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Adjusting the Guideline Chart

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Dr. Venohr's B.4 Chart

- B.4 is the most recent chart the Taskforce received from Dr. Venohr in her report dated January 23, 2018.
 - The chart uses USDA numbers updated to 2017 and for 2 and 3 children it adjusts the “equivalence scale”. It does not make the tax adjustment for separate households that was in B.2.
 - The B.4 chart does not make any adjustment for low income parents.
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Three issues with the current Guideline Chart at low income levels

- Child support amounts are a high percentage of income for low income parents.
- The support amounts for multiple children are an extremely high percentage of income for lower income parents.
- All dollars above self-support reserve to go to support at low income levels.

Those same issues are present with the new B-4 chart.



Excerpt from current guideline chart

Combined Parental Income		Number of children			Percentage of higher income		
		<i>One</i>	<i>Two</i>	<i>Three</i>			
1,500	1,599	292	433	500	18.26%	27.08%	31.27%
1,600	1,699	337	502	580	19.84%	29.55%	34.14%
1,700	1,799	385	577	666	21.40%	32.07%	37.02%
1,800	1,899	436	657	758	22.96%	34.60%	39.92%
1,900	1,999	490	742	856	24.51%	37.12%	42.82%
2,000	2,099	516	832	960	24.58%	39.64%	45.74%
2,100	2,199	528	851	981	24.01%	38.70%	44.61%
2,200	2,299	538	867	1,000	23.40%	37.71%	43.50%
2,300	2,399	546	881	1,016	22.76%	36.72%	42.35%
2,400	2,499	554	893	1,029	22.17%	35.73%	41.18%



Excerpt from Dr. Venohr's B-4 chart

Combined Parental		Number of children			Percentage of higher income		
Income		<i>One</i>	<i>Two</i>	<i>Three</i>			
1,500	1,599	409	573	653	25.58%	35.83%	40.84%
1,600	1,699	434	609	694	25.54%	35.84%	40.85%
1,700	1,799	460	645	735	25.57%	35.85%	40.86%
1,800	1,899	485	681	776	25.54%	35.86%	40.86%
1,900	1,999	511	716	816	25.56%	35.82%	40.82%
2,000	2,099	536	752	857	25.54%	35.83%	40.83%
2,100	2,199	562	788	898	25.56%	35.83%	40.84%
2,200	2,299	587	824	939	25.53%	35.84%	40.84%
2,300	2,399	613	860	979	25.55%	35.85%	40.81%
2,400	2,499	639	895	1,020	25.57%	35.81%	40.82%



Factors considered when addressing low income portion of the chart

- The percentage of support on the lower income portion of the chart is 25.55%.
 - This percentage is in the range of \$0 to \$3,199 and represents the amount of a parent's income that is spend on one child in a two parent, two child home.
 - The figures in the chart are an extrapolation from the USDA numbers, presumably based upon average figures from the USDA report.
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Factors that may impact the USDA figures

- People at that lower level of income may be getting some assistance, whether public assistance or family assistance
 - People at that level of income may be forced to live beyond their means just for necessities and may be going into debt to meet their expenses
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What specific changes did I make to the chart?

- Raised the income range at the low income part of the chart up to the current self-support reserve
 - Kept minimum basic support numbers the same
 - Started from a place on Dr. Venohr's B.4 chart where the support was under 18% for one child and adjusted all of the amounts below that to get to the minimum basic support numbers
 - Monthly income of \$5,400 – 5,499
 - Combined basic support is \$954 or 17.67% of \$5,400
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Excerpt of proposed chart.

Combined Parental		Number of children			Percentage of lower income		
Income		<i>One</i>	<i>Two</i>	<i>Three</i>			
1,500	1,599	100	110	120	6.67%	7.33%	8.00%
1,600	1,699	120	135	150	7.50%	8.44%	9.38%
1,700	1,799	140	160	180	8.24%	9.41%	10.59%
1,800	1,899	160	185	210	8.89%	10.28%	11.67%
1,900	1,999	190	220	250	10.00%	11.58%	13.16%
2,000	2,099	220	255	290	11.00%	12.75%	14.50%
2,100	2,199	250	290	330	11.90%	13.81%	15.71%
2,200	2,299	280	325	370	12.73%	14.77%	16.82%
2,300	2,399	310	360	410	13.48%	15.65%	17.83%
2,400	2,499	340	395	450	14.17%	16.46%	18.75%



Other factors I looked at

- After the self-support reserve of \$1,214 which is in the \$0-1299 income range up to \$5,499 I put the incremental increases in support at a low enough percentage that there should not need to be a tax deviation
 - The amount of support will not take all of the income over the self-support reserve
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Orange County Study

- There has been a lot of mention about the Orange County study. It suggests that compliance ratio's on both the amount and the number of months paid decline when child support is over 19% of their Gross Income.
 - There are other suggestions mentioned in the study.
 - Set realistic orders
 - Increase parent participation
 - Reduce length and use of retroactive support
 - Early intervention
 - Improve wage withholding process
 - Increase review and modification of orders
 - Conduct Amnesty programs
 - Implement arrears management programs
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Example 1

- Income of \$1,462 ($9.65 \times 35 \times 4.33$)
 - Support in regular chart is \$251
 - Reduced for SSR to \$248
 - Support in this example with my chart would be \$80
 - Obligor would keep \$168 over the SSR
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What else was added to the chart?

- I did the same adjustments to the chart for 2 and 3 children.
 - Extended Dr. Venohr's chart up to \$17,500 for monthly income with same incremental support amount that was used at the top of her chart
 - Extended Dr. Venohr's chart to include amounts for 4, 5 and 6 children.
 - B-4 puts support for 2 children at 140% of support for 1 child
 - The increase from 2-3 children is 14%
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History of support for additional children

- When the last guideline chart was created, just like now, there is no specific USDA information for more than 3 children.
 - At that time the amounts for additional children were created by adding 16% to the chart for 4 and then again for 5 again for 6.
 - Therefore, you will see an significant decrease in support amounts for families with 5 and 6 children.
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Percentages used for additional children

- The increase from 3 to 4 children is 8%
- The increase from 4 to 5 children to 6%
- The increase from 5 to 6 children is 4%



Chart with sections showing upper levels for multiple children.

Combined Parental Income		Number of children					
		<i>One</i>	<i>Two</i>	<i>Three</i>	<i>Four</i>	<i>Five</i>	<i>Six</i>
14,500	14,599	1,508	2,111	2,407	2,600	2,757	2,867
14,600	14,699	1,515	2,120	2,417	2,611	2,768	2,879
14,700	14,799	1,521	2,129	2,427	2,622	2,780	2,891
14,800	14,899	1,527	2,138	2,437	2,633	2,792	2,903
14,900	14,999	1,533	2,146	2,447	2,643	2,802	2,914
15,000	15,099	1,539	2,155	2,457	2,654	2,813	2,926
15,100	15,199	1,545	2,163	2,466	2,664	2,825	2,937
15,200	15,299	1,551	2,171	2,476	2,675	2,836	2,949
15,300	15,399	1,557	2,180	2,486	2,685	2,847	2,961
15,400	15,499	1,563	2,188	2,495	2,695	2,858	2,973



USDA Information

- The USDA income ranges used to develop the B4 chart are very broad
 - The low income range goes from \$0 to \$4,933 per month per Expenditures on Children by Families, 2015
 - The average being \$3,193
 - The middle range is \$4,933 to \$8,950
 - The average being \$6,808
 - The highest range starts at \$8,950 with no upper number
 - The average being \$14,775
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Example 2: Proposed chart amounts at high end of the Low Income Adjustment Range

- Both parties make \$13 per hour.
 - \$2,249 gross monthly income each
 - Taxes are \$440 per month each
 - Child Support:
 - 0 overnights: \$385
 - 2 overnights: \$339
 - 3 overnights: \$159
 - Joint custody: \$0
 - One party makes \$26 per hour
 - \$4,499 gross monthly income
 - Taxes are \$1,076 per month
 - Other party on MFIP
 - Child Support:
 - 0 overnights: \$770
 - Joint custody: \$385
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Compared to the current chart

- Both parties make \$13 per hour.
 - \$2,249 gross monthly income each
 - Taxes are \$440 per month each
 - Child Support:
 - 0 overnights: \$393
 - 2 overnights: \$347
 - 3 overnights: \$163
 - Joint custody: \$0
 - One party makes \$26 per hour
 - \$4,499 gross monthly income
 - Taxes are \$1,076 per month
 - Other party on MFIP
 - Child Support:
 - 0 overnights: \$787
 - Joint custody: \$394
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Example 2: Lower income range – Proposed

- Both parties make \$9.50 per hour, working 30 hours per week
 - \$1,256 gross monthly income each
 - Taxes are \$194 per month
 - Child Support:
 - 0 Overnights: \$50
 - Joint custody: \$0
 - One party makes \$14.50 per hour, working full time
 - \$2,512 gross monthly income
 - Taxes are \$505
 - One party on MFIP
 - Child Support:
 - 0 Overnights: \$365
 - Joint custody: \$183
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Conclusion

The Task Force has many decisions left to make. I am hopeful reviewing this proposed chart can help you focus on those remaining decisions and allow you to amend the guidelines in a way that reflects the interests of the children most importantly, but that of both of the parents as well.
