

Child Support in Virginia

A New Perspective

October 5, 2016

Agenda

- Introduction
- Data Assumptions
- 90-Day Threshold
- Shared Custody (with/without Multiplier)
- Challenges with Current Shared Guidelines Model
- 2014 Revisions
- Conclusions & Recommendations

Introduction

- What This Is
 - A fresh perspective on some of our current policies & guidelines
 - An objective statement on the currency of existing policies & guidelines
- What This Is Not
 - An indictment of current policies & guidelines
 - A critique of DCSE personnel or DCSE policies
- Bottom Line
 - Child support can be helpful...but it does not do much good if uncollected or if it results in children missing out on one of their parent's love
 - We can do better in very simple ways

In 2015, only 20% of Virginia child support collected (\$610 million of \$3.0 billion) ¹

Data Assumptions

- Parental Incomes calculated using Virginia averages

- Average Annual Salary (Gross): Gross: \$52,136 ²
(working full time, min. 35 hrs/week) Net: \$35,976 ³

- Average Monthly Income (Women): Gross: \$3,232 ⁴
Net: \$2,417 ⁵

- Average Monthly Income (Men): Gross: \$3,884 ⁶
Net: \$2,828 ⁷

Data Assumptions (continued)

- Monthly Mortgage/Rental averages using Virginia averages from 2010-2014
 - Mortgage: \$ 1,742 ⁸
 - Rent: \$ 1,108 ⁹
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- \$ 1,425 (avg.)
- Other Assumptions of Monthly Parental Expenses*:
 - Fund his/her own Roth IRA: \$ 458
 - Save for his/her child's college education: \$ 50
 - Home/Renter's Insurance: \$ 80
 - Car Payment: \$ 250
 - Gasoline: \$ 120
 - Utilities: \$ 150
 - Car Insurance, Medical Insurance, Life Insurance: \$ 200
 - Minimal Groceries: \$ 200

Total Minimum Monthly Expenses: \$ 2,933

**Low-end estimates*

Data Assumptions Conclusion

- Total Minimum Monthly Expenses for a Virginian: \$2,933
- Average Net Monthly Income (Women): \$2,417
- Average Net Monthly Income (Men): \$2,828
- Neither women nor men take home enough money to support themselves, let alone afford an average of \$850 child support per month ¹⁰
- *How can we look at our policy to set up Virginia's families & children for success and maximize the support they organically have from their own assets?*

90-Day Threshold

Query: If threshold is moved up or down, what effect does doing so have on the welfare of the supported children in a shared parenting situation?

- This assumes that child support is actually spent on the supported children, which we cannot say with certainty. No accountability is currently required
- It is not a question of moving the threshold up or down, because the legal fight is about the threshold itself – regardless of where it is set
- Removing the threshold completely, and calculating support based on actual parenting time for each parent, significantly improves the welfare of the supported children because the parents are no longer fighting over 90 vs. 91 days. It also weeds out parents, who deliberately choose to not be present
- Judges have increased ability to order a share of custody that makes the most sense for each situation/scenario, rather than having the parties lobby for why they need to get over 90 days (or keep the other parent below 91 days)

90-Day Threshold (continued)

- Benefits of Changing from Current Shared Guidelines Support Model
 - Addresses the concern that low-income parents may not have access to information on 90-day threshold
 - Facilitates children's access to geographically-separated parents, who may not be able to reach 91 days
 - Possibly mitigated via deviations but will drive legal costs for parents – when this could just be avoided altogether
 - Prevents one party from taking advantage of other (“invisible to the court”)
 - Allows judges to focus on the best interests of the child, instead of the money paid between parents

Shared Custody (with/without Multiplier)*

- Scenario 1 (with Multiplier): CP = Mother, NCP = Father
 - Monthly Child Support Owed: \$371¹¹
- Scenario 2 (without Multiplier): CP = Mother, NCP = Father
 - Monthly Child Support Owed: \$265
- Scenario 3 (with Multiplier): CP = Father, NCP = Mother
 - Monthly Child Support Owed: \$257¹²
- Scenario 4 (without Multiplier): CP = Father, NCP = Mother
 - Monthly Child Support Owed: \$183

*Δ of \$106
per month*

*Δ of \$74
per month*

**Calculations use Data Assumptions on Slide 3,
only one child and no other claims involved*

Shared Custody (with/without Multiplier)

Query: *If the multiplier is moved up, down or eliminated, what effect does each have on the welfare of the supported children in a shared parenting situation?*

- This assumes that child support is actually spent on the supported children, which we cannot say with certainty. No accountability is currently required
- Virginia DCSE confirms that increasing the multiplier to 1.5 or 1.6 only creates a slight difference in obligation amounts
- Shared Custody Increases Child Support Compliance: An Arizona State University study found that child support compliance increased to 93% when both parents' roles in raising their children are maximized
- Collection of child support is at 20%, so removing the multiplier actually makes it more financially feasible for child support to be paid & children also benefit from the shared custody arrangement, in general

So what...?

- What a Difference a Day Makes:*
- NCP has 90 days of parenting time = \$488 monthly support ¹³
- NCP has 91 days of parenting time = \$371 monthly support ¹⁴
- Δ of \$117 per month
- 1.4 Multiplier Summary:*
- Δ between Scenarios 1 and 2: \$106 per month
- Δ between Scenarios 3 and 4: \$74 per month
- Average Decrease with Multiplier Removed: \$90 per month
- So what could \$117 or \$90 per month buy?
- Comparing Monthly Rents for 1- vs. 2-bedroom apartments:
 - Virginia Beach: \$1,008 vs. \$1,189 (Δ of \$181) ¹⁵
 - Roanoke: \$773 vs. \$875 (Δ of \$102) ¹⁶
 - Winchester: \$854 vs. \$1,050 (Δ of \$196) ¹⁷
- Essentially, we may be asking NCPs to choose between a roof over their and their children's heads OR paying child support

**Calculations use Data Assumptions on Slide 3, only one child and no other claims involved*

Challenges with the Current Shared Guidelines Support Model

- Outdated data include references from 25-30 years ago
- Families & family dynamics have changed – forcing families to strike a balance:
 - Dual Working Households: Increased father involvement at home and mothers at work
 - LGBTQ Parents: Two Moms, Two Dads...all working for the betterment of their families
- Faulty Assumptions:
 - “In 17 years under the 1.4/90 day method, there has been only one appellate case...so appears to be working well”
 - Reality is high cost, low chance of success & attorney advice all influence low appeal rate. But this doesn't mean people are happy or that the system works well
 - Ex.: The average Virginian takes home between \$2,400-\$2,800 per month. After basic expenses, they are already “in the red;” how can they possibly afford a \$200-\$400 **PER HOUR** attorney?

What About the 2014 Revisions?

- Two big changes:
 - Prior formula replaced with a new formula which goes up to \$35,000 in combined monthly gross income (adding the two parents together), rather than the prior ceiling of \$10,000 (after which it provided simple percentages above this amount)
 - Eliminates the \$250 annual obligation upon Custodial Parent for the child(ren)'s unreimbursed medical expenses, before further allocation between the parents
- End Result: These above changes may actually make the situation even worse, with as much as a \$200-\$400 increase prior to marginal health insurance costs or work-related child care expenses, which could increase this range even more ¹⁸

Conclusions & Recommendations

- On average, Virginian families are already challenged to make ends meet
- Smart, informed, up-to-date policy can alleviate this challenge for families & their children
- Recommendations on Way Ahead:
 - Remove the 90-Day Threshold completely. Modern technology makes a single “stair step” model easier and more applicable to modern families
 - Remove the Shared Custody Multiplier completely. The multiplier only exists to offset the impact of the 90-Day Threshold and actually increases the amount of support owed for parents trying to do the right thing
- These recommendations decrease family stress, increase parental involvement, improve children’s lives and increase the financial resources parents have to spend on their children...all while decreasing the administrative and fiscal burden on the state
- **Subsequent discussion warranted on how to responsibly implement recommendations**

Sources

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Backup Slides

Virginia Child Support Data: 2011-2015

Virginia Data Only								
Year	Total Cases with Support Orders Established	\$ Collected	\$ Arrears	Total \$ Ordered	% Collected	Total Administrative Expenditures	Tot. Admin. Exp. as % of \$ Collected	Average Monthly Amount of Support Ordered
2011	292,616	\$ 597,903,773	\$ 2,235,507,705	\$ 2,833,411,478	21.10%	\$ 93,661,010	15.66%	\$ 807
2012	293,238	\$ 606,627,426	\$ 2,275,440,366	\$ 2,882,067,792	21.05%	\$ 94,477,219	15.57%	\$ 819
2013	294,162	\$ 606,514,260	\$ 2,322,951,157	\$ 2,929,465,417	20.70%	\$ 101,795,738	16.78%	\$ 830
2014	280,273	\$ 611,649,574	\$ 2,363,816,318	\$ 2,975,465,892	20.56%	\$ 101,484,324	16.59%	\$ 885
2015	275,856	\$ 610,461,256	\$ 2,400,926,293	\$ 3,011,387,549	20.27%	\$ 103,740,384	16.99%	\$ 910

Source: US Office of Child Support Enforcement, Preliminary Report for FY 2015