

Scientific Basis for Consolidation of Age Groups in Economic Table

(To be added to the End of the Minority Report on the Economic Table)

By David Spring, December 8, 2008

Many months ago, I thought we had agreed to follow the recommendations of more than a dozen economists (including Dr. Betson, Dr. McCaleb and every other Economist who has studied this issue) by using a weighted average to consolidate our Economic Table into a single age group. The reason for this consolidation is that the current Age division of our current Table is not supported by any Economist or any scientific study.

However, some members of the Work Group have raised last minute objections that consolidating the Table into one Age group would lower the amount of child support paid to Higher Time parents of children ages 12 to 18. That this concern is even mentioned confirms the extreme gender bias of these Work Group members towards the Higher Time parent because they fail to even consider that **consolidation of the Table into one Age group also raises the amount of child support paid by Lower Time parents for children ages 0 to 12.** Most important, over the life of the child from ages 0 to 18, using a weighted average of the two columns to create one Age column results in NO CHANGE in the amount received by the higher time parent or the amount paid by the lower time parent. It simply brings our Table into alignment with the existing research on the cost of raising children.

The original conceptual error that led to using two Age columns was the casual observation that “teenagers cost more than younger children.” This observation, while true, fails to understand that our Economic Table is not based on absolute costs spent on the child but on **the ratio or percentage of the cost of children in relationship to the combined net income of the parents.** Older children cost more than younger children in absolute terms. But since the income of their parents also rise over time, as a percent of total income, the ratio of child cost to parent income remains essentially the same.

The following example is useful in understanding why this is so. Assume we have a couple age 20, both making minimum wage with a combined net income of \$2,000 per month, who get married and have a child. Further assume that they spend **20% of their combined net income** on their baby (studies on this range from 10% of combined net income to 30% of combined net income, but the average is about 20%). This would mean they spend about \$400 per month on their baby for the baby’s nursery, food and clothing and they spend the remaining \$1,600 per month on non-child items such as shelter, food and clothing for themselves.

When the child reaches age 12, the child becomes a teenager and becomes more expensive due to more expensive clothes and possibly after school sports activities. While the actual cost of the child may have gone up, the cost as a percentage of the parent’s income tends to decline as **the parents combined income tends to rise faster than the amount spent on the child.** For example, when the child reaches age 12, the parents are now both 32 and their training and income may be as much as double what it was when they were age 20. Instead of making \$8 per hour, both are now making \$16 per hour. At this income level (combined net income of \$4,000 per month), the scientific research indicates that parents only spend 15% of their combined net income on the child. 15% of \$4,000 equals \$600 per month. Thus, while the parents are now spending \$200 per month more on their child in absolute terms, they are spending less on their child in terms of the ratio compared to their combined net income.

Our child support laws permit parents to seek an “adjustment” every two years if the income of the other parent has gone up. Therefore it is likely that as the child gets older, the parents

incomes will rise and the amount of child support will rise. It is therefore incorrect to claim that consolidation of the Table will lead to a drop in child support rates. Instead, it is more accurate to observe that child support rates are and should be directly related to the combined net income of the parents. The only thing that would lead to a significant decline in child support payments is a decline in the income of the parents.

The real problem of having two age columns is that it leads to a huge jump in child support rates from the age of 11 to the reaches age of 12 even though their has been no magic increase in income of the parents between the ages of 11 to the age of 12. Our current Table assumes that at the age of 11 the child costs about 15% to 20% of combined net income and then suddenly rises to 25% of combined net income at the age of 12. There is a mountain of scientific research that this assumption is not true. And it creates a huge problem for the lower time parent who are **suddenly faced with a \$200 to \$400 increase in child support payments even though their income rose very little during the single year in question.** This sudden jump in child support rates, not supported by any scientific literature is the primary reason that all PHD Economists agree that we should eliminate the two age columns. What we are really doing is correcting an error made by the poorly informed Superior Court judges who wrote the original Economic Table in the 1980's.

In conclusion, the Economic Table is not only independent of inflation, and independent of whether we are in a "boom" cycle or a "bust" cycle, but the Economic Table is also independent of the age of the child. Therefore if we want a Table which is based on the scientific literature of the cost of child rearing, we should eliminate the current Two Age columns and use a weighted average to reduce the Table from two age groups to one. If we did this, our current Table would be slightly less than the McCaleb Table and **the McCaleb Table would represent about a 7% increase over the current table for the median family.**

By sharp contrast, the Betson Rothbarth Table even with adjustments would result in a 40% increase over the current Table and the Betson Rothbarth, Betson Engel average would result in a 70% increase over our current Table. These dramatic increases would lead to dramatic increases in defaults requiring at least a doubling of our Division of Child Support staff, a doubling of the bankruptcy filings of lower time parents, a doubling of the number of dads driven to homelessness and living out of the back of their truck, a doubling of the prisons needed to hold all the dads who could not possibly meet these artificially inflated child support rates and a doubling of the number of dads committing suicide as their option of last resort.

For the sake of children and their families, we urge the Legislature to follow the scientific literature and listen to the hundreds of parents who spoke are public hearings and adopt the McCaleb (Florida State) Table which is very close to our current Economic Table and would not greatly disrupt the lives of children or their parents.