

# Child Support Task Force Minutes

Wednesday, May 31, 2017

9:00 a.m. to 1:00 p.m.

Room 300N, State Office Building

100 Rev. Dr. Martin Luther King Jr. Blvd, St. Paul, MN

**Members Present:** The following task force members were present on Wednesday, May 31, 2017:

|   |  |   |
|---|--|---|
| <input checked="" type="checkbox"/> Jimmy Loyd, Chair | <input checked="" type="checkbox"/> Senator Melissa Wiklund    | <input type="checkbox"/> Senator Mary Kiffmeyer                 |
| <input type="checkbox"/>                              | <input checked="" type="checkbox"/> Representative Peggy Scott | <input checked="" type="checkbox"/> Representative Laurie Pryor |
| <input checked="" type="checkbox"/> Melinda Hugdahl   | <input checked="" type="checkbox"/> Jeffrey Jorgenson          | <input checked="" type="checkbox"/> Lisa Kontz                  |
| <input checked="" type="checkbox"/> Jodie Metcalf     | <input checked="" type="checkbox"/> Melissa Rossow             | <input checked="" type="checkbox"/> Rachel Sablan               |
| <input checked="" type="checkbox"/> Jason Smith       | <input checked="" type="checkbox"/> Laura Vang                 | <input checked="" type="checkbox"/> Pamela Waggoner             |

**Other Meeting Participants:** Charlie Petersen, facilitator

**DHS Staff:** Sonya Smith, Brynn Rhodes, Julie Erickson, Tara Borton, Jessica Raymond, Jim Demgen, Megan Savage, Lydia Monahan, Bruce Erickson, Jennifer Sommerfeld, Shaneen Moore, Bennett Hoffmann

**1) Welcome:** Agenda review and introductions of the group.

## **2) Updates:**

- Tammie Campbell, vice chair and custodial parent member, resigned on May 22, 2017. DHS Staff is determining what is necessary under the Open Appointments law to fill the position.
- Open vice chair position—Suggestion to wait to select a new Vice Chair until a new custodial parent is appointed. Group consensus to wait until a full complement.
- Sonya Smith, new task force administrator, was introduced. Sonya comes from NorthPoint Health & Wellness, where she was the Administrative Manager & Executive Assistant to the COO. She previously worked in Hennepin County as the Community Liaison Officer at the Hopkins Police Department for 3 years and the Diversity & Inclusion Lead for one year, as well as six years as a Child Support Officer. She graduated from Concordia University, St. Paul with a BA in Criminal Justice and an MA in Leadership & Management.

## **3) Review of April meeting minutes:**

- Minutes approved:

The April meeting minutes were approved and will be posted on the Child Support Task Force website. (Completed June 5, 2017)

- Completed Action Items:

- The Cultural and Ethnic Community Leadership Council (CECLC) was contacted about the May meeting and invited to attend. (May 5, 2017) Discussed the statutory requirement that the Chair of the task force communicates at least annually with CECLC at the May planning meeting. (May 16, 2017) Follow-up by sending ongoing meeting minutes, obtaining CECLC's 2017 meeting schedule, and reiterating the invitation to the Task Force's meetings. (June 8, 2016)
- Sent email to Task Force with information about the previous Task Force Administrator's attendance at the CECLC meeting. Elizabeth attended the February 24, 2017 CECLC meeting and presented the statutory background of the task force and the statutory directive for the chair of the task force to consult at least annually with the CECLC. She invited CECLC members to consider joining the RFP evaluation group as well as inviting them to future task force meetings. A former CECLC member did participate in the RFP evaluation group.
- Looked at the 2007 child support change, specifically, how the gross (before tax) income input results in a number (amount of child support) that represents a portion of the parties' net (after tax) income. No specific references about this process were found. However, DHS staff located a chart from Washington as to what states with states in the U.S. that use net vs. gross income. The chart was distributed at the May 31, 2017 meeting. This question should be followed up with Dr. Venohr.
- Sent email to people not at the meeting so they could weigh in on the issues discussed at the April meeting. (Completed May 12, 2017)
- Researched the levels of income throughout MN so the task force has an idea of the size of each income bracket. Handout distributed at May meeting with Census Bureau information.
- Discuss ideas for public comment meetings. (Completed May 31, 2017 (see below)).

#### **4) September Public Comment Meeting:**

- The group discussed timing and location of a meeting or meetings devoted solely to receiving public comments.
- Consensus that:
  - At least one evening meeting should be held.
  - Meeting(s) held September and October.
  - Meeting(s) held on Tuesday or Thursday.
  - Meeting(s) should be around two hours long.
  - One extra meeting just for public comment in September in the metro area.
  - Hold the regular September meeting in the north region, with extra time for public comment.
  - Hold the regular October meeting in the south region, with extra time for public comment.

- DHS will investigate the possibility of providing child care at one or more of these meetings.
- Provide the option to take comments by email for people that are not able to attend.
- Finalize the public meeting schedule and a plan to publicize the meetings at the June meeting.

### 5) Statutory Requirements/Check In:

| Requirement   | Date                        | Who              | Notes   |
|---|-----------------------------|------------------|---|
| Meet 3 times per year   | Ongoing starting Sept. 2016 | Task Force       | Task Force has been meeting monthly since September 2016.   |
| Meeting devoted to collecting public input  | By September 2017           | Task Force       | Statute requires one meeting per year. Public comment is received at the end of each meeting. In addition, one "extra" meeting will be held in Sept. 2017 exclusively for public comment. The regular meetings in Sept. and Oct. 2017 will be held in greater Minnesota and will have public comment periods.   |
| Elect a chair   | By September 2017           | Task Force       | Statute says "annually." First Chair and Vice Chair selected September 2016.  |
| Consult with Cultural and Ethnic Communities Leadership Council (CECLC)             | By September 2017           | Chair            | Statute says "annually." Elizabeth attended the CECLC meeting in Feb. 2017. Task Force decided to send ongoing meeting minutes and an open invitation to attend to CECLC. The TF Administrator will contact them when decisions are being made. The Chair should go to one of their meetings at least annually. Ask them for a 2017 meeting schedule. |
| Report and recommendations  | By February 15, 2018        | DHS Commissioner | Biennially thereafter. Next report due Feb. 15, 2020. Task Force expires June 30, 2019. Work needs to commence immediately so the report can be sent to the Commissioner by the end of the year.  |
| Advise on quadrennial review  | By December 2018            | Task Force       |   |
| Review effects of implementing the new parenting expense adjustment enacted in 2016 | February 2019               | Task Force       | PEA effective August 1, 2018; not likely to see effects for at least 6 months.  |

Discussion about the new parenting expense adjustment and whether any fixes should be addressed.

Conclusion: The Task Force will apply the new parenting expense adjustment to all scenarios in testing any new guidelines grid numbers as it will take effect August 1, 2018.

### 6) Discussion on Adjustment for state cost of living:

- Among all of the states, Minnesota has an approximately average cost of living (see Cost of Living Index). This means that numbers should not have to be adjusted up or down from 100% to account specifically for Minnesota's cost of living. This will be something that Dr. Venohr will evaluate when running numbers.

## 7) Discussion on Price Levels (COLA, CPI):

- Brief overview of issue:
  - The Consumer Price Index (CPI) consists of monthly data on changes in the prices paid by urban consumers for a representative basket of goods and services.
  - The Cost of Living Adjustment (COLA) is a biennial change based on CPI.
  - A third term is the Cost of Living Index (CLI) which the COLA statute uses but strictly speaking isn't the same. The CLI is a theoretical price index that measures relative cost of living over time or regions. This is where the confusion is coming in. Need Dr. Venohr to explain.
- Let's try to keep things as simple as possible and easy to understand.
- Discussion about COLA adjustments and an updated guidelines grid relative to new orders and adjusted orders.
- The second issue is regular guidelines chart and it is being updated.
- Key questions to address: How are grid and the COLA related and not related? Do we keep doing COLAs? Other options for updating the grid and keeping it current if we do away with COLAs?
- If COLAs not made every two years, how would Minnesota comply with Federal regulations to update guidelines every three years.
- Discussion: There are policy decisions that this group needs to make vs technical decisions. Aren't there decisions we can make now re: policy?
- Top policy priorities: what is the standard of living for the child? Come back to this after number 8. (Moved to next meeting).
- Dr. Venohr questions: how do other states do regional differences? What are the regional costs? ACTION point—find this data.

## 8) Discussion on Tax Assumptions (net v. gross income):

- Majority of states use gross income. We need to make sure that we are considering the amount of money that people are bringing home and what is left to pay child support.
- Death and taxes. If we are able to build in a tax break (single with one deduction) into the guidelines.
- Yes, take a look at it. But then we will end up with the last model, wind up giving both parents a reduction of income similar relative to each other and there was no net difference. One person disagrees.
- Hesitate to use net income. Know how heavily this is litigated. Is the benefit worth it for the amount of litigation?

- Tax deduction issue—was it contemplated?
- We fixed a lot of the issues with that. NCP can take those deductions in a lot of situations— it’s federal law. MN is now consistent with federal law.
- Tax deduction at the end of the year could be a way to deal with some of the tax inequities.
- It is so complicated and the Affordable Care Act makes it more so. If we use gross income, we need to make sure that the number that is spit out is a number that can be paid from net income.
- We can adjust gross income in additional ways without going back to “net” income. The amount for support for non-joint children, do they have to be in the home and what kind of proof is required.
- I live off of net income.
- Details about litigation re: net income and that was before things got so complicated.
- Think net makes most sense, but let’s make a decision and move forward. It’s a living and breathing thing that we will continue to discuss.
- \*\*\*General discussion about what adjustments are applied and whether it’s taken up front or within the chart (back end).
- Can we build it into the chart—the ability to pay.
- People like the simplicity of the adjusted gross income. We could deduct a minimum tax burden either from income or build into chart.

Options:

1. MN adjusted gross income, current-- tweak what we have now –
2. Adjusted gross income, modify --two votes
3. Net with tax adjustment and/or other adjustments as pre allowed (similar to 4 but shows process) – seven votes
4. Tax adjustment as part of chart. Net number spits out (similar to 3 but process is not transparent)—two votes
5. Whatever net paycheck says—one vote

Options 3 and 4—these are similar and should have the same result but it’s either more obvious up front versus “trust me, it’s in the chart”.

**Decision:** Options 3 and 4 are the most similar and got a total of 9 votes.

## 9) Discussion on Adjustments for 3 or more children:

Moved to next meeting’s agenda.

## 10) New Action Items:

- Follow up by sending ongoing meeting minutes, obtaining CECLC's 2017 meeting schedule, and reiterating the invitation to the Task Force's meetings. (Completed June 8, 2016)
- Add to follow up items for Dr. Venohr:
  - What was the mechanism that was used in the 2007 guidelines grid change to convert the gross income inputs into an output that was the amount of child support that would be an appropriate percentage of the parent's net income?
  - How do states account for regional cost-of-living differences?
  - How do the CPI, CLI and COLA interact with the guidelines grid?
  - How will Minnesota's cost-of-living be applied to the guidelines grid?
- Investigate the regional differences in the cost-of-living index in Minnesota.
- Will send a reminder email for people to reply with questions to ask the state demographer relative to a possible presentation.

## 11) Public Comments:

There were two members of the audience who gave public comments:

- Scott Vogel: Non custodial parent of one child.
- Dan Reeves: Non custodial parent of three children.

**Meeting Adjourned** at 12:53 p.m.

**Next Meeting** will be held on June 28th from 9 a.m. to 1 p.m. in **Hearing Room 10** of the State Office Building. **\*\*NOTE: new meeting room.\*\***