

## Adjustments at High Incomes

### Current Minnesota Law

Minnesota’s basic support table considers combined monthly income ranging from \$0 to \$15,000. When combined income exceeds \$15,000, Minn. Stat. section 518A.35 states that the basic support obligation shall be as for parents with combined parental income of \$15,000 per month, however, the court may deviate from this amount if it is deemed appropriate under Minn. Stat. section 518A.43, (the section governing deviations from the guidelines).

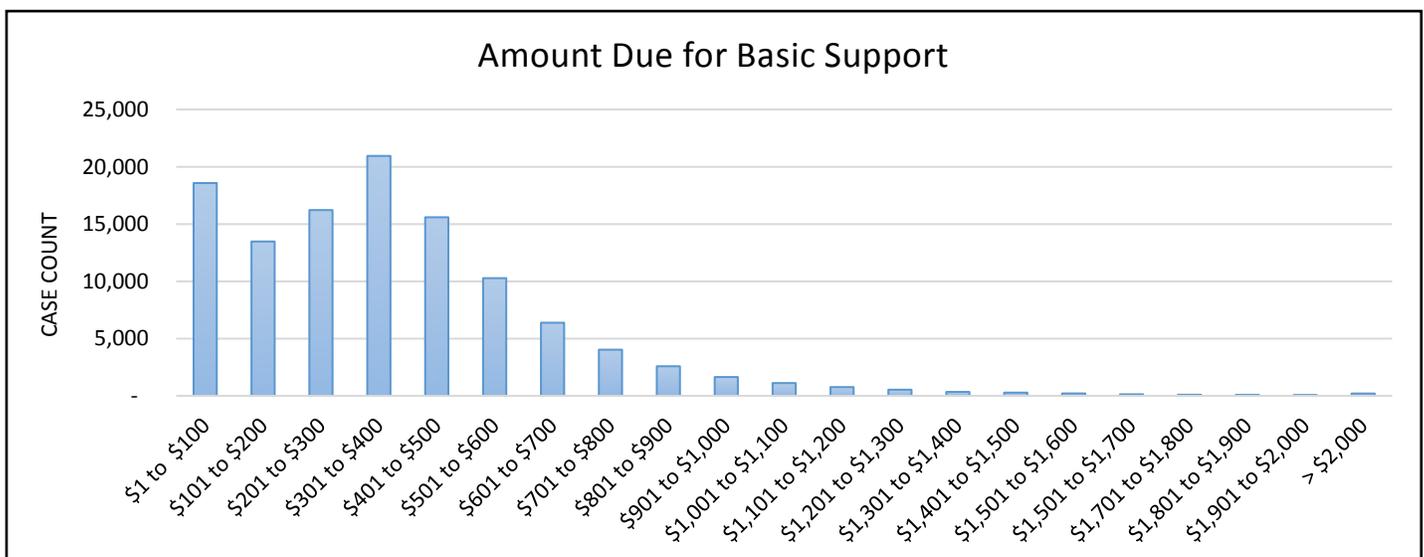
### Basic Support Obligations for Combined Monthly Income of \$15,000

Combined Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
\$15,000	\$1,883	\$2,727	\$3,186	\$3,571	\$3,949	\$4,319

The current table uses a variety of economic models for combined incomes exceeding \$3,299 per month. According to a report prepared by Dr. Jane Venohr, the current table uses:

- Bettson-Rothbarth for incomes \$3,300 to \$7,299 per month
- Extrapolations from USDA for incomes \$8,400 to \$14,699 per month
- Bettson-Engel for incomes above \$14,700 per month

### Minnesota IV-D Child Support Program Data on Range of Basic Support Obligations



Of the 113,531 cases with ongoing basic support:

- 16% at \$1 to \$100 per month (18,577 cases)
- 12% at \$101 to \$200 per month (13,473 cases)
- 14% at \$201 to \$300 per month (16,216 cases)
- 18% at \$301 to \$400 per month (20,944 cases)
- 14% at \$401 to \$500 per month (15,589 cases)
- 9% at \$501 to \$600 per month (10,272 cases)
- 6% at \$601 to \$700 per month (6,382 cases)
- 4% at \$701 to \$800 per month (4,028 cases)
- 2% at \$801 to \$900 per month (2,580 cases)
- 1% at \$901 to \$1,000 per month (1,640 cases)
- 1% at \$1,001 to \$1,100 per month (1,114 cases)
- 2% at \$1,101 per month and higher (2,716 cases)

### Census Data on Income Range of Minnesota Families

- Low Income Families (\$0.00 - \$49,000.00 annually) constitute 29%
  - 3% at the \$0.00 - \$9,999.00 range
  - 8% at the \$10,000.00 - 24,999.00
  - 18% at the \$25,000.00 - \$49,999.00
- Middle Income Families (\$50,000.00 - 149,000.00 annually) constitute 56%
  - 19% at \$50,000.00 - 74,999.00
  - 17% at \$75,000.00 - \$99,000.00
  - 20% at 100,000.00 - \$149,999.00
- High Income Families (\$150,000.00 and up annually) constitute 15%

### Other States' Approaches to Adjustments at High Incomes

- Most states, like Minnesota, provide for court discretion for combined incomes above the highest income considered in the basic support table and the amount cannot be less than the highest table amount.
- The highest monthly combined incomes in other states' tables range from \$10,000 net to \$35,000 gross.
- Economic data is reliable up to about \$20,000 net/\$30,000 gross.
- 13 states provide a formula for infinitely high income
  - Melson formula: DE, HI, MT
  - Conventional income shares guidelines: IN, FL, PA, TN, VA, WV
  - Other income shares guidelines: CA, MI, WY
  - Percentage-of-obligor-income guidelines: WI

## Summary of Nearby States

State	Guidelines Model	Gross or Net Income	Highest Income Considered in Table	What Happens When Income is in Excess of Table
Iowa	Income Shares	Net	\$25,000 per mo/ \$300,000 per year	Court's discretion
Michigan	Income Shares	Net	\$10,000 per mo/ \$120,000 per year	Formula or court's discretion
Minnesota	Income Shares	Gross	\$15,000 per mo/ \$180,000 per year	Court's discretion
Montana	Melson Formula	Net	No cap	Formula
North Dakota	% of Obligor Income	Net	\$10,000 per mo/ \$120,000 per year	Court's discretion
South Dakota	Income Shares	Net	\$30,000 per mo/ \$360,000 per year	Court's discretion

## Questions for Consideration

- Does the Task Force want to continue to have a cap on the highest amount of combined income considered?
- If the Task Force decides to keep a cap, should it change?
  - If so, should the cap be increased or decreased?
- What should the economic basis of the higher incomes be?
- How should support be calculated when income is greater than cap?