



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #870

### **Reduction of Federal Matching Funds (DWD -- Child Support)**

[LFB 2005-07 Budget Summary: Page 565, #1]

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#### **CURRENT LAW**

Most child support administrative and enforcement costs incurred by the state and counties are partially reimbursed by the federal government based on a federal financial participation rate of 66% of eligible costs. Costs that are reimbursed at this rate include the costs of administering the child support enforcement program, the establishment of paternity, establishment and enforcement of support obligations, the collection and distribution of support payments, the state parent locator service, activities related to federal tax intercepts, establishing and maintaining case records, operating a computerized support enforcement system, and securing medical support. For every state or county dollar that funds these activities, the federal government provides a match of \$1.94.

#### **GOVERNOR**

As part of the Governor's budget reductions, reduce the Department of Workforce Development's economic support general program operations appropriation by \$587,600 GPR annually.

#### **MODIFICATION**

Modify the Governor's bill by reducing federal matching funds on state child support expenditures by \$918,900 FED in 2005-06 and \$919,100 FED in 2006-07.

**Explanation:** Most of the economic support general program operations appropriation funds child support enforcement activities. The administration reduced this general program operations appropriation without also reducing the federal matching funds for the portion of the reduction that would have been expended on child support enforcement activities. This modification would primarily reduce federal matching funds for state child support enforcement expenditures for the portion of the budget reduction of \$587,600 GPR annually that would have been expended for child support enforcement activities. In addition, this modification reflects a reestimate of federal matching funds on state child support expenditures for unemployment insurance activities and for the position realignment in the Division of Workforce Solutions. The administration has requested this modification.

<u>Modification</u>	<u>FED</u>
2005-07 FUNDING (Change to Bill)	-\$1,838,000

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