

Arizona Child Support Guidelines Review: Findings from Case File Data



Prepared for:
**Arizona Supreme Court
Administrative Office of the Courts**

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August 5, 2014

Points of view expressed in this document are those of the authors and do not necessarily represent the official position of the Court or State.

Acknowledgments

This report would not be possible without the noble efforts of many who helped the Center for Policy Research (CPR) obtain case file data from recently issued child support orders. First and foremost, many thanks to the counties that assisted with the data collection: Apache County, Maricopa County, Pima County, and Yavapai County. In particular, thank you to Shannon Branham, Sharon Graham, Sue Hall, Toni Hellon, Micheal Jeanes, Sandra Markham, Deena Mattice, Caroline Oliver, Melanie Say, Michael Sims, and Delana Waite. These individuals made time, authorized personnel and resources, hunted down case files, clarified numerous questions about the organization and tracking of case files, and performed other tasks that resulted in the conversion of court records into a dataset. Also, thank you to the counties that were willing to participate if needed. Thank you to Steve Riestler for formatting the charts. Finally, a special thank you to Kathy Sekardi and Theresa Barrett for recruiting counties and their coordination and numerous clarifications.

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Chapter I: Introduction

PURPOSE OF REPORT

Arizona is reviewing its child support guidelines as required by federal regulation and State statute.¹ Arizona child support guidelines are set by Court Rule (Administrative Order No. 2011-46). Pursuant to federal requirements, states are required to have statewide guidelines and they are to be applied in every situation in which a child support order is set. Federal regulation requires that a state's guidelines be presumptive and rebuttable based on state-determined criteria. State statute charges the Supreme Court with establishing the child support guidelines and with reviewing them at least once every four years to "ensure that their application results in the determination of appropriate child support amounts."²

Federal regulation requires that a state's guidelines review consider economic data on the cost of raising children and examine case file data to analyze the application and deviation from the guidelines. The underlying premise is that if the guidelines are appropriate than few orders will be based on guidelines deviations. This report fulfills the second requirement to examine case file data to analyze the application and deviation from the guidelines. A prior report fulfills the requirement to review the economic data on the cost of raising children.

BACKGROUND INFORMATION

Child support income is an important source of income to many families. National data from 2011 reveals that average child support receipts consisted of 52 percent of the average income of impoverished custodial families receiving child support and 16 percent of average income of all custodial families regardless of their poverty status.³ National data from 2011 also reveals that more than a quarter (28.1%) of all children lived with only one of their parents while the other parent lived elsewhere.⁴ In 2012, the U.S. Census American Community Survey reported that there were 1,619,585 children living in Arizona and 587,383 (36%) of Arizona children lived with a male or female householder with no spouse present. These children are likely to be eligible for child support. The total number of children eligible for child support would be even more if the number included children who are living with married parents but one parent is a step-parent, in foster care, and other

¹ Title 45 of the Code of Federal Regulations, CFR §302.56 and Arizona Revised Statute Section 25-320.

² Arizona Revised Statute Section 25-320 (D).

³ Putze, Dennis. (January 2014). "Custodial Parents Living in Poverty," *The Story Behind the Numbers*, Office of Child Support Enforcement, Administration for Children & Families, U.S. Department of Health and Human Services, No. 3. Retrieved from: <http://www.acf.hhs.gov/programs/css/resource/custodial-parents-living-in-poverty>

⁴ Grall, Timothy. (September 2013). *Custodial Mothers and Fathers and Their Child Support: 2011*. Current Population Survey, Report P60-246. U.S. Census Bureau, Washington, D.C. Retrieved from: <http://www.census.gov/prod/2013pubs/p60-246.pdf>

situations in which the children are not living with both parents. In 2013, the State of Arizona Department of Economic Security (DES), Division of Child Support Services (DCSS) served 229,281 cases and collected and distributed about \$293 million in child support.⁵ An unknown amount of additional support is paid to non-DCSS cases.

Overview of the Guidelines Calculation

Arizona first adopted statewide child support guidelines about 25 years ago and has updated them several times. The most recent version became effective June 1, 2011. The guidelines are to be used to determine the award amount in all proceedings involving a child support issue unless there is written finding that the application of the guidelines would be inappropriate or unjust for a particular case. The core of the guidelines calculation is a lookup schedule of monthly basic obligations for a range of incomes and number of children. (Exhibit 1 shows an excerpt of the current schedule.) The basic obligations in the schedule reflect economic data on the costs of raising children. They relate to the combined income of the parents. The support award is determined by prorating the obligated parent’s share of the basic obligation. For example, if each parent’s income is \$500 per month, the combined income would be \$1,000 per month and, using the schedule in Exhibit 1, the basic obligation for one child is \$230. The obligated parent’s prorated amount in this example would be \$115.

Exhibit 1 Excerpt from Schedule of Basic Support Obligations						
Combined Adjusted Gross Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
750	184	269	320	357	393	427
800	194	284	337	377	414	450
850	203	297	353	394	433	471
900	212	310	368	411	452	492
950	221	323	383	428	471	512
1000	230	336	399	445	490	532
1050	240	350	415	464	510	555
1100	250	365	432	483	531	577
1150	260	379	449	502	552	600
1200	270	393	466	520	573	622
1250	279	406	481	538	591	643
1300	289	421	498	556	612	665
1350	299	435	515	575	632	687
1400	308	449	531	593	653	710
1450	318	463	548	612	673	732
1500	327	476	563	629	692	752

Additional adjustments may occur to account for a wide range of factors considered in the guidelines. The major adjustments consider:

- whether a parent receives or pays court-ordered spousal support;

⁵ Federal Office of Child Support Enforcement, *Report to Congress: Preliminary 2013*, Washington, D.C. Retrieved from: <http://www.acf.hhs.gov/programs/css/resource/fy2013-preliminary-report-schedule-p-53>.

- whether a parent pays court-ordered child support for other children in addition to the children for whom support is being determined;
- whether a parent is the custodian for other children for whom there is a support order;
- whether a parent supports natural or adopted children of other relationships not covered by the support order;
- whether the children are over age 12;
- whether one or both parents pay for the child’s medical, dental and vision insurance;
- whether one or both parents incur childcare costs and the associated federal childcare tax credit;
- Any reasonable and necessary expenses for attending private or special schools or necessary expense to meet the particular education needs of a child;
- The special needs of a gifted or handicapped child;
- The cost associated with parenting time exercised by the noncustodial parent;
- If the time the child spends with each parent is essentially equal; and
- The noncustodial parent’s financial ability to pay both the child support and to maintain at least a minimum standard of living.

The Arizona Judicial Branch provides worksheets and an automated calculator to determine the guidelines amount. Several counties have also developed their own worksheets.

Provision for Guidelines Deviations. Exhibit 2 shows the deviation provisions in the Arizona Guidelines.

Exhibit 2: Deviation Provision in the Arizona Guidelines
<p>20. Deviations</p> <p>A. The court shall deviate from the guidelines, i.e., order child support in an amount different from that which is provided pursuant to these guidelines, after considering all relevant factors, including those set forth in Arizona revised Statutes Section 25-320, and applicable case law, only if all of the following criteria are met:</p> <ol style="list-style-type: none"> 1. Application of the guidelines is inappropriate or unjust in the particular case, 2. The court has considered the best interests of the child in determining the amount of a deviation. A deviation that reduces the amount of child support paid is not, by itself contrary to the best interests of the child. 3. The court makes written findings regarding 1. And 2. Above in the Child support Order, Minute Entry or Child Support Worksheet.

REPORT ORGANIZATION

This report consists of three chapters. The remainder of this first chapter describes sampling and data collection. The second chapter summarizes the findings from the case file data. The final chapter provides a summary and conclusions.

SAMPLING, DATA COLLECTION AND ANALYSIS

This review (*i.e.*, the 2013 sample) relied on the same sampling and data collection methods used for previous case file reviews; that is, random samples pulled from four of Arizona’s 15

counties: Apache, Maricopa, Pima, and Yavapai. Each county was asked for a list of child support orders entered in fiscal year 2013. The year, 2013, was used because it was the most recent full year and most likely to be void of any temporary changes caused by the 2008-09 economic recession. For most counties, the list included any case in which child support was an issue brought forth to the court including divorcing cases with children, private cases involving never-married parents and State DCSS cases. Counties were mixed as to whether the count included both newly established orders and modified orders. No statewide count of all cases was available. Pima County did not have an annualized count but had retained electronic files by daily docket, which were used for sampling. Cases were randomly selected from the docket lists of randomly selected dates throughout the year. County clerk staff pulled electronic or hard copies of the child support order and worksheet for each of the randomly selected cases and sent them to CPR for data entry and creation of a data file. CPR analyzed the data using statistical methods to test differences in means and population proportions from previous case file reviews.⁶

Exhibit 3 shows the population, number of child support orders entered, and sample size of the sampled counties. The population data is from 2012, which is the most recent year available, and 2007, which was the sample year of the last review, although the review was completed in 2010. The combined populations of the sampled counties comprised 79.7 percent of the state's total population in 2012. In all, the state population increased by 6.3 percent from 2007 to 2012.

Exhibit 3: Population, Number of Orders Entered, and Sample Size of Sampled Counties						
Sampled Counties	Population (Census Data)		Child Support Orders Entered (County Clerk Data)		Number of Sampled Cases	
	2012	2007	2013	2007	2013	2007
Apache	73,195	71,118	53	68	27	27
Maricopa	3,942,169	3,768,123	6,413	6,935	413	385
Pima	992,394	946,362	N.A.	1,911	197	110
Yavapai	212,637	208,014	482	407	47	46
Subtotal	5,220,395	4,993,617	8,859 (estimated*)	9,321	677	568
% of Total	79.7%	81.0%	N.A.	N.A.	N.A.	N.A.
State Total	6,553,255	6,166,318	N.A.	N.A.	N.A.	N.A.

N.A. Not Available

*Estimated assuming the number of orders entered by Pima County is unchanged from 2007.

Exhibit 3 also compares the number of child support orders entered in 2007 and 2013 among sampled counties. The number of child support entered increased in some counties and decreased in others. It was not correlated with changes in population size, which includes Arizonans of all ages, including retirees and those of child-rearing age. The sample size is more than adequate to detect statistical differences in the guidelines deviation rate over time. The sample size for the first review was determined to detect statistical

⁶ The findings from previous case file reviews are summarized in: Venohr, Jane and Kaunelis, Rasa. (2008). *Arizona Child Support Guidelines Review: Analysis of Case File Data*. Report to the Arizona Supreme Court Administrative Office of the Courts. Center for Policy Research, Denver, CO. Retrieved from: <http://supreme.state.az.us/csgrc/Documents/2009-CaseFileRev.pdf>

differences between Arizona’s guidelines deviation rate and the national deviation rate from a 1990s study sponsored by the Federal Office of Child Support Enforcement.⁷ Since then, however, there has been no update of the national guidelines deviation rate.

Trends: Divorces and Non-Marital Births

National data show that the number of births to unmarried mothers now outpaces the number of children of newly divorced parents on an annual basis.⁸ Studies find that unmarried parents generally have less income, parenting time, and parenting time orders than divorced parents have.⁹ Since income and parenting time are factors considered in child support guidelines, changing trends in divorce and non-marital birth may affect the application of the guidelines and resulting child support awards over time.

Historically, more child support orders involved divorced parents than parents who never married. The number of non-marital births now outpaces the number of children of newly divorce parents on an annual basis.

The number of child support orders stemming from divorces and/or non-marital births, however, is not tracked nationally or at the state level. Scholars studying families have also developed theories about why economic recessions and divorce rates are correlated. Indirectly, this may affect the number of new child support cases, but the research is not definitive.¹⁰ The Arizona divorce rate actually declined since the 2008-09 recession and stood at 3.9 divorces per 1,000 total population in 2011.¹¹ As a comparison, the Arizona divorce rate was 6.9 divorces per 1,000 total population in 1990. (These divorce rates capture couples with and without children.) In contrast, non-marital births have almost doubled. There were 22,532 and 42,161 births to unmarried mothers in Arizona in 1990 and 2009 (the most recent year for which data are available), respectively.

Nonetheless, not all non-marital births yield child support orders. Some parents eventually marry and still others do not seek child support. In those cases in which child support is eventually sought, it is not uncommon for several years to lapse from the birth of the child to when a petition for child support is filed. One reason is that the parents are often romantically involved at the time of the birth. Another reason is that a parent may not pursue a child support order until applying for public assistance. Cooperating with the establishment and enforcement of child support is a condition of receiving public assistance.

⁷ The national guidelines deviation rate was 17% according to a study by CSR, Incorporated and the American Bar Association (March 1996) *Evaluation of Child Support Guidelines: Volumes I and II*, Report to Federal Office of Child Support Enforcement, Contract No. 105-94-8373.

⁸ National Vital Statistics data finds that there were 1,693,658 births to unmarried mothers in 2009 and Census data finds that 1,100,401 children whose parents divorced in year prior to 2009. Source: Diane R. Elliott and Tavia Simmons. (2011). *Marital Events of Americans: 2009*, U.S. Census American Community Survey, Retrieved from: <http://www.census.gov/prod/2011pubs/acs-13.pdf>

⁹For example see Kye Lippold & Elaine Sorensen (2013). *Characteristics of Families Served by the Child Support (IV-D) Program: 2010 Census Results*, Urban Institute. Retrieved from: <http://www.acf.hhs.gov/programs/css/resource/characteristics-of-families-served-by-the-child-support-iv-d-program-2010>

¹⁰ For example, see Cohn, D’vera. (May 2, 2012). “Divorce and the Great Recession.” Pew Research: Social & Demographic Trends [online]. Retrieved from: <http://www.pewsocialtrends.org/2012/05/02/divorce-and-the-great-recession/>

¹¹Center for Disease Control and Prevention. (n.d.) *Divorce rates by State: 1990, 1995, and 1999-2011*. National Vital Statistics System [Online.] Retrieved from: http://www.cdc.gov/nchs/data/dvs/divorce_rates_90_95_99-11.pdf

Targeted Sample Size and New and Modified Orders

The targeted sample size was designed to sample the same or more than the number of cases sampled for the last review. It also aimed to capture both newly established and modified orders, but the last criterion was dropped because most counties do not track newly established and modified orders separately and it was not always apparent whether it was a newly established or modified order from the most recent order and worksheet.

The child support guidelines are to be used to establish new orders as well as to modify existing orders. Historically, most orders that were entered in any given year were mostly new orders and few were modifications, but that pattern began to change with the 2008-09 economic recession.

Other states have found that the characteristics of newly established and modified orders are significantly different.¹² For example, parents of modified orders tend to have higher incomes and are more likely to be paying cases than newly established orders. One possible explanation for this is that parents modifying orders have more at stake.

Cognizant of declining incomes caused by the 2008-09 economic recession, Arizona has developed new and streamlined processes to facilitate modifications to respond to a flood of requests for reviews (*i.e.*, 5,000 requests in the first half of 2009).¹³ This may have caused an increase in the number of modified orders relative to the number of newly established

orders. The data available for examining this trend are from specific counties or from State DCSS cases only. The Arizona Attorney General's Office, Child Support Division (which handles most State DCSS cases) produced 4,406 newly established orders and 4,322 modified orders in FY2013.¹⁴ This suggests an almost equal number of newly established and modified orders among the State DCSS caseload. Two of the sampled counties provided counts of modified and newly established orders, whereas the other two counties did not track these counts separately. Apache County, which as shown in Exhibit 2 has a relatively low caseload, also modified a small number of orders. Most of the modifications involved nonresidential parents recently sentenced to or released from prison. Yavapai County Clerk data indicates that there were 482 new orders and 70 modified orders established in FY2013 in Yavapai County. In all, the split between newly established and modified orders is mixed depending on the source and county.

¹² For example, see Venohr, Jane (2012). *Review of the Pennsylvania Child Support Guidelines*. Report to the Pennsylvania Department of Public Welfare. Retrieved from: <http://www.pacourts.us/assets/uploads/Resources/Documents/Economists%20Report%20-%20000016.pdf?cb=90a36>

¹³ Sommer, Tom and Glenda Tanner (2012). *Muscling Up Modification! Fortify Families by Building and Maintaining Right-Sized Child Support Orders*. Presentation to the 2012 National Child Support Enforcement Association Policy Briefing, Washington D.C. by Arizona Child Support Services and the Arizona Attorney General's Office.

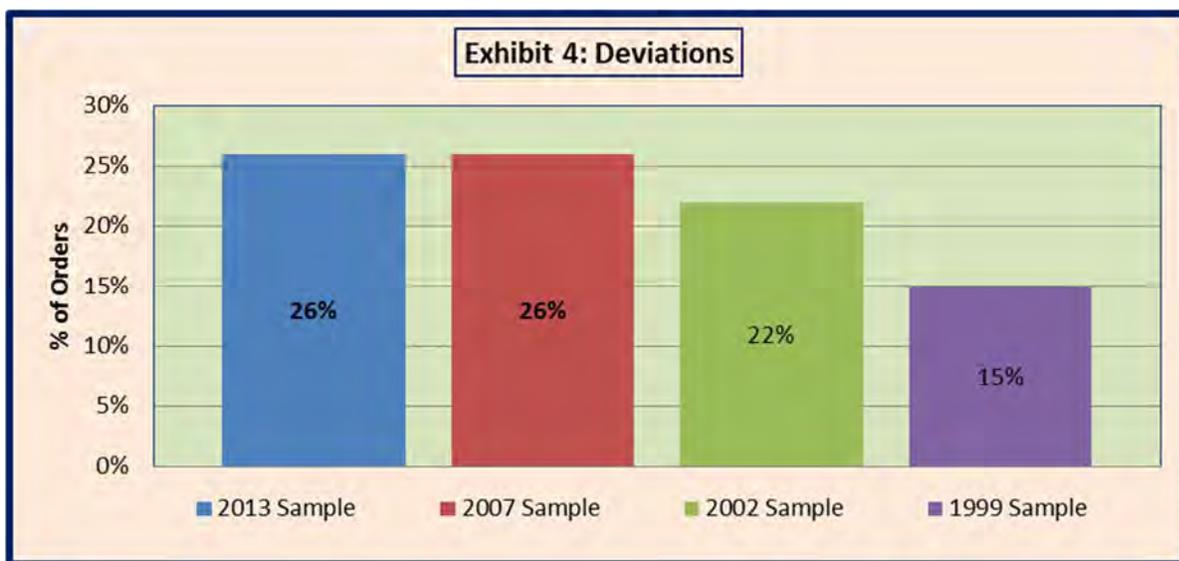
¹⁴ Arizona Attorney General's Office: Child Support Enforcement Division (n.d.) *Production Report for State Fiscal Year 2013*.

Chapter II: Findings from the Case File Data

This chapter summarizes the findings from the analysis of case file data. It starts with the findings about guidelines deviation because this is the core of the federal requirement. Other findings concern the characteristics of the orders and other factors considered in the determination of the final support award.

GUIDELINES DEVIATIONS

Exhibit 4 shows that the most current guidelines deviation rate is 26 percent, which is the same as it was for the last review; that is, the deviation rate is 26 percent both 2013 sample and 2007 sample. Exhibit 4 also shows that the guidelines deviation rate was increasing prior to the 2007 sample.



When calculating the guidelines deviation rate, deviations in which the guidelines-determined amount was rounded up or down to a nearest dollar or multiple of \$10 are excluded. For example, a guidelines calculation resulting in something like \$109.16 may have been rounded to \$109 or \$110 per month. This occurred frequently: 18 percent of the 2013 sample involved cases in which the final order was rounded by \$9 or less from the guidelines-determined amount.

“Best interest of the child” and “the guidelines-determined amount is inappropriate” were stated as the reasons for the deviation in 75 percent of the 2013 sample with guidelines deviations. These reasons are specifically mentioned in the guidelines provisions as considerations when granting deviation. The third most frequently stated reason was “agreement between the parties.” It was stated in 19 percent of the deviations, which is less than the last guidelines review, but some of the deviations that were made in the best interest of the child or because the guidelines determined amount was inappropriate may have also

have been due to the parents' agreement, but not stated in the order. Among the remaining 6 percent of the deviations, the reason for the deviation was not clear or unstated.

Exhibit 5 compares the direction of the guidelines deviations over time and the average amount of the deviation. Like the 2007 sample deviations, most (72%) of the 2013 sample deviations are downward. Among the 2013 sample, the average order amount before a downward deviation was \$349 per month and the average order amount after deviation was \$196 per month. On average, the final order amount was 67 percent less than the guidelines-determined amount among downward deviations. Over half (56%) of the downward deviations were deviated to a child support award of \$0. In all, 10 percent of the entire 2013 sample was deviated downward to \$0 order.

If guidelines deviations that are zero orders in essentially equal parenting time were not counted as deviations because the guidelines provides that this circumstance should result in a zero order, the deviation rate would be 19 percent.

Exhibit 5: Deviations from the Guidelines Over Time				
	2013 Sample	2007 Sample	2002 Sample	1999 Sample
Percent of cases with a deviation	26%	26%	22%	15%
Direction of the deviation (% of deviated orders)				
• Upward	28%	30%	49%	58%
• Downward	72%	70%	51%	42%
Average Amount of the Deviation (% of guidelines amount)				
• Upward Deviations	13%*	42%	74%	22%
• Downward Deviations	-67%	-67%	-48%	-24%

* 2013 Sample percentage is statistically significant change from the 2007 Sample, $p < .05$

Among the 2013 sample, the average order amount before an upward deviation was \$464 per month and the average order amount after deviation was \$722 per month. On average, there was a 13 percent increase, which is statistically different from the 2007 sample.

As identified in subsequent sections, there are some case characteristics correlated with guidelines deviations in the 2013 sample and others that are not. Whether the mother or father is the obligee (*i.e.*, the parent receiving child support payments), the number of children, specific adjustments to income, and specific add-ons to the basic obligation are *not* correlated with guidelines deviations. Higher combined incomes, situations involving both essentially equal parenting time, age of the child, and how the child tax exemption is allocated between the parents are correlated with guidelines deviations. If zero orders in essentially equal parenting time cases were excluded, the deviation rate would be 19 percent. It is not entirely clear why deviations were noted in these cases because the guidelines provide for a zero-dollar order in essentially equal situations.

MONTHLY ORDER AMOUNTS

The average and median order amounts from the 2013 sample are \$412 per month and \$356 per month, respectively. Exhibit 6 shows that the average and median monthly order amounts are less than those of the 2007 sample. This may be a result of the 2008-09 economic recession and its lingering effect on wages and incomes.

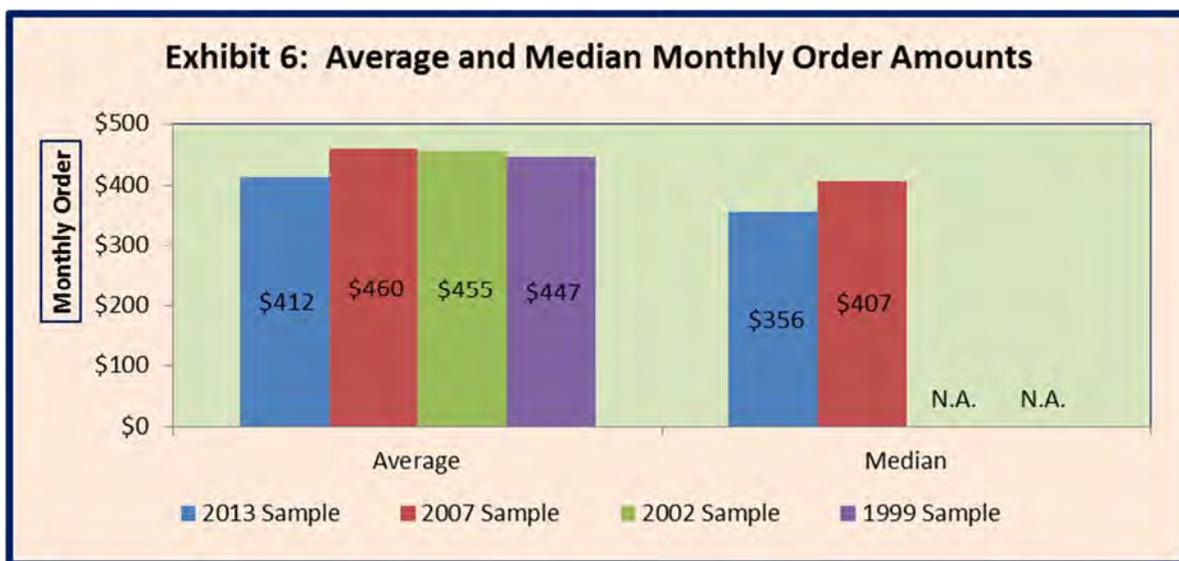
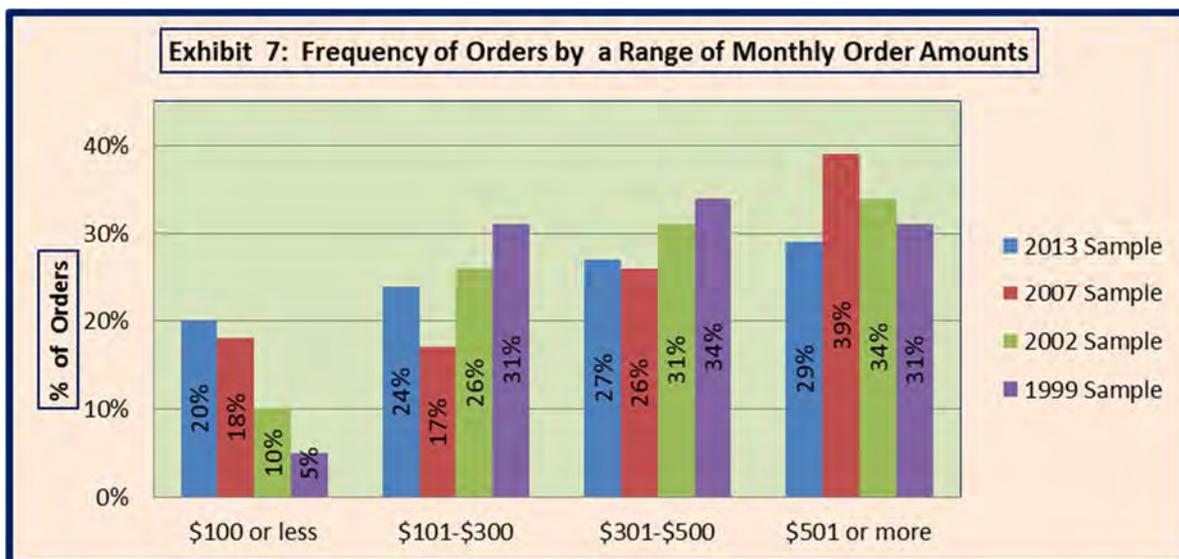


Exhibit 7 displays the frequency of monthly orders by a range of amounts: \$100 or less, \$101-\$300, \$301-\$500, and \$501 or more. Among the 2013 sample, 20 percent of monthly orders were \$100 or less, 24 percent of monthly orders were \$101-\$300, 27 percent of monthly orders were \$301-\$500, and 39 percent of monthly orders were \$501 or more. Relative to the 2007 sample, there has been a statistically significant increase in monthly orders in the \$101-\$300 range, and a statistically significant decrease in monthly orders in the \$501 or more range. These trends may reflect the impact of the 2008-09 economic recession and its aftermath.

Zero-Dollar Orders

Among the 2013 sample, 13 percent of the child support orders were set at zero. This is not statistically different from the percentage of zero-dollar orders among the 2007 sample, which was 14 percent.

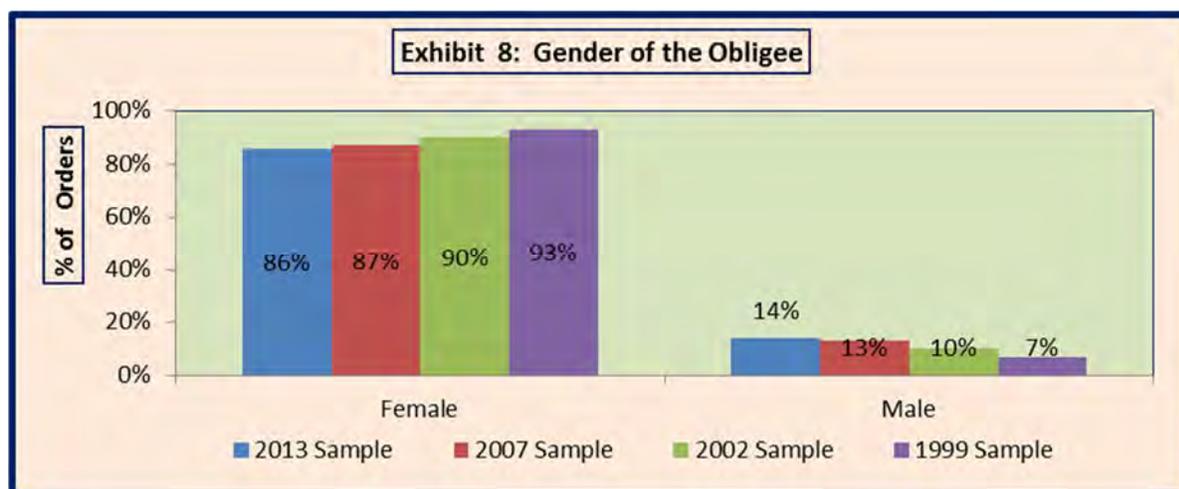
Over half (59%) of the zero-dollar orders from the 2013 sample were cases in which the parents had essentially equal parenting time. The guidelines provide that the order shall be set at zero in this situation.



CHARACTERISTICS OF THE CASE

Gender of the Parent to Receive Support

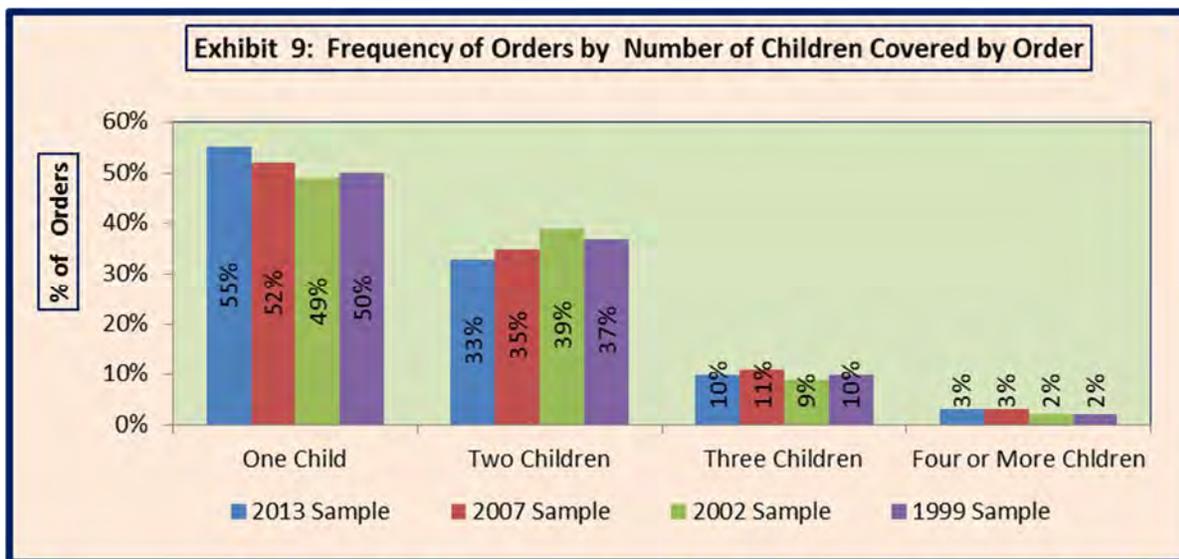
Exhibit 8 shows that the mother was the parent that would receive child support in 86 percent of the 2013 sample. This is not statistically different from the 2007 sample. Nonetheless, to be comparable to previous samples, for zero orders in the 2013 sample, it was assumed that the obligee was the parent who would have received support if the order was not zero. The guidelines deviation rate did not vary depending on which parent was the obligee.



Number and Age of Children

Exhibit 9 compares the frequency of sampled cases by the number of children covered by the order. To be clear, this is a count of the children covered by the child support order only. A parent may have more children with another partner or from other relationships. Among the 2013 sample, 55 percent of the orders cover one child, 33 percent of orders

cover two children, 10 percent of orders cover three children, and 3 percent of orders cover four or more children. The guidelines deviation rate did not vary by the number of children.



The average age of the youngest and oldest children in the 2013 sample was 10.6 and 11.7 years, respectively. This is older than the average ages in the 2007 sample, which were 7.1 years and 9.0 years for the youngest and oldest child, respectively. There was a negative correlation between the guidelines deviation rate and age of the child (*i.e.*, $\rho = -0.64$).

INCOME OF THE PARENTS AND INCOME ADJUSTMENTS

The average gross incomes of the obligor (obligated parent) and the obligee (the parent to receive support) from the 2009 sample were \$3,945 and \$2,493, respectively. The median gross incomes of the obligor and the obligee from the 2009 sample were \$2,773 and \$2,074, respectively. Exhibit 10 compares these amounts to those of the earlier sample. It shows that there has been little change in parents' incomes since the 2007 sample. This likely reflects income declines and stagnation since the 2008-09 economic recession.

The guidelines deviation rate is not correlated with the obligor's gross income or the obligee's gross income. The average combined gross income of the parents, however, is statistically different between cases with and without guidelines deviations. The average combined income of the parents is \$6,536 per month among orders with guidelines deviations and \$5,794 per month among orders without guidelines deviations.

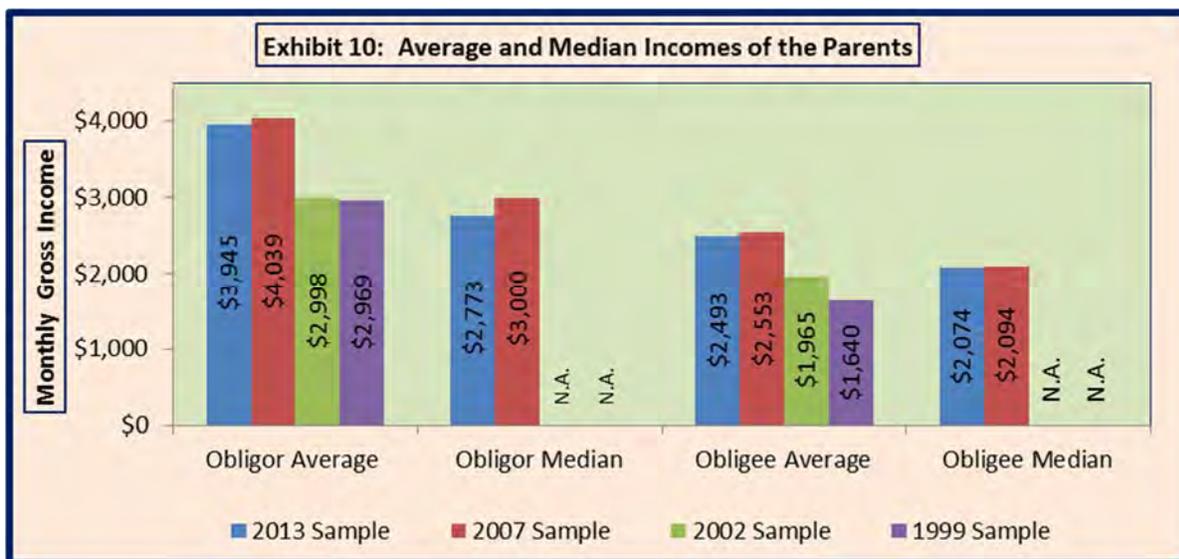


Exhibit 11 shows the distributions of the obligors’ and obligees’ gross incomes over a range of incomes. There are no statistically significant changes in the distribution of incomes other than there are fewer obligors with gross incomes of \$1,000 or less and more obligors with gross incomes in the range of \$1,001-\$2,000 per month. This likely reflects a change in minimum wage. The minimum wage was \$5.15 per hour in 2007, which is \$893 per month assuming a 40-hour workweek. The Arizona minimum wage is \$7.90 in 2014 and was \$7.80 in 2013, which is \$1,352 per month assuming a 40-hour workweek. Courts must presume, at a minimum, income at full-time, minimum wage earnings if other income evidence is not provided. Full-time, minimum wage earnings is also often presumed if a parent has little employment experience or skills or education. Among the 2013 sample, 13 percent of the obligors and 13 percent of the obligees had gross incomes exactly equal to \$1,352 per month. Both the obligor’s gross income and the obligee’s gross income were equal to \$1,352 per month in 4 percent of the 2013 sample. Data were insufficient to determine whether these were the actual incomes of the parents or imputed amounts.

High Incomes and Combined Incomes that Exceed Schedule Amounts

The guidelines schedule provides basic obligations for parental combined adjusted gross incomes up to \$20,000 per month. For incomes above \$20,000, the guidelines provide that the highest amount on the schedule shall be used and a parent requesting more bears the burden of proof of evidence that child-rearing expenses should be more.

There were only seven cases (1% of the 2013 sample) in which the combined adjusted gross income of the parents exceeded \$20,000 per month. The comparable percentage from the 2007 sample was 2 percent. There were only five cases (less than 1% of the 2013 sample) in which the obligor’s gross income (before adjustments) exceeded \$20,000 per month. No obligee had a gross income in excess of \$20,000 per month.

Exhibit 11: Changes in the Distribution of Gross Incomes over Time (% of Orders)				
	2013 Sample	2007 Sample	2002 Sample	1999 Sample
Obligor's Gross Monthly Income				
\$1,000 or less	2%*	4%	12%	12%
\$1,001-\$2,000	31%*	24%	29%	34%
\$2,001-\$3,000	22%	24%	23%	26%
\$3,001 to \$4,000	15%	19%	(36% have incomes of \$3,001 or more)	(28% have incomes of \$3,001 or more)
\$4,001 to \$5,000	11%	12%		
\$5,001 to \$6,000	6%	5%		
\$6,001 or more	14%	13%		
Obligee's Gross Monthly Income				
\$1,000 or less	9%	12%	26%	30%
\$1,001-\$2,000	38%	36%	34%	43%
\$2,001-\$3,000	24%	26%	25%	20%
\$3,001 to \$4,000	13%	12%	(16% have incomes of \$3,001 or more)	(7% have incomes of \$3,001 or more)
\$4,001 to \$5,000	7%	6%		
\$5,001 to \$6,000	5%	4%		
\$6,001 or more	3%	4%		

* 2013 Sample percentage is statistically significant change from the 2007 Sample, $p < .05$

Adjustments to Income

The guidelines provides adjustments to income for court-ordered spousal maintenance that is paid, court-ordered child support for children of other relationships, and the support of other natural or adopted children who are not the subject of the child support order that is being determined.

Over a quarter (26%) of obligors in the 2013 sample had an adjustment to income and 22 percent of obligees in the 2013 sample had an adjustment to income. The average adjustment to obligors' gross incomes was \$762 per month. The adjustments for spousal maintenance (\$1,045 per month on average) were generally larger than adjustments for supporting other children including other child support orders. When spousal maintenance was excluded, the average adjustment to obligors' gross incomes was \$665 per month. For obligees' gross incomes that were adjusted for spousal maintenance, the average adjustment was \$1,322 per month. For obligees' gross incomes that were adjusted for supporting other children, the average adjustment was \$461 per month. The average gross income of obligors with a downward adjustment for spousal maintenance was \$8,337 per month (before the adjustment) while the average gross income of obligees in these cases was \$2,354 before month (before the adjustment).

Exhibit 12 shows the frequency of income adjustment by adjustment type. Adjustments for spousal maintenance and court-ordered child support are generally infrequent. They occur in less than 10 percent of the cases in any sample year. The adjustment for children from other relationships (additional dependents) that are not the subject of a child support order, however, was 12 percent among obligors and 14 percent among obligees in the 2013 sample.

This may reflect more modified orders in the sample since more time has lapsed since an order was modified for a parent to develop new relationships and have additional children. Both of these percentages are significantly more than the comparable percentages in the 2007 sample (*i.e.*, 7% for obligors and 9% for obligees).

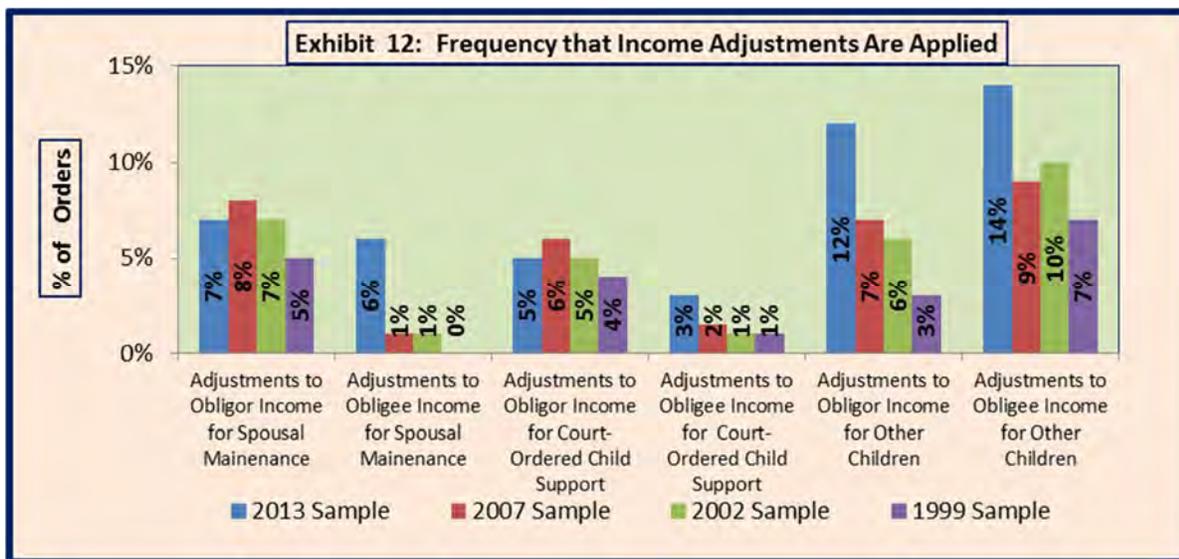


Exhibit 12 also shows an increase in the percentage of obligees with an adjustment for spousal maintenance. This may reflect an anomaly in the data. In prior samples, the data only captured adjustments to obligee income if the obligee *paid* spousal maintenance. In the 2013 sample, the majority of adjustments to obligee income for spousal maintenance involve situations in which the obligee *receives* spousal maintenance.

Obligor's Share of the Parents' Combined Income

The obligor's share of the parents' combined income is an integral part of the guidelines calculation. The obligor is essentially responsible for his or her prorated share of the basic obligation and all other child-rearing expenses that may be considered in the guidelines calculation (*e.g.*, the cost of the child's medical insurance and childcare expenses).

The obligor's prorated share of combined income was 57 percent on average in the 2013 sample. Exhibit 13 shows changes in the distribution of the obligor's prorated share over time. It essentially shows that the distribution was relatively unchanged from the 2007 sample to the 2013 sample. A notable exception is at the midrange (*i.e.*, the obligor's prorated share is 46-60% of combined income). Over a third (36%) of obligors fell into that range in the 2013 sample, whereas only 29 percent did in the 2007 sample. The difference is statistically significant. When rounded to the nearest multiple of ten, about a quarter (26%) of the 2013 sample had a 50-50 percent split in income. This suggests the spread in income between obligees and obligors is narrowing.

Exhibit 13: Changes in the Distribution of the Obligor's Share of Combined Income over Time (% of Orders)				
	2013 Sample	2007 Sample	2002 Sample	1999 Sample
Obligor's Prorated Share of Combined Income				
0-15%	<1%	1%	1%	0%
16-30%	6%	6%	7%	5%
31-45%	16%	17%	17%	19%
46-60%	36%*	29%	31%	30%
61-75%	29%	30%	25%	29%
76-90%	10%	13%	10%	10%
91-100%	3%	5%	10%	6%
Obligor's Prorated Share (Average)	57%	59%	59%	60%

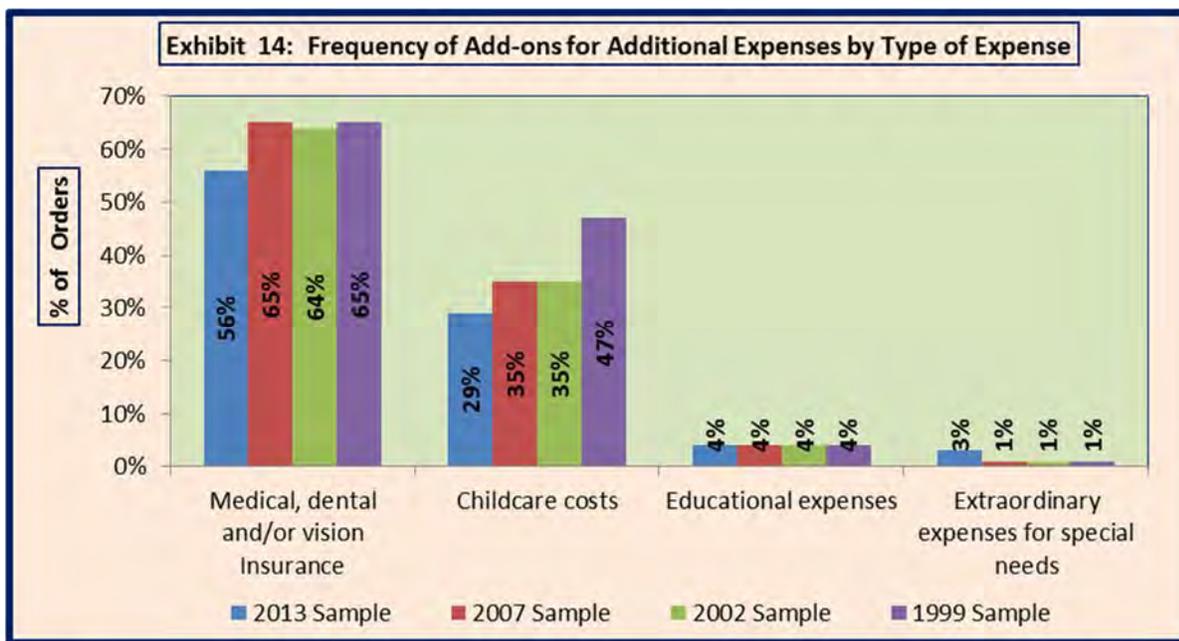
* 2013 Sample percentage is statistically significant change from the 2007 Sample, $p < .05$

OTHER EXPENSES ADDED TO THE BASIC OBLIGATION

The parents' adjusted gross income is used to find the basic child support obligation from the guidelines schedule, which reflects average child-rearing expenditures for families of comparable income and family size, but does consider the cost of the child's medical insurance or childcare expenses. Instead, the guidelines provide that the actual amount of these expenses and other extraordinary expenses, if any, for the child's education or special needs, be added to the basic obligation and prorated between the parents. In addition, the guidelines provide an adjustment for older children. The guidelines also provide that parents shall be assigned responsibility for the payment of any medical costs of the child that are not covered by insurance.

Add-ons for Additional and Extraordinary Expenses

Among the 2013 sample, 56 percent of orders were adjusted for the cost of the child's medical, dental, and/or vision insurance, and 29 percent of the orders were adjusted for childcare expenses. As shown in Exhibit 14, the comparable percentages were higher among the 2007 sample (*i.e.*, 65% for insurance adjustments and 35% for childcare adjustments). The difference is statistically significant. The decline in insurance and childcare may be partially explained by reductions in the availability of employer-sponsored insurance and childcare expenses precipitated by the 2008-09 economic recession. There were few cases in the 2013 sample that had adjustments for educational expenses or the extraordinary needs of children with special needs. These adjustments were applied in 4 percent and 3 percent, respectively, of the 2013 sample.



Cost of Child's Insurance. Among cases in the 2013 sample with adjustment for the cost of the child's insurance, almost equal proportions of obligees and obligors paid for the child's insurance and in a few cases (*i.e.*, 3%), both parents paid for the child's insurance. The average cost of insurance for the child was \$149 per month and the median cost was \$124 per month. Consistent with federal regulations,¹⁵ statute (ARS section 25-320(J)) provides that the court shall order one of the parents to provide medical insurance to the child if it is available to the parent at a reasonable cost and accessible to the child. The statute (ARS section 25-320(R)) defines reasonable cost as the cost of the child's insurance that does not exceed the higher of 5 percent of the parent obligated to provide medical insurance for the child or an "income-based numeric standard" provided in the guidelines. The cost of the child's insurance was 5 percent or less among most (75%) of the 2013 sample in which the actual cost of the child's insurance was added to the basic obligation. Among cases in which the cost was more than 5 percent, it was not clear whether the parents agreed to pay for the child's insurance despite it exceeding the 5-percent threshold. In most (75%) of the cases in which the cost was more than 5 percent, it was between 6 and 10 percent. A 10-percent threshold would be close to the maximum percentage of income assessed for insurance on the healthcare exchange (*i.e.*, 9.5%). The maximum amount in the 2013 sample was 39 percent and the cost of the child's health insurance was about \$500 per month in this case.

Childcare Costs. Among cases in the 2013 sample with an adjustment for childcare costs, only the obligee incurred the expense in the majority (76%) of the cases that were adjusted for actual childcare costs. There were some cases, however, where both parents incurred

¹⁵ U.S. Department of Health and Human Services Administration for Children and Families (ACF), (2008), "Child Support Enforcement Program; Medical Support: Final Regulation." *Federal Register*, Vol. 73, No. 140 (July 21, 2008), pp. 42416-42442. Retrieved from: <http://www.gpo.gov/fdsys/pkg/FR-2008-07-21/html/E8-15771.htm>

childcare costs or only the obligor incurred childcare costs. The average childcare expense was \$357 per month and the median childcare expense was \$280 per month. About a third (36%) of the orders adjusted for childcare expenses also considered the federal childcare tax credit. The median adjustment of the tax credit was \$50 per month (which is the maximum adjustment for one child) and the average was \$77 per month (which is below \$100 per month, the maximum amount for two or more children).

Education Expenses and Special Needs. Among cases in the 2013 sample with an adjustment for educational expense, the average expense was \$271 per month and the median expense was \$291 per month. Among cases in the 2013 sample with an adjustment for the child's special needs, the average expense was \$273 per month and the median expense was \$355 per month.

Adjustment for Older Children

About a third (36%) of the orders in the 2013 sample were adjusted for older children. The guidelines provides for an adjustment for children age 12 or older. This is statistically more than the comparable percentage among the 2007 sample, which was 30 percent. There was no difference in guidelines deviation rates among orders with and without the adjustment for older children.

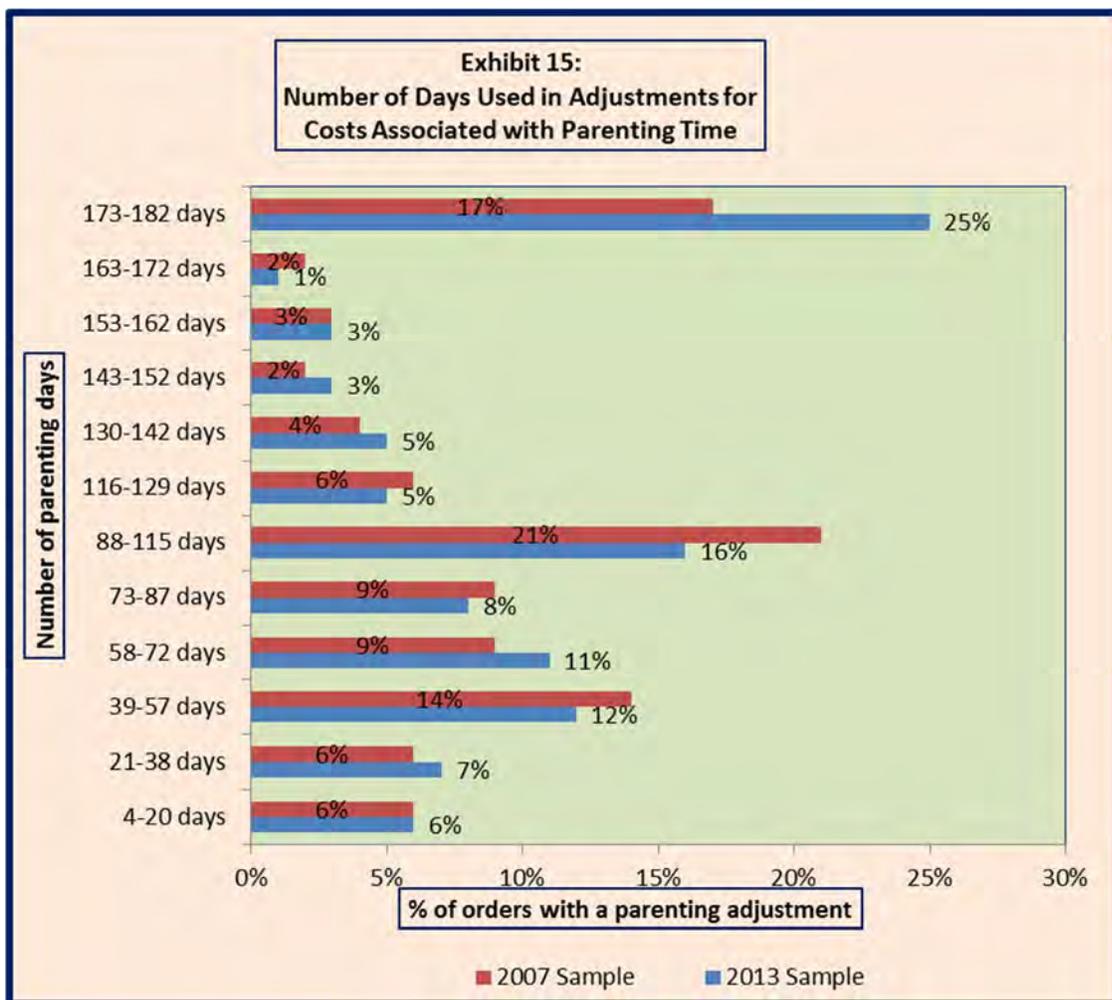
Medical Costs Not Covered by Insurance

The guidelines also provide that the court shall specify the percentage that each parent shall pay for the child's medical, dental, and/or vision costs not covered for insurance. The vast majority (96%) of the 2013 sample contained such a provision. The obligor's average share of uncovered medical costs was 56 percent and the obligee's average share was 44 percent. The median percentage was 50 percent for both obligors and obligees. The uncovered medical costs were split 50-50 in 30 percent of the 2013 sample. The actual income split was rarely 50-50 (even when rounded to the nearest multiple of 10) in these cases. This suggests that many parents and/or courts believe that a 50-50 split is fairer than a prorated split.

ADJUSTMENTS FOR COST ASSOCIATED WITH PARENTING TIME

A parenting-time adjustment was applied in the majority (84%) of the 2013 sample. This is comparable to the percentage of the 2007 sample was 88 percent. The adjustment considered an average of 100 days per year among the 2013 sample and a median of 96 days per year. The average percentage adjustment to the obligated parent's prorated share of the basic obligation was 34 percent and the median percentage adjustment was 16 percent.

Exhibit 15 shows the distribution of the number of days used in the adjustments for costs associated with parenting time. Generally, the patterns between the 2013 sample and the 2007 sample are the same except there are more cases with almost equal parenting time (*i.e.*, 173-182 days) in the 2013 sample.



Adjustment for Essentially Equal Parenting Time

Among the 2013 sample, 21 percent of cases were adjusted for essentially equal parenting time. This is a statistically significant increase from the 2007 sample. The comparable percentage from the 2007 sample is 15 percent. Essentially equal cases comprised 34 percent of all deviations among the 2013 sample. Almost half (42%) of the essentially equal orders were set at zero. It appeared in some of these cases that they were called deviations even though they followed the guidelines, and in others, they were labeled as “essentially equal” and had a zero-order but whether the circumstances of the case were essentially equal were debatable (e.g., 60-40% split in income rather than 50-50% split in income). However, those that were not set at zero generally involved higher combined incomes and obligors with a higher prorated share of combined income than those among orders set at zero. The guidelines deviation rate was higher for cases with the essentially equal adjustment (i.e., 45%) than it was for those without the essentially equal adjustment (i.e., 25%).

Travel Expenses

The guidelines provide that the court may allocate travel expenses of the child associated with parenting time in cases where one-way travel exceeds 100 miles. Most (73%) of the 2013 sample had a provision for travel expenses and they were typically prorated between

the parents. It is not clear whether there were actual travel expenses or the intent was to put it in most orders in case travel became an issue in the future.

LOW-INCOME PARENTS AND THE SELF-SUPPORT RESERVE TEST

The guidelines provide that the court perform a Self-Support Reserve Test in each case to verify that the obligor is financially able both to pay the calculated guidelines amount and to maintain a self-support reserve of \$903 per month. (This relates to the 2010 federal poverty level- FPL- for one person while the 2014 FPL is \$973 per month.) If the difference between the obligor's adjusted gross income and the calculated guidelines amount is less than the SSR, than the court may reduce the support award after first considering the financial impact of the reduction on the custodian family.

Orders were infrequently adjusted for the SSR among the 2013 sample. Only 4 percent of the 2013 sample had an adjustment compared to 5 percent in the 2007 sample. One limitation to this adjustment is that few obligors have very low incomes. As shown in Exhibit 11, less than 1 percent of obligors had gross incomes of \$1,000 per month or less. However, this is the income used in the guidelines calculation. The guidelines calculation does not routinely note whether income has been imputed or presumed to a parent. As discussed earlier, it is not uncommon to impute/presume full-time, minimum wage earnings to a parent who does not provide income information to the courts and has little employment history and earning capacity based on his or her skills and education.

Orders More or Less than 20 Percent of Obligor Income

Recently, there has been a lot of attention paid to appropriate order amounts for low-income obligors. National experts have questioned whether child support orders should exceed 20 percent of the obligor's gross income.¹⁶ One of the most widely-cited studies on this finds that arrears accrue when the order is 20 percent or more of the obligor's gross income for one child and 28 percent or more of the obligor's gross income for two or more children.¹⁷ Based on the 2013 sample, most (*i.e.*, 76%) are less than 20 percent of the obligor's gross income. When the 20-percent threshold is considered for orders covering one child only, the comparable percentage is 88 percent. When the 28-percent threshold is considered for orders covering two or more children, the comparable percentage is 85 percent for two children and 61 percent for three and more children. In short, the guidelines generally provide amounts below these thresholds and when the threshold is indeed exceeded, it is more likely to be an order that covers more children.

A caveat to this is that the percentages are based on income used for the guidelines calculation, which may not always be the actual income of the parent. Statute (ARS section

¹⁶ Turetsky, V. (August, 2012). *Keynote Address to the National Child Support Enforcement Association*. Speech presented in Denver, CO. One of the studies Turetsky referred to is: Takayesu, M. (2012). *How Do Child Support Order Amounts Affect Payments and Compliance?* Santa Ana, CA: Research Unit of the Orange County Department of Child Support Services. Another study is: Formoso, Carl, *Determining the Composition and Collectibility of Child Support Arrearages: Volume 1*, Washington State Department of Social and Health Services, Olympia WA. (May 2003).

¹⁷ For example, see Takayesu, Mark, *A "Guideline" to Improving Collections*, Presentation to the National Child Support Enforcement Association Policy Briefing on February 10, 2012, Washington, D.C.

25-320(N)) provides that absent testimony, at a minimum, it should be presumed that a parent is capable of full-time minimum wage. As discussed earlier, 13 percent of both obligors and obligees had income equivalent to full-time, minimum wage earnings in the 2013 sample. Many states and jurisdictions are steering away from the imputation of full-time, minimum wage earnings. Instead, states are using whatever income information they can obtain from testimony or automated sources (e.g., quarterly wage data) even if it less than what can be earned from full-time, minimum-wage employment), imputing at minimum wage as a last resort, and when imputing at minimum wage using less than 40 hours. The reason for this is there is a growing body of research that finds a significant proportion of nonresidential parents are poor and low income¹⁸ and face barriers to employment and continuous employment such as prior criminal records and mental illness. Further, there are declining employment and earnings opportunities of males, particularly of color.¹⁹ The reason for not using full-time employment is the growth of the service sector, which tends to offer part-employment, and the 30-hour per week threshold criterion for the ACA mandate for large employers to offer health insurance benefits to employees.

Arrears Orders

Research finds that child support compliance rates are lower if the obligor is assessed arrears at the same time that the order is established.²⁰ Only 4 percent of the 2013 sample also included an order for arrears. The average gross income of the obligor in these cases was \$3,054 per month, which is lower than the average income for all obligors in the 2013 sample. Data about arrears were not collected for the 2007 sample.

THE TAX EXEMPTION AND HEALTH INSURANCE ORDERS

Orders to provide the child's health insurance and the federal tax exemption are discussed together because of the Affordable Care Act (ACA) that mandates healthcare coverage and enforces it through the federal tax system. Under ACA, the parent who claims the child as a tax exemption for federal income tax purposes is responsible for providing the child's health insurance.

The Tax Exemption for the Child

Absent an agreement between the parents, the guidelines provide that the federal and state tax exemptions associated with the child shall be prorated between the parents. This can be accomplished by rotating the exemption or splitting the exemption among the number of children. For example, if there are three children and the obligor's prorated share of combined gross adjusted income is two-thirds, the obligor will claim the children as an exemption two out of every three years. Another example assuming the obligor's prorated

¹⁸ For example, see Sorensen, Elaine (February 2014). *Employment and Family Structure Changes: Implications for Child Support*. Presentation to the National Child Support Enforcement Association, Washington, D.C. February 7, 2014. Sorensen finds about 27 percent of nonresidential parents have no or limited reported earnings.

¹⁹ Autor, David & Wasserman, Melodie (March 2013) *Wayward Sons: The Emerging Gender Gap in Labor Markets and Education, Third Eye*, Retrieved from: <http://www.thirdway.org/publications/662>

²⁰ Office of the Inspector General. 2002. *Child Support for Children on TANF*, February 2002. OIG-05-99-00392, Washington, D.C.: Department of Health and Human Services.

share is two-thirds and there are three children is that the obligor claims two of the children and the obligee claims one of the children.

The tax exemption for the child was:

- divided equally in 53 percent of the 2013 sample,
- fully or mostly granted to the obligor in 22 percent of the 2013 sample, fully or mostly granted to the obligee in 17 percent of the 2013 sample,
- ordered but could not be categorized in 3 percent of the 2013 sample,
- not ordered in 5 percent of the 2013 sample.

Similar data were not captured for the 2007 sample. The guidelines deviation rate varied with how the tax exemption for the child was distributed between the parents. It was higher when the obligee received all or most of the tax exemption for the child than when the obligor received it or it was split equally between the parents.

Parent Ordered to Provide Insurance Coverage

One or both parents were ordered to provide insurance coverage for the child in 95 percent of the 2013 sample. The order applies to current insurance and insurance that is available in the future even if it is not available currently. Among the 2013 sample, the parent ordered to provide insurance coverage was:

- the obligor in 34 percent of the orders;
- the obligee in 35 percent of the orders;
- Both parents in 26 percent of the orders; and
- Not specified, other, or unknown in 5 percent of the orders.

Consistency of Insurance Provision and Tax Exemption Provision

Exhibit 16 examines the consistency of the parent ordered to provide insurance and the parent who will receive the tax exemption on behalf of the child as provided in the child support order. The latter is important because the parent claiming the child as a tax exemption is mandated to provide insurance for the child under healthcare rules. Exhibit 16 shows general consistency for 39 percent of the cases in which a parent or the parents have been ordered to provide health insurance. This includes orders in which only the obligor was ordered to provide insurance (12%), only the obligee was ordered to provide insurance (10%), or both parents (17%) were ordered to provide insurance.

As mentioned earlier, the insurance provision may not reflect that a parent actually has insurance currently. A better reflection of whether a parent currently carries insurance for the child is if there was an adjustment for the cost of the child's insurance in the guidelines worksheet. Among these cases, the parent with the insurance adjustment generally matched the parent ordered the child tax exemption in 29 percent of the cases

Exhibit 16: Consistency of Parent Ordered to Provide Insurance and Parent Ordered Tax Exemption for the Child (% of Orders in which a Parent or Parents Were Ordered to Provide Insurance, n = 647)				
The parent ordered to provide insurance is...	Obligor Only	Obligee Only	Both Parents	Only One Parent or Both Parents
The child's tax exemption is ordered to...				
Both Parents	18%	19%	17%	54%
Mostly the Obligor	12%	5%	4%	22%
Mostly the Obligee	3%	10%	4%	17%
Other/Not Ordered/Not Known	3%	2%	2%	7%
Any of the Above	36%	36%	27%	100%

Green shading indicates it is mostly the same parent ordered to provide insurance and the child's tax exemption.

Parenting Education

Arizona law mandates that all divorcing and never-married parents with minor children and parenting time disputes attend a parenting education class. Among the 2013 sample, 56 percent of obligors and 76 percent of obligees attended. The comparable percentages from the 2007 sample were 53 and 74 percent, respectively. Both parents attended in 49 percent of the 2013 sample and 48 percent of the 2007 sample. In all, this suggests a small increase in attendance over time.

Chapter III: Summary of Findings and Recommendations

SUMMARY OF FINDINGS

Arizona is reviewing its child support guidelines. As part of the review, case file data were collected from orders established or modified in FY2013, then compiled in a database and analyzed. One purpose of the analysis is to determine the frequency of guidelines deviations and another is to learn how the guidelines are being applied.

The key findings are bulleted below.

- *Guidelines Deviations.*
 - The guidelines deviation rate is unchanged since the last review. It is 26 percent.
 - The most common reasons for guidelines deviations are best interest of the child, the guidelines-determined amount is inappropriate, and agreement between the parties. These are the same three most common reasons for guidelines deviations in the previous case file review.
 - Most of the guidelines deviations are downward, as they were in the last review.
- *Number of Children and Age of Children*
 - Most orders cover one or two children (*i.e.*, 55% cover one child and 33% cover two children). The average age of the child is eleven years old.
- *Order Amounts, Incomes, and Adjustments to Incomes.*
 - Average and median order amounts, as well as average and median incomes, are generally unchanged from or slightly lower than those of the last review. This may reflect economic stagnation and job losses since the 2008-09 economic recession.
 - The only significant change in income patterns are slight changes in the lowest income brackets. This likely reflects an increase in minimum wage from \$5.15 per hour (which was in effect in the previous sampling year) to \$7.80 per hour (which was in effect in 2013, but is now \$7.90 per hour in 2014). Income is to be presumed at full-time, minimum wage earnings absent other evidence or testimony, but this does not appear to occur frequently since only 13 percent of the obligors and obligees had income equivalent to full-time, minimum wage earnings.
 - Guidelines-provided adjustments to incomes are applied infrequently. They are applied to 5 to 14 percent of the parents depending on the type of adjustment and which parent is considered. The most common adjustment is an adjustment to obligee income for other children. It was applied to 14 percent of the obligees.
 - The obligors' average share of combined income is 57 percent. This is important because the amount of the child support award is calculated based on the

obligor's prorated share of the parents' combined income. Since the last review, there is some evidence that the gap in the incomes of the parents have closed slightly.

- *The Child's Insurance and Childcare Expenses.*

- Adjustments for actual childcare expenses and the actual cost of the child's medical, dental and vision insurance were applied in 56 percent and 29 percent, respectively. This is a drop from the last review and may reflect changes in availability of employer-sponsored health insurance and reduced need for childcare and/or cost since the 2008-09 economic recession.
- Most (75%) of the orders in which the actual cost of the child's insurance was considered the calculation of the support award, the cost of the child's insurance was five percent or less of the gross income of the parent carrying the insurance. This is important because federal regulation requires states to provide an income-based threshold for determining reasonable cost that is 5 percent or another percentage appropriate for the state. Arizona uses 5 percent but many states use a higher level because lower levels are more restrictive than premium subsidy rates offered under healthcare exchanges and result in insurance being reasonable in cost in more cases.
- Most (96%) of orders specify the percentage that each parent shall pay for the child's medical, dental or vision cost not covered. The percentage is usually each parent's prorated share of combined income or split 50-50 between the parents.

- *Shared-Parenting Time Adjustments.*

- Arizona is one of a few states that provide an adjustment for the cost associated with parenting time with few criteria limiting its application. In contrast, most states limit their parenting-time adjustment for substantial timesharing (*e.g.*, each parent has the child at least 30 percent of the time) and require a parenting time order or agreement between the parties. As a consequence, a timesharing adjustment is applied to most (84%) of Arizona orders.
- There has been a substantial increase among cases with essentially equal parenting time adjustment. This was the circumstance for 21 percent of sampled cases. In these circumstances, the guidelines provide for a zero order, however, less than half of these orders were set at zero.

- *The Self-Support Reserve and Very Low-Income Obligor*

One of the child support guidelines issues across the nation is the treatment of low income. There are several sub-issues. One is whether a state's guidelines provides an adequate self-support reserve for very low-income obligors and the another is whether income is presumed above what parents with low-skills and educational levels and other employment barriers (*e.g.*, criminal history and mental health issues) can reasonably pay. In particular, some policy experts are suggesting that guidelines should not result in order amounts that are 20 percent or more of the obligor's gross

income when there is one child and 28 percent or more of the obligor's gross income when there are two or more children.

The existing guidelines provide a SSR of \$903 per month, which is the 2010 federal poverty level (FPL) for one person. The SSR was used to adjust the support award in only 4 percent of the orders reviewed. The 2014 FPL for one person is \$973 per month. The FPL is an after-tax income amount. When backed out to gross income considering 2014 federal and state income tax rates and FICA, the gross equivalent is \$1,115 per month.

Most (88%) of the one-child orders sampled were less than 20 percent of the obligor's gross income. Most of the two-child orders sampled were less than 28 percent of the obligor's gross income. Fewer orders for three or more children, however, were less than 28 percent of the obligor's gross income.

- *The Tax Exemption for the Child and the National Insurance Mandate*

There is inconsistency between which parent is ordered to provide medical insurance for the child and which parent claims the child as a tax exemption according to the order. This is important because the national insurance mandate assigns the responsibility of the child's medical insurance to the parent who claims the child as a tax exemption. There appears to be consistency in 39 percent of the cases.

The inconsistency arises because statute and the guidelines provide that the insurance is to be ordered to a parent or both parents based on whether it is accessible to the child and reasonable in cost to the parent. The guidelines provide that the tax exemption for the child be prorated between the parents, but it appears that many parents agree to split it equally or that one parent claims all of the children in every year considered.

RECOMMENDATIONS

CPR recommends the following considerations in developing guidelines recommendations based on the case file review.

- *Update the self-support reserve.* It could be updated to the gross-income equivalent to the most current federal poverty level for one person, which would be \$1,115 per month in 2014.
 - *In orders for two or more children, provide the order amounts for when the oldest child emancipates.* Some parents do not realize that they must seek an order modification if their oldest child emancipates. Arizona is one of 34 states that do not. Exhibit 17 provides Maine's provision as an example.
 - *Add more specificity to the essentially equal provision.* There appears to be some inconsistency in how guidelines users are defining what is essentially equal.
 - *Increase the threshold for reasonable cost of insurance.* There are several orders in which the medical insurance of the parent exceeded 5 percent and an amount more than 5 percent is consistent with insurance costs on healthcare exchanges. State statute provides that the guidelines can set an amount other than 5 percent.
 - *Add more specificity on how the child's uncovered medical costs should be shared.* There appears to be inconsistency between whether it should be prorated or divided equally between the parents.
-

- *Create consistency between how the tax exemption for the child is awarded between the parents and the parent ordered to provide medical insurance for the child.* Healthcare reform mandates that the parent who claims the child as a tax exemption is responsible for providing health insurance for that child.
- *Expand data collection and analysis.* Future case file reviews would benefit from the collection of additional data such as whether the order is a new or modified order, the case is a DCSS or non-DCSS case, whether the parents are divorced or were ever married, whether income was presumed/imputed to a parent, and child support payment data. Sub-analysis of some of these additional data fields could greatly inform future recommendations.

Exhibit 17: Example of Provisions that Automatically Reduce the Order Amount for the Remaining Children after One Child Emancipates	
Maine	With regard to any initial or modified child support order that affects more than one child and that was entered before January 18, 2005, unless that order states the manner in which the order must be modified upon the events listed in subparagraphs (1) to (4), that the order be automatically modified pursuant to this paragraph to address any of the following events: <ol style="list-style-type: none"> (1) Any child reaches 18 years of age and has graduated from secondary school; (2) Any child reaches 19 years of age without having graduated from secondary school; (3) Any child obtains an order of emancipation; or (4) Any child dies. As of the date of an event listed in subparagraphs (1) to (4), the total child support amount stated in the order must be decreased by the child support amount assigned to that child in the worksheets accompanying the child support order or as set forth in the order; and [2009, c. 290, §15 (AMD

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