

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

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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 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

Task Force Decisions Recap

- 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

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:
 - 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

Shaded Area Approach: An Example

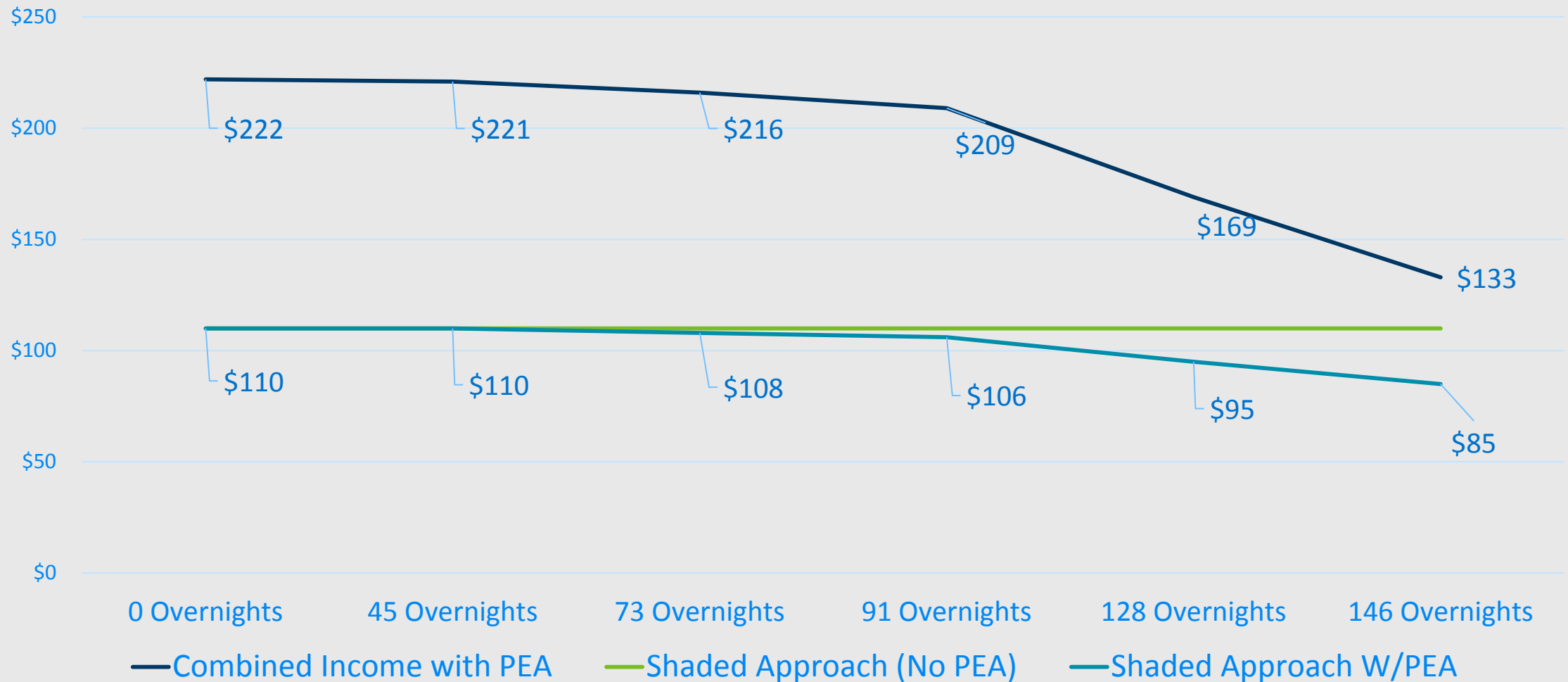
Using the new table:

- 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

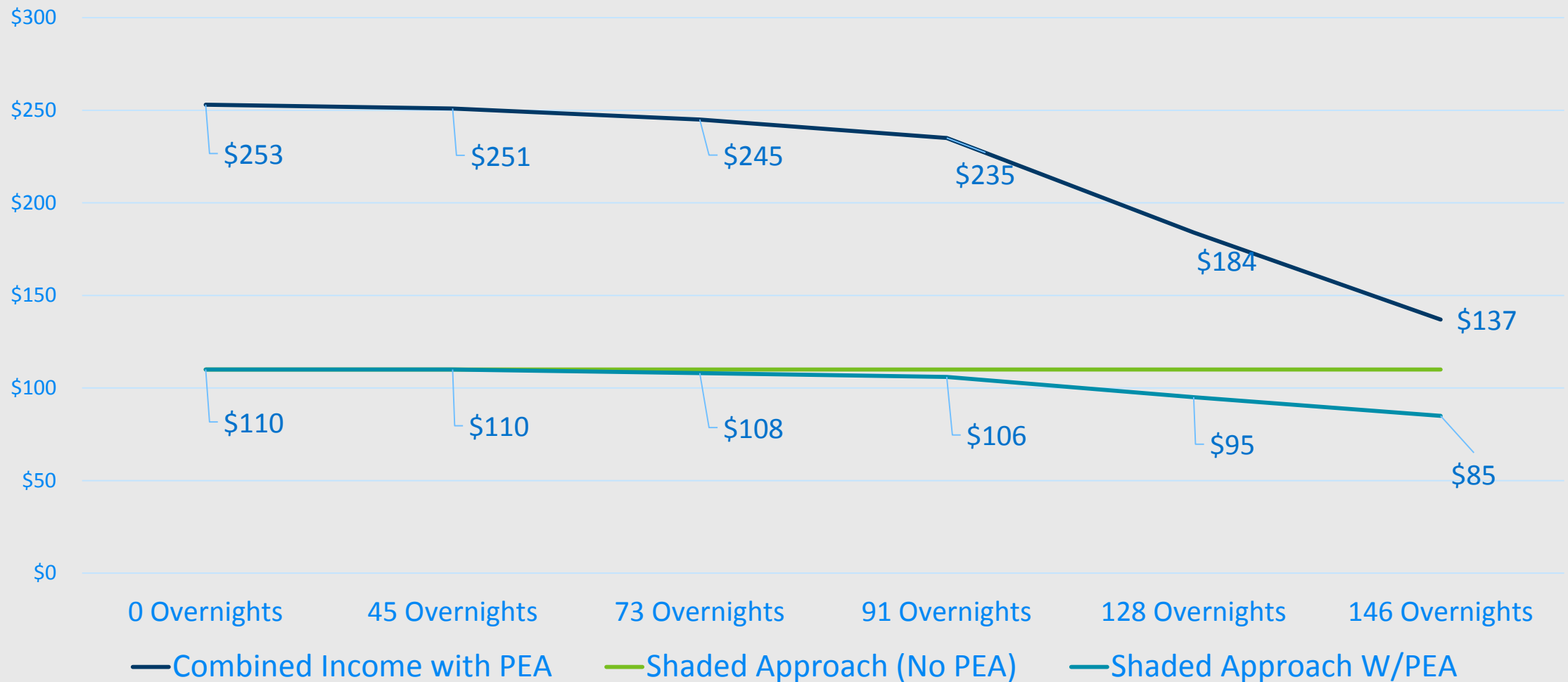
Shaded Area Approach: An Example

- 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

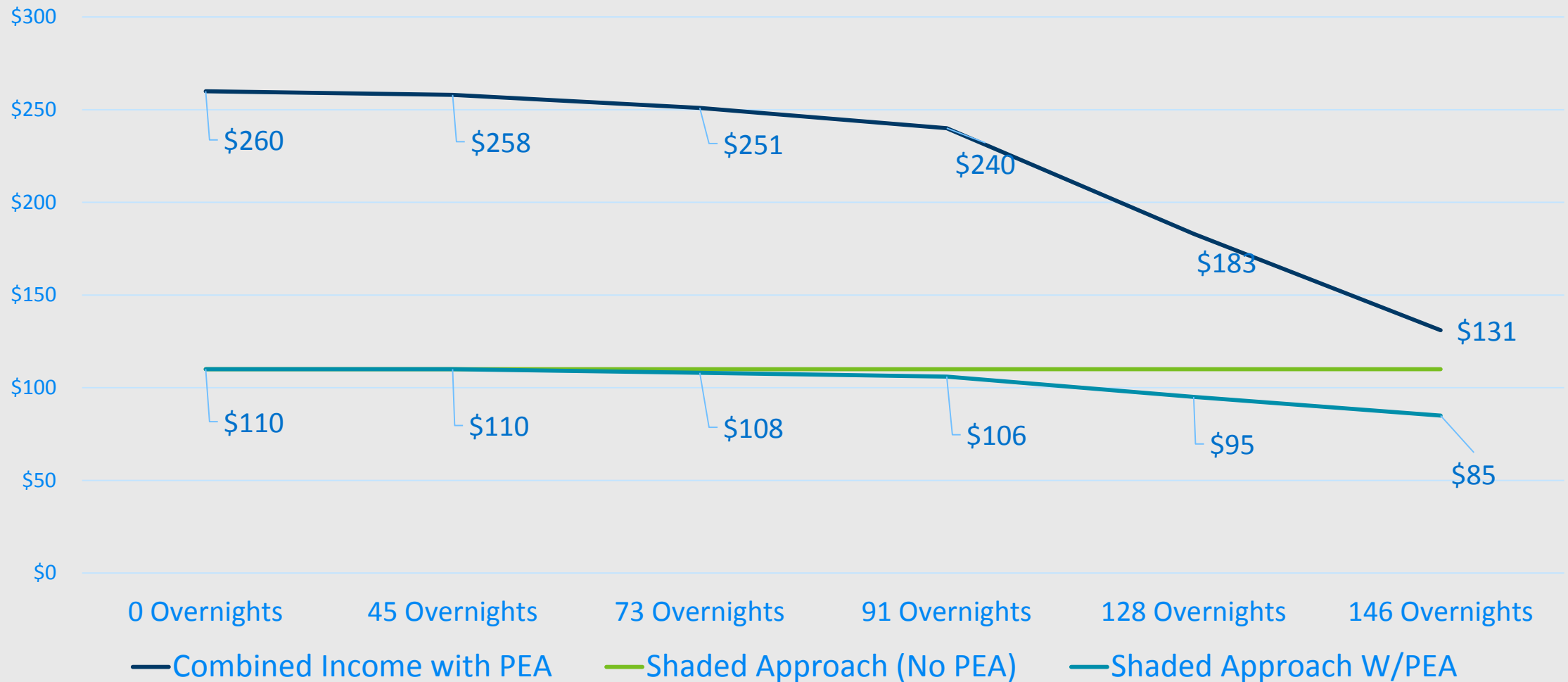
Comparison of Shaded Approach with and without PEA: Obligor's Income \$1,709 and Obligee's Income \$1,282



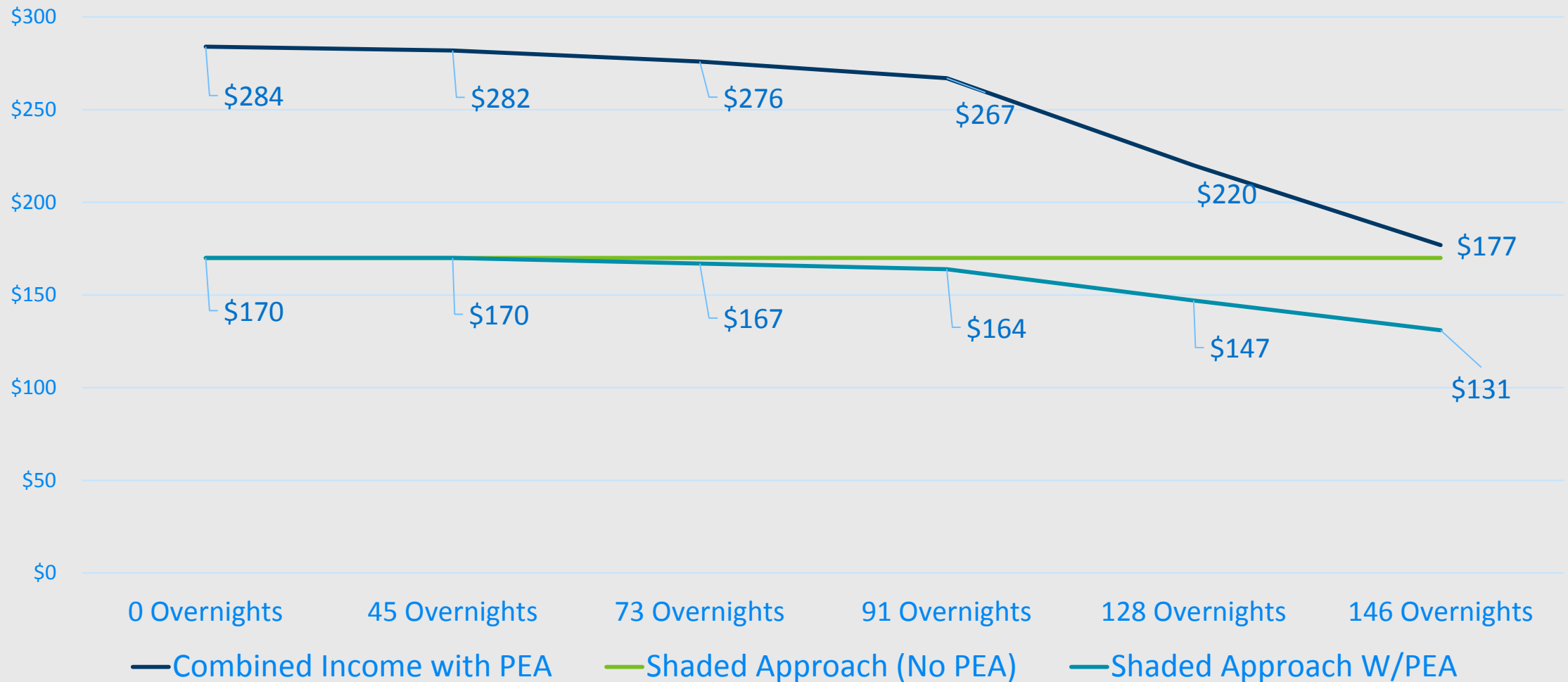
Comparison of Shaded Approach with and without PEA: Obligor's Income \$1,709 and Obligee's Income \$1,709



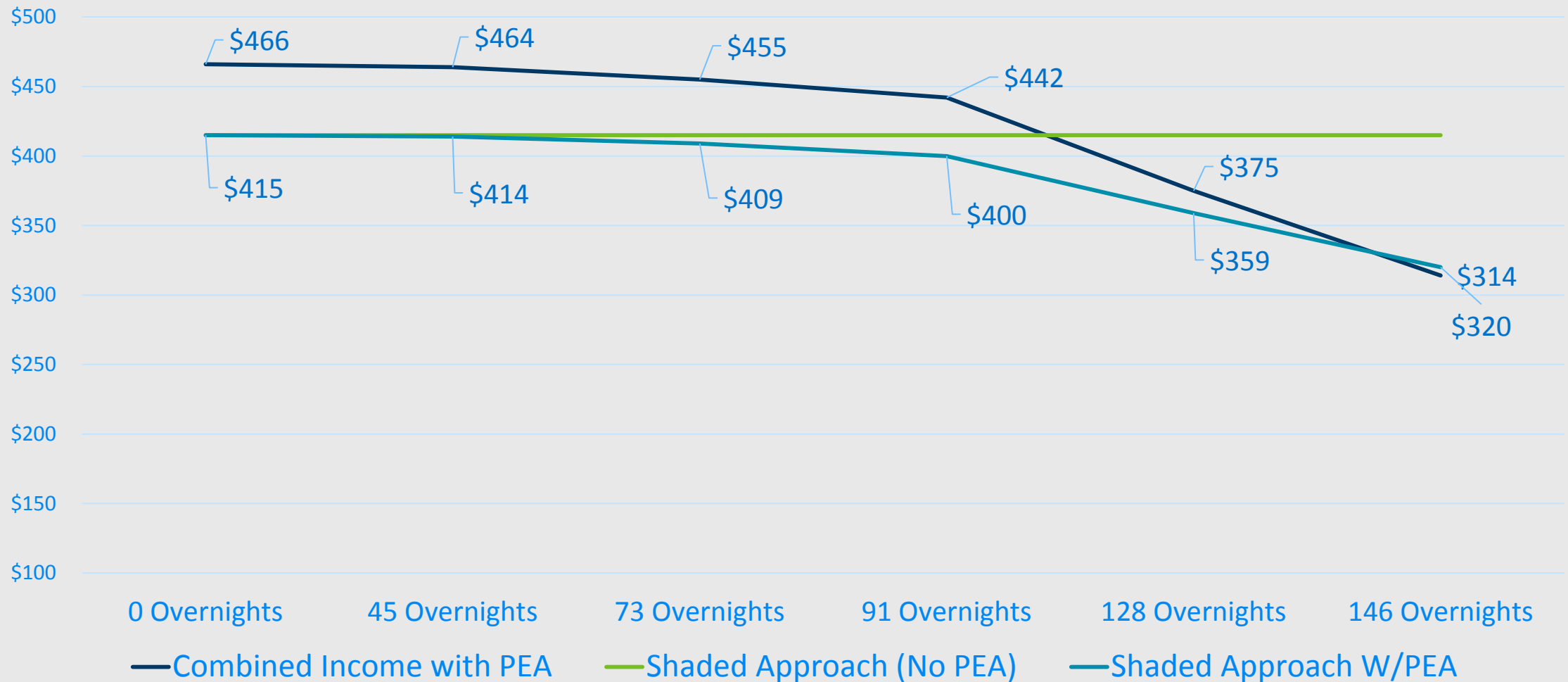
Comparison of Shaded Approach with and without PEA: Obligor's Income \$1,709 and Obligee's Income \$2,000



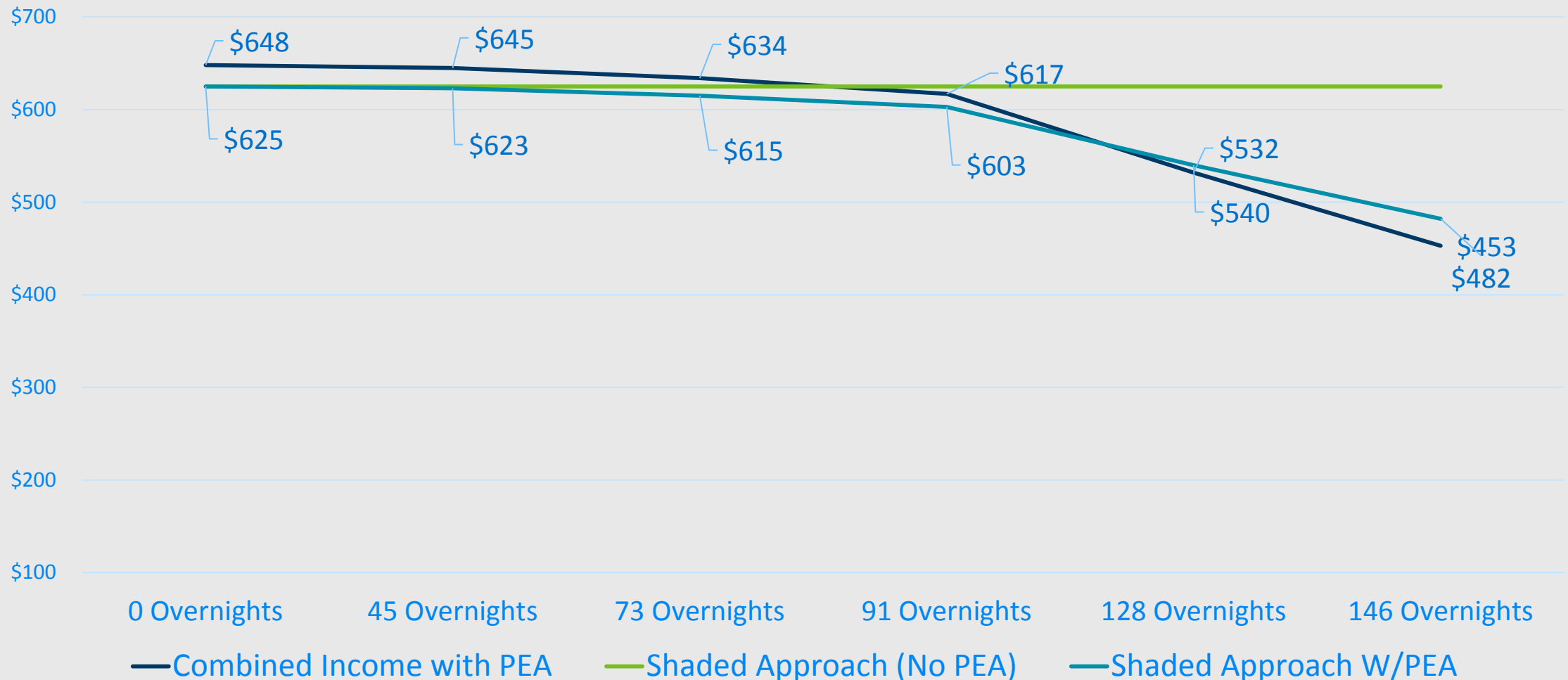
Comparison of Shaded Approach with and without PEA: Obligor's Income \$2,000 and Obligee's Income \$1,282



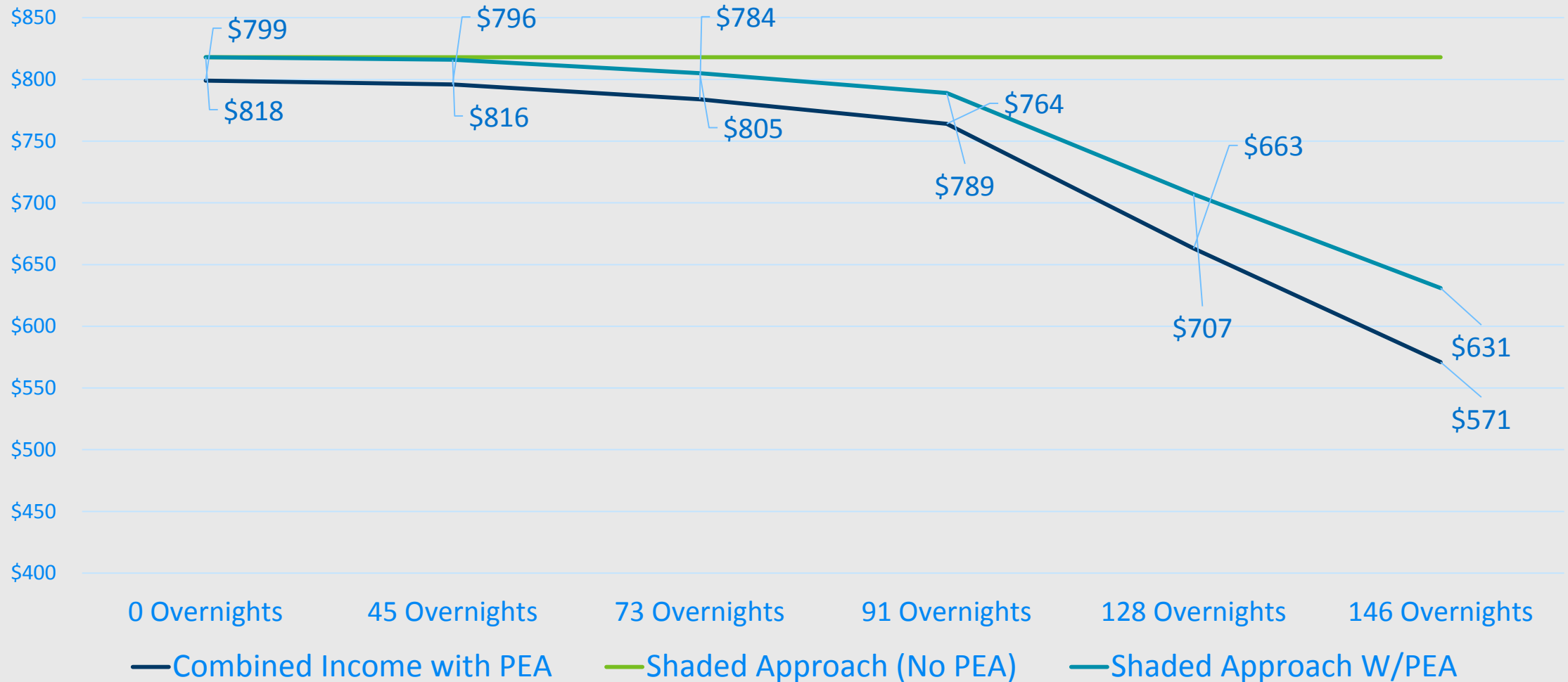
Comparison of Shaded Approach with and without PEA: Obligor's Income \$3,000 and Obligee's Income \$1,282



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

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
- 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

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
- 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

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

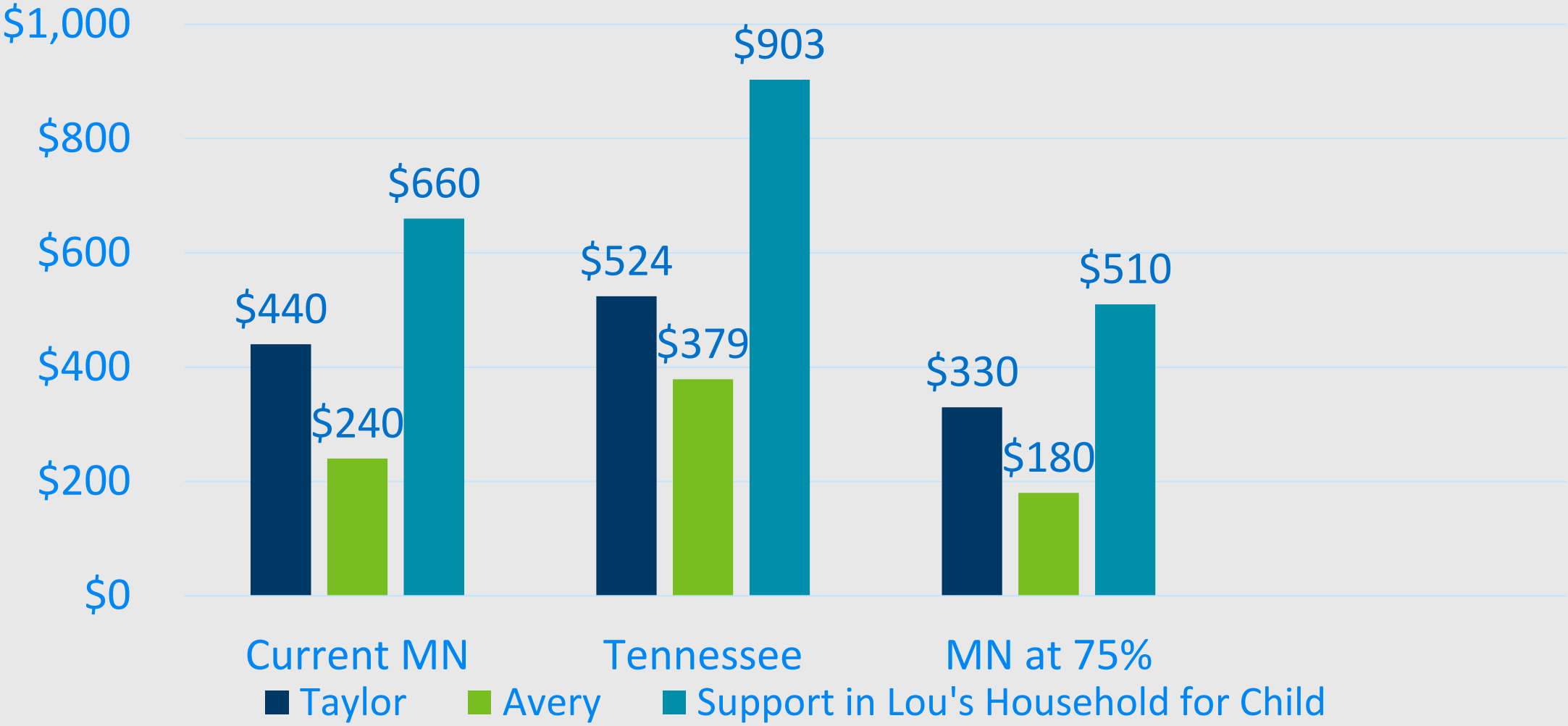
To calculate basic support using the new table:

- 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 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 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

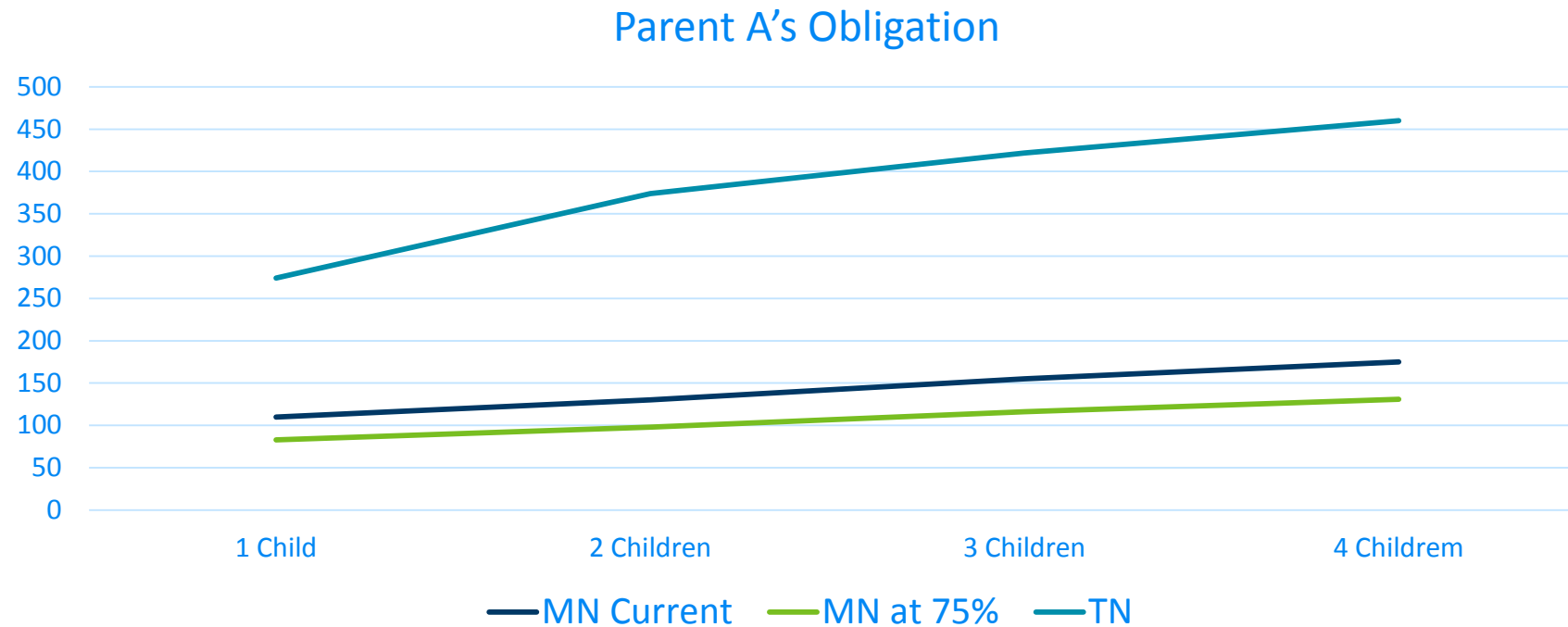
Non-Nuclear Families: Comparison of Methods



Non-Nuclear Families: More Comparisons of Alternate Calculation Methods

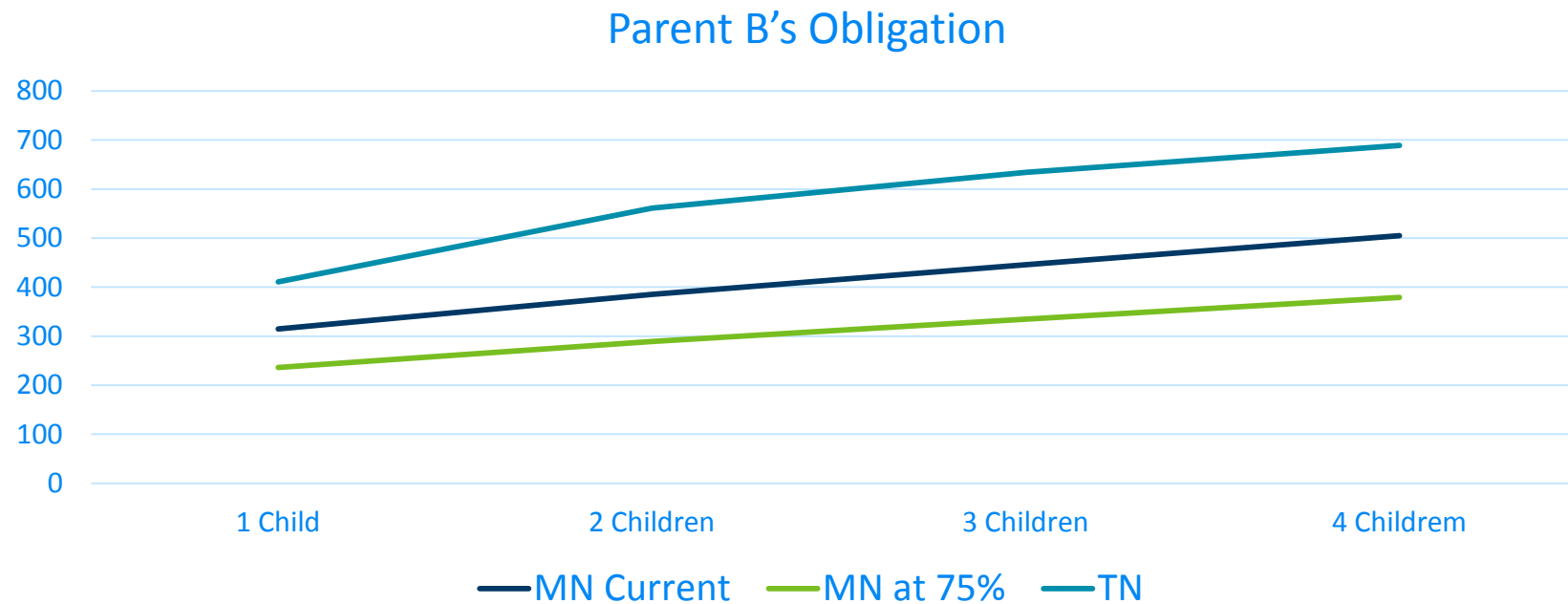
Case # 1: Parent A

Case #1: Parent A has gross monthly income of \$1,709 and Parent B has gross monthly income of \$2,600



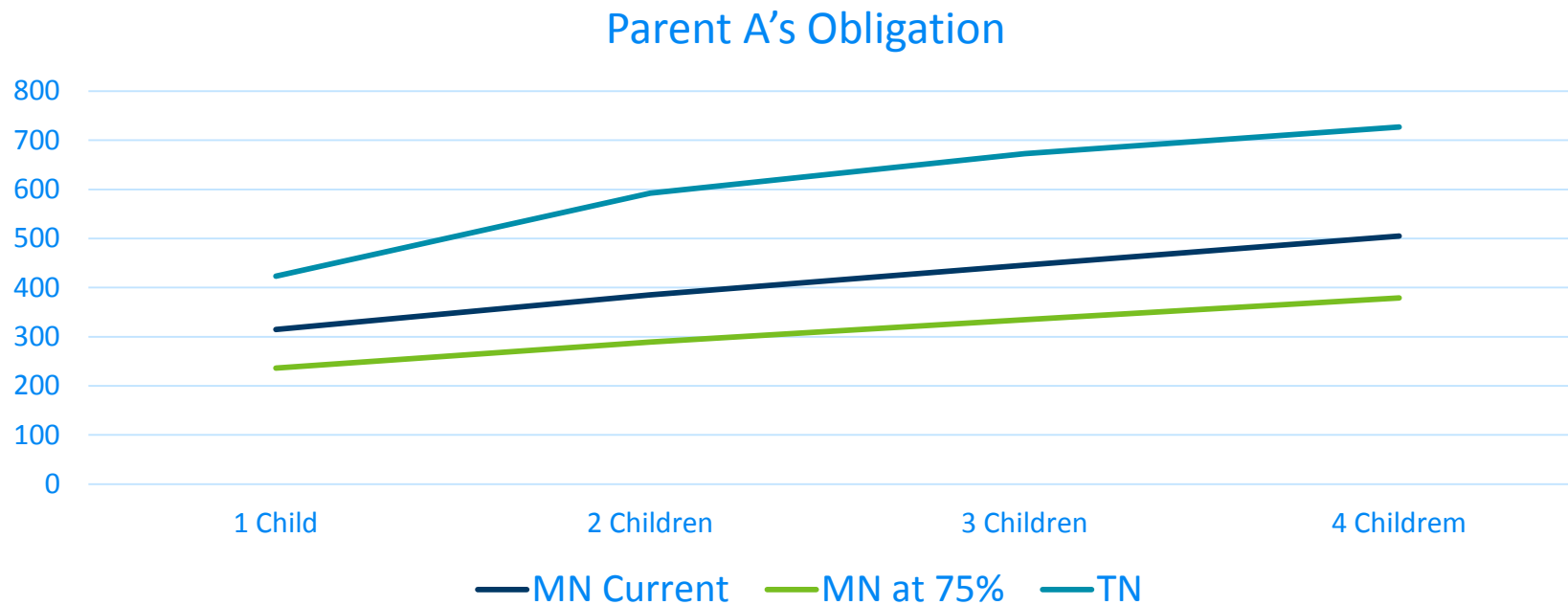
Case # 1: Parent B

Case #1: Parent A has gross monthly income of \$1,709 and Parent B has gross monthly income of \$2,600



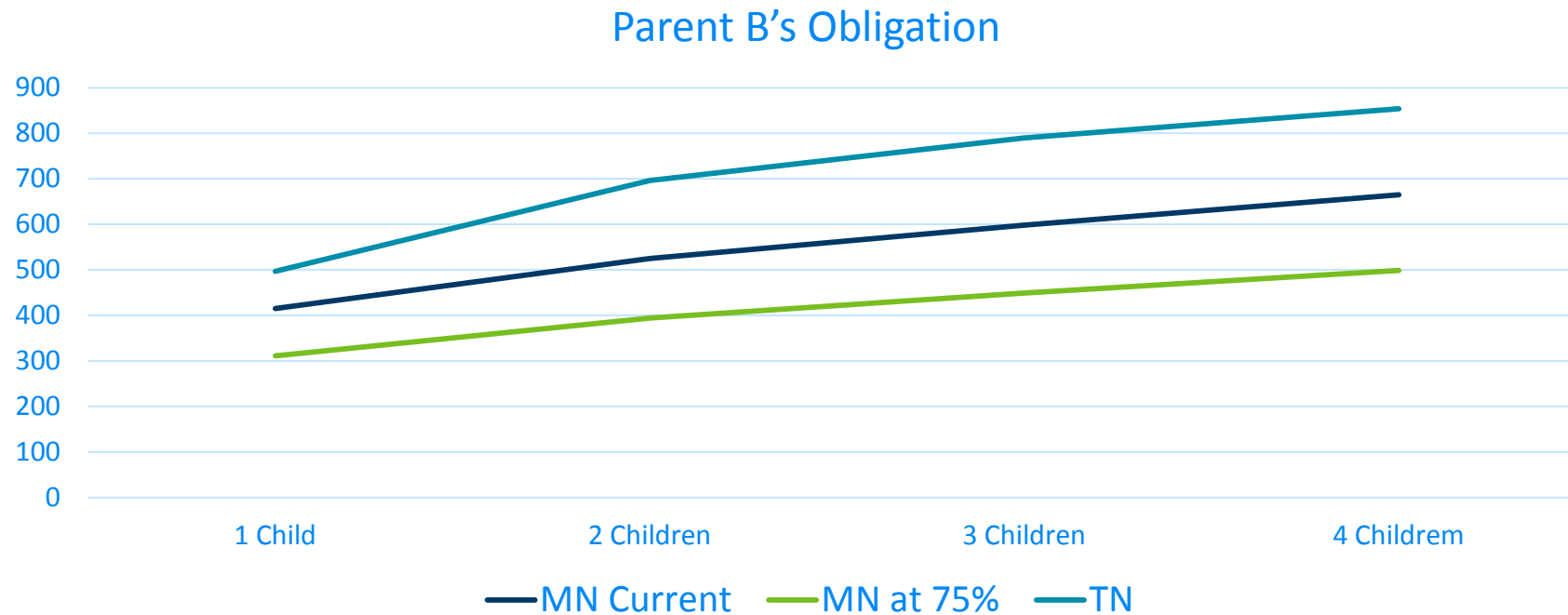
Case # 2: Parent A

Case #2: Parent A has gross monthly income of \$2,600 and Parent B has gross monthly income of \$3,000



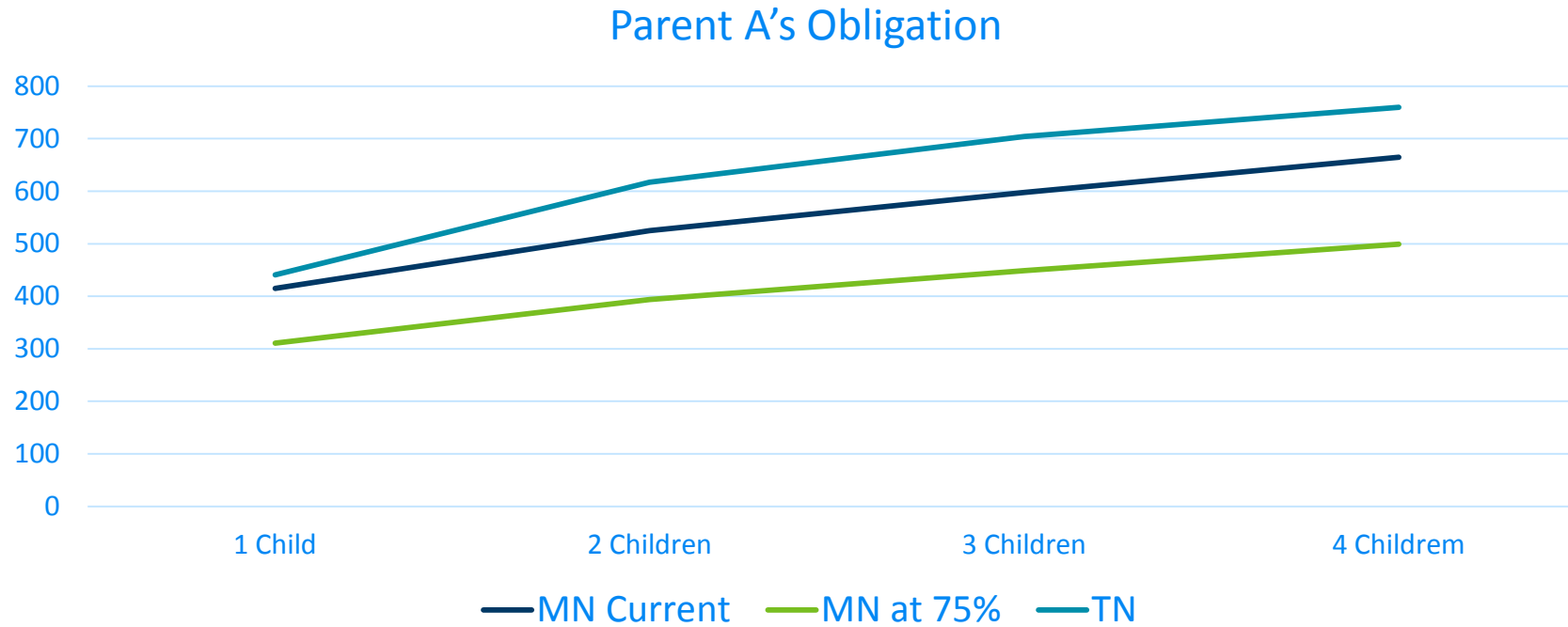
Case # 2: Parent B

Case #2: Parent A has gross monthly income of \$2,600 and Parent B has gross monthly income of \$3,000



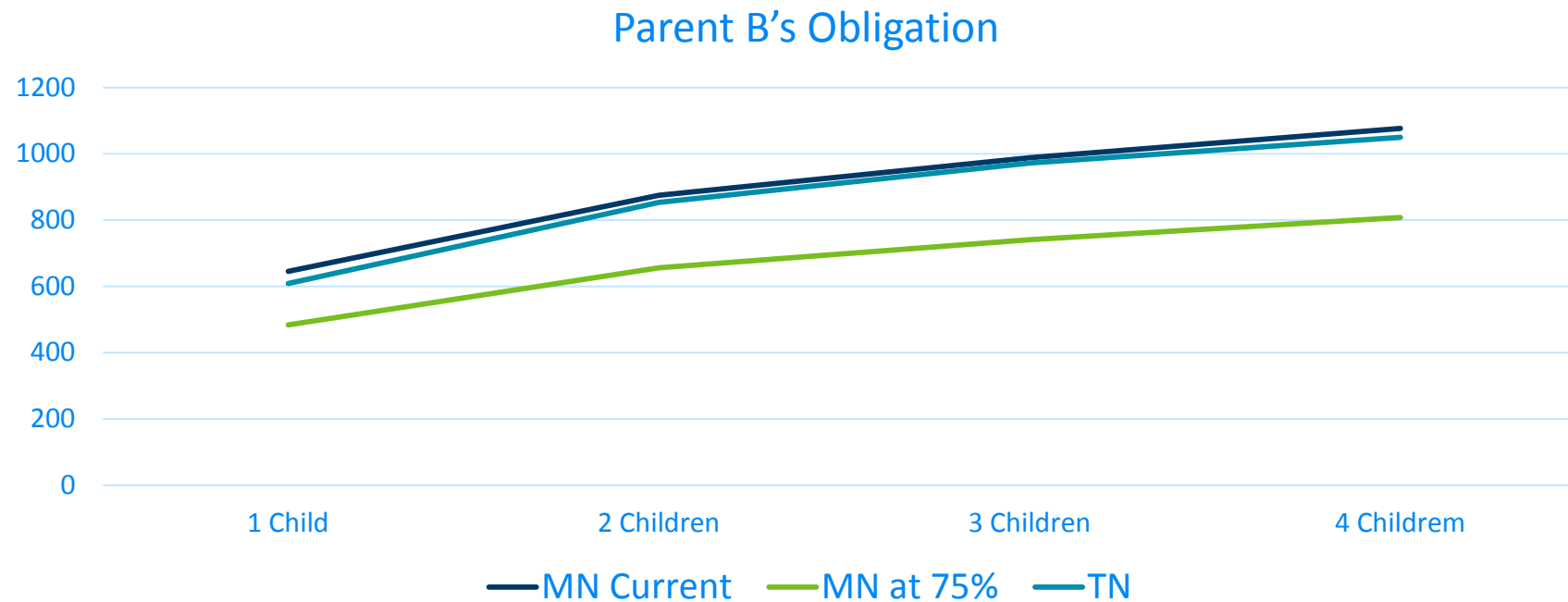
Case # 3: Parent A

Case #3: Parent A has gross monthly income of \$3,000 and Parent B has gross monthly income of \$4,100



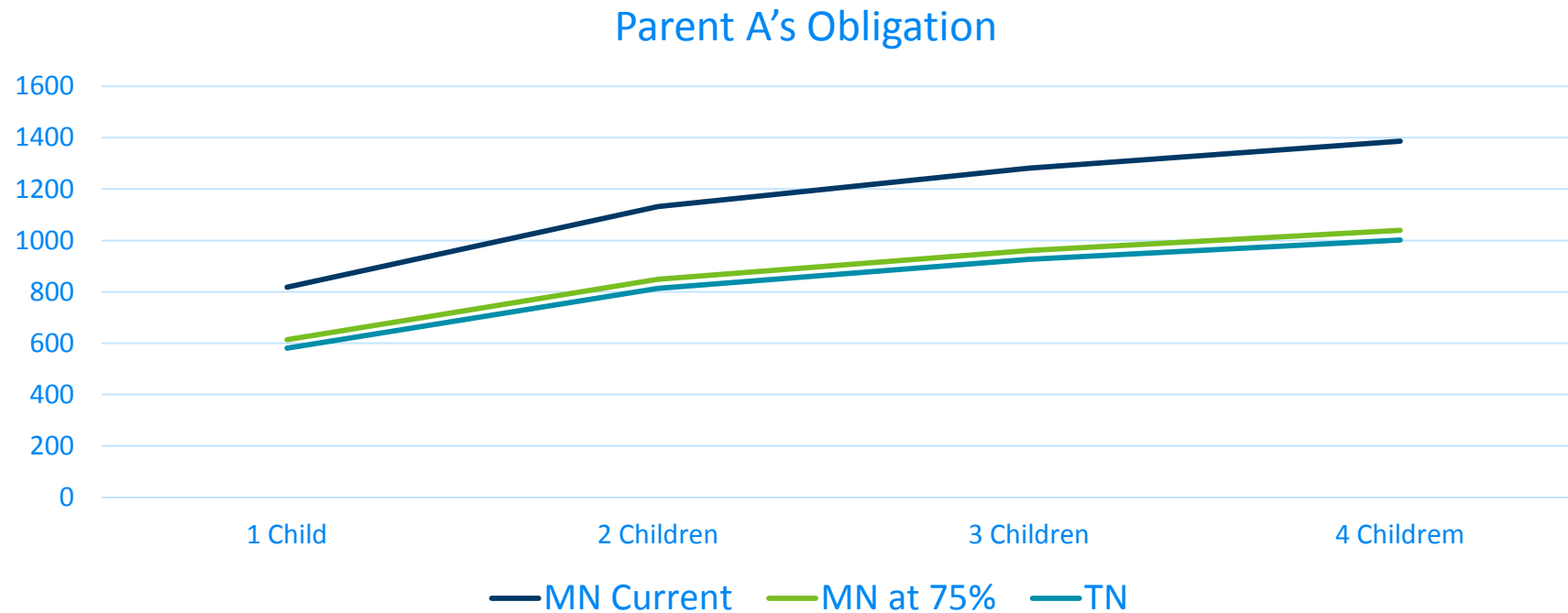
Case # 3: Parent B

Case #3: Parent A has gross monthly income of \$3,000 and Parent B has gross monthly income of \$4,100



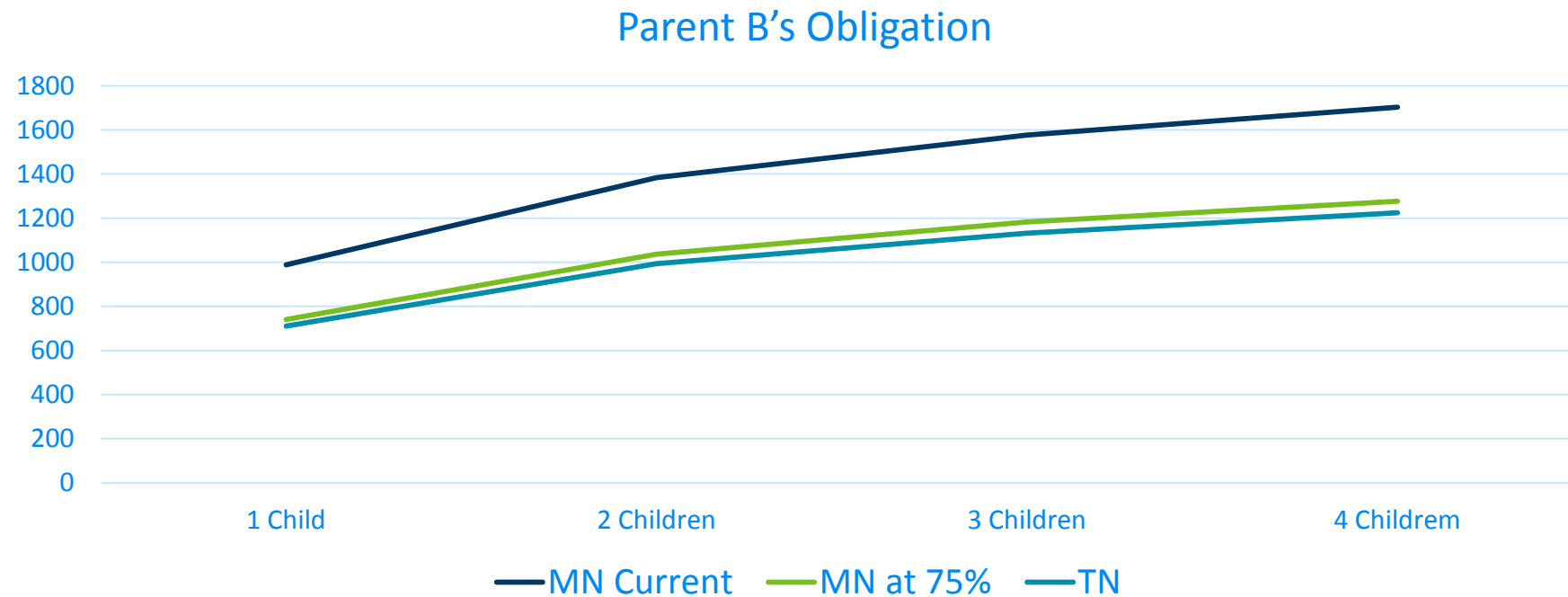
Case # 4: Parent A

Case #4: Parent A has gross monthly income of \$5,000 and Parent B has gross monthly income of \$6,000



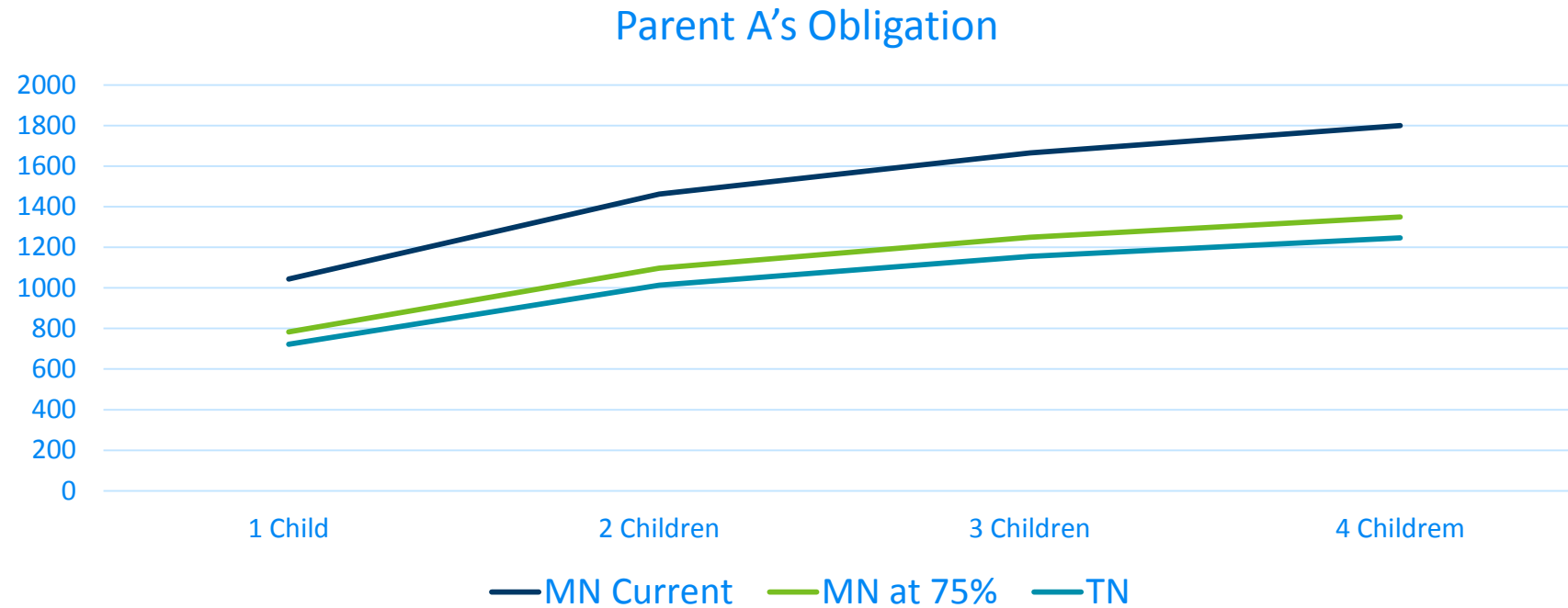
Case # 4: Parent B

Case #4: Parent A has gross monthly income of \$5,000 and Parent B has gross monthly income of \$6,000



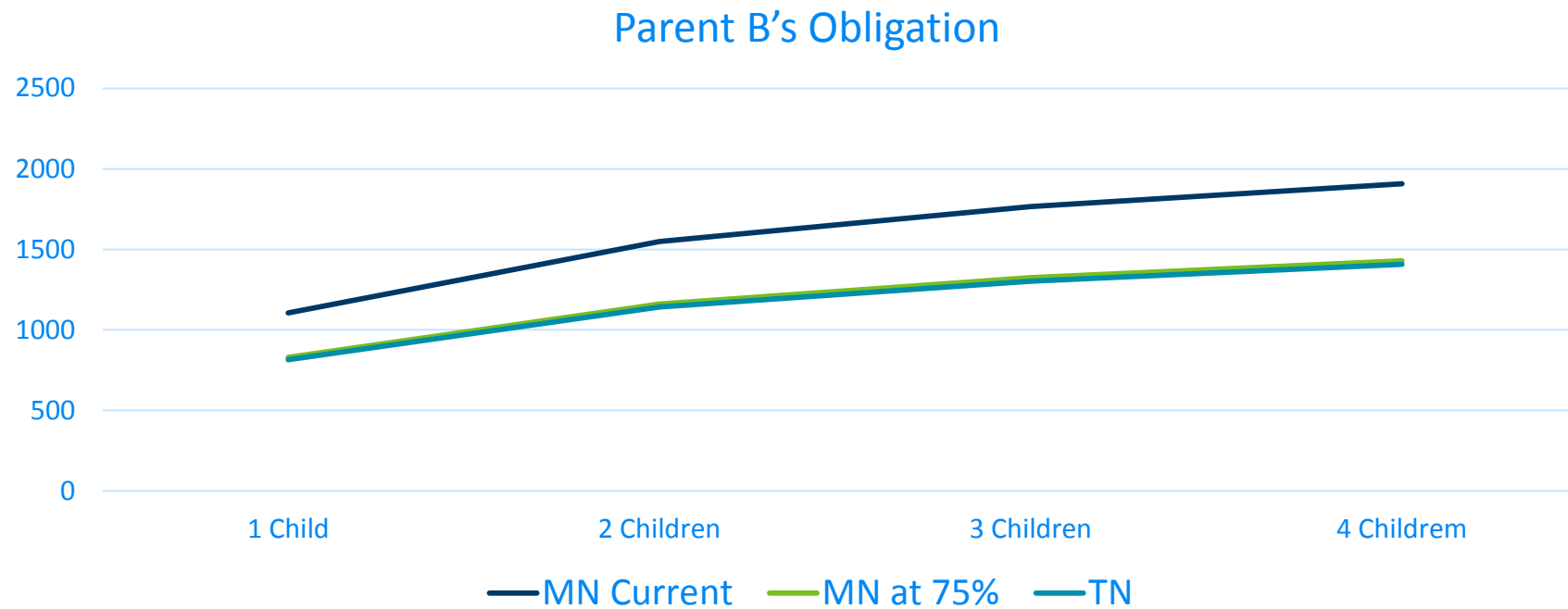
Case # 5: Parent A

Case #5: Parent A has gross monthly income of \$7,000 and Parent B has gross monthly income of \$8,000



Case # 5: Parent B

Case #5: Parent A has gross monthly income of \$7,000 and Parent B has gross monthly income of \$8,000



Non-Nuclear Families: Considerations for Non-Parent Caretaker Cases

- 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

Non-Nuclear Families: Creation of the New Deviation Factor

- 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

Non-Nuclear Families: How Should Minnesota Calculate Support When Child Resides with a Non-Parent 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!

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