

# **BASICS OF MINNESOTA'S CHILD SUPPORT CALCULATOR**

## **CHILD SUPPORT TASK FORCE MEETING**

November 30, 2016

9:00 a.m. to 1:00 p.m.

Room 300N

State Office Building

St. Paul, Minnesota



# HOW DID WE GET HERE?

- **Original Guidelines were quite complex**
  - Minnesota passed the first state-wide child support guidelines in the country in 1983
  - Percentage of obligor's income (except income shares for child care and medical)
  - Net income (but not IRS definition of net)
  - Currently being paid
- **Original Guidelines were perceived to be unfair**
- **Original Guidelines existed for nearly 20 years only one major adjustment**



# HOW DID WE GET HERE?

- Income Shares Guidelines were enacted in 2005, effective in 2007
  - Income shares model
  - Based on data on costs of raising children
  - Allows additional deductions
  - Considers nonjoint children
  - Greater focus on Medical Support for children
  - More accurate calculation of Child Care Support



# HOW DID WE GET HERE?

- Goals of “new” guidelines as articulated by the author, Senator (now Judge) Tom Neuville
  - Create a more equitable system
  - Create a more flexible and simple system
  - Recognize the cost associated with parenting time and nonjoint children
  - Recognize the reality of low income obligors
  - Encourage deviations where appropriate



# HOW DID WE GET HERE?

- Criticism of the current PEA formula:
- Results in a substantial change in child support at 45.1% of parenting time – commonly called the child support “cliff”
- The cliff can lead to legal battles over very small changes in parenting time
- Inadequately addresses the increased child-related costs that come with increased parenting time



# HOW DID WE GET HERE?

- New Parenting Expense Adjustment, enacted 2016 and effective August 1, 2018:
  - Replaces 3-tiered PEA system for all new orders
  - Eliminates the “cliff” at 45.1% parenting time, and replaces it with a “curve” or “slope”
  - Calculates the PEA based on a parenting time order
  - Parenting time order must have an overnight by overnight calculation
  - Calculation is an average of two years



# HIGHLIGHTS OF MINNESOTA'S INCOME SHARES GUIDELINES

- **Calculate Basic Support:**
  - Use gross income of both parents
  - Allow deductions for child support payments
  - Recognize costs of nonjoint children
  - Recognize costs of parenting time
  - Recognize court ordered child support and maintenance obligations
  - Total combined income: PICS



# HIGHLIGHTS OF MINNESOTA'S INCOME SHARES GUIDELINES

- **Child Care Support**
  - The calculator calculates tax credits
  - Sharing of costs between parents
  - Sliding fee scale for low income obligors





# GUIDELINES CALCULATION: BASIC SUPPORT OBLIGATION

- **Step One:** Determine each parent's Gross Monthly Income (monthly income +/- some items):
  - Plus the parent's own social security and veteran's benefits
  - Plus imputed potential income (more in this later)
  - Minus spousal maintenance ordered (even to the other parent)
  - Minus child support ordered for nonjoint children

This is the Gross Monthly Income, but this isn't the end of the calculation



# GUIDELINES CALCULATION: BASIC SUPPORT OBLIGATION

## Potential Income:

- There is a rebuttable presumption that parents are able to work full-time of 40 hours unless they work in a profession that has a custom of less hours
- Methods of determining potential income
  - Probable earnings based on work history, qualifications, available jobs in the community
  - Amount of unemployment compensation or worker's compensation
  - Amount the parent would receive working 30 hours at 100% of the higher of Minnesota or Federal minimum wage



# Guidelines Calculation: Basic Support Obligation

- **Step Two:** Calculate the Parental Income for Determining Child Support (PICS)
  - The Gross Monthly Income
  - Minus the nonjoint child deduction:
    - The Gross Monthly Income of the parent with the nonjoint children applied to the guidelines chart divided by 2 (limited to a cap of 2 children)



# GUIDELINES CALCULATION: BASIC SUPPORT OBLIGATION

- **Step Three:** Calculate PICS
  - Add each parent's PICS together
- **Step Four:** Calculate the percentage share of the combined PICS
  - Divide each parent's PICS by the combined PICS
- **Step Five:** Calculate the combined basic support
  - Apply the combined PICS to the guidelines chart



# GUIDELINES CALCULATION: BASIC SUPPORT OBLIGATION

- **Step Six:** Determine the basic support obligation:
  - If parenting time is between 0-45%
    - Multiply the combined basic support from Step Five by the parent with less parenting time's PICS percentage from Step Four
  - If parenting time is presumed equal (over 45% but no more than 50%)
    - Multiply the combined basic support by .75
    - Prorate
    - Subtract the lower from the higher
  - If the child does not live with either parent, the custodian's income is not considered
    - Multiply the combined basic support (which is based only on the parent's income and not the custodian's income, by the PICS percentage (which will be 100%)



# GUIDELINES CALCULATION: BASIC SUPPORT OBLIGATION

## Step Seven: Apply the Parenting Expense Adjustment:

### Parenting Expense Adjustment Calculation

#### Court Ordered Parenting Time

1. <10%
2. 10-45%
3. 45.1% - 50%

#### Percentage of Deduction

1. 0%
2. 12%
3. Calculate as parenting time presumed equal
  - Multiply the basic support obligation by .75 and then each parent's PICS percentage and subtract the lower from the higher.



# GUIDELINES CALCULATION: BASIC SUPPORT OBLIGATION

- **Step Eight:** Subtract parenting expense adjustment from Step Seven from the basic support obligation from Step Six.
- This is the Basic Support Obligation after the current PEA



# GUIDELINES CALCULATION: BASIC SUPPORT OBLIGATION

## ▪ **Step Six as effective August 2018:**

Determine which parenting adjustment method to apply:

- If no parenting time, but previous order applied adjustment, there is a presumption that previous adjustment will be applied.
- Otherwise, proceed to step seven.





# GUIDELINES CALCULATION: BASIC SUPPORT OBLIGATION

- **Step Seven as effective August 2018:**  
Determine the basic support obligation under new statute:
  - If parenting time is equal and parental income for determining support is equal, no basic support shall be paid.
  - Otherwise, determine each parents' base support obligation by multiplying the combined basic support from Step Five by each parent's PICS percentage from Step Four



# GUIDELINES CALCULATION: BASIC SUPPORT OBLIGATION

- **Step Eight as effective August 2018:** Apply the Parenting Expense Adjustment:

$$\frac{(A_o)^3 \cdot (B_s) - (B_o)^3 \cdot (A_s)}{(A_o)^3 + (B_o)^3}$$

$A_o$  = Parent A's court ordered overnights

$B_o$  = Parent B's court ordered overnights

$A_s$  = Parent A's base support obligation

$B_s$  = Parent B's base support obligation

**A negative result means that Parent A pays, a positive result means that Parent B pays**



# GUIDELINES CALCULATION: CHILD CARE OBLIGATION

- **Step Nine:** Determine Child Care Expenses for the joint children
- **Step Ten:** Determine tax credits
- **Step Eleven:** Adjust child care costs based on tax credits
- **Step Twelve:** Determine the proportionate Share of child care costs
  - If the parent with more parenting time receives the child care subsidy, the sliding fee scale co-payment table is used to determine a low income obligor's share of the child care costs



# GUIDELINES CALCULATION: MEDICAL SUPPORT OBLIGATION

- **Step Thirteen:** Determine the monthly cost of health care coverage for the joint children
- **Step Fourteen:** Prorate the health care costs by using each parent's percentage share of the PICS
- **Step Fifteen:** If the joint child receives public coverage
  - Apply the PICS of the parent with less parenting time to the Medical Assistance income limits
  - If that parent would be eligible for MA, they have a zero contribution for the child's public coverage



# GUIDELINES CALCULATION: MEDICAL SUPPORT OBLIGATION

- **Step Sixteen:** If neither parent has appropriate health care coverage and the joint child does not receive Medical Assistance, enter the percentage share of combined PICS for each parent to apportion the unreimbursed or uninsured medical expenses.



# GUIDELINES CALCULATION: CHILD SUPPORT OBLIGATION

## ▪ **Step Seventeen:**

Determine Presumptive Child Support Obligation

**1) Basic Support Obligation +**

**2) Child Care Support Obligation +**

**3) Medical Support Obligation -**

**4) Benefits Adjustment** (Social Security or Veteran's benefits if parent with primary physical custody is the representative payee for joint child based on the other parent's disability or retirement)

**= *Presumptive Child Support Obligation***



# GUIDELINES CALCULATION: CHILD SUPPORT OBLIGATION

- **Step Eighteen:** Review the obligor's ability to pay
- Apply the self-support reserve (120% of the Federal Poverty Guidelines) to the Gross Monthly Income of each parent
  - Subtract the Gross Monthly Income from the Self-support reserve 120% of the Federal Poverty Guidelines determines to determine the Income Available for Support



# GUIDELINES CALCULATION: CHILD SUPPORT OBLIGATION

- **Step Nineteen:** If the self-support reserve is higher than the presumptive child support obligation:
  - Adjust the child support by reducing the following in order until the total reductions equal the income available for support
    - Medical support
    - Child care support
    - Basic support





# GUIDELINES CALCULATION: CHILD SUPPORT OBLIGATION

**Step Twenty:** If the income available for support is less than the self-support reserve adjustments there is a presumptive minimum basic support order:

- 1-2 children = \$50
- 3-4 children = \$75
- 5+ children = \$100
- There will be no child care or medical support obligation when the presumptive minimum order is used
- The presumptive minimum basic support order does not apply for those who are incarcerated



# CALCULATIONS - EXAMPLE #1 — EQUAL PARENTING TIME WITH CURRENT PEA AND BASIC SUPPORT ONLY

Stacy (Parent A) and Tracy (Parent B)

- Middle Income Obligor and Obligee:

Parent A: \$951 per week x 4.33 wks=\$4118

Parent B: \$801 per week x 4.33 wks=\$3468

- Stacy has 49% PT and Tracy has 51% Parenting Time (45.1-50%) of one child: Calculate PEA using PICS
- Total Child Support to be paid by Stacy to Tracy = \$60 for 1 child and \$96 for 2 children
- Unreimbursed/Uninsured PICS:
  - Stacy: 54%
  - Tracy: 46%



# CALCULATIONS - EXAMPLE #1A - NEW PEA AND BASIC SUPPORT ONLY

Stacy (Parent A) and Tracy (Parent B)

- Middle Income Obligor and Obligee:

Parent A: \$951 per week x 4.33 wks=\$4118

Parent B: \$801 per week x 4.33 wks=\$3468

- Stacy has 179 nights (formerly 49% PT) and Tracy has 186 nights (formerly 51% PT) for one child
- Total Child Support to be paid by Stacy to Tracy = \$69 for 1 child and \$111 for 2 children
- Unreimbursed/Uninsured PICS:
  - Stacy: 54%
  - Tracy: 46%



# CALCULATIONS - EXAMPLE #2- 12% PEA AND BASIC SUPPORT ONLY

Stacy (Parent A) and Tracy (Parent B)

- Middle Income Obligor and Obligee:
  - Parent A: \$951 per week x 4.33 wks=\$4118
  - Parent B: \$801 per week x 4.33 wks=\$3468
- Stacy has 35% PT and Tracy has 65% PT of one child: 12% PEA applies (10-45% PT)
- Total Basic Child Support to be paid by Stacy to Tracy =
- 1 child \$474 (after \$65 PEA)
- 2 children \$766 (after PEA of \$105)
- Unreimbursed/Uninsured PICS:
  - Stacy: 54%
  - Tracy: 46%



# CALCULATIONS - EXAMPLE #2A- NEW PEA AND BASIC SUPPORT ONLY

Stacy (Parent A) and Tracy (Parent B)

- Middle Income Obligor and Obligee:

Parent A: \$951 per week x 4.33 wks=\$4118

Parent B: \$801 per week x 4.33 wks=\$3468

- Stacy has 104 nights and Tracy has 261 nights for one child (approximately e/o weekend + one weekday or previously 12% PEA)
- **Basic Child Support** to be paid by Stacy to Tracy is \$480 for one child and \$775 for 2 children with PEA
- Unreimbursed/Uninsured PICS: Stacy: 54% and Tracy: 46%



## CALCULATIONS – EXAMPLE #3 (SAME INCOME, 12% PEA, PLUS MEDICAL INSURANCE & CHILD CARE)

Stacy (Parent A) and Tracy (Parent B)

*Basic Support* \$474 (after PEA of \$38) and 2 kids \$766 (after PEA of \$105)

+ *Medical Support* to be paid by Stacy to Tracy: \$108  
(54% x \$200 that Tracy pays for child's insurance)

+ *Child Care Support* to be paid by Stacy to Tracy: \$512  
(54% x \$1000 (after tax credits) that Tracy pays for child care)

= Total Child Support Obligation to be paid by Stacy to Tracy:

- One child \$1094
- Two children \$1386
- Unreimbursed/Uninsured PICS-Stacy 54% and Tracy 46%



## CALCULATIONS – EXAMPLE #3A - SAME INCOME, NEW PEA, PLUS MEDICAL INSURANCE & CHILD CARE

Stacy (Parent A) has 104 nights and Tracy (Parent B) has 261 nights for one child (approximately e/o weekend + one weekday or previously a 12% PEA)

- **Basic Child Support** to be paid by Stacy to Tracy is \$480 for one child and \$775 for 2 children with PEA

+ **Medical Support** to be paid by Stacy to Tracy: \$108 (54% x \$200 that Tracy pays for child's insurance)

+ **Child Care Support** to be paid by Stacy to Tracy: \$512 (54% x \$1000 (after tax credits) that Tracy pays for child care)

= **Total Child Support Obligation** to be paid by Stacy to Tracy:

- One child \$1100 (previously \$1094 with 12% PEA)
- Two children \$1395 (previously \$1386 with 12% PEA)

Unreimbursed/Uninsured PICS-Stacy 54% and Tracy 46%



## CALCULATIONS – EXAMPLE #4 - SAME INCOME, 12% PEA PLUS MEDICAL INSURANCE, CHILD CARE & NONJOINT CHILD

Stacy (Parent A) and Tracy (Parent B)

Stacy is given a deduction of \$373 from Income for a NJ child in home

*Basic Child Support* to be paid by Stacy to Tracy = \$445  
(after PEA of \$61) and 2 kids: \$720 (after PEA of \$98)

+ *Medical Support* to be paid by Stacy to Tracy: \$104

(52% x \$200 that Tracy pays for child's insurance)

+ *Child Care Support* to be paid by Stacy to Tracy: \$493  
(52% x \$1000 (after tax credits) that Tracy pays for  
child care)

= Total Child Support Obligation to be paid by Stacy to  
Tracy:

- One child \$1042
- Two children \$1317

Unreimbursed/Uninsured PICS-Stacy 52% and Tracy 48%





## CALCULATIONS – EXAMPLE #4A (SAME INCOME, NEW PEA PLUS MEDICAL INSURANCE, CHILD CARE & NONJOINT CHILD)

Stacy (Parent A) is given a deduction of \$373 from Income for a NJ child in home

Stacy has 104 nights and Tracy (Parent B) has 261 nights for one child (approximately e/o weekend + one weekday or previously a 12% PEA)

**Basic Child Support** to be paid by Stacy to Tracy is \$480 for one child and \$775 for 2 children with PEA

+ **Medical Support** to be paid by Stacy to Tracy: \$104

(52% x \$200 that Tracy pays for child's insurance)

+ **Child Care Support** to be paid by Stacy to Tracy: \$493

(52% x \$1000 (after tax credits) that Tracy pays for child care)

= **Total Child Support Obligation** to be paid by Stacy to Tracy:

- One child \$1077 (previously \$1042 with 12% PEA)
- Two children \$1372 (previously \$1317 with 12% PEA)

Unreimbursed/Uninsured PICS-Stacy 52% and Tracy 48%



# **CALCULATIONS - EXAMPLE #5- NO PARENTING TIME AND BASIC SUPPORT ONLY (CURRENT AND NEW PEA)**

Stacy (Parent A) and Tracy (Parent B)

- Middle Income Obligor and Obligee:

Parent A: \$951 per week x 4.33 wks=\$4118

Parent B: \$801 per week x 4.33 wks=\$3468

- Stacy has 0% PT and Tracy has 100% Parenting Time of one child: No PEA applies
- Total Basic Child Support to be paid by Stacy to Tracy =
- 1 child \$ 539
- 2 children \$871

Unreimbursed/Uninsured PICS: Stacy 54% and Tracy 46%



# CALCULATIONS – EXAMPLE #6 - SAME INCOME, 0% PT PLUS MEDICAL INSURANCE, CHILD CARE & NONJOINT CHILD (CURRENT AND NEW PEA)

Stacy (Parent A) and Tracy (Parent B)

Stacy is given a deduction of \$373 from Income for a NJ child in home  
*Basic Support* \$506 for 1 child and \$818 for 2 children

+ *Medical Support* to be paid by Stacy to Tracy: \$108  
(52% x \$200 that Tracy pays for child's insurance)

+ *Child Care Support* to be paid by Stacy to Tracy: \$493  
(52% x \$1000 (after tax credits) that Tracy pays for child care)

= Total Child Support Obligation to be paid by Stacy to Tracy:

- One child \$1103
- Two children \$1415 (same child care costs)

Unreimbursed/Uninsured PICS-Stacy 52% and Tracy 48%



# ISSUES NOT QUITE ANSWERED

- Split Custody Cases
- Simultaneous or Nearly Simultaneous Orders
- Subsequently Born Children
- PEA when no specific percentage of parenting time ordered
- Multiple Counties with same Obligors
- Parents with Multiple Families
- Relative Caretakers and Foster care calculations
- Low Income Obligors

