

FAMILY COURT IMPROVEMENT COMMITTEE - CHILD SUPPORT GUIDELINES REVIEW SUBCOMMITTEE

Minutes

April 27, 2020 10:00 a.m.

Virtual Meeting

Present:

Telephonic: Judge David Gass (chair), Carol Park Aden, Don Bays, Laura C. Belleau, Mary K. Boyte Henderson J.D., Judge Bruce R. Cohen, Kellie E. DiCarlo, Judge Joseph Goldstein, Chris Gorman, Joi Hollis, Ph.D., Jennifer A. Mihalovich, Janet W. Sell, Rosa Torrez, Steve Wolfson J.D.

Absent/Excused: Vance D. Simms, Amanda Stanford, Cherie J. Waisel

Presenters/Guests: Dennis Hoffman; Director of L. William Sideman Research Institute at W.P. Carey School of Business at Arizona State University; Mellissa Loughlin Sines; Dr. Jane Venohr, Center for Policy Research

Administrative Office of the Courts (AOC) Staff: Angela Pennington, Susan Pickard, Kathy Sekardi

I. REGULAR BUSINESS

A. Welcome and Opening Remarks

The April 27, 2020, meeting of the Family Court Improvement Committee – Child Support Guidelines Review Subcommittee (FCIC-CSGR) was called to order at 10:07 a.m. by Judge David Gass, chair. This second meeting of the subcommittee was a virtual meeting, with all attendees appearing online, by phone, or both. Susan Pickard shared the rules of virtual meeting etiquette, then called the roll. Judge Gass asked if there were others who had called into the meeting whose names had not been called. He reviewed the call to the public procedure for a virtual meeting.

II. BUSINESS ITEMS AND POTENTIAL ACTION ITEMS

A. Child Support Guideline Review Processes and Methodology

Ms. Pickard introduced Dr. Jane Venohr, The Center for Policy Research (CPR), who has contracted to conduct the case file review and the economic review for the child support guidelines. Dr. Venohr shared her background and explained the objectives and requirements for the quadrennial child support guidelines review. She shared two previous reports and enumerated the new federal requirements for the review. Those requirements include not only a review of the cost of raising children but also the assembly and analysis of

labor market data, rates of default, imputed orders, low-income adjustments and self-support reserve tests, comparisons based on case characteristics, public input.

Dr. Venohr informed the subcommittee of both the CPR and their roles and responsibilities for the review. She then moved on to the proposed data sources that could be used for the review, how they can be applied, and how the federal expansion of requirements for analyzing data will be addressed. The CPR has submitted their requests for data. This will include data from the Division of Child Support Services.

She continued discussing new and ongoing review requirements comparing the federal requirements with steps Arizona is already taking.

The conversation moved on to the economic data analysis. Dr. Venohr described the basis of the analysis and gave possible updates and alternatives to current information sources. She also gave examples of how different studies can affect results. The subcommittee discussed tax credits, and income level discrepancies.

Dr. Venohr discussed the different methods of federal and state tax withholding, child health care costs and alternative methods to calculating these costs for child support. She spoke about the advantages and disadvantages of the different methodology employed by other states. She then gave a quick explanation of the next steps the Center for Policy Research will be taking and then opened the discussion for more questions.

While questions and discussions occurred throughout Dr. Venohr's presentation, they are consolidated below:

Questions

- Why combine reports?
 - Easier to meet fed requirements, and even though there is currently instability in the labor market, CPR will do the best we can with data available.
- Why do averages work for child support? Split custody is not an average situation.
 - Rooted in the history of the child support program. The 1984 Child Support Amendment to the Social Security Act, mandated the requirement of child support guidelines. A 1987 panel report recommended income sharing which relies on average expenditures.
- How are tax credits factored in?
 - The Earned Income Tax Credit (EITC) and Child Tax Credit are not factor in. Dr. Venohr suggested the subcommittee can do a schedule to include.
 - EITC is a means-tested program and considered the most effective anti-poverty program which is why it is not included.
 - Dr. Venohr would not steer the subcommittee steer away including it.

- For states that include the Child Tax Credit, it is considered net income.
 - Is it possible to do a two-table model gross to net conversion?
 - Dr. Venohr states it can be done by using the advancement of the child tax credit on new W-4 but doesn't like this option.
- Will Table B be kept?
 - What formula and percentages were used in the development of Table B.
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Comments

- Evidence of ability to pay such as labor market reports of median pay rates is acceptable.
- Adjustments for the self-support reserve test for low income and high-income families.
 - Arizona uses the self-support reserve test when a low-income non-custodial parent is involved.
 - The amount that remains after the application of the self-support reserve test can be inadequate for support.
 - Dr. Venohr was willing to assist in showing how the test is managed in other states.
 - For marked discrepancies in income levels, the income shared model puts the children's needs first.
 - Arizona has a shared parenting time adjustment that starts at one overnight and adjustment for additional dependents.
- Cost of living disparities based on region.
 - The U.S. Bureau of Economic Analysis publishes a report on price parities, but the data will need to be adjusted as the report only shows rural information.
- Extraordinary and non-extraordinary health care costs
 - Arizona does have provisions for health insurance and extraordinary medical expenses. Unreimbursed health care costs are considered on an individual case basis.
 - Addressing High Deductible Health Plans (HDHP) and Health Saving Accounts (HSA).
 - Application of the \$250 medical expense threshold.
- For high-income families, the data does not support the proportionate expenditures for children. Above a certain level excess disposal income is spent on luxuries.

- Gross vs net income for the child support schedule.
 - Alimony is not considered gross income.
- A finite number of parenting days has increased fighting between the parties.
 - Reference Oregon's table which uses a "S" formula and matches the cross credit to match the parents' time and offset it.
- Arizona does not have spousal maintenance guidelines.
 - Schedules should be adjusted keeping all the assumptions we have now, using net income to compare to the current.

B. Economic Studies and Arizona Economy Q & A

While Dr. Hoffman was present on the phone and had asked a number of questions during Dr. Venohr's presentation, he had an emergency meeting. At the chair's discretion Dr. Venohr continued her presentation.

C. Restyling Best Practices

Due to technical difficulties, John W. Rogers, Senior Staff Attorney, Arizona Supreme Court, was unable to login to the meeting. He was rescheduled to attend the June 8th meeting instead.

D. Workgroup Reports

Judge Gass called upon the workgroup chairs for status reports.

Tax Issues Workgroup

The Tax Issues Workgroup met and has scheduled their next meeting for mid-May. The members will be comparing current tax credits and medical exemptions associated with children and the impact on custodial and non-custodial parents.

Income Issues Workgroup

The Income Issues Workgroup had not had an opportunity to meet but is scheduled to meet April 30. The chair asked for feedback on what issues the subcommittee would like them to address.

Deviation Issues Workgroup

The Deviation Issues Workgroup has not had an opportunity to meet. A Doodle Poll will be sent out to pick the best date to meet.

Expenses & Cost Associated Parenting Workgroup

A Doodle Poll is currently pending. The information about the meeting date will be sent out shortly.

Restyling Workgroup

The workgroup is scheduled to meet May 1. The workgroup will focus on:

- reorganizing and restyling the guidelines to make them more user friendly,
- providing pop-up information on the worksheet where numbers are input to bring up the corresponding section of the guidelines. Judge Gass asked the subcommittee to email child support cases they believe are relevant or important to Ms. Pickard.

Judge Gass thanked the workgroups for the work that has been done. He reminded the members of the December 31 review completion deadline.

Action Item: Ms. Pickard was asked to invite Dr. Venohr to attend the next meeting.

III. OTHER BUSINESS

A. Announcements/Call to the Public

- No one responded to the call to the public.
- Judge Gass asked the subcommittee for recommendations to replace a subcommittee member, a non-custodial parent.
 - Ms. Pickard informed the committee that Vice Chief Justice Timmer has requested this applicant be female.

B. Next Meeting. Monday, June 8, 2020 10 a.m. Virtual Meeting

The meeting adjourned at 2:26 pm.