

The subcommittee has been considering various alternatives to the current table. The phone conference with Dr. Betson and Mary Hammerly was very informative, and made it very clear that it is not easy to characterize where our current economic table came from, catalog what it is intended to cover, or identify the underlying economic rationale. As a group we are approaching a consensus that our table should have a clearly identified economic basis, which can be explained and validated periodically against updated models of similar form and source, and its coverage should be well-defined.

In order to get an idea how our current table(s) compare with tables from similar states, we have plotted single child support payments vs income for our current table with data from the Pennsylvania table [ similar sized state, using net income and a Betson-Rothbarth inspired model ], a 2005 Betson-Rothbarth model prepared for Washington State, and an approximation of the Minnesota table [ this is a gross-income table based on the USDA model; income was adjusted from gross to net, and the average differential between Urban Midwest and Urban West estimates of expenditures applied ]. Both the Betson-Rothbarth and USDA models appear to have similar functional forms, and are not dramatically different from each other. This consistency was also demonstrated over time during Dr. Betson's presentation. Either approach, or some consensus estimate between these models, would meet our criteria of clarity, consistency, and well-defined content.

Issues:

**1) Keep current table vs recommend an approach for replacing it with a new table:**

The subcommittee discussed this during the June 24<sup>th</sup> meeting, and in follow on phone meetings. There is a consensus concerning our criteria and we are leaning towards a recommendation that a Betson-Rothbarth, USDA-derived, or composite model using both of these sources replace the current table. A required deliverable for any model derived for replacing our current table should include a full catalog of costs included and/or excluded from the data source(s). We should be able to explain what costs are covered by our economic table by looking at the data used to derive the table. This is very difficult to currently do.

**2) Should a replacement table make any assumptions concerning residential time:**

We feel that a replacement table should not make any assumptions concerning residential time. Rather, the Residential Time Credit subcommittee's recommendations should consider this.

**3) Should a replacement table include medical and child care expenses, or continue to consider them "extraordinary":**

We feel that these should continue to be considered "extraordinary".

**4) Should a replacement table include more than one column:**

We have a consensus that a replacement table should only have one column. This mirrors the majority of other states.

**5) How far out should a replacement table go?**

This discussion is ongoing. There are not significant data supporting either proposed model from the Consumer Expenditures Survey at upper incomes. On the other hand, the existence of table values would lead to more predictable and consistent outcomes for cases with higher combined incomes. There is a trade off between accepting some type of extrapolation at the upper income levels and moving towards the goal of predictable outcomes. Both the Betson-Rothbarth and USDA-derived models acknowledge a declining propensity to spend additional amounts on children as incomes rise: this is evidenced by the declining slopes of both models as incomes rise. Our current table has higher slope values in the region of \$7000 to \$12,000 monthly net income. The subcommittee is not comfortable with the current method of extrapolation, and would like to open up discussion of table extension to the entire workgroup.



### Comparison of Slopes of CS tbls 1 Child \$6000 to \$20,000 Monthly Net Income

