

Child Support Task Force: Decisions Recap, Self-Support Reserve Language and Adjustments for Nonjoint Children

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Task Force Decisions Recap

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- 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/Amy Anderson’s adjustments**, decided December 2017 and December 2018

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 and December 2018
- Self-Support Reserve
 - Apply to both parents, decided August 2018 and December 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
 - **Will extend the table to combined monthly income of \$30,000**, decided December 2018
- Adjustments for Nonjoint Children
 - **Not yet decided, on today's agenda**

Decisions for Today's Meeting

Self-Support Reserve

- Continue work on proposed statutory language applying SSR to both parents and vote on whether to adopt it.

Adjustments for Nonjoint Children

- Should the self-support reserve be deducted from the Parental Income for Determining Child Support (PICS) instead of gross income?
- Should the deduction for nonjoint children in the home continue to be capped at two?
- Should the deduction for nonjoint children in the home continue to be calculated at 50% of the guideline amount?
 - If no, which approach should be used?

Update on Data Request

Data Request: Number of Cases with Minimum Order Amounts

Open cases with basic support obligation of \$50 per month to \$100 per month as of January 2019

- 16,323 out of 216,133 open IV-D cases in Minnesota
- 7.5% of cases
- Cost-effectiveness specifically for minimum order cases cannot be determined, overall cost-effectiveness in MN is such that \$3.30 is collected for every \$1.00 spent
- Skophammer study focused on out-of-home-placement cases, not minimum orders as a whole

Applying the SSR to Both Parents: Proposed Language

Proposed Changes to 518A.42

(b) The court shall calculate ~~the obligor's~~ each parent's income available for support by subtracting a monthly self-support reserve equal to 120 percent of the federal poverty guidelines for one person from ~~the obligor's~~ each parent's gross income. If the obligor's income available for support calculated under this paragraph is equal to or greater than the obligor's support obligation calculated under section [518A.34](#), the court shall order child support under section [518A.34](#)....

(e) If one or both of the parent's gross income is less than 120 percent of federal poverty guidelines for one person, the court shall consider the factors in 518A.43 subd. 1 to determine if a deviation from the presumptive child support obligation is appropriate, and make findings about whether or not a deviation is appropriate.

Adjustments for Nonjoint Children

- Nonjoint child is a legal child of one, but not both, of the parents subject to the legal action being taken
- Minnesota provides two different deductions for a parent's nonjoint children:
 - Court-ordered support obligations for nonjoint children living outside the parent's home
 - Credit for nonjoint children residing in the home
- Deductions are applied to both parents' incomes, not just to the obligated parent

Current MN Law: Court Ordered Support

For court-ordered support obligations:

- Actual support amount of the order is used
- There is no cap or limit
- It is subtracted when determining gross income

Current MN Law: Nonjoint Children in the Home

For nonjoint children in the home:

- A hypothetical support amount is used
- There is a cap at two nonjoint children
- It is not deducted when determining gross income
- It is deducted when determining the Parental Income for Determining Child Support (PICS)

Refresher on Types of “Income” in Child Support Calculations

Three types of income are used in calculating child support obligations:

- **Gross Income:**

- Income minus Court-Ordered Support Obligations

- **Parental Income for Determining Child Support (PICS):**

- Gross Income minus Nonjoint Children in the Home Deduction

- **Income Available for Support:**

- Gross Income minus Self Support Reserve

Types of Income: So What?

- PICS determines the amount of combined monthly income that goes into the table and each parent's percentage of the guidelines amount
- Gross income is where the Self-Support Reserve is subtracted
- This distinction becomes important as we examine the issues unique to adjustments for nonjoint children

So What? An Example

- Taylor is a clerk at a convenience store and has a gross monthly income of \$1,600
- Taylor has a child from a previous relationship and has a court order to pay \$168 per month
- Cameron is a clerk at the same convenience store and has a gross monthly income of \$1,600
- Cameron has a child from a previous relationship in Cameron's home
- Taylor and Cameron each have new a joint child (with partners who also make \$1,600 per month)

So What? A Visual Aid

Taylor: Court Ordered Support of \$168

Cameron: Nonjoint Child in Home Credit of \$168

		Parent A	Parent B	Combined
Income	1a. Monthly Income Received	\$1600	\$1600	----
	1b. Child(ren)'s Social Security/Veterans' Benefits Derived From a Parent's Eligibility	\$0	\$0	----
	1c. Potential Income	\$0	\$0	----
	1d. Spousal Maintenance Orders Obligated to be Paid	\$0	\$0	----
	1e. Child Support Order(s) Obligated to be Paid for Nonjoint Child(ren)	\$168	\$0	----
	1f. Monthly Gross Income (1a+1b+1c-1d-1e)	\$1432	\$1600	----
Adjustments	2a. Number of Nonjoint Child(ren) in the Home (Maximum number allowed is 2)	0	0	----
	2b. Deduction for Nonjoint Child(ren) in the Home	\$0	\$0	----
	3. Parental Income for Determining Child Support (PICS)	\$1432	\$1600	\$3032
	4. Percentage Share of Combined PICS	47%	53%	----
	5. Combined Basic Support Obligation	----	----	\$603
	6. Pro Rata Basic Support Obligation	\$283	\$320	----

		Parent A	Parent B	Combined
Income	1a. Monthly Income Received	\$1600	\$1600	----
	1b. Child(ren)'s Social Security/Veterans' Benefits Derived From a Parent's Eligibility	\$0	\$0	----
	1c. Potential Income	\$0	\$0	----
	1d. Spousal Maintenance Orders Obligated to be Paid	\$0	\$0	----
	1e. Child Support Order(s) Obligated to be Paid for Nonjoint Child(ren)	\$0	\$0	----
	1f. Monthly Gross Income (1a+1b+1c-1d-1e)	\$1600	\$1600	----
Adjustments	2a. Number of Nonjoint Child(ren) in the Home (Maximum number allowed is 2)	1	0	----
	2b. Deduction for Nonjoint Child(ren) in the Home	\$168	\$0	----
	3. Parental Income for Determining Child Support (PICS)	\$1432	\$1600	\$3032
	4. Percentage Share of Combined PICS	47%	53%	----
	5. Combined Basic Support Obligation	----	----	\$603
	6. Pro Rata Basic Support Obligation	\$283	\$320	----

So What? A Visual Aid

Taylor: Court Ordered Support of \$168

Computing a Final Obligation	14. Total Child Support Obligation	\$283	\$0
	15a. Monthly Gross Income	\$1432	\$1600
Ability to Pay Calculation	15b. Income Available for Support	\$183	\$351
	16. Monthly Child Support Obligation - No Adjustment Necessary		\$0
	17. Amount of Reduction	\$100	\$0

- **Self-Support Reserve is subtracted from the gross income of \$1432 and the income available for support is \$183**
- **Obligation will be reduced to the income available for support**
- **Taylor's basic support obligation will be \$183 per month**

Cameron: Nonjoint Child in Home Credit of \$168

Computing a Final Obligation	14. Total Child Support Obligation	\$283	\$0
	15a. Monthly Gross Income	\$1600	\$1600
Ability to Pay Calculation	15b. Income Available for Support	\$351	\$351
	16. Monthly Child Support Obligation - No Adjustment Necessary	\$283	\$0
	17. Amount of Reduction	\$0	\$0

- **Self Support Reserve is subtracted from the gross income of \$1600 and the income available for support is \$351**
- **Obligation will not be reduced**
- **Cameron's basic support obligation will be \$283 per month**

Self-Support Reserve and Nonjoint Children Deductions

- This interplay between nonjoint children and the self-support reserve results in a significant difference in support obligations between parents who are similarly situated
- No rationale for this difference was found in the legislative history
- A Child Support Work Group has reviewed issue and made a recommendation to equalize the treatment of nonjoint children with and without support orders

Child Support Work Group Recommendation

Apply the self-support reserve to the PICS, rather than gross income.

- Advantage:
 - Equal treatment of nonjoint children whether or not the parent is paying a court-ordered support obligation, or the children are in the home
- Disadvantages:
 - Requires legislation
 - Potential increase in motions for modifications

Questions?

Nonjoint Children in the Home: An Overview

- When a parent has nonjoint children in the home, his or her gross income is reduced by a deduction for the nonjoint children
- The deduction is calculated by taking 50% of a hypothetical support order based on the parent's income using the basic support table
- The deduction is capped at the amount for two children

Nonjoint Children in the Home: An Example

- Alex is an office assistant and has a gross monthly income of \$3,813 per month or \$45,756 per year
- Alex also has two nonjoint children in the home
- To calculate the nonjoint deduction, go to the basic support table and see what the support obligation would be for two children at the income range for Alex (\$3,800-\$3,899)
- The total support amount is \$1,081
- This amount is multiplied by 50% to get a deduction of \$540
- Alex's gross income would be reduced by that amount to arrive at the PICS, \$3,813-\$540 = \$3,273

Nonjoint Children in the Home: Another Example

- Alex's coworker, Danny, also makes \$3,813 per month and has three nonjoint children at home
- According to basic support table, the total support obligation at Danny's income for three children is \$1,257, 50% of which is \$628
- The current cap at two nonjoint children, however, would result in a nonjoint children deduction of \$540
- Danny's PICS would be \$3,273, the same as Alex, despite the fact that Danny is taking care of an additional child

Nonjoint Children in the Home: The Cap

- The limit on the number of nonjoint children that can be deducted to determine Parental Income for Determining Child Support (PICS) is inconsistent with the treatment of nonjoint children for whom parents have court-ordered support obligations
- Court-ordered support amounts are not limited and are deducted based upon the reality of the parent's situation
- No rationale for the limiting the nonjoint children deduction to two children was found
- A Child Support Work Group has reviewed this issue and made a recommendation to correct this inconsistent treatment of families

Child Support Work Group Recommendation

Base the deduction for nonjoint children in the home on the actual number of nonjoint children

- Advantages:
 - Equalizes treatment of parents with nonjoint children in the home and those paying court orders for nonjoint children
 - More accurate depiction of income available to determine child support obligations
- Disadvantages:
 - Requires legislation
 - Potential increase in motions for modifications

Questions?

Nonjoint Children in the Home: The Calculation

- Minnesota subtracts a percentage of a theoretical order for the nonjoint children in the home
- Most common approach of states that allow deduction for nonjoint children without a court order
- Minnesota is unique in using 50% of theoretical order, most use 75%

Nonjoint Children in the Home: Example at 50%

- Alex is an office assistant and has a gross monthly income of \$3,813 per month or \$45,756 per year
- Terry is an elementary school teacher and has a gross monthly income of \$4,608 per month or \$55,296 per year
- They have one joint child
- Alex has two nonjoint children in the home

Nonjoint Children in the Home: Example at 50%

Under the current table:

- Alex's deduction for two nonjoint children is \$540
- Alex's PICS is \$3,273 and Terry's PICS is \$4,608, combined income of \$7,881
- The total basic support obligation will be \$1,023
- Alex share of the basic support is 42%, making Alex's obligation \$430
- Terry's share of the basic support is 58%, making Terry's obligation \$593

Nonjoint Children in the Home: Example at 50%

Using the new table recently adopted by the Task Force:

- Alex's deduction for two nonjoint children is \$393
- Alex's PICS is \$3,420 and Terry's PICS is \$4,608, combined income of \$8,028
- The total basic support obligation will be \$1,106
- Alex share of the basic support is 43%, making Alex's obligation \$476
- Terry's share of the basic support is 57%, making Terry's obligation \$630

Nonjoint Children in the Home: Suggestion from Dr. Venohr

Dr. Venohr suggested the Task Force may want to consider changing the percentage to 75%

- Advantages:
 - Equalizes the proportion of income available for the care of all children
 - In line with other states' approaches
- Disadvantages:
 - Requires legislation
 - Potential increase in motions for modifications
 - Reduces support for joint children (for parents with nonjoint children)

Nonjoint Children in the Home: An Example at 75%

- Alex is an office assistant and has a gross monthly income of \$3,813 per month or \$45,756 per year
- Terry is an elementary school teacher and has a gross monthly income of \$4,608 per month or \$55,296 per year
- They have one joint child
- Alex has two nonjoint children in the home

Nonjoint Children in the Home: An Example at 75%

Using the current MN table:

- Alex's deduction for two nonjoint children is \$811
- Alex's PICS is \$3,002 and Terry's PICS is \$4,608, combined income of \$7,610
- The total basic support obligation will be \$1,006
- Alex share of the basic support is 39%, making Alex's obligation \$392
- Terry's share of the basic support is 61%, making Terry's obligation \$614

Nonjoint Children in the Home: An Example at 75%

Using the new table recently adopted by the Task Force:

- Alex's deduction for two nonjoint children is \$589
- Alex's PICS is \$3,224 and Terry's PICS is \$4,608, combined income of \$7,832
- The total basic support obligation will be \$1,093
- Alex share of the basic support is 41%, making Alex's obligation \$448
- Terry's share of the basic support is 59%, making Terry's obligation \$645

Nonjoint Children in the Home: Summary of Examples

Parent	Current Table at 50% Deduction = \$540	Current Table at 75% Deduction = \$811	New Table at 50% Deduction = \$393	New Table at 75% Deduction = \$589
Alex's PICS, PICS % & Obligation	\$3,273, 42% & \$430	\$3,002, 39% & \$392	\$3,420, 43% & \$476	\$3,224, 41% & \$448
Terry's PICS, PICS % & Obligation	\$4,608, 61% & \$593	\$4,608, 61% & \$614	\$4,608, 57% & \$630	\$4,608, 59% & \$645

Nonjoint Children in the Home: Other Options

- Minnesota's approach is the most common among states with an Income Shares Model
- States that use slightly different approaches include:
 - Massachusetts and New Jersey
 - Oregon and Texas

Nonjoint Children in the Home: Massachusetts and New Jersey

- Massachusetts and New Jersey:
 - Similar approach to MN
 - Actual Income of other parent legally responsible for nonjoint children is used to calculate the amount of the deduction
- Advantage:
 - More accurate
- Disadvantage:
 - Difficult to obtain information about other parent's income

Nonjoint Children in the Home: Oregon and Texas

- Oregon and Texas use the following method:
 - Determine the support for all children, including the joint child(ren) before the court
 - Divide that amount by the number of children
 - Multiply the result by the number of children not before the court (nonjoint children)
 - Subtract this amount from parent's income
 - Apply guidelines to joint children before the court

Nonjoint Children in the Home: An Example Using the OR and TX Method

Using the current MN table for Alex and Terry:

- Look at support amount for all three children at Alex's income, which is \$1,257
- Divide \$1,257 by 3 to get \$419
- Multiple \$419 by 2 (number of nonjoint children) to get \$838
- Alex's deduction for two nonjoint children is \$838
- Alex's PICS is \$2,975 and Terry's PICS is \$4,608, combined income of \$7,583
- The total basic support obligation will be \$998
- Alex share of the basic support is 39%, making Alex's obligation \$389
- Terry's share of the basic support is 61%, making Terry's obligation \$609

Nonjoint Children in the Home: An Example Using the OR and TX Method

Using the new table recently adopted by the task force for Alex and Terry:

- Look at support amount for all three children at Alex's income, which is \$886
- Divide \$886 by 3 to get \$295
- Multiple \$295 by 2 (number of nonjoint children) to get \$590
- Alex's deduction for two nonjoint children is \$590
- Alex's PICS is \$3,223 and Terry's PICS is \$4,608, combined income of \$7,831
- The total basic support obligation will be \$1,093
- Alex share of the basic support is 41%, making Alex's obligation \$448
- Terry's share of the basic support is 59%, making Terry's share \$645

Nonjoint Children in the Home: Oregon and Texas

- Advantage:
 - Equalizes the proportion of income available for the care of all children
- Disadvantages:
 - More complex than current calculation
 - Requires legislation
 - Potential increase in motions for modifications
 - Reduces support for joint children (for parents with nonjoint children)

Nonjoint Children in the Home: Comparison of Deductions Using New Table

Alex \$3,813 gross monthly income	New Table at 50%	New Table at 75%	New Table Using OR & TX Method
Deduction for 1 nonjoint child	\$293	\$439	\$393
Deduction for 2 nonjoint children	\$393	\$589	\$590
Deduction for 3 nonjoint children	\$443	\$665	\$727
Deduction for 4 nonjoint children	\$485	\$727	\$822

Questions?

Thank You!

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