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

Jessica Raymond | CSD Policy Analyst
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 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
• Non-Nuclear Families
  
  • New deviation factor to be created for out-of-home placement cases where family reunification is the goal, decided May 2019
Today’s Decisions: Low-Income Adjustment and Non-Nuclear Families

- To correct issue spotted by Dr. Venohr, Minnesota will adopt the shaded area approach?
  - Yes or No

- Should Minnesota calculate support differently than the current method when children are living with a non-parent caretaker?
  - Yes or No
Today’s Decisions: Low-Income Adjustment and Non-Nuclear Families

• If Yes:
  • Current MN method (100% of the guideline amt) PLUS new deviation factor for non-parent caretaker cases
  • TN method (uses both parents’ incomes)
  • TN method (uses both parents’ incomes) PLUS new deviation factor for non-parent caretaker cases
  • MN method decreased to 75% of the guideline amt
  • MN method decreased to 75% of the guideline amt PLUS new deviation factor for non-parent caretaker cases
Issue with Low-Income Adjustment
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:

- For obligors with incomes of $6,000 and below, there are instances where the paying parent’s support obligation increases due solely to the increase of the receiving parent’s income
- It does not occur in every scenario where the paying parent’s income is unchanged and the receiving parent’s income is increased
Low-Income Adjustment Issue: Possible Solution

• One solution the task force should consider is a “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 cases when obligor’s income is $6,000 per month and below
Low-Income Adjustment Issue: Example of “Shaded Area” Solution

Using the new table:

- 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 is $293

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

- Obligor’s $167 after the parenting expense adjustment
Low-Income Adjustment and Parenting Expense Adjustment

- At the last meeting, the interaction of between the parenting expense adjustment and the low-income adjustment was discussed.
- It was suggested that the task force may want to consider recommending that if the obligation is subject to the low-income adjustment, it should not be further reduced by the parenting expense adjustment.
- Task force requested more scenarios to be run to see how these adjustments work together.
Using the new table:

• If obligor’s income is $1,709 and obligee’s income is $1,282

• The obligation would $222 per mo or 13% of gross income before a parenting expense adjustment

• Using the “shaded area” approach, a second calculation would be done behind the scenes with obligee’s income being $0

• The second calculation results in an obligation of $110 or 6% of gross income before a parenting expense adjustment
The lesser support obligation would be the presumptive support amount of $110, rather than $222 (considering obligee’s income).

If the obligation were also subject to the parenting expense adjustment, the obligation would be:

- $110 for 45 overnights
- $108 for 73 overnights
- $106 for 91 overnights
- $95 for 128 overnights
- $85 for 146 overnights
Comparison of Shaded Approach with and without PEA: Obligor’s Income $1,709 and Obligee’s Income $1,282

0 Overnights 45 Overnights 73 Overnights 91 Overnights 128 Overnights 146 Overnights

Combined Income with PEA
Shaded Approach (No PEA)
Shaded Approach W/PEA
Comparison of Shaded Approach with and without PEA: Obligor’s Income $1,709 and Obligee’s Income $1,709

- Combined Income with PEA
- Shaded Approach (No PEA)
- Shaded Approach W/PEA
Comparison of Shaded Approach with and without PEA: Obligor’s Income $1,709 and Obligee’s Income $2,000

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<th>Combined Income with PEA</th>
<th>Shaded Approach (No PEA)</th>
<th>Shaded Approach W/PEA</th>
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Comparison of Shaded Approach with and without PEA: Obligor’s Income $2,000 and Obligee’s Income $1,282
Comparison of Shaded Approach with and without PEA:
Obligor’s Income $3,000 and Obligee’s Income $1,282
Comparison of Shaded Approach with and without PEA: Obligor’s Income $4,000 and Obligee’s Income $1,282
Comparison of Shaded Approach W/and W/O PEA: Obligor’s Income $5,000 and Obligee’s Income $1,282
Low-Income Adjustment: Discussion with Dr. Venohr and Amy Anderson
Non-Nuclear Families
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
To calculate basic support using the new table:

• Go to the table for Taylor’s income ($3,166) for one child

• Total 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
To calculate basic support using the new table:

- Go to the table for Avery’s income ($2,340) for one child
- Total 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
• 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
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 had court-ordered parenting time, the amount would be adjusted using the Parenting Expense Adjustment
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 other than a parent.

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

Current MN
- Taylor: $440
- Avery: $240
- Support in Lou's Household for Child: $660

Tennessee
- Support in Lou's Household for Child: $903

MN at 75%
- Taylor: $330
- Avery: $180
- Support in Lou's Household for Child: $510
Non-Nuclear Families: More Comparisons of Alternate Calculation Methods
Case #1: Parent A has gross monthly income of $1,709 and Parent B has gross monthly income of $2,600
Case #1: Parent A has gross monthly income of $1,709 and Parent B has gross monthly income of $2,600
Case #2: Parent A has gross monthly income of $2,600 and Parent B has gross monthly income of $3,000

Parent A’s Obligation
Case #2: Parent B has gross monthly income of $3,000.
Case #3: Parent A has gross monthly income of $3,000 and Parent B has gross monthly income of $4,100

Parent A’s Obligation

- MN Current
- MN at 75%
- TN
Case #3: Parent A has gross monthly income of $3,000 and Parent B has gross monthly income of $4,100.
Case #4: Parent A has gross monthly income of $5,000 and Parent B has gross monthly income of $6,000.

Parent A’s Obligation

- **MN Current**
- **MN at 75%**
- **TN**
Case #4: Parent A has gross monthly income of $5,000 and Parent B has gross monthly income of $6,000.

Parent B’s Obligation

- MN Current
- MN at 75%
- TN
Case #5: Parent A has gross monthly income of $7,000 and Parent B has gross monthly income of $8,000
Case #5: Parent A has gross monthly income of $7,000 and Parent B has gross monthly income of $8,000
• TN method (which considers the incomes of both parents) results in higher obligations for lower income families compared to current method

• TN method more consistent with Income Shares model in taking into account both parents’ incomes

• Current MN method results in lower support amounts for lower income families than the TN method

• MN method reduced to 75% of the guideline amount reduces support for caretaker cases across the board

• Task force has elected to use 75% of the guideline amount for nonjoint children deduction to take into account there likely is another parent who is also responsible for support
Task force members discussed the possibility of creating a new deviation factor for cases when the child is residing with a non-parent caretaker.

This would allow the court to deviate from the presumptive support amount when it appropriate and set a support amount based upon the unique circumstances of the case.

Deviation could be downward or upward depending upon the needs of the child and the nonparent caretaker.
How should child support be calculated when child is resides with a non-parent caretaker?

- Current Minnesota Method
- Current Minnesota Method PLUS a New Deviation Factor
- Tennessee Method
- Tennessee Method PLUS a New Deviation Factor
- Minnesota Method at 75%
- Minnesota Method at 75% PLUS a New Deviation Factor
Questions?
Thank You!

Jessica Raymond
jessica.raymond@state.mn.us
651-478-8109