

Child Support Task Force Work Group # 2 Minutes

April 4, 2018

5:00 p.m. to 7:00 p.m.

Hayden Heights Library, Bear Den

1456 White Bear Ave, Saint Paul, MN 55106

Members Present: The following task force work group members were present on Wednesday, April 4, 2018:

<input checked="" type="checkbox"/> Lisa Kontz	<input type="checkbox"/> Senator Melissa Wiklund
<input checked="" type="checkbox"/> Shaneen Moore	<input type="checkbox"/> Mia Wilson
<input type="checkbox"/> Representative Peggy Scott	

DHS Staff:

<input type="checkbox"/> Tara Borton	<input checked="" type="checkbox"/> Brynn Rhodes
<input type="checkbox"/> Julie Erickson	<input type="checkbox"/> Jennifer Sommerfeld
<input checked="" type="checkbox"/> Jessica Raymond	

Welcome and Phone Conference with Dr. Venohr

Introductions of the group. Dr. Venohr appeared by telephone to address group's questions and concerns. The group discussed and learned:

- It is possible to use the USDA economic model and make a tax adjustment, but it would be a challenge: USDA measurements would need to be converted to a net income number by assuming the tax consequences of the year in which data was collected.
- There are other ways, besides tax adjustment, to ensure that our guidelines are affordable and allow people to pay both taxes and their support obligations, i.e. expanding low-income adjustment.
- Illinois' approach was ultimately a compromise between the agency, who wanted to use gross income, and the private bar, who wanted to use after-tax income.
- IL's new basic support tables in IL will need to be updated annually and will be substantially impacted by changes of 2018 tax law. Updating annually is burdensome.
- Other states make compromises in adjusting for taxes, i.e. South Dakota's tax assumption is that each parent is a single taxpayer and New York deducts FICA from gross income, not state taxes.
- Observation that as transparency increases in making adjustments, litigation may increase.

- Further examination of making the B2 adjustment in the worksheet, rather than in the table (page 7 of March tax briefing). This method would require more refinement as it is currently a crude adjustment. Overall, Dr. Venohr does not recommend this method because it would be very complex to implement.
- Possibility of developing new formula based upon new tax reform, but it would only be valid until 2025 unless the tax law is extended.
- No tax adjustment will be perfect, each has tradeoffs and are ultimately a matter of policy.

Dr. Venohr confirmed that there are essentially four ways Minnesota could make an adjustment specifically for taxes: 1) Make an adjustment within the table, but it will be less transparent; 2) Make an adjustment in the worksheet, but it will be more complex; 3) Use tax consequences as a deviation factor on a case by case basis; 4) Utilize an approach similar to IL.

Reminders, logistics, and announcements

Meeting minutes from 3.21.2018 were approved.

Tax Adjustment Examples and Discussion: Illinois

The group was given more information about IL per the interest they expressed at the last meeting, however, the group decided to table further discussion of it to plan its next steps.

Wrap Up and Plan Ahead

Group discussed the fact that the issue of the accounting for taxes in the update of our child support guidelines is very complex and decided that the best way to proceed is summarize that the information the group has gathered so far and present it to the Task Force at the next large group meeting. At that point, the Task Force as a whole can evaluate which approach they would like to pursue in light of the information presented as well as the consequences of the new tax law. The small group will work on pulling information together via email and will cancel the last meeting scheduled for April 18th, 2018. If the group decides that another meeting is necessary, the group will schedule it at that time.

The issue of the nonjoint children has partially been delegated to the Work Group #1 and will be discussed once the whole Task Force reconvenes.

New Action Items

1. The group will work via email on a document to present to the Task Force that summarize the options they have explored, and their respective advantages and disadvantages.

Meeting Adjourned at 6:30 p.m.