

# Ripples and Currents in State Child Support Guidelines Reviews

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## *New Evidence on Cost of Raising Children*

45 C.F.R. §  
302.56

States must  
periodically  
review  
guidelines

Must consider  
economic  
evidence on  
the cost of  
raising children

### *Income Imputation*

New rules on  
NCP earnings  
& income:  
Use specific  
information  
about the  
parent

### *Increases in Minimum Wage*

Many localities &  
states raising  
minimum wage

Many jurisdictions  
impute income at  
local minimum wage  
in child support cases

# Economic Basis of State Child Support Guidelines

State guidelines based on 9 different studies of child-rearing expenditures

Studies vary in:

- Age of study and age of data
- Economic methodology used to separate child's expenditures and adults' expenditures

29 states rely on a "Rothbarth" study

- Rothbarth is an economic methodology

# Basic Premise of State Child Support Guidelines

Expenditures  
by parents that  
live together  
and share  
financial  
resources

If the obligated  
parent enjoys a  
higher standard  
of living, child  
should share in  
that standard of  
living

All states set  
guidelines  
amounts more  
than  
poverty/basic  
needs

# Most Current Studies often Examined by States



USDA

- Cost: \$174,690 - \$372,210 to raise a child from age 0 – 17 in 2015
- <http://www.cnpp.usda.gov/publications/crc/crc2015.pdf>

Rothbarth

- 2010 & 2013 studies
- [http://www.judiciary.state.nj.us/reports2013/F0\\_NJ+QuadrennialReview-Final\\_3.22.13\\_complete.pdf](http://www.judiciary.state.nj.us/reports2013/F0_NJ+QuadrennialReview-Final_3.22.13_complete.pdf)
- <http://www.courts.ca.gov/partners/documents/2011SRL6aGuidelineReview.pdf>

Comanor et al.

- New methodology released in 2015
- [https://mn.gov/dhs/assets/2017-02-22-Dr-Comanor-Report-to-the-Minnesota-Child-Support-Task-Force\\_tcm1053-280776.pdf](https://mn.gov/dhs/assets/2017-02-22-Dr-Comanor-Report-to-the-Minnesota-Child-Support-Task-Force_tcm1053-280776.pdf)

# Comanor Study

- William Comanor, Professor of Economics, University of California, Santa Barbara
- Two studies using same methodology
  - Minnesota (2017)
  - Other co-authored with R. Mark Rogers and Mark Sarro (2015)
- Purports to measure *actual* or *monetary* or *incremental* expenditures on children
- A few states have included in their review

# Criticisms of Comanor Study

- Implausible empirical results
- Theoretical and empirical issues
  - Model misspecifications: child-bearing and child-rearing decisions are complicated
  - Age of children and number of children related
  - Non-linear relationship between income and consumption
- Data issues
  - Missing spending data for those who entered survey in a month other than the beginning month of a quarter (*i.e.*, Jan., April, July, & Oct)
  - Includes mixed family types (e.g., grandparents, mom and child family) that skew adult-child differences



# Comanor's Findings on Food Cost

When converted to a weekly amount, Comanor finds the children's food cost ranges \$8 to \$14 per week for one child

## ***Cost of Selected Food Items in Minneapolis***

Milk (regular, 1 gallon): \$2.81

Eggs (dozen): \$2.01

Apples (1 lb): \$2.34

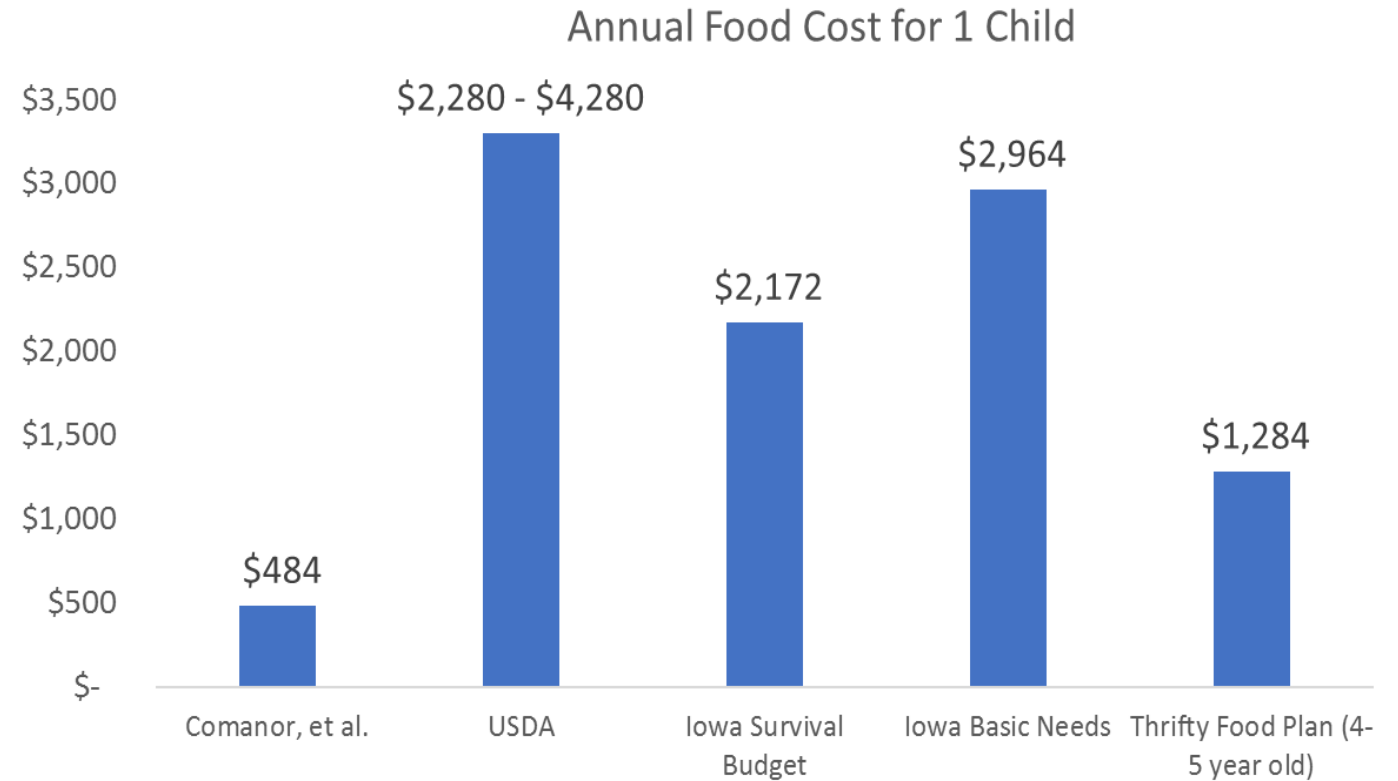
Bananas (1 lb): 0.66

Tomatoes (1 lb): \$2.29

Potatoes (1 lb): \$1.03

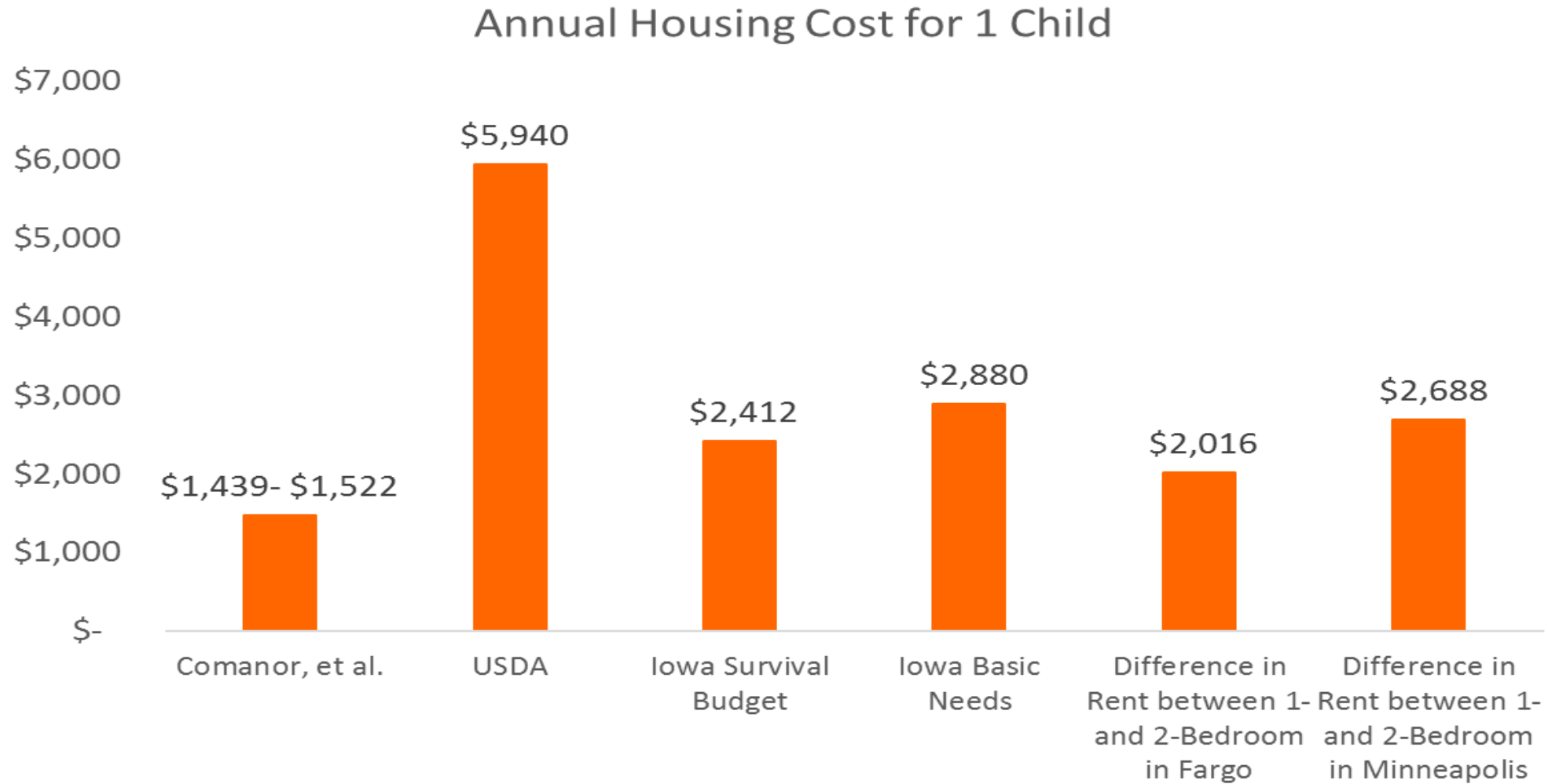
Loaf of fresh white bread (1 lb): \$2.80

Chicken breasts (boneless, skinless, 1 lb): \$4.71





# Comanor's Findings on Housing



# Is the Comanor et al. Study Credible?

	Housing	Food	Transportation	Clothing
Comanor et al. (2015)	\$1,439- \$1,522/year	\$484/year	\$384/year regardless # of children	\$407/year
USDA (2015)	\$3,160/year	\$1,930/year	\$1,310/year	\$540/year

## 2017 Federal Poverty Level

1 person	\$12,060/yr
Each add'l person	\$4,180/yr

Comanor et al. amounts produce poverty levels at all incomes when used in child support guidelines. Most states believe that if the obligated parent's income enables him or her to enjoy a higher standard of living, the child should share in that.

# Conclusions

- If Comanor et al. is an issue in your state guidelines review, consult information available from the MN child support task force: <https://mn.gov/dhs/general-public/about-dhs/advisory-councils-task-forces/child-support-task-force.jsp>
- Review the goal/objective of your state guidelines
  - Provide minimum support OR
  - Share in the standard of living afforded by the obligated parent when the obligated parent can enjoy a higher standard of living

# Income Imputation Issues

No returned financial statement & non-appearance

State/jurisdiction imposes an  
“income floor”

Limited evidence or non-  
definitive evidence of regular  
& consistent income

**Income Imputation**

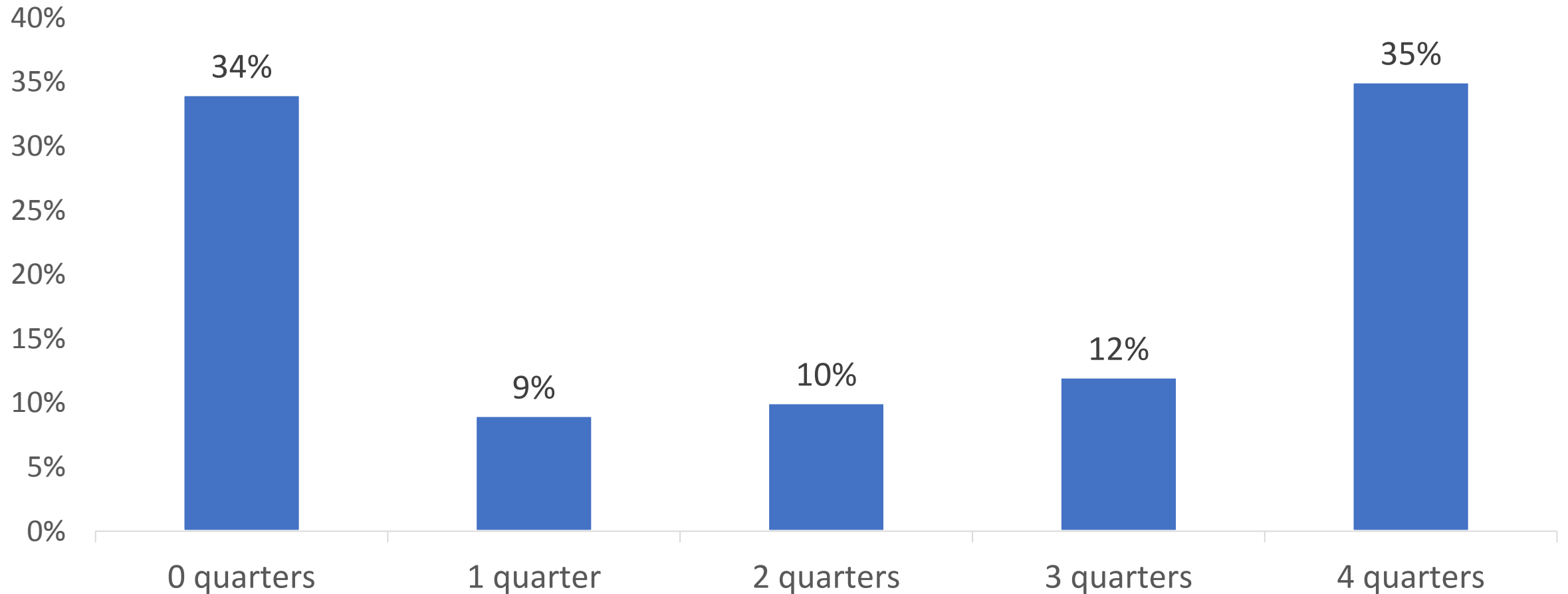
Non-compliance, payments vary from month to month, & enforcement actions triggered

# Examples of Income Floors

	Guidelines	Income Floor
AZ	Set in <b><u>court rule</u></b> & court committee reviews	Set in <b><u>statute</u></b> . The court shall presume, in the absence of contrary testimony, that a parent is capable of full-time employment at least at the applicable state or federal adult minimum wage, whichever is higher. This presumption does not apply to noncustodial parents who are under eighteen years of age and who are attending high school.
CA	Set in statute ( <b><i>Fam. Code, § 4050</i></b> ) & reviewed by court	<b><u>Fam. Code, § 17400(d)(2)</u></b> If the support obligor's income or income history is unknown to the local child support agency, the complaint shall inform the support obligor that income shall be presumed to be the amount of the minimum wage, at 40 hours per week, established by the Industrial Welfare Commission pursuant to Section 1182.11 of the Labor Code unless information concerning the support obligor's income is provided to the court. The complaint form shall be accompanied by a proposed judgment. The complaint form shall include a notice to the support obligor that the proposed judgment will become effective if he or she fails to file an answer with the court within 30 days of service.
SD	Set in statute & reviewed by governor-appointed committee	Rebuttable presumption of employment at minimum wage. Except in cases of physical or mental disability, it is presumed for the purposes of determination of child support that a parent is capable of being employed at the minimum wage, including while incarcerated, and the parent's child support obligation shall be computed at a rate not less than full-time employment at the state minimum wage. Evidence to rebut this presumption may be presented by either parent.

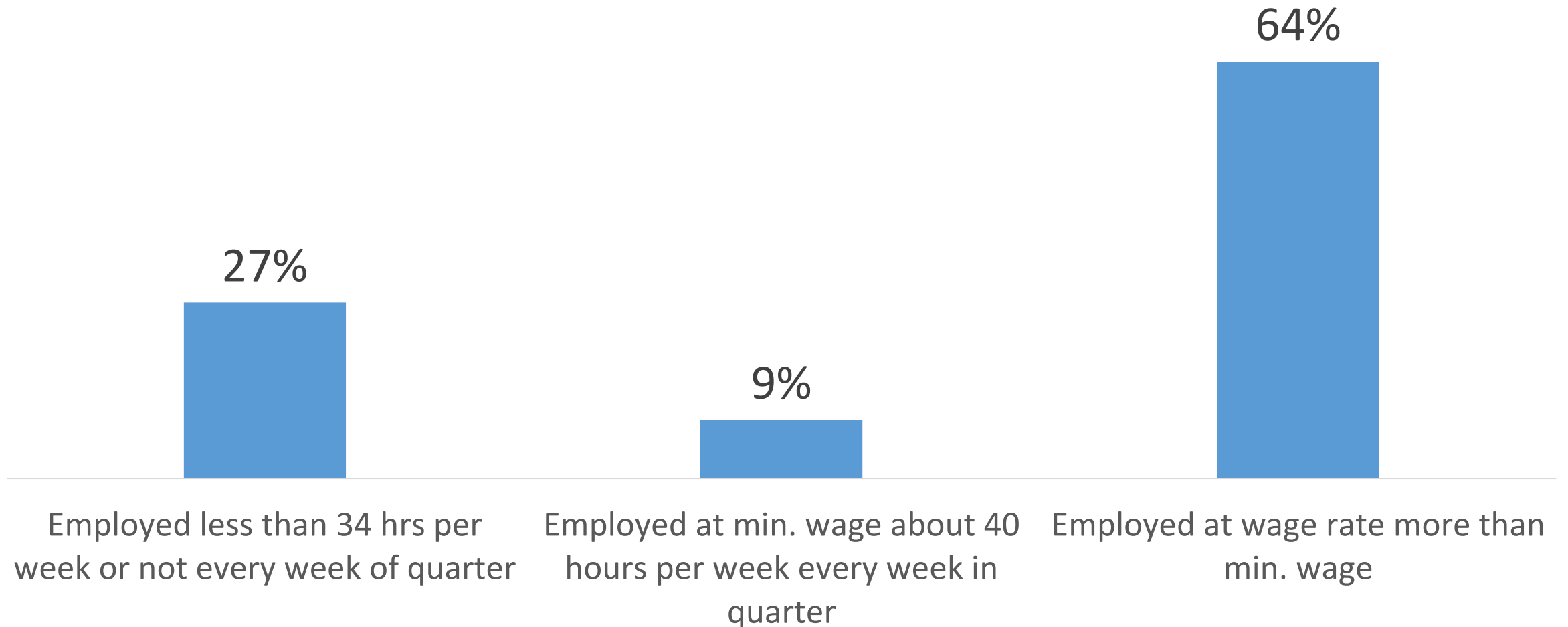
# Income Information Is Often Limited

# of Quarters of Wage Data Available for Obligated Parent in Random Sample of Orders Established in 2015 (State X)



# Often Available Income Information Is Less than F-T Minimum Wage Earnings

What Quarterly Wage Data Suggests about Earnings and Hours Worked among those with Quarterly Wage Data (State X)



# Three Pillars of Income Imputation



Wage  
Rate



Hours  
worked  
per  
week



52  
weeks  
per  
year

Hourly Wage x Hours worked per week x 52 weeks per year



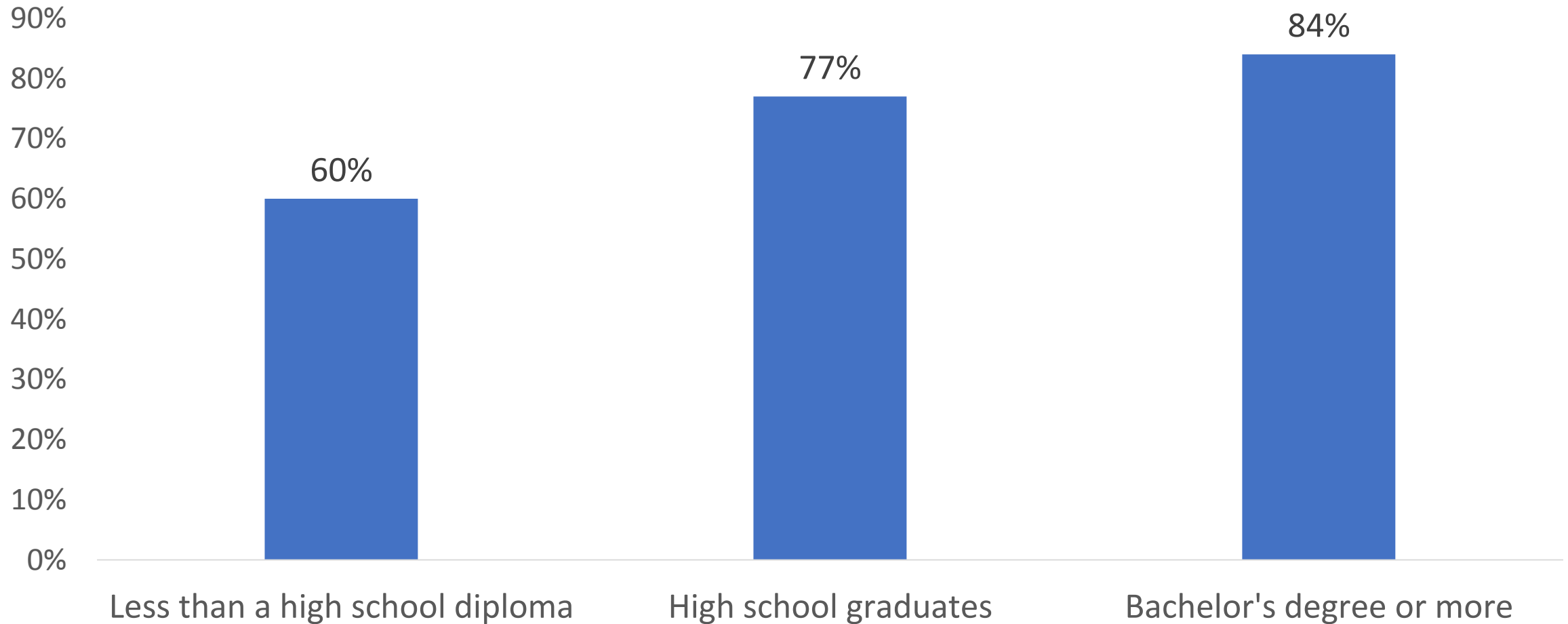
# Is 40-hour Week a Reasonable Presumption?

- Many jobs in the service sector are less than 40 hours per week
- Average weekly hours
  - All privately employed: 34.4 hours
  - Retail trade: 31.0 hours
  - Leisure and hospitality: 26.1 hours

Source: <https://www.bls.gov/news.release/empsit.t18.htm>

# Is 52 Weeks per Year a Reasonable Presumption?

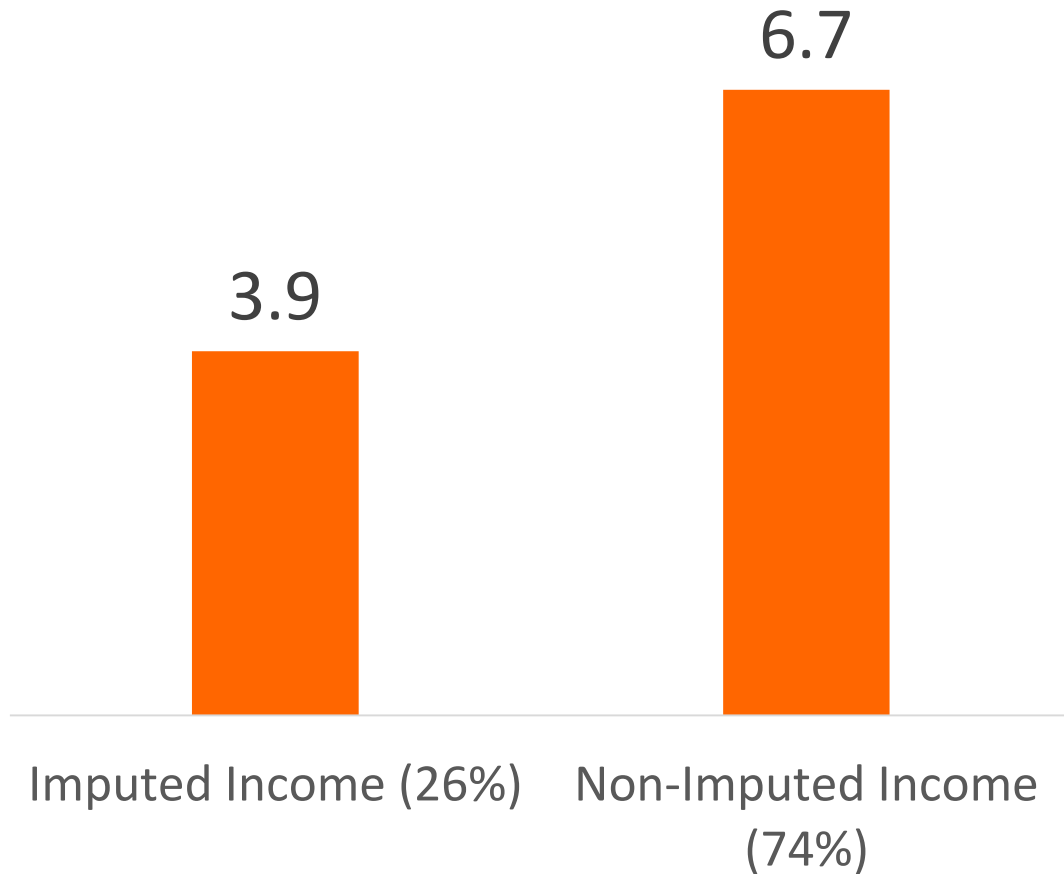
Percent of Weeks Employed among Baby Boomers (born 1957-64)  
from Age 18 to Age 48



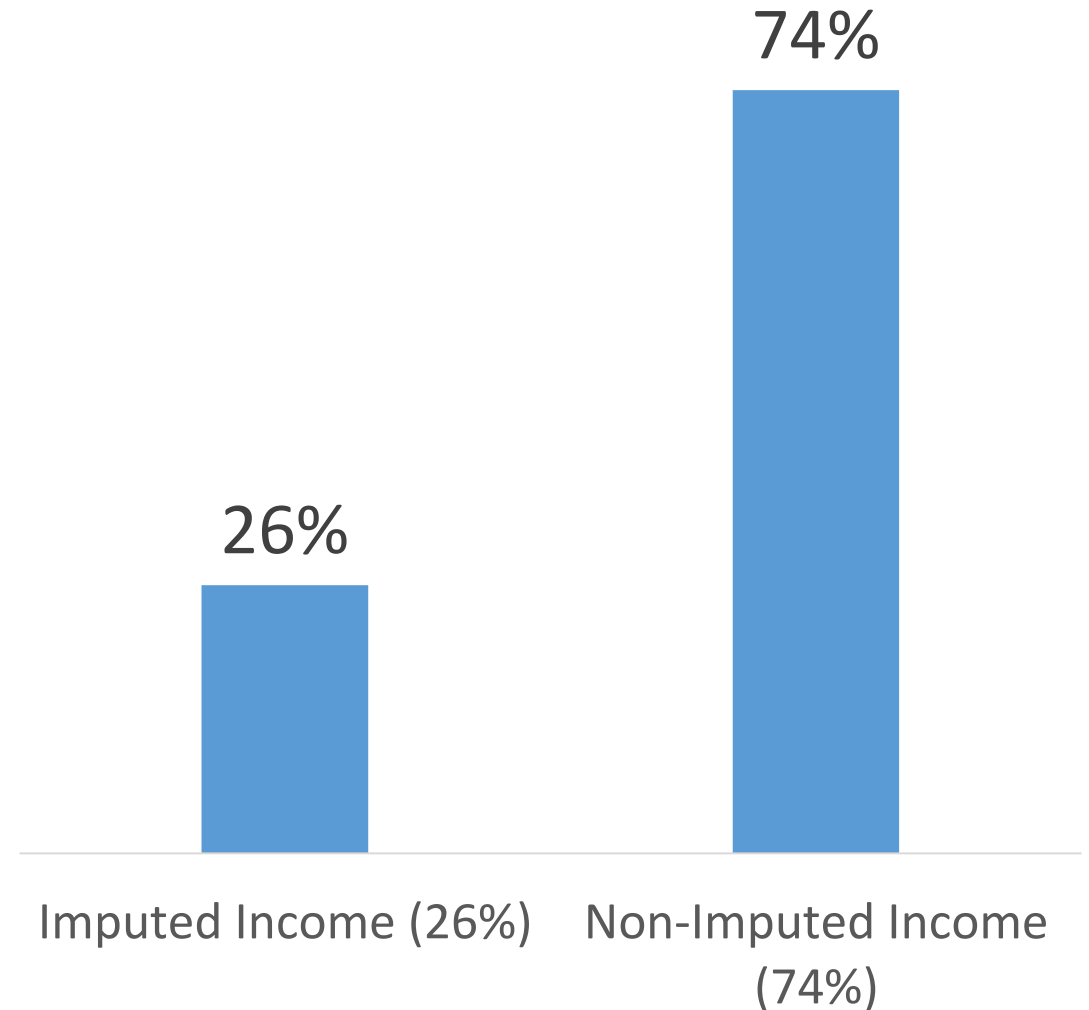
Source: <https://www.bls.gov/news.release/pdf/nlsoy.pdf>

# Example of Information from State Case File Data

Number of Months with Payments



Percent of Current Support Paid



# Example of Information from State Case File Data

Exhibit 11: Payment Patterns by Gross Income of Noncustodial Parents

Gross Monthly Income Range	Order Amount as Percentage of Gross Income (Average)	Average Monthly Order Amount	Average Amount Paid Per Month	Average Compliance Rate	Average Number of Months with Payments (within 12 months)
\$0- 1,000	12%	\$86	\$51	62%	7 months
\$1,001 - \$1,200	10%	\$107	\$64	61%	7 months
\$1,201 - \$1,300	9%	\$108	\$56	53%	6 months
\$1,301 - \$1,500	13%	\$185	\$110	64%	7 months
\$1,501 - \$2,000	17%	\$292	\$185	70%	7 months
\$2,001 - \$2,500	18%	\$402	\$270	78%	8 months
\$2,501 - \$3,000	18%	\$496	\$359	84%	8 months
\$3,001 - \$4,000	17%	\$581	\$433	87%	9 months
\$4,001 - \$5,000	16%	\$696	\$550	95%	9 months
More than \$5,000	15%	\$1,154	\$930	92%	9 months
ALL	15%	\$428	\$311	75%	8 months

# Final Thoughts

- Tiered Approach
  - Encourage parents to provide information
  - Better and consistent use of alternative sources of income information
  - Imputation of minimum wage at reasonable # of hours and reasonable # of weeks
- Impact of increases to minimum wage