

Fiscal Estimate Narratives

DCF 11/19/2021

LRB Number	21-3584/2	Introduction Number	AB-0701	Estimate Type	Corrected
Description eliminating recovery by the state for birth expenses paid through the Medical Assistance program					

Assumptions Used in Arriving at Fiscal Estimate

Assembly Bill 701 prohibits the state from seeking recovery of and a court from ordering recovery of birth expenses paid by the state through the Medical Assistance program on behalf of an unmarried person who gave birth while a Medical Assistance recipient. The bill also prohibits a court from issuing a paternity judgment or order requiring a father to pay for birth costs.

The fiscal effect of the bill to the state and to county child support agencies is indeterminate. Currently, Wisconsin receives a 66 percent federal funds participation (FFP) rate on eligible child support enforcement expenses. The total amount of FFP paid to the state is reduced by any child support program revenue reported. According to current federal regulations and guidance, revenue collected by Wisconsin's county child support agencies counts as program revenue, which therefore decreases federal funds received by the state for child support enforcement operations.

On the state level, the bill's prohibition on recovering birth costs may result in more federal funds for Wisconsin because there would be no associated program revenue collected by counties to decrease the amount of FFP the state receives for eligible expenses.

However, the exact amount of that impact is indeterminate due to a variety of other factors affecting the amount of FFP received by the state and the timing of the state's claim.

The fiscal effect of the bill on counties is also indeterminate, as it is unknown which counties would replace lost birth cost revenue with levy funding. On average, counties have collected a total of \$15 million annually in birth costs. State statutes allow for counties to retain 15% of revenue collected, resulting in an average \$2.25 million annually in county-retained collections. Under the bill, counties would lose the average \$2.25 million annually in county-retained collections. The exact magnitude of the loss would depend on the degree to which counties could invest additional levy funds in the child support program, as Senate Bill 665 does not provide additional state funds to offset lost revenue to counties.

Long-Range Fiscal Implications

Birth cost recoveries do not typically represent a large amount of the child support enforcement caseload, so any cost decrease associated with the repeal under AB 701 is not expected to cover the loss of revenue under the bill. In the long-term, counties would be faced with serving child support enforcement cases with fewer resources due to the revenue loss under AB 701, or an increased contribution toward child support enforcement costs. A higher contribution forces counties to spend more of their own funds on child support enforcement for the state and less on other county services.