



TO: **W-2 Agencies
Training Staff**

FROM: Patara Horn, Director
Bureau of Working Families
Division of Family and Economic Security
Department of Children and Families

BWF OPERATIONS MEMO					
No:	23-05				
DATE:	06/30/2023				
W-2	<input checked="" type="checkbox"/>	EA	<input type="checkbox"/>	CF	<input type="checkbox"/>
JAL	<input type="checkbox"/>				<input type="checkbox"/>
RAP	<input type="checkbox"/>	TMJ	<input type="checkbox"/>	TJ	<input type="checkbox"/>
Other EP	<input type="checkbox"/>				<input type="checkbox"/>

SUBJECT: Calculating Overpayments that Include Retained Child Support

CROSS REFERENCE: [W-2 Manual Section 10.3 W-2 Overpayments](#)
[W-2 Manual Section 15.1 Assignment and Distribution of Child Support Payments](#)
[BWF Operations Memo 23-04](#)

EFFECTIVE DATE: August 1, 2023

PURPOSE

The purpose of this memo is to announce new policy on calculating overpayments that involve child support payments retained by the State.

BACKGROUND

Per Wisconsin Works (W-2) policy [15.1](#), participants in a Custodial Parent of an Infant (CMC) placement in certain situations, and those in a Community Service Job (CSJ) or W-2 Transition (W-2 T) placement are required to assign their child support payments to the State for the duration of their participation in the W-2 program. Per Wisconsin law, the State retains 25% of the monthly child support payment to pay back federal costs of the W-2 program.

For participants who were not eligible and received W-2 payments in error, the State had no authority to retain 25% of the participant’s child support payments and agencies must take this into account when determining eligibility-related overpayments.

POLICY

CURRENT POLICY

There is currently no W-2 policy related to calculating eligibility-related overpayments that include retained child support payments.

NEW POLICY

When calculating eligibility-related overpayments, W-2 agency workers must determine if any child support payments were retained by the State during the timeframe of the overpayment. If child support payments were retained during the overpayment timeframe, W-2 agency workers must calculate the total amount that was retained and subtract it from the initial overpayment total to reach the final correct amount that will be recovered from the participant.

NOTE: W-2 agency workers **do not need** to include the amount of child support payments retained for overpayments resulting from non-eligibility reasons such as placement changes, backdating placements, and nonparticipation. The participant was still eligible for the W-2 program during the overpayment period and was therefore correctly subject to the 25% child support payment retention requirement.

EXAMPLE: Doris is in a CSJ placement. Her worker learns she is no longer eligible and has incurred an overpayment for her last two months of payments. During those two months the state retained \$30 a month of her child support payment received due to W-2 participation. Because she was not eligible for the W-2 program during that time, the W-2 agency worker must subtract the \$60 total in child support payments that was retained when calculating the overpayment. Doris earned \$1,306 in W-2 payments during two months of participation (\$653 x 2 months). The W-2 agency worker subtracts the retained child support payments from the overpayment to reach the final total overpayment to collect: $\$1,306 - \$60 = \$1,246$.

[See attached the new W-2 Manual Section 10.3.1.1.2.](#)

CALCULATING OVERPAYMENTS USING THE W-2 PAYMENT CALCULATOR

The W-2 Payment Calculator announced in [BWF Operations Memo 23-04](#) includes functionality that supports new policy. The W-2 Payment Calculator includes a field that reads “Is the overpayment due to eligibility?” Selecting “yes” for this field makes the “Child Support Amount Retained” field required. This field is where W-2 agency workers can indicate the amount of child support payments retained during the overpayment period.

The “Directions” tab for the “Child Support Amount Retained” field in the W-2 Payment Calculator instructs W-2 agency workers how to find the amount of child support payments retained in KIDS.

TRAINING

The Partner Training Team will update any relevant trainings based on the contents of this operations memo.

AGENCY ACTION

W-2 agencies must familiarize staff with the contents of this memo. W-2 agencies must update any relevant local agency processes.

ATTACHMENTS

[W-2 Policy Attachment](#)

CONTACTS

For W-2 Policy Questions: [BWF Policy Question SharePoint](#)

For W-2, CARES and BRITS Functionality Questions: BWF Work Programs Help Desk
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DCF/DFES/BWF/MO