



Wisconsin Child Support Enforcement Association

To: Members, Legislative Study Committee on Child Placement and Support
From: Wisconsin Child Support Enforcement Association
Date: November 12, 2018
Re: Birth Cost Recovery

Wisconsin's Child Support Agencies (CSAs) are responsible for establishing paternity for children born outside of marriage. When the State has paid for the cost of the child's birth, Wisconsin law provides that CSAs may seek a contribution from the adjudicated father for up to one-half of the actual and reasonable birth costs, whether those costs were borne by the State or the mother.^[1] This process is known as birth cost recovery (BCR). It is the position of the Wisconsin Child Support Enforcement Association (WCSEA) that BCR is sound public policy, one that places responsibility on fathers to partially reimburse a nominal amount of birth costs to either the mother or the taxpayers, to the extent that they are able. The costs that fathers are ordered to pay are typically less than \$3,000 in total, accrue no interest or penalties, and are typically ordered to be repaid at a rate of \$25 per month or less.

There are protections built into the State's rules to ensure fathers aren't saddled with exorbitant debts related to BCR. DCF 150.05(2)(b) limits the recovery of birth costs from fathers: the amount assessed cannot exceed 5% of three years' worth of a father's gross income, and collection is further limited if the father's income is less than 150% of the federal poverty guidelines.

There are also protections built in for mothers and children who may be at risk for domestic violence from a father who may become violent when facing a paternity adjudication. In cases where domestic violence is present, mothers may make a claim of good cause to not cooperate with the CSA in the establishment of paternity and BCR. If the economic support agency grants good cause to the mother, the CSA ceases any action and closes the child support case.

It is important to note that 85% of the BCR dollars owed to the State are used to reimburse the Badger Care Program for Medicaid-funded births. Further reducing or eliminating BCR would mean cutting millions of dollars from the Medicaid budget each year: based on data provided by the Department of Children and Families, CSAs have recovered birth costs at an average rate of **over \$17 million per year** between 2011 and 2017. Those collections paid over \$14 million per year into Wisconsin's Medicaid budget, and the remaining 15%, or \$3 million, collected were retained by CSAs to cover the costs associated with operating the child support program. Besides reducing a father's responsibility for the birth of his child, reducing or eliminating BCR would result in substantial shortfalls in the budgets of both Medicaid and the Child Support Program.

As it stands, the WCSEA is concerned about the recent change to DCF 150.05(2)(a) which prohibits BCR from fathers in intact families. The language has no reference whatsoever to income. It is the Association's position that it is not unreasonable for the State to seek nominal reimbursement for State-paid birth expenses from fathers who have the ability to pay, whether or not they were in the family's household prior to the time paternity or support is established.

^[1] §767.89(3)(e)1 *An order establishing the amount of the father's obligation to pay or contribute to the reasonable expenses of the mother's pregnancy and the child's birth. The amount established may not exceed one-half of the total actual and reasonable pregnancy and birth expenses. The order also shall specify the court's findings as to whether the father's income is at or below the poverty line established under 42 USC 9902 (2), and shall specify whether periodic payments are due on the obligation, based on the father's ability to pay or contribute to those expenses.*

Birth Cost Recovery

	2017
Birth Cost Recovery -- TOTAL COLLECTIONS	\$15.2 Million
<u>County</u> Retention of Collections (15%)	\$2.3 Million
Federal Match on <u>County</u> Retained Funds (66%)	\$4.6 Million
Statewide Fiscal to <u>Counties</u> if Birth Cost Recovery Ends	-\$6.9 Million

Birth Cost Recovery

	2017
Birth Cost Recovery – TOTAL COLLECTIONS	\$15.2 Million
<u>State</u> Retention of Collections (41.49%)	\$6.3 Million
Federal Match on <u>State</u> Retained Funds (58.51% - multiplier of 1.41)	\$8.9 Million
Fiscal to <u>State</u> if Birth Cost Recovery Ends	-\$15.2 Million

Note: FFY17 figures used to calculate state-federal match.

Birth Cost Recovery – Intact Families

	2017
Birth Cost Recovery – County Retained	\$2,276,846
Percentage retained from intact families (15%)	\$341,527
Federal Match on <u>County</u> Retained Funds (66%)	\$662,964
Statewide Fiscal to <u>Counties</u> on Intact Family Policy Change	-\$1,004,491