

BCSE COMMISSION MEETING
July 29, 2022

ISSUES FOR DISCUSSION

The Commission must decide:

1. Guidelines model: Decided to keep Income Shares Support formula.
2. Economic study: Decided to use Betson-Roth study.
3. Adjust to Current Price levels: Decided to use February 2022 price levels in Addendum.
4. Adjust for WV incomes/price levels: All agree to adjust. Decided to use price parity.
5. Exclude childcare and healthcare costs: Need to determine whether to retain, exclude, or Ohio approach (see Report, p.68-69).
6. Consider expenditures from gross income (net/taxes): Decide whether gross or net income to be used.
7. Consideration of high incomes: Tables currently go to \$15,000. Jane suggests go to \$35,000. Decide whether to expand to higher amount.
8. Consideration of parent's subsistence needs: Currently, ability to pay calculation is triggered at \$1550 and self support reserve of \$500. Determine whether to increase ability to pay trigger (cannot determine origin of \$1550). Decided to increase self support reserve. Confirm amount: \$1100 based on FPL \$1073; \$944 price parity; \$848 income-adjusted.
9. Compliance with expanded federal requirements (imputation of income; incarceration; Medicaid): Decided to mirror the federal language. BCSE to draft proposed legislation.

Three issues from Dr. McDiarmid:

1. Whether the 150% multiplier adequately reflects the added costs of raising a child in two households.
2. Whether there should be a floor, such as exists in Virginia and New Jersey, below which the recipient parent's support should not fall. This provision is aimed at keeping the child standard of living in both households nearly equal.
3. The second is whether there should be an expedited process for recomputing support if a parent does not adhere to the parenting plan. There are good data to support the concern that aspirational custody arrangements will not, in fact, be followed with the result that the economic costs of child rearing will be thrown back on the residential parent without a child support adjustment. Florida has such a provision and I have tried my hand at drafting one for us.

Questions to Ms. Venohr from Dr. McDiarmid:

Review of article sent to all members:

ISSUE 1:

There is nothing in the materials which addresses the question of whether a state that elects to use the common approach (timeshare adjustment by formula), is justified in setting the multiplier at a level greater than 1.5? I had thought from our discussion that you had some data on this, but I cannot find it in the materials.

ISSUE 2:

In footnote 18, that note points to a PDF on the MN government website. However, when I put the reference in a search engine, I get a "404 document not found message." If I am right that the data are there, is there any other way of getting access?

ISSUE 1:

They did not write about another multiplier in that article. The justification would be based on a policy decision on what percentage of costs should be duplicated. I've attached the table:

- a. Housing(43.5%) is usually considered a duplicated expenses (albeit housing includes cellphones, which is the way the Bureau of Labor Statistics (BLS) classifies it).
- b. Transportation (15.8%) which some is duplicated and some not-- You may want to look at how the USDA does transportation to determine the proportion. If I recall off the top of my head , it's about 40% or 60% that is more family stuff and the rest is for work-related. <https://fns-prod.azureedge.us/sites/default/files/resource-files/crc2015-march2017.pdf>
- c. Food (19.1%) of which about half is away from home, could assume more food away from home or loss of economies of scale from buying a quart of milk rather than a gallon.
- d. Entertainment (5%) some duplication of toys and etc..

Breaking down some of these categories (e.g., taking out cellphone) could be done with BLS data e.g., [Table 1502. Composition of consumer unit: Annual expenditure means, shares, standard errors, and coefficients of variation, Consumer Expenditure Surveys, 2020 PDF \(bls.gov\)](#)

ISSUE 2

MN keeps changing their website. I'm attaching an electronic copy of the report. I'm not 110% sure this is the finalized version. There was an edit of the Michigan formula at some point in time, so if you lift the Michigan formula from this report, you may want to pull the MI formula from the Michigan guidelines instead.

