage.

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 funding allocation for Cases with Current Support Ordered. The earned amount for each county is the allocation

amount multiplied by the federal applicable percentage that corresponds to the agency's current support collections performance rate.

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

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

#### Cases with Arrears Balances Formula (from KIDS Report "PERF")

The allocation for this measure is based on cases with arrears balances. The column titled "Arrears Cases" from KIDS PERF (KALB) report identifies the number of county cases with arrears. The Arrears performance percentage from the PERF (KALB) report is used to determine the Federal Applicable Percentage.

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. The earned amount for each county is the allocation amount multiplied by the federal applicable percentage that corresponds to the agency's arrears performance rate.

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

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

The "Unearned Amount" (the allocated amount less the earned amount), for the measures Cases w/CSUP Ordered and Cases w/Arrears Balances, will be pro-rated based upon the county's "Total Amount Earned" on all measures.

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

Allocating funds using the county's IV-D caseload helps counties with caseload fluctuations prepare for funding changes for the next contract year. The allocation for this measure is distributed 100% so there are no unearned funds to redistribute.

$$\text{IV-D Caseload} = \text{IVD Caseload (as of 9/30/XX)}$$

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

#### Court Order and Paternity Establishment Performance Measures

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.

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 on a IV-D case.

### **FEDERAL FINANCIAL PARTICIPATION (FFP) TAKE BACK:**

Federal performance incentives and program revenue are not subject to the federal financial participation (FFP) rate 66%. Therefore, when federal performance incentives or program revenue are paid to counties, or reported by counties through SPARC, DCF must take back 66% of the total amount.

The federal take back represents the portion of all child support expenditures for the contract year that are not matchable when using federal performance incentives or program revenue. Counties are reimbursed 66% for all reported expenditures (less the RMS Non-IV-D Non-qualifying percentage for non-dedicated expenditures), no matter the funding source. The take back is a reduction of the federal reimbursement, not a reduction of federal performance incentives or program revenue.

#### **Simplified Example:**

County was allocated \$10,000 in federal performance incentives. The CSA used the \$10,000 for a child support expenditure and received the federal match reimbursement of \$6,600 ( $\$10,000 \times 66\%$ ) because of how SPARC reporting works, as stated above. When the federal performance incentives are paid out once a year, the county will receive a net deposit of \$3,400 (federal incentives earned \$10,000 less \$6,600 take back). Even though the take back reduced the deposit, the county did receive the federal incentives allocated during the contract year, \$6,600 through SPARC reporting plus the net deposit of \$3,400.

The SPARC take back portion line code number is the same as the performance incentives line code number except for the added "F", i.e., federal incentives SPARC line 7623 and take back line 7623F.

### **MEDICAL SUPPORT GPR PERFORMANCE FUNDING:**

The Wisconsin's Department of Health Services allocates \$300,000 in GPR from a continuing appropriation to CSAs for identifying children who are receiving medical assistance benefits and have access to other health insurance coverage. The CY26 Medical Support Performance allocations will be issued under a separate Administrator's Memo.

### **MEDICAL SUPPORT LIABILITY INCENTIVES FUNDING:**

BCS has been informed by the federal Office of Support Services (OCSS) that the 15% medical support liability (MSL) incentives paid to CSAs must be reported as program income on the OCSE-396. This means MSL incentives are no longer subject to federal match, so CSAs will not receive the federal match 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).

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 no 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 23-09 IRS Publication 1075 Personnel Security Program – Background Investigations. These costs should be reported as a dedicated expenditure in SPARC.

**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:**

[CY26 Preliminary Funding Allocations](#)

[CY26 Tables and Formulas](#)

[CY26 Federal Applicable % Tables](#)

[CY26 Preliminary Funding by Type](#)

[CY26 Cases with Current Support Ordered](#)

[CY26 Cases with Arrears Balances and IV-D Caseload](#)