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The Child Support Advisory Commission met at 9:00 a.m. on Tuesday, September 9, 2014, in Room 1113 of the State Capitol, Lincoln, Nebraska. Members present: Senator Brad Ashford; Senator Kathy Campbell; Angela Dunne; Amy Holmes; William MacKenzie; Hon. Paul Merritt; Hon. Karin Noakes; Troy Reiners; Monty Shultz; Corey Steel; Eric Thompson; and Byron Van Patten. Members absent: None.

SENATOR CAMPBELL: Good morning, everyone. I'm Kathy Campbell, and I represent the 25th Legislative District in the Legislature. And Senator Ashford has asked me to chair the meeting today. I am most accustomed to chairing the Health and Human Services Committee. And so things may seem a little bit different to all of you. And I apologize for that but we are certainly looking forward to today's agenda. I'm just going to remind everyone in the audience and actually in the front, make sure that your cell phones are turned off. It's very disconcerting to hear a cell phone going off. There will be no penalty if it does, but we would appreciate that. I think we'll go ahead and...I'm going to use the practice that we use in the Health and Human Services Committee, and that is that people introduce themselves. So I'm going to start to my far right and ask Dr. Thompson to start.

ERIC THOMPSON: Thank you. My name is Eric Thompson. I'm an associate professor of economics at the University of Nebraska at Lincoln. [CHILD SUPPORT ADVISORY COMMISSION]

TROY REINERS: Yes. My name is Troy Reiners. I represent the State Treasurer's Office. And I'm the director of the Nebraska Child Support Payment Center. [CHILD SUPPORT ADVISORY COMMISSION]

ANGELA DUNNE: My name is Angela Dunne. I'm a divorce lawyer from Omaha, Nebraska. [CHILD SUPPORT ADVISORY COMMISSION]

AMY HOLMES: I'm Amy Holmes, and I'm here as a custodial parent. [CHILD SUPPORT ADVISORY COMMISSION]

PAUL MERRITT: Paul Merritt, district judge, Lancaster County. [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: And we'll go over here. [CHILD SUPPORT ADVISORY COMMISSION]

WILLIAM MACKENZIE: Good morning. William MacKenzie, deputy Sarpy County Attorney. [CHILD SUPPORT ADVISORY COMMISSION]

BYRON VAN PATTEN: Byron Van Patten, IV-D director with the Department of Health and Human Services. [CHILD SUPPORT ADVISORY COMMISSION]

COREY STEEL: Corey Steel, Nebraska state court administrator. [CHILD SUPPORT ADVISORY COMMISSION]

MONTY SHULTZ: I'm Monty Shultz. I represent the noncustodial parents. [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: Thank you. And serving as the person who takes all the notes and knows everything that's going on here is Oliver VanDervoort to my left. And I want to thank Josh Eickmeier who is serving from the General Affairs Committee. Am I saying that right, Josh? He's helping us out today. So, much appreciate that. Josh will be our attorney, of counsel to the committee, and helping us for the remainder of our work. We will start out this morning with the call to order. I want to mention that we are subject to the Open Meetings Act and all business will be conducted according to the provisions of that law. There is a copy of Nebraska's Open Meetings Act at the podium or I think at the table over there. And there is also a binder that can be reviewed. There are extra materials. Each of the committee members has a binder, but if you would like to review it you certainly can. Any binding action the commission takes will be initiated by a motion followed by a second and a roll call vote. With that, do we have a motion to approve the agenda? [CHILD SUPPORT ADVISORY COMMISSION]

_________: So moved. [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: Is there a second? [CHILD SUPPORT ADVISORY COMMISSION]

_________: I second. [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: Thank you. Ollie, would you call the roll, please? [CHILD SUPPORT ADVISORY COMMISSION]

OLIVER VANDERVOORT: Senator Campbell. [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: Yes. [CHILD SUPPORT ADVISORY COMMISSION]

OLIVER VANDERVOORT: William MacKenzie. [CHILD SUPPORT ADVISORY COMMISSION]

WILLIAM MACKENZIE: Yes. [CHILD SUPPORT ADVISORY COMMISSION]

OLIVER VANDERVOORT: Corey Steel. [CHILD SUPPORT ADVISORY COMMISSION]

COREY STEEL: Yes. [CHILD SUPPORT ADVISORY COMMISSION]

OLIVER VANDERVOORT: Judge Merritt. [CHILD SUPPORT ADVISORY COMMISSION]

PAUL MERRITT: Yes. [CHILD SUPPORT ADVISORY COMMISSION]

OLIVER VANDERVOORT: Angela Dunne. [CHILD SUPPORT ADVISORY COMMISSION]

ANGELA DUNNE: Yes. [CHILD SUPPORT ADVISORY COMMISSION]

OLIVER VANDERVOORT: Dr. Thompson. [CHILD SUPPORT ADVISORY COMMISSION]

ERIC THOMPSON: Yes. [CHILD SUPPORT ADVISORY COMMISSION]

OLIVER VANDERVOORT: Byron Van Patten. [CHILD SUPPORT ADVISORY COMMISSION]

BYRON VAN PATTEN: Yes. [CHILD SUPPORT ADVISORY COMMISSION]

OLIVER VANDERVOORT: Troy Reiners. [CHILD SUPPORT ADVISORY COMMISSION]

TROY REINERS: Yes. [CHILD SUPPORT ADVISORY COMMISSION]

OLIVER VANDERVOORT: Monty Shultz. [CHILD SUPPORT ADVISORY COMMISSION]

MONTY SHULTZ: Yes. [CHILD SUPPORT ADVISORY COMMISSION]

OLIVER VANDERVOORT: Amy Holmes. [CHILD SUPPORT ADVISORY COMMISSION]

AMY HOLMES: Yes. [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: Good morning. We're going to make you work right away. Would you introduce yourself? [CHILD SUPPORT ADVISORY COMMISSION]

KARIN NOAKES: I'm Karin Noakes. I'm a district court judge. [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: Judge, we're happy to have you with us. [CHILD SUPPORT ADVISORY COMMISSION]

KARIN NOAKES: Thanks. [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: I think we've taken care of all of that. The minutes are posted on the Web site, I believe Ollie said. [CHILD SUPPORT ADVISORY COMMISSION]

OLIVER VANDERVOORT: They are posted to (inaudible)...council (inaudible)... [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: On the council's Web site, and so they will be available to you. And so we will not take a motion because I'm sure most of us have not had a chance to take a look at them. Senator Ashford, we're going to find a spot for you. [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR ASHFORD: I'll sit right here. [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: No, I don't think you want to spend all morning there in the front row. We'll find...they'll get you a chair. All right, with that... [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR ASHFORD: When you're a lame duck, you're a lame duck. [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: Is that it? Is that what happened? (Laughter) You have to sit in one of the chairs out there? We're going to find you a chair. It's good to see you, Senator Ashford. This morning we have a very important presentation to the committee. We've been looking forward to meeting Dr. Venohr and having an opportunity to hear her presentation, ask questions. Dr. Venohr, if you're ready. And I think I learned how to pronounce that name, so. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: (Laugh) Yes, the H is (inaudible)...good eastern European name. Are you ready? [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: You bet. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: For the record, I'm Dr. Jane Venohr; that's spelled V-e-n-o-h-r. I'm the economist with Center for Policy Research, which is based in Denver. CPR is a nonprofit organization established in 1981 to provide evaluation and technical services in the health, human, education area. We contract with the Federal Office of Child Support, several states, school districts, the Casey Foundation. We do research on access and visitation. We've done a lot of the research that finds that access and visitation programs work as far helping link fathers and children and enhancing relationships and child support. We are also involved right now in what's called the Father Research and Practitioner Network that the director of my agency is codirector with Dr. Jay Fagan at Temple University. And I encourage everyone to look at that site. Again, it's called the Fatherhood Research and Practitioner Network, and it's the abbreviations of that, dot "org." As far as my experience, I have a Ph.D. in economics.

I've been working with child support guidelines for over 20 years now. I've been with the Center for Policy Research since 2007. Since I joined CPR in 2007, I've assisted about 25 states with their child support guidelines reviews. It kind of ebbs and flows. Last year I did maybe two state guidelines reviews. This year I've been working with Nebraska; Arizona, I was in Arizona last week; New Mexico; and I just finished Virginia. And I'm about to start a project with Ohio, so. And how an economist is involved with child support guidelines is most states base their child support guidelines on how much it costs to raise children or how much families spend on children. So that's why an economist gets involved, so. And I'm going to take questions from the commission members as needed or when I see questions on your face. So if that's okay with the Chair. [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: Absolutely. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: So my objective today is to fill the federal requirements of states and their child support guidelines. States are required to review their child support guidelines at least once every four years and as part of that review they must do two things: One is look at the economic data on child-rearing costs, and two, conduct a case file data to analyze the extent that the guidelines are being deviated from or the guidelines are being applied. So definitely today I'm going to give you information that will help you fulfill those requirements. I also want to seek the commission's direction on a possible update, changes to table one. That table one is the core of the child support calculation. It's what reflects how much it costs to raise children. Not only is our guidelines part economics, but they're a lot...part policy too. So I want to tell you as far as the economics is going to take you and let you know where a policy decision has to made. I'm also going to address some of the specific issues in our contract such as additional dependents and shared parenting time adjustments and medical child support in the Affordable Care Act. Those provisions, as you'll see later, aren't in the table. They might be some sort of adjustment in the worksheet or another part of the guidelines. And I'm also going to seek any other...seek direction from you on any other technical assistance that you may need. In short, I'm a technical advisor. My expertise is in economics. It's also on how states approach different provisions in their guidelines. So that's...but ultimately the policy comes down to you and your decisions. But I'm certainly available for the technical assistance. My specific agenda today is I want to go through the federal requirements to review guidelines. I want to go through the current economic evidence on child-rearing expenditures. I'm going to do guidelines models after that. I've decided to jump into the economic evidence because based on the information I receive, it seems like that's a big issue. I'm going to talk about Nebraska guidelines relevant to other states. I'm going to talk about the findings from the case file review to fulfill that federal requirement. I'm going to get into the medical child support and the Affordable Care Act which is at conflict and I'll explain that later. We're still waiting for some federal direction there. I was talking to some people from the Federal Office of Child Support Enforcement last month and they have some proposed rule-making that will address some of the conflicts between medical support and the Affordable Care Act. And they've been saying that...when you say, when is it going to be released, it's been two years now. And they keep saying any month now but they've been saying that for two years. So it puts states in a bind. I'll be right up-front about that because, I mean, what do you do? There's this one set of rules there right now that were promulgated in 2008. But there's an issue that they are going to change, so. But they've been giving hints so hopefully that will help. I'm going to talk about shared parenting time adjustments. And the last thing is these are issues that I identified when I was reading some of the public testimony and some of the other notes, low-income adjustments, the reviewing adjustment process, childcare, foster care, Social Security disability insurance, split and shared custody, arrears and interest, incarcerated parents, and returned earnings, or pass-through income. So hopefully we'll be able to get that. As you've noticed, I have a big stack. This is 63 slides so I might have to speed up in some places. So any questions or am I...okay. So I just want to go through the typical steps in developing state guidelines. One is to decide on the guidelines model. And I'm going to talk more about that in a little bit. Nebraska uses income shares which is the guidelines model used by 39 states. After a state decides what guidelines model to use, then they usually decide on what economic data of child-rearing costs to use. So I'm going to skip to the second step because that's going to help you decide what to do with that table. It's going to inform your decision making better on table one. And then because those measurements of child-rearing costs aren't ready for a child support table or schedule, we have to make some sort of adjustments to them. For instance, most economists that measure child-rearing costs, they only do it for one, two, three kids because not that many families have four or more kids. So we have to do some sort of method to extend that schedule so that schedule covers one, two, three, four, five, six children. Most of the state economists that measure child-rearing costs use national data. The Consumer Expenditure Survey I think is one of the most rigorous surveys in the world. It surveys approximately 6,000 households per year. But that survey is designed to be a national survey and a regional survey, so it's not state specific. So there are some states that have extraordinary incomes or housing costs or, you know, it might be below or above average. We make adjustments to that. I'll just say right up-front that Nebraska is...its cost of living is lower than the national average. And I like to use a parity study that's done by the Bureau of Economic Analysis. It's a new study that they just started doing a year ago, and that's how I like to adjust it. In general, Nebraska's housing costs are lower than the national average. Then there's issues like healthcare expenses. That table one that I alluded to, that only includes $480 per year per child in healthcare expenses. So if the child...if there's out-of-pocket expenses for health insurance, that's a line on the worksheet. It's not in the schedule...or in the table. If there's extraordinary medical costs in excess of that $480 per child per year, that's also an adjustment into the order. It doesn't include childcare expenses. Most states treat childcare expenses as part of the worksheet. They treat it much like the health insurance adjustment. I also usually make adjustments for low income, for obligors, or nonresidential parents that have incomes below or near poverty so that child support does not further impoverish them. And there's actually a few states that actually put a standard parenting time adjustment right into the table. And I'll talk more about that. [CHILD SUPPORT ADVISORY COMMISSION]

WILLIAM MACKENZIE: Doctor, could I stop you for just a moment? You mentioned childcare. Did I understand you correctly, that most states incorporate the childcare expenses into their worksheets? [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Right. Most states...yes. There isn't a separate order for childcare. It's wrapped into the child support order. And the clear advantage to that is that if it's a IV-D case or even for enforcement remedies, it's much more easier to enforce and do income withholding. [CHILD SUPPORT ADVISORY COMMISSION]

ANGELA DUNNE: Do you know then, how do they provide for modification so when the children age out of...does it show you the number it would be without the day care so they can just incorporate that into the order without more court involvement? [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: No. [CHILD SUPPORT ADVISORY COMMISSION]

ANGELA DUNNE: No? [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: That's the issue. I mean the... [CHILD SUPPORT ADVISORY COMMISSION]

ANGELA DUNNE: Okay. Can you run...I suppose you could run a calculation with it, without it and... [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Yeah, yeah. You could. [CHILD SUPPORT ADVISORY COMMISSION]

ANGELA DUNNE: ...put your order together that way. I'm just... [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Yeah. Actually I haven't seen a state do that, but Ohio does that with their health insurance where they put it, the amount with insurance and without. And that way if they find that health insurance stopped, they can just revert to the order amount. [CHILD SUPPORT ADVISORY COMMISSION]

ANGELA DUNNE: Yeah. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: So certainly if Nebraska wanted to do that, I mean, Ohio has got a good template for the language with the health insurance. [CHILD SUPPORT ADVISORY COMMISSION]

ANGELA DUNNE: But each time, I guess, the day-care cost changes, your child support then is off in some way. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Right, and what most...what states do that incorporate the childcare into the...they'll annualize it. You know, they'll say...because, you know, usually it varies within the school year. [CHILD SUPPORT ADVISORY COMMISSION]

ANGELA DUNNE: Yeah. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: And I will tell you this, that in other states I have better data on how often that adjustment is applied. It's applied in about I would say roughly, when I think of the states, about 20 percent in the cases. And one of the reasons, I mean, you think, oh, my gosh, childcare is very expensive, which it is, but you have to remember that a lot of the families that come into the child support system, their children are older, you know. So if the kid is over 12, they're not going to need childcare. Another factor is that when you look at very low-income families, they might get a subsidy. And then another thing is that, you know, a lot of parents sometimes use relative care. So that's why you don't see it as rampant as you think. You know, like 20 percent seems kind of low, you know, I mean at first blush. But that's one of the reasons. So yeah, I would highly encourage Nebraska to think about, you know, doing something with the childcare. So thank you. Any other questions on that? Okay, so...okay, let's go through the federal requirements: slide six. It seems like I skipped a slide. Well, I'll just use this. Okay. The federal law has required states to have child support guidelines since 1987. At first, those guidelines were to be advisory. And then they were extended to make them presumptive in 1989. And that means that they're to be applied in every case and by all decision makers, but they are rebuttable based on state-determined criteria. And states must review their guidelines once every four years. The history of Nebraska guidelines, I'm not sure exactly what year that Nebraska adopted the prototype income shares guideline. I think it was 1986. When I talk about the prototype income shares model, what happened was in the 1984 amendments, they, Congress, asked the Department of Health and Human Services to provide some technical assistance to states on developing child support guidelines. So the Federal Office of Child Support convened the national child support guidelines panel which was comprised of judges, state administrators, a representative of noncustodial parents, a representative of custodial parents, an economist, some lawyers, some judges, and so forth. And what they did was they reviewed all the state guidelines models that were around at that time and came up with some principles about what a state guideline should be: like one, it should be gender neutral; two is that the children should share in the financial well-being of the parents meaning that if a parent had more income, then the child support should be more and those sort of things. So out of that, the technical person that served the committee, Bob Williams who I used to work for in the '90s and that's where I learned all this stuff about child support guidelines, he developed what's called the income shares model. And it's in that report of the national child support guidelines project. So in 1989, Nebraska updated its guidelines for current prices and the poverty level. The poverty level is used to provide that low-income adjustment to noncustodial parents. In 1996, a University of Nebraska professor Anderson, he updated the table using what's called the Betson-Rothbarth measurements. And you're going to hear that term a lot. Betson is the economist. His name is David Betson. He's a professor of economics at the University of Notre Dame. He has measured child-rearing costs four times. He's done four studies. His first study was done for Department of Health and Human Services explicitly to help states develop child support guidelines. And in his first study he used five different methodologies to measure child-rearing costs including what's called the Rothbarth methodology. And that's named after Erwin Rothbarth, a World War II economist in Great Britain. And Rothbarth, what he did was develop a methodology to figure out what the child's share of total expenditures in a household was because we have parents, we have children. So we have to isolate the child's share. And it's not always easily done, you know, because of housing costs and so forth. And the Rothbarth methodology, and I'll talk more about that, became one of the more popular ones used. It's used by 29 states, more so than any other methodology...actually 30 states if I count Nebraska. And it's also known or economists believe that it understates actual child-rearing costs. And they do that through calculus, first-order conditions, and so forth. But that's what most states use. I'm going to talk about other studies that are known to overstate actual child-rearing costs. So the point being is that economists are sort of like weathermen that, you know, we'll say that, you know, there's three to five inches of snow. But I mean, what's the amount of snow that actually occurs? You know, is it four inches? And so economists can get you so far that we can tell you how much it costs to raise children within a range. But the policymakers, and you can see this in mayors or cities or school districts or even, you know, New Orleans, you know, when they get a forecast for a hurricane, when do you evacuate the city? I mean, do you do it when it's a level three, level four? You know, a school principal, when they get a forecast of 12 inches to 18 inches of snow, well, obviously we'd probably send the kids home in that case, you know. But when the forecast is four to ten inches, it becomes more questionable. So you know, that's again a point where economics has some limitations and policymakers have to make some decisions. So what I'm going to show you today is a range of measurements of child-rearing costs, and there's actually a report by Lewin that was done in 1990 for the Federal Office of Child Support. And they said that any amount for a state between that credible range is appropriate for state guidelines. So I'm going to show you the higher...compare Nebraska to the lower and upper bound. That's where we're going to go with that. So in 2003, Tier Technologies, actually it was Burt Barnow who is now...he's an economist with I think it's George Washington or American University. And you'll see his name later. He helped Nebraska update it using preliminary measurements from the second Betson-Rothbarth study. So when you see that "2," that means it's the second study conducted by Betson. I'm going to use the fourth Betson-Rothbarth study. So you'll see the BR4 eventually. And you'll see that that Tier Technology used data that was collected in '96-97. So that is still the current basis of the Nebraska guidelines. It's families that were surveyed in '96-97. It was updated to 2003 price levels. Now in 2007, that schedule was extended to $10,000, was the highest amount of net income, combined income considered in the schedule. And it was extended to $15,000. So that's kind of the history of the guidelines. So the federal requirement of states...and I already...well, I didn't talk about the statewide child support guidelines must have one set of guidelines to be used by all decision makers, take into consideration all earnings and income of the noncustodial parents. So that means it has to relate to the income of the parents. It could be both parents. It must be based on specific descriptive and numeric criteria. That means that...Wisconsin experimented with just saying that the guideline's amount is 17 percent of income. So if an obligor's income was $1,000 a month--I'm going to assume it was a he--then that order amount would be $170. If his income increased to $2,000 the next month, it would be $340. But what happened is Wisconsin got slapped on the wrist for that because it wasn't a specific numeric amount. And you could imagine that would be hard to track arrears when it's a percentage. I mean, technology has gotten better so maybe they could. But that's the reason that you can't just say that the order is 17 percent of whatever his or her income is in that month. It has to be of some certain amount. So again, I think...I'm not going to repeat myself. There's two things that a state must do as part of their guidelines review. I realize I skipped that first...on that bullet in the last bullet in the first cluster, that lot of people aren't aware of this, that the federal requirement is that child support guidelines must also address the child's healthcare needs. And so, you know, we're also in that area of things. And that's because the federal regs require that. Most states address that by requiring that a parent or either parent provide for the child's health insurance if it's available at a reasonable cost. The old school was to say if it was available from an employer, but most states now provide employment related or make it clear that it could be from a trade union or another source and it doesn't have to be employer-sponsored insurance. But that's the way that most states address it. So I'll talk more about that later. I'm going to dive into fulfilling that requirement to review cost of child rearing. And just to make sure that we're all on the same page here on the child support calculation...I realize that the people in the back can't see the screen. So just so we're all...pardon? Can we change it at all? [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: Do you want us to turn it a little bit, Dr. Venohr? [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR ASHFORD: We could angle it more. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Yeah. That would probably be helpful, don't you think? [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: Or... [CHILD SUPPORT ADVISORY COMMISSION]

______________: (Inaudible.) [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Oh, okay. [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: Oh, okay. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Yeah. [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: Does everyone in the audience have a copy? If you're missing a copy, I think they're available over on the table. Okay. [CHILD SUPPORT ADVISORY

COMMISSION]

JANE VENOHR: I'm sorry. I just want to make sure that it's... [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: Oh, no, that's fine, Dr. Venohr. You can also move your chair, Dr. (sic) Ashford. (Laugh) Oh, Dr. Ashford. [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR ASHFORD: I'll take it. [CHILD SUPPORT ADVISORY COMMISSION]

WILLIAM MACKENZIE: You're going to need to angle it a little better then. No, not the screen but the projector. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: My husband says I need to sit still more so I'm going to angle myself. [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: Oliver, are you hearing? [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Can you hear me okay? [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: Yeah. I just want to make sure that your voice gets into the record. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Okay, excellent. [CHILD SUPPORT ADVISORY COMMISSION]

_________: Okay. Good enough. [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: Just one minute. Josh, the gentleman is looking for a copy I believe. Sorry. Josh is holding the copies. Thank you, Josh. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Are we ready? [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: Doctor Venohr, go right ahead. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Okay, thank you. So just be clear that the Nebraska guideline starts with aftertax income. The vast majority of states start with gross income. So in this situation we have a father, and we're assuming that the father is the obligated parent, the nonresidential parent. And the mother is the primary residential parent. The father's aftertax income is $2,200 per month. The mother's is $1,100. Their combined income is $3,300. So each parent's prorated share--well, the father's is 67 percent, and 33 percent is the mother's. Then we look at the schedule to determine the basic schedule amount or the table. It's called a table in Nebraska. And I apologize, most states call it a schedule. And so we take their combined income, $3,300. We locate that on the matrix with the one child. We see $792. That's how much is spent based on the economic evidence on child-rearing costs for a family with comparable income and that family size. And this doesn't include childcare and it doesn't include health insurance. It only includes the first $480 per child per year in medical expenses. And we take that amount and we multiply that by 67 percent. And that becomes the base of the child support award, $531. And notice I say "preliminary" because there may be other adjustments. There might be an adjustment for shared custody. There might be an adjustment because he or she, or the father is low income. There might be another adjustment from the income, the net monthly income because the parent is providing child support, paying child support on another child or another order. So...but the point is, is I wanted to make sure we're all on the same page on the calculation. So when we look at that table, again where it comes from is the BR2 study. And I think I already said pretty much everything in that second column as far as what the economic basis of that existing table is. There are three current studies on child-rearing costs. One is done by the USDA and I consider that the upper bound. I'm using that as the upper bound and you'll see why in a minute. There is a new study, the Betson-Rothbarth of outlays. I'm going to explain that. And that was from data collected from the Consumer Expenditure Survey from 2004-2009. Again, that Consumer Expenditure Survey is an ongoing survey where households rotate in and out of it every quarter. A household is in it for five quarters, so that's...economists tend to group them so we can get a larger sample size to create more robust estimates. There was an economist from New Jersey that also used the Rothbarth methodology to measure child-rearing costs. New Jersey is the only one to use that study. And it has some adjustments for New Jersey's income. New Jersey is ranked either one or two in median family income right now. They're always competing with Connecticut. And he combined economic survey data from 2000-2011. So when I developed these schedules, I updated everything except the New Jersey estimates to 2014 price levels. And for the BR4, I took out the $250 per child per year which is the standard that most states use. Nebraska uses $480 per child per year for medical expenses. Most states use $250. I don't have it set up where I can just use that $480 per month. I took all of the medical and childcare expenses out of the USDA. I will explain quickly the difference between the Rothbarth and the USDA right now. The Rothbarth is a marginal cost approach. And what that means is when economists measure child-rearing costs, they look at families with children and families of child-rearing age without children. And they determine whether they're equally well off. So they put them in the same group or category essentially. And the difference between...in their expenditures for those with children and without children is deemed to be child-rearing expenditures. Now the Rothbarth methodology uses expenditures on adult goods to deem families equally well off. And historically that has included alcohol, tobacco, clothing, expenditures on adult clothing. Betson limits it to adult clothing. People get upset when you talk about alcohol and tobacco. And he found out that it didn't matter if he excluded or included tobacco, so he just used adult clothing. Now there's another marginal cost approach that does that same thing with expenditures in households with children and with those without children. And they use...it's called Engel and they use food shares to determine that the family is equally well off. They devote the same proportion of their income on food. And then they compare the difference in the expenditures and attribute it to children. Now that, it's called Engel, and that historically has...an economist has found out through their first-order conditions and so forth that that overstates actual child-rearing costs. And the layperson's explanation for it...and I apologize because I'm just butchering economics right now. (Laugh) Economists usually just look at me when I say this, but this is the way I explain it, is that Engel overstates child-rearing expenditures and it uses food shares because children are more food intensive. So we obviously have some bias there because, you know, a family with kids is going to spend more on food. Now this is where they get upset with me, economists, including myself...is when I talk about Rothbarth, they use expenditures out on adult goods which is adult clothing. And before I had kids and now that my kids are grown, I can be a clothes hound again. So my expenditures on clothing wasn't as much as it was when my kids were growing up. Okay. So that's my layman's explanation for it. So now the USDA, what they do, it's Mark Lino who is a...he's actually a gem. He's the economist on that project. What they do is they divide child-rearing expenditures into several categories. And then they measure child-rearing expenditures for each of those categories and sum it up. So with children's clothing, you know, that's all enumerated in the Consumer Expenditure Survey so there's no issue with that. The same with childcare expenses and education expenses, there's no issue with that. But the major expenditure categories are housing. That usually comprises 30 percent to 40 percent of total expenditures. The second major category is transportation which comprises 20 percent on average. And then the third is food which is 15 percent to 18 percent ballpark depending on which study you're using. So that gets a little bit more tricky. With food what he uses is those food budgets. I don't know if you've ever seen the thrifty food budgets or, you know, if you know somebody that was military. You know, my husband was Air Force and, you know, they used to determine how much per diem he's getting, the food budget there, that's based on what the USDA comes up with as far as how much it costs for food...I said food stamps, SNAP, it's called SNAP now.

They use those food budgets to determine their benefit levels. And the military also uses their food budgets. They have one for liberal food budget, moderate, thrifty food budget. The military uses that for the per diem amount for their food thing. So he just uses that for the food study. For housing what he does is he's developed a regression equation that, again, it's a marginal approach that says that, okay, you're single then you have kids or you don't have any kids. Then you have to get an extra bedroom. So he's done a regression analysis to determine how much more it costs to add on that bedroom. So that's for kids. And then for transportation he takes the expenditures in the Consumer Expenditure Survey on transportation and there's a study that shows that I think it's 60 percent--I might be off on that--of all transportation expenditures are for family-related goods. It's either 60 or 40. I might have flipped that number. And then he just prorates it by the number of family members. So if there's six family members and they spend $600 a month on transportation then everybody is $100. So that's the child's share. One child's share of the transportation cost is $100. So he does this for every category, then he just adds it up. And it ends up becoming pretty high. I think you're already aware, I've seen that you've been looking at the studies done by the USDA. So here's a list of all the full references if you want to find them. Again, I just want to mention that 29 states are based on the Betson-Rothbarth. It varies...there's variations in which study. New Jersey is the only state to use the Rothbarth methodology. There's only one state to use the USDA, Minnesota. And the rest of the states...Kansas has developed their own methodology, but other states use older studies. You can see that most of these studies are 1990 and younger where there's some older studies. There's an Engel study dating back to 1984 and I didn't list those. Indiana for instance is based on that 1984 study. Again, I just want to reiterate that there's a lower bound and an upper bound. I'm going to use Rothbarth as the lower bound. And upper bound is USDA. In that second cluster underneath the upper bound, you'll see what the USDA says it costs to raise a child in the Midwest. It's $174,000 from age 0 through 17 and $399,000 in a higher income family. That's what that, the USDA study says. That comes out to be about $800 a month at the low end and closer to almost $2,000 a month at the high end. So if you look at the very bottom cluster under the lower bound, when Betson measures child-rearing costs, he doesn't express it as a dollar amount. What he expresses it as is a percent of total expenditures. Now that's different than income, you know, because we have gross income then we have taxes then we have aftertax income and then for higher income families they might have some savings, or a lot of higher income families do actually. On average, they do. So he finds that 24 percent of total expenditures on average are devoted to one child; for two children, it's 37 percent; and for three kids, it's 45 percent. Now I just came back from Arizona so these numbers are fresh. Arizona finds that 55 percent of their orders involve one kid. In Nebraska, I imagine it's going to be higher. In Maryland, it's closer to 70 percent involve one kid, just to give you an idea. And this isn't just because these parents just have one kid. They might have children with multiple partners. But I'm talking about the child support order that in Arizona, 55 percent are for one kid. So I would guesstimate that in Nebraska it's going to be like 60 percent, 65 percent involve one kid. And then in Arizona, 33 percent involve two children. And I would say it's probably 25 percent, 35 percent in Nebraska. And then for three or more children, it's usually about 10 percent of cases, just to give you an idea because I'm going to focus on the one and two child because that's the vast majority of cases, so. Okay, so I'm going to do the comparisons. Again, I'm going to do the USDA. I'm going to do two with the Betson-Rothbarth. And these are preliminary. These were numbers that I had at hand, and I wanted to do a schematic, get an idea of what they would look like. And then eventually I'm going to ask you for direction on this. I use the BR4 and the national. I made no adjustment for Nebraska. I used $250 per child per year in healthcare expenses. I kept that in there. That's what most states do. And then I took the preliminary...another preliminary one where I adjusted it for Nebraska's cost of living using that Bureau of Economic Analysis, their parity study where they examine the differences in cost of living across states. And I took no healthcare expenses. I really don't like this option because of the no healthcare expenses. Connecticut...I'm sorry, it wasn't Connecticut. It was a northeast state asked me to take the healthcare expenses totally out. Actually it was Connecticut but they did not adopt it. Virginia asked me to do the same thing: have no healthcare expenses. And they just adopted it. And I don't like that for reasons that I'm going to explain later. That has to do with the federal requirements in the Affordable Care Act. But for right now, the reason I did it that way is because I wanted to give you a true lower bound, you know, by both taking...adjusting it for Nebraska. And then taking out the healthcare expenses it's really low, you know, and I wanted to make sure you saw that range. I stuck New Jersey in there for comparative purposes because it's another Rothbarth study. And economists will vary in how they apply the same technique. And New Jersey, what they did differently from Betson is they included single-parent households in there. But the thing that bothers me about the New Jersey study and it bothers Mark Lino who's the economist at USDA, too--I probably shouldn't speak for him though--is that New Jersey finds that the second child costs 10 percent more than the first child. And most economic studies over time have found that that ratio is more like 40 percent to 60 percent, you know, that the second child costs 40 percent to 60 percent more than the first child. And the point is, is there's some economies to scale when you have children, you know, you might, you know, pass the bicycle down to the next child or some clothes or they might have them share a bedroom. But I think it's dubious that it's 10 percent. But you'll see that anomaly in New Jersey when I show it. The conclusions, I'm just going to give you the punch line, is the existing Nebraska table amounts are generally between the upper and lower bounds. So if you didn't want to do anything, you've got the economic evidence to support that. The other thing that you're going to see when I do this is that the adjustments, such as the adjustment for the cost of living and the amount of healthcare expenses, make a significant difference. So if you do want to make any adjustments, you really need to carefully think about those and what makes sense, what's fair and appropriate for Nebraska. So moving on... [CHILD SUPPORT ADVISORY COMMISSION]

ERIC THOMPSON: So, can I ask a quick question, Dr. Venohr? [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Sure. [CHILD SUPPORT ADVISORY COMMISSION]

ERIC THOMPSON: So in some of your scenarios, are childcare costs ever considered in the cost of child rearing? [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Yeah. [CHILD SUPPORT ADVISORY COMMISSION]

ERIC THOMPSON: Or do states...it seems like that's a cost of earning income for custodial parents, the childcare costs. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Um-hum. Yeah. What most states will do is they'll start with that schedule amount like I showed you in that one slide with the worksheet. And then let's say that there's $1,000 childcare expenses. [CHILD SUPPORT ADVISORY COMMISSION]

ERIC THOMPSON: Yeah. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: And then the obligor's share is 67 percent in that scenario. So they would add on $666 to that order amount. So I forgot what that order amount was. Let's just keep the math simple that the order... [CHILD SUPPORT ADVISORY COMMISSION]

ERIC THOMPSON: So it's all...it's treated as an extra... [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Yeah. So it's an add-on. That's how most states do it. There's only one state that includes it in the schedule that I know of. It's Massachusetts. [CHILD SUPPORT ADVISORY COMMISSION]

ANGELA DUNNE: But was your question if in these studies where they're looking at what's the child's portion of care, are they including day care there? Is it getting double counted? [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: No. [CHILD SUPPORT ADVISORY COMMISSION]

ERIC THOMPSON: No. I was wondering why don't...I mean, you had your initial example with the...I guess it was the custodial parent earned $1,100 a month. Why don't you just subtract it from that? [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: You know, the reason we don't subtract it from income is that's the way they used to do it in a lot of states with health insurance. And what happens is if you subtract it from income, it doesn't make it neutral as far as if you treat it as an add-on and you make the adjustment at the end like for health insurance. Let's say the premium is $1,000 a month. So if the obligor is carrying the health insurance, then he's going to get a credit for 33 percent of that. So we take his share of the basic obligation from the table and we subtract $333. And then if she was carrying the health insurance, it would be $667 more. And that becomes neutral. But if you'd subtract it from their income what happens is it distorts that proportion of income and so he or she is no longer carrying 67/33 percent all the way down in the calculation. So that's the reason it's not. I mean, I've got some examples buried on my computer that I could pull out if we, you know, if we get there. [CHILD SUPPORT ADVISORY COMMISSION]

ERIC THOMPSON: Okay. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: But it's...and I think it's an important question because one of the things...I'm really glad you brought it up because it's... [CHILD SUPPORT ADVISORY COMMISSION]

ERIC THOMPSON: I mean, it seems like healthcare coverage is income. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Oh, you're... [CHILD SUPPORT ADVISORY COMMISSION]

ERIC THOMPSON: And childcare is a cost of obtaining income for custodial parents. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Right, right. [CHILD SUPPORT ADVISORY COMMISSION]

ERIC THOMPSON: So they're not exactly the same thing. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Right. So I'm not asking... [CHILD SUPPORT ADVISORY COMMISSION]

ERIC THOMPSON: Okay. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: I'm not answering your real question. I'm getting too much into the mechanical... [CHILD SUPPORT ADVISORY COMMISSION]

ERIC THOMPSON: And I don't want to get bogged down in a technical point. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Well, I want to... [CHILD SUPPORT ADVISORY COMMISSION]

ERIC THOMPSON: I was just curious if there are any states that looked at it that way. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: No, but I do want to make two points, is that in most states the childcare expenses...because you're right, it is a cost associated with and it's usually adjusted for work related. Most states will make it available to either parent. [CHILD SUPPORT ADVISORY COMMISSION]

ERIC THOMPSON: Sure. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: So, you know, so that's the thing that I wanted to make clear. And then I can see how it's a work expense. And the reason I really appreciate you bringing it up even though I'm not really answering the specific question you want was that there was an issue that Mr. MacKenzie brought up about the escalating cost of insurance because, to me, childcare and insurance, health insurance are probably...are usually treated the same way in child support calculations. Nebraska is unusual in that they're not...is that, and I'm hearing more and more states is this, is when we make that adjustment or when states make that adjustment for the health insurance, it's the child's share of the health insurance. And what doesn't get factored in is the parent might have to pay a really high amount for the insurance to get there or to even get there at the play. So I'm hearing more and more states asking what would be the consequence if we subtract. We not only do that add-on of the health insurance, but we also subtract his or her total insurance from his income. [CHILD SUPPORT ADVISORY COMMISSION]

ANGELA DUNNE: Like we do with retirement. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Right, exactly, because...and it's getting to that whole issue is, how much income do you really have available for support, which is sort of related to, you know, the childcare thing that you're at. And I don't know the answer to that. I mean, that might be something that you direct me to look at more thoroughly, you know, if that's an issue, so. [CHILD SUPPORT ADVISORY COMMISSION]

WILLIAM MACKENZIE: Do you know, Doctor, are there states that are, in their guidelines and their worksheets, allowing a parent to take a deduction for their cost of their own health insurance? [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: There are a few states, but it's not...they're just leftovers from doing it the old way: Massachusetts, a couple New England states. Ironically, Iowa, in 2007, they eliminated that subtraction from income. And they used to subtract the full amount of the insurance premium for the whole family and for the obligor, the obligee, whoever was on the plan. And they went to that add-on approach, but they only take the child's share. And what I'm seeing, we're going to get into this with the Affordable Care Act when we talk about what Federal Office of Child Support is recommending. I'm almost wondering if they're kind of, sort of, recommending going back to subtracting it. You know, when you see those recommendations they developed, I mean--which I will get to in the slides--you might...I'll be interested in what your interpretation is because states are just slowly adopting to the Affordable Care Act. I mean, this is new. It's a whole new territory to figure out what should be done. So in short what I'm saying is hold on to that thought and you might have to come up with some innovative solutions, you know, it...how am I doing? I'm on...do I need to set my watch? [CHILD SUPPORT ADVISORY COMMISSION]

_________: Right behind you. [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: It's five to ten. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Five to ten. Okay, I want to speed up here. So here's the first comparison. This is for one kid. The red line is Nebraska's schedule or table right now. So on the horizontal axis I'm looking at combined income. So this isn't the order amount. This is just the table amount. And then on the vertical axis I've got the monthly basic schedule. And obviously, as there's more income, there's going to be a higher schedule amount. So what you'll see is that Nebraska is probably...is on the high end for one child. It's close to the USDA. And both the preliminary Betson-Rothbarth 4, whether...regardless if I take the national or the one adjusted for Nebraska, are lower. And New Jersey in this case tracks pretty closely to the USDA. So with two kids, it's a little bit different picture. You'll see that the existing Nebraska tracks really closely to the preliminary BR4 with the national numbers. And that, if I were to take out the medical and adjust for Nebraska income, it would be less. And I updated the self-support reserve at those low incomes using that $973 per month as a self-support reserve to the obligor. I incorporated that in both the Betson-Rothbarth tables and the USDA tables. So that's why you see that difference there. And for three children the pattern is very similar for two kids. I want to do very quickly a comparison with neighboring states because I saw in the public hearings that there was a lot of question with that. And I want to make just a general statement that the Nebraska table is not consistently, across the board, XX percent more or less than any other state's, that you really have to look at individual case circumstances. You can't just say it's, you know, Nebraska consistently ranks first or second, third or fourth or whatever. [CHILD SUPPORT ADVISORY COMMISSION]

PAUL MERRITT: Doctor, can I ask, just on the charts that you just did...you don't need to go back to them. On the three where you're saying they're existing, that's Nebraska's. Is that the $480 used in that or did you reduce that to $250? [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: I'm sorry. [CHILD SUPPORT ADVISORY COMMISSION]

PAUL MERRITT: Was it the $480 included in that? [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Yeah, yeah. So it's the... [CHILD SUPPORT ADVISORY COMMISSION]

PAUL MERRITT: Where it says "existing" that includes the $480. Okay. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: It's the table. It's the table amounts. I just graphed the table amounts. [CHILD SUPPORT ADVISORY COMMISSION]

PAUL MERRITT: Okay. Thank you. [CHILD SUPPORT ADVISORY COMMISSION]

ERIC THOMPSON: Could you go to the previous slide? [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Sure. [CHILD SUPPORT ADVISORY COMMISSION]

ERIC THOMPSON: In the first statement you refer to other states, and in the last statement you refer to neighboring states. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: I would say, you know, based on my national comparisons, Nebraska is higher...it's on the high end. [CHILD SUPPORT ADVISORY COMMISSION]

ERIC THOMPSON: Than other...you could substitute the word "other" in the third statement and it would still be correct. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Right. [CHILD SUPPORT ADVISORY COMMISSION]

ERIC THOMPSON: Okay. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Um-hum. Yeah. So I'm going to just briefly do five case scenarios. I like to use median annual earnings based on the census. They track this, and this is specifically for Nebraska workers, so those that work and over the age of 25. And it's by educational attainment and gender. I'm going to assume that the non...the parent obligated to pay support is the male. And census data, it's usually 80 percent...over 80 percent of the obligors are males. And I'm going to assume that the female is the custodial parent. So I'm going to look at those with less than a high school degree, those that their highest educational attainment is a high school degree or GED, those with some college, those with bachelor's degree, and those with graduate or professional degrees. Surprisingly, the population is more concentrated around that "some college." I didn't pull those stats for Nebraska though. So this is the comparison, the first set of neighboring states with one child. Red is Nebraska. So you can see that it's definitely on the high end in all these scenarios. Colorado is based on BR4. And they use $250 per child per year as their medical expenses. And they also have an adjustment for Colorado's higher housing costs. Our housing costs are about 8 percent higher than average. Now, Wyoming is on the same study, and so you can see that Colorado and Wyoming look different even though they're both based on Betson-Rothbarth. And I need to double-check something on that. I'm not sure that difference is all because of that housing, that 8 percent or if I did something different with Wyoming's medical expenses. And another difference between Colorado and Wyoming is Colorado is based on gross income and Wyoming is based on aftertax income. So I might have done some sort of thing with the tax conversion there. So they should be pretty similar but they...obviously there's a little bit difference. When I converted those gross income states to an aftertax income...well, actually the census data starts with gross income. So I started these examples with gross income and I used Nebraska withholding formulas to convert those gross incomes to aftertax income. So South Dakota I have a little asterisk after that BR3. The reason being that South Dakota is one of the lowest income states out there. And so I did an adjustment for Nebraska's lower income. Now Iowa and Missouri are also based on Betson-Rothbarth, the third study. And they look generally close. So those differences that you see there are probably something to do with the taxes in those states. Now Kansas has developed its own methodology to measure child-rearing expenditures. And I haven't looked at it for probably five or six years. But it's a very complicated formula how they've done some sort of regression analysis to develop their own measurements. But you can see that it's on the higher end at high incomes. [CHILD SUPPORT ADVISORY COMMISSION]

ERIC THOMPSON: And, Dr. Venohr, you're using median earnings per job. [CHILD

SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Yeah. [CHILD SUPPORT ADVISORY COMMISSION]

ERIC THOMPSON: Which is lower in Nebraska than the national average. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Well, actually, it's not median earnings per job, it's median earnings per person. So I don't know how many jobs they have. [CHILD SUPPORT ADVISORY COMMISSION]

ERIC THOMPSON: Okay. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: So...but do a lot of people in Nebraska have second jobs? [CHILD SUPPORT ADVISORY COMMISSION]

ERIC THOMPSON: We have one of the highest rates of multiple job holdings of any state. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: That's interesting, very interesting. Yes, South Dakota also has that too. Very low unemployment here too. Yeah, I hope you do come back because I want to talk more about that. I think that's interesting. I teach economics also at Colorado Mountain College so I'm just fascinated by that stuff. So that's just to give you...if I would have done different case scenarios, they would have looked differently. I just wanted to throw some out there just to...because that's the question. I want to quickly go into the guidelines models. As I mentioned before, Nebraska uses income shares. Thirty-nine states use income shares. What income shares does is it presumes that the child is entitled to the same amount of expenditures the child would have received had the parents lived together and shared financial resources. And that principle applies to those that were divorced, never married equally. The idea is that children should be treated the same regardless of their parents' decisions to marry or never marry or divorce, etcetera. And we do see nationally, and I'm sure in Nebraska, a huge trend toward more children being born out of wedlock. And so...and then in income shares, just like we saw in that child support calculation, another principle of it is that each parent is responsible based on his or her share of...prorated share of child of income. So it's assumed that the custodial parent expends his or her income directly, his share on the child. There's nine states now that are based on a percentage of obligor income. There were more a few years ago. Tennessee, Minnesota switched to income shares. Georgia switched to income shares. I've been working with Illinois for about three or four years now. They want to switch to income shares and they think it's going to make it to a legislative proposal this next session. The bar association is advocating for it. I've been approached by Arkansas to switch to income shares. And I was actually even approached by Nevada this month about...they wanted to talk about switching to income shares. Wisconsin told me no way at one time. But what it says is that for some reason states tend to switch to income shares. One reason I think is that these states that were based on percent of obligor income only, what has happened over time is that as female earnings have increased, there's been more pressure to consider women's income or custodial parent's income in the calculation. So income shares obviously accommodates that. In most states, versions of income shares provides for a lot of adjustments for several different special factors such as shared parenting time, the health insurance, where if you look at some of the older states, the percentage of obligor income states, they don't address those special issues. And cases have become more nuanced over time. So that's one of the reasons that states have switched to income shares. I have a paper on that, that was in the Family Law Quarterly, December 2013, that elaborates on that. There's a few states that are based on the Melson formula. The Melson formula is named after Judge Melson. It's actually one of my favorite formulas and I'm going to just take a few minutes just to show you how it works. The Melson formula is essentially a hybrid between the income shares and a percentage of obligor income guidelines. So you get the same thing where we do the prorated share, but the first step, which is income shares levels, we look at the child's primary support needs which is line five. And that is prorated between the parents. So each parent is responsible for his or her share of the child's primary support, so essentially his or her basic needs. And then if there's any income available after that, after the nonresidential parent pays his or her share of that and meets his own or her own self-support reserve, and that would be line seven, there's $844 remaining. Then there's a standard of living adjustment with the principle that the child should share in the financial resources of the parent. And this is from Montana. They happen to use 14 percent. Delaware happens to use 17 percent. And then that gets added on to come up with the child support order. Of course there might be adjustments for health insurance and shared parenting time. I want to say that the Montana Melson formula is relatively low in that 14 percent that you see, that standard of living of adjustment, you're actually going to get a lower percent in income shares at very high incomes. It's going to be closer to 10 percent, 11 percent. So the Delaware formula is going to result...or the Melson formula is going to result in a higher amount at higher incomes. So some states don't like that. That's one of the reasons that some states don't believe it should be that high. That's a criticism that it does...it will eventually level off to about 14 percent and some states are critical of that because actual child-rearing expenses as a percent of income at very high incomes--very, very high incomes--is generally less than that. And this is a one-child... [CHILD SUPPORT ADVISORY COMMISSION]

ANGELA DUNNE: How do they arrive at the parent's self-support allowance? We don't have that on our existing. Is that similar to the poverty line? [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Yeah. Actually it's 130 percent of the poverty level, which for...I don't know...this bothers me about Montana. I'm into consistency. And they're using 130 percent. If you calculate that, that's the current poverty level for one person is $973 per month. If you multiply that by 1.3 you'll get $1,264. Now if you look at that primary support, it's $379 and the current poverty level for an additional person is a little bit less than that. I don't have it memorized on the top of my head but for consistency I would have rather had them take 130 percent for that one child, the primary support, and do that self-support allowance, 130 percent. To me, that's inconsistent, you know, and that's a criticism I have of Montana but we're not here to complain about Montana. So regarding alternative guidelines models, there's been several developed over the years. And I actually pulled this from a presentation I did in Atlanta almost ten years ago where to the most prevalent alternative guidelines model there are the cost shares, which I understand that you're familiar with Mr. Mark Rogers' work from Georgia. And I've worked with Mark before. Actually we debated in Alabama before. And I'm going to give you the references in a minute. And then there's a guidelines model developed by the American Law Institute. And Arizona ran with that a couple years ago and developed their own guidelines model called the Child Outcome-Based Support model. And just briefly, the key principles of these models is that the ALI model and COBS model is they're very critical of income shares model and essentially because it doesn't equalize income or kind of close the gap between the two households. If you look at the Canadian system, it actually closes the gap more between the fathers' and the mothers' income after divorce. They say that when the custodial parent income is less than noncustodial parent--at least in the ALI model, the COBS model has a generous self-support reserve--the income shares is too low. And when the custodial parent's income is more than the noncustodial parent's, they argue that the income shares amount is too high. So I said that backwards. When the custodial parent's income is less, both the ALI and the COBS model agree that the income shares model is too low. Now the cost shares, what they recognize is that it costs more to raise a child in two households than one household, and there's lots of different versions of the cost shares. So the original version, what they did instead of using an expenditures in intact families, they used expenditures in single-parent families. And I'm highly critical of that. Mark and I argue about this all the time...is that the reason I'm critical of the that is because single-parent families, particularly female single-parent (inaudible) are predominately...or not predominately, inordinately poor--30 percent to 40 percent of them live in poverty and very few of them have incomes above $50,000, $60,000. I think it was less than 20 percent have incomes greater than $50,000. I have it somewhere in my notes. So you can't really develop a schedule at high incomes using single-parent families. And Mark knows of my criticism. At one time he actually used in his cost share model intact families because he thought that was a compromise. Sometimes he comes up with a cost shares, income shares compromise and that's one that he did. The other thing that cost shares does is it takes those child-related tax benefits...and they say that those should offset child-rearing costs. So essentially those amounts in the table one, what cost shares says is take any benefits associated with the child, like that $1,000 per year child tax credit, and that should be subtracted from that. And this is another area where Mark and I disagree, we've debated this a couple times, is that...and he's backed down on the earned income tax credit. I say that earned income tax credit is a means-tested program and it shouldn't be used to offset the table amounts, that those...if you look at the research, earned income tax credit, it promotes work. Now when Mark does these calculations he, on the taxes, he uses the yearend formula. And the yearend formula when you file your 1040 is a lot different than what's withheld from a paycheck. And they do not advance the earned income tax credit. They do not advance the child tax credit. And I argue that because families generally live paycheck to paycheck, that we should use the withholding, the monthly withholding formula and not the yearend. So that's another disagreement that we have. And another thing to be cognizant of is that child...now the child-related tax benefits have gotten more complicated because of the Affordable Care Act because the way that the Affordable Care Act, that tax penalty, if a parent doesn't provide health insurance for the child, the parent that's subject to the tax penalty is the one that claims the child as an exemption. So I imagine in most of the states I work with a lot of times that parents are divvying up the tax exemption for the children and sometimes, like in Arizona, it's right in their guidelines that they're supposed to prorate it. So if there are three kids, and we use that example where the nonresidential parent's income is 67 percent, he gets to claim two kids and she claims one kid in one year or else they flip every three years where they claim all of them. So this is a big deal. And so that's one thing to think about when you're thinking about tax benefits. The other thing to think about is that child tax credit, that $1,000 per child per year. That wasn't permanently extended when Congress went through that ordeal a couple years ago with whether they were going to permanently make those Bush-era tax credits...they didn't make the tax credit permanent. And that is not advanced. And families with lower incomes, very low incomes, single-parent families won't even get the full amount, you know, because you can't...there's...you get partial of it if you're getting the earned income tax credit. The old rules were you couldn't get both: earned income tax credit and the child tax credit. But they've since given partial of that. [CHILD SUPPORT ADVISORY COMMISSION]

MONTY SHULTZ: I have a quick question. So if the income shares model doesn't take into account the cost, that it does cost more to raise a child in two houses... [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: That would done through the time-sharing adjustment. So right now you could make an adjustment in the schedule and it's...there's a few states that do, such as Pennsylvania, Missouri, and Louisiana. And you can say that, you know, our standard, I don't like to use the word "visitation," but our standard parenting plan is like every other weekend or something. In those three states, they incorporate it right into the schedule and just say that...like Louisiana is just for food. So you could put that in the schedule, you know. The criticism I have of that is that time-sharing arrangements are highly variable. They're not all standard. It's not every other weekend. So putting them in the schedule doesn't work for that. So I'd rather have an adjustment in the worksheet. The other criticism I have of that is that the data says that about 30 percent don't...I think it's about 30 percent--it's closer to...I think it's 29 percent or 28 percent; I'm rounding--don't have visitation or they don't have any parenting time. I mean what came first, then they have parenting time or the schedule amount. I don't know. But income shares, if you look at the principles of income shares they say it's good to have a...essentially say that it's important to recognize that parent's sharing of the time and include an adjustment in the worksheet, so. And I'm going to talk about all sorts of different adjustments. And there is a wide range of adjustments. And in Nebraska, the adjustment doesn't kick in until it's about 40 percent time-sharing if I remember right.

[CHILD SUPPORT ADVISORY COMMISSION]

ANGELA DUNNE: It's less than that. [CHILD SUPPORT ADVISORY COMMISSION]

WILLIAM MACKENZIE: Actually it's possible to do it at 30 percent. It's a rebuttable presumption at about 39 percent, 42 days (inaudible). [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Okay. [CHILD SUPPORT ADVISORY COMMISSION]

WILLIAM MACKENZIE: So it's kind of a graduated step from one extreme to the other. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Um-hum. Okay, yeah. [CHILD SUPPORT ADVISORY COMMISSION]

MONTY SHULTZ: So essentially it sounds like a benefit for the states to...well, like, Nebraska, we have an 80 percent rate of custodial parents being mothers. So it seems like a benefit for the state to continue to, you know, keep the income shares model and to allow that deduction to be less. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: I'm not following. [CHILD SUPPORT ADVISORY COMMISSION]

MONTY SHULTZ: Well, I'm saying that if they keep the time with the noncustodial parent less, the state can essentially have more income through the child support order. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Why? [CHILD SUPPORT ADVISORY COMMISSION]

MONTY SHULTZ: Isn't that the way it's done in Nebraska? [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Are you talking about AFDC/TANF recipients because that's the only... [CHILD SUPPORT ADVISORY COMMISSION]

MONTY SHULTZ: No. Go ahead, move on. I'll think of a way to reword it, I guess, so. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: You know, because the only time that the state is going to get any child support is if they sign their rights to the state and that would be TANF cases which is going to be, what, 15 percent, 20 percent of your caseload. And those are going to be generally low income. And in those situations, you know, I've got to be really clear if, you know, like, I think it was you that mentioned the New Jersey adjustment or somebody did. In New Jersey, they won't grant a parenting time adjustment if the custodial parent has really, really low income. They have to be above at least 200 percent of the poverty, you know, because when you get to that low-income thing, there's just not enough money to go around for both households, you know, but it's an important issue. And I want to be very clear that both the cost shares and the income shares allow for parenting time adjustment and both of them do that as a line in the worksheet generally. When any model...that anytime I've seen the cost shares that Mark Rogers has done, he's always done it as a line in the worksheet. So to me they're not any different. That's not the major difference. The major difference is what is in that table, the schedule amount. But the adjustment mechanism actually surprisingly is the same where a lot of times I've seen in...I mean, granted there's different variations of the cost shares where they just prorate it based on the time, you know, with...if the child is in the household 50 percent of the time, obviously, if parents have equal income and they're equal percent time, the order ends up being zero. And that's true of income shares--most adjustments for income shares; I'm going to show you some that don't do that--and those for cost shares. So they use...a lot of times they use the same formula. And while I'm at it, I'll just tell you when the formula doesn't result in zero orders, when there's equal income, equal custody, and that's the situation in New Jersey and Indiana.

And the reason being it's just those states believe that there's some sort of expenses that one parent has more control of. And so those orders will never end up being zero when there's equal custody and equal income...or equal time-sharing. I don't like to use that word "custody" because that's a legal term. And the reason being is that they believe that one parent controls expenses such as the iPod. And in some...I can't remember if one of those states includes clothing, but it's usually entertainment. You know, so there is 6 million different ways, is the point, that you can adjust for time-sharing. So if you're going to talk about time-sharing, because I know I'm going to run out of time at the end here, I would say the first thing you've got to do is decide what the criteria are and then look at the mechanics of the formula and get into some of the things...you know, whether you want to do a cross credit, which is what I just described, or what Indiana and New Jersey do. But anyway, here are a bunch of references to different guidelines models. Just...I think I'm going to skip this slide just to save time. I'm going to move on to the guidelines deviations. This was some data that Jenn helped me get. And I'm going to have to talk to the court person to make sure I'm understanding it correctly. These were...the blue is the guidelines were applied. I'm thinking that even though the white shows the reason is unknown, I'm wondering if it...just didn't know if the guideline...if it was true that the...I think I need to get a glass of water. Talking too fast here. Hold on for a minute. So the guidelines were definitively applied in the blue. Those that are white, I think actually are unknown whether the guidelines were applied or not. And then the very top colors is when there was a deviation, a definitive deviation. And some of the deviation reasons were for special needs. I mentioned that each state comes up with their own deviation criteria: special needs, extraordinary medical costs, foster care. Not one of these reasons comprised more than 2 percent of the deviations of all the cases reviewed. [CHILD SUPPORT ADVISORY COMMISSION]

WILLIAM MACKENZIE: Is this chart using Nebraska or is this a national figure? [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: This is from the court that Jenn helped me get. [CHILD SUPPORT

ADVISORY COMMISSION]

WILLIAM MACKENZIE: From the state of Nebraska. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Yeah. [CHILD SUPPORT ADVISORY COMMISSION]

WILLIAM MACKENZIE: Okay. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: From the court system. [CHILD SUPPORT ADVISORY COMMISSION]

WILLIAM MACKENZIE: All right. [CHILD SUPPORT ADVISORY COMMISSION]

ANGELA DUNNE: The "Reason Unknown," they require that we attach the child support calculations to all of our orders. So just so everybody knows. They're always applied. I'm guessing the "Deviation: Reason Unknown," we do them in removal cases where we have a parent who moves out of state so we have to deal with transportation. Or in some child support orders, rather than move to worksheet three, which is the parenting time adjustment, they'll deviate on the child support because there will be some kind of compromise amount. But I would guess in almost every case the guidelines are applied in some way. That would be my guess on the (inaudible). [CHILD SUPPORT ADVISORY COMMISSION]

WILLIAM MACKENZIE: Well, we're supposed to start with the guidelines. Every order is supposed to say this is the guidelines figure. And then if they want to deviate, they'll say, we're going to deviate upward, downward, whatever, because of X, Y, or Z. And it's supposed to be spelled out in the order. Now realistically, that doesn't always happen. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Yeah, and I think what bothers me about it is usually when I get data from an automated system, for one, I'm not sure if this is just IV-D or IV-D and non-IV-D since it comes from the court and I'm going to have to get some clarification on that. But usually the deviation rates are very low and I just look at IV-D data because they're putting it in the automated system and, you know, garbage in, garbage out. If they don't populate that field in their automated system, I'm not going to go...know about the deviation. So for IV-D, when it comes out of a IV-D automated system I see guidelines deviation rates of maybe 4 percent, 7 percent. So this seems higher. Now when we go to hard case files, when we actually collect the data from both IV-D and non-IV-D, so private divorces, we're seeing, you know, closer to 30 percent deviation. So I was a little bit surprised. So it's just worth investigating further about those unknown just to get some clarity. And you know, I'll talk to Josh about the data. But because it was a federal requirement that you look at the guidelines deviations, I wanted to put that up there. States don't really do that much with the data unfortunately. I mean, if there was more deviation due to foster care I might tell you that you need to change your foster care provision. But that's not what's happening, you know. In Arizona where we just collected data from hard case files, it's been really good because you get lots more information about their incomes. I've learned that almost 25 percent of their orders are what they call almost equal custody...almost equal--I don't want to use the word "custody" I guess, stop that--almost equal parenting time, so. And there they can take it down to zero if it's almost equal, essentially equal parenting time and essentially equal income. So... [CHILD SUPPORT ADVISORY COMMISSION]

PAUL MERRITT: Doctor, I'll tell you, on Lancaster County, when I got the first report from Mr. Van Patten, I think he sent stuff out, I looked at it and I couldn't believe the noncompliance it showed with Lancaster County. And so I sent it to our referee who then talked with the clerk's office. And the system has a default in it to show noncompliance as I understand it... [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Oh. [CHILD SUPPORT ADVISORY COMMISSION]

PAUL MERRITT: ...if the person in the clerk's office doesn't go to a certain screen, which they were not doing. And so now they've gone back in and readjusted all of those for Lancaster County. I don't know if they're done yet. They had a couple, two or three of the years done. But it was defaulting. I'm not saying it's not. They may not be great figures, but they're a lot better than what they were showing because somebody in the office was missing that screen so it was automatically defaulting to noncompliance. So maybe the figures when they get brought current won't look quite as bad. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Yeah, that's a good point. I think for when you do your final report, you know, we might...I don't know. Maybe those numbers are preliminary. But we might...you might want to put some sort of explanation like that as far as, you know, what it means and why it just looks that way. [CHILD SUPPORT ADVISORY COMMISSION]

WILLIAM MACKENZIE: Do you look at those figures in other states when you go in to analyze their guidelines? Do you look at deviation rates in others states and if so...? [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: I try to...yeah, I'm not always contracted to do it, but if I can get it I'll stick it in there because I think...because it's a federal requirement. And usually what I'm contracted for is to do the economic data, the economic study. And the other federal requirement is the guidelines deviations. So I just think it's easier to have stuff in the same place. You know, like Georgia, I just worked with Georgia. And they just gave me the data and I stuck it in the report somewhere, just mentioned it. But they collected the data. I didn't...you know, they just gave me the number. [CHILD SUPPORT ADVISORY COMMISSION]

WILLIAM MACKENZIE: What was the number, do you recall? [CHILD SUPPORT

ADVISORY COMMISSION]

JANE VENOHR: In Georgia it's quite high. It's...I'm sorry, I'm spinning because I was in Arizona last week. It's closer to 30. [CHILD SUPPORT ADVISORY COMMISSION]

WILLIAM MACKENZIE: Okay. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: I want to say it's 34 percent. I could look it look it up and give it to you for sure. [CHILD SUPPORT ADVISORY COMMISSION]

WILLIAM MACKENZIE: No, that's fine. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: But it's on the higher side. They're proud of their deviations there. One thing that Georgia does, it's one of five states that doesn't have a low-income adjustment, you know, and that's a big deal in the IV-D world. You know, Vicki Turetsky is the Federal Office of Child Support Enforcement Commissioner. I mean, she's very avid about having low-income adjustments. I mean, they're finding that...and I mentioned the TANF population, that TANF...families that receive public assistance must assign their rights to the child support system. So they end up in the IV-D world. A lot of Medicaid systems (inaudible) private cases. Well, the data shows that 25 percent of noncustodial parents are poor. So their characteristics mirror, you know, some of the custodial parents that are in TANF that are, you know, on public assistance and in work programs. And Ms. Turetsky recommends three things to deal with this. One is to create work programs for nonresidential parents to link them, you know, because the TANF program, they obviously help mothers get jobs and so forth or it could be a father that's receiving TANF. And that enables them to financially support their children. So why not do the same thing with child support programs? Link them to employment programs to help enable them to pay. And then she also advocates for having guidelines amounts that are right sized for these low-income parents. And there's two components of that. One is to have a low-income adjustment, which Nebraska does, that $973 self-support reserve. And the other thing that's rampant in states is the imputation of income. A lot of states will impute income at full time, minimum wage earnings, and even though they have evidence that these low-income obligors are making less, I mean, you can imagine. I mean, there's some data that suggests that 28 percent of the IV-D caseload has a...the nonresidential parents have a record, a felony record. You know, so they're...they get out, they try to find a job. They don't find a job. They lose their job. You know, they might be doing asbestos removal. It might be a temporary job. So at the end of the year, their earnings isn't full time, 20...you know, full-time minimum wage. It's less. So she advocates using whatever they can find in IV-D, I mean, in the quarterly wage data or other means, you know, it could be testimony, it could be contacting the employer. And some states are also moving away from that imputation of full-time minimum wage because of the Affordable Care Act. We've all have seen the stories in the media as far as on that 29-hour threshold. Adjunct faculty are affected, that employers, large employers, have to provide healthcare benefits if they work more 29 hours a week. So there's some movement that rather than impute income at full time, 40 hours per week, use 29 hours. And some states are talking about putting that right in their guidelines. Some states actually say they must impute at a 40 hours minimum wage. Nebraska doesn't have that in its guidelines but some states do. So that's a bigger issue, too, and that allows me to skip a slide at the end, so. So getting back to the studies of the cost of raising children, so the first thing I really encourage you to do is to talk about guidelines models as the commission and decide whether you want to stick to income shares. If you're going to make any changes that really affects what study you're going to use for raising children. If you're using the Melson formula, you have to look at a basic needs study. Here I have the 2014 federal poverty level. It's $338 per additional person. So obviously 133 percent of that would be a lot more than what we saw in Montana. There's also a self-sufficiency wage study. This was initially funded by the Ford Foundation. They do these in lots of states. These are the studies that say, I'm sure you've seen them, they hit the media once in a while, that it costs like $12-15 an hour to support a family. And you can pull some data out there, tease it out, to come up with a basic needs for a child. The problem with that study is it's county by county or urban area, number of children, so it's a little bit difficult to tease out. I talked about the different costs of raising children. If you stay with income shares, you could use the USDA to update your table. You could use the Betson-Rothbarth to update your table. There's some other studies out there that a state hasn't used, and I just didn't put those up there. If you used the cost shares, you could use expenditures in single-parent families. The USDA is the only study that's measuring that right now. And all those references are on slide 14. So no income shares are alike. You witness this by looking at the difference between...all the states bordering you are income shares and all of them have different order amounts so that measurement of child-rearing cost is just a starting point. There also has to be other adjustments. For instance, I showed you that the Betson-Rothbarth is a percent of total expenditures. So it doesn't include savings. If we look at that dark blue, that's the child's share of total expenditures. So when we look at the Betson-Rothbarth, they're only measuring that light blue versus the dark blue. And most states base their child support schedules on gross income. So I have to make some assumptions to get up to that gross income amount. So I want to be clear that over time Betson has made some changes to his study. His methodology is actually the Consumer Expenditure Survey that the Bureau of Labor Statistics made some changes to that. Again, Nebraska is currently based on BR2. There's the BR3 and the BR4. Beginning with the BR4, Betson switched from expenditures to outlays, and economists traditionally had measured expenditures as what you spend for an item now. So if we bought a home entertainment unit and it was $5,000 and we're going to take five years to pay for it, the Consumer Expenditure Survey would capture that whole $5,000. Okay. Now if...this outlays will just capture what's paid in installment payments. So if the payment is $100 per month and that family is in that survey for five quarters, then it would only capture $100 times 16 months. So $1,600 instead of $5,000. So that's one difference between outlays and expenditures. Another difference is the mortgage principle. Both expenditures and outlays capture mortgage interest, rent if a family rents, if there's HOA fees, if there's property taxes, utilities and so forth. The expenditures does not capture any payment on the mortgage principle. The old-school thought was that we get equity in our house. We sell it. That could be part of the divorce settlement.

That changed. The financial crisis of 2007 kind of blew that out of the water. Now what we see is, you know, them arguing about the debt and the credit cards. So outlays captures expenditures, not only in the mortgage principle, the second mortgage, and any payment on the home equity loan. So it's more reflective of what, you know, families that live month to month. Another change that happened was the Bureau of Labor Statistics recognized that the Consumer Expenditure Survey was showing that families at very low incomes tend to spend more than their income, sometimes 300 percent more at the very low incomes. How do they do it? Are they borrowing from savings? Are they borrowing from payday loans? Who do they know? So the consumer expenditure did some methods to improve that question. I mean, there's always been an underreporting of income. It's inherent in surveys. So they developed some different methodologies to ask that question better. And what happened was some of those families that were low income really weren't low income, and they got bumped up to another income category. So what we see in the latest measurements is that those amounts at very, very low incomes are actually less than some of the older estimates. But at the higher income what we see is that some of those amounts are higher, and these are the families that are more likely to get installment payments. You know, they're the ones that have a line of credit so they can go get the home entertainment unit, they can get the home equity loan. Somebody that's making $30,000 a year might not even have a home, but the higher incomes do. So that's just...I wanted to briefly say that. So I'm... [CHILD SUPPORT ADVISORY COMMISSION]

WILLIAM MACKENZIE: I don't know if it's relevant or not to your work, your studies but, you know, clearly you look at...the old line that if you can qualify for a loan you don't need it. People at low incomes get whacked with these predatory lenders, you know, the rent-to-own places, the paycheck advance places that someone who earns more would never set foot in those places. But it's kind of a way of life for people at lower incomes, so a lot of their discretionary income goes to these businesses, lightly put, that feed off of these people. And that tends...and a lot of them, you know, they don't have regular checking accounts, they don't have relationships with banks, they're not a good credit risk. So what little income they do have, whereas someone that earned more money would arguably spend it better, you know, the people at lower incomes, it just goes out the door for them. It's like flushing it down the toilet almost. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Right, right. It's a problem and there are some projects at the federal level. They actually come up with a term for it: banked and unbanked. And they're trying to help low-income families, even nonresidential parents, there's been some demonstration programs to help them, encourage them to get bank and savings and it's part of that whole issue of financial education and it's...it stems right into what you're saying. But there are some programs. I'm not sure if Nebraska has ever applied for some of those grants or not, but there are demonstration projects to see if they can address some of those issues by helping...doing financial literacy and helping people...educate them about that, and then also helping them develop bank accounts and those sort of things. [CHILD SUPPORT ADVISORY COMMISSION]

WILLIAM MACKENZIE: I guess my question is, do these studies, these various ways of looking at the cost of raising kids, do they recognize those issues? Do they factor those into their work? [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: No, and I'll tell you why, is that the Consumer Expenditure Survey is the major source of data because it's the most detailed study of expenditures, and it's really designed to calibrate our price index, when you look at the consumer price index, how much inflation that we have. So they're really into what consumers spend. That's their charge. That's the reason they exist. And there's another survey that's done by the Federal Reserve that's, what is it called, it's financial something, but you'll see it on the Federal Reserve site. They look at that flow: what's the liabilities; how much credit does a family have; what do they...do they owe an auto loan; do they have stuff. And I wish those two data sets would merge. I wish they would both ask the same questions and they'd be in one data set, but they're not. You know, so, yeah, they don't get into that in the Consumer Expenditure Survey. So, sorry. I mean, I agree with you. It's an important issue. So just briefly, see, if you decide that you want to update or modify the table, I just wanted to list some of the common adjustments that states do. I mentioned before that more states are based on gross income rather than low income, that some states make an adjustment for their relatively low or high income. There's the childcare expenses, 35 states including Nebraska exclude those from the table. The treatment of the child's healthcare expenses, as I mentioned earlier, Nebraska has a higher amount than most states. Most states have $250 per child per year. Nebraska does incorporate that low-income adjustment at the very low end of the schedule, so you probably want to update that. That would make those amounts at very low incomes a little bit lower. I mentioned earlier that there's three states that include a standard parenting time adjustment. If you want to find more information about the Consumer Expenditure Survey, which is what most economists use to measure child rearing expenditures, that bottom line has the Web site and you can find out more there. [CHILD SUPPORT ADVISORY COMMISSION]

WILLIAM MACKENZIE: Can I back you up... [CHILD SUPPORT ADVISORY COMMISSION]

PAUL MERRITT: Doctor, can we go back... [CHILD SUPPORT ADVISORY COMMISSION]

WILLIAM MACKENZIE: Go ahead. [CHILD SUPPORT ADVISORY COMMISSION]

PAUL MERRITT: Can we go back to the common adjustments to measures? [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Um-hum. [CHILD SUPPORT ADVISORY COMMISSION]

PAUL MERRITT: I have a couple of questions on that one. And you may be discovering...you may talk about this later and if you do just cut me off right now. What's the advantage, and I assume it's probably an advantage, or disadvantage as the case may be, of using gross versus net income? [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Oh, man, that's been the biggest debate. That's the stall on Illinois. [CHILD SUPPORT ADVISORY COMMISSION]

PAUL MERRITT: I mean, 29 states are using gross, so, I mean, there must be a reason why they think that is more advantageous than net, which is what we use. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: I'll tell you the story about Illinois because it really illustrates it. Illinois, you know, they are a percent of obligor net income right now and they want to go to income shares, and the biggest hang-up has been whether to base it on gross or net income. And gross income is a lot easier to calculate, and when...for the IV-D system, it comes up with the same amount. If you do net income, aftertax income, it's more difficult...you have to get more information. It's like, who's claiming the children? How many do you...do you use their...are are additional children from another relationship? Are they married, are they not married? There's just a lot more things to consider in the calculation. Now some states that have...use aftertax income, they prescribe, like California says, that you must assume their actual marital status or South Dakota says assume that both of them are single, individual, not head of household, not married, and they don't claim anybody else. So there's other ways around it. But the bottom line is it's easier to calculate it from gross if it's a simple case. In the IV-D world there's not, you know, income from capital gains, from rents, from subchapter S corporations. That's where it gets messy. So interesting what happened in Illinois is the IV-D and the district attorneys or the attorneys that are working the IV-D cases really wanted to go to gross income. The bar association wanted to leave it at the original case law and stay with aftertax income. I imagine the problem, the hang-up now, in Illinois is because a lot of times there's, I understand from talking to some of the private attorneys there, there's some negotiation going on. That aftertax income, like there's some negotiation between the parents about who gets to claim the child as a tax exemption and obviously which parent claims it because in Illinois you can move it from one parent to the other, you know, or you can in all states if you get the custodial parent to sign the IRS form. Then so let's say that the obligor claims the child. Then they're going to have maybe two exemptions instead of one and they're going to have less income for the child support calculation, but they might negotiate something else, such as spousal support. So in Illinois they were using it as a negotiation is the short of it. [CHILD SUPPORT ADVISORY COMMISSION]

PAUL MERRITT: Can I assume that if you go to gross, then the schedules would have to be changed because the schedules are based upon net? [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Right, and the calculation, the way that most states gross it up is they assume that all income is earned by a single taxpayer that claims just themselves as an exemption. [CHILD SUPPORT ADVISORY COMMISSION]

PAUL MERRITT: Okay. And my other question is with respect to your fourth bullet. I remember when we added $480 per month because before that there had been no credit given to the...with respect to medical expenses and quite frankly what we were told in my recollection is that in our tables $480 was figured in, in establishing those tables for child...for health insurance for the children. And so it was being double dipped, if you will, if it wasn't being considered. Is the $250, is that just somebody just reached up in the sky and pulled up $250 and said that's what we're going to use? [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: No, there's a third survey. I mentioned the Consumer Expenditure Survey and the consumer finance survey that was done with the Federal Reserve.

There's a survey called the national medical expenditure survey. It's done by I think it's CMMS (sic), the Centers for Medicaid/Medicare Services. And there's also lag between when data are collected and analyzed, and $250 was coming out what the average out-of-pocket expenses were there for awhile or the median amount. The thing that I am very uncertain about is how much medical expenses are the average or the median in the (inaudible). I don't think we know the fallout from the Affordable Care Act yet. And one...I'm going to talk about that more next, the one thing we do know is that more children are eligible for Medicaid and CHIP. When you look at the IV-D caseload, the data analysis says that it could be like 70-80 percent. Now Medicaid, there's nothing, children...you don't have to pay insurance premiums. You don't have to pay any out of pocket. There's no copays. So there should be zero for Medicaid. Now CHIP they can charge up to 5 percent. I'm not sure what Nebraska charges. You know, that higher income, I don't know. You know, I think my point is before it might have been across the board $480, might have been $250 across the board, but I think it's going to be more nuanced with the income level now just because of the way the Affordable Care Act works with the subsidies for the insurance. And in the Affordable Care Act, if somebody goes through the marketplace and uses that, so they'd be eligible for the subsidy for the health insurance and they're also going to have a subsidy or a tax credit, I'm not using the right word, for their out of pocket, so to say. So remember there's two types of healthcare costs that are coming out of the family's pocket. One is for the insurance premium and the other is any sort of cost sharing which could be copays, coinsurance, you know, like my health plan has 80 percent insurance pays and 20 percent I pay if I go into the hospital, and then I have a high deductible of $5,000 for everything. I mean, you're seeing more and more of that in the higher income things. So those higher income ones could possibly have some pretty high...and I'm sure you're seeing it on the bench, some pretty high out-of-pocket expenses. So there's that and the other piece of the Affordable Care Act is the qualified medical plans that everybody has to have...not everybody, but there has to be a qualified medical plan to count for this insurance mandate. The qualified medical plan requires all this preventive care such as vaccinations, other things, child well-being visits and so forth. So on one hand I'm saying that I'm expecting those medical costs to go up, those out of pockets for the higher incomes can be lower for the lower incomes because of the Affordable Care Act. But then when I look at what the definition of a qualified health plan is, well, children, you know, unless they're going to the emergency room, I mean, children are the least expensive when it comes to medical costs. I mean, it doesn't seem that way when you have kids because they always end up in the emergency room. But relative to adults when you look at that medical expenditure survey, it's very cheap to insure kids and to pay for their medical costs, much more so than...they're cheaper than adults. So when you look at the scheme of things, they're not having a lot of out-of-pocket expense. They're not...not every kid goes to the emergency room. So at the end of the day I'm not sure exactly where those out of pocket are going to land. I can't say that Nebraska should use $480, should use $250, you know, or if they...what for sure. I mean, I think that's one of the biggest questions. I mean, one...Ohio is going with keeping all the medical expenses or what they're recommending, the legislature hasn't approved it, keeping all the medical expenses on the table and then just assuming the custodial parent pays them. And then so...and the reason being is just to keep it simple because of that health...it gets just too complicated if you're going back and forth, particularly with the Affordable Care Act now saying whichever parent claims the child as a tax exemption is the one responsible for carrying the health insurance, and they would face the penalty. [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: I think I'm going to ask the members of the commission to kind of hold their questions because we have 35 minutes to finish getting through. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Okay. [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: So perhaps you could kind of write your questions down and let us finish the slides and then come back. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Okay. Okay, I'm going to move to this. Just briefly is that the current rule as I mentioned this that 2008, the Federal Office of Child Support issued medical support rules, and those are the ones that are currently in effect. They promise some rule changes and they're supposed to be released soon, but they've been saying that for a couple of years now. So the existing statute, so that third bullet there, a state's child support guidelines must address the parents will provide for the child's healthcare needs through health insurance coverage and through cash medical. And that cash medical term, I really wish they wouldn't use that term, but that can mean three things or a combination of these three things and an order or amount in calculation to pay for the child's health insurance, so in Nebraska let's say that the custodial parent is paying the health insurance and that so there's an add on, the nonresidential parent's order amount would be more than it would be if we just used the table, that's considered cash medical. If there's an order that covers any out-of-pocket expenses, even if it's in the future say that a lot of states do that, that each parent will be responsible for his or her prorated share of any out-of-pocket expenses in the future such as, you know, kid goes to the emergency room. It's out of area. It's $100. You know, dad's responsible for 67 percent and mom's responsible for 33 percent. So in that scenario, mom would send dad the receipt and he would give her $67. And it would be a private pay. It could be reduced in judgment in most states because it's part of the order. They took it back to court. Finally, some...an order can be...order to pay to the Medicaid agency to offset public insurance, Texas does this, they tack on 5-9 percent on the obligor's gross income and it's distributed to the Medicaid to help offset those costs. Texas has a million cases. They collect about $10 million a year through this. So it's not chump change. There's only a handful of states that do that. But a lot of states ran with that C definition and sore frustration. There's a couple of states that would love to get rid of that because they interpreted that they had to do that. The federal office is now saying you don't have to do that. You don't have to order cash medical to reimburse the Medicaid (inaudible). The other part of the federal reg is that states must consider whether the insurance is accessible to the child and the cost is reasonable, and specifically the reg says deemed reasonable if it does not exceed 5 percent of a parent's gross income, Nebraska uses 3 percent, or a state-determined standard. So a state can do what they want. With regard to accessible, that just means states can come up with their own definition. In Rhode Island, it's a small state, they say all insurance is accessible. It only takes four hours to drive across the state. But some states say within 30 miles or 30 minutes. So again Nebraska's cost of insurance doesn't...3 percent, other states...30 states have adopted the percent threshold. All states haven't because there's been another information memorandum that said that states can keep whatever they're using until things get ironed out with the Affordable Care Act, but we're still waiting for that. As you can see, several states use a higher amount, and one of the reasons that they use a higher amount is that it aligns better with the Affordable Care Act which allows a maximum cost of coverage through the marketplace exchanges of 9.5 percent of the MAGI, the modified adjusted gross income, so they just round up to 10 percent. In private conversations, some people have told me that 8 percent is appropriate because there's no penalty if...insurance with the IRS. So...and again this just shows that maximum out-of-pocket amount that could be $12,700 per year for a family. So I'm very concerned about out-of-pocket expenses in the future and what to tell states. Again, I just want to reiterate that a lot of families' children will be eligible for Medicaid or CHIP. I think it's one out of four children nationally are now eligible for Medicaid and CHIP. I don't know what it is in Nebraska. So as far as child support, that alleviates some of the pressure just because Medicaid doesn't charge premiums and costs to come up with this. So the short of it is that I think it would be fine for Nebraska to go with a higher percent. [CHILD SUPPORT ADVISORY COMMISSION]

WILLIAM MACKENZIE: Well, the problem is that's in our statute. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Oh, sorry. (Laughter) These are...the Federal Office of Child Support is releasing some medical support fact sheets. I think this provides really great direction on what to do with medical support, and this came out of a presentation out of the National Child Support Association conference in August 2004. These fact sheets, the last time I checked they weren't published. I meant to check this morning, but I didn't get around to it. They acknowledge that medical child support rules aren't aligned with the Affordable Care Act. The first thing they recommend is to consider using cash medical support as a starting place. So not ordering the parents to provide health...the employer-sponsored insurance is what they say. The second thing is to include Medicaid, CHIP, marketplace coverage, as well as cash medical support in your definition of medical support. No state in their guidelines that I've seen yet explicitly says that Medicaid/CHIP are health insurance coverage. In fact, there are some states that say they are not. For years Medicaid would say, we are not a health insurance program. But now they consider themselves a health insurance program. So it's very important to have that clear in the rules because why...if a child is on Medicaid/CHIP, why dink with it, I mean, unless you want to be Texas and do cost recovery. I mean, there is that avenue too. There are instances where it be more appropriate to order the CP to provide coverage. The school of thought on that is both to have that "gruency" (phonetic) with the tax exemption. Another thing is the custodial parent is living with the child. So when we talk about the child having access with...to the health insurance if the nonresidential parent is living in California, what health insurance or health exchange are they going to have available? It's not going to be the same as Nebraska. So it's just streamlined saying by assuming that the custodial parent is going to provide coverage. They say don't order...this is number five, don't order employer-sponsored coverage specifically. Obviously there's limitations to that. You know, they can't...wouldn't be marketplace insurance. There's all sorts of options. Six, look to define minimum essential coverage in state policy or through individual orders. If you look at the Minnesota and Texas guidelines, they describe what is health insurance. I mean, you could just use the Affordable Care Act. I mean, they say what are essential benefits. I mean, why reinvent the wheel? But the problem is, is you don't want parents to come up with some of the fly by...you know, one of my students came up with a plan and I just...he said...he was very angry with how much it was going to cost him to get healthcare insurance through the exchange, so he came up with a plan. And I thought, is that good enough for him? I mean, he was talking to me about it. I mean, there's all these options out there. And that's the point of seven is to kind of try to steer away from subpar plan. And, again, this is from a presentation. It's not my thoughts. Again, make it clear in your guidelines that if the parent purchases marketplace or open-market coverage for a child, consider the medical support provisions met. In short, what the feds are saying or the Federal Office of Child Support is saying is they don't think these medical support provisions are going to go away, but they're trying to help you find ways to fulfill it, including counting Medicaid as medical support. Ten, don't we wish we all knew how to do that, create a medical support order that is flexible and works for parents? So some more advice: align the parent who's responsible for providing coverage with the parent who claims the child is a tax dependent. Two, I already mentioned, consider redefining reasonable costs. Three, generally don't order a parent to purchase marketplace insurance for a child on Medicaid. There's double accounting there, some duplication of effort. Generally, don't order a parent to purchase marketplace insurance if they don't claim the child as a tax dependent. And again, the final one is consider exempting a parent from providing medical support if they are income ineligible, such as that they don't even have sufficient income to file with the IRS and have no affordable options. And again that goes with that whole premise of mistrusting, you know, of low income and this certainly is doable within the current rules. So I'll be curious when we open up this to questions what you think because some obvious things came out to me when I was looking at that. Briefly, how many more minutes do I have? [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: 25. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Twenty-five. Additional dependents, I'm going to do this one slide. The current...when I looked at your original questions, I labeled them as additional dependents and I might have misunderstood, so please correct me when we get to the question time period. The current provisions is that child support previously ordered can be deducted from income and that there can be a deduction...and I didn't put...I'm missing something there for other children. But what struck me is it didn't say how to make that deduction, the dollar amount. And what most states do is they have similar provisions but they actually provide a formula and they also have a provision similar to Nebraska's that just having another child isn't a change of circumstance. Another thing that I noticed about the Nebraska adjustment is it said obligor. In most states the adjustment applies to both obligees and obligors. I can talk about the adjustments. I'm not sure if that's what your interest is. Some states do what's called the theoretical order. So they'll take that table and develop a theoretical order, and some states will just use that parent's income. Some states will only use half of it with the assumption that there's another parent out there that's paying the other one. Some states will take 70 percent of it; 70 percent tends to equalize income between the households. Some states...New Jersey requires evidence. It requires that if somebody wants the adjustment that they have to bring in the other...the new spouse's income. So there's a bunch of ways to splice or dice that. There's a criteria for the adjustment. Some states do first born. Colorado ping-pongs back and forth whether it could be applied to any child or if that can be applied only to the first born. There's been a case in Colorado where this father, he had a child with his first spouse and that child ended up living with him. And then he remarried and he had like ten kids or something like that. And then when the child turned 13, he decided he wanted to live...that son decided he wanted to live with his mother. So the mother filed for child support and then the father wanted...you know, he thought that he was going to always have that...you know, he had the ten kids living with him. So that was the case that caused Colorado to ping-pong back and forth between first born. I always call that first to the courthouse. But, anyway, that's another consideration. You can tell me what you expect. I breezed through some of the stuff for adjustments for parenting time. Nebraska has two provisions. One is the visitation or parenting time adjustment; one is the joint physical custody. I tend to recommend that those be folded together and just using a time-sharing threshold for simplicity. Most states provide some sort of shared parenting time adjustment. Most states, this is the big one, is most state guidelines require actual court-ordered visitation, custody, or parenting plan or party agreement. There's a few states that don't. I mentioned that I was in Arizona. It just mind boggles me. They just take the testimony of the parents and 80 percent, over 80 percent of their orders have an adjustment for parenting time. They also have a very aggressive and well-established parenting education program that's mandated and the attendance rates are very good. A few...a second component portends to the criteria of shared parenting time adjustment as the threshold. We talked about 39 percent, 40 percent. Most states set their threshold at 20 to 35 percent. A few states start at one overnight. Arizona starts at four overnights. [CHILD SUPPORT ADVISORY COMMISSION]

WILLIAM MACKENZIE: Is that per week? [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Per year. [CHILD SUPPORT ADVISORY COMMISSION]

WILLIAM MACKENZIE: Per year. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Yeah. So one overnight, so the... [CHILD SUPPORT ADVISORY COMMISSION]

ANGELA DUNNE: Do you know what the rationale is behind that? [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: The rationale usually is to make it more gradual, the adjustment. The trade-off is that just because the child is spending the night with the other parent, it doesn't reduce the primary residential parent's cost. It's not like they can just say, oh, the kids have gone, I'm going to open that bedroom up as a bed and breakfast. You know, and in New Jersey they would even...when they talked about their threshold, they even talked about milk. You know, if you know the kid is going to be gone for the weekend, you usually buy a gallon of milk or you go to Costco and then, you know, you buy, you know, half a gallon but you don't get the rate as good. So the problem is it's not a dollar-to-dollar reduction in addition. It just simply costs more to raise a kid in two households. So most states to make the adjustment they take that schedule amount, that table amount, and they supersize it by 50 percent saying that it costs 50 percent more to raise a kid in two households, and that's because there's duplication of transportation and housing costs. And then they do the regular child support calculation and then they'll prorate it by the parent's time. That's the most common method. That's called the cross credit. [CHILD SUPPORT ADVISORY COMMISSION]

PAUL MERRITT: Sorry, called what? [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Cross credit. [CHILD SUPPORT ADVISORY COMMISSION]

PAUL MERRITT: Cross credit, thank you. [CHILD SUPPORT ADVISORY COMMISSION]

WILLIAM MACKENZIE: And that's what we do? [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Yeah. Do you do the supersize, the 150? So this just shows you the different thresholds. I'm just going to...this is just some typical parenting time arrangements. This is that statistic of how many parents actually visit. I mentioned a couple of states incorporate standard time-sharing right into their guidelines, their table. This is the weakness is that there's some parents that just...that don't visit so they're getting the credit but they aren't visiting. That's why I think it's better to do it on a case-by-case basis and use a worksheet calculation. These are just an overview of the different adjustments. Twenty-one states use the cross credit; five states use Indiana's approach. Those would be New Jersey and Arizona, and I'll show you those in a second. I want to just briefly talk about the other considerations. As I mentioned earlier, states are very concerned about having that change be gradual as there's more and more time because they feel that parents bargain time and money. So Oregon just developed a mathematical formula that has the most gradual change that we see. Michigan has a cubed formula, so it takes it to the third power. So, you know, any time you have a linear align it doesn't have a power, but when you want a curve, you add it to the second power. If you add it to the third power, then you can get a more curvy line which is going to be a more gradual increase or decrease. The second thing about that other cluster...the second cluster, zero order when there's 50-50 percent time-sharing and equal income, I already mentioned that Indiana and New Jersey believe that some...there's one parent that's always going to have more expenses. The final point is that if you use that cross credit, it can flip which parent is obligated to pay support. If the parent with low income actually has more time with the parent, it could be that they end up being...or I said that backwards, if the parent with low income has less time with the parent, it could be that they end up being the obligor in some cross credit calculations. Some states do not like that, so they provide that it can't do that in their guidelines. This is just an overview of different guidelines, different provisions, intuition, the ease of use, whether the obligated parent can flip from parent A to B, and that last column is whether it results in the zero order when there's 50-50 time and almost equal income. This is just a schematic of how those different adjustments look. Again, I think the bigger issues probably for Nebraska are the criteria, you know, the time-sharing threshold, and other criteria for establishing the adjustment. I would work with that and then work with the formula. Minnesota, I think they have a...they're a nearby state, they do 10 percent adjustment...I'm sorry, if there's less than 10 percent time-sharing there's no adjustment. If there's 10 percent to 45 percent they just take 12 percent off. And then if they have more than 45 percent, they use that cross credit method. Missouri is a neighboring state and I remember talking to the judge that devised this. He wanted something really simple. So for a range of time-sharing arrangements, the obligated parent can get a 6 percent to 10 percent adjustment. And then once it reaches over 109 overnights, then it has to go to deviation. And that's their way of dealing with the bargaining time and money. That was their solution. The thing I really don't like about the Missouri adjustment though is that it requires that there be a parenting time order, and it might also say a parenting plan. And what I don't like about it is that we see an increase in never-married parents. And so when you look at a couple that's been married versus a couple that come in, never married, the divorcing couple is going to get the adjustment, but the never-married couple isn't. And because I work with a lot of IV-D agencies and the other associates at my...at the Center for Policy (Research) institute, they're working on how do we get shared parenting agreements to the never-married populations. There's a federal law being proposed and actually Vicki Turetsky is proposing that IV-D agencies' powers be extended so that they can order parenting time at the same time that the child support order is being established. And the way the provision is being ordered right now...written now is if they agreed to it because they obviously, they don't want to fund the program anymore, you know, but they want IV-D agencies to do this. So a solution is, is to say that, you know, if you're bringing in an order in or there's orders being established in the IV-D caseload, we can put something like Texas does, which is called a standard possession order, which is essentially every other night, every other weekend. You can stick that right in the language into the order along with the child support order. [CHILD SUPPORT ADVISORY COMMISSION]

ANGELA DUNNE: Well, nonmarrieds in Nebraska can file a paternity action and it will have a custody parenting time order. The cases where we don't are where we have mom on state assistance and the state comes in to establish support. I understand that's what you're referring to. But they...individuals now have the same options, just as divorced parents do, to hire a private lawyer to go in and make sure all that is set up. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Yeah, and that's the issue is whether they have to hire a private attorney and do a separate motion because then in most states the divorce laws are such that if there's minor children involved that they have to decide a rule on child support and custody. But when somebody from...comes to court regardless of...you know, for a child support issue in a never-married situation, they don't have to. I mean they could use...in most states there might be a IV-D court or some sort of term like juvenile court or something in the in the family law court. So it's almost two different legal systems. Yeah, and the federal office is trying to work on that, and we've been providing technical assistance on it. [CHILD SUPPORT ADVISORY COMMISSION]

WILLIAM MACKENZIE: The single biggest hindrance to that is the fact that so many of our IV-D cases are defaults, and so it's impossible to do that. A lot of times when we see parents both coming in, they'll come in and they'll announce to the court they've already got a...you know, not in writing but they've got an agreement for parenting time and sometimes it is 50-50. Sometimes it's, you know, 30 or 40 percent. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Right. [CHILD SUPPORT ADVISORY COMMISSION]

WILLIAM MACKENZIE: And our child support referee who handles IV-D cases, she will then incorporate that into our order, so at least we do address those sometimes. But when there's a default a lot of people just don't show up and it's just never going to happen. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Yeah, and, I mean, there's some people that believe the default rate will go down. I mean, I wish...I just...I would love that. I'm working with Baltimore City now. I won't even get into details (inaudible). That's a tough (inaudible). But, yeah. But their compromise to that right now is that the parents have to agree to it. So at some point the parents have to show up. They both have to be involved (inaudible). This is Arizona's adjustment. I'm going to breeze through this. This is kind of interesting. This is from some state case file data I had. I had mentioned that I (inaudible) case file reviews for some states. In Arizona, I'm working with them now, their time sharing adjustment is applied in 84 percent of the cases, and 21 percent have essentially equal income. So I have that number a little off. In California, their percent of time is incorporated right into their formula. And this is another thing that bothers me is that this is an issue that they have is because the nonresidential parents don't show up a lot in the IV-D orders. They do a lot of defaults. I think it's something like 30 percent. So 62 percent of their IV-D orders are based on zero time and only 9 percent of the non-IV-D orders are based on zero time, not...I mean, it's just an issue that I...unequal treatment (inaudible). I'm not an attorney, so I can't say that. Pennsylvania has a high time-sharing threshold, and you notice that they only apply their adjustment in 4 percent of the cases. New Jersey, that's a really old study. They have a two-tier system where they'll adjust for routine visitation, time sharing below 28 percent, then it's a deviation. And again you'll see that it's applied more often in dissolution or divorcing or non-IV-D cases. So Wyoming is a neighboring state. It's an abatement and it's only applied in 3 percent of the cases. So just briefly, these are some of the issues that I identified. So if I don't talk about them, look at them and see if there are issues that you agree with and ask me about them. I've thought about them. This has to do with the pass-through income or retained earnings. What happens, I saw this in something that...an e-mail that was sent I think yesterday or Sunday, that that was an issue I think this is a nice explanation of what happens or what can be done. This is an approach that a lot of states take. I'll let you read that at your leisure and I can explain it more thoroughly. I already talked about the low-income adjustment. I cut/paste this about Arizona in modification because some of the public comments I read I realize that modification process might not be as smooth as some would like. And so Arizona has tried to develop a simplified process. And I'm going to mention this is that some states have developed provisions that allows the IV-D agency to request the modification even in nonpublic assistance cases--Colorado, Vermont. So with the child support agency, get some evidence that the obligor is on unemployment insurance or workmen's comp or something like that, Pennsylvania does this, SSDI. The agency can go ahead with the modification. They don't have to wait for the nonresidential or the custodial parent to request it. They still have to (inaudible) due process, notify the parents. But this has been great because, you know, a lot of times we're not dealing with a proactive population, and that's just human nature inherent. I mean, people don't always get their paperwork done, you know, and so forth. I mean, so the other thing that the reason I included the cessation of child support for one child in Arizona is when I read some of the public comments, I realized that people aren't always clear that government or the agency doesn't automatically modify child support orders. You know, you would...some people think that, well, they know I'm unemployed and the unemployment agency and the child support agency, you know, they just think that happens automatically. And that's another problem with when children age out, like if there's two children and one child ages out, they don't realize that sometimes...I don't know in Nebraska if you have to go...you have a different process where it's really obvious, now that I think about it, your orders show what those amounts are. But Nebraska...what I like about this Arizona provision, and you can adopt this for any place in your language, such as your self-support reserve, just because your income doesn't change it doesn't mean that your order is going to change automatically. And that's why I show this language is I just liked it because it made it explicit that you have to go back to court. So the conclusions and next steps I think are to schedule the next meeting, talk about whether you want to change your guidelines model or core tables or formula; if so, talk about the measurements of child rearing cost you want to use, what other adjustments you want to use; and then also talk about those other factors and see what sort of more information you need or technical assistance you need to help you develop recommendations. Thank you. [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: We'll take questions from the panel at this point, the commission. Any questions from the commission members? We just want to be aware that, when you were talking about CHIP, that Congress is going to have to make a decision on the reauthorization of CHIP. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Again? [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: Again, which is coming up I think in 2017. And, I mean, we're watching this from the Health and Human Services Committee's perspective and Nebraska CHIP and what does that mean for children in the state and how would they be folded under the regular Medicaid program from their own eligibility or the parents'. And then you throw in the idea that we have people at 100 percent or less who can't...they have no options here in the state of Nebraska. So we are concerned about that reauthorization just so that the panel is aware of that. Any other questions from the panel or comments? Angela. [CHILD SUPPORT ADVISORY COMMISSION]

ANGELA DUNNE: I have a question. When you look at child care costs, does that typically include preschool? What I see parents fight over all the time is preschool. They want to treat it separately from child care/day care. Do you know when they're collecting the cost, are they including preschool? [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: In the consumer expenditure survey, the child care and the early education are lumped together. [CHILD SUPPORT ADVISORY COMMISSION]

ANGELA DUNNE: Okay. [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: Any other questions or clarification? Bill. [CHILD SUPPORT ADVISORY COMMISSION]

WILLIAM MACKENZIE: Just briefly. Dr. Venohr, a while back you worked on the slide that was labeled common adjustments to measurements when developing table. The last bullet point was standard parenting time and you listed three states. Do you recall what those three...who those three states are? [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Pennsylvania, Kansas, and Louisiana. [CHILD SUPPORT ADVISORY COMMISSION]

WILLIAM MACKENZIE: What was the first one? [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Pennsylvania. [CHILD SUPPORT ADVISORY COMMISSION]

WILLIAM MACKENZIE: Okay. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: What they do is they assume 30 percent time-sharing and they only adjust for food away from home and entertainment. The thought is, is that, you know, like I was talking about the milk, that, you know, they were trying to figure out what might be a dollar-for-dollar transfer and they came up with those expenditures. It actually only makes about a 3 percent, 4 percent adjustment. [CHILD SUPPORT ADVISORY COMMISSION]

ANGELA DUNNE: Do you know why they're recommending...why the IRS is recommending...what's the length between hearing the health insurance coverage and claiming the tax exemption? We treat those very differently in Nebraska. It can be either parent. Usually it's the payor parent is covering health insurance, and then the exemption is split. Do you know why they're making the recommendation that they be linked? [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Well, I think the federal office is making the link. I think IRS...if the architects of the Affordable Care Act, child support is probably the lowest on their totem pole as far as doing medical support because they've had so many other issues (inaudible). So it's more child support is trying to figure out, they have...they were stuck with this medical support reg that is actually not a reg, it's a law. They built the reg but the law is from the DRA, I forgot what year it is. But they're stuck with this medical support law that child support must pursue medical support for children. So the potential conflict that they recognize is that when you look at the global, national, the way medical support has been usually ordered is, and I don't know, you can tell me if this is true in Nebraska, is that, I see this all over the place, where other parent...the parent is ordered to cover the child if they have insurance available from an employer (inaudible) and it might...they just stamp that on all orders. And so what they recognize is that's being stamped on all those orders and then sometimes they just stamp it for the obligor. You know, and then what happens is there's this thing called the national medical support notice that's actually a long legal...it's an order. So what happens is they issue that to the employer. Let's say that the child support agency uses new hire reporting. They get a hit and they say, oh, we found the obligor. He's employed at Ace. So they can send the national medical support order over there and it finds out Ace has wonderful insurance benefits. Because they already have that qualified order, it's in that order that if insurance becomes available at a reasonable cost, then they can just automatically tell Ace, go enroll that child right now into that health insurance. And they can't undo all that. So what could happen is that, you know, states in Arizona that tell which parent is supposed to get the health insurance premium like...I mean, which parent is supposed to get the tax exemption, that's one issue, and then which parent is supposed to carry the health insurance, it only matches in about (inaudible) percent (inaudible). So if we have...let's say that the nonresidential parent claims the child as a tax exemption and the custodial parent is supposed to be providing health insurance and she doesn't do it, then the father or the nonresidential parent can be slapped with a penalty, tax penalty, for not having health insurance or vice versa. [CHILD SUPPORT ADVISORY COMMISSION]

ANGELA DUNNE: Just by virtue of being the one claiming the child? [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Exactly. [CHILD SUPPORT ADVISORY COMMISSION]

ANGELA DUNNE: Okay. All right. I see. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: So it's like... [CHILD SUPPORT ADVISORY COMMISSION]

ANGELA DUNNE: So we have to flip that. [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: Okay. We have allowed time in the agenda today for questions from our audience. And we've already had a public hearing on the issue. So today what is being offered as a courtesy is that if you have a specific question on Dr. Venohr's presentation, then you can ask of her that specific question. We would ask, are there folks in the audience who have a question of Dr. Venohr? And you're always welcome to submit information to the commission all along this process. I certainly don't feel that that would be your only time. And...okay. Seeing no questions... [CHILD SUPPORT ADVISORY COMMISSION]

JOE TRADER: (Inaudible.) [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: Oh, I'm sorry. Sir, would you come forward and we would like you to state your name for the record and spell it for us and then give us your question. [CHILD SUPPORT ADVISORY COMMISSION]

JOE TRADER: My name is Joe Trader. And basically my question...great notes, by the way. I thought the presentation was very educating for myself. I'm sure everybody else. I guess my question for you is, as we successfully acknowledged in the first hearing, Nebraska's four guidelines are the highest in the country and are undoubtedly harming our children and increasing the poverty levels in the state. The income shares model that you've created that our child support guidelines are based on are...you know, seem to be substantially flawed here. And I guess just my question to you is, while other states have corrected many of these issues as far as cost of living, day-care expenses, and the medical expenses, what in your opinion has worked best for certain states as far as a more legitimate child support calculation? And what do you think would be the best outcome for Nebraska? [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Well, I do have to clarify a couple of things here. One is I didn't develop (inaudible) and I hope that was clear that that was developed by...through the national child support guidelines project. And I hope it was very clear that...you know, there's a guidelines model and then there's measurements of child-rearing costs that go into a table, and then there's all sorts of adjustments. And to be honest I would say that the adjustment to the guidelines, whether you have a shared parenting time adjustment, whether you have a low income adjustment (inaudible) matter more than (inaudible). I'm saying, you know, and probably the only exception is when it's a percent of obligor (inaudible). But, you know, I've looked at (inaudible) and what you use is the economic (inaudible) matters more. And I will tell you that in states that have changed guidelines models, it's a lot of work. You know, you're talking about an average like (inaudible) and sometimes the results aren't that (inaudible). In some states that I've worked with that have changed guidelines models, now we have to fix what was the issue that they couldn't...where there's the biggest change, like in Georgia, the biggest change was at higher incomes. The income shares actually reduced those. But because they went with a higher set of economic estimates, they're realizing, oh, my gosh, they're higher than probably...they're much higher than Nebraska's. I will debate whether Nebraska is the highest. I wouldn't say that. (Inaudible) as I think about the Georgia numbers, Georgia is definitely higher. So what I would say is the most important (inaudible) what measurements of child rearing costs. You know, do you use the USDA? Do you use the Nebraska (inaudible)? Do you use the Betson (inaudible)? That's a policy decision. I'm a weatherman. I can only tell you a three inches to ten inches. I'm not going to tell you what (inaudible) Nebraska. I also think that those adjustments are very important, whether you have a low-income adjustment. Nebraska has a pretty good low-income adjustment relative to most (inaudible). [CHILD SUPPORT ADVISORY COMMISSION]

JOE TRADER: Well, and I think... [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: Okay. I'm going to have one question per person unless there's anyone else. And, Dr. Venohr, I'm sorry, I know you're trying to address that person. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Oh, I wasn't talking in the mike. [CHILD SUPPORT ADVISORY

COMMISSION]

SENATOR CAMPBELL: But we are missing words as you are answering that question. Okay? [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: (Laugh) You need to tell me to do that. [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: So, Joe, if you could just wait a minute, we have a second question. And then that will be easier for her. [CHILD SUPPORT ADVISORY COMMISSION]

ADAM ASTLEY: Good afternoon. I'm Adam Astley, A-s-t-l-e-y. Dr. Venohr, thank you for your help for the commission here. My question for you is, in the middle of your presentation you seemed very adamant that when you're counting income, the means-tested public assistance benefits absolutely, positively should not be counted. For a lot of folks, that's a substantial amount of money that they receive from the government, particularly when you look at earned income credit. I'm a divorce lawyer. I've seen lots of tax returns where, I mean, sometimes the EITC is the biggest financial accession to wealth that the family has in a year. Why is it that you are so adamant that those should not be included? [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: I think it goes back to my roots as a...my academic training as an economist and just those work incentives, how important that earned income tax credit is. And it's the major antipoverty program that we have. So, you know, with over 30 percent of single-parent families living below poverty, I just...I don't think we should undo that. [CHILD SUPPORT ADVISORY COMMISSION]

ADAM ASTLEY: But there's not a legal reason. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: No. [CHILD SUPPORT ADVISORY COMMISSION]

ADAM ASTLEY: There's not an anti-alienation thing, like with Social Security, or anything like that? [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: No, it's not a legal reason. It's just the premise of, yeah, enabling people to pull themselves up by their bootstraps, which is what EITC essentially does, encouraging work. [CHILD SUPPORT ADVISORY COMMISSION]

ADAM ASTLEY: Okay. Thank you. [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: Thank you for your question. Other questions from audience? Yes, sir. [CHILD SUPPORT ADVISORY COMMISSION]

EDDY SANTAMARIA: My name is Eddy Santamaria, S-a-n-t-a-m-a-r-i-a. Thank you for your time and very knowledgeable on the subject. My question is, as you see in the studies and the data you're presenting over the years, now there's a much more likelihood of shared parenting and noncustodial parents want to be, and I think you acknowledged the idea that the cost of a noncustodial parent to provide beds and if they want to have a special activity, like music lessons, they go ahead and pay for those things. Is there any available data showing that the actual costs inquired (sic) by parents that want to be involved in their children's lives be above and beyond their requirements of the minimum order? And how is that quantified or used in the idea of maybe changing the process of adjustments in the future? Thank you. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: There's an article by Sandy Braver, B-r-a-v-e-r. He was...he might be retired now, by Arizona State, and he looked at some of those expenditures, whether nonresidential parents, you know, buy an extra bite for a kid. I think some of that research is very good. You know, and I hope to see more of it. I mentioned that where the director of my center, she's a coinvestigator with Jay Fagan at Temple University of the Fatherhood Research and Practitioner (sic) Network, and they're looking at some of the co-parenting issues and not so much on the time-sharing but how do parents do it. And I think I could go on and on about the mechanics of the Arizona and New Jersey adjustment. And we are seeing more shared parenting time. I mentioned...to me, it's kind of surprising that Arizona, where they just take public testimony on the amount of time sharing, that it's only 21 percent have an equal parenting time. In Wisconsin, I think it's...in the private cases it's closer to 30 percent. So we're still not there yet but we do see...I do see a little shift. You know, so I hope it... [CHILD SUPPORT ADVISORY COMMISSION]

EDDY SANTAMARIA: Okay, thank you. [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: Thank you for your question. Additional questions from the audience? Okay. Joe, did you have a follow-up question? [CHILD SUPPORT ADVISORY COMMISSION]

JOE TRADER: Yep, I did. Thank you. Again, thanks for answering my question. Name is Joe Trader, J-o-e T-r-a-d-e-r. I wanted to go back to one of these...I think it was the USDA statistics on the average monthly costs of a child. I think it was right about $800. Now did that include the insurance and like the day-care expenses? I mean, what all does that kind of include? And to go a little bit further with that question, have you seen states in the past or do you think that it could possibly work to come up with a certain average monthly cost to raise a child based on one of these statistics and also try to incorporate like an average medical cost and possibly a day-care cost to make it one lump sum? [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: The USDA, it's all documented in their report, but what they...in the USDA, when you cite that $800, it does include child care and it does include health insurance. When I did the graphs and compared it, I took it out. So it wasn't in there. So if we were to put that back in those graphs when I did the line that had Nebraska as a red line, that USDA would be more if I put those back in. So regarding an average amount for child-rearing costs and then an average amount for child care and an average amount for insurance, you could...there's lots of studies out there you could take an average amount for child-rearing costs. If you were to use the Melson formula, I think that would be useful. I do think, and I'm not sure the interpretation of the federal reg that it does seem that most states want the principal that is: a parent's income is more, the order amount should be more. So I don't think you're...but you're not suggesting that a flat order amount be issued. [CHILD SUPPORT ADVISORY COMMISSION]

JOE TRADER: Actually, I was. I was kind of considering, you know, if we go by what, say, the state of Nebraska deems fair for insurance. Obviously a certain average amount that it costs to raise a child a month, say the $800, and then try to figure out one average cost of day care. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Yeah, I don't think...I'm not a lawyer, as you know, but I don't think that would work with the federal regs just because the federal reg says that you have to consider all the nonresidential parent's income. So if you did a lump sum order amount and just had it the same amount regardless for, you know, somebody that's making $1,000 a month, $10,000 a month, $20,000 a month, I don't think it would fly in the federal regs. [CHILD SUPPORT ADVISORY COMMISSION]

JOE TRADER: Okay. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: But I, again, somebody should check me on this. [CHILD SUPPORT ADVISORY COMMISSION]

JOE TRADER: And then going with that was...brings up another question. Where does...how does that...I guess where did the idea that a child deserves more money for support based on what the parent makes? Because that to me doesn't make a whole lot of sense if an average cost is an average cost. An average three-year-old is an average three-year-old. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Well, that wouldn't happen in the guidelines calculation. Where that happens is if the income is incorrect, which we see a lot, as I mentioned earlier, in the low-income cases that income is imputed. And other situations where I hear that story a lot is self-employed, you know, situations where that income...where the parents are switching jobs or they had a change in income. But the order...the guidelines is never going to result in an amount more than income unless that income isn't...it depends on what income they're using. It means they're using the wrong income. There's no place in the table where that basic obligation going to the child is more than it is for...than the parent's income. [CHILD SUPPORT ADVISORY COMMISSION]

JOE TRADER: Thank you very much. [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: Thank you. Thank you, Joe. Okay. We want to thank the audience for their attention today and their thoughtful questions. We will move...and your thoughtful answers, too, (laughter) I should add. Okay. We'll move to the next item on our agenda which is to determine the next steps. And, Senator Ashford, do you have any comments about that? [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR ASHFORD: You're doing wonderfully well. Well, I...you know, go ahead. [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: No, please. [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR ASHFORD: No, I mean, I think we should just find out what everybody thinks about where we go from here and give some input and then we can talk about dates and... [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: I'm assuming that at the next meeting we will begin answering the questions that Dr. Venohr has asked of us. And we now have all the different models. We have all the data that we can look at. Now it would be our job to take a look at our guidelines and to begin answering those questions. Does everyone sort of see that as our next step? Okay. Given that, if you're like me, I'd really like some time to review all of this. And I'm assuming that if you go home and review all of this information and have a question, you can get to Josh and Dr. Venohr if there's a follow-up question to clarify it. But otherwise at the next meeting, we would begin working our way though what we've heard today and our Nebraska guidelines and adjustments. Would that be accurate? Anybody want to add or change that? Okay. Any comments you want to make on next steps before we make sure that we have the next meeting set or any final, you know, for good of the order type comments? I really appreciate everyone's questions today. And, Dr. Venohr, thank you very much. I thought your presentation was extremely helpful to the...I am the most novice and amateur here among all these experts, so thank you very much. It was helpful. Okay. Seeing no other comments from the commission, we'll note that our...oh, I'm sorry, Judge. [CHILD SUPPORT ADVISORY COMMISSION]

PAUL MERRITT: I guess I do have one. No, no. I think we...there's a lot of different things we're talking about here. The guidelines themselves are just the ones that set forth the policies, and then we have the tables or the schedules attached to it that set forth the incomes. And I think those may be two separate things, and my question would be, and I don't know to whom, if we are going to be addressing also changing or updating the schedules or the tables, by whom is that done and when should we get that started? Because I think they are two separate things looking at the policies and the guidelines and the tables. [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: I do too. [CHILD SUPPORT ADVISORY COMMISSION]

PAUL MERRITT: Now maybe it will be that the...you can't look at the tables or the guidelines if we're considering going from net income to gross income because that may affect the tables also. But I just see these being two different areas that we need to look at. And the reason I'm saying these things is because we're looking at December to have to have a report to the Supreme Court. And so it becomes a little bit of a time constraint I think depending upon who's going to be doing those things. And I don't know whether Dr. Venohr is going to be the one that's messing with the tables. She's saying yes with her head going up and down. So it may not be (inaudible) and if she's going to be handling that too. But I just thought that we should maybe...at least in my mind there's two different things here at play. It's the tables plus then what we decide policywise with respect to not only gross or net income, but also is there going to be a credit for health insurance. If so, how much is it going to be? Is it included in the guidelines? I mean, the tables, is it not? But I just throw that out, Senator. I just...I don't know if that makes any difference to where we go from here. [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: Thank you, Judge. I think I saw a lot of heads nodding that there really are two separate areas and I think people are agreeing with your comment. [CHILD SUPPORT ADVISORY COMMISSION]

PAUL MERRITT: I just didn't know the time frame if that has any effect on when we need to get in to allow Dr. Venohr to do the schedules in addition to whatever we are looking at with respect to the policies. [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: Dr. Venohr, would you like to give us some guidance here? [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Yeah. (Inaudible) I would recommend, yes, that you consider the table stuff first, and with that...I imagine you want to change some of the assumptions. If you do with the table, you want to see it different ways. You know, like how would it look if you included all the healthcare costs in the table. How would it look if it's not adjusted for Nebraska's lower cost of living? You know, you might want to come up with a couple options. Not 15, obviously, I think there's a limitation to that. But that would be great if you could decide what options you want to see if you do want to see options by early Octoberish maybe to make that December deadline. So I would encourage you to decide the stuff that goes into the table, Like do you want childcare expenses back in there. I'm limited what I can do with the extraordinary medical. I can't do the $480. I mean, it's zero, $250, or all of it. I can do that. I can subcontract with Betson, Professor Betson to run the $480, but that...then we could be out a time line. And I don't think there's any reason to keep the $480 to be honest. You know, I would either go with everything, $250, or zero. But we can do that if you feel really strongly about it. But that I would need to know as soon as possible. And you might not...there's also evidence that you don't even need to update the table. You know, so that's another decision. And it could be you want to go with the Melson formula, then that doesn't even matter. So, yes, you first have to make the decisions that are most relevant to the table. [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: Does that answer, Judge? [CHILD SUPPORT ADVISORY COMMISSION]

PAUL MERRITT: It does. Thank you. [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: Dr. Venohr, we're scheduled to meet in October 17. Is that too late? Sorry. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: If you want to keep the $480 I'll have to know sooner. [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: Sooner than that. Then, commission members, are we really at trying to find a time between now and the 17th in which we can do that? I'm seeing some heads nodding. I'm going to assign finding a time between now and the 17th--earlier in October if possible--to Josh, and let him work through with us the schedules or, Oliver, the two of you working together to find that. I'm not going to try to do that today because everybody is...you know, it's maddening for people at the end of a meeting to try to go, well, I can do this. It's much easier if we just allow our staff to help us do that. But it's very clear that it needs to be probably as early as we can, the first part of October. Would that be accurate? Okay. Thank you, Judge. That clarified our work schedule considerably. Dr. Venohr, is there any other component to this time line? [CHILD SUPPORT ADVISORY COMMISSION]

___________: Senator? I'm sorry. [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: Oh, I'm sorry. [CHILD SUPPORT ADVISORY COMMISSION]

AMY HOLMES: Thank you, Senator. With respect to the slide labeled other issues, do we need to let you know which ones of those we'd like you to comment on or if any? [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: Oh, good point. [CHILD SUPPORT ADVISORY COMMISSION]

AMY HOLMES: You had low-income adjustment, childcare expenses, split custody. Some of those you've addressed I think; maybe some you haven't. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Yeah. I think...I don't have my contract in front of me but I think I'm supposed to do a brief on additional dependents, health insurance, and then do a schedule update. [CHILD SUPPORT ADVISORY COMMISSION]

ANGELA DUNNE: I don't think it's additional dependents. I think what we talked about was the split custody. So the practitioners in Nebraska keep talking about, what do we do in situations where we have three kids, one lives with dad, and the parties do joint custody of the remaining two? There's no...we don't know as practitioners how to calculate that. So I think...isn't that what we were talking about having her look at, not additional dependents? Or maybe we did talk about additional dependents of different families. But I know that we were interested in this, needing some support or help in looking at this, because we're seeing a lot more that as children age out, they tend to get more opinionated about wanting to be in one place or the other, and then we have younger children where that's not the case and where there is no set up in our calculation to properly account for that. We're just kind of guessing and calling each other and... [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Yeah, I guess I would really encourage you to meet earlier and just develop a list of what you think you need more technical assistance with. So I would make a general list of that. And then a second thing was I would do a list of things that might be in the table, some of the assumptions. You know, like how much medical...whether to do the $480 or the $250, all of it, whether to put childcare in it, whether to adjust for Nebraska's cost of living, you know, gross or net. You know, I'd make a list of that and see, you know, if there's a debate on some of that. Some of that might just be like we've already decided child care isn't in there now, we don't want it in the future. So some of that might be easy, but some of it there might be some debate where you want some more technical assistance to know what other states do and why and how does it look if we do it a different way. [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: Okay. Did that answer the questions down there? I'm assuming that if you want very specific information on any of that, that we would need to have that fairly soon from the commission members, and that could be forwarded to Josh. Okay. It's just so...an interesting note, it probably has no bearing here because we're not comparing them, but on the child welfare side we've just spent the last two years adjusting our foster care rates. And in that situation we relied pretty heavily on USDA because that's just been what we've used. But... [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Oh, that's good. [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: But we have adjusted those rates. We have somewhat of a two-tiered system in the sense that it's dependent on age of the child and it's also dependent upon the severity in terms of if a child comes with behavioral health issues or so forth. Amy probably could comment on this better than I could. But in any case we've just gone through that process. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Yeah, I'd like to hear more about that. Yeah, and that's another thing to consider. You are under a short time frame. I mean it's a...I mean you can't...you couldn't do a guidelines model change feasibly in three months. [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: I'll try to see what we can get you on the foster care changes. Okay. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Yeah, I'd love to see that. [CHILD SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: Okay, because we have a rate study that made a final...the committee made a final recommendation and then that's what's being used because the Legislature empowered that study to be done. So we'll get it for you. [CHILD SUPPORT ADVISORY COMMISSION]

JANE VENOHR: Oh, yeah, that's good. Excellent. That would be useful. [CHILD

SUPPORT ADVISORY COMMISSION]

SENATOR CAMPBELL: Okay. Anything else? Much appreciate this. This clarified the schedule. We will be in touch with you. If at all possible before you leave, it would seem to me on that note pad that you have in front of you, if you could tell us what dates you could not meet starting the week of September 29th, which is like that first tier. I'm kind of picking that. If we could find a date in that week that the majority of the commission could be here that would be helpful. So if you look at your calendars before you leave and say, I absolutely cannot meet blank, and we would figure probably a 9:00 to 12:00 or 9:00 to 12:30 meeting or 1:00 to 4:00. Okay. It's just like study hall. Everybody gets an assignment here. Okay. Seeing no other business sets before the commission, we will adjourn our meeting today and ask for you to leave those comments, and you can give them to me before you leave, on your schedule. Thanks, everyone, and thanks to the audience. [CHILD SUPPORT ADVISORY COMMISSION]