Review of the Pennsylvania Child Support Guidelines:
Updated Schedule and Preliminary Findings from Analysis of Case File data

Submitted to:
Supreme Court of Pennsylvania
Domestic Relations Procedural Rules Committee

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SECTION 1: PURPOSE AND BACKGROUND

The primary purpose of this report is to document the proposed update to the Pennsylvania child support guidelines schedule. In Pennsylvania, child support orders are calculated using the child support guidelines provided under rules of civil procedure (Pa.R.C.P. 1910.16-1, *et seq.*). The Pennsylvania guidelines are used by all judges and decision-makers for establishing and modifying child support orders. Federal regulation (Title 45 of the Code of Federal Regulations, C.F.R. § 302.56) requires states to review their guidelines at least once every four years. Pennsylvania rules of civil procedure (Pa.R.C.P. 1910.16-1(e)) also provides for the periodic review of the guidelines.

The Domestic Relations Procedural Rules Committee (DRPRC) of the Pennsylvania Supreme Court conducts the review. Exhibit 1 lists the members of the DRPRC reviewing the guidelines.[1] The DRPRC began the review in 2019 and made recommendations in late 2020. The DRPRC's recommended changes will be published for public comment early in 2021. This will be an official opportunity for input from a wide range of stakeholders, including those specifically named in federal regulation, although there also have been other opportunities for input from these stakeholders.[2] The recommendations will be reviewed again once the public comment period closes. Ultimately, any changes must be approved by the Court. Although it is anticipated that any guidelines changes will be made sometime in 2021, there are many factors that could affect this timing. It is anticipated that the next review of the Pennsylvania child support guidelines will start in 2023.[3]

Exhibit 1: Domestic Relations Procedural Rules Subcommittee

Current Members:	
Honorable Daniel J. Clifford, Chair	Honorable Margaret Theresa Murphy
Jennifer P. Bierly, Esq., Vice-Chair	David S. Pollock, Esq.
Elisabeth Bennington, Esq.	William Schenk, Esq., *ex officio*
Honorable Kim D. Eaton	Cynthia K. Stoltz, Esq.
Lucille Marsh, Esq.	Honorable George W. Wheeler
Joseph P. Martone, Esq.	Carolyn Moran Zack, Esq.
Former Member:	**Staff Members**:
Walter McHugh, Esq., Chair (Term: Sept. 2014 – Aug. 2020)	Bruce J. Ferguson, Counsel Suzanne M. Creavey, Assistant

The report is considered preliminary because it includes only the findings from the analysis of case file data and labor market data required to fulfill federal review requirements. A final report with a more

[1] This fulfills the federal requirement (C.F.R 302.56(d)) to publish the membership of the reviewing body.
[2] This fulfills the federal requirement (C.F.R 302.56(h)(3)) to provide meaningful opportunity for public input including that of the State child support agency and low-income parents.
[3] This fulfills the federal requirement (C.F.R 302.56(e)) to publish the dates of the effective changes and the next review.

detailed analysis of the case file data will be issued in a few months. This preliminary report focuses on the economic data on the cost of raising children and using it to develop an updated schedule.

Federal Requirements of State Guidelines

Pennsylvania is fulfilling all federal requirements of child support guidelines and guidelines reviews. Federal requirements for state guidelines were initially imposed in 1987 and 1989 and essentially have had no major changes until recently; specifically, in December 2016 when the Modernization Rule (MR) was published.[4] The 1984 Child Support Amendments to the Social Security Act required each state with a government child support program through Title IV-D of the Social Security Act to have one set of child support guidelines to be used by all judicial or administrative tribunals that have authority to determine child support orders within the state by 1987.[5] The Family Support Act of 1988 expanded the requirement by requiring that the application of a state's guidelines be a rebuttable presumption and that states review their guidelines at least once every four years and, if appropriate, revise their guidelines.[6] States could determine their own criteria for rebutting the guidelines; however, the federal requirements made it clear that states should aim to keep guidelines deviations at a minimum. For several decades, the federal requirements for state guidelines essentially:

- Have one set of guidelines to be used by judges (and all persons within a state with the authority) to issue a child support order;
- Provide that the guidelines are rebuttal and develop state criteria for rebutting them;
- Consider all earnings and income of the noncustodial parent in the calculation of support;
- Produce a numeric, sum-certain amount;
- Provide for the child's healthcare coverage; and
- Review their guidelines at least once every four years and, as part of that review, analyze guidelines deviations.

Exhibit 2 shows the current federal requirements pertinent to state guidelines, including the MR changes. It shows the previous requirements were retained and that several additional requirements were imposed on states. The additional requirements can be grouped into categories: those requiring additional provisions to a state's guidelines, and those pertaining to the guidelines review process.

In summary, the additional federal requirements of a state's guidelines are:

- A state's guidelines, at a minimum, must consider other evidence of ability to pay in addition to a parent's earnings and income.
- A state's guidelines must consider the basic subsistence needs of the noncustodial parent who has a limited ability to pay.

[4] https://www.gpo.gov/fdsys/pkg/FR-2016-12-20/pdf/2016-29598.pdf.
[5] See the 1984 Amendments of the Social Security Act (Public Law 98-378).
[6] See 1988 Family Support Act (Public Law 100–485).

- If imputation of income is authorized under the state's guidelines, it must also consider, to the extent known, the specific circumstances of the noncustodial parent – such as the 14 specific factors identified in the federal rule.[7]
- A state's guidelines may not treat incarceration[8] as voluntary unemployment in establishing or modifying support orders.[9]

In general, these additional provisions recognize the limited spendable income of impoverished and low-income obligated parents, and aim to curtail inappropriate and automatic imputation of income to an impoverished or low-income obligated parent when it is unrealistic given the individual circumstances of that parent. For example, it is unrealistic to presume that an employed parent earning $40,000 per year before incarceration can continue to earn that amount after incarceration, so income should not be imputed at $40,000 to the incarcerated parent.[10]

The existing Pennsylvania guidelines already explicitly fulfills the requirement to consider the basic subsistence needs of the noncustodial parent by providing a self-support reserve (SSR). The DRPRC recommends updating the SSR for changes to the federal poverty guidelines for one person. The current Pennsylvania guidelines also essentially limit income imputation and do not provide for the imputation of income to incarcerated parents assuming the incarcerated parent is voluntarily unemployed, but they do not use the same verbiage as the federal regulation to achieve these outcomes. The DRPRC has recommended provisions that use the federal language.

Exhibit 2: Excerpts of Federal Requirements Pertaining to Child Support

45 C.F.R.
§303.56 Guidelines for setting child support orders (a) Within 1 year after completion of the State's next quadrennial review of its child support guidelines, that commences more than 1 year after publication of the final rule, in accordance with § 302.56(e), as a condition of approval of its State plan, the State must establish one set of child support guidelines by law or by judicial or administrative action for setting and modifying child support order amounts within the State that meet the requirements in this section. (b) The State must have procedures for making the guidelines available to all persons in the State. (c) The child support guidelines established under paragraph (a) of this section must at a minimum: (1) Provide that the child support order is based on the noncustodial parent's earnings, income, and other evidence of ability to pay that: (i) Takes into consideration all earnings and income of the noncustodial parent (and at the State's discretion, the custodial parent); (ii) Takes into consideration the basic subsistence needs of the noncustodial parent (and at the State's discretion, the custodial parent and children) who has a limited ability to pay by incorporating a low-income adjustment, such as a self- support reserve or some other method determined by the State; and

[7] Exhibit 2 also shows a complementary provision, 45 C.F.R. § 303.4, that elaborates on the steps to be taken to gain a factual basis of income and earnings to be used in the guidelines calculation.
[8] Several states specify incarceration of over 180 days to be congruent with the provision in 45 C.F.R. § 303.8 that is also shown in Exhibit 3.
[9] There is a proposed federal rule change that would give states the options to provide for exceptions to the prohibition against treating incarceration as voluntary unemployment. See U.S. Department of Health and Human Services. (Sept. 17, 2020). "Optional Exceptions to the Prohibition Against Treating Incarceration as Voluntary Unemployment Under Child Support Guidelines." *Federal Register*, Vol. 85, No. 244, p. 58029. Retrieved from Federal Register: Optional Exceptions to the Prohibition Against Treating Incarceration as Voluntary Unemployment Under Child Support Guidelines.
[10] *Ibid.*

(iii) If imputation of income is authorized, takes into consideration the specific circumstances of the noncustodial parent (and at the State's discretion, the custodial parent) to the extent known, including such factors as the noncustodial parent's assets, residence, employment and earnings history, job skills, educational attainment, literacy, age, health, criminal record and other employment barriers, and record of seeking work, as well as the local job market, the availability of employers willing to hire the noncustodial parent, prevailing earnings level in the local community, and other relevant background factors in the case.

(2) Address how the parents will provide for the child's health care needs through private or public health care coverage and/or through cash medical support;

(3) Provide that incarceration may not be treated as voluntary unemployment in establishing or modifying support orders; and

(4) Be based on specific descriptive and numeric criteria and result in a computation of the child support obligation.

(d) The State must include a copy of the child support guidelines in its State plan.

(e) The State must review, and revise, if appropriate, the child support guidelines established under paragraph (a) of this section at least once every four years to ensure that their application results in the determination of appropriate child support order amounts. The State shall publish on the internet and make accessible to the public all reports of the guidelines reviewing body, the membership of the reviewing body, the effective date of the guidelines, and the date of the next quadrennial review.

(f) The State must provide that there will be a rebuttable presumption, in any judicial or administrative proceeding for the establishment and modification of a child support order, that the amount of the order which would result from the application of the child support guidelines established under paragraph (a) of this section is the correct amount of child support to be ordered.

(g) A written finding or specific finding on the record of a judicial or administrative proceeding for the establishment or modification of a child support order that the application of the child support guidelines established under paragraph (a) of this section would be unjust or inappropriate in a particular case will be sufficient to rebut the presumption in that case, as determined under criteria established by the State. Such criteria must take into consideration the best interests of the child. Findings that rebut the child support guidelines shall state the amount of support that would have been required under the guidelines and include a justification of why the order varies from the guidelines.

(h) As part of the review of a State's child support guidelines required under paragraph (e) of this section, a State must:

(1) Consider economic data on the cost of raising children, labor market data (such as unemployment rates, employment rates, hours worked, and earnings) by occupation and skill-level for the State and local job markets, the impact of guidelines policies and amounts on custodial and noncustodial parents who have family incomes below 200 percent of the Federal poverty level, and factors that influence employment rates among noncustodial parents and compliance with child support orders;

(2) Analyze case data, gathered through sampling or other methods, on the application of and deviations from the child support guidelines, as well as the rates of default and imputed child support orders and orders determined using the low-income adjustment required under paragraph (c)(1)(ii) of this section. The analysis must also include a comparison of payments on child support orders by case characteristics, including whether the order was entered by default, based on imputed income, or determined using the low-income adjustment required under paragraph (c)(1)(ii). The analysis of the data must be used in the State's review of the child support guidelines to ensure that deviations from the guidelines are limited and guideline amounts are appropriate based on criteria established by the State under paragraph (g); and

(3) Provide a meaningful opportunity for public input, including input from low-income custodial and noncustodial parents and their representatives. The State must also obtain the views and advice of the State child support agency funded under title IV–D of the Act.

45 C.F.R.

Other Provisions of the New Federal Rule that Indirectly affect Low-Income Provisions of State Guidelines

§303.4 Establishment of support obligations.
(b) Use appropriate State statutes, procedures, and legal processes in establishing and modifying support obligations in accordance with §302.56 of this chapter, which must include, at a minimum: (1) Taking reasonable steps to develop a sufficient factual basis for the support obligation, through such means as investigations, case conferencing, interviews with both parties, appear and disclose procedures, parent questionnaires, testimony, and electronic data sources; (2) Gathering information regarding the earnings and income of the noncustodial parent and, when earnings and income information is unavailable or insufficient in a case gathering available information about the specific circumstances of the noncustodial parent, including such factors as those listed under §302.56(c)(1)(iii) of this chapter; (3) Basing the support obligation or recommended support obligation amount on the earnings and income of the noncustodial parent whenever available. If evidence of earnings and income is unavailable or insufficient to use as the measure of the noncustodial parent's ability to pay, then the support obligation or recommended support obligation amount should be based on available information about the specific circumstances of the noncustodial parent, including such factors as those listed in §302.56(c)(1)(iii) of this chapter. (4) Documenting the factual basis for the support obligation or the recommended support obligation in the case record.

§303.8 Review and adjustment of child support orders.
* * * * * (b)
* * * (2) The State may elect in its State plan to initiate review of an order, after learning that a noncustodial parent will be incarcerated for more than 180 calendar days, without the need for a specific request and, upon notice to both parents, review, and if appropriate, adjust the order, in accordance with paragraph (b)(1)(i) of this section. * * * * * (7) The State must provide notice— (i) Not less than once every 3 years to both parents subject to an order informing the parents of their right to request the State to review and, if appropriate, adjust the order consistent with this section. The notice must specify the place and manner in which the request should be made. The initial notice may be included in the order. (ii) If the State has not elected paragraph (b)(2) of this section, within 15 business days of when the IV–D agency learns that a noncustodial parent will be incarcerated for more than 180 calendar days, to both parents informing them of the right to request the State to review and, if appropriate, adjust the order, consistent with this section. The notice must specify, at a minimum, the place and manner in which the request should be made. Neither the notice nor a review is required under this paragraph if the State has a comparable law or rule that modifies a child support obligation upon incarceration by operation of State law. (c) * * * Such reasonable quantitative standard must not exclude incarceration as a basis for determining whether an inconsistency between the existing child support order amount and the amount of support determined as a result of a review is adequate grounds for petitioning for adjustment of the order.

In addition, the new requirements as part of a state's guidelines review are to:

- Consider labor market data by occupation and skill level;
- Consider the impact of guidelines amounts on parties with incomes below 200 percent of the federal poverty guidelines;
- Consider factors that influence employment rates among noncustodial parents and compliance with child support orders;
- Analyze rates of default and imputed child support orders and orders determined using the adjustment for the noncustodial parent's subsistence needs;
- Analyze payment patterns;
- Make membership of the reviewing body known; and
- Publish the effective date of the guidelines and the date of the next review.
- Provide opportunity for public input, including input from low-income parents and their representatives and the state/local IV-D agency; and

- Make all reports public and accessible online.

This report fulfills all of these requirements except the last two. These last two are fulfilled by the Court.

Organization of Report

Section 2 reviews case file data and labor market data.

Section 3 examines economic data on the cost of raising children and develops an updated schedule using more current economic data.

Section 4 analyzes the impact of the guidelines and proposed, updated schedule.

Section 5 provides conclusions.

Appendix A provides technical documentation of the data and steps used to develop the updated schedule.

Appendix B provides the proposed updated schedule.

SECTION 2: PRELIMINARY FINDINGS FROM DATA ANALYSIS

This section documents the findings from the data analysis required by federal regulation. The findings from the analysis are organized by data source: case file data; and labor market and other data.

FINDINGS FROM THE ANALYSIS OF CASE FILE DATA

Data Sample and Limitations

The preliminary analysis is based on a random sample of 20,000 orders from a total of 75,344 orders that were established or modified in Federal Fiscal Year (FFY) 2017-2018 and tracked on the Pennsylvania Child Support Enforcement system (PACSES), which is the automated system used to track child support cases paying or being enforced through the state system. This preliminary analysis is limited to only orders with worksheet information available, which was a total of 12,796 orders: 4,437 orders were new establishments, and 8,359 orders were modified orders. The cases for analysis were further restricted to charging orders with opened cases in the sample payment year, which is FFY 2018-2019. This restriction was imposed to fulfill the requirement to analyze payment patterns. As shown in Exhibit 3, it narrowed the sample used for the analysis down to 8,924 orders. The final report will analyze all orders in the sample. Among other things, it will consider rates that non-financial orders are set, case closure rates and reasons, and differences in the incomes of the parties and other characteristics by various subgroups.

Exhibit 3: Number of Orders Analyzed

	All Orders	Modified Orders	New Orders
Total Number of Orders Sampled with Guidelines Calculation Information	12,796	8,359	4,437
Number from above with Charging Orders (Order Amount > $0)	9,263	6,249	3,014
Number of Charging Orders with Opened Cases in Payment Year	8,924	6,066	2,858

There are several limitations to the data. It is a sample from PACSES. PACSES orders may not be representative of all Pennsylvania orders. The PACSES automated guidelines calculator is typically used by County Domestic Relations Sections (DRSs). To this end, if DRS is not involved with an order establishment or modification, it is unlikely the order will have a PACES guidelines calculation; hence it would not appear in the sample nor the orders analyzed. The PACSES guidelines calculator consists of dozens of data fields, including number of children, each parent's income, adjustments to each parent's income by type and amount, other factors considered in the calculation of support (*e.g.*, the cost of the child's health insurance and the identification of the parent covering that cost) and data fields noting whether there is a guidelines deviation, the amount of the deviation, reason for the deviation, and other data. Case data were also matched to payment data and quarterly wage data of the parties when available.

The preliminary analysis is limited to issues identified in federal regulation (C.F.R. 302.56(h)(2)); namely, rates of income imputation, default orders, deviations, and application of the low-income adjustment; and payment patterns.

Income Imputation and Default Orders

Exhibit 4 shows the rate of income imputation among analyzed orders. The income of the obligated parent was imputed among 10 percent of analyzed orders. The income of the party receiving support was imputed among 12 percent of analyzed orders. In general, these are low rates of income imputation compared to the rates found in other states.

Exhibit 4: Percent of Orders with Income Imputation

	All Orders (N=8,924)	Modified Orders (N=6,066)	New Orders (N=2,858)
Source of Income of Obligated Parent (% of Obligated Parents)			
• Income imputation noted	10%	10%	10%
• No income imputation noted	90%	90%	90%
Source of Income of Parent Due Support (% of Parties Due Support)			
• Income imputation noted	12%	12%	10%
• No income imputation noted	88%	88%	90%

PACSES does not currently track whether orders are set by default, but other studies find a significant correlation between income imputation to obligated parents and default orders. For example, a nine-state study found that the order was entered through default among 46 percent of obligated parents with imputed income.[11] The order was entered by default because the obligated parent did not appear at the conference or court hearing or failed to provide income information. The same study found income was imputed to 37 percent of the obligated parent because the parent was unemployed or underemployed. Adding a data field to track default orders is a consideration to the automated system that is being developed to replace PACSES.

Exhibit 5 compares the average income and median net income among parties with and without income imputation. Exhibit 5 shows the median amount of income imputed to obligated parents with new orders was $1,256 net per month, which is slightly more than after-tax income from full-time, minimum-wage earnings, which would be about $1,150 per month. Gross income from full-time work at minimum wage ($7.25 per hour) would be $1,257 per month. States and jurisdictions across the nation commonly impute at minimum-wage income when a party has little to no employment history and job skills but the capacity to work. The median income imputed to receiving parents (regardless of whether their order was modified or was a new establishment) was $1,263 per month, so also just above net income from full-time, minimum-wage earnings. In contrast, the median incomes of all obligated parents and parents due support without income imputation were considerably higher: $2,233 per month and $1,842 per month, respectively.

[11] U.S. Department of Health and Human Services Office of Inspector General. (July 2000.) *The Establishment of Child Support Orders for Low income Non-custodial Parents.* P. 16. Retrieved from The Establishment of Child Support Orders for Low Income Non-Custodial Parents (OEI- 05-99-00390; 7/00) (hhs.gov).

Exhibit 5: Net Income of Parties by Income Imputation

	All Orders (N=8,924)	Modified Orders (N=6,066)	New Orders (N=2,858)
Average and median net income of the obligated parent			
• Income imputation noted (N=870)			
○ Average	$1,609	$1,681	$1,465
○ Median	$1,391	$1,441	$1,256
• No income imputation noted (N=8,054)			
○ Average	$2,897	$2,975	$2,729
○ Median	$2,233	$2,266	$2,151
Average and median net income of the receiving party			
• Income imputation noted (N=1,032)			
○ Average	$1,438	$1,505	$1,273
○ Median	$1,263	$1,312	$1,112
• No income imputation noted (N=7,892)			
○ Average	$2,036	$2,125	$1,851
○ Median	$1,842	$1,920	$1,656

Exhibit 6 compares the payment patterns among obligated parents with and without income imputation. It shows that payment patterns were generally better among obligated parents whose incomes were not imputed than among with imputed incomes. This may indirectly reflect that those with income imputation may have had income imputed because they were not employed. In contrast, those without income imputation were employed and had earnings that could be used to pay child support. In addition, if they were employed, there may also be an income withholding order for child support payments, which further aids payments. Among those with imputed income, the lack of income due to voluntarily or involuntarily unemployment may be a better explanation of their poorer payment patterns than income imputation itself. Still, 95 percent of the orders with income imputed to the obligated parent had payments in some or all 12 months that payments were tracked.

Exhibit 6: Payment Patterns by whether Income Was Imputed to Obligated Parent

	All Orders (N=8,924)		Modified Orders (N=6,066)		New Orders (N=2,858)	
	With income imputation noted (N=870)	With no income imputation noted (N=8,054)	With income imputation noted (N=581)	With no income imputation noted (N=5,485)	With income imputation noted (N=289)	With no income imputation noted (N=2,569)
Payment over 12 Months						
Average	$2,443	$6,066	$2,741	$6,176	$1,846	$5,831
Median	$1,429	$4,676	$1,749	$4,804	$969	$4,382
Monthly Average Payment (Annual divided by 12 months)						
Average	$204	$505	$228	$515	$154	$486
Median	$119	$390	$146	$400	$81	$365
Percentage of Support Due that Is Paid (0–100%)*						
Average	62%	82%	64%	82%	56%	79%
Median	68%	94%	72%	95%	60%	93%
Percentage with No Payments						
No (zero) payments	5%	<1%	4%	1%	6%	2%
Some or all payments	95%	99%	96%	99%	94%	98%
Number of Months with Payments						
Average	8.0	10.3	8.4	10.4	7.4	10.1
Median	9.0	12.0	10.0	12.0	8.0	12.0

Application of the Self-Support Reserve

Eligibility for the self-support reserve (SSR) varies by the obligated parent's income and the number of children for whom support is being determined. The current SSR is $981 per month, which was the federal poverty guidelines (FPG) for one person in 2015 and the most current FPG when the guidelines were last reviewed. Exhibit 7 shows where the basic obligations have been adjusted for the SSR: it is the blue shaded area of the schedule. If the obligated parent's net income alone falls into the shaded area, it is assumed that the income of the receiving party is zero for the guidelines calculation. For example, if the obligated parent's net income is $1,150 per month, which is the approximate after-tax income from full-time minimum earnings, the basic obligation is $152 per month. Assuming that the receiving party has no income, the base order amount (before consideration of other factors such as child care expenses) is $152 per month. The actual amount

Exhibit 7: Area where SSR Applies

Combined Adjusted Net Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
1000	17	17	18	18	18	18
1050	62	63	64	64	65	66
1100	107	108	110	111	112	113
1150	152	154	156	157	159	161
1200	197	199	202	204	206	208
1250	242	245	248	250	253	256
1300	287	290	294	297	300	303
1350	325	336	340	343	347	351
1400	336	381	386	390	394	398
1450	348	427	432	436	441	446
1500	360	472	478	483	488	493
1550	372	518	524	529	535	541
1600	383	555	570	576	582	588
1650	395	571	616	622	629	636
1700	407	588	662	669	676	683
1750	418	605	708	715	723	731
1800	430	621	730	762	770	778
1850	441	638	748	808	817	826
1900	452	654	767	855	864	873
1950	464	670	786	878	911	921
2000	475	686	805	899	958	968
2050	487	703	824	920	1005	1016
2100	498	719	843	941	1035	1063
2150	509	735	861	962	1058	1111
2200	521	751	880	983	1081	1158
2250	532	768	899	1004	1105	1201
2300	543	784	918	1025	1128	1226

expended on one child based on the BR measurements at this income is more.

Exhibit 8: Percentage of Obligated Parent Eligible for the SSR

Exhibit 8 shows that the obligated parent was eligible for the self-support reserve adjustment among 23 percent of the orders analyzed. The percentage was slightly higher (27%) among newly established orders and less (22%) among modified orders.

Exhibit 9: Net Income of Obligated Parents Eligible for the SSR

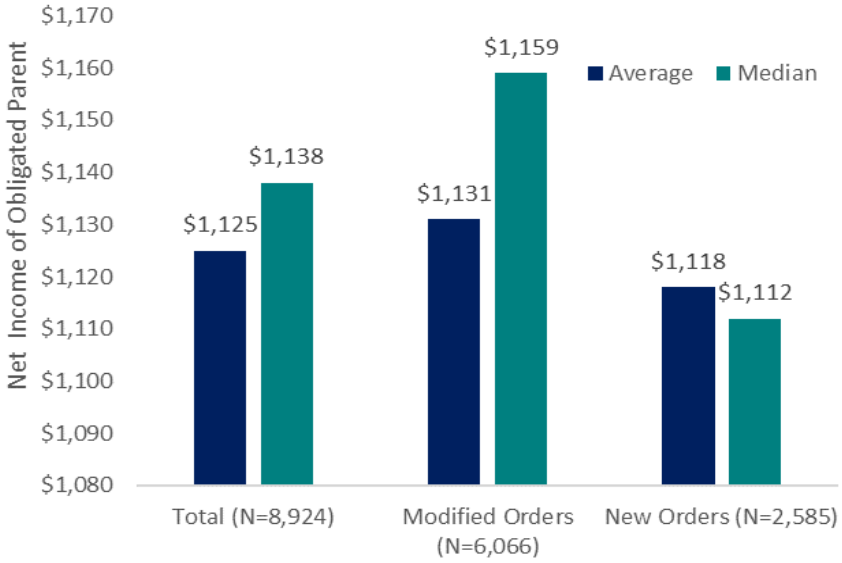

Exhibit 9 shows that the average net income and median net income of obligated parents eligible for the self-support reserve (SSR) were near the net-income equivalent of full-time minimum wage earnings (about $1,150 per month).

Exhibit 9 examines payment patterns among those with incomes eligible for the SSR adjustment and those with incomes just above where the SSR would apply. It only considers obligated parents with net incomes below 200 percent of federal poverty guidelines (FPG). These obligated parents are further divided by those who were eligible for the SSR and those who were not. Incomes above 200 percent of poverty are not considered because they have incomes substantially above poverty and are thus likely to have better payment patterns. In addition, incomes below 200 percent of FPG are targeted in the

federal regulation as requiring additional data analysis.[12] The purpose of the analysis is to inform guidelines provisions on income imputation and low-income adjustments.

Exhibit 10 shows that the payment patterns are generally slightly better for those with incomes above where the SSR would apply, but less than 200 percent of the FPG. Still, 95 percent of those eligible for the SSR made some or all payments over the 12-month study period.

Exhibit 10: Payment Patterns by Obligated Parent's SSR Eligibility and Net Income below 200% of Poverty

	All Orders (N=8,924)		Modified Orders (N=6,066)		New Orders (N=2,858)	
	Eligible for SSR (N=2,071)	Not Eligible for SSR, below 200% of Poverty* (N=2,761)	Eligible for SSR (N=1,309)	Not Eligible for SSR, below 200% of Poverty (N=1,925)	Eligible for SSR (N=762)	Not Eligible for SSR, below 200% of Poverty (N=836)
Payment over 12 Months						
Average	$1,629	$3,250	$1,771	$3,286	$1,386	$3,169
Median	$1,131	$2,995	$1,250	$3,024	$912	$2,905
Monthly Average Payment (Annual divided by 12 months)						
Average	$136	$271	$148	$274	$116	$264
Median	$94	$250	$104	$252	$76	$242
Percentage of Support Due that Is Paid (0–100%)*						
Average	63%	73%	65%	74%	60%	72%
Median	70%	84%	73%	84%	67%	84%
Percentage with No Payments						
No (zero) payments	5%	1%	4%	1%	6%	2%
Some or all payments	95%	99%	96%	99%	94%	98%
Number of Months with Payments						
Average	8.1	9.5	8.3	9.5	7.9	9.3
Median	9.0	11.0	10.0	11.0	9.0	11.0

Deviations from the Guidelines

The guidelines deviation rate is 25 percent. It is slightly higher among new orders (28%) than for modified orders (24%). These deviation rates are slightly higher than those from the last review: 25 percent among new orders and 22 percent among modified orders. In all, the guidelines deviation rates have been trending upward based on the last five reviews.

PACSES has a pulldown menu of deviation reasons. The "other" reason was coded as the reason for the deviation in the vast majority of orders (70%). Exhibit 11 compares payment patterns among orders with and without deviation. There is some variation in the total amount paid the average monthly payment, which may reflect differences in the order amounts among those with and without deviations. However, other payment statistics indicate no significant differences between payment patterns among those with and without deviations. For example, the average percentage of support due that is paid is 80

[12] 45 C.F.R. 302.56(h)(1).

percent among those with deviations and 79 percent among those without deviations. Still another example is average number of months with payment was about 10 months for those with and without deviations.

Exhibit 11: Payment Patterns by Deviation

	All Orders (N=8,924)		Modified Orders (N=6,066)		New Orders (N=2,858)	
	With Deviations (N=2,245)	Without Deviations (N=6,679)	With Deviations (N=1,438)	Without Deviations (N=4,628)	With Deviations (N=807)	Without Deviations (N=2,051)
Payment over 12 Months						
Average	$4,701	$6,053	$4,693	$6,206	$4,715	$5,708
Median	$3,600	$4,647	$3,615	$4,800	$3,549	$4,164
Monthly Average Payment (Annual divided by 12 months)						
Average	$392	$504	$391	$517	$393	$476
Median	$300	$387	$301	$400	$296	$347
Percentage of Support Due that Is Paid (0–100%)*						
Average	80%	79%	81%	81%	79%	76%
Median	92%	93%	93%	94%	91%	92%
Percentage with No Payments						
No (zero) payments	1%	2%	2%	1%	1%	3%
Some or all payments	99%	98%	98%	99%	99%	97%
Number of Months with Payments						
Average	10.2	10.0	10.2	10.2	10.1	9.7
Median	12.0	12.0	12.0	12.0	12.0	12.0

*Percentages are capped at 100%. The percentage may exceed 100% depending on whether the posting and the pay periods fall on a weekend or holiday.

Examination of Labor Market Data

Federal regulation (45 C.F.R. § 302.56(h)) requires the consideration of "labor market data (such as unemployment rates, employment rates, hours worked, and earnings) by occupation and skill-level for the State and local job markets," and "factors that influence employment rates among noncustodial parents and compliance with child support orders."

The review of labor market data appears to be aimed at informing recommendations for guidelines provisions for income imputation and low-income adjustments. One of the new federal requirements concerns considering the individual circumstances of the obligated parent when income imputation is authorized. This typically includes consideration of the employment opportunities available to the parent, given local labor market conditions. Since labor market conditions may change more frequently than every four years, which is the minimum amount of time in which a state's guidelines must be reviewed, it also makes sense to simply adopt the federal language about considering employment opportunities available to a parent given local labor market conditions.

Unemployment and Employment Rates

The DRPRC reviewed employment data as part of its August 2020 meeting. At the time, the most recent unemployment data was from June 2020. The national unemployment rate was 11.1 percent, while Pennsylvania's rate was 13.0 percent. The June 2020 unemployment rates were significantly higher than previous rates because of the COVID-19 pandemic. For example, both the national and Pennsylvania unemployment rates more than doubled from the year prior: the U.S. unemployment rate was at 3.7 percent, and the Pennsylvania unemployment rate was at 4.3 percent in June 2019. At the time of writing this report, the most recent unemployment rates were from November 2020. The national unemployment rate was 6.7 percent, and the state unemployment rate was 6.6 percent.[13]

The unemployment rates that are reported above are based on the U-3 measurement methodology, which is the conventional rate tracked historically and typically reported in media streams. The official U-3 measurement only counts those who are participating in the labor force, either through employment or by active job-seeking within the last four weeks for those available for work. Even before the pandemic, the U.S. Bureau of Labor Statistics (BLS) developed alternative measures to better account for discouraged workers who stopped searching for employment, those working part-time who wanted full-time work, and other circumstances that generally yield higher rates. Other issues with measuring unemployment have surfaced since the pandemic. The U.S. BLS has responded by adding questions to the monthly survey measuring unemployment.[14] For example, they have added questions concerning whether people were unable to work because their employers closed or lost business and whether the pandemic prevented job-seeking activities. The intent is to supplement the U-3 measurement. With regards to how this measurement issues affect the guidelines review, it underscores the importance of considering local labor market circumstances when imputing income to a parent and that examining the official unemployment rate (*i.e.,* the U-3) likely understates the severity of employment issues.

There is some evidence that labor force participation rates have decreased due to the COVID-19 pandemic: that is, people have quit working and stopped looking for work. Because they are not in the labor force, they wouldn't be counted in the U-3 unemployment rate. For example, a recent Pew Research Center publication reports that fewer mothers and fathers with children younger than 18 at home are working due to the COVID-19 pandemic.[15] The research did not note whether they were no longer participating in the labor force because they are sick, they are caring for sick child, they fear contracting COVID-19 at work, or another reason. Regardless, the relevance to child support is whether these are valid reasons not to presume a non-employed parent can work and hence not impute income to that parent. Some state guidelines actually have provisions that address extreme circumstances that

[13] U.S. Bureau of Labor Statistics. (n.d.). *Latest Numbers: Unemployment Rates.* Retrieved from Local Area Unemployment Statistics Home Page (bls.gov).

[14] U.S. Bureau of Labor Statistics. (n.d.). *Labor Force Statistics from the Current Population Survey: Supplemental data measuring the effects of the coronavirus (COVID-19) pandemic on the labor market.* Effects of the coronavirus COVID-19 pandemic (CPS) (bls.gov).

[15] Kochhar, Rakesh. (Oct. 22, 2020). *Fewer mothers and fathers in U.S. are working due to COVID-19 downturn; those at work have cut hours*. Pew Research Center. Retrieved from Fewer U.S. mothers and fathers are working due to COVID-19, many are working less | Pew Research Center.

share some similarities to the pandemic. For example, the Louisiana guidelines specifically mention that a party temporarily unable to find work or temporarily forced to take a lower-paying job as a direct result of Hurricane Katrina or Rita shall not be deemed voluntarily unemployed or underemployed.[16] Similarly, in the circumstances to be considered to ensure that the obligated parent is not denied a means of self-support or a subsistence level, the Indiana guidelines provide for the consideration of "a natural disaster."[17]

Hours Worked and Income Imputation

Usual or average hours worked also have been used to inform income imputation policies. For example, South Dakota used labor market data on hours worked to reduce the presumption of a 40-hour workweek when imputing income since labor market data indicates South Dakota workers usually work 35 hours per week. As of July 2019, the average work-hour week in Pennsylvania was 40.7 hours per week.[18] National data suggests that the average weekly hours vary by employment sector. For example, as of November 2020, employment in the leisure and hospitality industry averaged 24.4 hours per week, and retail employment averaged 30.9 hours per week.[19] The data underscore the importance of considering the usual hours worked for the parent's specific occupation when imputing income. Hours worked by industry was not readily available for Pennsylvania.

Low-Skilled Jobs and Employment Opportunities

An issue with imputing full-time, minimum-wage earnings are whether there are jobs openings and the presumed number of hours worked. As noted earlier, workers in some sectors of the economy (*e.g.,* various service sector occupations) do not work 40 hours per week on average. Further, these sectors have been more adversely affected by the Covid-19 pandemic. These sectors often offer some of the lowest-paying occupations. The average entry wage for combined food preparation and serving workers (which is a job that typically requires little experience) is $10.58 per hour in Pennsylvania.[20] This is more than the federal minimum wage of $7.25 per hour. Pennsylvania does not have a statewide minimum wage. In all, this suggests that if jobs are available, income imputation at federal minimum wage is not unreasonable in Pennsylvania.

Factors that Influence Employment Rates and Compliance

Federal regulation (45 C.F.R. § 302.56(h)(2)) also requires the consideration of "factors that influence employment rates among noncustodial parents and compliance with child support orders." The factors that influence labor force participation and employment are numerous, complex, and go beyond child

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[16] Louisiana Revised Statute 9:315.11 C.(1).

[17] Indiana Rules of Court. (amended Jan. 1, 2020). *Guideline 2. Use of the Guidelines Commentary*. Retrieved from Indiana Child Support Rules and Guidelines.

[18] U.S. Bureau of Labor Statistics. (2019). *Establishment Data State and Area Hours and Earnings Not Seasonally Adjusted*. *Table D-4 Average hours and earnings of production employees on manufacturing payrolls in states and selected areas.* https://www.bls.gov/web/laus/tabled4.pdf.

[19] U.S. Bureau of Labor Statistics. (2019). *Table B-7. Average weekly hours and overtime of production and nonsupervisory employees on private nonfarm payrolls by industry sector, seasonally adjusted*. Retrieved from https://www.bls.gov/news.release/empsit.t23.htm.

[20] Pennsylvania Center for Workforce Information & Analysis. (n.d.). *Occupational Employment and Statistics.* Retrieved from https://paworkstats.geosolinc.com/altentry.asp?action=lmiguest&whereto=OESWAGE ,

support. For example, the COVID-19 pandemic is an illustration of another factor that affects labor force participation and employment. Understanding each of these factors and disentangling their unique impact from the impact of other factors requires sophisticated research methods, appropriate data, and substantial effort. Further, the labor market is constantly changing: the labor market may change before the research is completed. Again, the impact of the pandemic on the labor market illustrates this point: research examining the impact of the pandemic on labor force participation and employment is just starting to emerge, while the pandemic may cease before definitive research studies in the impact of the pandemic on the labor market are completed. Moreover, the impact of these other factors \ (*e.g.*, the Covid-19 pandemic) may overshadow any impact child support has on labor force participation and earnings.

Despite these limitations, there is some older academic research which finds that child support can affect employment among obligated parents.[21] Another study finds some weak association of changes in father's earnings with changes in orders among fathers in couples that had their first child support ordered in 2000.[22] There are also many anecdotes of obligated parents who quit working or turn to unreported employment (also called the underground economy) once wages are garnished for child support. These studies are of limited value for this analysis because they are dated (hence do not consider today's labor market and child support enforcement practices) and not specific to Pennsylvania. Besides pandemic-related employment changes, opportunities for income from unreported employment are rapidly changing. It is becoming more common to have multiple jobs, where one may be unreported employment, and the other may be reported employment. Still, more mechanisms are being developed to facilitate the reporting of gig economy jobs (*e.g.*, drivers for ridesharing). As is, the earnings from unreported employment are often sporadic and yield inconsistent earnings. Many guidelines or guidelines users average incomes among parties with sporadic and inconsistent earnings as long as it is above full-time, minimum-wage earnings.

[21] Holzer, Harry J. Offner, Paul, and Sorensen, Elaine. (Mar. 2005). "Declining employment among young black less-educated men: The role of incarceration and child support." *Journal of Policy Analysis and Management*.
[22] Ha, Yoonsook, Cancian, Maria, and Meyer, Daniel, R. (Fall 2010). "Unchanging Child Support Orders in the Face of Unstable Earnings." *Journal of Policy Analysis and Management.* Vol. 29, No. 4, pp. 799–820.

Section 3: Cost of Raising Children and Updating the Schedule

Child support schedules are part policy and part economic data. Most state guidelines rely on studies of child-rearing expenditures as the underlying basis of their child support schedule or formula. Besides an economic study, there are economic data and technical assumptions used to convert economic data on the cost of raising children to a child support schedule (*e.g.,* updating the study to current price levels, excluding child care expenses because the actual child care expense is considered in the guidelines calculation, and incorporating a self-support reserve). This section first reviews the economic studies on child-rearing expenditures and then summarizes other economic data and technical assumptions used to develop an updated schedule. Appendix A provides a more detailed, technical description of the data and steps used to develop an updated schedule. Appendix B contains the proposed updated schedule.

Economic Studies of Child-Rearing Expenditures

Studies underlying State Child Support Guidelines

There are ten different studies that form the basis of state child support guidelines. All of the studies consider what families actually spend on children rather than the minimum or basic needs of children. This is because the premise of most state guidelines is that children should share in the lifestyle afforded by their parents; that is, if the obligated parent's income affords the obligated parent a higher standard of living, the support order should also be more for that higher-income parent.

The ten studies vary by age and methodology used to separate the child's share of expenditures from total expenditures. The most commonly used studies are those conducted by Professor David Betson, University of Notre Dame, using the Rothbarth methodology to separate the child's share of expenditures from total household expenditures. There are five Betson-Rothbarth (BR) studies of different ages.[23] Most (37 states) and the District of Columbia and Guam rely on a BR study as the basis of their guidelines schedule or formula. The existing Pennsylvania child support schedule is based on the third BR study (BR3) using expenditures data collected in 1998–2004 that were updated to 2015 price levels.[24] The most recent BR study,[25] which is the fifth BR study (BR5) and funded by Arizona, was conducted this year and forms the basis of the updated schedule in Appendix B.

Several of the other studies underlying state guidelines are older or tailored for that state's income so they are not suitable options for an updated Pennsylvania schedule. For example, the second and third

[23] The five Betson studies using the Rothbarth methodology were published in 1990, 1998, 2006, 2010, and 2020. The first study is Betson, David M. (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, WI).

[24] Betson, David M. (2006). "Appendix I: New Estimates of Child-Rearing Costs." *In* State of Oregon Child Support Guidelines Review: Updated Obligation Scales and Other Considerations. Report to State of Oregon, Prepared by Policy Studies Inc., Denver, CO.

[25] Betson, David M. (2020) "Appendix A: Parental Expenditures on Children: Rothbarth Estimates" *In* Venohr, Jane. (Dec. 9, 2020). *Review of the Arizona Child Support Guidelines: Updating the Child Support Schedule.* Report to the Arizona Supreme Court Administrative Office of the Courts. Retrieved from https://www.azcourts.gov/Portals/74/FCIC-CSGR/MeetingPacket12152FCIC-CSGRS.pdf?ver=2020-12-13-123841-283.

most frequently used studies for state child support guidelines date back to the 1980s.[26] Still another example is the Rothbarth study for New Jersey that was adjusted for New Jersey's above-average income.[27] Due to this income adjustment, it is not appropriate for other states.

Most Current Studies of Child-Rearing Expenditures and Methodologies

Most studies of child-rearing expenditures, including the BR measurements, draw on expenditures data collected from families participating in the Consumers Expenditures Survey (CE) that is administered by the Bureau of Labor Statistics (BLS). Economists use the CE because it is the most comprehensive and detailed survey conducted on household expenditures and consists of a large sample. The CE surveys households on hundreds of items; yet, most studies of child-rearing expenditures do not itemize expenditure items. Rather, their methodologies, which are discussed later, generally consider total expenditures of a household and measuring the child's share of those total expenditures.

The CE surveys about 7,000 households per quarter on expenditures, income, and household characteristics (*e.g.*, family size). Households remain in the survey for four consecutive quarters, with households rotating in and out each quarter. Most economists, including Betson, use three or four quarters 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. (In his fifth study, Betson does explore using quarterly data rather than analyzing annual data.)

The most recent BR study (BR5) is essentially an update to the BR study underlying the current Pennsylvania schedule. BR5 relies on expenditures data collected from families participating in the 2013–2019 CE survey, while BR3 relies on expenditures data collected from families participating in the 1998–2004 CE survey. Besides differences in survey years, there were some improvements to the CE survey that may contribute to differences in the findings between the two studies that are discussed in greater detail later in this section.

Besides the BR5, there are three other recent studies of child-rearing expenditures discussed in the DRPRC's review of the economic data. None are based on data as recent as used in the BR5 measurements, and two of them are not used by any other state. Two of them are based on different methodologies including one that is used by other states. One of the studies was conducted in 2017 by Professor William Rodgers, Rutgers University, for California, but was not adopted by California or any other state as the basis of its guidelines.[28] Professor Rodgers also used the Rothbarth methodology to

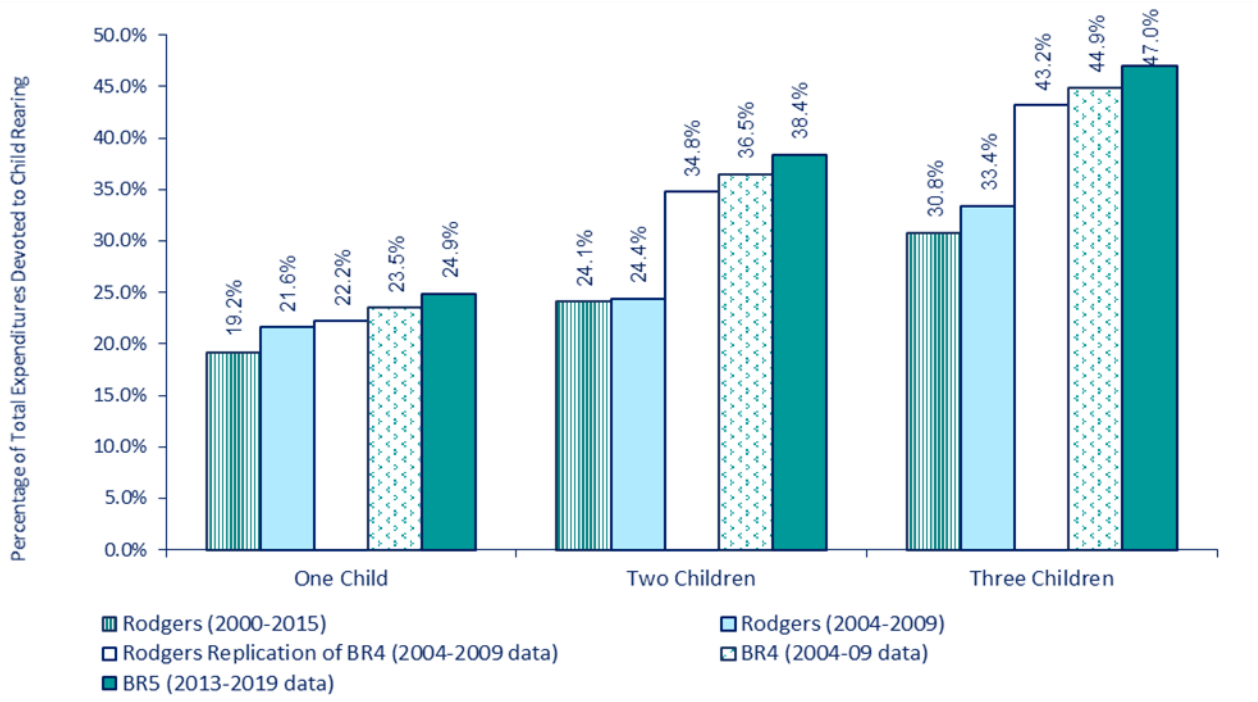
[26] Most states that have not made major changes to their guidelines schedule or formula for over two decades relate to one of two studies: van der Gaag, Jacques. (1981). "On Measuring the Cost of Children." *Discussion Paper* 663–81. University of Wisconsin Institute for Research on Poverty, Madison, WI; or Espenshade, Thomas J. (1984). *Investing in Children: New Estimates of Parental Expenditures*. Urban Institute Press: Washington, D.C.

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

[28] Rodgers, William M. (2017) "Comparative Economic Analysis of Current Economic Research on Child-Rearing Expenditures." In Judicial Council of California, Review of Statewide Uniform Child Support Guideline 2017. San Francisco, CA. Retrieved from http://www.courts.ca.gov/documents/lr-2018-JC-review-of-statewide-CS-guideline-2017-Fam-4054a.pdf.

separate the child's share of expenditures from total expenditures. The Rodgers-Rothbarth measurements rely on the 2000–2015 CE. Although Rodgers interpreted Rothbarth differently than Betson, Rodgers' attempt to replicate Betson's fourth study produced results within about two percentage points of Betson's. Exhibit 11 illustrates these differences. It also shows that both the BR studies and the Rodgers study measure child-rearing expenditures as a percentage of total expenditures devoted to child-rearing. Exhibit 12 also illustrates an anomalous finding of Rodgers: that is, the percentage expended for two children is not much more than the percentage expended for one child. For example, using 2000-2015 CE data, Rodgers find the average percentage of total expenditures devoted to child rearing is 19.2 percent for one child and 24.1 percent for two children. In contrast, other studies typically find that the expenditures for two children are about 40 to 60 percent more than they are for one child.

Exhibit 12: Comparison of BR Studies to Rodgers Study



Another study published in 2015 was led by Professor William Comanor, University of California at Santa Barbara, was not funded by any state and does not form the basis of any state guidelines.[29] Professor Comanor developed his own methodology for measuring child-rearing expenditures. Comanor measurements rely on the 2004–2009 CE. In 2018, Comanor reported that child-rearing costs of $3,421 per year for one child and $4,291 per year for two children in low-income households.[30] For middle incomes (*i.e.,* married couples with an average income of $76,207 per year), Comanor reported child-

[29] Comanor, William, Sarro, Mark, and Rogers, Mark. (2015). "The Monetary Cost of Raising Children." *In* (ed.) Economic and Legal Issues in Competition, Intellectual Property, Bankruptcy, and the Cost of Raising Children (Research in Law and Economics), Vol. 27). Emerald Group Publishing Limited, pp. 209–51.
[30] Comanor, William. (Nov. 8, 2018). *Presentation to Nebraska Child Support Advisory Commission.* Lincoln, NE.

rearing costs of $4,749 per year for one child and $6,633 per year for two children. The amounts for low-income households are below poverty, and the amounts for middle incomes are just above poverty. The 2020 federal poverty guidelines are $12,760 per year for one person and an additional $4,480 per year for each additional person.[31]

The third study is by the U.S. Department of Agriculture (USDA),[32] which until its last publication in 2017, was updated every year or two. The USDA also has its own methodology for measuring child-rearing expenditures. Minnesota relies on an older version of USDA study, and Kansas and Maryland partially use it. Maryland uses the USDA study for combined adjusted gross incomes above about $10,000 per month. Kansas uses the USDA multipliers for more children to adjust its findings from a study by Wichita State University economists using a unique approach that is only used in Kansas. USDA measurements rely on the 2011–2015 CE, as well as other data including the U.S. Department of Health and Human Services National Medical Expenditure Survey (MEPS)[33] and the cost of USDA food plans,[34] which are also used to determine SNAP (Supplemental Nutrition Assistance Program) benefits and military per diem rates.[35] The USDA found that average child-rearing expenses were $9,330 to $23,380 per year for the youngest child in a two-child family in the U.S. in 2015. The amount varies by the age of the child and household income. For rural areas, the amount varied from $7,650 to $17,000 per year.

Economic Methodologies

When Congress first passed legislation (*i.e.*, the Family Support Act of 1988) requiring presumptive state child support guidelines, they also mandated the U.S. Department of Health and Human Services to develop a report analyzing expenditures on children and explain how the analysis could be used to help states develop child support guidelines. This was fulfilled by two reports that were both released in 1990. One was by Professor David Betson, University of Notre Dame, which included the first BR measurements.[36] Using five different economic methodologies to measure child-rearing expenditures, Betson concluded that the Rothbarth methodology was the most robust[37] and hence recommended that it be used for state guidelines. The second study resulting from the Congressional mandate was by

[31] U.S. Department of Health and Human Services. (2020). *2020 Poverty Guidelines for the 48 Contiguous States and the District of Columbia.* Retrieved from https://aspe.hhs.gov/2020-poverty-guidelines.
[32] Lino, Mark. (2017). *Expenditures on Children by Families: 2015 Annual Report.* U.S. Department of Agriculture, Center for Nutrition and Policy Promotion. Miscellaneous Publication No. 1528-2015, Washington, D.C. Retrieved from http://www.cnpp.usda.gov/publications/crc/crc2012.pdf.
[33] More information about the MEPS is available from the U.S. Department of Health and Human Services Agency for Healthcare Research and Quality site: https://www.meps.ahrq.gov/mepsweb/.
[34] More information about the UDA Food Plans and their costs can be found at the U.S. Department of Agriculture Food and Nutrition Service website: https://www.fns.usda.gov/cnpp/usda-food-plans-cost-food-reports-monthly-reports.
[35] William T. Terrell and Jodi Messer Pelkowski. (2010). *XII. Determining the 2010 Child Support Schedules*. Retrieved from http://www.kscourts.org/Rules-procedures-forms/Child-Support-Guidelines/PDF/Child%20Support%20Determination%20Economist%20FINAL%20REPORT.pdf.
[36] Betson, David M. (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.
[37] In statistics, the term "robust" is used to mean that the statistics yield good performance that are largely unaffected by outliers or sensitive to small changes to the assumptions.

Lewin/ICF.[38] It assessed the use of measurements of child-rearing expenditures, including the Betson measurements, for use by state child support guidelines.

One of the other methodologies explored by Betson was the Engel methodology. The Engel and Rothbarth methodologies are named after the economists who developed them. Both are considered marginal cost approaches; that is, they consider how much more is spent by a couple with children than a childless couple of child-rearing age. The methodologies compare expenditures of two sets of equally-well off families: one with children and one without children. The difference in expenditures between the two sets is deemed to be child-rearing expenditures. The Engel and Rothbarth methodologies use different indicators of equally well-off families. The Engel methodology uses expenditures on food, while the Rothbarth methodology relies on expenditures for adult goods to determine equally well-off families.[39] Through calculus, economists have proven that the Engel methodology's reliance on food shares overstates actual child-rearing expenditures because children are relatively food intensive.[40] In contrast, the calculus behind using expenditures on adult goods in the Rothbarth methodology finds that the Rothbarth estimator understates actual child-rearing expenditures because parents essentially substitute away from adult goods when they have children.[41]

At the time of Betson's 1990 study, most states, including Pennsylvania, had already adopted guidelines to meet the 1987 federal requirement to have advisory child support guidelines. (The requirement was extended to require state guidelines be applied presumptively with the ability to rebut the presumption based on state-established criteria in 1989.) Most states were using older measurements of child-rearing expenditures,[42] but many (including Pennsylvania) began using the Betson-Rothbarth 1990 (BR1) study in the mid-to-late 1990s. Subsequently, various states and the University of Wisconsin Institute of Research commissioned updates to the BR study over time.

Using the Lowest and Highest of Credible Measurements to Assess Guidelines Amounts

Recognizing economists do not agree on which methodology best measures actual child-rearing expenditures, Lewin/ICF was the first to assess the appropriateness of state guidelines by generally examining whether a state's guidelines amount was between the lowest and the highest of credible measurements of child-rearing expenditures. Amounts that were above the lowest credible measurement of child-rearing expenditures were deemed as adequate support for children. This also

[38] Lewin/ICF. (1990). *Estimates of Expenditures on Children and Child Support Guidelines*. Report to U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation. Fairfax, Virginia.

[39] Specifically, Betson uses adult clothes, whereas others applying the Rothbarth estimator use adult clothing, alcohol, and tobacco regardless whether expenditures are made on these items. Betson (1990) conducted sensitivity analysis and found little difference in using the alternative definitions of adult goods.

[40] A layperson's description of how the Engel estimator overstates actual child-rearing expenditures is also provided in Lewin/ICF (1990) on p. 2-28.

[41] A layperson's description of how the Rothbarth estimator overstates actual child-rearing expenditures is also provided in Lewin/ICF (1990) on p. 2-29.

[42] Many states used Espenshade, Thomas J. (1984). *Investing in Children: New Estimates of Parental Expenditures*. Urban Institute Press: Washington, D.C.

responded to a major concern in the 1980s that state child support guidelines provided inadequate amounts for children: that is, they were too low relative to the poverty amount.[43]

This methodology has been used for several decades now and by several states, including Pennsylvania, for most of their guidelines reviews. For Lewin/ICF's initial assessment, they used the Rothbarth and Engel measurements developed by Betson in his 1990 study as the lowest and highest, respectively. Not only were the empirical results from these studies the lowest and highest, but application of the economic model of each of the estimators suggests that the Rothbarth estimator understates actual child-rearing expenditures and the Engel estimator overstates actual child-rearing expenditures. Since there are no current Engel measurements of child-rearing expenditures, states have been using the USDA measurements as the highest of the credible measurements.

Changes in Betson-Rothbarth Studies over Time

Of most interest to Pennsylvania is the most current Betson-Rothbarth (BR) study because the existing Pennsylvania schedule is based on an earlier BR study. Changes to the BR measurements of child-rearing expenditures over time may reflect actual changes in how much families spend on their children, sampling differences in the different study years, changes in the underlying expenditures data used to develop the measurements, or a combination of these factors. In addition, changes in other factors considered in the conversion of the BR measurements to a schedule are of concern. This subsection explores the extent that there are changes over time and the causes of those changes. Understanding the root of the changes is important to Pennsylvania because Pennsylvania's child support guidelines are currently based on the third BR study (BR3), and Pennsylvania is contemplating updating the schedule using the most recent BR study (BR5).

Each of the BR studies used the more current expenditures data from the Consumer Expenditure Survey (CE) available at the time the study was conducted. The sampling of the CE is not designed to produce state-specific measurements of expenditures. To expand the CE so it could produce state-specific measurements would require a much larger sample and other resources and would take several years. Instead, Betson (as well as other researchers) develops national measurements of child-rearing expenditures by pooling multiple data years to obtain an adequate sample size. As elaborated on in Appendix A, Betson compiles other statistics from the same subset of CE families that he uses to measure child-rearing expenditures. These other statistics are used to develop a child support schedule. Specifically, this includes the average ratio of expenditures to income, average childcare expenditures, and average healthcare expenses for several income ranges. Some states with incomes or price parities that differ substantially from the national average make an adjustment to the national data. Pennsylvania does not have substantial differences.[44]

[43] National Center for State Courts (1987). *Development of Guidelines for Child Support Orders, Final Report.* Report to U.S. Department of Health and Human Services, Office of Child Support Enforcement, Williamsburg, VA. p. I-6.

[44] For example, the 2019 Pennsylvania price parity is 97.0, which means Pennsylvania prices are generally 3% less than the national average. U.S. Bureau of Economic Analysis. (Dec. 2020.) *2019 Regional Price Parities by State (US = 100)*. Retrieved from Regional Price Parities by State and Metro Area | U.S. Bureau of Economic Analysis (BEA).

Committed to producing data that are of consistently high statistical quality, relevance, and timeliness, the BLS closely monitors and continuously assesses the quality of the CE and makes improvements when appropriate. Some of these improvements have occurred in between BR studies; hence, they can affect differences between BR study years.

Changes by Number of Children and Income

The two major factors in determining child support are the number of children and the incomes of the parties. Child support schedules provide higher amounts when there are more children because the economic evidence on child-rearing expenditures finds more is spent when there are more children. Nonetheless, the economic evidence suggests some economies of scale: expenditures for two children are not twice that of expenditures for one child; rather, they are less than double.

Income follows a similar pattern; that is, economic evidence finds that higher incomes spend more on children; however, those with twice as much income do not spend twice as much on their children. Rather, they spend less than that. Still, the schedule amounts increase with more income. Underlying the premise of most state guidelines is that if a child has a parent living outside the home whose income affords that parent a higher standard of living, that child should share that parent's standard of living. Obviously, the situation is more complicated in shared physical custody cases. For the purposes of developing a schedule, however, the guidelines start with the basis that the child is being raised in one household, then layers an adjustment for timesharing on top of that. (This is also the situation with the Pennsylvania guidelines that provides an adjustment to adjust for timesharing arrangements.)

Exhibit 13 compares the percentage of total family expenditures devoted to child-rearing for the five BR studies. Exhibit 13 shows the percentages for one, two, and three children. The sample size of families with four or more children is too small to produce measurements for larger families. Instead, as discussed in Appendix A, equivalence scales are used to adjust the measurements for larger family sizes.

At this point, the percentages include child care expenses and the cost of the child's healthcare coverage. These items are subtracted later when developing the schedule. They are subtracted because the actual amount expended for child care expenses, health insurance premiums for the child and the child's unreimbursed medical expenses, if any, are considered on a case-by-case basis.

Exhibit 13: Comparison of Betson-Rothbarth (BR) Studies over Time

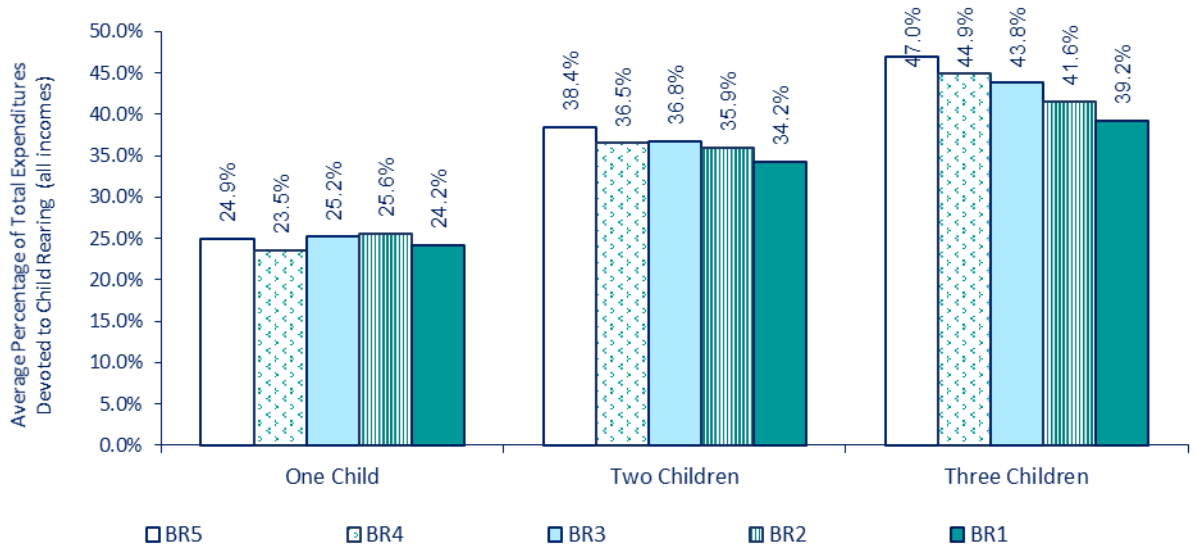


Exhibit 13 shows a small variation in the percentage of total expenditures devoted to one child over time. The percentage difference between the lowest and the highest estimate for one child is less than two percentage points. Betson notes this is less than the standard deviation in the estimates due to sampling variation. For two and three children, Exhibit 13 shows the percentage of total expenditures devoted to child-rearing expenditures increasing slightly over time. However, Betson suggests that expenditures for two and three children should be examined in the context of marginal expenditures: that is, starting with expenditures for the first child, how much more was spent for the second child? If the same amount is spent, the marginal increase in expenditures is 100 percent. If the amount is smaller than 100 percent, there is some economies of scale to having more children. The BR studies find that the marginal increase in expenditures from one to two children is about 40 to 55 percent depending on the age of the study and that the marginal increase in expenditures from two to three children is about 15 to 23 percent depending on the age of the study. Generally, the older studies have smaller marginal increases, while more recent studies have larger marginal increases. This suggests that the economies of scale of having more children is decreasing slightly. In turn, this suggests slightly larger increases to updated schedule amounts for more children.

Exhibits 14, 15, and 16 compare the BR measurements over time by approximate income ranges. (The income ranges are approximate because of inflation does not make each unique income range comparable over time.) There are also several adjustments made to make the comparison. They do not consider child care expenses, health insurance premiums for the child and the child's unreimbursed medical expenses. Further, they have been converted from total expenditures to after-tax (net) income. If a family spends all of their after-tax income, their expenditures will equal their after-tax income. Among other things, higher-income families, however, tend to save, make donations, and buy gifts for people outside the home. Due to these adjustments, the percentages shown in the exhibits are not comparable to those in Exhibit 13.

Exhibit 14: Comparisons of BR Measurements for One Child by After-Tax Income

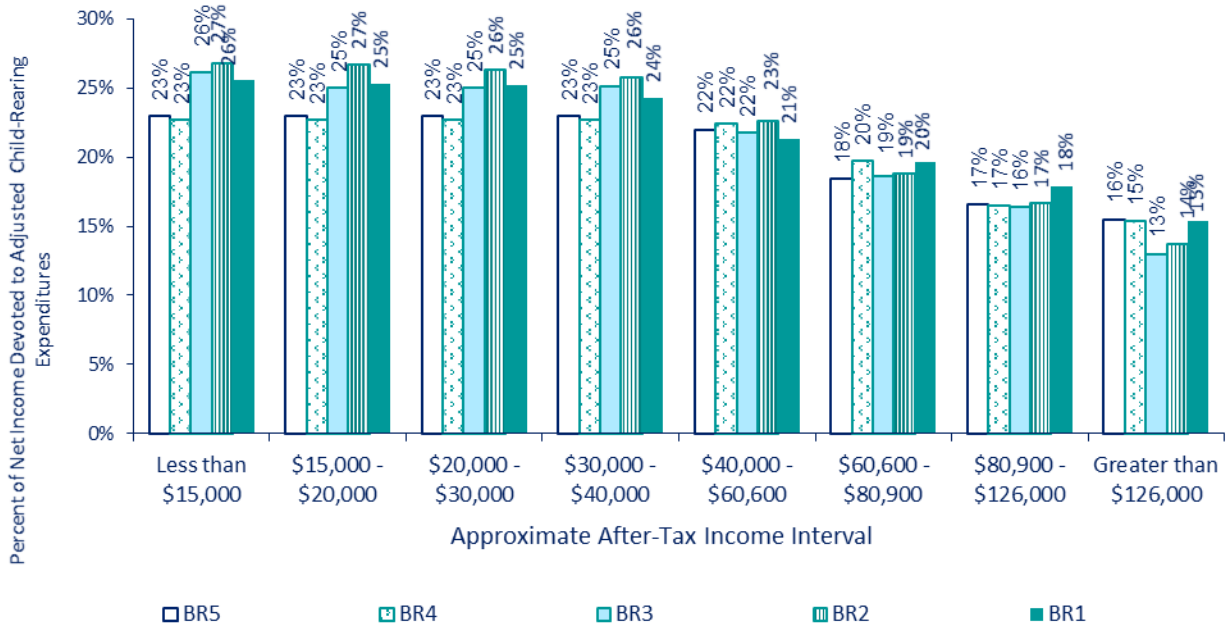


Exhibit 15: Comparisons of BR Measurements for Two Children by After-Tax Income

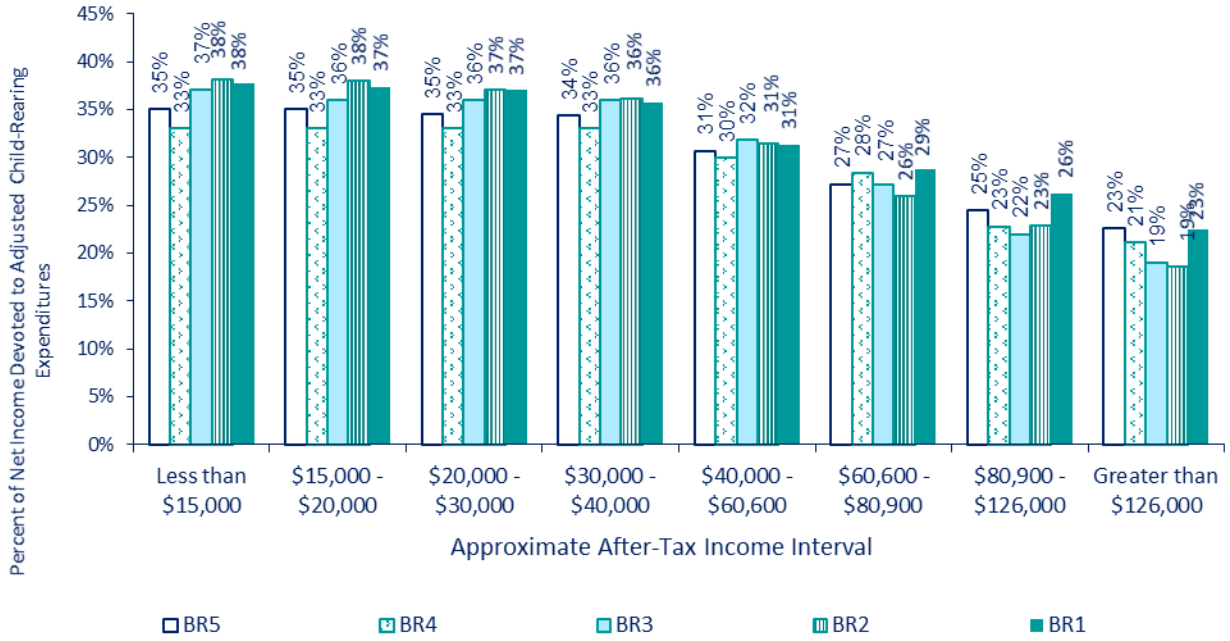
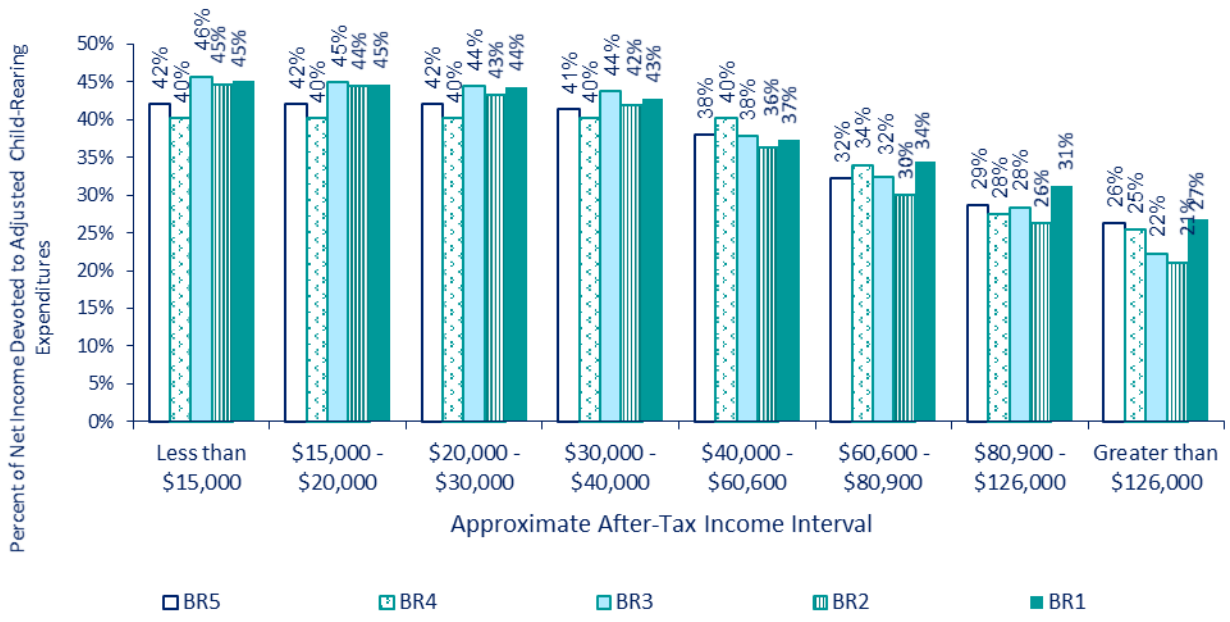


Exhibit 16: Comparisons of BR Measurements for Three Children by After-Tax Income



In general, Exhibits 14, 15, and 16 show that there are small differences over time; however, it is unknown whether the difference is caused by sampling error or another factor or whether the difference is distorted by expressing them in 2020 price levels. The two most observable changes are a decrease at lower incomes (*e.g.*, see the first cluster for after-tax incomes of $15,000 per year or less) and an increase at higher incomes (*e.g.*, see the last cluster for after-tax incomes of $126,000 per year or more). There are a couple of changes to the underlying CE data that may contribute to these changes.

Changes Beginning with the BR4 Measurements and Continued with the BR5 Measurements

The BR4 and BR5 measurements reflect two improvements to CE data.

- Noticing that low-income families spend more than their after-tax income on average, the U.S. Bureau of Labor Statistics, which is the organization conducting the CE, improved how it measures income. The improvements appeared to reclassify some lower households as having more income in the BR4 and BR5 samples than would have been classified previously as low income in earlier BR samples. Indirectly, this may explain some of the decreased amounts at low incomes from the BR3 study to the BR4 and BR5 studies.
- The BR4 and BR5 studies use "outlays" instead of "expenditures" like the earlier BR studies did. Expenditures track closely with how gross domestic product (GDP) is measured. Namely, GDP considers houses to be investments (physical capital), so the BLS did not consider mortgage principal payments to be an expenditure item. (It did include and continues to include mortgage interest, any HOA fees, rent, utilities, and other housing expenses.) Outlays consider all monthly expenses (*e.g.*, mortgage principal payments and interest, and payments on second mortgages and home equity

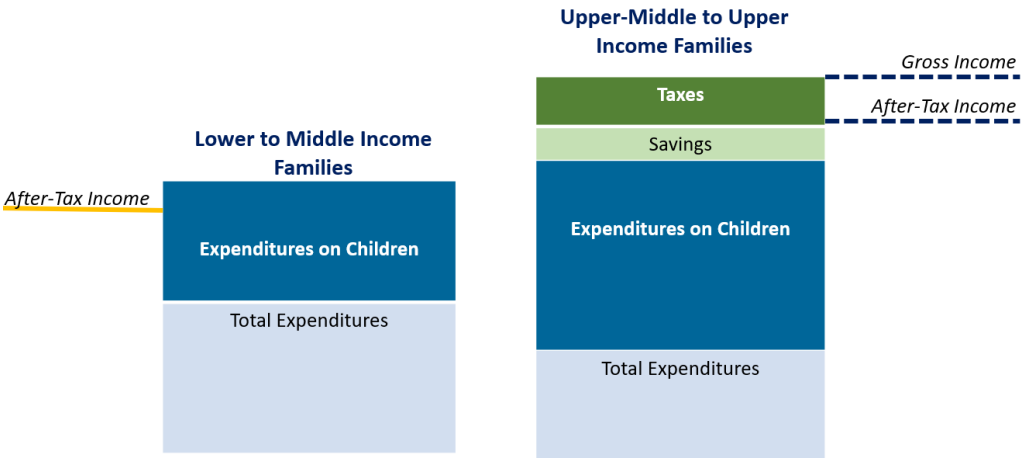
loans). Outlays also include installment payments (*e.g.,* for major appliances and automobiles). Expenditures include the total price of an item at the time of purchase (yet Betson did an adjustment for automobile purchases in the BR1, BR2, and BR3 studies). In short, outlays track closer to how families spend and budget on a monthly basis. These monthly budgets consider the total mortgage payment and installment payments. The impact of the switch from expenditures to outlays appears to be increased expenditures on children at higher incomes from the BR3 studies to the BR4 and BR5 studies. This is likely because higher-income families are more likely to purchase items via installments, have higher installment payments, and have more mortgage principal that they are paying down.

Changes Beginning with the BR5

The major change with the BR5 study was an improvement in how taxes were measured. In prior surveys, households would self-report taxes. The BLS learned that families underestimated taxes paid, particularly at high incomes; hence, their after-tax income (spendable income) was smaller than measured. Beginning in 2013, the BLS began using their internal tax calculator (similar to TurboTax) to calculate each household's taxes. This effectively reduced the after-tax income available for expenditures. Another indirect impact was the average ratio of expenditures to after-tax income, which is used in the conversion of the measurement of child-rearing expenditures to a child support schedule, increased. (This can be illustrated through Exhibit 17 by assuming a drop in the after-tax income line for the cluster of families to the right that have higher incomes.) This increases the amounts from BR4 to BR5 for high-income families because they pay a larger amount of taxes. Their after-tax income is less; hence, the ratio of expenditures to after-tax income is larger.

In addition, a small improvement to the child's share of healthcare expenses was made for BR5. It better reflects the child's share of the family's total out-of-pocket expenses. This results in nominal increases at very low incomes and nominal decreases at very high incomes.

Exhibit 17: Relationship of Child-Rearing Expenditures to Gross Income



Developing an Updated Child Support Schedule

As mentioned earlier, child support schedules are part policy and part economic data. Besides economic data on the cost of raising children, there are economic data and technical assumptions pertaining to price levels, expenditures to net income ratios, and other things. At its October 2019 meeting the DRPRC reviewed the major data sources and assumptions underlying the existing schedule, whether there was more current data that could be used to develop an updated schedule, and whether there were any alternative assumptions that would better serve families.

Major Data Sources and Assumptions underlying Existing Schedule

There are several data sources and assumptions underlying the existing schedule.

1. The Pennsylvania child support schedule relies on the income shares guidelines model.
2. The existing schedule relies on the third Betson-Rothbarth study of child-rearing expenditures (BR3).
3. The BR3 measurements were updated to September 2015 price levels to develop the existing schedule.
4. Child-rearing expenses that are considered on a case-by-case basis were excluded from the BR3 measurements in the conversion to the existing child support schedule. The excluded expenses were child care expenses, the child's health insurance premium, and the child's extraordinary, unreimbursed medical expenses.
5. The BR measurements are converted from a total-expenditures base to a net-income base by using the average expenditures to net-income ratios calculated from the same families in the Consumer Expenditures (CE) data that Betson used to measure child-rearing expenditures.
6. The BR3 measurements, which cover combined incomes up to about $22,000 net per month were extrapolated to extend the schedule to combined incomes of $30,000 net per month and to develop a formula for combined incomes exceeding $30,000 net per month.
7. A self-support reserve of $981 per month, which is the 2015 federal poverty guidelines (FPG) for one person, is incorporated into the existing schedule.
8. A standard-parenting expense is incorporated into the existing schedule.

Discussion of Individual Factors for Consideration of Updating the Schedule

When considering whether to update the schedule and how to update the schedule, the DRPRC reviewed each of the listed data sources and assumptions above individually. In general, the DRPRC did not believe that there were any overwhelming reasons or evidence to suggest major assumption changes, but supported updating the schedule for more current data when available. This included updating the schedule for new BR measurements, more current price levels, and the most current FPG. This also encompasses updating the amounts at higher incomes to align with the use of the new BR measurements. The notable exception to this general approach was a change in the standard-parenting expense incorporated into the schedule. As detailed later, the existing adjustment is nominal and does

not lend itself well to adjusting upward/downward if parenting time is more/less than the standard amount assumed in the schedule.

Factor 1: Guidelines Model

The guidelines model is a policy decision. The most common principle used for state guidelines models is what University of Wisconsin researchers call the "continuity of expenditures model"—that is, the child support award should allow the children to benefit from the same level of expenditures had the children and both parents lived together. [45] In the income shares guidelines model—which is used by 41 states, including Pennsylvania—the obligated parent's prorated share of that amount forms the basis of the guidelines-determined amount. In most of the seven states that use the percentage-of-obligor income guidelines model, it is often presumed that the custodial parent contributes an equal dollar amount or percentage of income to child-rearing expenditures.

Besides the income shares guidelines model and the percentage-of-obligor income guidelines model, three states (*i.e.*, Delaware, Hawaii, and Montana) use the Melson formula, which is essentially a hybrid of the income shares approach and the percentage-of-obligor income guidelines. Each of these states prorates a basic level of support to meet the primary needs of the child; then, if the obligated parent has any income remaining after meeting his or her share of the child's primary support, his or her own basic needs, and payroll taxes, an additional percentage of his or her income is added to his or her share of the child's primary support.

Research finds that other factors (*e.g.*, the economic basis, whether the schedule has been updated for changes in price levels, and adjustments for low-income parents) affect state differences in guidelines more than the guidelines model. [46] Nonetheless, two states (Illinois and Arkansas) have switched to the income shares guidelines in recent years. The Illinois committee reviewing the guidelines recommended switching to income shares in 2010, and it became effective in 2017. Arkansas began using income shares in 2020 and took less time to make the change. Other states that have switched to income shares in the last two decades (*i.e.*, District of Columbia, Georgia, Massachusetts, and Tennessee) have generally taken several years. Part of the reason is the time necessary to draft changes, obtain public input, and move through the legislative process. In addition, time is needed to draft new agency rules and develop and test automated guidelines calculators. All states that have changed guidelines models in the last two decades have switched to income shares.

Besides the guidelines models in use, there are several other guidelines models not in use. In general, there was no overwhelming reason for Pennsylvania to consider switching guidelines models.

[45] Ingrid Rothe and Lawrence Berger. (Apr. 2007). "Estimating the Costs of Children: Theoretical Considerations Related to Transitions to Adulthood and the Valuation of Parental Time for Developing Child Support Guidelines." IRP Working Paper, University of Wisconsin: Institute for Research on Poverty, Madison, WI.

[46] Venohr, J. (Apr. 2017). Differences in State Child Support Guidelines Amounts: Guidelines Models, Economic Basis, and Other Issues. *Journal of the American Academy of Matrimonial Lawyers*.

Factor 2: Economic Study

As described earlier, there are several measurements of child-rearing expenditures that form the basis of state guidelines. The newest Betson-Rothbarth (BR5) clearly emerged as the most appropriate study to use for updating the Pennsylvania schedule. Its underlying data is more current than that of any other study. It also essentially uses the same methodology and assumption as the basis of the existing schedule, which is an earlier Betson-Rothbarth study. The few modifications are improvements to the underlying Consumer Expenditure (CE) data (*i.e.,* an improvement to how income is measured, a switch from using total expenditures to total outlays, and an improvement to how taxes are calculated). Further, no other study was clearly better in methodology or appropriateness for Pennsylvania.

Factor 3: Adjust to Current Price Levels

The existing schedule is based on price levels in September 2015. The proposed schedule considers October 2020 prices, which was the most recent month available when the DRPRC finalized its recommendation. Prices have increased by 9.4 percent between the two time periods.

Factor 4: Exclude Childcare Expenses and Out-of-Pocket Healthcare Costs

The measurements of child-rearing expenditures cover *all* child-rearing expenditures, including child care expenses and the out-of-pocket healthcare expenses for the child. This includes out-of-pocket insurance premium on behalf of the child and out-of-pocket extraordinary, unreimbursed medical expenses such as deductibles. These expenses are widely variable among cases (*e.g.*, child care expenses for an infant are high, and there is no need for child care for a teenager). Instead of putting them in the schedule, the actual amount of the expense is addressed on a case-by-case basis in the worksheet. To avoid double-accounting in the schedule, these expenses are subtracted from the measurements when developing the existing and updated schedules. Appendix A provides the technical details on how this is done.

Inclusion of $250 per Child per Year for Out-of-Pocket Medical Expenses

However, there is an exception to excluding the child's medical expenses. An amount to cover ordinary out-of-pocket healthcare expenses (*e.g.*, aspirin and copay for well visit) was retained in both the existing and updated schedule. The current schedule assumes up to $250 per child per year for ordinary out-of-pocket healthcare expenses based on data. That assumption is retained for the proposed, updated schedule because the average is still near $250 per child per year. The concern, however, is the amount varies significantly among those with Medicaid and those with private insurance, particularly with high deductibles. The 2015 Medical Expenditure Panel Survey (MEPS) finds that the average out-of-pocket medical expense per child was $248 per year but varied depending on whether the child was enrolled in public insurance such as Medicaid or had private insurance. Based on MEPS data, out-of-pocket medical expenses averaged $63 per child per year for children who had public insurance and $388 per child per year for those with private insurance.[47] The 2017 MEPS data has not drilled down to

[47] U.S. Department of Health & Human Services Agency for Healthcare Research and Quality. (n.d.). *Medical Expenditure Panel Survey.* Retrieved from https://www.meps.ahrq.gov/mepsweb/data_stats/meps_query.jsp.

the public insurance and private insurance level, but they do report an average for all children, $271 per child, which is close to the $250 level.

Some states are responding to the disparity in out-of-pocket expenses between those with public insurance and those with private insurance in two ways. One way is to include *no* ordinary out-of-pocket medical expenses (*e.g.,* Connecticut and Virginia) in the schedule. This would reduce the schedule amounts. This means parents must share receipts for *all* out-of-pocket medical expenses, not just those exceeding $250 per child per year. The major pro of this approach is it more accurate. The major cons are it requires more information sharing and coordination between the parties and the burden falls on the parent incurring the expense: both in sharing and coordinating the information and paying for the expense if the other party fails to pay his or her share or initiating an enforcement action for that expense. In addition to including no ordinary out-of-pocket medical expenses in the schedule, Michigan and Ohio take the method one step further. Not only do they exclude all healthcare expenses from the schedule, but they provide a standardized amount of out-of-pocket medical expenses that is added in the worksheet as a line item similar to the add-on for child care expenses. That amount can vary depending on whether the insurance is private insurance or Medicaid enrollment.

Exhibit 18 illustrates how this works in Ohio, which uses annual income rather than monthly income. The major pros to this approach are that it can better address the out-of-pocket healthcare expenses and does not require a change in the schedule to update the standardized amount for out-of-pocket medical expenses. The cons are that it makes the calculation more cumbersome and requires knowledge of whether the children are enrolled in Medicaid (which may change frequently).

Although the DRPRC has concerns about the treatment of healthcare expenses, there was no alternative that emerged as clearly better and more appropriate than the current approach for addressing the child's healthcare expenses.

Exhibit 18: Illustration of Ohio's Alternative Approach to Out-of-Pocket Medical Expenses

Worksheet Calculation			
	Parent A	Parent B	Combined
1. Annual Income	$40,000.00	$40,000.00	$80,000.00
2. Share of Income	50%	50%	
3. Schedule Amount (Annual)			$20,000.00
4. Annual Cash Medical			$388.70
5. Total Obligation			$20,388.70
6. Each Parent's Share (Line 2 x Line 5)	$10,194.35	$10,194.35	

Cash Medical Obligation	
Number of Children	Annual Cash Medical Amount
1	$388.70
2	$777.40
3	$1,166.10
4	$1,554.80
5	$1,943.50
6	$2,332.20

Factor 5: Conversion of Expenditures to Net Income

The need for this conversion is illustrated by Exhibit 17 on page 27. As stated earlier, Betson reports the measurements of child-rearing expenditures as a percentage of total expenditures. Thus, they must be

converted from a percentage of total expenditures to a net-income basis because the schedule relates to net income. The conversion for the existing schedule was done by taking the expenditures-to-income ratio for the same subset of CE families used to develop the measurements. These ratios are shown in Appendix A, as well as an example of how the conversion is made. This is how most states using the BR measurements make the conversion. The only notable exception is the District of Columbia that assumes that all after-tax income is spent; hence makes no adjustment. (This results in larger schedule amounts that become progressively larger as income increases.) The DRPRC saw no compelling reason to change the conversion method from the existing schedule for the proposed schedule.

Factor 6: Extrapolate to Higher Incomes

The BR5 measurements are available for combined incomes up to about $22,000 net per month. Above this level, there is insufficient information to know how the percentage of income devoted to child-rearing expenditures changes. For example, it is unknown whether those with combined incomes of $25,000 net per month devote the same percentage of income to child-rearing expenditures as those with $35,000 net per month.

A similar issue existed in the development of the existing schedule and earlier versions of the Pennsylvania schedule. In the past, an extrapolation formula, based on logged income to the third degree, was developed from the BR percentages at lower incomes and applied to higher incomes to develop schedule amounts at higher incomes. As discussed in more detail in Appendix A, a similar extrapolation was made in the updated schedule shown in Appendix B.

Factor 7: Incorporate a Self-Support Reserve

The intent of the self-support reserve (SSR) is to allow the obligated parent sufficient income after payment of child support to live at least at a subsistence level. The existing schedule uses the 2015 federal poverty guidelines (FPG) for one person ($981 per month). The updated schedule includes the 2020 FPG, which is $1,063 per month. As discussed in greater detail in Appendix A, It is incorporated into the schedule using the same methodology to incorporate it into the existing schedule. Specifically, first, the BR5-amount for a particular combined net income and number of children is compared to the difference between net income and the SSR. That difference is weighted by a factor of 90 percent for one child, 91 percent for two children, 93 percent for three children, and so forth up to 95 percent for six children. The purpose of the weight is not to assign each additional dollar to child support; that is, provide an economic incentive to increase income. A larger weight is assigned for more children because more children cost more. If the weighted difference is less than the BR5-based schedule, it appears in the schedule.

Factor 8: Incorporate an Adjustment for Some Parenting Time

The existing schedule incorporates an adjustment that assumes that children spend 30 percent of their time with the obligated parent and that the obligated parent incurs some food expenditures and entertainment expenditures for the children when they are with the obligated parent. Because this only considers some child-rearing expenditures (*i.e.,* some but not all food and entertainment expenses) and for only 30 percent of the child's time, the adjustment is small: it reduces the schedule amounts based

on the BR amounts by five to six percent depending on the number of children. The strength of this approach is it applies some sort of adjustment in every case. The weaknesses are that an adjustment may not be appropriate in every case because not all children spend exactly 30 percent of their time with the obligated parent, how to factor in this adjustment when the timesharing arrangement is more or less than 30 percent is confusing, and its impact is nominal. Adding to the confusion is that it is in addition to the substantial and physical custody adjustment, which is applicable if there is more than 40 percent timesharing. With the change to the BR5 measurements, it presents an opportunity to eliminate the adjustment, which will establish a clearer path to developing future timesharing adjustments that are more appropriate for Pennsylvania families and children.

SECTION 4: IMPACT OF UPDATED SCHEDULE AND LOW-INCOME ADJUSTMENT

This section uses nine case scenarios to examine the impact of updating the schedule. The median earnings of Pennsylvania workers by highest educational attainment and gender are used to develop case scenarios to compare the existing schedule to updated schedules. Earnings are reported for five levels of educational attainment by the U.S. Census 2018 American Community Survey.[48] It is assumed that the median earnings of the receiving party are those of a female worker in Pennsylvania and the median earnings of the obligated parent are those of a male worker in Pennsylvania.[49] There are no adjustments for special factors such as adjustments to income for qualified additional dependents, the cost of the child's health insurance premium, or substantial shared physical custody.

In addition, four other scenarios are considered. The first scenario assumes that each parent's income is equivalent to full-time, minimum wage ($7.25 per hour). The last three scenarios consider high income.

Exhibit 19: Summary of Case Scenarios Used to Compare Impact of Updated Schedule

Case Scenario	Approximate Net Monthly Income of Obligated Parent	Approximate Net Monthly Income of Receiving Party
1. Each parent earns full-time, minimum wage	$1,138	$1,138
2. Parent's earnings are equivalent to median earnings of Pennsylvania workers with less than a high school education	$2,215	$1,476
3. Parent's earnings are equivalent to median earnings of Pennsylvania workers whose highest education attainment is a high school degree or GED	$2,814	$1,848
4. Parent's earnings are equivalent to median earnings of Pennsylvania workers whose highest education attainment is some college or an associate degree	$3,255	$2,229
5. Parent's earnings are equivalent to median earnings of Pennsylvania workers whose highest education attainment is a college degree	$4,315	$3,209
6. Parent's earnings are equivalent to median earnings of Pennsylvania workers whose highest education attainment is graduate degree	$5,634	$4,201
7. High-income (combined income of $16,000 net per month)	$8,000	$8,000
8. High-income (combined income of $20,000 net per month)	$12,000	$8,000
9. High-income (combined income of $25,000 net per month)	$15,000	$10,000

[48] U.S. Census data is retrieved from https://www.census.gov/data/tables.html .
[49] According to national data, over 80 percent of custodial parents are females.

Exhibits 20, 21, and 22 compare the schedule amounts for one, two, and three children. According to the preliminary analysis of case file data, 65 percent of the orders are for one child, 26 percent are for two children, seven percent are for three children, and two percent are for four children. The patterns for three children will be similar for four and more children.

For Case 1, the updated SSR would apply under the proposed, updated schedule. It produces decreases for that scenario regardless of the number of children. The updated SSR, however, would not apply to Case 2 under the proposed, updated schedule.

In general, the comparisons show nominal changes for the one-child amounts until the combined net income of the parties becomes substantial, which is the situation in case scenario 5 that is based on the median earnings of Pennsylvania workers with a college degree. The proposed, updated schedule produces order amounts that progressively get higher among the remaining scenarios, which involve more and more income. For more children, the increase starts at lower income (*i.e.,* Case 4 for two children and Case 3 for three children), but also progressively increases with more and more income.

Exhibit 20: Case Comparisons for One Child

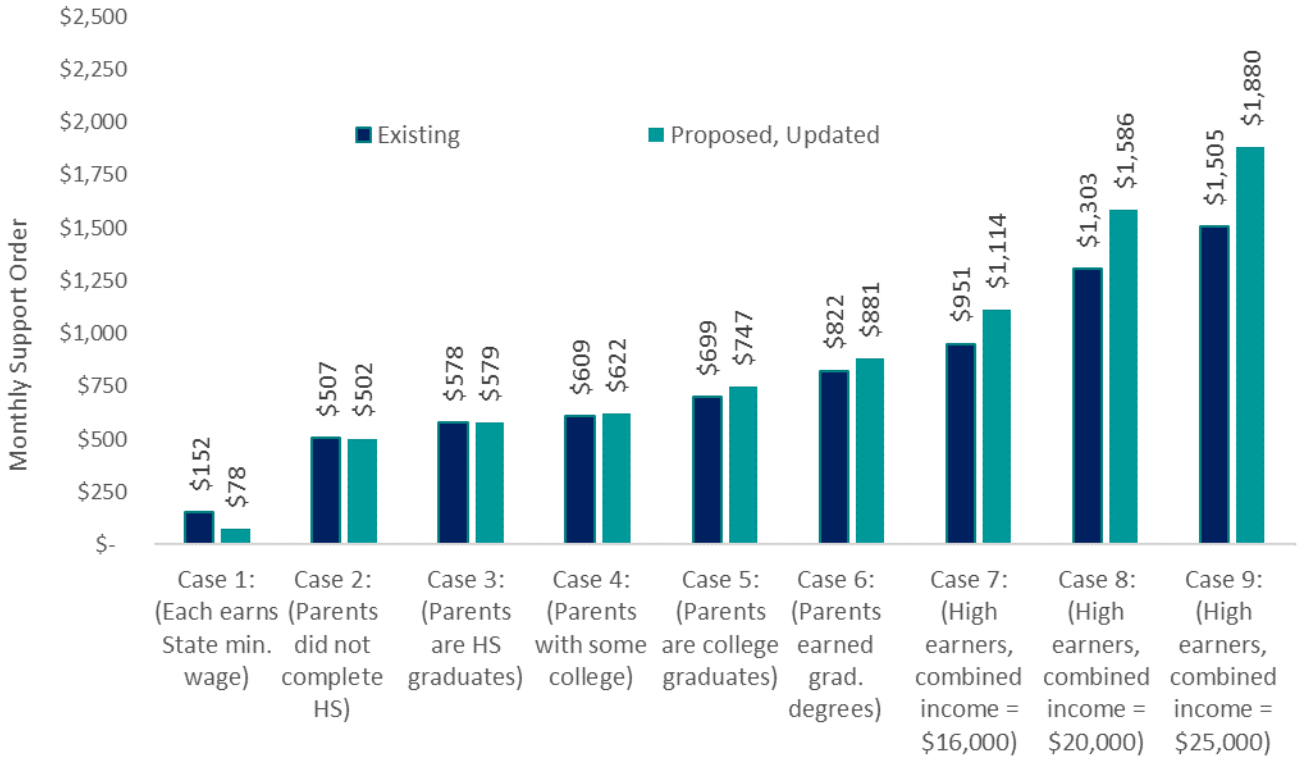


Exhibit 21: Case Comparisons for Two Children

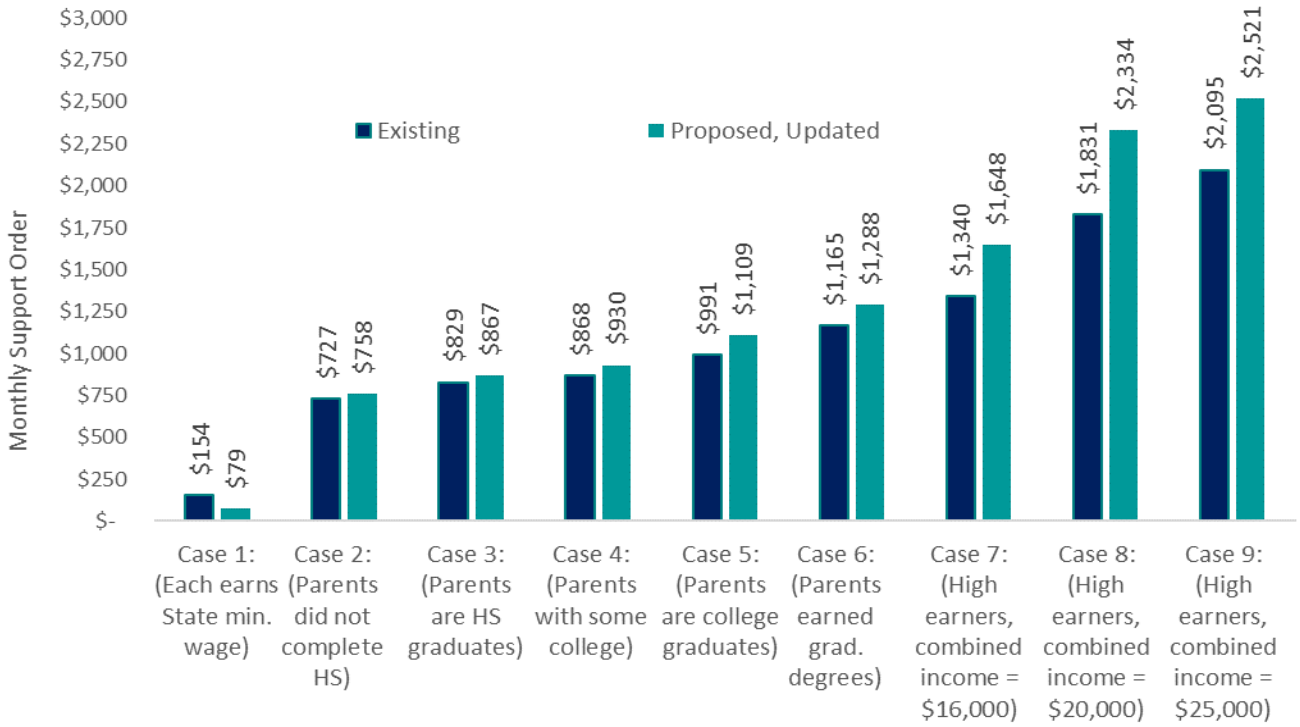
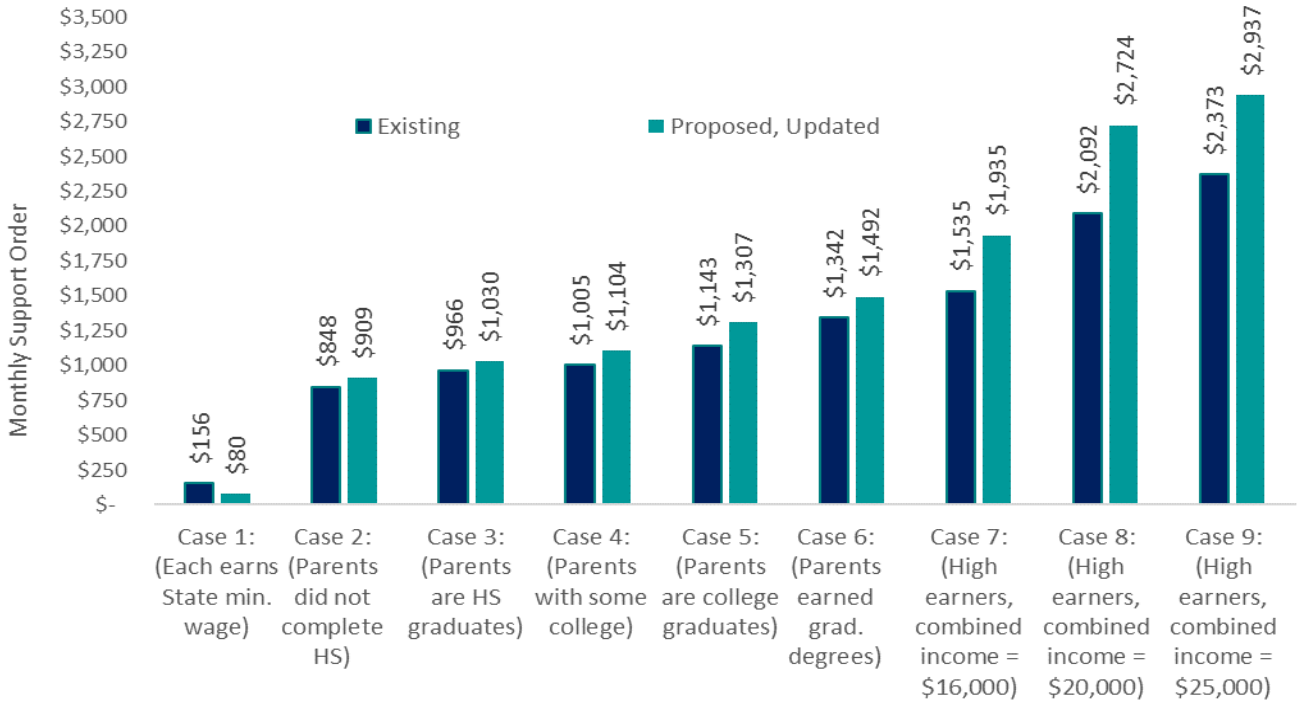


Exhibit 22: Case Comparisons: Three Children



SECTION 5: CONCLUSIONS

Pennsylvania is reviewing its child support guidelines. The Pennsylvania Domestic Relations Procedural Rules Committee (DRPRC) is conducting the review and developing recommendations. In turn, their recommendations will be posted on Court website for public comment and submitted to the Pennsylvania Supreme Court for final approval. In reviewing the guidelines, the DRPRC met all federal and state requirements of the guidelines review process. The DRPRC also reviewed all federal and state requirements of guidelines themselves, particularly those imposed by new federal regulations that were adopted in December 2016. States essentially have until the year following their next review commencing a year after December 2016 to meet these requirements.

To meet the additional 2016 requirements of state guidelines themselves, the DRPRC has drafted provisions that fulfill the federal requirement (45 C.F.R. § 302.56(c)(1)(iii)) to consider the individual circumstances of a party when income is imputation is authorized and the federal requirement (45 C.F.R. § 302.56(c)(3)) to not presume that an incarcerated parent is involuntarily unemployed. The existing Pennsylvania guidelines meets all other federal requirements of state guidelines. In addition, the DRPRC developed other recommendations to improve the application of the guidelines to Pennsylvania families and children and recommends updating the schedule for more current economic data.

In all, Pennsylvania's review and the recommended guidelines changes meet all federal and state requirements. Moreover, they will better serve Pennsylvania families and children by providing appropriate, consistent, and predictable child support order amounts.

APPENDIX A: TECHNICAL DOCUMENTATION OF THE UPDATED SCHEDULE

There are several technical considerations and steps taken to update the schedule. The economic data and assumptions underlying the updated schedule are summarized below.

- There are no significant changes in the underlying principles and guidelines model.
- The basis for the schedule is the fifth set of Betson-Rothbarth (BR) measurements, which are described in Section 3.
- The schedule is updated to 2020 price levels.
- The schedule does not include child care expenses, the cost of the child's health insurance premium, and the extraordinary, unreimbursed medical expenses of the child. The guidelines calculation considers the actual amounts expended for these items on a case-by-case basis. Specifically, each parent is responsible for his or her prorated share of these expenses.
- The BR measurements of child-rearing expenditures are expressed as a percentage of total family expenditures and are converted to net income for guidelines purposes.
- The amounts for incomes above $22,000 per month are based on an extrapolation of the data from incomes below $22,000 per month.
- The schedule is based on the average of all expenditures on children from ages 0 through 17 years. There is no adjustment for the child's age.
- The schedule incorporates a self-support reserve (SSR) based on the 2020 federal poverty guidelines for one person.

This Appendix provides more detail to the underlying data and assumptions described to the overview of the schedule update in Section 3. It also provides more detail about the underlying data. Exhibit A-1 shows the data that Professor Betson provided CPR to convert the BR5 measurements to a child support schedule that was mentioned in Section 3.

Overview of Income Ranges

In all, Betson provided CPR with information for 25 income ranges that were generally income intervals of $5,000 to $20,000 per year. CPR collapsed a few of them to average out some anomalies (*e.g.,* a spike in the percentage of total expenditures devoted to child-rearing expenditures once childcare and extraordinary medical expenses were excluded.) The collapsing resulted in the 20 income ranges shown in Exhibit A-1.

Exhibit A-1: Parental Expenditures on Children and Other Expenditures by Income Range Used in the BR5 Schedule								
Annual After-Tax Income Range (2020 dollars)	Number of Observa-tions	Total Expenditures as a % of After-Tax Income	Expenditures on Children as a % of Total Consumption Expenditures (Rothbarth 2013–2019 data)			Childcare $ as a % of Consump-tion (per child)	Total Excess Medical $ as a % of Consumption	
			1 Child	2 Children	3 Children		(per capita)	(total)
$ 0 – $19,999	283	>200%	22.433%	34.670%	42.514%	0.473%	0.870%	3.005%
$20,000 – $29,999	306	134.235%	23.739%	36.642%	44.893%	0.437%	0.894%	3.208%
$30,000 – $34,999	306	107.769%	24.057%	37.118%	45.462%	0.407%	1.047%	3.722%
$35,000 – $39,999	409	103.780%	24.222%	37.364%	45.755%	0.647%	1.390%	4.878%
$40,000 – $44,999	428	100.064%	24.362%	37.571%	46.002%	0.721%	1.468%	5.301%
$45,000 – $49,999	416	97.195%	24.452%	37.705%	46.161%	0.747%	1.539%	5.485%
$50,000 – $54,999	399	92.716%	24.509%	37.789%	46.261%	0.855%	1.609%	5.887%
$55,000 – $59,999	367	90.548%	24.580%	37.894%	46.386%	1.210%	2.166%	7.389%
$60,000 – $64,999	335	86.130%	24.615%	37.945%	46.447%	0.776%	2.071%	7.474%
$65,000 – $69,999	374	84.016%	24.668%	38.025%	46.541%	1.255%	2.114%	7.525%
$70,000 – $74,999	333	82.671%	24.725%	38.108%	46.640%	1.586%	2.121%	7.375%
$74,999 – $84,999	615	82.690%	24.820%	38.249%	46.807%	1.743%	2.343%	7.894%
$85,000 – $89,999	318	78.663%	24.863%	38.311%	46.880%	1.392%	2.155%	8.331%
$90,000 – $99,999	565	76.240%	24.912%	38.384%	46.966%	1.658%	2.000%	7.888%
$100,000 – $109,999	493	75.488%	24.996%	38.508%	47.113%	2.159%	1.946%	7.121%
$110,000 – $119,999	374	73.058%	25.054%	38.593%	47.213%	2.523%	1.942%	7.583%
$120,000 – $139,999	468	71.731%	25.142%	38.722%	47.365%	2.477%	1.893%	6.494%
$140,000 – $159,999	240	70.658%	25.266%	38.904%	47.579%	3.073%	1.855%	7.516%
$160,000 – $199,999	512	62.753%	25.322%	38.986%	47.676%	1.790%	1.806%	7.037%
$200,000 or more	498	58.427%	25.571%	39.350%	48.103%	2.459%	1.554%	6.501%

Steps to Convert to Schedule

The steps used to convert the information from Exhibit A-1 to the updated schedule in Appendix B are the same steps used to develop the existing schedule.

The steps are presented in the order that they occur, not in the order that the factors were discussed in Section 3.

The steps consist of:

Step 1: Exclude childcare expenses.

Step 2: Exclude child's healthcare expenses except up to the first $250 per year per child that is used to cover ordinary, out-of-pocket medical expenses for the child.

Step 3: Adjust for ratio of expenditures to after-tax income.

Step 4: Update for current price levels.

Step 5: Extend measurements to combined incomes above $22,000 per month.

Step 6: Develop marginal percentages.

Step 7: Extend measurements to four and more children.

Step 8: Incorporate the self-support reserve.

Step 1: Exclude Child Care Expenses

Child care expenses are excluded because the actual amount of work-related childcare expenses is considered in the guidelines calculation on a case-by-case basis. The actual amount is considered because of the large variation in child care expenses: the child care expense is none for some children (*e.g.*, older children) and substantial for others (*e.g.*, infants in center-based care). Not to exclude them from the schedule and to include the actual amount in the guidelines calculation (typically as a line item in the worksheet) would be double-accounting.

Starting with the expenditures on children, which is shown in fourth column of Exhibit A-1, average childcare expenses are subtracted from the percentage of total income devoted to child-rearing. For example, at combined incomes of $60,000 to $64,999 per year, 37.945 percent of total expenditures is devoted to child-rearing expenditures for two children. Childcare comprises 0.776 percent of total expenditures per child. The percentage may appear small compared to the cost of child care, but it reflects the average across all children regardless whether they incur child care expenses. Child care expenses may not incur because the children are older, a relative provides child care at no expense, or another situation.

The percentage of total expenditures devoted to child care is multiplied by the number of children (*e.g.,* 0.776 multiplied by children is 1.552%). Continuing with the example of a combined income of $60,000 to $64,999 net per month, 1.552 percent is subtracted from 37.945 percent. The remainder, 36.393, (37.945 minus 1.552 equals 36.393) is the adjusted percentage devoted to child-rearing expenditures for two children that excludes child care expenses.

One limitation is that the CE does not discern between work-related child care expenses and child care expenses the parents incurred due to entertainment (*e.g.,* they incurred child care expenses when they went out to dinner.) This means that work-related child care expenses may be slightly overstated. In turn, this would understate the schedule amounts. Similarly, if there are economies to scale for child care, multiplying the number of children by the percentage per child would overstate actual child care expenses. When subtracted from the schedule, this would reduce the schedule too much. However, due to the small percentage devoted to child care expenses, any understatement is likely to be small.

Step 2: Exclude Medical Expenses

A similar adjustment is made for the child's medical expenses except an additional step is taken. Exhibit A-1 shows the excess medical percentage, which is defined as the cost of health insurance and out-of-pocket medical expenses exceeding $250 per person per year. It is shown two ways: the per-capita amount and the average amount for the entire household. Either way considers expenditures on the two adults in the household. It is adjusted to a per-child amount since medical expenses of children are less. The underlying data do not track whether the insurance premium or medical expense was made for an adult's or child's healthcare needs or both.

Based on the 2017 National Medical Expenditure survey, the annual out-of-pocket medical expense per child is $270, while it is $615 for an adult between the ages of 18 and 64.[50] In other words, an adult's out-of-medical expenses is 2.28 times more than a child's. This information is used to recalibrate the per-person excessive medical amount shown in Exhibit A-1 to a per-child amount. For example, at combined incomes of $60,000 to $64,999 per year, the total excess medical expense is 7.474 percent. The adjusted child amount is 7.474 divided by the weighted amounts for family members (6.1684 based on 2.28 times two adults plus the average number of children for this income range, 1.6084). The quotient, 1.212 percent, is the per-child amount for excess medical. It is less than the per-capita amount of 2.071 percent.

Continuing from the example in Step 1, where 36.393 is the percentage that excludes child care for two children at a combined income of $60,000 to $64,999 per year, 1.212 multiplied by two children is subtracted to exclude the children's excessive medical expenses. This leaves 33.969 as the percentage of total expenditures devoted to raising two children, excluding their childcare expenses and excess medical expenses.

Step 3: Convert to After-Tax Income

The next step is to convert the percentage from above to an after-tax income by multiplying it by expenditures to after-tax income ratios. Continuing using the example of combined income of $60,000 to $64,999 per year, the ratio is 86.130. When multiplied by 33.969, this yields 29.257 percent of after-tax income being the percentage of after-tax income devoted to raising two children, excluding their childcare and excess medical expenses.

Step 4: Adjust to Current Price Levels

The amounts in Exhibit A-1 are based on May 2020 price levels. They are converted to October 2020 price levels using changes to the Consumer Price Index (CPI-U), which is the most commonly used price index.[51] The adjustment is applied to the midpoint of each after-tax income range.

Step 5: Develop Marginal Percentages

The information from the previous steps is used to compute a tax table-like schedule of proportions for one, two, and three children. The percentages from above (*e.g.,* 29.257% for two children for the combined income of $60,000 to $64,999 per year) are assigned to the midpoint of that income range adjusted for inflation. Marginal percentages are created by interpolating between income ranges. For the highest income range, the midpoint was supplied by Betson, it was $258,887 per year in May 2020 dollars. When converted to October 2020 dollars and a monthly amount, it is $21,910 per month.

Another adjustment was made at low incomes. The percentages for incomes below $30,000 net per year were actually less than the amounts for the net income range $30,000 to $34,999 per year. This is an artificial result caused by the cap on expenditures in Step 3, which is also shown in Exhibit 37. Decreasing percentages result in a smooth decrease when the parent receiving support has more

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[50] Agency for Healthcare Research and Quality. (Jun. 2020). *Mean expenditure per person by source of payment and age groups, United States, 2017. Medical Expenditure Panel Survey*. Generated interactively: June 12, 2020, from https://www.meps.ahrq.gov/mepstrends/hc_use/.

[51] The increase from May 2020 to October 2020 is 1.558% based on 260.388 divided by 256.394 and subtracting 100%. Source: U.S. Bureau of Labor Statistics. (n.d.) *Consumer Price Index Historical Tables for U.S. City Average.* Retrieved from CPI Home : U.S. Bureau of Labor Statistics (bls.gov).

income. This is the general result of the steps so far. The exception is at low incomes because of the cap. Without the cap, it will also produce decreasing percentages. For the purposes of the child support schedule, the percentage from the $30,000 to $34,999 are applied to all incomes less than $30,000 per year. For one child, the percentages are actually from the $35,000 to $39,999 income range. To be clear, this is still less than what families of this income range actually spend on children.

Exhibit A-2: Schedule of Proportions for One, Two, and Three Children

Annual After-Tax Income Range (May 2020 dollars)	Monthly Midpoint of Income Range (Oct. 2020 Dollars)	One Child		Two Children		Three Children	
		Midpoint	Marginal Percentage	Midpoint	Marginal Percentage	Midpoint	Marginal Percentage
< $30,0000	$0	23.041%	23.041%	35.086%	35.086%	42.414%	42.414%
$30,000 – $34,999	$2,751	23.041%	23.041%	35.086%	30.397%	42.414%	34.813%
$35,000 – $39,999	$3,174	23.041%	20.834%	34.461%	34.031%	41.401%	40.211%
$40,000 – $44,999	$3,597	22.782%	16.965%	34.410%	25.320%	41.261%	30.000%
$45,000 – $49,999	$4,020	22.169%	10.445%	33.453%	14.985%	40.075%	17.008%
$50,000 – $54,999	$4,443	21.053%	9.406%	31.694%	10.817%	37.879%	8.818%
$55,000 – $59,999	$4,866	20.040%	13.143%	29.879%	22.110%	35.351%	29.299%
$60,000 – $64,999	$5,289	19.488%	7.992%	29.257%	9.168%	34.867%	7.438%
$65,000 – $69,999	$5,713	18.637%	11.118%	27.769%	14.584%	32.835%	14.789%
$70,000 – $74,999	$6,136	18.118%	16.525%	26.860%	23.208%	31.591%	25.699%
$74,999 – $84,999	$6,771	17.969%	12.081%	26.518%	19.891%	31.038%	25.883%
$85,000 – $89,999	$7,405	17.464%	9.419%	25.950%	13.114%	30.597%	14.370%
$90,000 – $99,999	$8,040	16.829%	12.140%	24.936%	16.107%	29.315%	16.595%
$100,000 – $109,999	$8,886	16.382%	7.712%	24.095%	9.708%	28.104%	9.272%
$110,000 – $119,999	$9,733	15.628%	14.265%	22.844%	21.151%	26.466%	24.896%
$120,000 – $139,999	$11,002	15.471%	11.375%	22.649%	15.036%	26.285%	15.418%
$140,000 – $159,999	$12,695	14.925%	9.996%	21.634%	17.177%	24.836%	23.161%
$160,000 – $199,999	$15,234	14.103%	10.376%	20.891%	14.835%	24.557%	16.780%
$200,000 or more	$21,910	12.968%		19.046%		22.187%	

Step 6: Extend to Combined Net Incomes beyond $22,000 per Month.

The BR5 measurements are available for combined incomes up to about $22,000 net per month. Above this level, there is insufficient information to know how the percentage of income devoted to child-rearing expenditures changes. For example, it is unknown whether those with combined incomes of $25,000 net per month devote the same percentage of income to child-rearing expenditures as those with $35,000 net per month.

A similar issue existed in the development of the existing schedule and earlier versions of the Pennsylvania schedule. In the past, an extrapolation formula, based on logged income to the third degree, was developed from the BR percentages at lower incomes to estimate the percentage midpoint at higher incomes. The logged values and cubing allow for a non-linear estimating equation for the percentage of expenditures as income increases: specifically, an equation in which the percentages decrease at an increasing rate. Separate equations were estimated for one and two children. Using the results from the regression equations, the percentage midpoint at a combined net income of $30,000 per month is calculated for one and two children: they yielded 12.03 percent for one child and 14.17

percent for two children. Due to an anomalous result from the extrapolation formula applied to three children, the calculated multiplier from two to three children, which is 1.165 percent (and implies that three children cost 116.5% more than two children), was used to arrive at the three-child midpoint percentage (16.50%) at a combined net income of $30,000. Marginal percentages were developed between the last income interval shown in Exhibit A-2 (monthly net income of $11,910) and $30,000 net. The marginal percentages are 9.5 percent for one child; 0.95 percent for two children; and 1.11 percent for three children. A marginal percentage of 9.5 percent implies that expenditures on one child increase by $9.50 for every $100 increase in combined net income. A low marginal percentage implies a plateauing of child-rearing expenditures; that is, there are only minute increases in expenditures when the combined net income increases.

For the income formulas above $30,000 net per month, the regression equations were also used to estimate the percentage midpoint for one and two children only at a combined net income of $40,000 per month instead of $30,000 per month. This produced estimated midpoints of 11.61 percent for one child and 11.64 percent for two children.[52] The midpoint percentage for three children at a combined net income of $40,000 was estimated using the same methodology as was used for the midpoint percentage at a combined net income of $30,000 per month. It was estimated to be 13.56 percent. In turn, marginal percentages were calculated between the estimated midpoints of $30,000 and $40,000 per month for one, two and three children. This produced marginal percentages of 10.4 percent for one child, 4.0 percent for two children, and 4.7 percent for three children. Since increasing marginal percentages are required to produce basic obligations that increase with more children, the marginal percentage for one child was capped at 4 percent.

The pros of this approach are it provides a predictable and consistent formula at very high income, it is based on actual data, and it recognizes that the percentage of expenditures devoted to child-rearing is not a constant percentage, rather it changes with income and the number of children. The major cons to this approach are that it is an estimation, and the probability of error increases as the marginal percentage is estimated for a greater amount of income.

Step 7: Extend to More Children

Most of the measurements only cover one, two, and three children. The number of families in the CE with four or more children is insufficient to produce reliable estimates. For many child support guidelines, the National Research Council's (NRC) equivalence scale, as shown below, is used to extend the three-child estimate to four and more children.[53]

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

[52] The small difference between one child and two children at this high income suggests an increasing economies of scale with more children at very high incomes. On the one hand, this may be a topic of further research particularly given the Rodgers (2017) findings discussed earlier that also suggest a larger economies of scale for more children than the BR measurements. On the other hand, only 0.1 percent of orders extracted for the analysis involved child support orders were the combined income of the parties exceeded $30,000 net per month.

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

Application of the equivalence scale 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.

Step 8: Adjust for the SSR

The schedule provides a self-support reserve (SSR) equivalent 2020 Federal Poverty Guidelines for one person, which was $1,063 per month. It is incorporated into the schedule using the same methodology to incorporate it into the existing schedule. Specifically, first, the BR5-amount for a particular combined net income and number of children is compared to the difference between net income and the SSR. That difference is weighted by a factor of 90 percent for one child, 91 percent for two children, 93 percent for three children, and so forth up to 95 percent for six children. The purpose of the weight is not to assign each additional dollar to child support; that is, provide an economic incentive to increase income. It varies by the number of children to reflect the additional expense from more children. If the weighted difference is less than the BR5-based schedule, it appears in the schedule. The area adjusted for the SSR is shown by the blue-shaded area of the schedule in Appendix B.

Consumer Expenditure Data

Most studies of child-rearing expenditures, including the BR measurements, draw on expenditures data collected from families participating in the Consumers Expenditures Survey (CE) that is administered by the Bureau of Labor Statistics (BLS). Economists use the CE because it is the most comprehensive and detailed survey conducted on household expenditures and consists of a large sample. The CE surveys about 7,000 households per quarter on expenditures, income, and household characteristics (*e.g.*, family size). Households remain in the survey for four consecutive quarters, with households rotating in and out each quarter. Most economists, including Betson, use three or four quarters 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. (In Appendix A, Betson does explore using quarterly wage data rather than analyzing CE data.)

In all, the BR5 study relies on expenditures/outlays data from almost 14,000 households, in which over half had a minor child present in the household. The subset of CE households considered for the BR5 measurements used to develop the existing updated schedule consisted of married couples of child-rearing age with no other adults living in the household (*e.g.*, grandparents), households with no change in family size or composition during the survey period, and households with at least three completed interviews. Other family types were considered, which also changed the sample size, but the percentage of child-rearing expenditures in these alternative assumptions did not significantly change the percentage of expenditures devoted to child-rearing expenditures. The other family types included in these expanded samples were households with adult children living with them and domestic partners with children.

The CE asks households about expenditures on over 100 detailed items. Exhibit A-3 shows the major categories of expenditures captured by the CE. It includes the purchase price and sales tax on all goods purchased within the survey period. In recent years, the CE has added another measure of

"expenditures" called "outlays." The key difference 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 theater system during the survey period, puts nothing down, and pays for the home theater system through 36 months of installment payments. The expenditures measure would capture the total purchase price of the home theater system. The outlays measure would only capture the installment payments made in the survey period.

The BLS designed the CE 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 CE at a state level. The costs and time requirements would be prohibitive.

Outlays include mortgage principal payments, payments on second mortgages, and home equity payments, which is what the 2020 Betson-Rothbarth (BR) measurement considers. As explained in Section 3, this is a change from BR measurements underlying the existing schedule. The CE 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 that not all families have substantial equity in their homes and some families have second mortgages or home equity loans that further reduce home equity. 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. Housing-related items, which are identified in Exhibit A-4, comprise the largest share of total family expenditures. Housing expenses compose about 40 percent of total family expenditures.

Exhibit A-3: Partial List of Expenditure Items Considered in the Consumer Expenditure Survey	
Housing	Rent paid for dwellings, rent received as pay, parking fees, maintenance, and other expenses for rented dwellings; interest and principal payments on mortgages, interest and principal payments 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 expenses account for about one-sixth of total family expenditures. In the category of "transportation," the CE 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 just over one-third of all transportation expenses. 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. In Betson's first three studies, he excluded them because in his earlier estimates that consider expenditures the vehicle can be sold again later, after the survey period. In contrast, Betson's 2020 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 outlays, it includes only vehicle installment payments rather than net vehicle outlays. This effectively avoids the issues of vehicle equity and depreciation.

Betson excludes some expenditure items captured by the CE 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.

Gross and net incomes are reported by families participating in the CE. The difference between gross and net income is taxes. In fact, the CE 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 receipts. It includes wages and salary, self-employment income, Social Security benefits, pension 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 CE. 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 CE. 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 based on a relationship to its expenditures

when households do not report income. The 2010 and 2020 Betson-Rothbarth measurements rely on these new questions. Previous Betson measurements do not.

The BLS also had concerns with taxes being underreported. Beginning in 2013, the BLS began calculating taxes for families using a TurboTax-like tax calculator. This also affected differences between the BR5 measurements and earlier measurements.

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 and precisely measuring income are not parts of the core mission of the CE. Rather, the core mission is to measure and track expenditures. The BLS recognizes that at some low-income levels, the CE shows that total expenditures exceed after-tax incomes, and at very high incomes, the CE shows total expenditures are considerably less than after-tax incomes. However, the changes to the income measure, the use of outlays rather than expenditures, and use of the tax calculator have lessened some of these issues.

Appendix B: Proposed, Updated Schedule

Combined Adjusted Net Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
1100	**33**	**33**	**34**	**34**	**34**	**35**
1150	**78**	**79**	**80**	**81**	**81**	**82**
1200	**123**	**124**	**126**	**127**	**128**	**130**
1250	**168**	**170**	**172**	**174**	**175**	**177**
1300	**213**	**215**	**218**	**220**	**222**	**225**
1350	**258**	**261**	**264**	**267**	**269**	**272**
1400	**303**	**306**	**310**	**313**	**316**	**320**
1450	334	**352**	**356**	**360**	**363**	**367**
1500	346	**397**	**402**	**406**	**410**	**415**
1550	357	**443**	**448**	**453**	**457**	**462**
1600	369	**488**	**494**	**499**	**504**	**510**
1650	380	**534**	**540**	**546**	**551**	**557**
1700	392	**579**	**586**	**592**	**598**	**605**
1750	403	614	**632**	**639**	**645**	**652**
1800	415	632	**678**	**685**	**692**	**700**
1850	426	649	**724**	**732**	**739**	**747**
1900	438	667	**770**	**778**	**786**	**795**
1950	449	684	**816**	**825**	**833**	**842**
2000	461	702	848	**871**	**880**	**890**
2050	472	719	869	**918**	**927**	**937**
2100	484	737	891	**964**	**974**	**985**
2150	495	754	912	**1011**	**1021**	**1032**
2200	507	772	933	1042	**1068**	**1080**
2250	518	789	954	1066	**1115**	**1127**
2300	530	807	976	1090	**1162**	**1175**
2350	541	825	997	1113	**1209**	**1222**
2400	553	842	1018	1137	1251	**1270**
2450	565	860	1039	1161	1277	**1317**
2500	576	877	1060	1184	1303	**1365**
2550	588	895	1082	1208	1329	**1412**
2600	599	912	1103	1232	1355	**1460**
2650	611	930	1124	1255	1381	1501
2700	622	947	1145	1279	1407	1530
2750	634	965	1166	1303	1433	1558
2800	645	980	1184	1322	1455	1581
2850	657	995	1201	1342	1476	1604
2900	668	1010	1219	1361	1497	1628
2950	680	1026	1236	1381	1519	1651
3000	691	1041	1253	1400	1540	1674
3050	703	1056	1271	1420	1562	1697
3100	714	1071	1288	1439	1583	1721
3150	726	1086	1306	1458	1604	1744
3200	737	1103	1325	1479	1627	1769

Combined Adjusted Net Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
3250	747	1120	1345	1502	1652	1796
3300	758	1137	1365	1524	1677	1823
3350	768	1154	1385	1547	1702	1850
3400	778	1171	1405	1569	1726	1876
3450	789	1188	1425	1592	1751	1903
3500	799	1205	1445	1614	1776	1930
3550	810	1222	1465	1637	1800	1957
3600	820	1238	1485	1659	1825	1983
3650	828	1251	1500	1676	1843	2003
3700	837	1264	1515	1692	1862	2023
3750	845	1276	1530	1709	1880	2044
3800	854	1289	1545	1726	1898	2064
3850	862	1302	1560	1743	1917	2084
3900	871	1314	1575	1759	1935	2104
3950	879	1327	1590	1776	1954	2124
4000	888	1340	1605	1793	1972	2144
4050	894	1349	1616	1805	1986	2159
4100	900	1357	1625	1815	1996	2170
4150	905	1364	1633	1824	2007	2181
4200	910	1372	1642	1834	2017	2193
4250	915	1379	1650	1843	2028	2204
4300	920	1387	1659	1853	2038	2215
4350	926	1394	1667	1862	2048	2227
4400	931	1402	1676	1872	2059	2238
4450	936	1409	1684	1881	2069	2249
4500	941	1414	1688	1886	2074	2255
4550	945	1420	1692	1890	2079	2260
4600	950	1425	1697	1895	2085	2266
4650	955	1431	1701	1900	2090	2272
4700	960	1436	1706	1905	2096	2278
4750	964	1441	1710	1910	2101	2284
4800	969	1447	1714	1915	2107	2290
4850	974	1452	1719	1920	2112	2296
4900	980	1461	1730	1933	2126	2311
4950	986	1473	1745	1949	2144	2330
5000	993	1484	1759	1965	2162	2350
5050	999	1495	1774	1982	2180	2370
5100	1006	1506	1789	1998	2198	2389
5150	1012	1517	1803	2014	2216	2409
5200	1019	1528	1818	2031	2234	2428
5250	1026	1539	1833	2047	2252	2448
5300	1032	1549	1845	2061	2267	2464
5350	1036	1553	1849	2065	2272	2469
5400	1040	1558	1853	2069	2276	2474

Combined Adjusted Net Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
5450	1044	1562	1856	2073	2281	2479
5500	1048	1567	1860	2078	2285	2484
5550	1052	1571	1864	2082	2290	2489
5600	1056	1576	1867	2086	2294	2494
5650	1060	1581	1871	2090	2299	2499
5700	1064	1585	1875	2094	2304	2504
5750	1069	1592	1881	2101	2312	2513
5800	1074	1599	1889	2110	2321	2523
5850	1080	1606	1896	2118	2330	2532
5900	1085	1614	1903	2126	2339	2542
5950	1091	1621	1911	2134	2348	2552
6000	1097	1628	1918	2143	2357	2562
6050	1102	1636	1926	2151	2366	2572
6100	1108	1643	1933	2159	2375	2582
6150	1114	1651	1942	2169	2386	2594
6200	1122	1663	1955	2184	2402	2611
6250	1131	1675	1968	2198	2418	2628
6300	1139	1686	1981	2212	2434	2645
6350	1147	1698	1993	2227	2449	2662
6400	1155	1709	2006	2241	2465	2680
6450	1164	1721	2019	2255	2481	2697
6500	1172	1733	2032	2270	2497	2714
6550	1180	1744	2045	2284	2512	2731
6600	1188	1756	2058	2298	2528	2748
6650	1197	1767	2070	2313	2544	2765
6700	1205	1779	2083	2327	2560	2783
6750	1213	1791	2096	2341	2576	2800
6800	1220	1801	2109	2356	2591	2817
6850	1226	1811	2122	2370	2607	2834
6900	1232	1821	2135	2385	2623	2851
6950	1238	1831	2148	2399	2639	2869
7000	1244	1841	2161	2414	2655	2886
7050	1250	1851	2174	2428	2671	2903
7100	1256	1861	2187	2443	2687	2921
7150	1262	1871	2200	2457	2703	2938
7200	1268	1881	2213	2472	2719	2955
7250	1274	1891	2226	2486	2735	2972
7300	1281	1901	2239	2500	2750	2990
7350	1287	1911	2251	2515	2766	3007
7400	1293	1921	2264	2529	2782	3024
7450	1297	1928	2272	2538	2792	3035
7500	1302	1934	2279	2546	2801	3044
7550	1307	1941	2287	2554	2809	3054
7600	1312	1947	2294	2562	2818	3064

Combined Adjusted Net Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
7650	1316	1954	2301	2570	2827	3073
7700	1321	1960	2308	2578	2836	3083
7750	1326	1967	2315	2586	2845	3092
7800	1330	1973	2322	2594	2854	3102
7850	1335	1980	2330	2602	2862	3111
7900	1340	1987	2337	2610	2871	3121
7950	1345	1993	2344	2618	2880	3131
8000	1349	2000	2351	2626	2889	3140
8050	1354	2006	2359	2635	2898	3150
8100	1360	2015	2367	2644	2908	3161
8150	1366	2023	2375	2653	2918	3172
8200	1372	2031	2384	2662	2929	3183
8250	1379	2039	2392	2672	2939	3194
8300	1385	2047	2400	2681	2949	3206
8350	1391	2055	2408	2690	2959	3217
8400	1397	2063	2417	2699	2969	3228
8450	1403	2071	2425	2709	2980	3239
8500	1409	2079	2433	2718	2990	3250
8550	1415	2087	2442	2727	3000	3261
8600	1421	2095	2450	2737	3010	3272
8650	1427	2103	2458	2746	3020	3283
8700	1433	2111	2466	2755	3031	3294
8750	1439	2119	2475	2764	3041	3305
8800	1445	2127	2483	2774	3051	3316
8850	1451	2135	2491	2783	3061	3327
8900	1457	2143	2499	2791	3070	3337
8950	1461	2147	2503	2796	3076	3343
9000	1465	2152	2508	2801	3082	3350
9050	1468	2157	2513	2807	3087	3356
9100	1472	2162	2517	2812	3093	3362
9150	1476	2167	2522	2817	3099	3368
9200	1480	2172	2526	2822	3104	3374
9250	1484	2177	2531	2827	3110	3381
9300	1488	2181	2536	2832	3116	3387
9350	1492	2186	2540	2838	3121	3393
9400	1495	2191	2545	2843	3127	3399
9450	1499	2196	2550	2848	3133	3405
9500	1503	2201	2554	2853	3138	3412
9550	1507	2206	2559	2858	3144	3418
9600	1511	2210	2564	2864	3150	3424
9650	1515	2215	2568	2869	3156	3430
9700	1519	2220	2573	2874	3161	3436
9750	1524	2227	2580	2882	3170	3446
9800	1531	2238	2593	2896	3186	3463

Combined Adjusted Net Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
9850	1538	2248	2605	2910	3201	3479
9900	1545	2259	2618	2924	3216	3496
9950	1552	2269	2630	2938	3231	3513
10000	1559	2280	2642	2952	3247	3529
10050	1566	2290	2655	2966	3262	3546
10100	1573	2301	2667	2979	3277	3562
10150	1581	2312	2680	2993	3293	3579
10200	1588	2322	2692	3007	3308	3596
10250	1595	2333	2705	3021	3323	3612
10300	1602	2343	2717	3035	3339	3629
10350	1609	2354	2730	3049	3354	3646
10400	1616	2365	2742	3063	3369	3662
10450	1623	2375	2754	3077	3384	3679
10500	1631	2386	2767	3091	3400	3695
10550	1638	2396	2779	3105	3415	3712
10600	1645	2407	2792	3118	3430	3729
10650	1652	2417	2804	3132	3446	3745
10700	1659	2428	2817	3146	3461	3762
10750	1666	2439	2829	3160	3476	3779
10800	1673	2449	2842	3174	3491	3795
10850	1680	2460	2854	3188	3507	3812
10900	1688	2470	2867	3202	3522	3828
10950	1695	2481	2879	3216	3537	3845
11000	1702	2491	2891	3230	3553	3862
11050	1708	2499	2899	3239	3562	3872
11100	1713	2507	2907	3247	3572	3883
11150	1719	2514	2915	3256	3581	3893
11200	1725	2522	2922	3264	3591	3903
11250	1730	2529	2930	3273	3600	3913
11300	1736	2537	2938	3282	3610	3924
11350	1742	2544	2946	3290	3619	3934
11400	1747	2552	2953	3299	3629	3944
11450	1753	2559	2961	3307	3638	3955
11500	1759	2567	2969	3316	3648	3965
11550	1764	2574	2976	3325	3657	3975
11600	1770	2582	2984	3333	3667	3986
11650	1776	2589	2992	3342	3676	3996
11700	1782	2597	3000	3350	3686	4006
11750	1787	2604	3007	3359	3695	4016
11800	1793	2612	3015	3368	3704	4027
11850	1799	2619	3023	3376	3714	4037
11900	1804	2627	3030	3385	3723	4047
11950	1810	2634	3038	3394	3733	4058
12000	1816	2642	3046	3402	3742	4068

Combined Adjusted Net Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
12050	1821	2649	3053	3411	3752	4078
12100	1827	2657	3061	3419	3761	4089
12150	1833	2664	3069	3428	3771	4099
12200	1838	2672	3077	3437	3780	4109
12250	1844	2679	3084	3445	3790	4119
12300	1850	2687	3092	3454	3799	4130
12350	1855	2695	3100	3462	3809	4140
12400	1861	2702	3107	3471	3818	4150
12450	1867	2710	3115	3480	3828	4161
12500	1873	2717	3123	3488	3837	4171
12550	1878	2725	3131	3497	3847	4181
12600	1884	2732	3138	3505	3856	4191
12650	1890	2740	3146	3514	3865	4202
12700	1895	2747	3154	3523	3875	4213
12750	1900	2756	3166	3536	3890	4228
12800	1905	2764	3177	3549	3904	4244
12850	1910	2773	3189	3562	3918	4259
12900	1915	2782	3200	3575	3932	4274
12950	1920	2790	3212	3588	3947	4290
13000	1925	2799	3224	3601	3961	4305
13050	1930	2807	3235	3614	3975	4321
13100	1935	2816	3247	3627	3989	4336
13150	1940	2825	3258	3640	4004	4352
13200	1945	2833	3270	3652	4018	4367
13250	1950	2842	3281	3665	4032	4383
13300	1955	2850	3293	3678	4046	4398
13350	1960	2859	3305	3691	4060	4414
13400	1965	2868	3316	3704	4075	4429
13450	1970	2876	3328	3717	4089	4445
13500	1975	2885	3339	3730	4103	4460
13550	1980	2893	3351	3743	4117	4476
13600	1985	2902	3363	3756	4132	4491
13650	1990	2910	3374	3769	4146	4506
13700	1995	2919	3386	3782	4160	4522
13750	2000	2928	3397	3795	4174	4537
13800	2005	2936	3409	3808	4188	4553
13850	2010	2945	3420	3821	4203	4568
13900	2015	2953	3432	3834	4217	4584
13950	2020	2962	3444	3847	4231	4599
14000	2025	2971	3455	3859	4245	4615
14050	2030	2979	3467	3872	4260	4630
14100	2035	2988	3478	3885	4274	4646
14150	2040	2996	3490	3898	4288	4661
14200	2045	3005	3502	3911	4302	4677

Combined Adjusted Net Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
14250	2050	3014	3513	3924	4317	4692
14300	2055	3022	3525	3937	4331	4708
14350	2060	3031	3536	3950	4345	4723
14400	2065	3039	3548	3963	4359	4738
14450	2070	3048	3559	3976	4373	4754
14500	2075	3056	3571	3989	4388	4769
14550	2080	3065	3583	4002	4402	4785
14600	2085	3074	3594	4015	4416	4800
14650	2090	3082	3606	4028	4430	4816
14700	2095	3091	3617	4041	4445	4831
14750	2100	3099	3629	4053	4459	4847
14800	2105	3108	3640	4066	4473	4862
14850	2110	3117	3652	4079	4487	4878
14900	2115	3125	3664	4092	4502	4893
14950	2120	3134	3675	4105	4516	4909
15000	2125	3142	3687	4118	4530	4924
15050	2130	3151	3698	4131	4544	4940
15100	2135	3160	3710	4144	4558	4955
15150	2140	3168	3722	4157	4573	4970
15200	2145	3177	3733	4170	4587	4986
15250	2150	3185	3744	4182	4600	5000
15300	2155	3192	3752	4191	4610	5011
15350	2161	3200	3760	4200	4620	5022
15400	2166	3207	3769	4210	4631	5034
15450	2171	3215	3777	4219	4641	5045
15500	2176	3222	3786	4229	4651	5056
15550	2181	3229	3794	4238	4662	5067
15600	2186	3237	3802	4247	4672	5078
15650	2192	3244	3811	4257	4682	5090
15700	2197	3252	3819	4266	4693	5101
15750	2202	3259	3828	4275	4703	5112
15800	2207	3266	3836	4285	4713	5123
15850	2212	3274	3844	4294	4724	5135
15900	2218	3281	3853	4304	4734	5146
15950	2223	3289	3861	4313	4744	5157
16000	2228	3296	3870	4322	4754	5168
16050	2233	3304	3878	4332	4765	5179
16100	2238	3311	3886	4341	4775	5191
16150	2244	3318	3895	4350	4785	5202
16200	2249	3326	3903	4360	4796	5213
16250	2254	3333	3911	4369	4806	5224
16300	2259	3341	3920	4378	4816	5235
16350	2264	3348	3928	4388	4827	5247
16400	2269	3355	3937	4397	4837	5258

Combined Adjusted Net Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
16450	2275	3363	3945	4407	4847	5269
16500	2280	3370	3953	4416	4858	5280
16550	2285	3378	3962	4425	4868	5291
16600	2290	3385	3970	4435	4878	5303
16650	2295	3393	3979	4444	4888	5314
16700	2301	3400	3987	4453	4899	5325
16750	2306	3407	3995	4463	4909	5336
16800	2311	3415	4004	4472	4919	5347
16850	2316	3422	4012	4482	4930	5359
16900	2321	3430	4021	4491	4940	5370
16950	2327	3437	4029	4500	4950	5381
17000	2332	3445	4037	4510	4961	5392
17050	2337	3452	4046	4519	4971	5403
17100	2342	3459	4054	4528	4981	5415
17150	2347	3467	4062	4538	4992	5426
17200	2352	3474	4071	4547	5002	5437
17250	2358	3482	4079	4557	5012	5448
17300	2363	3489	4088	4566	5023	5459
17350	2368	3496	4096	4575	5033	5471
17400	2373	3504	4104	4585	5043	5482
17450	2378	3511	4113	4594	5053	5493
17500	2384	3519	4121	4603	5064	5504
17550	2389	3526	4130	4613	5074	5515
17600	2394	3534	4138	4622	5084	5527
17650	2399	3541	4146	4632	5095	5538
17700	2404	3548	4155	4641	5105	5549
17750	2410	3556	4163	4650	5115	5560
17800	2415	3563	4172	4660	5126	5572
17850	2420	3571	4180	4669	5136	5583
17900	2425	3578	4188	4678	5146	5594
17950	2430	3585	4197	4688	5157	5605
18000	2435	3593	4205	4697	5167	5616
18050	2441	3600	4214	4706	5177	5628
18100	2446	3608	4222	4716	5187	5639
18150	2451	3615	4230	4725	5198	5650
18200	2456	3623	4239	4735	5208	5661
18250	2461	3630	4247	4744	5218	5672
18300	2467	3637	4255	4753	5229	5684
18350	2472	3645	4264	4763	5239	5695
18400	2477	3652	4272	4772	5249	5706
18450	2482	3660	4281	4781	5260	5717
18500	2487	3667	4289	4791	5270	5728
18550	2493	3674	4297	4800	5280	5740
18600	2498	3682	4306	4810	5291	5751

Combined Adjusted Net Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
18650	2503	3689	4314	4819	5301	5762
18700	2508	3697	4323	4828	5311	5773
18750	2513	3704	4331	4838	5321	5784
18800	2519	3712	4339	4847	5332	5796
18850	2524	3719	4348	4856	5342	5807
18900	2529	3726	4356	4866	5352	5818
18950	2534	3734	4365	4875	5363	5829
19000	2539	3741	4373	4885	5373	5840
19050	2544	3749	4381	4894	5383	5852
19100	2550	3756	4390	4903	5394	5863
19150	2555	3763	4398	4913	5404	5874
19200	2560	3771	4406	4922	5414	5885
19250	2565	3778	4415	4931	5425	5896
19300	2570	3786	4423	4941	5435	5908
19350	2576	3793	4432	4950	5445	5919
19400	2581	3801	4440	4960	5455	5930
19450	2586	3808	4448	4969	5466	5941
19500	2591	3815	4457	4978	5476	5953
19550	2596	3823	4465	4988	5486	5964
19600	2602	3830	4474	4997	5497	5975
19650	2607	3838	4482	5006	5507	5986
19700	2612	3845	4490	5016	5517	5997
19750	2617	3852	4499	5025	5528	6009
19800	2622	3860	4507	5034	5538	6020
19850	2627	3867	4516	5044	5548	6031
19900	2633	3875	4524	5053	5559	6042
19950	2638	3882	4532	5063	5569	6053
20000	2643	3890	4541	5072	5579	6065
20050	2648	3897	4549	5081	5589	6076
20100	2653	3904	4557	5091	5600	6087
20150	2659	3912	4566	5100	5610	6098
20200	2664	3919	4574	5109	5620	6109
20250	2669	3927	4583	5119	5631	6121
20300	2674	3934	4591	5128	5641	6132
20350	2679	3941	4599	5138	5651	6143
20400	2685	3949	4608	5147	5662	6154
20450	2690	3956	4616	5156	5672	6165
20500	2695	3964	4625	5166	5682	6177
20550	2700	3971	4633	5175	5693	6188
20600	2705	3979	4641	5184	5703	6199
20650	2710	3986	4650	5194	5713	6210
20700	2716	3993	4658	5203	5723	6221
20750	2721	4001	4667	5213	5734	6233
20800	2726	4008	4675	5222	5744	6244

Combined Adjusted Net Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
20850	2731	4016	4683	5231	5754	6255
20900	2736	4023	4692	5241	5765	6266
20950	2742	4030	4700	5250	5775	6277
21000	2747	4038	4709	5259	5785	6289
21050	2752	4045	4717	5269	5796	6300
21100	2757	4053	4725	5278	5806	6311
21150	2762	4060	4734	5288	5816	6322
21200	2768	4068	4742	5297	5827	6333
21250	2773	4075	4750	5306	5837	6345
21300	2778	4082	4759	5316	5847	6356
21350	2783	4090	4767	5325	5858	6367
21400	2788	4097	4776	5334	5868	6378
21450	2793	4105	4784	5344	5878	6390
21500	2799	4112	4792	5353	5888	6401
21550	2804	4119	4801	5362	5899	6412
21600	2809	4127	4809	5372	5909	6423
21650	2814	4134	4818	5381	5919	6434
21700	2819	4142	4826	5391	5930	6446
21750	2825	4149	4834	5400	5940	6457
21800	2830	4157	4843	5409	5950	6468
21850	2835	4164	4851	5419	5961	6479
21900	2840	4171	4860	5428	5971	6490
21950	2845	4173	4862	5430	5974	6493
22000	2850	4174	4862	5431	5974	6494
22050	2854	4174	4863	5432	5975	6495
22100	2859	4175	4863	5432	5976	6495
22150	2864	4175	4864	5433	5976	6496
22200	2869	4176	4864	5434	5977	6497
22250	2873	4176	4865	5434	5978	6498
22300	2878	4177	4866	5435	5978	6498
22350	2883	4177	4866	5435	5979	6499
22400	2888	4178	4867	5436	5980	6500
22450	2892	4178	4867	5437	5980	6501
22500	2897	4179	4868	5437	5981	6501
22550	2902	4179	4868	5438	5982	6502
22600	2907	4179	4869	5439	5982	6503
22650	2911	4180	4869	5439	5983	6504
22700	2916	4180	4870	5440	5984	6504
22750	2921	4181	4871	5440	5984	6505
22800	2926	4181	4871	5441	5985	6506
22850	2930	4182	4872	5442	5986	6507
22900	2935	4182	4872	5442	5986	6507
22950	2940	4183	4873	5443	5987	6508
23000	2945	4183	4873	5443	5988	6509

Combined Adjusted Net Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
23050	2949	4184	4874	5444	5989	6510
23100	2954	4184	4874	5445	5989	6510
23150	2959	4185	4875	5445	5990	6511
23200	2963	4185	4876	5446	5991	6512
23250	2968	4186	4876	5447	5991	6513
23300	2973	4186	4877	5447	5992	6513
23350	2978	4187	4877	5448	5993	6514
23400	2982	4187	4878	5448	5993	6515
23450	2987	4188	4878	5449	5994	6515
23500	2992	4188	4879	5450	5995	6516
23550	2997	4189	4879	5450	5995	6517
23600	3001	4189	4880	5451	5996	6518
23650	3006	4189	4881	5452	5997	6518
23700	3011	4190	4881	5452	5997	6519
23750	3016	4190	4882	5453	5998	6520
23800	3020	4191	4882	5453	5999	6521
23850	3025	4191	4883	5454	5999	6521
23900	3030	4192	4883	5455	6000	6522
23950	3035	4192	4884	5455	6001	6523
24000	3039	4193	4884	5456	6002	6524
24050	3044	4193	4885	5457	6002	6524
24100	3049	4194	4886	5457	6003	6525
24150	3054	4194	4886	5458	6004	6526
24200	3058	4195	4887	5458	6004	6527
24250	3063	4195	4887	5459	6005	6527
24300	3068	4196	4888	5460	6006	6528
24350	3072	4196	4888	5460	6006	6529
24400	3077	4197	4889	5461	6007	6530
24450	3082	4197	4889	5462	6008	6530
24500	3087	4198	4890	5462	6008	6531
24550	3091	4198	4891	5463	6009	6532
24600	3096	4199	4891	5463	6010	6533
24650	3101	4199	4892	5464	6010	6533
24700	3106	4200	4892	5465	6011	6534
24750	3110	4200	4893	5465	6012	6535
24800	3115	4200	4893	5466	6012	6536
24850	3120	4201	4894	5466	6013	6536
24900	3125	4201	4894	5467	6014	6537
24950	3129	4202	4895	5468	6014	6538
25000	3134	4202	4896	5468	6015	6538
25050	3139	4203	4896	5469	6016	6539
25100	3144	4203	4897	5470	6017	6540
25150	3148	4204	4897	5470	6017	6541
25200	3153	4204	4898	5471	6018	6541

Combined Adjusted Net Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
25250	3158	4205	4898	5471	6019	6542
25300	3162	4205	4899	5472	6019	6543
25350	3167	4206	4899	5473	6020	6544
25400	3172	4206	4900	5473	6021	6544
25450	3177	4207	4901	5474	6021	6545
25500	3181	4207	4901	5475	6022	6546
25550	3186	4208	4902	5475	6023	6547
25600	3191	4208	4902	5476	6023	6547
25650	3196	4209	4903	5476	6024	6548
25700	3200	4209	4903	5477	6025	6549
25750	3205	4210	4904	5478	6025	6550
25800	3210	4210	4904	5478	6026	6550
25850	3215	4210	4905	5479	6027	6551
25900	3219	4211	4906	5480	6027	6552
25950	3224	4211	4906	5480	6028	6553
26000	3229	4212	4907	5481	6029	6553
26050	3234	4212	4907	5481	6030	6554
26100	3238	4213	4908	5482	6030	6555
26150	3243	4213	4908	5483	6031	6556
26200	3248	4214	4909	5483	6032	6556
26250	3253	4214	4909	5484	6032	6557
26300	3257	4215	4910	5484	6033	6558
26350	3262	4215	4911	5485	6034	6559
26400	3267	4216	4911	5486	6034	6559
26450	3271	4216	4912	5486	6035	6560
26500	3276	4217	4912	5487	6036	6561
26550	3281	4217	4913	5488	6036	6562
26600	3286	4218	4913	5488	6037	6562
26650	3290	4218	4914	5489	6038	6563
26700	3295	4219	4914	5489	6038	6564
26750	3300	4219	4915	5490	6039	6564
26800	3305	4220	4916	5491	6040	6565
26850	3309	4220	4916	5491	6040	6566
26900	3314	4221	4917	5492	6041	6567
26950	3319	4221	4917	5493	6042	6567
27000	3324	4221	4918	5493	6042	6568
27050	3328	4222	4918	5494	6043	6569
27100	3333	4222	4919	5494	6044	6570
27150	3338	4223	4919	5495	6045	6570
27200	3343	4223	4920	5496	6045	6571
27250	3347	4224	4921	5496	6046	6572
27300	3352	4224	4921	5497	6047	6573
27350	3357	4225	4922	5498	6047	6573
27400	3362	4225	4922	5498	6048	6574

Combined Adjusted Net Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
27450	3366	4226	4923	5499	6049	6575
27500	3371	4226	4923	5499	6049	6576
27550	3376	4227	4924	5500	6050	6576
27600	3380	4227	4924	5501	6051	6577
27650	3385	4228	4925	5501	6051	6578
27700	3390	4228	4926	5502	6052	6579
27750	3395	4229	4926	5502	6053	6579
27800	3399	4229	4927	5503	6053	6580
27850	3404	4230	4927	5504	6054	6581
27900	3409	4230	4928	5504	6055	6582
27950	3414	4231	4928	5505	6055	6582
28000	3418	4231	4929	5506	6056	6583
28050	3423	4231	4929	5506	6057	6584
28100	3428	4232	4930	5507	6058	6585
28150	3433	4232	4931	5507	6058	6585
28200	3437	4233	4931	5508	6059	6586
28250	3442	4233	4932	5509	6060	6587
28300	3447	4234	4932	5509	6060	6587
28350	3452	4234	4933	5510	6061	6588
28400	3456	4235	4933	5511	6062	6589
28450	3461	4235	4934	5511	6062	6590
28500	3466	4236	4934	5512	6063	6590
28550	3471	4236	4935	5512	6064	6591
28600	3475	4237	4936	5513	6064	6592
28650	3480	4237	4936	5514	6065	6593
28700	3485	4238	4937	5514	6066	6593
28750	3489	4238	4937	5515	6066	6594
28800	3494	4239	4938	5516	6067	6595
28850	3499	4239	4938	5516	6068	6596
28900	3504	4240	4939	5517	6068	6596
28950	3508	4240	4939	5517	6069	6597
29000	3513	4241	4940	5518	6070	6598
29050	3518	4241	4941	5519	6070	6599
29100	3523	4242	4941	5519	6071	6599
29150	3527	4242	4942	5520	6072	6600
29200	3532	4242	4942	5520	6073	6601
29250	3537	4243	4943	5521	6073	6602
29300	3542	4243	4943	5522	6074	6602
29350	3546	4244	4944	5522	6075	6603
29400	3551	4244	4944	5523	6075	6604
29450	3556	4245	4945	5524	6076	6605
29500	3561	4245	4946	5524	6077	6605
29550	3565	4246	4946	5525	6077	6606
29600	3570	4246	4947	5525	6078	6607

Combined Adjusted Net Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
29650	3575	4247	4947	5526	6079	6608
29700	3580	4247	4948	5527	6079	6608
29750	3584	4248	4948	5527	6080	6609
29800	3589	4248	4949	5528	6081	6610
29850	3594	4249	4949	5529	6081	6611
29900	3598	4249	4950	5529	6082	6611
29950	3603	4250	4951	5530	6083	6612
30000	3608	4250	4951	5530	6083	6613

The proposed formula for monthly net incomes above $30,000 is:

- One child: $3,608 + 4.0% of combined monthly net income above $30,000
- Two children: $4,250 + 4.0% of combined monthly net income above $30,000.
- Three children: $4,951 + 4.7% of combined monthly net income above $30,000.
- Four children: $5,530 + 5.3% of combined monthly net income above $30,000.
- Five children: $6,083 + 5.8% of combined monthly net income above $30,000.
- Six children: $6,613 + 6.3% of combined monthly net income above $30,000;