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

CHILD SUPPORT BULLETIN

No.: 09-18

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

From: Director
Bureau of Child Support

Subject: American Recovery and Reinvestment Act (ARRA) and Reinvestment

Purpose
This bulletin informs child support agencies about policies for release of ARRA funding and the restrictions to ensure that Wisconsin meets the federal minimum reinvestment requirements.

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.

The Deficit Reduction Act of 2005 suspended states' ability to receive federal matching funds for incentives. Effective September 30, 2007, state child support programs were no longer able to receive 66% federal matching funds (FFP) for incentive funds invested in the child support program. This reduced federal funding available to county child support agencies by approximately $25 million per year.

In the state biennial budget 2007-09, 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 was 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.

Wisconsin county child support agencies are therefore 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 regulations at 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 consequences for non-compliance with reinvestment minimums is disallowance of incentive amounts equal to the amount of funds supplanted (OCSE Action Transmittal 01-04).

Matching all available incentive funds would 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 maintain a minimum county contribution from local budget resources. This non-supplant restriction applies to ARRA incentive funds in 2009 and 2010. The minimum county contribution level for CY 2009 is computed based on 2008 CORe expenditures, as shown on the attached *County Contribution CY2008* spreadsheet.

The 2009 State-County Child Support Contracts will be amended to permit the use of the additional ARRA funding. However, to provide the required federal tracking of ARRA funds and to ensure that reinvestment levels are maintained, each child support agency will be required to submit an ARRA expenditure plan. These ARRA Plans will include a budget worksheet and new FTE reporting form.

ARRA Plans
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; additional ARRA funding will be released up to the full amount of the CSA's ARRA allocation. Unspent ARRA funding may be carried over and spent in 2010, as long as the CSA maintains the minimum county contribution levels as shown on the County Contribution Spreadsheet.

County child support agencies are responsible for ensuring 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 not withstanding.

Calculation of County Contribution
Counties must project actual amounts that will be spent, rather than relying on 2009 budget amounts to calculate reinvestment levels. To calculate county contribution levels, project the 2009 actual amounts that will be spent to draw down child support federal matching dollars *as calculated in CORe* and displayed for 2008 on the *County Contribution* spreadsheet. County budget practices vary. For most counties the county contribution will include: the CSA levy actually spent in 2009, 34% of child support program indirect costs actually reported in 2009, 34% of child support costs for cooperating agencies actually reported in 2009, and the amount of Medical Support Liability (MSL) revenue actually used to fund the child support program in 2009.

MSL incentives are unrestricted and may be counted toward the county contribution if used to fund IV-D activities. Counties that use MSL to fund the child support program will need to consider the recent reductions in MSL when projecting the amount of MSL plus tax levy needed to meet the minimum county contribution in 2009.

The county contribution does not include costs for non-IV-D expenditures reported in CORe. The county contribution also does not include fees collected by the child support agency, because OCSE does not include fees and other program revenue when calculating the state investment level.

As long as the State meets the minimum federal reinvestment level, no individual county will be penalized. However, if the State fails to meet reinvestment minimums, individual county CSAs that fail to maintain the minimum County Contribution level will be subject to disallowance of incentive funds in an amount up to the full amount of local funds supplanted, plus the loss of federal matching funds if applicable.