Kansas Child Support Guidelines Committee

Meeting location: Conference Room 269

Date: 1/25/2019

Time: 9:30 am – 3:00 pm

Attendees:	Y	N		Y	N
Hon. Tom Foster, chair	X		Hon. Constance Alvey	X	
Hon. Amy Harth	X		Sara Beezley		X
Sherri Loveland	X		Charlie Harris	X	
Richard Samaneigo	X		Elizabeth Cohn	X	
Marc White	X		Doni Mooberry	X	
Amy Fletcher	X		Michelle Slinkard	X	
Ryan Brady	X		Amy Raymond, staff	X	

Minutes

1 Welcome—Hon. Tom Foster, chair

2 Review and Approve Minutes from the November 30, 2018 meeting

- C. Harris moved to adopt the minutes from the November 30 meeting
- S. Loveland seconded
- The committee approved minutes from the November 30 meeting

3 Reformatting/reorganizing the guidelines subcommittee—Amy Raymond

- A. Raymond stated this subcommittee met to discuss various options to reformat the guidelines
- The subcommittee decided to wait until the substantive changes are done before discussing reformatting.

4 Tax subcommittee—Doni Mooberry

- The forms have not been released yet; the 1040 form will look differnet
- D. Mooberry stated that maintenance may affect the child support charts
- Subcommittee will meet in February to discuss proposed changes to the guidelines

5 Shared Residency subcommittee—Michelle Slinkard

- M. Slinkard presented a draft shared expense order
- Committee decided to add check boxes next to expenses that will be shared so parties can choose; also decided to add a sentence in paragraph 1 stating child care and medical costs are included in the child support worksheet
- R. Samaneigo suggested having an example order approving the child support worksheet and shared expense plan on the website
- Committee discussed option of creating bench cards for child support guidelines
- A. Raymond will make changes to the order and present to the committee at the next meeting

6 Case law subcommittee—Charlie Harris

- C. Harris reported that the Supreme Court declined to publish the cases as requested by the committee

7 Public Comment—5 minutes

- Brad Short of Bradley Software addressed the committee regarding before and after tax rates; asked whether the committee will take into consideration the 2019 tax changes

	Minutes
8	Guest: Dr. Jodi Pelkowski, Wichita State University • Federal regulations now take into consideration unemployment rates; Dr. Pelkowski asked committee if it wants her to consider unemployment data and include it in the report; C. Harris moved that this information be included; committee approved • Dr. Pelkowski provided a background of the income shares model; the model uses national consumer expenditures survey, national level data, and estimates based on household size; it then looks at before and after tax information; it uses the lower of consumption amount vs. after tax • Dr. Pelkowski discussed the use of gross vs. net income and the pros and cons of each but since there are a lot of ways to modify net income, a lot of states use gross income and then make adjustments later • R. Samaniego asked if there is a difference between using national data vs. Midwest data; Dr. Pelkowski replied most states use national data—feds released regional price difference right at the end of the last review and some states are starting to look at that • Dr. Pelkowski has been updating Dr. Terrell's original model over the years; S. Loveland stated the committee did work with Kansas State University at one time and their model was different; the committee wasn't comfortable with that approach and went back to using Dr. Terrell's model • Dr. Pelkowski explained how she calculates child support schedules; takes into consideration that there are now two households even though incomes are added together for theoretical intact household; equations are included in the appendix in the report; R. Samaniego asked if there is data on the number of households that become two income households again after a divorce; Dr. Pelkowski stated she is unsure if that data exists • Dr. Pelkowski discussed the dissolution burden. The dissolution burden is calculated by adjusting the estimated equations by using a measure of the difference the poverty level for one person and the same for three people for the one child and three child family, of $700, and slightly larger for the two child family at $850, at poverty income levels. The dissolution burden is higher at high income levels. The adjustment impacts the child support dollar value by an amount less than that per child. The exact numbers of how it impacts the schedule will be included in the final report. • 5% of families have income higher than $15,500 per month but the data isn't great so Dr. Pelkowski recommends keeping top income at $15,500 with the added formula; there is no good data regarding expenditures for incomes above $15,500 per month. • R. Samaneigo asked if there is a way to reconcile taking health insurance costs and child care costs out in the beginning then taking them into account later in the child support worksheet; Dr. Pelkowski replied there is an argument to increase the dissolution burden but difficult to determine how to deal with it; the difficult party is the adjustment for all income levels; the adjustment for health insurance costs are consistent with the margins economists would use • Appendix 3 of the report is a replication of USDA table of expenditures for 2015—percentage of income spent per category and a list of what is included in each category. Information is collected by consumers keeping a spending diary

Minutes	
	• E. Cohn asked how SNAP is considered; Dr. Pelkowski said the USDA looks at SNAP vs. reported food costs to see if they are comparable • Dr. Pelkowski asked the committee to consider that when look at the charts that indicate the value for older kids—in one child families it indicates the costs goes down with higher income; for two child families the costs increases; for three child families the cost decreases again; this is from an economic, data driven view • Dr. Pelkowski looked at Jane Venohr's state comparison; double checked all of the equations and looked at other states to determine why there is a change for a two child family; in looking at the work J. Venohr did, it is a totally different way to compute the child support charts; when Dr. Terrell first calculated the Kansas charts, there was little federal guidance; since then, several economists have researched the issue and created the Betson-Rothbarth model—it uses after net income (remove taxes and look at expenditures after taxes; lower income spend more than before taxes because many times there is supplemental income; not all higher income families spend all available monthly income); downfall of this method is that it uses net income and there are assumptions to be made regarding how a family files taxes; it is used in several states so the committee should consider it and make a decision on which approach to use; Kansas guidelines adjust based on actual tax situation; some states used net income for schedules but then adjusts back so gross income is used on tables; the committee should be aware of what other states are doing • R. Brady asked if it would make a difference for unmarried families; Dr. Pelkowski stated guidance for states was that kids should live at the same level no matter if parents were in one house; single households spend less on guides; the guidance is to look at intact households • Dr. Pelkowski state at the high income levels, compared to other states and the USDA, Kansas child support is high; provided a chart comparing Kansas to other states that use gross income and the income share model; asked the committee to evaluate whether Kansas numbers are reasonable compared to the other states—should higher income be adjusted (ex: higher dissolution model); other states are taking into consideration the fact that higher incomes don't spend all available income; looking at total expenditures rather than total income (KS looks at income); USDA is higher on expenditures while the Betson-Rothbarth model is lower on expenditures; it is likely the true expenditures are somewhere in the middle; need to look at the economic vitality of families • D. Mooberry stated the committee could use the dissolution burden to bring down figures but that is a mechanism rather than addressing the problem; Dr. Pelkowski. Agreed • Dr. Pelkowski suggested the committee could increase the dissolution burden for two child family to make it similar to one and three child families; need to have some consistency; traditionally the committee has used the dissolution burden to modify or adjust the tables • S. Loveland asked what the other options were if the committee didn't use the dissolution burden; Dr. Pelkowski stated the committee could use a different model so there is not such a higher income (other models allow savings, etc.)—this is a policy decision—should the committee use the current Kansas model (per capita expenditures with modifications) or change models? • Dr. Pelkowski recommended Appendix 5 as an option—it uses a higher dissolution burden at the higher income; does not produce any change higher than 10%;

Minutes	
	Proposal A in the report is just what the data showed—still recommends an adjustment for two child families; Proposal B makes a bigger adjustment at the higher income levels • J. Venhor did a study of all states; Dr. Pelkowski will send it to the committee for consideration; will also send the USDA report • C. Harris brought up the issue of the shared formula; Dr. Pelkowski. Will address that at a future meeting—stated she may want to look at what other states are doing; would like to talk to the subcommittee first to understand the issues and questions • Next Steps: Dr. Pelkowski will modify Proposal A (change two child to match one and three child) and Proposal B (provide information on the dissolution burden); A. Raymond will schedule shared subcommittee meeting with Dr. Pelkowski to discuss issues and questions
9	Public Comment—10 minutes
10	Other items for discussion
11	Agenda items for the February 22, 2019 meeting

Next Meeting
Meeting location: Fatzer Courtroom
Date: 2/22/19
Time: 9:30 am – 3:00 pm