Economic Review of the West Virginia Child Support Table

Submitted to:
West Virginia Department of Health & Human Resources
Bureau of Child Support Enforcement
Charlestown, WV

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Points of view expressed in this document are those of the author and do not necessarily represent the official position of the State, Court or committee reviewing the guidelines.

Table of Contents

Chapter I: Introduction

Purpose of Report

West Virginia is reviewing its child support guidelines as required by federal regulation.[1] The purpose of this report is to provide information that can be used to assess whether the West Virginia child support table should be updated. The assessment considers the most current economic data on the cost of child-rearing and other economic data used to develop a child support table.

Child support contributes to the financial well-being of many of West Virginia's children. In 2011, the U.S. Census American Community Survey reported that there were 386,381 children living in West Virginia and about 134,979 of those children did not live with a parent in a married-couple household.[2] This amounts to almost 35 percent of West Virginia's children living with only one parent, in foster care, or in other situations without both parents. Most of these children are eligible for child support. An unknown number of West Virginia's children living in married-couple households but with step-parents are also eligible for child support. The West Virginia Department of Health & Human Resources (DHHR) Bureau for Child Support Enforcement (BCSE) collects and distributes about $195 million in child support annually for many of these children.[3] An unknown amount of additional support is paid to non-BCSE cases.

In West Virginia, child support orders are set using the child support guidelines provided in West Virginia Statute.[4] West Virginia Statute also provides for the creation of a Support Enforcement Commission representative of a broad range of stakeholders in which the composition of the membership is detailed in Statute.[5] Among other things, the Commission is charged with periodically reviewing the guidelines and ensuring that the review is compliant with federal law. The core of the guidelines calculation is a lookup table of monthly basic obligations for a range of incomes and number of children. The basic obligations in the table reflect economic data on the costs of raising children. Statute also contains two worksheets that are to be used to calculate support awards based on the parents' incomes, other case circumstances, and the monthly basic obligation from the table. One worksheet considers basic shared parenting and the other considers extended shared parenting. In either worksheet, the basic obligation is divided by each parent's pro rata share, with the obligor's pro rata share forming the basis of the order amount. The final child support amount may consider additional adjustments, such as the amount of overnights the child spends with each parent, or deviations.

[1] Title 45 of the Code of Federal Regulations, CFR §302.56.
[2] U.S. Census American Community Survey (2011). Downloaded from http://factfinder.census.gov on July 25, 2013.
[3] Federal Office of Child Support Enforcement, *Report to Congress: Preliminary 2012*, Washington, D.C. Downloaded from http://www.acf.hhs.gov/programs/css/resource/fy2012-preliminary-report-table-p-4.
[4] West Virginia Code § 48-13
[5] West Virginia Code § 48-17-109.

The existing West Virginia table is based on economic data available in 1999. This report reviews the current economic evidence on child rearing costs and provides an updated table based on more recent data. The review of the economic evidence fulfills the federal requirement that… "[A] State must consider economic data on the cost of raising children… ".[6]

Through a competitive process, DHHR has contracted with Center for Policy Research (CPR) to prepare this report and update the child support table. In turn, the Child Support Enforcement Commission will review this report and other information to make findings and recommendations that will be reported to a legislative committee. Ultimately, if any guidelines changes are made, they are made by the legislature.

This report focuses on the child support table. It does not address other issues such as income imputation or adjustments for additional dependents that are often addressed in a state's child support guidelines calculation, but are not typically addressed in a state's child support table. It does, however, explore two non-table issues: whether the ability to pay calculation, which is part of the basic shared parenting worksheet, should be updated; and, whether any changes to accommodate healthcare reform should be made.

Organization of Report

The remainder of this report is organized into five chapters.

- Chapter II summarizes federal regulations pertaining to state child support guidelines and state guidelines models. It also provides an overview of the West Virginia child support guidelines relative to other state guidelines.

- Chapter III reviews estimates of child-rearing expenditures. It reviews those underlying state child support guidelines and the most current estimates available that could be used to update child support tables.

- Chapter IV summarizes the economic basis of the current and updated tables. It identifies underlying steps and assumptions.

- Chapter V considers two guidelines issues besides the table: updating the ability-to-pay calculation in the worksheet, and medical child support.

- Chapter VI concludes the report and compares the amounts under the new and updated tables. It also summarizes the changes in the economic factors underlying the table.

[6] CFR §302.56 (h).

Chapter II: Federal Requirements and Guidelines Models

FEDERAL REQUIREMENTS

Federal law has required state advisory child support guidelines since 1987.[7] The Family Support Act of 1988 expanded the requirement.[8] As of 1989, each state must have one set of guidelines that are to be applied presumptively rather than on an advisory basis.[9] It also requires each state to establish deviation criteria that allow for the rebuttal of the state's presumptive guidelines. The state-determined criteria must take into consideration the best interest of the child.

Federal regulation requires states to review their child support guidelines at least once every four years [45 C.F.R. § 302.56]. As part of that review, states must consider economic data on the cost of raising children and examine case file data to analyze the application and deviation from the guidelines. This report focuses on the requirement to review the economic data on the cost of raising children.

The West Virginia Department of Health & Human Resources (DHHR) Bureau for Child Support Enforcement (BCSE) also collected and analyzed case file data on guidelines applications and guidelines deviations to fulfill the federal requirement to examine case file data and analyze guidelines deviations. BCSE collected the case data from the courts. The sample included child support orders established or modified through a wide range of filings: divorce proceedings, paternity and support actions, actions initiated by BCSE, and both BCSE and non-BCSE modifications. In all, 212 orders were reviewed. These orders were sampled from 15 of the 45 judges hearing Family Law cases in the state. The sampled jurisdictions represented a mix of urban and rural areas, differing economies, and a range of socio-economic conditions. A guidelines deviation was explicated noted in 14.6 percent of the orders reviewed. The most common reasons for a guidelines deviation were that the noncustodial parent was incarcerated (32% of the deviations), the noncustodial parent receives SSI benefits (19% of the deviations), and the parties agreed to vary from the guidelines (10% of the deviations). In the remaining (39%) of the deviations, no reason was common to at least two cases with deviations. The case file review also found that in all instances where the noncustodial parent was incarcerated, the child support award was set at zero. In all but two cases where the noncustodial parent was receiving SSI benefits, the child support award was set at zero.

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[7] Advisory statewide guidelines were required as part of Child Support Enforcement Amendments of 1984 [Pub. L. No. 98-378].
[8] Pub. L. No. 100-485.
[9] Presumptive guidelines were required as part of the Family Support Act of 1988 [Pub. L. No. 100-485].

Guidelines Models

States have discretion in the guidelines models that they use. Yet, according to federal requirements, a state's child support guidelines must:

- Be based on specific descriptive and numeric criteria;
- Take all earnings and income of the noncustodial parent into consideration; and
- Address how the parents will provide for the child(ren)'s healthcare needs through health insurance coverage and/or through cash medical support. . . .[10]

Most states, including West Virginia, base their guidelines on the income shares model, which was developed through the 1984-87 National Child Support Guidelines Project.[11]

Income Shares Model

The 1984-87 National Guidelines project was convened at the request of Congress and tasked with making recommendations to states to help them develop statewide guidelines. At the time, few states had statewide guidelines. The income shares model was developed to embody the principles of state child support guidelines identified by the Guidelines Project's Advisory Panel. (Those principles are shown in Exhibit 1.) It also incorporates economic data on actual child-rearing expenditures. The income shares guidelines model is based on the premise that the child should be entitled to the same level of expenditures that the child would have received had the parents lived together and combined financial resources. As a consequence, the core of the income shares model is a measurement of how much families spend on child rearing. In turn, that amount is often adjusted in a guidelines worksheet for different situations such as the child's actual healthcare expenses and other factors.

The premise of the income shares model applies to children of previously married parents as well as never-married parents. Children should not be forced to live in poverty because of their parents' decisions to separate, divorce, or not marry. Children of disrupted families, regardless of the reason for the disruption, should be afforded the same financial opportunities as children of intact families with similar incomes.

Another major premise of the income shares model is that both parents are financially responsible for their children. To this end, the average amount expended on children is prorated between the parents. The obligated parent's share becomes the basis of the child support award. There may be other adjustments for physical custody or other factors.

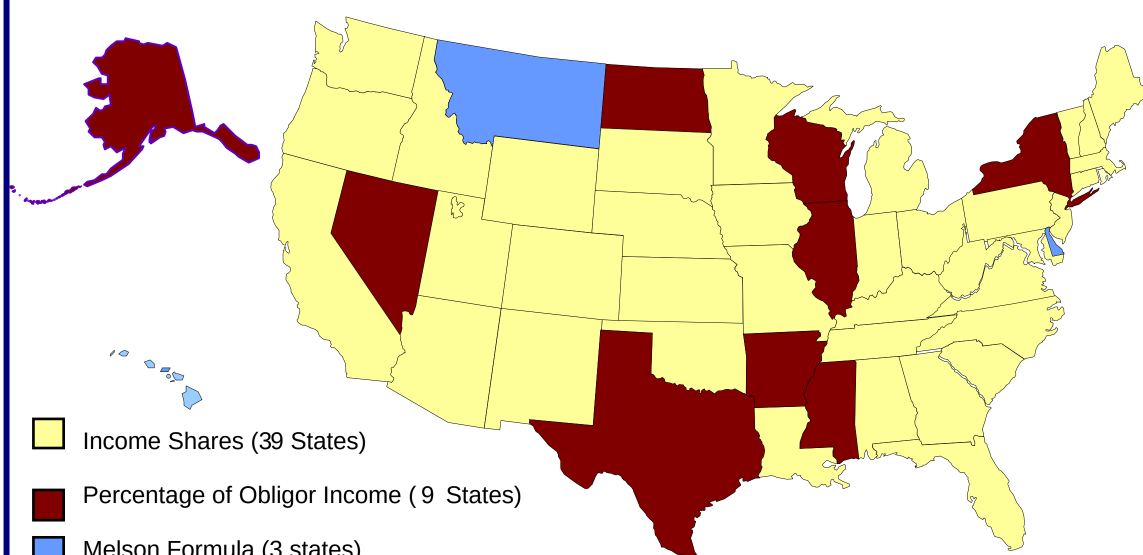
Exhibit 1: Summary of the State Guidelines Principles Identified by 1984-87 Child Support Guidelines Project Advisory Panel	
1.	Both parents should share in the financial support of their children. The responsibility should be divided in proportion to

[10] 45 C.F.R. § 302.56(c).
[11] National Center for State Courts (1987). *Development of Guidelines for Child Support Orders, Final Report.* Report to U.S. Dept. of Health and Human Services, Office of Child Support Enforcement, Williamsburg, VA.

	their available income.
2.	The subsistence needs of each parent should be considered, but in virtually no case should the obligation be set at zero.
3.	Child support must cover a child's basic needs as a first priority; but, to the extent either parent enjoys a higher standard of living, the child is also entitled to share in that higher standard of living.
4.	Each child of a given parent has a right to a share of that parent's income. (In other words, when a parent has other children besides the children for whom support is being determined, an adjustment may be appropriate.)
5.	The guidelines should not treat children of separated, divorced, and never-married parents differently.
6.	The guidelines should not assume whether the mother or father is the custodial parent.
7.	The guidelines should not create economic disincentives to remarry or work. (An economic disincentive to remarry could exist if the guidelines considered a new spouse's income. An economic disincentive to work can be avoided by imputing income to a parent who is voluntarily unemployed or underemployed.)
8.	The guidelines should consider the involvement of both parents in the child's upbringing. It should take into consideration the financial support provided by parents in shared physical custody or extended visitation arrangements. Yet, this does not necessarily obviate the child support obligation in 50/50% timesharing arrangements.

As shown in Exhibit 2, there are 39 states that currently rely on the income shares model. Most income shares guidelines relate to measurements of child-rearing expenditures in intact families. This is consistent with the premise that the children are entitled to the same level of expenditures that the children would have received had the parents and children lived together.

Exhibit 2:
State Usage of Child Support Guidelines Models



Other Guidelines Models

Exhibit 2 shows that states use two other guidelines models besides the income shares model. Three states (*i.e.*, Delaware, Hawaii, and Montana) use the Melson formula, and nine states use the percentage-of-obligor income guidelines model.

Melson Formula

Judge Melson of Delaware developed the Melson formula. It first considers the basic needs of the children and each parent. If the obligated parent's income is more than sufficient to cover his or her share of the basic needs of the children and his or her basic needs, an additional percentage of that parent's remaining income is assigned to child support. This additional percentage ensures that the children share in the standard of living afforded by the obligated parent.

West Virginia relied on the Melson formula until 1997 when it switched to the income shares model.

Percentage-of-Obligor Income Model

The percentage-of-obligor income guidelines model is the simplest and oldest guidelines model. It assigns a flat or sliding-scale percentage of obligor income to support. It does not consider the obligee's income in the calculation. Most percentage-of-obligor income guidelines also relate to measurements of child-rearing expenditures in intact families like the income shares model does. The difference, however, is that the income shares model presumes that both parents are financially responsible for those expenditures and each parent's responsibility is his or her prorated share.

Guidelines Models Not in Use

A few alternative guidelines models — the cost shares model introduced by the Children's Right Council, the American Law Institute's model (ALI model), and Arizona's Child Outcome-Based Support Model (COBS) — have received significant attention in the last decade, but none have been adopted by any state. All of them are alternatives to guidelines models rooted in measurements of child-rearing expenditures in intact families. The cost shares model considers child-rearing expenditures in single-parent families rather than expenditures in intact families. Advocates of the cost shares model are critical of the income shares model because they believe that the standard of living afforded when the family was intact cannot be maintained when there are now two households to support (*i.e.*, the household that includes the custodial parent and the children and the household that includes the obligor). Further, they believe that if the standard of living of the children and custodial parent is maintained, then the standard of living of the obligor must decrease. This is one reason why the cost shares model relies on measurements of child-rearing expenditures in single-parent families rather than measurements in intact families. One of the criticisms of using expenditures in single-parent families, however, is that it sets a basic needs or poverty-level guidelines because many single-parent families live in poverty and few have high incomes.[12] For instance, in West Virginia, 48 percent of female householders with children under age 18 live in poverty, while 3 percent of female householders with children under age 18 have annual incomes of $75,000 or more.[13] (As a contrast, 46 percent of West Virginia married-couple families with children under age 18 have annual incomes of

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[12] A more thorough critique of the cost shares guidelines is provided by Jo Michelle Beld and Len Biernat, "Federal Intent for State Child Support Guidelines, Income shares, Cost Shares, and the Realities of Shared Parenting." 37 *Family Law Quarterly* 165 (2003).

[13] Calculated from U.S. Census Bureau American Factfinder, *Selected Economic Characteristics: 2011, American Community Survey 1-Year Estimates*" downloaded on July 25, 2013, from http://factfinder.census.gov.

$75,000 or more.) Cost shares generally produces lower support orders than other guidelines models.

Both the ALI and COBS are "forward-looking methods" of calculating support in that they consider the living standard of each parent and the children after the transfer of child support.[14] This contrasts vastly from the income shares model, which "looks backward" toward what is spent on child-rearing expenditures in intact families. No state has seriously considered the ALI model. One reason is that the ALI exists in concept, but has not developed into an actual set of working guidelines. Although the architects of the COBS model insist it is not an ALI model, it is a close cousin. Arizona, a state where the guidelines are promulgated through judicial rule, is the only state to have seriously considered the COBS. In fact, COBS was developed by Ira Ellman, an Arizona child support guidelines review committee member and legal scholar, who was also involved in the development of the ALI model. In 2010, the Arizona child support guidelines review committee recommended that Arizona adopt COBS,[15] but the Arizona Judicial Council decided it needed further study and referred the issue to a legislative committee. As part of its decision, the Arizona Judicial Council also updated its income shares table.

Relative to Arizona's version of income shares, COBS generally produces decreases to guidelines amounts for low-income obligors, increases to guidelines amounts for middle to high-income obligors, and decreases to guidelines amounts in cases where the obligor has less income than the obligee. Arizona's version of income shares produces amounts that are generally less than West Virginia income shares guidelines because of Arizona's unique timesharing adjustment.

State Usage of Guidelines Models

Few states have changed guidelines models in the last few years. From 2005 through 2009, however, several states adopted the income shares model. Tennessee, West Virginia, Georgia and Minnesota moved from the percentage-of-obligor model to income shares guidelines. The District of Columbia and Massachusetts also recently switched to an income shares approach: the District switched in April 2007 and Massachusetts switched in January 2009. Prior to the change, the District and Massachusetts relied on what was called the "hybrid model" because it contained elements of the income shares model and the percentage-of-obligor guidelines model. It considered only the obligor's income until the custodial parent's income exceeded a particular threshold ($20,000 per year net childcare expenses in Massachusetts); then, once that threshold was exceeded, the obligation was reduced by a percentage of the custodial parent's income.

[14] More information about COBS can be found in Arizona Child Support Guidelines Review Committee, *Interim Report of the Committee*, Submitted to Arizona Judicial Council, Phoenix, Arizona on October 21, 2009. More information about the ALI can found in the 1999 Child Support Symposium published by Family Law Quarterly (Spring 1999).

[15] Honorable Bruce Cohen, Chair of the Arizona Child Support Guidelines Review Committee, *Request for Arizona Judicial Council Action*, October 21, 2010. Downloaded from http://www.azcourts.gov/Portals/74/CSGRC/1%20AJC%20cover%20sheet%20for%20the%20GRC.pdf on November 4, 2010.

Other Factors Affecting Basic Tables/Formulae

In addition to the guidelines model, several other factors cause state guidelines amounts to differ.

- *Differences in the economic studies of child-rearing expenditures used as the bases of states' guidelines*. There are several economic studies of child-rearing expenditures. Eight different studies form the basis of current state guidelines. The studies vary in data years and methodologies. Chapter III provides more details about these studies.

  Further, other factors exacerbate differences among states using the same economic study as the basis of their guidelines. States using the same economic study may differ because of differences in price levels in the years that the states updated their tables. For example, one state may have updated a particular study to 2010 price levels and another state using the same study may have updated it to 2012 price levels. West Virginia is one of 18 states to have not updated their basic guidelines table/formula since 1999.

- *Adjustments for state-specific income tax rates.* Most states that base their guidelines on gross income make an adjustment within their basic table/formula to consider their state's personal income tax rate. West Virginia is one of 29 states that bases its guidelines on gross income. The West Virginia guidelines consider West Virginia state tax rates as well as federal tax rates and FICA.

- *Adjustments for states with relatively high or low incomes or housing costs.* All of the studies of child-rearing expenditures rely on national data and do not provide state-specific measurements of child-rearing expenditures. Some states (including West Virginia) with relatively low or high incomes or housing expenses have adjusted national measurements to align with their state's income or housing cost. Based on 2011 Census American Community Survey, West Virginia ranks the third lowest among states in median family income.[16] Only Mississippi and Arkansas have lower median family income.

- *Treatment of work-related child care expenses*. The majority of states (35 states including West Virginia) do not include an average amount of work-related child care expenses in their basic child support tables/formulae. Instead, they address the actual amount incurred for work-related child care expenses on a case-by-case basis elsewhere in the guidelines calculation such as in the guidelines worksheet, which is what West Virginia does.

- *Treatment of the child's healthcare expenses*. West Virginia and the vast majority of states that exclude child care expenses from their basic tables/formulae also exclude most of the child's healthcare expenses from their basic child support tables/formulae. Like child care expenses, the child's actual healthcare expenses, including health insur-

[16] U.S. Census Bureau American *Factfinder, Selected Economic Characteristics: 2011, American Community Survey 1-Year Estimates*, Retrieved from http://factfinder.census.gov on July 24, 2013.

ance premiums, are typically line items in the child support worksheets in these states' guidelines. If the obligor incurs the healthcare expense, there is a credit against the basic support award. If the obligee incurs the healthcare expense, there is an add-on to the basic support award. These healthcare expenses consist of the cost of providing health insurance for the child and extraordinary, out-of-pocket medical expenses for the child, such as large deductibles. West Virginia and most of these states, however, include a small amount in their basic tables/formulae to cover the out-of-pocket cost of the child's routine healthcare. In West Virginia and many states, that amount is $250 per year per child.

- *Ability-to-Pay Calculation*. West Virginia is one of 46 states that provide an ability-to-pay/low-income adjustment in their guidelines. The purpose of the adjustment is to preserve at least a subsistence level of income for obligors with poverty-level incomes after payment of the guidelines-determined amount. Most of these states incorporate the adjustment into their basic tables/formulae. West Virginia and a few other states incorporate the adjustment in their worksheets. The amount of the adjustment varies significantly among states. Most states relate the amount of the adjustment to the federal poverty level for one person. West Virginia and a few other low-income states uses a lower amount.

  Chapter V provides more detail about West Virginia's ability-to-pay calculation.

Chapter III: Economic Cost of Child Rearing

The purpose of this chapter is to describe the estimates of child-rearing expenditures. The estimates are first summarized. This is followed by a discussion of the data source used to produce the various estimates. Finally, this chapter concludes with a discussion of the usage of these estimates in state guidelines.

Estimates of Child-Rearing Expenditures

Most state child support guidelines based on economic data rely on one of the following studies on the costs of raising children:

- Jacques van der Gaag (1981). *On Measuring the Cost of Children*. Discussion Paper 663-81. University of Wisconsin Institute for Research on Poverty, Madison, Wisconsin.

- Thomas J. Espenshade (1984). *Investing in Children: New Estimates of Parental Expenditures*, Urban Institute Press: Washington, D.C. (1984).

- David M. Betson (1990). *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).

- David M. Betson (2001). "Chapter 5: Parental Expenditures on Children," *in* Judicial Council of California, *Review of Statewide Uniform Child Support Guidelines*, San Francisco, California (2001).

- David M. Betson (2006). "Appendix I: New Estimates of Child-Rearing Costs" *in* PSI, *State of Oregon Child Support Guidelines Review: Updated Obligation Scales and Other Considerations,* Report to State of Oregon, Policy Studies Inc., Denver, Colorado.

- David M. Betson (2010). "Appendix A: Parental Expenditures on Children: Rothbarth Estimates," *in* Judicial Council of California, *Review of Statewide Uniform Child Support Guidelines*, San Francisco, California.

- Mark Lino (2002). *Expenditures on Children by Families: 2001 Annual Report*, U.S. Department of Agriculture, Center for Nutrition and Policy Promotion. Miscellaneous Publication No. 1528-2002. Available at: http://www.cnpp.usda.gov/ExpendituresonChildrenbyFamilies.htm.

In addition, states have considered three recent studies on child-rearing expenditures.

- New Jersey Child Support Institute (March 2013). *Quadrennial Review: Final Report*, Institute for Families, Rutgers, the State University of New Jersey, New Brunswick, NJ. Available at: http://www.judiciary.state.nj.us/reports2013/F0_NJ+QuadrennialReview-Final_3.22.13_complete.pdf

- Thomas S. McCaleb, David A. Macpherson, & Stefan C. Norrbin (2008). *Review and Update of Florida's Child Support Guidelines*, Report to the Florida Legislature, Florida State University, Tallahassee, Florida.

- Mark Lino (2012). *Expenditures on Children by Families: 2011 Annual Report*, U.S. Department of Agriculture, Center for Nutrition and Policy Promotion. Miscellaneous Publication No. 1528-2012. Available at: http://www.cnpp.usda.gov/Publications/CRC/crc2012.pdf

The existing West Virginia table is based on measurements of child-rearing expenditures estimated using the "Rothbarth" methodology by Professor Betson in his first study (*i.e.*, 1990 study) of child-rearing expenditures. The updated table developed in this report is based on Betson's fourth study, which is his most recent (*i.e.*, 2010) study and also based on the Rothbarth methodology. The Betson-Rothbarth (BR) measurements form the basis of the majority of state guidelines.

In all, the ten studies referenced above vary in the data years used to create the measurements as well as differ in data assumptions and methodologies.

OVERVIEW OF METHODOLOGIES

Most of the above studies measure what families typically spend to raise children.[17] The studies typically develop measurements from examining expenditures data from several thousand families participating in the Consumer Expenditure Survey (CES), the nation's largest and most comprehensive survey of household expenditures.[18]

Not all economists arrive at the same estimate of child-rearing expenditures. Moreover, economists do not agree on which estimate best reflects actual child-rearing expenditures. Part of the problem is that there is no perfect methodology to separate the children's share of family expenditures from the parents' share. To illustrate this, consider family expenditures for electricity used in the home. The children's share of electricity is not obviously separable from the parents' share by examining the electricity bill.

The most common methodology for separating child and adult expenditures is a marginal cost approach, which compares expenditures between two equally well-off families: (a) married couples with children, and (b) married couples of child-rearing age without children. The difference in expenditures between these two families is deemed to be child-rearing expenditures. The Engel and Rothbarth methodologies, named by the economists who

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[17] An alternative measurement may be the "costs" of child rearing. Cost studies often measure or reflect the costs of the child's basic needs, such as the federal poverty level. However, measurements of child-rearing expenditures that vary depending on the parents' combined income are more helpful for forming state guidelines because most states premise their guidelines on the precept that child support should not be limited to amounts that cover the child's basic needs; rather, the child should share in the standard of living that can be afforded by the parent(s).
[18] The CES is conducted by the Bureau of Labor Statistics (BLS). More information about the CES can be found at the BLS website: http://www.bls.gov/cex/. In addition, CES information that is relevant to child support is discussed later in this chapter.

developed them, are both forms of the marginal cost approach. The Engel methodology uses expenditures on food, while the Rothbarth methodology relies on expenditures for adult goods (specifically, adult clothes in the Rothbarth estimates that form the basis of state guidelines) to determine equally well-off families. Most economists (with the recent exceptions of Betson 2010 and the 2008 Florida study economists) believe that the Engel estimator overstates actual child-rearing expenditures and the Rothbarth estimator understates actual child-rearing expenditures.[19]

van der Gaag (1981) Estimates

Wisconsin, one of the earliest states to promulgate statewide guidelines, relied on van der Gaag's study to develop its guidelines percentages that are applied to obligor's income only. The Wisconsin guidelines and four other states' guidelines continue to rely on van der Gaag's measurements. In his study, van der Gaag concluded that a couple that adds one child to the household needs 25 percent more gross income in order to maintain the standard of living they enjoyed when they had no children. When considering the additional costs of more children, van der Gaag concluded that the second child costs about half as much as the first child; the third child costs about the same as the second child; and subsequent children cost about half as much as the second and third child.

Espenshade (1984) Estimates

Most states relied on Espenshade's measurements when they first developed child support guidelines in the 1980s because his was the most authoritative study available at the time. It formed the basis of the prototype income shares model developed through the 1984-87 National Child Support Guidelines Project.[20] West Virginia's first table was based on the Espenshade estimates. About seven states still rely on Espenshade's estimates. Using the Engel methodology, Espenshade found that families spend about $58,000 to $138,000 (in 1981 dollars, so about $145,000 to $344,000 in 2012 dollars) to raise a child from birth through age 17 years.

Betson's Four Studies

In the past 22 years, Betson has conducted four studies estimating child-rearing expenditures. Each study uses more recent data. His first three studies form the basis of about 28 state guidelines including the West Virginia guidelines. Specifically, the West Virginia guidelines table is based on Betson's third study. His most recent study was conducted for the State of California in 2010. It currently forms the basis of three state guidelines (*i.e.*, North Carolina, Rhode Island and Vermont).

Betson (1990) Estimates. Betson applied five different methodologies to estimate child-rearing expenditures using 1980-86 CES data.[21] This study was conducted for the U.S. Department of Health and Human Services to fulfill a congressional requirement to provide information useful for the development and review of state guidelines. He concluded that estimates using the Rothbarth methodology were the most robust, and hence recommended

[19] A more thorough discussion of this is contained in Betson (2010).
[20] National Center for State Courts (1987).
[21] The five approaches were (1) Engel, (2) Rothbarth, (3) ISO-PROP, (4) Barten-Gorman, and (5) per capita (*i.e.*, average cost approach, similar to the USDA approach).

their use for state guidelines. He rejected his estimates using the Engel methodology, which was used by Espenshade, because they approached implausibly high levels. Betson's application of the Rothbarth estimator finds that the average percentages of total household expenditures devoted to children in intact families are 25 percent for one child, 35 percent for two children, and 40 percent for three children. Betson's application of the Engel estimator finds that the average percentages of total expenditures devoted to children in intact families are 33 percent for one child, 39 percent for two children, and 49 percent for three children. West Virginia bases its current guidelines table on the Rothbarth estimates from this study.

Betson (2001) Estimates. In 2001, Betson updated his 1990 estimates based on the Rothbarth and Engel methodologies using more recent data (1996-98, initially, but later expanded it to include 1996-99). This study was conducted through the states of Michigan and California and the University of Wisconsin Institute for Research on Poverty. The only difference between the 2001 and earlier estimates was in the years the data were gathered. The source of data (CES), the estimation methodologies, and the assumptions Betson used to develop the estimates did not change. These estimates form the basis of many state child support guidelines. Using the more current data, Betson's application of the Rothbarth estimator found that the average percentages of total household expenditures devoted to children in intact families are 26 percent for one child, 36 percent for two children, and 42 percent for three children. Betson's application of the Engel estimator found that the average percentages of total expenditures devoted to children in intact families are 32 percent for one child, 46 percent for two children, and 58 percent for three children.

Betson (2006) Estimates. In 2006, Betson updated his 2001 estimates using the Rothbarth methodology with data from 1998 through the first quarter of 2004 for Oregon. The 2004 survey was the most recent data available from the CES at that time. Betson did not update the estimates using the Engel methodology or other approaches. (A more complete discussion of Betson's findings using the updated data is available in the 2006 Oregon guidelines review report.) Similar to the 2001 update, he applied the same assumptions and method, but he used more recent data. His findings showed that the child-rearing expenditures as a proportion of total household expenditures are, on average, 25 percent for one child, 37 percent for two children, and 44 percent for three children.

Betson (2010) Estimates. Betson updated his Rothbarth estimates with CES data from 2004 through the first quarter of 2009 for the State of California. The California report contains detailed information about the data, model specification, and other technical details about the estimates. It, however, does not include all of the information necessary to develop a child support table (*e.g.*, measurements of child-rearing expenditures for a range of incomes). That information was developed by Betson for North Carolina's guidelines review. Although there were no changes to the application of the Rothbarth methodology, the 2010 Betson-Rothbarth measurements reflect two changes in the CES data used for the estimation. One change is that Betson uses the newly created income data field that the Bureau of Labor Statistics believes corrects some of the problems with income non-reporting in the CES, particularly at low incomes. The other change is the switch from using "expenditures" to "outlays," where outlays capture finance changes and mortgage principal payments while expenditures do not. Betson believes that the first change causes decreases in the estimates of child-rearing expenditures at low incomes and the second change causes increases in the estimates of child-rearing expenditures at high incomes. Nonetheless, the averages are similar to his previous study. The average share of total family expenditures devoted to children in intact families under the Betson-Rothbarth (2010) estimates are 24 percent for one child, 37 percent for two children, and 45 percent for three children. Betson did not prepare Engel estimates for this study.

USDA Estimates

USDA updates its estimates every year for changes in the price level. Although states frequently examine the most current USDA measurements when reviewing their guidelines, Minnesota is the only state to base its guidelines on the USDA measurements. The USDA estimates child-rearing expenditures individually for several expenditure categories (*e.g.*, food, transportation, housing), then adds them to develop a total. In 2008, the USDA changed its methodology. Economists generally believed that the USDA's approach prior to 2008 overstated actual child-rearing expenditures, but economists have not assessed its new approach yet.

USDA (Lino 2002) Estimates. The 2002 USDA measurements of child-rearing expenditures are the economic basis of the Minnesota child support guidelines. However, Minnesota adjusted the housing component of the USDA measurements because Minnesota believed it overstated the child's actual housing expenses. The 2002 USDA measurements rely on 1990-92 CES data and update them to 2001 price levels. They do not include payments on mortgage principal. The USDA estimates indicate that the percentage of family expenditures devoted to child rearing in 2001 are 26 percent for one child, 42 percent for two children, and 48 percent for three children.

USDA (Lino 2012) Estimates. Beginning with its 2008 estimates, the USDA changed its underlying data and measurement of the child's housing expenses. The underlying database is now the 2005-06 CES instead of the 1990-92 CES. The USDA still updates the measurements annually for changes in the price level. The USDA's most recent estimates (Lino 2012) reflect price levels in 2011 but are measured from families surveyed in 2005 and/or 2006. In 2008, the USDA also changed how it measured the child's housing expenses. It now uses a marginal cost approach and allocates 15 percent of the child's total housing expenses to mortgage principal payments. In 2011, the USDA measurements indicated that families spend $158,400 to $368,460 to raise a child from birth to age 17 in the urban South. As a share of total expenditures, the USDA measurements for the urban United States amounts to 27 percent for one child, 41 percent for two children, and 47 percent for three children.

McCaleb, et al. (2008)

To develop an updated table for consideration by the Florida legislature, McCaleb et al. applied the Engel methodology to 2004-06 CES. Although they do not report their average estimates, they do report that their estimates are considerably lower than those of Espenshade and Betson. In addition, the most recent USDA report includes average estimates from an appendix of the McCaleb, et al. report based on measurements developed from 1999-2001 CES data even though these were not the prime estimates developed from the study. The appendix investigates sensitivity of estimates of child-rearing expenditures to the specification of the estimation equation, the choice of variables included in the estimation equation, and the data series used in the estimates. Florida has not updated its table and none of the estimates of child-rearing expenditures in this report form the basis of any state guidelines.

New Jersey Child Support Institute (2013)

The New Jersey Child Support Institute is collaboration among Rutgers University, New Jersey Department of Human Services, the New Jersey Administrative Office of the Courts and others. They began working on the guidelines review in 2009 and a recommendation was made in 2013 to update the New Jersey guidelines developed by Rutgers University Professor, William Rodgers, using the Rothbarth methodology. The recommendation is pending. Rodgers applied the Rothbarth methodology to 2000-2011 CES data. Rodgers includes both one- and two-parent families in his analysis as well as households with more than two adults. In contrast, the Betson studies include only two-parent families and excluded households with adults other than the parents. The average share of total family expenditures devoted to children in intact families under the Rodgers-Rothbarth estimates are 22 percent for one child, 26 percent for two children, and 33 percent for three children.[22]

Comparisons

Exhibits 3, 4, and 5 compare the estimates of child-rearing expenditures for one, two and three children. Most child support cases involve one or two children. The exhibits show that those estimated with the Engel methodology result in higher amounts on average than those estimated with the Rothbarth methodology. It also shows that the USDA estimates generally fall between the two methodologies. Further, the recent estimates produced for New Jersey consistently form the lower bound of all estimates and the New Jersey percentages for two and three children are considerably lower than the percentages from other studies.

[22] New Jersey Child Support Institute, Table 5, page 115.

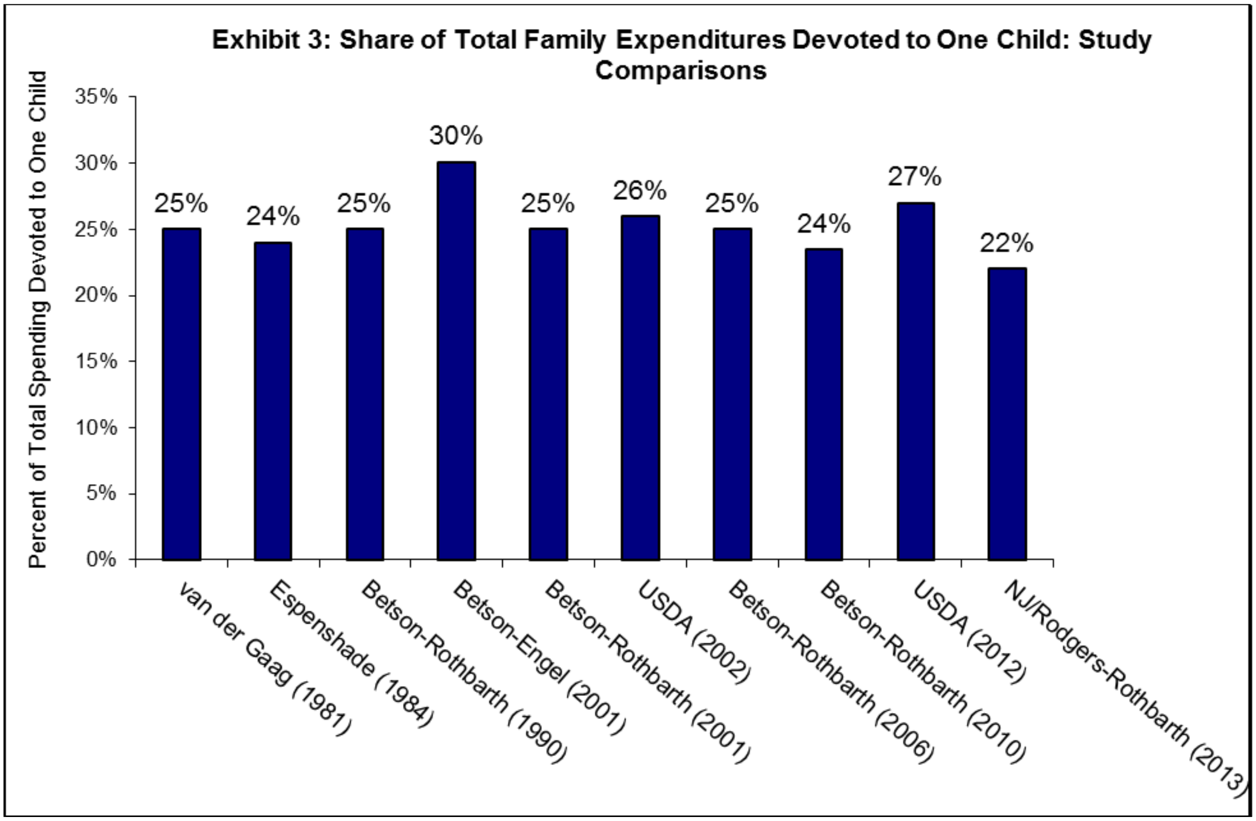


Exhibit 3: Share of Total Family Expenditures Devoted to One Child: Study Comparisons
Percent of Total Spending Devoted to One Child
35%
30%
25%
20%
15%
10%
5%
0%
25%
24%
25%
30%
25%
26%
25%
24%
27%
22%
van der Gaag (1981)
Espenshade (1984)
Betson-Rothbarth (1990)
Betson-Engel (2001)
Betson-Rothbarth (2001)
USDA (2002)
Betson-Rothbarth (2006)
Betson-Rothbarth (2010)
USDA (2012)
NJ/Rodgers-Rothbarth (2013)

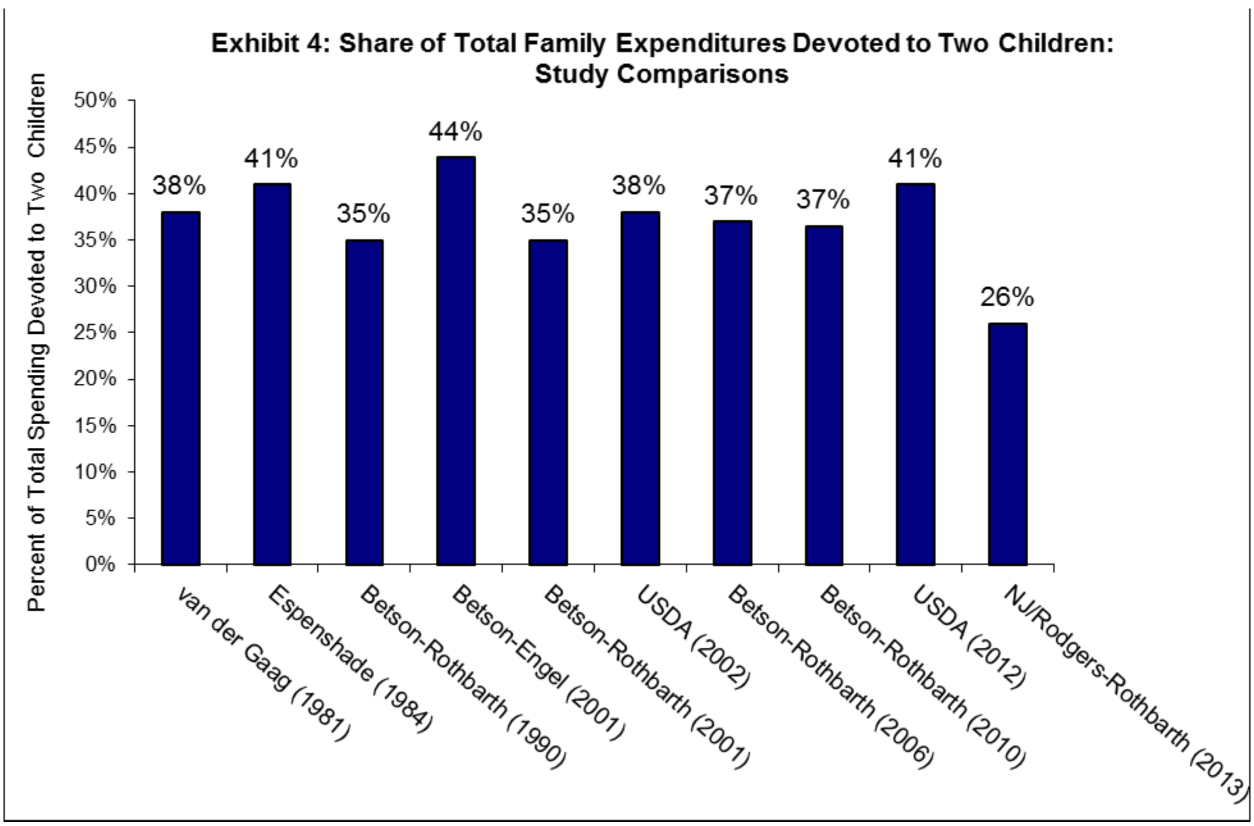
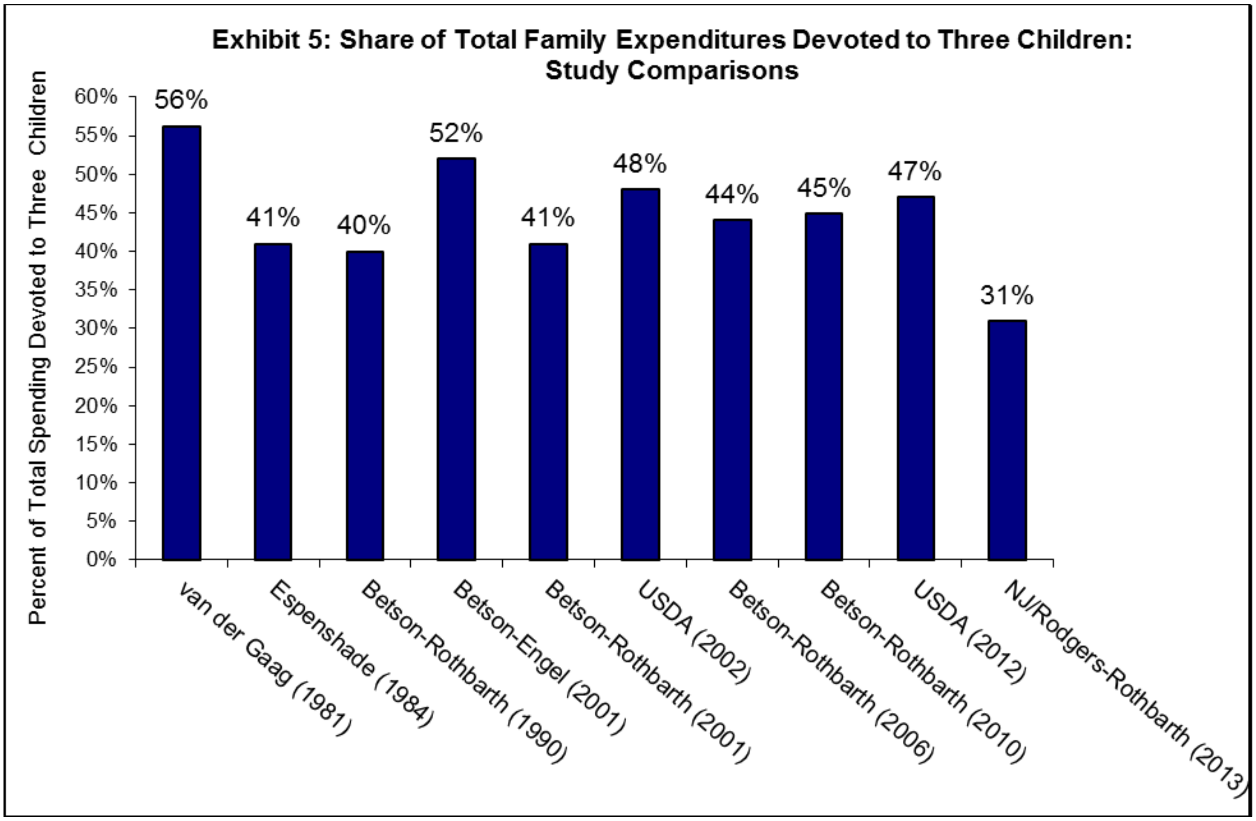


Exhibit 4: Share of Total Family Expenditures Devoted to Two Children: Study Comparisons
Percent of Total Spending Devoted to Two Children
50%
45%
40%
35%
30%
25%
20%
15%
10%
5%
0%
38%
41%
35%
44%
35%
38%
37%
37%
41%
26%
van der Gaag (1981)
Espenshade (1984)
Betson-Rothbarth (1990)
Betson-Engel (2001)
Betson-Rothbarth (2001)
USDA (2002)
Betson-Rothbarth (2006)
Betson-Rothbarth (2010)
USDA (2012)
NJ/Rodgers-Rothbarth (2013)



There are at least three limitations to the measurements presented in Exhibits 3, 4, and 5. One limitation is that they compare the average percentage of total family expenditures devoted to child rearing, while most state child support tables relate to “gross income” rather than “total family expenditures.” Gross income and total family expenditures differ because of income taxes and some families spend more or less than their after-tax incomes. Later in this report, CPR converts these measurements back to gross income, which is the basis of the West Virginia child support guidelines. A second limitation is that the exhibits reflect “average” child-rearing expenditures across all income ranges, so they do not reflect how child-rearing expenditures vary with income. Most economists find that the percentage of total family expenditures devoted to child-rearing expenditures declines as income increases. Exhibit 6 illustrated this by comparing the most recent USDA measurements for the South across three income ranges. Exhibit 7, 8 and 9 illustrates the same trend for the BR measurements for one, two and three children, respectively. A final limitation is that some of the measurements (*i.e.*, Lino 2012, Betson 2010, New Jersey 2013) contain mortgage principal payments, while earlier measurements did not.

Several states (California, Illinois, and New York) have used recent USDA and Betson-Rothbarth measurements to assess the adequacy of their guidelines. If the state guidelines amount is below the Betson-Rothbarth measurement, the amount is deemed to inadequately support children. If the state guidelines amount is above the USDA measurement, it is deemed to be possibly inappropriate. This type of bracketing approach was first used by Lewin/ICF, a group that was contracted by the U.S. Department of Health and Human Services in 1990 to review measurements of child-rearing expenditures and help states use the measurements to develop and update their guidelines. Yet, Lewin/ICF used Engel estimates as the upper bound instead of the USDA estimates. The reason for the switch is that there are no recent Engel estimates available.

Exhibits 7, 8 and 9 also illustrate that the BR measurements of child-rearing expenditure have changed little over time. The only notable exception is the most recent BR measurements (*i.e.*, BR4). In general, the BR4 measurements are less than previous BR measurements at low incomes and more than previous BR4 measurements at high income. The pattern at low incomes may result from using a different measurement of income that controls for missing information. The pattern at high incomes may reflect the use of outlays rather than expenditures. Higher incomes are more likely to make installment payments and have higher mortgage principal payments. This could increase their expenditures.

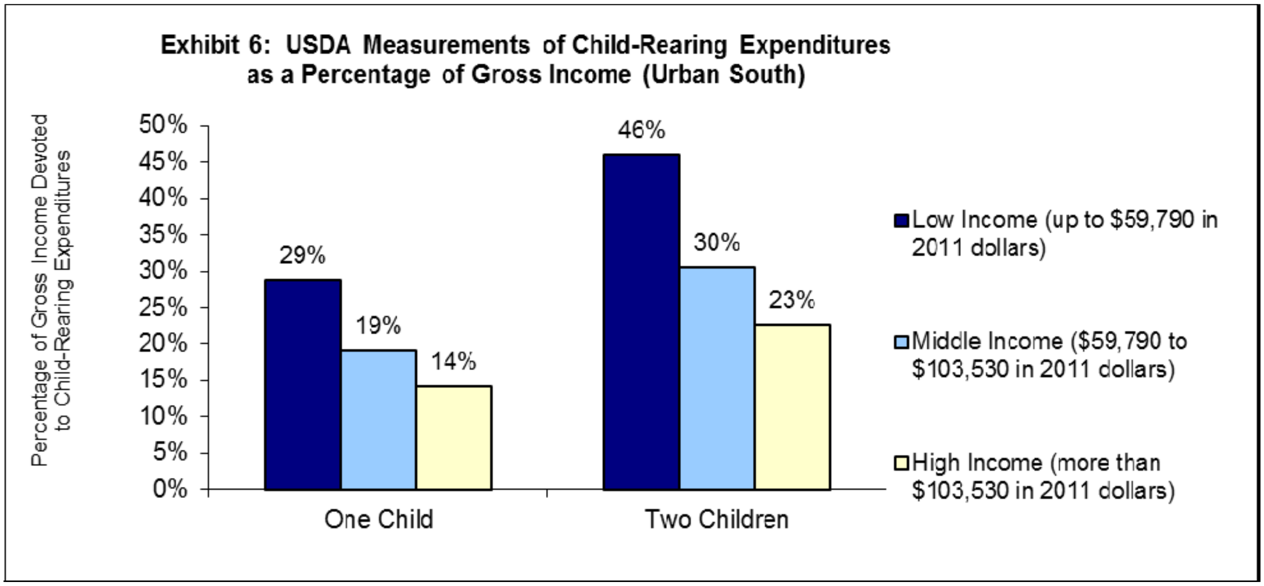


Exhibit 6: USDA Measurements of Child-Rearing Expenditures as a Percentage of Gross Income (Urban South)
Percentage of Gross Income Devoted to Child-Rearing Expenditures
50%
45%
40%
35%
30%
25%
20%
15%
10%
5%
0%
29%
19%
14%
46%
30%
23%
One Child
Two Children
Low Income (up to $59,790 in 2011 dollars)
Middle Income ($59,790 to $103,530 in 2011 dollars)
High Income (more than $103,530 in 2011 dollars)

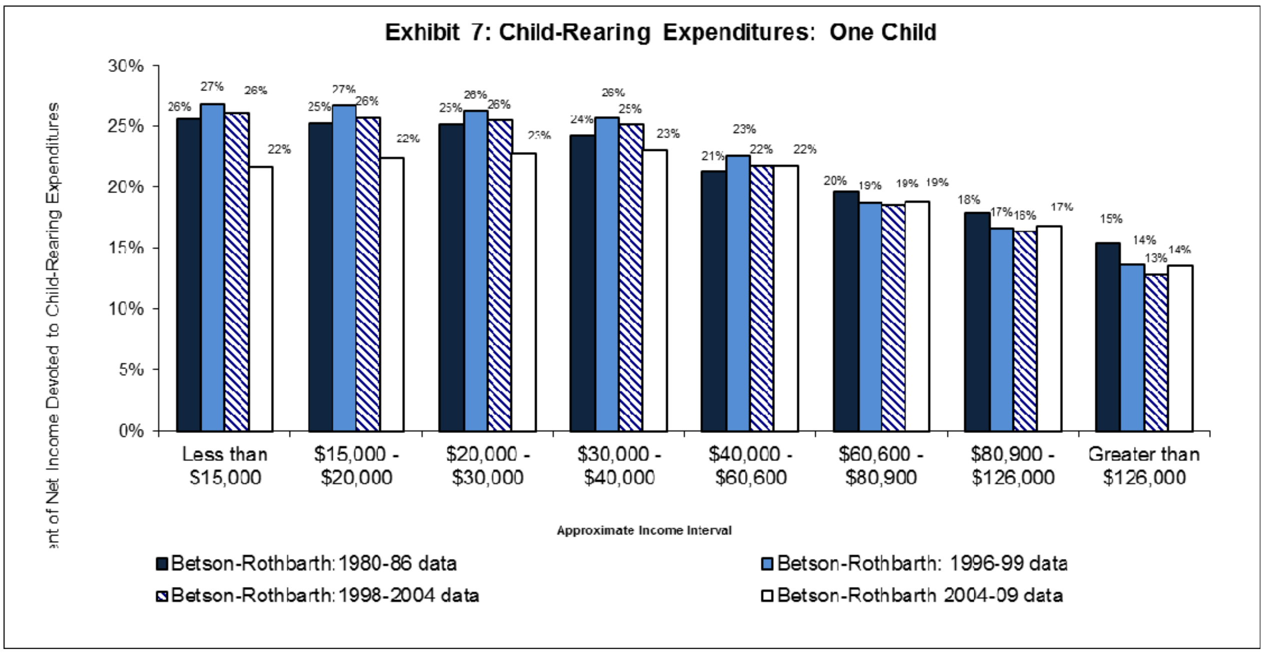
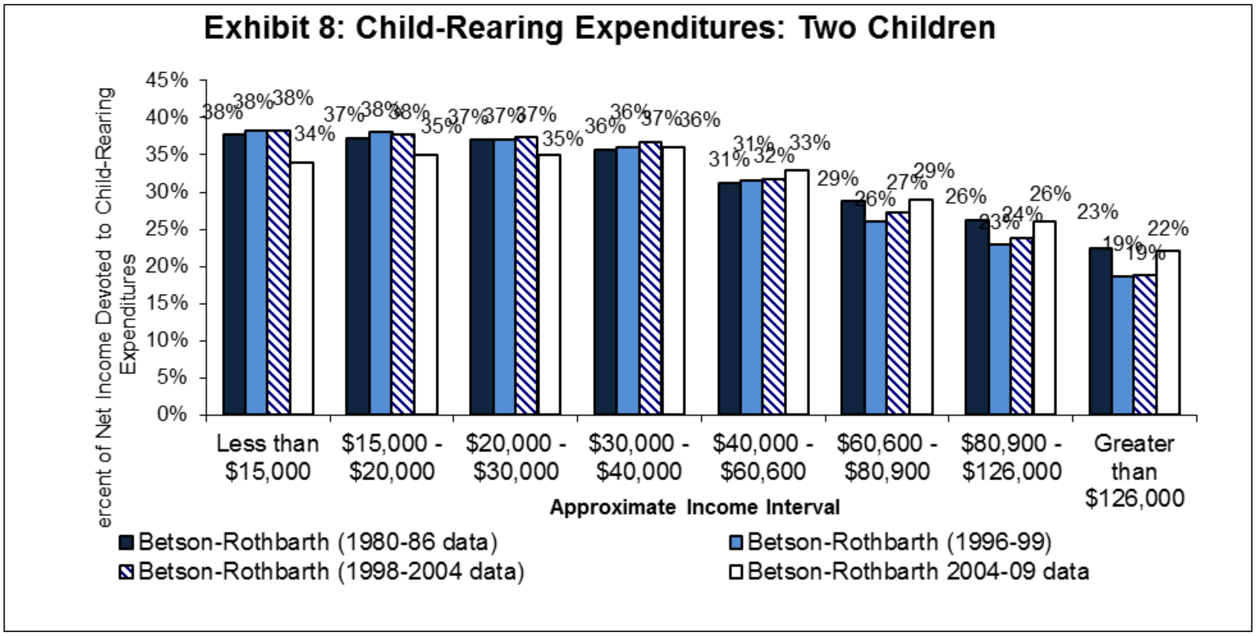
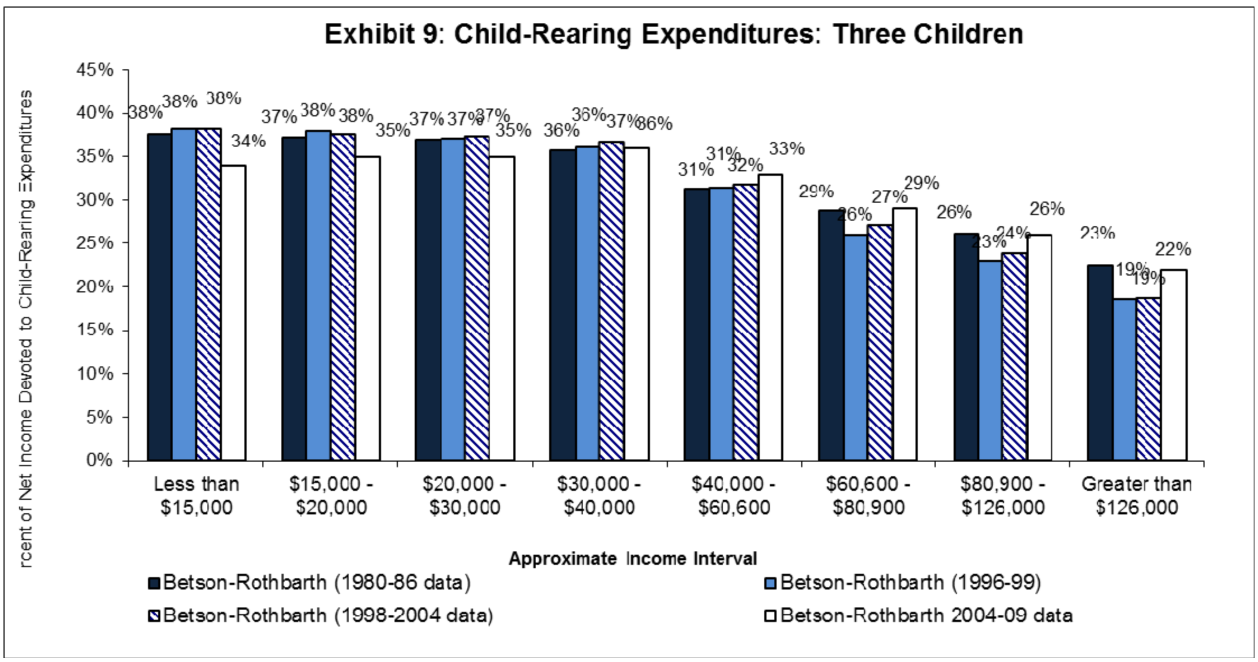


Exhibit 7: Child-Rearing Expenditures: One Child
30%
25%
20%
15%
10%
5%
0%
Less than $15,000
$15,000 - $20,000
$20,000 - $30,000
$30,000 - $40,000
$40,000 - $60,600
$60,600 - $80,900
$80,900 - $126,000
Greater than $126,000
Approximate Income Interval
Betson-Rothbarth: 1980-86 data
Betson-Rothbarth: 1996-99 data
Betson-Rothbarth: 1998-2004 data
Betson-Rothbarth 2004-09 data





Data Source of the Estimates

With the exception of the van der Gaag study, all of the economists estimated child-rearing expenditures from the Consumers Expenditures Survey (CES) that is administered by the Bureau of Labor Statistics (BLS).[23] Economists use the CES because it is the most comprehensive and detailed survey conducted on household expenditures and consists of a large

[23] van der Gaag's study is more of a literature review of the evidence of child-rearing expenditures that existed in the early 1970s.

sample. The CES surveys about 6,000 households per quarter on expenditures, income, and household characteristics (*e.g.*, family size). Households remain in the survey for five consecutive quarters, with households rotating in and out each quarter. Most economists use at least three quarters or a year of expenditures data for a surveyed family. This means that family expenditures are averaged for about a year rather than over a quarter, which may not be as reflective of typical family expenditures.

The BLS designed the CES to produce a nationally representative sample and samples representative of the four regions (Midwest, Northeast, South, and West). The sample sizes for each state, however, are not large enough to estimate child-rearing costs for families within a state. We know of no state that has seriously contemplated conducting a survey similar to the CES at a state level. The costs and time requirements would be prohibitive.

SPECIFIC CONSUMPTION ITEMS

The CES asks households about expenditures on over a hundred detailed items. Exhibit 10 shows the major categories of expenditures captured by the CES. It includes the purchase price and sales tax on all goods purchased within the survey period. In recent years, the CES has added another measure of "expenditures" called "outlays." The key difference between CES's key measure of expenditures and its alternative expenditures measure, outlays, is that outlays essentially include installment plans on purchases, mortgage principal payments, and payments on home equity loans, while expenditures do not. To illustrate the difference, consider a family who purchases a home theatre system during the survey period, puts nothing down, and pays for the home theatre system through 36 months of installment payments. The expenditures measure would capture the total purchase price of the home theatre system. The outlays measure would only capture the installment payments made in the survey period.

Mortgage Payments

Outlays include mortgage principal payments, payments on second mortgages and home equity payments, which is what the 2010 Betson-Rothbarth measurement considers. The CES traditional measure of expenditures does not consider these outlays. The merit of using expenditures, which does not include mortgage principal payments, is that any equity in the home should be considered part of the property settlement and not part of the child support payments. The limitations are not all families have substantial equity in their homes and some families have second mortgages or home equity loans that further reduce home equity.[24] The merit of using outlays is that it is more in line with family budgeting on a monthly basis in that it considers the entire mortgage payment including the amounts paid toward both interest and principal, and the amount paid toward a second mortgage or home equity loan if there is such a payment. Both measures include payment of the mortgage interest, rent among households dwelling in apartments, utilities, property taxes, and other housing expenses as indicated in the above table. As shown in Exhibit 11, housing-related items

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[24] According to the 2011 U.S. Census American Community Survey, 49 percent of West Virginia homeowners have a mortgage and 15 percent of those with a mortgage also have a second mortgage, home equity loan or both. These statistics include all West Virginia homeowners and are not separated for those with and without children under 18 years old. Downloaded from http://factfinder.census.gov on July 25, 2013.

comprise the largest share of total family expenditures. Housing expenses compose about 40 percent of total family expenditures.[25]

Exhibit 10: **Partial List of Expenditure Items Considered in the BLS,** the Data Source Used to Estimate Child-Rearing Expenditures	
Housing	Rent paid for dwellings, rent received as pay, parking fees, maintenance, and other expenses for rented dwellings; and interest on mortgages, interest on home equity loans and lines of credit, property taxes and insurance, refinancing and prepayment charges, ground rent, expenses for property management and security, homeowners' insurance, fire insurance and extended coverage, expenses for repairs and maintenance contracted out, and expenses of materials for owner-performed repairs and maintenance for dwellings used or maintained by the consumer unit. Also includes utilities, cleaning supplies, household textiles, furniture, major and small appliances and other miscellaneous household equipment (tools, plants, decorative items).
Food	Food at home purchased at grocery or other food stores, as well as meals, including tips, purchased away from home (*e.g.*, full-service and fast-food restaurant, vending machines).
Transportation	Vehicle finance charges, gasoline and motor oil, maintenance and repairs, vehicle insurance, public transportation, leases, parking fees, and other transportation expenditures.
Entertainment	Admission to sporting events, movies, concerts, health clubs, recreational lessons, television/ radio/sound equipment, pets, toys, hobbies, and other entertainment equipment and services.
Apparel	Apparel, footwear, uniforms, diapers, alterations and repairs, dry cleaning, sent-out laundry, watches, and jewelry.
Other	Personal care products, reading materials, education fees, banking fees, interest paid on lines of credit, and other expenses.

Transportation and Vehicle Payments

As shown in Exhibit 11, transportation expenses account for about one-fifth of total family expenditures. In the category of "transportation," the CES includes net vehicle outlays; vehicle finance charges; gasoline and motor oil; maintenance and repairs; vehicle insurance; public transportation expenses; and vehicle rentals, leases, licenses, and other charges. The net vehicle outlay is the purchase price of a vehicle less the trade-in value. Net vehicle outlays account for about 36 percent of all transportation expenses and six percent of total household expenditures among families with children in the CES.[26] Net vehicle outlays are an important consideration when measuring child-rearing expenditures because the family's use of the vehicle is often longer than the survey period.

There are three different approaches to the treatment of net vehicle outlays when estimating child-rearing expenditures. Betson excludes net vehicle outlays in his earlier estimates that consider expenditures because including them does not reflect that the vehicle can be sold again later after the survey period. In contrast, Betson's 2010 estimates that consider outlays capture vehicle payments made over the survey period. The USDA, which relies on expenditures, includes all transportation expenses including net vehicle outlays. There are some advantages and disadvantages to each approach. Excluding it makes sense when the vehicle may be part of the property settlement in a divorce. An alternative to that would be to include a value that reflects depreciation of the vehicle over time, but that information is not available. Including the entire net vehicle outlay when expenditures are used as the basis of the estimate likely overstates depreciation. When the basis of the estimates is

[25] Mortgage principal payments comprise about 5 percent of average after-tax income among two-parent families with children less than 18 years old. Calculated from BLS, *Table 5. Composition of consumer unit: Average annual expenditures and characteristics, Consumer Expenditure Survey,* 2011.
[26] Bureau of Labor Statistics, *Table 5: Composition of consumer unit: Average annual expenditures and characteristics, Consumer Expenditures Survey 2011.*

outlays, it includes only vehicle installment payments rather than net vehicle outlays. This effectively avoids the issues of vehicle equity and depreciation.

Exhibit 11: Composition of Average Spending by Families (adopted from Betson 2010)				
Expenditure Category	Childless Couple	One Child	Two Children	Three or More Children
Total Annual Outlays	$51,428	$55,968	$59,096	$49,491
	Budget Share	**(Percentage of Total Outlays)**		
Food	15.7%	16.0%	16.8%	18.3%
Housing	37.9%	41.2%	41.4%	40.9%
Apparel	2.6%	3.1%	3.2%	3.6%
Transportation	20.3%	19.9%	19.0%	18.4%
Entertainment	7.2%	6.4%	6.8%	6.3%
Healthcare	6.1%	5.3%	5.3%	4.6%
Personnel Care	.7%	.6%	.6%	.5%
Education and Reading	1.9%	1.8%	1.7%	1.7%
Miscellaneous	7.6%	5.7%	5.2%	5.7%

OTHER ADJUSTMENTS TO THE CES

Betson also excludes other expenditure items captured by the CES because they are obviously not child-rearing expenses. Specifically, he excludes contributions by family members to Social Security and private pension plans, and cash contributions made to members outside the surveyed household. The USDA also excludes these expenses from its estimates of child-rearing expenditures.

Net Income

Gross and net incomes are reported by families participating in the CES. The difference between gross and net income is taxes. In fact, the CES uses the terms “income before taxes” and “income after taxes” instead of gross and net income. Income before taxes is the total money earnings and selected money receipt. It includes wages and salary, self-employment income, Social Security benefits, pensions income, rental income, unemployment compensation, workers’ compensation, veterans’ benefits, public assistance, and other sources of income. Income and taxes are based on self-reports and not checked against actual records.

The BLS has concerns that income may be underreported in the CES. Although underreporting of income is a problem inherent to surveys, the BLS is particularly concerned because expenditures exceed income among low-income households participating in the CES. The BLS does not know whether the cause is underreporting of income or that low-income households are actually spending more than their incomes because of an unemployment spell, the primary earner is a student, or the household is otherwise withdrawing from its savings. In an effort to improve income information, the BLS added and revised income questions in 2001. The new questions impute income when households do not report income. The 2010 Betson-Rothbarth measurements rely on these new questions. Previous Betson measurements do not.

The Relationship of Expenditures to Income

The BLS also does not include changes in net assets or liabilities as income or expenditures. In all, the BLS makes it clear that reconciling differences between income and expenditures, nor precisely measuring income, are not part of the core mission of the CES. Rather, the core mission is to measure and track expenditures. The BLS recognizes that at some low-income levels, the CES shows that total expenditures exceed after-tax incomes, and at very high incomes, the CES shows total expenditures are considerably less than after-tax incomes. However, the new income questions used by the BLS ameliorate some of this perceived anomaly at low incomes. The consideration of outlays rather than expenditures at high incomes lessens some of the perceived anomaly at high incomes.

In developing child support tables, a long-standing assumption has been that at higher incomes the difference between after-tax income and expenditures is a form of “savings.” This includes traditional savings *(i.e.*, deposits into a bank account) and other contributions to family wealth such as mortgage principal payments, which are included in CES measurement of expenditures but not in the CES measurement of outlays. For example, according to the most recent CES, high-income households (*i.e.*, households with incomes over $150,000 per year), the ratio of expenditures to after-tax income is 53 percent.[27] This suggests a considerable amount of “savings.”

A high level of “savings” seems to contradict reports about the national savings rate being low. However, economists calculate the national savings rate using a different methodology.[28] Some of the differences concern the treatment of housing and medical expenses. When calculating the national savings rate, economists define savings to be the difference between disposable income and consumption. In defining consumption, economists impute the rental value of housing to homeowners even though the rental value may exceed the mortgage payment. Similarly, economists impute the value of all medical services received even though there was insurance coverage and the family incurred no out-of-pocket expense. These imputed values increase consumption considerably and hence, reduce the national savings rate. In fact, the escalating cost of health services contributes significantly to the declining national savings rate.[29]

USAGE OF ESTIMATES IN STATE GUIDELINES

States rely on various estimates of child-rearing expenditures as the basis of their guidelines. Some states rely on whatever was the most current estimate available at the time they developed or last revised their guidelines and have not updated as new estimates became available. Still other states made a deliberate choice to use one estimate over another. Often, these states chose the estimator based on which one produced guidelines amounts that differed the least from their current amounts.

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[27] Calculated from BLS, *Table 2301. Higher income before taxes: Average annual expenditures and characteristics, Consumer Expenditure Survey, 2011*. Downloaded on July 25, 2013 from http://www.bls.gov/cex/tables.htm.
[28] More information about this difference can be found in California’s guidelines review report (Judicial Council, 2006).
[29] *Ibid.*

Based on our current knowledge, we have counted the number of state guidelines by their economic basis. We note that many states modified the estimates or combined them with other information to arrive at their guidelines amounts. Consequently, even though some state guidelines share the same estimates, their guidelines amounts may differ. Another caveat to CPR's counts is that some states recently have changed their guidelines or have adopted new guidelines that are not yet promulgated.

- The van der Gaag (1981) estimates form the basis of five state guidelines (*i.e.*, California, Idaho, Nevada, New York, and Wisconsin). Most states that rely or have relied on the van der Gaag estimates use a flat percentage of the obligor's gross income to compute the child support obligation; that is, there is no consideration of the custodial parent's income. (California and Idaho are exceptions.)

- The Espenshade (1984) estimates form the basis of about seven state guidelines, including Florida and Virginia. Most of the states that still use Espenshade have never updated their child support table. A notable exception is Michigan, which uses Espenshade's estimates for older children as the basis of its guidelines. Michigan updates Espenshade's estimates almost annually for changes in the price level.

- The Betson-Rothbarth (1990) estimates form the basis of about five state guidelines including West Virginia. Many states that updated their guidelines beginning in the mid-1990s relied on these estimates.

- The Betson-Rothbarth (2001) estimates form the basis of about eight state guidelines. Many states that updated their guidelines at least twice since the mid-1990s rely on the second set of Betson-Rothbarth estimates.

- The Betson-Rothbarth (2006) estimates form the basis of 12 state guidelines.

- Four states (*i.e.*, North Carolina, Rhode Island, Vermont and Wyoming) use the Betson-Rothbarth (2010) measurements.

- The average of the Betson-Rothbarth and the Betson-Engel (2001) estimates form the basis of Georgia's guidelines.

- Lino's USDA estimates form the basis of the Minnesota guidelines. CPR believes it is the USDA estimates from 2002. Minnesota is the only state to rely on the USDA estimates.

- Kansas bases its guidelines on per-capita estimates of child-rearing expenditures that are adjusted for routine parenting time (also called the "dissolution factor").

The above list accounts for the economic basis of about 40 state guidelines. In the remaining states, the economic basis is unknown or the basis is a combination of factors including previous county guidelines amounts and guidelines amounts in bordering states among others. Although Florida and New Jersey have sponsored economic studies of child-rearing expenditures, neither state has adopted guidelines based on their respective studies. The New Jersey study, however, was released this year and is still under consideration.

State-Specific Data. CPR knows of no state that uses state-specific data as the basis of its guidelines formula.[30]

Estimates for Single-Parent Families. CPR also knows of no state that relies on expenditures in single-parent families as the basis of its guidelines formula. States that have considered expenditures in single-parent families typically reject those estimates because they often result in near-poverty amounts, are not available for high incomes (because too few single-parent families have high incomes), and are not consistent with the premise that the child should share the standard of living that the parent(s) can afford.

ADJUSTMENTS TO THE ESTIMATES

Most state guidelines tables incorporate adjustments to the estimates.

- Most states adjust the estimates to reflect current price levels. There is a lag between the expenditure survey year and when a table is developed.

- Many states with gross-income based guidelines adjust the Betson estimates that relate to family expenditures to amounts that relate to gross or net income. States vary in their tax assumptions used to convert net to gross income.

- States vary in the amount of out-of-pocket medical expenses that they include in the table. The variations range from no medical expenses to 6 percent to $480 per child per year. The most common approach is $250 per child per year, which is what West Virginia uses. This approximates typical out-of-pocket medical expenses for children.[31]

- Many states adjust the estimates at very low incomes to include a self-support reserve.

- Some states with above- or below-average income realign the estimates, which are based on national data, to the income of their state. The existing West Virginia schedule is based on a realignment.

- The District of Columbia applies the Betson-Rothbarth estimates to all after-tax income, including what an intact family would spend on mortgage principal and "savings."

- Rhode Island bases its table on the Betson-Rothbarth estimates with a modest upward adjustment to account for Rhode Island's relatively high housing costs.

[30] Some states have attempted to estimate child-rearing costs for their state but have not used the study findings to develop their guidelines.
[31] This is between the average and median amount expended on children according to the 2011 National Medical Expenditures Survey are available from http://www.meps.ahrq.gov/mepsweb/.

- A few states(*i.e.*, Kansas, Louisiana, and Pennsylvania) incorporate an adjustment for timesharing in the schedule. In Knasas this is called the "dissolution factor" and acknowledges that the obligated parent makes direct child-rearing expenditures when the child is in his or her care (*i.e.*, during standard visitation). The adjustment generally includes a nominal amount to cover the cost of the child's food and other incidental expenses that the noncustodial parent incurs when the child is his or her care or possession.

New Mexico splits the difference between its existing and updated tables when it last updated its table.

Chapter IV: Updated Table and Assumptions

There are several economic considerations and steps taken to update the table. The economic data and assumptions underlying the tables are summarized below, while more extensive details are provided later.

- The table is based on Betson-Rothbarth (BR) measurements of child-rearing expenditures developed from the 2004-2009 Consumer Expenditure Survey (CES).

- The measurements, which reflect national average amounts, are realigned to reflect West Virginia's relatively low incomes.

- The table reflects June 2013 price levels.

- The table does not include childcare, the cost of the child's health insurance premium, and the children's extraordinary out-of-pocket medical expenses. The worksheet considers the actual amounts expended for these items on a case-by-case basis. The table does not include these items so there is no double-accounting. In other words, they were taken out of the BR measurements when developing the table.

- The table is based on the average of **all** expenditures on children from ages 0 through 17 years.[32] There is no adjustment for the child's age.[33]

- The table does not factor in an adjustment for the obligor's direct expenditures on the child during periods of overnight visitation or custody. There is an adjustment, however, in the worksheet.

Updated Table

Exhibit 12 shows the updated table. Due to the new data, the updated table covers monthly combined incomes through $30,000 gross per month. The existing table covers incomes through $15,000 gross per month. The extension to higher incomes reflects that there are more high-income families in the data used to develop the measurements now than there was when the existing table was developed.

Exhibit 12

Updated Income Shares Table

Combined Gross Monthly Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
550	108	166	203	227	249	271
600	118	181	221	247	272	295
650	128	196	239	267	294	320
700	137	211	258	288	316	344
750	147	226	276	308	339	368
800	157	241	294	329	361	393
850	166	256	312	348	383	416
900	175	269	328	366	403	438
950	184	282	344	384	423	460
1000	192	296	360	402	443	481
1050	201	309	376	420	462	503
1100	209	322	392	438	482	524
1150	218	335	408	456	502	545
1200	226	348	424	474	521	567
1250	235	361	440	492	541	588

[32] This excludes child care and the child's healthcare expenses addressed in the prior bullet.
[33] The economic evidence on whether one age group is more expensive than another age group is mixed.

Exhibit 12

Updated Income Shares Table

Combined Gross Monthly Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
1300	243	374	456	510	561	609
1350	252	388	472	528	580	631
1400	261	401	488	545	600	652
1450	269	414	504	563	620	674
1500	278	427	520	581	639	695
1550	286	440	536	599	659	716
1600	294	453	552	616	678	737
1650	302	465	567	633	696	757
1700	310	477	582	650	715	777
1750	318	490	597	667	733	797
1800	326	502	612	683	752	817
1850	334	514	627	700	770	837
1900	342	527	642	717	789	857
1950	350	539	657	734	807	877
2000	358	551	672	750	825	897
2050	366	564	687	767	844	917
2100	374	576	702	784	862	937
2150	382	588	717	801	881	957
2200	390	600	732	817	899	977
2250	398	613	747	834	917	997
2300	406	625	762	851	936	1017
2350	414	637	776	867	954	1037
2400	422	649	790	883	971	1055
2450	430	661	804	899	988	1074
2500	438	673	819	914	1006	1093
2550	446	684	833	930	1023	1112
2600	453	696	847	946	1040	1131
2650	461	708	861	962	1058	1150
2700	469	720	875	978	1075	1169
2750	477	732	889	993	1093	1188
2800	485	744	904	1009	1110	1207
2850	493	755	918	1025	1127	1226
2900	500	767	932	1041	1145	1245
2950	508	779	946	1057	1162	1263
3000	516	791	960	1072	1180	1282
3050	524	803	974	1088	1197	1301
3100	532	815	988	1104	1214	1320
3150	540	826	1002	1120	1232	1339
3200	548	838	1017	1135	1249	1358
3250	555	850	1031	1151	1266	1376
3300	563	862	1045	1167	1284	1395
3350	571	874	1059	1183	1301	1414

Exhibit 12

Updated Income Shares Table

Combined Gross Monthly Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
3400	579	886	1073	1198	1318	1433
3450	587	897	1087	1214	1336	1452
3500	594	908	1099	1228	1351	1468
3550	600	917	1110	1240	1364	1483
3600	606	926	1121	1252	1377	1497
3650	613	936	1132	1264	1391	1512
3700	619	945	1143	1276	1404	1526
3750	625	954	1153	1288	1417	1540
3800	632	963	1164	1300	1430	1555
3850	638	973	1175	1312	1444	1569
3900	643	981	1184	1323	1455	1582
3950	649	989	1194	1333	1467	1594
4000	654	997	1203	1344	1478	1607
4050	660	1005	1212	1354	1489	1619
4100	665	1012	1220	1363	1499	1630
4150	667	1016	1225	1368	1505	1636
4200	670	1020	1229	1373	1510	1642
4250	673	1023	1234	1378	1516	1648
4300	675	1027	1238	1383	1521	1654
4350	678	1031	1243	1388	1527	1660
4400	681	1035	1247	1393	1533	1666
4450	683	1039	1252	1398	1538	1672
4500	686	1043	1256	1403	1544	1678
4550	689	1047	1261	1408	1549	1684
4600	691	1051	1265	1413	1555	1690
4650	694	1055	1270	1418	1560	1696
4700	697	1058	1274	1423	1566	1702
4750	699	1062	1279	1428	1571	1708
4800	703	1068	1285	1436	1579	1717
4850	708	1075	1294	1445	1589	1728
4900	713	1082	1302	1454	1600	1739
4950	718	1090	1310	1463	1610	1750
5000	723	1097	1318	1473	1620	1761
5050	728	1104	1327	1482	1630	1772
5100	733	1111	1335	1491	1640	1783
5150	737	1118	1343	1500	1650	1794
5200	742	1125	1351	1510	1661	1805
5250	747	1132	1360	1519	1671	1816
5300	752	1140	1368	1528	1681	1827
5350	757	1147	1376	1537	1691	1838
5400	762	1154	1384	1546	1701	1849
5450	766	1161	1392	1555	1711	1860

Exhibit 12

Updated Income Shares Table

Combined Gross Monthly Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
5500	770	1167	1400	1564	1720	1870
5550	774	1173	1407	1572	1729	1879
5600	778	1179	1414	1580	1738	1889
5650	782	1184	1422	1588	1747	1899
5700	785	1190	1429	1596	1756	1908
5750	789	1196	1436	1604	1765	1918
5800	793	1202	1443	1612	1774	1928
5850	797	1208	1451	1620	1782	1938
5900	800	1214	1458	1629	1791	1947
5950	804	1220	1465	1637	1800	1957
6000	808	1226	1472	1645	1809	1967
6050	812	1231	1480	1653	1818	1976
6100	816	1237	1487	1661	1827	1986
6150	819	1242	1493	1668	1835	1995
6200	820	1244	1495	1670	1837	1997
6250	822	1246	1497	1672	1840	2000
6300	823	1248	1499	1675	1842	2002
6350	825	1250	1501	1677	1845	2005
6400	826	1252	1503	1679	1847	2008
6450	828	1254	1505	1681	1849	2010
6500	829	1256	1507	1683	1852	2013
6550	831	1258	1509	1686	1854	2015
6600	833	1260	1511	1688	1857	2018
6650	834	1262	1513	1690	1859	2021
6700	836	1264	1515	1692	1861	2023
6750	837	1266	1517	1694	1864	2026
6800	839	1268	1519	1696	1866	2028
6850	840	1271	1522	1700	1870	2032
6900	843	1274	1525	1704	1874	2037
6950	845	1277	1529	1708	1879	2042
7000	847	1281	1533	1713	1884	2048
7050	850	1284	1537	1717	1888	2053
7100	852	1287	1541	1721	1893	2058
7150	854	1291	1545	1725	1898	2063
7200	857	1294	1549	1730	1903	2068
7250	859	1297	1552	1734	1907	2073
7300	861	1301	1556	1738	1912	2079
7350	863	1304	1560	1743	1917	2084
7400	866	1307	1564	1747	1922	2089
7450	868	1311	1568	1751	1926	2094
7500	870	1314	1572	1756	1931	2099
7550	873	1318	1575	1760	1936	2104

Exhibit 12

Updated Income Shares Table

Combined Gross Monthly Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
7600	875	1321	1579	1764	1941	2109
7650	877	1324	1583	1768	1945	2115
7700	880	1328	1587	1773	1950	2120
7750	882	1331	1591	1777	1955	2125
7800	884	1334	1595	1781	1959	2130
7850	887	1338	1599	1786	1964	2135
7900	891	1344	1606	1794	1973	2145
7950	895	1351	1614	1803	1984	2156
8000	900	1358	1623	1813	1994	2167
8050	904	1364	1631	1822	2004	2178
8100	909	1371	1639	1831	2014	2189
8150	913	1378	1648	1840	2024	2200
8200	917	1385	1655	1849	2034	2211
8250	922	1391	1663	1858	2044	2221
8300	926	1398	1671	1867	2053	2232
8350	930	1404	1679	1875	2063	2242
8400	935	1411	1687	1884	2073	2253
8450	939	1417	1695	1893	2082	2264
8500	943	1424	1703	1902	2092	2274
8550	947	1430	1710	1911	2102	2285
8600	952	1437	1718	1919	2111	2295
8650	956	1443	1726	1928	2121	2306
8700	960	1450	1734	1937	2131	2316
8750	964	1456	1742	1946	2140	2327
8800	969	1463	1750	1954	2150	2337
8850	973	1469	1758	1963	2160	2348
8900	977	1476	1766	1972	2169	2358
8950	982	1482	1773	1981	2179	2369
9000	986	1489	1781	1990	2189	2379
9050	990	1495	1789	1998	2198	2390
9100	994	1502	1797	2007	2208	2400
9150	999	1508	1805	2016	2218	2411
9200	1003	1515	1813	2025	2227	2421
9250	1007	1521	1821	2034	2237	2432
9300	1011	1527	1827	2041	2245	2441
9350	1013	1530	1831	2045	2250	2446
9400	1016	1534	1835	2049	2254	2450
9450	1018	1537	1838	2053	2259	2455
9500	1021	1541	1842	2057	2263	2460
9550	1023	1544	1846	2062	2268	2465
9600	1026	1548	1850	2066	2273	2471
9650	1029	1552	1854	2071	2278	2476

Exhibit 12

Updated Income Shares Table

Combined Gross Monthly Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
9700	1032	1555	1858	2075	2283	2481
9750	1034	1559	1862	2080	2288	2487
9800	1037	1563	1866	2084	2292	2492
9850	1040	1566	1870	2089	2297	2497
9900	1042	1570	1874	2093	2302	2503
9950	1045	1574	1878	2097	2307	2508
10000	1048	1578	1882	2102	2312	2513
10050	1050	1581	1886	2106	2317	2518
10100	1053	1585	1890	2111	2322	2524
10150	1056	1589	1894	2115	2327	2529
10200	1058	1592	1898	2120	2331	2534
10250	1061	1596	1902	2124	2336	2540
10300	1064	1600	1905	2128	2341	2545
10350	1066	1603	1909	2133	2346	2550
10400	1069	1607	1913	2137	2351	2556
10450	1072	1611	1917	2142	2356	2561
10500	1074	1614	1921	2146	2361	2566
10550	1077	1618	1925	2151	2366	2571
10600	1080	1622	1929	2155	2370	2577
10650	1082	1625	1933	2159	2375	2582
10700	1084	1628	1937	2164	2380	2587
10750	1086	1631	1941	2168	2385	2593
10800	1088	1635	1945	2173	2390	2598
10850	1090	1638	1949	2177	2395	2603
10900	1092	1641	1953	2182	2400	2609
10950	1094	1644	1957	2186	2405	2614
11000	1096	1647	1961	2191	2410	2619
11050	1098	1651	1965	2195	2414	2625
11100	1100	1654	1969	2199	2419	2630
11150	1102	1657	1973	2204	2424	2635
11200	1104	1660	1977	2208	2429	2640
11250	1106	1663	1981	2213	2434	2646
11300	1108	1667	1985	2217	2439	2651
11350	1110	1670	1989	2222	2444	2656
11400	1112	1673	1993	2226	2449	2662
11450	1114	1676	1997	2231	2454	2667
11500	1116	1679	2001	2235	2458	2672
11550	1119	1683	2005	2239	2463	2678
11600	1121	1686	2009	2244	2468	2683
11650	1123	1689	2013	2248	2473	2688
11700	1125	1692	2017	2253	2478	2694
11750	1127	1695	2021	2257	2483	2699

Exhibit 12

Updated Income Shares Table

Combined Gross Monthly Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
11800	1129	1698	2025	2262	2488	2704
11850	1131	1702	2029	2266	2493	2710
11900	1133	1705	2033	2270	2497	2715
11950	1135	1709	2037	2276	2503	2721
12000	1139	1713	2042	2281	2510	2728
12050	1142	1718	2048	2287	2516	2735
12100	1145	1723	2053	2293	2522	2742
12150	1148	1727	2058	2299	2528	2748
12200	1151	1732	2063	2304	2535	2755
12250	1154	1736	2068	2310	2541	2762
12300	1157	1741	2073	2316	2547	2769
12350	1161	1745	2078	2322	2554	2776
12400	1164	1750	2083	2327	2560	2783
12450	1167	1754	2089	2333	2566	2790
12500	1170	1759	2094	2339	2573	2796
12550	1173	1763	2099	2344	2579	2803
12600	1176	1768	2104	2350	2585	2810
12650	1179	1772	2109	2356	2591	2817
12700	1183	1777	2114	2362	2598	2824
12750	1186	1781	2119	2367	2604	2831
12800	1189	1786	2124	2373	2610	2837
12850	1192	1790	2130	2379	2617	2844
12900	1195	1795	2135	2384	2623	2851
12950	1198	1799	2140	2390	2629	2858
13000	1202	1804	2145	2396	2635	2865
13050	1205	1808	2150	2402	2642	2872
13100	1208	1813	2155	2407	2648	2878
13150	1211	1817	2160	2413	2654	2885
13200	1214	1822	2165	2419	2661	2892
13250	1217	1826	2170	2423	2666	2898
13300	1219	1829	2173	2428	2671	2903
13350	1221	1832	2177	2432	2675	2908
13400	1223	1835	2181	2436	2680	2913
13450	1225	1838	2185	2441	2685	2918
13500	1227	1841	2189	2445	2689	2923
13550	1229	1844	2193	2449	2694	2928
13600	1231	1847	2196	2453	2699	2933
13650	1233	1850	2200	2458	2703	2939
13700	1235	1853	2204	2462	2708	2944
13750	1237	1856	2208	2466	2713	2949
13800	1238	1860	2212	2470	2717	2954
13850	1240	1863	2215	2475	2722	2959

Exhibit 12

Updated Income Shares Table

Combined Gross Monthly Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
13900	1242	1866	2219	2479	2727	2964
13950	1244	1869	2223	2483	2732	2969
14000	1246	1872	2227	2487	2736	2974
14050	1248	1875	2231	2492	2741	2979
14100	1250	1878	2235	2496	2746	2984
14150	1252	1881	2238	2500	2750	2990
14200	1254	1884	2242	2504	2755	2995
14250	1256	1887	2246	2509	2760	3000
14300	1258	1890	2250	2513	2764	3005
14350	1260	1894	2254	2517	2769	3010
14400	1262	1897	2257	2522	2774	3015
14450	1264	1900	2261	2526	2778	3020
14500	1266	1903	2265	2530	2783	3025
14550	1268	1905	2268	2533	2786	3029
14600	1269	1907	2269	2534	2788	3030
14650	1270	1908	2270	2536	2789	3032
14700	1271	1909	2271	2537	2791	3034
14750	1272	1911	2273	2539	2793	3036
14800	1273	1912	2274	2540	2794	3037
14850	1275	1914	2275	2541	2796	3039
14900	1276	1915	2277	2543	2797	3041
14950	1277	1916	2278	2544	2799	3042
15000	1278	1918	2279	2546	2800	3044
15050	1279	1919	2280	2547	2802	3046
15100	1280	1920	2282	2549	2804	3047
15150	1281	1922	2283	2550	2805	3049
15200	1282	1923	2284	2551	2807	3051
15250	1284	1925	2285	2553	2808	3053
15300	1285	1926	2287	2554	2810	3054
15350	1286	1927	2288	2556	2811	3056
15400	1287	1929	2289	2557	2813	3058
15450	1288	1930	2291	2559	2814	3059
15500	1289	1931	2292	2560	2816	3061
15550	1290	1933	2293	2561	2818	3063
15600	1291	1934	2294	2563	2819	3064
15650	1292	1936	2296	2564	2821	3066
15700	1294	1937	2297	2566	2822	3068
15750	1295	1938	2298	2567	2824	3070
15800	1296	1940	2300	2568	2825	3071
15850	1297	1941	2301	2570	2827	3073
15900	1298	1943	2302	2571	2829	3075
15950	1299	1944	2303	2573	2830	3076

Exhibit 12

Updated Income Shares Table

Combined Gross Monthly Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
16000	1300	1945	2305	2574	2832	3078
16050	1301	1947	2306	2576	2833	3080
16100	1303	1948	2307	2577	2835	3081
16150	1304	1949	2308	2578	2836	3083
16200	1305	1951	2310	2580	2838	3085
16250	1306	1952	2311	2581	2839	3086
16300	1307	1953	2312	2582	2841	3088
16350	1308	1954	2313	2584	2842	3089
16400	1309	1956	2314	2585	2843	3091
16450	1310	1957	2315	2586	2845	3092
16500	1311	1958	2317	2588	2846	3094
16550	1313	1962	2321	2592	2851	3099
16600	1316	1966	2326	2598	2858	3106
16650	1319	1970	2331	2604	2864	3113
16700	1322	1974	2336	2609	2870	3120
16750	1324	1979	2341	2615	2877	3127
16800	1327	1983	2346	2621	2883	3134
16850	1330	1987	2351	2626	2889	3140
16900	1333	1991	2356	2632	2895	3147
16950	1335	1996	2362	2638	2902	3154
17000	1338	2000	2367	2644	2908	3161
17050	1341	2004	2372	2649	2914	3168
17100	1344	2008	2377	2655	2921	3175
17150	1346	2012	2382	2661	2927	3181
17200	1349	2017	2387	2666	2933	3188
17250	1352	2021	2392	2672	2939	3195
17300	1355	2025	2397	2678	2946	3202
17350	1357	2029	2402	2684	2952	3209
17400	1360	2033	2408	2689	2958	3216
17450	1363	2038	2413	2695	2964	3222
17500	1366	2042	2418	2701	2971	3229
17550	1368	2046	2423	2706	2977	3236
17600	1371	2050	2428	2712	2983	3243
17650	1374	2055	2433	2718	2990	3250
17700	1377	2059	2438	2724	2996	3257
17750	1380	2063	2443	2729	3002	3263
17800	1382	2067	2448	2735	3008	3270
17850	1385	2071	2454	2741	3015	3277
17900	1388	2076	2459	2746	3021	3284
17950	1391	2080	2464	2752	3027	3291
18000	1393	2084	2469	2758	3034	3297
18050	1396	2088	2474	2763	3040	3304

Exhibit 12

Updated Income Shares Table

Combined Gross Monthly Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
18100	1399	2093	2479	2769	3046	3311
18150	1402	2097	2484	2775	3052	3318
18200	1404	2101	2489	2781	3059	3325
18250	1407	2105	2494	2786	3065	3332
18300	1410	2109	2500	2792	3071	3338
18350	1413	2114	2505	2798	3078	3345
18400	1415	2118	2510	2803	3084	3352
18450	1418	2122	2515	2809	3090	3359
18500	1421	2126	2520	2815	3096	3366
18550	1424	2131	2525	2821	3103	3373
18600	1426	2135	2530	2826	3109	3379
18650	1429	2139	2535	2832	3115	3386
18700	1432	2143	2540	2838	3121	3393
18750	1435	2147	2546	2843	3128	3400
18800	1438	2152	2551	2849	3134	3407
18850	1440	2156	2556	2855	3140	3414
18900	1443	2160	2561	2861	3147	3420
18950	1446	2164	2566	2866	3153	3427
19000	1449	2168	2571	2872	3159	3434
19050	1451	2173	2576	2878	3165	3441
19100	1454	2177	2581	2883	3172	3448
19150	1457	2181	2586	2889	3178	3454
19200	1460	2185	2592	2895	3184	3461
19250	1462	2190	2597	2901	3191	3468
19300	1465	2194	2602	2906	3197	3475
19350	1468	2198	2607	2912	3203	3482
19400	1471	2202	2612	2918	3209	3489
19450	1473	2206	2617	2923	3216	3495
19500	1476	2211	2622	2929	3222	3502
19550	1479	2215	2627	2935	3228	3509
19600	1482	2219	2632	2940	3235	3516
19650	1484	2223	2638	2946	3241	3523
19700	1487	2228	2643	2952	3247	3530
19750	1490	2232	2648	2958	3253	3536
19800	1493	2236	2653	2963	3260	3543
19850	1496	2240	2658	2969	3266	3550
19900	1498	2244	2663	2975	3272	3557
19950	1501	2249	2668	2980	3278	3564
20000	1504	2253	2673	2986	3285	3571
20050	1507	2257	2678	2992	3291	3577
20100	1509	2261	2684	2998	3297	3584
20150	1512	2266	2689	3003	3304	3591

Exhibit 12

Updated Income Shares Table

Combined Gross Monthly Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
20200	1515	2270	2694	3009	3310	3598
20250	1518	2274	2699	3015	3316	3605
20300	1520	2278	2704	3020	3322	3612
20350	1523	2282	2709	3026	3329	3618
20400	1526	2287	2714	3032	3335	3625
20450	1529	2291	2719	3038	3341	3632
20500	1531	2295	2725	3043	3348	3639
20550	1534	2299	2730	3049	3354	3646
20600	1537	2303	2735	3055	3360	3652
20650	1540	2308	2740	3060	3366	3659
20700	1542	2312	2745	3066	3373	3666
20750	1545	2316	2750	3072	3379	3673
20800	1548	2320	2755	3078	3385	3680
20850	1551	2325	2760	3083	3392	3687
20900	1554	2329	2765	3089	3398	3693
20950	1556	2333	2771	3095	3404	3700
21000	1559	2337	2776	3100	3410	3707
21050	1562	2341	2781	3106	3417	3714
21100	1565	2346	2786	3112	3423	3721
21150	1567	2350	2791	3118	3429	3728
21200	1570	2354	2796	3123	3435	3734
21250	1573	2358	2801	3129	3442	3741
21300	1576	2363	2806	3135	3448	3748
21350	1578	2367	2811	3140	3454	3755
21400	1581	2371	2817	3146	3461	3762
21450	1584	2375	2822	3152	3467	3769
21500	1587	2379	2827	3157	3473	3775
21550	1589	2384	2832	3163	3479	3782
21600	1592	2388	2837	3169	3486	3789
21650	1595	2392	2842	3175	3492	3796
21700	1598	2396	2847	3180	3498	3803
21750	1600	2401	2852	3186	3505	3809
21800	1603	2405	2857	3192	3511	3816
21850	1606	2409	2863	3197	3517	3823
21900	1609	2413	2868	3203	3523	3830
21950	1612	2417	2873	3209	3530	3837
22000	1614	2422	2878	3215	3536	3844
22050	1617	2426	2883	3220	3542	3850
22100	1620	2430	2888	3226	3549	3857
22150	1623	2434	2893	3232	3555	3864
22200	1625	2438	2898	3237	3561	3871
22250	1628	2443	2903	3243	3567	3878

Exhibit 12

Updated Income Shares Table

Combined Gross Monthly Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
22300	1631	2447	2909	3249	3574	3885
22350	1634	2451	2914	3255	3580	3891
22400	1636	2455	2919	3260	3586	3898
22450	1639	2460	2924	3266	3592	3905
22500	1642	2464	2929	3272	3599	3912
22550	1645	2468	2934	3277	3605	3919
22600	1647	2472	2939	3283	3611	3926
22650	1650	2476	2944	3289	3618	3932
22700	1653	2481	2949	3295	3624	3939
22750	1656	2485	2955	3300	3630	3946
22800	1659	2489	2960	3306	3636	3953
22850	1661	2493	2965	3312	3643	3960
22900	1664	2498	2970	3317	3649	3966
22950	1667	2502	2975	3323	3655	3973
23000	1670	2506	2980	3329	3662	3980
23050	1672	2510	2985	3335	3668	3987
23100	1675	2514	2990	3340	3674	3994
23150	1678	2519	2995	3346	3680	4001
23200	1681	2523	3001	3352	3687	4007
23250	1683	2527	3006	3357	3693	4014
23300	1686	2531	3011	3363	3699	4021
23350	1689	2536	3016	3369	3706	4028
23400	1692	2540	3021	3374	3712	4035
23450	1694	2544	3026	3380	3718	4042
23500	1697	2548	3031	3386	3724	4048
23550	1700	2552	3036	3392	3731	4055
23600	1703	2557	3041	3397	3737	4062
23650	1705	2561	3047	3403	3743	4069
23700	1708	2565	3052	3409	3750	4076
23750	1711	2569	3057	3414	3756	4083
23800	1714	2573	3062	3420	3762	4089
23850	1717	2578	3067	3426	3768	4096
23900	1719	2582	3072	3432	3775	4103
23950	1722	2586	3077	3437	3781	4110
24000	1725	2590	3082	3443	3787	4117
24050	1728	2595	3087	3449	3793	4124
24100	1730	2599	3093	3454	3800	4130
24150	1733	2603	3098	3460	3806	4137
24200	1736	2607	3103	3466	3812	4144
24250	1739	2611	3108	3472	3819	4151
24300	1741	2616	3113	3477	3825	4158
24350	1744	2620	3118	3483	3831	4164

Exhibit 12
Updated Income Shares Table

Combined Gross Monthly Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
24400	1747	2624	3123	3489	3837	4171
24450	1750	2628	3128	3494	3844	4178
24500	1752	2633	3133	3500	3850	4185
24550	1755	2637	3139	3506	3856	4192
24600	1758	2641	3144	3512	3863	4199
24650	1761	2645	3149	3517	3869	4205
24700	1763	2649	3154	3523	3875	4212
24750	1766	2654	3159	3529	3881	4219
24800	1769	2658	3164	3534	3888	4226
24850	1772	2662	3169	3540	3894	4233
24900	1775	2666	3174	3546	3900	4240
24950	1777	2671	3179	3551	3907	4246
25000	1780	2675	3185	3557	3913	4253
25050	1783	2679	3190	3563	3919	4260
25100	1786	2683	3195	3569	3925	4267
25150	1788	2687	3200	3574	3932	4274
25200	1791	2692	3205	3580	3938	4281
25250	1794	2696	3210	3586	3944	4287
25300	1797	2700	3215	3591	3950	4294
25350	1799	2704	3220	3597	3957	4301
25400	1802	2708	3225	3603	3963	4308
25450	1805	2713	3231	3609	3969	4315
25500	1808	2717	3236	3614	3976	4321
25550	1810	2721	3241	3620	3982	4328
25600	1813	2725	3246	3626	3988	4335
25650	1816	2730	3251	3631	3994	4342
25700	1819	2734	3256	3637	4001	4349
25750	1821	2738	3261	3643	4007	4356
25800	1824	2742	3266	3649	4013	4362
25850	1827	2746	3271	3654	4020	4369
25900	1830	2751	3277	3660	4026	4376
25950	1833	2755	3282	3666	4032	4383
26000	1835	2759	3287	3671	4038	4390
26050	1838	2763	3292	3677	4045	4397
26100	1841	2768	3297	3683	4051	4403
26150	1844	2772	3302	3689	4057	4410
26200	1846	2776	3307	3694	4064	4417
26250	1849	2780	3312	3700	4070	4424
26300	1852	2784	3317	3706	4076	4431
26350	1855	2789	3323	3711	4082	4438
26400	1857	2793	3328	3717	4089	4444
26450	1860	2797	3333	3723	4095	4451

Exhibit 12

Updated Income Shares Table

Combined Gross Monthly Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
26500	1863	2801	3338	3729	4101	4458
26550	1866	2806	3343	3734	4107	4465
26600	1868	2810	3348	3740	4114	4472
26650	1871	2814	3353	3746	4120	4479
26700	1874	2818	3358	3751	4126	4485
26750	1877	2822	3363	3757	4133	4492
26800	1879	2827	3369	3763	4139	4499
26850	1882	2831	3374	3768	4145	4506
26900	1885	2835	3379	3774	4151	4513
26950	1888	2839	3384	3780	4158	4519
27000	1891	2843	3389	3786	4164	4526
27050	1893	2848	3394	3791	4170	4533
27100	1896	2852	3399	3797	4177	4540
27150	1899	2856	3404	3803	4183	4547
27200	1902	2860	3409	3808	4189	4554
27250	1904	2865	3415	3814	4195	4560
27300	1907	2869	3420	3820	4202	4567
27350	1910	2873	3425	3826	4208	4574
27400	1913	2877	3430	3831	4214	4581
27450	1915	2881	3435	3837	4221	4588
27500	1918	2886	3440	3843	4227	4595
27550	1921	2890	3445	3848	4233	4601
27600	1924	2894	3450	3854	4239	4608
27650	1926	2898	3455	3860	4246	4615
27700	1929	2903	3461	3866	4252	4622
27750	1932	2907	3466	3871	4258	4629
27800	1935	2911	3471	3877	4264	4636
27850	1937	2915	3476	3883	4271	4642
27900	1940	2919	3481	3888	4277	4649
27950	1943	2924	3486	3894	4283	4656
28000	1946	2928	3491	3900	4290	4663
28050	1949	2932	3496	3906	4296	4670
28100	1951	2936	3501	3911	4302	4676
28150	1954	2941	3507	3917	4308	4683
28200	1957	2945	3512	3923	4315	4690
28250	1960	2949	3517	3928	4321	4697
28300	1962	2953	3522	3934	4327	4704
28350	1965	2957	3527	3940	4334	4711
28400	1968	2962	3532	3946	4340	4717
28450	1971	2966	3537	3951	4346	4724
28500	1973	2970	3542	3957	4352	4731
28550	1976	2974	3547	3963	4359	4738

Exhibit 12

Updated Income Shares Table

Combined Gross Monthly Income		One Child	Two Children	Three Children	Four Children	Five Children	Six Children
28600		1979	2978	3553	3968	4365	4745
28650		1982	2983	3558	3974	4371	4752
28700		1984	2987	3563	3980	4378	4758
28750		1987	2991	3568	3985	4384	4765
28800		1990	2995	3573	3991	4390	4772
28850		1993	3000	3578	3997	4396	4779
28900		1995	3004	3583	4003	4403	4786
28950		1998	3008	3588	4008	4409	4793
29000		2001	3012	3593	4014	4415	4799
29050		2004	3016	3599	4020	4421	4806
29100		2007	3021	3604	4025	4428	4813
29150		2009	3025	3609	4031	4434	4820
29200		2012	3029	3614	4037	4440	4827
29250		2015	3033	3619	4043	4447	4834
29300		2018	3038	3624	4048	4453	4840
29350		2020	3042	3629	4054	4459	4847
29400		2023	3046	3634	4060	4465	4854
29450		2026	3050	3639	4065	4472	4861
29500		2029	3054	3645	4071	4478	4868
29550		2031	3059	3650	4077	4484	4874
29600		2034	3063	3655	4083	4491	4881
29650		2037	3067	3660	4088	4497	4888
29700		2040	3072	3666	4095	4504	4896
29750		2043	3077	3671	4101	4511	4904
29800		2046	3082	3677	4107	4518	4911
29850		2050	3086	3683	4114	4525	4919
29900		2053	3091	3689	4120	4532	4927
29950		2056	3096	3694	4127	4539	4934
30000		2059	3101	3700	4133	4546	4942

The extrapolated percentages for incomes above $30,000 are:

		One Child	Two Children	Three Children	Four Children	Five Children	Six Children
This amount		2059	3101	3700	4133	4546	4942
Plus this percent multiplied by combined gross income above $30,000		5.1%	7.4%	8.5%	9.5%	10.5%	11.4%

Detailed Technical Steps and Considerations

There are several steps taken to develop an updated table. They are listed below and discussed in more detail in the remainder of this chapter.

1. Select estimate of child-rearing expenditures.
2. Adjust to current price levels.
3. Realign estimates to account for state's relatively low income.
4. Subtract expenditures on items considered elsewhere in guidelines calculation.
5. Extend the estimates to four and more children.
6. Relate estimates to net income.
7. Back out estimates to gross income.
8. Extrapolate to higher incomes.

Step 1: Select Economic Basis

Most child support guidelines tables/formulae are based on Betson-Rothbarth (BR) estimates of child-rearing expenditures. West Virginia's current table is based on the first Betson-Rothbarth measurements. The fourth set of Betson-Rothbarth measurements (BR4) is one of two current studies readily available for updating child support tables. The USDA produces the other study.[34] BR4 is used to develop the updated schedule provided in this report. A USDA-based schedule would be much higher. (This is evident by the percentages shown in Exhibit 6.)

Step 2: Adjust to Current Price Levels

The BR4 measurements of child-rearing expenditures reflect March 2013 price levels. They have been updated to June 2013 price levels, which was the most recent price index published by the U.S. Bureau of Labor Statistics.

Step 3: Realign Measurements to West Virginia's Income

West Virginia ranks among the third lowest among states in median family income. The realignment adjusts for its relatively low income by assuming expenditures are comparable by income distribution. To conceptualize this, consider two lines, one for U.S. families and the other for West Virginia families. Families are lined by income starting with the lowest. Now examine the incomes and expenditures of the U.S. and West Virginia family at the position representing 10 percent of the families (10 percent of the line). Say, the U.S. family has income of $20,000 per year and West Virginia family has income of $35,000 per year, the realignment applies the child-rearing expenditures incurred by the U.S. family with $20,000 in income to the Connecticut family of $35,000. Exhibit 13 shows the difference in income distribution between U.S. and West Virginia.

[34] Mark Lino (2012). *Expenditures on Children by Families: 2011 Annual Report*, U.S. Department of Agriculture, Center for Nutrition and Policy Promotion. Miscellaneous Publication No. 1528-2011. Available at http://www.cnpp.usda.gov/ExpendituresonChildrenbyFamilies.htm.

Exhibit 13: Differences in Family Income between The U.S. Average and West Virginia (Source: 2011 U.S. Census American Community Survey)		
	U.S. Families	West Virginia Families
Number of Families	76,084,006	477,809
Median Family Income	$61,455	$49,693
	Percentage of Families	
Less than $10,000	5.1%	6.2%
$10,000 to $14,999	3.5%	4.6%
$15,000 to $19,999	4.2%	5.6%
$20,000 to $24,999	4.7%	5.8%
$25,000 to $29,999	4.6%	6.2%
$30,000 to $34,999	4.8%	5.6%
$35,000 to $39,999	4.6%	5.3%
$40,000 to $44,999	4.6%	5.9%
$45,000 to $49,999	4.3%	5.1%

Step 4: Subtract Highly Variable Expenses

The studies measuring child-rearing expenditures include all expenditures on the children, including work-related child care expenses, the cost of the child's health insurance benefit, and the child's uninsured, extraordinary medical expenses. In contrast, most income shares guidelines, including the existing West Virginia guidelines, consider the actual amount of these expenses on a case-by-case basis when calculating the support award. Since the actual amounts are considered, they are not included in the table.

Betson provided supplemental information in order to subtract these expenses from his total estimates of child-rearing expenditures for the purposes of developing a table. Using the same subset of the CES that he used to measure child-rearing expenditures, he measured the percentage of total expenditures devoted to child care expenses; the percentage of total expenditures devoted to extraordinary, uninsured healthcare expenses, including the cost of the child's health insurance benefits; and expenditures to net income ratios. Exhibit 14 shows these measurements as well as the BR4 measurements of child-rearing expenditures for a range of incomes.

Child Care Expenses

Betson's measurements of child care expenses, which are shown in Exhibit 14, represent the average percentage of total expenditures devoted to child care expenses across all families regardless of whether the family incurs any child care expenses. If only those families with child care expenses were included, the percentages would be much higher. The percentage across all families is necessary to back out child care expenses from total child-rearing expenses since the total is derived for all families.

The data on child care expenses are limited because child care expenses that are "necessary" (*e.g.*, those incurred to allow someone to work) cannot be distinguished from "discretionary" child care expenses. This is a limitation because most state guidelines only consider *work-related* child care expenses in the calculation of the child support order. Some state guidelines also consider child care expenses associated with a parent's job search or education aimed at increasing his or her earnings. Since work-related and non-work-related child care expenses cannot be distinguished, work-related child care expenses may be somewhat overstated. If so, too much child care expenses may be subtracted from the estimates. In turn, this would cause the amounts in the obligation table to be somewhat less than if work-related and discretionary child care expenses could be separated. Nonetheless, since most child care expenses are work-related, discretionary child care expenses are likely to compose an infinitesimal share of total expenditures. As a consequence, the magnitude of any bias is likely to be negligible.

EXHIBIT 14 HERE

Healthcare Expenses

The issues relating to healthcare expenses in the development of an income shares table are similar to childcare issues, but more complicated. In the CES, healthcare expenses are not broken down in the categories typically considered for child support. Most income shares guidelines consider three types of child healthcare expenses: the child's share of the health insurance premium; the child's extraordinary, uninsured medical expenses; and the child's routine, typical medical expenses. Most income shares guidelines prorate the cost of the child's insurance coverage and the child's extraordinary medical expenses between the parents.

Most income shares tables, including the existing West Virginia table, include a small amount (*e.g.*, $250 per child per year) to cover typical, routine medical expenses for an average child. This is intended to cover the copay for the child's well visit, aspirin and other common medical expenses. Without this, all of the child's out-of-pocket medical expenses would be treated as extraordinary. This would necessitate more exchanges between the parents about the child's medical expenses, as well as possibly more court involvement to reduce the child's unpaid medical expenses to judgments.

The updated table also includes $250 per child per year to cover the child's routine medical expenses. Specifically, the table includes ordinary, uninsured medical expenses of $250 per child per year up to $750 for three children and smaller amounts for four or more children. The amounts for four or more children are based on the same equivalence scales used to extend the estimates of child-rearing expenditures from three children that in the next step.[35] Although the future of healthcare costs is uncertain as the nation begins to implement healthcare reform, there are several reasons for retaining the $250 amount. It approximates typical out-of-pocket expenditures for children's healthcare based on the most current data available, several other states use these amounts, and the data necessary to make the adjustment to the table were readily available. The most current data on out-of-pocket medical expenses are from the 2011 Medical Expenditure Panel Survey (MEPS), which is conducted by the U.S. Department of Health and Human Services through the Agency of Healthcare Research and Quality (AHRQ).[36] The MEPS found that healthcare expenses were incurred for the vast majority of children. Among those with expenses, the average out-of-pocket expense amounted to $257 per child per year among children 0-17 years old.[37]

Exhibit 14 shows the average percentage of total expenditures devoted to out-of-pocket healthcare expenses above $250 per family member per year. In the CES, healthcare expenditures on children cannot be distinguished from expenditures on adult household members. Further, children are generally healthier than adults so the expenses incurred for the child's healthcare are less than those incurred for the parents' healthcare. For these reasons, the per family member percentages shown in Exhibit 14 are reduced to reflect a

[35] Betson develops estimates for child-rearing expenditures for one, two, and three children. He does not develop estimates for four or more children because there are not a sufficient number of large families in the data set. Instead, an equivalence scale is used to extend the three-children amount to four and more children.
[36] Data from the National Medical Expenditures Survey are available from http://www.meps.ahrq.gov/mepsweb/.
[37] This is extracted from the MEPS data query site: http://meps.ahrq.gov/mepsweb/data_stats/meps_query.jsp

per child amount. They are adjusted by multiplying them by 72.068 percent.[38] For example, at combined net income of $115,000 per year, Exhibit 14 shows 0.68 percent of total expenditures is devoted to extraordinary medical expenses per person. The adjusted amount would be 0.49 per child.

A caveat to these assumptions is healthcare costs will eventually change in the future. Implementation of the Affordable Care Act (*i.e.*, healthcare reform) will change medical out-of-pocket expenses. There is insufficient information, however, to determine an appropriate amount for child support tables.

Illustration of Adjustment

To illustrate these adjustments, consider the one-child expenditures for a family with $115,000 annual income in Exhibit 14. This information would be used to develop an income shares table. The average family of that income spends 23.575 percent of total family expenditures on the one child and 1.859 percentage of expenditures is devoted to child care expenses and extraordinary medical expense is 0.68 percent per household member, hence 0.49 percent per child. The remainder is 21.226 percent (23.575 minus 1.859 minus 0.49 equals 21.226).

Step 5: Extend to Four and More Children

Betson's estimates only cover one, two, and three children, yet the table covers up to six children. The number of families in the CES with four or more children is insufficient to produce reliable estimates. For most income shares tables, including the existing West Virginia table, the National Research Council's (NRC) equivalence scale, as shown below, is used to extend the three-child estimate to four and more children.[39]

$$= (\text{Number of adults} + 0.7 \text{ X number of children})^{0.7}$$

Application of the equivalence table implies that expenditures on four children are 11.7 percent more than the expenditures for three children, expenditures on five children are 10.0 percent more than the expenditures for four children, and expenditures on six children are 8.7 percent more than the expenditures for five children.

There are few alternatives to the NRC. The NRC developed its equivalence scale after extensive research and in consultation with its members, who are national experts on poverty and measurements of economic well-being.

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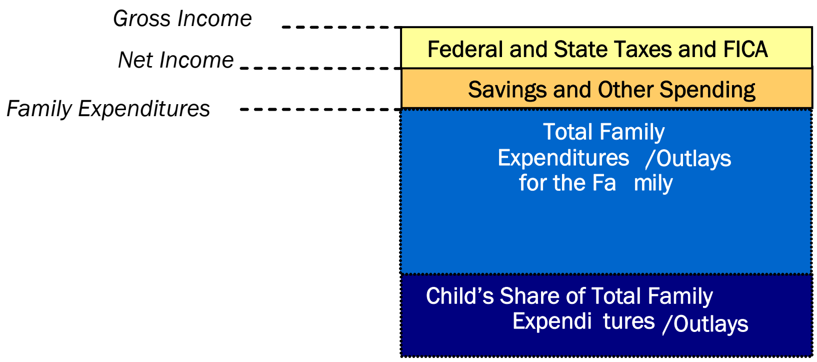
[38]This is based on the 2011 MEPS findings on median medical expenditures for a child age five to seven years old and an adult age 18 to 44 years old. It assumes that there are two adults and 1.573 children in the household. The number of children in the household is the average based on Betson's analysis of the CES data. The MEPS medians are from Table 1 available at: http://meps.ahrq.gov/mepsweb/data_stats/quick_tables_search.jsp?component=1&subcomponen =0.

[39] Citro, Constance F. and Robert T. Michael, Editors (1995). Measuring Poverty: A New Approach. National Academy Press. Washington, D.C.

Step 6: Relate the Estimates to Net Income

The Betson-Rothbarth estimates of child-rearing expenditures are expressed as a percentage of total family expenditures. As illustrated in Exhibit 15, families may not spend all of their net or gross income.

Exhibit 15:
Family Consumption and Net and Gross Income



Various assumptions can be made to back out the measurements to a net-income base. One assumption is that families spend all of their after-tax income. Under this assumption, family expenditures and after-tax income are equal and no additional adjustment is necessary. The District of Columbia is the only state using the Betson estimates to make this assumption. Instead, most income shares tables, including the existing West Virginia table, consider the expenditures to consumption ratios observed in the CES. As shown in Exhibit 14, higher income families do not spend all of their net income on current consumption. The percentages derived from Step 2 are multiplied by the expenditures to consumption ratios shown in Exhibit 14. This step produces smaller table amounts than what the District of Columbia assumption produces, particularly at higher incomes because higher income households have more savings.

To illustrate this adjustment, continue with the above example, which considers one child from a family with $115,000 in annual net income. Exhibit 14 shows that families with $115,000 in annual income (June 2013 dollars) spend 62.1 percent of their net income on current expenditures, which is $71,415 per year. In turn, a family spends a proportion of that on child-rearing expenditures.

Another way to express this, which is more useful for the development of guidelines, is the percentage of net income devoted to child-rearing expenditures. Continuing with our example, this is derived by multiplying the amount from Step 2 (21.226 percent) by the consumption ratio (62.109%). This results in the percentage of net income devoted to child-rearing expenditures without child care, health insurance premiums, and uninsured, extraordinary medical expenses (13.183 percent).

The consumption rate used in this calculation is capped at 100 percent. This effectively assumes that families should not be required to spend more than their income. However, the actual data finds that on average, families with incomes below about $35,000 net per year spend more than their income. The lower the family income, the more the family spends exceeding their income on average. To keep table amounts reasonable at very low incomes, the calculation for those in the $20,001 to $25,000 income bracket is applied to incomes below $20,000 as well.

Calculate Marginal Percentages

At this point, the application of the steps yields percentages of net income attributable to child-rearing expenditures for one to six children that do not include child care expenses, health insurance premiums, or uninsured, extraordinary medical expenses for several income ranges. To gradually phase between income ranges, most income shares guidelines use marginal percentages that are developed by taking the ratio of (a) the difference in the base support amount between one income bracket and the next bracket and (b) the difference in the monthly net income between the same income brackets. The same approach was used to develop the existing West Virginia table.

In turn, basic obligations are calculated by applying the percentage of net income attributable to child-rearing expenditures to the midpoint of each income range. The results for one through three children are shown in Exhibit 16. The amounts for four or more children are calculated using the multipliers shown in Step 3. The table of proportions shown in Exhibit 16 functions much like a tax table. The midpoint percentage is applied to the net income shown in Exhibit 16. The marginal percentage is applied to any net income above that amount and less than the amount of the net income in the next row. For example, if there is $5,000 in net monthly income and one child, 17.461 percent is applied to the first $4,806.71 in net income and 7.592 percent is applied to the remainder ($193.29 = $5,000 - $4,806.71). The result is $854 which is the sum of $840 ($839.30 = 17.461% X $4,806.71) and $15 ($14.67 = $193.29 X 7.592%).

The percentages from the last income bracket shown in Exhibit 16 (*i.e.*, $18,510) are extended to higher incomes. The highest gross income considered in the table is $30,000, which is equivalent to $18,709 net. Above $18,510, there is insufficient number of CES families with very high incomes to know at what rate their expenditures decrease as their income increases. However, since the difference between $18,709 and $18,510 is small, it is assumed that families with net incomes of $18,709 devote the same proportion of income to child-rearing expenditures as families with net incomes of $18,510.

Exhibit 16: TABLE OF SUPPORT PROPORTIONS

Midpoint of Monthly Net Income Range (2013$)	1 Child		2 Children		3 Children	
	Midpoint	Marginal	Midpoint	Marginal	Midpoint	Marginal
$1,880.89	21.797%	21.533%	33.532%	32.504%	40.858%	38.871%
$2,298.86	21.749%	21.548%	33.345%	32.463%	40.497%	38.747%
$2,716.84	21.718%	17.678%	33.209%	25.998%	40.227%	30.244%
$3,134.81	21.179%	8.699%	32.248%	12.681%	38.896%	14.609%

Exhibit 16: TABLE OF SUPPORT PROPORTIONS						
Midpoint of Monthly Net Income Range (2013$)	1 Child		2 Children		3 Children	
	Midpoint	Marginal	Midpoint	Marginal	Midpoint	Marginal
$3,552.79	19.711%	15.919%	29.946%	23.297%	36.039%	26.959%
$3,970.76	19.312%	12.394%	29.246%	19.329%	35.083%	23.891%
$4,388.74	18.653%	4.947%	28.301%	6.438%	34.017%	6.427%
$4,806.71	17.461%	7.592%	26.400%	11.030%	31.618%	12.663%
$5,433.68	16.323%	14.764%	24.627%	22.504%	29.431%	27.192%
$6,269.63	16.115%	8.380%	24.344%	11.522%	29.133%	12.390%
$7,105.58	15.205%	6.328%	22.835%	9.957%	27.163%	12.414%
$7,941.53	14.270%	9.833%	21.480%	14.116%	25.610%	15.990%
$8,777.48	13.848%	6.208%	20.778%	9.661%	24.694%	11.918%
$9,613.43	13.183%	3.498%	19.812%	4.318%	23.583%	3.975%
$10,867.35	12.066%	9.499%	18.024%	14.512%	21.321%	17.581%
$18,510.20	11.006%		16.574%		19.777%	

Step 7: Relate to Gross Income

The results from the previous step are child-rearing expenditures that are expressed as a percentage of after-tax income. The final consideration is to back them out to gross income. Most states favor gross-income based tables. However, transforming BR estimates into a gross-income table requires tax assumptions. The most common assumption is that all income is earned and taxed at the rate of a single taxpayer with no dependents. This is the assumption used to develop the existing West Virginia table. Federal and state employer withholding formulas were used to calculate the tax rates.[40]

To be clear, the basic obligation is calculated for net incomes first from the table of support proportions shown in Exhibit 16, then backed out to gross income. Specifically, there is a hidden column for the net income equivalent to gross income in the table to which the Exhibit 16 table of proportions are applied. Exhibit 17 shows an excerpt of the hidden column to help illustrate how an obligation table based on gross income is developed.

Exhibit 17: Illustration of the Hidden Net Income Column in Updated Table				
Net Equivalent to Gross Income (Hidden Column)	**Combined Adjusted Gross Income**	**One Child**	**Two Children**	**Three Children**
$4,729	$6,700	$836	$1,264	$1,515
$4,759	$6,750	$837	$1,266	$1,517
$4,790	$6,800	$839	$1,268	$1,519
$4,820	$6,850	$840	$1,271	$1,522
$4,851	$6,900	$843	$1,274	$1,525
$4,881	$6,950	$845	$1,277	$1,529

[40] The federal and FICA tax withholding formulas are provided in IRS (20109) Circular E; Employer's Tax Guide. The IRS employer withholding formula is the same for single persons as it is for heads of household. The West Virginia withholding formula is available from the West Virginia State Tax Department. There are two withholding allowances for a single taxpayer using federal IRS guidance.

Exhibit 17: Illustration of the Hidden Net Income Column in Updated Table				
Net Equivalent to Gross Income (Hidden Column)	**Combined Adjusted Gross Income**	**One Child**	**Two Children**	**Three Children**
$4,912	$7,000	$847	$1,281	$1,533
$4,942	$7,050	$850	$1,284	$1,537
$4,972	$7,100	$852	$1,287	$1,541
$5,003	$7,150	$854	$1,291	$1,545
$5,033	$7,200	$857	$1,294	$1,549

An alternative assumption is to assume that the filing status is married and the number of dependents is equivalent to the number of dependents for whom support is being determined. The District of Columbia is the only state to rely on this assumption. It produces a higher table than the more common assumption (*i.e.*, single taxpayer with no dependents) produces. This is because there is more after-tax income available for families than individuals with identical incomes because families claim the children as exemptions.

In the past, some have argued that the custodial parent's share of the basic obligation is less than it should be under the single-taxpayer assumption, hence the noncustodial parent's share is too high. There are two counterarguments to this. One is that the application of the single-taxpayer assumption to the custodial parent produces less combined parental income than it would under other tax assumptions. In turn, the smaller amount of combined parental income translates into a small basic obligation and offsets any underestimation of the custodial parent's after-tax income. The other counterargument is that the tax formula for custodial parents is only substantially different in the year-end tax filing, but there is no difference in the monthly income tax withholding formula for single taxpayers and head-of-households. Further, the income withholding formula is more realistic for family budgeting since families tend to live paycheck to paycheck. The withholding formula does not advance the earned income tax credit and does not consider the child tax credit, which are sources of the tax code that may contribute to more after-tax income for the custodial family assuming the custodial parent claims these credits when filing his or her annual tax return.

Step 8: Extrapolate to Higher Incomes

The proposed table covers combined gross incomes through $30,000 per month. A formula for incomes above that is developed to update West Virginia Code § 48-13-303. The percentages are extrapolated from the information in Exhibit 16. The extrapolation is necessary because the Betson-Rothbarth measurements can only detect how families change their expenditures for every additional dollar of income for combined net incomes up to $18,510 per month. The extrapolation formula is based on logged income to the third degree. The percentages of the existing high-income formula are derived from applying $25,000 to the extrapolation results.

Chapter V: Other Issues

This chapter considers two issues that address other parts of the guidelines besides the table.

- Whether to update the ability-to-pay calculation, specifically the ability-to-pay calculation; and,
- Whether to make any changes to accommodate healthcare reform.

Ability-to-Pay Calculation

The treatment of low-income obligors in the child support system has become a national issue as well as an issue to most states. The underlying problem is that many noncustodial parents owing child support are poor or have very low-incomes and have limited means to pay their child support orders. The Federal Office of Child Support Enforcement (OCSE) encourages setting reasonable child support order levels for noncustodial parents with near poverty incomes. Nationally, there is nearly $111 billion owed in child support arrears and $753 million is owed in the state of West Virginia.[41] Multi-state research[42] finds that over 70 percent of child support arrears are owed by noncustodial parents who earn income of $10,000 per year or less, which is essentially poverty income. Research finds that parents with substantial arrears are less likely to make current payments.[43] Non-payment of a child support order triggers enforcement remedies such as driver's license suspension that may impede a noncustodial parent's willingness to work, discourage working for employers that report income, and may alienate the parent from the child.

Most states, including West Virginia, base their child support guidelines on economic data that reflect average child-rearing expenditures. West Virginia and most of these states, however, also provide a reduction to these amounts for very low-income parents. The intent is to set the support award at a level in which obligors with low incomes can retain sufficient income to meet their basic needs after paying the guidelines-determined award.

Used by 37 states including West Virginia, the most frequently used low-income adjustment is a "self-support reserve." State self-support reserve amounts vary as well as the method for applying the self-support reserve. West Virginia uses a self-support reserve of $500 per month and applies it in its guidelines worksheet. Exhibit 18 illustrates the adjustment using a case scenario in which the noncustodial parent has monthly income of $700 gross per month, the custodial parent has no income, there are children, and there are no other factors to consider in the calculation of the support award. In contrast, most states invisibly

[41] Federal Office of Child Support Enforcement. (2012). *Preliminary Report to Congress: FY2011*. Washington, D.C.: Federal Office of Child Support Enforcement. Retrieved from http://www.acf.hhs.gov/programs/css/resource/fy2011-preliminary-report-table-p-18.

[42] Sorensen, E., Sousa, L., & Schaner, S. (2007). "Assessing Child Support Arrears in Nine Large States and the Nation." Prepared for Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, Office of Human Services and Policy and Office of Child Support Enforcement. Washington, D.C.: The Urban Institute.

[43] Office of the Inspector General. 2002. *Child Support for Children on TANF*, February 2002. OIG-05-99-00392, Washington, D.C.: Department of Health and Human Services.

incorporate the self-support reserve into the guidelines table. The disadvantage of this is that is the policy is not transparent, so few parents or guidelines users are aware of its existence.

Exhibit 18: Illustration of Self Support Reserve in Worksheet	
1. Payor parent's monthly adjusted gross income	$700
2. Preliminary order amount	$227
Low-income adjustment	
3. Self support reserve	$500
4. Income available for support (line 1 minus line 3)	$200
5. Child support order (the lesser of lines 2 and 4)	$200

Most states relate their self-support reserve to the federal poverty level (FPL) for one person in the year that they last updated their guidelines. Some states set the self-support reserve (SSR) more or less than the FPL. Low-income states tend to set it less. High- and middle-income states tend to set it equal to the FPL or more. Low-income states often use a lower SSR because that state's welfare benefits are also low. States with higher amounts often set it higher because income thresholds for public assistance programs available to families with children are typically above the poverty level, the FPL is an after-tax amount so increasing it essentially "grosses" it up, or for a combination of these and other reasons.

The FPL is updated annually. The 2013 FPL for one person is $958 net per month. A few states (*e.g.*, New York and District of Columbia) index their self-support reserve to the FPL such that it is updated annually. The disadvantage to indexing is that not all guidelines users are aware of the annual update and some overlook the change. The West Virginia self-support reserve is $500 per month. When West Virginia adopted the $500-per-month amount, the FPL was $687.

Low-Income Adjustments in Other States

Exhibit 19 summarizes the low-income adjustments in the child support guidelines of neighboring states and other low-income states. In general, most states have a low-income adjustment and use a self-support reserve as their adjustment. Arkansas, Mississippi, and Tennessee have no low-income adjustment. However, Arkansas and Tennessee are both reviewing their guidelines this year and are considering low-income adjustments.

Exhibit 19 also shows that states (*e.g.*, Ohio and Virginia) that have not updated their guidelines in several year tend to have lower self-support reserves than states that have recently updated their guidelines (*e.g.*, Maryland and Pennsylvania).

EXHIBIT 19: LOW-INCOME ADJUSTMENTS IN CHILD SUPPORT GUIDELINES OF SELECTED STATES				
State	Last Guidelines Update	Low-Income Adjust-ment	Monthly Self-Support Reserve	Monthly Minimum Order
West Virginia	1999	Self-support reserve	$500	Incomes less than $550: $50
Alabama	2009	Self-support reserve	$851	Incomes less than $800: $50
Arkansas	2007	None	N.A.	N.A.
Idaho	2012	Self-support reserve	$800	Incomes less than $800: $50
Kentucky	1990	Self-support reserve	unknown	Incomes less than $100: $60
Louisiana	2008	Self-support reserve	$522	Incomes less than $600: $100
Mississippi	1990	None	N.A.	N.A.
Maryland	2012	Self-support reserve	$867	Incomes less than $1,200: $20-$150
New Mexico	2008	Self-support reserve	$851	Incomes less than $800: $50-$100
Ohio	1992	Self-support reserve	$568	Incomes less than $550: $50
Oklahoma	1998	Self-support reserve	???	Incomes less than $600: $50
Pennsylvania	2012	Self-support reserve	$931	No minimum order
Tennessee	2005	Guidelines deviation	N.A.	N.A.
Virginia	1989	Self-support reserve	$480	Incomes less than $550: $65

Exhibit 20 compares median family incomes of these states for a variety of family types. West Virginia ranks the lowest in median family income among female householders with children but ranks 11th from the lowest in median family income among married-couple families with own children. Other states that consistently rank in the bottom 10 states in median family income for both married couples with children and female householders with children are: Arkansas, Idaho, Mississippi, and Tennessee.

EXHIBIT 20: MEDIAN FAMILY INCOME AND RANKING BY FAMILY TYPE FOR SELECTED STATES (Ranking is by the lowest, Source: 2011 American Community Survey)			
State	All Families with or without Children	Married-Couple Family with Own Children	Female Householder with Own Children
West Virginia	$49,693 (3rd)	$ 70,349 (11th)	$16,576 (1st)
Alabama	$51,991 (6th)	$ 70,621(13th)	$18,010 (4th)
Arkansas	$48,713 (2nd)	$ 63,155 (2nd)	$18,531 (6th)
Idaho	$52,814 (9th)	$ 61,656 (1st)	$17,662 (3rd)
Kentucky	$51,917 (5th)	$ 71,710 (16th)	$17,384 (2nd)
Louisiana	$53,601 (10th)	$80,248 (31st)	$18,192 (5th)
Mississippi	$46,304 (1st)	$ 65,078 (3rd)	$18,619 (7th)
Maryland	$83,823 (51st)	$112,608 (50th)	$35,223 (51st)
New Mexico	$51,744 (4th)	$ 66,204 (4th)	$20,987 (17th)
Ohio	$58,565 (24th)	$ 78,443 (28th)	$20,729 (15th)
Oklahoma	$53,742 (11th)	$ 67,170 (5th)	$20,731 (16th)
Pennsylvania	$63,283 (29th)	$ 84,178 (38th)	$23,197 (28th)
Tennessee	$52,273 (8th)	$68,781 (9th)	$19,728 (8th)
Virginia	$74,500 (45th)	$94,885 (45th)	$27,362(44th)
United States	$61,455	$79,746	$23,240

Other factor to consider in the state comparisons is the amount of the state's cash TANF benefit and whether the state passes through child support payments to families while they receive TANF.

State TANF benefits. According to the Center on Budget and Policy Priorities, the median state TANF benefit for a family of three is $532 per month.[44] The same study reports that West Virginia's TANF benefit for a family of three is $340 per month. Several of the states listed in Exhibit 19 offer lower benefit levels. Mississippi and Tennessee offer the lowest, $170 and $185 per month, respectively. Among the states shown in Exhibit 19, Maryland and Ohio offer the highest, $574 and $450 per month, respectively.

State Child Support Pass-Through Policy. Since 1996, states have the option to pass through child support payments to families while receiving TANF and disregard the child support payments for the TANF benefit calculation. Prior to 1996, federal regulation required the retention of most child support paid on behalf of TANF families to offset public assistance costs. Today, West Virginia is one of 24 states to pass through child support payments to families receiving cash assistance from the TANF program, which is called WV Works. In 2012, West Virginia passed through $280,000 per month to 2,114 families, on average.

West Virginia passes through the maximum federal allowable amounts that are not subject to federal reimbursement; that is, the first $100 in child support paid for one child is passed through to the family and the first $200 in child support paid for two or more children is passed through to the family. Up to these amounts, the state does not have pay the federal government share. A state may pass through more but they must pay the federal government its share of child support collected above these levels in TANF cases, which is about 72% in West Virginia.

Most states that pass through child support, either pass through up to the $100/$200 amount or $50 per month, which was the original federal requirement. Only four of the neighboring and low-income states listed in Exhibit 19 pass through child support: New Mexico, Pennsylvania, Tennessee, and Virginia. All of these states pass through $100/$200 per month except Tennessee, which is a "fill-the-gap" state. Federal regulation essentially provides that states that used child support to fill the gap between a state's TANF maximum benefit and the state's TANF standard of need prior to the establishment of the national child support program could continue to do so. In all, there are five "fill-the-gap" states, each of these states have relatively low TANF benefits.

PROS AND CONS OF UPDATING THE SELF-SUPPORT RESERVE

The most compelling reason for updating the self-support reserve is that it dates back to 1999. The cost of living has increased by 40 percent since then. The greatest concern is whether it could adversely families by lowering the amount of the child support that they are currently receiving. This question cannot be answered without examining West Virginia case

[44] Finch, Ife, and Schott, Liz. (March 28, 2013.) *The Value of TANF Cash Benefits Continued to Erode in 2012*. Center for Budget and Policy Priorities, Washington, D.C.

file data. Data from other states (*e.g.*, Tennessee and Pennsylvania) find that obligor's income used for the child support calculation is infrequently below minimum wage. This suggests that updating the self-support reserve may affect a small proportion of families in West Virginia. One reason that the very low-income area of the table is not used is because income is often imputed. West Virginia uses the federal minimum wage ($7.25 per hour) which is $1,257 per month at 40 hours per week and $911 at 29 hours per week (*i.e.*, the threshold for classifying a worker as full-time for health insurance benefits). The committee charged with reviewing the West Virginia guidelines may also want to identify and consider possible situations in which the obligated parent's income is less than minimum wage. An analysis of case file data from Tennessee found payment in 60% of cases with very low income (*i.e.*, below minimum wage). Among those that paid, the median payment was about 40-50% of the amount due, which was usually in the range of $100 to $300 per month. The point is that some families, including families receiving TANF, may receive less if their order is modified downward using an updated self-support reserve, specifically, when child support payments are passed through.

Medical Support

Federal regulations require that state guidelines address how parents will provide for children's health care needs. Most states including West Virginia provide that the child support order can require either or both parents to provide health insurance coverage and that the parents share in the cost of the child's portion of health insurance premium costs and uninsured medical expenses. In addition, federal regulation requires that states must consider whether the cost of the child's insurance and medical expenses are reasonable to the parent ordered to provide them and specify a quantitative threshold for determining whether medical support is reasonable in cost. As shown in Exhibit 21, the federal regulation provides that the cost is reasonable if it does not exceed 5 percent of the parent's gross income or a state-determined threshold that is appropriate for the state. West Virginia Code § 48-12-101 (12) provides a definition of reasonable cost that essentially uses the five percent threshold.

Exhibit 21: Selected Federal Regulations on Medical Support Source: Title 45, Public Welfare, CFR §302.56, §302.80, §303.30 and §303.31.
Guidelines requirement pertaining to medical support. A state's child support guidelines must address, "How the parents will provide for the child(ren)'s health care needs through health insurance coverage and/or thorough cash medical support in accordance with §303.31 of this chapter."

State plan requirements for ordering medical support. A state's IV-D plan must provide that the IV-D agency shall secure medical support information and establish and enforce medical support obligations.
State IV-D agency must petition for private health insurance coverage in new or modified orders. The IV-D agency must petition the court to include private health insurance in new or modified court orders if the insurance is reasonable in cost. If reasonable-cost, private insurance is not available, the petition must include cash medical support. (It may be appropriate to seek cash medical support in addition to health insurance coverage.)
Definition of reasonable cost. "Cash medical support or the cost of private health insurance is considered reasonable in cost if the cost to the parent responsible for providing medical support does not exceed five percent of his or her gross income, or at State option, a reasonable alternative income-based numeric standard as defined in State law, regulations, or court rule."

Most states reviewing their guidelines are concerned about whether they need to address anything to due to new federal regulations and/or Obamacare. In general, the federal Office of Child Support Enforcement (OCSE) medical support regulations were put on hold as the federal government prepares for Obamacare implementation. Specifically, OCSE is not enforcing or penalizing state child support agencies that are not in compliance with medical support regulations.[45] Another important change is that the OCSE now considers Medicaid and CHIP to be healthcare coverage.

The questions asked by most states (and their respective answers) are as follows.

Question: Do states still need to order medical support if health insurance is now mandated?

Answer: Yes. As OCSE Commission Turtesky says, "…We will continue to keep doing what we are doing—what our statute directs us to do, which is to provide for child health care coverage in child support orders."[46]

Question: Is there a potential conflict between which parent is ordered to provide health insurance and which parent the IRS will assess a tax penalty for not providing health insurance?

[45] According to OCSE Action Transmittal (AT-11-10), OCSE will not penalize state IV-D agencies… "if OCSE is unable to certify that the state IV-D agency is in compliance with federal medical support regulations that were amended by [the 2008] Final Rule…" This suspension provides relief to states by permitting them to avoid making new investments in medical support enforcement to comply with regulatory requirements that may soon become obsolete as OCSE develops further guidance." [Turetsky, Vicki (November, 2010) "State Child Support Enforcement Program Flexibility to Improve Interoperability with Medicaid and CHIP." Federal Office of Child Support Enforcement Action Transmittal AT-10-10, OCSE , Washington, D.C. http://www.acf.hhs.gov/programs/cse/pol/AT/2010/at-10-10.htm]
[46] Turetsky, Vicki. (August 2013). "What is our medical support road map?" *Child Support Reporter*, Vol. 35, No. 8, [Online] Federal Office of Child Support Enforcement. Available at: http://www.acf.hhs.gov/sites/default/files/programs/css/csr1308.pdf

Answer: This question arises because the parent who claims the child as a dependent for tax purposes is essentially the parent mandated to provide health insurance coverage for the children and could face IRS penalties if the children do not have insurance coverage. One situation in which this could be problematic is if the custodial parent faces the IRS penalty and the noncustodial parent is ordered to provide private health insurance for the child but does not. Another situation in which this occur is if the noncustodial parent claims the child as a dependent for tax purposes but the custodial parent is ordered to provide health insurance and does not.

The federal government has recently released new rules that will allow parents in these situations to seek an exemption from the possible tax penalty.[47] Specifically the rule allows an exemption if:

> …A child who has been determined ineligible for Medicaid and CHIP, and for whom a party other than the party who expects to claim him or her as a tax dependent is required by court order to provide medical support. We note that this exemption should only be provided for the months during which the medical support order is in effect…"

The parent must file paperwork to obtain the exemption.

Question: Does the schedule need any adjusting to accommodate Obamacare?

Answer: There is insufficient information to answer this question currently.

West Virginia, like many states, includes $250 per child per year for ordinary medical expenses such as co-pays and over-the-counter medicines in its table. Whether that amount is appropriate in the future is unknown. There is much uncertainty about the future cost of insurance and out-of-pocket medical expenses. There are some forecasts that most children in the IV-D caseload will be Medicaid or CHIP eligible. Medicaid, in general, imposes no cost sharing (*e.g.*, co-pays and deductibles) for children but the percent of children eligible for Medicaid in a state is likely to vary with a state's income thresholds. For children covered by private health insurance or through an exchange, less is known about future insurance rates and typical out-of-pocket expenses. What is known is that tax subsidies can assure that families buying health insurance through an exchange incur premium costs that do not exceed a sliding scale of 2 to 9.5% of modified adjusted gross income. Similarly, tax subsidies can limit a family's out-of-pocket expense. In other words, the maximum amount that will be spent is known, but it is not known whether families will actually spend less, on average. Confounding the issue is qualified healthplans provide more preventive services than what was ordinarily provided in previous healthplan and much of the healthcare services received by children is preventive.

[47] Cohen, Gary (June 26, 2013). "Guidance on Hardship Exemption Criteria and Special Enrollment Periods." [Online.] Center for Consumer Information and Insurance Oversight, Centers for Medicare and Medicaid Services, U.S. Department of Health and Human Services, Available at: http://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/exemptions-guidance-6-26-2013.pdf

Question: Do any other provisions need to be changed to accommodate Obamacare?

Answer: The only appropriate change based on what is known currently is increasing the reasonable cost threshold to align with the cost of health insurance through the exchange (*i.e.*, 9.5% of modified adjusted gross income-MAGI). States that consider this often keep it simple by rounding up (i.e., 10% instead of 9.5%) and using gross income rather than MAGI among other things. Another option to consider is the amount of the IRS tax penalty. With that said, the IRS tax penalty will be phased in over the next few years. In 2014, it will be less than $100 per year per uninsured person. By 2016, it will increase to $695 per person or 2.5% of taxable income.[48]

[48]Avik, Roy. (August 27, 2013). "White House Publishes Final Regulations For Obamacare's Individual Mandate." [On-line.] *Forbes.* Available at: http://www.forbes.com/sites/theapothecary/2013/08/28/white-house-publishes-final-regulations-for-obamacares-individual-mandate-seven-things-you-need-to-know/

Chapter VI: Comparisons and Conclusions

This report fulfills the federal requirement that states must consider the economic evidence on the cost of raising children as part of a state's review of its child support guidelines. This report also develops an updated table for West Virginia using current economic data.

SUMMARY OF UPDATED TABLE

West Virginia bases its existing table on economic data on the cost of raising children available in 1999. The updated table is based on the most current data available in 2012. Exhibit 22 summarizes differences in data sources between the tables.

Exhibit 22: Comparison of Assumptions and Data underlying Existing and Updated Tables		
	Existing	Updated
Economist and Methodology Used to Measure Child-Rearing Expenditures	Prof. Betson using Rothbarth methodology (BR1)	Prof. Betson using Rothbarth methodology (BR4)
Years of Consumer Expenditure Survey	1980-86	2004-2009
Other changes between BR3 and BR4	• Uses "expenditures" • Uses old method of measuring income • Childcare and healthcare expenses from the 1980-86 CES.	• Uses "expenditures-outlays"[49] • Uses new measurement of income developed by CES to correct for under-reporting of income. • Childcare and healthcare expenses from the 2004-2009 CES.
Price levels	1999	June 2013. Price levels have increased by 40%. Some of this increase is offset by increased income.[50]
Tax Rates	1999	2013

COMPARISONS

Appendix A provides side-by-side comparisons of the existing and updated tables. The table reflects amounts owed by *both* parents. The support award calculation is based on the obligor's prorated share of the table amount and other considerations.

The changes resulting from the updated table are mostly increases. There are some notable exceptions.

- *Decreases at very low to low incomes.* These decreases are never more than $19 per month in the table. In all, they are unlikely to meet the 10% change requirement. The de-

[49] Expenditures include the purchase price (and sales tax) on any item purchased within the survey year regardless whether the item was purchased through installments. In contrast, outlays only capture what was actually paid in installments during the survey period. Unlike expenditures, outlays also capture mortgage principal payments, payments on second mortgages, and payments on home equity loans.
[50] According to the U.S. Census data, median family income in West Virginia increased from $36,484 in 1999 to $49,693 in 2011, which is a 36% increase.

creases occur up to combined gross incomes of $2,700 per month for one child. For two or more children, there are few decreases and the decreases are below combined gross incomes up to $1,200 per month. Using the improved income measurement essentially shifts some families that were classified as low income under the old measurement to a higher income classification. In other words, there are fewer families in the lower income rung under the improved income measurement than the previous income measurement. The families remaining in the low-income rung spend less. Another factor that exacerbates the decrease is that families with these incomes spend all or more of their incomes on average. Child-rearing expenditures are calculated as a percentage of total expenditures and when converted to a dollar amount, it is assumed that a family does not spend more than their after-tax income. If this assumption were not made, it would imply that very low-income families should spend more than their incomes; however, the table amounts would be more at these incomes.

- *Decreases for one child near $8,000.* There is also some anomalous decreases of $1 to $6 per month near combined gross incomes of $8,000 per month. The patterns for one child reflect changes in the one-child amounts between new and old Betson-Rothbarth measurements for one child. The average amount expended for one child decreased by one percentage point,[51] but the difference is not statistically significant.

- *Decreases at very high incomes*. At very high incomes, there are decreases that become larger as income increases and with more children. These decreases vary with the number of children and start at the following combined parental incomes: $9,600 per month for one child; $11,400 per month for two children; $15,100 for three children; $15,200 for four children; $15,400 for five children; and $15,800 for six children. When the existing table was developed, the information was only reliable to about combined gross incomes of $15,000 and was extrapolated above that level. This is because there were not many high income families in the data set used to develop the existing table. Over time, however, there are more high-income families.

It is important to note that these are proposed table changes only. They do not capture the impact of other considerations in the child support calculation such as changes in the cost of health insurance or child care expenses. The amounts are prior to the proration between the parents. Moreover, a change in the table alone is not necessarily a change in circumstance that warrants a change to an existing order. Other requirements must be met as specified by West Virginia Code § 48-18-126.

Comparisons for a Range of Incomes

The comparisons in this section consider orders for one or two children.[52] The Census finds that most custodial parents have one or two children.[53] State child support agencies typically find that a higher percentage of their orders are for one child and the vast majority (*i.e.*,

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[51] See Exhibit 7.
[52] To be clear, these are the number of children covered by the order, not the total number of children of parent. The counts may differ when a parent has children with multiple orders.
[53] Grall, Timothy, (2011), "Custodial Mothers and Fathers and Their Child Support: 2009," *Current Population Reports*, P60-240, Washington, D.C. (December 2011). Retrieved from http://www.census.gov/prod/2011pubs/p60-240.pdf

over 90%) of their orders are for one or two children. Few (*i.e.*, typically less than 10 percent of orders) are for three or more children. The patterns for four and more children are similar to the patterns for three children.

The comparison shown in Exhibit 23 considers a noncustodial parent earning minimum wage. Minimum wage is currently $7.25 per hour, which is $1,257 per month in gross income if the parent works full-time and $911 if the parent works 29 hours per week, which is the threshold for part-time work used for determining if an employer has to provide health insurance. In both cases, the custodial parent has no income.

The West Virginia amounts assume no changes to the self-support reserve. The self-support reserve is applied in other states as specified in that state's guidelines.

EXHIBIT 23:
GUIDELINES COMPARISONS FOR NONCUSTODIAL PARENT EARNING MINIMUM WAGE

	Noncustodial Parent's Income = $911/ month		Noncustodial Parent's Income = $1,257/ month	
State	One Child	Two Children	One Child	Two Children
West Virginia (Existing)	$188	$273	$248	$361
West Virginia (Proposed)	$175	$269	$235	$361
Alabama	$91	$93	$272	$333
Arkansas	$200	$291	$273	$396
Idaho	$161	$233	$229	$333
Kentucky	$180	$261	$246	$367
Louisiana	$189	$274	$245	$364
Mississippi	$114	$162	$152	$217
Maryland	$184	$273	$162	$163
New Mexico	$140	$154	$243	$329
Ohio	$194	$209	$248	$362
Oklahoma	$159	$207	$249	$363
Pennsylvania	$17	$17	$107	$108
Tennessee	$204	$289	$275	$389
Virginia	$182	$281	$232	$360

In general, the West Virginia existing and proposed amounts are in mid-range of the states compared in Exhibit 23. Pennsylvania provides the lowest amounts because it has the most updated self-support reserve and recently eliminated its minimum order.

The last set of comparisons relate median earnings of West Virginia workers by highest educational attainment and gender.[54] There are five levels of educational attainment considered:

- less than a high school degree (Case A); [55]
- high school graduate or GED (Case B);[56]

[54]Median annual earnings are for West Virginia workers as reported by the 2011 U.S. Census American Community Survey.
[55] $22,451 per year for males and $12,136 for females.

- some college or associate's degree (Case C);[57]
- Bachelor's degree (Case D);[58] and
- Graduate or professional degree (Case E).[59]

They are rounded to the monthly incomes shown below. It is assumed that the noncustodial parent is male and the custodial parent is female. (This pattern is observed in over 80 percent of cases.[60])

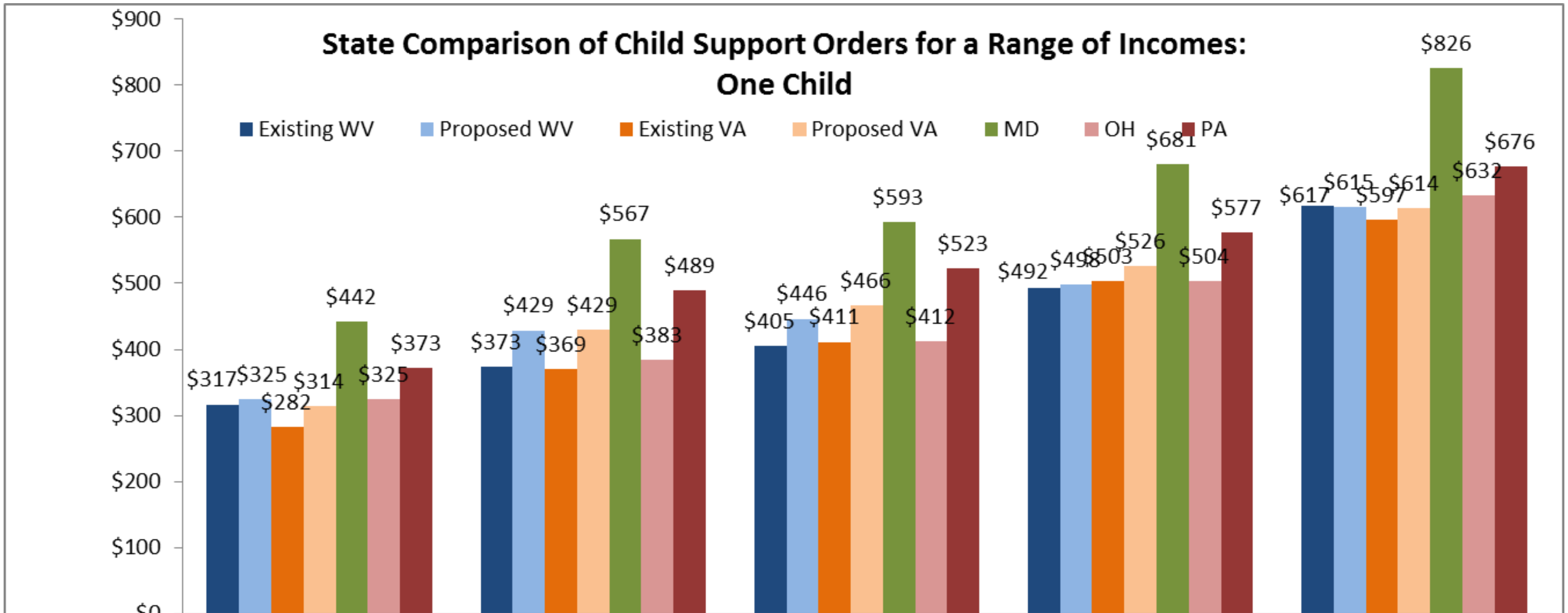
The breakdown of workers by highest educational level is about 13 to 18% have not finished high school, about 45% have finished high school, 23 to 28% have some college, about 12% have a bachelor's degree and about 2% have a graduate or professional degree. In general, females have achieved slightly higher educational attainments than males in West Virginia.

The comparisons also show what the Virginia guidelines review committee has preliminarily recommended for its guidelines update. In general, the comparisons show that Maryland and Pennsylvania have the highest guidelines amounts among bordering states. Maryland's guidelines table considers Maryland's above-average housing expenses. Pennsylvania recently updated its table to reflect 2012 price levels. Pennsylvania is based on the most current price levels.

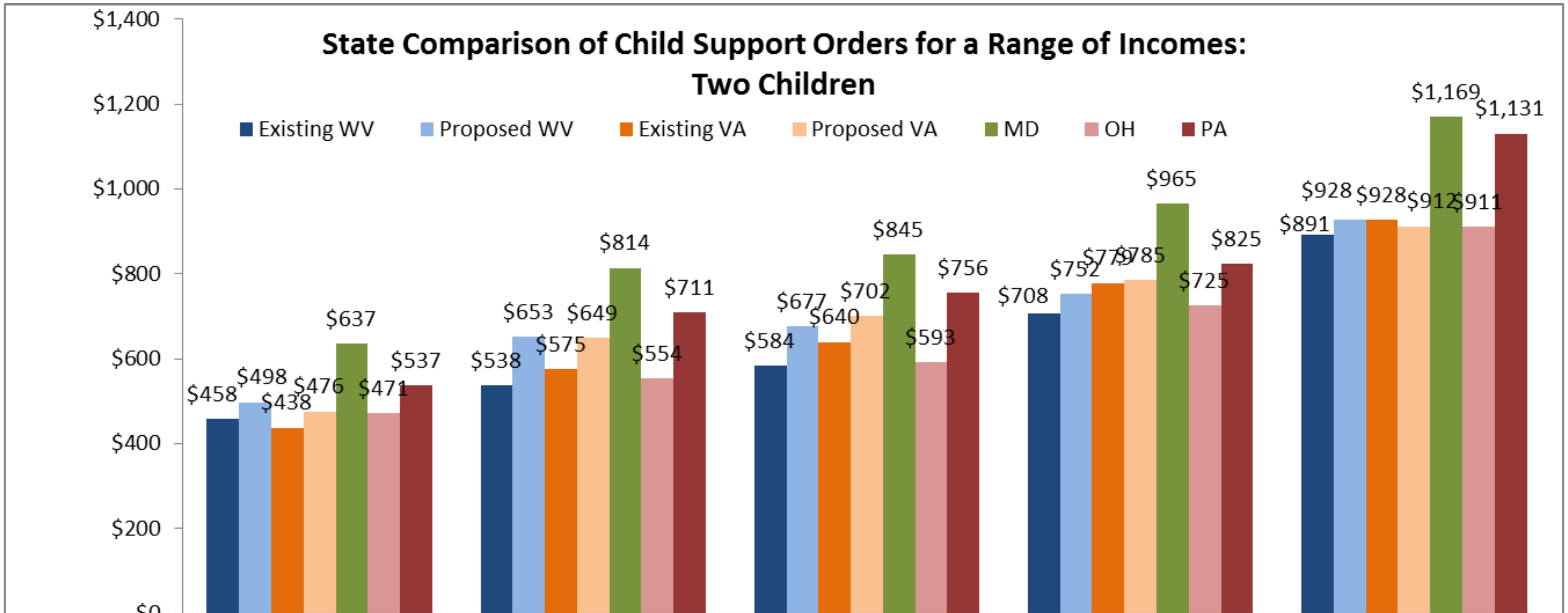
CONCLUSION

Updating the West Virginia child support table will produce some decreases and increases. The decreases are at lower incomes and the increases are at higher incomes. The changes are appropriate and just.

[56] $32,053 per year for males and $18,006 for females.
[57] $36,950 per year for males and $22,880 for females.
[58] $50,633 per year for males and $36,921 for females.
[59] $69,342 per year for males and $46,939 for females.
[60] Grall, *supra* note 42.



	Case A: (Parents did not complete HS)	Case B: (HS graduates)	Case C: (Parents with some college)	Case D: (College graduates)	Case E: (Parents with Grad. Degrees)
Existing WV	$317	$373	$405	$492	$617
Proposed WV	$325	$429	$446	$498	$615
Existing VA	$282	$369	$411	$503	$597
Proposed VA	$314	$429	$466	$526	$614
MD	$442	$567	$593	$681	$826
OH	$325	$383	$412	$504	$632
PA	$373	$489	$523	$577	$676



	Case A: (Parents did not complete HS)	Case B: (HS graduates)	Case C: (Parents with some college)	Case D: (College graduates)	Case E: (Parents with Grad. Degrees)
Existing WV	$458	$538	$584	$708	$891
Proposed WV	$498	$653	$677	$752	$928
Existing VA	$438	$575	$640	$779	$928
Proposed VA	$476	$649	$702	$785	$912
MD	$637	$814	$845	$965	$1,169
OH	$471	$554	$593	$725	$911
PA	$537	$711	$756	$825	$1,131

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