Child Support Task Force Presentation
Advanced Guidelines Issues

by

Amy Anderson, Assistant Ramsey County Attorney
Goals in Evaluating the Guidelines

• There may be other ways to address the issues raised in this report, but there are common goals we should have in searching for solutions:
  • To have the parties understand the process and results.
  • To have children be supported by both of their parents.
  • To have the guidelines be fair and equitable.
  • To have families work together towards self-sufficiency.
  • Not to impoverish the obligors.
  • Have an enforceable order that results in timely and consistent payments.
Guideline Worksheet Refresher

• To do the calculation, you enter the variables for the parties situation.

• In the guidelines Worksheet #1 handout, the obligor makes $12 per hour and the obligee is on MFIP and has no earned income.
  • The end result is $516 for a basic support obligation.
  • There is a number on line 5 that pops into the form based upon the parties income.

• The Combined Basis Support Obligation comes from the Guideline Charts I am going to be speaking about.
• The amounts on the Guideline chart are to approximate the amount spent on children at that income level based upon USDA standards.

• Line 4 has 100% in the obligor column for the percentage of Combined PICS.
  • This means since the obligor is the only one who has income, the guidelines indicate he is responsible for 100% of the combined child support obligation.
Issues with Current Guideline Charts

• In my opinion for lower income obligors and families with multiple children, the result of the guideline support calculation creates a support obligation that seems out of proportion to the obligor’s ability to pay.

• This presentation will highlight 5 issues with the chart and at the end suggest 4 ways to address those issues.
Five Issues with Guideline Charts

1. High percentage of support for low income workers.
2. Multiple children support amounts are in such high of a percentage of income for support the total child support obligation cannot all be withheld under the CCPA.
3. The Self-Support Reserve effect.
4. Parenting expense, non-joint children benefits lost.
5. Disparate treatment in similar situations.
1. The current guideline chart results in a guideline amount for child support that is a high percentage of the obligor’s gross income. In the income range of $1,600 and $3,000 per month when only one person has income, support is over 20% for one child. It is below 20% for the rest of the incomes.
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**FAM 1**

518A.35 First Page of Guideline Chart
High percentage of support for Low Income Workers

• The percentage is low at lower incomes, but:
  • By $1,645 per month the percentage is 20.5%. $1,645 is full time work at the current minimum wage of $9.50.
  • By $2,078 per month ($12.00 per hour) the percentage is 24.8%.

• At $2,100 the percentage starts moving down again:
  • And finally at $3,000 ($17.32 per hour) the percentage is down to 19.4%.
  • These percentages are done by taking the Combined Basic Support Amount and dividing it by the Combined Parental Income for Determining Child Support.
### Hourly wage and % Increase in guideline support

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<th>Combined Parental Income for Determining Child Support</th>
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**FAM 1**

518A.35 Guidelines Chart

**PAM 1**

518A.35 Guidelines Chart
Multiple Children and the CCPA

2. The charts specify a higher percentage of the income than what can be legally withheld according to CCPA for multiple children.

- The CCPA is the Consumer Credit Protection Act which only allows income withholding of up to only 60% of after-tax income for someone who is not in arrears.
- With $2,099 of income (and the other party on MFIP) the guideline amount for 6 children is 1,498, 71% of their gross income.
  - Even after the self-support reserve applies, the guideline support would be $862, 41% of their income before taxes and a further tax deviation would be needed to reduce the support to keep the obligor above the poverty level.
3. The guideline charts start out with a recommended amount of support that goes into the worksheet. That number then gets reduced for the self-support reserve if the income is low enough.

This results in a likely unintended consequence: if a new support calculation was done based on increased income, all additional income would go towards the child support obligation.
Self-Support Reserve Effect

• For example, the obligor gets a $1 raise from $10.00 to $11.00 and is working 30 hours per week,
  • At $10 per hour they make $1,299 per month and support is $111.
  • At $11 per hour there is an additional $130 of income each month for $1,429 total, but support goes up to $241.
• The effect is that the guideline calculation takes every dollar of that additional income for basic support, because the person is still being left with just the self-support reserve.
  • $11/hr guidelines of $241 - $10/hr Guidelines of $111 = $130
4. Low income obligor’s do not get any benefit of the parenting expense adjustment because that is part of the analysis before the self-support reserve is applied. Low income obligors also do not get the non-joint child credit for any children in their home when the self-support reserve applies because of the way the worksheet is calculated.
5. Obligors with different incomes can end up paying the same amount of support depending on whether the obligee in their case works.

For example:

• If obligor makes $2,200 and obligee does not work, their support is $538.
• If the obligee works and makes as much as the obligor, the obligor would need to make $4,200 before their child support got to $532.
And vice versa:

• Two obligors with similar income can end up paying very different amounts of support as well.

The main reason for this disparate treatment is part of the guideline chart that has the higher percentage income to be paid for support.
CHART DESCRIPTIONS
• These are the parameters:
  • Only one person has income.
  • The amount listed for child support is what the guideline worksheet would show after the self-support reserve.
  • It includes columns for one through six children.
  • The second column shows the percentage of income that would be paid for support.
  • Where the number is bolded, the self-support reserve no longer applies, and the amount is from the guideline chart.
Impact of the self support reserve example:

- With one child and the obligor earning just over minimum wage for 30 hours a week for a monthly income of $1,250, the support order is $62 because the income is $62 over the self-support reserve of $1,188.

- For one child, up to $1,400 of income, the support order increases a dollar for every additional dollar made by the obligor. For two children amount where the support order takes every dollar is up to $1,800, for 3 children it’s $2,200.

- The number in bold in each Child Support column is where the amount transitions past the self-support reserve and the obligor retains some of the increased income.
Second Chart

This chart shows the results when the parties both have income and their income is equal:

- The amount in the support column is not from the chart, it is what the guideline worksheet would show for the obligor’s support obligation.
- The point where self-support stops applying is bolded and is $1,500 for one child (1/2 of $2,999), $1,700 for two (½ of $3,399) and $1,850 for three and so on.

- **NOTE** - This chart can be confusing because it is not actually the numbers from the guideline chart in the statute.
Charts 1 and 2

• These two charts serve to illustrate my issue #3 (the effect of the self-support reserve), because when the self-support reserve has been reducing support, all additional income goes to child support, nothing remains for the obligor.

• In my opinion, the self-support reserve alone is not enough to keep the guideline chart from having a negative impact on lower income obligors.
Charts 1 and 2 Comparison

- These two charts together can also show my 5th issue, where people with similar incomes pay different amounts.

- Chart 1 – Obligor has two children and makes $12 an hour full time for monthly income of $2,078. In Chart one the obligee has no income, That Obligor’s support would be $832.

- Chart 2 – Obligor has two children, both parents make $2,078 per month. That Obligor’s support would be $566 per month.
Four Possible Fixes
My Suggestions for Possible Fixes

1. Adjust the guideline chart at the lower incomes.
2. Reduce some of the percentages that are over 20%.
4. Adjust percentages on higher incomes.
• This report was completed before the implementation of the New Guidelines. The report shows the creators of the guidelines took a great deal of care to try and create a guideline table with a Combined Basic Support Amount that was within the range of credible estimates of child rearing expenses from USDA estimates.
Intact Families Used

• However, in using the USDA schedule, the report specifically states (on pages 3 and 5) that these child rearing expenditures are based upon intact families.
  • In my opinion, that may be an inherent flaw in our guideline charts as it does not acknowledge that when parties are not residing together both households need income to support their individual households.
  • In particular, housing costs, may be up a much larger portion of one’s budget, leaving less for child rearing expenses.
Adjust the Lower Income Part of the Chart

• The guideline chart starts with an amount that cannot even be ordered for support because of the self-support reserve.

• This may lead to frustration on the part of obligees who see a guideline support amount in the pleadings of $177, which is then reduced to the minimum basic support amount of $50 for one or two children later in the pleadings.
Adjust the Lower Income Part of the Chart

• In ten years the chart has not been adjusted for the increase in the poverty guidelines.
  • The 2005 FPG was $798 for one person and that number is at the beginning the chart.
  • The 2016 FPG is now $990, but the chart has not been adjusted.

• The chart could start with a minimum order at the self-support reserve level and be adjusted on a regular basis, my suggestion is that this is done biennially.
2) Reduce Some of the Percentages

- The chart could be adjusted to reduce the high percentage of income that is expected to be paid for support in the $9-15 range.
- This should reduce some of the disparities between obligors and take into account the parties are not a combined household.
3) Reduce Percentages for Multiple Children

- The chart should be adjusted to reduce the percentage of income paid for multiple children.
  - The original study indicates there is not enough USDA information for families larger than three children, so it used a multiplier of 1.16% for each additional child
    - Page 9 and appendix A page 38 of the Policy Studies, Inc. report.
  - When those amounts are extended to 6 children the percentage of income allocated to the basic support obligation is up to 71% of gross income.
Adjust Percentages on Higher Incomes

• The USDA also does not have significant information on high income families, so the percentages are just continued at the same amount after a combined income of about $8,000.
  • Page 9 of the Policy Studies, Inc. report.
• If percentages are reduced on the low income part of the chart, it may be appropriate to continue to increase the percentage of income for child rearing expenses to reach the maximum percentage at a higher income.
My Radical Thoughts About Public Assistance

• If the objective of the guidelines chart is to allocate child rearing expenditures and public assistance is placed, then perhaps the value of those public assistance benefits in paying for the child’s expenses should be considered. This does not happen now.

• This is not a suggestion to impute income to someone on public assistance, but just to value the benefits.
Conclusion

• A revision of the child support guidelines is overdue and adjustments are needed. We need to make changes so we can meet the goal of supporting children with appropriate and enforceable child support orders.
Questions?