

# Committee to Review Child Support Guidelines

## Iowa Child Support Guidelines Review

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# Outline

- Goals & objectives
- Federal requirements
- Overview of Findings from Last Review
- Guidelines Model
- New Economic Data on Child-Rearing Costs
- New Medical Support Rules
- Shared-parenting Time Adjustments

# Goals & Objectives

- Today
  - Refresher & develop shared understanding
  - Set direction: issues/concerns to explore, what information is needed
- Fulfill Federal & State review requirements
- Respond to issues that the last Committee didn't have time to fully address
- Address other issues & concerns

# FEDERAL REQUIRMENTS

**1987: State Advisory guidelines [P.L. No. 98-378]**

**1989: Presumptive guidelines that can be rebutted based on state-determined criteria [P.L. No. 100-485]**

## **P.L. No. 100-485**

- Statewide child support guidelines
  - Must be based on specific descriptive and numeric criteria
  - Take into consideration all earnings and income of the noncustodial parent
  - Provide for the child's health care needs
  
- Review guidelines every four years
  - Analyze case data on application of and deviations from guidelines
  - Consider economic data on costs of child rearing

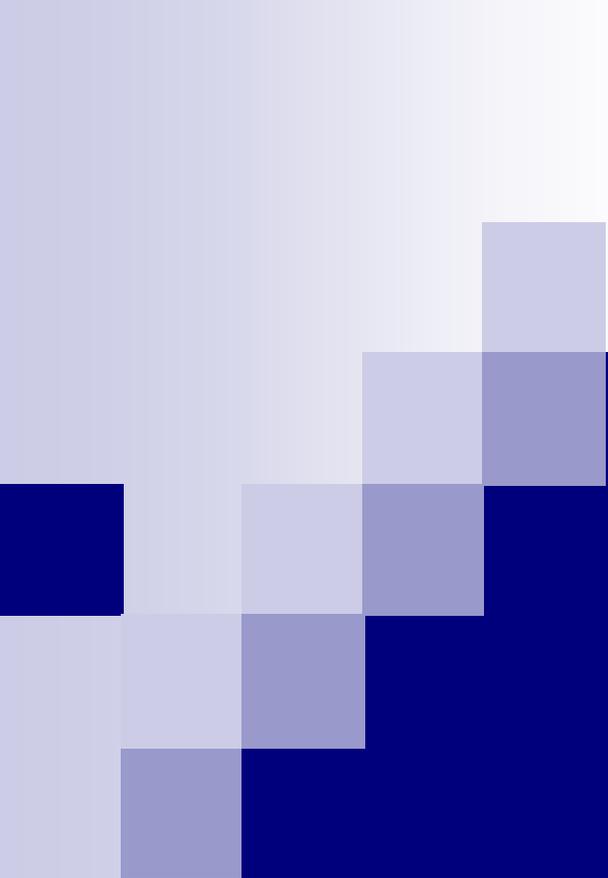
# Overview of 2004 Findings

## *Findings*

1. Iowa guidelines track closely to Betson-Rothbarth estimates of child-rearing expenditures, which forms the basis of many state guidelines
2. Iowa's version of Income Shares guidelines model is unique
3. Guidelines deviations are rare
  - Deviations are permissible under Rule 9.11 Variance for guidelines
4. Specific issues
  - a. Tax filing status
  - b. SSI
  - c. Extraordinary visitation & shared physical care
  - d. QADD: qualified additional dependent deduction
  - e. Health insurance premium costs
  - f. Expansion of top income brackets
  - g. High-income custodian & low-income noncustodian

# Overview of 2004 Recommendations

1. **Standardized calculation of net income**
2. **Reduce percentage amounts in visitation credit**
3. **(a) Clarify extraordinary visitation applicable when custody is 50%/50%**  
**(b) provide specific direction for offset method for equal & split custody**
4. **No recommendation on health insurance**
5. **Extend top income brackets from \$6,000 to \$10,000**
6. **Provide \$0 orders for obligors receiving SSI**
7. **QUADD: no recommendation, #1 recommendation may effect it**
8. **Study issue of disparities when Custodial parent's income > Noncustodial parent's income**
9. **Further study whether Iowa should adopt "Pure Income Shares"**
10. **Make changes in the worksheet congruent with the above**



# Guidelines Models



# Precept of Income Shares

The Income Shares model seeks to allocate to the child the proportion of parental income estimated to have been spent on the child if the household were intact.

EXAMPLE: TWO CHILDREN	Mother	Father	Combined
1. Annual Income	\$2,000	+ \$3,000	= \$5,000
2. % of Combined Income	40%	+ 60%	= 100%
3. Expenditures on Children in Intact Family			\$1,000
4. Each Parent's Share (Line 2 x Line 3)	\$400	+ \$600	= \$1,000

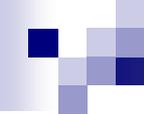
# History of Income Shares

- Developed in response to federal requirements that states must adopt:
  - advisory guidelines by 1987 [P.L. No. 98-378]
  - presumptive guidelines that can be rebutted based on state-determined criteria by 1989 [P.L. No. 100-485]
- Congress requested federal Office of Child Support Enforcement (OCSE) to convene an advisory panel to develop recommendations for states
  - Panel comprised diverse stakeholders
  - Project staff developed Income Shares in response to Panel's 8 principles



# 8 Principles of Income Shares

1. Both parents share legal financial responsibility to children. Economic responsibility should be prorated.
2. Consider subsistence needs of parents (self support reserve), yet establish precedent to pay
3. Child shall share in the lifestyle that the parent(s) can afford
4. Each child has a right to share in that parent's income subject to various factors



## 8 Principles of Income Shares

5. Each child is entitled to support amounts w/o respect to the parents' marital status
6. The gender of the custodial parent should make no difference in the guidelines determination
7. Guidelines should not create extraneous negative effects on the major life decisions of either parents
8. Guidelines should encourage the involvement of both parents and consider financial support in shared physical custody situations

## What Is “Pure” Income Shares and How Does Iowa’s Approach Differ?

	Pure Income Shares	Iowa Income Shares
Each parent’s duty to support is his/her <i>pro rata</i> share of income	✓	✓
Shared obligation is tied to the cost of raising children	✓	✓
Calculation requires chart(s) and worksheet	✓	✓
Number of Charts	1	5
Chart shows parents’ <u>combined</u> child support obligation	✓	
Precipitous drops in support when income increases		✓
Adjustments for “special” factors (e.g., low-income, additional dependents, health insurance, court-ordered visitation)	✓	Not as well

“Pure” Income Shares is the prototype Income Shares model developed through the 1983-87 National Child Support Guidelines Project

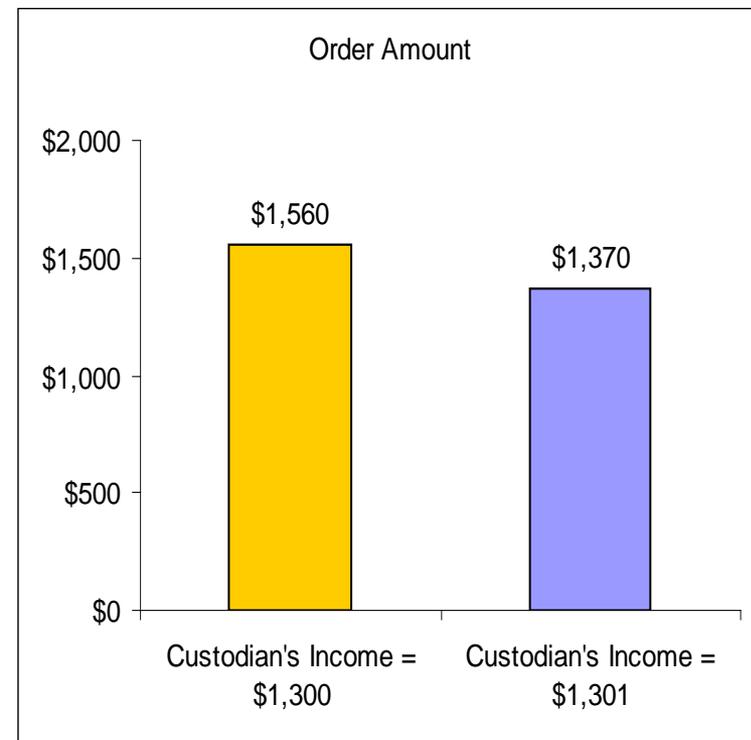
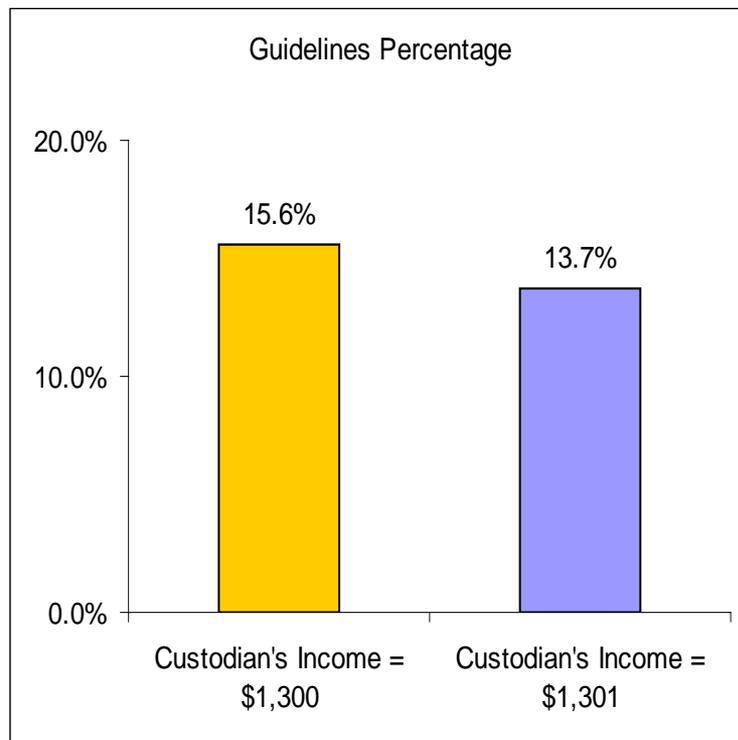
# Example of Precipitous Drop in Iowa Guidelines

One Child

NCP Income = \$10,000/mo

CP Income Increases from \$1,300 to \$1,301/mo

⇒ Order Amount decreases from \$1,560 to \$1,370/mo



## Example of Income Shares Chart (can be based on gross or net income)

Combined Gross Income	1 Child	2 Children	3 Children	4 Children	5 Children	6 Children
1000.00	227	322	375	418	460	500
1050.00	237	336	390	435	479	521
1100.00	247	349	406	453	498	542
1150.00	257	363	422	471	518	563
1200.00	266	377	438	488	537	584
1250.00	276	391	454	506	557	606
1300.00	286	404	470	524	576	627
1350.00	296	418	485	541	595	648
1400.00	305	431	500	558	614	667
1450.00	314	444	515	574	632	687
1500.00	323	456	530	591	650	707
1550.00	332	469	545	607	668	727
1600.00	342	482	559	624	686	746
1650.00	351	495	574	640	704	766
1700.00	360	508	589	657	722	786
1750.00	369	521	604	673	740	806
1800.00	378	533	618	690	759	825
1850.00	387	546	633	706	777	845
1900.00	396	559	648	723	795	865
1950.00	405	572	663	739	813	885
2000.00	415	585	678	756	831	904
2050.00	423	597	691	771	848	923
2100.00	432	608	704	785	864	940
2150.00	440	619	717	799	879	957
2200.00	448	630	730	814	895	974
2250.00	456	642	743	828	911	991
2300.00	465	653	755	842	926	1008
2350.00	473	664	768	856	942	1025
2400.00	481	675	781	871	958	1042
2450.00	490	687	794	885	973	1059
2500.00	498	698	806	899	989	1076

- One chart for 1-6 children
- Chart is based on parents' combined income
- Chart contains the parents' total obligation to the child(ren)

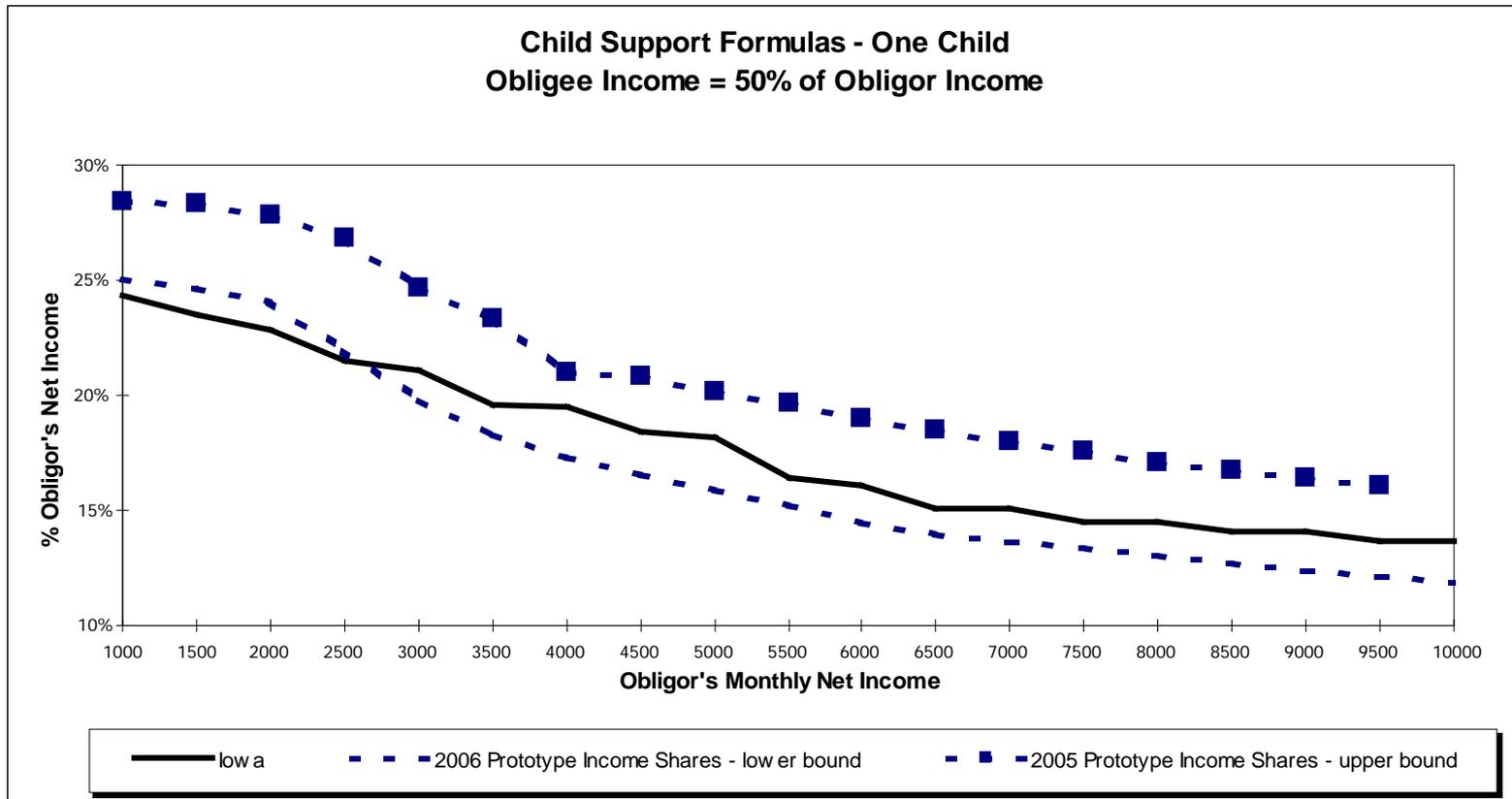
Excerpt of Pure Income Shares Worksheet: NCP pays child's health insurance premium

<b>CHILD SUPPORT WORKSHEET: SOLE CUSTODY</b> Number of Children = 1, mother is custodial parent			
	<b>Mother</b>	<b>Father</b>	<b>Combined</b>
<b>1. Monthly Income</b>	<b>\$1,000</b>	<b>\$1,500</b>	<b>\$2,500</b>
<b>2. Proportional Share of Income</b>	<b>40%</b>	<b>60%</b>	<b>100%</b>
<b>3. Basic Child Support Obligation (from chart)</b>			<b>\$498</b>
<b>4. Work-Related Child Care Costs</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>5. Child's Share of Health Insurance Premium</b>	<b>\$0</b>	<b>\$100</b>	<b>\$100</b>
<b>6. Total Additional Expenses (Add Lines 4 and 5)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$100</b>
<b>7. Total Child Expenses (Add Lines 3 and 6)</b>			<b>\$598</b>
<b>8. Each Parent's Obligation (multiple Line 7 by Line 2 for each parent)</b>	<b>\$239</b>	<b>\$359</b>	
<b>9. Adjusted Child Support Order (Subtract noncustodial parent's line 6 from noncustodial parent's line 8)</b>		<b>\$259</b>	

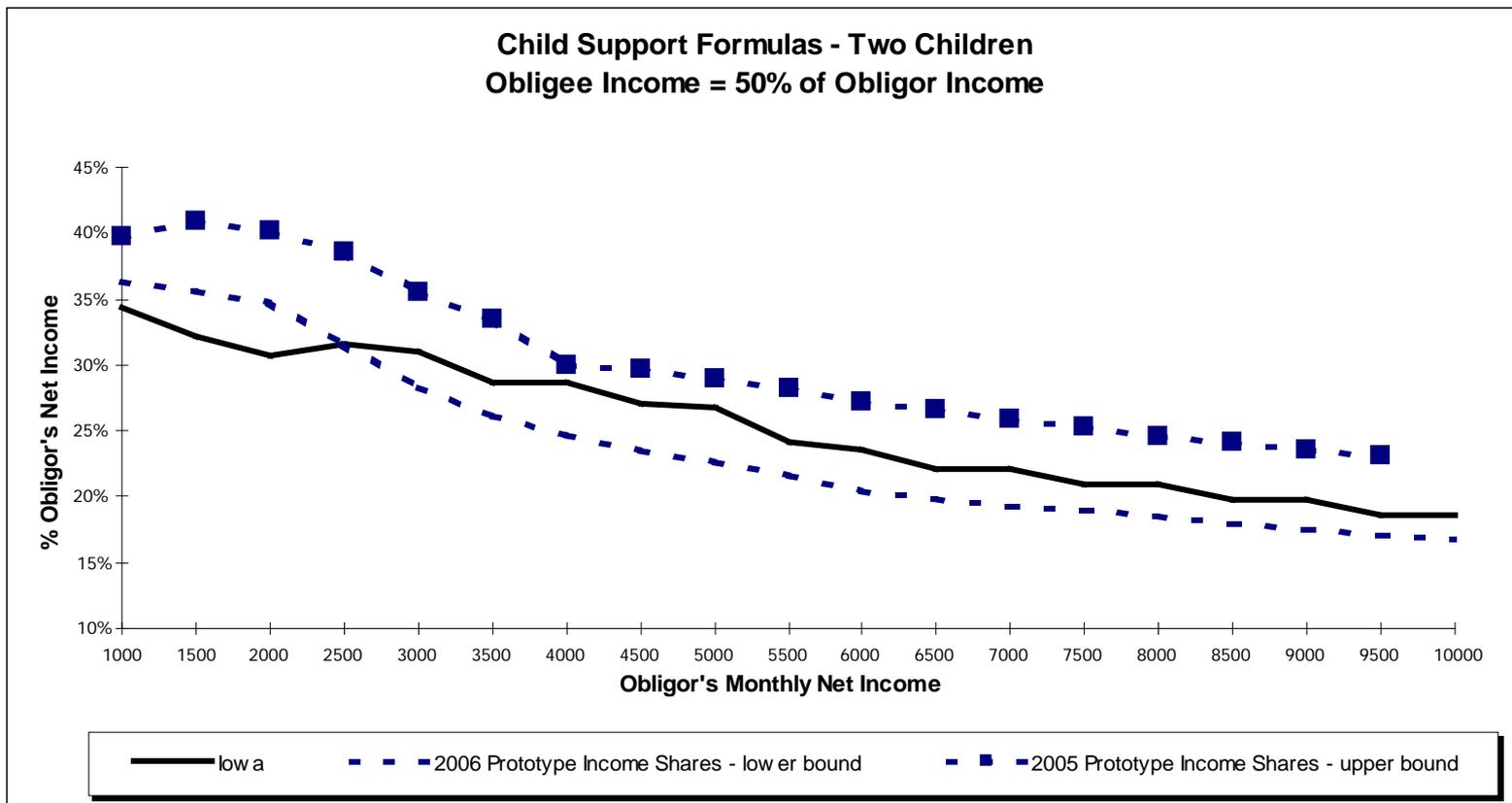
# Excerpt of Pure Income Shares Worksheet: CP pays child's premium

<b>CHILD SUPPORT WORKSHEET: SOLE CUSTODY</b> Number of Children = 1, mother is custodial parent			
	<b>Mother</b>	<b>Father</b>	<b>Combined</b>
<b>1. Monthly Income</b>	<b>\$1,000</b>	<b>\$1,500</b>	<b>\$2,500</b>
<b>2. Proportional Share of Income</b>	<b>40%</b>	<b>60%</b>	<b>100%</b>
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<b>4. Work-Related Child Care Costs</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>5. Child's Share of Health Insurance Premium</b>	<b>\$100</b>	<b>\$0</b>	<b>\$100</b>
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# Comparison of Iowa to Pure Income Shares: One Child



# Comparison of Iowa to Pure Income Shares: Two Children

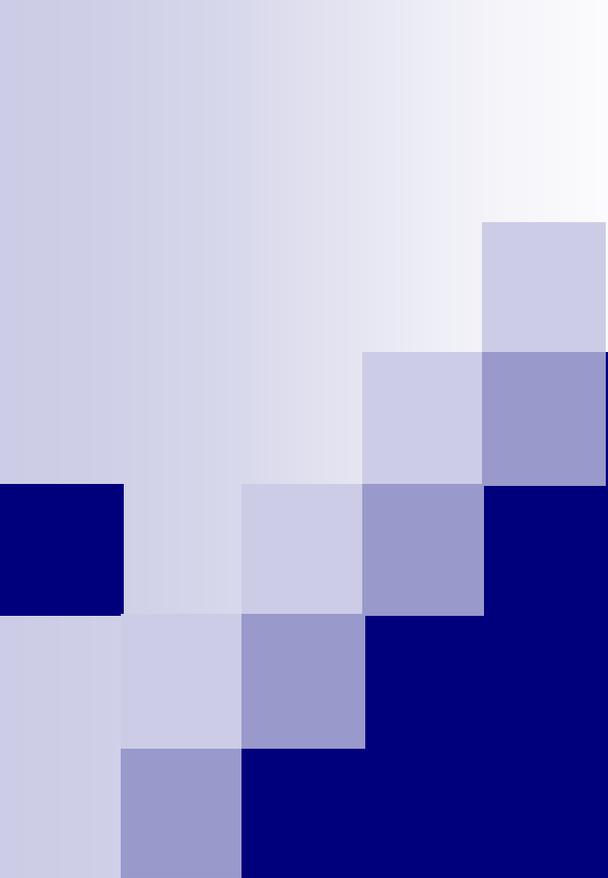


# Observations from Comparisons

- Child-rearing expenditures as a percent of income decrease as income increases
  - But, dollar amount increases
- Iowa does not result in a gradual and smooth decrease like Pure Income Shares does
- There is a credible range of estimates of child-rearing expenditures
  - Child-rearing expenditures are estimated because many expenditures items are jointly consumed by children and adults (e.g., electricity for the home)

# Other Issues with the Iowa Version of Income Shares

- Can't prorate child's health insurance premium between the parents and add/subtract to obligation because it results in some anomalous differences for low-income noncustodial parents
- Can't apply shared-parenting formulas used in other states because don't know total costs of child rearing from Iowa Charts
- Extended with various estimates of child-rearing expenditures from different years, different methodologies, and different assumptions



# Child-Rearing Costs

# References: Economic Studies of Child-Rearing Expenditures

- Thomas J. Espenshade, *Investing in Children: New Estimates of Parental Expenditures*, Urban Institute Press: Washington, D.C. (1984).
- David M. Betson, *Alternative Estimates of the Cost of Children from the 1980-86 Consumer Expenditure Survey*, Report to U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, University of Wisconsin Institute for Research on Poverty, Madison, Wisconsin (1990).
- Lewin/ICF, *Estimates of Expenditures on Children and Child Support Guidelines*, Report to U.S. Department of Health and Human Services (Office of the Assistant Secretary for Planning and Evaluation), Lewin/ICF, Fairfax, Virginia. (October 1990).
- David M. Betson, “Chapter 5: Parental Expenditures on Children,” *in* Judicial Council of California, *Review of Statewide Uniform Child Support Guidelines*, San Francisco, California (2001). Available at: <http://www.courtinfo.ca.gov/programs/cfcc/1058files2001/CH5.PDF>
- Betson, David M. (2006). “Appendix I: New Estimates of Child-Rearing Costs in *State of Oregon Child Support Guidelines Review: Updated Obligation Scales and Other Considerations*, Report to State of Oregon, Prepared by Policy Studies Inc., Denver Colorado. Available at [http://www.dcs.state.or.us/oregon\\_admin\\_rules/psi\\_guidelines\\_review\\_2007.pdf](http://www.dcs.state.or.us/oregon_admin_rules/psi_guidelines_review_2007.pdf)
- Mark Lino, *Expenditures on Children by Families: 2006 Annual Report*, U.S. Department of Agriculture, Center for Nutrition and Policy Promotion. Miscellaneous Publication No. 1528-2006 (2007). Available at: <http://www.usda.gov/cnpp/Crc/crc2006.pdf>

# Estimates of Child-Rearing Expenditures Underlying State Guidelines\*

	van der Gaag	Espenshade/ Engel	Betson/Rothbarth			Average of Betson/Rothbarth-Engel	USDA
			1 <sup>st</sup> study	2 <sup>nd</sup> Study	3 <sup>rd</sup> Study	2 <sup>nd</sup> Study	
Year of Study	1981	1984	1990	2001	2006	2001	Annual
Approx. Number of States Basing Guideline on Study	5*	7**	14	10	NC and 2 states proposed	GA –effective 2007	MN-adjusted effective 2007
Years of survey data	Various years	1972-73	1980-86	1996-99	1998-2006	1996-99	1990-92

# Composition of Expenditures for Average Family CEX (1996-99)

❖ **Housing (41%)**

❖ **Food (21%)**

❖ **Transportation (14%)**

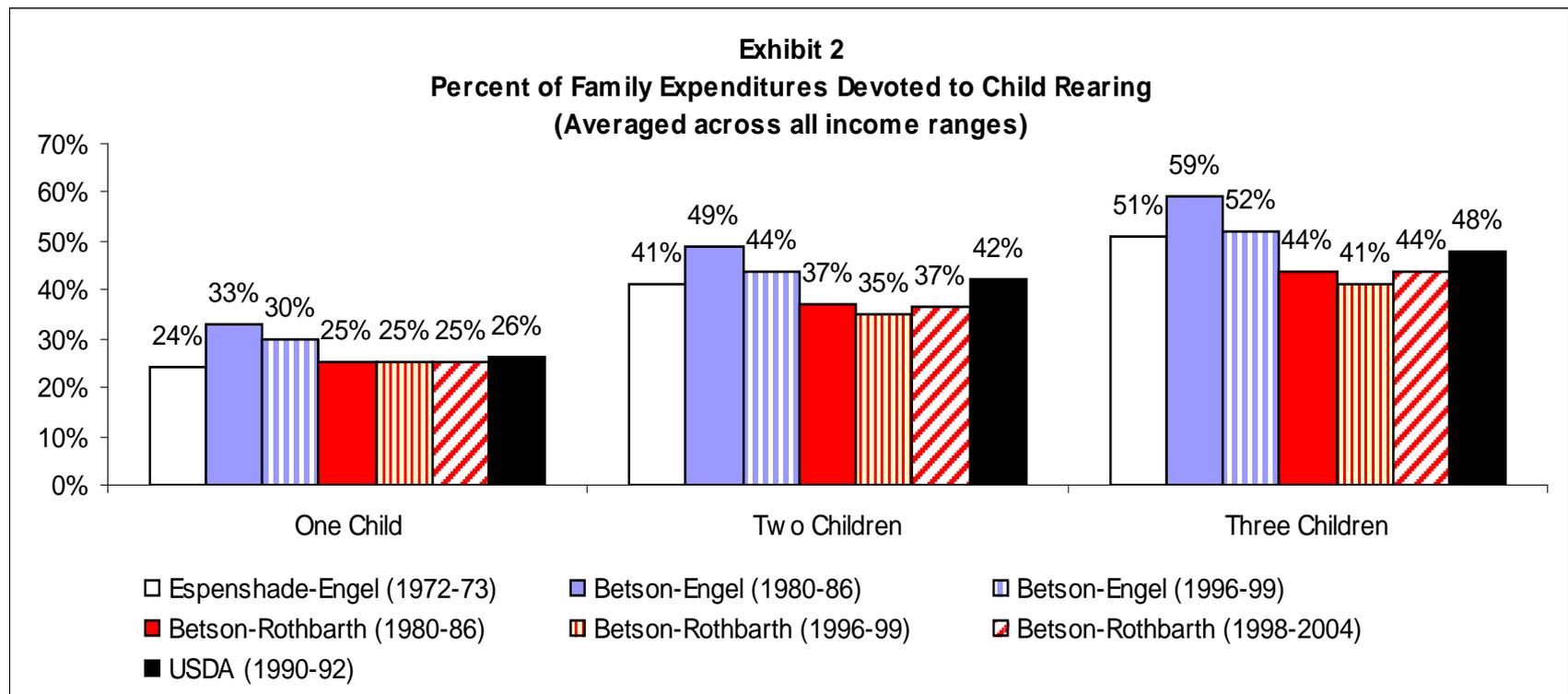
❖ **Entertainment (7%)**

❖ **Apparel (6%)**

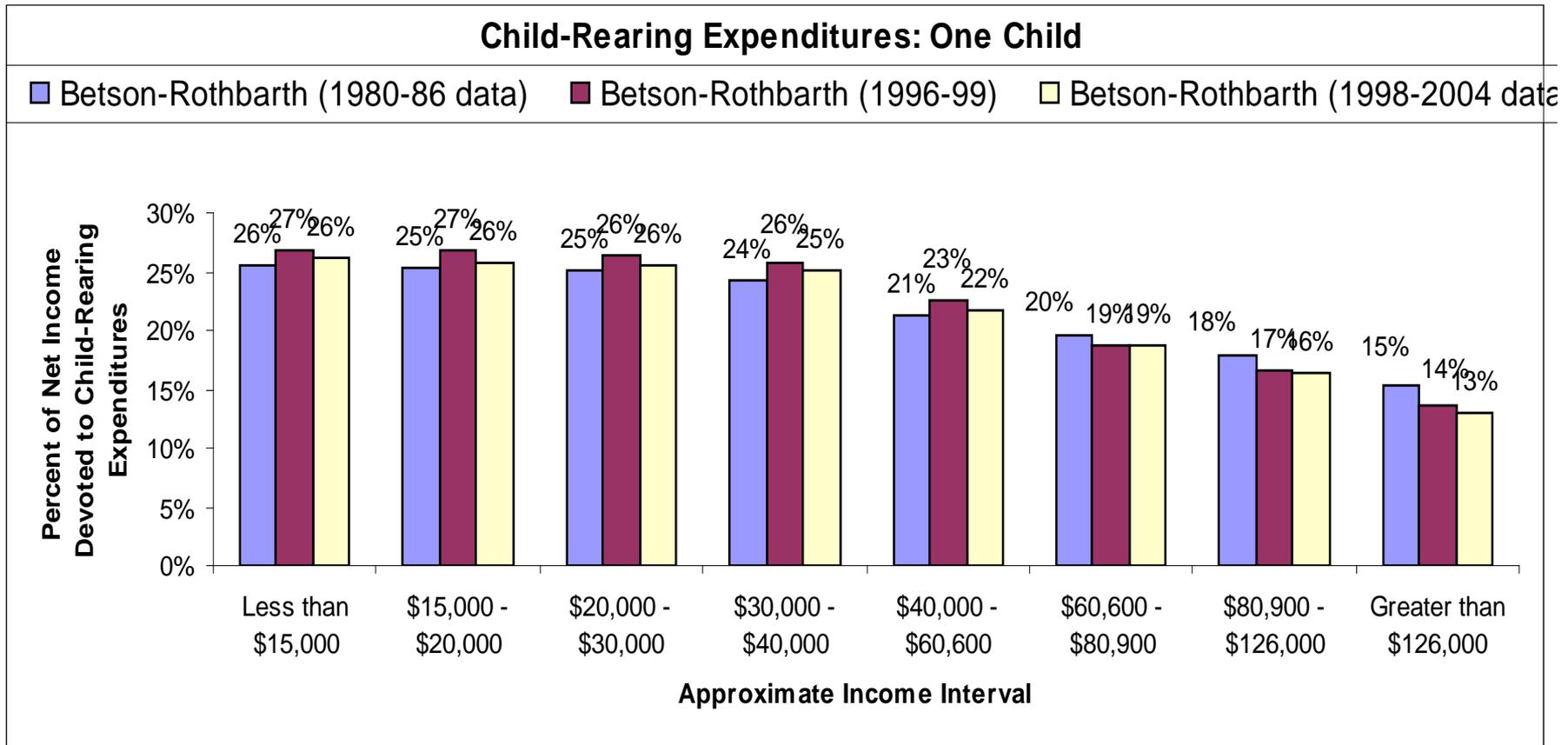
❖ **Medical (5%)**

❖ **Other (7%)**

# Differences in Estimates of Child-Rearing Expenditures (averaged across all income levels)



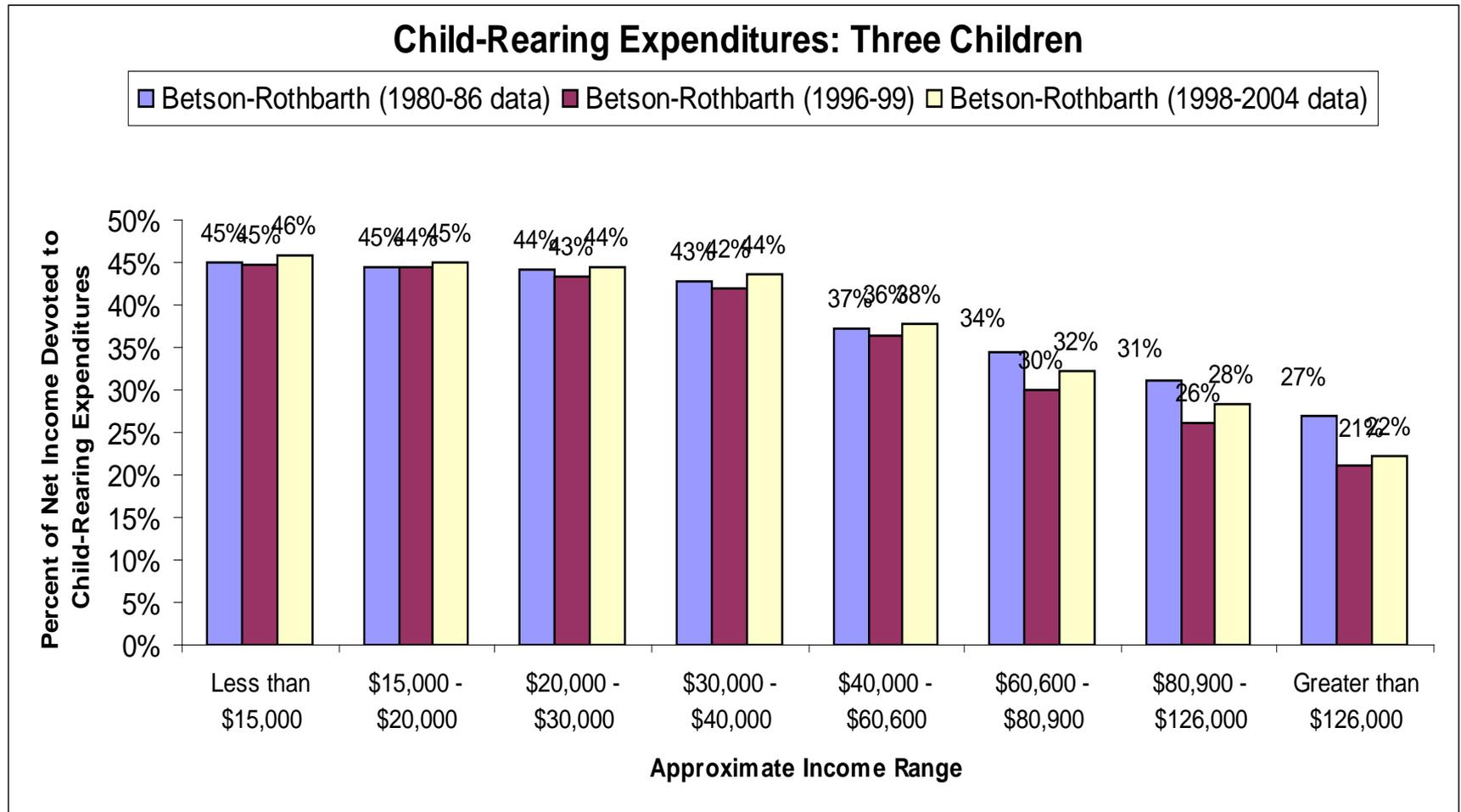
# Differences in Betson-Rothbarth Estimates across Time: One Child





# **Differences in Betson-Rothbarth Estimates across Time: Two Children**

# Differences in Betson-Rothbarth Estimates across Time: Three Children



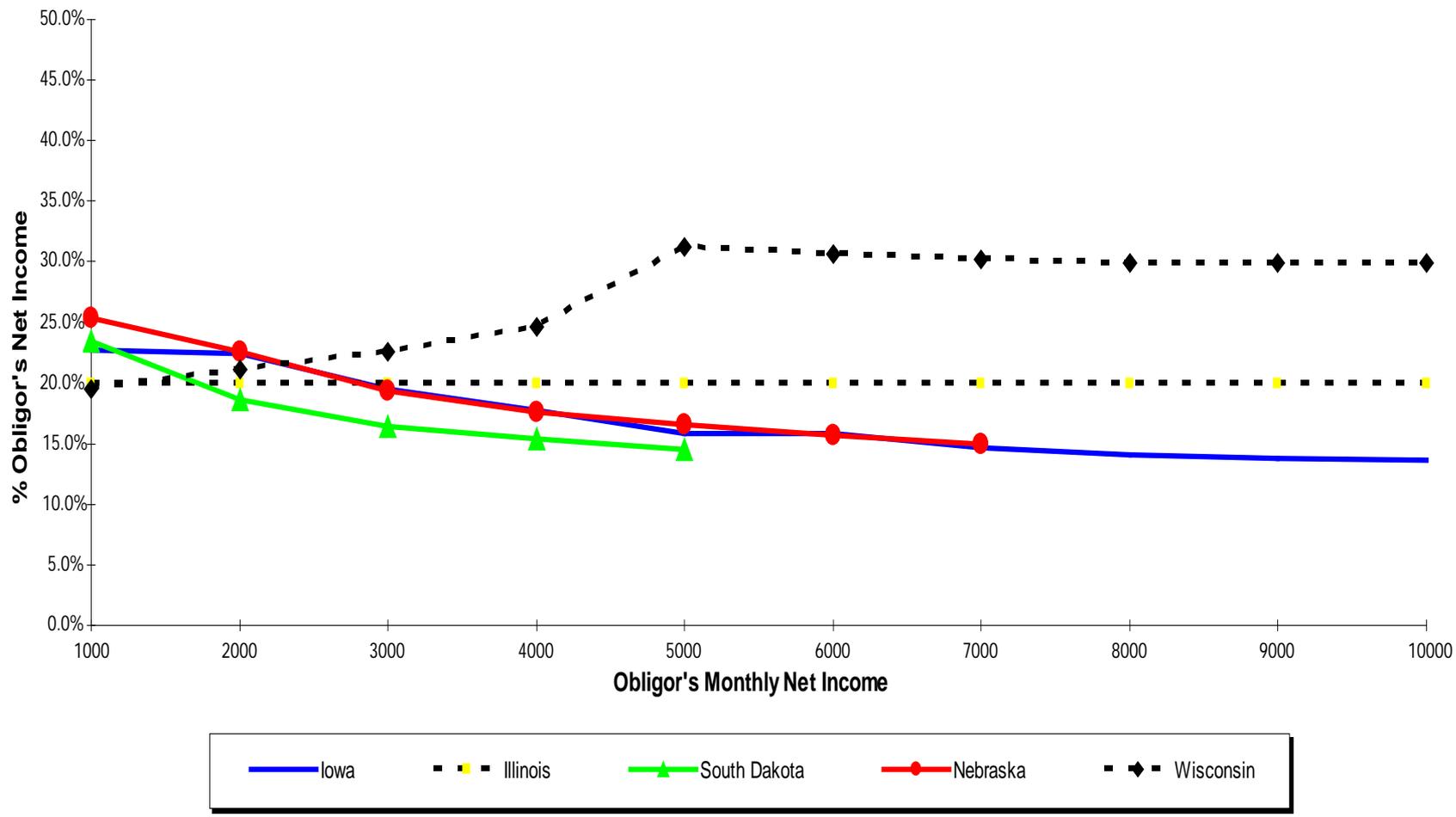
# Extension of Iowa Table over Time

Custodial Parent's Net Monthly Income	Noncustodial Parent's Net Monthly Income		
	\$800 and Below	\$801 - \$2,000	Above \$2,000
\$3,100 and Below		<i>Original Schedule</i>	
Above \$3,100			

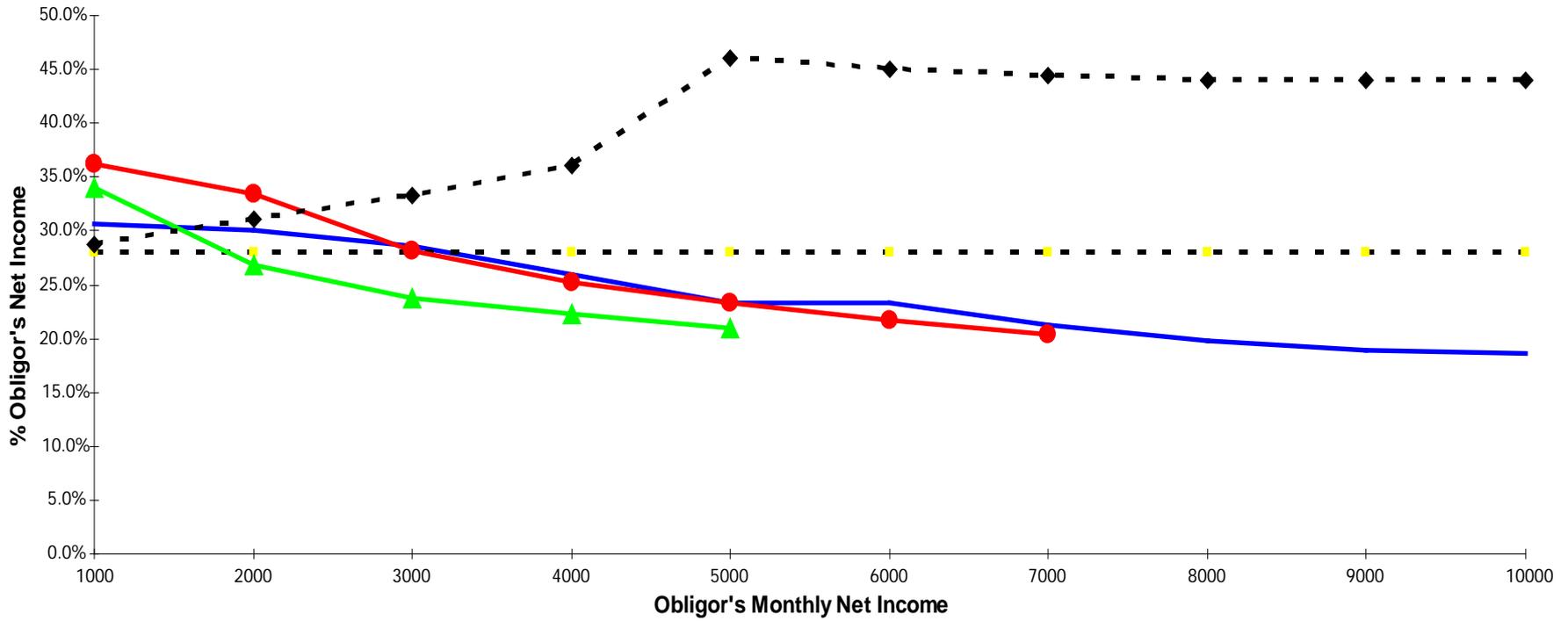
# Economic Source of Iowa Tables

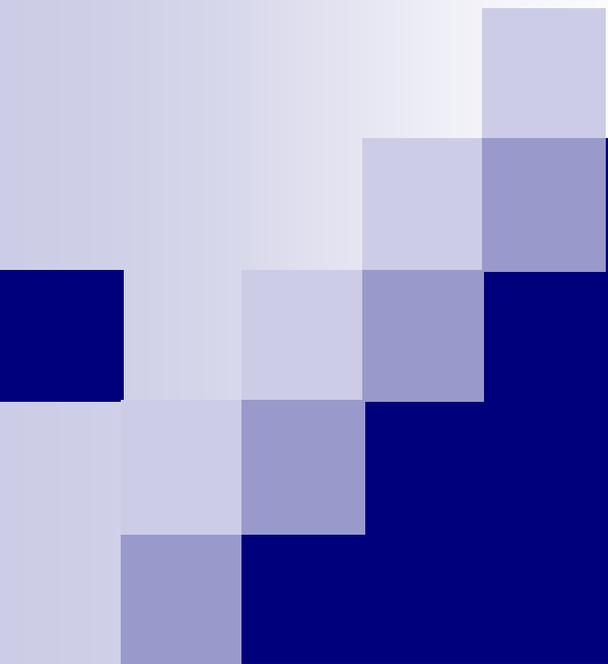
- 1984: unknown source
- 1987-88 changes: likely incorporated 1984 Espenshade-Engel estimates but to do not totally track
- 1995 extension based on 1990 Betson-Rothbarth estimates
  - CP net incomes above \$3,100
  - NCP net incomes above \$2,000
- 2000 modifications: Policy decision to reduce amounts for NCP income below \$800
- 2004 extension: extend up to \$6,000 to \$10,000 net with 2000 Betson-Rothbarth estimates

### Child Support Formulas - One Child Obligee Income = Obligor Income



### Child Support Formulas - Two Children Obligee Income = Obligor Income





# New Federal Medical Support Regulations & Treatment of Child's Health Insurance

# Iowa Existing Medical Support in Guidelines (Chapter 9)

## ■ Income deductions

- 9.5(6) Health insurance premium either deducted from wages or paid by a parent for health insurance so long as the child is covered by the policy
- 9.5(7) Actual medical support paid pursuant to court order or administrative order

## ■ Rule 9.12 Medical Support order

- “uncovered medical expenses”
  - Custodial parent shall pay first \$250 per year per child up to a maximum of \$500 per year for all children
  - Uncovered medical expenses above these amounts are to be prorated between the parents

*Federal Register*, vol. 71. , No. 182 (September 20, 2006, pages 54965-54974)

- Require that all support orders in the IV-D program address medical support
- **Redefine reasonable-cost health insurance**
- Require health insurance to be accessible, as defined by the State
- Make conforming changes to the Federal substantial-compliance audit and State self-assessment requirements.

Guidelines issue

# Medical Support in Iowa Code Section 598.21B

3. The court shall order as child medical support a health benefit plan as defined in chapter 252E if available to either parent at a reasonable cost.

A health benefit plan is considered reasonable in cost if it is employment-related or other group health insurance, regardless of the service delivery mechanism.

If the health plan benefit plan is not available at a reasonable cost, the court may order any other provisions for medical support as defined in chapter 252E.

*Iowa Code 252 E 9. "Medical support" means either the provision of a health benefit plan, including a group or employment-related or an individual health benefit plan, or a health benefit plan provided pursuant to chapter 514E, to meet the medical needs of a dependent and the cost of any premium required by a health benefit plan, or the payment to the obligee of a monetary amount in lieu of a health benefit plan, either of which is an obligation separate from any monetary amount of child support ordered to be paid. Medical support is not alimony.*

# Proposed Rules Affecting Guidelines

- provide how the child's health care needs will be met in the order
- direct the decision maker to consider both parents as potential source of health care coverage, rather than just the noncustodial parent
- require that, **at State option**, a reasonable alternative income-based numeric standard of reasonable cost for medical support be **defined in the guidelines**

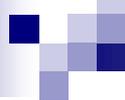
# New Federal Requirement: Identify How Health Insurance Is Provided

*Current requirement §303.56(c)(3): State Guideline Must Provide for Child(ren)'s Health Care Needs*

Must provide for the child(ren)'s health care needs through health insurance coverage or other means.

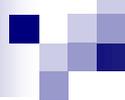
*Proposed revision to §303.56(c)(3).*

Address how the parents will provide for the child(ren)'s health care needs through health insurance coverage and/or through cash medical support in accordance with §303.31(b) of this chapter.



*Proposed new paragraph to §303.31 (a)(1):  
Definition of Cash Medical Support*

- Cash medical support is an amount ordered to be paid toward the cost of health insurance provided by a public entity or by another parent through employment or otherwise, or for other medical costs not covered by insurance.



*Proposed new paragraph to §303.31 (a)(1):  
Definition of Cash Medical Support*

- Cash medical support is an amount ordered to be paid toward the cost of health insurance provided by a public entity or by another parent through employment or otherwise, or for other medical costs not covered by insurance.

# *Definition of Reasonable Costs in Private Health Insurance*

## *Current Regulation: §303.31 (a) (Definition of Reasonable Costs and Petition for Health Insurance)*

- (a) For purposes of this section: Health insurance is considered reasonable in cost if it is employment-related or other group health insurance, regardless of service delivery mechanism.

## *Proposed Changes and Renumbering to §303.31(3) (a) (Definition of Reasonable Costs)*

- Cash medical support or private health insurance is considered reasonable in cost if the cost to the obligated parent does not exceed five percent of his or her gross income or, at State option, a reasonable alternative income-based numeric standard defined in State child support guidelines adopted in accordance with §302.56(c).

# Alternative Definitions of Reasonable Costs

- COLORADO: 20% of gross income threshold
- TEXAS: 10% of net income threshold
- MINNESOTA: Implicitly affected by Ability-to-Pay calculations: If NCP's after-obligation income is less than 120% poverty, then medical support is first reduced, then child care obligation is reduced, then cash support. Minimum orders (e.g., \$50/mo for 1 child) apply
- WASHINGTON: 25% of obligation, total obligation cannot exceed 45% of net income
- PROPOSED (identified in Proposed Rulemaking Notice) : Proposed NJ but not adopted: 0% threshold for incomes below 200% poverty and 5% threshold for net incomes above 200% poverty.

## ***Findings from State Studies funded through OCSE grants***

### **Georgia 2004:** examined 7,000 employer on-line calculations

- 5% threshold: 12% of calculations would qualify as reasonable
- 10% threshold: 45% of calculations would qualify as reasonable
- 15% threshold: 70% of calculations would qualify as reasonable

### **Colorado 2005:** Cases reviewed by medical support facilitator demonstration project for modification

- 20% threshold: 70% of cases met threshold
- 5% threshold: 30% of the cases would have met threshold

### **New Jersey 2002:** Simulation using New Jersey orders & \$100 premium

- 5% threshold: 5% of case simulations would qualify as reasonable
- 20% threshold: 55% of case simulations would qualify as reasonable

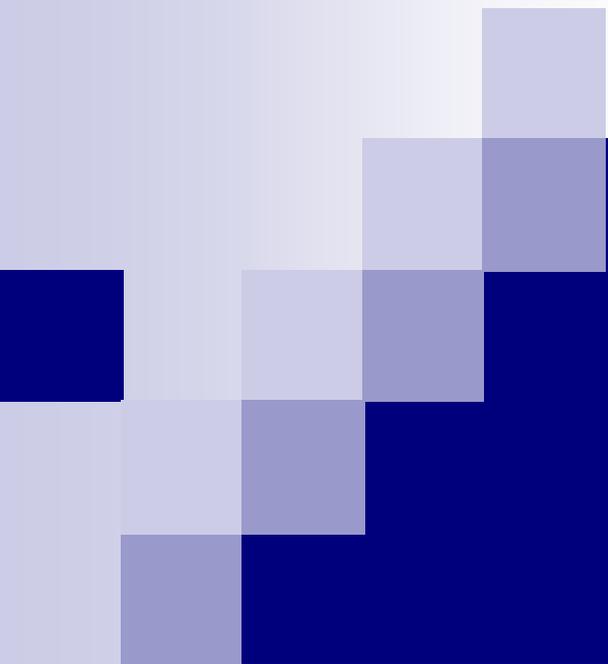
## Treatment of Health Insurance Costs in Other Income Shares States

- ❖ **26 Income Shares states prorate costs between parents, most of these states exclude health insurance costs from schedule**
- ❖ **8 Income Shares states subtract health insurance costs from parent's income, most of these are based on old measurements of child-rearing costs and use net income**

# Case Examples (see slides 16-17 for how add-on is calculated)

<b>Treatment of Health Insurance Premiums</b> <b>Two Children</b> <b>Family Coverage = \$196/month Single Coverage = \$54</b> <b>Children's Share = \$142 (\$196 - \$54)</b>				
	Monthly Order Amount		Noncustodial Parent's Share of Health Insurance Premium	
	Subtract \$196 from Income	Add-On of \$142	Subtract \$196 from Income	Add-On of \$142
<b>Case 1</b> NCP Monthly Net Income = \$2,000 CP Monthly Net Income = \$1,500 <ul style="list-style-type: none"> <li>No private insurance</li> <li>NCP pays private family coverage</li> <li>CP pays private family coverage</li> </ul>	\$600 \$541 \$600	\$600 \$539 \$681	NA 58% 0%	NA 57% 57%
<b>Case 2</b> NCP Monthly Net Income = \$1,100 CP Monthly Net Income = \$0 <ul style="list-style-type: none"> <li>No private insurance</li> <li>NCP pays for private family coverage</li> <li>NCP pays cash medical support of 5%</li> </ul>	\$409 \$335 \$464	\$409 \$409 \$464	NA 49% NA	NA 100% NA

$57\% = \$2000 \text{ (obligor income)} / \text{(total income of } \$3,500)$



# Adjustments for Parenting Time

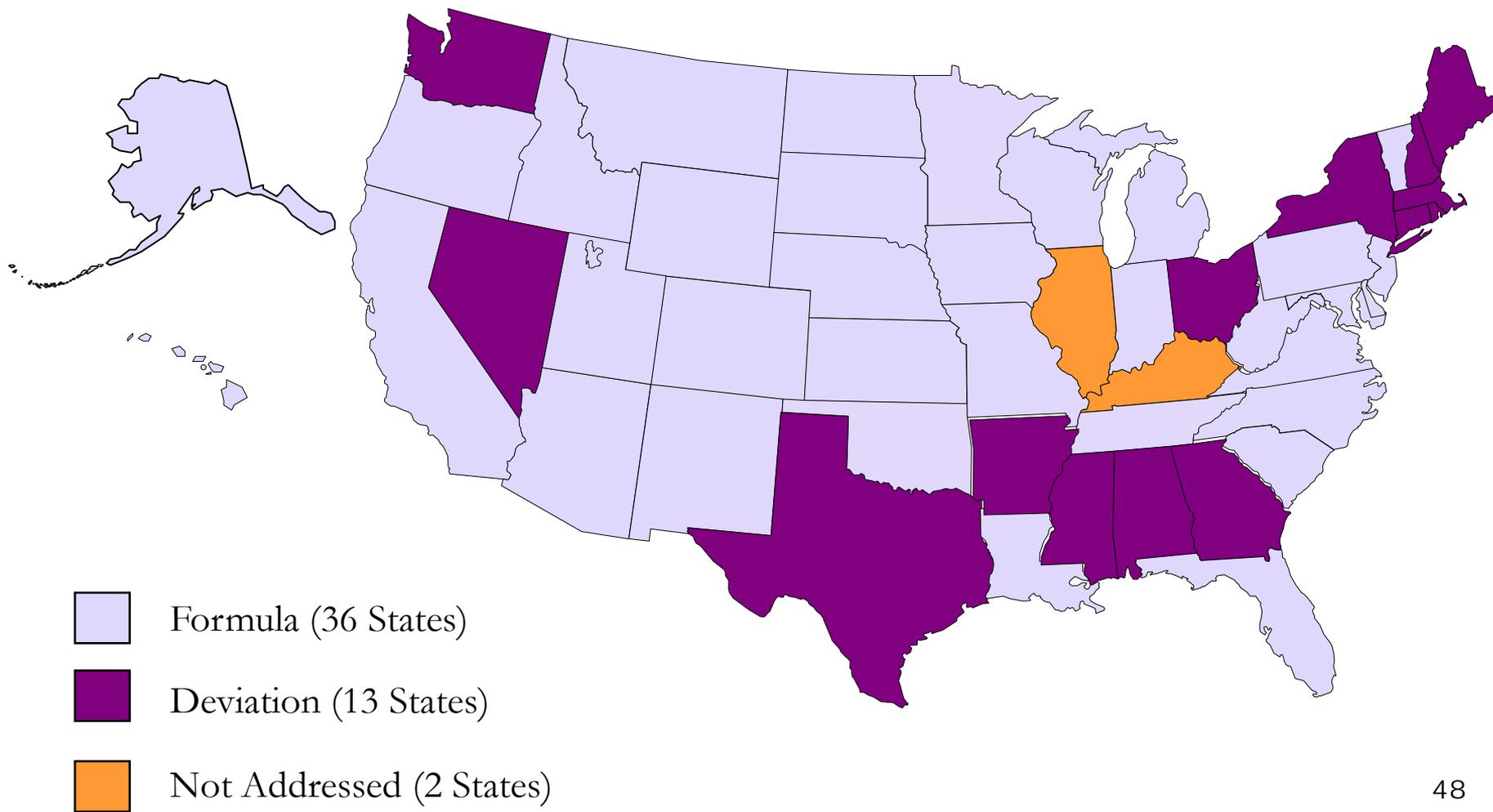
# Extraordinary Visitation Credit

**Rule 9.9 Extraordinary visitation credit.** If the non-custodial parent's court-ordered visitation exceeds 127 days per year, the noncustodial parent shall receive a credit to the guideline amount of child support in accordance with the following table:

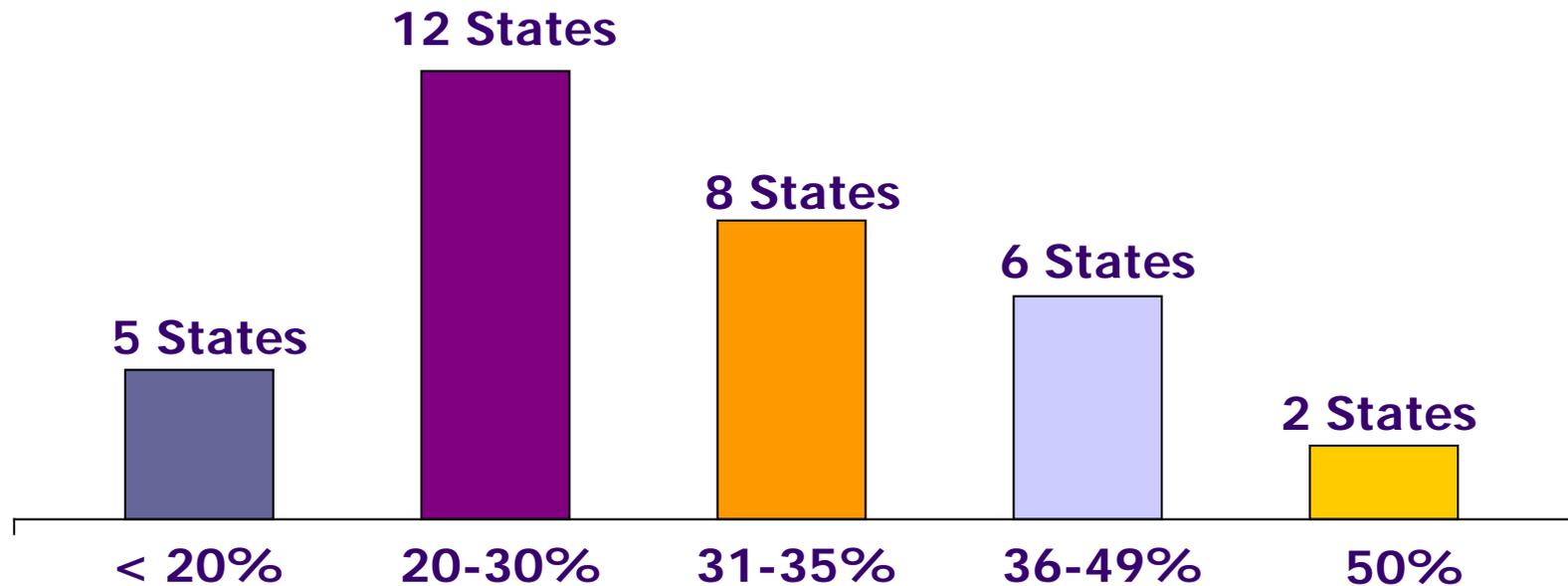
"Days"	Credit prior to 2004	Credit after 2005
128-147	25%	15%
148-166	30%	20%
167 or more but less than equally shared physical care	35%	25%

Offset method applied when equal custody or split custody through case law(?)

# States with Shared-Parenting Time Adjustments



# Thresholds for Applying Shared Parenting Adjustment



**Threshold for Shared Parenting Adjustment\***

*\*3 states with formulas do not have a numeric threshold*

# Typical Shared-Parenting Time Arrangements

	# of Days	% of 365 days
Every other weekend, every other holiday*	55.5 days	15%
Every other weekend, every other holiday, 2 weeks in summer, 1 week in winter	76.5 days	21%
Every weekend Friday through Sunday, 2 weeks in summer, 1 week in winter, every other holiday	129 days	35%
Every other weekend, one night per week, one month in summer	134.5 days	37%

One weekend is counted as two days.

\*Holidays: New Years, Easter, Memorial Day, 4<sup>th</sup> of July, Labor Day, Thanksgiving and Christmas

# Application of Timesharing Adjustments in State Guidelines

State	Custody Presumption/ Visitation Guideline	\$ Guidelines Formula to Adjust for Timesharing	Findings from Case File Review
AZ	No presumption, but encourage frequent and continuing contact	Adjustments starts at 4 overnights per year	Applied in 77% of cases 40% have 88-115 overnights
CA	Presumption of shared custody if parties agree  Also encourage frequent & continuing contact	Percent of time incorporated into formula  20% is standard	Average time = 15%/21% (All/Non-IVD)  37% cases 0 time/25% cases more than 20%
PA	Presumption of shared custody if parties agree	40% timesharing threshold must be met for adjustment to be applied	Applied in 4% of cases
NJ	No presumption	Two-tier adjustment: routine visitation (below 28%), then deviation.  Limited to non-poverty cases	Applied in 17% non-dissolution/30% dissolution cases
WA	Presumption of shared custody if parties agree	Deviation	Deviation for residential schedule applied in 4% of cases
WY	No presumption	Abatement for extended visitation & adjustment after 40% timesharing	Abatement applied in 3% of cases

# Components of Shared-Parenting Time Adjustments

- ❖ Threshold for Applying Adjustment
  - Most states set threshold at 20-35%
  - A few states start at 2-4 overnights
  
- ❖ Adjustment Method
  - 21 states use cross credit
  - 5 states use Indiana approach or variant
  - 5 states use per diem approach
  - 5 states use another approach
  
- ❖ Other
  - Gradual change in order amount as time with child increases/decreases
  - \$0 order when 50-50% time share & equal income
  - Flip obligor/obligee in certain situations
    - e.g., Custody is 60/40% Mom/Dad & Income is 75/25% Mom/Dad

## Example of Cross Credit (Offset) Adjustment: Income Shares

Line Reference		Mother	Father	Combined
1	Monthly Combined Gross Income	\$1,500	\$3,500	\$5,000
2	PERCENTAGE SHARE OF INCOME (Each parent's income from line 1 divided by Combined Income)	30%	70%	100%
3	BASIC OBLIGATION (Use line 1 to find amount from Child Support Schedule.)			\$736
4	Shared Custody Basic Obligation (line 3 x 1.5)			\$1,146
5	Each Parent's Share (Line 4 x each parent's line 2)	\$344	\$802	
6	Overnights with Each Parent (must total 365)	182.5	182.5	365
7	Percentage Time with Each Parent (Line 6 divided by 365)	50%	50%	100%
8	Amount Retained (Line 5 x Line 7 for each parent)	\$172	\$401	
9	Each Parent's Obligation (Line 5 – Line 8)	\$172	\$401	
10	AMOUNT TRANSFERRED FOR BASIC OBLIGATION (Subtract smaller amount on line 9 from larger amount on line 9. Parent with larger amount on line 9 owes the other parent the difference.)		\$229	

# Arizona's Shared-Parenting Adjustment

Arizona  
Parenting Time Table A

Number of Visitation Days		Adjustment Percentage
0	3	0
4	20	.012
21	38	.031
39	57	.050
58	72	.085
73	87	.105
88	115	.161
116	129	.195
130	142	.253
143	152	.307
153	162	.362
163	172	.422
173	182	.486

## Formula

Obligor's Share of Total Obligation  
 -(Basic Child Support Obligation x  
 Adjustment Percentage)

---

= Recommended Child Support Order

## Example

NCP Income = \$3,500 per year

CP Income = \$1,500 per year

50% (182 days) with NCP

Basic Obligation = \$764

NCP Share (sole custody) = \$535

**\$535 - (\$764 \* .486) = \$164**

# Tennessee Adjustment

- applies to time-sharing arrangements above 92 overnights ( 25% timesharing).
- Consider nights in excess of 92 as percent of 92, e.g., 94 nights is .03
- Multiply the parents' combined basic obligation by above percentage, e.g., \$30 if basic obligation is \$1,000
- Prorate that amount by the obligor's share of income, this is the amount of the adjustment, e.g., if obligor's share is 60%, he gets adjustment of \$13 (40% of \$30)

# Adjustment Method Used in OR, AZ, NJ, & IN

There are 3 types of child-rearing expenditures

- ❖ Variable (e.g., food) expenses account for 37-40%
- ❖ Fixed, duplicated (e.g., housing) expenses account for 30-50%
- ❖ Fixed, non-duplicated (e.g., clothing) expenses account for 10 to 33%

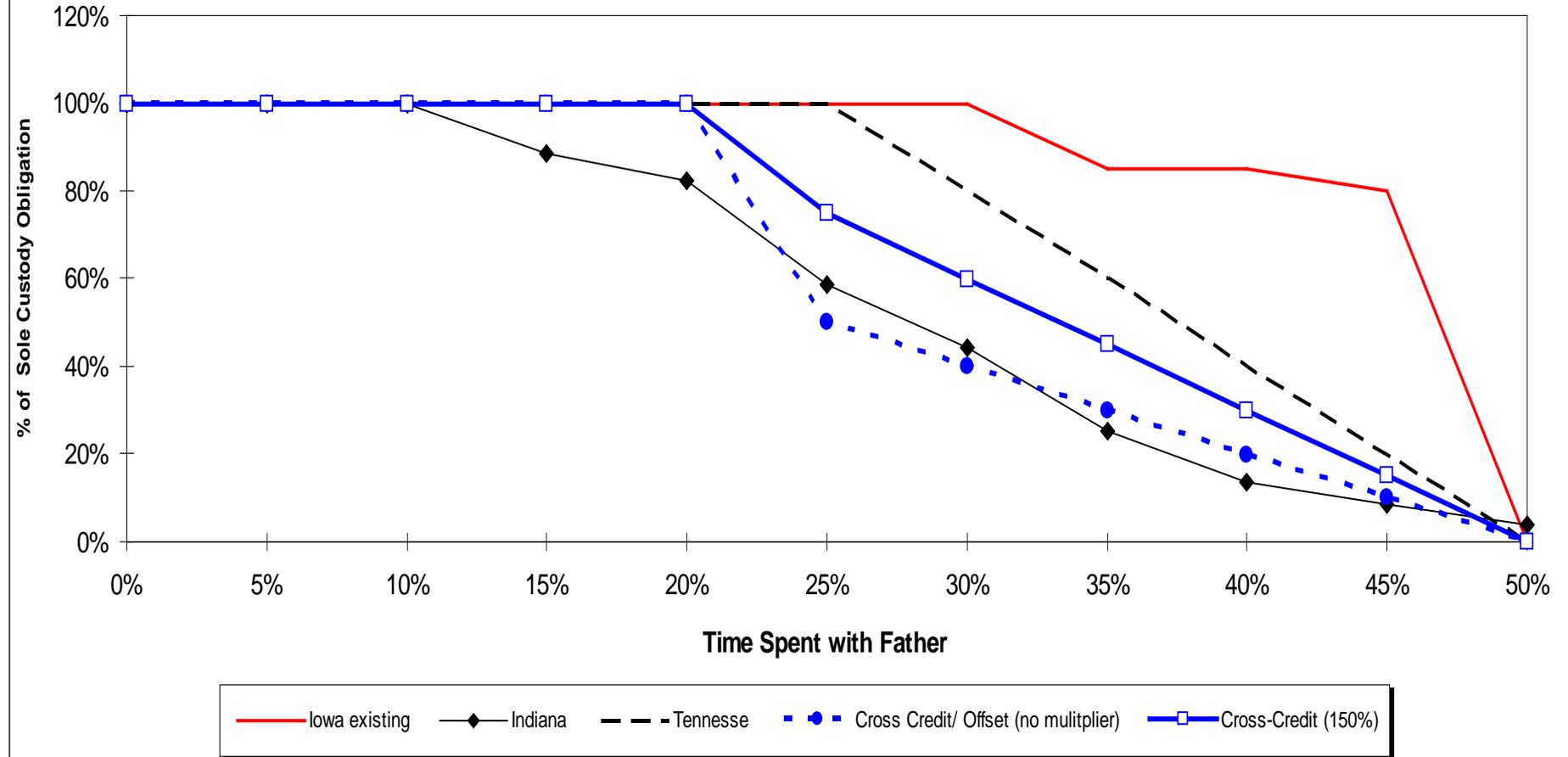
AZ's initial breakdown: 38%/30%/32%

At low levels of timesharing adjustments only variable expenses are considered.

# Effect of Shared Parenting Adjustments on Order Amounts

Equal Incomes; 1 Child

Both Parents Net Incomes = \$3,000 per month



**Comparison of Shared Custody Formulas**

**Father's Monthly Net Income = \$3,000, Mother's Monthly Gross Income = \$3,000**

**Support Due (\$ per month)**

**% of Sole Custody Obligation**

<b>Timesharing Arrangement (Percent)</b>	<b>Iowa Existing</b>	<b>Indiana</b>	<b>Tennessee</b>	<b>Cross Credit/Offset (no multiplier)</b>	<b>Cross-Credit (150%)</b>	<b>Timesharing Arrangement (Percent)</b>	<b>Iowa existing</b>	<b>Indiana</b>	<b>Tennessee</b>	<b>Cross Credit/Offset (no multiplier)</b>	<b>Cross-Credit (150%)</b>
0% (0 days)	\$585	\$585	\$585	\$585	\$585	0%	100%	100%	100%	100%	100%
5% (18 days)	\$585	\$585	\$585	\$585	\$585	5%	100%	100%	100%	100%	100%
10% (36 days)	\$585	\$585	\$585	\$585	\$585	10%	100%	100%	100%	100%	100%
15% (55 days)	\$585	\$519	\$585	\$585	\$585	15%	100%	89%	100%	100%	100%
20% (73 days)	\$585	\$481	\$585	\$585	\$585	20%	100%	82%	100%	100%	100%
25% (91 days)	\$585	\$343	\$585	\$293	\$439	25%	100%	59%	100%	50%	75%
30% (110 days)	\$585	\$259	\$468	\$234	\$351	30%	100%	44%	80%	40%	60%
35% (128 days)	\$497	\$147	\$351	\$176	\$263	35%	85%	25%	60%	30%	45%
40% (146 days)	\$497	\$80	\$234	\$117	\$176	40%	85%	14%	40%	20%	30%
45% (164 days)	\$468	\$51	\$117	\$59	\$88	45%	80%	9%	20%	10%	15%
50% (182.5 days)	\$0	\$22	\$0	\$0	\$0	50%	0%	4%	0%	0%	0%

# Comparison of Approaches

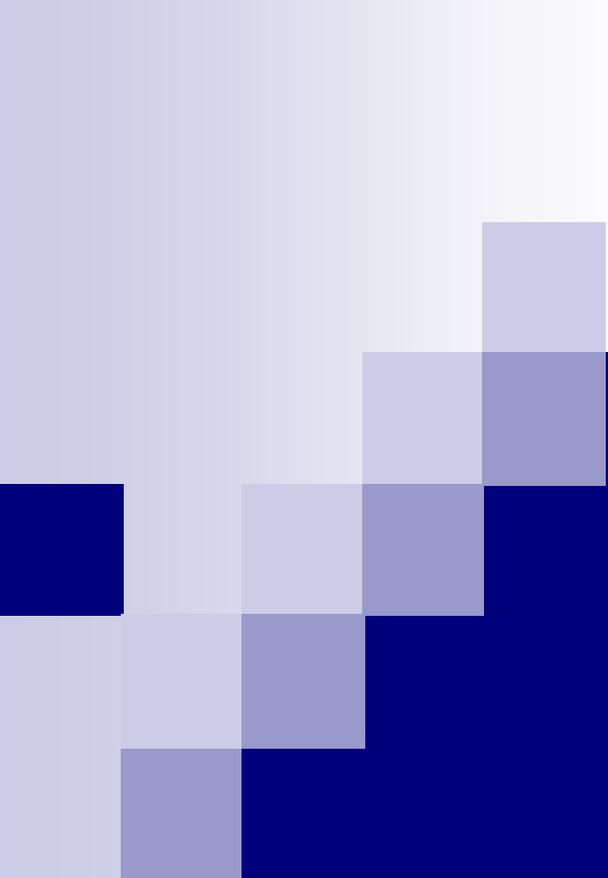
	<b>Intuition</b>	<b>Ease in Use</b>	<b>Obligated Parent Can Flip from Parent A to Parent B</b>	<b>Results in \$0 order when incomes are = &amp; 50/50 time split</b>
Cross-credit	Offset dummy orders for each parents weighted by timesharing arrangement	Formula	Yes	Yes
AZ	Adjust for variable costs at low timesharing levels and duplicated costs at higher levels	Table	Yes, but through guideline provision not table	
IN	Same concept as Or, but also adjusted for smoothing	Table	No	No
MN	12% adjustment for timesharing of 10-45% timesharing then cross-credit	Formula	No	Yes, through cross-credit
TN	Per Diem Adjustment	Formula	Yes	Yes

# Unique Provisions in Shared-Parenting Time Provisions

- ❖ **Custodial parent's income.** Adjustment will not be applied if custodial parent's income is below a threshold relating to the poverty level.
- ❖ **Proof of additional expenses.** Noncustodial parent must provide evidence that they incur substantial direct child-rearing expenses.
- ❖ **Set timesharing threshold high or above standard visitation.**
- ❖ **Provide a nominal adjustment.** e.g., 10%
- ❖ **Provide expedited processes for review and adjustment when visitation doesn't occur as ordered.** May also order counsel fees.
- ❖ **Parenting education, mediation and other conciliatory actions.**

# Unique Provisions in Shared-Parenting Time Provisions: Nebraska

***Joint Physical Custody.*** When a specific provision for joint physical custody is ordered and each party's parenting time exceeds 142 days per year, it is a rebuttable presumption that support may shall be calculated using worksheet 3. When a specific provision for joint physical custody is ordered and one party's parenting time is 109 to 142 days per year, the use of worksheet 3 to calculate support is at the discretion of the court. **If child support is determined under this paragraph, all reasonable and necessary direct expenditures made solely for the child(ren) such as clothing and extracurricular activities may be allocated between the parents, as determined by the court, but shall not exceed the proportion of the obligor's parental contributions (worksheet 1, line 6).**



# Next Steps



Are there other issues or concerns that need to be addressed?

# CPR Tasks

1. Review economic data on child-rearing costs
2. Compare Iowa to neighboring states
3. Identify pros & cons of Pure Income shares
4. Update analysis of treatment of health insurance
5. Analysis of alternative changes to shared-parenting time
6. On-site presentations
7. Modifying guidelines to comport with new federal rules on medical support
8. Optional assistance at request

# Next Steps

1. August meeting agenda
2. What information would be helpful?
3. Other issues?