



# Virginia Child Support Guidelines Review

Presentation to:

Virginia Child Support Guidelines Review Panel  
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By:

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# Purpose of Meeting

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- Review additional information received from Jane Venohr, Ph.D.
- Consider input received from Family Bar Coalition
- Make decisions about proposed guideline schedule
- Plan for June 17, 2013 meeting

# Recap of November 5, 2012 Meeting

- Jane Venohr, Ph.D. presented:
  1. Updated proposed guideline schedules
  2. Information on selected factors:
    - Shared custody: multiplier and threshold
    - Complex families
    - Unpaid, ordered health care costs
    - Unreimbursed medical expenses
    - Regional differences in cost of living
    - Guidelines based on age of children
  3. At the Panel's request, the Family Bar Coalition weighed in on the selected factors and the proposed guideline changes.

# Shared Custody

1. Should the current 1.4 multiplier for the “shared support need” be increased to reduce “cliff effect”?
2. Should the current custody/visitation threshold of more than 90 days per year be changed?

## Family Bar Coalition:

- Keep the 1.4 multiplier  
Might consider changing to 1.5 but need to see final guidelines
- Keep >90 days as threshold

# Complex Cases

1. Some states provide calculations for cases where custody is split for at least two children and shared for at least one child.
2. What happens now in Virginia?
3. Drafting statutory language for innumerable situations and contingencies.

## Family Bar Coalition:

- Not sure statute can provide guidance for variety of scenarios.

# Unpaid, Ordered Health Care Costs

If a noncustodial parent receives credit for paying health insurance costs but does not actually pay those costs, should that amount be added back into his/her child support obligation?

## Family Bar Coalition:

- Not an issue.

Currently addressed effectively via contempt actions.

# Unreimbursed Medical Expenses

1. Most states' guidelines do not specifically address how parents split these expenses in shared custody cases
2. Common practices:
  - Prorate or split 50/50
  - Parenting plans
3. What happens now in Virginia
  - Expenses above \$250 per child per year
  - Based on economic data

## Family Bar Coalition:

- Suggests eliminating \$250 limit and splitting pro-rata, particularly in shared custody cases.

# Regional Differences in Cost of Living

- No state adjusts for intra-state regional differences in cost of living
- Federal law requires one guideline that applies across the state
- Maryland and D.C. guidelines are adjusted for high housing costs, but the adjustment applies to entire state
- Kansas does adjust for interstate differences in cost of living

# Guidelines Based on Age of Children

- Most states do not consider age of children. Guidelines apply to all children between 0-17 years of age.
- Michigan is the only state with guidelines based on economic data for expenditures on older children.
- Some states provide a deviation factor for age.

# Updating for 2013 Economic Data

Dr. Venohr's February 2013 briefing provides:

- Updated schedule based on 2013 federal and state income tax rates and FICA and 2013 price levels.
- Comparisons with other recently updated states with no housing adjustment.
- Additional information to consider when recommending an updated low-income adjustment.

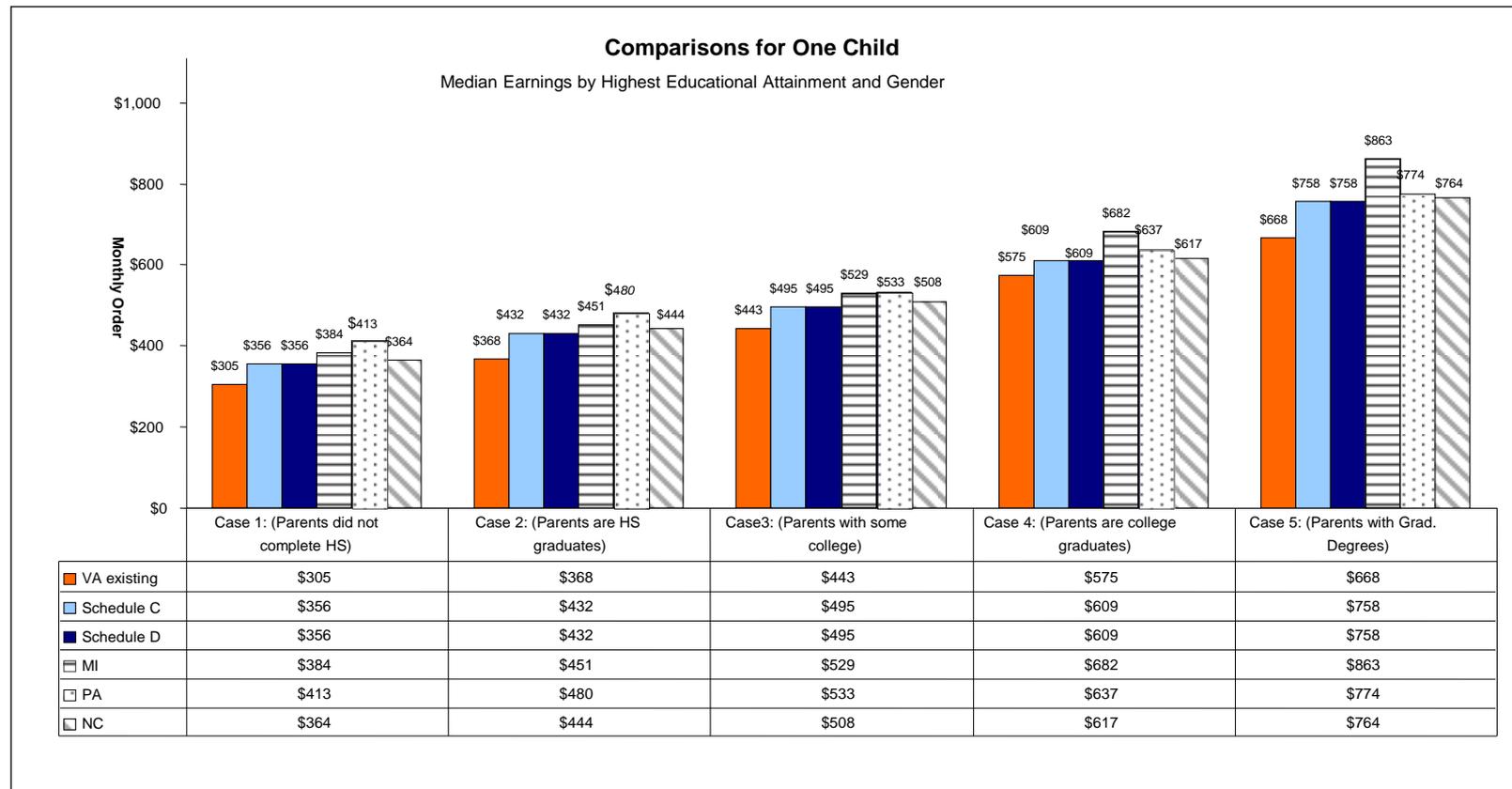
# Updating for 2013 Economic Data

- When CPR prepared updated schedules for the November meeting, there was uncertainty about what the federal tax rates would be in 2013. Since then, Congress has made changes to the federal tax code that became effective January 2013. Those 2013 tax rates are incorporated into the updated schedules (Schedules C and D).
- The Panel should eliminate Schedules A and B from the November briefing for consideration. The tax assumptions underlying Schedules A and B are wrong; that is, they do not reflect actual 2013 tax rates.

# Comparison of Economic Basis of Existing and Updated Schedules

Comparison of the Economic Basis of Existing and Updated Schedules			
	Existing	Schedule C	Schedule D
<b>Economist and Methodology Used to Measure Child-Rearing Expenditures</b>	Espenshade-Engel	Betson-Rothbarth (4 <sup>th</sup> study)	Betson-Rothbarth (4 <sup>th</sup> study)
<b>Years that Expenditures Data Were Collected</b>	1972-73	2004-2009	2004-2009
<b>Price Levels</b>	Late 1980s	2013	2013
<b>Tax Rates</b>	Late 1980's	2013	2013
<b>Low-Income Adjustment</b>	A self-support reserve (SSR) of about \$480/mo is incorporated into the schedule.	At approximate earnings from f-t min. wage income (\$1,250 per gross), support is set at: 1 child: 17% 2 children: 21% 3 children: 23% 4 children: 27% 5 children: 28% Below \$1,250, the schedule amounts are interpolated from the minimum order amounts.	A self-support reserve (SSR) equivalent to the current FPL
<b>Federal Poverty Level for 1 Person</b>	The SSR (\$480) is based on the FPL in the late 1980's	Not applicable	\$957.50 (2013 FPL)
<b>Monthly Minimum Order</b>	\$65	One child: \$65 Two children: \$70 Three or more children: \$75	One child: \$65 Two children: \$70 Three or more children: \$75
<b>Difference in the order amount</b> <ul style="list-style-type: none"> <li>When the custodial parent has no income</li> <li>When the custodial parent has income</li> </ul>	Order amount could increase	Order amount remains the same or less as long as the noncustodial parent is eligible for the low-income adjustment	Order amount remains the same or less as long as the noncustodial parent is eligible for the low-income adjustment

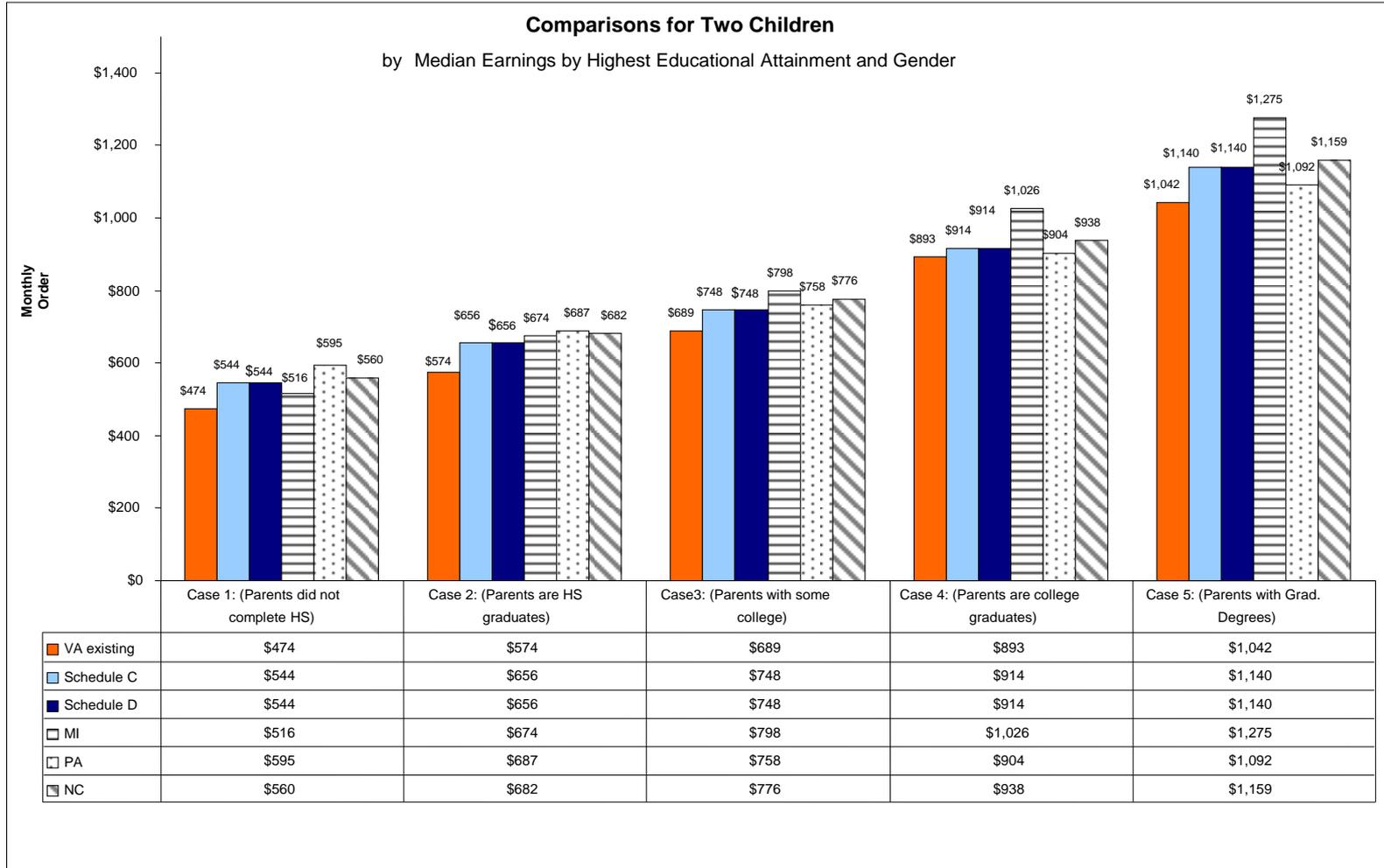
# Comparisons for One Child by Education and Gender



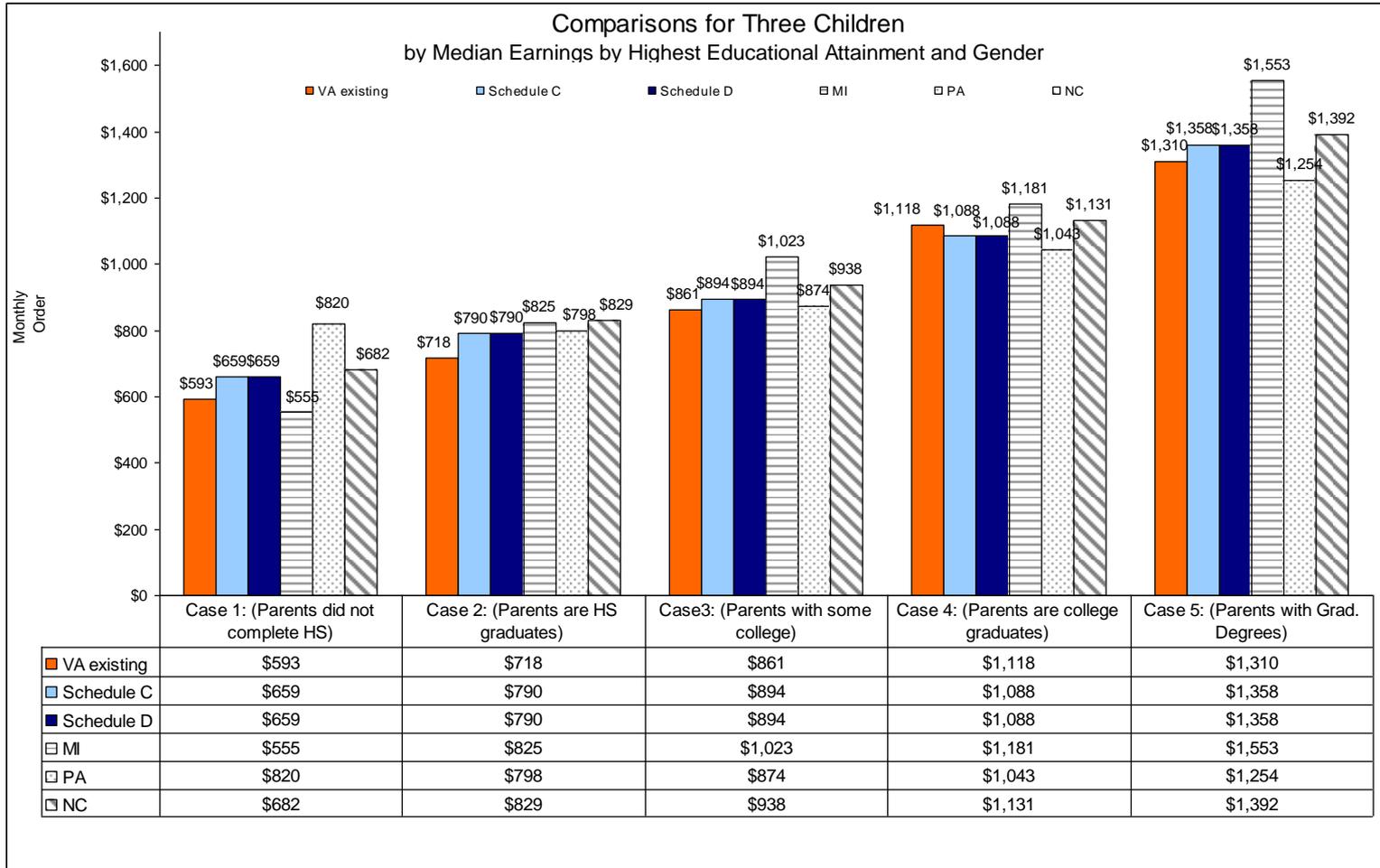
As of August 2012, DCSE's caseload by number of children is:

- 1 child – 76% of cases
- 2 children – 19% of cases
- 3 children – 4% of cases
- 4 or more children – 1% of cases

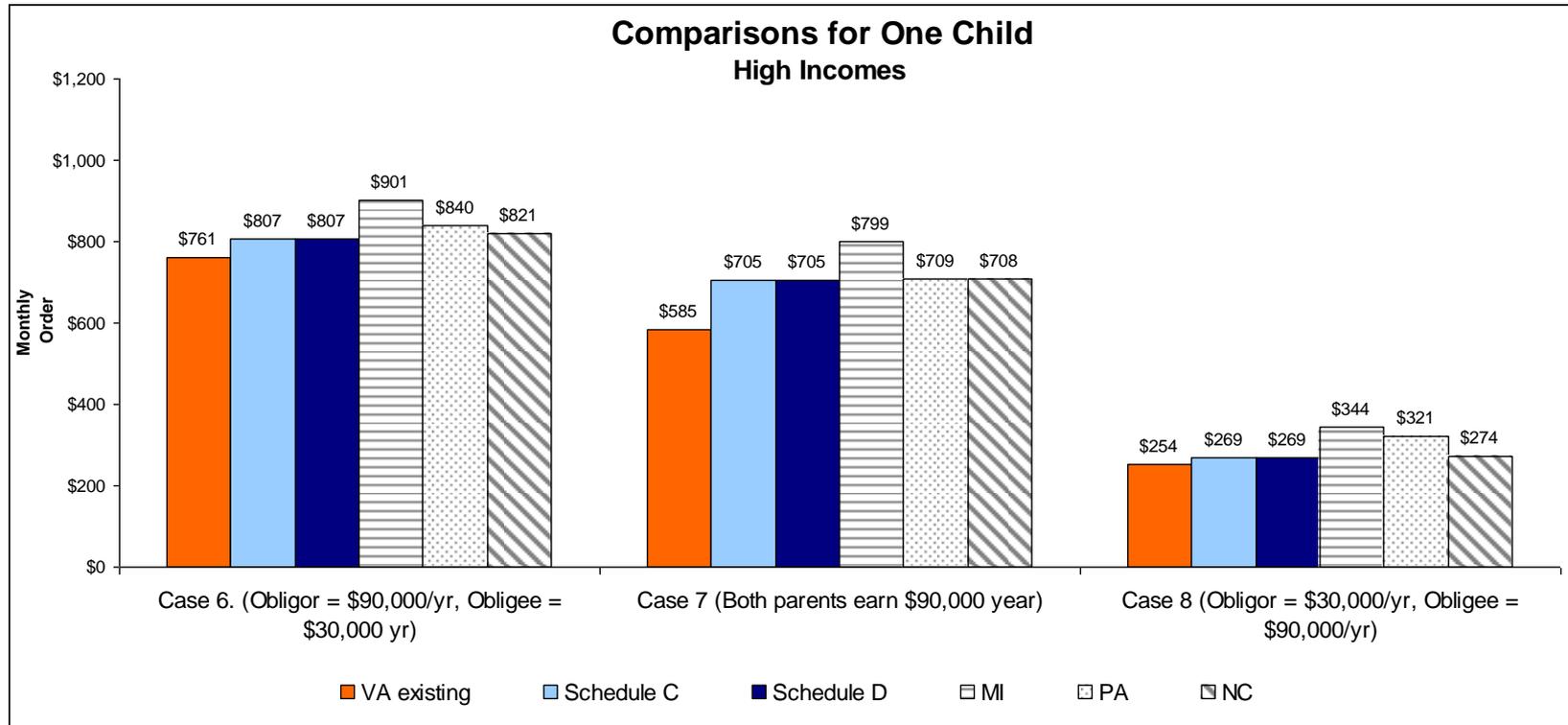
# Comparisons for Two Children by Education and Gender



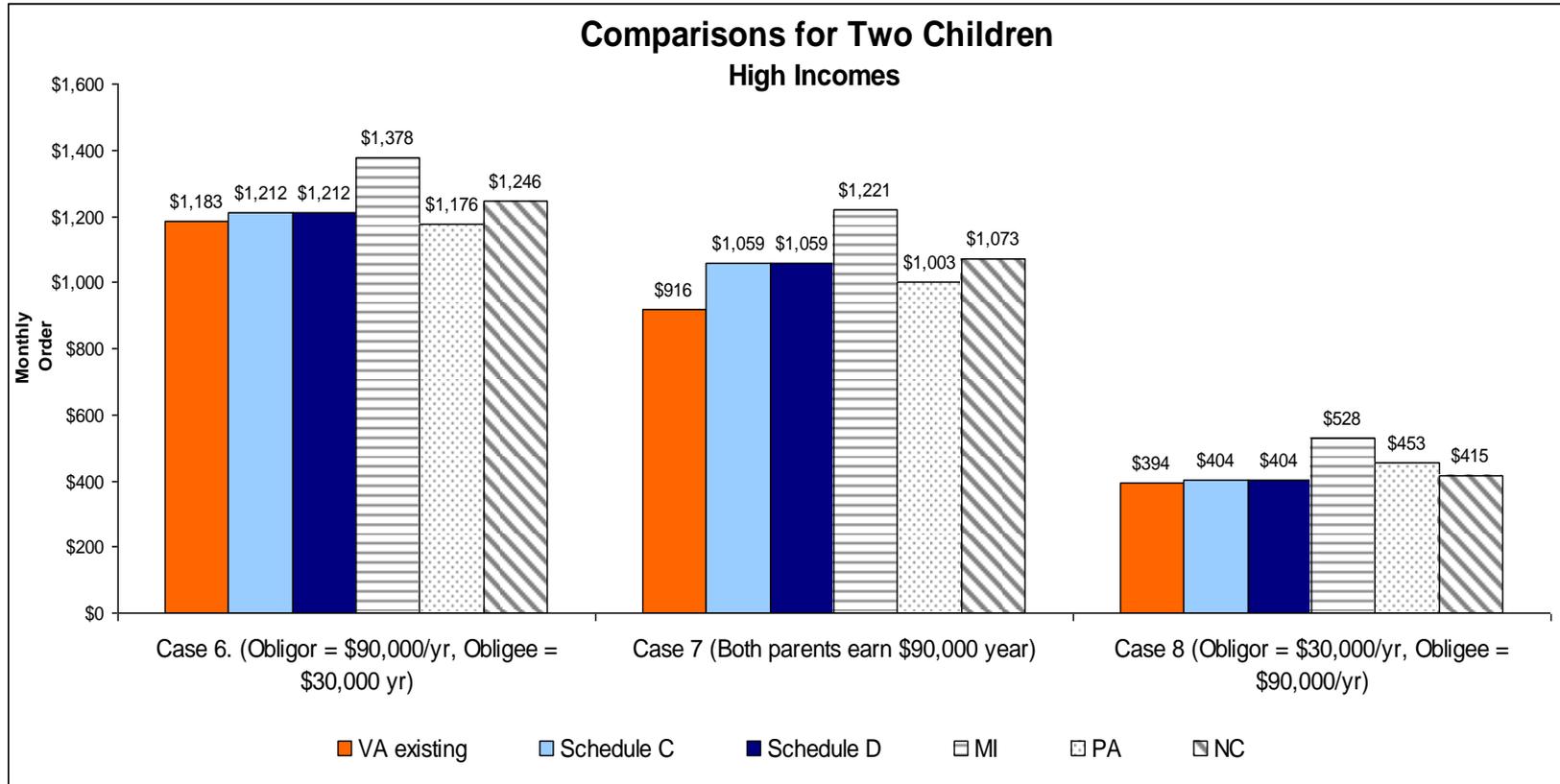
# Comparisons for Three Children by Education and Gender



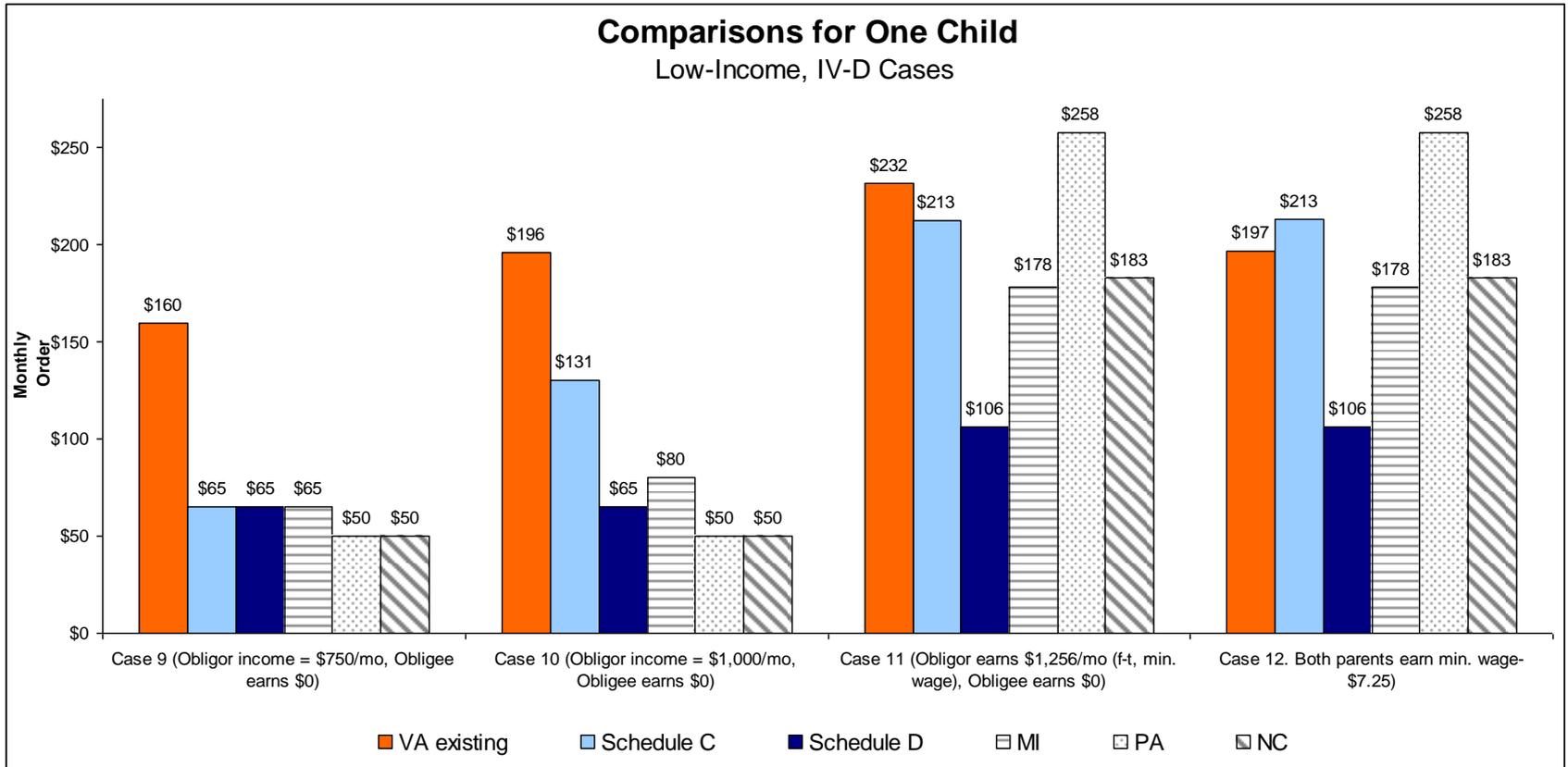
# Comparisons for One Child High Incomes



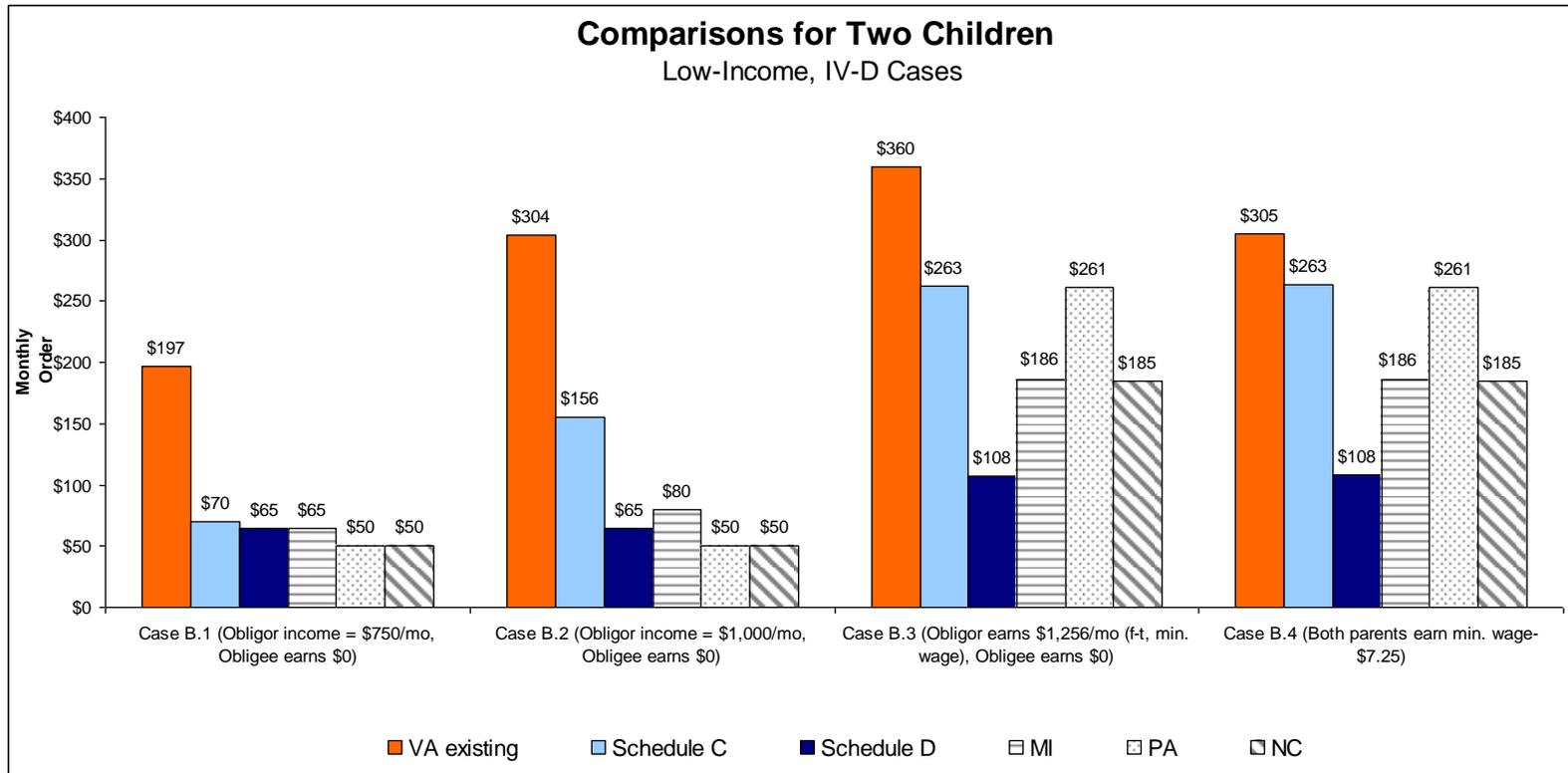
# Comparisons for Two Children High Incomes



# Comparisons for One Child Low-Incomes



# Comparisons for Two Children Low-Incomes



# Low Income Adjustment and Self-Support Reserve

- Over 65% of respondents to our survey in Fall 2011 indicated that the guidelines should leave noncustodial parents with sufficient income after paying their support obligation such that they can live at a subsistence level.

## Two Options:

1. Low Income Adjustment – based on research which shows obligors are more likely to pay if their child support obligation does not exceed 20% of income (Schedule C).
2. Self-Support Reserve – uses the equivalent of the current Federal Poverty Level (FPL) (Schedule D).

# Federal Poverty Levels (FPL)

- One person: \$957.50 per month
- Family of two (parent and 1 child): \$1,292.50 per month
- Family of three (parent and 2 children): \$1,627.50 per month

Appendices B and E show alternatives to the self-support reserve (Schedule D) based on 100%, 95% and 90% FPL.

# Incomes over \$35,000 per month

Draft: Mar 1, 2013

**Schedule D**  
Updated Income Shares Schedule with Updated Self-Support Reserve

Combined Adjusted Gross Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
34050	2037	2999	3493	3901	4292	4665
34100	2038	3000	3493	3902	4292	4666
34150	2039	3000	3494	3903	4293	4666
34200	2040	3001	3494	3903	4294	4667
34250	2041	3002	3495	3904	4294	4668
34300	2042	3003	3495	3904	4295	4669
34350	2043	3004	3496	3905	4296	4669
34400	2044	3005	3497	3906	4296	4670
34450	2045	3006	3497	3906	4297	4671
34500	2046	3007	3498	3907	4298	4671
34550	2047	3008	3498	3907	4298	4672
34600	2048	3009	3499	3908	4299	4673
34650	2049	3010	3499	3909	4300	4674
34700	2050	3011	3500	3909	4300	4674
34750	2050	3012	3500	3910	4301	4675
34800	2051	3013	3501	3910	4302	4676
34850	2052	3014	3501	3911	4302	4676
34900	2053	3015	3502	3912	4303	4677
34950	2054	3015	3502	3912	4303	4678
35000	2055	3016	3503	3913	4304	4679

For Gross monthly incomes between \$35,000 and \$50,000, add the amount of child support for \$35,000 to the following percentages of gross income above \$35,000.

4.6%      6.6%      7.5%      8.4%      9.2%      10.0%

For Gross monthly incomes above \$50,000, add the amount of child support for \$50,000 to the following percentages of gross income above \$50,000.

3.1%      4.3%      4.7%      5.2%      5.7%      6.2%

# Decisions for Panel

1. Schedule C or Schedule D?
2. If Schedule D, should we use 100%, 95% or 90% of FPL?
3. Keep \$65 minimum order across the board or use \$65 for 1 child, \$70 for 2 children and \$75 for 3 or more children?

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# The End