



Minnesota Department of **Human Services** \_\_\_\_\_

# 2014 CHILD SUPPORT GUIDELINES REVIEW

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## I. Executive Summary

Minnesota is required by federal and state law to provide a review of Minnesota’s child support guidelines every four years. This review found that Minnesota’s child support guidelines are generally followed by Minnesota courts and considered fair by people who use the guidelines as either practitioners or parents. While the underlying economic data is becoming outdated, the guidelines are based on a sound economic methodology that supports the implied policy goals of the Minnesota child support statutes.

### Deviations

The deviation rate for Minnesota as a whole is 13.2 percent, which is in line with the federal criteria that deviations from the guidelines are “limited.” Additionally, the deviation rates for nine of Minnesota’s 10 judicial districts are between 7 percent and 13 percent. The one outlier, Minnesota’s fourth judicial district, comprised completely of Hennepin County, has a deviation rate of 24 percent.<sup>1</sup> Given that 23 percent of Minnesota’s child support cases are in Hennepin County, the higher deviation rate pushed up the statewide deviation rate. Further investigation is needed to determine why the deviation rate is significantly higher in the fourth judicial district.

### Stakeholder Input

Overall, Minnesota’s child support professionals and child support clients believe the guidelines to be fair to all parties. Both groups also agreed that there is a problem in the way that the parenting time adjustment treats obligors (non-custodial parents). Parents and child support professionals both believe the guidelines are understood by parents.

### Recommendations

While Minnesota’s guidelines are based on solid economic data, used in a majority of cases and generally considered fair by professionals and clients, three main themes emerged throughout the report:

- A need to look in-depth at the parenting time adjustment to address perceived unfairness;
- A need to develop a consistent process to regularly update the guidelines on updated economic data; and
- A need to develop better measures and analytics within Minnesota’s child support system to track and analyze why deviations from the guidelines occur.

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<sup>1</sup> Full sample methodology can be found on page 14. The sample size was 60 cases with a confidence interval of 96 percent between 23.2 percent and 25.4 percent.

## **II. Introduction**

### **Authority**

This report is prepared pursuant to 45 CFR §302.56(e), which requires each state “review its child support guideline at least every four years.” Additionally, Minn. Stat. 518A.77 requires that “no later than 2006 and every four years after that, the Department of Human Services must conduct a review of the child support guidelines.”

### **Requirements of Report**

The review must consider economic data on the cost of raising children and an analysis of case data relating to application of the guidelines. The analysis of case data must also focus on the extent of deviations from the guidelines. The data analysis must be used in the review to ensure that deviations from the guidelines are limited.

This report evaluates whether Minnesota’s child support guidelines properly represent the cost of raising children; the extent of the deviations from guidelines; summarizes survey results from parents and stakeholder groups about the fairness of the guidelines; and reviews the current legal and academic thinking concerning the purpose and effectiveness of guidelines in general.

## III. Background

### Guidelines

While child support guidelines appear to be value-neutral arithmetic solutions to the difficult question of which parent should pay how much to support a joint child, the guidelines are necessarily a product of legislative policy. Universally, child support guidelines assume both parents have a legal duty to provide support for their children. Policies diverge on whether the intent of child support is:

- To provide some sort of minimum standard of living for a child,
- Provide the child with the standard of living that they would have had if the parents were not separated,
- Or that each parent should provide for the child as much as he or she is able.

Legislators also have to choose how to treat low income obligor parents, particularly when the income of both parents is insufficient to support the joint child. Different policy choices affect high and low income parents differently, and involve difficult legislative choices. As Arizona State University law professor Ira Ellman points out, *“Choosing the right balance is unavoidably a matter of policy, not arithmetic. The chosen policy is reflected in the guideline table or formula”*.<sup>2</sup>

All child support guidelines are created by first determining an estimate of the cost of raising a child and then somehow distributing these costs between parents.

There are three commonly used methodologies to estimate child-rearing expenditures<sup>3</sup>:

- the United States Department of Agriculture (USDA) data estimates;
- the Engel method; and
- the Rothbarth method.

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<sup>2</sup> Ellman, 2004

<sup>3</sup> These methods are more fully described in the “Economic Analysis” section of this document.

### Guidelines Calculations in Minnesota

Basic child support is set by combining both parents’ incomes, applying the total to the guidelines, and then applying a parenting time adjustment or self-support reserve adjustment, if applicable. Separate calculations are used to set medical and child care support.

#### Parenting Time Adjustment

Minnesota guidelines allow for a 12 percent reduction in the amount of support if the obligor has parenting time between 10 percent and 45 percent of the time. If an obligor has the child more than 45 percent of the time, the guidelines assume equal time and greatly reduce child support. The net effect is that the higher income parent pays the other parent an equalization payment.

#### Self-support Reserve

To prevent low income obligors from falling further into poverty, the self-support reserve acts as a guaranteed amount of income to meet the obligor’s needs. The self-support reserve is subtracted from the obligor’s income to determine the amount of income available for support. If this amount is less than the combined order amount (basic, medical and child care), then the obligations are reduced to match the amount. The medical is reduced first, followed by the child care and finally the basic support.

#### Cost of Living Adjustment (COLA)

Every two years orders are administratively adjusted based on the Consumer Price Index.

Once a state or territory adopts a model for estimating child rearing expenditures, the jurisdiction must determine a method for calculating support. There are three models currently used by states and territories (see Appendix A):

- The **Income Shares model** determines child support by adding together both parents' income, comparing it to a schedule that sets the child support amount for a given level of income and number of children, and then prorates this amount between the parents, based on their share of their combined income.
- The **Percentage of Income** model determines child support by applying a pre-determined, flat percentage to the income of the obligor parent, dependent on the number of children he or she has with the obligee parent.
- The **Melson Formula** determines child support, first by calculating an amount for children's primary support needs based on a pre-determined percentage that is applied to the combined incomes of the parents after allowing for parental self-support reserves, and then prorating this amount as under Income Shares. A standard of living allowance that is a fixed percentage of each parent's remaining income is then added to calculate the full child support obligation.

Federal law does not dictate how jurisdictions calculate child support guidelines, so each jurisdiction is free to modify these models to meet the needs of participants. For example, there is no consistent use of gross versus net income from jurisdiction to jurisdiction. This means that, even when two jurisdictions use the same model for calculating expenses and calculating support, guidelines can still vary significantly.

## Policy and Purpose of Minnesota's Child Support Guidelines

The Minnesota Legislature did not issue a statement of policy intent in Minnesota's current child support guideline statutes. [Minn. Stat., 518A.27-518A.043] In the absence of a policy statement in statute, the legislative intent may be inferred from the statutory reasons for deviation from the guidelines. The deviation standard is used because the deviation reasons and factors were meant to direct the court to set appropriate child support when the guideline amount seems unfair to either party. One can assume that the Legislature meant to prevent unfair results; one can then infer that the reasons for deviation are situations the Legislature identified as unfair.

The reasons for deviation in Minn. Stat. 518A.43 are "among other reasons," to "encourage prompt and regular payments of child support" and "to prevent the parent of either child from living in poverty."

Factors the court must consider include:

- The needs of the child.
- Maintenance of a pre-divorce standard of living.
- A variety of factors that indicate parental poverty.

These reasons and factors may be summed up as meeting the needs of the child(ren) as close to the way they would have been met if their parents were together, while avoiding setting a support award so high that the obligor parent is unable to regularly pay it or is living in poverty.

In 2005, the Legislature attempted to make the guidelines, in the words of State Senator Tom Neuville “more fair,” by considering the income of both parents, crediting obligor parents for expenses occurring during their parenting time, and “emphasizing that deviation from the guidelines is appropriate in order to prevent either parent or child from living in poverty.”<sup>4</sup>

### **Original Economic Underpinnings**

In determining Minnesota’s 2005 child support guidelines, the Minnesota Legislature used 2001 USDA estimates on the cost of raising a child in the urban Midwest, but made several modifications to the estimates. These included adjusting housing costs downward by 28 percent and excluding child care, educational and medical expenses.

The Legislature then commissioned Policy Studies Incorporated (PSI) to examine the new guidelines. PSI compared the USDA-based guidelines to the two dominant marginal expenditure-based methods of calculating child support, the Rothbarth estimator on the low end and the Engel estimator on the high end. The study determined, based on the comparison to PSI’s data, that the proposed guidelines were too high for high-income earners and too low for low-income earners.

The child support guidelines were then modified in 2006 to match PSI’s recommendations with respect to the low-income and high-income groups. The Legislature did not change guidelines recommendations for very low-income parents (those earning less than a combined \$ 1,699 per month). In other instances, where Minnesota’s proposed guidelines were below the Rothbarth figure (for example, one child with a combined income of \$3,500), the Legislature adopted the Rothbarth estimate. In instances where Minnesota’s proposed guidelines exceeded the Engel estimate (for example, one child with a combined parental income of 14,700), the Legislature adopted the Engel estimate.

The 2005 legislation also contained a provision to increase the amount of basic support ordered every two years after setting the order. The Cost of Living Adjustment (COLA) allows a mostly administrative process to automatically increase the monthly ordered amount based on the Consumer Price Index.

### **Past Reviews of Minnesota’s Child Support Policy**

The first required guidelines review of Minnesota’s “new” guidelines was completed in 2010. The report concluded that Minnesota’s guidelines were in line with two different estimates of child-rearing costs. The report used the Rothbarth and Engel estimates for determining the cost of raising children. The Rothbarth and Engel estimates respectively represent the lower and upper bound of costs for raising children. With the exception of the lowest income strata (\$0-1,999), the guidelines fell within the lower and upper bound of costs.

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<sup>4</sup> Neuville, 2006

The 2010 report also looked at deviations from the guidelines. The review had several limitations that prevented a complete analysis of deviations. The child support computer system PRISM contains a deviation reason indicator. The indicator field was not a required field; therefore, not all deviations were tracked. With the available data, it was estimated that approximately three quarters of one percent (0.75 percent) of new establishment orders set between Jan. 1, 2007, and Dec. 31, 2009, were deviations.

The second method used to determine the number of deviations was to review documents on PRISM used to prepare for court. The time frame was limited to documents created from Jan. 1, 2007, through Dec. 31, 2009. There were also limitations with this method as not all counties use PRISM to prepare court documents. Based on the available data, it was estimated that 4 percent of the PRISM court documents deviated from guidelines.

## Policy Analysis

This report examines how well the current child support guidelines meet the legislative policy goals that underlay the guidelines calculations by reviewing a number of factors:

- The timeliness of the economic data underlying the guidelines calculations.
- How often courts need to deviate from the guidelines.
- The perspective of the program participants, judges and county attorneys.

While, overall, the guidelines seem to meet the basic needs of children without putting obligor parents in poverty, this study did find two areas of concern — increases in the cost of living per the USDA guidelines and the fairness of the parenting time adjustment. Both are briefly described below in the policy context and more thoroughly explored later in the report.

### Increases in Cost of Living

The child support guidelines have not been adjusted since 2006, although the cost of raising a family has undoubtedly increased. This could mean the current recommendations under guidelines are less than the actual cost of meeting a child's needs in the same way they would have been met if the parents were together. If this is true, it could mean the impact of the guidelines has departed from the original legislative intent and, perhaps, the guidelines should be revised upward. On the other hand, the calculation is still tied to the same base parental income. The lower end of the guidelines has always been much too low to reasonably support a child in comparison to USDA estimates.<sup>5</sup> This reflects the policy decision not to require obligor parents who pay child support to put themselves deeply into poverty and the reality that low-income obligor parents cannot pay enough to support a child. The basic facts have not changed, but the cost of raising a child has increased. The question remaining is what income level now represents the point at which parents can afford to support their children. Further economic study is recommended to identify this point and the appropriate adjustment.

### Parenting Time Adjustment

A second policy issue arises with the parenting time adjustment. The new guidelines added a parenting time adjustment in order to be fairer to obligor parents, who are increasingly sharing a larger percentage of parenting time. The adjustments, called parenting expense adjustments, reduce the obligor parent's child support obligation to account for the obligor parent's incursion of costs during his or her parenting time. For obligor parents who have their children over 10 percent and less than 45 percent of the time, the adjustment is a 12 percent decrease in their child support obligation. The law presumes that obligor parents with more than 45 percent parenting time have the same parenting time

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<sup>5</sup>The Minnesota Legislature did not use USDA guidelines to calculate child support for families with incomes under \$2,000 per month.

as obligee parents and makes a substantial reduction in child support, essentially requiring the higher income parent to make an equalization payment to the lower earning parent.<sup>6</sup>

This means both a parent who has a child every other weekend and a parent who has a child three nights a week are entitled to a 12 percent reduction in their child support obligation; whereas a parent who has a child three nights a week and an additional night every two weeks is entitled to pay little to no support. While the 12 percent reduction in the child support obligation may well reflect the costs incurred by a parent who has the child every other weekend, it seems likely that it is much lower than the actual costs incurred by parents who have the children three nights a week. Further study would be needed to more precisely align the costs incurred by the obligor parent during visitation with the deduction from the obligor parent's child support obligation.

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<sup>6</sup> Minn. Stat. 518A.36, subd. 3, requires no child support payments when the parents' respective incomes are equal. When parents have unequal incomes, the parents combined basic support amount is multiplied by .75, the amount is prorated between the parents based on each parent's proportional share of the combined PICS, and the lower amount is subtracted from the higher amount.

## Economic Analysis

Federal regulation requires that the quadrennial guidelines review considers the underlying economic data on the cost of raising a child. Each state has a unique blend of estimation methods and support determination models, with their own limitations. The limitations for Minnesota’s mix—USDA data and parental income share model—are discussed below.

The data underlying Minnesota’s current guidelines was collected in 2001 and adjusted in 2006 and 2007. Given the time elapsed, it is important to also analyze the changes affecting the cost of raising children that have occurred in the intervening years. Minnesota has mirrored national changes and undergone specific changes, such as an increase in the minimum wage. All of these factors are important to analyzing how closely the guidelines reflect the current reality of Minnesota’s families.

### Limitations Specific to Minnesota Method

No estimation method is perfect. Public policy, however, requires that estimates are used to determine what is reasonable, fair and equitable. This section discusses the limitations inherent in all models, the specific limitations of the USDA method, and the limits of the shared income method of determining support.

As previously noted, there are three commonly used methods for calculating the cost of raising a child. Because each pro-rates certain expenses between the parents differently, the calculated expenses vary between each method:

The **Engel method** produces the highest results because it measures the cost of raising children based on the marginal consumption of food by a household with children versus a household without children. Since children’s food consumption is a higher percentage of their overall consumption than adults, a child’s addition to a household is likely to increase the percentage of consumption going to food more than it increases the percentage of overall household consumption. The Engel method assumes that households would have the same level of welfare only if the percentage of household consumption dedicated to food is equal between the households. Given the increased effect of children on the percentage of consumption spent on food, the Engel method tends to produce the highest results.

The **Rothbarth method** also relies on marginal costs, but typically produces the lowest results because it relies on the marginal costs of adult goods between households with no children and households with children. In contrast to the Engel method’s food consumption, adult goods consumption is less changed by the addition of a child to a household than the overall change a child has to the total consumption of the household. For this reason, the Rothbarth method produces the lowest results.

The **USDA method** yields estimates that are lower than the Engel method but higher than the Rothbarth method. This is the method adopted with modifications by the Minnesota Legislature for use in calculating the current child support guidelines. This method and some of its limitations are discussed below.

All three models rely heavily on data from intact (specifically, husband-wife) households, but are used to set child support guidelines for households which are not intact. All economic models in use share a common weakness — the assumption that economic decisions are made the same way for separate

households as for intact households. This is not the case. It is more expensive to maintain two separate homes than one. Maintaining the same standard of living of an intact (two parent) household likely requires more income than is actually available to two single-parent households.

USDA estimates on the cost of raising a child from birth through age 17 is published annually. The most recent report, estimating 2013 expenses, was published in August 2014.<sup>7</sup> These estimates are based on the federal government’s Consumer Expenditure Survey (CE)—Interview Survey component and update the figures to the current year. The report provides child cost estimates for seven categories:

- Housing
- Food
- Transportation
- Clothing
- Child care and education
- Health care
- Miscellaneous expenses

The report provides the estimated child-rearing expenses by husband-wife and single parent families. The results are presented by child age, household income and region.

Some of the expenditures used to estimate the cost of raising a child, such as child care, education and clothing, are allocated directly to the child. There are, however, some expenses that are pro-rated between adults and children that are likely to be incurred even without children. This is referred to as a “per-capita” allocation and is applied to items such as transportation.

The USDA method also includes payments on mortgage principle when other methods treat this as an investment, not an expense, and exclude this from child care expenses.<sup>8</sup> Some experts argue these differences because expenses estimated using the USDA method to be over-stated. [Culver Institute for Health & Social Policy, 2012]

When looking at data from any model, it is important to remember that the studies do not measure actual direct spending on a child. Furthermore, the data is gathered at a national level and is not state specific. The data used estimates of costs per child, which have inherent limitations. These methods give estimates for raising a child, not exact costs.

### **Parental Income Shares Model Limitations**

Minnesota’s child support guidelines have been based on the income shares model since 2007. This is a very commonly used model (see Appendix A). Income shares estimates, however, are only as good as the data on which they are based. For example, the latest USDA estimates use data (on intact households only) from the Consumer Expenditure Survey (CE) conducted by the U.S. Census Bureau on

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<sup>7</sup> (Lino, 2014)

<sup>8</sup> (Lino, 2014)

characteristics, income, and expenditures for individual households.<sup>9</sup> The USDA report describes the CE data as:

...the most comprehensive source of information on household expenditures available at the national level, containing expenditure data for housing, food, transportation, clothing, health care, child care and education, and miscellaneous goods and services. [Lino, 2014]

The data from the Consumer Expenditure Survey is usually considered the best source for detailed household-level expenditures. However, the data does have known limitations.<sup>10</sup> The data shows expenditures in excess of reported income for about half of respondents, typically in the lower half of reported income ranges. This means income may be under-reported in the Consumer Expenditure Survey data.

When the Minnesota child support guidelines were established in 2007, the USDA data used was from the 2001 USDA Estimated Expenditures report. It is now 13 years after that data was collected, and it is reasonable to believe it may be time for Minnesota to adjust its child support guidelines. Although, unlike most other states, Minnesota has a biennial COLA adjustment on all child support orders which mediates some of the impact over the life of an order. The COLA is based on the Consumer Price Index.

The COLA increase, however, only occurs on orders already set and does not change the guidelines for new orders. As an example of the changes between 2001 and 2015, \$100 in 2001 would have the same buying power as \$133.34 in November 2014 dollars.<sup>11</sup> The 33 percent increase in the Consumer Price Index is not taken into account when setting support orders according to Minnesota's guidelines.

## USDA Method Changes

Current 2013 USDA data for the costs of raising children uses the 2005-2006 Consumer Expenditure Survey updated using the corresponding budgetary component of the Consumer Price Index. As noted above, the data used for the current deadlines was based on the 2001 USDA Estimated Expenditure report, which was based on the 1990-1992 Consumer Expenditure Survey updated for 2001 dollars based on the corresponding budgetary components of the Consumer Price Index.

## Minnesota's Minimum Wage Increase

Effective Aug. 1, 2014, Minnesota's minimum wage rate increased to \$8.00 per hour with yearly increases in subsequent years. A person working 40 hours per week at the minimum wage will have a monthly gross of \$1,386. Applying the guidelines to a minimum wage earner without any other deductions will result in obligations ranging from \$187 to \$219, depending on the number of children, whether obligee has any income and whether the obligor has any parenting time. This would leave the

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<sup>9</sup> For more information on the Consumer Expenditure Survey, see [www.bls.gov/cex](http://www.bls.gov/cex).

<sup>10</sup> Ellman, 2004

<sup>11</sup> Bureau of Labor Statistics, CPI Calculator <http://data.bls.gov/cgi-bin/cpicalc.pl>

obligor at an income level below the 150 percent of Federal Poverty Guidelines for a family of one. For a family of two, this would be very close to the 100 percent of Federal Poverty Guidelines.

Based on the deviation data available, one could reasonably assume the deviations for minimum wage earners will continue to be higher than the rest of the income categories.

## Deviations from Guidelines

Federal regulations require the case data analysis focus on the extent of deviations from the guidelines to ensure limited deviations from the guidelines.<sup>12</sup> In this section, data analysis is used to provide insight into how Minnesota courts apply Minnesota’s child support guidelines.

### Background

The case data analysis deviations review focuses on the differences between the current support amount actually ordered and the current support amount suggested by guidelines for the parents’ income levels. Deviations from child support guidelines can happen for a number of reasons in Minnesota. Two common reasons are:

- Participants may voluntarily agree to an amount different from the guidelines amount, and the agreement is submitted to and approved by the court
- The magistrate or judge may have determined that a departure from the guidelines is consistent with the best interests of the child.

The Minnesota income shares model includes the following provisions when, if met, are not considered a deviation from the guidelines:

- Ability to pay
- Self-support reserve adjustment
- Minimum order.

These provisions are included to ensure that the ordered support obligation does not exceed the obligor’s ability to pay, and the joint child(ren) and obligee receive at least a minimum amount of basic support.

The law establishes the circumstances in which the respective provisions apply, as well as the method for calculating and applying the provisions. It is a rebuttable presumption that a child support order should not exceed the obligor’s ability to pay. Determining whether a child support order exceeds the obligor’s ability to pay requires applying the following factors:

- **Self-support reserve** is a dollar amount equal to 120 percent of the Federal Poverty Guidelines for one person.<sup>13</sup> This is the minimum amount of income that the law requires that a parent be allowed to retain for the parent’s own needs after payment of child support obligations.
- **Income available for support** is a dollar amount calculated by subtracting the self-support reserve amount from the obligor’s monthly gross income.
- **Presumptive minimum order (basic support only)** is the minimum dollar amount of basic support, which, if applicable, the obligor must be ordered to pay. The amount is \$50 per month

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<sup>12</sup> See 45 CFR §302.56(h).

<sup>13</sup> Currently, 120 percent of FPL for a household of one for one month is \$1,167 (See figure 2).

for one or two children, \$75 per month for three or four children and \$100 per month for five or more children.

## Methodology

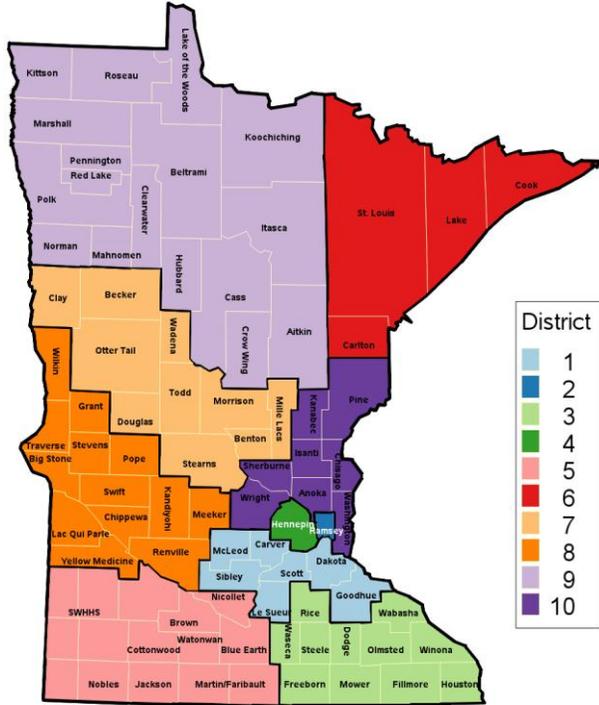


Figure 1: Minnesota's Judicial Districts

The sample for this report consists of 600 cases filed in Minnesota, in which an order was obtained during Federal Fiscal Year 2013 (Oct. 1, 2012, through Sept. 30, 2013). Three-hundred cases are coded as having deviations and 300 are coded as not having deviations.

The 600 cases were pulled evenly from Minnesota's 10 judicial districts (see Figure 1). Thirty random cases with deviations and 30 random cases marked as no deviations were selected from the county case loads represented by each judicial district. Cases currently being served by a tribal authority were excluded from the sample.

The deviation rates were corrected to ensure cases marked as deviations were actually deviations using the following method. The 60 cases from each judicial district were reviewed by state staff for accuracy. The corrected rate of deviation from each judicial district was then applied to the percentage of the statewide caseload represented by each

judicial district to determine the statewide deviation rate.

The orders selected for review were randomly sampled from 10 types of orders:

- Modification
- Establishment
- Paternity
- Dissolution
- Temporary
- Dismissal
- Judgment
- Redirection
- Registration/enforcement of other states' order
- Contempt with a modification.

All orders reviewed were signed in Federal Fiscal Year 2013 and entered in PRISM, Minnesota's child support system, by Nov. 30, 2013. Federal Fiscal Year 2013 was selected as the time frame because use

of the deviation field in PRISM became mandatory on March 13, 2012. By selecting a time period beginning approximately six months later, it is hoped all users would be correctly using the field for the entire time frame, increasing data integrity.

## Findings

In the review period, the overwhelming majority of orders obtained (86.8 percent) were non-deviation cases. The statewide deviation rate was 13.2 percent.

Deviation reasons are recorded in PRISM (see Figure 2). Visitation/custody and standard of living account for 25 percent of all deviations, likely indicating that judicial officers do not believe the guidelines appropriately account for visitation/custody arrangement and standard of living concerns in these cases.

Deviation Reason	% of Deviations
<b>Other</b>	63
<b>Visitation/Custody Arrangement</b>	13
<b>Standard of Living</b>	12
<b>Debt of Parents</b>	4
<b>Medical Needs of Obligor</b>	3
<b>Tax Exemption</b>	1
<b>Special Other Needs of the Child(ren)</b>	1
<b>Property Settlement</b>	<1
<b>No Findings in Previous Order</b>	<1
<b>Special Needs of Child(ren)</b>	<1

Figure 2: Deviation Reasons Listed in PRISM

County child support staff entered “other” as the deviation reason more so than all other reasons combined (63 percent). Unfortunately, the use of this code prevents the determination of the reasons for the majority of deviations.

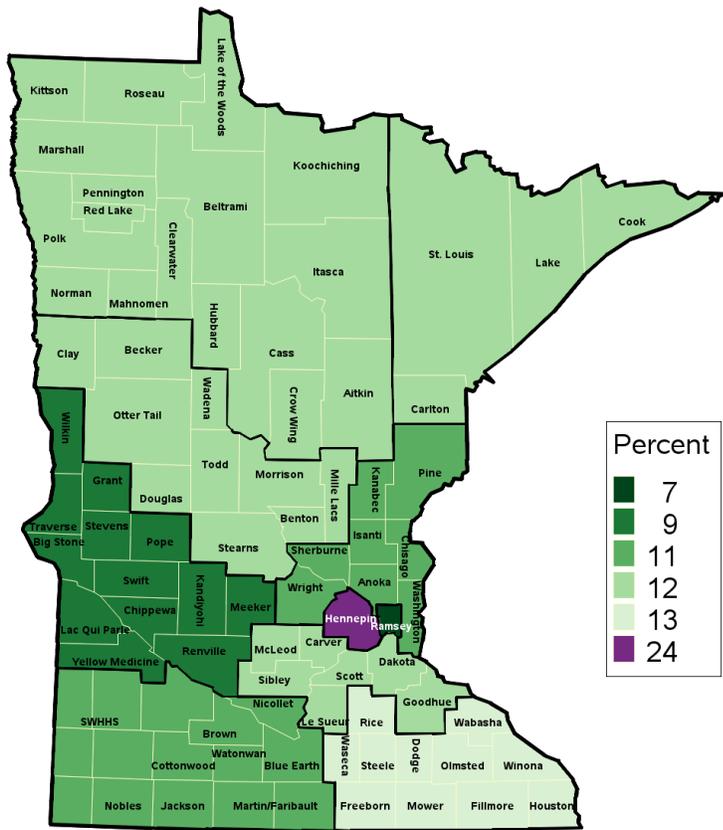


Figure 3: Rate of Deviations by Judicial District

In addition to analyzing the reasons for deviation, deviations were analyzed by judicial district. Most districts showed a fairly consistent deviation rate between 7 percent and 13 percent (see Figure 3). The Fourth District, comprised solely of Hennepin County, was an outlier with 24 percent of all orders showing a deviation marker.

Hennepin County is Minnesota’s largest County and includes the state’s largest city, Minneapolis. Given the concentration of population, it is the largest single caseload, accounting for 23 percent of child support cases in Minnesota. It is unclear why the deviation rate was so much higher than in other judicial districts.

The “direction” and amount of the deviations from child support guidelines were also analyzed to determine if the

guidelines are appropriate. The majority of deviations in Minnesota are downward deviations. That is, the amount of support ordered in a case is less than the guidelines set by the Legislature (See

Figure 4). This generally results in a lower obligation owed to the lower income person, the obligee parent<sup>14</sup>.

<sup>14</sup> The orders that appear on the \$0 Child Support Calculated per Guidelines are cases that are predominantly dissolutions where the parties’ incomes were not provided. They are not cases in which \$0 support was ordered.

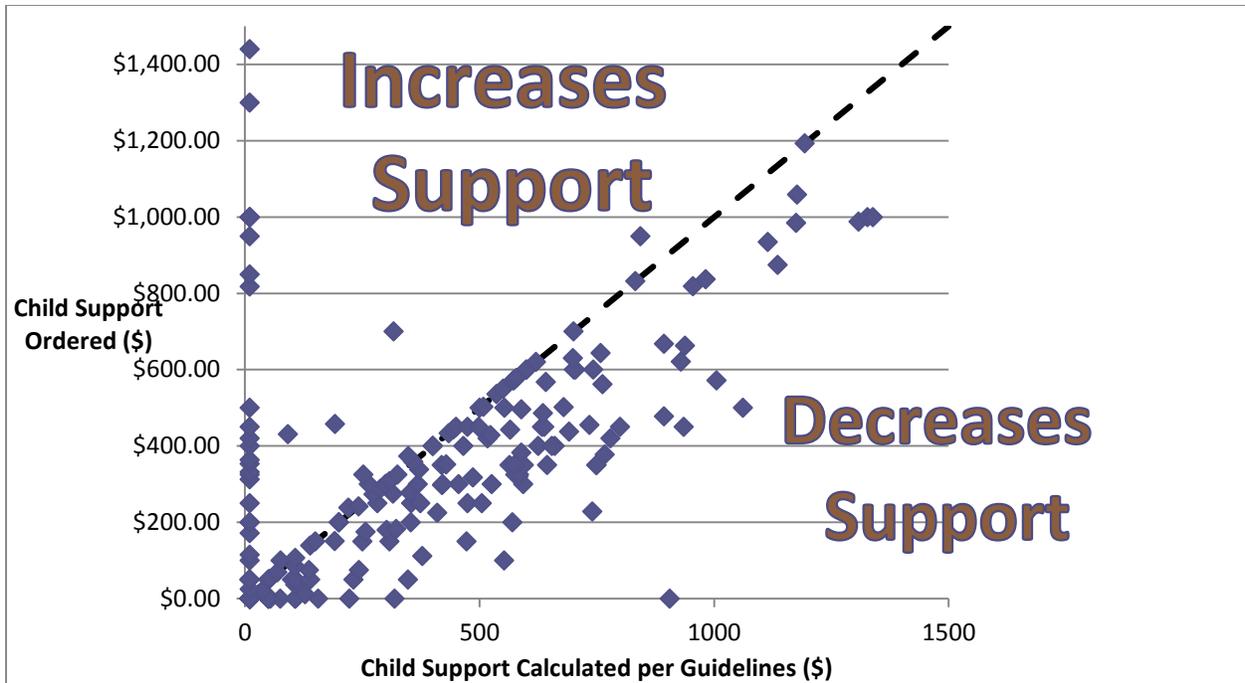


Figure 4: Support ordered vs. guidelines calculation. The scatter graph shows how court orders that deviated from the guidelines compared to the guidelines calculation. The x axis represents what a child support order would have been according to the guidelines, while the y axis shows the actual amount ordered. The dotted line represents where the amount ordered equals the guidelines. Each point to the left of the line represents a case where the deviation increased the support from the guidelines (labeled “Increases Support”), while each point to the right of the line represents a case where the deviation decreased the support from the guidelines (labeled “Decreases Support”). Each point represents one case.

Figure 5 shows the income levels at 100 percent, 120 percent & 150 percent of the Federal Poverty Guidelines (FPG), based on the family size. This data was selected as it shows the income at 120 percent FPG which is used as the self-support reserve when calculating the child support obligation. The 150 percent FPG is used to determine a family’s eligibility for public assistance. The obligee parent’s average income, on cases with a downward deviation, is less than the \$1,966, which represents 150 percent FPG. The low average income could suggest that courts are considering

2014 Federal Poverty Guideline Percentages Annual & Monthly Income Levels						
Family Size**	FPG (100%)		120% FPG		150% of FPG	
	Year	Month	Year	Month	Year	Month
1	\$11,670	\$973	\$14,004	\$1,167	\$17,505	\$1,459
2	\$15,730	\$1,311	\$18,876	\$1,573	\$23,595	\$1,966
3	\$19,790	\$1,649	\$23,748	\$1,979	\$29,685	\$2,474
4	\$23,850	\$1,988	\$28,620	\$2,385	\$35,775	\$2,981
5	\$27,910	\$2,326	\$33,492	\$2,791	\$41,865	\$3,489

Figure 5: 2014 Federal Poverty Guideline Percentages

the eligibility of these families for public assistance. Unfortunately, not enough data is available to draw a significant conclusion.

Figure 6 lists the average income of obligor and obligee parents related to the number of children addressed in the order, where there was a deviation. Most of the deviations in Minnesota were on cases where the average income of the custodial parent (\$1,490) is relatively low. The average obligee income is below the 150 percent FPG (\$1,966) for a family of two. At this level the obligee and child would likely qualify to receive benefits from Medical Assistance, Child Care Assistance, Supplemental Nutrition Assistance Program and Minnesota Family Investment Program. If compared to the average income of

# of Children	NCP Average Income	CP Average Income
1	\$2,485	\$1,490
2	\$3,187	\$1,993
3	\$2,190	\$1,531
4 +	\$2,785	\$1,157

Figure 6: Average income for cases with deviations

the obligor parent (\$2,485) on cases with the most deviations, the income is much higher than 150 percent FPG for a family of one (\$1,459).

### Comparison to neighboring states

The statewide percentage of Minnesota deviations (13.2 percent) is in between the rates of the neighboring states of Iowa and Wisconsin. Iowa has a very low deviation rate of only 2 percent<sup>15</sup>. Iowa changed to the Income Shares model effective July 1, 2009. In contrast, Wisconsin has a much higher percentage of deviations at 39.1 percent<sup>16</sup>. Wisconsin uses the percentage of obligor’s income to determine support obligations.

Like Minnesota, Iowa also uses an income shares model to calculate each parent’s child support obligation. An income shares model uses the combined adjusted monthly income of both parents and shows the child support obligation as a dollar figure to be split between the parents according to their percentage of total income. The model assumes the child should receive the same proportion of combined parental income that would have been spent on the child if the household was intact.

Iowa’s deviation rate might be lower than Minnesota due to the different way Iowa credits the obligor for parenting time. Iowa uses the term “extraordinary visitation credit” when referring to the parenting time adjustment. Iowa uses the following to determine the appropriate parenting time credit to the obligor parent’s obligation.<sup>17</sup>

If the obligor parent’s court-ordered visitation exceeds 127 days per year, the obligor parent shall receive a credit to the obligor parent’s share of the basic support obligation in accordance with the following table:

<sup>15</sup> Iowa Child Support Guidelines Review Committee, Final Report, December 2012.

<sup>16</sup> Cook & Brown, The Use of Child Support Guidelines in Wisconsin: 1996 to 2007.

<sup>17</sup> State of Iowa Child Support Home page at

<https://secureapp.dhs.state.ia.us/CustomWeb/Resources/SupportGuidelines/Court%20Rules.pdf>

- Zero percent child support credit: 0 to 127 overnights by the non-residential parent per year
- Fifteen percent child support credit: 128 to 147 overnights per year
- Twenty percent child support credit: 148 to 166 overnights per year
- Twenty-five percent child support credit: 167 to approximately 182 overnights per year
- If parenting time is split 50/50, the child support amount is based on each parent's income. The net difference is calculated and the parent with the greater income pays support to the parent with the lesser income.

Iowa has a provision in law that the parenting time adjustment cannot reduce support below \$30.00 for one child or below \$50.00 for two or more children.

Minnesota uses the following calculation to determine the parenting time adjustment.

- No parenting expense adjustment is given if parenting time is less than 10 percent, zero to 36 overnights.
- A 12 percent adjustment is given if parenting time is between 10 and 45 percent, 37 to 164 overnights.
- In cases with equal parenting time, if the parents' income is equal, and the parents share equally in the expenses for the child(ren), then no basic support is ordered.
  - If the parents' incomes are not equal, the parent having the greater income is obligated for basic support. Multiply the combined basic support obligation by .75. This amount is then multiplied by each parent's proportionate percentage of the total income. The lesser amount is then subtracted from the greater amount. The result is the basic support obligation for the parent with the greater income.

In addition, Iowa's income calculations and guidelines schedule are more comprehensive than what Minnesota uses.

Iowa uses gross income and then uses the following deductions to arrive at the net income used to determine support:

- Federal income tax
- State income tax
- Social Security and Medicare tax deductions
- Occupational license fees
- Union dues
- Extraordinary visitation credit (parenting time)
- Child support, medical support and spousal maintenance orders for another family
- Deduction for non-joint children (tiered deduction from 8 percent for one child up to 16 percent for five or more children)

Minnesota uses the participants' gross income and allows for the following deductions:

- Non-joint child up to a maximum of two children
- Parenting time adjustment

- Child support, medical support & spousal maintenance orders for another family
- Deduction for Social Security or Veteran's Benefits received by the joint child, based on parents' eligibility.

The Iowa guideline schedule is divided into three sections based on adjusted net income of the parties. Section one covers monthly net incomes below \$1,151. In this section only the obligor parent's income is used to determine the child support obligation. The second section is for incomes between:

- \$1,151 and \$1,800 for one child
- \$1,151 and \$2,150 for two children
- \$1,151 and \$2,350 for three children
- \$1,151 and \$2,400 for four children
- \$1,151 and \$2,650 for five or more children.

In this section there are two calculations required to determine the obligation. One calculation uses the obligor parent's net income. The second uses the parents' combined net income. The obligation is the lower of these two calculations. Section three uses the parents' combined net income to determine the obligation.

The Minnesota guidelines apply a single formula to determine the obligation. The parents' gross income is combined to determine the basic support obligation. Each parent's contribution is based on their percentage of the combined amount. Although this seems to be a much more straightforward approach, it could be a factor leading to more deviations in Minnesota.

## Stakeholder Input

To support and direct the economic analysis and case review, the Child Support Division designed two Web-based surveys. The surveys aimed to gather opinions about the fairness of the guidelines, what issues are driving deviations, and the areas of general concern with the guidelines.

Among the topics assessed were:

- Whether the guidelines can be understood by parents;
- Whether deviations are justified;
- Stakeholders feeling towards the fairness of the guidelines; and
- Whether parenting time adjustments are fair.

## Methodology

The study population was broken into two groups:

**Group I** comprised all county child support workers and supervisors, attorneys, magistrates and Judges.

**Group II** included participants in Minnesota’s child support program, including both obligee (custodial) and obligor (non-custodial) parents.

Group I completed a survey of 14 close-ended, scaled questions; six open-ended questions; and one demographic question (occupation). Group I completed their survey between August and September 2014. CSD staff sent county supervisors and staff a message with a link to the survey on DHS-SIR. DHS-SIR is a website providing system availability information, announcements, and targeted links to Minnesota counties. Counties were asked to forward the survey link to their county attorneys. In addition, the survey link was sent to the Minnesota State Bar Association, Minnesota Association of County Social Service Administrators, and the Minnesota County Attorney Association.

Group II completed a survey of 9 close-ended, scaled questions; one open-ended question; and one demographic question (role). Group II completed their survey during the month of September 2014. When participants<sup>18</sup> logged on to the Minnesota Child Support Online (MCSO) website they were greeted with a message asking them to take the survey.

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<sup>18</sup> As of Oct. 20, 2014, the Minnesota Child Support Online website had 45,556 participants.

## Findings

### Results for Group I

Group I had a total of 222 responses to the survey.

Group I was asked the following questions:

- Are the guidelines understood by parents?
- Do guidelines encourage non-custodial parents to have relationships with their children?
- Are deviations justified and easily identified in court orders?
- Are parenting time adjustments fair to custodial parents and non-custodial parents?

To answer these questions respondents selected from four responses:

- Strongly agree
- Somewhat agree
- Somewhat disagree
- Strongly disagree

Responses were condensed into two broader categories to highlight respondents' collective opinions (Agree & Disagree) as shown below in Figure 7.

Survey Questions 1-7	Percent Strongly Agree & Agree	Percent Strongly Disagree & Disagree
1. Child Support guidelines, as written, can be understood by most parents. (n=218)	66%	34%
2. Child Support guidelines, as written, encourage non-custodial parents (NCP) [obligor] to develop and maintain relationships with their children. (n=217)	57%	43%
3. Deviations are justified in court orders. (n=217)	83%	17%
4. Deviations are easily identified in court orders. (n=219)	71%	29%
5. Child Support guidelines are applied consistently. (n=217)	75%	25%
6. Parenting time adjustments are fair to non-custodial parents (217). (n=217)	65%	35%
7. Parenting time adjustments are fair to custodial parents (CP). (n=216)	67%	33%

Figure 7: Survey Questions 1-7, Group I

In the next set of questions Group I respondents rated the fairness of the Minnesota Child Support guidelines to obligor (non-custodial) parents, obligee (custodial) parents, children, and tax payers. To answer these questions respondents selected from four responses:

- Completely fair
- Mostly fair
- Mostly unfair
- Completely unfair

Responses were again condensed into two broader categories to highlight respondent’s collective opinions (Fair & Unfair) as shown below (Figure 8).

The results show Group I respondents generally believe the guidelines are more fair than not.

<b>Survey Questions 8-11</b>	<b>Percent Completely Fair &amp; Mostly Fair</b>	<b>Percent Mostly Unfair &amp; Completely Unfair</b>
8. Rate the fairness of Minnesota Child Support guidelines to non-custodial parents (NCP). (n=204)	70%	30%
9. Rate the fairness of Minnesota Child Support guidelines to custodial parents (CP). (n=204)	83%	17%
10. Rate the fairness of Minnesota Child Support guidelines to children. (n=203)	78%	22%
11. Rate the fairness of Minnesota Child Support guidelines to the Minnesota tax payers. (n=199)	79%	21%

Figure 8: Survey Questions 8-11, Group I

In question 12, Group I was asked to describe the reasons for the rankings given in questions 8-11. Of 109 respondents in Group I that provided comments, 45 rated the guidelines as fair in all four questions (8-11) and provided comments. Many provided more than one comment.

While the ratings in questions 8-11 showed a general sense that the guidelines are fair, a surprising 80 percent of the comments said the guidelines were not fair. The seemingly counterintuitive responses could be explained by people who believe the guidelines to be mostly fair commenting only on the limited areas that seem unfair.

The single largest factor mentioned in the comments was the parenting time adjustment. Thirty-three percent mentioned the parenting time adjustments are not fair to obligor parents. A sample of the responses said the following:

*The new guidelines seem much more fair than the old system. Sometimes it seems the amount owed under a 10%-45% parenting time schedule is too high given the parties' incomes.*

*I think there needs to be at least one more level in the 10-45% range because all too often people are fighting to get to 50/50 when really a 60/40 split would work best. But it's not fair to the non-custodial parent that they get hit upside the head with a huge jump in child support over the difference of a couple overnights a month. It causes a lot of distrust between parents locked in difficult custody negotiations because everyone is looking at the numbers and there isn't enough trust to agree to a downward deviation since the non-custodial party figures they will be dragged back into court for a modification asap. Obviously there is no perfect system, but it would be better to have a 5 tier system at 10/20/30/40/50% so that custody can be decided based on what's best for the child and not trying to get to a specific percentage and also so that non-custodial parents who have 30% or 40% of the time get a break since they have a lot more costs than the parent with 11% of the time.*

*I do think we should have a fourth category of 35 to 45%. A lot more obligors fall in that category these days. If they got a further break, maybe we wouldn't have so many pushing for the 45 to 50% category when it isn't in the best interests of the children, especially the babies to gradeschoolers. Dads are demanding time and it is based on not wanting to pay guidelines.*

*The lack of more levels in the parenting time expense adjustment is completely unfair. A NCP pays the same amount of child support regardless of whether he/she has the children 11% of the overnights or 44% of the overnights. There needs to be an additional step or three in there as the cost of having children 44% of the time is much higher than 11% of the time yet they both get a 12% reduction. It makes no sense*

*I strongly feel there is too big of a gap between 10 and 45 percent which results in substantial unfairness to parents. There is such a great difference in the cost of having children at 11 percent compared to 44 percent of the time. There needs to be an additional parenting expense section dividing 10-45 in half.*

*The difference between 10-45% in parenting time is huge, yet the offset received is the same. 45% is very close to 50/50 ... there needs to be an offset (or 2) between 10 and 45%.*

In addition to issues with parenting time 27 percent of respondents said the guidelines did not work for low-income non-custodial parents. Here is a sample of what they said:

*The guidelines are generally fair, with the exception of non-custodial parents who earn between \$9 per hour and \$12 per hour. In these cases the support obligations seem too high.*

*It really depends on the financial circumstances of the parties. The guidelines may be fair to NCPs with higher incomes, but it is less fair for CPs with a lower income NCP and less fair for an NCP who makes a mid-range income. The guidelines also aren't fair for NCPs who has a CP that is on assistance. I also do not think that NCPs should get credit for the arrears payment. It's a debt like a credit card and the statute does not allow a deduction for debts so why should the NCP get credit for a payment on child support arrears.*

*Sometimes, the calculations for NCP's in the \$8-10 range are often too high, otherwise, the calculations usually seem appropriate. Often times, NCP's in the \$8-11 range have a difficult time meeting the obligation. The guidelines don't often take into account normal/reasonable day to day expenses of an NCP. Often times, I see magistrates deviating from the guidelines on these folks after taking into consideration reasonable/normal living expenses, etc.*

*The guidelines are the most harsh on Obligor's who earn between \$8 and \$16 per hour, which is the population of Obligor's that change jobs the most, quit jobs because too much is taken out of their income, only get part-time hours, have temporary jobs that only last a few weeks or months, etc. When an Obligor*

*has children in their home, the guidelines do not give a deduction with the Self Support Reserve for these children, which is unfair.*

Only two people rated guidelines as unfair and left a comment. Both comments named parenting time as their reason for the guidelines being unfair.

For question 13, Group I was asked to check the reasons for deviations or requested deviations on child support orders as shown in Figure 9.

Sixty percent said they deviate so the obligor parent has sufficient money to live on. This percentage is accurate based on the number of comments from respondents indicating that the guidelines are not fair to low-income obligors.

In question 14, respondents were asked if they have worked with Minnesota’s previous child support guidelines (current guidelines have been in place since 2007). Of the 222 who responded to this question 74 percent (165) checked yes, 19 percent (42) checked no, and 7 percent (15) left the question blank.

<b>Survey Question 13</b>	<b>Percentage that apply</b>
13. What are the main reasons you deviate or request deviations on child support orders?	
<ul style="list-style-type: none"> <li>• Child(ren)’s need for additional support (standard of living)</li> </ul>	22%
<ul style="list-style-type: none"> <li>• Child(ren)’s medical needs</li> </ul>	23%
<ul style="list-style-type: none"> <li>• NCP to have sufficient money to live on</li> </ul>	60%
<ul style="list-style-type: none"> <li>• NCP medical needs</li> </ul>	14%
<ul style="list-style-type: none"> <li>• Parties request deviation</li> </ul>	56%
<ul style="list-style-type: none"> <li>• County requests deviation</li> </ul>	15%
<ul style="list-style-type: none"> <li>• Other:</li> </ul>	1%

**Figure 9: Survey Question 13, Group I**

Group I was asked in question 15 to answer a range of questions:

- What would they adjust Minnesota Child Support Guidelines?
- What do they like/dislike about them?
- What is the biggest obstacle preventing NCPs from complying with child support orders?

- What other comments would they like to give about the guidelines?<sup>19</sup>

Respondents' comments supported the results found in the rest of the survey.

When asked to respond to the question, "How would you adjust child support?" respondents frequently commented that parenting time needs to be adjusted. 42 percent of Group I shared their suggestions and many stated that Minnesota should have more tiers in the parenting time adjustment. Here is a sample of the comments:

*Add a parenting time expense adjustment for 30-45% of the time; create a provision for those NCP who have the child all day but cannot have the child overnight because of 2nd or 3rd shift work; create a guideline so that CS and arrears cannot be more than 50% of the Obligor's Gross income (I had a client living off of \$200/month because child support took the rest).*

*Perhaps having 3 categories; 10% and less; 10.1% to 30%; 30.1% to 45%; 45.1% to 50%*

*The number 45.1 is a magic number in family law that is really causing more trials than it used to when we just would fight for sole/joint physical custody. Dump the overnight requirements first and foremost and then create several more tiers for example 0-10/10.1-25/25.1-35/35.1-45 etc. because as it stands it's really all or nothing with 45.1*

Respondents again focused on the parenting time adjustment when asked, "What do you dislike about Minnesota's child support guidelines?" Parenting time was the biggest issue for 41 percent of the people who left a comment. A sample of comments included:

*There needs to be additional PTE steps at around 20 or 25% of the overnights and 30 or 35% of the overnights*

*That courts treat 6/14 nights so differently than 7/14 nights.*

*That a NCP who has 11% of parenting time pays the same as one who has 45% of parenting time.*

Another frequently mentioned issue was a perceived lack of fairness toward low-wage earners. In response to the question on how respondents would adjust Minnesota child support guidelines, 22 percent said low-wage earners' orders need to be calculated differently. The same was found when respondents were asked what they dislike about Minnesota's child support guidelines. Respondents said the guidelines do not take into consideration life changes, non-joint children, cost of living, and low income obligor parents and obligee parents receiving cash assistance. Some comments included:

*The guidelines are very unfair to NCPs who earn \$10 to \$15 per hour and need adjustment.*

*Obligors earning \$10 to \$15 per hour seem to pay a disproportionate amount of support compared to their income. The result is to frequently deviate downward after subtracting S-1 taxes and the self-support reserve. The guidelines should be adjusted so a deviation is not necessary.*

*Change the grid to result in lower support amounts for parents earning \$8/hr full time and \$14/hr fulltime. The amounts are too high.*

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<sup>19</sup> See Appendix B for responses

*It's very hard to get deviations and even though it's set up based on income, it often ends up that low-income NCP's can't meet the standard of living with the standard calculation. There should be a minimum income before calculations with the guidelines even start.*

*The support is too high for those custodial parents who earn between \$8 per hour and \$12 per hour. upd*

While respondents do not like the parenting time adjustments or the obligations that are set for low wage earners, there are some things respondents do like about the Minnesota child support guidelines. Uniformity and the online calculator were popular responses in comments. Even though respondents believe that parenting time adjustments need more tiers, they do like that adjustments exist and that the guidelines consider both parties' incomes.

As indicated by the comments, respondents isolated low wages as the single largest obstacle preventing obligor parents from complying with child support orders. Other obstacles mentioned include high orders, obligor self-employment and unemployed obligor parents. Some comments received:

*Unrealistic orders in relation to their actual incomes (unless the court deviates downward).*

*Orders that are too high, I feel these orders are often found when the CP has a higher than average income.*

*A lack of jobs. Felonies. Outrageous Orders.*

*The poor job market and currency economic policy.*

*Availability of livable wage jobs especially for the lower socio-economic obligors with not strong educational background and criminal history*

## Results for Group II

Group II had a total of 2747 responses.

The first set of questions asked Group II if they understood how child support is determined:

- Do the guidelines encourage non-custodial parents to develop and maintain relationships with their children?
- Are guidelines applied consistently and are parenting time adjustments fair to custodial parents and non-custodial parents?

To answer these questions respondents selected from four responses:

- Strongly agree
- Somewhat agree
- Somewhat disagree
- Strongly disagree

The responses are condensed into two broader categories to highlight respondent's collective opinions as shown below in Figure 11.

The responses indicate that Group II respondents are split nearly evenly on whether or not guidelines encourage NCPs to develop and maintain relationships and on whether or not the guidelines are applied consistently.

For the next set of questions, respondents rated the fairness of the Minnesota child support guidelines to non-custodial parents, custodial parents, children and tax payers. To answer these questions respondents selected from one of four responses:

- Completely fair
- Mostly fair
- Mostly unfair
- Completely unfair

The responses are condensed into two broader categories to highlight respondent's collective opinions as shown in Figure 10.

## Participant Survey

Survey Questions 1-5	Percent Strongly Agree & Somewhat Agree	Percent Somewhat Disagree & Strongly Disagree
1. I understand how Child Support is determined. (n=2741)	77%	23%
2. Child Support guidelines, as written, encourage non-custodial parents (NCP) to develop and maintain relationships with children? (n=2728)	52%	48%
3. Child Support guidelines are applied consistently. (n=2706)	44%	56%
4. Parenting time adjustments are fair to non-custodial parents (NCP). (n=2693)	70%	30%
5. Parenting time adjustments are fair to custodial parents (CP). (n=2698)	66%	34%
Survey Questions 6-9	Completely fair and Mostly Fair	Mostly Unfair and Completely Unfair
6. Rate the fairness of Minnesota Child Support guidelines to non-custodial parents (NCP). (n=2592)	79%	21%
7. Rate the fairness of Minnesota Child Support guidelines to custodial parents (CP). (n=2613)	67%	33%
8. Rate the fairness of Minnesota Child Support guidelines to children. (n=2596)	63%	37%
9. Rate the fairness of Minnesota Child Support guidelines to Minnesota tax payers. (n=2549)	73%	27%

Figure 10: Survey Questions 1-9, Group II

Participants were asked in question 10 to describe the reasons why they ranked the fairness of Minnesota’s child support guidelines as they did in questions 6-9.

Group II had 232 obligee (custodial) parents rate the fairness of Minnesota child support guidelines for non-custodial parents, custodial parents, children and tax payers as completely fair and mostly fair and also left a comment. Most comments had little to do with why they rated the guidelines as fair. Most comments gave suggestions on how to enforce child support cases better or gave examples regarding problems with the child support system. Of the obligee parents who rated the fairness of the guidelines as completely fair, 35 participants left a response. Of those comments, 43 percent had something to say about how they were not happy with the enforcement process, and a handful of obligees were happy with the child support program. One non-custodial parent answered everything as completely fair and also commented Minnesota needs to be harsher with enforcement remedies.

80 obligee parents said the guidelines were either mostly unfair or completely unfair and left a comment. Once again, most comments had nothing to say about the fairness ranking. Most comments were about the enforcement process. A few obligee parents commented that Minnesota should take into consideration both parties' incomes, indicating they do not understand the new guidelines. Other obligees specifically named the counties they were angry at for not doing a better job. Eleven non-custodial parents marked the guidelines as mostly unfair and completely unfair and left a remark. Two comments stated that the parenting time adjustment is not fair. The rest of the remarks did not describe the fairness rating given to the guidelines, but did point out what they thought was wrong with the system in general.

Question 11 asked Group II, "What best describes your role with child support?" 149 indicated that they were the obligor (non-custodial) parent and 2424 indicated that they were the obligee (custodial) parent. 56 checked "other" and 118 were left blank.

## Conclusions

There are some useful findings from the surveys. In Group I, 66 percent indicated that they think child support guidelines, as written, can be understood by most parents. The parents, represented by Group II, agreed that they understood the guidelines at 77 percent. Comments from the parents suggesting that the guidelines should take into consideration both parties' incomes (which the guidelines already do), suggest that some parents do not actually understand but believe that they do.

Group I did show a high level (98 percent) approval of the new guidelines because of the uniformity, having parenting time adjustments, taking into account both parties incomes and the online calculator.

Both groups showed split agreement with the statement that current guidelines encourage obligors (non-custodial parents) to develop and maintain relationships with his/her children. Neither group, however, showed a high level of agreement. Group I agreed at 57 percent and Group II at 52 percent.

Parenting time adjustments were consistently mentioned as a problem in both Group I and Group II. In addition, for question 12 respondents were asked to describe the reasons for their ranking of the fairness of Minnesota child support guidelines. Thirty-three percent mentioned the parenting time adjustment unfairness in some way.

The same pattern emerged in responses to how to improve Minnesota's guidelines. Forty-two percent responded that adding more tiers to the parenting time adjustment would improve the guidelines. Additionally, 41 percent said parenting time is the largest reason for not liking the current guidelines.

## Literature Review Summary

The quadrennial review gives Minnesota the opportunity to re-examine the goals underlying Minnesota’s child support guidelines. It also gives Minnesota the chance to review current legal and academic thinking concerning the purpose and effectiveness of child support guidelines and child support overall. This literature review cannot and will not, however, offer recommendations based on the advice of the scholars cited in the review.

Overall, the literature provides more questions than answers. It is meant as a snapshot of the issues present in the academic literature that could be reviewed further by a more in-depth exploration of child support in Minnesota.

A longer literature is found in Appendix D.

## Main Themes

The research reviewed generally showed the child support system has been broadly effective in efficiently getting money to families and keeping low-income families out of poverty. The Urban Institute estimates that child support programs have reduced child poverty by about 5 percent, reduced the poverty gap (a measure of how far families live below the poverty line) by 8 percent, and slightly reduced income inequality. More recent research finds that without the child support program child poverty would increase nationally by 4.4 percent. When the obligor pays child support, the anti-poverty effect is substantial: for low-income families, child support payments represent 40 percent of household income<sup>20</sup>.

There are some specific areas, however, in which the child support system could be improved. The literature review revealed two main areas of academic inquiry into the improvement of child support policies — questions about the economic underpinnings of child support guidelines and improving the effectiveness of child support for low-income families.

## Economic Underpinnings

As discussed above in the Economic Analysis section, there are competing ways to calculate the cost of raising a child. The research looks at what type of questions policymakers should be asking about the use of marginal costs, economic opportunity costs, companionship costs and self-support reserves. All of these areas raise questions about the fairness and equity of child support guidelines and point to areas ripe for review in future studies.

## Low-income Families

Families are changing, and scholars argue that the paradigm of two economically contributing parents who divorce is not based on reality. The child support guidelines system largely assumes a divorcing family with a non-custodial parent bread-winner, which is no longer a reliable assumption.

While scholars generally recommend better-funding and expanding the safety net is usually the best approach for low-income family stability, there are a few suggestions that involve the child support program. Additionally, the literature looks specifically at the role of low-income obligors and the

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<sup>20</sup> For references, see Appendix D.

problems that arise from using self-support reserves for all parties.

## Conclusions and Recommendations

Overall, the guidelines review showed that Minnesota’s guidelines are working for many, but possibly not all, of Minnesota’s families. The low statewide deviation rate and survey results suggest that a majority of Minnesotans are being served well by the current guidelines. Survey results show that, in general, people are pleased with the uniformity and two-parent income model of the current guidelines.

There are, however, two areas that should be further explored — the deviation rate in the Fourth Judicial District and the accuracy of the underlying economic data.

Further investigation may be necessary to see why the guidelines are not being used in nearly a quarter of the cases in the Fourth Judicial District. A number of reasons could explain the higher deviation rate. Without additional information, any conclusion would be premature.

### Recommendations:

- **A consistent process to regularly update the guidelines on updated economic data should be developed.** The economic data underlying the guidelines is more than a decade old, likely underestimates the cost of raising a child, and there is no process to regularly update the guidelines based on new economic data. The economy has shifted in the past decade, as has the cost of raising a child in Minnesota. As explained more fully in the Economic Analysis section, the rise in cost likely means that the current Minnesota child support guidelines are underestimating the cost of raising a child. Since the guidelines are found in Minnesota statutes, it would take an act of the Legislature to change the current guidelines.
- **County workers should be trained on how to uniformly identify deviation reasons to improve data reliability for future reports.** One of the findings from the analysis of deviation data is that there is still inconsistency in how child support workers are entering data into the state’s computer system, PRISM. The Minnesota Child Support Division should pursue more statewide training to improve the consistency of the deviation reason field. More consistent data will allow further investigation into the patterns of deviation in the state.
- **Deviation reasons should be monitored more closely for further analysis.** The deviation reason indicator might be useful for monitoring the use of guidelines in the future, once there is more consistent use of the indicator. Further analysis should be done to look at the trends and patterns of deviation reasons based on court district, judicial officer, initiating county and other factors. The data, however, needs to be improved before the analysis would be meaningful.
- **Further study needed for parenting time adjustments with legislative guidance.** The largest concern shown in the survey results was the current parenting time adjustment process. The survey responses would suggest that this is an area ripe for change, if desired by state policymakers in the Legislature. Given the large changes that an updated parenting time adjustment would have to the overall guidelines calculations, further study is needed to see exactly how different parenting time adjustment models would change the overall calculations.

## Appendix A: Guidelines Approaches by U.S. States and Territories

Income Shares Model	Percentage of Income	Melson Formula
<ul style="list-style-type: none"> <li>• Alabama</li> <li>• Arizona</li> <li>• California</li> <li>• Colorado</li> <li>• Connecticut</li> <li>• Florida</li> <li>• Georgia</li> <li>• Idaho</li> <li>• Indiana</li> <li>• Iowa</li> <li>• Kansas</li> <li>• Kentucky</li> <li>• Louisiana</li> <li>• Maine</li> <li>• Maryland</li> <li>• Massachusetts</li> <li>• Michigan</li> <li>• Minnesota*</li> <li>• Missouri</li> <li>• Nebraska</li> <li>• New Hampshire</li> <li>• New Jersey</li> <li>• New Mexico</li> <li>• North Carolina</li> <li>• Ohio</li> <li>• Oklahoma</li> <li>• Oregon</li> <li>• Pennsylvania</li> <li>• Rhode Island</li> <li>• South Carolina</li> <li>• South Dakota</li> <li>• Tennessee</li> <li>• Utah</li> <li>• Vermont</li> <li>• Virginia</li> <li>• Washington</li> <li>• West Virginia</li> <li>• Wyoming</li> <li>• Guam</li> <li>• Puerto Rico</li> </ul>	<ul style="list-style-type: none"> <li>• Alaska</li> <li>• Arkansas</li> <li>• District of Columbia</li> <li>• Illinois</li> <li>• Mississippi</li> <li>• Nevada</li> <li>• New York</li> <li>• North Dakota</li> <li>• Texas</li> <li>• Wisconsin</li> <li>• Virgin Islands</li> </ul>	<ul style="list-style-type: none"> <li>• Delaware</li> <li>• Hawaii</li> <li>• Montana</li> </ul>

\* Minnesota guidelines have used the Income Shares model since 2007

## Appendix B: Group I Survey Results

Group 1 includes child support workers, supervisors, attorneys, magistrates and judges.

### CHOICE QUESTIONS

	Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree	Blank	Totals
<b>Q1 How much do you agree with each statement?</b>						
a. Child Support guidelines, as written, can be understood by most parents.	18	125	56	19	4	222
b. Child Support guidelines, as written, encourage non-custodial parents (NCP) to develop and maintain relationships with their children.	15	108	77	17	5	222
c. Deviations are justified in court orders.	68	112	29	8	5	222
d. Deviations are easily identified in court orders.	44	111	51	13	3	222
e. Child Support guidelines are applied consistently.	46	117	43	11	5	222
f. Parenting time adjustments are fair to non-custodial parents (NCP).	32	108	43	34	5	222
g. Parenting time adjustments are fair to custodial parents (CP).	33	111	54	18	6	222
	256	792	353	120	33	1554
<b>Q2 Rate the fairness of Minnesota Child Support guidelines to:</b>						
a. Non-custodial parents (NCP)	9	133	59	3	18	222
b. Custodial parents (CP)	18	151	33	2	18	222
c. Children	12	147	39	5	19	222
d. Minnesota tax payers	23	134	33	9	23	222
	62	565	164	19	78	888

**Q4 What are the main reasons you deviate or request deviations on child support orders? (Select all that apply)**

	<b>Selected</b>	<b>Blanks</b>	<b>Total</b>
1 Child(ren)'s need for additional support (standard of living)	49	173	222
2 Child(ren)'s medical needs	50	172	222
3 NCP to have sufficient money to live on	133	89	222
4 NCP medical needs	32	190	222
5 Parties request deviation	125	97	222
6 County requests deviation	33	189	222
7 Other	20	202	222
	442	1112	1554

**Q5 Have you worked with Minnesota's previous Child Support guidelines (current guidelines have been in place since January 2007)?**

Yes	165
No	42
Blanks	15
	222

## Appendix B: Group 2 Survey Results

Group 2 includes participants in Minnesota’s child support program, including both custodial and non-custodial parents.

### CHOICE QUESTIONS

		<b>Strongly Agree</b>	<b>Somewhat Agree</b>	<b>Somewhat Disagree</b>	<b>Strongly Disagree</b>	<b>Blank</b>	<b>Totals</b>
<b>Q1</b>	<b>How much do you agree with each statement?</b>						
a.	I understand how Child Support is determined.	793	1330	393	225	6	2747
b.	Child Support guidelines, as written, encourage non-custodial parents (NCP) to develop and maintain relationships with their children.	492	916	633	687	19	2747
c.	Child Support guidelines are applied consistently.	368	827	784	727	41	2747
d.	Parenting time adjustments are fair to non-custodial parents (NCP).	710	1180	429	374	54	2747
e.	Parenting time adjustments are fair to custodial parents (CP).	727	1054	493	424	49	2747
		<b>3090</b>	<b>5307</b>	<b>2732</b>	<b>2437</b>	<b>169</b>	<b>13735</b>
		<b>Completely Fair</b>	<b>Mostly Fair</b>	<b>Mostly Unfair</b>	<b>Completely Unfair</b>	<b>Blank</b>	<b>Totals</b>
<b>Q2</b>	<b>Rate the fairness of Minnesota Child Support guidelines to:</b>						
a.	Non-custodial parents (NCP)	870	1185	275	262	155	2747
b.	Custodial parents (CP)	663	1083	544	323	134	2747
c.	Children	596	1030	546	424	151	2747
d.	Minnesota tax payers	692	1167	367	323	198	2747
		<b>2821</b>	<b>4465</b>	<b>1732</b>	<b>1332</b>	<b>638</b>	<b>10988</b>
<b>Q4</b>	<b>What best describes your role with child support?</b>						
	CP	2424					
	NCP	149					
	Other	56					
	Blanks	118					
		<b>2747</b>					

**Appendix C: Minnesota's Guidelines**

Basic Method of Child Support Computation				
		Custodial Parent (CP)	Noncustodial Parent (NCP)	Combined
		_____	_____	
		(name)	(name)	
A.	Adjusted Net Monthly Income	\$	\$	\$
B.	Proportional Share of Income	%	%	100%
C.	Number of Children for Whom Support is Sought			
D.	<p><b>Low-Income:</b> Basic Support Obligation Using only NCP's Adjusted Net Monthly Income (Only if NCP's income is in shaded Area A or B.)</p> <ul style="list-style-type: none"> <li>If NCP's income is in shaded <b>Area A</b> use only NCP's income to find the Basic Support Amount and enter it on this line. Enter N/A on Lines E and F. Enter the Basic Support Amount on Line G.</li> <li>If NCP's income is in shaded <b>Area B</b>, use only NCP's income to find the Basic Support Amount. Enter it on this line. Go to Line E.</li> <li>If the NCP's income is in nonshaded <b>Area C</b>, enter N/A on this line. Go to line E.</li> </ul>		\$	
E.	<p>Basic Support Obligation When Using <b>Combined</b> Adjusted Net Monthly Income for NCP incomes in <b>Area B</b> or <b>Area C</b>. (Use the Line A combined income amount to find the basic support amount from the Schedule of Basic Support Obligations.)</p>			\$
F.	<p>Each Parent's Share of the Basic Support Obligation When Using <b>Combined</b> Incomes (Each parent's line B x line E.)</p>	\$	\$	
G.	<p>NCP's Basic Support Obligation Before Health Insurance</p> <ul style="list-style-type: none"> <li>If NCP's income is in shaded <b>Area B</b>, enter the lower amount from line D or NCP's line F.</li> <li>If NCP's income is in the nonshaded <b>Area C</b> of the schedule, use the amount from NCP's line F.</li> </ul>		\$	

5651	-	5700	1072	1532	1783	1992	2191
5701	-	5750	1076	1539	1790	2000	2200
5751	-	5800	1081	1545	1797	2008	2209
5801	-	5850	1086	1552	1805	2016	2217
5851	-	5900	1090	1558	1812	2024	2227
5901	-	5950	1096	1565	1820	2033	2237
5951	-	6000	1101	1573	1828	2042	2247
6001	-	6050	1106	1580	1836	2051	2256
6051	-	6100	1112	1587	1845	2060	2266
6101	-	6150	1117	1595	1853	2069	2276
6151	-	6200	1122	1602	1861	2078	2286
6201	-	6250	1128	1609	1869	2088	2296
6251	-	6300	1133	1616	1877	2097	2306
6301	-	6350	1138	1624	1885	2106	2316
6351	-	6400	1144	1631	1893	2115	2326
6401	-	6450	1149	1638	1901	2124	2336
6451	-	6500	1154	1646	1909	2133	2346
6501	-	6550	1160	1653	1917	2142	2356
6551	-	6600	1165	1660	1926	2151	2366
6601	-	6650	1170	1667	1934	2160	2376
6651	-	6700	1175	1675	1942	2170	2387
6701	-	6750	1180	1682	1951	2179	2397
6751	-	6800	1185	1689	1959	2188	2407
6801	-	6850	1190	1696	1968	2198	2418
6851	-	6900	1196	1704	1976	2207	2428
6901	-	6950	1201	1711	1985	2217	2438
6951	-	7000	1206	1718	1993	2226	2449
7001	-	7050	1211	1725	2002	2236	2459
7051	-	7100	1216	1733	2010	2245	2470
7101	-	7150	1221	1740	2018	2255	2480
7151	-	7200	1226	1747	2027	2264	2490
7201	-	7250	1231	1754	2035	2273	2501
7251	-	7300	1236	1762	2044	2283	2511
7301	-	7350	1241	1769	2052	2292	2522
7351	-	7400	1246	1776	2060	2301	2531
7401	-	7450	1251	1783	2068	2310	2541
7451	-	7500	1256	1790	2076	2318	2550
7501	-	7550	1262	1797	2083	2327	2560
7551	-	7600	1267	1804	2091	2336	2569
7601	-	7650	1272	1811	2099	2344	2579
7651	-	7700	1277	1818	2107	2353	2588
7701	-	7750	1282	1824	2114	2362	2598
7751	-	7800	1287	1831	2122	2370	2607
7801	-	7850	1292	1838	2130	2379	2617
7851	-	7900	1297	1845	2138	2388	2627
7901	-	7950	1302	1852	2145	2396	2636
7951	-	8000	1307	1859	2153	2405	2646

**Form 1**  
**Child Support Guidelines Worksheet**

Docket No: \_\_\_\_\_

**I. Net Monthly Income of Petitioner** (Name) \_\_\_\_\_

Select one:  Custodial Parent  Noncustodial Parent  Joint Physical Care

Petitioner claims \_\_\_\_\_ child/children as tax dependents (list number claimed).

**A. Sources and Amounts of Annual Income:**

	\$	
	\$	
	\$	
Total:		\$ _____

**B. Federal Tax Deduction:**

Gross Annual Taxable Income (\$ _____ untaxed)	\$	
less ½ self employment (FICA) tax	<	
less federal adjustments to income	<	
less personal exemptions: self + _____ (list number of dependents claimed)	<	
less standard deduction		
single <input type="checkbox"/> head of household <input type="checkbox"/> married filing separate <input type="checkbox"/>	<	
Net taxable income – federal	\$	
Federal tax liability (from tax table)	<	
Federal Tax Credit for Dependent Children	+	
Final Federal tax liability		< _____ >

**C. State Tax Deduction:**

Gross Annual Taxable Income	\$	
less ½ self employment (FICA) tax	<	
less state adjustments to income	<	
less federal tax liability (adjusted for dependent tax credit)	<	
less standard deduction		
single <input type="checkbox"/> head of household <input type="checkbox"/> married filing separate <input type="checkbox"/>	<	
Net taxable income – state	\$	
State tax liability (from tax table)      \$ _____		
less personal and dependent credits      < _____ >		
plus school district surtax ( _____ %)		
Final state tax liability		< _____ >

**D. Social Security and Medicare Tax / Mandatory Pension Deduction:**

Annual earned income	\$	
Applicable rate (7.65% or 15.3%, as adjusted)	x _____ %	
Annual Social Security and Medicare tax liability or mandatory pension		
(For employees not contributing to Social Security, mandatory pension deduction not to exceed the current Social Security and Medicare rate for employees.)		< _____ >

**E. Other Deductions (Annual):**

1. Mandatory occupational license fees		< _____ >
2. Union dues		< _____ >
3. Actual medical support paid pursuant to court order or administrative order in another order for other children, not the pending matter		< _____ >
4. Prior obligation of child support and spouse support actually paid pursuant to court or administrative order		< _____ >
5. Deduction for _____ additional qualified dependents		< _____ >
6. Child care expenses (present action)	\$	
less federal child care tax credit	<	
less state child care tax credit	<	
Net child care expenses		< _____ >

**Preliminary Net Annual Income**

\$ \_\_\_\_\_

**Preliminary Average Monthly Income of Petitioner**

\$ \_\_\_\_\_

7. Monthly Cash Medical Support ordered in this pending action

< \_\_\_\_\_ >

**Adjusted Net Monthly Income of Petitioner** (Preliminary Average Monthly Income minus Monthly Cash Medical Support ordered in this action.)

\$ \_\_\_\_\_

**II. Net Monthly Income of Respondent** (Name) \_\_\_\_\_

Select one:  Custodial Parent  Noncustodial Parent  Joint Physical Care

Respondent claims \_\_\_\_\_ child/children as tax dependents (list number claimed).

**A. Sources and Amounts of Annual Income:**

_____	\$ _____
_____	\$ _____
_____	\$ _____
	Total: < _____ >

**B. Federal Tax Deduction:**

Gross Annual Taxable Income (_____ untaxed)	\$ _____
less ½ self employment (FICA) tax	< _____ >
less federal adjustments to income	< _____ >
less personal exemptions: self + _____ (list number of dependents claimed)	< _____ >
less standard deduction	< _____ >
single <input type="checkbox"/> head of household <input type="checkbox"/> married filing separate <input type="checkbox"/>	< _____ >
Net taxable income – federal	\$ _____
Federal tax liability (from tax table)	< _____ >
Federal Tax Credit for Dependent Children	+ _____
Final Federal Tax Liability	< _____ >

**C. State Tax Deduction:**

Gross Annual Taxable Income	\$ _____
less ½ self employment (FICA) tax	< _____ >
less state adjustments to income	< _____ >
less federal tax liability (adjusted for dependent tax credit)	< _____ >
less standard deduction	< _____ >
single <input type="checkbox"/> head of household <input type="checkbox"/> married filing separate <input type="checkbox"/>	< _____ >
Net taxable income – state	\$ _____
State tax liability (from tax table) \$ _____	
less personal and dependent credits < _____ >	
plus school district surtax ( _____ %)	
Final state tax liability	< _____ >

**D. Social Security and Medicare Tax / Mandatory Pension Deduction:**

Annual earned income	\$ _____
Applicable rate (7.65% or 15.3%, as adjusted)	x _____ %
Annual Social Security and Medicare tax liability or mandatory pension	
(For employees not contributing to Social Security, mandatory pension deduction not to exceed the current Social Security and Medicare rate for employees.)	< _____ >

**E. Other Deductions (Annual):**

1. Mandatory occupational license fees	< _____ >
2. Union dues	< _____ >
3. Actual medical support paid pursuant to court order or administrative order in another order for other children, not the pending matter	< _____ >
4. Prior obligation of child support and spouse support actually paid pursuant to court or administrative order	< _____ >
5. Deduction for _____ additional qualified dependents	< _____ >
6. Child care expenses (present action)	\$ _____
less federal child care tax credit	< _____ >
less state child care tax credit	< _____ >
Net child care expenses	< _____ >

**Preliminary Net Annual Income**

\$ \_\_\_\_\_

**Preliminary Average Monthly Income of Respondent**

\$ \_\_\_\_\_

7. Monthly Cash Medical Support ordered in this pending action

< \_\_\_\_\_ >

**Adjusted Net Monthly Income of Respondent** (Preliminary Average Monthly Income minus Monthly Cash Medical Support ordered in this action.) \$ \_\_\_\_\_

**III. Calculation of the Guideline Amount of Support** (If applicable.)

	<b>Custodial Parent (CP)</b> [ ] Petitioner [ ] Respondent		<b>Noncustodial Parent (NCP)</b> [ ] Petitioner [ ] Respondent		<b>Combined</b>
A. Adjusted Net Monthly Income	\$ _____	+	\$ _____	=	\$ _____
B. Proportional Share of Income (Also used for Uncovered Medical Expenses.)	_____ %	+	_____ %	=	100%
C. Number of Children for Whom Support is Sought					_____
D. Basic Support Obligation Using Only NCP's Adjusted Net Monthly Income (If low-income adjustment does not apply, enter N/A.)			\$ _____		
E. Basic Support Obligation Using Combined Adjusted Net Monthly Income (If low-income adjustment applies, enter N/A; see rule 9.3(2) and grid in rule 9.14(2).)					\$ _____
F. Each Parent's Share of the Basic Support Obligation Using Combined Incomes (If low- income adjustment applies, enter N/A.)	\$ _____		\$ _____		
G. NCP's Basic Support Obligation Before Health Insurance (NCP's amount from line F or low-income adjustment amount Line D.)			\$ _____		
H. Cost of Child(ren)'s Health Insurance Premium (Difference between family and single cost.)	\$ _____		\$ _____		
I. Health Insurance Add-On or Deduction From NCP's Obligation		+ /-	\$ _____		
J. Guideline Amount of Child Support for NCP (NCP's line G plus or minus NCP's line I.)			\$ _____		

**III. a. Extraordinary Visitation Credit**

(Complete only if noncustodial parent's court-ordered visitation exceeds 127 overnights per year.)

K. NCP's Basic Support Obligation Before Health Insurance (Amount from NCP's line G.)	\$ _____
L. Number of court-ordered visitation overnights with the noncustodial parent	_____
M. Extraordinary Visitation Credit Percentage	_____ %
N. Extraordinary Visitation Credit (Line K multiplied by Line M.)	\$ _____
O. Guideline Amount of Child Support After Credit for Extraordinary Visitation (Line J minus line N; not less than \$30 for one child or \$50 for two or more children.)	\$ _____

**IV. Calculation of the Joint (Equally Shared) Physical Care Guideline Amount of Child Support** (If applicable.)

	<b>Petitioner CP 1</b>		<b>Respondent CP 2</b>		<b>Combined</b>
A. Adjusted Net Monthly Income	\$ _____	+	\$ _____	=	\$ _____

B.	Proportional Share of Income (Also used for Uncovered Medical Expenses.)	_____ %	_____ % =	100%
C.	Number of Children for Whom Support is Sought			_____
D.	Basic Support Obligation Before Health Insurance (Use line A combined amount to find amount from Schedule of Basic Support Obligations. The low-income adjustment in the shaded area of the schedule does not apply to joint [equally shared] physical care support computations.)			\$ _____
E.	Each Parent's Basic Primary Care Amount Before Health Insurance (Line B multiplied by line D for each parent.)	\$ _____	\$ _____	
F.	Each Parent's Share of Joint Physical Care Support (Line E multiplied by 1.5 for each parent to account for extra costs for two residences.)	\$ _____	\$ _____	
G.	Each Parent's Joint Physical Care Support Obligation Before Health Insurance (Line F multiplied by .5 for each parent to account for 50% of time spent with each parent.)	\$ _____	\$ _____	
H.	Cost of Child(ren)'s Health Insurance Premium* (Difference between family and single cost.) *If either parent's net income on line A falls within low-income shaded Area A of the Schedule of Basic Support Obligations, enter N/A. The health insurance adjustment does not apply.	\$ _____	\$ _____	
I.	Health Insurance Add-On to each Parent's Obligation (see 9.14(3).)	\$ _____	\$ _____	
J.	Guideline Amount of Child Support (Each parent's line G plus each parent's line I.)	\$ _____	\$ _____	
K.	Net Amount of Child Support for Joint Physical Care After Offset (Subtract smaller amount on line J from larger amount on line J. Parent with larger amount on line J pays the other parent the difference, as a method of payment. If either parent receives assistance through the Family Investment Program [FIP], the other parent's obligation reverts to the amount on line J.)	\$ _____	\$ _____	

**V. Special Findings**

- A. Income imputed to Petitioner  
Income imputed to Respondent
- B. Estimated income of Petitioner  
Estimated income of Respondent
- C. Deviations made from Child Support Guidelines
- D. Requested amount of child support \$ \_\_\_\_\_ per month

**VI. Changes in Child Support Obligation as Number of Children Entitled to Support Changes**  
 (For cases with multiple children based on present income and applicable guidelines calculation method.)

**VI. a. Basic Obligation** (If applicable.)

Number of Children	NCP's Basic Support Obligation (NCP's Line G)*	Health Insurance Addition or Deduction (NCP's Line I)*	Extraordinary Visitation Credit (If applicable) (Line N)*	Guideline Amount of Child Support (Line J or O)*
_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____	\$ _____

\*(All line references are to Division III, Calculation of the Guideline Amount of Child Support section of the worksheet.)

**VI. b. Joint (Equally Shared) Physical Care Obligation** (If applicable.)

Number of Children	Guideline Amount of Child Support Petitioner (CP 1 Line J)*	Guideline Amount of Child Support Respondent (CP 2 Line J)*	Net Amount of Child Support for Joint Physical Care After Offset (Line K)*
_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____

\*(All line references are to Division IV, Calculation of the Joint (Equally Shared) Physical Care Guideline Amount of Child Support section of the worksheet.)

**State of Iowa**

**ss:**

**County of** \_\_\_\_\_

I certify under the penalty of perjury and pursuant to the laws of the state of Iowa that the preceding is true and correct.

Date: \_\_\_\_\_

\_\_\_\_\_  
 (Signature)

\_\_\_\_\_  
 (Printed name)

The undersigned attorney for (Petitioner/Respondent) hereby certifies that this Child Support Guidelines Worksheet was prepared by me or at my direction in good faith reliance upon information available to me at this time.

Date: \_\_\_\_\_

\_\_\_\_\_  
 (Attorney signature)

Parent A: IV-D Case Number: Number of joint children:  
 Parent B: Court File Number: Begin Date:

<b>Income:</b>	<b>Parent A</b>	<b>Parent B</b>	<b>Combined</b>
1a. Monthly Income Received			
1b. Child(ren)'s Social Security/ Veterans' Benefits Derived from a Parent's Eligibility			
1c. Potential Income			
1d. Spousal Maintenance Orders Obligated to be Paid			
1e. Child Support Order(s) Obligated to be Paid for Nonjoint Child(ren)			
1f. Monthly Gross Income (1a+1b+1c-1d-1e)			
<b>Adjustments:</b>			
2a. Number of Nonjoint Children in the Home (Maximum of 2)			
2b. Deduction for Nonjoint Child(ren) in the Home			
3. Parental Income for Determining Child Support (PICS)			
4. Percentage Share of Combined PICS			
5. Combined Basic Support Obligation			
6. Pro Rata Basic Support Obligation			
<b>Basic Support Obligation:</b>			
7. Basic Support Obligation after Parenting Expense Adjustment			
<b>Child Care Support Obligation:</b>			
8. Child Care Support Obligation for Joint Children			
<b>Medical Support Obligation:</b>			
<b>Appropriate Coverage Available:</b>			
9a. Monthly Cost of Health Care Coverage for Joint Child(ren)			
9b. Pro Rata Share of Health Care Coverage Costs			
9c. Contribution to Health Care Coverage			
9d. Monthly Cost of Dental Coverage for Joint Child(ren)			
9e. Pro Rata Share of Dental Coverage Costs			
9f. Contribution to Dental Coverage			
9g. Medical Support Obligation – Appropriate Coverage Available			
<b>No Appropriate Coverage Available:</b>			
10. Medical Support Obligation for Public Coverage			
<b>Uninsured and/or Unreimbursed Medical Expenses:</b>			
11. Share of Uninsured and/or Unreimbursed Medical Expenses			
12. Net Child Support Obligation			

<b>Benefits Adjustment:</b>			
13. Child(ren)'s Social Security/ Veterans' Benefits Derived from Parent's Eligibility			
<b>Computing a Final Obligation:</b>			
14. Total Child Support Obligation			
15a. Monthly Gross Income			
<b>Ability to Pay Calculation:</b>			
15b. Income Available for Support			
16. Monthly Child Support Obligation – No Adjustment Necessary			
17. Amount of Reduction			
<b>Child Support Obligation Adjustment:</b>			
18. Medical Support Original Obligation Amount of Reduction New Obligation			
19. Child Care Support Original Obligation Amount of Reduction New Obligation			
20. Basic Support Original Obligation Amount of Reduction New Obligation			
21. Monthly Child Support Obligation After Adjustment			
<b>Presumptive Minimum Order (Basic Support Only):</b>			
22a. Presumptive Minimum Order for 1 or 2 Joint Children			
22b. Presumptive Minimum Order for 3 or 4 Joint Children			
22c. Presumptive Minimum Order for 5 or More Joint Children			

**Child Support Guidelines Worksheet  
Parenting Expense Adjustment Supplement**

Parent A:  
Parent B:

IV Case Number:  
Court File Number:

Number of joint children:  
Begin Date:

1. Number of Annual Overnights for Joint Child(ren)	Parent A	Parent B	Combined
Child 1			-----
Child 2			-----
Child 3			-----
Child 4			-----
Child 5			-----
Child 6			-----
Child 7			-----
Child 8			-----
Child 9			-----
Child 10			-----
Child 11			-----
Child 12			-----
Child 13			-----
Child 14			-----
Child 15			-----
Child 16			-----
Child 17			-----
Child 18			-----
Child 19			-----
Child 20			-----
2. Total Parenting Overnights			

3. Total Overnights Available	-----	-----	
4. Percentage of Parenting Time			-----
5. Basic Support Obligation			
6a. Percentage of Adjustment for Parenting Time Between 0% and 45% for Either Parent			-----
6b. Amount of Adjustment for Parenting Time			-----
6c. Obligation after Parenting Expense Adjustment			-----
7a. Percentage of Parenting Time is at Least 45.1% for Both Parents	-----	-----	
7b. Each Parent's Percentage Share of Combined PICS			-----
7c. Each Parent's Pro Rata Basic Support Obligation			-----
7d. Obligation After Parenting Expense Adjustment			-----

**Child Support Guidelines Worksheet  
Child Care Support Obligation Supplement**

Parent A:  
Parent B:

Number of Joint Children:

	Parent A	Parent B
1. PICS		
2a. Monthly Cost of Child Care for Joint Child(ren)		
2b. Number of Children Receiving Child Care		
2c. Cost of Child Care to be Applied to Tax Tables		
3. Federal Child Care Credit Percentage		
4. Estimated Monthly Federal Child Care Credit		
5. Minnesota Child Care Maximum Allowable Credit		
6. Estimated Monthly Minnesota Child Care Credit		
7. Total Estimated Tax Credits		
8. Net Child Care Cost		
9. Percentage Share of Combined PICS		
10. Pro Rata Share of Net Child Care Cost		
11. Child Care Support Obligation if any Joint Child is Covered by Child Care Assistance and Parent A Meets Income Limits for Child Care Assistance		

**Minnesota Guideline Schedule**

Combined Parental Income for Determining Child Support	Number of Children					
	One	Two	Three	Four	Five	Six
\$0- \$799	\$50	\$50	\$75	\$75	\$100	\$100
800- 899	80	129	149	173	201	233
900- 999	90	145	167	194	226	262
1,000- 1,099	116	161	186	216	251	291
1,100- 1,199	145	205	237	275	320	370
1,200- 1,299	177	254	294	341	396	459
1,300- 1,399	212	309	356	414	480	557
1,400- 1,499	251	368	425	493	573	664
1,500- 1,599	292	433	500	580	673	780
1,600- 1,699	337	502	580	673	781	905
1,700- 1,799	385	577	666	773	897	1,040
1,800- 1,899	436	657	758	880	1,021	1,183
1,900- 1,999	490	742	856	994	1,152	1,336
2,000- 2,099	516	832	960	1,114	1,292	1,498
2,100- 2,199	528	851	981	1,139	1,320	1,531
2,200- 2,299	538	867	1,000	1,160	1,346	1,561
2,300- 2,399	546	881	1,016	1,179	1,367	1,586
2,400- 2,499	554	893	1,029	1,195	1,385	1,608
2,500- 2,599	560	903	1,040	1,208	1,400	1,625
2,600- 2,699	570	920	1,060	1,230	1,426	1,655
2,700- 2,799	580	936	1,078	1,251	1,450	1,683
2,800- 2,899	589	950	1,094	1,270	1,472	1,707
2,900- 2,999	596	963	1,109	1,287	1,492	1,730
3,000- 3,099	603	975	1,122	1,302	1,509	1,749
3,100- 3,199	613	991	1,141	1,324	1,535	1,779
3,200- 3,299	623	1,007	1,158	1,344	1,558	1,807
3,300- 3,399	636	1,021	1,175	1,363	1,581	1,833
3,400- 3,499	650	1,034	1,190	1,380	1,601	1,857
3,500- 3,599	664	1,047	1,204	1,397	1,621	1,880
3,600- 3,699	677	1,062	1,223	1,418	1,646	1,909
3,700- 3,799	691	1,077	1,240	1,439	1,670	1,937
3,800- 3,899	705	1,081	1,257	1,459	1,693	1,963
3,900- 3,999	719	1,104	1,273	1,478	1,715	1,988
4,000- 4,099	732	1,116	1,288	1,496	1,736	2,012
4,100- 4,199	746	1,132	1,305	1,516	1,759	2,039
4,200- 4,299	760	1,147	1,322	1,536	1,781	2,064

4,300- 4,399	774	1,161	1,338	1,554	1,802	2,088
4,400- 4,499	787	1,175	1,353	1,572	1,822	2,111
4,500- 4,599	801	1,184	1,368	1,589	1,841	2,133
4,600- 4,699	808	1,200	1,386	1,608	1,864	2,160
4,700- 4,799	814	1,215	1,402	1,627	1,887	2,186
4,800- 4,899	820	1,231	1,419	1,645	1,908	2,212
4,900- 4,999	825	1,246	1,435	1,663	1,930	2,236
5,000- 5,099	831	1,260	1,450	1,680	1,950	2,260
5,100- 5,199	837	1,275	1,468	1,701	1,975	2,289
5,200- 5,299	843	1,290	1,485	1,722	1,999	2,317
5,300- 5,399	849	1,304	1,502	1,743	2,022	2,345
5,400- 5,499	854	1,318	1,518	1,763	2,046	2,372
5,500- 5,599	860	1,331	1,535	1,782	2,068	2,398
5,600- 5,699	866	1,346	1,551	1,801	2,090	2,424
5,700- 5,799	873	1,357	1,568	1,819	2,111	2,449
5,800- 5,899	881	1,376	1,583	1,837	2,132	2,473
5,900- 5,999	888	1,390	1,599	1,855	2,152	2,497
6,000- 6,099	895	1,404	1,604	1,872	2,172	2,520
6,100- 6,199	902	1,419	1,631	1,892	2,195	2,546
6,200- 6,299	909	1,433	1,645	1,912	2,217	2,572
6,300- 6,399	916	1,448	1,664	1,932	2,239	2,597
6,400- 6,499	923	1,462	1,682	1,951	2,260	2,621
6,500- 6,599	930	1,476	1,697	1,970	2,282	2,646
6,600- 6,699	936	1,490	1,713	1,989	2,305	2,673
6,700- 6,799	943	1,505	1,730	2,009	2,328	2,700
6,800- 6,899	950	1,519	1,746	2,028	2,350	2,727
6,900- 6,999	957	1,533	1,762	2,047	2,379	2,747
7,000- 7,099	963	1,547	1,778	2,065	2,394	2,753
7,100- 7,199	970	1,561	1,795	2,085	2,417	2,758
7,200- 7,299	974	1,574	1,812	2,104	2,439	2,764
7,300- 7,399	980	1,587	1,828	2,123	2,462	2,769
7,400- 7,499	989	1,600	1,844	2,142	2,483	2,775
7,500- 7,599	998	1,613	1,860	2,160	2,505	2,781
7,600- 7,699	1,006	1,628	1,877	2,180	2,528	2,803
7,700- 7,799	1,015	1,643	1,894	2,199	2,550	2,833
7,800- 7,899	1,023	1,658	1,911	2,218	2,572	2,864
7,900- 7,999	1,032	1,673	1,928	2,237	2,594	2,894

## Appendix D: Literature Review

### The Last Decade or So in Child Support Policy

The child support system has been broadly effective in efficiently getting money to families and keeping low-income families out of poverty. The Urban Institute estimates that child support programs have reduced child poverty by about 5 percent, reduced the poverty gap (a measure of how far families live below the poverty line) by 8 percent, and slightly reduced income inequality.<sup>21</sup> More recent research finds that without the child support program child poverty would increase nationally by 4.4 percent.<sup>22</sup> When the obligor pays child support, the anti-poverty effect is substantial. For low-income families, child support payments represent 40 percent of household income.<sup>23</sup>

Nationally, the development of child support guidelines has been a work in progress, both in terms of goals and policy needed to effectuate those goals. Fairness and effectiveness, goals that are fairly consistently represented in federal and state laws and regulations, are difficult goals in family law, as families vary widely in terms of economic structure, resources, and parental involvement.

A significant transition in state child support programs (IV-D programs) has been, in many states, a policy shift, moving from a focus on reimbursing the public assistance programs to a broader focus on providing a source of income to obligee parents. The change in focus has been partially in reaction to the welfare to work requirement and flexibility granted to states under Personal Responsibility and Work Opportunity Act (PRWORA) and the shrinking role and time limits on Temporary Assistance to Needy Families (TANF).<sup>24</sup>

Goals of child support guidelines have generally been broader than those of the state IV-D program, generally centering on mediating the economic effects of divorce and family dissolution on women and children.<sup>25</sup> This has shifted from women and children to custodial parents and children as states have recognized the role of custodial fathers.

One of the significant changes to guidelines over the last decade has been the move from calculating child support as a percentage of the obligor parent's income to an income shares model, where child support is calculated based on the parents' combined income and then divided between the parties generally in proportion of the amount of time the respective parent spends with the child.

The income shares model is generally perceived as fairer to the obligor parent because, since the child support obligation is reduced when the obligor parent spends more time with the child, it accounts for funds the obligor parent expends on the child.<sup>26</sup> Because income shares account for the combined incomes of the parents, it may also come closer to the policy goal of meeting the needs of the child as they would have been met if their parents were together.<sup>27</sup>

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<sup>21</sup> Elaine Sorenson and Chava Zibman, Urban Institute, *To What Extent Do Children Benefits From Child Support*, at 10 (2000).

<sup>22</sup> Elaine Sorensen, Urban Institute, *Child Support Plays an Increasingly Important Role for Poor Custodial Families*. (2010).

<sup>23</sup> *Id.*

<sup>24</sup> The Lewin Group, et. Al, *Child Support and ANF Interaction: Literature Review*. April 11, 2003.

<sup>25</sup> Jill C. Engle, *Promoting the General Welfare: Legal Reform to Lift Women and Children in the United States out of Poverty*. 16 *J. Gender, Race, & Just.* 1 (2013).

<sup>26</sup> Jo Michelle Beld, *Improving Child Support Guidelines in Minnesota: The "Shared Responsibility Model for the Determination of Child Support*, 28 *William Mitchell Law Review* 791 (2001).

<sup>27</sup> *Id.*

Minnesota’s child support system has generally followed that national arc, moving from child support as a percentage of the obligor parent’s income to income shares in the last guidelines revision, and adding in economic protections for very-low income obligor parents, such as self-support reserves, which ensure that the paying of child support does not leave the obligor parents in deep poverty. These policy reforms have undoubtedly made Minnesota’s guidelines fairer.<sup>28</sup>

Still, scholars continue to point out ways in which the child support guidelines have unintended negative consequences for certain families, ways in which economic principles underlying the guidelines incorrectly account for the needs of the child and the respective parents, and suggest that reform is necessary to make guidelines fairer.<sup>29</sup>

## Questions About the Economic Research Underlying Most Child Support Guidelines

### A. Questioning Reliance on Marginal Costs

Marginal expenditures are the estimated costs incurred by the family to support the child that would not have been incurred if the child was not a member of the family. For instance, the child’s bedroom is a marginal expenditure, the kitchen is not. In this question is the assumption that if the obligor parent pays the obligee parent his or her share of the pre-separation support burden, then the obligee parent will only need to add his or her share of the pre-separation support burden to provide adequately for the child. In reality, the obligee parent, in most cases, is not simply adding an extra economic unit to his or her pre-existing and already-financed household, but, rather establishing an entirely new household. The child’s welfare is dependent on non-marginal expenditures, such as the kitchen, heat, and the family car. The extra cost of establishing and maintain that household, is largely left to the obligee parent.

Many states have adopted the income shares model used by Minnesota, most of them using guidelines estimates used by Policy Studies Inc. (PSI). Minnesota largely rejected the marginal costs model, but did limit guidelines for upper income earners based on the fact that the guidelines amounts exceed the higher bound of marginal costs estimates of child rearing expenditures, based on the advice of PSI.

The economic assumptions used by PSI are questioned by scholars, most notably Ira Mark Ellman, who criticizes PSI’s reliance on marginal expenditures.<sup>30</sup> The primary criticism is that PSI’s estimates seek to answer only one question: “What was (or would have been) the NCP’s [obligor’s] dollar contribution to the marginal expenditures on children made by these parents when (or if) the family was intact?”<sup>31</sup>

The secondary criticism of the estimates, and the one most relevant to Minnesota, is that there is no empirical way to test whether the estimates of marginal costs are accurate and the underlying data, the Consumer Expenditure Study, is unreliable for many income groups.<sup>32</sup> Many households in the data set incompletely report their incomes—half the population show expenditures considerably in excess of income; this problem is particularly pronounced for low-income families and less true for higher income groups.<sup>33</sup> The contention is that this results in estimates that show expenditures as a proportion of income erroneously high for low-income families.<sup>34</sup>

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<sup>28</sup>J. David Sanders, *Shared Responsibility: Time for Illinois to Adopt the Income Shares Model of Child Support*, 38 Southern Illinois University Law Journal, 281. (2014).

<sup>29</sup> See, i.e., Leslie Joan Harris, *The ALI Child Support Principles: Incremental Changes to Improve the Lot of Children and Residential Parents*. (2001).

<sup>30</sup> Ira Mark Ellman, *Fudging Failure: The Economic Analysis Used to Construct Child Support Guidelines*, 2004 University of Chicago Legal Forum 167 (2004).

<sup>31</sup> Id.

<sup>32</sup> Id.

<sup>33</sup> Id. at 203-5. Expenditures may be underreported for the highest 20 percent of earners. Id. at 206.

<sup>34</sup> 206.

If the data underlying the marginal costs estimates is faulty, this means that PSI's estimates, which have marginal expenditures as a percentage of income declining significantly as family incomes increase, might not be accurate.<sup>35</sup>

#### B. Tallying the Economic Opportunity Costs of Raising a Child

A further critique of guidelines is that no state's guidelines look at the economic opportunity costs borne by obligee parents. Single mothers' poverty can largely be attributed to the resources, time, and sacrifices that they invest in order to provide for inevitable dependents such as children. The argument is that the disparity in the financial condition of mothers and fathers who live apart is a result of the unequal allocation of opportunity costs between obligee parents, who are largely (but not always) the mothers and obligor parents, who are largely (but not always) the fathers.<sup>36</sup> A fairer system of child support might take these opportunity costs into consideration.

#### C. Care and Companionship Costs to Obligor Parents

Another final critique of economic analysis underlying child support guidelines is that the guidelines ignore the value of the child. When economists attempt to put an economic value on the loss of companionship for the obligor parents, an argument arises that the obligee parent ought to be really compensating the obligor parent. Likewise, economists have noted that too high of child support guidelines might incentivize divorce. Other scholars counter this last assertion, noting that divorce rates have fallen significantly for high-income families—the ones who are likely to get the highest child support awards and the mostly likely to get them paid.

#### D. Deviations and Questions of Fairness

Family law experts also question the wisdom of child support guidelines that discourage deviations from guidelines.<sup>37</sup> The argument is that guidelines, overall, are a flawed method of determining child support because families often have needs and special economic circumstances, and that a one-size fits all approach may not be the fairest and best way to support families.<sup>38</sup> One approach, suggested in Minnesota, is that child support should be resolved through a mediation process whereby parents create child support budgets and agree on expenditures.<sup>39</sup> This critique suggests that more deviation from child support guidelines, rather than less, may indicate the child support guidelines are actually being considered rather than blindly applied by the court.

A flexible approach has the potential, however, to reinforce biases against certain sorts of families or family structures and was part of the reason Congress mandated the adoption of child support guidelines.<sup>40</sup> Further, flexible rules, such as ones that would promote deviations, would put tremendous burdens on low-income parents, who often lack the skills and the time to make these agreements.<sup>41</sup>

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<sup>35</sup> See. Ellman at 206; Policy Studies Inc., "Evaluation of the New (2007) Minnesota Child Support Guidelines Basic Support Schedule. (Dec. 5, 2005) at 10.

<sup>36</sup> Stacy Brustin, *Child Support: Shifting the Financial Burden in Low-Income families*. 20 *Georgetown Journal on Poverty Law and Policy* 1, 24-5. (2012).

<sup>37</sup> State Senator Neuville states that he intended the current guidelines to encourage deviation where appropriate. State Senator Tom Neuville, *The New Income Shares Model for Calculating Child Support in Minnesota*, 15 *Family Law Forum* 1, 4 (2006).

<sup>38</sup> See i.e., Stephen K. Erickson, *If They Can Do Parenting Plans, They Can do Child Support Plans*, 33 *William Mitchell Law Review* 827 (2007).

<sup>39</sup> *Id.*

<sup>40</sup> Rebecca Aviel, *A New Formalism in Family Law*, 55 *William & Mary Law Review* 2003, 2040 (2014).

<sup>41</sup> Katharine K. Baker, *Homogenous Rules for Heterogeneous Families: The Standardization of Family Law When There Is No Standard Family*, 2012 *University of Illinois Law Review* 319 (2012).

## Questions about guidelines calculations for low-income obligors

### A. Self-support Reserves: Evaluating the Ability of the Obligor Parent to Pay Child Support

One of the most notable threads in recent research is a growing recognition that if the obligor parent does not pay child support, the child support order does not benefit the family.<sup>42</sup> A body of research shows that lower orders are more likely to be paid, particularly for low and very low income obligor parents.<sup>43</sup> Research conducted in California on child support payments in IV-D cases showed that low-income obligor parents are more likely to make child support payments when the order is 19 percent or less of their gross wages.<sup>44</sup>

This research has lead scholars to advocate for guidelines calculations where the ability to pay is incorporated into the guidelines. To an extent, Minnesota’s guidelines are responsive to this problem as Minnesota’s guidelines were built with self-support reserves.<sup>45</sup> Unlike the rest of the guidelines, the reserves are indexed to the Federal Poverty Guidelines, meaning that the reserve increases as the cost of living increases.

### B. Recognition that Self-support Reserves Impact Obligee Parents

Scholars have, however, questioned the fairness of self-support reserves: Low-income obligee parents, even obligee parents who receive welfare, usually do not have sufficient income and benefits to support their families. Subsistence provisions, such as self-support reserves, are designed to address the significant needs of low-income non-resident parents, but they have the unintended effect of increasing the burden on low-income resident parents and children.<sup>46</sup>

Reducing child support obligations based on the obligor parent’s inability to pay can have serious financial consequences for low-income families. Overall, child support only accounts for 10 percent of family income for poor custodial families, if you narrow that number to families who actually receive support, it is 40 percent of income.<sup>47</sup> Reducing the amount of child support owed may increase the overall numbers of families receiving some support, but in the not-inconsequential number of cases when the obligor parents actually pays his or her child support obligation, it will also seriously reduce household income for families that rely on child support.

Further, it seems unfair to set child support guidelines such that the obligor parent is not living in deep poverty when the effect is pushing the obligee parent and child into even deeper poverty.

Child support guidelines need to strike a balance between getting support and getting enough support to families; however, scholars question the utility of child support for very low-income families. Family law scholar Ira Ellman argues, “[i]f neither parent has much money, the child's well-being depends on finding a third source of funds, whether a new spouse for one of the parents, private charity, or a public income-support system. Moving money around among desperately poor households cannot contribute

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<sup>42</sup> Pamela Foohey, *Child Support and (In)Ability to Pay: The Case for the Cost Shares Model*, 13 Davis Journal of Juvenile Law and Policy 35 (2009).

<sup>43</sup> Mark Takayesu, *How Do Child Support Order Amounts Affect Payments and Compliance?* Orange County Department of Child Support Services. (2013).

<sup>44</sup> Id.

<sup>45</sup> Minn. Stat., section 518A.42. (2013).

<sup>46</sup> Stacy Brustin, *Child Support: Shifting the Financial Burden in Low-Income families*. 20 *Georgetown Journal on Poverty Law and Policy* 1, 24-5. (2012).

<sup>47</sup> Elaine Sorensen, Urban Institute, *Child Support Plays an Increasingly Important Role for Poor Custodial Families*. (2010).

much to social welfare.”<sup>48</sup> Child support’s social welfare mission might be best focused on low to moderate income families, where there is private support available, and where the child support collected might have the best chance of positively impacting children’s welfare.

### C. Evaluating the Interest of the State IV-D Agency in Self-support Reserves

Scholars have pointed out that the state child support agency has some conflicting interests in child support guidelines because federal performance standards require state child support agencies to prioritize establishment and enforcement of orders over quality of those orders. For example, child support agencies must meet standards regarding the number of child support orders established and the amount collected or else face penalties. The standards do not mandate that these orders be sufficient to maintain a certain standard of living. They primarily incentivize establishing new orders and collecting support. As a result, agencies have an interest in maintaining self-support reserves because it may facilitate an increase in the amount of support collected, which in turn helps the state government meet its performance standards, regardless of the strength of the orders.<sup>49</sup>

The conclusion here is not that states are intentionally setting orders low to improve their collection numbers, but to point out that the federal government has incentivized collecting “any money” from obligor parents over collecting the full amount obligee families need.

## Improving the Effectiveness of Child Support for Low-income Families

Families are changing, and scholars argue that for a substantial number of families the paradigm of two economically contributing parents who divorce is not reality-based.<sup>50</sup> The child support guidelines system largely assumes a divorcing family with a NCP bread-winner, which is no longer the case. In fact, many low-income single parents are economically better off without the NCP in the household because of high unemployment and prospects for poor young men. In these cases, it is unrealistic to assume that cash child support payments can keep children out of poverty.

While scholars generally recommend better funding and expanding the safety net is usually the best approach, there are a few suggestions that involve the child support program. The first group of suggestions deal with stabilizing custodial family income, the second deals with uncounted costs to custodial families, including economic opportunity costs. While none of these directly impact guidelines calculations, they do impact the economic fairness of the child support program, which is one of the central goals of the guidelines.

### A. Child Support Cannot Realistically Replace Welfare for Very Low-Parents

Providing a stable source of family income, either through welfare programs or by guaranteeing child support, can help deal with the fact that many obligor parents do not regularly make child support payments. When these families receive child support, the amount is usually subtracted from future TANF grants—meaning that all the work of collecting child support (often from very low income obligor parents) does not actually benefit the children. There are a number of studies examining the economic position of obligee parents in poverty, which find that TANF payments are not nearly large enough to stabilize a family and advocate that child support grants should be entirely passed through to the

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<sup>48</sup> Ira Mark Ellman & Tara O’Toole Ellman, *The Theory of Child Support*, 45 *Harvard Journal on Legislation* 107, 121 (2008).

<sup>49</sup> Stacy Brustin, *Child Support: Shifting the Financial Burden in Low-Income families*. 20 *Georgetown Journal on Poverty Law and Policy* 1, 33-4. (2012).

<sup>50</sup> See June Carbone and Naomi Cahn, *The Triple System of Family Law*, 2013 *Michigan State Law Review* 1185 (2013)

families.<sup>51</sup> Other studies recommend that the government guarantee child support payments to obligee parents, a model employed by other western nations, where the government guarantees and pays the child support to the obligee parent before attempting to collect it from the obligor parent.<sup>52</sup>

B. Compensating for Costs Borne by Obligee Parents that are Not Included in Guidelines

For many families, child support alone cannot compensate obligee parents (mostly women) for the economic loss, including career and education, of being a primary caretaker. A number of articles focus on changing the way custody is structured to give parents a more equal share of the parenting responsibility, noting that the financial obligations that joint parenthood imposes are based on the premise that caring for children, and the costs of such care are the joint responsibility of a child's parents. Without belittling its joys and pleasures, childrearing clearly exacts a significant toll from those who undertake it. Beyond direct expenses, obligee parenting often comes at the expense of advancing one's career and earning capacity, guaranteeing one's financial future, or even simply at the expense of one's leisure time.<sup>53</sup> These opportunity costs could be mitigated if parents could be required to share parenting responsibilities equally.<sup>54</sup>

Obligee parents usually fail to remove the marginal costs of the child from the household when the child emancipates and, per most state's child support law, child support ends. Children are increasingly remaining at home and remain supported by the obligee parent far beyond the age of 18.<sup>55</sup> For wealthier families, part of these expenses include college education, including room and board. College financial aid takes the income of both parents into account, regardless of whether the obligor parent is contributing. Even in families where the children do not attend college, children often remain in the home far beyond emancipation, due to changing norms and a poor job market for young people. The extra costs of supporting children past age 18 could be partially alleviated by extending child support liability until the child is 21, with the caveat that courts should have the discretion to terminate support for children who emancipate themselves.<sup>56</sup>

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<sup>51</sup> *Id.* at 26.

<sup>52</sup> Pamela Gershuny, *The Combined Impact of PRWORA, FMLA, IRC, FRD, DPPA, and BAPCPA on Single Mothers and their Children*, 18 *William & Mary Journal on Women and Law* 475 (2012).

<sup>53</sup> Cynthia Lee Starnes, *Lovers, Parents, and Partners: Disentangling Spousal and Co-Parenting Commitments*, 45 *Arizona Law Review* 197 (2012).

<sup>54</sup> *Id.*

<sup>55</sup> Matthew Brandabur, *Getting back to Our Roots: Increasing the Age of Child Support Termination to Twenty-one*, 47 *Valparaiso University Law Review* 169 (2012).

<sup>56</sup> *Id.*