

# 2015 CHILD SUPPORT SCHEDULE WORKGROUP

## FORMULA SUBCOMMITTEE REPORT

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### **Revised Code of Washington 26.19.075 (d) | Residential schedule:**

*The court may deviate from the standard calculation if the child spends a significant amount of time with the parent who is obligated to make a support transfer payment. The court may not deviate on that basis if the deviation will result in insufficient funds in the household receiving the support to meet the basic needs of the child or if the child is receiving temporary assistance for needy families. When determining the amount of the deviation, the court shall consider evidence concerning the increased expenses to a parent making support transfer payments resulting from the significant amount of time spent with that parent and shall consider the decreased expenses, if any, to the party receiving the support resulting from the significant amount of time the child spends with the parent making the support transfer payment.*

### **Key Group Issues**

**What is the formula for applying a residential credit?**

### **Findings**

#### **How does a residential credit affect a non-custodial parent's support obligation and transfer to the custodial parent?**

To determine how a residential credit affects a non-custodial parent's support obligation and the amount that is transferred to the other parent, we need several pieces of information:

1. The combined family income and number of children. These determine the total monthly basic support obligation from the DCS table.
2. The NCP's share of combined family income, which when multiplied by the total monthly basic support obligation determines the dollar amount of the NCP's support obligation.
3. The residential credit schedule, which determines the credit as a percentage of the NCP's obligation as children's time in residence varies from 0 to 50 percent.
4. The actual percentage of time the children reside with the NCP. This, the credit schedule, and the total monthly basic support obligation determine the dollar amount of residential credit. The formula for the amount of credit is on page 3.
5. Once the credit is calculated, a further inquiry is to be made as to the effect of the deviation on the finances in the household receiving support.

We use the residential credit schedule developed by the “Unit of measurement” subcommittee that was endorsed at the July 13 meeting. We apply it to 4 couples with different levels of combined family income – low, low-middle, middle-high, and high. For each couple we examine NCPs whose shares of total combined income are 95%, 75%, 50% or 33%. Thus, there are 16 examples (4 income levels X 4 shares).

### **Assumptions about combined family income and number of children and the total support obligation**

#### Low income family:

Two children, both age 0-11  
Combined monthly family income of \$2,500  
About 32% of cases have a combined monthly income in the \$2-3,000 range; about 19% are in the \$3-4,000 range.  
Total basic support obligation is \$816 based on Washington table

#### Low-middle income family:

Two children, both age 0-11  
Combined monthly family income of \$5,000  
About 18% of cases have a combined monthly income in the \$4-6,000 range.  
Total basic support obligation is \$1,148 based on Washington table

#### Middle-high income family:

Two children, both age 0-11  
Combined monthly family income of \$7,500  
About 12% of cases have a combined monthly income in the \$6-9,000 range.  
Total basic support obligation is \$1,624 based on Washington table

#### High income family:

Two children, both age 0-11  
Combined monthly family income of \$10,000  
About 3.5% of cases have a combined monthly income of \$10,000 or more.  
Total basic support obligation is \$2,042 based on Washington table

### **NCP’s monthly basic support obligation**

We compute the NCP’s monthly basic support obligation for the 16 cases assuming there is no residential credit. The NCP’s obligation equals the amount transferred to the CP. Table 1 shows the results. Where applicable, the calculations take account of the impact of the self-support reserve on the obligation of the NCP. For example, the low income family has an unadjusted total basic support obligation of \$816. If the NCP had 75% of this family’s combined income, the obligation would be 75% of \$816, or \$612. If the NCP had 33% of combined income, the unadjusted obligation would be \$269 but the self-support reserve limits the obligation to \$100 (\$50 for each child).

**Table 1: NCP monthly basic support obligation based on combined family income and NCP's share of that income, **assuming no residential credit****

NCP share of combined family income	NCP's basic support obligation = Amount transferred to CP			
	Low income	Low-middle income	Middle-high income	High income
95%	\$775	\$1,091	\$1,543	\$1,940
75%	\$612	\$861	\$1,218	\$1,532
50%	\$100 <sup>a</sup>	\$574	\$812	\$1,021
33%	\$100 <sup>a</sup>	\$379	\$536	\$674

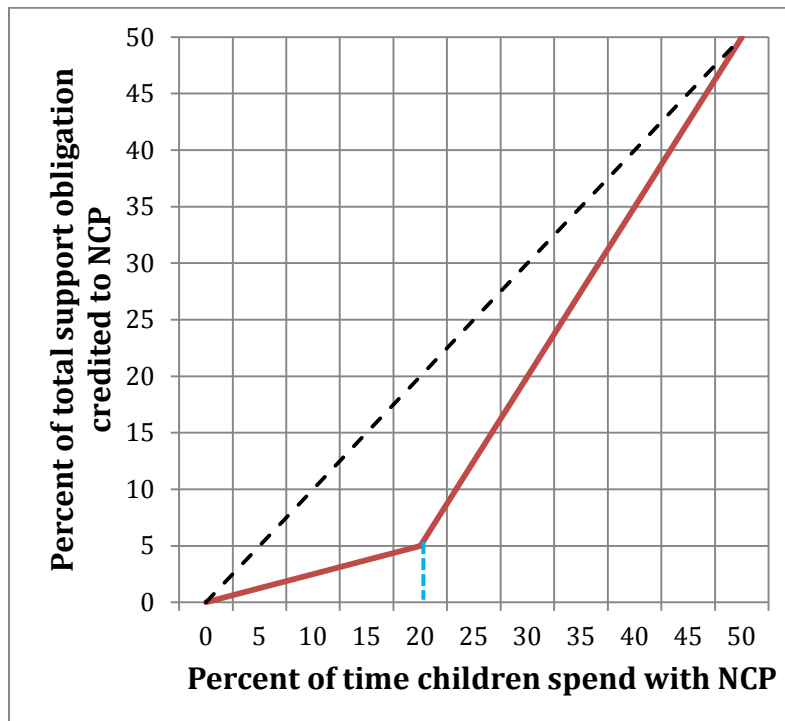
a. For these cases, the self-support reserve rule sets NCP's obligation to \$100.

### Residential credit schedule

The credit is structured with two parts. Initially, as the percent of time children spend with the NCP rises, the credit rises more slowly than the percent. When the percent of time reaches 20%, the credit is 5% of the total support obligation. When the percent of time exceeds 20%, the credit rises faster so that, when the percent time reaches 50%, the credit is also 50%.

Figure 1 illustrates the credit schedule. The black reference line shows where the percent of credit always equals the percent of time.

**Figure 1: Residential credit schedule used in analysis**



## Recommendation:

The formula for the dollar amount of the credit is:

$$\text{Credit} = \text{TS} * (.25 * (\text{N}/365) ) \quad \text{if } \text{N} \leq 73$$

$$\text{Credit} = \text{TS} * (.05 + ((\text{N} - 73)/365) * 1.5 ) \quad \text{if } \text{N} > 73^1$$

where TS = total support obligation based on combined income of both parents and N = number of night spent with NCP. Note that 73 nights is 20% of a year.

The formula shows that to compute the residential credit, we multiply the total monthly basic support obligation by the percent of time the children spend with the NCP.

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<sup>1</sup> The formula for the percentage credit is  $100 * (.25 * (\text{N}/365) )$  if  $\text{N} \leq 73$  and  $100 * (.05 + ((\text{N} - 73)/365) * 1.5 )$  if  $\text{N} > 73$