Members of the [Health and Human Services Finance Division](http://www.house.leg.state.mn.us/comm/committee.asp?comm=91023)

**Regarding: HF 3563**

My name is Jason Smith. I was a member of the Legislative Child Support Task Force since inception in September 2016. I wanted to raise some concerns that need to be addressed in HF 3563 Child Support Bill.

1. The Child Support Task Force learned of the issues with the underlying economic data and model (USDA) currently used in the Child Support Table for determining child support. (Line: 4.18 – 12.5). There is a fundamental error in the economics. USDA model to determine the “costs” associated with children is based off married household vs. married household with children. 29% of this cost falls under “Housing” <https://www.usda.gov/media/blog/2017/01/13/cost-raising-child>

The fundamental economic error is the housing cost in a divorced or separated household is still included in child support calculations, even though each parent provides 100% of the housing cost for their household. The obligor (person paying child support) is also contributing to the other households housing cost. Essentially, the obligor is paying 129% of the housing costs. This economic error is also found in “Transportation” costs among others. The reason this error is made is because child support costs are using single household models and data and applying them directly to two households. The child support table should reflect at lease a 29% decrease to account for this economic error.

An additional error was also revealed in the Child Support Task Force. The Minnesota child support calculation assumes parents receive and increase in income after a child is born. In applied economics, households who have children do not increase income and the “costs of raising a child” by the USDA is just absorbed into the households finances and lifestyle changes. In essence, there is not increase in out of pocket costs to the household as the table suggests. If the table were correct, families with $10,000/month income would be going into debt by $1,230/month (Line: 8.27)

1. In HF 3563, child support with combined incomes ranging from $5,200 - $9,399 will increase, while all others appear to decrease. Why is there an increase within these ranges? Are these the wage ranges where child support is most likely to be collected and thus the increase to show efficiency within the Child Support Enforcement?
2. In order to modify child support when a existing law is changed and updated requires a change of at least 20% and be a minimum of $75. Many of the new numbers in the table will not meet the criteria to modify existing child support orders. Child support orders should automatically be changed, especially at the lower income levels. How will the public be informed that child support orders for low income wage earners have changed?
3. Child Care Support Obligation (Line: 12.16). In addition to recommended changes, changes in 518.39, Subdivision 7. *Child care exception*…..must also be changed.

I agree with the fundamentals behind this bill of lowering child support costs for lower income obligors. In fact, it should be lowered for all obligors that provide a home for the child. This would reflect the proper economics and ability to pay, thus increasing the efficiency of collection of child support orders.

Sincerely,
Jason Smith

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