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House Budget Would Slash Wisconsin Child Support Collections

Wisconsin children would lose at least \$468 million over the next 10 years

(Madison, WI) – Children in Wisconsin would lose more than \$468 millionⁱ in child support over the next ten years under a proposal approved last week by the Budget Committee of the U.S. House of Representatives. The full U.S. House of Representatives is expected to vote this week on a budget that phases in a 40 percent cut in the federal funds available to states to help collect child support.

The House Budget Committee endorsed the bill last Thursday on a vote of 21 to 17. Wisconsin's two members on the committee split on the vote, with Rep. Paul Ryan voting in favor and Rep. Ron Kind opposing the House budget plan.

“The child support cuts proposed by the House will harm children by damaging one of the most effective and important government programs,” said Charity Eleson, executive director of the Wisconsin Council on Children and Families (WCCF), a non-profit organization that studies the impact of public policy choices on children and families in Wisconsin.

Wisconsin's child support collection program, which is primarily administered at the county level, has proven to be one of the state's most efficient investments. In 2004, Wisconsin collected \$5.91 in child support for every \$1 invested in the program, according to figures from the federal Department of Health and Human Services.ⁱⁱ

“The proposed child support cuts will disproportionately hurt Wisconsin,” said Jon Peacock, the Council's research director, “because Wisconsin gets a bigger return on its collection efforts – 35 percent more per dollar invested than the national average.”

Child support collected from an absent parent stabilizes families and helps prevent the need for cash assistance and other public supports. “Many of the cuts in the House budget bill will be very harmful for children and families,” Peacock said, “but few programs have such an obvious and substantial return on the public investment as child support collection.”

Local child support agencies use the federal funds to locate absent parents, establish legally enforceable child support orders, collect child support owed to children, and distribute child support to families to help cover children's basic needs.

Currently, the federal government pays 66 percent of the costs of child support collection programs in the states. The House Ways and Means Committee proposes to reduce federal support to 50 percent of program costs by 2010.

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The Congressional Budget Office estimates that the House Budget Committee's proposal would reduce child support collections nationally by \$7.9 billion over the next five years and \$24 billion over 10 years. Those estimates are based on the assumption that states or local child support agencies will substitute their own resources for about one third of the reduced federal child support funding.

"The estimate that Wisconsin's child support collections will lose \$468 million over ten years is probably much too low, because state-imposed property tax limits will prevent most counties from replacing the deep federal cuts," Eleson said.

Eleson noted that the cuts in child support collection programs that help low- and middle-income families will not reduce the federal deficit because the total budget cuts are more than offset by large tax cuts for some of the nation's wealthiest families. According to the Congressional Budget Office, the House budget would cut spending by \$53.9 billion over the next five years, primarily from social programs, while cutting taxes by at least \$70 billion.

"A slim majority of the House Budget Committee has decided to pay for extravagant tax cuts for the rich by slashing cost-effective investments for vulnerable children," Eleson said. "The deep cuts to child support enforcement vividly illustrate that the House has its priorities backwards."

Additional measures in the House budget that negatively affect services to children include cuts to Medicaid, Food Stamps, child care, foster care, and student aid. The full House is expected to vote on the budget this week.

Eleson called on Wisconsin's members of the House to oppose the cuts to child support collection. "It's not too late to contact our Congressional representatives and let them know that we are dead-set against this budget cut," she said. "Maintaining such a cost-effective program for Wisconsin's children should be a no-brainer for our Congressional delegation."

The House and Senate may be headed for a showdown over the child support issue. The Senate version of the budget maintains the current level of support for child support collection, and the Senate voted unanimously on Thursday for a non-binding resolution opposing any reduction to the program's funding level.

The Wisconsin Council on Children and Families uses research, analysis and education to advance policies that improve economic and social opportunities for Wisconsin's children and families.

ⁱ The Congressional Budget Office (CBO) estimates that the House plan would reduce child support collections nationally by \$24.1 billion over the next 10 years. The \$468 million figure for Wisconsin was calculated by the Center on Law and Social Policy, using the assumption that each state's share of the \$24.1 billion cut will be in direct proportion to the state's current share of total child support collections. http://www.clasp.org/publications/child_support_cuts.pdf

ⁱⁱ *Child Support Enforcement FY 2004 Preliminary Report*, U.S. Department of Health and Family Services, June 2005, <http://www.acf.dhhs.gov/programs/cse/prgrpt.htm>