

WISCONSIN DEPARTMENT OF CHILDREN AND FAMILIES
Division of Family and Economic Security
Bureau of Child Support

To: Child Support Directors
Child Support Supervisors or Lead Workers
Child Support Attorneys

From: Director
Bureau of Child Support

**CHILD SUPPORT
BULLETIN**

No.: -__

Date: _/_/_

**Subject: American Recovery and Reinvestment Act (ARRA) and
Child Support Reinvestment under 45 CFR 305.35**

Purpose

This bulletin informs child support agencies of the impact of ARRA funding could have on reinvestment in the child support program.

Background

Wisconsin earns approximately \$13.5 million per year in child support incentives. Most incentive funds are provided to county child support agencies under contract with DCF. Under federal law, all child support incentives must be spent on the child support program.

Deficit Reduction Act Changes

Until September 30, 2007, state child support programs were able to receive 66% federal matching funds (FFP) for incentive funds invested in the child support program. Effective October 1, 2007, the Deficit Reduction Act of 2005 suspended states' ability to receive federal matching funds for incentives. This reduced federal funding available to county child support agencies by approximately \$25 million per year.

In the last biennial budget, the Wisconsin Legislature appropriated \$5.5 million GPR per year to partially offset the counties' loss of federal matching dollars. This \$5.5 million per year is eligible for 66% federal match, for a total of approximately \$16 million to help fund the child support program.

American Recovery and Reinvestment Act Changes

Effective with the passage of ARRA, federal matching funds are again available for incentive funds spent between October 1, 2008 and September 30, 2010. Under current federal law, the ability to match federal incentive funds ends on September 30, 2010.

Wisconsin Statute § 49.24 provides that the \$5.5 million in GPR ends if the federal match for incentive funding is reinstated by Congress. With the passage of the ARRA, the 2009 Child Support Contracts will be amended to withdraw the GPR and reinstate federal matching on \$9,818,446 in incentive funds for a total of \$28,877,782 in funding.

Under Wisconsin statute, Wisconsin county child support agencies are eligible to receive an additional \$2.883 million in incentive funding in 2009. Federal matching funds in the amount of \$5.596 million will generate a total of \$8.479 million in additional funding for CSAs in 2009 and a similar amount in 2010.

Non-Supplant Restrictions

Under federal regulation 45 CFR 305.35, each state is required to use state/local funds to maintain a certain level of child support spending based on the state funding average for the period 1996-1997-1998. This is called child support reinvestment. In Wisconsin, the minimum reinvestment

level is \$17,542,955 (OCSE DCL 01-50). The consequence for non-compliance with reinvestment minimums is disallowance of incentive amounts equal to the amount of funds supplanted (OCSE Action Transmittal 01-04).

ARRA Non-Supplant Restrictions

The matching of all available incentive funds will generate an extra \$8.5 million in CY 2009 and a similar amount in CY 2010 for local child support agencies. To ensure that child support reinvestment minimums are maintained, these ARRA matching funds must be used to *supplement, not supplant* state and county child support funding. All counties are required to spend at least XX%XX% of the levy amount they expended from local budget resources in 2008. This non-supplant restriction applies to ARRA incentive funds in 2009 and 2010.

The 2009 State-County Child Support Contracts will be amended to include additional ARRA funding. To ensure that reinvestment levels are maintained:

- Each child support agency will be required to submit an ARRA expenditure plan. These plans will include a budget worksheet and new FTE reporting form. Upon receipt of the county ARRA expenditure plan, BCS will release the amount of incentive funding needed (34%) to cover the amount of ARRA funding requested under the plan. If the CSA later identifies additional ARRA projects, the CSA may submit additional plans and additional ARRA funding will be released up to the full amount of the CSA's ARRA allocation.
- If an individual county CSA spends at least XX% of the 2008 levy during CY 2009, unspent 2009 ARRA funding may be carried over and spent in 2010. As long as the State meets the minimum federal reinvestment level, no individual county will be penalized.
- If an individual county CSA fails to spend at least XX% of the 2008 levy during CY2009 and the State fails to meet federal reinvestment minimums, said county will be subject to disallowance of future incentive funds, plus federal matching funds if applicable, in an amount up to the full amount of local funds supplanted.

County child support agencies are responsible to ensure that all incentive funding and federal matching funds are used *only* for child support program purposes as permitted under federal law and regulations, approvals of the ARRA expenditure plans notwithstanding.

Medical support liability (MSL) incentives are unrestricted and not considered levy. Counties that use MSL to fund the child support program will need to consider the recent reductions in MSL when determining the amount of tax levy needed to meet the XX% minimum county contribution.

Resources:

CSL 09-20 County Funding under American Recovery and Reinvestment Act

If you have questions regarding this bulletin, please contact BCS at kidpolcc@wisconsin.gov.

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