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The Future of Birth Cost Recovery in Wisconsin

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In Governor Evers' proposed biennial state budget for 2025-2027, he declared 2025 “the year of the kid” in Wisconsin and included many investments to improve the lives of children and the families and communities that nurture them.¹ **One such proposed investment would eliminate Birth Cost Recovery state-wide and provide an increase of more than \$3.8 million in funding to county-level child support agencies.** The federal government considers the money collected from Wisconsin families through Birth Cost Recovery to be revenue. The proposed funding would fill the fiscal gap for county-level child support agencies left from ending the policy.

What is Birth Cost Recovery?

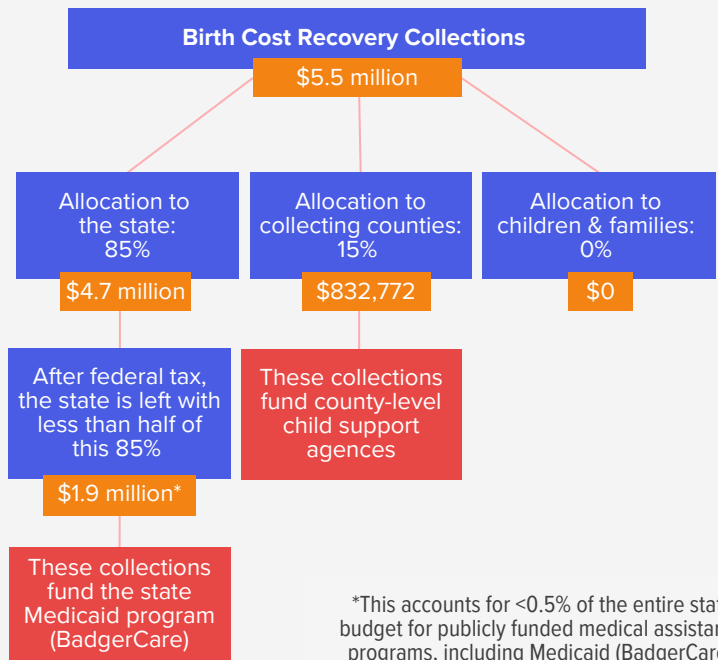
Birth Cost Recovery is a policy that holds some non-custodial fathers accountable for repaying the government for the cost of their child’s publicly funded birth. Title IV-D of the federal Social Security Act allows states to decide if and how to carry out Birth Cost Recovery. Through the policy, non-custodial fathers are charged with a debt to “recover” labor and delivery expenses that were initially paid for by public insurance (Medicaid).

In Wisconsin, county child support agencies and courts work together to determine Birth Cost Recovery debts when they establish non-custodial fathers’ child support orders.

Importantly, the impacted children and mothers do not receive any of the recovered funds. The state uses the recouped funds to support the Medicaid (BadgerCare) program, and the counties use the funds to support their child support programs (see Figure).

Wisconsin is one of two remaining US states that still enforce Birth Cost Recovery and has historically been the top enforcer of Birth Cost Recovery in the US, collecting more than \$193 million from non-custodial fathers from 2011 to 2023.² In 2023 alone, the state collected \$5.5 million in Birth Cost Recovery from fathers.

Figure. How Wisconsin used Birth Cost Recovery collections from non-custodial fathers in 2023



Historically the two largest collectors of Birth Cost Recovery in Wisconsin, Dane and Milwaukee Counties, stopped issuing new Birth Cost Recovery orders in 2020 and 2023, respectively.³⁻⁴ However, the remaining 70 counties in Wisconsin continue to issue new Birth Cost Recovery orders and collect existing Birth Cost Recovery debts. **Since Wisconsin counties retain 15% of their collections, county-level Wisconsin policymakers have been reluctant to end Birth Cost Recovery because of the lost revenue and the potential negative impacts on their child support programs.** For many counties, the Birth Cost Recovery collections from fathers are used to fund essential personnel. However, Dane and Milwaukee Counties ended Birth Cost Recovery after successfully allocating funding in the county budget to the child support agencies to mitigate the loss of Birth Cost Recovery revenue.



Who is affected by Birth Cost Recovery in Wisconsin?

Where enforced, Wisconsin counties only administer Birth Cost Recovery debt at the time of a child support order if the birth of the child was paid for by Medicaid (BadgerCare) and the parents do not live together. In 2023, among the 59,739 births in Wisconsin, 25% (14,880) were among unmarried mothers who relied on Medicaid (BadgerCare).⁵ While not all these births were associated with a child support case, this is the share of Wisconsinites who are at risk of Birth Cost Recovery due to their marital status and reliance on public insurance.

Birth Cost Recovery disproportionately affects families who are already living in stressed economic circumstances.

Now that the most populous counties no longer enforce Birth Cost Recovery (Dane and Milwaukee), Wisconsinites living in rural counties make up a larger share of those impacted.

Those at risk of Birth Cost Recovery experience the worst pregnancy outcomes in Wisconsin.

Unmarried parents tend to have lower incomes than married parents in Wisconsin. In 2023, the median household income for households headed by a single female with child(ren) under 18 was more than three times less than the median income for married parent households (\$37,937 vs. \$125,939).⁶

Among the 14,880 unmarried Wisconsinites who gave birth in 2023, 40% (5,946) were in Dane and Milwaukee Counties.⁵ Among the remaining births (8,934), 64% were in urban counties and 36% in rural counties (up from 21% when Dane and Milwaukee Counties still enforced the policy). People living in rural areas of our state experience distinctly poorer economic and health outcomes.

Those who rely on Medicaid (BadgerCare) experience higher rates of pregnancy health risks than those who use private insurance.⁷ **While exposure to Birth Cost Recovery does not necessarily cause these negative economic and health outcomes, those exposed to Birth Cost Recovery are more vulnerable in these domains compared to parents who are not at risk of Birth Cost Recovery.**

What is the impact of Birth Cost Recovery in Wisconsin?

Birth Cost Recovery elimination boosts child support compliance and benefits families. Prior research shows that Birth Cost Recovery collections are linked to lower employment rates and lower earnings among low-income Wisconsin fathers.⁸ Fathers made to pay Birth Cost Recovery are also less likely to comply with child support orders.⁹ This was also the case when we evaluated the impact of Dane County's decision to cease new Birth Cost Recovery collections: elimination of Birth Cost Recovery collections increased fathers' compliance with child support orders and increased the amount of money going to the mother and child(ren).¹⁰

To better understand the impacts of the policy from the perspective of those affected, we interviewed 40 Black parents in Wisconsin who had a recent Medicaid birth. For this project, we focused on Black Wisconsinites because they face the greatest economic and health disparities in the state. We asked them about their experiences with Birth Cost Recovery, their views on the policy, and the ways that Birth Cost Recovery may have impacted their family. Our analysis revealed these key findings:

Wisconsin parents see Birth Cost Recovery as the government prioritizing money over children and families.

Parents communicated frustration and confusion about the policy itself, expressing that Birth Cost Recovery seems like a way for the government to exploit struggling low-income Wisconsinites.

“If [the Wisconsin government] really cared about the child, why are you taking your money out first to pay for your system? So to me, you don't really care about the child. It's all about the system.”



Birth Cost Recovery payments to the state and county take money away from low-income families.

Parents clearly described how Birth Cost Recovery payments reduce fathers' ability to financially support their child(ren) by taking money out of their budget.

“The money [from Birth Cost Recovery payments] that is going back to the state is money that can be put into the child.”

“If [the state orders me to pay] child support, you're already holding me accountable for this child, which is totally understandable. I get it, right?...But here's my thing. We have allocated funds towards certain things [for the child], right? Let those funds be allocated towards that.”

“You're taking away the way somebody can feed their family. You're taking away child care, how somebody can provide for their family. You're taking away [money for] health care.”

Birth Cost Recovery creates financial burden for Wisconsin families.

Parents described Birth Cost Recovery payments as a significant financial burden that makes it difficult to afford basic expenses like housing and groceries. They report that this financial strain led to feelings of hopelessness and negatively impacted the mental health of many parents, especially fathers who had to work extra hours or multiple jobs to manage these costs.

“It was a burden. So, yeah, it was very difficult...There's tremendous impacts. If [fathers] do have the employment to pay it, [paying the Birth Cost Recovery debt] puts them in risk of losing housing, the ability to put food on the table...It also causes many marginalized fathers to throw up their hands and leave the lives of their children. And eventually, they may get caught, held in contempt. And once again, that whole cycle just starts. They're not going to get a job. They have this on their record. They're not going to get housing. They'll be always underemployed.”

Conclusion

Birth Cost Recovery is harmful to Wisconsin families. Birth Cost Recovery creates financial strain among economically disadvantaged, low-income families. The policy is associated with both decreased employment and child support payments among impacted fathers. In contrast, evidence shows eliminating Birth Cost Recovery appears to increase child support compliance.

Ending Birth Cost Recovery across the state may reduce harm on Wisconsin families and result in more child support money going to children and their custodial parent. The largest administrative barrier to ending Birth Cost Recovery in Wisconsin, loss of funding for county-level child support agencies, can be overcome by implementing the budget proposal, ensuring that county child support agencies remain fiscally solvent to carry out their mission.

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A Note on Language: In this brief, we refer to male parents as “father(s)” and female parents or birthing parents as “mother(s).” We acknowledge that not all parents identify with these labels. All the participants in our research identified as either a father or mother.



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About the Authors: The Reproductive Equity Action Lab (REAL) at the University of Wisconsin School of Medicine and Public Health conducts rigorous and cutting-edge research that identifies key structural inequities that stand in the way of reproductive autonomy. We partner with community-based organizations, governmental agencies, and private sector decision makers to support evidence-based, transformative policies.

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