

Child Support Task Force: Decisions Recap, Adjustments for 4-6 Children, Applying the SSR to Both Parents, and Adjustments at High Incomes

Jessica Raymond | CSD Policy Analyst

Task Force Decisions Recap

Task Force Decisions Recap

- Guidelines Model
 - **Income Shares**, decided April 2017, confirmed September 2017
- Highly Variable Expenses
 - **Excluded from table**, decided April 2017
- Adjustments for Parenting Time
 - **Will use new PEA**, decided May 2017
- Adjustments for State Cost of Living
 - **Not necessary for MN**, decided June 2017

Task Force Decisions Recap

- Price Levels
 - 2017 CPI levels, decided September 2017
- Economic Model
 - USDA “subject to adjustments”, decided October 2017
- Families that Spend More/Less of Their Income
 - Not an issue with USDA measurements, decided October 2017
- Adjustments for More than 3 Children
 - Dr. Venohr’s lesser multipliers, decided December 2017

Task Force Decisions Recap

- Low Income Adjustment and Minimum Order
 - Adopt Amy Anderson's low income adjustment within the table and minimum order amounts, decided November 2018
- Self-Support Reserve
 - Apply to both parents in some way, decided August 2018
 - SSR will be 120% FPG, decided November 2018
- Tax Assumptions and Adjustments
 - None needed since USDA are based on gross income
 - Group agreed to look into *standardized* tax adjustment options in October 2017.

Task Force Decisions Recap

- Tax Assumptions and Adjustments cont.
 - **No tax adjustment in the table**, decided December 2017, confirmed November 2018.
- Adjustments at High Incomes
 - **Still undecided**, on October 4th, 2018, there were 7 votes to extend table beyond combined incomes of \$15,000 per month and 5 votes against.
- Adjustments for Non-Joint Children
 - **Not yet discussed**, likely on the agenda for the next meeting.

Task Force Decisions Recap: Brett and Robin

- Brett is working full-time as a cashier at a grocery store and has a gross income of \$1,672 per month or \$20,064 per year.
- Robin is working part-time at a gas station and has a gross income of \$1,255 per month or \$15,060 per year.
- They have one joint child.
- Brett has the child for 146 overnights or overnight equivalents per year.
- Robin has the child for 219 overnights or overnight equivalents per year.

Task Force Decisions Recap: Brett and Robin

Brett is the obligated parent in this scenario.

Using the current table, Brett's portion of the basic support obligation would be:

- \$340 per month or 20% of Brett's income

Using the old PEA, Brett's basic support obligation would be:

- \$299 per month or 18% of Brett's income

Using new PEA based upon Brett's 146 overnights, Brett's basic support obligation would be:

- \$204 per month or 12% of Brett's income

Task Force Decisions Recap: Brett and Robin

Using the updated table with the low-income adjustment, Brett's support obligation would be:

- \$222 per month or 13% of Brett's income

Using the new PEA to adjust for Brett's 146 overnights, Brett's basic support obligation would be:

- \$133 per month or 8% of Brett's income

Task Force Decisions Recap: Brett and Robin

After paying basic support, Brett has \$325 above SSR amount to contribute to:

- Medical Support
- Child Care Support
- Actual parenting time expenses
- In-kind support

Refresher on Last Meeting's Issues and Decisions

- Task Force decided to use the updated B4 table from Dr. Venohr with Amy Anderson's:
 - Low income adjustment at combined monthly incomes of \$6,000 and below
 - Minimum order amounts
- Self-Support Reserve at 120% of Federal Poverty Guidelines, currently \$1,214 per month
- Guidelines will be updated biennially
- If there is a tax adjustment, it would occur outside of the basic support table

Decisions for Today's Meeting

- Whether to adopt Amy Anderson's adjustments for 4-6 children
- How to apply SSR to both parents
- Whether to extend table beyond combined monthly incomes of \$15,000

Adjustments for 4-6 Children

Applying to the SSR to Both Parents

Task Force Decision Recap

- At the August 29th meeting, the Task Force voted to apply the SSR to both parents
- Task Force discussed approaches of other Income Shares states that consider the non-obligated parent's subsistence needs
- Task Force was not ready to vote on an specific option

SSR Now Appears in the Worksheet for Both Parents

- Good news! The new MN Child Support Calculator now shows the Income Available for Support for both parents

Computing a Final Obligation	14. Total Child Support Obligation	\$549	\$0	----
	15a. Monthly Gross Income	\$1672	\$1255	----
Ability to Pay Calculation	15b. Income Available for Support	\$458	\$41	----
	16. Monthly Child Support Obligation - No Adjustment Necessary		\$0	----
	17. Amount of Reduction	\$91	\$0	----

- The SSR now applies to both parents in the Online Calculator and appears in the worksheet
- The next question for the Task Force is: What more, if anything, should be done?

Options for Applying the SSR to Both Parents with an Income Shares Model

1. Informational purposes
2. Requirement that the non-obligated parent's subsistence needs be considered before making SSR reduction to obligated parent's support amount
3. Presumption that SSR applies to obligated parent, but may be rebutted by evidence of harm to other parent
4. Prohibition against applying SSR reduction when non-obligated parent's income is below SSR

Option 1: Informational Purposes Only

- The SSR now appears in the worksheet for both parents on the MN Child Support Calculator Online
- Provides additional facts to the court
- Provides more transparency to the parties
- This option does not dictate what the court should do with the information

Option 2: Require Consideration of Impact to Other Parent

- In Arizona, the court may reduce the child support order because of the SSR only “after first considering the financial impact the reduction would have on the receiving parent’s household.”
- Requires the court to consider impact of reduced support on other parent
- Provides the court flexibility in making ultimate determination of whether to reduce support and if so, by how much

Option 3: Rebuttable Presumption that SSR Applies

- In California, when an obligor's income is below SSR "there is a rebuttable presumption that the obligor is entitled to a low-income adjustment...The presumption may be rebutted by evidence showing that the application of the low-income adjustment would be unjust and inappropriate in the particular case", including the impact upon obligee's household.
- Presumption that obligated parent at or below the SSR will receive a reduction in support, but provides avenue to challenge the reduction to prevent harm to receiving parent and child(ren)

Option 4: Prohibition of Application of SSR

- A prohibition against applying SSR reduction if the other parent's income is below the SSR
- In TN, no reduction in the paying parent's support obligation "shall be made which seriously impairs the ability of the primary resident parent to maintain minimally adequate housing, food, and clothing for the children being supported by the order and/or to provide other basic necessities."
- In NJ, "if an obligee's income minus the obligee's share of the child support award is less than 105% of the poverty guideline, no self-support reserve adjustment shall be made regardless of the obligor's income."

Option 4: Prohibition of Application of SSR

- Theoretically provides more protection for low income obligees
- In practice, this option may not actually provide relief for obligee if order is simply not be affordable for obligor
- Takes away the court's flexibility in determining whether support should be reduced because of the SSR when both parents are low-income

Adjustments at High Incomes

Refresher on Issue and Current Table

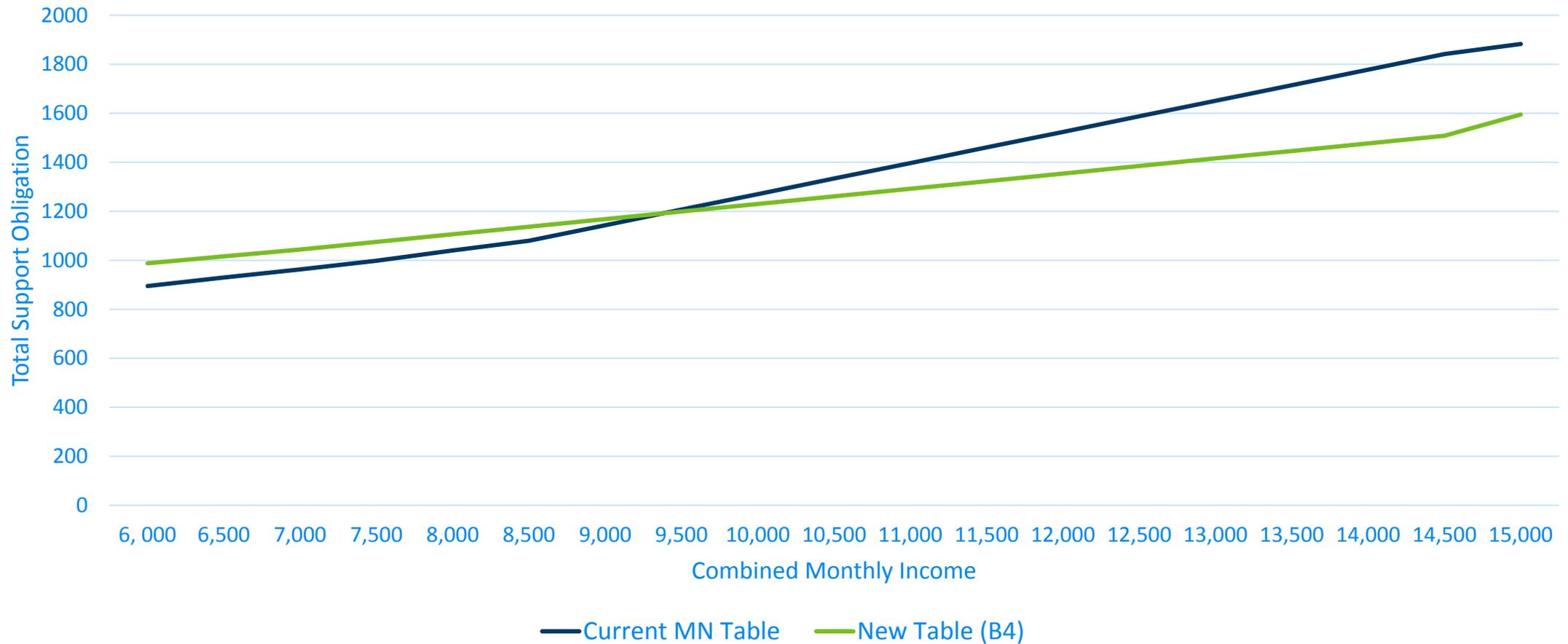
- Current basic support table ends at combined incomes of \$15,000 per month
- This is on the lower end when compared to most states
- The highest monthly combined incomes in states' tables range from \$10,000 to \$35,000 per month
- Economic data is reliable up to \$20,000 net income per month/\$30,000 gross income per month
- On October 4th, 2018, 7 task force members voted to extend the basic support table beyond \$15,000 and 5 members voted against it

New Table: Decreased Support Amounts at Higher Incomes

- The new table that the Task Force has been evaluating is based upon 2015 USDA measurements that have been updated to 2017 prices (Dr. Venohr's B4 table)
- Dr. Venohr notes in her January 2018 briefing that there are significant decreases in support obligations at higher incomes compared to current MN table
- Current MN table is based upon Betson-Engel measurements, which were higher than USDA measurements at the time current table was developed
- Recent USDA study suggests that families' % of income spent on child-rearing expenses decreases at higher incomes

Current Table vs. New Table

Support Amounts for 1 Joint Child



Scenarios: Pat and Chris

- Pat is a high school principal and has a gross income of \$9,166 per month or \$110,000 per year.
- Chris is a corporate recruiter and has a gross income of \$7,083 per month or \$85,000 per year.
- Their combined monthly income is \$16,249. Pat's share is 56% and Chris' share is 44%.
- They have one joint child.
- There is no court-ordered parenting time.

Scenarios: Pat and Chris

If Pat was the obligor under the current table, Pat would pay:

- \$1,054 per month or 12% of Pat's income

Under the new table, Pat would pay:

- \$893 per month or 10% of Pat's income

Under the new table, extended beyond \$15,000 per month, Pat would pay:

- \$902 per month or 10% of Pat's income

Scenarios: Pat and Chris

If Chris was the obligor under the current table, Chris would pay:

- \$829 per month or 12% of Chris' income

Under the new table, Chris would pay:

- \$702 per month or 10% of Chris' income

Under the new table, extended beyond \$15,000 per month, Chris would pay:

- \$709 per month or 10% of Chris' income

Scenarios: Dana and Lee

- Dana is a pharmacist and has a gross income of \$10,833 per month or \$130,000 per year.
- Lee is a registered nurse and has a gross income of \$6,066 per month or \$72,800 per year.
- Their combined monthly income is \$16,899. Dana's share is 64% and Lee's share is 36%.
- They have one joint child.
- There is no court-ordered parenting time.

Scenarios: Dana and Lee

If Dana was the obligor under the current table, Dana would pay:

- \$1,205 per month or 11% of Dana's income

Under the new table, Dana would pay:

- \$1,021 per month or 9% of Dana's income

Under the new table, extended beyond \$15,000, Dana would pay:

- \$1,054 per month or 10% of Dana's income

Scenarios: Dana and Lee

If Lee was the obligor under the current table, Lee would pay:

- \$678 per month or 11% of Lee's income

Under the new table, Lee would pay:

- \$574 per month or 9% of Lee's income

Under the new table, extended beyond \$15,000, Lee would pay:

- \$593 per month or 10% of Lee's income

Scenarios: Dana and Pat

- Dana is a pharmacist and has a gross income of \$10,833 per month or \$130,000 per year.
- Pat is a high school principal and has a gross income of \$9,166 per month or \$110,800 per year.
- Their combined monthly income is \$19,999. Dana's share is 54% and Lee's share is 46%
- They have one joint child.
- There is no court-ordered parenting time.

Scenarios: Dana and Pat

If Dana were the obligor under the current table, Dana would pay:

- \$1,017 per month or 9% of Dana's income

Under the new table, Dana would pay:

- \$861 per month or 8% of Dana's income

Under the new table, extended beyond \$15,000, Dana would pay:

- \$912 per month or 8% of Dana's income

Scenarios: Dana and Pat

If Pat were the obligor under the current table, Pat would pay:

- \$866 per month or 9% of Pat's income

Under the new table, Pat would pay:

- \$734 per month or 8% of Pat's income

Under the new table, extended beyond \$15,000, Pat would pay:

- \$777 per month or 8% of Pat's income

Should the Table be Extended Beyond \$15,000 per month?

Things to consider:

- Support amounts at high incomes have decreased with the updated measurements
- Child-rearing expenses have increased since the last time the table was updated, salaries have also increased
- Extending the table would mean less need for deviations and greater uniformity to cases at incomes above \$15,000 per month
- High-income cases constitute a small percentage of MN's IV-D caseload, however, the guidelines are used statewide regardless of whether a IV-D case is open

Thank You!

Jessica Raymond

jessica.raymond@state.mn.us

651-478-8109