



Commonwealth of Virginia
CHILD SUPPORT GUIDELINES REVIEW PANEL

The Honorable Tanya Felton, Chair

December 30, 2025

TO: The Honorable Glen A. Younkin, Governor
and
Members of the Virginia General Assembly

FROM: The Honorable Tanya Felton
Chair, Child Support Guidelines Review Panel

SUBJECT: Transmittal of Panel Report for 2025

Va. Code §§ 20-108.1 and 20-108.2 set forth the Commonwealth's guidelines for the determination of child support obligations. In accordance with § 20-108.2(H), I am privileged to submit the Child Support Guidelines Review Panel's report of its review of Virginia's guidelines during the 2022-2025 quadrennium.

Whether appointed by the Governor or the General Assembly, the fourteen of us are grateful for the opportunity to serve the Commonwealth on a subject so vital to so many of our citizens.

cc: The Honorable Abigail Spanberger, Governor-Elect
The Honorable Janet Kelly, Secretary of Health and Human Resources

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**REPORT TO THE
GOVERNOR
AND
GENERAL ASSEMBLY OF VIRGINIA**



**REVIEW OF VIRGINIA'S
CHILD SUPPORT GUIDELINES**

Va. Code Ann. §§ 20-108.1 and 20-108.2

**Virginia Child Support Guidelines
Review Panel**

The Honorable Tanya Felton, Chair

December 2025

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EXECUTIVE SUMMARY

- Virginia’s child support guidelines, set out at Va. Code § § [20-108.1](#) and [20-108.2](#), were enacted in 1988 in response to federal law. [42 U.S.C. § 667](#) requires states to establish guidelines for child support obligation amounts by law or by judicial or administrative actions. Guidelines must be reviewed at least once every four years “to ensure that their application results in the determination of appropriate child support award amounts.”
- Federal and state law governs state child support programs, and [45 C.F.R. § 302.56](#) sets out various requirements for state child support guidelines. In December 2016, the federal rule, *Flexibility, Efficiency, and Modernization in Child Support Enforcement Programs*, amended [45 C.F.R. § 302.56](#) by adding several requirements for state child support guidelines. All but one of these changes has been enacted. The remaining change must be enacted in 2026 for Virginia’s child support program to continue to receive federal funding, which constitutes 66% of its total funding.
- Va. Code § [20-108.2](#)(H) requires that the Child Support Guidelines Review Panel “determine the adequacy of the guideline for the determination of appropriate awards for the support of children by considering current research and data on the cost of and expenditures necessary for rearing children, and any other resources it deems relevant to such review.”
- Pursuant to § [20-108.2](#)(H), Panel membership includes representation of various entities affected by the child support guidelines. These groups include Virginia’s General Assembly, the courts, the Department of Social Services, members of the Virginia State Bar, custodial and noncustodial parents, and a child advocate.
- Chapter 702 of the 2025 Acts of Assembly ([Senate Bill 805](#)) updated the amounts in the schedule of basic child support obligations. The bill also contained an enactment clause, which directed the Panel to review certain matters.
- The Panel recommends that the General Assembly:
 - (1) Amend Va. Code § [20-108.1](#)(B)(3) to add a subsection requiring that a parent’s specific circumstances, to the extent presented to the court, be considered when imputing income, including the factors at [45 C.F.R. § 302.56\(c\)\(iii\)](#), and to create a presumption of a 35-hour work week based on [Virginia’s economic data](#).
 - (2) Amend Va. Code § [20-60.3](#) to include use of plain language and warnings about the consequences of nonpayment of support up front after the

support obligation information on orders. The Office of the Executive Secretary would need to implement changes to forms.

Virginia Child Support Guidelines Review Panel Report to the Governor and General Assembly December 2025

Brief History of Virginia's Guidelines

Virginia's child support guidelines, set out at Va. Code §§ [20-108.1](#) and [20-108.2](#), were enacted in 1988 in response to federal requirements. The schedule of monthly basic child support obligations is located in § [20-108.2](#), along with narrative sections addressing minimum obligations; the definition of income; specific treatment for calculating obligations in various custody arrangements; health care coverage; and child care costs. Section § [20-108.1](#) addresses numerous deviation factors which permit obligations to be set at amounts other than those presumed to be the correct amount based on the guidelines schedule. Fifteen factors exist which permit a deviation in the obligation amount upon a finding that the presumptive amount would be unjust or inappropriate in a particular case, based on relevant evidence pertaining to the deviation factors.

In 2014, Virginia updated the guidelines schedule for the first time since the enactment of the guidelines and added language regarding an obligor's gross monthly income. In 2018, Virginia updated the guidelines to provide statutory guidance for calculating obligations in mixed custody cases and to require that the guidelines worksheet relied upon by a court or the Department of Social Services to compute a child support obligation must be included with the order and must be provided to the parties. Virginia updated the guidelines schedule again in 2025.

Federal Requirements for Child Support Guidelines

- Federal law at [45 C.F.R. § 302.56](#) requires states to adopt child support guidelines that:
 - (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
 - (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.

Statutory Mandate of the Panel

Federal law and Virginia law require that the child support guidelines be reviewed every four years.

Federal Law

The federal law regarding states' review of their child support guidelines is found at [45 C.F.R. § 302.56](https://www.law.cornell.edu/cfr/text/45/302.56) <https://www.law.cornell.edu/cfr/text/45/302.56> (e) and (h) states:

(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.

(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.

Virginia Law

Virginia law at § [20-108.2](#)(H) requires that the Secretary of Health and Human Resources “ensure that the guideline set out in this section is reviewed by October 31, 2001, and every four years thereafter, by the Child Support Guidelines Review Panel” The Panel must “determine the adequacy of the guideline for the determination of appropriate awards for the support of children by considering current research and data on the cost of and expenditures necessary for rearing children, and any other resources it deems relevant to such review.”

Panel Membership

Pursuant to § [20-108.2](#)(H), Panel membership includes representation of various entities affected by the child support guidelines. These groups include Virginia’s General Assembly, the courts, the Department of Social Services, members of the Virginia State Bar, custodial and noncustodial parents, and a child advocate. Four Panel members representing the General Assembly (three from the House and one from the Senate) were appointed by the Speaker of the House of Delegates and the Chair of the Senate Committee on Rules respectively. The remaining eleven citizen members were appointed by Governor Youngkin. The Panel’s composition changed during the course of this quadrennial cycle.

Asterisks denote members serving at the time of the submission of this report.

Circuit Court Judge	The Honorable Tanya Felton* (Chair)
Senate Representatives	Senator Saddam Azlan Salim* Senator Scott A. Surovell
House Representatives	Delegate Katrina E. Callsen* Delegate Karrie K. Delaney* Delegate James A. (Jay) Leftwich, Jr.* Delegate Don Scott
Juvenile and Domestic Relations District Court Judge	The Honorable Bryan K. Meals*
Virginia State Bar	Erica Baez, Esq.* Nupur Bal, Esq.* H. Van Smith, Esq.*
Noncustodial Parents	Christian Paasch*
Custodial Parents	Jennifer Miller* Lauren Roaseau*
Child Advocate	Lindsay Hartz, Esq.*
Department of Social Services	Alana Tucker* Director of Child Support Enforcement

Meetings

The Panel met seven times from September 2024 through September 2025. Six meetings were in person and one meeting was held virtually via Microsoft Teams. All meetings were public, announced on the Commonwealth Calendar, and posted on the General Assembly calendar and the Panel's page on the Division of Legislative Services' website.

Communications

Website

The Panel continued to use its webpage posted on the Division of Legislative Services' website (http://dls.virginia.gov/interim_studies_child_support.html) so that its activities would be transparent and available to the public through the internet. The website contains information about the Panel's membership, the Panel's email address, meeting materials, and research information. Each meeting is listed separately and contains the agenda, meeting minutes, and any materials offered during that meeting, including PowerPoint presentations, research and analysis, and other related documents.

Email

The Panel used its email address (vaguidelinespanel@dss.virginia.gov) to receive email comments from concerned citizens and the public. During this cycle, the Panel received twelve emails.

- Two questions were about specific Division of Child Support Enforcement (DCSE) cases and were referred to DCSE for a response.
- Two questions were from custodial and noncustodial parents inquiring how to be appointed to the Panel.
- One question was a general Va. Code question.
- One question was about how the Panel members were appointed.
- One question was a general question regarding research for the child support guidelines in Virginia.
- One question was about how to attend panel meetings.
- One question was about agendas, the membership list, and the purpose of the panel.
- One email reflected opposition to Senate Bill 805 (2025 session).
- One email was an opinion on reducing child support obligations.
- One email was a statement on enforcement measures against child support obligors.

Panel staff replied to all correspondence.

Policy Issues Considered

After reviewing the federal regulations, current law, background materials, and related research, the Panel focused its work on three key areas and reached the following decisions:

1. Chapter 702 of the 2025 Acts of Assembly (Senate Bill 805)

The Child Support Guidelines Review Panel's primary duty is to review the adequacy of the child support guidelines. During the Panel's review, the General Assembly passed a bill to update the child support guidelines schedule. Chapter 702 of the 2025 Acts of Assembly ([Senate Bill 805](#)) updated the amounts in the schedule of basic child support obligations. The bill also contained an enactment clause, which directed the Panel, in collaboration with the Division of Child Support Enforcement (DCSE) to review certain matters and to report its conclusions to the Chairmen of the House and Senate Committees for Courts of Justice by November 15, 2025. The guidelines update reflected data prepared by Dr. Jane Venohr, Economist, Center for Policy Research (CPR).

Review and Research:

There are numerous methodologies to determine the cost of raising children. The Panel heard presentations by two different economists. Dr. Jane Venohr was contracted by the Department of Social Services (DSS) and Dr. William Comanor presented on an alternative methodology, but he did not prepare a specific analysis for Virginia's guidelines.

CPR's technical report, attached to this report as Appendix A, contains extensive detail including background information, current estimates of child rearing expenditures, and the updated schedule and its economic basis, including the underlying economic assumptions and steps taken to update the schedule, comparisons of obligations under the existing and new schedules, and the changes in the economic factors underlying the schedule.

Dr. Comanor's presentation, attached to this report as Appendix B, explained that many parents do not fully pay their child support because the payment amounts often do not match the actual costs of raising children. The speaker argues that when support payments are set too high, it can create financial incentives around custody, leading to conflict and missed payments. He believes that support amounts should be based on real spending data from families, and that the current system does not do a good job of this. As a result, he calls for changes to make the system fairer and more effective.

Christian Paasch, Panel member, provided a one-page summary of Dr. Comanor's presentation (attached as Appendix C).

Research paper titled “Why Does Child Support Go Unpaid” by Dr. Comanor (attached as Appendix D).

The Panel reviewed current enforcement measures, including driver’s license suspension and other professional restrictions.

Panel Decision:

The Panel did not recommend any additional changes to the child support guidelines schedule. The Panel in collaboration with DCSE, completed the report required by Chapter 702 of the 2025 Acts of Assembly (Senate Bill 805) and submitted it on November 13, 2025 to Senator Surovell and Delegate Hope.

2. Analyzing Labor, Income, and Case Data to Ensure Accurate Child Support Guidelines

[45 C.F.R. § 302.56](#)(h) requires that, as part of a child support guidelines review, a state must consider economic data on the cost of raising children, state and local labor market conditions, and how guideline amounts affect parents with incomes below twice the federal poverty level. The state must also consider factors that influence noncustodial parents’ employment and ability to comply with support orders.

In addition, the state must analyze case data on how the guidelines are applied, when and why deviations occur, and how payment outcomes differ for default, imputed income, and low-income adjustment cases. The purpose of such reviews is to make sure deviations are limited and guideline amounts remain appropriate.

Dr. Jane Venohr was contracted by the Department of Social Services to fulfill the federal requirements outlined in (h).

Review and Research:

The Panel heard a presentation by Dr. Venohr. The presentation, attached to this report as Appendix E, provided a comprehensive review of Virginia’s child support guidelines in compliance with federal requirements under 45 C.F.R. §302.56. The review included analysis of economic and labor market data, case file data, and public input to ensure that child support orders are appropriate and equitable. Key findings highlight the importance of considering local employment conditions, income imputation practices, and the use of low-income adjustments. The presentation also emphasizes the need for improved data tracking, especially regarding deviations from guidelines, default orders, and the application of low-income adjustments.

Virginia has met all federal data requirements, but the report recommends enhancements for future reviews, such as better integration of labor market data when imputing income and more detailed tracking of deviations and defaults. The findings suggest that while Virginia’s deviation rates are within national norms, there is room for improvement in documenting the rationale behind deviations and ensuring that income imputation and low-income adjustments are applied fairly and consistently. The report concludes with suggestions for refining data systems and research questions to guide the next quadrennial review.

Panel decision:

The Panel recommends that the next Child Support Guidelines Review Panel evaluate lowering the adult goods calculation percentages used in the Betson-Rothbarth methodology.¹ when applying the calculations to Virginia. The Panel also recommended contracting a Virginia economist for future reviews.

The Panel recommends statutory requirements in Va. Code [§ 20-60.3](#) be amended to include the use of plain language and state the warnings for nonpayment of support up front in orders after the support obligation information.

3. Imputation of Income

[45 C.F.R. § 302.56\(c\)\(1\)\(iii\)](#) requires that, if imputation of income is authorized, the guidelines must consider a noncustodial parent’s specific circumstances, 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, the prevailing earnings level in the local community, and other relevant background factors.

In its [2021 report](#), the Child Support Guidelines Review Panel recommended that Virginia add language to Va. Code [§ 20-108.1\(3\)\(b\)](#) by including the factors specifically set out in the regulation. The 2021 Panel reported a draft bill; however, the General Assembly did not act on the proposed legislation.

Panel Decision: The current Panel reiterates and recommends adopting the 2021 Panel’s recommendation, because the change is necessary to comply with federal requirements. The Panel proposes amendments to the 2021 version of the bill to include a presumptive 35-hour work week when imputing income, based on current economic data.

Decisions Made by the Panel

The Panel voted to recommend:

- (1) That the next Child Support Guidelines Review Panel evaluates lowering the adult goods calculation percentages as well as recommending the use of a

¹ The Betson-Rothbarth methodology is the methodology used by most states. It considers changes in a household’s consumption of adult goods as a proxy for child-rearing expenditures.

Virginia economist for future panels.

- (2) Amend Va. Code § [20-60.3](#) to include the use of plain language and have the warnings for nonpayment of support up front after the support obligation information. The Supreme Court's forms Committee makes the changes to the forms if the amendment passes.
- (3) Amend Va. Code § [20-108.1](#)(B)(3) to add a subsection requiring that a parent's specific circumstances, to the extent presented to the court, be considered if imputing income, including the factors set out by the federal rule and to use a 35-hour work week to impute income when appropriate (proposed language attached as Appendix F).

Legislative Recommendations

The Panel's recommendations for legislative action are based on its votes recited above. The Panel recommends that the General Assembly enact legislation that will:

- (1) Amend Va. Code § [20-108.1](#)(B)(3) to add a subsection requiring that a parent's specific circumstances, to the extent presented to the court, be considered if imputing income, including the factors set out by the federal rule and to use a 35-hour work week to impute income when appropriate (proposed language attached as Appendix F).
- (2) Amend Va. Code § 20-60.3 to include the use of plain language and have the warnings for nonpayment of support up front after the support obligation information. The Supreme Court's forms Committee makes the changes to the forms if the amendment passes.

Conclusion

The Panel proposed amending the Virginia Code to ensure a parent's circumstances are considered when imputing income, including the use of a 35-hour work week when appropriate. They also recommended simplifying court forms and utilizing plain language to make them easier to read. In addition, the Panel advised that future guidelines reviews evaluate whether to lower the weight given to adult goods in the Betson-Rothbarth methodology and include input from a Virginia-based economist.

Appendix A: Preliminary Report - Review of the Virginia Child Support Guidelines: Economic Data on the Cost of Raising Children, and Preliminary Schedule Update

Preliminary Report:
Review of the
Virginia Child Support Guidelines:
Economic Data on the Cost of Raising Children, and
Preliminary Schedule Update

Submitted to:

Virginia Department of Social Services
Division of Child Support Enforcement

Submitted by:

Jane Venohr, PhD



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(Jul. 3, 2024 draft)

Points of view expressed in this document are those of the author and do not necessarily represent the official position of the Review Panel. The author is responsible for any errors and omissions.

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SECTION 1: INTRODUCTION

Virginia is reviewing its child support guidelines. Va. Code §§ 20-108.1 and 20-108.2 set forth the guidelines for the determination of child support obligations in Virginia. A state's child support guidelines must be used by all judicial and administrative officials in the state that can set 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. As part of their review, federal regulation also requires states to consider economic data on the cost of raising children (see Exhibit 1).

The purpose of this preliminary report is to use more current economic data to develop an updated child support schedule for Virginia. It is one of several factors that will be considered by Virginia during its review. Virginia will also consider other data that federal regulation requires states to consider (e.g., guidelines deviation rate and state labor market information) and other information.

Va. Code § 20-108.2(H) requires the formation of a

Child Support Guidelines Review Panel to review the guidelines and specifies the composition of the members to capture a wide range of stakeholders (i.e., state legislators, representatives of the courts and the administrative agency, attorneys, parents, and a child advocate.) The Panel reports its findings and recommendations to the Virginia Legislature. Any changes must be adopted in legislation; hence, must go through the legislative process.

Exhibit 1: Federal Guidelines Review Requirements

45 C.F.R. 302.56

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.

(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.

Virginia completed its last guidelines review in 2021.¹ The 2021 Review Panel recommended many changes to the Virginia guidelines to bring Virginia in compliance with additional federal requirements issued in 2016² that were adopted by the Virginia Legislature. The 2021 Review Panel did not recommend a schedule update. The last schedule update was in 2014. It was based on 2013 economic data.

BASIS OF EXISTING SCHEDULE

Most states, including Virginia, rely on a study of child-rearing expenditures as the underlying basis of their child support schedule or formula. The existing Virginia schedule relies on a 2010 national study of child-rearing expenditures from families surveyed about 2004–2009 expenditures,³ that was updated to 2013 price levels, and adjusted to account for federal and state income taxes and FICA in 2013. (Taxes are considered because expenditures are made from after-tax income.) It considers combined incomes up to \$35,000 gross per month, and provides a percentage formula above that income.

Exhibit 2: Excerpt of Existing Schedule

Combined Adjusted Gross Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
0-350	68	104	126	141	155	169
400	78	119	144	161	177	192
450	88	133	162	181	199	216
500	97	148	179	200	220	239
550	107	162	197	220	242	263
600	116	177	215	240	264	287
650	126	191	232	259	285	310
700	135	206	250	279	307	333
750	145	220	267	298	328	357
800	154	234	284	317	349	379
850	163	248	300	336	369	401

Exhibit 2 shows an excerpt of the existing schedule. It shows that the child support order amount is calculated from combined adjusted gross income. The parents' incomes are summed. Using that combined income and the number of children for whom support is being determined, the basic obligation is determined from the schedule. For example, if one parent's income is \$600 gross per month

and the other parent's income is \$200 gross per month, the combined income would be \$800 per month. Assuming one child, the basic obligation from Exhibit 2 would be \$154. Each parent would be responsible for their prorated share. Assuming the higher income parent does not reside with the child,

¹ Virginia Child Support Guidelines Review Panel. (Dec. 2021.) *Review of Virginia's Child Support Guidelines*. Retrieved from <https://www.doj.state.or.us/child-support/calculators-laws/child-support-laws-and-rules/child-support-guideline-rules-137-050/>.

² U.S. Department of Health and Human Services Centers for Medicaid Services. (Dec. 2016). Flexibility, Efficiency, and Modernization in Child Support Enforcement Programs. Federal Register. Retrieved from <https://www.federalregister.gov/documents/2016/12/20/2016-29598/flexibility-efficiency-and-modernization-in-child-support-enforcement-programs#:~:text=The%20final%20rule%20will%20make,and%20the%20move%20toward%20electronic.>

³ Betson, David M. (2010). "Appendix A: Parental Expenditures on Children." In Judicial Council of California, *Review of Statewide Uniform Child Support Guideline*. San Francisco, CA. Retrieved from <http://www.courts.ca.gov/partners/documents/2011SRL6aGuidelineReview.pdf>.

that parent's share would be 75% of \$154 (where 75% is that parent's income, \$600, divided by the combined income, \$800). This would result in an order amount of \$116 per month (i.e., 75% of \$154 is \$116). There may be other adjustments for the parent's other children living with that parent, shared custody, low income, and other factors.

Economic Changes since Existing Schedule Was Developed

Since the existing schedule was developed,

- the 2010 study of child-rearing expenditures has been updated by the same economist who conducted the 2010 study only using more current expenditure data;
 - that study generally finds a small increase in child-rearing expenditures particularly at higher incomes;
- price levels have increased by 35.1% (although that does not mean a 35.1% increase in schedule amounts because incomes have also increased);
- there has been major federal tax reform that increased the after-tax income available for child-rearing expenditures;
- smaller changes in Virginia income tax code that have increased after-tax income, and
- changes in FICA.

These changes are considered when updating the schedule. The average increase is 22-29% (depending on the number of children), but it varies widely across incomes due to the interaction of these different factors.

DEVELOPMENT AND ORGANIZATION OF PRELIMINARY REPORT

Center for Policy Research (CPR) prepared this report. More information about CPR can be found at <http://centerforpolicyresearch.org>. CPR has provided technical assistance to over 30 states on child support guidelines reviews including Virginia. CPR assisted with the development of the current Virginia schedule. In addition to preparing an updated schedule, CPR will be analyzing case data and labor market data and sharing those findings to fulfill other federal data requirements (see Exhibit 1).

The remainder of the report is organized into two sections and an Appendix.

Section 2 summarizes the underlying data and assumptions of the existing schedule, what data are used to prepare an updated schedule, and alternatives to key assumptions. In addition to considering changes in economic data, a state guidelines review is an opportunity to review the underlying premises and assumptions of a child support schedule to determine if they are still appropriate for a state.

Section 3 shows the impact of an updated schedule by comparing child support orders calculated under the existing and updated schedule for various scenarios. Many of the scenarios consider incomes that are below 200% of poverty so also fulfill the federal requirement to examine the impact of the guidelines on those with incomes below 200% of poverty.

Appendix A documents economic studies on the cost of raising children. There are several studies that vary in data years and the methodology used to estimate child-rearing expenditures. A methodology is necessary because most household items are consumed by both children and adults living in the same household, but the child's share is not apparent (e.g., electricity for the home). Economists have developed several different methodologies, but do not agree on which methodology best measures actual child-rearing expenditures. Most economists, however, generally agree that any amount between the credible lowest and highest estimate of child-rearing expenditures is appropriate for a state guidelines. The economic methodology underlying the basis of the existing Virginia schedule and updated schedule prepared in this report (i.e., Rothbarth methodology) is the most common basis of state guidelines schedules/formulas. Over the years, it has often also been considered the most credible lowest estimate.

NEXT STEPS

This preliminary report will eventually be folded in with a report summarizing the findings from the analysis of case file data and labor market data such that there is one report documenting the findings from the technical assistance provided by CPR. CPR is currently working with DSS to obtain an extract of case file data to conduct the analysis of case file data. CPR will also be conducting an analysis of labor market data to fulfill federal review requirements.

SECTION 2: UPDATING THE SCHEDULE FOR MORE CURRENT ECONOMIC DATA

Exhibit 3 shows the major assumptions and data underlying the existing schedule and the updated schedule and possible alternative assumptions. The guidelines review is an opportunity to review the appropriateness of each assumption and the data for Virginia families, children, and parents.

SUMMARY OF KEY ASSUMPTIONS AND DATA

Consideration 1: Guidelines Models

The guidelines model, which is a policy decision, is important to directing what economic data on child-rearing cost to use. No state relies on a guidelines model that only covers the cost of the child's subsistence needs. Instead, the amount of support is more when the payer-parent has more income under all state guidelines (assuming all other circumstances including the number of overnights with the paying parent are held constant). The underlying premise is that the child should share in the lifestyle afforded by the parent when the parent has income above subsistence.

At the core of the Virginia guidelines is a schedule that reflects amounts estimated to have been spent on children for a range of incomes and family sizes if the parents and children were living in an intact household. This is consistent with the income shares model that forms the basis of 41 states (including Virginia) and the District of Columbia.⁴ The income shares model was developed through the 1980s National Child Support Guidelines, which was convened to fulfill a congressional request.⁵ At the time, most states did not have statewide child support guidelines. The architects of the incomes shares model designed it to fulfill the guidelines principles identified by the project's oversight committee, which included a wide range of stakeholders. Examples of some of the principles are that the financial responsibility of the children should be shared by the parents who have legal responsibility for the children; child support guidelines should at least cover a child's basic needs, but the child should also share a higher standard of living enjoyed by a parent; the subsistence needs of each parent should be taken into consideration; and each child of a given parent should have a right to that parent's income. One of the major principles is that the child support obligation should allow the children to benefit from the same level of expenditures had the children and both parents lived together. To this end it, the income shares schedule relates to expenditures in intact families. The principle is that children of divorcing and separating parents, as well as never-married parents, should be treated the same regardless of their parents' decisions to marry, divorce, separate, or never marry.

⁴ National Conference of State Legislatures (Jul. 2020). *Child Support Guidelines Models*. Retrieved from <https://www.ncsl.org/research/human-services/guideline-models-by-s.tate.aspx>.

⁵ 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, Virginia.

Exhibit 3: Assumptions and Data underlying Existing and Updated Schedules

Factor	Basis of Existing Schedule	Basis of Updated Schedule	Other Alternatives/Notes
1. Guidelines model	<ul style="list-style-type: none"> Income shares model 	<ul style="list-style-type: none"> Income shares model 	<ul style="list-style-type: none"> 41 states use the income shares model Other states use Melson formula and percentage of obligor income
2. Economic study	<ul style="list-style-type: none"> Fourth Betson-Rothbarth (BR) study (2010) 	<ul style="list-style-type: none"> Most current Betson-Rothbarth study (2021), which is also known as BR5 for Betson’s 5th Rothbarth study 	<ul style="list-style-type: none"> No study using more recent expenditure data, 2021 FI study w/ same data years All states updating their schedules rely on BR5; BR5 is generally slightly more than BR4
3. Price levels	April 2013	<ul style="list-style-type: none"> May 2024 	<ul style="list-style-type: none"> Prices have increased 35.1 percent between the two time periods
4. Exclude childcare and all the child’s healthcare expenses	<ul style="list-style-type: none"> Measurements of childrearing include childcare and healthcare. They are removed for purposes of developing the schedule using data from the same data set used for BR4 	<ul style="list-style-type: none"> No change except more current data is used to remove childcare and healthcare expenses 	<ul style="list-style-type: none"> Most states include the first \$250 per child per year in healthcare expenses in the schedule → this would increase the schedule Estimate of the child’s share of medical expenses can affect results
5. Relate expenditures to after-tax income	<ul style="list-style-type: none"> Converts expenditures to net income using data from same families in dataset that Betson uses Caps expenditures at 100% 	<ul style="list-style-type: none"> No change in methodology, just more recent CE data used 	<ul style="list-style-type: none"> Assume all after-tax income is spent like DC does → this alternative would increase the schedule
6. Relate expenditures to gross income of the parties	<ul style="list-style-type: none"> 2013 federal and state income tax withholding formulas for a single taxpayer 	<ul style="list-style-type: none"> Same tax assumptions except 2024 rates are applied 	<ul style="list-style-type: none"> Alternative tax assumptions, including taxes of a married couple with children→ this alternative would increase the schedule
7. Extend to 4 or more children	<ul style="list-style-type: none"> Child-rearing expenditures only consider 3 children, equivalence scales are used to extend to more children 	<ul style="list-style-type: none"> No change in methodology 	<ul style="list-style-type: none"> Alternative equivalence scales
8. Extend Schedule to Higher and Lower Incomes	<ul style="list-style-type: none"> The amounts from \$0-\$550 were policy decisions Economic evidence only credible up to about \$35,000 gross per year. Higher income formula was extrapolated 	<ul style="list-style-type: none"> Same policy decision made for \$0-\$550 More current data allows for schedule amounts up to \$42,500 Higher income formula can be developed later 	<ul style="list-style-type: none"> Could incorporate a low-income adjustment Highest income is a policy decision

Other Guidelines Models

Besides the income shares model, there are two other guidelines models currently in use by states. The percentage-of-obligor income model is used by six states. New York claims to rely on the income shares model, but is often classified as a percentage-of-obligor income guidelines. Delaware, Hawaii, and Montana use the Melson formula. All three guidelines models in use allow the children to share in the lifestyle enjoyed by the paying parent when that paying parent can afford to live a lifestyle beyond subsistence (which is often noted as a self-support reserve).

The percentage-of-obligor income model uses the obligor's income only in the calculation of support. As a consequence, the income of the custodial parent does not affect the guidelines-determined amount. In contrast, the more income that the custodial parent has in the income shares model, the lower the guidelines amount because the custodial parent shares more of the financial responsibility of the child. Several states based on the percentage-of-obligor income model switched to an income shares approach in the past three decades; no state has switched to a percentage-of-obligor income guidelines. Most percentage-of-obligor guidelines also relate to expenditures on child-rearing expenditures in intact families. Many of these states explicitly or implicitly assume that the custodial parent spends an equal proportion of their income or dollar amount on the child.

The Melson formula is 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 payer-parent has any income remaining after meeting their share of the child's primary support, their basic needs, and payroll taxes, an additional percentage of their income is added to their share of the child's primary support.

There are several other guidelines models not in use that have been proposed.⁶ Each have failed for various reasons. Research finds that other factors (e.g., 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.⁷ Federal regulation does not require states to adapt a particular guidelines model or format or use a specific economic study.⁸

Quasi-Income Shares

Most states do not adhere strictly to the income shares model. Most states using the income shares model also incorporate a low-income adjustment into their schedule or provide a formula to adjust for low-income after consideration of the schedule amount. Most states using the income shares model

⁶ For example, see the Child Outcomes Based Model discussed by the Arizona Child Support Guidelines Review Committee, Interim Report of the Committee, Submitted to Arizona Judicial Council, Phoenix, Arizona, on October 21, 2009; the American Law Institute (ALI) model can be found in the 1999 Child Support Symposium published by *Family Law Quarterly* (Spring 1999); and the Cost Shares Model can be found at Foohy, Pamela. "Child Support and (In)ability to Pay: The case for the cost shares model." (2009). *Articles by Maurer Faculty*. 1276. Retrieved from <https://www.repository.law.indiana.edu/cgi/viewcontent.cgi?article=2271&context=facpub>.

⁷ 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*.

⁸ The federal requirements are provided in 45 C.F.R. § 302.56, which is shown in Section 1 of this report.

also adjust for additional dependents that a parent supports, timesharing arrangements, and other circumstances. All states that have switched guidelines models in the last two decades have switched to the income shares model (i.e., Arkansas, District of Columbia, Georgia, Illinois, Massachusetts, Minnesota, and Tennessee). Common reasons for switching to the income shares model are its perception of equitable treatment of the parents because it considers each parent's income in the calculation of support rather than just one parent's income, and its flexibility to consider individual case circumstances such as extraordinary child-rearing expenses that vary from case to case (e.g., childcare expenses) and timesharing arrangements.

Consideration 2: Economic Study

As detailed in Appendix A, there are several different studies of child-rearing expenditures. Virginia, 31 other states, and the District of Columbia and Guam rely on a study using the Rothbarth methodology. All but one of these states/tribunals rely on Rothbarth estimate developed by Professor Emeritus David Betson, University of Notre Dame. (New Jersey conducted their own Rothbarth study and made adjustments to accommodate New Jersey income, which is higher than most states.) Betson first estimated child-rearing expenditures using the Rothbarth methodology in 1990 from expenditure data from families participating in the 1980-86 Consumer Expenditure (CE) Survey conducted by the U.S. Bureau of Labor Statistics. The CE is a national level survey that is described in more detail in Appendix A.⁹ The current Virginia schedule is based on his fourth study that relied on the 2004-2009 CE. His most current study, his fifth study (also noted as BR5), is based on 2013-2019 CE.¹⁰ Although released in 2021, the BR5 study forms the basis of 12 state guidelines: Alabama Arizona, Illinois, Iowa, Maine, Missouri, Pennsylvania, South Carolina, South Dakota, Vermont, West Virginia, and Wyoming. There is no study that uses more current data than 2019. Besides switching from BR4 to BR5, there is no compelling reason to switch methodologies or studies when preparing this preliminary update.

As shown in Exhibit 4, Exhibit 5, and Exhibit 6, there are some small increases between BR4 and BR5. The increases are generally more at higher incomes.

⁹ Until recently, there was no state-specific CE because of the sampling and prohibitive resources needed for a state-specific CE. However, in the past few year, state-specific CEs are being developed for the five largest states.

¹⁰ Betson, David M. (2021). "Appendix A: Parental Expenditures on Children: Rothbarth Estimates." *In* Venohr, Jane, & Matyasic, Savannah. (Feb. 23, 2021). Review of the Arizona Child Support Guidelines: Findings from the Analysis of Case File Data and 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/SupplementalPacket-030121-FCIC-CSGRS.pdf?ver=2021-02-26-161844-187>

Exhibit 4: Comparison of BR4 and BR5 as a Percentage of the Combined Net Income of the Parents: One Child

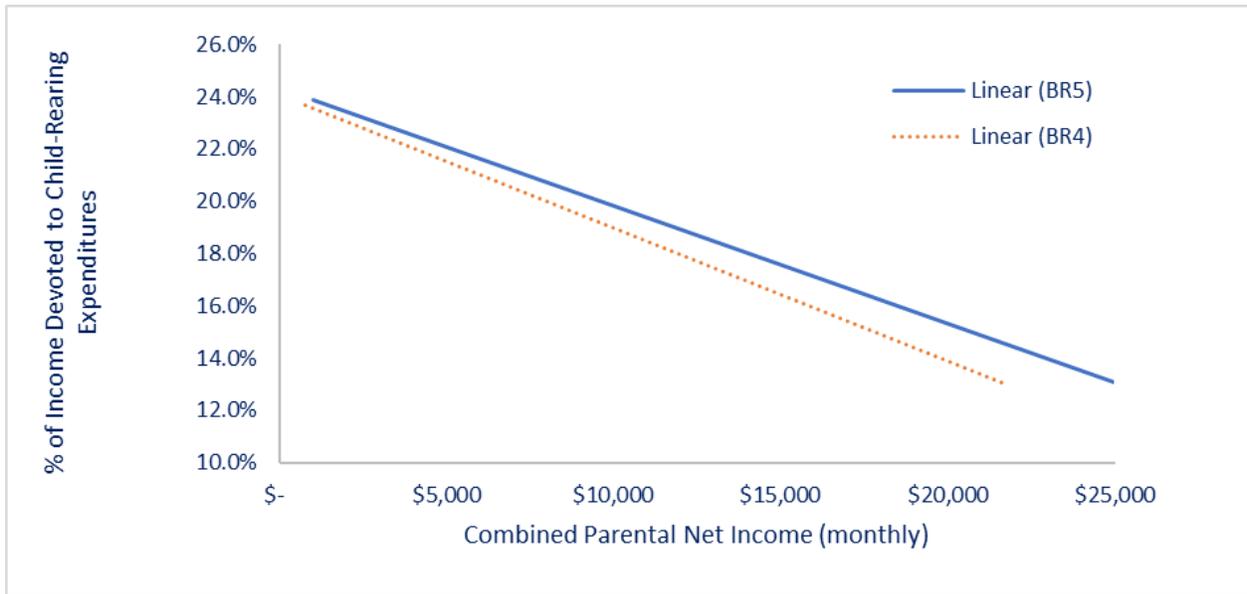


Exhibit 5: Comparison of BR4 and BR5 as a Percentage of the Combined Net Income of the Parents: Two Children

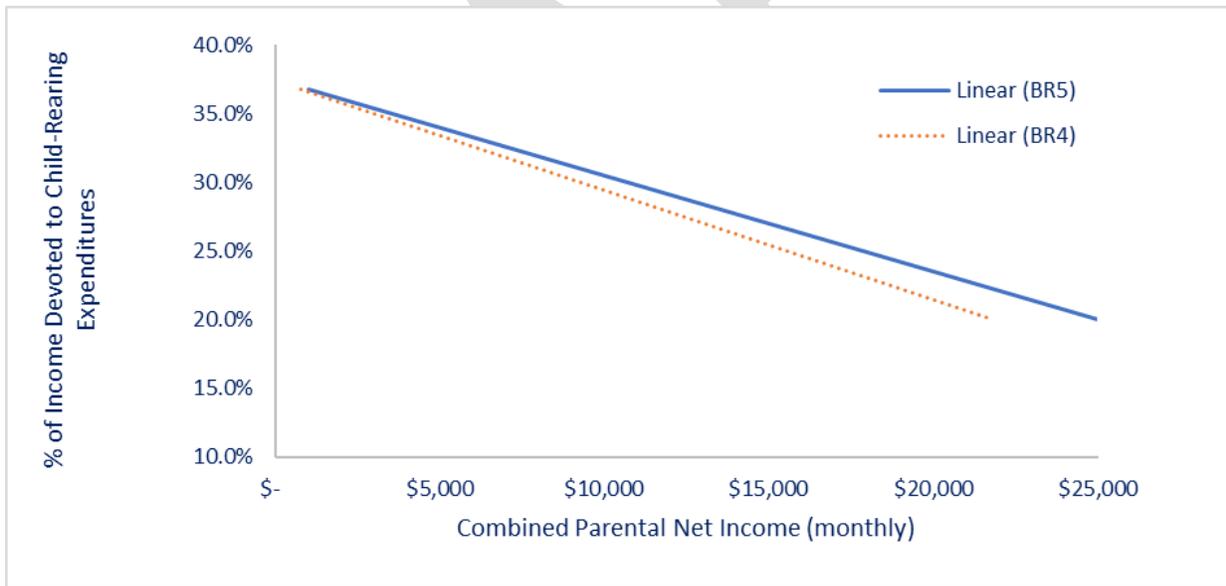
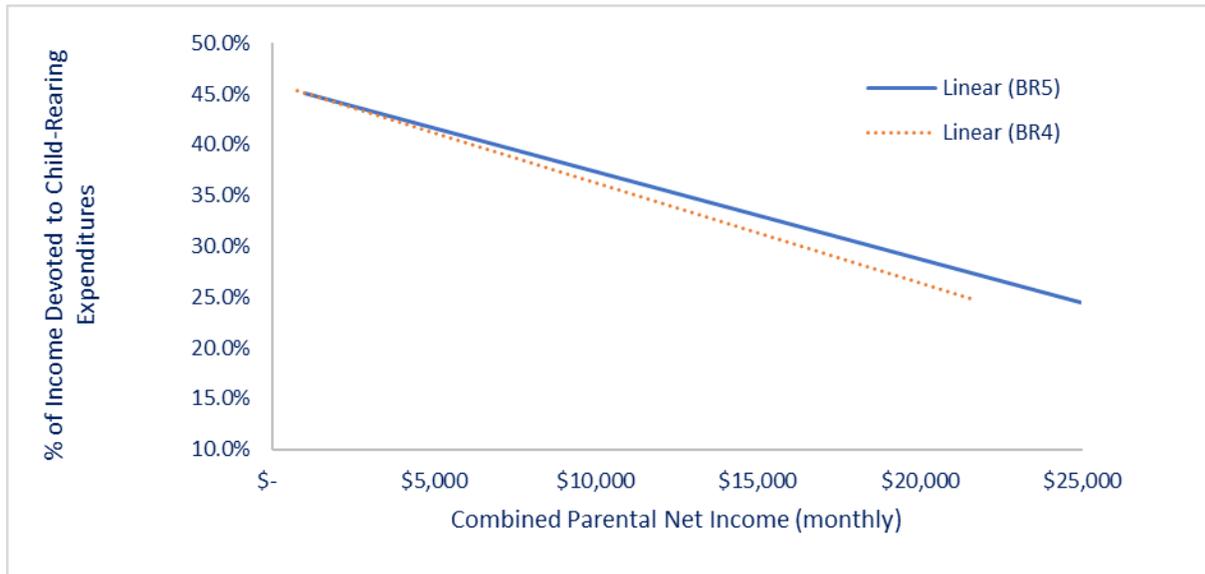


Exhibit 6: Comparison of BR4 and BR5 as a Percentage of the Combined Net Income of the Parents: Three Children



Consideration 3: Price Levels

Due to lags in when expenditure data are collected, verified, and compiled, study findings are updated using changes in the Consumer Price Index (CPI). The existing schedule is based on the April 2013 CPI. The updated schedule is based on the May 2024 CPI, which was the most currently available CPI when this report was prepared. Some states with extremely high or low prices also adjust for their price parity, which is a measure of how much a state’s price are more or less than the national average. For example, Kentucky uses its price parity to reduce the national estimates of child-rearing expenditures and Maryland used its price parity to increase the national estimates. The most current price parity data is from 2022.¹¹ The baseline is 100.0 for the United States as a whole. The 2022 price parity for Virginia is 102.1, Kentucky’s price parity is 89.4 and Maryland’s price parity is 105.0. Virginia’s 102.1 price parity means that Virginia prices were about 2.1% more than the national average in 2022. This includes the price of housing and other economic goods and services.

Consideration 4: Exclude Childcare Expenses and the Cost of the Child’s Healthcare

The studies measuring child-rearing expenditures include all expenditures on the children, including work-related childcare expenses, the cost of the child’s health insurance benefit, and the child’s uninsured medical expenses. Most income shares guidelines consider the actual amount of these expenses on a case-by-case basis when calculating the support award. Since the actual amounts are considered, they are not included in the guidelines schedule. Including them in both the guideline schedule and worksheet would result in double-accounting of those expenses.

¹¹ U.S. Bureau of Economic Analysis. (Dec. 14, 2023). *Real Personal Consumption Expenditures by State and Real Personal Income by State and Metropolitan Area, 2022*. Retrieved from https://www.bea.gov/sites/default/files/2023-12/rpp1223_1.pdf.

Betson provided supplemental information in order to subtract these expenses from his total estimates of child-rearing expenditures for the purposes of developing a child support schedule/table. Using the same subset of the CE that he used to measure child-rearing expenditures, Betson measured the percentage of total expenditures devoted to childcare expenses; the percentage of total expenditures devoted to out-of-pocket healthcare expenses, and expenditures to net income ratios. Additional data from the National Medical Expenditure Survey (NMES),¹² which considers the ratio of medical expenses for children compared to medical expenses for adults is used by some states to capture the child's share of the household's out-of-pocket medical expenses. For this update, however, the per capita out-of-pocket medical expenses for all family members was used. NMES data suggests less is spent for children's out-of-pocket medical expenses than adult's out-of-pocket medical expenses. Accounting for this would increase the schedule amounts.

Further, most income shares guidelines exclude most but not all of the child's healthcare expenses. Most states retain up to the first \$250 per child per year in healthcare expenses in the schedule because most children are likely to incur some medical expenses. This way the parents do not have to track and share receipts for the first \$250 per child per year since it is included in the schedule. Virginia had a similar assumption in its pre-2014 schedule, but relied on a smaller amount. Retaining some healthcare expenses would increase the schedule amounts.

Consideration 5: Back out to Net Income

The Betson-Rothbarth (BR) estimates of child-rearing expenditures are expressed as a percentage of total family expenditures. Some families have savings and do not spend all of their after-tax income on their family. See Exhibit 7 for an illustration that compares expenditures between low-families that spend more than their after-tax income on average and upper-middle to upper income families who do not spend all of their after-tax income on average and generally have savings. Most income shares schedules, including the existing Virginia schedule, consider the expenditures to consumption ratios observed among the same sample of families in the CE used to calculate child-rearing expenditures. These ratios are multiplied by the BR measurements to arrive at a percentage of total family after-tax income expended on children. For income ranges of families where the average expenditures to after-tax income is greater than one, the ratio is capped at one. This occurs at the lower income ranges. Setting at more than one would have the policy implication that parents should spend more than their income. The incomes eligible for this cap have expanded with the use of the more recent CE data. Exhibit 8 illustrates that this has caused some small decreases for one and two children of \$1 to \$5 for combined incomes in the \$600 to \$750 per month range.

The District of Columbia is the only BR-based guidelines that does not make this conversion. Instead, the District applies the ratio of child-rearing expenditures to total expenditures to savings as well. This effectively increases the schedule amounts at very high incomes.

¹² U.S. Department of Health and Human Services Agency for Healthcare Research and Quality (AHRQ) Medical Expenditure Panel Survey (MEPS) <https://meps.ahrq.gov/mepsweb/>.

Exhibit 7: Relationship between Expenditures and Income

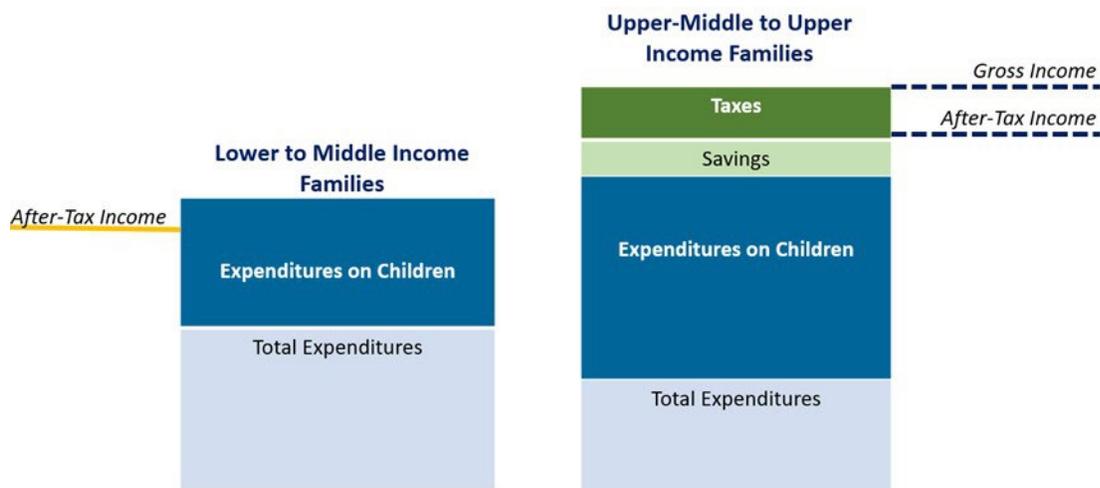


Exhibit 8: Side-by-Side Comparisons at Low Incomes to Illustrate Where Decreases Are Due to Income Cap

Combined Adjusted Gross Income	1 Child				2 Children				3 Children			
	Existing	Updated	\$ change	% Change	Existing	Updated	\$ change	% Change	Existing	Updated	\$ change	% Change
350	68				104				126			
400	78				119				144			
450	88				133				162			
500	97				148				179			
550	107				162				197			
600	116	114	-2	-2.1%	177	172	-5	-2.9%	215	215	0	0.1%
650	126	124	-2	-1.2%	191	188	-4	-2.0%	232	234	2	1.0%
700	135	135	-1	-0.5%	206	203	-3	-1.3%	250	254	4	1.8%
750	145	145	0	0.2%	220	219	-1	-0.7%	267	273	6	2.4%
800	154	166	12	7.5%	234	250	16	6.7%	284	312	28	10.0%
850	163	176	13	7.9%	248	265	17	7.0%	300	332	31	10.3%
900	171	186	15	8.6%	260	281	20	7.8%	316	351	35	11.1%
950	179	196	17	9.3%	273	296	23	8.4%	331	370	39	11.8%
1000	187	206	19	9.9%	285	311	26	9.1%	346	389	43	12.5%

Consideration 6: Conversion to Gross Income

After the measurements of child-rearing expenditures are converted to after-tax income as described above, they are then converted to gross income. This is because the schedule considers the gross incomes of the parties. For both the existing and updated schedules, the conversion to gross income

relies on the federal withholding formula¹³ and state income tax rates. The federal withholding formula also considers FICA. The Social Security and Medicare tax is 6.2% for incomes up to \$168,600 per year. Above that level, the Medicare tax of 1.45% applies. In addition, the 0.9% additional Medicare tax for incomes above \$200,000 per year is also considered.

The federal income withholding formula provides for different formulas depending on which year of the IRS W-4 form the employer uses to calculate income tax withholding. The alternative formulas produce the same amounts at lower and middle incomes, but there are slight differences at very high incomes. The IRS developed alternative methods to accommodate sweeping tax reform that became effective January 1, 2018, due to the Tax Cuts and Jobs Act of 2017 (Pub. L. 115-97), which increased the standard deduction and repealed personal exemptions. Earlier IRS W-4 forms still accommodate personal exemptions. The 2020 and later W-4 forms do not. It is assumed that the 2020 W-4 (or later) form is used and the manual percentage method formula for a single taxpayer is used. For state income taxes, the 2024 employer withholding formula is used.¹⁴ It also assumes a single taxpayer, a \$8,500 standard deduction per year, and \$930 per personal exemption per year, as provided in the current Virginia withholding formula. Since the gross to net conversion for the existing schedule assumes one personal exemption, so does the updated schedule.

Using federal and state income tax withholding formulas and assuming all income is taxed at the rate of a single tax filer with earned income is a common assumption among most states, and the assumption underlying the existing Virginia schedule. Most alternative federal tax assumptions would result in more after-tax income—hence, higher schedule amounts. For example, the District of Columbia assumes the tax-filing status is for a married couple claiming the number of children for whom support is being determined.

Since the income conversion assumes single tax filing status, there is no adjustment for the child tax credit or the Earned Income Tax Credit (EITC). The child tax credit would be impossible to include in the schedule since it applies to one parent and that parent's income must be within a certain range to receive the full child tax credit and another range to receive a partial child tax credit (which the IRS calls the additional child tax credit). In contrast, the schedule considers the combined gross income of the parents. Say the combined income of the parents is \$150,000 per year. If the parents have equal incomes (\$75,000 per year), either parent's income would make them income-eligible for the full child tax credit. Say, however, that the paying parent's income is \$150,000 and the other has no income, the parent without income would not be income-eligible for the child tax credit. The EITC is not considered because it is a means-tested program. Most states do not consider mean-tested income to be income available for child support.

¹³ IRS Publication 15-A: Federal Income Tax Withholding Methods: 2024. Retrieved from <https://www.irs.gov/pub/irs-pdf/p15.pdf>.

¹⁴ Virginia Tax. (Rev. March 2024.) *Income Tax Withholding Guide for Employers*. <https://www.tax.virginia.gov/sites/default/files/vatax-pdf/employer-withholding-instructions.pdf>

The pro of considering an alternative tax assumption such as assuming the tax-filing status is married better aligns with the economic measurements of child-rearing expenditures because the measurements consider households in which the parents and children live together, so they would probably file as a married couple. They also could be set up to include the federal child tax credit, the additional child tax credit, the EITC, or a combination of these child-related tax credits. The con is that this would be a change in the previous assumption that is not necessarily justifiable and may not be consistent with current practices.

Consideration 7: Extend the estimates to four or more children

Betson’s estimates only cover one, two, and three children, yet the updated schedule covers up to six children. The number of families in the CE with four or more children is insufficient to produce reliable estimates. For both the existing and updated schedules, the equivalence schedule of the National Research Council (NRC), as shown below, is used to extend the three-child estimate to four or more children.¹⁵

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

There are few credible alternatives to the NRC equivalence scales.

Consideration 8: Extend Schedule to Lower and Higher Incomes

The CE has too few very, very low-income families and very, very high income for a sufficient sample size to produce reliable estimates.

Low Incomes

The amounts that are shaded blue below combined incomes of \$550 were based on policy decisions not economic data. They were selected to create a gradual change in the basic obligation amounts from zero income. The updated schedule leaves these amounts blank.

Exhibit 9: Shaded Amounts Were Policy Decisions (i.e., Amounts below \$550 gross income)

Combined Adjusted Gross Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
0-350	68	104	126	141	155	169
400	78	119	144	161	177	192
450	88	133	162	181	199	216
500	97	148	179	200	220	239
550	107	162	197	220	242	263
600	116	177	215	240	264	287
650	126	191	232	259	285	310

¹⁵ Citro, Constance F. & Robert T. Michael (eds.). (1995). *Measuring Poverty: A New Approach*. National Academy Press. Washington, D.C.

High Incomes

The existing schedule covers combined incomes through \$35,000 gross per month. This is the highest income to which the data were reliable. For incomes above \$35,000, the basic obligation at \$35,000 was added to the combined income above \$35,000 gross per month plus 2.6% for one child, 3.5% for two children, 3.8% for three children, 4.2% for four children, 4.6% for five children, and 5.0% for six children. The newer data allows the schedule to go up to a combined gross income of \$42,500 per month. CPR will provide percentages for incomes above \$42,500 later if directed. However, there is no economic evidence to suggest that families with incomes just above the highest income considered in the schedule and those with significantly more income devote the same percentage of income to child-rearing expenditures. Many believe that expenditures on children will begin to plateau with higher and higher income.

SECTION 3: IMPACT OF UPDATING THE SCHEDULE

The differences between the existing and updated schedule vary by income range and number of children. This is because of the interaction of the different factors that were updated. The change from BR4 to BR5 produces small, but inconsistent increases that vary by number of children and income. Changes in federal and state income taxes generally produce increases that are larger for higher incomes because federal tax reform increased after-tax income more so at higher incomes than lower incomes. Increases to FICA generally affects incomes right around the FICA income threshold (which is the threshold at which the Medicare tax only applies.) Increases for inflation generally affects larger amounts (i.e., those for more children and more income). Exhibit 8 summarizes the change for one, two, and three children.

The average increase across all income ranges is 24% for one child, 22% for two children, and 29% for three or more children. As shown in Exhibit 10 and , the increases are small at first and then become gradually larger. Based on the findings of other states, the vast majority of orders cover one and two children. The patterns for four and more children are generally similar to those for three children. As noted earlier, the updated amounts for combined adjusted incomes of \$550 or less are blank because these are policy decisions. There is an insufficient number of families with incomes in this range to which statistical methods can be used to estimate their childrearing expenditures.

Exhibit 10: Side-by-Side Comparison of Existing to Proposed Schedule for Incomes up to \$1,000 per month.

Combined Adjusted Gross Income	1 Child				2 Children				3 Children			
	Existing	Updated	\$ change	% Change	Existing	Updated	\$ change	% Change	Existing	Updated	\$ change	% Change
350	68				104				126			
400	78				119				144			
450	88				133				162			
500	97				148				179			
550	107				162				197			
600	116	114	-2	-2.1%	177	172	-5	-2.9%	215	215	0	0.1%
650	126	124	-2	-1.2%	191	188	-4	-2.0%	232	234	2	1.0%
700	135	135	-1	-0.5%	206	203	-3	-1.3%	250	254	4	1.8%
750	145	145	0	0.2%	220	219	-1	-0.7%	267	273	6	2.4%
800	154	166	12	7.5%	234	250	16	6.7%	284	312	28	10.0%
850	163	176	13	7.9%	248	265	17	7.0%	300	332	31	10.3%
900	171	186	15	8.6%	260	281	20	7.8%	316	351	35	11.1%
950	179	196	17	9.3%	273	296	23	8.4%	331	370	39	11.8%
1000	187	206	19	9.9%	285	311	26	9.1%	346	389	43	12.5%

Exhibit 11: Side-by-Side Comparisons for Incomes of \$1,050 - \$3,000 per month

Combined Adjusted Gross Income	1 Child				2 Children				3 Children			
	Existing	Updated	\$ change	% Change	Existing	Updated	\$ change	% Change	Existing	Updated	\$ change	% Change
1050	196	216	21	10.5%	298	326	29	9.6%	361	408	47	13.1%
1100	204	226	22	11.0%	310	341	31	10.1%	375	427	51	13.7%
1150	212	236	24	11.4%	323	357	34	10.5%	390	446	55	14.2%
1200	220	246	26	11.8%	335	372	37	11.0%	405	465	59	14.6%
1250	228	255	27	11.7%	347	385	38	10.9%	420	482	62	14.7%
1300	237	264	27	11.5%	360	398	39	10.7%	435	498	63	14.5%
1350	245	273	28	11.3%	372	412	39	10.5%	450	514	65	14.3%
1400	253	281	28	11.2%	385	425	40	10.4%	465	531	66	14.2%
1450	261	290	29	11.0%	397	438	41	10.2%	480	547	67	14.1%
1500	269	299	29	10.8%	410	451	41	10.1%	495	563	69	13.9%
1550	278	307	30	10.7%	422	464	42	9.9%	509	580	70	13.8%
1600	286	316	30	10.6%	434	477	43	9.9%	524	596	72	13.8%
1650	293	325	31	10.7%	446	490	44	10.0%	538	613	75	13.9%
1700	301	333	32	10.7%	457	503	46	10.0%	552	629	77	14.0%
1750	309	342	33	10.8%	469	516	47	10.1%	566	645	80	14.1%
1800	316	351	34	10.9%	481	529	49	10.2%	579	662	82	14.2%
1850	324	359	36	11.0%	492	542	50	10.3%	593	678	85	14.3%
1900	331	368	37	11.0%	504	556	52	10.3%	607	694	87	14.4%
1950	339	377	38	11.1%	515	569	54	10.4%	621	711	90	14.5%
2000	347	385	39	11.2%	527	582	55	10.5%	635	727	93	14.6%
2050	354	394	40	11.2%	538	595	57	10.6%	648	743	95	14.7%
2100	362	403	41	11.3%	550	608	58	10.6%	662	760	98	14.8%
2150	369	411	42	11.4%	561	621	60	10.7%	676	776	100	14.8%
2200	377	420	43	11.4%	573	634	61	10.7%	690	792	103	14.9%
2250	385	428	44	11.4%	584	647	63	10.7%	703	808	105	14.9%
2300	392	437	45	11.4%	596	659	64	10.7%	717	824	107	14.9%
2350	400	445	45	11.3%	607	672	65	10.7%	731	840	109	14.9%
2400	407	453	46	11.3%	619	684	66	10.6%	745	856	111	14.9%
2450	415	462	47	11.3%	630	697	67	10.6%	759	871	113	14.9%
2500	423	470	48	11.3%	642	710	68	10.6%	772	887	115	14.8%
2550	430	479	48	11.3%	653	722	69	10.6%	786	903	117	14.8%
2600	438	487	49	11.2%	665	735	70	10.6%	800	919	119	14.8%
2650	445	495	50	11.2%	676	748	71	10.6%	814	934	121	14.8%
2700	453	504	51	11.2%	688	760	73	10.5%	828	950	123	14.8%
2750	460	512	51	11.2%	699	773	74	10.5%	841	966	125	14.8%
2800	468	520	52	11.2%	711	785	75	10.5%	855	982	127	14.8%
2850	476	529	53	11.1%	722	798	76	10.5%	869	998	129	14.8%
2900	483	537	54	11.1%	734	811	77	10.5%	883	1013	131	14.8%
2950	491	545	55	11.1%	745	823	78	10.5%	896	1029	133	14.8%
3000	498	554	55	11.1%	757	836	79	10.5%	910	1045	135	14.8%

Exhibit 12 Side-by-Side Comparisons for Incomes of \$3,050 - \$6,000 per month

Combined Gross Adjusted Income	1 Child				2 Children				3 Children			
	Existing	Updated	\$ change	% Change	Existing	Updated	\$ change	% Change	Existing	Updated	\$ change	% Change
3050	506	562	56	11.1%	768	849	80	10.5%	924	1061	137	14.8%
3100	514	571	57	11.1%	780	861	81	10.4%	938	1076	139	14.8%
3150	521	579	58	11.1%	791	874	83	10.4%	952	1092	141	14.8%
3200	529	587	58	11.0%	803	886	84	10.4%	965	1108	143	14.8%
3250	536	596	59	11.0%	814	899	85	10.4%	979	1124	145	14.8%
3300	544	604	60	11.0%	826	912	86	10.4%	993	1140	147	14.8%
3350	551	612	61	11.0%	837	924	88	10.5%	1006	1155	150	14.9%
3400	559	621	62	11.1%	848	937	89	10.5%	1019	1171	152	15.0%
3450	566	629	63	11.1%	859	950	91	10.6%	1032	1187	155	15.0%
3500	574	637	64	11.1%	870	962	92	10.6%	1045	1203	158	15.1%
3550	581	646	65	11.2%	881	975	94	10.7%	1057	1218	161	15.2%
3600	588	654	66	11.2%	892	987	96	10.7%	1070	1234	164	15.3%
3650	596	663	67	11.2%	903	1000	97	10.8%	1083	1250	167	15.4%
3700	603	671	68	11.2%	914	1013	99	10.8%	1096	1266	170	15.5%
3750	611	679	69	11.2%	925	1025	101	10.9%	1109	1282	172	15.5%
3800	618	688	69	11.2%	936	1038	102	10.9%	1122	1297	175	15.6%
3850	626	696	70	11.3%	947	1051	104	11.0%	1135	1313	178	15.7%
3900	632	704	72	11.4%	956	1063	107	11.2%	1146	1329	183	15.9%
3950	638	713	74	11.6%	966	1076	110	11.4%	1157	1345	187	16.2%
4000	645	721	76	11.8%	975	1088	113	11.6%	1168	1360	192	16.4%
4050	651	729	78	12.0%	985	1101	116	11.8%	1180	1376	197	16.7%
4100	658	738	80	12.2%	994	1114	120	12.0%	1191	1392	201	16.9%
4150	664	746	82	12.3%	1004	1126	122	12.2%	1202	1407	205	17.1%
4200	670	753	83	12.3%	1013	1136	123	12.1%	1213	1420	207	17.1%
4250	677	760	84	12.4%	1023	1146	123	12.1%	1224	1433	209	17.1%
4300	682	768	85	12.5%	1030	1156	126	12.2%	1233	1447	214	17.3%
4350	687	775	87	12.7%	1038	1166	128	12.3%	1242	1460	218	17.6%
4400	693	782	89	12.9%	1046	1176	130	12.5%	1251	1473	222	17.8%
4450	698	789	91	13.0%	1054	1186	133	12.6%	1260	1486	227	18.0%
4500	704	796	93	13.2%	1062	1197	135	12.7%	1268	1499	231	18.2%
4550	709	804	95	13.4%	1069	1207	137	12.8%	1277	1512	235	18.4%
4600	714	811	97	13.5%	1077	1217	140	13.0%	1286	1526	239	18.6%
4650	720	818	98	13.7%	1085	1227	142	13.1%	1295	1539	244	18.8%
4700	725	825	100	13.8%	1093	1237	144	13.2%	1304	1552	248	19.0%
4750	731	833	102	14.0%	1100	1247	147	13.3%	1313	1565	252	19.2%
4800	736	840	104	14.1%	1108	1257	149	13.4%	1322	1578	257	19.4%
4850	741	848	106	14.3%	1116	1268	152	13.7%	1331	1592	262	19.7%
4900	747	856	109	14.6%	1124	1280	156	13.9%	1339	1607	268	20.0%
4950	752	864	112	14.9%	1131	1292	161	14.2%	1348	1622	274	20.4%
5000	755	872	116	15.4%	1136	1304	168	14.8%	1353	1637	284	21.0%
5050	759	880	121	15.9%	1141	1315	175	15.3%	1358	1652	294	21.7%
5100	762	888	126	16.5%	1145	1327	182	15.9%	1362	1667	304	22.3%
5150	766	896	130	17.0%	1150	1339	189	16.4%	1367	1682	314	23.0%
5200	769	903	133	17.4%	1155	1349	194	16.8%	1372	1695	322	23.5%
5250	773	910	137	17.7%	1159	1359	200	17.2%	1377	1707	330	24.0%
5300	776	917	140	18.1%	1164	1369	205	17.6%	1382	1720	338	24.5%
5350	780	924	144	18.5%	1169	1379	211	18.0%	1387	1733	346	25.0%
5400	783	931	147	18.8%	1173	1389	216	18.4%	1392	1746	355	25.5%
5450	787	938	151	19.2%	1178	1400	222	18.8%	1397	1759	363	26.0%
5500	790	945	154	19.5%	1183	1410	227	19.2%	1401	1772	371	26.4%
5550	794	952	158	19.9%	1187	1420	233	19.6%	1406	1785	379	26.9%
5600	797	957	160	20.1%	1192	1428	236	19.8%	1411	1795	384	27.2%
5650	800	962	162	20.2%	1196	1436	239	20.0%	1416	1805	389	27.5%
5700	803	967	164	20.4%	1201	1443	243	20.2%	1421	1815	394	27.7%
5750	806	973	167	20.7%	1205	1451	246	20.4%	1425	1824	399	28.0%
5800	809	978	169	20.9%	1209	1458	250	20.6%	1430	1834	404	28.2%
5850	812	983	171	21.1%	1213	1466	253	20.9%	1435	1843	409	28.5%
5900	815	988	173	21.3%	1217	1474	256	21.1%	1440	1853	413	28.7%
5950	818	993	176	21.5%	1221	1481	260	21.3%	1444	1863	418	29.0%
6000	821	999	178	21.7%	1226	1489	263	21.5%	1449	1872	423	29.2%

Comparisons to Other States

Exhibit 13 shows the case scenarios used to compare the existing and proposed schedules to the schedules of some of Virginia’s bordering states. The first two case scenarios are based on the Virginia state minimum wage. Scenarios 3-7 consider median earnings of Virginia workers by highest educational attainment and gender in 2022 as noted by the U.S. Census American Community Survey. Median male earnings are used for the paying parent, and median female earnings are used for the receiving party.

Exhibit 13: Summary of Case Scenarios Used to Compare Impact of Updated Schedule

Case Scenario	Gross Monthly Income of Paying -Parent	Gross Monthly Income of Receiving Party
1. Each parent earns state minimum wage (\$12.00/hour) 34 hours per week (average hours worked in VA)	\$1,780	\$1,780
2. Each parent earns state minimum wage (\$12.00/hour) 40 hours per week	\$2,080	\$2,080
3. Parent’s earnings are equivalent to median earnings of Virginia workers with less than a high school education	\$3,042	\$1,784
4. Parent’s earnings are equivalent to median earnings of Virginia workers whose highest educational attainment is a high school degree or GED	\$3,871	\$2,572
5. Parent’s earnings are equivalent to median earnings of Virginia workers whose highest educational attainment is some college or an associate’s degree	\$4,543	\$3,189
6. Parent’s earnings are equivalent to median earnings of Virginia workers whose highest educational attainment is a college degree	\$7,351	\$5,056
7. Parent’s earnings are equivalent to median earnings of Virginia workers whose highest educational attainment is graduate degree	\$10,030	\$6,616
8. High income case: combined gross income of \$15,000 per month, parents have equal incomes	\$15,000	\$15,000

District of Columbia bases its guidelines on BR2 and assumes what have been saved in intact families is available for child-rearing expenditures. It is the only state to make this assumption. This results in the District amounts being higher than those of other states at very high incomes. Maryland bases the lower half of its guidelines on BR4 adjusted for Maryland’s higher prices and the upper half of its guidelines on the USDA estimates of child-rearing expenditures, which are generally higher than any BR estimate. North Carolina and West Virginia base their guidelines on BR5, but West Virginia adjusts the BR5 for West Virginia’s lower cost of living. North Carolina and West Virginia base their schedules on 2022 price levels.

Findings from State Comparisons

- Generally, the existing Virginia schedule produces amounts lower than most of the bordering states. Besides District of Columbia, most of the states compared in the graphs have updated their guidelines in the last five years. Virginia last updated in 2024.

- Updating Virginia would bring it in line with most of its bordering states. Maryland and the District of Columbia are still higher though at higher incomes because of their unique assumptions at high incomes (which affect Scenarios 6, 7 and 8). There is no District of Columbia amount for Scenario 8 because the District of Columbia schedule considers combined incomes up to \$240,000 gross per year (\$20,000 per month).
- Updating Virginia would produce increases for one child of about \$30-\$60 per month at very low incomes and about \$100-\$150 per month for upper-lower to middle incomes.
- Some states have more generous low-income adjustments that are evident in some of the case scenarios. For example, the District of Columbia relies on a self-support reserve equivalent to 133% of poverty. It affects the first two scenarios. North Carolina's low-income adjustment applies to Scenario 1 for both two and three children.

Exhibit 14: Comparisons for One Child: Low Income

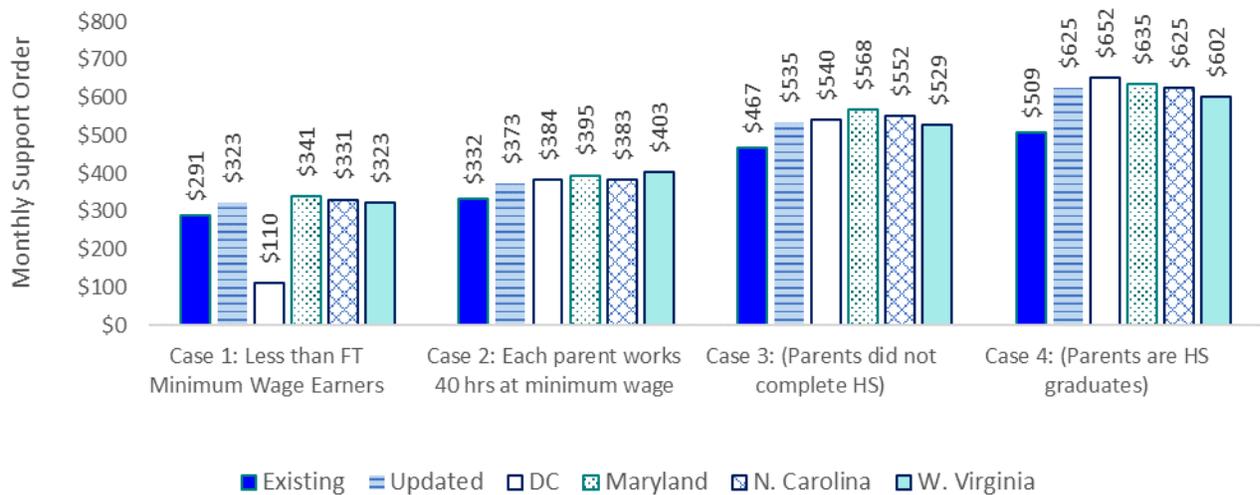


Exhibit 15: Comparisons for Two Children: Low Income

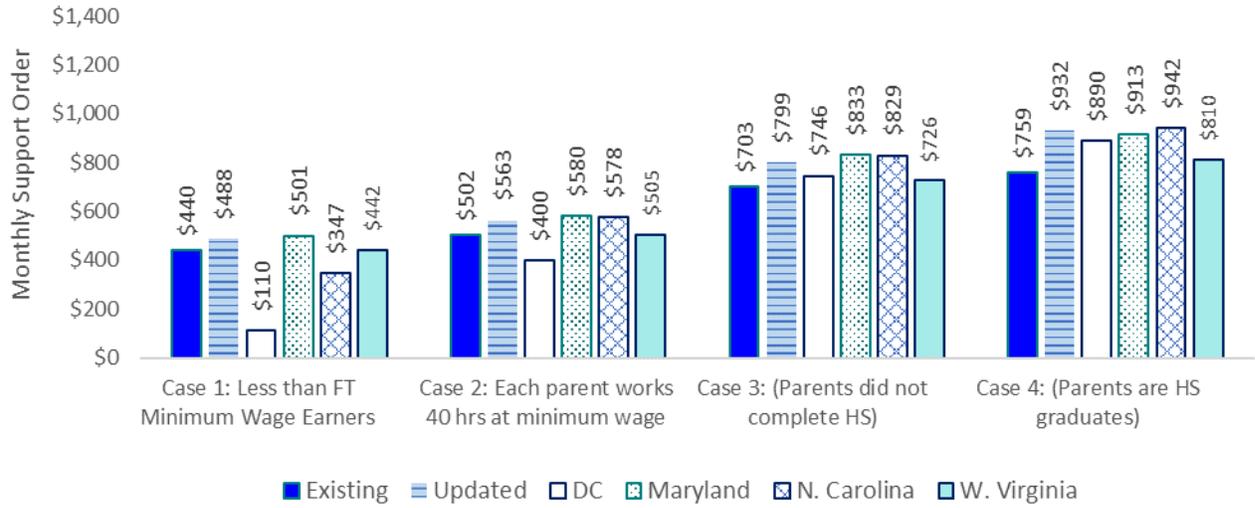


Exhibit 16: Comparisons for Three Children: Low Income

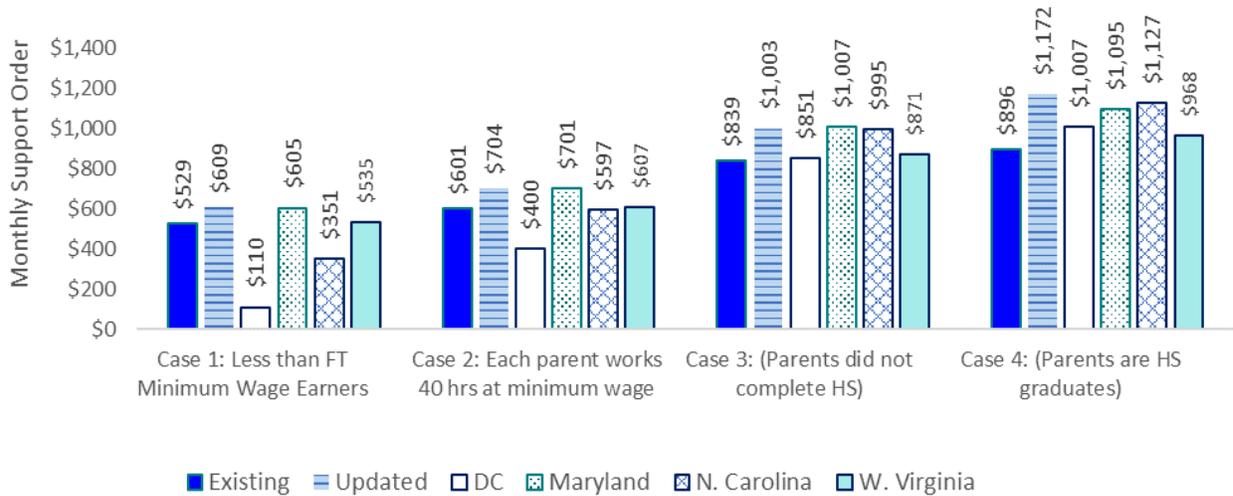


Exhibit 17: Comparisons for One Child: Middle and High Income

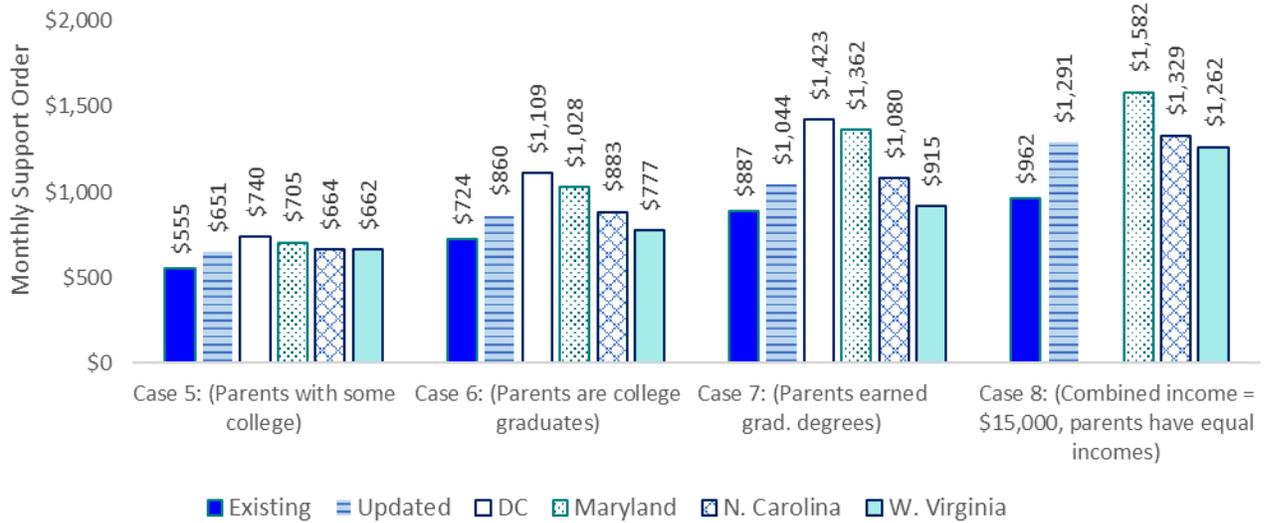


Exhibit 18: Comparisons for Two Children: Middle and High Income

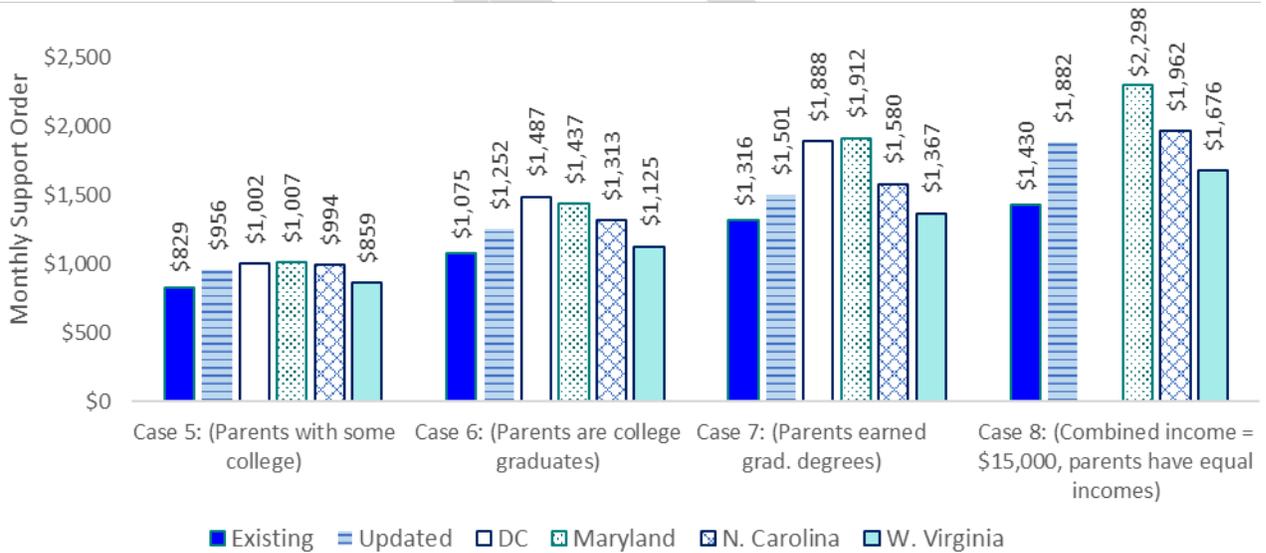
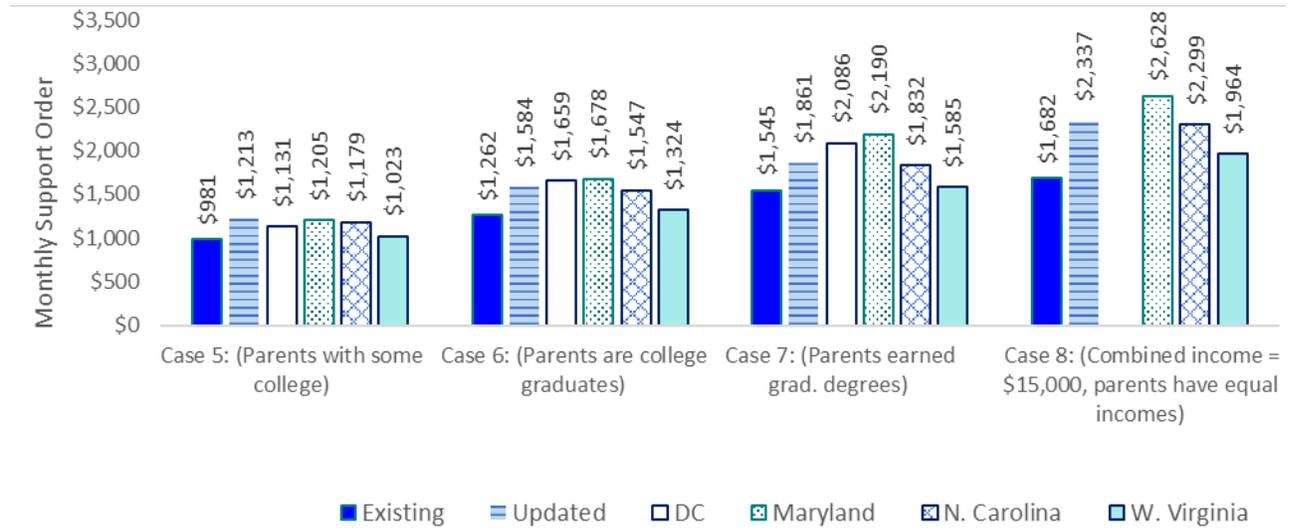


Exhibit 19: Comparisons for Three Children: Middle and High Income



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APPENDIX A: ECONOMIC DATA ON COST OF CHILD-REARING

Child support formulas/tables are part policy and part economic data. Most state guidelines, including Virginia's guidelines, rely on a study of child-rearing expenditures as the underlying basis of their child support schedule or formula. Federal regulation (45 C.F.R. § 302.56 (h)(1)) requires states to consider economic data on the cost of raising children as part of a state's child support guidelines review. The intent is to use the information to assess the adequacy and appropriateness of the state's child support formula/schedule and, if appropriate, revise it.

Two major types of studies exist: the cost of providing the basic or minimum needs of households with children, and studies that try to estimate what intact families across a range of incomes (including middle- and higher-income families) actually spend on children. Most state guidelines rely on studies estimating expenditures for a range of incomes in intact families. This is because most guidelines are based on the principle that children should share in the lifestyle afforded by their parents—that is, if the payer-parent's income affords the payer-parent a higher standard of living, the support order should also be more for that higher-income parent. Basing a child support table/scale on the cost of the basic needs of the child would be inadequate for figuring out what a paying parent who can afford a lifestyle above subsistence can afford in child support.

Exhibit 20 compares the findings from studies conducted in the last five years and those underlying state guidelines. All measure what is spent on children by intact families. Exhibit 20 shows child-rearing expenditures as an average percentage of total household expenditures, which is how most researchers report their findings. The difference between expenditures and gross income generally covers taxes, savings, and gifts and charitable contributions outside the home. A notable exception is the van der Gaag (1981) study, where his estimates relate to income, but he does not specify whether income is gross or net. The USDA study relates to gross income, but also reports its estimates as percentages of total expenditures to make them comparable them to the results from other studies. The economic study underlying the Kansas child support guidelines¹⁶ is not included in the comparison because it is an old study and Kansas is the only state to rely on it.

¹⁶ Terrell, W. T. & Pelkowski, J. M. (2010). XII. *Determining the 2010 Child Support Schedules*. Retrieved from www.kscourts.org/Rules-procedures-forms/Child-Support-Guidelines/PDF/Child%20Support%20Determination%20Economist%20FINAL%20REPORT.pdf.

Exhibit 20: Comparison of Findings from Recent Studies of Child-Rearing Expenditures and Studies Underlying State Guidelines¹⁷

Economic Methodology	Economist and Data Years	Average Child-Rearing Expenditures as a Percentage of Total Expenditures		
		1 Child	2 Children	3 Children
Rothbarth	Betson¹⁸			
	2013–2019	24.9%	38.4%	47.0%
	2004–2009	23.5%	36.5%	44.9%
	1998–2004	25.2%	36.8%	43.8%
	1996–1998	25.6%	35.9%	41.6%
	1980–1986	24.2%	34.2%	39.2%
	Rodgers/Replication of Betson¹⁹			
	2004–2009 CE	22.2%	34.8%	43.2%
	Rodgers²⁰			
	2000–2015 CE	19.2%	24.1%	30.8%
2004–2009 CE	21.5%	24.4%	33.4%	
Florida State University				
	2013–2019 CE ²¹	21.3%	33.4%	41.4%
	2009–2015 CE ²²	24.9%	38.3%	46.9%
Engel	Betson²³			
	2013–2019 CE	21.9%	34.4%	42.7%
	1996–1998 CE	32.0%	39.0%	49.0%
	1980–1986 CE	33.0%	46.0%	58.0%
	Florida State University			
	2013–2019 CE	21.5%	33.6%	41.6%
	2009–2015 CE	20.3%	32.6%	41.4%
Espenshade²⁴				
1972–73 CE	24.0%	41.0%	51.0%	
“Direct” Approaches	Betson 2013–2019 CE	22.5%	35.6 [^]	45.7%
	USDA²⁵ 2011–2015 CE	26.0%	39.0%	49.0%
Point estimate from literature review	van der Gaag²⁶ (no year specified)	25.0%	37.5%	50.0%

¹⁷ Adapted from Judicial Council of California, *Review of Statewide Uniform Child Support Guideline 2022*. San Francisco, CA. Exhibit 9, p. 52. Retrieved from <https://www.courts.ca.gov/documents/Review-of-Uniform-Child-Support-Guideline-2021.pdf>.

¹⁸ Betson, David M. (2021). “Appendix A: Parental Expenditures on Children: Rothbarth Estimates.” In Venohr, Jane & Matyasic, Savahanna. (Feb. 23, 2021). *Review of the Arizona Child Support Guidelines: Findings from the Analysis of Case File Data and 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/SupplementalPacket-030121-FCIC-CSGRS.pdf?ver=2021-02-26-161844-187>.

¹⁹ 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>.

²⁰ Rodgers (2017). *Ibid*.

²¹ Norribin, Stefan C., et al. (Nov. 2021). Review and Update of Florida’s Child Support Guidelines. Retrieved from <http://edr.state.fl.us/Content/special-research-projects/child-support/ChildSupportGuidelinesFinalReport2021.pdf>.

²² Norribin, Stefan C., et al. (Nov. 2017). Review and Update of Florida’s Child Support Guidelines. Retrieved from <http://edr.state.fl.us/content/special-research-projects/child-support/ChildSupportGuidelinesFinalReport2017.pdf>.

Exhibit 20 shows the average percentages for one, two, and three children across all income ranges. Most economists limit their estimates to these family sizes because there are few families with four or more children in the Consumer Expenditure Survey (CE), which is the source of expenditures data for all of the studies shown except the van der Gaag study.

OVERVIEW OF THE CONSUMER EXPENDITURE SURVEY

Most economists use expenditure data from the national Consumer Expenditure (CE) survey. Conducted by the U.S. Bureau of Labor Statistics (BLS), the CE is a comprehensive and rigorous survey with over a hundred-year history.²⁷ Today, the CE surveys about 6,000 households a quarter on hundreds of expenditures items.²⁸ Households stay in the survey for four quarters, yet households rotate in and out each quarter. The primary purpose of the CE is to calibrate the market basket used to measure changes in price levels over time. 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 studies and, hence, may cause differences in results between study years.

The sampling of the CE is not designed to produce state-specific measurements of expenditures.²⁹ 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, economists develop national measurements of child-rearing expenditures from the CE, and pool data years to yield a significant sample size.

ECONOMIC BASIS OF STATE GUIDELINES

Most states (33 states and the District of Columbia) rely on one of the Rothbarth studies as the basis of their child support guidelines.³⁰ The newest Betson-Rothbarth (BR5) is used by twelve states: Alabama, Arizona, Illinois, Iowa, Maine, Missouri, North Carolina, Pennsylvania, South Dakota, South Carolina,

²³ Betson, David. (2022). "Appendix A to Addendum D: Review of the Georgia Child Support Guidelines." *In Georgia Support Commission: Economic Study Final Report*. Retrieved from <https://csc.georgiacourts.gov/wp-content/uploads/sites/8/2023/01/2022-Final-Report.pdf>.

²⁴ Espenshade, Thomas J. (1984). *Investing in Children: New Estimates of Parental Expenditures*. Urban Institute Press: Washington, D.C.

²⁵ Lino, Mark, et al. (2017). *Expenditures on Children by Families, 2015*. Misc. Pub. No. 1528-2015. U.S. Dept. of Agriculture, Center for Nutrition & Policy Promotion, Washington, D.C. Retrieved from https://cdn2.hubspot.net/hubfs/10700/blog-files/USDA_Expenditures%20on%20children%20by%20family.pdf?t=1520090048492.

²⁶ van der Gaag, Jacques. (1981). *On Measuring the Cost of Children*. Discussion Paper 663-81. University of Wisconsin Institute for Research on Poverty, Madison, Wisconsin.

²⁷ U.S. Bureau of Labor Statistics (BLS). (Jun. 28, 2018). *130 Years of Consumer Expenditures*. Retrieved from <https://www.bls.gov/cex/csxhistorical.htm>.

²⁸ There are two components to the CE survey. Each starts with a sample of about 12,000 households. One component is a diary survey, and the other is an interview survey. The results from the interview survey are the primary data source for measuring child-rearing expenditures. Nonetheless, the BLS uses both components to cross check the quality of the data. More information can be found at U.S. Bureau of Labor Statistics. (n.d.). *Handbook of Methods: Consumer Expenditures and Income*. p. 16. Retrieved from <https://www.bls.gov/opub/hom/cex/pdf/cex.pdf>.

²⁹ Recently, however, the BLS has been creating state-specific samples for some of the larger states (e.g., California, Florida, and Texas).

³⁰ Morgan, Laura. (Forthcoming). *Child Support Guidelines: Interpretation and Application*, Third Edition.

West Virginia and Wyoming. Several states still rely on the fourth Betson-Rothbarth (BR study). A few states rely on early BR studies. The second most frequently used study is the Espenshade-Engel study, which was published in 1984. It was used to develop a prototype income shares table under the 1983–87 National Child Support Guidelines project.³¹ Several states still rely on it or partially rely on it. Those states are Alaska, California,³² Florida, Indiana, Michigan, Texas, and Washington. Only a few states are known to still relate their guidelines formula to the van der Gaag study (i.e., California, Nevada, New York, and Wisconsin). Maryland and Minnesota are the only states to rely on the USDA study. Maryland uses the USDA study for high incomes and a Betson-Rothbarth study for low incomes. Minnesota provides for amounts lower than the USDA at low incomes than phases in the USDA amounts at middle and higher incomes.

ECONOMIC STUDIES OF CHILD-REARING EXPENDITURES

The major methodologies in use by studies conducted in the last 10 years are the Rothbarth, Engel and USDA. Each is discussed in this subsection. In addition, a study by Comanor, Sarro, and Rogers (CSR) is discussed. The CSR study is not in use by any state, but parent advocacy groups in various states have asked that it be considered in a state's guidelines review. Exhibit 20 did not include the CSR results because CSR does not express its findings as a percentage of total expenditures.

Rothbarth Studies

Betson conducted his first study of child-rearing expenditures in 1990 and has updated his study four times since then for more current expenditure data. In addition to Betson-Rothbarth studies, William Rodgers (Rutgers University) and a team of Florida State University researchers have developed Rothbarth estimates. One set of Rodgers-Rothbarth estimates form the basis of the New Jersey child support schedule. No other Rodgers study nor the Florida State University study form the basis of any other state's child support guidelines. Betson, Rodgers, and the Florida State University researchers apply the Rothbarth estimator differently.

Betson-Rothbarth Studies

When Congress first passed legislation (i.e., the Family Support Act of 1988) requiring presumptive state child support guidelines, it 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 Emeritus David Betson, University of Notre Dame.³³ Using five different economic methodologies to measure child-rearing expenditures, Betson concluded that the Rothbarth

³¹ 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.

³² As noted in the California report, the California guidelines formula took in consideration both the van der Gaag (1981) and Espenshade (1984) studies of child-rearing expenditures (see Judicial Council of California, *supra* note 64).

³³ 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.

methodology was the most robust³⁴ and, hence, recommended that it be used for state guidelines. The second study resulting from the Congressional mandate was by Lewin/ICF.³⁵ It assessed the use of measurements of child-rearing expenditures, including the Betson measurements, for use by state child support guidelines.

The Rothbarth methodology is named after the economist, Irwin Rothbarth, who developed it. It is considered a marginal cost approach—that is, it considers how much more is spent by a couple with children than a childless couple of child-rearing age. To that end, the methodology compares 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 Rothbarth methodology relies on expenditures for adult goods to determine equally well-off families.³⁶ Through calculus, economists have proven that using expenditures on adult goods understates actual child-rearing expenditures because parents essentially substitute away from adult goods when they have children.³⁷ The methodology does not account for how much is substituted.

At the time of Betson's 1990 study, most states had already adopted guidelines to meet the 1987 federal requirement to have advisory child support guidelines. (It was extended to require rebuttal presumptive guidelines in 1989.) Most states were using older measurements of child-rearing expenditures,³⁸ but many began using a BR 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.³⁹ Oregon commissioned the third Betson-Rothbarth study (BR3) and Arizona commissioned the most recent BR5 study.

Although Betson recommended the Rothbarth methodology for state guidelines usage in his 1990 report, Lewin/ICF suggested that states assess their guidelines using more than one study since not all economists agree on which methodology best measures actual child-rearing expenditures.⁴⁰ For its 1990 report, Lewin/ICF assessed 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. Lewin/ICF used the Rothbarth measurements as the lower bound. Amounts that were above the lowest credible measurement of child-rearing expenditures were deemed as adequate support for children. This also responded to a major concern in the 1980s that state child support

³⁴ In statistics, the term "robust" means the statistics yield good performance that are largely unaffected by outliers or sensitive to small changes to the assumptions.

³⁵ 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, VA.

³⁶ Specifically, Betson uses adult clothes, whereas others applying the Rothbarth estimator use adult clothing, alcohol, and tobacco regardless of whether expenditures are made on these items. Betson (1990) conducted sensitivity analysis and found little difference in using the alternative definitions of adult goods.

³⁷ A layperson's description of how the Rothbarth estimator understates actual child-rearing expenditures is also provided in Lewin/ICF (1990) on p. 2-29.

³⁸ Many states used Espenshade, Thomas J. (1984). *Investing in Children: New Estimates of Parental Expenditures*. Urban Institute Press: Washington, D.C.

³⁹ See Appendix A of the Arizona report for more information about the earlier BR studies.

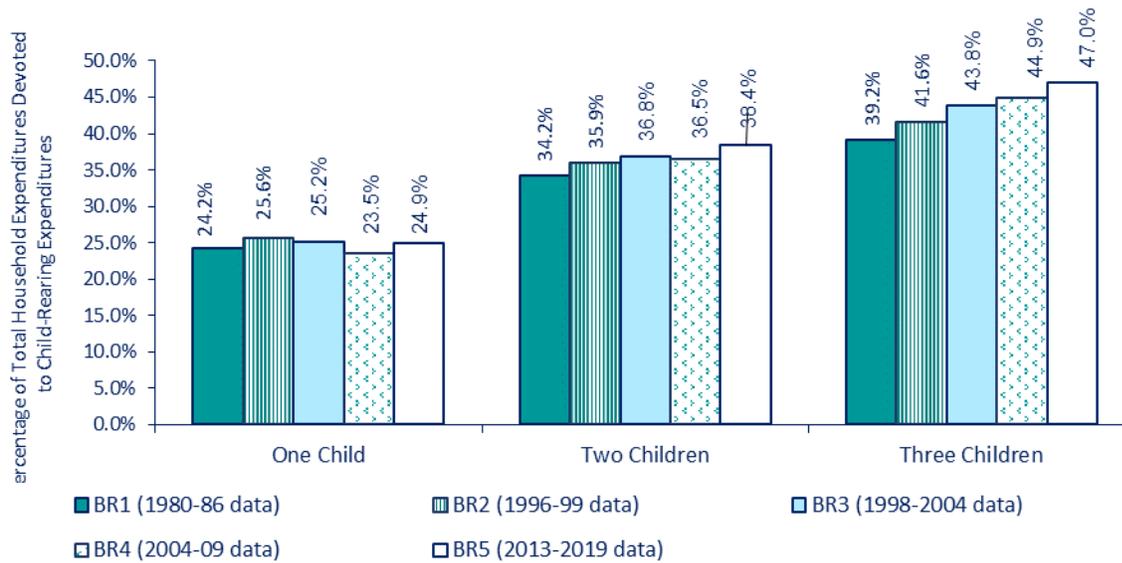
⁴⁰ Lewin/ICF. (1990). *Estimates of Expenditures on Children and Child Support Guidelines*. Report to U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation. Fairfax, VA.

guidelines provided inadequate amounts for children.⁴¹ Since then, most states have adapted a BR measurement as the basis of their guidelines schedule/formula.

Betson-Rothbarth Studies over Time

Exhibit 21 compares the percentage of total family expenditures devoted to child rearing for the five BR studies where BR1 stands for the first study, BR2 stands for the second study, and so forth. Exhibit 21 shows the percentages for one, two, and three children. Each study uses more current Consumer Expenditure Survey (CE) data.

Exhibit 21: Comparisons of Betson-Rothbarth (BR) Measurements over Time



As shown in Exhibit 22, the percentages vary with income. Some income ranges show increases from BR3 to BR5 and others show decreases. Exhibit 22 shows the approximate percentages for one child. (The percentages are approximate due to differences in price levels over the five time periods.) They also differ slightly from the percentages in Exhibit 21 because they relate to after-tax income rather than expenditures. Further, childcare expenses and most of the child’s healthcare expenses are excluded in Exhibit 22. This adjustment is made because the actual amount expended for childcare, the child’s health insurance, and the child’s extraordinary medical expenses is considered on a case-by-case basis rather than including the average amount in the schedule/formula. The percentages for two and three children also have inconsistent changes across income ranges.

⁴¹ 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.

Exhibit 22: Percentage of Net Income Devoted to Raising One Child



Some of the decreases and increases can be explained by data improvements, sampling error, and other factors. Sampling error means that two random samples pulled from the population will not produce the exact same results: sampling error measures the difference between the two samples. Betson estimates sampling error to be about 3%.

Some of the major contributing factors are highlighted below.

- *The Bureau of Labor Statistics (BLS), which conducts the Consumer Expenditure (CE) survey, has improved how it measures income.* BLS embarked on the improvement upon observing low-income households often spend more than their income. The improvement essentially results in more income being assessed to some lower income households. In turn, those left in the lowest income category have less expenditures than previous measurements. In short, the improvement brings down measurements of child-rearing expenditures for low incomes beginning with the BR4 and BR5 studies.
- *At some incomes, expenditures on childcare and the child's healthcare have increased/decreased.* Families may reduce expenditures on other items to compensate for increased childcare for example. Still other families may have reduced healthcare costs due to expanded Medicaid, hence increased child-rearing expenditures on other items.

- *2018 federal income tax reform put more after-tax income in the pockets of middle and higher income families.* The impact on those in the lowest income tax bracket (10%) is less because 10% remained the lowest income bracket.
- *The BR4 and BR5 studies use “outlays” instead of “expenditures” like the earlier BR studies did.* This appears to cause increases at high incomes. Expenditures, which is the only thing the BLS tracked at the time of the earlier Betson studies, 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, HOA fees, rent, utilities, and other housing expenses.) Outlays, which the BLS added about a decade ago, 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 more mortgage principal than lower income families.
- *The major BLS change with the CE underlying the BR5 study from earlier CE years was an improvement in how taxes were measured.* This also appears to cause increases at higher incomes. 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 to calculate each household’s taxes. This effectively reduced the after-tax income available for expenditures. Another indirect impact was to 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 table, increased. 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.
- *Some of these issues are more pronounced for one child than two or more children (factors that decrease the scale); and others are more pronounced for two or more children (factors that increase the scale).* One reason for this is the economies of scale of having more children appears to be decreasing over time. This caused larger increases for two and more children than one child. Economies of scale is the reason that the second child does not cost twice as much as the first child. There may be hand-down clothes or sharing of bedroom and other factors that contribute to economies of scale.

Engel Methodology

Espenshade (1984) relied on the Engel methodology. To that end, all states that still rely on the Espenshade study rely on the Engel methodology. Georgia is the only state to rely on an Engel study that was not conducted by Espenshade. Georgia relies on the average of the Betson-Rothbarth and Betson-Engel studies from Betson's second study of child-rearing expenditures.

Both the Rothbarth and Engel methodologies are classified as marginal cost approach because they compare expenditures between two equally well-off families: (a) a married couple with children, and (b) a married couple of child-rearing age without children. The difference in expenditures between these two families is attributed to child-rearing expenditures. To determine whether families are equally well off, the Rothbarth methodology relies on expenditures on adult goods. The Engel methodology relies on food shares. Until recently, economists generally believed the Engel methodology overstates actual child-rearing expenditures.⁴² The layperson explanation of the Engel methodology is that children are food intensive so families with children must spend more on food, which drags the difference in expenditures between families with and without children up. Recent Engel estimates, however, are lower.⁴³ One of these studies (i.e., the Betson study conducted for Georgia) suggests that the reduction in the Engel amounts over time results from a change in how the BLS asks about food expenditures, and a change from food being purely a necessity item to more food options that allow a family to substitute away from more luxurious items (e.g., steak and sushi) to more budget-friendly food items (e.g., hamburger and peanut butter) to accommodate larger family sizes.

Direct Approaches

Historically, the USDA study is the most well-known of direct approaches. Betson tried to replicate the USDA direct approach using the same dataset he used to produce his most recent Rothbarth and Engel estimates.

USDA Estimates

The USDA methodology is considered a "direct" approach to measuring child-rearing expenditures, while both the Rothbarth and Engel methodologies are considered indirect approaches. Direct approaches attempt to enumerate expenditures for major categories of expenses (e.g., housing, food, transportation, clothing, healthcare, childcare and education, and miscellaneous expenses), then add them together to estimate the total cost of raising children. The major limitation to a direct approach is that there is still a need for a methodology to separate the child's share from the household total such as the situation for the child's housing expenses.

The last USDA study was released in 2017 and considered child-rearing expenditures in 2015. Prior to the 2017 study, the USDA published an updated study every year or two for several decades. The USDA

⁴² A more technical explanation of the Rothbarth estimator is provided in Betson (2021), *supra* note 65. Additional analysis of both the Rothbarth and Engel estimators are also provided in 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, VA. at pp. 2-27–2-28.

⁴³ For example, see the Florida studies; and, Betson (2022), *supra* note 70.

first measures expenditures for seven different categories (i.e., housing, food, transportation, clothing, healthcare, childcare and education, and miscellaneous), then sums them to arrive at a total measurement of child-rearing expenditures. Some of the methodologies use a pro rata approach, which is believed to overstate child-rearing expenditures. The USDA reports its estimates on an annual basis for one child in a two-child household. The USDA provides measurements for the United States as a whole and as four regions: the South, Midwest, Mid-Atlantic, and West. The amount varies by age of the child and household income. The USDA also produces measurements for rural areas and single-parent families. These measurements are for the nation as whole and not provided individually by region. The most recent USDA measurements are from expenditures data collected in 2011 through 2015. Exhibit 23 shows them. The amounts include expenditures for the child’s healthcare and childcare expenses.

Exhibit 23: Summary of Findings from 2017 USDA Study

		Married-Couple Families		Single-Parent Families (overall U.S.)
		Urban (overall U.S.)	Rural Areas (overall U.S.)	
Low Income (less than \$59,200 gross per year)	Child-rearing \$	\$9,330–\$9,980/year	\$7,650–\$8,630/year	\$8,800–\$10,540/year
	Average Gross Income	\$36,300	\$36,100	\$24,400
Middle Income (more than \$59,200 per year and less than \$107,400 for Urban South and Rural Only)	Child-rearing \$	\$12,680–\$13,900/year	\$10,090–\$11,590/year	\$16,370–\$20,190/year
	Average Gross Income	\$81,700	\$79,500	\$99,000
High Income (more than \$107,400 for Married Couples only)	Child-rearing \$	\$19,380–\$23,390/year	\$14,600–\$17,000/year	
	Average Gross Income	\$185,400	\$156,800	

Child-Rearing Expenditures by Single-Parent Families

One salient finding (as shown in Exhibit 23) that is pertinent to addressing concerns about using expenditures data from intact families as the basis of state child support guidelines is that single-parent families with low income and married-couple families with low income devote about the same amount to child-rearing expenditures. It should also be noted that the amounts for middle incomes and high incomes for single-parent families are not separated because they are too few high income, single-parent families from which to produce measurements. More single-parent families with children live in poverty than married-couple families with children. The 2022 U.S. Census American Community Survey finds that 29% of Virginia female-headed families with minor children live in poverty, while 4% of Virginia married-couple families with minor children live in poverty.⁴⁴ (The comparable percentages nationally are 6% and 33%.)

⁴⁴ Calculated from 2022 U.S. Census American Community Survey. *Table C17010: Poverty Status in the Past 12 Months of Families by Family Type and Presence of Children*. Retrieved from <https://data.census.gov>.

Betson's Attempt to Directly Measure Child-Rearing Expenditures

For the direct methodology, Betson initially planned to replicate the USDA approach that measures child-rearing expenditures for seven categories of expenditures (e.g, the child's housing, food, and transportation). He abandoned this approach because of insufficient documentation to replicate how the USDA arrived at the child's share of housing and medical expenses. Still, Betson was able to use approaches similar to the USDA's to estimate the child's food costs, transportation costs, clothing, childcare, and miscellaneous expenses.

To arrive at the child's housing expenses, he used two different approaches. For one, he followed the current concept of the USDA approach, which is to base it on the cost of an additional bedroom. For the other, he relied on the old USDA approach that uses a per-capita approach to estimate the child's share of housing expenses. To arrive at the child's out-of-pocket medical expenses, he also relied on Medical Expenditure Panel Survey data, as does the USDA. His estimates varied significantly depending on how he measured housing. When he used the cost of an additional bedroom, he estimated that percentage of total expenditures allocated to children were 22.5% for one child, 35.6% for two children, and 45.7% for three or more children. When he used the per-capita approach, he estimated that percentage of total expenditures allocated to children were 28.8% for one child, 43.7% for two children, and 54.8% for three or more children. The different results highlight how sensitive the overall estimate is to how the child's housing expenses are estimated. Housing expenses constitute the largest share of the total household budget. Betson suggests that the true value may be somewhere nearer the average of the two estimates: 25.7% for one child, 39.7% for two children, and 50.3% for three or more children.

Besides changes over time and differences in how housing and medical expenses were measured, Betson's direct measurement approach differed in other ways from the USDA approach. The USDA relies on quarterly data rather than annualized data, and quarterly data is known to produce larger estimates. The USDA restricts its measurements for individual expenses to those with nonzero amounts. For example, the USDA measurement of childcare and education includes only families that have some childcare and education expenses.

Comanor, et al. Study

Professor Emeritus William Comanor of the University of California at Santa Barbara lead a 2015 study.⁴⁵ His coauthors were Mark Sarro and Mark Rogers. The CSR study was not funded by any state and does not form the basis of any state guidelines. Professor Comanor developed his own methodology for measuring childrearing expenditures. It also compares expenditures between families with and without children. Gross income is used to equate equally well-off families. The difference in their expenditures is attributed to children. The CSR measurements rely on the 2004–2009 CE. In 2018, CSR reported childrearing costs of \$3,421 per year for one child and \$4,291 per year for two children in low-income households.⁴⁶ For middle incomes (i.e., married couples with an average income of \$76,207 per year),

⁴⁵ Comanor, William, Sarro, Mark, & 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.

⁴⁶ Comanor, William. (Nov. 8, 2018). Presentation to Nebraska Child Support Advisory Commission. Lincoln, NE.

CSR reported childrearing 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 CSR study found negative expenditures for the child's healthcare expenses and did not estimate childrearing expenditures for entertainment and miscellaneous goods. Another limitation is the use of gross income to equate equally well-off families. This biases the results if parents have an economic incentive to earn more income to support their families and do so. It also does not account for substitution effects between expenditure items (e.g., spending less on transportation to accommodate a larger house).

DRAFT

Appendix B – Dr. Comanor’s Presentation

PRESENTATION TO THE VIRGINIA CHILD SUPPORT GUIDELINES REVIEW PANEL

William S. Comanor
University of California
Los Angeles and Santa Barbara

February 27, 2025

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Qualifications

- Professor of Economics, Emeritus, University of California, Santa Barbara.
- Distinguished Research Professor, Fielding School of Public Health, University of California, Los Angeles.
- Ph.D. in Economics, Harvard University
- Formerly, Chief Economist, U.S. Federal Trade Commission, Washington.

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Introduction

- Thank you for inviting me. I am happy to discuss the implications of my recent article entitled: “Why Does Child Support Go Unpaid” which appeared in the summer 2024 issue of the journal REGULATION.
- That publication reviews policy issues dealing with government interventions in the economy broadly defined, which certainly includes government sponsored guidelines for child support awards.
- I had published an earlier article, along with colleagues, entitled “The Monetary Costs of Raising Children” in the 2015 volume on *Research in Law and Economics*, and my recent article followed from that research.
- But also, as the Panel had previously consulted with Dr. Jane Venohr on Child Support issues, this presentation provides me an opportunity to point out the differences between her approach and mine.

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Current Data on Child Support Payments

- Relevant data on Child Support Payments appear in the report: “Custodial Mothers and Fathers and their Child Support: 2017” published by the United States Census Bureau.
- While the report includes detailed statistics, I present here only a few of its conclusions.
 1. “About 7 in 10 custodial parents (69.8%) who were supposed to receive child support in 2017 received at least some payments.” (p.1)
 2. “Less than half (45.9%) of custodial parents who were supposed to receive child support received full child support payments.” (p. 1)
 3. “the aggregate amount of child support that was supposed to have been received in 2017 was \$30.0 billion; 62.2% of that amount was received.” (p.1)

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Historical Data on Child Support Payments

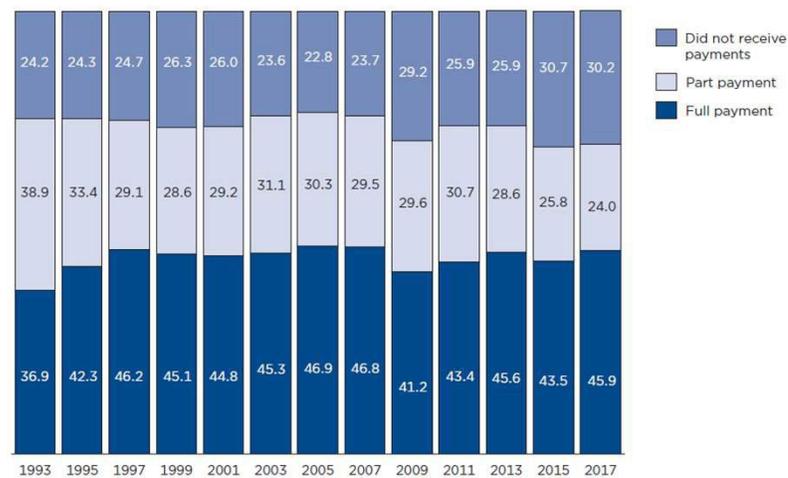
- Here are also some historical highlights:
 - “The proportion of custodial parents who were supposed to receive support, but received none, increased from 24.2% in 1993 to 30.2% in 2017.” (p. 2)
 - “The number of custodial parents who were supposed to receive child support has decreased from 7.3 million in 2003 to 5.4 million in 2017.” (p. 2)
- See Table 1 for more detailed data.

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Table 1

Payments Received by Custodial Parents Who Were Supposed to Receive Child Support Payments: 1993-2017
(In percent)



Source: Timothy Grail, "Custodial Mothers and Fathers and their Child Support: 2017," U.S. Bureau of the Census, 2020, p. 4.

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What the Data Indicate

- Comparing 1993 data with that of 2017, the percentage of custodial parents receiving full payment has increased slightly while the percentage of custodial parents receiving any payments has declined slightly.
- The picture is one of overall stability in actual child support payments. **That observation indicates current policies have not been a solution to the problem of unpaid support payments .**
- Although states may have adopted Child Support Guidelines, following the 1988 Child Support Amendments, there appears to be little progress in actual payments made.
- If these data are correct, the relevant question is WHY? Why do so many parents not make their assessed payments?

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An Economic Explanation (1)

- A critical feature of an effective child support administration is the needed balance between award amounts and the actual monetary costs of raising children.
- If award amounts are too low, custodial households are financially restrained from expenditures that would impact the children.
- But if award amounts are too high and exceed the difference between award and actual monetary costs, child custody becomes a financial asset that is funded by the payer.
- In either case, contending parties gain monetary benefits from enhanced custodial positions. Recipients benefit when awards are too high while payers benefit when awards are too low.

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An Economic Explanation (2)

- This discussion rests on the underlying Federal regulations that emphasize:

“The Child Support system is not meant to serve a punitive purpose. Rather the system is an economic one, designed ... [so that each parent] should share equitably in the economic burdens of child rearing.”

- I interpret that provision to mean that award amount should rest on the actual monetary costs of raising children. They should not be too low or **too high**.
- Policy-makers therefore need to explore how these “economic burdens” should be defined, which is fundamentally an economic question that can be answered with available data.

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Available Data on Child Rearing Costs

- There is available data on household expenditures by major categories, where households can be classified by income levels as well as number and ages of children.
- An important point of agreement between Dr. Venohr and myself is that we both use the same data: the Consumer Expenditure Survey as published by the U.S. Bureau of the Census.
 - she writes that it is “the nation’s largest and most comprehensive survey of household expenditures.” * I agree.
 - our differences do not pertain to the data employed.

* *Report of the 2014 Nebraska Child Support Advisory Commission*, Appendix A prepared by Jane Venohr, Ph.D., November 4, 2014, p. 5.

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The Empirical Analysis (1)

- Using the Census Bureau data, one can compare reported expenditures on the various expenditure categories between statistically identical households with similar incomes as between those with children and without children.
 - if a household with children spends more on particular types of expenditures, then the additional expenditures in each category can be considered attributable to the child.
 - Note that reported additional outlays include both household collective goods, such as housing, food and transportation, as well as private goods such as children's clothing and child care and education.
 - **these additional outlays reflect the marginal or incremental expenditures made in households with children as compared with those without children.**

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The Empirical Analysis (2)

- My colleagues and I employed regression analysis to determine how much more is actually spent on average in households with and without children within income classifications set by the Census Bureau.
 - a commonly used statistical method, compares average expenditures in different households: those with no children and those with one, two and three plus children, all for given levels of income.
- The analysis is carried out separately for three income classes.
 - Low income households: under \$76,796.
 - Medium income households: between \$76,803 and \$139,012.
 - High income households: above \$139,021.

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The Empirical Analysis (3)

- The statistical results reported in my recent publication rely on the findings published in 2015. However, they are adjusted for the price inflation that occurred during the intervening years. The values reported here are those restated at 2024 price levels using the Consumer Price Index.
- My findings describe the Incremental Costs associated with including children in the household as compared with those without children.
- Rather than provide these estimates separately, they are reported subsequently along with comparable figures based on the Rothbarth methodology favored by Dr. Venohr.

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The Rothbarth Method (1)

- While Dr. Venohr promotes the alternate Rothbarth Method for determining child costs, her approach has certain similarities to the Incremental Cost approach.
- See the following statement from her Appendix to the 2014 Nebraska Commission Report. In that passage, she describes this methodology:

“The Rothbarth methodology is a marginal cost approach that compares expenditures of two sets of equally well-off households: one set consists of two-parent families with children and the other consists of couples without children. The difference in their expenditures is presumed to be spent on child rearing.*

* *Report of the 2014 Nebraska Child Support Advisory Commission*, Appendix A prepared by Jane Venohr, Ph.D., November 4, 2014, p. 7.

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The Rothbarth Method (2)

- However, the Rothbarth method requires that equally well-off households can be determined entirely by household expenditures on adult clothing rather than in terms of household income.
- Dr. Venohr's preferred method for determining child costs rests on an "adult clothing theory of well-being" rather than the conventional approach of household income.
- Its premise is that childless households as well as those households including children are equally well off only if they spend the same amounts of their income on adult clothing.
- The adult clothing method is relied upon despite the recognition that adult clothing generally constitutes less than 5% of household spending.*

* *Review of Statewide Uniform Child Support Guideline*, Report to the California Legislature, Appendix A prepared by Dr. David Betson, June 2011, p. 166.

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The Rothbarth Method (3)

- To an economist, this reliance on an "adult clothing theory of well being" appears unfathomable.
- Authors of an article published in the *American Economic Review* judged this method as "illegitimate."**
- See the following appraisal published in the *Journal of Economic Literature*:

"The Rothbarth method imputes the same welfare level to households that have the same level of consumption of some adult only good. Once again, I find it is difficult to see why this commands any widespread attention." **

* Pollack, R.A. and Wales, T.J., "Welfare Comparisons and Equivalence Scales," *American Economic Review*, Vol. 69, 1979, p. 216.

** Browning, Martin, "Children and Household Economic Behavior," *Journal of Economic Literature*, Vol. XXX (September 1992), p. 1443.

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The Rothbarth Method (4)

- There is a second point of dispute that refers primarily to housing as a household collective good.
- This method requires that parents be compensated for sharing their households with their children; and also that this required compensation be included in the cost of raising children.
 - this required compensation has little to do with actual expenditures on children.
- A fundamental premise of Rothbarth models is that parents are worse off because they share their common goods (housing, food, transportation) with their children.

This premise requires that parents do not gain “utility” from their children, but rather lose “utility” as they are crowded out from their use of household common goods. Children are considered tenants rather than members of the household.

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Incremental Costs and Rothbarth Estimates (1)

- As a legal matter, “cost” is the price that is paid for something.*
 - incremental costs are then the direct outlays reported in the U.S. Consumer Expenditure Survey.
 - **Rothbarth models do not rest on expenditures made for children, but rather indicate the hypothetical compensation levels paid to adults for having children.**
- See the following table for the two sets of “cost” estimates.
 - The incremental cost figures are those reported in my recent article,** while the Rothbarth figures are those advanced by Dr. Venohr.

* U.S. Department of Justice, Office of Legal Counsel, as reported in *New York Times*, July 31, 2018, p. A17..

** William S. Comanor, “Why Does Child Support Go Unpaid?” *Regulation*, Summer 2024, p. 18.

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Incremental Costs and Rothbarth Estimates (2)

	Incremental Costs	Rothbarth Estimates	Imputed Costs
Low Income Married Households: average of \$50,491			
One child	\$4,703	\$8,942	\$4,239
Two children	5,899	13,759	7,860
Three+ children	6,523	16,795	10,272
Medium Income Married Households: average of \$104,908			
One child	\$6,529	\$14,766	\$8,237
Two children	9,160	22,503	13,343
Three+ children	10,277	27,172	16,895
High Income Married Households: average of \$231,273			
One child	\$15,313	\$23,196	\$7,883
Two children	18,843	35,223	16,380
Three+ children	21,938	42,383	20,445

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Notes to Cost Estimates

Both the Incremental Cost and Rothbarth values are based on those reported in Table 10 of our earlier paper: "The Monetary Cost of Raising Children," published in 2015. The Rothbarth values were derived from a policy research report submitted to the state of Georgia.**

The earlier values were adjusted to account for inflationary effects as indicated by changes in the Consumer Price Index between June, 2011 and February, 2024.

Low income married household were those with incomes less than \$76,796.

Middle income married households were those with incomes between \$76,803 and \$1139,012.

High income married households were those with incomes greater than \$139,021.

* ..William S. Comanor, Mark Sarro, R. Mark Rogers, "Monetary Cost of Raising Children," *Research in Law and Economics*, vol. 27, 2015, pp. 209-251.

** Center for Policy Research, "Economic Basis for Updating a Child Support Schedule of Georgia," Appendix B, April 2011. The Rothbarth estimates are those reported at the average income levels indicated in the table; which excludes childcare and private tuition.

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Incremental Costs and Rothbarth Estimates (3)

- The two sets of cost figures are quite different, which could result from the fact that households without children spend more on adult clothing.
 - households without children may have very different budgets than those with children.
 - **households without children are also likely to have very different preferences. However, one cannot presume that the well-being of households with children is lower just because they spend less on adult clothing.**

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Critiques of the Incremental Cost Approach (1)

- Dr. Venohr's critique of the Incremental Cost approach does not relate to the methods employed but rather to the values obtained.
- She writes: "The empirical results are implausibly low, often below or near poverty amounts for the child's basic needs." *
- But that response makes an economic error: In regard to household collective goods, incremental costs do not reflect consumption amounts.
 - for these goods such housing, food, and transportation, children consume their shares of the collective goods regardless of the incremental costs attributed to them.

* Jane Venohr, "Review of Minnesota Child Support Guidelines, Economic Basis of Current Table and Potential Updates," July 17, 2017, p. 4.

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Critiques of the Incremental Cost Approach (2)

- Dr. Venohr 's critique is a clear misunderstanding of the economic concept of incremental costs.
 - with collective goods, costs do not indicate the amounts actually consumed by children.
 - Instead, children share in the household collective goods as determined by their parents.
 - using economic jargon, children “free ride” on the outlays of their parents

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Dr. Venohr's Arguments Supporting the Rothbarth Method

- Dr. Venohr's further argument is that the Rothbarth method is employed by the majority of states.*
- She gives little consideration to the presumptions that underlie the Rothbarth method. Her only related statement is that “Economists don't agree on which methodology best captures actual costs.”**
- She apparently fails to recognize that there is little support for the Rothbarth method in the economic literature.

* Jane Venohr, *Review of the Nebraska Child Support Guidelines*, October 26, 2018, p 36..

** Ibid., p. 34.

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Implications of Child Support Awards That Exceed Direct Costs of Raising Children

- When support amounts exceed the direct costs of raising children, child custody becomes a financial asset.
 - the award structure provides a monetary incentive to gain maximum custody, which affects both payer and recipient.
- Even when custody is not as issue, this award structure creates resentment by the support obligor whose payments fund this asset.
- Payments are missed; enhanced enforcement efforts are taken; and parental conflict follows.

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My Conclusions

- An effective child support system requires the willingness of obligor parents to make their assessed payments.
- That outcome is promoted when payment amounts reflect the actual monetary costs of raising children. .
- The current system is deficient and does not meet its statutory requirements. Improvements are required.

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Appendix C – One-Page Summary of Dr. Comanor’s Presentation by Christian Paasch

Background

- Only 62% of \$30B in 2017 authorized support actually received (US Census Bureau, 2020)
- Average amounts received declined from 1993-2017, despite inflation over that period
- Effective child support administration requires balance between award amount and monetary costs of raising children
- An effective child support system relies on willingness of obligors to pay, which is greatly enhanced when the required amounts reflect the actual monetary costs of raising children
- Statute requires states “must consider economic data on the cost of raising children”
- 45 CFR § 302.56(c)(1) requires state child support guidelines to take into account the "ability to pay" and "the basic subsistence needs of the noncustodial parent."
- Data source underlying various economic models is the same (Consumer Expenditure Survey published annually by the US Census Bureau), so differences in amounts ordered from the different models is not caused by the source data itself
- Bottom Line:
 - o Child support payment rates are lacking under our current approach and methodology
 - o Despite this challenge, Virginia has not changed its methodology and calculations
 - o Why would we continue with a methodology that has not shown progress and yet still expect any sort of improvement?

Challenges with Virginia’s Current Methodology

- Current methodology believes various expenditures are “conceptually difficult to assign to particular family members,” so we should reject that approach entirely
 - o Reality is we know that we shouldn’t avoid something just because it may be difficult
- Key problem with current methodology is that it does not rely on actual expenditures but instead errantly compares living standards between households with and without children
- Key presumption underlying Virginia’s current model is that overall living standards can be determined by outlays on a single commodity (clothing, food, etc.) and that this same index can be used for all households, both with and without children.
- Virginia’s approach does not provide direct estimates of how much is spent on a child.
 - o Instead, it estimates how much families *with children* must be compensated to bring the parents to the same level as those *without children*.
 - o This is fundamentally different than asking: “*How much do parents spend on children?*”
- Basically, our current model doesn’t talk about expenditures, but instead imputes values to equalize living standards between families with and without children
- Inadvertently, children are viewed as a liability that decreases parents’ standard of living and parents should be compensated for this and have that compensation included in the cost of raising children

Comanor’s recommendation

- Comanor discusses other child support models and then lays out the case for “Monetary Costs”
- Importantly, his recommendation makes child support more representative of children’s needs, more achievable for obligors and brings Virginia into compliance with 45 CFR § 302.56(c)(1)
- Includes private (children’s clothing, childcare) & collective (housing, food, transportation) goods
- Unlike other models, Comanor’s model relies directly on data reporting consumer expenditures

Appendix D – “Why Does child Support Go Unpaid” by Dr. Comanor

Why Does Child Support Go Unpaid?

State calculations of child costs overinflate those values, discouraging obligor payments.

BY WILLIAM S. COMANOR

The child support collection process in the United States has largely failed. According to a 2020 Census Bureau report, only 62 percent of the more than \$30 billion in authorized support payments for 2017 were actually received. While nearly 70 percent of custodial parents received at least *some* payments, less than half got their full amounts. Furthermore, average amounts received declined between 1993 and 2017, despite the inflation that occurred over that period. These observations raise the question of what factors may have led to the disappointing outcomes.

An important concern for an effective child support administration is the balance between award amounts and the monetary costs of raising children. When award amounts exceed these costs, the resulting incentives turn child custody into a financial asset funded by the difference between award and cost amounts. In such circumstances, unfortunate consequences follow. Contesting parties can gain monetary benefits from enhanced custodial positions and so make greater efforts to secure improved outcomes whatever the interests of the children.

Even when actual custody is not at issue, the presence of this financial asset creates resentment by the support obligor because it is his or her payments that fund the asset. This resentment can poison relationships between parents and lead to missed payments. Overall, an effective child support system relies on the willingness of obligor parents to make their assessed payments, which is an outcome greatly enhanced when the required payment amounts reflect the actual monetary costs of raising children.

WILLIAM S. COMANOR is professor of health policy and management at the University of California, Los Angeles, Fielding School of Public Health, and professor of economics, emeritus, at the University of California, Santa Barbara. These findings build upon prior joint research with Mark Sarro and R. Mark Rogers.

In the past, award amounts were set through a judicial process that sought to balance the needs and equities involved. That changed sharply with the Child Support Amendments of 1984 that required states to adopt advisory child support guidelines. The guidelines became “legally presumptive” four years later in the 1988 Amendments.

To enforce those requirements, federal spending supporting state welfare programs was conditioned on the creation of the child support guidelines. States also were required to review their guidelines at least every four years. No longer would judicial outcomes depend entirely on evidence presented in court and pertaining to individual circumstances, but instead outcomes would be affected by political decisions embodied in statewide regulations.

While states were free to develop their own guidelines, the statute required that “as part of the [quadrennial] review of a state’s guidelines, a state must now consider economic data on the cost of raising children.” In effect, states were obligated to develop an economic model through which to determine child-rearing costs. Guideline amounts and judicial awards would then depend on those presumed costs.

The discussion below reviews and evaluates the economic models employed to create the state guidelines mandated by this legislation. The importance of these models is critical because the same data source has been used to derive very different results. The uniformly accepted data source is the Consumer Expenditure Survey (CES) published annually by the US Census Bureau. As a 2017 US Department of Agriculture report observed, these “data are the most comprehensive source of information on household expenditures available at the national level” (USDA 2017, p.2). Whatever divergent conclusions were put forth on the costs of raising children,

the underlying data were not responsible.

ECONOMIC DATA AND MODELS

That the economic data do not speak for themselves was immediately evident in the CES reports. The reports provide expenditures for the important categories of housing, food, and transportation for an entire household rather than for individual members. From the start, it was thereby evident that an economic model was needed at least to allocate expenditures among household members.

In the years prior to the legislative changes, Robert Williams, a leading proponent of the new legislation, had argued that the principal deficiency of the established procedures was “a shortfall in the adequacy of [child support] orders when compared with the true costs of rearing children as measured

by economic studies” (Williams 1987, p. 282). He stated that average court-ordered support obligations provided only about one-fourth of average expenditures on children “as estimated in an authoritative study by Thomas Espenshade [that] he judged the best available economic estimates of average expenditures on children” (p. 283). With that accolade, Espenshade’s analysis became widely adopted.

Williams suggested that “the root of the problem of determining child costs is that most expenses related to child rearing are commingled with expenditures benefiting all household members, ... [including specifically] food, housing, and transportation” (p. 287). Rather than seeing this commingling of outlays as a positive factor that limited the additional costs needed to rear children because most household outlays already would have been made, Williams accepted

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FAMILY

Espenshade's judgment that a new methodology was needed to avoid the commingling problem.

LIVING STANDARDS OR EXPENDITURES?

Espenshade's work had emphasized the distinction between living standards and actual expenditures. He wrote that because various expenditures "are conceptually difficult to assign to particular family members," one should reject that effort entirely and move in a new direction. Instead, one should "develop an index of a family's material standard of living and then ... apply this index to a comparison of living standards of families that may differ ... in size and composition" (Espenshade 1984, p. 19). In other words, to measure child costs, one should not rely on data reflecting actual expenditures but instead determine comparative living standards as between households with and without children.

To this end, Espenshade proposed a simple index for living standards that would be "the percentage ... of consumption expenditures devoted to food consumed at home" (p. 19). To explain his approach, he offered the example of a childless couple that had total consumption expenditures of \$6,091 used to maintain a particular standard of living as reflected by their food consumption. Now if that same or a similar family plus two children required total expenditures of \$12,220 to reach a standard of living that included the same level of per-person food consumption, the overall cost of the children would be given by the difference between the two total consumption amounts, or \$6,129 (pp. 21–22). Only at this higher expenditure level, he suggested, would the same living standard be attained.

This methodological approach now underlies the efforts used in most states to determine child costs. However, rather than using an index of "food consumed at home" to represent overall living standards, the currently employed index is expenditures on "adult clothing." What has *not* changed is the presumption that overall living standards can be determined by outlays on a single commodity, and that the same index can be used for households both with and without children. To be sure, some households will value adult clothing more strongly than others, and of course preferences for clothing may be quite different in households with and without children. But those realities were ignored by the need to find an available index.

From the start, objections were raised. In particular, the authors of the USDA Child Cost reports emphasized that the Espenshade approach and its successors

do not provide direct estimates of how much is spent on a child. They estimate how much money families with children must be compensated to bring the parents to the same utility level (as gauged by an equivalence scale) of couples without children. *This is a different question than "how much do*

parents spend on children?" [Morgan and Lino 1999, p. 198, emphasis added.]

In short, the values derived from such models are not expenditures at all, but instead are imputed values designed to equalize living standards in families with and without children.

INCOME EQUIVALENCE MODELS

The Rothbarth model, resting on adult clothing to indicate living standards, is a direct successor of Espenshade. A striking feature of this model is that although it does not deal directly with actual expenditures on children, its proponents suggest the opposite. They commonly refer to it as providing "actual economic evidence on child rearing expenditures" (Venohr 2013, p. 332), even though it provides instead imputed values that roughly reflect declines in *adult* utility levels resulting from supporting children on existing incomes.

Income equivalence models presume that spending on children by households with particular income levels necessarily means spending less on the adults in the households. From this presumption, Espenshade's successors argue that the economic cost of raising children can be measured by the adults' utility forgone from the fewer purchases made on adult-only goods due specifically to their support of children. The costs of raising children determined from these models are thereby the hypothetical amounts required to compensate the household adults for the welfare forgone as represented by their lower expenditures on adult clothing.

Whatever logic may pertain to this position, various issues arise that limit its adequacy as a measure of child costs. First, consumer purchases of specific goods and services are made when their own imputed values of a particular item exceed the prices paid for them. The required compensation used to define child costs thereby includes not merely the monetary expenditures for the replacement item but also the utility surplus (which economists call consumer surplus) resulting from the purchase. Therefore, consumer expenditures on particular items (such as adult clothing) are a poor measure of relative consumer values.

Second, and equally important, income equivalence models require the use of simplified proxies to represent utility levels. While Espenshade used the share of food in the household budget for this purpose, the Rothbarth model employs expenditures on adult clothing. While both approaches to income equivalence measures can be implemented, they require major restrictions on household utility functions that are quite limiting, and which has been criticized as unacceptable representations of household utility (Browning 1992, Pollack and Wales 1979).

Finally, whatever generalized variable is used, the income equivalence method requires making utility judgments in two very different states of the world: households with and without

children. To the extent the household preferences shift when children are included in a household, as seems apparent, this index cannot determine relative utility levels. Making such comparisons from expenditures on adult clothing requires the assumption that preferences for this item remain the same with children as without (what economists call state-independent utilities). And without this assumption, there is no logical basis for making welfare comparisons. On this point, there is considerable support in the economic literature that utility functions are largely state-dependent (Frech 1994, Finkelstein et al. 2009). The income equivalence method fails most fundamentally because it requires the assumption that households without children have the same preferences for particular goods as do those with children.

I am not the first to dispute the adequacy of these models. As Martin Browning wrote more than 30 years ago:

The Rothbarth method imputes the same welfare level to households that have the same level of consumption to some adult-only good. Once again, I find it difficult to see why this commands any widespread attention... Without further justification this is surely unacceptable. [Browning 1992.]

THE IMPORTANCE OF HOUSEHOLD COLLECTIVE GOODS

Among the CES expenditure categories, only about 15 percent of aggregate expenditures are readily classified as between household members (Betson 2010, p. 9). In particular, the largest three expenditure classifications are the household collective goods of housing, food, and transportation, where available data pertain to the entire household. What that designation signifies is that its use by one member of a household does not detract from its use by others.

The most prominent household collective good is housing, which is often a household's largest budgetary item. While adults in a household benefit directly from this item, their children do so as well, and often without any additional cost. Only when additional housing costs are required by the presence of children do the incremental housing outlays represent a component of child costs. In effect, to use common economic terminology, children can effectively "free ride" on the collective goods provided by their parents.

To be sure, there are many circumstances where household housing costs are increased by the presence of children; and to this extent, the greater outlays are included in child costs. Children's housing costs are thus limited to the incremental expenditures made in the presence of children that would not have been made otherwise.

Admittedly, there can be circumstances where collective goods are subject to congestion issues. Suppose additional children are rapidly imposed on a small dwelling that had previously served a two-person household; in that case, the house-

hold adults could possibly see their utility reduced with more children. However, that effect is unlikely with one, two, or even three children, although it might well exist with more children.

On these matters, David Betson, a leading proponent of the Rothbarth model, writes:

The childless couple, even though they have the same total spending, will be "wealthier" than the parents with the children.... Had the parents been childless, they would have been better off because the consumption of all other goods (i.e., those consumed by both adults and children like housing) would not be "shared" with the child. [Betson 2011, pp. 135, 185.]

As acknowledged here, a fundamental premise of income equivalence models is that parents are worse off because they share their household collective goods with their children.

However, Betson adds, there is a further qualification for the model's applicability:

[O]nly if the composite good (that shared by parents with their children such as housing) were a *pure public good* would the family be able to avoid a decline in their material standard of living compared to a childless couple. [Betson 2011, p. 183, emphasis added.]

When this condition is satisfied, as it is when "congestion" issues do not detract from parents' utility gained from living with their children, Rothbarth estimates would overstate child costs.

Income equivalence models rest on the presumption that parents do not gain "utility" from the presence of their children, but instead suffer a "disutility" as they are "crowded out" from their enjoyment of household collective goods. In these models, children are tantamount to strangers and tenants whose presence is a cost rather than family members whose presence is a joy. Income equivalence models require that parents need be compensated for this disutility, and that this prospective compensation should be included in the cost of raising children.

RECENT USDA REPORTS ON EXPENDITURES ON CHILDREN

Unlike the income equivalence models, the annual USDA child cost reports (discontinued in 2017) seek to measure actual household expenditures on children from data collected by the same Census Bureau surveys. In doing so, however, the USDA faced the same conundrum that Espenshade had encountered: important expenditure categories pertain to the entire household rather than to individual members. To assign shares of these outlays to children required various assumptions; and attesting to their arbitrary nature, these assumptions were sometimes revised.

Prior to 2008, the USDA estimated children's housing

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expenditures on a per-capita basis by dividing reported outlays by the number of people in the household. For example, in comparing household expenditures of a childless two-person household to a household of two adults and two children, the adult housing costs would now be half that of their childless counterpart, while the children's allocated share would now equal that of their parents. Not surprisingly, under those conditions the housing costs allocated to children were substantial and became the largest item in the USDA reported child costs.

The USDA ultimately revised its estimating approach for housing expenditures. The 2017 report states that with "the rationale that the presence of a child does not affect the number of kitchens or living rooms, but does affect the number of bedrooms," the USDA reports would not make per-capita housing computations. Instead, a child's housing costs would become limited to "the average cost of an additional bedroom" (Lino et al. 2017, p. 98). Implicit in the revised approach is the presumption that a comparable household without children would occupy a similar dwelling but with fewer bedrooms. That approach thereby imposes an arbitrary structure on housing costs.

The food outlays allocated to children were equally arbitrary. Rather than employ the available Census data on household outlays for food, they relied on USDA optimal food plans: "Data from the 2015 Food Plans ... were used to calculate the shares of total household food expenses spent on children." These plans "increased with the age of the child but with little variation by household income" (Lino et al. 2017, p. 7). As with housing, these values were thereby imputed rather than observed. Because the imputed amounts represent ideal food

budgets, lower observed values would suggest that such ideal budgets were often not followed.

And finally, the USDA reports manipulated the observed data on household transportation expenses. After deducting 25 percent of those outlays as related to employment, the authors divide the remaining transportation "expenses among household members in equal proportions" (Lino et al. 2017, p. 8). The USDA authors again made arbitrary decisions based more on presumptions than evidence.

MEASURING INCREMENTAL OUTLAYS FOR CHILDREN

This section reviews an alternate model that compares expenditures in households with and without children for the expenditure categories used by the Census Bureau. Instead of seeking costs related to individuals, this approach measures the increased household costs resulting from including children among its members. It includes incremental outlays for both private goods (such as children's clothing and childcare) and collective goods (such as housing, food, and transportation) in their contributions to overall child costs. Critically, this method applies an incremental cost model that does not set arbitrary criteria to divide outlays on collective goods among household members.

In this analysis, we estimate regression equations for each category of household expenditures where the derived coefficients report how much more is spent on average in households with one child, two children, and three or more children as compared to households without children. From these equations, we derive actual additional expenditures for each

commodity classification. And unlike the prior two models, these findings rest directly on data reporting consumer expenditures.

Although the results obtained here are different from those published in the USDA reports, this analysis employs the same expenditure categories. We can therefore compare the results obtained from the two models. Of particular interest is the finding that the USDA children's housing cost figures are much higher than those derived from incremental household housing expenditures. There is thus little indication in these data

Table 1

Comparison of Total Monetary Child Costs by Analytic Method

In dollars per year

Married households	INCOME GROUP								
	Low			Middle			High		
Income range	≤\$76,796			\$76,803–\$139,012			≥\$139,021		
Average income	\$50,491			\$104,908			\$231,273		
Analytic method									
Number of Children	1	2	3+	1	2	3+	1	2	3+
Incremental expenditures	\$4,703	\$5,899	\$6,523	\$6,529	\$9,160	\$10,277	\$15,313	\$18,843	\$21,938
Income equivalence	\$8,942	\$13,759	\$16,795	\$14,766	\$22,503	\$27,172	\$23,196	\$35,223	\$42,383
USDA	\$14,301	\$22,881	\$26,772	\$19,906	\$31,850	\$37,264	\$33,979	\$54,364	\$63,607

Notes: "Incremental expenditures" is calculated according to Comanor et al. 2015. "Income equivalence" is calculated according to Betson–Rothbarth estimates for Georgia in 2011, at average income levels indicated, excluding childcare and private tuition. "USDA" is calculated according to Lino et al. 2011. All amounts reported in 2024 dollars.

that most households increase their housing budgets to include the cost of an additional bedroom for their children, although surely some do so.

Similarly, regarding household transportation costs, there is no indication that such costs are much different in households with children than those without. For this reason, the observed transportation cost applicable to children is minimal except for households with teenagers.

To determine the total cost of raising children, this model aggregates the incremental expenditures for households with children across the available expenditure categories. Like the other models, health care costs are not included. Rather than estimating costs related to individuals, this approach measures increased household costs from including children among its members. The statistical details from this process are contained in Comanor et al. 2015, although the values employed have been updated to current prices.

Table 1 compares the three models considered here. The most striking feature of these findings is the wide discrepancy from the other models. Indeed, the Income Equivalent values are sometimes more than twice those based on actual outlays. On this point, recall that Rothbarth values are not actual costs but instead presumed payments made to custodial parents for sharing their household collective goods with their children.

These results indicate that the arbitrary assumptions embodied in both the Income Equivalence and USDA models substantially increase the estimated child cost values as compared with actual measured amounts. In effect, both the Income Equivalence and USDA models impute substantially higher amounts than are reported expenditures.

CONCLUSION

The leading criticisms directed at this incremental outlays model do not deal with the method employed but instead at the results obtained (Venohr 2017, p. 4). However, finding variant results is not an adequate reason to prefer one model to another unless one is convinced from the start as to what are the appropriate conclusions.

What then becomes relevant is the distinction between economic costs and value. In principle, the former pertains to what one gives up for an outcome, while the latter refers to what one gains from the outcome. For the most part, these concepts track each other, but not always. And in the presence of household collective goods, they often diverge.

Unlike private goods, which are available for only a single person, collective goods are available to more than one person at the same time, and are those for which one person's use does not substantially prevent another's use and enjoyment. In particular, one person's use of the family residence does not detract from another family member's use. The critical point here is that a child's welfare in the case of household collective goods is not measured by the costs attributable to him or her.

In these circumstances, a child's welfare may be great even when his or her costs are small.

This conclusion is important because guideline amounts exceeding the monetary costs of raising children can provide a substantial income transfer to the custodial parent and thereby represents disguised alimony. As such, the transfer can create resentment that leads to unpaid support obligations. The preferred policy is surely to provide child support awards that reflect the monetary costs incurred. For these reasons, during their next mandated quadrennial sessions, *state agencies should adjust state guideline amounts to reflect more accurately the monetary cost of raising children.*

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Appendix E – Fulfilling Federal Data Requirements

Review of the Virginia Child Support Guidelines

Presentation to:

Child Support Guidelines Review Panel

Fulfilling Federal Data Requirements

(Aug. 9, 2025)

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303-837-1555



Federal Requirements of Reviews (45 C.F.R 302.56 (e) and (h))

(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.

Panel's Charge

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

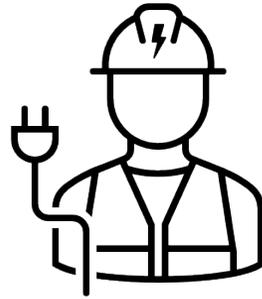
- (1) **Consider economic data on the cost of raising children, labor market data (such as unemployment rates, employment rates, hours worked, and earnings) by occupation and skill-level for the State and local job markets, the impact of guidelines policies and amounts on custodial and noncustodial parents 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.

CPR's Charge:
provide the
federally-
required data

Task Plan to Fulfill Federal Requirements of Reviews

Requirements	Responsibility
Consider economic data on the cost of raising children	Completed by CPR (July 2024 preliminary report)
Consider labor market data	CPR (today)
Consider case file data on application of and deviation from the guidelines	CPR (today)
Impact of guidelines policies on parents with low income	Completed by CPR (July 2024 preliminary report)
Factors that influence employment rates and compliance	CPR (today)
Rates of default, imputation, and application of low-income adjustment	CPR (today)
Comparison of payments by case characteristics including default, imputation, and application of the low-income adjustment	

Requirement	Responsibility
Provide meaningful opportunity for public input, including input from low-income parties	Representation on Panel and Public Comment
Obtain the views and advice of the IV-D agency	DSS representation on Panel
Review, and revise, if appropriate, the child support guidelines	Panel Recommends, Legislative changes
Publish report on internet, membership of reviewing body, & effective date of the guidelines & next review	DSS



Findings from Labor Market Data

Federal Requirement

45 C.F.R. §302.56 (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;

Some Federal concerns:

- Focus of 2016-added rules is low-income families in IV-D caseload
 - Encourage work and regular payment
- Quits if order is too high or wage assignment
- “deleterious effects... including unmanageable debt, reduced low-wage employment, increased underground activities, crime, incarceration, recidivism, and reduced contact with their children” (OCSS*)

*U.S. Department of Health and Human Services. Office of Child Support Services (Dec. 20, 2016). “Flexibility, Efficiency, and Modernization in Child Support Enforcement Programs: Final Rule.” 81 Federal Register 244, p. 93520. Retrieved from <https://www.gpo.gov/fdsys/pkg/FR-2016-12-20/pdf/2016-29598.pdf> .

Factors that Influence Employment Rates and Compliance

Consistent Finding across Studies: Strong and positive correlation between income and payment

National Data on Income and Employment Barriers of Nonresident Parents

- 18% income below poverty
- 35% income below 200% poverty
- 60% of low-income nonresident parents have high school degree or less
- National evaluation of payer-parent work programs
 - 64% had at least one employment barrier
 - Top 3 barriers:
 - transportation (30%);
 - criminal records (30%),
 - lack of steady place to live (20%)

Insights from 2021 WI Study*

- *child support enforcement system generally works well for fathers with earnings of at least \$20,000 per year if they have no employer change*
- *those who do not pay have unstable employment or earnings and many were incarcerated*

*Cancian, Maria, Kim, Yoona, and Meyer, Daniel. (Sept. 2021.) *Who Is Not Paying Child Support?* <https://www.irp.wisc.edu/wp/wp-content/uploads/2021/11/CSRPA-2020-2022-T2.pdf>

Data Sources: U.S. Congressional Research Service. (Oct. 2021). Demographic and Socioeconomic Characteristics of Nonresident Parents. Retrieved from <https://crsreports.congress.gov/product/pdf/R/R46942>. Canican, Maria, Meyer, Daniel, & Wood, Robert. (Dec. 2018). Characteristics of Participants in the Child Support Noncustodial Parent Employment Demonstration (CSPED) Evaluation, at 20. Retrieved from <https://www.irp.wisc.edu/wp/wp-content/uploads/2019/05/CSPED-Final-Characteristics-of-Participants-Report-2019-Compliant.pdf>.

Labor Force Participation and Unemployment Rates

VA Population (2020 Census): 8,631,393

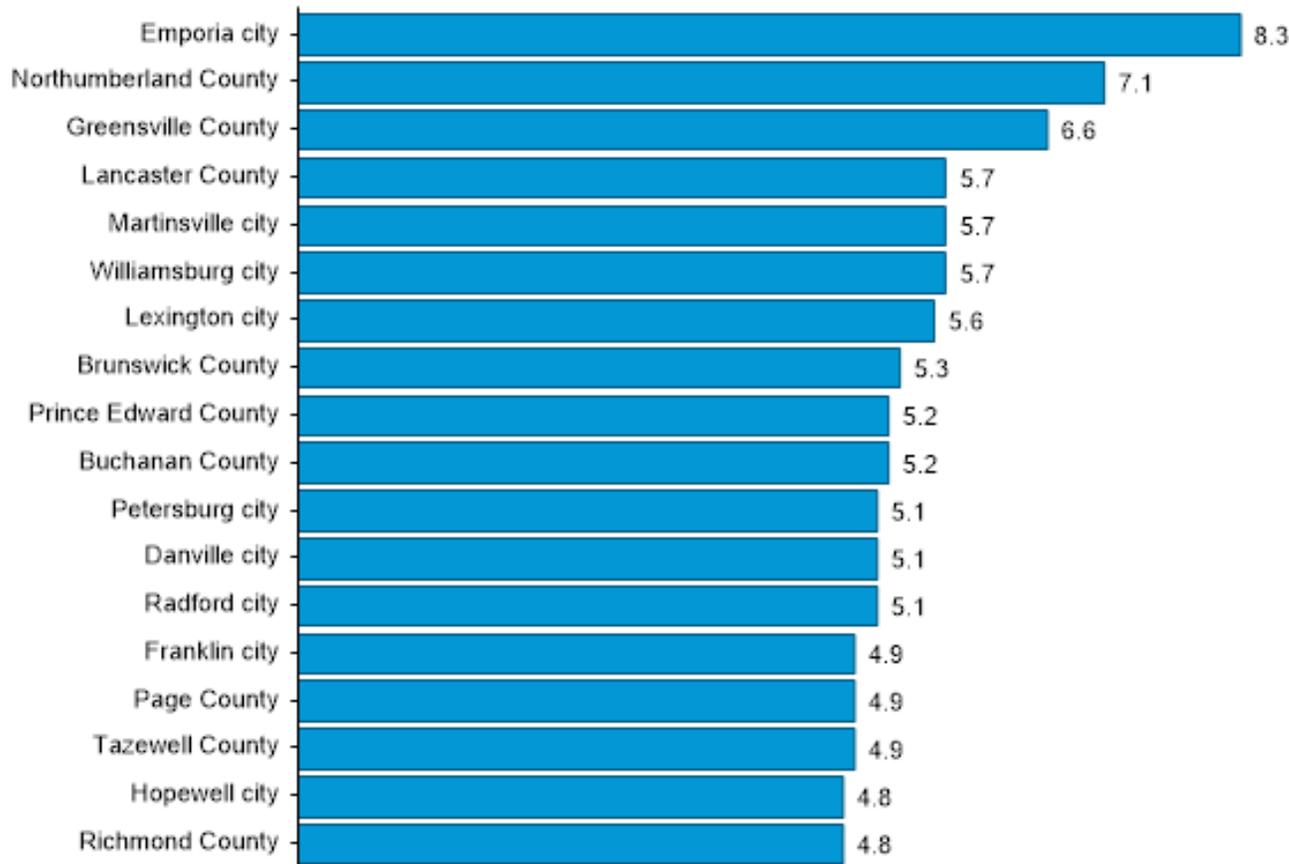
VA Labor Force (June 2025): 4,558,145

	US	VA
Labor Force Participation Rate (June (2025))	62.3%	65.0%
Unemployment Rate (June 2025)	4.1%	3.5%

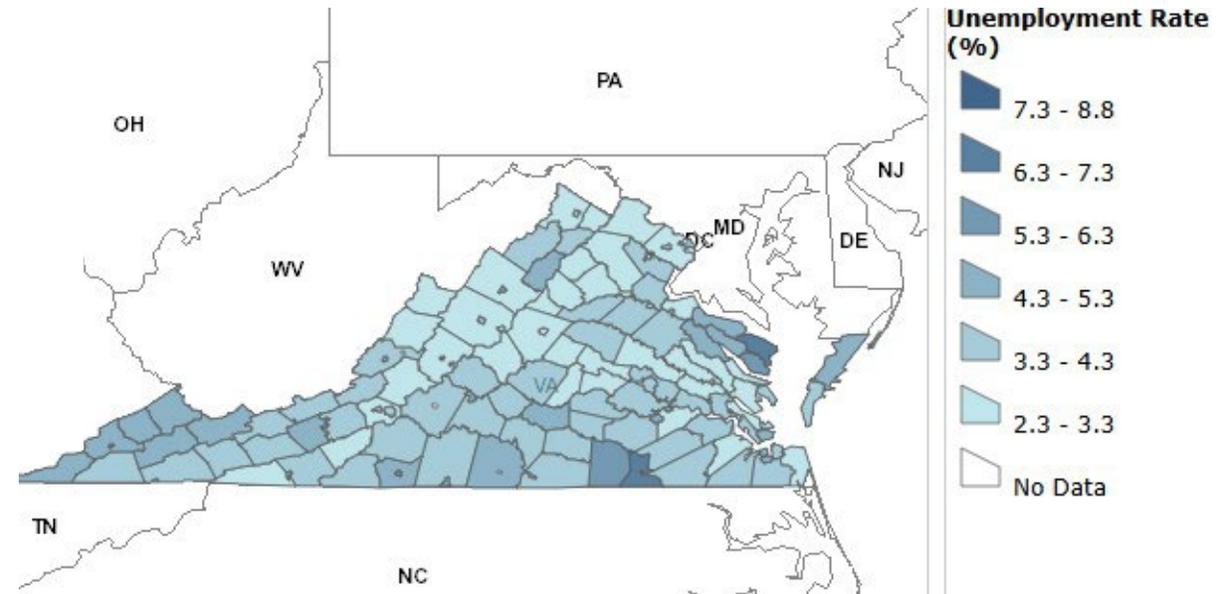
April 2025 Unemployment Rates by MSA <i>(Percent - not seasonally adjusted)</i> <i>(April 2024 - April 2025 percentage point)</i>		
Virginia	3.3	(0.9)
Arlington-Alexandria-Reston, VA-WV Metropolitan Division, VA part	3.1	(0.9)
Kingsport-Bristol, TN-VA, VA part	3.7	(1.0)
Virginia Beach-Chesapeake-Norfolk, VA-NC, VA part	3.5	(0.9)
Winchester, VA-WV, VA part	3.0	(0.7)
Blacksburg-Christiansburg-Radford, VA	3.4	(1.0)
Charlottesville, VA	2.9	(0.8)
Harrisonburg, VA	3.1	(0.9)
Lynchburg, VA	3.6	(0.9)
Richmond, VA	3.3	(0.7)
Roanoke, VA	3.3	(0.8)
Staunton-Stuarts Draft, VA	3.1	(0.9)

Data Sources: Virginia Works Department of Workforce Development and Advancement <https://viriniaworks.gov/virinia-works-releases-june-employment-data/>

Unemployment Rates (March 2025)



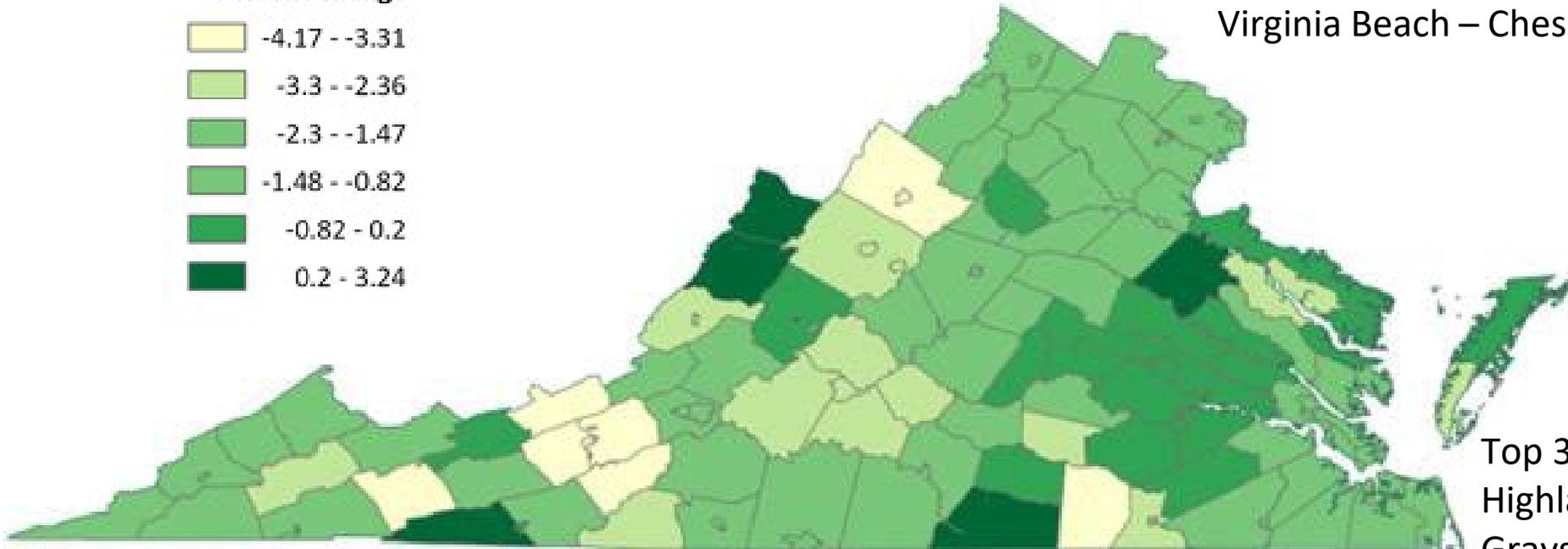
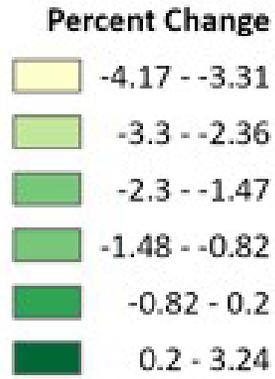
Lowest Unemployment Rates:



Data Sources: Virginia Works Department of Workforce Development and Advancement <https://viriniaworks.gov/virinia-works-releases-june-employment-data/> ;
<https://www.careeronestop.org/Toolkit/StateAndLocal/Unemployment.aspx?socode=537062&location=Virginia&dataview=map&national=False>

Employment Growth/Decline (source: <https://virginiaworks.gov/wp-content/uploads/2025/05/April2025-VASnapshot-PR.pdf>)

Employment Growth Rate
Percent Change from April 2024 to April 2025
(not seasonally adjusted)



Source: Virginia Works - Economic Information & Analytics, May 2025

April 2024 – April 2025 Job Losses

Virginia: 8,400

Arlington-Alexandria MSA: 4,700

Richmond: 1,000

Virginia Beach – Chesapeake-Norfolk MSA: 2,600

Top 3 Growth Areas

Highland County: 3.24%

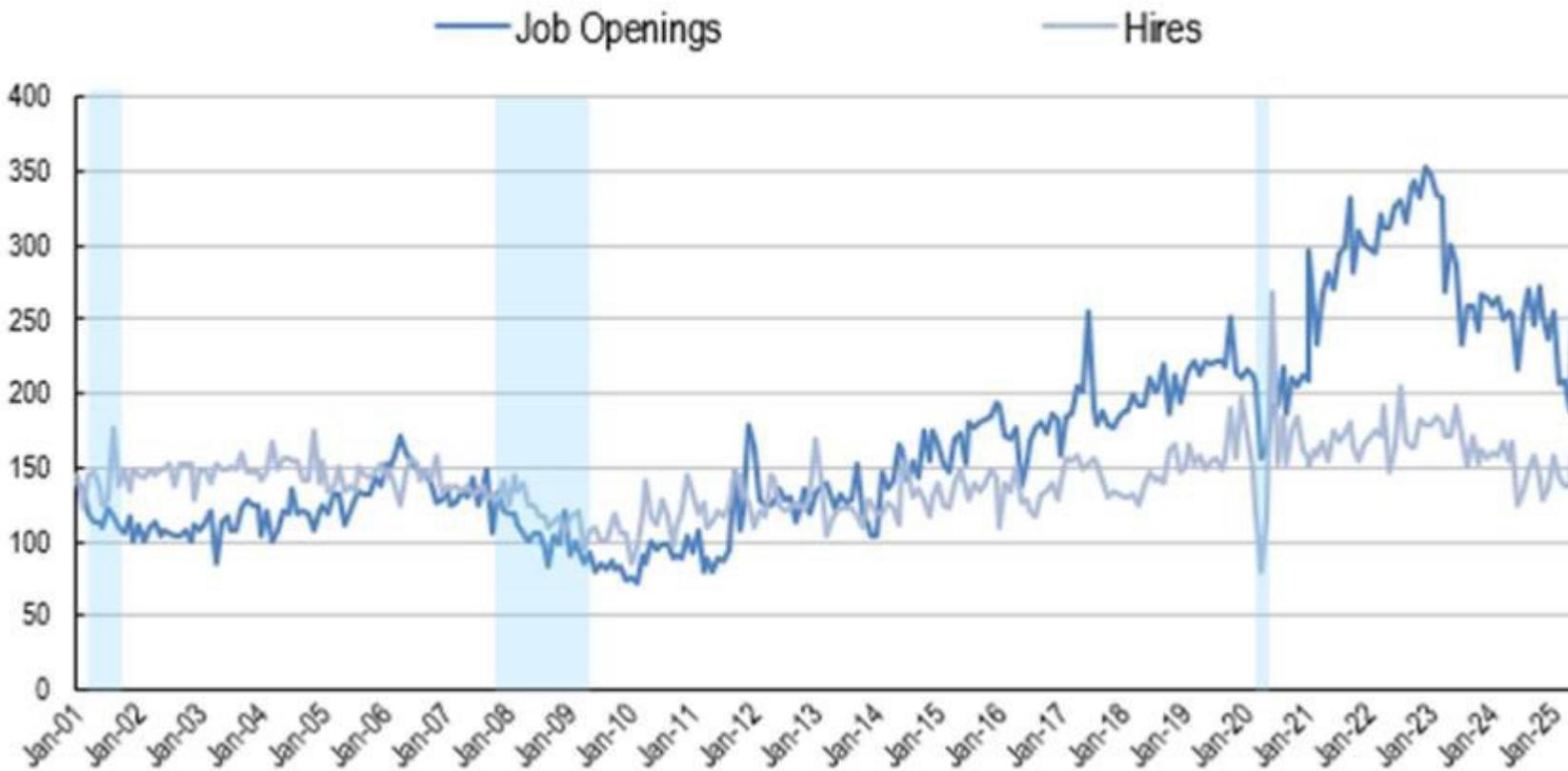
Grayson County: 2.28%

Mecklenburg County: 1.44%

Employment Opportunities (source: <https://virginiaworks.gov/virginias-job-openings-sharply-up-in-may/>)

Virginia job openings and hires, January 2001 to May 2025 (in thousands)

In May 2025, there were 251,000 job openings in Virginia, seasonally adjusted, up 63,000 from April's 2025's revised job openings number. With the increase, job openings remained 40 percent higher than May 2020.



Churn rate: Sum of hires and total separation rate (May 2025):
VA: 7.2
US: 6.7

Source: Virginia Works analysis of Bureau of Labor Statistics (BLS), Job Openings and Labor Turnover Survey (JOLTS) data. Seasonally adjusted. Shaded areas represent economic recessions.

VA Wages (source: <https://virginiaworks.gov/oews/>)

Virginia Minimum Wage = \$12.41/hr

Table below is from 2024

2024 Median Wage by Region:
Lowest: West Piedmont (\$19.96)
Highest: Alexandria/Arlington (39.24)

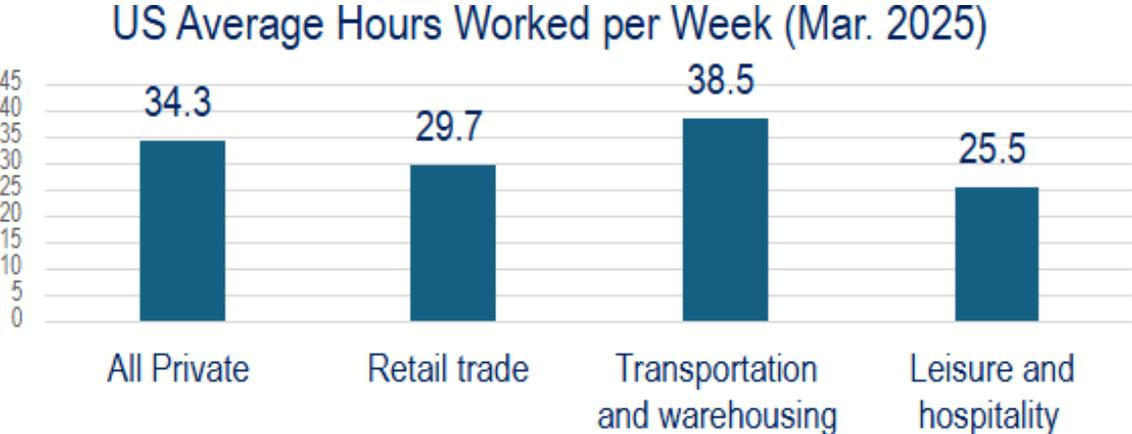
Figure 2: Top 5 Detailed Occupations by Employment

Detailed Occupation	Employment	Mean Hourly Wage	Median Hourly Wage	Mean Annual Wage	Median Annual Wage
Fast Food and Counter Workers	103,390	\$14.85	\$13.97	\$30,890	\$29,060
Retail Salespersons	101,260	\$17.48	\$15.75	\$36,350	\$32,760
General and Operations Managers	99,710	\$67.35	\$58.43	\$140,090	\$121,530
Cashiers	84,500	\$15.03	\$14.35	\$31,260	\$29,840
Software Developers	83,290	\$68.38	\$64.65	\$142,230	\$134,470

Average Hours Worked and Hours Worked per Year

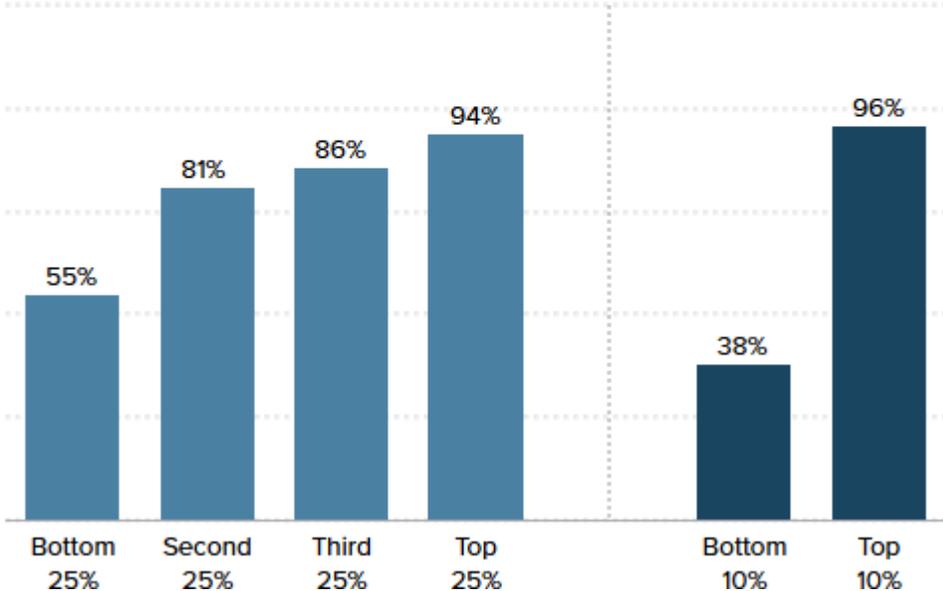
Average Weekly Hours of All Employees: Total Private in Virginia (June 2025): 34.6

40 hrs per week → \$2,151/mo → \$384 for 1 child
35 hrs per week → \$1,882/mo → \$340 for 1 child



High-wage workers have paid sick days; most low-wage workers do not

Share of private-sector workers with access to paid sick days, by wage group, 2022



Data Sources: U.S. Dept. of Labor and <https://fred.stlouisfed.org/series/SMU51000000500000002>

Example of Reference to Labor Market Information in State Guidelines

Louisiana §315.11. Voluntarily unemployed or underemployed party

A.(1) If a party is voluntarily unemployed or underemployed, child support shall be calculated based on a determination of income earning potential, unless the party is physically or mentally incapacitated, or is caring for a child of the parties under the age of five years. In determining the party's income earning potential, the court may consider the most recently **published Louisiana Occupational Employment Wage Survey**. In determining whether to impute income to a party, the court's considerations shall include, to the extent known, all of the following:

- (a) Assets owned or held by the party.
- (b) Residence.
- (c) Employment and earnings history.
- (d) Job skills.
- (e) Educational attainment.
- (f) Literacy.
- (g) Age and health.
- (h) Criminal record and other employment barriers.
- (i) Record of seeking work.
- (j) The local job market.
- (k) The availability of employers willing to hire the noncustodial parent.
- (l) Prevailing earnings level in the local community.
- (m) Other relevant background factors in the case.

(2) Upon an express finding by the court that evidence of a party's actual income or income earning potential is totally absent, there is a rebuttable presumption that the party can earn a weekly gross amount equal **to thirty-two hours at a minimum wage**, according to the laws of the party's state of domicile or federal law, whichever is higher.

B. The amount of the basic child support obligation calculated in accordance with Subsection A of this Section shall not exceed the amount which the party paying support would have owed had a determination of the other party's income earning potential not been made.

C. A party shall not be deemed voluntarily unemployed or underemployed if either:



Findings from the Analysis of Case File Data

Federal Requirements for Analysis of Case File Data

Federal Requirements for Analysis of Case File Data

- Application of the guidelines and deviations from the guidelines
- Rates of:
 - Income imputation
 - Application of the low-income adjustment
 - Defaults
- Analysis of payments

Most states obtain data from their automated system, so limited to IV-D cases

Virginia Case File Data

- Limited available data from automated system (likely to improve in future due to system modernization)
- 3 data sources for this review
 - 13,733 orders established/modified in FFY2022
 - Deviations, low-income adjustment, and other descriptive data
 - Cases tracked by establishment workers statewide from March 17 to April 18, 2025
 - 249 unduplicated
 - Income imputation and payment data
 - Payment data on reviewed cases tracked over a year
 - Random extract of 300 administrative orders from automated system
 - Non-zero orders, open cases
 - Default/Sheriff Service of Process, low-income and payment data

Findings from the 13,733 Orders

8% Current TANF, 5% Foster care

67% New orders, 33% with Modification Requests

84% of payer-parents are male

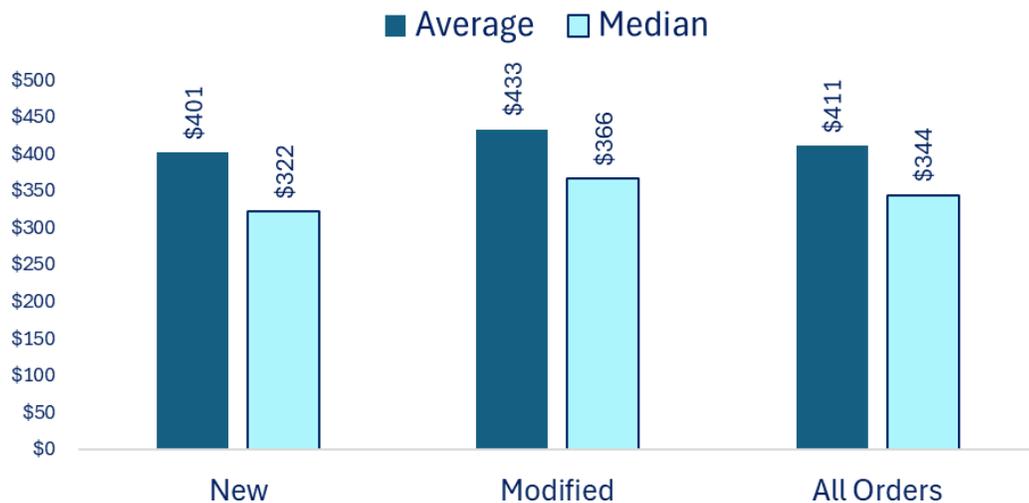
Median age of payer-parent = 36 years

Median age of custodian person = 37 years

7% had a driver's license suspension date (earliest was 1998)

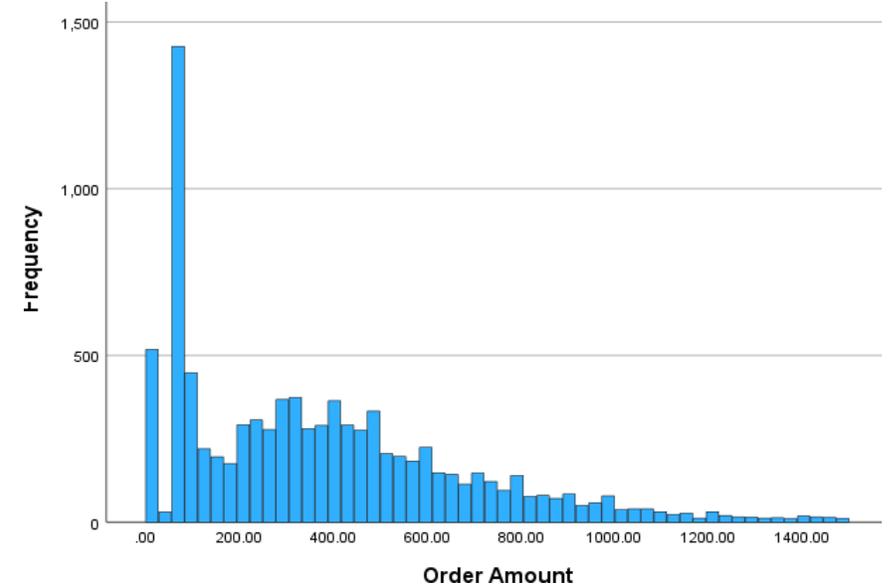
9% had incarceration noted

Monthly Orders

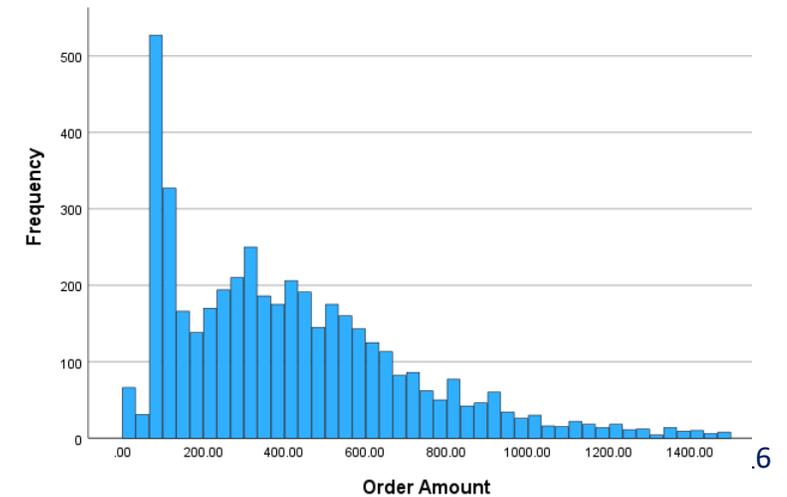


Histograms (distributions) of Order Amounts

New



Modification Requests

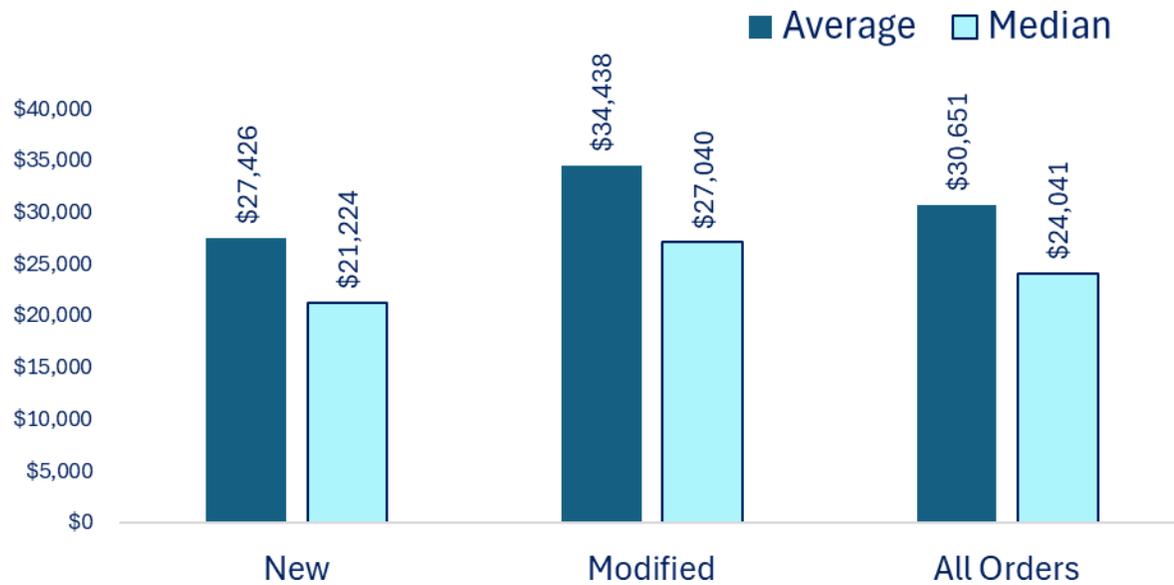


Findings from the 13,733 Orders: Annual Income of Payer Parent

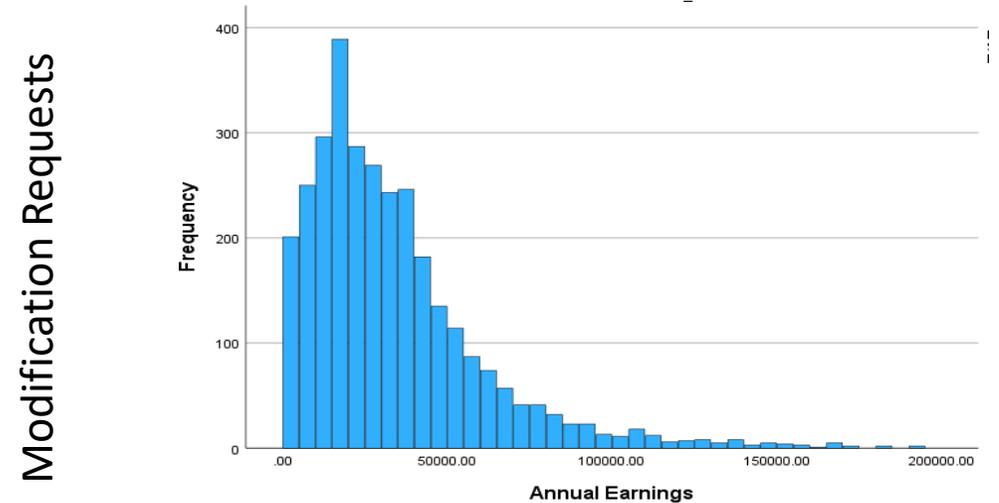
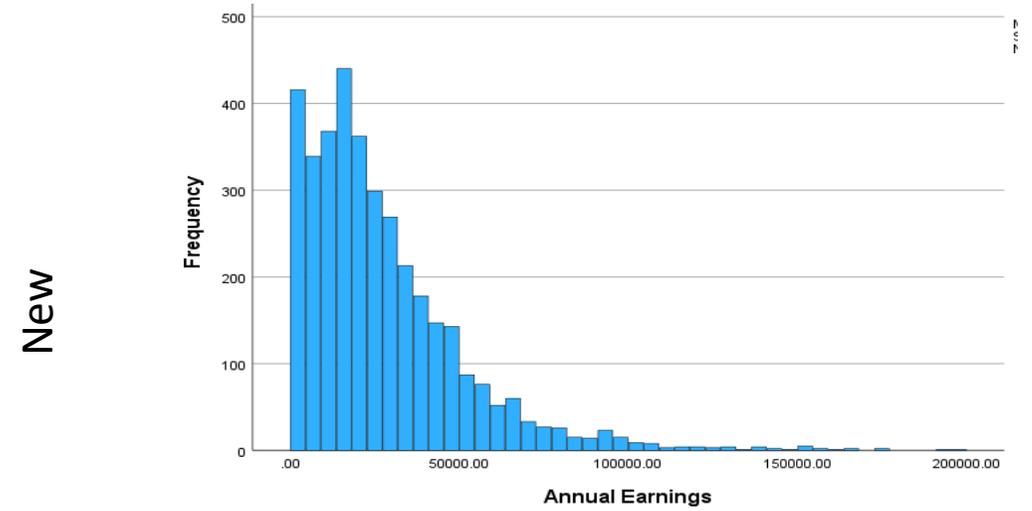
Income available for payer-parents

- New: 40%
- Modification Requests: 69%

Graphs only include non-zero incomes



Histograms (distributions) of Non-Zero Incomes



Deviations

VA Guidelines § 20-108.1. B

In order to rebut the presumption, the court shall make written findings in the order... shall give a justification of why the order varies from the guidelines, and shall be determined by relevant evidence pertaining to the following factors affecting the obligation, the ability of each party to provide child support, and the best interests of the child:

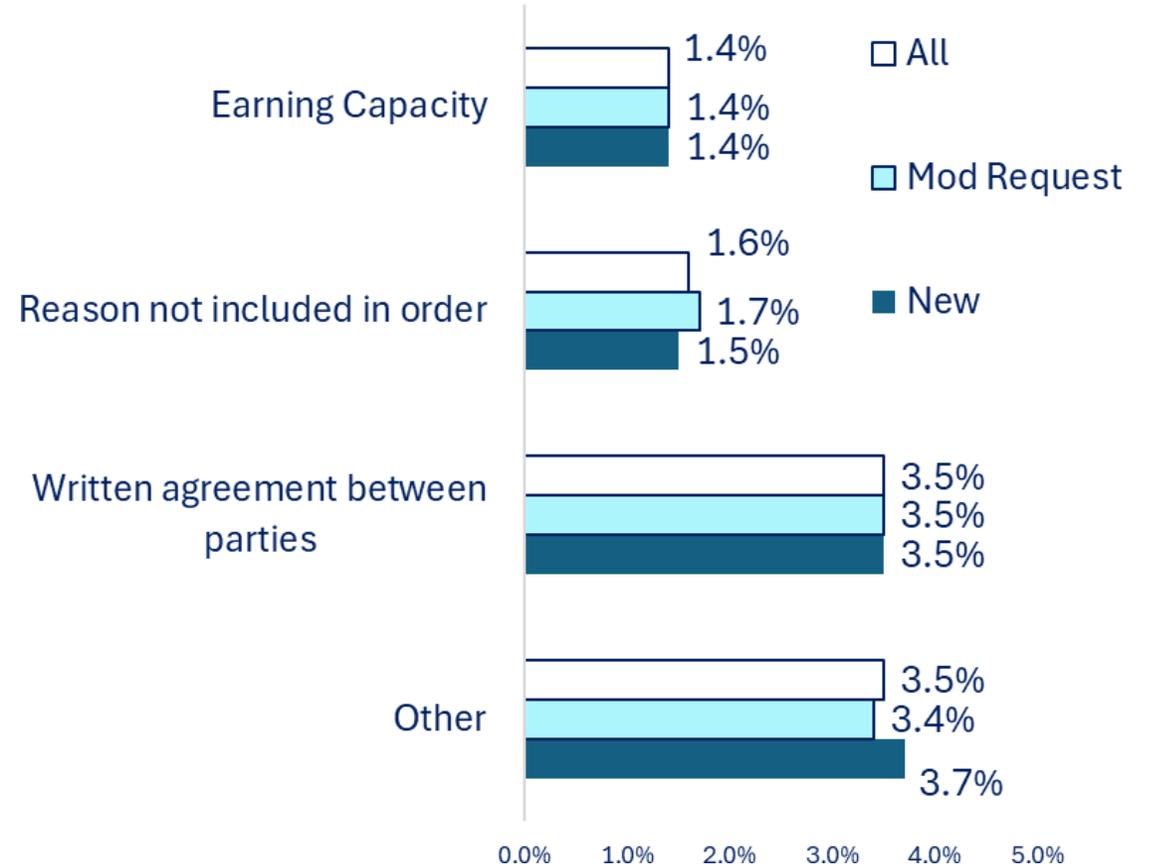
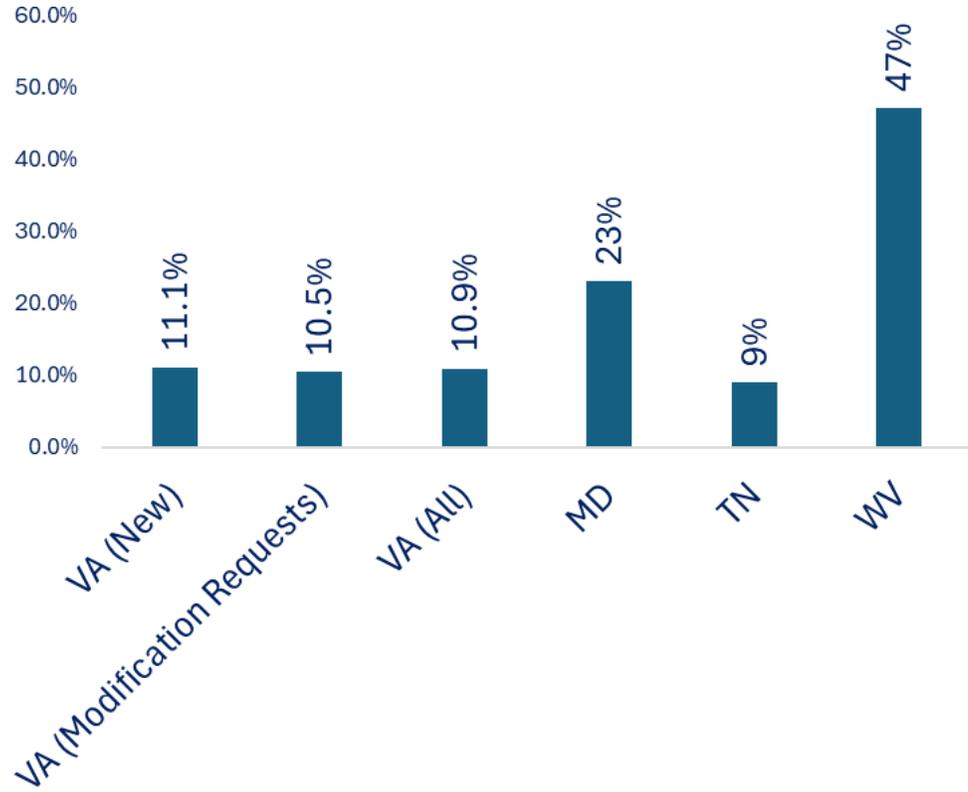
1. Actual monetary support for other family members or former family members;
2. Arrangements regarding custody of the children, including the cost of visitation travel;
3. Imputed income to a party who is voluntarily unemployed or voluntarily underemployed, provided that... (iii) a party's current incarceration,
4. Any child care costs incurred on behalf of the child or children due to the attendance of a custodial parent in an educational or vocational program likely to maintain or increase the party's earning potential;
5. Debts of either party arising during the marriage for the benefit of the child;
6. Direct payments ordered by the court for maintaining life insurance coverage pursuant to subsection D, education expenses, or other court-ordered direct payments for the benefit of the child;
7. Extraordinary capital gains such as capital gains resulting from the sale of the marital abode;
8. Any special needs of a child resulting from any physical, emotional, or medical condition;
9. Independent financial resources of the child or children;
10. Standard of living for the child or children established during the marriage;
11. Earning capacity, obligations, financial resources, and special needs of each parent;
12. Provisions made with regard to the marital property under § [20-107.3](#), where said property earns income or has an income-earning potential;
13. Tax consequences to the parties including claims for exemptions, child tax credit, and child care credit for dependent children;
14. A written agreement, stipulation, consent order, or decree between the parties that includes the amount of child support; and
15. Such other factors as are necessary to consider the equities for the parents and children.

Federal Requirement (45 C.F.R. § 302.56)

(g) ... would be unjust or inappropriate in a particular case will be sufficient to rebut the presumption in that case... **under criteria established by the State.** Such criteria must take into consideration the best interests of the child.

(h) 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)

Deviations (Findings from the 13,733 Orders)



Income Imputation

VA Guidelines § 20-108.1.B.3

Imputed income to a party who is voluntarily unemployed or voluntarily underemployed, provided that (i) income may not be imputed to a custodial parent when a child is not in school, child care services are not available, and the cost of such child care services are not included in the computation; (ii) any consideration of imputed income based on a change in a party's employment shall be evaluated with consideration of the good faith and reasonableness of employment decisions made by the party, including to attend and complete an educational or vocational program likely to maintain or increase the party's earning potential; and (iii) **a party's current incarceration**, as defined in § [8.01-195.10](#), for 180 or more consecutive days shall not be deemed voluntary unemployment or voluntary underemployment. In addition, notwithstanding subsection F, a party's incarceration for 180 or more consecutive days shall be a material change in circumstances upon which a modification of child support may be based;

Ch. 6: 2.G of the Program Manual discusses deviation from the child support guidelines.

a. When either parent is found to be voluntarily unemployed or fails to provide financial information upon request, it may be appropriate to impute income to that parent.

1) Imputing income to a parent is determining what that parent reasonably could be expected to earn. The Division deems a parent voluntarily unemployed when he or she quits a job without good cause or is fired for cause.

2) **When either parent fails to provide financial information upon request, impute income to establish current support for an ongoing obligation by using an average of any earning information on file for the last year (all earnings on file for the last 12 months divided by 12). If there is no earning information on file for the last year, count zero income for the parent when computing the obligation."**

Federal Requirement (45 C.F.R. § 302.56)

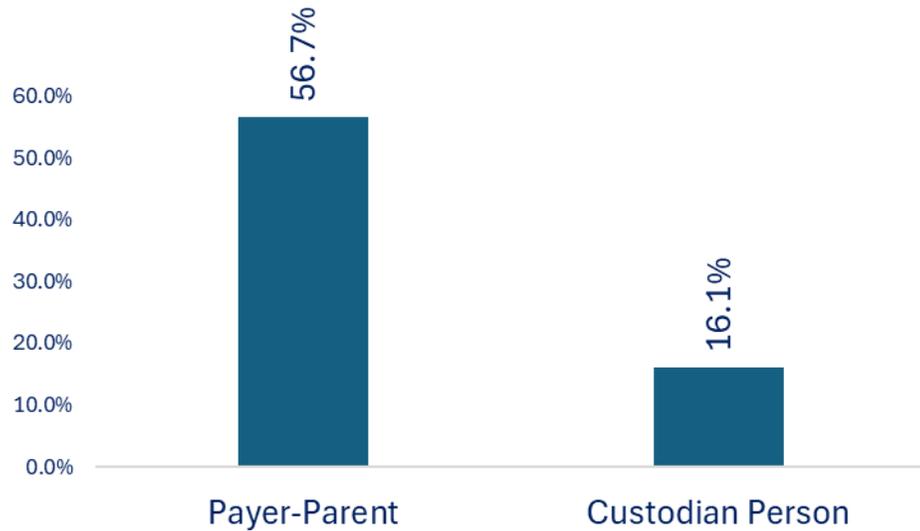
(c) The child support guidelines established under paragraph (a) of this section must at a minimum:

(1) Provide that the child support order is based on the noncustodial parent's earnings, income, and other evidence of ability to pay that:

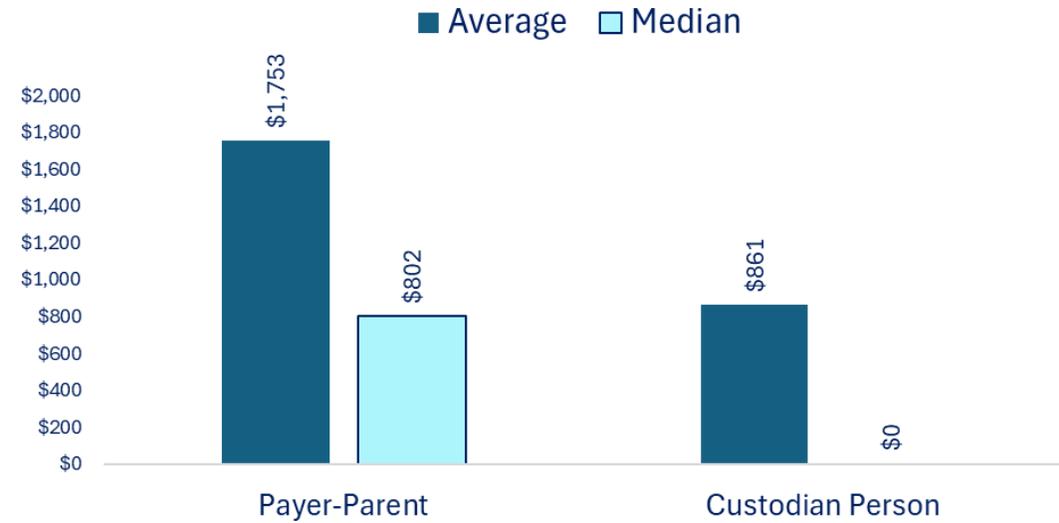
(iii) If imputation of income is authorized, takes into consideration the specific circumstances of the noncustodial parent (and at the State's discretion, the custodial parent) to the extent known, including such factors as the noncustodial parent's assets, residence, employment and earnings history, 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.

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

Income Imputation (n= 247)



Amount of Income Imputed



Income imputed at \$0

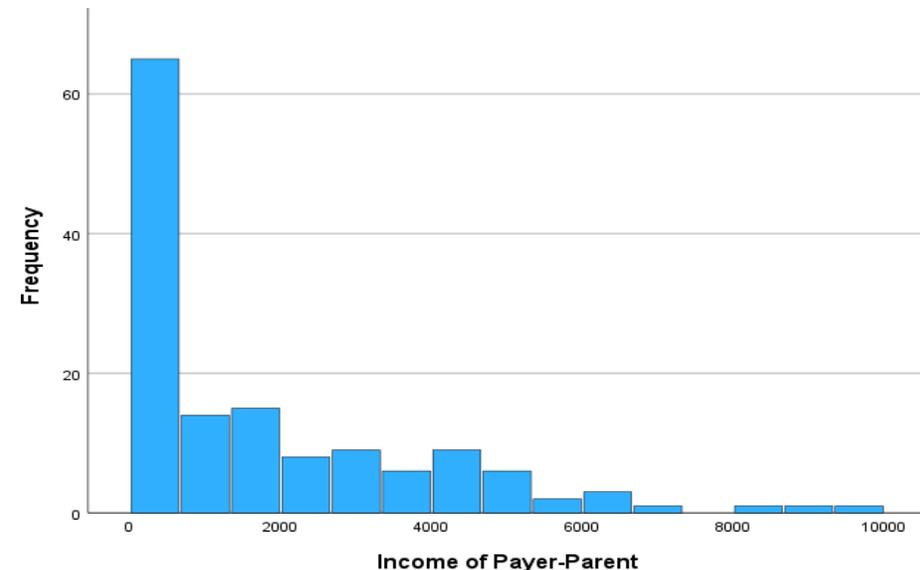
- Payer-parent: 27%
- Custodian person: 53%

No common imputed amount (e.g., income was not imputed at minimum wage with any regularly)

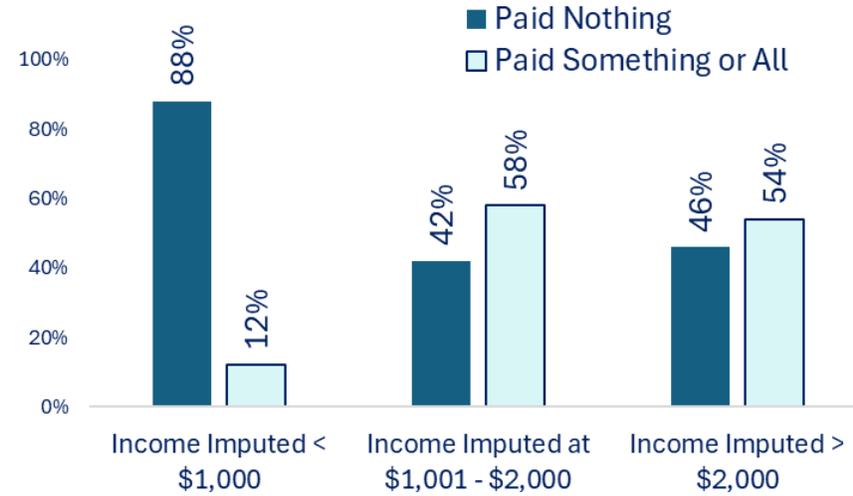
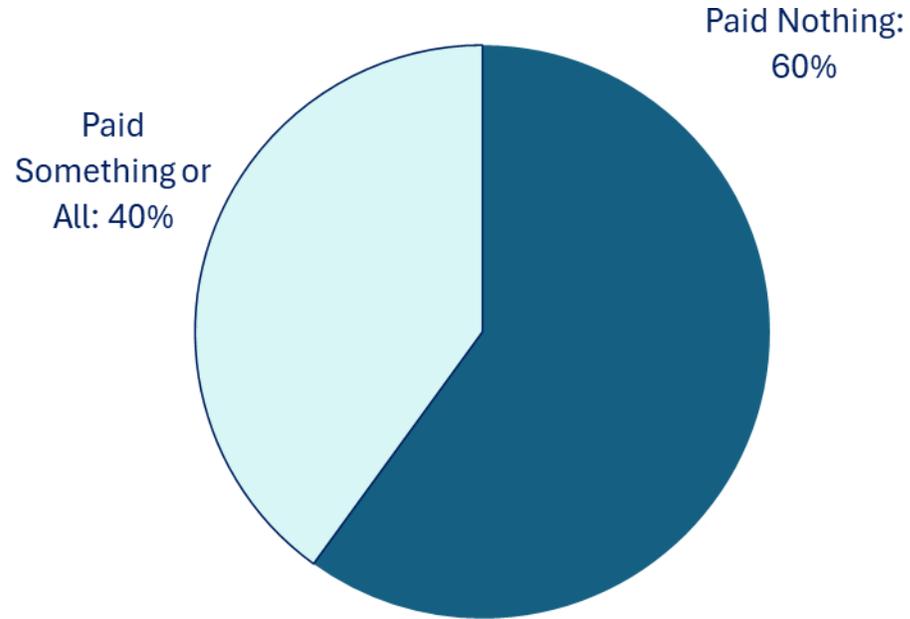
Hours Imputed when Noted

- Payer-parent: 93% imputed at 40 hours per week
- Custodian person: 100% imputed at 40 hours per week
- Only 3 cases used another amount (30 hours, 32 hours)

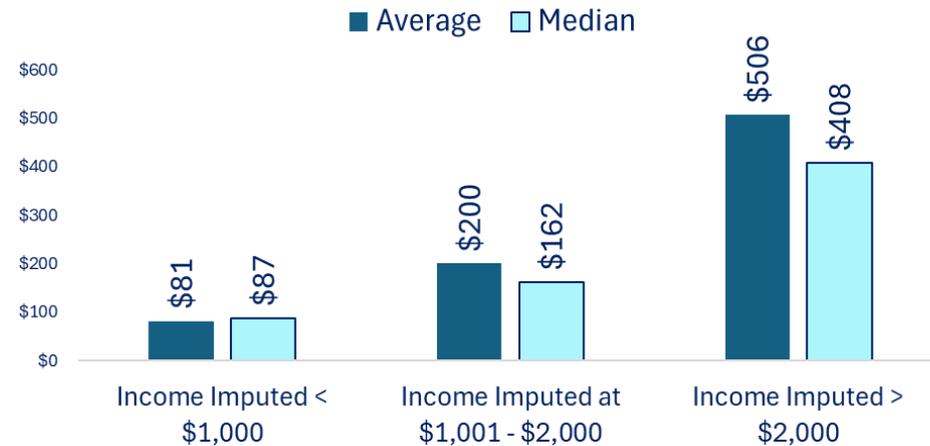
Distribution (Histogram) of Imputed Income



Payments among Payer-Parents with Non-Zero Imputed Income (n = 102)



Average Monthly Payment when Paid



VA Low-Income Adjustment

VA Guidelines § 20-108.2. B

If the gross income of the obligor is equal to or less than 150 percent of the federal poverty level..., then the court, upon hearing evidence that there is no ability to pay the presumptive statutory minimum, **may set an obligation below...** does not ...impairs the custodial parent's ability to maintain minimal adequate housing and provide other basic necessities for the child. Exemptions from this presumptive minimum monthly child support obligation shall include:

- parents unable to pay child support because they lack sufficient assets from which to pay child support and who, in addition, are institutionalized in a psychiatric facility;
- are imprisoned for life with no chance of parole;
- are medically verified to be totally and permanently disabled with no evidence of potential for paying child support, including recipients of Supplemental Security Income (SSI); or
- are otherwise involuntarily unable to produce income. “

Schedule amounts at \$500 and below are adjusted for low income

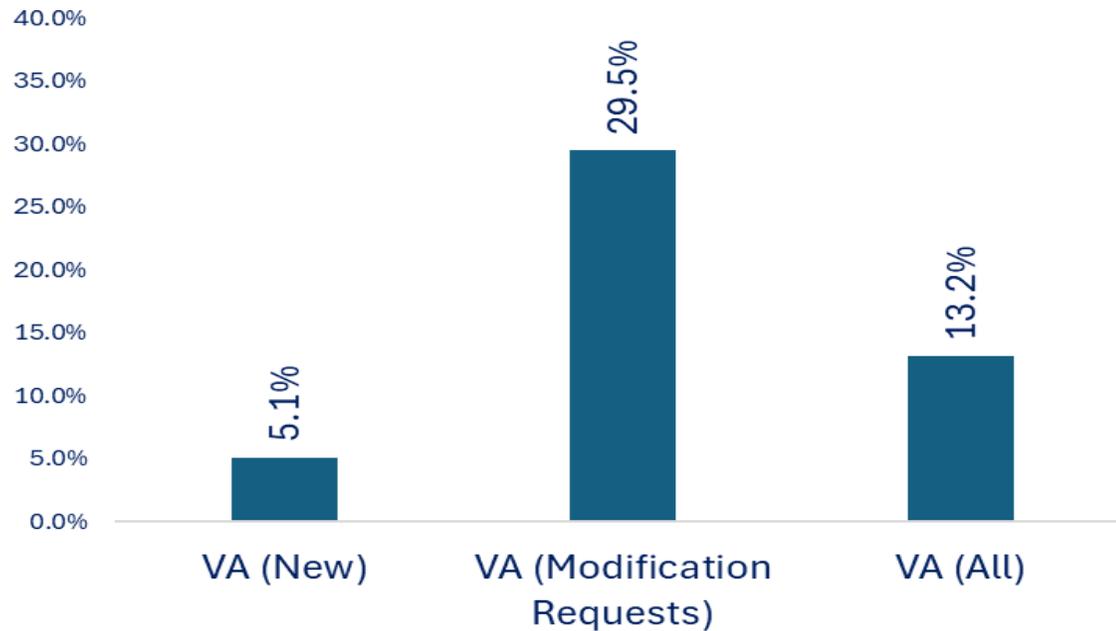
MONTHLY GROSS INCOME	ONE CHILD	TWO CHILDREN	THREE CHILDREN	FOUR CHILDREN	FIVE CHILDREN	SIX CHILDREN
0-350	68	104	126	141	155	169
400	78	119	144	161	177	192
450	88	133	162	181	199	216
500	97	148	179	200	220	239

(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;

Low-Income Adjustment

\$68 order is proxy (13,733 Orders)



\$68 order is proxy for low-income adjustment (N = 249)

Only 1 order (from the random sample of 300 orders) is set at \$68/month, paid 38% of amount due in one year



Analysis of Default

National research finds that just under 1/2 of orders with imputed income are set by default

Federal requirement in Modernization Rule (2016)

- Does not define default;
- Interchanges default and imputation;
- Implies default is when parent doesn't show for hearing and doesn't provide income information; and
- Premises that imputed and default orders should occur in limited situations.

VA

- Default not tracked by automated system
- Federal context of "default" does not align squarely with VA process
- In VA (and several other states), a parent may not show if they agree with the notice

Administrative Support Order

DCSE prepares notice

Sheriff serves

Parent has 10 days to object and ask for hearing

No Objection, Administrative Support Order

Analysis of Default/Service of Process

- Assumption: Those served by sheriff more likely to be defaults than those with waiver of service or service by certified mail
- 89% served among 300 non-zero orders served by sheriff posting (remaining were personal service or to member of household)
- Monthly Order
 - Average: \$330 per month
 - Median: \$256 per month
- Percentage Paid
 - Average: 41.0%
 - Median: 29.0%
- In contrast, in FFY2023 (based on federal OCSS report)
 - VA collected 63.6% of current support due



Conclusions, Next Steps and Questions



Conclusions and Next Steps from Researcher Perspective

- **VA has met all federal data requirements**
- **Labor market information**
 - Encourage using information from <https://virginiaworks.com/> when imputing wages
 - Consideration of availability of local jobs matched to parent, recognize variation in unemployment rates and recent job losses vary across regions
- **Deviations**
 - VA deviation rate tracks lower or in range of other states
 - Encourage better tracking of reason for deviation for future reviews
- **Low-Income Adjustment, Income Imputation, and Default**
 - Consider adding data fields on automated system for future reviews including whether there was a deviation for income below 150% of poverty
 - Low-income adjustment: need better data on whether it is being used, few orders set at \$68/mo
 - Income imputation: is common but it's often at \$0, whereas, the federal concern is income imputed beyond what a parent actually earns
 - Default: In future, how to meet federal requirement given VA process (put square peg in round hole)
 - Research question for next review:
 - Does \$0 income yield \$0 order?
 - Is \$0 income/\$0 order the outcome of default/no show/payer-parent doesn't provide income information?

Appendix F – Proposed Language to Amend Va. Code § 20-108.1

Department of Social Services

Imputation of Income

Draft Legislation

1 **That § 20-108.01 of the Code of Virginia is amended and reenacted as follows:**

2 20-108.1. Determination of child or spousal support.

3 A. In any proceeding on the issue of determining spousal support, the court shall consider all
4 evidence presented relevant to any issues joined in that proceeding. The court's decision shall be
5 rendered based upon the evidence relevant to each individual case.

6
7 B. In any proceeding on the issue of determining child support under this title, Title 16.1, or Title
8 63.2, the court shall consider all evidence presented relevant to any issues joined in that
9 proceeding. The court's decision in any such proceeding shall be rendered upon the evidence
10 relevant to each individual case. However, there shall be a rebuttable presumption in any judicial
11 or administrative proceeding for child support, including cases involving split custody or shared
12 custody, that the amount of the award that would result from the application of the guidelines set
13 out in § 20-108.2 is the correct amount of child support to be awarded. Liability for support shall
14 be determined retroactively for the period measured from the date that the proceeding was
15 commenced by the filing of an action with any court provided the complainant exercised due
16 diligence in the service of the respondent or, if earlier, the date an order of the Department of
17 Social Services entered pursuant to Title 63.2 and directing payment of support was delivered to
18 the sheriff or process server for service on the obligor.

19
20 In any case in which the jurisdiction of the juvenile and domestic relations district court has been
21 divested pursuant to § 16.1-244 and no final child support order has been entered, any award for
22 child support in the circuit court shall be retroactive to the date on which the proceeding was
23 commenced by the filing of the action in the juvenile and domestic relations district court,
24 provided that the petitioner exercised due diligence in the service of the respondent.

25
26 In order to rebut the presumption, the court shall make written findings in the order, which
27 findings may be incorporated by reference, that the application of such guidelines would be
28 unjust or inappropriate in a particular case. The finding that rebuts the guidelines shall state the
29 amount of support that would have been required under the guidelines, shall give a justification
30 of why the order varies from the guidelines, and shall be determined by relevant evidence
31 pertaining to the following factors affecting the obligation, the ability of each party to provide
32 child support, and the best interests of the child:

- 33
- 34 1. Actual monetary support for other family members or former family members;
 - 35
 - 36 2. Arrangements regarding custody of the children, including the cost of visitation travel;
 - 37
 - 38 3. (a) Imputed income to a party who is voluntarily unemployed or voluntarily underemployed,
39 provided that (i) income may not be imputed to a custodial parent when a child is not in school,

40 child care services are not available, and the cost of such child care services are not included in
41 the computation; (ii) any consideration of imputed income based on a change in a party's
42 employment shall be evaluated with consideration of the good faith and reasonableness of
43 employment decisions made by the party, including to attend and complete an educational or
44 vocational program likely to maintain or increase the party's earning potential; and (iii) a party's
45 current incarceration, as defined in § 8.01-195.10, for 180 or more consecutive days shall not be
46 deemed voluntary unemployment or voluntary underemployment. In addition, notwithstanding
47 subsection F, a party's incarceration for 180 or more consecutive days shall be a material change
48 in circumstances upon which a modification of child support may be based;

49 (b) Imputed income shall be determined by the specific circumstances of the parent, to the extent
50 presented to the court, including such factors as the parent's assets, residence, employment and
51 earnings history, job skills, educational attainment, literacy, age, health, criminal record and
52 other employment barriers, and record of seeking work, as well as the local job market, the
53 availability of employers willing to hire the parent, prevailing earnings level in the local
54 community, and other relevant background factors in the case.

55 (c) Where the court finds that imputation of income is appropriate as determined by the specific
56 circumstances of the parent, and the court finds there is insufficient evidence with which to
57 determine the amount to be imputed, there shall be a rebuttable presumption that income shall
58 imputed at the state minimum wage multiplied by 35 hours per week and converted to a monthly
59 amount by multiplying the result by 4.333.

60 4. Any child care costs incurred on behalf of the child or children due to the attendance of a
61 custodial parent in an educational or vocational program likely to maintain or increase the party's
62 earning potential;

63 5. Debts of either party arising during the marriage for the benefit of the child;

64 6. Direct payments ordered by the court for maintaining life insurance coverage pursuant to
65 subsection D, education expenses, or other court-ordered direct payments for the benefit of the
66 child;

67 7. Extraordinary capital gains such as capital gains resulting from the sale of the marital abode;

68 8. Any special needs of a child resulting from any physical, emotional, or medical condition;

69 9. Independent financial resources of the child or children;

70 10. Standard of living for the child or children established during the marriage;

71 11. Earning capacity, obligations, financial resources, and special needs of each parent;

72 12. Provisions made with regard to the marital property under § 20-107.3, where said property
73 earns income or has an income-earning potential;

74 13. Tax consequences to the parties including claims for exemptions, child tax credit, and child
75 care credit for dependent children;

76 14. A written agreement, stipulation, consent order, or decree between the parties that includes
77 the amount of child support; and

78 15. Such other factors as are necessary to consider the equities for the parents and children.

79 C. In any proceeding under this title, Title 16.1, or Title 63.2 on the issue of determining child
80 support, the court shall have the authority to order either party or both parties to provide health
81 care coverage or cash medical support, as defined in § 63.2-1900, or both, for dependent children
82 if reasonable under all the circumstances and health care coverage for a spouse or former spouse.

83 D. In any proceeding under this title, Title 16.1, or Title 63.2 on the issue of determining child
84 support, the court shall have the authority to order a party to (i) maintain any existing life
85 insurance policy on the life of either party provided the party so ordered has the right to
86 designate a beneficiary and (ii) designate a child or children of the parties as the beneficiary of

87 all or a portion of such life insurance for so long as the party so ordered has a statutory obligation
88 to pay child support for the child or children.

89 E. Except when the parties have otherwise agreed, in any proceeding under this title, Title 16.1,
90 or Title 63.2 on the issue of determining child support, the court shall have the authority to and
91 may, in its discretion, order one party to execute all appropriate tax forms or waivers to grant to
92 the other party the right to take the income tax dependency exemption and any credits resulting
93 from such exemption for any tax year or future years, for any child or children of the parties for
94 federal and state income tax purposes.

95 F. Notwithstanding any other provision of law, any amendments to this section shall not be
96 retroactive to a date before the effective date of the amendment and shall not be the basis for a
97 material change in circumstances upon which a modification of child support may be based.

98 G. Child support payments, whether current or arrears, received by a parent for the benefit of and
99 owed to a child in the parent's custody, whether the payments were ordered under this title, Title
100 16.1, or Title 63.2, shall not be subject to garnishment. A depository wherein child support
101 payments have been deposited on behalf of and traceable to an individual shall not be required to
102 determine the portion of deposits that are subject to garnishment.

103 H. In any proceeding on the issue of determining child or spousal support or an action for
104 separate maintenance under this title, Title 16.1, or Title 63.2, when the earning capacity,
105 voluntary unemployment, or voluntary underemployment of a party is in controversy, the court
106 in which the action is pending, upon the motion of any party and for good cause shown, may
107 order a party to submit to a vocational evaluation by a vocational expert employed by the moving
108 party, including, but not limited to, any interviews and testing as requested by the expert. The
109 order may permit the attendance of the vocational expert at the deposition of the person to be
110 evaluated. The order shall specify the name and address of the expert and the scope of the
111 evaluation and shall fix the time for filing the report with the court and furnishing copies to the
112 parties. The court may award costs or fees for the evaluation and the services of the expert at any
113 time during the proceedings. The provisions of this section shall not preclude the applicability of
114 any other rule or law.

115
116 1986, c. 461; 1988, c. 907; 1989, c. 599; 1990, c. 567; 1991, cc. 545, 588; 1992, cc. 543, 716,
117 860; 1993, cc. 520, 534; 1994, c. 764; 1995, c. 261; 1996, c. 491; 1998, cc. 592, 612; 2001, c.
118 809; 2004, cc. 204, 1008; 2006, cc. 785, 798; 2007, c. 872; 2009, c. 713; 2010, c. 176; 2013, cc.
119 276, 522; 2020, c. 192; 2022, c. 527.