

2008 Update of the Pennsylvania Child Support Guidelines Schedule

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Points of view expressed in this document are those of the author and do not necessarily represent the official position of the Commonwealth of Pennsylvania, the Domestic Relations Procedural Rules Committee or the Court.

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Section I: Introduction

PURPOSE OF REPORT

Pennsylvania is conducting a review of its child support guidelines. The Child Support Guidelines constitute the formula that is presumptively applied to set the amount of child support for children whose parents are unmarried, separated, or divorced. According to the 2006 Census American Community Survey, there are about 2.8 million children in Pennsylvania and about 30 percent of them live with only one parent.¹ In addition, other Pennsylvania children may be eligible for child support who are not identified in available Census reports. These children may be living in two-parent households but with a step-parent, in blended family situations, with grandparents or other relatives, and other situations in which the children may be eligible for child support. Regardless of their living situation, child support is an important source of income to these children. The Pennsylvania Bureau of Child Support Enforcement (BCSE) collects about \$1.5 billion in child support annually. This does not include child support paid directly to the custodial-parent household.

The review considers the most recent economic evidence on child-rearing expenditures and an analysis of case file data on the application of, and deviation from, the existing child support guidelines. This report (i) summarizes the analysis of the case file data and economic data available to update the child support guidelines; and (ii) provides an updated Basic Child Support Schedule based on more recent economic data. Pennsylvania child support guidelines are promulgated in the rules of civil procedure [Pa.R.C.P. 1910.16-1 *et seq.*].

At the core of the guidelines is a Basic Child Support Schedule used in conjunction with a guidelines formula to compute the support obligation. The existing schedule was developed based on the most current economic data available when the guidelines were last reviewed in 2003. The existing schedule consists of a look-up table of basic child support obligations for one to six children with the parents' combined monthly net incomes ranging from \$0 to \$20,000 per month. Besides the schedule, many other factors are considered in the guidelines formula: child care expenses; the child's health insurance premium; shared physical custody; and other factors. Most of these factors are case-specific and considered in the formula, but are not included in the schedule.

The review complies with federal and state requirements that the guidelines are to be reviewed at least once every four years [45 CFR 302.56, 23 Pa.C.S.A. §4322(a)]. The Domestic Relations Procedural Rules Committee of the Pennsylvania Supreme Court is conducting the review. The Committee will make recommendations to the Court. The recommendations will be published for public comment prior to submission to the Court.

Policy Studies Inc. (PSI) was contracted by the Pennsylvania Department of Public Welfare to provide technical assistance to update the schedule using current economic evidence and

¹ Census data obtained on April 4, 2008 from the Internet: <http://factfinder.census.gov>.

to analyze case file data. PSI updated the schedule using more recent economic data and the same assumptions and data sources underlying the existing schedule. In addition, the updated schedule incorporates an adjustment for the custodial parent's reduced child-rearing expenditures when the noncustodial parent is exercising parenting time with the children. This report documents the steps, assumptions and data used to develop an updated schedule.

ORGANIZATION OF REPORT

The report is organized into five sections.

- Section I provides an introduction. This includes the purpose of the report, a summary of federal regulations pertaining to state child support guidelines, and an overview of the Pennsylvania child support guidelines relative to other states.
- Section II reviews estimates of child-rearing expenditures. It reviews those underlying state child support guidelines.
- Section III contains the updated schedule. The 2008 updated schedule is in Exhibit 8. This section also outlines the data and steps used to develop the updated schedules.
- Section IV provides an analysis of current guidelines usage.
- Section V compares the new and updated schedules and changes in underlying economic factors and provides conclusions.

This report does not address other guidelines issues that are part of the child support calculation. Specifically, it does not address: definitions of income; consideration of a parent's support of other children; alternative formulas to adjust for parenting time; and adjustments in the formula for child care expenses, the child's health insurance premium and other expenses.

FEDERAL REQUIREMENTS

Federal regulation requires states to review their child support guidelines at least once every four years [45 CFR 302.56]. Federal law has required state advisory child support guidelines since 1987.² The Family Support Act of 1988 expanded the requirement. As of 1989, each state was required to have one guideline to be applied presumptively rather than on an advisory basis.³ It also required each state to establish deviation criteria that allow for the rebuttal of the state's presumptive guideline. The state-determined criteria must take into consideration the best interests of the child. The current deviation criteria of the Pennsylvania guidelines (Pa.R.C.P. 1910.16-5) are as follows.

The deviation applies to the amount of the support obligation and not to the amount of income.

(b) *Factors*. In deciding whether to deviate from the amount of support determined by the guidelines, the trier of fact shall consider:

²Advisory statewide guidelines were required as part of Child Support Enforcement Amendments of 1984 [P.L. No. 98-378].

³Presumptive guidelines were required as part of The Family Support Act of 1988 [P.L. No. 100-485].

- (1) unusual needs and unusual fixed obligations;
- (2) other support obligations of the parties;
- (3) other income in the household;
- (4) ages of the children;
- (5) assets of the parties;
- (6) medical expenses not covered by insurance;
- (7) standard of living of the parties and their children;
- (8) in a spousal support or alimony pendente lite case, the period of time during which the parties lived together from the date of marriage to the date of final separation; and
- (9) other relevant and appropriate factors, including the best interests of the child or children.

GUIDELINES MODELS

States have discretion in the guidelines models that they use. Yet, according to federal requirements, they must:

- Be based on specific descriptive and numeric criteria;
- Take into consideration all earnings and income of the noncustodial parent; and
- Provide for the child(ren)'s health care needs.

Most states, including Pennsylvania, base their guidelines on the Income Shares model, which was developed through the 1984-87 National Child Support Guidelines Project.⁴

Income Shares Model

The Income Shares model was developed to embody the principles of child support guidelines developed by the National Child Support Guidelines Project's Advisory Panel, as well as to incorporate actual evidence of child-rearing expenditures. It does this through the premise that the child should be entitled to the same level of expenditures that the child would have received had the parents lived together and combined financial resources. As a consequence, the core of the Income Shares model is a measurement of how much families spend on child rearing; then, that amount can be adjusted for shared physical custody situations, one or both parties having children from other relationships, and other situations. The premise of the Income Shares model applies to children of never-married parents as well. Children should not be forced to live in poverty because of their parents' decisions to never marry or divorce. Children of disrupted families, regardless of the reason for the disruption, should be afforded the same opportunities available to children in intact families with parents of similar financial means to those of their own parents.

⁴ 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.

Another major premise of the Income Shares model is that both parents are financially responsible for their children. To this end, the average amount expended on children by families with the same combined income as the parents of the child support case, is pro-rated between the parents. The obligated parent's share becomes the basis of the child support award. There may be other adjustments for parenting time or other factors.

Other Guidelines Models

Judge Melson of Delaware developed the Melson formula. It first considers the basic needs of the children and each parent. If the obligated parent's income is more than sufficient to cover his or her share of the basic needs of the children, as well as his or her own basic needs, an additional percentage of his or her remaining income is assigned to child support. The percentage-of-obligor income guidelines model is the simplest and oldest guidelines model. It assigns a flat or sliding-scale percentage of obligor income to support.

In recent years, various groups have introduced a few new guidelines models (i.e., The Children's Right Council first introduced a version of the Cost Shares model, the American Law Institute introduced its guidelines concept); yet no state has adopted them.⁵

State Usage of Guidelines Models

As shown in Exhibit 1, as of 2008, there are 37 states that currently rely on the Income Shares model; 10 states that use a percentage-of-obligor income guidelines model; three states that rely on the Melson formula; and one state that uses a hybrid approach between the Income Shares model and percentage-of-obligor guidelines.

Until recently, few states have changed guidelines models. However, beginning in 2005, several states adopted Income Shares. Tennessee, Georgia and Minnesota moved from the percentage-of-obligor model to Income Shares guidelines. The most recent guidelines change was in the District of Columbia, which moved to an Income Shares approach as of April 2007 after using a hybrid guidelines model similar to Massachusetts. The Massachusetts guideline starts with a percentage-of-obligor income model when the custodial parent has low income but switches to an Income Shares-like approach when the custodial parent's income exceeds \$20,000 per year with additional adjustments for more than one child and work-related child care costs. The premise is that the custodial parent needs a little more at very low incomes to boost the family out of poverty.

⁵ For more information on these guidelines models see the 1999 Child Support Symposium published by *Family Law Quarterly* (Spring 1999) and Beld and Biernat (2003).

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Section II

Estimates of Child-Rearing Expenditures & Expenditures Data

Most state guidelines that are based on economic evidence rely on estimates of child-rearing expenditures in intact families. This comports with the principle of many state guidelines that the child is entitled to the same standard of living he/she would have enjoyed had the family remained intact. Estimates of child-rearing expenditures in single-parent families are available, but are not used by any state as the sole basis of their guidelines. This is partly because those estimates include expenditures from an inordinate percentage of single-parent families that live in poverty and the premise of most state guidelines is that child support should provide more than a poverty-level of living and that the child should share in the standard of living that can be afforded by the parent(s).

OVERVIEW OF ESTIMATES USED IN STATE GUIDELINES

Exhibit 2 summarizes studies of child-rearing expenditures used by states as the basis of their guidelines schedules. (References for all these studies are provided at the end of this report.) Pennsylvania bases its current guidelines on an economic study of child-rearing expenditures conducted by Dr. David Betson, Professor of Economics, University of Notre Dame, using the Rothbarth methodology applied to families surveyed in 1996-99. This is the second of Betson's three studies of child-rearing expenditures. Each study relies on more recent data. Betson's third study, which relies on expenditures data collected from families surveyed in 1998-2004, is the basis of the updated schedule prepared in this report. Betson's third study is the most recent study available on child-rearing expenditures.

Betson's first study was conducted in 1990 to fulfill a Congressional request. The U.S. Department of Health and Human Services commissioned him through the University of Wisconsin to develop estimates using five different methodologies. For his first study, he used expenditures data collected from families surveyed in 1980-86. For his second study, he used expenditures data collected from families surveyed in 1996-99. In early 2006, Dr. Betson conducted a third study.

Exhibit 2 shows that there are six major studies underlying state child support guidelines. Exhibit 2 also breaks down the studies by researcher, funding source, purpose of the study, data years, the Lewin Group assessment of it, and the number of states that base their guidelines formulae on a particular study. Funded by the U.S. Department of Health and Human Services, the Lewin Group assessed studies on child-rearing expenditures to help states develop and update their child support guidelines.

As can be deduced from Exhibit 2, not all state guidelines formulae and schedules can be related to a specific economic study. In many of these states, the guidelines evolved from one or more county guidelines and an economic study may have been used to calibrate it or as a benchmark to determine if the amounts were in range.

Exhibit 2 Estimates of Child-Rearing Expenditures that Form the Basis of State Guidelines					
Study	Purpose & Funding	Method	Lewin/ICF Assessment Whether Method Understates or Overstates Actual Child-Rearing Costs	Data Source	Use in State Guidelines
van der Gaag (1981)	Conducted by Univ. of Wisconsin to narrow the range of estimates of child-rearing costs to be used in public policy decisions by State of Wisconsin	Assesses range of estimates available at the time (1981)	Not assessed	Various years and surveys	About 5 states
Espenshade (1984)	Parent education & policy formation, including child support guidelines Funded by U.S. Nat'l Inst. For Child Health & Development	Engel	Overstate	Consumer Expenditure Survey (CEX) 1972-73	About 8 states. These are mostly states that never updated their guidelines
Betson (1990)	Provide information to assist states with guidelines review Funded by U.S. Dept. of Health & Human Services at the request of Congress	Rothbarth	Understate	CEX 1980-86	About 9 states
		Engel	Overstate		None
		Other	Not assessed		None
Betson (2001)	Update Betson (1990) estimates using more recent data Funded by University of Wisconsin Institute for Research on Poverty & child support projects in California & Michigan	Rothbarth	Understate	CEX 1996-99	About 12 states including Pennsylvania
		Engel	Overstate		1 state (GA) uses the average of Betson's Rothbarth & Engel
Betson (2006)	Update Oregon Table Funded by Oregon	Rothbarth	Understate	CEX 1998-04	4 states
USDA (Lino 2007, produced annually)	Parent education & policy formation, including child support guidelines Funded by USDA	USDA	Overstate	CEX 1990-92	1 state (MN) with downward adjustments to USDA housing costs

Estimation Methodologies (Exhibit 2)

An economic methodology is necessary to estimate child-rearing expenditures because many expenditure items (e.g., housing, food, transportation) are consumed by both the parents and children. An economic methodology is used to estimate the child's share of total family expenditures. The most common methodology is a marginal cost approach, which compares 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 deemed to be child-rearing expenditures. The

“Engel” and “Rothbarth” methodologies, named by the economists who developed them, are both forms of the marginal cost approach. They differ, however, in the variables they use to define equally well-off households. The Engel methodology uses expenditures on food, while the Rothbarth methodology relies on expenditures for adult goods (specifically, adult clothes in the Rothbarth estimates that form the basis of state guidelines).

All estimates of child-rearing expenditures overstate or understate actual child-rearing expenditures. As discussed in more detail below, there is no consensus among economists as to which methodology most accurately estimates actual child-rearing costs. Nonetheless, economists generally agree on whether a methodology overstates or understates actual child-rearing expenditures.

Lewin/ICF (1990) Assessment

U.S. Department of Health and Human Services (DHHS) contracted with the Lewin/ICF group to independently evaluate the estimates of child-rearing expenditures available in 1990 with the specific purpose of providing states with information to use in their guidelines reviews. Lewin/ICF concluded that the Rothbarth estimator is the lower bound of the range of credible estimates of child-rearing expenditures and the Engel estimator is the upper bound of the range of credible estimates of child-rearing expenditures. Lewin/ICF recommends that anything between these two estimates is appropriate for state guidelines use.

Reliance on National Data

All of the economic studies of child-rearing expenditures rely on national data. We know of no state that uses state-specific data as the basis of its guidelines table.⁶ Most economists use data from the Consumer Expenditure Survey (CEX) administered by the Bureau of Labor Statistics (BLS) to estimate child-rearing expenditures.⁷ It is the most comprehensive and detailed survey conducted on household expenditures. The CEX surveys about 6,000 households per quarter on expenditures, income and household characteristics (e.g., family size). Households remain in the survey for five consecutive quarters with households rotating in and out each quarter. Most economists use at least three quarters or a year of expenditures data for a surveyed family so that a family’s expenditures over the course of a year or nearly a year are considered. The BLS designed the CEX to produce a nationally representative sample and samples representative of the four regions (Midwest, Northeast, South, and West). The sample sizes for each state, however, are not large enough to estimate child-rearing costs for families within a state. Households in Pennsylvania are included in the CEX but there are not a sufficient number of Pennsylvania households to produce a Pennsylvania-specific sample.

Specific Estimates (Exhibit 2)

van der Gaag (1981) estimates. In his study, van der Gaag concluded that a couple that adds one child to the household needs 25 percent more gross income in order to maintain the standard of living they enjoyed when they had no children. Wisconsin used van der Gaag’s estimates to develop its child support table, although adjusted this percentage to

⁶ Some states have attempted to estimate child-rearing costs for their state but have found the effort difficult and expensive and have not used the study findings to develop their guidelines.

⁷ Detailed information about the CEX can be found at the BLS website: <http://www.bls.gov>.

account for taxes and other factors. Since then, several states adopted Wisconsin's flat percentage of obligor gross income as their guidelines formula.

Espenshade (1984) estimates. Most states, including Pennsylvania, relied on Dr. Espenshade's measurements when they first developed child support guidelines in the 1980s because his was the most authoritative study available at the time. It formed the basis of the prototype Income Shares model developed through the 1984-1987 National Child Support Guidelines Project.⁸ Espenshade found that families spend about \$58,000 to \$138,000 (in 1981 dollars, hence over twice as much in 2007 dollars) to raise a child from birth to age 18 years.

Betson's Three Studies. In the past 18 years, Dr. Betson has conducted three studies estimating child-rearing expenditures. Each study uses more recent data.

Betson (1990) estimates. Dr. Betson applied five different methodologies to estimate child-rearing expenditures using 1980-86 CEX data.⁹ He concluded that estimates using the Rothbarth methodology were the most robust, and hence recommended their use. He rejected his estimates using the Engel methodology because they approached implausibly high levels. Most states that have considered both his Rothbarth and Engel estimates have recommended using the Rothbarth estimates mainly because they result in a more gradual increase in guidelines amounts than the Engel estimates, once changes in price levels and tax rates over time are considered. The only exception is Georgia, which switched from a percentage-of-obligor income guidelines model to the Income Shares model in 2007. Georgia averaged the Rothbarth and Engel estimates in large part because it resulted in obligation amounts similar to its percentage-of-obligor income guidelines model at high incomes.

Betson's application of the Rothbarth estimator finds that the percentages of total household expenditures devoted to children are, on average: (a) 24 percent for one child, (b) 34 percent for two children, and (c) 39 percent for three children in an intact family. Betson's application of the Engel estimator finds that the percentages of total expenditures devoted to children are, on average: (a) 33 percent for one child, (b) 39 percent for two children, and (c) 49 percent for three children in an intact family.

Betson (2001) estimates. In 2001, Dr. Betson updated his 1990 estimates based on the Rothbarth and Engel methodologies using more recent data (1996-98, initially, but later expanded it to include 1996-99). The only difference between the 2001 and earlier estimates was in the years the data were gathered. The source of data (CEX), the estimation methodologies, and the assumptions he used to develop the estimates did not change. These estimates form the basis of many state child support guidelines including the current Pennsylvania schedule.

Using the more current data, Betson's application of the Rothbarth estimator found that the percentages of total household expenditures devoted to children are, on average: (a) 26

⁸ National Center for State Courts (1987).

⁹ The five approaches were (1) Engel, (2) Rothbarth, (3) ISO-PROP, (4) Barten-Gorman, and (5) per capita (i.e., average cost approach, similar to the USDA approach).

percent for one child, (b) 36 percent for two children; and (c) 42 percent for three children in an intact family. Betson's application of the Engel estimator found that the percentages of total expenditures devoted to children are, on average: (a) 32 percent for one child, (b) 46 percent for two children, and (c) 58 percent for three children in an intact family.

Betson (2006) estimates. In 2006, Dr. Betson updated his 2001 estimates using the Rothbarth methodology with data from 1998 through the first quarter of 2004 for the state of Oregon. The 2004 survey was the most recent data available from the CEX at that time. Dr. Betson did not update the estimates using the Engel or other approaches. The Oregon table at the time was based on the Betson-Rothbarth estimates relying on survey data collected in 1996-99 and Oregon only wanted to use updated survey data. For this set of estimates, Betson relied on data from a wide range of years of data for two reasons. First, it increased the sample size, hence the reliability of the estimate. Secondly, it spanned several economic cycles: the high growth of the late 1990s; the short recession in 2002; and the stable economic growth afterwards.

Similar to the 2001 update, he applied the same assumptions and method, but used more recent data. His findings showed that the child-rearing expenditures as a proportion of total household expenditures are, on average: (a) 25 percent for one child, (b) 37 percent for two children, and (c) 44 percent for three children. Over three data periods, the analysis shows that the proportion of household expenditures devoted to children has increased, albeit somewhat less for families with one child (from 24 percent using 1980-86 data to 25 percent using 1998-2004 data) than for families with three children (39 percent to 44 percent).

A more complete discussion of Dr. Betson's findings using the updated data is available in the 2006 Oregon guidelines review report.

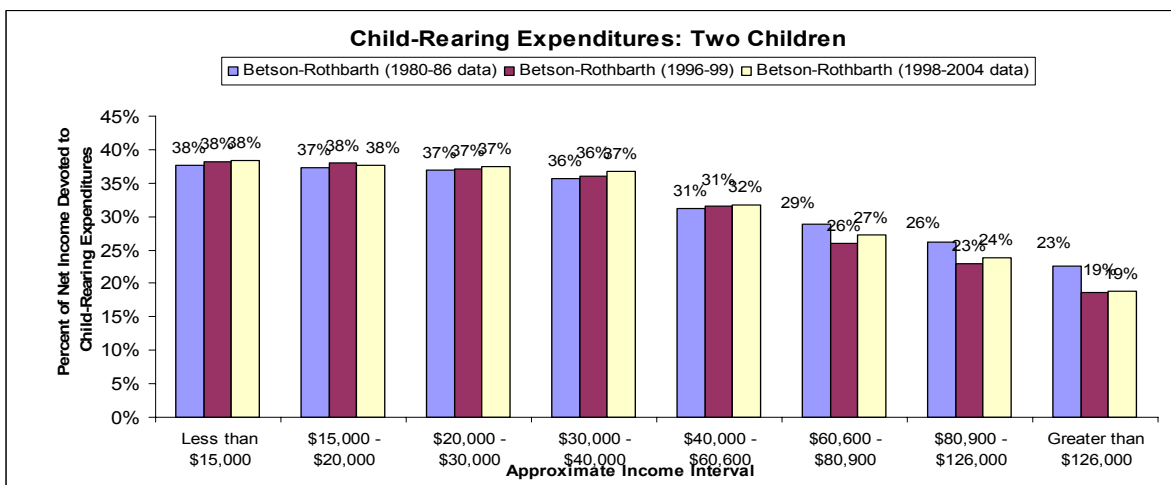
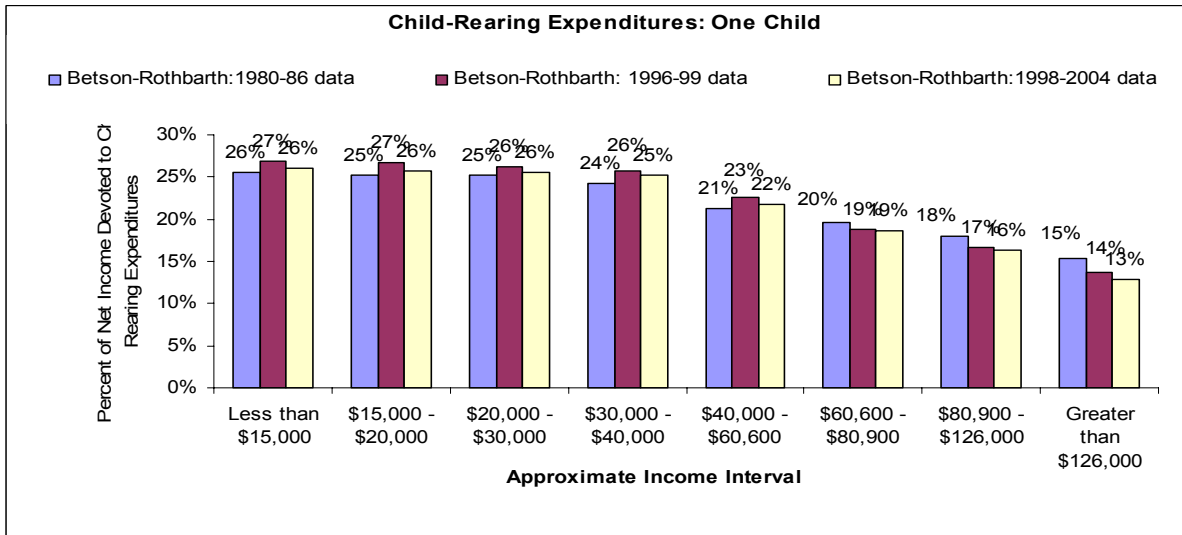
USDA (2007 estimates). The USDA estimates child-rearing expenditures individually for several expenditure categories (e.g., food, transportation, housing); then, adds them to develop a total. For some expenditure categories (e.g., housing), the USDA uses a per capita approach to estimate the child's share of the costs. That is, they divide the expenditures for that particular good by the number of family members. Most economists believe this approach overstates the child's actual share of expenditures. The USDA updates its estimates every year for changes in the price level; however, the database for the current estimates is CEX data from 1990-92. The USDA estimates expenditures for one child in a two-child family to be between \$7,710 and \$16,970 per year, depending on the age of the child and income of the parents.

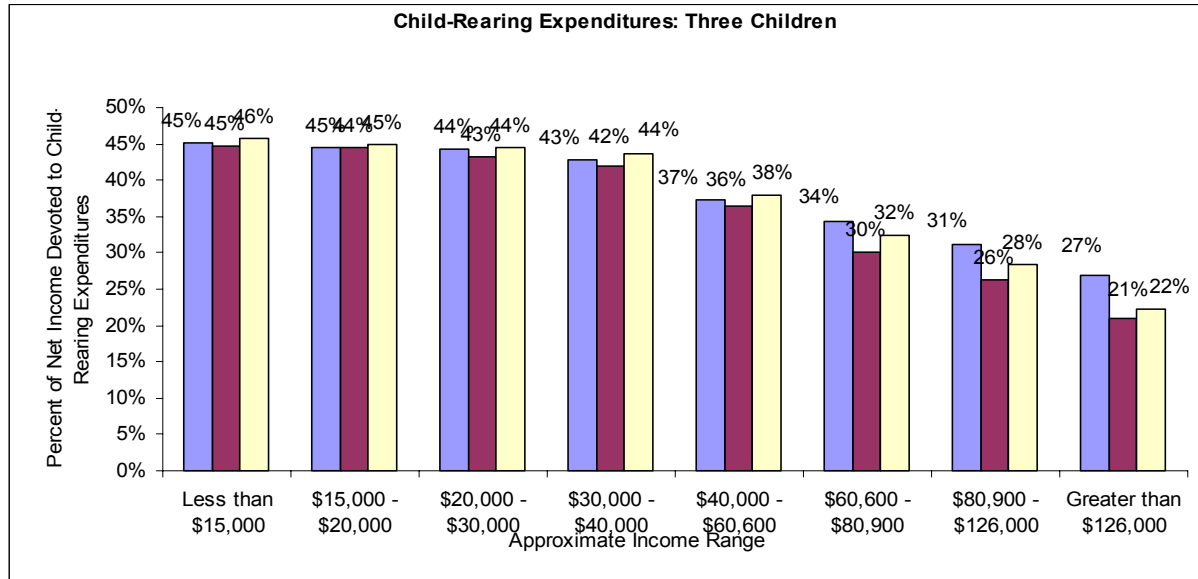
Minnesota is the first state to base its guidelines on the USDA estimates, although with some adjustments. Specifically, Minnesota adjusted the USDA estimates for housing costs downward to rectify the USDA's overstatement of housing costs incurred for children. Minnesota passed the guidelines changes in 2005 legislation and the changes became effective in 2007.

Decreasing percentages of income devoted to child-rearing expenditures

Regardless of which years of data are included, most of the estimates indicate a declining proportion of expenditures on children as household income increases. The Betson-Rothbarth estimates over time, which are shown in Exhibit 3, illustrate this trend.

Exhibit 3
Comparison of Measurements of Child-Rearing Costs
Developed by Dr. Betson Using the Rothbarth Estimator over Time





DATA UNDERLYING THE ESTIMATES OF CHILD-REARING EXPENDITURES

As discussed earlier, all of the estimates of child-rearing expenditures rely on the Consumer Expenditure Survey (CEX) conducted by the Bureau of Labor of Statistics (BLS). Economists use the survey to track changes in spending patterns and recalibrate national and regional price indexes. All credible estimates of child-rearing expenditures rely on the CEX because it is the most comprehensive and largest survey on expenditures available. Since about 1980, the CEX tracks about 6,000 households per quarter. Each household's expenditures on hundreds of items are tracked for five quarters. Economists measuring child-rearing expenditures typically rely on multiple years to obtain a larger sample size of families. The BLS designed the CEX to capture current consumption. Exhibit 4 shows the major categories of expenditures captured by the CEX.

The CEX focuses on **current** consumption. It includes the purchase price and sales tax on all goods purchased within the survey period. The CEX does not consider payment of the mortgage principal or finance charges on purchases. The home can be sold later, so any payment of the mortgage principal is a pseudo-investment. However, the CEX includes payment of the mortgage interest, rent among households that rent, utilities, property taxes, and other housing expenses as indicated in Exhibit 4. The CEX does not capture finance charges (with the exceptions of finance charges for homes and vehicles) largely because it focuses on current consumption and the survey only tracks families for five quarters. Nonetheless, it appears that the finance charges on items not included in the CEX are nominal. Almost half (46%) of families are obligated to make fixed installment payments in order to pay back loans. This includes automobile loans; student loans; and, loans for furniture, appliances and other durable goods.¹⁰ Automobile loans, which are included in the CEX, comprise

¹⁰ Brian Bucks, et al. "Recent Changes in U.S. Family Finances: Evidence from the 2002 and 2004 Survey of Consumer Finances", *Federal Reserve Bulletin*.

many of these loans. It would be ideal to include finance charges for furniture and other items in child-rearing expenditures since they are accrued on items consumed by children.

Exhibit 4	
Partial List of Expenditures Items Considered in Estimates of Child-Rearing Expenditures	
Housing	Rent paid for dwellings, rent received as pay, parking fees, maintenance, and other expenses for rented dwellings; and interest on mortgages, interest on home equity loans and lines of credit, property taxes and insurance, refinancing and prepayment charges, ground rent, expenses for property management and security, homeowners' insurance, fire insurance and extended coverage, expenses for repairs and maintenance contracted out, and expenses of materials for owner-performed repairs and maintenance for dwellings used or maintained by the consumer unit. Also includes utilities, cleaning supplies, household textiles, furniture, major and small appliances and other miscellaneous household equipment (tools, plants, decorative items).
Food	Food at home purchased at grocery or other food stores as well as meals, including tips, purchased away from home (e.g., full service and fast food restaurant, vending machines).
Transportation	Vehicle finance charges, gasoline and motor oil, maintenance and repairs, vehicle insurance, public transportation, leases, parking fees and other transportation expenditures.
Entertainment	Admission to sporting events, movies, concerts, health clubs, recreational lessons, television/radio/sound equipment, pets, toys, hobbies and other entertainment equipment and services.
Apparel	Apparel, footwear, uniforms, diapers, alterations and repairs, dry cleaning, sent-out laundry, watches and jewelry.
Other	Personal care products, reading materials, education fees, banking fees, interest paid on lines of credit, and other expenses.

In addition, Dr. Betson excludes: net vehicle outlays; contributions by family members to social security and private pension plans; and, cash contributions made to members outside the surveyed household. Similar to a home, a vehicle may be sold later, so can be considered an asset. The ideal data to include in expenditures on child rearing would be the dollar value of the vehicle's depreciation during child-rearing years, but this information is not readily available. Contributions by family members to social security and private pension plans are excluded because these are actually savings. In addition, the social security tax is considered in the income tax conversion. Cash contributions made to members outside the surveyed household consist of expenditures not consumed by the family.

Family Net Income

Gross and net incomes are reported by families participating in the CEX. The difference between gross and net income is taxes. In fact, the CEX uses the terms "income before taxes" and "income after taxes" instead of gross and net income. Income before taxes is the total money earnings and selected money receipt. It includes wages and salary; self-employment income; Social Security benefits, pensions income, rental income, unemployment compensation, workers' compensation, veteran's benefits, public assistance, and other sources of income. Income and taxes are based on self-reports and not checked against actual records.

The BLS has concerns that income may be under-reported in the CEX. Although underreporting of income is a problem inherent to surveys, the BLS is particularly concerned be-

cause expenditures exceed income among low-income households participating in the CEX. The BLS is unclear whether the cause is underreporting of income or that low-income households are actually spending more than their incomes because of an unemployment spell, being a student, or otherwise withdrawing from their savings. In an effort to improve income information, the BLS added and revised income questions in 2001. The BLS believes this has improved income data but there are no notable differences in the compiled data reports.

Current Expenditures, Savings and Income

Expenditures in the CEX consist of expenditures for current consumption. Specifically, current consumption consists of the costs of goods and services, including the taxes on the good or service, acquired during the survey period. Expenditures may equal, exceed or be less than income due to savings and expenditures on items that are not considered part of current consumption.¹¹ For example, mortgage principal payments are excluded from current consumption because they can be considered a form of savings in the sense that the home can be sold. Current consumption, however, does include other expenditures for housing such as mortgage interest payments, property taxes, rent (among families who rent), utilities, furnishings, and other housing-related items. The CEX focuses on collecting data on consumption not on savings. It does not attempt to collect data that will reconcile the balances between income, taxes, consumption and savings.

Higher income families, on average, spend a relatively modest share of their net income on current consumption items (e.g., about 50 percent for families with incomes above \$150,000 per year). This seems to contradict reports about the national savings rate being very low. However, the national savings rate is calculated using a different methodology.¹² Some of the differences concern the treatment of housing and medical expenses. When the national savings rate is calculated, the rental value of housing, even if the family owns the home, and all medical expenses received, regardless whether they were covered by health insurance, are imputed to the family as consumption. Further, as explained above, current consumption does not include expenditures on mortgage principle, vehicle outlays, cash gifts, and contributions to private pension plans. If these expenditures were added to the share of net income spent on current consumption they would likely sum close to 100 percent of income.¹³

Expenditures by Age of the Child

The estimates are based on expenditures on children of ages 0 through 17 years old. Betson tested for differences in expenditures by the age of the child in his 2001 study. He found no statistical differences in expenditures by the child's age for the Rothbarth estimates.

¹¹ See Judicial Council of California (2006) for more discussion about consumption and trends over time.

¹² More information about this difference can be found in California's guidelines review report (Judicial Council, 2006).

¹³ Published reports from the 2006 CEX indicate that households with \$150,000 or more in income devote about 18% of their total expenditures to vehicle outlays; 23% of their total expenditures to cash contributions; and 23% of their total expenditures to FICA and pension contributions. The BLS does not publish these percentages as a percent of income, which would be more useful toward trying to balance consumption, income, taxes and savings. Nonetheless, these percentages would be less once converted to net income.

Family Expenditures by Category

Exhibit 5 shows average spending by expenditures categories. This includes all expenditures before they are adjusted for the child support schedule.

Exhibit 5 Composition of Average Spending by Families (adopted from Betson 2006)				
Expenditure Category	Childless Couple	Family with One Child	Family with Two Children	Family with Three or More Children
Total Annual Expenditures	\$44,728	\$46,140	\$49,834	\$48,341
Budget Share (% of Total Expenditures)				
Food	16.0%	16.7%	17.2%	19.5%
Housing	36.6%	38.2%	38.3%	37.6%
Apparel	3.6%	4.1%	4.3%	4.6%
Transportation	21.7%	21.8%	21.0%	19.7%
Entertainment	6.0%	5.6%	6.3%	6.1%
Health Care	6.0%	5.3%	5.0%	4.8%
Personnel Care	0.9%	0.8%	0.8%	0.8%
Reading	0.5%	0.4%	0.4%	0.3%
Education	1.2%	1.5%	1.4%	1.4%
Personal Insurance	1.6%	1.2%	1.3%	1.1%
Miscellaneous	5.8%	4.3%	7.5%	3.5%

Section III

Updated Schedule & Technical Steps

This section contains the updated basic child support schedule. It is based on the following.

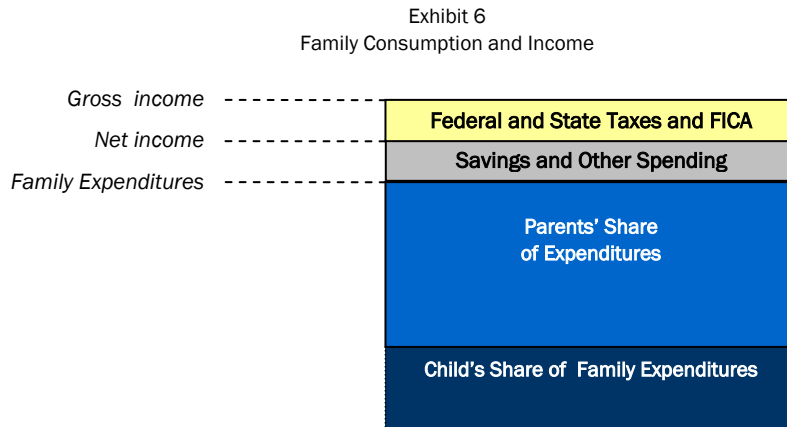
- Betson-Rothbarth estimates of child-rearing expenditures derived from expenditures data collected from families surveyed in 1998-2004. These are the most recent, authoritative estimates available. The Betson-Rothbarth estimates are discussed more in Section II. The Betson-Rothbarth estimates form the basis of most state guidelines that rely on the Income Shares guidelines model.
- The Betson-Rothbarth estimates are updated to 2008 price levels.
- The Betson-Rothbarth estimates are converted from expenditures to incomes based on the spending and income patterns of the same 1998-2004 families that Dr. Betson considered in developing his estimates.
- The Betson-Rothbarth estimates are based on child-rearing expenditures in intact families. A policy decision was made to adjust the estimates to account for the custodial parent's reduction in direct child-rearing expenses when the noncustodial parent is exercising parenting time with the children. It is presumed that the children are with the obligor 30 percent of the time and that the custodial parent's expenditures on food and entertainment for the children are reduced during those periods.
- The updated schedule incorporates a self-support reserve based on 2008 poverty guidelines for one person.
- The schedule is extended to combined adjusted net monthly incomes up to \$30,000 per month. A formula is developed above \$30,000 through extrapolation.

OVERVIEW OF STEPS USED TO UPDATE SCHEDULE

The estimates of child-rearing expenditures are just a starting point to developing a schedule. The steps used to update the Pennsylvania schedule are outlined below.

1. *Adjust estimates of child-rearing expenditures to current price levels.* Dr. Betson developed his new estimates using July 2005 price levels. They are updated to March 2008 price levels based on changes in the Consumer Price Index developed by the U.S. Bureau of Labor Statistics.
2. *Subtract child care expenses; health insurance premiums; and extraordinary, uninsured health care expenses from estimates of child-rearing expenditures.* This step is necessary because the actual amounts of these expenses are considered in the formula as additional support when calculating the obligation amount.

3. *Extend the estimates of child-rearing expenditures to cover four and more children.* There are an insufficient number of families with four or more children in the data set used to measure child-rearing expenditures. Hence, the estimates are extended to four and more children using economic equivalence scales. These scales were developed, after extensive research, by the National Research Council, a blue-ribbon panel of academics studying poverty and family income.
4. *Relate the estimates of child-rearing expenditures to net incomes.* The Betson-Rothbarth estimates of child-rearing expenditures are expressed as a percentage of total family expenditures. If a family spends all of their after-tax income, then family expenditures and after-tax income are equal and no additional adjustment is necessary. However, as illustrated in Exhibit 6, some families— typically high-income families— do not spend all of their income on current consumption items. Hence, the estimates of child-rearing expenditures are adjusted to reflect net incomes.



5. *Calculate marginal percentages.* This step is necessary to gradually phase-in the estimates of child-rearing expenditures between income ranges, similar to how a tax table phases in different tax rates between income ranges. Otherwise, there would be sudden changes in amounts as the table moved from income range to the next income range.
6. *Adjust the schedule for the custodial parent's reduced expenditures on the child when the child is with the noncustodial parent.* The estimates of child-rearing expenditures are based on expenditures in intact families. Since the families are intact, no visitation, partial physical custody or shared physical custody occurs. In many Pennsylvania child support cases, the child spends 30 percent of the time with the noncustodial parent. After consideration of adjustments for routine parenting schedules in other states and public comment, the Committee directed the technical consultant to incorporate an adjustment for 30-percent timesharing into the schedule. The adjustment considers the reduction in the custodial parent's child-rearing expenditures when the children are with the noncustodial parent 30 percent of the time.

7. *Incorporate a self-support reserve.* The current schedule incorporates a self-support reserve of \$748 per month, as well as a minimum order of \$50 per month. The purpose of the self-support reserve is to ensure that the obligated parent has sufficient income after payment of the obligation amount to live at a sustainable level. However, at very low incomes, the obligated parent may not even have sufficient income to live at a sustainable level before any child support is assessed. Despite this, most state guidelines, including Pennsylvania’s guidelines, provide a minimum order amount to establish a precedent that parents are financially responsible to their children. However, the explanatory comment in Pennsylvania’s guidelines notes that in some cases it may not be appropriate to enter a support order. The Committee recommended increasing the minimum order amount by a nominal amount for additional children. This sets the precedent that child support will increase as there are more children.

8. *Extrapolate to higher incomes.* There are few very high-income families in the data used to estimate child-rearing expenditures. Specifically, the highest income bracket considered by Professor Betson consists of families with net incomes above \$150,000 per year (in 2005 dollars). Their average income is \$223,486 per year (in 2005 dollars). This effectively means that there is not a sufficient sample of families with incomes above \$223,486 per year to generalize comfortably about their consumption behavior. Below this income, economic data clearly indicate that the percentage of income devoted to child-rearing expenditures decreases as income increases. The amounts above this income are extrapolated; hence, presume that the percentage of income devoted to child-rearing expenditures continues to decrease as income increases and at a rate similar to lower incomes.

More detailed information about these steps and the data assumptions associated with each step can be found at the end of this section.

UPDATED SCHEDULE

Exhibit 7 contains an updated schedule based on the above assumptions and steps. Due to the more recent data, there are more families with high income. This allows the measurements of child-rearing expenditures to extend to higher incomes. The updated, proposed schedule stops at a combined adjusted net income of \$30,000 per month, but a formula is developed for incomes above \$30,000 per month.

Exhibit 7 Pennsylvania Proposed Updated Basic Child Support Schedule						
Combined Adjusted Net Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
0-900.00	50	55	60	65	70	75
950.00	75	76	77	78	78	79
1000.00	120	121	123	124	125	127
1050.00	165	167	169	171	172	174
1100.00	210	212	215	217	219	222
1150.00	255	258	261	264	266	269

Exhibit 7 Pennsylvania Proposed Updated Basic Child Support Schedule						
Combined Adjusted Net Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
1200.00	294	303	307	310	313	317
1250.00	306	349	353	357	360	364
1300.00	318	394	399	403	407	412
1350.00	330	440	445	450	454	459
1400.00	342	485	491	496	501	507
1450.00	354	514	537	543	548	554
1500.00	365	531	583	589	595	602
1550.00	377	548	629	636	642	649
1600.00	389	565	665	682	689	697
1650.00	401	582	684	729	736	744
1700.00	412	598	704	775	783	792
1750.00	424	615	723	808	830	839
1800.00	436	631	742	829	877	887
1850.00	447	648	762	851	924	934
1900.00	459	664	781	872	960	982
1950.00	470	681	800	894	983	1029
2000.00	482	698	820	915	1007	1077
2050.00	493	714	839	937	1031	1120
2100.00	505	731	858	959	1054	1146
2150.00	517	747	877	980	1078	1172
2200.00	528	764	897	1002	1102	1198
2250.00	540	781	916	1023	1126	1223
2300.00	551	797	936	1045	1150	1250
2350.00	563	814	956	1068	1174	1277
2400.00	575	831	976	1090	1199	1304
2450.00	587	849	996	1113	1224	1330
2500.00	598	866	1016	1135	1249	1357
2550.00	610	883	1036	1158	1273	1384
2600.00	622	900	1057	1180	1298	1411
2650.00	634	917	1077	1203	1323	1438
2700.00	646	934	1097	1225	1348	1465
2750.00	657	951	1117	1248	1373	1492
2800.00	669	968	1137	1270	1397	1519
2850.00	681	985	1157	1293	1422	1546
2900.00	693	1002	1178	1315	1447	1573
2950.00	704	1019	1198	1338	1472	1600
3000.00	714	1033	1213	1354	1490	1619
3050.00	723	1045	1226	1370	1507	1638
3100.00	732	1057	1240	1385	1523	1656
3150.00	741	1070	1253	1400	1540	1674

Exhibit 7 Pennsylvania Proposed Updated Basic Child Support Schedule						
Combined Adjusted Net Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
3200.00	750	1082	1267	1415	1557	1692
3250.00	759	1094	1281	1431	1574	1711
3300.00	768	1107	1294	1446	1590	1729
3350.00	777	1119	1308	1461	1607	1747
3400.00	786	1131	1322	1476	1624	1765
3450.00	793	1141	1333	1489	1637	1780
3500.00	798	1149	1342	1500	1650	1793
3550.00	804	1157	1352	1511	1662	1806
3600.00	809	1165	1362	1522	1674	1819
3650.00	815	1173	1372	1533	1686	1832
3700.00	820	1182	1382	1543	1698	1846
3750.00	826	1190	1392	1554	1710	1859
3800.00	831	1198	1401	1565	1722	1872
3850.00	837	1206	1411	1576	1734	1885
3900.00	842	1214	1421	1587	1746	1898
3950.00	848	1222	1430	1597	1757	1910
4000.00	854	1231	1439	1608	1769	1922
4050.00	860	1239	1449	1618	1780	1935
4100.00	866	1247	1458	1629	1791	1947
4150.00	872	1255	1467	1639	1803	1960
4200.00	878	1264	1477	1649	1814	1972
4250.00	884	1272	1486	1660	1826	1984
4300.00	890	1280	1495	1670	1837	1997
4350.00	895	1286	1502	1677	1845	2006
4400.00	898	1291	1506	1682	1850	2011
4450.00	902	1295	1510	1686	1855	2016
4500.00	905	1299	1513	1691	1860	2021
4550.00	909	1303	1517	1695	1864	2027
4600.00	912	1307	1521	1699	1869	2032
4650.00	916	1312	1525	1704	1874	2037
4700.00	919	1316	1529	1708	1879	2042
4750.00	923	1320	1533	1712	1884	2047
4800.00	926	1325	1538	1718	1890	2054
4850.00	931	1331	1545	1726	1898	2064
4900.00	935	1337	1552	1734	1907	2073
4950.00	940	1343	1559	1742	1916	2082
5000.00	944	1350	1566	1749	1924	2092
5050.00	949	1356	1573	1757	1933	2101
5100.00	953	1362	1580	1765	1942	2111
5150.00	957	1368	1587	1773	1950	2120

Exhibit 7 Pennsylvania Proposed Updated Basic Child Support Schedule						
Combined Adjusted Net Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
5200.00	962	1374	1594	1781	1959	2129
5250.00	966	1380	1601	1789	1968	2139
5300.00	971	1387	1608	1797	1976	2148
5350.00	975	1393	1615	1804	1985	2157
5400.00	980	1399	1622	1812	1993	2167
5450.00	984	1405	1629	1820	2002	2176
5500.00	989	1412	1637	1829	2011	2186
5550.00	994	1419	1645	1837	2021	2197
5600.00	1000	1426	1653	1846	2031	2207
5650.00	1005	1433	1660	1855	2040	2218
5700.00	1010	1440	1668	1864	2050	2228
5750.00	1015	1447	1676	1872	2059	2239
5800.00	1020	1454	1684	1881	2069	2249
5850.00	1025	1461	1692	1890	2079	2260
5900.00	1031	1469	1700	1899	2088	2270
5950.00	1036	1476	1707	1907	2098	2281
6000.00	1041	1483	1715	1916	2108	2291
6050.00	1046	1490	1723	1925	2117	2301
6100.00	1051	1497	1731	1933	2127	2312
6150.00	1056	1504	1739	1942	2136	2322
6200.00	1061	1511	1747	1951	2147	2333
6250.00	1066	1518	1755	1961	2157	2344
6300.00	1071	1525	1763	1970	2167	2355
6350.00	1076	1532	1772	1979	2177	2366
6400.00	1081	1539	1780	1988	2187	2377
6450.00	1086	1546	1788	1997	2197	2388
6500.00	1091	1553	1796	2006	2207	2399
6550.00	1096	1560	1804	2015	2217	2410
6600.00	1101	1567	1812	2024	2227	2421
6650.00	1106	1574	1821	2034	2237	2432
6700.00	1111	1581	1829	2043	2247	2442
6750.00	1116	1588	1837	2052	2257	2453
6800.00	1121	1595	1845	2061	2267	2464
6850.00	1126	1602	1853	2070	2277	2475
6900.00	1131	1609	1861	2078	2286	2485
6950.00	1135	1616	1868	2087	2295	2495
7000.00	1140	1622	1876	2095	2304	2505
7050.00	1145	1629	1883	2103	2314	2515
7100.00	1150	1636	1891	2112	2323	2525
7150.00	1155	1643	1898	2120	2332	2535

Exhibit 7 Pennsylvania Proposed Updated Basic Child Support Schedule						
Combined Adjusted Net Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
7200.00	1160	1649	1906	2128	2341	2545
7250.00	1165	1656	1913	2137	2351	2555
7300.00	1170	1663	1921	2145	2360	2565
7350.00	1174	1670	1928	2154	2369	2575
7400.00	1179	1676	1936	2162	2378	2585
7450.00	1184	1683	1943	2170	2387	2595
7500.00	1189	1690	1951	2179	2397	2605
7550.00	1194	1696	1958	2187	2406	2615
7600.00	1199	1703	1966	2196	2415	2625
7650.00	1204	1710	1973	2204	2424	2635
7700.00	1209	1717	1981	2212	2434	2645
7750.00	1214	1723	1988	2221	2443	2656
7800.00	1218	1731	1997	2230	2453	2667
7850.00	1223	1738	2005	2240	2464	2678
7900.00	1228	1745	2014	2249	2474	2689
7950.00	1233	1752	2022	2259	2485	2701
8000.00	1238	1759	2031	2268	2495	2712
8050.00	1243	1766	2039	2278	2505	2723
8100.00	1248	1774	2048	2287	2516	2735
8150.00	1253	1781	2056	2297	2526	2746
8200.00	1258	1788	2064	2306	2537	2757
8250.00	1263	1795	2073	2316	2547	2769
8300.00	1268	1802	2081	2325	2557	2780
8350.00	1273	1809	2090	2334	2568	2791
8400.00	1278	1816	2098	2344	2578	2803
8450.00	1283	1824	2107	2353	2589	2814
8500.00	1288	1831	2115	2363	2599	2825
8550.00	1293	1838	2124	2372	2609	2837
8600.00	1297	1845	2132	2382	2620	2848
8650.00	1302	1852	2141	2391	2630	2859
8700.00	1305	1856	2145	2396	2635	2864
8750.00	1307	1859	2149	2400	2640	2870
8800.00	1310	1863	2153	2404	2645	2875
8850.00	1313	1866	2156	2409	2650	2880
8900.00	1315	1870	2160	2413	2654	2885
8950.00	1318	1873	2164	2417	2659	2890
9000.00	1320	1877	2168	2422	2664	2896
9050.00	1323	1880	2172	2426	2669	2901
9100.00	1325	1884	2176	2430	2673	2906
9150.00	1328	1887	2180	2435	2678	2911

Exhibit 7 Pennsylvania Proposed Updated Basic Child Support Schedule						
Combined Adjusted Net Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
9200.00	1330	1891	2184	2439	2683	2916
9250.00	1333	1894	2188	2443	2688	2922
9300.00	1335	1898	2191	2448	2693	2927
9350.00	1338	1901	2195	2452	2697	2932
9400.00	1340	1905	2199	2457	2702	2937
9450.00	1343	1908	2203	2461	2707	2942
9500.00	1345	1912	2207	2465	2712	2948
9550.00	1348	1915	2211	2470	2716	2953
9600.00	1351	1920	2217	2476	2723	2960
9650.00	1356	1926	2223	2483	2731	2969
9700.00	1360	1932	2229	2490	2739	2977
9750.00	1364	1937	2235	2497	2746	2985
9800.00	1368	1943	2241	2504	2754	2994
9850.00	1372	1948	2248	2511	2762	3002
9900.00	1376	1954	2254	2518	2769	3010
9950.00	1381	1960	2260	2525	2777	3019
10000.00	1385	1965	2266	2532	2785	3027
10050.00	1389	1971	2273	2538	2792	3035
10100.00	1393	1977	2279	2545	2800	3044
10150.00	1397	1982	2285	2552	2808	3052
10200.00	1402	1988	2291	2559	2815	3060
10250.00	1406	1994	2297	2566	2823	3069
10300.00	1410	1999	2304	2573	2831	3077
10350.00	1414	2005	2310	2580	2838	3085
10400.00	1418	2010	2316	2587	2846	3093
10450.00	1422	2016	2322	2594	2854	3102
10500.00	1427	2022	2329	2601	2861	3110
10550.00	1431	2027	2335	2608	2869	3118
10600.00	1435	2033	2341	2615	2876	3127
10650.00	1439	2039	2347	2622	2884	3135
10700.00	1443	2044	2354	2629	2892	3143
10750.00	1448	2051	2361	2637	2901	3153
10800.00	1452	2057	2369	2646	2910	3164
10850.00	1457	2064	2376	2654	2920	3174
10900.00	1462	2070	2384	2663	2929	3184
10950.00	1466	2077	2391	2671	2938	3194
11000.00	1471	2083	2399	2679	2947	3204
11050.00	1475	2090	2406	2688	2957	3214
11100.00	1480	2097	2414	2696	2966	3224
11150.00	1485	2103	2421	2705	2975	3234

Exhibit 7 Pennsylvania Proposed Updated Basic Child Support Schedule						
Combined Adjusted Net Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
11200.00	1489	2110	2429	2713	2985	3244
11250.00	1494	2116	2437	2722	2994	3254
11300.00	1499	2123	2444	2730	3003	3264
11350.00	1503	2129	2452	2739	3012	3274
11400.00	1508	2136	2459	2747	3022	3285
11450.00	1512	2142	2467	2755	3031	3295
11500.00	1517	2149	2474	2764	3040	3305
11550.00	1522	2156	2482	2772	3049	3315
11600.00	1526	2162	2489	2781	3059	3325
11650.00	1531	2169	2497	2789	3068	3335
11700.00	1535	2175	2504	2798	3077	3345
11750.00	1540	2182	2512	2806	3087	3355
11800.00	1545	2188	2520	2814	3096	3365
11850.00	1549	2195	2527	2823	3105	3375
11900.00	1554	2201	2535	2831	3114	3385
11950.00	1558	2208	2542	2840	3124	3395
12000.00	1563	2214	2550	2848	3133	3405
12050.00	1568	2221	2557	2857	3142	3416
12100.00	1572	2228	2565	2865	3151	3426
12150.00	1577	2234	2572	2873	3161	3436
12200.00	1581	2241	2580	2882	3170	3446
12250.00	1586	2247	2588	2890	3179	3456
12300.00	1591	2254	2595	2899	3189	3466
12350.00	1595	2260	2603	2907	3198	3476
12400.00	1600	2267	2610	2916	3207	3486
12450.00	1605	2273	2618	2924	3216	3496
12500.00	1609	2280	2625	2932	3226	3506
12550.00	1613	2285	2632	2939	3233	3515
12600.00	1617	2290	2637	2945	3240	3522
12650.00	1620	2295	2642	2951	3246	3529
12700.00	1623	2300	2648	2957	3253	3536
12750.00	1627	2305	2653	2963	3260	3543
12800.00	1630	2309	2658	2969	3266	3550
12850.00	1634	2314	2664	2975	3273	3557
12900.00	1637	2319	2669	2981	3279	3565
12950.00	1641	2324	2674	2987	3286	3572
13000.00	1644	2328	2680	2993	3292	3579
13050.00	1648	2333	2685	2999	3299	3586
13100.00	1651	2338	2690	3005	3305	3593
13150.00	1654	2343	2695	3011	3312	3600

Exhibit 7 Pennsylvania Proposed Updated Basic Child Support Schedule						
Combined Adjusted Net Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
13200.00	1658	2347	2701	3017	3319	3607
13250.00	1661	2352	2706	3023	3325	3614
13300.00	1665	2357	2711	3029	3332	3621
13350.00	1668	2362	2717	3035	3338	3629
13400.00	1672	2366	2722	3041	3345	3636
13450.00	1675	2371	2727	3047	3351	3643
13500.00	1679	2376	2733	3053	3358	3650
13550.00	1682	2381	2738	3059	3364	3657
13600.00	1686	2385	2743	3064	3371	3664
13650.00	1689	2390	2749	3070	3377	3671
13700.00	1692	2395	2754	3076	3384	3678
13750.00	1696	2400	2759	3082	3391	3686
13800.00	1699	2404	2765	3088	3397	3693
13850.00	1703	2409	2770	3094	3404	3700
13900.00	1706	2414	2775	3100	3410	3707
13950.00	1710	2419	2781	3106	3417	3714
14000.00	1713	2423	2786	3112	3423	3721
14050.00	1717	2428	2791	3118	3430	3728
14100.00	1720	2433	2797	3124	3436	3735
14150.00	1723	2438	2802	3130	3443	3742
14200.00	1727	2442	2807	3136	3449	3750
14250.00	1730	2447	2813	3142	3456	3757
14300.00	1734	2452	2818	3148	3463	3764
14350.00	1737	2457	2823	3154	3469	3771
14400.00	1741	2461	2829	3160	3476	3778
14450.00	1744	2466	2834	3166	3482	3785
14500.00	1748	2471	2839	3172	3489	3792
14550.00	1751	2476	2845	3178	3495	3799
14600.00	1754	2481	2850	3184	3502	3807
14650.00	1758	2485	2855	3189	3508	3814
14700.00	1761	2490	2861	3195	3515	3821
14750.00	1765	2495	2866	3201	3522	3828
14800.00	1768	2500	2871	3207	3528	3835
14850.00	1772	2504	2877	3213	3535	3842
14900.00	1775	2509	2882	3219	3541	3849
14950.00	1779	2514	2887	3225	3548	3856
15000.00	1782	2519	2893	3231	3554	3863
15050.00	1786	2523	2898	3237	3561	3871
15100.00	1789	2528	2903	3243	3567	3878
15150.00	1792	2533	2909	3249	3574	3885

Exhibit 7 Pennsylvania Proposed Updated Basic Child Support Schedule						
Combined Adjusted Net Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
15200.00	1796	2538	2914	3255	3580	3892
15250.00	1799	2542	2919	3261	3587	3899
15300.00	1803	2547	2925	3267	3594	3906
15350.00	1806	2552	2930	3273	3600	3913
15400.00	1810	2557	2935	3279	3607	3920
15450.00	1813	2561	2941	3285	3613	3928
15500.00	1817	2566	2946	3291	3620	3935
15550.00	1820	2571	2951	3297	3626	3942
15600.00	1823	2576	2957	3303	3633	3949
15650.00	1827	2580	2962	3309	3639	3956
15700.00	1830	2585	2967	3315	3646	3963
15750.00	1834	2590	2973	3320	3653	3970
15800.00	1837	2595	2978	3326	3659	3977
15850.00	1841	2599	2983	3332	3666	3985
15900.00	1844	2604	2989	3338	3672	3992
15950.00	1848	2609	2994	3344	3679	3999
16000.00	1851	2614	2999	3350	3685	4006
16050.00	1854	2618	3005	3356	3692	4013
16100.00	1858	2623	3010	3362	3698	4020
16150.00	1861	2628	3015	3368	3705	4027
16200.00	1865	2633	3021	3374	3711	4034
16250.00	1868	2638	3026	3380	3718	4041
16300.00	1872	2642	3031	3386	3725	4049
16350.00	1875	2647	3037	3392	3731	4056
16400.00	1879	2652	3042	3398	3738	4063
16450.00	1882	2657	3047	3404	3744	4070
16500.00	1886	2661	3053	3410	3751	4077
16550.00	1889	2666	3058	3416	3757	4084
16600.00	1892	2671	3063	3422	3764	4091
16650.00	1896	2676	3069	3428	3770	4098
16700.00	1899	2680	3074	3434	3777	4106
16750.00	1903	2685	3079	3440	3783	4113
16800.00	1906	2690	3085	3445	3790	4120
16850.00	1910	2695	3090	3451	3797	4127
16900.00	1913	2699	3095	3457	3803	4134
16950.00	1917	2704	3101	3463	3810	4141
17000.00	1920	2709	3106	3469	3816	4148
17050.00	1923	2714	3111	3475	3823	4155
17100.00	1927	2718	3117	3481	3829	4162
17150.00	1930	2723	3122	3487	3836	4170

Exhibit 7 Pennsylvania Proposed Updated Basic Child Support Schedule						
Combined Adjusted Net Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
17200.00	1934	2728	3127	3493	3842	4177
17250.00	1937	2733	3133	3499	3849	4184
17300.00	1941	2737	3138	3505	3856	4191
17350.00	1944	2742	3143	3511	3862	4198
17400.00	1948	2747	3149	3517	3869	4205
17450.00	1951	2752	3154	3523	3875	4212
17500.00	1954	2756	3159	3529	3882	4219
17550.00	1958	2761	3165	3535	3888	4227
17600.00	1961	2766	3170	3541	3895	4234
17650.00	1965	2771	3175	3547	3901	4241
17700.00	1968	2775	3181	3553	3908	4248
17750.00	1972	2780	3186	3559	3914	4255
17800.00	1975	2785	3191	3565	3921	4262
17850.00	1979	2790	3197	3571	3928	4269
17900.00	1982	2794	3202	3576	3934	4276
17950.00	1986	2799	3207	3582	3941	4284
18000.00	1989	2804	3213	3588	3947	4291
18050.00	1992	2809	3218	3594	3954	4298
18100.00	1996	2814	3223	3600	3960	4305
18150.00	1999	2818	3229	3606	3967	4312
18200.00	2003	2823	3234	3612	3973	4319
18250.00	2006	2828	3239	3618	3980	4326
18300.00	2010	2833	3245	3624	3987	4333
18350.00	2013	2837	3250	3630	3993	4340
18400.00	2017	2842	3255	3636	4000	4348
18450.00	2020	2847	3260	3642	4006	4355
18500.00	2023	2852	3266	3648	4013	4362
18550.00	2027	2856	3271	3654	4019	4369
18600.00	2030	2861	3276	3660	4026	4376
18650.00	2034	2866	3282	3666	4032	4383
18700.00	2037	2871	3287	3672	4039	4390
18750.00	2041	2875	3292	3678	4045	4397
18800.00	2044	2880	3298	3684	4052	4405
18850.00	2048	2885	3303	3690	4059	4412
18900.00	2051	2890	3308	3696	4065	4419
18950.00	2055	2894	3314	3702	4072	4426
19000.00	2058	2899	3319	3707	4078	4433
19050.00	2061	2904	3324	3713	4085	4440
19100.00	2065	2909	3330	3719	4091	4447
19150.00	2068	2913	3335	3725	4098	4454

Exhibit 7 Pennsylvania Proposed Updated Basic Child Support Schedule						
Combined Adjusted Net Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
19200.00	2072	2918	3340	3731	4104	4461
19250.00	2075	2923	3346	3737	4111	4469
19300.00	2079	2928	3351	3743	4118	4476
19350.00	2082	2932	3356	3749	4124	4483
19400.00	2086	2937	3362	3755	4131	4490
19450.00	2089	2942	3367	3761	4137	4497
19500.00	2092	2947	3372	3767	4144	4504
19550.00	2096	2951	3378	3773	4150	4511
19600.00	2099	2956	3383	3779	4157	4518
19650.00	2103	2961	3388	3785	4163	4526
19700.00	2106	2966	3394	3791	4170	4533
19750.00	2110	2970	3399	3797	4176	4540
19800.00	2113	2975	3404	3803	4183	4547
19850.00	2117	2980	3410	3809	4190	4554
19900.00	2120	2985	3415	3815	4196	4561
19950.00	2123	2990	3420	3821	4203	4568
20000.00	2127	2994	3426	3827	4209	4575
20050.00	2130	2999	3431	3832	4216	4583
20100.00	2134	3004	3436	3838	4222	4590
20150.00	2137	3009	3442	3844	4229	4597
20200.00	2141	3013	3447	3850	4235	4604
20250.00	2144	3018	3452	3856	4242	4611
20300.00	2148	3023	3458	3862	4248	4618
20350.00	2151	3028	3463	3868	4255	4625
20400.00	2154	3031	3467	3873	4260	4630
20450.00	2157	3035	3471	3877	4265	4636
20500.00	2160	3039	3475	3881	4269	4641
20550.00	2164	3043	3479	3886	4274	4646
20600.00	2167	3047	3482	3890	4279	4651
20650.00	2170	3051	3486	3894	4284	4656
20700.00	2173	3055	3490	3899	4288	4661
20750.00	2176	3059	3494	3903	4293	4667
20800.00	2179	3063	3498	3907	4298	4672
20850.00	2182	3066	3502	3912	4303	4677
20900.00	2186	3070	3506	3916	4307	4682
20950.00	2189	3074	3510	3920	4312	4687
21000.00	2192	3078	3513	3924	4317	4692
21050.00	2195	3082	3517	3929	4322	4698
21100.00	2198	3086	3521	3933	4326	4703
21150.00	2201	3090	3525	3937	4331	4708

Exhibit 7 Pennsylvania Proposed Updated Basic Child Support Schedule						
Combined Adjusted Net Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
21200.00	2204	3094	3529	3942	4336	4713
21250.00	2207	3097	3533	3946	4341	4718
21300.00	2211	3101	3537	3950	4345	4724
21350.00	2214	3105	3541	3955	4350	4729
21400.00	2217	3109	3544	3959	4355	4734
21450.00	2220	3113	3548	3963	4360	4739
21500.00	2223	3117	3552	3968	4364	4744
21550.00	2226	3121	3556	3972	4369	4749
21600.00	2229	3125	3560	3976	4374	4755
21650.00	2233	3129	3564	3981	4379	4760
21700.00	2236	3132	3568	3985	4384	4765
21750.00	2239	3136	3571	3989	4388	4770
21800.00	2242	3140	3575	3994	4393	4775
21850.00	2245	3144	3579	3998	4398	4780
21900.00	2248	3148	3583	4002	4403	4786
21950.00	2251	3152	3587	4007	4407	4791
22000.00	2255	3156	3591	4011	4412	4796
22050.00	2258	3160	3595	4015	4417	4801
22100.00	2261	3163	3599	4020	4422	4806
22150.00	2264	3167	3602	4024	4426	4811
22200.00	2267	3171	3606	4028	4431	4817
22250.00	2270	3175	3610	4033	4436	4822
22300.00	2273	3179	3614	4037	4441	4827
22350.00	2276	3183	3618	4041	4445	4832
22400.00	2280	3187	3622	4046	4450	4837
22450.00	2283	3191	3626	4050	4455	4842
22500.00	2286	3195	3630	4054	4460	4848
22550.00	2289	3198	3633	4059	4464	4853
22600.00	2292	3202	3637	4063	4469	4858
22650.00	2295	3206	3641	4067	4474	4863
22700.00	2298	3210	3645	4071	4479	4868
22750.00	2302	3214	3649	4076	4483	4873
22800.00	2305	3218	3653	4080	4488	4879
22850.00	2308	3222	3657	4084	4493	4884
22900.00	2311	3226	3661	4089	4498	4889
22950.00	2314	3230	3664	4093	4502	4894
23000.00	2317	3233	3668	4097	4507	4899
23050.00	2320	3237	3672	4102	4512	4904
23100.00	2323	3241	3676	4106	4517	4910
23150.00	2327	3245	3680	4110	4521	4915

Exhibit 7 Pennsylvania Proposed Updated Basic Child Support Schedule						
Combined Adjusted Net Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
23200.00	2330	3249	3684	4115	4526	4920
23250.00	2333	3253	3688	4119	4531	4925
23300.00	2336	3257	3691	4123	4536	4930
23350.00	2339	3261	3695	4128	4540	4935
23400.00	2342	3264	3699	4132	4545	4941
23450.00	2345	3268	3703	4136	4550	4946
23500.00	2349	3272	3707	4141	4555	4951
23550.00	2352	3276	3711	4145	4559	4956
23600.00	2355	3280	3715	4149	4564	4961
23650.00	2358	3284	3719	4154	4569	4967
23700.00	2361	3288	3722	4158	4574	4972
23750.00	2364	3292	3726	4162	4579	4977
23800.00	2367	3296	3730	4167	4583	4982
23850.00	2370	3299	3734	4171	4588	4987
23900.00	2374	3303	3738	4175	4593	4992
23950.00	2377	3307	3742	4180	4598	4998
24000.00	2380	3311	3746	4184	4602	5003
24050.00	2383	3315	3750	4188	4607	5008
24100.00	2386	3319	3753	4193	4612	5013
24150.00	2389	3323	3757	4197	4617	5018
24200.00	2392	3327	3761	4201	4621	5023
24250.00	2396	3330	3765	4206	4626	5029
24300.00	2399	3334	3769	4210	4631	5034
24350.00	2402	3338	3773	4214	4636	5039
24400.00	2405	3342	3777	4219	4640	5044
24450.00	2408	3346	3781	4223	4645	5049
24500.00	2411	3350	3784	4227	4650	5054
24550.00	2414	3354	3788	4231	4655	5060
24600.00	2417	3358	3792	4236	4659	5065
24650.00	2421	3362	3796	4240	4664	5070
24700.00	2424	3365	3800	4244	4669	5075
24750.00	2427	3369	3804	4249	4674	5080
24800.00	2430	3373	3808	4253	4678	5085
24850.00	2433	3377	3811	4257	4683	5091
24900.00	2436	3381	3815	4262	4688	5096
24950.00	2439	3385	3819	4266	4693	5101
25000.00	2443	3389	3823	4270	4697	5106
25050.00	2446	3393	3827	4275	4702	5111
25100.00	2449	3396	3831	4279	4707	5116
25150.00	2452	3400	3835	4283	4712	5122

Exhibit 7 Pennsylvania Proposed Updated Basic Child Support Schedule						
Combined Adjusted Net Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
25200.00	2455	3404	3839	4288	4716	5127
25250.00	2458	3408	3842	4292	4721	5132
25300.00	2461	3412	3846	4296	4726	5137
25350.00	2465	3416	3850	4301	4731	5142
25400.00	2468	3420	3854	4305	4735	5147
25450.00	2471	3424	3858	4309	4740	5153
25500.00	2474	3428	3862	4314	4745	5158
25550.00	2477	3431	3866	4318	4750	5163
25600.00	2480	3435	3870	4322	4755	5168
25650.00	2483	3439	3873	4327	4759	5173
25700.00	2486	3443	3877	4331	4764	5178
25750.00	2490	3447	3881	4335	4769	5184
25800.00	2493	3451	3885	4340	4774	5189
25850.00	2496	3455	3889	4344	4778	5194
25900.00	2499	3459	3893	4348	4783	5199
25950.00	2502	3462	3897	4353	4788	5204
26000.00	2505	3466	3901	4357	4793	5210
26050.00	2508	3470	3904	4361	4797	5215
26100.00	2512	3474	3908	4366	4802	5220
26150.00	2515	3478	3912	4370	4807	5225
26200.00	2518	3482	3916	4374	4812	5230
26250.00	2521	3486	3920	4378	4816	5235
26300.00	2524	3490	3924	4383	4821	5241
26350.00	2527	3494	3928	4387	4826	5246
26400.00	2530	3497	3931	4391	4831	5251
26450.00	2533	3501	3935	4396	4835	5256
26500.00	2537	3505	3939	4400	4840	5261
26550.00	2540	3509	3943	4404	4845	5266
26600.00	2543	3513	3947	4409	4850	5272
26650.00	2546	3517	3951	4413	4854	5277
26700.00	2549	3521	3955	4417	4859	5282
26750.00	2552	3525	3959	4422	4864	5287
26800.00	2555	3529	3962	4426	4869	5292
26850.00	2559	3532	3966	4430	4873	5297
26900.00	2562	3536	3970	4435	4878	5303
26950.00	2565	3540	3974	4439	4883	5308
27000.00	2568	3544	3978	4443	4888	5313
27050.00	2571	3548	3982	4448	4892	5318
27100.00	2574	3552	3986	4452	4897	5323
27150.00	2577	3556	3990	4456	4902	5328

Exhibit 7 Pennsylvania Proposed Updated Basic Child Support Schedule						
Combined Adjusted Net Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
27200.00	2580	3560	3993	4461	4907	5334
27250.00	2584	3563	3997	4465	4911	5339
27300.00	2587	3567	4001	4469	4916	5344
27350.00	2590	3571	4005	4474	4921	5349
27400.00	2593	3575	4009	4478	4926	5354
27450.00	2596	3579	4013	4482	4930	5359
27500.00	2599	3583	4017	4487	4935	5365
27550.00	2602	3587	4021	4491	4940	5370
27600.00	2606	3591	4024	4495	4945	5375
27650.00	2609	3595	4028	4500	4950	5380
27700.00	2612	3598	4032	4504	4954	5385
27750.00	2615	3602	4036	4508	4959	5390
27800.00	2618	3606	4040	4513	4964	5396
27850.00	2621	3610	4044	4517	4969	5401
27900.00	2624	3614	4048	4521	4973	5406
27950.00	2627	3618	4051	4526	4978	5411
28000.00	2631	3622	4055	4530	4983	5416
28050.00	2634	3626	4059	4534	4988	5421
28100.00	2637	3629	4063	4538	4992	5427
28150.00	2640	3633	4067	4543	4997	5432
28200.00	2643	3637	4071	4547	5002	5437
28250.00	2646	3641	4075	4551	5007	5442
28300.00	2649	3645	4079	4556	5011	5447
28350.00	2653	3649	4082	4560	5016	5453
28400.00	2656	3653	4086	4564	5021	5458
28450.00	2659	3657	4090	4569	5026	5463
28500.00	2662	3661	4094	4573	5030	5468
28550.00	2665	3664	4098	4577	5035	5473
28600.00	2668	3668	4102	4582	5040	5478
28650.00	2671	3672	4106	4586	5045	5484
28700.00	2675	3676	4110	4590	5049	5489
28750.00	2678	3680	4113	4595	5054	5494
28800.00	2681	3684	4117	4599	5059	5499
28850.00	2684	3688	4121	4603	5064	5504
28900.00	2687	3692	4125	4608	5068	5509
28950.00	2690	3695	4129	4612	5073	5515
29000.00	2693	3699	4133	4616	5078	5520
29050.00	2696	3703	4137	4621	5083	5525
29100.00	2700	3707	4141	4625	5087	5530
29150.00	2703	3711	4144	4629	5092	5535

Exhibit 7 Pennsylvania Proposed Updated Basic Child Support Schedule						
Combined Adjusted Net Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
29200.00	2706	3715	4148	4634	5097	5540
29250.00	2709	3719	4152	4638	5102	5546
29300.00	2712	3723	4156	4642	5106	5551
29350.00	2715	3727	4160	4647	5111	5556
29400.00	2718	3730	4164	4651	5116	5561
29450.00	2722	3734	4168	4655	5121	5566
29500.00	2725	3738	4171	4660	5126	5571
29550.00	2728	3742	4175	4664	5130	5577
29600.00	2731	3746	4179	4668	5135	5582
29650.00	2734	3750	4183	4673	5140	5587
29700.00	2737	3754	4187	4677	5145	5592
29750.00	2740	3758	4191	4681	5149	5597
29800.00	2743	3762	4195	4685	5154	5602
29850.00	2747	3765	4199	4690	5159	5608
29900.00	2750	3769	4202	4694	5164	5613
29950.00	2753	3773	4206	4698	5168	5618
30000.00	2756	3777	4210	4703	5173	5623

The following formula shall be applied to calculate basic child support when the parties' combined net incomes are above \$30,000 per month:

- One child: \$2,756 + 6.5 % of combined net income above \$30,000 per month.
- Two children: \$3,777 + 8.0% of combined net income above \$30,000 per month.
- Three children: \$4,210 + 9.2% of combined net income above \$30,000 per month.
- Four children: \$4,703 + 10.3% of combined net income above \$30,000 per month.
- Five children: \$5,173 + 11.3% of combined net income above \$30,000 per month.
- Six children: \$5,623 + 12.3% of combined net income above \$30,000 per month.

DETAILED TECHNICAL STEPS AND ADDITIONAL DATA

There are eight technical steps used to derive the updated Guideline Schedule, from the numbers Betson provided, which are shown in Exhibit 8. Because Pennsylvania's guidelines provide that the actual costs of child care, medical insurance and unreimbursed medical expenses be apportioned between the parties, those expenses cannot be included in the basic support schedule or they would be counted twice. Thus, the numbers Betson provided, which include these categories of expenses, must be adjusted. Exhibit 8 shows the raw numbers from the 1998-2004 data used in critical steps: percentage of total expenditures devoted to child-rearing expenditures for one, two and three children; percentage of total expenditures devoted to child care expenses; percentage of total expenditures devoted to extraordinary, uninsured health care expenses; and expenditures to net income ratios.

Child Care Expenses

Betson's measurements of child care expenses, which are shown in Exhibit 8, represent the average percentage of total expenditures devoted to child care expenses across all families

regardless of whether the family incurs any child care expenses. If only those families with child care expenses were included, the percentages would be much higher. The percentage across all families is necessary to back out child care expenses from total child-rearing expenses since the total is derived for all families.

One limitation pertaining to child care expenses is that "necessary" child care expenses (e.g., those incurred to allow someone to work) cannot be distinguished from "discretionary" child care expenses. Ideally, only work-related child care expenses would be subtracted because most state guidelines only factor work-related child care expenses in the child support order calculation outside of the basic obligation. State guidelines may include child care expenses associated with a parent's job search or education aimed at increasing his or her earnings. Since they cannot be distinguished, however, work-related child care expenses may be somewhat overstated and too much may be subtracted from the estimates. In turn, this would cause the amounts in the obligation schedule to be somewhat less than if work-related and discretionary child care expenses could be separated. Nonetheless, since most child care expenses are work-related, discretionary child care expenses are likely to compose a minuscule share of total expenditures. To this end, the magnitude of any bias is likely to be negligible.

Health Care Expenses

In the CEX, health care expenses consider all out-of-pocket health-related expenses. This includes prescription medicines, over-the-counter medicines (e.g., aspirin), the employee's share of health insurance premiums, co-pays and deductibles; orthodontia; and other health-related expenses. Health care expenses for children cannot be distinguished from expenses for adult household members, so it is assumed that the child's share of health care expenses is the same as the child's share of total household expenditures. If the child's health care expenses actually cost more, on average, this will result in downward biases to the amounts in the obligation schedule because too little is subtracted from the estimates than the actual amount expended on the child's health care. Conversely, if the child's health care expenses actually cost less, on average, this will result in upward biases to the amounts in the obligation schedule. Nonetheless, if any bias exists, the amount is likely to be very small because uninsured health care expenses only compose a small portion of total expenditures.

Ordinary and routine medical expenses (e.g., band-aids, over-the-counter medicines, co-pays for well visits) are assumed to be \$250 per child per year for the reference family. This amount approximates average out-of-pocket health care costs per child.¹⁴ Those medical expenses in excess of the \$250 threshold are considered to be extraordinary. They are likely to be expended on such items as orthodontia and uninsured expenses that may include asthma treatment, certain medical equipment, visits to the emergency room of a hospital outside of the healthcare provider's network and other expenses.

¹⁴ McCormick, R. Weinick, A. Elixhauser, et al. (2001) estimated it to be about \$250 using 2000 data. A study by Simpson et al. (2005) using 2001 data estimates out-of-pocket expenditures per child per year to be about \$100 to \$300 depending on family income. This includes office-based visits, prescribed medicine, and utilized hospital services. This does not include over-the-counter medicines, band-aids, and similar expenses.

**Exhibit 8
Parental Expenditures on Children**

Annual Net Income Ranges (July 2005 dollars)	Number of Observations	Current Consumption as a % of Net Income	Expenditures on Children as a % of Total Consumption Expenditures (Rothbarth 1998-2004 data)			Child Care \$ as a % of Consumption (per child)	Medical \$ as a % of Consumption
			1 Child	2 Children	3 Children		
Less than \$15,000	193	3.056	26.12	38.36	45.73	0.17	0.54
\$15,001 – \$20,000	171	1.435	25.73	37.70	44.89	0.57	0.40
\$20,001 - \$25,000	195	1.320	25.60	37.49	44.63	0.92	0.33
\$25,001 – \$30,000	296	1.120	25.50	37.32	44.41	0.64	0.41
\$30,001 - \$35,000	293	0.999	25.42	37.17	44.22	0.63	0.69
\$35,001 – \$40,000	301	0.982	25.35	37.06	44.07	0.98	0.56
\$40,001 - \$45,000	317	0.919	25.32	37.01	44.00	0.84	0.75
\$45,001 – \$50,000	338	0.882	25.28	36.94	43.92	0.98	0.74
\$50,001 - \$55,000	348	0.838	25.25	36.90	43.86	1.31	0.68
\$55,001 – \$60,000	338	0.812	25.22	36.84	43.79	1.26	0.68
\$60,001 - \$65,000	336	0.757	25.21	36.83	43.78	1.52	0.52
\$65,001 – \$70,000	248	0.754	25.17	36.76	43.69	1.54	0.65
\$70,001 - \$75,000	302	0.723	25.16	36.73	43.65	1.59	0.95
\$75,001 – \$80,000	242	0.724	25.12	36.67	43.57	1.41	0.70
\$80,001 - \$90,000	480	0.692	25.09	36.62	43.51	1.64	0.54
\$90,001 - \$100,000	344	0.663	25.05	36.55	43.42	1.53	0.53
\$100,001 - \$110,000	270	0.624	25.03	36.52	43.37	1.57	0.75
\$110,001 - \$125,000	255	0.601	24.99	36.44	43.28	1.72	0.63
\$125,001 - \$150,000	244	0.575	24.92	36.33	43.13	1.68	0.78
More than \$150,000	357	0.482	24.73	36.01	42.71	1.96	0.75

Detailed Technical Steps

Step 1: Update Betson's estimates to current price levels

Betson's most recent estimates are expressed as a percentage of total family expenditures for incomes in July 2005 dollars. The incomes are updated to 2008 price levels by using the Consumer Price Index published by the Bureau of Labor Statistics for March 2008.

Step 2: Subtract child care expenses; health insurance premiums; and extraordinary, uninsured health care expenses

The average percentage of total family expenditures attributable to child care expenses is now subtracted from the average percentage of total expenditures devoted to child rearing for each income range. The child's share of out-of-pocket health care expenses is determined by multiplying the percentage of total expenditures devoted to the child by the percentage of total family expenditures devoted to health care expenses for each income range. It is also subtracted from the average percentage of total expenditures devoted to child rearing. All of these percentages are shown in Exhibit 8. To illustrate this adjustment, look at the one-child expenditures for a family with \$100,000 annual income. The average family of that income spends 25.05 percent of the total family expenditures on the one child. Another 1.53 percent of expenditures is devoted to child care expenses and 0.53 percent is the amount of medical expenses after consideration of health insurance and ordinary medical expenses.¹⁵ Hence, the adjusted amount is 25.05 percent minus 1.53 percent minus 0.13 (0.53 percent multiplied by 25.05 percent). The remainder is 23.39 percent.

Step 3: Extend percentages to six children

Betson's estimates only cover one, two and three children. The number of families in the CEX with four or more children is insufficient to produce reliable estimates. The National Research Council's equivalence schedule, as shown below, is used to extend the three-child estimate to four and more children.¹⁶

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

Application of the equivalence schedule implies that: expenditures on four children are 11.7 percent more than the expenditures for three children; expenditures on five children are 10.0 percent more than the expenditures for four children; and expenditures for six children are 8.7 percent more than expenditures for five children.

Step 4: Relate the estimates of child-rearing expenditures to incomes

The results from the above steps are child-rearing expenditures that are still expressed as a percentage of total family expenditures. In this step, they are converted to a percentage of net income using the average ratio of expenditures to net income for a particular income

¹⁵ As previously discussed, the child care expenses are averaged across families that incur and do not incur child care expenses. If only families that incur child care expenses were included, the percentage would be much higher. Families with older children, one working parent, relative care and other situations will not incur child care expenses. These families must be considered also.

¹⁶ Citro and Michael (1995).

range. The average is from the same families included in the data that Dr. Betson used to estimate child-rearing expenditures. (These percentages are shown in Exhibit 8.)

To illustrate this adjustment, continue considering the one-child amount for a family with \$100,000 annual income. In Step 2, the percentage of total family expenditures devoted to one child less child care expenses, health insurance, and uninsured, extraordinary medical expenses was 23.39 percent. That amount is multiplied by 66.3 percent (the current consumption rate shown in Exhibit 8). The product, 15.51 percent, represents the amount of net income spent on one child. (The prior percentages reflected a percentage of total family expenditures devoted to child-rearing expenditures.)

The consumption rate used in this calculation is capped at 100 percent. This effectively assumes that families should not be required to spend more than their income. However, the actual data finds that, on average, families with incomes below about \$30,000 per year spend more than their income.

Step 5: Calculate marginal percentages

At this point, we now have percentages of net income attributable to child-rearing expenditures for one to six children that do not include child care expenses, health insurance premiums, or uninsured, extraordinary medical expenses for several income ranges. To gradually phase between income ranges, we create marginal percentages by taking the ratio of (a) the difference in the base support amount between one income bracket and the next bracket and (b) the difference in the monthly net income between the same income brackets. Base support is calculated by applying the percentage of net income attributable to child-rearing expenditures to the midpoint of each income range. The results for one through three children are shown in Exhibit 9. The amounts for four or more children are calculated using the multipliers shown in the previous step.

The Table of proportions shown in Exhibit 9 functions much like a tax schedule. The midpoint percentage is applied to the net income shown in Exhibit 8. The marginal percentage is applied to any net income above that amount and less than the amount of the net income in the next row. For example, if there is \$2,000 in net monthly income and one child, 25.06 percent is applied to the first \$1,594 in net income and 23.84 percent is applied to the remainder (\$406 = \$2,000 - \$1,594). The result is \$496, which is the sum of \$399 (25.06% X \$1,594) and \$97 (\$406 X 23.84%).

Exhibit 9						
TABLE OF SUPPORT PROPORTIONS						
Midpoint of Monthly Net Income Range	1 Child		2 Children		3 Children	
	Midpoint	Marginal	Midpoint	Marginal	Midpoint	Marginal
\$683	0.2581	0.2449	0.3781	0.3536	0.4497	0.4152
\$1,594	0.2506	0.2384	0.3641	0.3419	0.4300	0.3992
\$2,277	0.2469	0.2425	0.3574	0.3520	0.4208	0.4167
\$2,960	0.2459	0.1860	0.3562	0.2547	0.4198	0.2822
\$3,415	0.2379	0.1130	0.3426	0.1683	0.4015	0.2034
\$3,870	0.2232	0.1230	0.3221	0.1699	0.3782	0.1920

Exhibit 9 TABLE OF SUPPORT PROPORTIONS						
Midpoint of Monthly Net Income Range	1 Child		2 Children		3 Children	
	Midpoint	Marginal	Midpoint	Marginal	Midpoint	Marginal
\$4,326	0.2127	0.0710	0.3061	0.0861	0.3586	0.0807
\$4,781	0.1992	0.0917	0.2852	0.1275	0.3321	0.1453
\$5,464	0.1857	0.1065	0.2655	0.1456	0.3088	0.1619
\$6,147	0.1769	0.1020	0.2521	0.1452	0.2924	0.1691
\$6,830	0.1694	0.1006	0.2415	0.1385	0.2801	0.1552
\$7,741	0.1613	0.1017	0.2293	0.1477	0.2654	0.1752
\$8,651	0.1551	0.0518	0.2208	0.0719	0.2559	0.0805
\$9,562	0.1452	0.0859	0.2066	0.1160	0.2392	0.1288
\$10,700	0.1389	0.0949	0.1970	0.1351	0.2275	0.1561
\$12,521	0.1325	0.0710	0.1879	0.0981	0.2171	0.1102
\$20,351	0.1089	0.0646	0.1534	0.0801	0.1760	0.0801

Step 6: Adjustment for the Custodial Parent's Reduced Expenditures

The Committee wanted to recognize routine visitation with the noncustodial parent, which is typically 30 percent of the child's time, into the guidelines calculation. The Committee reviewed other state approaches and extensively weighed their pros and cons. In addition, the Committee, with the assistance of its Counsel, sought and received input from the Pennsylvania Bar Association Family Law Section, judges, and other professionals associated with family law. The Committee concluded that incorporating the timesharing adjustment into the schedule was the most simple to use and acceptable approach.

The Committee explored how much the schedule should be adjusted for timesharing. They reviewed the methodologies in the two states that incorporate the adjustment into the schedule and considered which child-rearing expenditures are most likely to be affected by timesharing. The Committee rejected the approaches used by Kansas and Louisiana. Kansas uses a higher set of child-rearing expenditures than Pennsylvania does as the basis of their schedule and the source of the Kansas adjustment is unknown. The Committee also wanted to include more than the child's food expenses, which is the basis of the Louisiana adjustment.

The Committee favored the underlying premise of timesharing adjustments in Arizona, Indiana and New Jersey, even though these states make the adjustment in the worksheet, not the schedule. The underlying premise is that there are three types of child-rearing expenditures: (i) time-variable expenses, which are those that if incurred by one parent, are not incurred by the other (i.e., the child's food and some entertainment such as movie tickets); (ii) fixed, duplicated expenses that both parents incur to care for the child (e.g., housing); and (iii) fixed, unduplicated expenses that one parent is likely to incur but are not related to time with the child (e.g., the child's clothing and portable media player). However, standard classifications about which categories of expenses in the Consumer Expenditure Survey (the data source of the updated schedule) fall into each of these three theoretical categories

have not been developed.¹⁷ In fact, Arizona, Indiana and New Jersey each classify child-rearing expenses somewhat differently.

The economist providing technical consultation to the Committee developed various alternative assumptions about these expenses. For example, when defining variable expenses, some of the variations included all food and others only included food consumed away from home because custodial parents may not realize any cost savings in food consumed at home by the child if they purchase food in discounted, volume sizes. The Committee favored the alternative that excluded 30 percent of the child's food consumed away from home and entertainment fees and dues (e.g., admissions to sporting events, movies, concerts, and plays). There would be a reduction in the custodial parent's expenses on these items when the children were with the noncustodial parent.

As deduced from summary tables prepared by the Bureau of Labor Statistics¹⁸, about 44 percent of food expenditures are spent on food consumed away from home and 29 percent of entertainment expenses are spent on admissions and fees. (Other entertainment expenses include playground equipment and pets that the custodial parent would not be able to reduce.) When converted to a percentage of total income (by also considering the percentage in Exhibit 5, which considers the percentage of total income devoted to child-rearing expenditures), these expenses amount to about 10 percent of total child-rearing expenses. When weighed by 30-percent timesharing, this reduces the schedule amounts by about 3 percent.

The Committee recognizes that this is a very conservative adjustment and other child-rearing expenses may be appropriate to include. However, since the existing schedule incorporates no adjustment for timesharing, the Committee thought it sensible to start with fewer items; hence, allowing future Committees to expand the categories of expenses considered in the adjustment as they deem appropriate.

Step 7: Incorporate the self-support reserve and minimum orders

The intent of the self-support reserve is to allow the obligated parent sufficient income after payment of child support to live at a sustainable level. The amount of the self-support reserve in the current schedule is \$748 per month. It is based on the 2003 federal poverty level for one person. It is updated using the 2008 federal poverty level for one person, which is \$867 per month.

The self-support reserve is compared to net income. If the difference between net income and the self-support reserve is less than the obligation amount, an adjustment is made. For example, the difference between \$1,000 in net income and the self-support reserve of \$867 is \$133 per month, which becomes the maximum obligation at \$1,000. What is actu-

¹⁷Major categories (e.g., food, entertainment) of expenses are shown in Exhibit 4. They are further broken down into subcategories in the CEX. For example, "entertainment" includes four subcategories: (i) fees and admissions; (ii) audio and visual equipment and services; (iii) pets, toys, hobbies, and playground equipment; (iv) other entertainment supplies, equipment, and service.

¹⁸ Bureau of Labor Statistics, Table 4 (2006).

ally spent on a child by families of this income level is \$247 per month for one child. Since this is more than the difference between net income and the self-support reserve, an adjustment is incorporated into the obligation schedule.

The adjustment is a percentage of the difference between the net income and the self-support reserve. This allows for a work incentive; that is, for each dollar earned, some of it is retained by the obligated parent and not all of it is assigned to child support. The adjustment percentages are: 90 percent for one child; 91 percent for two children; 92 percent for three children; 93 percent for four children; 94 percent for five children; and 95 percent for six children. In addition, there are minimum support orders of:

- \$50 per month for one child;
- \$55 per month for two children;
- \$60 per month for three children;
- \$65 per month for four children;
- \$70 per month for five children; and
- \$75 per month for six children.

To illustrate the work incentive, continue the example at the obligor's net income of \$1,000 per month. As described above, based on a self-support reserve of \$867 per month, the difference between after-tax income and the self-support reserve is \$133 per month. The formula provides that the obligated parent keeps at least one dollar of every ten dollars above the self-support reserve and the remaining income is assigned to child support. Based on this formula, the one-child guidelines amount is \$120 per month (\$133 multiplied by 90%).

The self-support reserve is phased out when average child-rearing expenditures for an income level is less than the self-support reserve formula. This occurs above monthly net incomes of \$1,150 for one child; \$1,400 for two children; \$1,550 for three children; \$1,700 for four children; \$1,850 for five children; and \$2,000 for six children.

Step 8: Extrapolate to higher incomes

The Committee recognized that there are many cases involving combined net monthly incomes more than the highest amount considered under the existing schedule (\$20,000 per month). The highest income bracket of the new economic data includes families with net incomes of about \$13,000 per month or more. Their median net income is just above \$20,000 per month; yet half of the families in the highest income range have incomes above that. Some Income Shares guidelines stop the schedule at the median income of the highest income bracket, even though it includes much higher incomes. The reason being is that the decrease in percentage of after-tax income devoted to child-rearing expenditures is calculated by interpolating between the midpoints of two consecutive midpoint ranges and there is not a higher income range to which to make this calculation. In short, there is insufficient data to precisely measure the rate at which the percentage of after-tax income devoted to child-rearing expenditures decreases as income increases above about \$20,000 net per month.

Despite this limitation, the existing Pennsylvania schedule is extended to incomes about 50 percent greater than the median income of the highest income range using the older economic data on child-rearing expenditures. Similarly, the updated Pennsylvania schedule is extended to incomes about 50 percent greater than the median income of the highest income range using the new economic data (\$30,000 per month).

In addition, an extrapolation is made to develop a formula for cases in which the combined net monthly income of the parties is above \$30,000. The extrapolation is based on a non-linear regression equation of the percentage of net income devoted to child-rearing expenditures and combined net income. A non-linear model is used because the change in the percentage of income devoted to child-rearing expenditures does not change at a constant rate; rather, the percentage of income devoted to child-rearing expenditures decreases at an increasing rate as income increases.

Section IV:

FINDINGS FROM CASE FILE REVIEW

Federal regulation requires states to analyze case file data as part of their quadrennial child support guidelines review. The analyses are to consider application of, and deviation from, the guidelines. Its purpose is to inform recommendations for updating the guidelines. In particular, states are encouraged to establish guidelines provisions that are applied to the majority of cases, are appropriate for those cases, and result in few deviations.

METHODOLOGY AND DATA SOURCE

Case file data were collected from a random sample of child support orders established or modified in 2005 or 2006. The random sample excluded interstate cases because another state's guidelines may apply. The data source is the Pennsylvania automated child support system, PACSES, which encompasses several screens that record the information used to determine the guidelines amount and information about guidelines deviation if a deviation was made.

In 2005, Pennsylvania established 49,506 new orders.¹⁹ Historically, Pennsylvania modifies about as many orders as it establishes each year. In all, Pennsylvania had 473,505 cases with established child support orders in 2005. A random sample of 2,000 cases was pulled for the analysis: 1,000 cases with newly established orders and 1,000 cases with modified orders. The orders were either established or modified in 2005 or 2006.

A similar case file review involving 2,000 cases was conducted in 2003 only from orders established or modified in 2001 or 2002. Some of the findings from the current case file review are compared and contrasted to the findings from the earlier case file review.

GENERAL CHARACTERISTICS OF SAMPLED CASES

Since the last case file review, custodial parents are more likely to be female and there are more two-children orders among modified cases. Other than that, most caseload characteristics have not changed. On average, order amounts and incomes have stayed relatively the same even though average income has increase among the general population. This may suggest that the Bureau of Child Support Enforcement (BCSE) caseload is getting poorer.

Gender of the Custodial Parent

In the majority of the cases, the custodial parent is female. Females comprised 89 percent of the custodial parents in new orders and 93 percent of the custodial parents in modified orders. The percentage of female custodial parents has increased significantly over time. Four years ago, 83 and 88 percent of the custodial parents in new orders and modified

¹⁹ Federal Office of Child Support Enforcement, *Fiscal Year 2005 Report to Congress*, Washington, D.C. (2006).

orders, respectively, were female. Although data were not available to substantiate it, this may suggest that the BCSE is serving a growing population of low-income families that are single mothers. Due to the cooperation requirements of public assistance programs, state child support agencies tend to serve lower income populations rather than families with average income. Single-parent families headed by females are more likely to have low income.

The percentage of female custodial parents in the Pennsylvania caseload also differs from U.S. Census figures. The most recent Census data (2005) finds that 84 percent of custodial parents nationally are mothers and this percentage has not changed significantly over time. The Census data consider all families, not just those with orders established or modified by a state child support agency. In part, this may explain some of the difference between the national and Pennsylvania data.

Number of Children

The vast majority of child support orders cover one and two children. Seventy-two percent of new orders and 59 percent of modified orders cover one child. The percentage of orders covering two children are 20 percent of new orders and 31 percent of modified orders.

Modified orders now involve more children than they did previously. Forty-one percent of modified cases in the most recent case file review cover two or more children. The comparable percentage from the previous case file review, which is statistically different, was 35 percent. Most of the increase was due to an increase in modified orders among cases involving two children. We do not believe the 2006 guidelines changes caused more two-children families to seek modification because the guidelines changes to the two-children amounts were not remarkably differently than the changes to the one-child amounts.

Average Child Support Order

The monthly child support order averages \$393 among new orders and \$414 among modified orders. Child support order amounts, on average, have not changed over time. This suggests that incomes have not changed significantly over time to warrant a modification. Further, with the exception of expanding the low-income adjustment, the 2006 guidelines change made nominal changes to the typical incomes served by the BCSE; that is, the amount of the change may not have been sufficient to meet the modification threshold.

Low-Income Orders

The percentage of new orders set at less than \$100 per month has increased over time, but this is not the trend among modified orders. More than one out of ten new orders (11%) is set at \$100 per month or less. Significantly, fewer modified orders are set less than \$100.

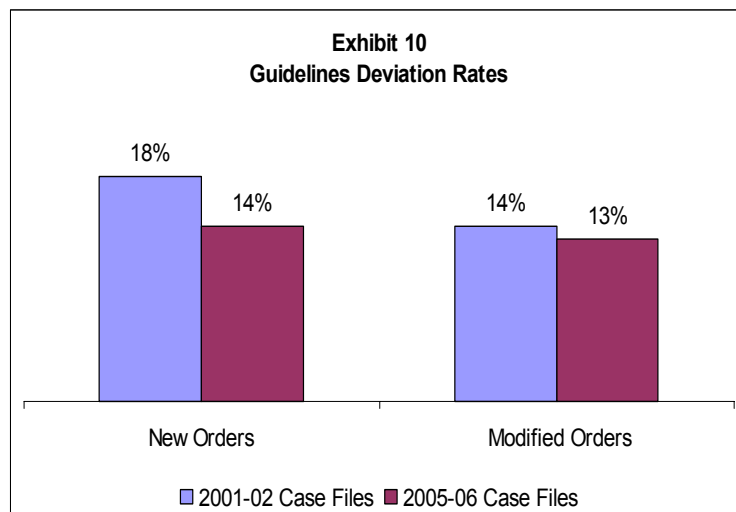
The increase in the percentage of new orders below \$100 may result from the 2006 guidelines change that updated the self-support reserve for noncustodial parents with very low incomes. It effectively increased the income threshold to which the minimum order amount of \$50 would apply from \$600 to \$800 per month. The minimum order is designed to be applied to noncustodial parents with poverty incomes and is gradually phased out as the noncustodial parent's income increases.

Parents' Incomes

Average income among BCSE cases is relatively low compared to statewide incomes. Custodial parents' monthly income averages \$1,079 among new cases and \$1,417 among modified cases. Noncustodial parent's monthly net income averages \$1,803 among new cases and \$2,038 among modified cases. These incomes are considerably below average earnings among Pennsylvania females and males according to 2006 Census American Community survey data. On average, Pennsylvania females earn about \$1,800 per month and Pennsylvania males earn about \$2,800 per month. The actual gap in income among parties in BCSE cases and statewide incomes, however, would be somewhat narrower because the case file reviews consider after-tax income and the Census data considers gross income. BCSE incomes would be more if they were converted to gross incomes.

DEVIATIONS FROM THE GUIDELINES

Deviations from the guidelines are infrequent and occur even less frequently than they did in the last guidelines review. Exhibit 10 compares the deviation rates this review and last review between new and modified orders. The deviation rate has decreased significantly among new orders from 18 to 14 percent. It has also decreased among modified orders, from 14 to 13 percent, but the decrease is not statistically significant. The Pennsylvania deviation rate is generally lower than or comparable to other recent studies in neighboring states. For example, a 2000 New York study found its deviation rate to be 18 percent.²⁰ A 2004 Maryland study found the deviation rates to be 20 percent among new orders and 26 percent among modified orders.²¹



The vast majority of the deviations are due to agreement between the parties: 88 percent of the new orders with deviations were due to stipulations and 85 percent of the modified orders with deviations were due to stipulations. The percentage of deviations due to agreement between the parties has increased significantly since the last guidelines review.

APPLICATION OF GUIDELINES PROVISIONS

The Pennsylvania guidelines provide several adjustments in the formula for actual child-rearing expenditures: child care expenses; health insurance premiums; extraordinary medi-

²⁰ Dlugolecki, David, *New York State Child Support Standards Act Quadrennial Evaluation*, NYS Office of Temporary and Disability Assistance, Albany, (New York, June 2001).

²¹ Orwigo, Pamela Caudill, et al., *Maryland Child Support Guidelines Review: Case File Review*, University of Maryland School of Social Work, Baltimore, Maryland (November 2004).

cal expenses; and additional expenses such as private school tuition, summer camp, and other needs of the child that are not addressed elsewhere. About 20 percent of the cases (both new and modified orders) are adjusted for child care expenses; 28 percent of new orders are adjusted for private health insurance; 39 percent of modified orders are adjusted for private health insurance; less than one percent of all cases (both new and modified orders) are adjusted for extraordinary medical expenses; and five percent or less of new and modified orders are adjusted for additional expenses such as private school tuition, summer camp, and other child expenses. There is little change in how often these adjustments are used from the last guidelines review.

The shared custody formula is rarely applied. It is applied in only four percent of the cases. This is no different than the findings from the last case file review.

Private Health Insurance Premiums

It appears that both parents carry private health insurance in very few cases. The order was adjusted for both parents' private health insurance premium costs in just three percent of new orders and less than one percent of modified orders. More commonly, the order was adjusted for just one parent carrying private health insurance. In those cases, the parent carrying private health insurance was almost equally split between custodial and noncustodial parents. That is, custodial parents were just as likely to provide private health insurance as noncustodial parents.

The median cost of private health insurance for the child was \$67 per month. This comprised three percent of the parent's income; hence, the health insurance premium would be considered reasonable in cost under the proposed threshold of five percent of a party's net monthly income. In fact, the five-percent threshold would be met in 75 percent of the cases reviewed in which private health insurance was considered in the guidelines calculation.

Section V: Comparisons and Conclusions

The Pennsylvania Child Support Schedule is updated in this report using the most current economic data available in 2008. The proposed schedule also incorporates an adjustment that assumes that the noncustodial parent has parenting time with the child 30 percent of the time.

CHANGES IN ECONOMIC FACTORS

There are four components to the updated economic data: price changes; income changes; changes in family expenditures over time; and changes in the federal poverty level for one person.

Changes in Prices and Incomes

Average prices have increased by 18 percent since the schedule was last updated. Incomes have also increased at an almost comparable rate. From 2003 to the third quarter of 2007, the average wage in Pennsylvania increased by 16 percent.²² If the schedule were updated for changes in prices and incomes only, the schedule would increase by about seven percent on average. This represents how much more it costs to maintain the children's same standard of living due to price and income changes. The percentage increase is less than the price increase because the percentage of after-tax income devoted to child-rearing expenditures decreases as income increases.

Since the schedule was last updated, prices for specific items have changed at a variety of rates. For example, food prices have increased by 17 percent; transportation prices have increased by 26 percent; housing prices have increased by 15 percent; medical costs have increased by 24 percent; and apparel prices have increased by two percent.

Changes in Expenditures

How families spend their after-tax income changes depending on tastes and preferences, as well as the prices of particular items and whether an item is a necessity and there are other items that are close substitutes (e.g., beef and chicken are close substitutes). For example, because health care is a necessity, when health care costs increase, a family may have to spend less on other items. Still another example, even though clothing has become relatively cheaper because average income has increased considerably more than apparel costs, instead of buying more clothes, some families may shift some of their expenditures to other items.

These changes are reflected in the changes to the measurements of child-rearing expenditures over time. As discussed in Section II, the percentage of after-tax income devoted to

²² Information downloaded from the Pennsylvania Department of Labor and Industry.
<http://www.paworkstats.state.pa.us>

child-rearing expenditures has changed zero to two percent depending upon the number of children and income level.

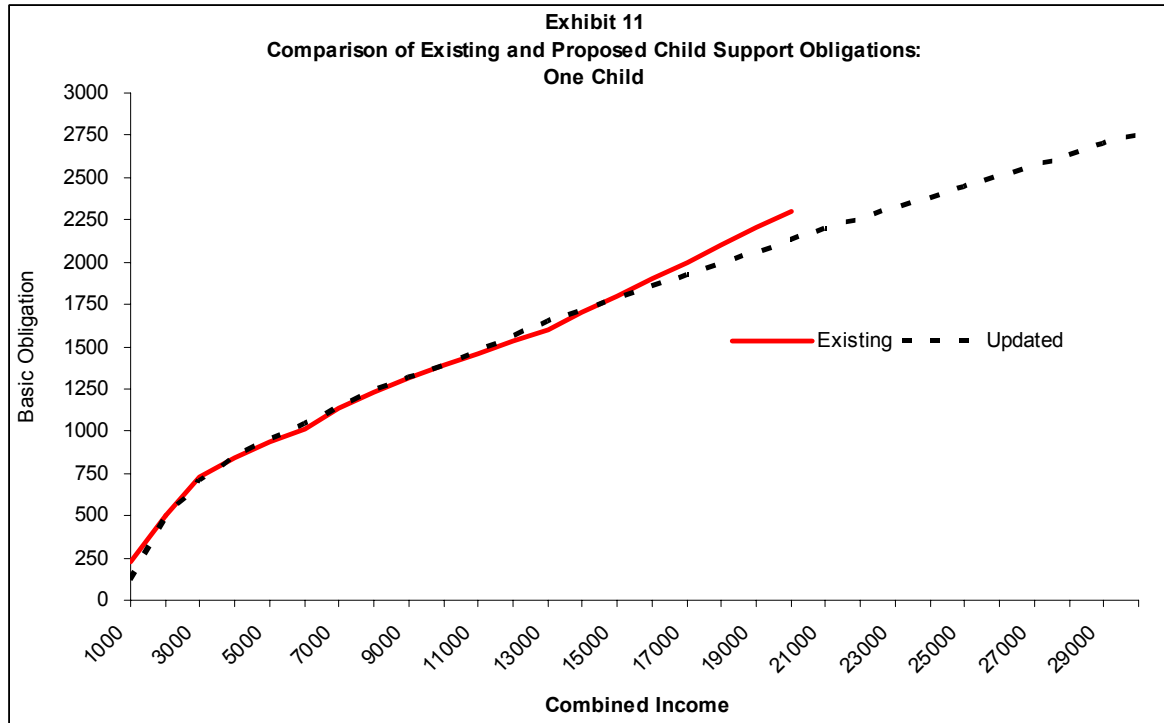
If the schedule were updated for changes in expenditures patterns only, the schedule would increase by about six percent on average. However, the percentage change varies considerably by the number of children and income range. The variation reflects that consumption patterns vary by family size and incomes.

Changes in the Poverty Level for One Person

As discussed earlier, the existing schedule incorporates a self-support reserve equivalent to the federal poverty level for one person. The updated schedule incorporates the 2008 poverty level as the self-support reserve. It results in substantial decreases at the lowest incomes considered in the schedule. The poverty level increased by over \$100 (from \$748 to \$867 per month) since the schedule was last revised. As a result, some of the proposed decreases are nearly \$100 per month.

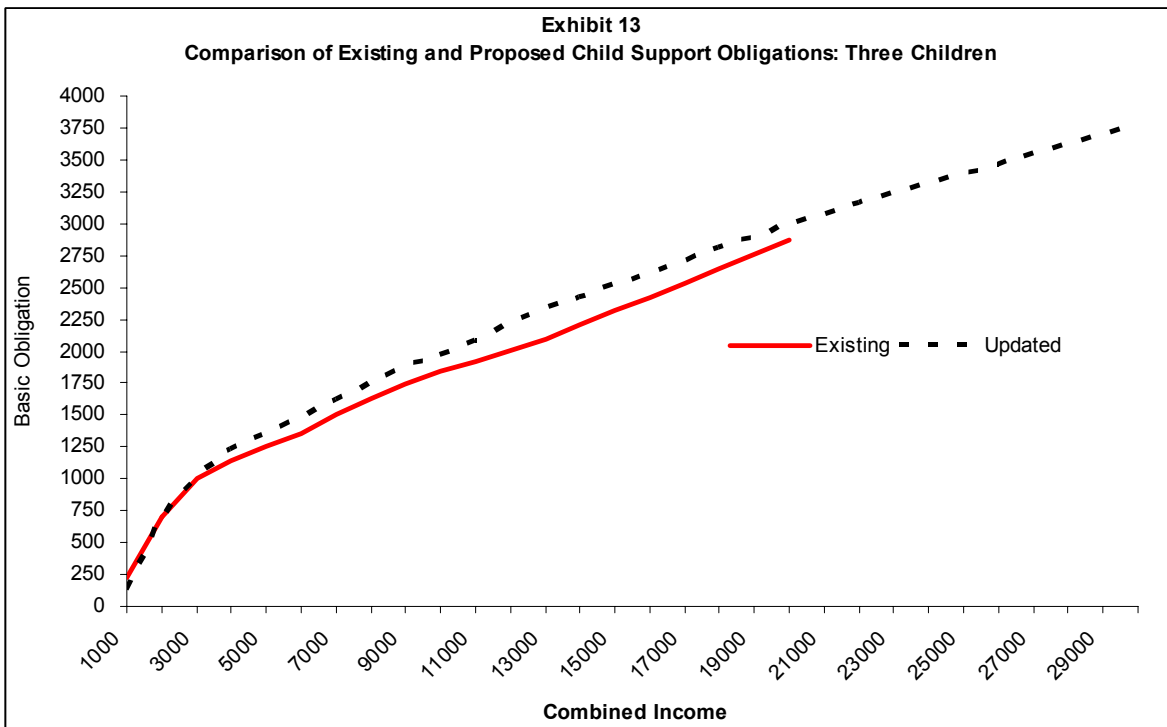
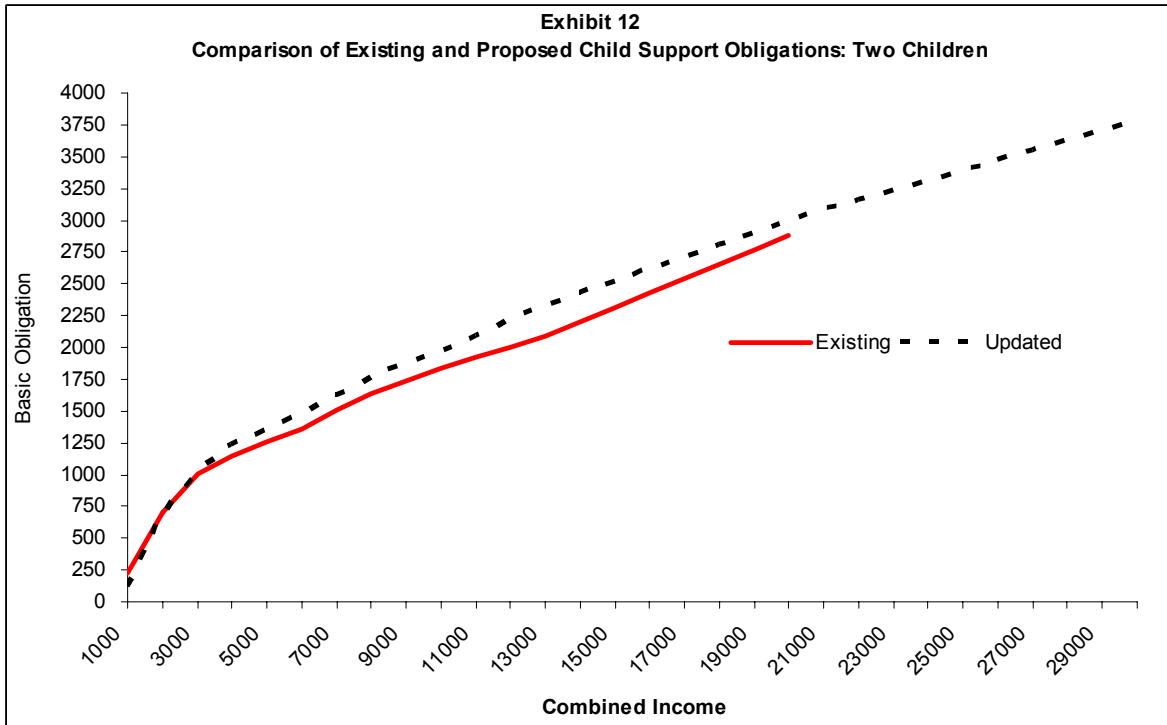
GRAPHICAL COMPARISONS

Exhibits 11, 12 and 13 provide graphical comparisons of the existing and updated schedules for one, two, and three children, respectively. The amounts for four and more children would be similar to those changes for three children. The graphs show the change in the basic obligation amount. The basic obligation is the amount owed by both parents. It reflects measurements of child-rearing costs, and is the amount considered before it is pro-rated between the parents. As a consequence, it should not be equated to changes in order amounts. As long as the custodial parent has any income, the change to the order amount would be less than the change to the obligation amount.



There are several observations that can be made from comparing the existing and proposed schedules in Exhibits 11, 12 and 13.

- *The updated schedule covers higher incomes.* It covers incomes up to a combined net amount of \$30,000 per month; whereas, the existing schedule covers incomes up to \$20,000 net per month. This is because there are more high-income families in the more current data than the older data.
- *The proposed changes are mostly increases.* The increases average one percent for one child, seven percent for two children; and 14 percent for three or more children.
- *There are some decreases at the very low incomes.* This results from updating the self-support reserve for increases in the federal poverty level. The decreases are likely to affect only those with poverty incomes. Since federal and state minimum wages are increasing, those parents who are voluntarily unemployed may actually have a small increase in support because income would be imputed at the higher minimum wage, which results in a slightly higher support order than the old minimum wage.
- *There are some anomalous decreases for one child.* These decreases result from the timesharing adjustment built into the schedule. The timesharing adjustment is a rebuttable presumption that the children are with the obligor 30 percent of the time. That presumption was not included in the current schedule and, in fact, the current schedule did not include an adjustment for any amount of parenting time. The decreases are at their largest above \$15,000 per month and less than \$20 per month at lower incomes.



CONCLUSION

The child support guidelines affect many of Pennsylvania's children, mothers and fathers. About three-quarters of a million of Pennsylvanian children live in single-parent families. In addition, an unknown number of children living in stepfamilies, foster care, relative care and other situations may be affected by the child support guidelines. It is imperative that the guidelines be fair, just and appropriate. Updating the guideline schedule will help achieve this.

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