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Adjusting the Guideline Table
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Dr. Venohr's B.4 Table

- B.4 is the table the Taskforce received from Dr. Venohr in her report dated January 23, 2018.

- The chart uses USDA numbers updated to 2017 and for 2 and 3 children it adjusts for the "equivalence scale". No tax adjustment for separate households that was in B.2.

- The B.4 table does not make any adjustment for low income parents.

Three issues with the low income portion of current Guideline Table

- Child support amounts are a high percentage of income for low income parents.
- The support amounts for multiple children are an extremely high percentage of income for lower income parents.
- All dollars remaining above self-support reserve to go to support at low income levels.

All those issues are present with the new B-4 chart.

Excerpt from current guideline table

Combined Parental Income			Number of children				Percentage of higher income		
			One	Two	Three				
1,500	1,599		292	433	500		18.26%	27.08%	31.27%
1,600	1,699		337	502	580		19.84%	29.55%	34.14%
1,700	1,799		385	577	666		21.40%	32.07%	37.02%
1,800	1,899		436	657	758		22.96%	34.60%	39.92%
1,900	1,999		490	742	856		24.51%	37.12%	42.82%
2,000	2,099		516	832	960		24.58%	39.64%	45.74%
2,100	2,199		528	851	981		24.01%	38.70%	44.61%
2,200	2,299		538	867	1,000		23.40%	37.71%	43.50%
2,300	2,399		546	881	1,016		22.76%	36.72%	42.35%
2,400	2,499		554	893	1,029		22.17%	35.73%	41.18%

Excerpt from Dr. Venohr's B-4 table

Combined Parental			Number of children			Percentage of higher income		
Income			One	Two	Three			
1,500	1,599		409	573	653	25.58%	35.83%	40.84%
1,600	1,699		434	609	694	25.54%	35.84%	40.85%
1,700	1,799		460	645	735	25.57%	35.85%	40.86%
1,800	1,899		485	681	776	25.54%	35.86%	40.86%
1,900	1,999		511	716	816	25.56%	35.82%	40.82%
2,000	2,099		536	752	857	25.54%	35.83%	40.83%
2,100	2,199		562	788	898	25.56%	35.83%	40.84%
2,200	2,299		587	824	939	25.53%	35.84%	40.84%
2,300	2,399		613	860	979	25.55%	35.85%	40.81%
2,400	2,499		639	895	1,020	25.57%	35.81%	40.82%

Factors considered when addressing low income portion of the B-4 table

- The percentage of support on the lower income portion of the table is 25.55%.

- This percentage is in the range of $0 to $3,199 and represents the amount of a parent's income that is spend on one child in a two parent, two child home.

- The figures in the table are an extrapolation from the USDA numbers, based upon the average figures from the USDA report, but minus child care expenses and medical expenses.

Factors that may impact the USDA figures

- People at that level of income may be getting some assistance, whether public assistance or family assistance

- People at that level of income may be forced to live beyond their means just for necessities and may be going into debt to meet their expenses

What specific changes did I make to the table?

- Raised the income range at the beginning of the chart up to the 140% of FPG option

- Changed minimum basic support numbers to increase by $10 for each additional child

- Re-calculated all of the figures from the bottom up to $5,999 per month. This is a place on Dr. Venohr's B.4 table where the support was 16.5% for one child

- Leveled out the % of support amounts

Excerpt of proposed table.

Combined Parental Income			Number of children				Percentage of lower income		
			One	Two	Three				
1,500	1,599		100	110	120		6.67%	7.33%	8.00%
1,600	1,699		120	135	150		7.50%	8.44%	9.38%
1,700	1,799		140	160	180		8.24%	9.41%	10.59%
1,800	1,899		160	185	210		8.89%	10.28%	11.67%
1,900	1,999		190	220	250		10.00%	11.58%	13.16%
2,000	2,099		220	255	290		11.00%	12.75%	14.50%
2,100	2,199		250	290	330		11.90%	13.81%	15.71%
2,200	2,299		280	325	370		12.73%	14.77%	16.82%
2,300	2,399		310	360	410		13.48%	15.65%	17.83%
2,400	2,499		340	395	450		14.17%	16.46%	18.75%

Excerpt of table with Self support reserve set at 140% of FPG

140% FPG TABLE								
Combined						**Percentage of Lower Income**		
Parental Income			**Number of children**					
			One	*Two*	*Three*	*One*	*Two*	*Three*
0	1,499		50	60	70	3.34%	4.00%	4.67%
1,500	1,599		60	70	80	4.00%	4.67%	5.33%
1,600	1,699		80	95	110	5.00%	5.94%	6.88%
1,700	1,799		100	120	140	5.88%	7.06%	8.24%
1,800	1,899		120	145	170	6.67%	8.06%	9.44%
1,900	1,999		140	170	200	7.37%	8.95%	10.53%
2,000	2,099		160	195	230	8.00%	9.75%	11.50%
2,100	2,199		185	225	265	8.81%	10.71%	12.62%
2,200	2,299		210	255	300	9.55%	11.59%	13.64%
2,300	2,399		235	285	335	10.22%	12.39%	14.57%
2,400	2,499		260	315	370	10.83%	13.13%	15.42%

Minnesota case law about support

The obligation for support takes precedence over other obligations aside from the absolute necessities of self-sustenance.

Other factors I looked at

- In the original, after the self-support reserve of $1,214 which is in the $0-1299 income range up to $5,499 I put the incremental increases in support at a low enough percentage that there should be no need for a tax deviation

- The support will <u>not</u> be all of the income over the self-support reserve

- In the new version, with self support reserve of $1,417, I have adjusted support amounts up to $5,999, instead of $5,499. This flattens the curve a little and basic support for one child is never more then 16.53%.

Why I changed the rate of increase

- One of the biggest challenges is the table is used in situations where <u>both</u> parties have income, and where only <u>one</u> party has income, or their incomes are very disparate. By smoothing out the increase in support over a longer range, it eliminates some of the disparity.

See the difference?

	CP Income	None	2,500	5,000
NCP income				
2,500	Current	$560	$415	$333
	Proposed table	$285	$409	$358

Orange County Study

- There has been a lot of mention about the Orange County study. It suggests that compliance ratio's on both the amount and the number of months paid decline when child support if over 19% of their Gross Income.
- There are other suggestions mentioned in the study.
  - Set realistic orders
  - Increase parent participation
  - Reduce length and use of retroactive support
  - Early intervention
  - Improve wage withholding process
  - Increase review and modification of orders
  - Conduct Amnesty programs
  - Implement arrears management programs

Example 1

- Income of $1,462 (9.65 x 35 x 4.33)
- Support in regular table is $251 for one child
- Reduced for SSR to $248
- Support in this example with my table would be $80

- Using the table with 140% of FPG as the self support reserve level, support would be $50

What else was added to the table?

- Same adjustment to the table for 2 and 3 children.
- Extended Dr. Venohr's table up to $17,500 for monthly income with same incremental support amount used at the top of her table
- Expanded Dr. Venohr's table to include amounts for 4, 5 and 6 children.
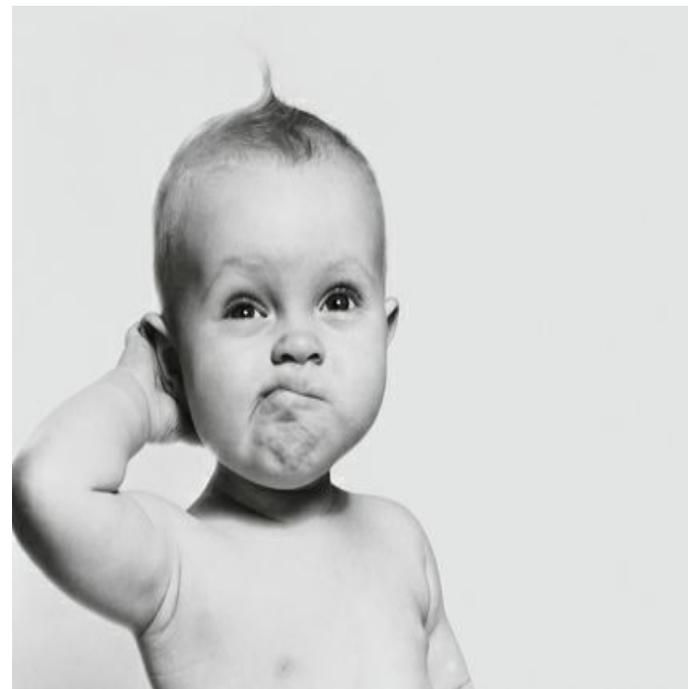
History of support for additional children

- When the last guideline table was created, there was no specific USDA information for children beyond 3.
- At that time, the amounts in the table for more then three children were created by adding 16% to the number for 3 and children, then doing that again for 5 and 6.

- B-4 table puts support for 2 children at 140% of support for 1 child and for 3 children it is 114% of the support for 2 children

Percentages used for additional children

- The increase from 3 to 4 children is 8%
- The increase from 4 to 5 children to 6%
- The increase from 5 to 6 children is 4%

Is this the right amount??

Policy decisions that need to be made

- Should minimum basic support remain the same?
- Should self-support reserve be increased to 140% of FPG, some other number, or remain the same?
- Increase the income that is use to calculate support beyond $15,000, to $17,500 or some other amount?
- Should the table address families with more then three children?

Proposed table showing upper levels for multiple children.

Combined Parental Income			Number of children One	Two	Three	Four	Five	Six
14,500	14,599		1,508	2,111	2,407	2,600	2,757	2,867
14,600	14,699		1,515	2,120	2,417	2,611	2,768	2,879
14,700	14,799		1,521	2,129	2,427	2,622	2,780	2,891
14,800	14,899		1,527	2,138	2,437	2,633	2,792	2,903
14,900	14,999		1,533	2,146	2,447	2,643	2,802	2,914
15,000	15,099		1,539	2,155	2,457	2,654	2,813	2,926
15,100	15,199		1,545	2,163	2,466	2,664	2,825	2,937
15,200	15,299		1,551	2,171	2,476	2,675	2,836	2,949
15,300	15,399		1,557	2,180	2,486	2,685	2,847	2,961
15,400	15,499		1,563	2,188	2,495	2,695	2,858	2,973

USDA Information

- The USDA income ranges used to develop the B4 table are very broad
- The low income range goes from $0 to $4,933 per month per Expenditures on Children by Families, 2015
  - The average being $3,193
- The middle range is $4,933 to $8,950
  - The average being $6,808
- The highest range starts at $8,950 with no upper number
  - The average being $14,775

Example 2: Proposed support amounts at high end of the Low Income Adjustment Range

- Both parties make $12.98 per hour.
  - $2,248 gross monthly income each

- Child Support, no overnights:
  - Prior table - $445
  - Current 140% table - $353

- One party makes $25.96 per hour
  - $4,497 gross monthly income

- Other party on MFIP

- Child Support, No overnights:
  - Prior table - $890
  - Current 140% table - $705

Compared to the current table

- Both parties make $13 per hour.
  - $2,249 gross monthly income each
- Child Support:
  - 0 overnights: $393

- One party makes $26 per hour
  - $4,499 gross monthly income
- Other party on MFIP
- Child Support:
  - 0 overnights: $787

Conclusion

There are many options to "fix" the guideline table problem. Finding the right mix of solutions is not easy and if you have particular suggestions I have not landed on yet I am happy to discuss them and determine if they can be incorporated into changes in the table. However, changing the table will not be the solution to all the issues with the guidelines.