

Child Support Task Force: Decisions Recap, Low-Income Adjustment, and Non-Nuclear Families

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/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 measurements 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
 - **SSR will be deducted from PICS, not gross income**, decided February 2019
 - **There will continue to be two different deductions for nonjoint children, one for those with court orders and one without court orders**, decided April 2019

Task Force Decisions Recap

- Adjustments for Nonjoint Children cont.
 - Deduction for nonjoint children without court orders will apply to all legal children, decided April 2019
 - Cap on the deduction for nonjoint children without court orders will be increased to six, decided April 2019
- Non-Nuclear Families
 - Minnesota will continue to disregard caretaker's income when establishing support when child is with a non-parent caretaker, decided April 2019

Today's Decisions: Low-Income Adjustment and Non-Nuclear Families

- To correct issue spotted by Dr. Venohr within the table adjusted for incomes \$6,000 and below, Minnesota will adopt the shaded area approach?
 - Yes or No
- Should Minnesota calculate support differently from the current method when children are living with a non-parent caretaker?
 - Yes or No
- Should a deviation factor be created for out-of-home placement cases where family reunification is the goal?
 - Yes or No

Issue with Low-Income Adjustment

Low-Income Adjustment Issue

In developing child support calculator with task force's updated basic support table as well as other recommendations, i.e. self-support reserve deducted from PICS, etc., Dr. Venohr identified the following issue:

- Within the table for incomes of \$6,000 and below, there are instances where the paying parent's support obligation increases due solely to the receiving parent's income increasing
- It does not occur in every scenario where the paying parent's income is unchanged, yet the receiving's income is increased

Low-Income Adjustment Issue: Example from Dr. Venohr's Brief

Number of Children:			ONE CHILD							
Time with Obligated Parent:			73 Overnights		128 Overnights		164 Overnights		182.5 Overnights	
	Income of		Case A.1.20		Case A.1.35		Case A.1.45		Case A.1.50	
	Obligated Parent	Receiving Parent	Existing	Proposed	Existing	Proposed	Existing	Proposed	Existing	Proposed
Case A	\$1,300	\$0	\$51	\$59	\$51	\$52	\$51	\$50	\$51	\$50
Case B	\$1,300	\$2,600	\$51	\$192	\$51	\$120	\$51	\$50	-\$120	-\$101
Case C	\$1,733	\$0	\$379	\$108	\$333	\$95	\$249	\$71	\$193	\$55
Case D	\$1,733	\$1,733	\$315	\$245	\$237	\$184	\$96	\$74	\$0	\$0
Case E	\$1,733	\$2,600	\$298	\$263	\$205	\$181	\$50	\$50	-\$77	-\$69
Case F	\$2,080	\$0	\$508	\$167	\$446	\$147	\$334	\$110	\$258	\$85
Case G	\$2,080	\$1,300	\$369	\$281	\$306	\$233	\$168	\$128	\$73	\$56
Case H	\$2,600	\$0	\$561	\$310	\$493	\$272	\$369	\$204	\$285	\$158
Case I	\$2,600	\$1,300	\$468	\$394	\$382	\$322	\$226	\$190	\$120	\$101
Case J	\$2,600	\$2,600	\$408	\$413	\$308	\$311	\$125	\$126	\$0	\$0

Low-Income Adjustment Issue: Possibly Solution

- One solution the task force should consider is the “shaded area approach” used by North Carolina
- North Carolina provides that if the obligor’s adjusted gross income falls within the shaded area of the table, the obligation is computed using only the obligor’s income.
- North Carolina’s approach prevents disproportionate increases in the obligation with moderate increases in income and protects the integrity of the self-support reserve
- Minnesota’s “shaded area” would be for combined incomes at \$6,000 per month and below

Low-Income Adjustment Issue: Example of “Shaded Area” Solution

Using the new table without the “shaded area approach”:

- Obligor’s income is \$2,080 and obligor has 73 court-ordered overnights
- When obligee’s income is \$0, obligor’s basic support obligation is \$167
- When obligee’s income is \$1,300, obligor’s basic support obligation increases to \$281

Switching to the shaded area approach, using the new table:

- Obligor’s support obligation is \$167 after the parenting expense adjustment

Low-Income Adjustment: Discussion with Dr. Venohr

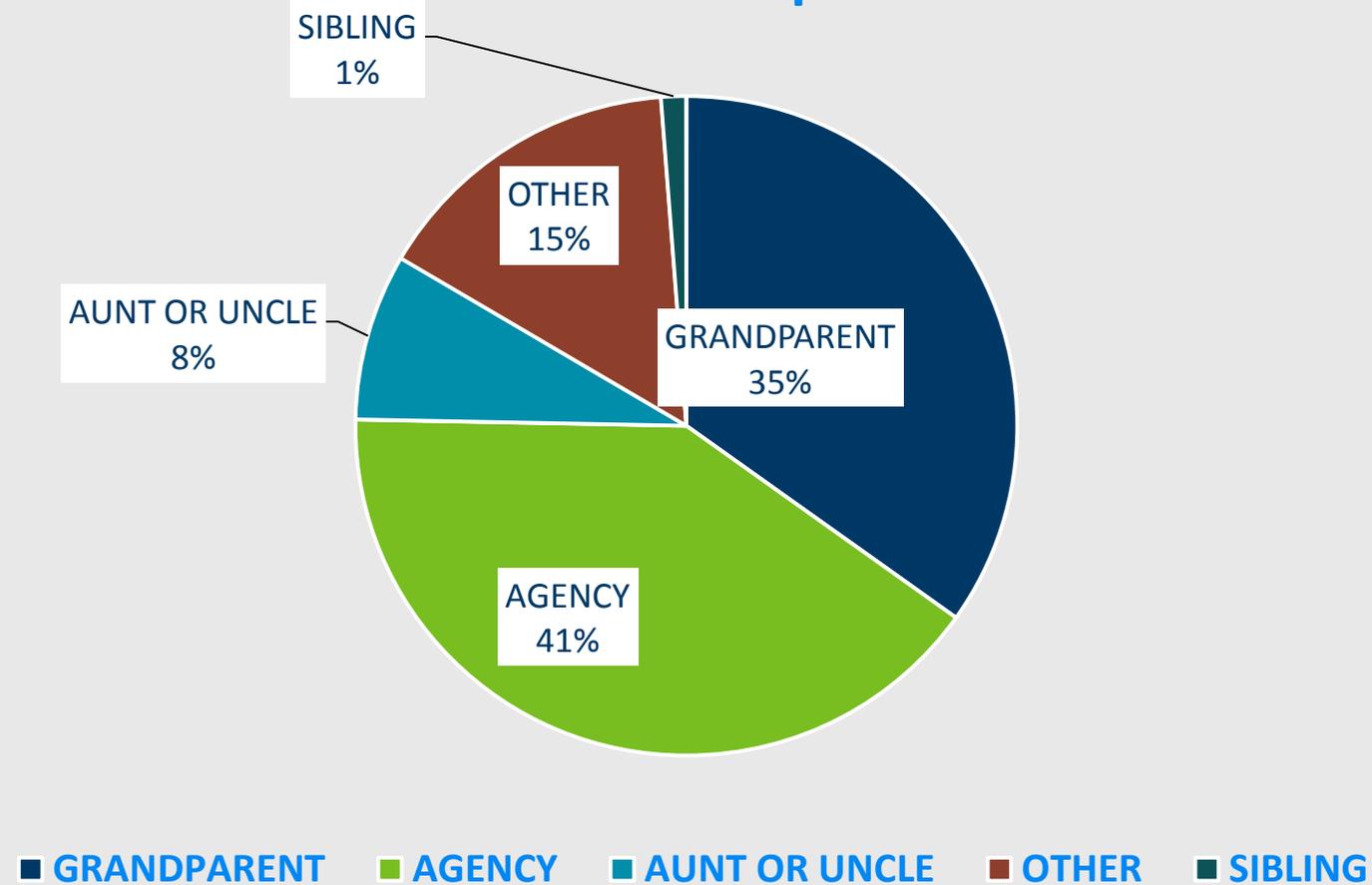
Non-Nuclear Families

Introduction to Non-Nuclear Families

- Minn. Stat. 518A.79 defines non-nuclear families as grandparents, relatives and foster parents who are caretakers of children
- Children living in non-nuclear families may be eligible for child support from their legal parents
- 2016 US Census data indicates that 6.9% of Minnesota children live with caretakers other than their parents, (compared to 12.2% nationwide)
- In April 2019, 12% of open IV-D cases in MN are ones in which the children's caretaker is someone other than a parent

Non-Nuclear Families: MN IV-D Case Data

Caretaker to Child Relationship Other than a Parent



Non-Nuclear Families: Calculation of Support

- Minn. Stat. 518A.35 subd. (c) governs the calculation of support when child is not in the custody of either parent
- Combined parental PICS not used to calculate basic support obligation
- Parent's individual PICS used along with the number of children on basic support table
- Caretaker's income is not considered in the calculation
- Commonly used method among states, (support obligation is 100% of the guideline amount for the individual parent)

Non-Nuclear Families: Calculation of Support Example

- Taylor is a retail manager and has a gross income of \$3,166 per month
- Avery works in a warehouse and has a gross income of \$2,340 per month
- Taylor and Avery have a joint child together, however, the child resides with Avery's parent, Lou
- Lou is retired and living on a fixed income of \$2,000 per month
- Lou applies for public assistance and an action to establish a support obligation from both parents begins

Non-Nuclear Families: Minnesota's Current Method

To calculate basic support using the new table:

- Go to the table for Taylor's income (\$3,166) for one child
- Guidelines support amount is \$440, approx. 14% of gross income
- If Taylor's had court-ordered parenting time, the amount would be adjusted using the Parenting Expense Adjustment

Non-Nuclear Families: Minnesota's Current Method

To calculate basic support using the new table:

- Go to the table for Avery's income (\$2,340) for one child
- Guidelines support amount is \$240, approx. 10% of gross income
- If Avery had court-ordered parenting time, the amount would be adjusted using the Parenting Expense Adjustment

Non-Nuclear Families: Tennessee's Method

- In Tennessee, if they have both parents' incomes, they do one worksheet:
 - Parent A owes his or her prorated amount
 - Parent B owes his or her prorated amount
 - Caretaker's income is not considered
- If there is only income for one parent available, calculation would be assume \$0 income for the other parent

Non-Nuclear Families: Example Tennessee's Method

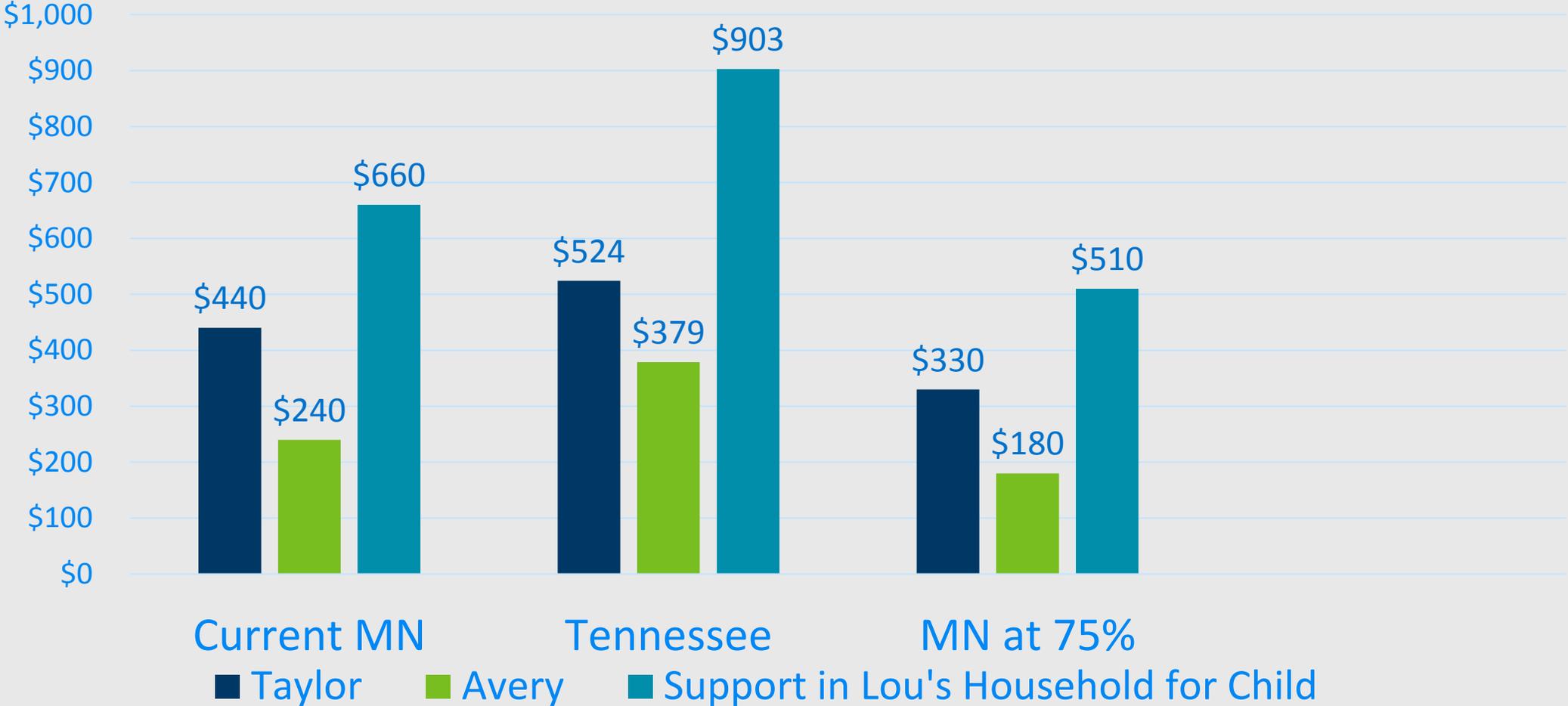
To calculate basic support using the new table:

- Go to the table for Taylor and Avery's combined income (\$5,506) for one child
- Guidelines support amount is \$903 per month
- Taylor's share is \$524 per month, approx. 16.5% of gross income
- Avery's share is \$379 per month, approx. 16% of gross income
- If either parent had court-ordered parenting time, the amount would be adjusted using the Parenting Expense Adjustment

Non-Nuclear Families: Minnesota's Method at 75% of Guideline

- At the last meeting, there was suggestion to examine the calculation at 75% of the guideline amount for cases where the child is residing with a caretaker
- Using the new table:
 - Taylor's obligation would be \$330, approx. 10% of gross income
 - Avery's obligation would be \$180, approx. 8% of gross income

Non-Nuclear Families: Comparison of Methods



Non-Nuclear Families: Should Minnesota Calculate Support Differently When Children Reside with Non-Parent Caretaker?

Should MN move away from calculating support at 100% of the guideline amount for each individual parent?

Advantage:

- More consistent with Income Shares Model to consider both parents' incomes, acknowledges that both have a duty to support child

Disadvantage:

- Depending upon the method used to calculate, it may change the amount of support for the children in caretaker's home
 - If support increases, it may be burdensome on parents. If it decreases it may harm children and caretaker's ability to care for child, (for whom he or she has no legal duty to support)

Non-Nuclear Families: Redirection of Support

- Earlier slides focused on establishing support when child is with caretaker who is not a parent
- Minnesota law also allows the administrative redirection of an existing support order to a caretaker or entity when:
 - There is a voluntary placement of the child in foster care;
 - There is a court-ordered placement of the child in foster care; or
 - The caretaker is receiving public assistance.

Non-Nuclear Families: Redirection of Support Example

- Terry owes a court-ordered support obligation to Alex for their joint child in the amount of \$593 per month
- The joint child is placed via court order in foster care
- Terry's obligation of \$593 per month could be administratively redirected from Alex to the foster care agency

Non-Nuclear Families: More on Foster Care/Out of Home Placement

- Minn. Stat. 260B.331 governs the provision pertaining to financial support of foster children
- Court shall order that the parents or custodian of a child use the total income and resources attributable to the child (including child support) to reimburse the county for cost of care
- Recent study examined cost-effectiveness of child support in MN out of home cases and found that the cost of enforcing these case was almost twice the amount actually collected
- Study also focused on how collecting child support or redirecting it from these family exacerbates underlying issues and challenges relating to family reunification

Non-Nuclear Families: Other States' Approaches to Foster Care/Out of Home Placement

- Six states provide for guidelines deviations for foster care cases
 - Minnesota prohibits downward deviation when the support is assigned to the public authority, unless the court finds that the failure to do so would impose an extreme hardship on the obligor
 - Nebraska and New Jersey have deviation reasons that allow for a deviation when a child is in foster care
 - Georgia, Oklahoma and Tennessee have similar deviation language that specifically addresses deviations when parents are trying to comply with permanency plans and the goal of reunification

Non-Nuclear Families: GA, OK and TN Deviation Language

- “The court may consider a deviation from the presumptive child support order if the deviation will assist in accomplishing a permanency plan or foster care plan for the child that has a goal of returning the child to the parent, and the parent’s need to establish an adequate household or to otherwise adequately prepare herself or himself for the return of the child clearly justifies a deviation for this purpose.”

Non-Nuclear Families: Deviation Factor in Cases Where Goal is Reunification?

Dr. Venohr's brief on non-nuclear and multiple families states that the task force should consider recommending that there be a deviation factor in foster care cases where family reunification is the goal.

Advantage:

- Provide relief for families involved in out-of-home placement cases

Disadvantage:

- Reduces reimbursement for cost of care for the children

Questions?

Thank You!

Jessica Raymond

jessica.raymond@state.mn.us

651-478-8109