



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #905

Funding for Child Support Enforcement Activities (DWD -- Child Support)

Bill Agency

[LFB 2007-09 Budget Summary: Page 619, #2; Page 622, #6; and Page 623, #7]

CURRENT LAW

The costs of administering the child support program in Wisconsin are supported by a combination of federal funds, state general purpose revenue, county tax revenue, program revenue collected from service fees, interest on balances in the support collections trust fund, and unclaimed child support. The largest source of funding for child support enforcement activities comes from the federal government in the form of federal child support incentive payments and federal matching funds.

The federal government distributes child support incentive payments to states in order to encourage and reward state programs that perform in a cost-effective and efficient manner. States must compete against each other for incentive dollars. These funds support both state operations of child support enforcement activities in the Department of Workforce Development (DWD) and child support enforcement activities performed by counties through contracts with DWD.

Under current federal law, these federal incentive payments expended for child support enforcement activities are reimbursed by the federal government based on a federal financial participation rate of 66% of eligible costs. The federal Deficit Reduction Act of 2005 eliminated the ability to receive federal matching funds for federal incentive payments, beginning October 1, 2007.

Under current state law, DWD distributes the state's award of federal child support incentive payments to counties annually as follows: (a) the amount of federal incentive

payments awarded to the state if the award is less than \$12,340,000; or (b) \$12,340,000 plus 30% of the amount awarded to the state that exceeds \$12,340,000. In addition, counties receive the federal matching funds for the federal child support incentive payments that they receive (until October 1, 2007). DWD may retain 70% of the federal child support incentive payments awarded to the state that exceed \$12,340,000 and the federal match on these funds (until October 1, 2007) to support state operations.

If the state receives a federal child support incentive payment that is less than \$12,340,000, then the state may provide state supplemental payments to counties. However, the total of federal incentive payments and state supplemental funding cannot exceed \$12,340,000, with state supplemental payments capped at \$5,690,000. The state incentive payments are funded with program revenue from child support assigned to the state by certain public assistance recipients. Funding from assigned support payments in excess of the amount needed for state incentive payments is used to help fund the W-2 program.

The state received federal incentive payments of \$13,748,500 in 2006-07 from the federal fiscal year (FFY) 2005 award of incentive payments. Of this amount, \$12,762,500 was allocated to counties for the calendar year (CY) 2007 contracts for child support enforcement activities at the local level, and \$986,000 was retained by DWD for state operations of the child support enforcement program.

GOVERNOR

Decrease federal expenditure authority by \$18,157,500 FED in 2007-08 and \$19,950,400 FED in 2008-09 and increase state funding by \$2,900,000 GPR in 2007-08 and \$5,500,000 in 2008-09 for state and county child support enforcement activities as described below. The reductions in federal funding are primarily due to: (a) a decrease in federal incentive payments from the base funding level due to the increase in performance levels of child support enforcement activities in other states, which increases their share of the federal incentive payments and decreases Wisconsin's share; and (b) the elimination of the ability to receive federal matching funds for federal incentive payments under the federal Deficit Reduction Act of 2005, beginning October 1, 2007.

Federal child support incentive payments are estimated at \$12,909,500 in 2007-08 and \$12,377,200 in 2008-09.

Funding for Child Support State Operations

State Share of Federal Incentive Payments. Decrease funding by \$2,206,500 FED in 2007-08 and \$2,579,100 FED in 2008-09 for the state's share of federal incentive payments. The state share of federal incentive payments would total \$398,600 in 2007-08 and \$26,000 in 2008-09.

Increased State Funding. Increase funding by \$150,000 GPR in 2007-08 for child support enforcement state operations. This one-time increase in funding would help offset the reduction in federal funds for state operations.

Federal Match on State Child Support Expenditures. Decrease funding by \$2,975,200 FED in 2007-08 and \$3,396,200 FED in 2008-09 in federal matching funds for state child support expenditures. These amounts also reflect changes in the estimated amount of non-federal and non-DWD match sources.

Funding for Child Support Enforcement Activities by Counties

County Share of Federal Incentive Payments. Decrease funding by \$469,900 FED in 2007-08 and \$644,300 FED in 2008-09 for the county share of federal incentive payments. The counties would also receive medical support liability incentive earnings estimated at \$3.2 million annually. The county share of federal incentive payments, including the medical support liability incentive earnings, would total \$15,705,400 in 2007-08 and \$15,531,000 in 2008-09.

Federal Match on County Child Support Expenditures. Decrease funding by \$12,505,900 FED in 2007-08 and \$13,330,800 FED in 2008-09 in federal matching funds for the federal incentive payments distributed to counties, federal matching funds for state incentive payments, and federal matching funds for county expenditures. The federal matching funds on county child support expenditures would total \$35,199,100 in 2007-08 and \$34,374,200 in 2008-09.

Distribution of Incentive Payments to Counties. Provide \$2,750,000 GPR in 2007-08 and \$5,500,000 GPR in 2008-09 in state supplemental incentive payments to partially offset the reduction in federal funds.

The bill would remove the requirement that the state may provide state incentive payments only if the federal incentive payment is less than \$12,340,000 and the requirement that the total of federal incentive payments and state incentive payments cannot exceed \$12,340,000.

Instead, the bill would cap the amount of state supplemental incentive payments at \$2,750,000 plus any amounts not obligated in the prior fiscal year, in 2007-08. The bill would then cap the amount of the state incentive payments at \$5,500,000 per fiscal year, beginning in 2008-09, plus any amounts not obligated in the prior fiscal year.

In addition, the bill would remove child support assigned to the state as a revenue source for state incentive payments. Instead, the bill would create a continuing GPR appropriation to distribute state child support incentive payments.

DISCUSSION POINTS

1. The federal Deficit Reduction Act of 2005 eliminates the ability to receive federal

matching funds for federal child support incentive payments, beginning October 1, 2007. As a result, both DWD and the counties will lose substantial federal funding for child support enforcement activities.

2. Without additional state funding, it is estimated that DWD would lose approximately \$800,000 in 2007-08 and \$1.5 million in 2008-09 due to the elimination of federal matching funds for federal incentive payments, and counties would lose \$18.5 million in 2007-08 and \$24.7 million in 2008-09. These amounts assume that DWD and counties will continue to receive federal matching funds for federal child support incentive payments until the new federal law takes effect on October 1, 2007.

State Operations of the Child Support Enforcement Program

3. After the budget bill was introduced, DWD prepared revised estimates of several sources of revenue for the child support program, based on more recent information. These revenue sources include interest earnings on balances in the support collections trust fund, unclaimed support, and federal incentive payments and matching funds. Table 1 shows the revised estimates compared to the amounts used in SB 40. In total, the revised estimates would increase SEG funding by \$27,200 in 2007-08 and \$251,600 in 2008-09 and increase FED funding by \$471,800 in 2007-08 and \$770,700 in 2008-09. The appropriation schedule in the bill should be modified to incorporate the new estimates.

TABLE 1

**Child Support Enforcement Revenue Reestimates
2007-08 and 2008-09**

<u>Revenue</u>	<u>SB 40</u>		<u>Reestimates</u>		<u>Change to Bill</u>	
	<u>2007-08</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2008-09</u>
Support Collections Trust						
Fund Earnings (SEG)	\$313,000	\$313,000	\$393,400	\$195,400	\$80,400	-\$117,600
Unclaimed Support (SEG)	<u>1,000,000</u>	<u>100,000</u>	<u>946,800</u>	<u>469,200</u>	<u>-53,200</u>	<u>369,200</u>
Total SEG Funds	\$1,313,000	\$413,000	\$1,340,200	\$664,600	\$27,200	\$251,600
Federal Incentive Payments	\$398,600	\$26,000	\$536,300	\$796,700	\$137,700	\$770,700
Federal Matching Funds	10,267,300	9,202,300	10,534,600	9,202,300	267,300	0
Carryover Funds (FED)*	<u>0</u>	<u>0</u>	<u>66,800</u>	<u>0</u>	<u>66,800</u>	<u>0</u>
Total FED Funds	\$10,665,900	\$9,228,300	\$11,137,700	\$9,999,000	\$471,800	\$770,700

*Carryover funds are federal incentive payments that were not spent in 2006-07.

4. As noted, without additional state funding, it is estimated that DWD would lose approximately \$2.3 million in federal matching funds on federal incentive payments over the

biennium due to the effects of the federal Deficit Reduction Act of 2005. It is also estimated that the federal incentive payments themselves would decrease by \$2.7 million over the biennium compared to the amount provided in 2006-07. Table 2 shows base level revenues and expenditures for the child support program in 2006-07, as well as the estimated revenues and expenditures in 2007-08 and 2008-09 without additional state funding. Most of the state's expenditures for child support enforcement are for costs associated with the kids information data system (KIDS), which is the state's certified statewide automated child support system required by federal law, and for the centralized receipt and disbursement (CR&D) system, which is used to process and distribute child support payments. Expenditures for these systems include funding for: (a) contracts for the CR&D system with Affiliated Computerized Services; (b) staff and services provided by DWD's Bureau of Information Technology Services (BITS); and (c) mainframe charges from the Department of Administration.

TABLE 2

**Funding for State Operations of the Child Support Program
Without Additional State Funding**

<u>Revenues</u>	<u>Base Funding</u>	<u>2007-08</u>	<u>2008-09</u>
CR&D Fee (PR)	\$7,185,700	\$7,185,700	\$7,185,700
Support Collections Trust Fund Earnings (SEG)	1,000,000	393,400	195,400
Unclaimed Support (SEG)	1,000,000	946,800	469,200
GPR	4,538,200	4,689,900	4,689,900
FED Incentive Payments	1,991,700	536,300	796,700
FED Matching Funds	14,017,800	10,310,200	9,202,300
Other Revenue (PR)	<u>1,879,200</u>	<u>1,145,700</u>	<u>1,145,700</u>
Total Revenues	\$31,612,600	\$25,208,000	\$23,684,900
<u>Expenditures</u>			
KIDS System Maintenance Contracts	\$9,500,000	\$8,431,800	\$7,844,400
Mainframe InfoTech Charges	8,711,100	9,935,100	9,935,100
State Staff and BITS Costs	9,208,600	9,670,000	9,995,700
Supplies and Other Charges	<u>4,126,100</u>	<u>2,983,400</u>	<u>2,983,400</u>
Total Expenditures	\$31,545,800	\$31,020,300	\$30,758,600
Ending Balance	\$66,800	-\$5,812,300	-\$7,073,700

5. The bill would provide additional state funding to partially offset the loss of federal funds. Additional state funding includes \$150,000 GPR in 2007-08, an increase in the CR&D fee from \$35 to \$65, and a new annual fee of \$25 for each child support case in which an individual has never received public assistance and for whom the state has collected at least \$500 of child support. The increase in the CR&D fee and the new \$25 annual fee are addressed in separate budget papers. Table 3 shows base level revenues and expenditures for the child support program in 2006-07, as well as the estimated revenues and expenditures in 2007-08 and 2008-09 with all of the additional state funding under SB 40.

TABLE 3

**Funding for State Operations of the Child Support Program
With Additional State Funding Under SB 40**

<u>Revenues</u>	<u>Base Funding</u>	<u>2007-08</u>	<u>2008-09</u>
CR&D Fee (PR)	\$7,185,700	\$9,280,600	\$10,677,200
\$25 Annual Fee (PR)	0	1,375,000	2,750,000
Support Collections Trust Fund Earnings (SEG)	1,000,000	393,400	195,400
Unclaimed Support (SEG)	1,000,000	946,800	469,200
GPR	4,538,200	4,839,900	4,689,900
FED Incentive Payments	1,991,700	536,300	796,700
FED Matching Funds	14,017,800	10,601,400	9,202,300
Other Revenue (PR)	<u>1,879,200</u>	<u>1,145,700</u>	<u>1,145,700</u>
Total Revenues	\$31,612,600	\$29,119,100	\$29,926,400
 <u>Expenditures</u>			
System Maintenance Contracts	\$9,500,000	\$8,431,800	\$7,844,400
Mainframe InfoTech Charges	8,711,100	9,935,100	9,935,100
State Staff and BITS Costs	9,208,600	9,670,000	9,995,700
Supplies and Other Charges	<u>4,126,100</u>	<u>2,983,400</u>	<u>2,983,400</u>
Total Expenditures	\$31,545,800	\$31,020,300	\$30,758,600
Ending Balance	\$66,800	-\$1,901,200	-\$832,200

6. Even with additional state funding, the state operations budget of the child support enforcement program shows a deficit of \$1.9 million in 2007-08 and \$0.8 million in 2008-09 (a deficit of \$2.7 million for the biennium). The Committee could provide \$646,400 GPR and \$1,254,800 FED in 2007-08 and \$282,900 GPR and \$549,200 FED in 2008-09 to eliminate these deficits.

7. However, the bill anticipated that DWD would have to absorb the anticipated deficit, through reduced expenditures. DWD indicates that other potential efficiencies would be addressed when the operating budget is developed in 2007-08. DWD also states that the potential restoration of matching funds by Congress (discussed in further detail below) could increase revenue to eliminate the deficit.

8. The Committee could eliminate one-time GPR funding for state operations of the child support enforcement program in 2007-08. Compared to the bill, funding would be reduced by \$150,000 GPR and \$291,200 FED in 2007-08. This reduction in funding would increase the deficit in 2007-08 from \$1.9 million to \$2.3 million. This alternative would require DWD to absorb an additional reduction of \$441,200 in 2007-08.

9. On the other hand, funding for the child support enforcement program has been reduced over the past several years due to initiatives such as across-the-board funding cuts of state

operations appropriations, which also results in lost federal matching funds. As a result of these reductions, DWD implemented the following: (a) a reduction in positions for the Bureau of Child Support from 59.0 FTE in 2003-04 to 44.0 FTE in 2006-07; (b) not filling vacant positions (there are currently two vacancies); (c) a reduction in hours for customer service representatives at the Wisconsin Child Support Collection Trust Fund (WSCTF) (formerly 7:30 a.m. to 6:00 p.m., currently 8:00 a.m. to 5:00 p.m.); (d) the elimination of a separate local agency phone line to WSCTF (inquiries must now be sent through electronic requests); and (e) a reduction in the amount of funding for training for county child support staff from \$252,000 in 2005-06 to \$32,300 in 2006-07. Further reductions in funding could require additional cuts to staff or other aspects of the child support enforcement program.

Child Support Enforcement Activities by Counties

10. Counties are required to contract with DWD to implement and administer the child support enforcement program at the local level. County responsibilities include: (a) establishing child support and medical support orders; (b) establishing paternity; (c) providing data related to support orders; and (d) enforcing medical and financial child support orders.

11. DWD distributes federal child support incentive payments and state funding to counties for child support enforcement activities. Allocations are determined for each county based on its share of statewide support cases that receive enforcement services from a child support agency. Each county is guaranteed 80% of its allocation of the first \$12.34 million of the incentive funding and 70% of its allocation from any amount allocated to counties in excess of \$12.34 million. The remainder is awarded based upon the county's performance on one or more standards. Four standards were used to determine both CY 2006 and CY 2007 awards: (a) percentage of cases with a child support order; (b) percentage of children for whom paternity was established; (c) percentage of child support disbursed from the total amount of child support due in each month; and (d) average percentage of cases with arrearages for which a collection was made on the arrearages in each month.

12. Attachment 1 shows the CY 2006 allocation for each county based on federal incentive payments and federal matching funds for the federal incentive payments. The state received \$14,529,200 in federal child support incentive payments for the CY 2006 contracts. As a result, \$12,996,800 was distributed to counties (\$12.34 million plus 30% of the amount in excess of \$12.34 million). In addition, counties received the 66% federal match on these funds (\$25,229,100), for a total distribution of \$38,225,900 to counties.

13. It should be noted that counties also fund child support enforcement activities with federal medical support liability incentive funds and with county tax revenue. Federal law permits child support agencies to attempt to recover birth costs that were paid by Medicaid, rather than the responsible parents, by allowing the child support agency to retain an incentive payment equal to 15% of the amount of medical support recovered by the agency. A total of \$3.1 million was earned by counties for CY 2006. It is estimated that counties will provide an additional \$8.4 million in county tax revenue to support child support enforcement activities in CY 2006. These county

revenues are eligible for a federal match of \$16.3 million.

14. For the CY 2007 child support contracts, DWD allocated \$12,762,500 to counties from child support incentive payments (estimated at \$13,748,500 total). Due to the Federal Deficit Reduction Act of 2005, incentive funds spent on qualified activities will be reimbursed by the federal government based on a rate of 66% from January 1, 2007, through September 30, 2007. Beginning October 1, 2007, payment of incentive funds will no longer be reimbursed. As a result, counties will receive federal matching funds for approximately 75% of their federal incentive payments for CY 2007 (\$18,585,400), for a total distribution of \$31,347,900. This amount is lower than the CY distribution by \$6,878,000 (-18%).

15. Attachment 2 lists the allocations for each county in CY 2007 based on the federal incentive payments and the federal match for these incentive payments. Attachment 2 also shows the dollar amount reduction and percentage reduction of each county's total allocation in CY 2007 from CY 2006.

16. Attachment 3 shows estimated allocations for federal incentive payments in CY 2008 for each county. The federal incentive payments for counties in CY 2008 are estimated at \$12,569,800. However, the allocation for each specific county is unknown. Therefore, for comparison purposes, Attachment 3 shows the same allocations as Attachment 2, reduced by similar percentages in each county to total \$12,569,800. Actual allocations to each county in CY 2008 may be more or less than that shown in Attachment 3. Attachment 3 also shows the dollar amount reduction and percentage reduction of each county's total allocation in CY 2008 from CY 2006 and CY 2007. Compared to CY 2006, federal funds distributed to counties would decrease by \$25,656,100, a reduction of 67.1%.

17. Table 4 shows child support enforcement funding for counties, including federal incentive payments, medical support liability payments, county tax revenue, and federal matching funds, in CY 2006, CY 2007, and CY 2008. The table also shows the total dollar amount reductions in CY 2007 and CY 2008, and the percentage reduction of funding in CY 2007 and CY 2008, from CY 2006.

TABLE 4

**County Child Support Enforcement Funding
CY 2006 through CY 2008**

<u>Funding Source</u>	<u>CY 2006</u>	<u>CY 2007</u>	<u>CY 2008</u>
Incentive Payments	\$12,996,800	\$12,762,500	\$12,569,800
Incentive Payment Match	25,229,100	18,580,700	0
Medical Support	3,127,600	3,233,700	3,233,700
Medical Support Match	6,071,200	6,277,200	6,277,200
County Tax Revenue*	8,400,000	8,400,000	8,400,000
Tax Revenue Match	<u>16,305,900</u>	<u>16,305,900</u>	<u>16,305,900</u>
Total	\$72,130,600	\$65,560,000	\$46,786,600
Dollar Reduction from 2006		-\$6,570,600	-\$25,344,000
Percentage Reduction from 2006		-9.1%	-35.1%

*Assume estimate of \$8,400,000 in county tax revenue will remain at same level all three years.

18. Local child support agencies have indicated that this reduction in funding would limit child support enforcement activities and require the reduction of staff that would perform these activities. An estimate provided by the Wisconsin Child Support Enforcement Association indicates that 225 FTE positions would be eliminated statewide by CY 2008 unless the incentive payment matching funds are replaced with other funds.

19. It should be noted that the Attachments and Table 4 show the effect of the federal Deficit Reduction Act on CY 2007 and CY 2008 county child support contracts. Also taking into consideration the last six months of 2008-09 (the first six months of the CY 2009 contracts), counties would receive over \$40 million less in federal funding over the biennium.

20. The bill would provide additional state funding of \$2,750,000 GPR in 2007-08 and \$5,500,000 GPR in 2008-09. These state funds would generate federal matching funds of \$5,338,200 in 2007-08 and \$10,676,500 in 2008-09, for total additional funds for county child support agencies of \$8,088,200 in 2007-08 and \$16,176,500. Even with the additional funds provided under the bill, compared to 2006-07, county child support agencies would receive \$10.4 million in 2007-08 and \$8.5 million in 2008-09 less, including both the reduction in federal incentive payments and the matching funds on the federal incentive payments.

21. The Committee could provide additional funding of \$3,537,600 GPR and \$6,867,100 FED in 2007-08 and \$2,897,300 GPR and \$5,624,200 FED in 2008-09 to provide county child support agencies with the same funding as provided in 2006-07. As a result, county child support agencies could continue to provide the same level of services without any reductions to staff or services. The amount of federal incentive payments received by the state depends on the

performance of county child support agencies on five criteria in comparison to other states. These five criteria are: (a) paternity establishment; (b) establishment of support orders; (c) collection of current child support due; (d) collection of child support arrearages; and (e) cost-effectiveness. If performance is lower, it is possible that Wisconsin would be less competitive for federal child support incentive payments. As a result, the state would receive less incentive payments, which would further decrease funding for county child support agencies and make the state even less competitive for future incentive payments.

22. On the other hand, at the federal level, bills have been introduced in the Senate and the House of Representatives to restore federal matching funds for federal incentive payments. The Child Support Protection Act of 2007 (S 803 and HR 1386) was introduced in both the Senate and House of Representatives on March 7, 2007. The Senate bill has been referred to the Committee on Finance, and the House bill has been referred to the House Committee on Ways and Means. If enacted, this legislation would restore the ability to match federal incentive payments.

23. The Committee could eliminate state funding for county child support agencies and wait to see what happens at the federal level. However, if the federal legislation is not enacted, or if enactment would not occur until after October 1, 2007, there could be considerable disruption to the child support enforcement program. As noted above, the consequences of the loss of matching funds with no additional state funding include reductions in staff and services and the possibility of a reduction in the state's child support incentive payment.

24. Alternatively, the Committee could place \$2,750,000 GPR in 2007-08 and \$5,500,000 in 2008-09 in its GPR general program supplementation appropriation and require DWD to submit a request under section 13.10 of the Wisconsin statutes to access these funds if it appears that federal legislation restoring the ability to match federal incentive payments will not be enacted prior to the October 1, 2007, deadline. It may be desirable to have the 13.10 request heard before October 1, 2007, to ensure less disruption to the child support enforcement program.

Incentive Distribution Formula

25. The bill would remove the requirement that the state may provide state incentive payments only if the federal incentive payment is less than \$12,340,000 and the requirement that the total of federal incentive payments and state incentive payments cannot exceed \$12,340,000. Instead, the bill would cap the amount of state supplemental incentive payments at \$2,750,000 plus any amounts not obligated in the prior fiscal year, in 2007-08. The bill would then cap the amount of the state incentive payments at \$5,500,000 per fiscal year, beginning in 2008-09, plus any amounts not obligated in the prior fiscal year.

26. If federal legislation reinstates the ability to match federal child support incentive payments, the Committee could retain the statutory provisions that would authorize the state to provide state incentive payments only if the federal incentive payment is less than \$12,340,000 and that would cap total federal and state incentive payments at \$12,340,000, if the federal incentive payment is less than \$12,340,000. Retention of this provision, subject to enactment of federal

legislation that reinstates the ability to match federal incentive payments, would ensure that state funding would not be used unless federal incentive payments fall below the threshold of \$12,340,000.

27. On the other hand, the bill would cap state incentive payments at \$2,750,000 plus any amounts not obligated in the prior fiscal year, in 2007-08, and at \$5,500,000 per fiscal year, beginning in 2008-09, plus any amounts not obligated in the prior fiscal year. There would be no requirement to expend any state funds. The provision would establish a maximum, and not a minimum, amount that could be expended in each fiscal year.

28. However, unlike the current provision, there also would be no prohibition to expend state funds unless certain requirements are met. Therefore, state funds could be provided even if the federal incentive payment were greater than \$12,340,000 and federal matching funds were available for the federal incentive payment.

ALTERNATIVES TO BILL

State Operations of the Child Support Enforcement Program

1. Approve the Governor's recommendation to provide \$150,000 GPR in 2007-08 for state operations of the child support enforcement program with a modification to increase funding by \$27,200 SEG and \$471,800 FED in 2007-08 and \$251,600 SEG and \$770,700 FED in 2008-09 to reflect revised child support revenue estimates prepared after introduction of the budget bill.

ALT 1	Change to Bill Funding	Change to Base Funding
GPR	\$0	\$150,000
FED	1,242,500	- 9,914,500
SEG	<u>278,800</u>	<u>278,800</u>
Total	<u>\$1,521,300</u>	<u>- \$9,485,700</u>

2. In addition to Alternative 1, provide \$646,400 GPR and \$1,254,800 FED in 2007-08 and \$282,900 GPR and \$549,200 FED in 2008-09 to eliminate the estimated deficit in the state operations budget of the child support enforcement program.

ALT 2	Change to Bill Funding	Change to Base Funding
GPR	\$929,300	\$1,079,300
FED	3,046,500	- 8,110,500
SEG	<u>278,800</u>	<u>278,800</u>
Total	<u>\$4,254,600</u>	<u>- \$6,752,400</u>

3. Delete the Governor's recommendation to provide \$150,000 GPR and \$291,200 FED in 2007-08. In addition, increase funding by \$27,200 SEG and \$471,800 FED in 2007-08 and \$251,600 SEG and \$770,700 FED in 2008-09 to reflect revised child support revenue estimates prepared after introduction of the budget bill.

ALT 3	Change to Bill Funding	Change to Base Funding
GPR	-\$150,000	\$0
FED	951,300	- 10,205,700
SEG	<u>278,800</u>	<u>278,800</u>
Total	\$1,080,100	-\$9,926,900

Child Support Enforcement Activities by Counties

4. Approve the Governor's recommendation to provide \$2,750,000 GPR in 2007-08 and \$5,500,000 GPR in 2008-09 in state supplemental incentive payments to partially offset the reduction in federal funds.

ALT 4	Change to Bill Funding	Change to Base Funding
GPR	\$0	\$8,250,000
FED	<u>0</u>	<u>- 26,950,900</u>
Total	\$0	-\$18,700,900

5. Modify the Governor's recommendation to provide an additional \$3,537,600 GPR and \$6,867,100 FED in 2007-08 and \$2,897,300 GPR and \$5,624,200 FED in 2008-09 to provide county child support agencies with similar funding as provided in 2006-07.

ALT 5	Change to Bill Funding	Change to Base Funding
GPR	\$6,434,900	\$14,684,900
FED	<u>12,491,300</u>	<u>- 14,459,600</u>
Total	\$18,926,200	\$225,300

6. Modify the Governor's recommendation to place \$2,750,000 GPR in 2007-08 and \$5,500,000 GPR in 2008-09 in the Committee's general program supplementation appropriation and require DWD to submit a request under section 13.10 of the Wisconsin statutes to access these funds if it appears that federal legislation restoring the ability to match federal incentive payments will not be enacted prior to October 1, 2007.

ALT 6	Change to Bill Funding	Change to Base Funding
GPR	\$0	\$8,250,000

7. Delete provision.

ALT 7	Change to Bill Funding	Change to Base Funding
GPR	- \$8,250,000	\$0
FED	- <u>16,014,700</u>	- <u>42,965,600</u>
Total	- \$24,264,700	- \$42,965,600

Incentive Distribution Formula

8. Approve the Governor's recommendation to remove the requirement that the state provide state incentive payments only if the federal incentive payment is less than \$12,340,000 and that the total of federal incentive payments and state incentive payments cannot exceed \$12,340,000. In addition, approve the recommendation to cap the amount of state supplemental incentive payments at \$2,750,000 plus any amounts not obligated in the prior fiscal year, in 2007-08, and at \$5,500,000 per fiscal year, beginning in 2008-09, plus any amounts not obligated in the prior fiscal year.

9. Modify the Governor's recommendation to adopt these statutory changes only if federal legislation does not reinstate the ability to match federal child support incentive payments.

10. Delete provision.

Prepared by: Kim Swissdorf
Attachments

ATTACHMENT 1

CY 2006 County Allocations for Child Support Federal Incentive Payments and Federal Matching Funds

<u>County</u>	<u>Incentive Payment</u>	<u>Federal Matching Funds</u>	<u>Total</u>
Adams	\$51,400	\$99,800	\$151,200
Ashland	53,300	103,500	156,800
Barron	119,700	232,400	352,100
Bayfield	34,200	66,400	100,600
Brown	564,600	1,096,000	1,660,600
Buffalo	20,300	39,400	59,700
Burnett	42,000	81,500	123,500
Calumet	54,800	106,400	161,200
Chippewa	123,200	239,200	362,400
Clark	47,200	91,600	138,800
Columbia	94,100	182,700	276,800
Crawford	33,700	65,400	99,100
Dane	803,100	1,559,000	2,362,100
Dodge	163,100	316,600	479,700
Door	52,000	100,900	152,900
Douglas	142,000	275,600	417,600
Dunn	81,300	157,800	239,100
Eau Claire	194,600	377,700	572,300
Florence	13,200	25,600	38,800
Fond du Lac	184,800	358,700	543,500
Forest	34,400	66,800	101,200
Grant	72,400	140,500	212,900
Green	56,900	110,500	167,400
Green Lake	37,400	72,600	110,000
Iowa	35,400	68,700	104,100
Iron	13,200	25,600	38,800
Jackson	52,400	101,700	154,100
Jefferson	149,400	290,000	439,400
Juneau	68,400	132,800	201,200
Kenosha	471,600	915,500	1,387,100
Kewaunee	26,100	50,700	76,800
La Crosse	200,300	388,800	589,100
Lafayette	23,700	46,000	69,700
Langlade	59,700	115,900	175,600
Lincoln	50,100	97,300	147,400

ATTACHMENT 1 (continued)

**CY 2006 County Allocations for Child Support Federal
Incentive Payments and Federal Matching Funds**

<u>County</u>	<u>Incentive Payment</u>	<u>Federal Matching Funds</u>	<u>Total</u>
Manitowoc	\$152,000	\$295,100	\$447,100
Marathon	219,000	425,100	644,100
Marinette	93,900	182,300	276,200
Marquette	25,900	50,300	76,200
Milwaukee	3,997,800	7,760,400	11,758,200
Monroe	102,100	198,200	300,300
Oconto	83,100	161,300	244,400
Oneida	75,500	146,600	222,100
Outagamie	263,900	512,300	776,200
Ozaukee	68,800	133,600	202,400
Pepin	13,200	25,600	38,800
Pierce	47,600	92,400	140,000
Polk	59,100	114,700	173,800
Portage	104,600	203,000	307,600
Price	25,800	50,100	75,900
Racine	736,400	1,429,500	2,165,900
Richland	36,900	71,600	108,500
Rock	550,400	1,068,400	1,618,800
Rusk	39,700	77,100	116,800
St. Croix	89,200	173,200	262,400
Sauk	105,800	205,400	311,200
Sawyer	56,300	109,300	165,600
Shawano	75,200	146,000	221,200
Sheboygan	199,800	387,800	587,600
Taylor	37,000	71,800	108,800
Trempealeau	59,800	116,100	175,900
Vernon	44,000	85,400	129,400
Vilas	28,600	55,500	84,100
Walworth	211,800	411,100	622,900
Washburn	37,800	73,400	111,200
Washington	142,600	276,800	419,400
Waukesha	364,100	706,800	1,070,900
Waupaca	103,600	201,100	304,700
Waushara	45,500	88,300	133,800
Winnebago	312,000	605,600	917,600
Wood	<u>164,000</u>	<u>318,300</u>	<u>482,300</u>
Total	\$12,996,800	\$25,229,100	\$38,225,900

ATTACHMENT 2

CY 2007 Preliminary County Allocations for Child Support Federal Incentive Payments and Federal Matching Funds

<u>County</u>	<u>Incentive Payment</u>	<u>Federal Matching Funds (Jan. 1 through Sept. 30)</u>	<u>Total</u>	<u>Dollar Amount Decrease from CY 2006</u>	<u>Percent Decrease from CY 2006</u>
Adams	\$44,300	\$64,500	\$108,800	- \$42,400	- 28.0%
Ashland	52,900	77,000	129,900	- 26,900	- 17.2
Barron	117,200	170,600	287,800	- 64,300	- 18.3
Bayfield	32,100	46,700	78,800	- 21,800	- 21.7
Brown	546,100	795,100	1,341,200	- 319,400	- 19.2
Buffalo	20,500	29,800	50,300	- 9,400	- 15.7
Burnett	41,900	61,000	102,900	- 20,600	- 16.7
Calumet	54,700	79,600	134,300	- 26,900	- 16.7
Chippewa	119,800	174,400	294,200	- 68,200	- 18.8
Clark	46,800	68,100	114,900	- 23,900	- 17.2
Columbia	91,500	133,200	224,700	- 52,100	- 18.8
Crawford	32,900	47,900	80,800	- 18,300	- 18.5
Dane	808,400	1,176,900	1,985,300	- 376,800	- 16.0
Dodge	156,600	228,000	384,600	- 95,100	- 19.8
Door	49,700	72,400	122,100	- 30,800	- 20.1
Douglas	138,700	202,900	341,600	- 76,000	- 18.2
Dunn	79,300	115,500	194,800	- 44,300	- 18.5
Eau Claire	191,200	278,400	469,600	- 102,700	- 17.9
Florence	12,000	17,500	29,500	- 9,300	- 24.0
Fond du Lac	179,000	260,600	439,600	- 103,900	- 19.1
Forest	32,700	47,600	80,300	- 20,900	- 20.7
Grant	72,200	105,100	177,300	- 35,600	- 16.7
Green	58,400	85,000	143,400	- 24,000	- 14.3
Green Lake	37,600	54,700	92,300	- 17,700	- 16.1
Iowa	34,700	50,500	85,200	- 18,900	- 18.2
Iron	12,000	17,500	29,500	- 9,300	- 24.0
Jackson	50,500	73,500	124,000	- 30,100	- 19.5
Jefferson	148,500	216,200	364,700	- 74,700	- 17.0
Juneau	66,900	97,400	164,300	- 36,900	- 18.3
Kenosha	451,400	657,200	1,108,600	- 278,500	- 20.1
Kewaunee	26,600	38,700	65,300	- 11,500	- 15.0
La Crosse	208,200	303,100	511,300	- 77,800	- 13.2
Lafayette	24,600	35,800	60,400	- 9,300	- 13.3
Langlade	61,300	89,200	150,500	- 25,100	- 14.3
Lincoln	48,500	70,600	119,100	- 28,300	- 19.2

ATTACHMENT 2 (continued)

**CY 2007 Preliminary County Allocations for Child Support Federal
Incentive Payments and Federal Matching Funds**

<u>County</u>	<u>Incentive Payment</u>	<u>Federal Matching Funds (Jan. 1 through Sept. 30)</u>	<u>Total</u>	<u>Dollar Amount Decrease from CY 2006</u>	<u>Percent Decrease from CY 2006</u>
Manitowoc	\$150,300	\$218,800	\$369,100	- \$78,000	- 17.4%
Marathon	216,100	314,600	530,700	- 113,400	- 17.6
Marinette	94,500	137,600	232,100	- 44,100	- 16.0
Marquette	24,800	36,200	61,000	- 15,200	- 19.9
Milwaukee	3,926,200	5,716,100	9,642,300	- 2,115,900	- 18.0
Monroe	100,000	145,600	245,600	- 54,700	- 18.2
Oconto	83,000	120,800	203,800	- 40,600	- 16.6
Oneida	73,000	106,300	179,300	- 42,800	- 19.3
Outagamie	256,500	373,400	629,900	- 146,300	- 18.8
Ozaukee	69,300	100,900	170,200	- 32,200	- 15.9
Pepin	12,000	17,500	29,500	- 9,300	- 24.0
Pierce	46,900	68,300	115,200	- 24,800	- 17.7
Polk	55,900	81,400	137,300	- 36,500	- 21.0
Portage	102,100	148,600	250,700	- 56,900	- 18.5
Price	26,800	39,000	65,800	- 10,100	- 13.3
Racine	739,100	1,076,000	1,815,100	- 350,800	- 16.2
Richland	35,000	51,000	86,000	- 22,500	- 20.7
Rock	525,500	768,800	1,294,300	- 324,500	- 20.0
Rusk	39,500	57,500	97,000	- 19,800	- 17.0
St. Croix	88,600	129,000	217,600	- 44,800	- 17.1
Sauk	107,700	156,800	264,500	- 46,700	- 15.0
Sawyer	53,400	77,700	131,100	- 34,500	- 20.8
Shawano	71,500	104,100	175,600	- 45,600	- 20.6
Sheboygan	196,300	285,800	482,100	- 105,500	- 18.0
Taylor	36,100	52,600	88,700	- 20,100	- 18.5
Trempealeau	60,300	87,800	148,100	- 27,800	- 15.8
Vernon	39,400	57,600	97,000	- 32,400	- 25.0
Vilas	27,700	40,300	68,000	- 16,100	- 19.1
Walworth	206,200	300,200	506,400	- 116,500	- 18.7
Washburn	36,600	53,300	89,900	- 21,300	- 19.2
Washington	138,000	200,900	338,900	- 80,500	- 19.2
Waukesha	366,400	533,400	899,800	- 171,100	- 16.0
Waupaca	100,200	145,900	246,100	- 58,600	- 19.2
Waushara	44,300	64,500	108,800	- 25,000	- 18.7
Winnebago	304,900	443,900	748,800	- 168,800	- 18.4
Wood	<u>158,700</u>	<u>231,000</u>	<u>389,700</u>	<u>- 92,600</u>	<u>- 19.2</u>
Total	\$12,762,500	\$18,585,400	\$31,347,900	- \$6,878,000	- 18.0%

ATTACHMENT 3

CY 2008 Preliminary County Allocations for Child Support Federal Incentive Payments and Federal Matching Funds

<u>County</u>	<u>Incentive Payment</u>	<u>Dollar Amount Decrease from CY 2007</u>	<u>Percent Decrease from CY 2007</u>	<u>Dollar Amount Decrease from CY 2006</u>	<u>Percent Decrease from CY 2006</u>
Adams	\$41,600	-\$67,200	-61.8%	-\$109,600	-72.5%
Ashland	50,200	-79,700	-61.4	-106,600	-68.0
Barron	114,500	-173,300	-60.2	-237,600	-67.5
Bayfield	29,400	-49,400	-62.7	-71,200	-70.8
Brown	543,400	-797,800	-59.5	-1,117,200	-67.3
Buffalo	17,800	-32,500	-64.6	-41,900	-70.2
Burnett	39,200	-63,700	-61.9	-84,300	-68.3
Calumet	52,000	-82,300	-61.3	-109,200	-67.7
Chippewa	117,100	-177,100	-60.2	-245,300	-67.7
Clark	44,000	-70,900	-61.7	-94,800	-68.3
Columbia	88,800	-135,900	-60.5	-188,000	-67.9
Crawford	30,200	-50,600	-62.6	-68,900	-69.5
Dane	805,700	-1,179,600	-59.4	-1,556,400	-65.9
Dodge	153,800	-230,800	-60.0	-325,900	-67.9
Door	47,000	-75,100	-61.5	-105,900	-69.3
Douglas	135,900	-205,700	-60.2	-281,700	-67.5
Dunn	76,600	-118,200	-60.7	-162,500	-68.0
Eau Claire	188,500	-281,100	-59.9	-383,800	-67.1
Florence	9,300	-20,200	-68.5	-29,500	-76.0
Fond du Lac	176,200	-263,400	-59.9	-367,300	-67.6
Forest	30,000	-50,300	-62.6	-71,200	-70.4
Grant	69,400	-107,900	-60.9	-143,500	-67.4
Green	55,700	-87,700	-61.2	-111,700	-66.7
Green Lake	34,900	-57,400	-62.2	-75,100	-68.3
Iowa	32,000	-53,200	-62.4	-72,100	-69.3
Iron	9,200	-20,300	-68.8	-29,600	-76.3
Jackson	47,800	-76,200	-61.5	-106,300	-69.0
Jefferson	145,800	-218,900	-60.0	-293,600	-66.8
Juneau	64,200	-100,100	-60.9	-137,000	-68.1
Kenosha	448,600	-660,000	-59.5	-938,500	-67.7
Kewaunee	23,900	-41,400	-63.4	-52,900	-68.9
La Crosse	205,500	-305,800	-59.8	-383,600	-65.1
Lafayette	21,900	-38,500	-63.7	-47,800	-68.6
Langlade	58,600	-91,900	-61.1	-117,000	-66.6
Lincoln	45,800	-73,300	-61.5	-101,600	-68.9

ATTACHMENT 3 (continued)

**CY 2008 Preliminary County Allocations for Child Support Federal
Incentive Payments and Federal Matching Funds**

<u>County</u>	<u>Incentive Payment</u>	<u>Dollar Amount Decrease from CY 2007</u>	<u>Percent Decrease from CY 2007</u>	<u>Dollar Amount Decrease from CY 2006</u>	<u>Percent Decrease from CY 2006</u>
Manitowoc	\$147,600	-\$221,500	-60.0%	-\$299,500	-67.0%
Marathon	213,400	-317,300	-59.8	-430,700	-66.9
Marinette	91,800	-140,300	-60.4	-184,400	-66.8
Marquette	22,100	-38,900	-63.8	-54,100	-71.0
Milwaukee	3,923,500	-5,718,800	-59.3	-7,834,700	-66.6
Monroe	97,300	-148,300	-60.4	-203,000	-67.6
Oconto	80,300	-123,500	-60.6	-164,100	-67.1
Oneida	70,300	-109,000	-60.8	-151,800	-68.3
Outagamie	253,800	-376,100	-59.7	-522,400	-67.3
Ozaukee	66,600	-103,600	-60.9	-135,800	-67.1
Pepin	9,300	-20,200	-68.5	-29,500	-76.0
Pierce	44,200	-71,000	-61.6	-95,800	-68.4
Polk	53,200	-84,100	-61.3	-120,600	-69.4
Portage	99,400	-151,300	-60.4	-208,200	-67.7
Price	24,000	-41,800	-63.5	-51,900	-68.4
Racine	736,400	-1,078,700	-59.4	-1,429,500	-66.0
Richland	32,300	-53,700	-62.4	-76,200	-70.2
Rock	522,800	-771,500	-59.6	-1,096,000	-67.7
Rusk	36,800	-60,200	-62.1	-80,000	-68.5
St. Croix	85,900	-131,700	-60.5	-176,500	-67.3
Sauk	105,000	-159,500	-60.3	-206,200	-66.3
Sawyer	50,700	-80,400	-61.3	-114,900	-69.4
Shawano	68,800	-106,800	-60.8	-152,400	-68.9
Sheboygan	193,600	-288,500	-59.8	-394,000	-67.1
Taylor	33,300	-55,400	-62.5	-75,500	-69.4
Trempealeau	57,600	-90,500	-61.1	-118,300	-67.3
Vernon	36,700	-60,300	-62.2	-92,700	-71.6
Vilas	25,000	-43,000	-63.2	-59,100	-70.3
Walworth	203,500	-302,900	-59.8	-419,400	-67.3
Washburn	33,900	-56,000	-62.3	-77,300	-69.5
Washington	135,200	-203,700	-60.1	-284,200	-67.8
Waukesha	363,700	-536,100	-59.6	-707,200	-66.0
Waupaca	97,500	-148,600	-60.4	-207,200	-68.0
Waushara	41,600	-67,200	-61.8	-92,200	-68.9
Winnebago	302,200	-446,600	-59.6	-615,400	-67.1
Wood	<u>156,000</u>	<u>-233,700</u>	-60.0	<u>-326,300</u>	-67.7
Total	\$12,569,800	-\$18,778,100	-59.9%	-\$25,656,100	-67.1%