

Child Support Models and the Perception of “Fairness”

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I. INTRODUCTION

States were first required to establish numeric guidelines for determining appropriate amounts of child support following enactment of the Child Support Enforcement Amendments of 1984 (Pub. L. 98-378). Initially, these guidelines were advisory; those responsible for setting child support orders, either administratively or judicially, were not required to use them. However, with the passage of the Family Support Act of 1988 (Pub. L. 100-485), Congress required states to adopt guidelines for which there would be a rebuttal presumption that the amount of the award resulting from their application is the correct amount to be awarded [42 USC 667(b)]. Federal regulations allow for deviations from the guidelines, but any deviations must take into consideration “...the best interests of the child” [45 C.F.R. 302.56(g)].

The Advisory Panel on Child Support Guidelines that recommended the strengthening of child support guidelines reflected in the Family Support Act of 1988 articulated eight principles for states to follow in the development of their guidelines (Williams, 1987). These principles included, for example, that both parents should share in the financial support of their children; although the subsistence needs of parents need to be considered, parents should be required to provide at least a minimal level of support; although a child’s basic needs should be covered first, a child is also entitled to a share of a parent’s higher standard of living; and each child of a parent has a right to a share of that parent’s income (Venohr, 2009). These principles are not, however, binding and states are only required to meet minimum requirements as prescribed in federal regulation. The guidelines must: (1) take into consideration all earnings and income of the noncustodial parent, (2) be based on descriptive and numeric criteria, and (3) address how the children’s health care needs will be met (45 C.F.R. 302.56).

By the close of 2011, more than two decades after the passage of the Family Support Act, state child support guidelines generally fall into three broad categories based on their underlying models: Percentage of (Obligor) Income, Income Shares, and Melson Formula. Each of these models, as well as several alternative models,¹ has been subject to numerous studies over the past three decades. These studies have focused on a variety of issues such as the trade-offs underlying the various models (Betson, Evenhouse, Reilly, and Smolensky, 1992), the underlying calculation of family expenditures for children (Rothe, Cassetty, and Boehnen, 2001), and the relationship between child support guidelines and divorce rates (Brinig and Allen, 2010). Further, as required by Congress every four years, each state is required to conduct a review of its guidelines in order to ensure that “their application results in appropriate child support award amounts” [42 U.S.C. 667(a)]. These reviews often result in comprehensive reports of various options between and within the models (see, for example, Venohr, 2002; Massachusetts Child Support Guidelines Task Force, 2008; and Smith, Kalinowski, Baughman, and Henly, 2009).

This paper addresses one aspect of the three child support models: perceptions of each of the model’s overall fairness. Given the paper’s focus on general model comparisons, perceptions of fairness of how different factors underlying the calculation of support within a given model (e.g., gross versus net income, the accounting of expenses for work-related child care and extraordinary medical expenses, and the treatment of tax credits) are not addressed.² Further, given its focus on perceptions, this report does not include a detailed technical analysis of

¹Several other models have been proposed such as Cost Shares (Rogers and Bieniewicz, 2002), which employs a different method for calculating the costs of child rearing. However, no state currently employs this or any of the other alternative models that have been proposed.

²State guidelines reviews often focus on these within-model options and include detailed technical documentation of how the assumptions and economic data underlying the child support guidelines can have an effect on the child support obligations determined. See, for example, Deiley (2010), Venohr (2005), and Venohr, Betson, Price, Zoller, and Washington (2006).

differential outcomes for support orders under each of the various models and therefore, does not take a position as to whether or not these perceptions of comparative fairness are valid. Rather, it provides an overview of the three models; reviews the literature reflecting differences in perceptions of fairness across the models; provides information about trends in state adoption of the models; and reports on state perspectives regarding the fairness of the three models and their experience with them. The report draws on three main sources of information: state child support guidelines, including information about their adoption and implementation; reports and policy-related materials regarding the three models, including information developed during quadrennial guidelines reviews; and telephone interviews of state and local officials from ten states regarding their state's child support guidelines.

II. CHILD SUPPORT MODELS

The child support models employed by the states in the development of their guidelines can be differentiated by the key characteristics of the formulas underlying the calculation of support. The following information outlines the broad attributes of each of three models currently employed in the United States. Also included is information about some, but not all, of the differences in the models identified in the related literature.

Calculation of Support

The following reflects the basic method for calculating support under each of three models currently employed. These descriptions do not reflect any provisions made for special circumstances that various states have adopted.

- The Percentage of Income model determines child support by applying a pre-determined, flat percentage to the income of the noncustodial parent dependent on the number of children he or she has with the custodial parent.

- The Income Shares model determines child support by adding together both parents' income, comparing it to a schedule that sets the child support amount for this level of income and number of children, and then prorates this amount between the parents based on their share of their combined income.
- The Melson Formula determines child support, first by calculating an amount for children's primary support needs based on a pre-determined percentage that is applied to the combined incomes of the parents after allowing for parental self-support reserves, and then prorating this amount as under Income Shares; and second, adding to this amount a standard of living allowance that is a fixed percentage of each parent's remaining income.

It should be noted that, although the calculations may be different, each model requires decisions to be made about the variables employed in the formula. In relation to the income available to support children, decisions must be made about, for example, how income is measured. Due to state-by-state decisions, there is not a consistent use of gross versus net income by model.

In addition, decisions must also be made about the costs of child rearing, although how these decisions are reflected in the models varies. For example, underlying the Percentage of Income model's flat percentage is research showing the amount of income and disposable assets parents in an intact family use to raise their children. The percentage of income was found to be very similar regardless of the actual income level. As a result, the percentage of the noncustodial parent's income to be used in the determination of a child support order can be set without reference to the level of the custodial parent's income (van der Gaag, 1982). In contrast, under the Income Shares model, economic estimates of child-rearing expenses of an intact family, by income level and size, are included in the schedule that reflects the basic obligation of both parents. Historically, Income Shares models have employed estimates derived from a study of child-rearing expenditures completed by Thomas Espenshade (Espenshade, 1984), although some states now employ other estimates (Venohr, 2008). Given this, Income Shares guidelines

vary considerably depending on the measurement of child-rearing expenditures employed as well as on when the underlying schedules were updated.

Model Comparisons

The literature regarding the models identifies differences across the models attributable to the method by which they calculate child support obligations. The following are examples of the most commonly identified differences in relation to the basic models. These examples were chosen because of their importance to perceptions of fairness as discussed in the next section.

Simplicity – The Melson Formula is considered to be the most complex, given the number of additional calculations that occur in determining child support amount beyond those taken into account by the Income Shares model, while the Percentage of Income model is considered the simplest (Venohr and Williams, 1999; Smith et al., 2009). Over time, however, many Percentage of Income guidelines have become more complicated due to efforts to address high- and low-income parents. These complexities are reflected in the policy documents created during state guidelines reviews.

Consideration of both parents' income – Under both the Income Shares model and the Melson Formula, the income of both parents is explicitly considered. Under the Percentage of Income model, the custodial parent's income is not explicitly considered; it is taken into account implicitly because it is assumed that the custodial parent supports the child directly by being the resident parent (Williams, 1987; Morgan, 1999). However, some states that utilize the Percentage of Income model have, in an effort to account for the changing circumstances of custody arrangements, developed explicit policy for special circumstances such as shared and split placement that take into account the income of both parents. This is the case in Wisconsin, as reflected in Chapter DCF 150 of Wisconsin Administrative Code (2009).

Calculation of custodial parent's contribution – Under both the Income Shares model and the Melson Formula, the custodial parent's share of support is calculated. Under the Percentage of Income standard, the custodial parent's obligation is assumed, but not calculated as part of the order determination process.

Determination of child support order – Under all three models, because it is assumed that the custodial parent's obligation is spent directly on his or her children as under the Percentage of Income model, only the noncustodial parent's share as calculated is the share actually payable as a child support order.

Outcomes – At low incomes, the Melson Formula typically results in minimum orders while order amounts tend to flatten out at very high incomes (Venohr, 2008). Child support obligations calculated using the Income Shares model increase in dollar value as income rises, but typically decline as a percentage of that income because the underlying schedules assume child-rearing expenditures decrease as income increases (Venohr, 2008). Obligations under the Percentage of Income model also increase in dollar value as income rises, but they remain constant as a percentage of that income. Again, however, there are several exceptions to this general rule with various states—those that employ the Percentage of Income models as well as those that employ the Incomes Shares model—adopting guidelines for low- and high-income payers.

III. PERCEPTIONS OF FAIRNESS

In considering perceptions of fairness in relation to the determination of child support, there are many issues common to all three of the models currently employed. Many of these issues are similar to those reflected in the feedback provided by custodial and noncustodial parents as part of a comprehensive review of New Hampshire's guidelines completed by Smith,

Kalinowski, Baughman, and Henly in 2009. Issues of fairness identified by custodial parents related to, for example, the underestimation of the costs of child rearing, particularly as related to medical and health care costs, and a lack of accountability on the part of obligors, who were alleged to be able to hide sources of income, were underemployed, or failed to report increases in income. Issues of fairness identified by noncustodial parents related to, for example, the treatment of parenting time and shared-parenting arrangements, the inadequacy of the self-support reserve, and the lack of consideration of other children.

There are, however, differences in perceptions of fairness across the models. In reviewing the literature, it is apparent that these differences are, to a great extent, directly attributable to the method of calculating support, and specifically, whether the method explicitly takes into account the contribution of each parent to the support of the children. In particular, a primary critique of the Percentage of Income method is that it does not account for the custodial parent's income and therefore appears to place a heavier burden on the noncustodial parent (see, for example, Morgan, 1999). This is in contrast to the Income Shares model and the Melson Formula model, both of which explicitly take into account the income of both parents (Foohey, 2009).

As has already been noted, the Percentage of Income model implicitly accounts for the custodial parent's income because it is assumed that the custodial parent is supporting the child through direct spending. As stated in the Preface to Wisconsin's Child Support Percentage of Income Standard (ch. DCF 150, Wis. Adm. Code, 2009): "The standard determines the minimum amount each parent is expected to contribute to the support of their children. It expects that the custodial parent shares his or her income directly with the children." It does not appear, however, that this is commonly understood and this lack of understanding is what makes the Income Shares model appear the fairer alternative.

In particular, although the share of the child support contributed by the custodial parent is not actually paid under the Income Shares model, calculating it “serves as a reminder that there is an expected level of direct expenditure on the child” (Smith et al., p. 7). As noted in Hans (2009), “...the Income Shares model is more appealing at face value because the balancing of both parents’ incomes gives the impression of being more equitable” (p. 66). This becomes important because perceptions of fairness are critical to parental cooperation with child support orders (Lin, 2000).

The belief that the Income Shares model is perceived as being fairer than the Percentage of Income model appears to be based, at least in part, on information provided during state assessments of their state’s child support guidelines. In these studies, the financial responsibility and accountability of custodial parents has been found to be an important factor in the noncustodial parents’ perceptions of the child support system (see, for example, Smith et al., 2009). Such findings have been further supported by qualitative studies of parental perceptions of the child support system (see, for example, Bloomer, Sipe, and Ruedt, 2002). As one state official we interviewed during the course of this project stated, the fairness of the Income Shares model just seems “intuitive.”

Although we could not identify any studies that compared and contrasted perceptions of fairness of the models in direct comparison to one another, there is a body of literature that addresses perceptions of fairness in the calculation of child support orders in the United States in general.³ This literature largely reflects the findings of studies that elicit attitudes toward child support order establishment and payments through vignettes. These findings have been

³Of interest is a series of reports completed by the Australian government regarding modifications to the country’s existing “Child Support Scheme.” Included in these reports are the results of a survey of community attitudes toward child support. The results of this survey, as well as other related information, can be accessed at: <http://www.facs.gov.au/childsupport/pubs/FullReformReport/Pages/PrinciplesforNewChildSupportFormula.aspx74>.

somewhat mixed. For example, a 1985 telephone survey about how child support orders should be determined found that a preferred strategy took into account the financial resources of both parents (Schaeffer, 1990). Another study, completed in 1999, found that although most survey respondents used children's needs as the basis for determining child support, "...a substantial minority focused on parents' incomes" (Coleman, Ganong, Killian, and McDaniel, 1999, p. 67). However, although a more recent study found that those who favored modification of a child support order following a change in circumstances also believed that the financial responsibility for the children should be shared equitably, the results were mixed in terms of which child support model was favored (Hans, 2009). Further, in cases where the change of circumstance was caused by the remarriage of or subsequent birth of a child to the obligor, the Percentage of Income model was favored.

It is interesting to note that, regardless of perceptions, several different courts have rejected claims that consideration of only the noncustodial parent's income was unconstitutional and thus, unfair (Morgan, 2002, 2003). Nevertheless, even though the courts have not supported claims of unfairness, states have often cited the presumed fairness of the Income Shares model over the Percentage of Income model when revising their guidelines (Smith et al., 2009). This was the case in Georgia, which transitioned to the Income Shares model in 2006, even though three years earlier a Superior Court's initial finding that its Percentage of Income model was unconstitutional because the custodial parent's income was not taken into consideration was overruled. Georgia's decision to adopt the Income Shares model reflects a general trend throughout the country.

IV. STATE TRENDS

Although a few states shifted models in the 1990s, the adoption of the Income Shares model has recently accelerated. Since 2005, in addition to Georgia, six other states have shifted away from the Percentage of Income model toward the Income Shares model: Wyoming, Connecticut, and Tennessee (2005); Minnesota (2007); and Iowa and Massachusetts (2009). The District of Columbia has made a similar transition, moving from a “mixed” model that incorporated some aspects of it to the Income Shares model in 2007. As a result, only nine states currently employ Percentage of Income models, as reflected in Table 1.

In reviewing documentation associated with state modification of their child support models, it appears that there are two primary reasons for moving to Income Shares from the other models. The first is a strong interest in explicitly accounting for the contributions of both parents to the support of the children, thereby promoting perceptions of fairness. The second is the need to adapt to the changing circumstances of parenting, with a shift away from sole custody cases toward shared parenting and split placement (see, for example, Elrod and Dale, 2008). Rather than develop special guidelines for these shared-parenting circumstances under a Percentage of Income model, states prefer to adopt Income Shares, which is believed to be flexible enough to accommodate such situations.

Table 1
States by Child Support Model Used

Percentage of Income	Income Shares	Melson Formula
Alaska	Alabama	Nebraska
Arkansas	Arizona	New Jersey
Illinois	California	New Mexico
Mississippi	Colorado	New York
Nevada	Connecticut	North Carolina
New Hampshire*	District of Columbia	Ohio
North Dakota	Florida	Oklahoma
Texas	Georgia	Oregon
Wisconsin	Idaho	Pennsylvania
	Indiana	Rhode Island
	Iowa	South Carolina
	Kansas	South Dakota
	Kentucky	Tennessee
	Louisiana	Utah
	Maine	Vermont
	Maryland	Virginia
	Massachusetts	Washington
	Michigan	West Virginia
	Minnesota	Wyoming
	Missouri	

*New Hampshire traditionally considers itself to be an Income Shares state. However, a recent guidelines review determined it used a Percentage of Income model.

V. STATE PERSPECTIVES

In order to gain additional insight into state experiences with the guidelines, particularly in relation to perspectives of fairness, we completed interviews in 10 states as reflected in Table 2. Of these states, two—Iowa and West Virginia—transitioned to Income Shares from a different model, while a third—Illinois—is planning to do so in the near future.

Table 2
Interviews Completed by Model

Percentage of Income	Income Shares	Melson Formula
Alaska	Colorado	Delaware
Arkansas	Iowa	Montana
Illinois	Michigan	
New Hampshire*	West Virginia	

* New Hampshire traditionally considers itself to be an Income Shares state. However, a recent guidelines review determined it used a Percentage of Income model

Methodology

The states were selected in consultation with Wisconsin child support staff in order to provide a range of perspectives in relation to the three child support models. In all states, an interview was completed with at least one state official. Although we attempted to complete an additional interview with a local official in each state, we successfully completed an interview in only four instances. Each interview was scheduled at the convenience of the participants and lasted between 35 and 60 minutes, depending on an individual's depth of knowledge and experience with the model. A semi-structured interview format was employed; it utilized open-ended questions designed to solicit information about the state's current child support guidelines, including information about any potential plans for or any experience with shifting from one model to another. In addition, everyone interviewed was also asked about how the state's guidelines were perceived in terms of fairness. It should be noted that, although supporting documentation was reviewed for most states, we did not take steps to verify that the information provided to us during the interviews was internally consistent. Further, given the diversity in methods employed by the states, the potential exists that the key terms used by those interviewed may differ from how they are used in this report.

Percentage of Income States

The four states with which we spoke that employ the Percentage of Income model—Alaska, Arkansas, Illinois, and New Hampshire—provided four different perspectives on the model, including perceptions of fairness. However, a common theme in each of the states was the need to adapt to the changing circumstances of families to which the child support guidelines apply. Based on the information shared during these interviews, we believe the possibility exists that all four will move away from the Percentage of Income model to the Income Shares model, with one state—Illinois—already actively pursuing this path.

Arkansas – Arkansas was one of the two states with which we spoke that described itself as employing a “pure” Percentage of Income model, meaning that its child support guidelines make no adjustments outside of the deviation process for such circumstances as high- and low-income parents, shared-parenting time, and split-placement parenting. However, because it is recognized that these circumstances need to be addressed, state officials are anticipating that Arkansas’s next guidelines review will consider whether to adopt the Income Shares model in order to better respond to them. It is for this reason, and not because of concerns about the perception of fairness, that the Income Shares model may be pursued given that fairness concerns in relation to the specific model have not been specifically articulated in Arkansas.

Illinois – Like Arkansas, Illinois currently considers itself to be a “pure” Percentage of Income model in that its child support guidelines do not provide for special circumstances outside of the deviation process. However, unlike Arkansas, Illinois has already made the decision to pursue replacement of its Percentage of Income model with the Income Shares model. The recommendation to move toward the Income Shares model was made by the Illinois Child Support Advisory Committee following its most recent federally mandated guidelines review, completed in 2010. The Child Support Advisory Committee plans on seeking, in

conjunction with the Illinois Department of Healthcare and Family Services, a legislative sponsor of its proposal to adopt the Income Shares model. It is anticipated that the legislation will be introduced and considered in the Spring 2012 legislative session

(<http://www.childsupportillinois.com/advisory/faq.html>).

According to information provided by the Committee and discussed with state child support officials, the recommendation was made for several reasons. One set of reasons relates directly to the changing circumstances of parents. According to state child support enforcement officials, the state's Percentage of Income model worked well in traditional family situations where the custodial parent had primary custody. However, the traditional family model is now only one of many parenting situations that have gained prevalence. While circumstances such as parents with very different income levels, high- and low-income parents, shared-parenting time, and split-placement parenting could have been addressed under the Percentage of Income model, it was thought that the result would be a difficult to understand "hybrid" model. The preferred method for addressing these situations was adoption of the Income Shares model, which can account for each of these circumstances.

More broadly, there is the belief that the Income Shares model results in a perception of fairness. As stated on the Illinois Child Support Services website: "Most of all, Income Shares begins with an explicit understanding of what is the normal cost two parents of their combined income circumstances spend to rear children, and what their relative proportion of the expenses should be. Parents begin their new parenting circumstances with facts and with the knowledge that the process is fair" (<http://www.childsupportillinois.com/advisory/faq.html>).

Illinois child support officials with whom we spoke reiterated this emphasis on the "explicit" understanding of how much each parent is contributing to the support of the children.

They noted that under the current Percentage of Income model, the custodial parent's contribution is "hidden" and as a result, it appears that "one parent is paying the other." Income Shares shifts the understanding of the transaction away from this perspective and puts it in terms of "what each person is contributing to the support of the child." This, in turn, sets the "tone" for the relationship: because both parents feel each is contributing fairly, their interactions can move away from a focus on money issues toward a focus on parenting issues. Further, the child support agency is no longer viewed as representing the mother because under the Income Shares model, "it is not about him or her but about the shared costs of raising the child."

State staff estimate that, if the proposal passes, it will take three years and the investment of additional funds to make the transition to the new model, including changes to their automated system. It is thought that automation will reduce any additional administrative burden the change may cause. The statement was made that the Legislature will have to decide, in considering the proposal, whether the increased fairness that would result from the adoption of Income Shares is worth the cost of making the change.

Alaska – In contrast to Arkansas and Illinois, Alaska's Percentage of Income model allows for special circumstances; it provides for adjustments to be made for parents with high and low incomes and for situations that involve shared time, divided/split custody, and complex families. One of the state officials with whom we spoke stated that the adoption of provisions for these circumstances makes Alaska's approach more of an Income Shares model. They specifically cite the provision for shared time, which takes into account both parents' income. Officials noted that when they first developed their child support guidelines and adopted the Percentage of Income model, such situations were uncommon and did not need to be accommodated when determining child support orders.

Although there have been discussions about moving to the Income Shares model, there is currently no movement in Alaska to officially adopt the model. State officials believe this is probably due to the fact that the Percentage of Income model is viewed as “more straightforward and less complicated” to administer than Income Shares. In particular, officials noted the difficulty in gathering income information from two parents as compared to one parent. In addition, within Alaska the Percentage of Income model seems to be viewed as fair, given that deviations can be requested to address individual circumstances. Any concerns about fairness that are expressed in public hearings usually relate to how a custodial parent chooses to spend the child support paid by the noncustodial parent, rather than about whether or not the custodial parent is providing his or her fair share. Therefore, if the decision is ultimately made to adopt Income Shares, it will be because Alaska has already moved in this direction in order to accommodate changing family circumstances and not to address concerns about fairness.

New Hampshire – New Hampshire is in a similar situation as Alaska, in that officials similarly describe the state as employing a “mixed” approach, although its mix of policies is somewhat different. In particular, while New Hampshire’s guidelines take into account both parents’ net income, child support orders are calculated based on a flat percentage related to the number of children for whom support is owed. Because child support orders do not vary according to income level and only vary by the number of children, a recent study by the University of New Hampshire concluded that the state uses a Percentage of Income model (Smith et al., 2009). The study further concluded that New Hampshire’s traditional label as an Income Shares state is inaccurate.

Several recommendations were made during New Hampshire’s most recent guidelines review designed to update the state’s guidelines tables to produce results “...consistent with the

Income Shares philosophy” that children are entitled to the same amount of support that they would have received if the family was intact (Smith et al., 2009, p. 46). To date, the specific recommendations made in the last review have not been formally adopted. According to staff, the guidelines are currently in a “state of flux.”

Income Shares States

The four states with which we spoke—Colorado, Iowa, Michigan, and West Virginia—each employ a slightly different version of the Income Shares model; however, in three of the four states, they all also expressed similar sentiments regarding the model and perceptions of fairness, with the fourth state refraining from offering an opinion given a lack of evidence upon which to draw. There was general agreement among the three that did comment on fairness that the Income Shares model provides a significant benefit in that obligors understand how each parent’s contributions to the support of their children is calculated, this knowledge increases perceptions of fairness, and, in turn, obligors are more likely to pay the support they owe. This is facilitated in West Virginia by, for example, each parent getting a printout of the child support calculation so they can see each parent’s contribution to the support of the children.

Of the four states with which we spoke, Colorado and Michigan have consistently employed the Income Shares model. The other two—Iowa and West Virginia—had an original model that differed from their current Income Shares model.

Colorado – Colorado has consistently employed the Income Shares model. Staff with whom we spoke echoed the assertions made in the literature that the process of establishing support by using the Income Shares model was more complicated and did take longer than under the Percentage of Income model, but “the results are more thorough, accurate and fair.” Staff thought the Income Shares model “definitely affected payments” because obligors understood

how an order was determined; therefore, they were more willing to make payments. According to state staff, Colorado is very satisfied with the Income Shares model.

Michigan – As noted, Income Shares was the initial model adopted by Michigan. According to a report completed as part of a subsequent guidelines review (Venohr, 2002), one of the two primary reasons the original Michigan Child Support Guidelines Committee selected the Income Shares model was because the model “...not only considers both parents’ incomes but the parents’ relative incomes in the calculation of support. The committee perceived this as being an equitable approach” (p. 107). The second reason was that the guidelines were not based on the minimum needs of the children. According to state staff, both of these beliefs continue today and are reflected in the state’s current guidelines.

Iowa – Iowa moved from what external experts viewed as a “hybrid” model that gathered information about both parents’ income but set child support orders as a flat percentage of the obligor’s income, taking into consideration only the number of children (Iowa Supreme Court, 2008) to an Income Shares model in 2008. The transition occurred after several years of review and was motivated by an interest in placing “greater emphasis on apportioning the cost of child rearing between both parents according to their respective incomes” (Iowa Supreme Court, 2008). Further, adopting its current Income Shares model would better position the state to better address current trends in family situations (Center for Policy Research, 2007). According to state staff, implementation of the change to the current model involved a significant amount of work and encompassed educational sessions for attorneys and judges, public information initiatives, and re-programming of their data systems. However, the effort has paid off as reliance on the model is currently going well.

West Virginia – West Virginia chose to move from the Melson Formula to the Income Shares model in 1997 because it was perceived as less cumbersome and more efficient than the Melson Formula. According to state staff, the change was not related to perceptions of fairness.

Melson Formula States

Delaware and Montana are two of the three states that currently employ the Melson Formula. While officials in both states acknowledged that the use of the formula made the process of determining child support a bit more complicated than under the other methods, the outcome was preferable because it takes into account not only the basic living requirements of each of the children but also includes those of each parent and is also more reflective of actual costs. In addition, officials in both states believe the process is perceived as fair.

Delaware – In Delaware, where the Melson Formula originated (Venohr and Williams, 1999), the perception of fairness is largely driven by parental participation in the mediation process that allows parents the opportunity to be heard regarding any unique situations they would like to have considered in the process of establishing child support orders. They believe that ensuring parents understand how orders are derived and giving parents the opportunity to cooperate in the process are both very helpful in encouraging payments.

Montana – Montana is one of the states with which we spoke that moved from the Percentage of Income model to another model. However, in this case, the state chose to adopt the Melson Formula rather than Income Shares; the shift was made in 1992, relatively soon after Congress mandated the adoption of child support guidelines. According to state officials, the fact that the Melson Formula allowed for the calculation of reserve income for the support of the parent is what “tipped the scales.” Montana is now, however, grappling with the issues associated with the changing situation of families faced by other states, particularly in relation to

“serial families.” While maintaining the Melson Formula, it is adopting what it calls the “sword and shield” approach: the “sword” divides income between families, while the “shield” protects a certain monetary reserve to be used to support the obligor’s current family. In addition, new orders will take into consideration all of the children of the parents in the determination of child support. This is being done because there is a perception that it is “unfair” not to consider the children of a second or subsequent family configuration.

VI. CONCLUSIONS

Over time, there has been a movement away from the Percentage of Income model to the Income Shares model, with a significant shift occurring in the past seven years. The interviews completed for this report suggest that this trend can be expected to continue given the stated interest in exploring and even pursuing the transition to the Income Shares model by four of the states contacted. One state—Illinois—is proactively seeking to make the change in the next legislative session. If Illinois is successful in the Spring 2012 legislative session, then only nine states will employ the Percentage of Income model.

It is evident that concerns about perceptions of fairness have contributed to this shift. We could not identify any studies that analyze the extent to which there are differences in perceptions of fairness among the three models currently employed in the United States, and the research more generally focused on perceptions of the overall fairness of the child support has been mixed. Nevertheless, it is believed that the Income Shares model is perceived to be fairer than the Percentage of Income model because it explicitly, rather than implicitly, accounts for the contributions of both parents in the calculation of child support.

However, contributing to the adoption of the Income Shares model appears to be state desire to address a shift in the parenting arrangements of families. No longer is it the case that

most parenting arrangements involve one parent with full custody; shared-parenting time is becoming increasingly prevalent. These changes can—and have been—addressed through the adoption of special provisions under the Percentage of Income model as in, for example, Alaska and Wisconsin. Nevertheless, based on the information shared in the interviews as well as a review of related policy materials, there is a widespread belief that a better approach would be to adopt the Income Shares model.

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