

**UPDATED ECONOMIC TABLES  
FOR THE OHIO  
CHILD SUPPORT GUIDELINES**

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# TABLE OF CONTENTS



<b>Chapter I</b>	<b>Introduction</b> .....	<b>1</b>
	Existing Child Support Guidelines .....	1
	New Economic Data on Child-Rearing Costs .....	4
	Development of Proposed New Basic Child Support Schedules .....	5
	Comparison of Proposed Schedule with Existing Schedule .....	6
	Additional Issues .....	7
<b>Chapter II</b>	<b>New Economic Data on Child-Rearing Costs</b> .....	<b>9</b>
	General Economic Approach to Measuring Child-Rearing Costs .....	9
	"Engel" Estimator .....	11
	Rothbarth Estimator .....	12
	Choice of Estimators .....	13
	Other Issues Pertaining to Estimates of Child-Rearing Costs .....	14
	Expenditures on Children as a Proportion of Net Income .....	19
<b>Chapter III</b>	<b>Developing a Support Schedule from Estimates of Child Expenditures</b> .....	<b>21</b>
	Building a Table of Support Proportions .....	22
	Building a Basic Child Support Schedule .....	28
	Other Adjustments .....	32

<b>Chapter IV</b>	<b>Comparison of Existing and Proposed Schedules</b> . . . . .	<b>41</b>
	Estimates of Child-Rearing Expenditures . . . . .	41
	Increased Self-Support Reserve . . . . .	42
	Changes in Estimated Averages for Child Care and Children's Health Costs . . . . .	43
	Revisions in Personal Income Tax Rates . . . . .	43
	Comparison of Existing and Alternative Support Schedules . . . .	45
 <b>Chapter V</b>	 <b>Conclusions</b> . . . . .	 <b>57</b>



**FIGURES AND TABLES**

Figure 1	Family Consumption Expenditures and Income . . . . .	9
Figure 2	Proportion of Net Income Spent on Children . . . . .	20
Figure 3	Two Supported Children, Obligee has No Income . . . . .	47
Figure 4	Two Supported Children, Obligee's Income is Half the Obligor's . . . . .	49
Figure 5	Two Supported Children, Obligee's Income = Obligor's Income . . . . .	51
Table 1	Proportion of Net Income Spent on Children . . . . .	20
Table 2	Proposed Table of Support Proportions . . . . .	27
Table 3	Basic Child Support Schedule . . . . .	33
Table 4	Estimated Expenditure on Children as an Average Proportion of Household Consumption . . . . .	42
Table 5	Existing Ohio Schedule . . . . .	55
Table I-1	Net Income and Consumption at Selected Net Income Levels . . . . .	I-5
Table I-2	Extending the Rothbarth Support Proportions to Four, Five, and Six-Child Households . . . . .	I-12
Table I-3	Parental Expenditures on Children . . . . .	I-20
Table I-4	Child Expenditures as a Proportion of Net Income . . . . .	I-21
Table I-5	Table of Support Proportions . . . . .	I-22



**Appendix I      Technical Considerations In Developing Schedules of Support Obligations**

Parental Expenditures on Children ..... I-1  
Data on Household Expenditures ..... I-2  
Child Expenditures as a Proportion of Net Income ..... I-4  
Adjustments for the Number of Children ..... I-11  
Table of Support Proportions ..... I-13  
Translating Gross to Net Income ..... I-16  
Self Support Reserve ..... I-18

**Appendix II      Basic Child Support Schedule – Net Income**

**Appendix III     Gross to Net Income Conversion Table**

**Appendix IV     Comparisons for One and Three Children**



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## CHAPTER I

# INTRODUCTION

This report has been prepared under contract with the Ohio Department of Human Services, Office of Child Support. With the active involvement of the Child Support Guidelines Advisory Commission, the Department is reviewing the Ohio Child Support Guidelines, consistent with a federal mandate that states reassess their guidelines at least every four years. This report addresses the core of the guidelines, the Basic Child Support Schedule, sometimes referred to as the economic tables. This report recommends a revised Schedule based on new economic research on child-rearing expenditures. The proposed Schedule updates the "self support reserve" to reflect inflation that has occurred since development of the current Schedule. The proposed Schedule also incorporates changes in federal and state income taxes that have been made in the intervening years. A subsequent report will address other issues relating to the Child Support Guidelines, including shared parenting, child care expenses, medical expenses, adjustment of time and expenses for visitation arrangements, and high income cases.<sup>1</sup>

### *Existing Child Support Guidelines*

The current Ohio Child Support Guidelines are based on the Income Shares model, which was developed under the Child Support Guidelines Project funded by the U.S. Office of Child Support Enforcement and administered by

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<sup>1</sup> PSI has previously submitted two brief reports to the Department pertaining to the Ohio Child Support Guidelines: Robert G. Williams, *Initial Review of Economic Issues Relating to the Ohio Child Support Guidelines* (July 22, 1992); and David A. Price, *Use of the Espenshade and Rothbarth Parameters to Develop Alternative Schedules of Child Support Obligations* (September 11, 1992). This report incorporates several sections from those earlier documents.

the National Center for State Courts. The Income Shares model has been described as follows:

The Income Shares model is based on the concept that the child should receive the same proportion of parental income that he or she would have received if the parents lived together. In an intact household, the income of both parents is generally pooled and spent for the benefit of all household members, including any children. A child's portion of such expenditures includes spending for goods used only by the child, such as clothing, and also a share of goods used in common by the family, such as housing, food, household furnishings, and recreation.<sup>2</sup>

Because household spending on behalf of children is commingled with spending on behalf of adults for the largest expenditure categories (i.e. food, housing, and transportation), the proportion allocated to children cannot be directly observed even if the specific spending patterns are examined. This commingling of household expenditures is the most important reason that equitable child support awards are so difficult to set on a case-by-case basis.

Since the child's share of parental income cannot be directly observed, it must be estimated based on the best available economic evidence on child-rearing expenditures. This evidence provides estimates of expenditures on children as proportions of parental income levels across a broad spectrum of family incomes.

When the Ohio Child Support Guidelines were first drafted in 1986, they implemented the national model developed under the Child Support Guidelines Project. Like all states implementing the Income Shares model, Ohio relied on national data for child-rearing expenditures because valid

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<sup>2</sup> Robert G. Williams, *Development of Guidelines for Child Support Orders, Part II, Final Report*, Report to U.S. Office of Child Support Enforcement, Policy Studies Inc., p. II-69.

state-specific estimates do not exist. Specifically, the figures in the Basic Child Support Schedule are based on economic estimates of child-rearing expenditures as a proportion of household consumption by Thomas Espenshade published in *Investing in Children* (Urban Institute Press: Washington, D.C., 1984). The Espenshade estimates were derived from national data on household expenditures from the 1972-73 Consumer Expenditure Survey conducted by the U.S. Bureau of Labor Statistics.

The Espenshade parameters were used by the Child Support Guidelines Project to build the economic tables used in the Guidelines. Using those parameters as a starting point, staff from the Project:

- ▶ Derived estimates of parental income spent on children as a proportion of net income,
- ▶ Deducted average amounts for child care and children's health care (added back into a child support obligation on an individual basis),
- ▶ Incorporated a self support reserve,
- ▶ Converted the net income tables to a gross income base, and
- ▶ Expanded the estimates of proportions into a table suitable for use in guidelines.<sup>3</sup>

As one of the earlier Income Shares guidelines to be adopted, the economic tables for the existing Ohio guidelines are apparently derived directly from the national model that had already been adopted in Colorado. At that point, states had not started to tailor their guidelines to their own income tax structures. Thus, the current Ohio guidelines apparently have not been adjusted to reflect state tax provisions. Although this would not make a large

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<sup>3</sup> See *Development of Guidelines for Child Support Orders*, pp. II-67 — II-80, and II-131 — II-140.

difference in the guidelines, states now adapt the economic tables to their own state income tax provisions so that the guidelines more closely reflect the economic circumstances in their own jurisdictions.

### ***New Economic Data on Child-Rearing Costs***

The Family Support Act of 1988 [P.L. 100-485, §128] required that the U.S. Department of Health and Human Services "...conduct a study of the patterns of expenditures on children in 2-parent families, in single-parent families following divorce or separation, and in single-parent families in which the parents were never married..." The research to develop new economic data under that mandate was conducted by Dr. David Betson of Notre Dame, through the University of Wisconsin Institute for Research on Poverty. For his research, Dr. Betson used data from the national 1980-86 Consumer Expenditure Survey. His updated estimates were published in one report and further analyzed in another.<sup>4</sup> Dr. Betson developed new estimates using five different estimating models, with detailed national data on household expenditures drawn from the 1980-86 Consumer Expenditure Survey administered by the U.S. Bureau of Labor Statistics.

Of the models used by Dr. Betson for these new estimates of child-rearing expenditures, the "Rothbarth estimator" seems to have the most economic validity and plausibility. As discussed in more detail below, this estimator defines equivalent well-being between households (with and without children, for example) in terms of their level of spending on "adult goods." In our judgment, and in the judgment of Dr. Betson who served as a consultant to

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<sup>4</sup> David M. Betson, *Alternative Estimates of the Cost of Children from the 1980-86 Consumer Expenditure Survey*, Report to U.S. Department of Health and Human Services (Office of the Assistant Secretary for Planning and Evaluation), University of Wisconsin Institute for Research on Poverty (September 1990); Lewin/ICF, *Estimates of Expenditures on Children and Child Support Guidelines*, Report to U.S. Department of Health and Human Services (Office of the Assistant Secretary for Planning and Evaluation), Lewin/ICF (October 1990).

this study, estimates based on this Rothbarth model constitute the best available evidence on child-rearing costs for use in the development of child support guidelines tables.

In Chapter II, we discuss these new economic data in more depth, provide an overview of the approaches used to estimate economic parameters for the existing and proposed Schedules, and provide resulting estimates of the proportion of parental net income spent on children.

### ***Development of Proposed New Basic Child Support Schedules***

Using the economic findings from Dr. Betson's research, we have developed a proposed new economic table for the Ohio Child Support Guidelines, using a methodology similar to the one used to develop the economic tables for the existing guidelines. Dr. Betson's research provides estimates of the proportion of household *consumption* expenditures ascribed to children. Using the same data set from which he derived estimates of these parameters, we developed estimates of the proportion of household *net* income spent on children across a broad income spectrum. We also deducted estimated average expenditures on child care, health insurance, and children's extraordinary medical expenses from these proportions. (In the Income Shares model, these child-rearing costs are added to the basic child support calculation as actually incurred.)

In the proposed economic tables, the self support reserve has been increased to correspond with increases in the poverty level for a single adult since development of the original schedule in 1986. These numbers are the basis for construction of economic tables based on *net* income. The final Schedule

is developed by converting the net income table to gross income using withholding tables for a single obligor.<sup>5</sup>

In Chapter III, we describe the steps involved in developing the proposed Schedule based on relevant economic evidence, as well as the specific assumptions made in the course of that development. Further detail is provided in Appendix I, Technical Computations.

### ***Comparison of Proposed Schedule with Existing Schedule***

Considering the differences in data sources for the economic tables, the child support levels yielded by the existing and proposed Schedules are remarkably close except at low income levels affected by the increase in the self support reserve.

- ▶ For cases with one or two children, the proposed Schedule is somewhat higher when measured as a proportion of *net* income, except at low income levels,
- ▶ For three children, the proposed Schedule is slightly higher at lower income levels, and lower at higher income levels.
- ▶ For four or more children, the proposed Schedule tends to be somewhat lower, although not in all cases.
- ▶ For low income cases, defined approximately as those with obligor earnings of less than \$800 per month, the proposed Schedule would yield lower orders because of the increase in the self support reserve.

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<sup>5</sup> As discussed later in this report, the conversion assumes all income is earned by a single parent with no dependents and that all income is taxable at the same rate. Appropriate federal, state, and social security (FICA) taxes are calculated using 1992 federal and state employer withholding schedules.

Adjusting the proposed *gross* income tables to reflect the changes in federal and state income tax structure since 1986 tends to increase child support awards somewhat, especially at higher income levels. The Tax Reform Act of 1986, which passed after development of the existing Ohio guidelines, lowered federal tax rates overall, but especially so for middle and upper income earners. Although there have been partially offsetting increases in FICA taxes, the net effect has been a lowering of federal taxes.<sup>6</sup> Since net income has increased relative to gross income as a result, the support obligations in the proposed Schedule have increased commensurately.

In Chapter IV, we compare the existing and proposed Schedules in more depth, providing graphs, tables, and case examples to clarify the potential impact of the proposed schedules on child support levels.

### ***Additional Issues***

As noted above, a subsequent report will address additional issues concerning the child support guidelines, specifically shared parenting, child care expenses, medical expenses, adjustment of time and expenses for visitation arrangements, and high income cases. That report will describe practices in other states, define options for addressing these issues within the guidelines, and discuss the implications of these options.

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<sup>6</sup> It should be noted that we refer only to the impact of federal tax rates where all income is treated as earned income. Local factors that affect the total tax burden, such as city taxes, cannot be incorporated into a general model because they vary so greatly by geographic location.

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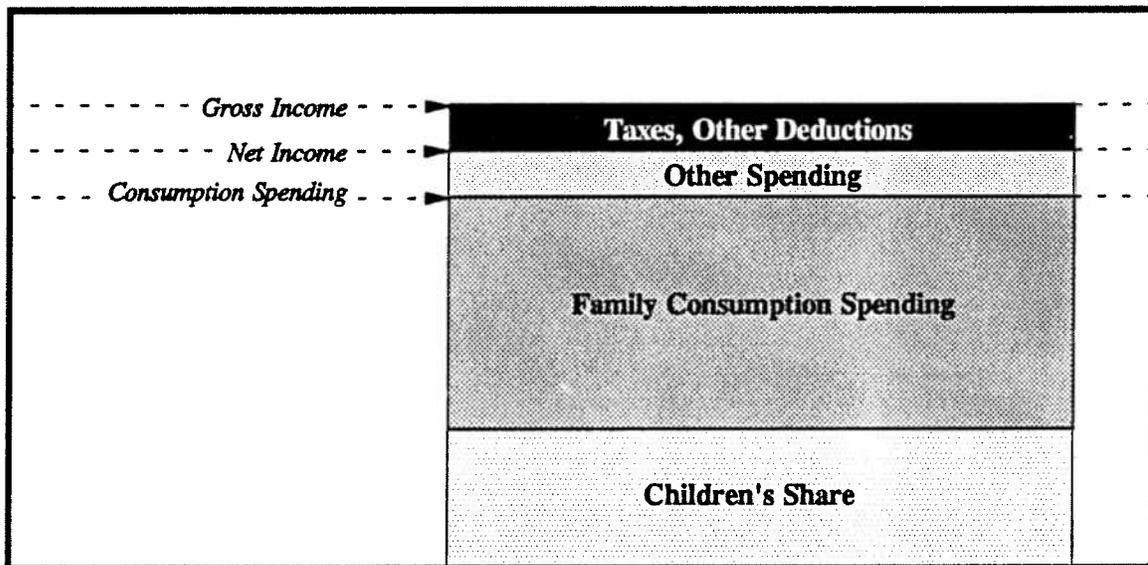
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## CHAPTER II

# NEW ECONOMIC DATA ON CHILD-REARING COSTS

At the foundation of the guidelines Schedule are economic estimates of the costs of child rearing. Child-rearing costs are estimated as a proportion of total family spending on consumption. By relating a family's consumption expenditures to total income, we can then derive estimates of spending on children as a proportion of net or gross family income. The relationship between consumption spending on children to total household consumption spending, and thus to net and gross family income, is depicted in Figure 1.

**Figure 1**  
**FAMILY CONSUMPTION EXPENDITURES AND INCOME**



### ***General Economic Approach to Measuring Child-Rearing Costs***

As briefly discussed in Chapter I, most household spending on children cannot be directly observed. Parents can separately track, and account for, spending on such categories as children's clothing, educational expenses, and child care. However, for those expenditure categories accounting for the bulk of child-related costs, spending on children is inextricably intertwined with spending

on adults. These categories of pooled family expenditures include food, housing, utilities, home furnishings, transportation, most recreation, and most health insurance. To determine how much of the household budget is spent on children, it is necessary to devise and apply an estimation methodology that indirectly calculates the children's share.

Several economic methodologies have been developed to produce such estimates. Most attempt to estimate the marginal, or extra, costs of child-rearing relative to expenditures in the absence of any children. They do so by comparing expenditures between two households that are equally well off economically, one with children and one without. The additional expenditures by the household with children are deemed to be the costs of child rearing.

An example, shown below, illustrates this method. In this example, the households are both assumed to have two adults and are considered to be equally well off. Family A has no children, while Family B has two children:

	Family A	Family B	
Number of Children	0	2	
Income	\$18,000	\$30,000	
Children's Additional Cost		\$12,000	
Children's Share of Total		\$12,000 / \$30,000 = 40%	

In this example, Family B must spend \$12,000 more to be as well off as Family A. That \$12,000 can be considered as the marginal cost of the children. Since \$12,000 is 40 percent of \$30,000, we would estimate the total cost of the two children to be 40 percent of parental income at this level of earnings. The methodology can also be applied to compare expenditures by equally well off households with varying numbers of children. This yields estimates of additional costs of a second and third child, for example.

In order to estimate the children's share of expenditures in this manner, it is necessary to construct a standard of well-being that is independent of income. Only with such a standard can we consider two families to be equally well off, one with children and one without, even though they have different incomes. Several such standards of well-being have emerged from the economic literature on child-rearing costs.

### ***"Engel" Estimator***

The traditional standard of well-being is the proportion of household income spent on food, which declines as incomes increase. This standard is the basis for the "Engel" methodology for estimating child-rearing costs. This methodology was used in the development of the U.S. poverty standard, the Bureau of Labor Statistics equivalency scale, and was used by Dr. Thomas Espenshade for the estimates of child-rearing costs that are the basis for the economic tables in Ohio's existing guidelines.

This standard is based on findings from more than a century ago by economist Ernst Engel that as a family's income increases (holding family size constant), the percentage of the family's expenditures on food decrease, even though total spending increases. This means that a family's spending on food increases more slowly than income. Espenshade has documented that this pattern still exists. Under this standard, total expenditures devoted to food are deemed to be a valid indicator of economic well-being. Thus, if two families of different size spend the same proportions of their incomes on food, they are deemed to be equally well off.<sup>7</sup>

Espenshade used the Engel estimator for the estimates of child-rearing expenditures upon which the existing Ohio guidelines Schedule is based. He first estimated the relationship between family income and spending on food.

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<sup>7</sup> For an excellent lay explanation of the various economic methods of measuring child rearing costs, see Lewin/ICF, *Estimates of Expenditures on Children and Child Support Guidelines* (Chapter 2).

He then compared household expenditures for families with and without children spending like amounts on food (and therefore presumed to be equally well off). Following the procedure described above, he then estimated the "extra" spending on one child and the proportion of household spending allocated to one child. The procedure was also applied to estimate the marginal cost for a second child and then a third. With this methodology, Espenshade estimated that families allocate 26 percent of their consumption spending to one child, 41 percent to two children, and 51 percent to three children.<sup>8</sup>

### ***Rothbarth Estimator***

The "Rothbarth" estimator uses a different standard for measuring the economic well-being of households. As stated by Lewin/ICF, economist Erwin Rothbarth "... argued that the best way to measure expenditures on children is to assess children's impact on their parents' consumption."<sup>9</sup> Rothbarth assumed that well-being should be determined by comparing the levels of "excess income" available once necessary expenditures on all family members have been made, with excess income defined to include luxuries (alcohol, tobacco, entertainment, and sweets) and savings.

Studies which have used the Rothbarth methodology to estimate child-rearing costs — including Betson's — have limited the definition of excess income to those goods which are assumed to be used only by adults, usually adult clothing, alcohol, and tobacco. In fact, Betson tested the sensitivity of his estimates to several alternative definitions of "adult goods:" adult clothing alone, and adult clothing plus tobacco and alcohol. He found there was little variation in results with these changes in definition. This finding suggests that

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<sup>8</sup> Thomas J. Espenshade, *Investing in Children: New Estimates of Parental Expenditures* (Washington, D.C.: Urban Institute Press, 1984).

<sup>9</sup> *Estimates of Expenditures on Children*, p. 2-16.

his estimates have not been significantly compromised by any data inadequacies in the measurement of spending for tobacco and alcohol.

Betson used this standard of well-being (i.e. household expenditures on adult clothing, tobacco, and alcohol) as well as others to compare spending by families with and without children, who were equally well off. He then derived estimates of spending for two children compared with one, and three children compared with two. His estimates of the average proportion of consumption expenditures allocated to children are 25 percent for one child, 37 percent for two, and 44 percent for three.

### ***Choice of Estimators***

Among economists, no consensus has emerged that any single estimator is better than another. All have their limitations and biases. As a result, the Lewin/ICF report issued by the U.S. Department of Health and Human Services does not express any opinion concerning the single best estimator of child-rearing costs. Rather, it states that the various estimates should be considered as expressing a range of results. Of the estimates derived, however, which include several other formulations, only the Rothbarth and Engel methodologies are without serious problems of empirical specification. The primary bias of the Engel methodology, according to the Lewin/ICF Report, is that it is theoretically most likely to overstate child-rearing expenditures. In contrast, the primary bias of the Rothbarth methodology is that it is likely to understate child-rearing expenditures.

From a theoretical point of view, the Rothbarth methodology seems to be at least as strong as the Engel methodology. Indeed, there seems to be growing support for the Rothbarth methodology among economists. Not only would Dr. Betson favor the Rothbarth estimates as the best single source of data on child-rearing expenditures, but the most recently published study using the

earlier 1972-73 Consumer Expenditure Survey also relied on a Rothbarth type of methodology.<sup>10</sup>

An additional consideration is that the Rothbarth estimates are approximately in the middle of the range of the estimates constructed by Betson using an array of different models. Of the various methodologies used by Betson to develop estimates of child-rearing costs using data from the 1980-86 Consumer Expenditure Survey (CEX), the Rothbarth approach seems to have yielded the most plausible results. In contrast, the Engel estimates based on this data set are lacking in plausibility, sometimes even exceeding per capita shares (a proportionate division of household costs between parents and their children). Thus, in our view, the sound theoretical basis of the Rothbarth methodology, in conjunction with the implausible results from the Engel methodology, renders the Rothbarth estimator to be the preferred choice for revision of the guidelines Schedule based on the most recent research on child-rearing costs.

***Other Issues Pertaining to  
Estimates of Child-Rearing Costs***

**(1) Use of national data for state guidelines**

Like all state guidelines using economic studies on child-rearing expenditures, the Ohio guidelines are based on national data. The specific source of the data is one of the periodic Consumer Expenditure Surveys conducted by the Bureau of Labor Statistics. These surveys are used because they are the most detailed available source of data on household expenditures. They track household expenditures and income through two components: (1) a diary of household spending; and (2) an interview survey. This produces in-depth information on household expenditures and income. The Consumer Expenditure Survey is

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<sup>10</sup> Edward P. Lazear and Robert T. Michael, *Allocation of Income Within the Household* (Chicago: University of Chicago Press, 1988).

conducted for a large sample of households. For Dr. Betson's research, for example, he was able to begin with data on a sample of more than 26,000 households. Even after excluding irrelevant groups (e.g. single individuals, widowed single parent households), he was left with an analysis sample of 8,519 observations for the research relating to child-rearing expenditures.

Data of this depth and quality are simply not available at the state level. Moreover, replication of the Consumer Expenditure Survey at the state level would be extremely costly. Because of the methods that must be used to estimate child-rearing costs, the absence of such data precludes the development of accurate estimates specific to a given state. This is why no state has attempted to develop such a data source and conduct its own research on child-rearing expenditures. Even if a state such as Ohio did so, however, there is no reason to expect that the results would differ significantly from national results. The findings from the national research yield estimates of the proportion of parental expenditures allocated to children. There is no *a priori* reason to believe that the expenditure patterns of parents in Ohio would be so different that the estimates of these proportions at the state level would vary much from national level estimates.

## **(2) Use of data from intact families to determine child support levels**

The child-rearing expenditures discussed in this report are estimates from samples of two-parent households. This is appropriate since the Income Shares model (upon which the Ohio guidelines are based) seeks to apportion to the child the amount that the parents would have spent if the household were intact.

Since child support is required only when the household is not intact, some have argued that child-rearing expenditure data from single-parent families should be used as the basis for child support levels. Although such data have generally not been available in the past, Dr. Betson did formulate such estimates in his research. However, those estimates are

based on much smaller sample sizes than the estimates for two-parent households.

Unfortunately, even if valid data exist on expenditure patterns in one-parent households, such data do not provide meaningful guidance for setting child support levels. In economic terms, the "costs" of child-rearing are defined by what parents actually spend on their children — at least above a minimum (i.e. poverty) level. For a middle class child, for example, the only way of determining whether part of that child's costs should include a new bicycle, Nintendo game, or own bedroom is by observing how other parents at that same income level divide their income between their own needs and those of their children. All economic studies on child-rearing costs have found that parents spend more on children as they have more income available. The relevant question is, how much of that additional income do they spend on the children?

It is well known that single-parent households with children have less money to spend than intact families. Therefore, any study of such households will observe a lower level of spending on children overall than would be observed in two-parent households. The fact that single-parent households actually do spend less income on children than two-parent households does not mean that they should spend less if the other parent has the means to provide more child support.

A simple example will help to illustrate this point. Assume that two different single-parent households exist, each with two children, and each with income before child support of \$1,000 per month. Assume also, that in the absence of child support each of these households would spend \$600 per month on the two children. Finally, assume that the noncustodial parent in the first case had monthly income of \$5,000, while the noncustodial parent in the second case had monthly income of \$1,000. Clearly, the noncustodial parent in the first case should pay substantially more child support than the noncustodial parent in the second case. This

reflects the greater ability to pay, and the fact that the children's standard of living would have been much higher if the first household were intact than if the second household were intact.

That spending on the children in the two single-parent households in this example was the same level (and much lower than it should be given the incomes of the noncustodial parents) has no relevance to the child support determination except as it reflects the custodial parent's ability to contribute. This demonstrates why it is appropriate to rely on child-rearing data from two-parent households rather than one-parent households for determination of child support obligations.

**(3) U.S. Department of Agriculture estimates of child-rearing costs**

The most widely distributed estimates of child-rearing expenditures are those produced by the U.S. Department of Agriculture's Family Economics Research Group (FERG). The most recently published figures are based on data from the 1987 Consumer Expenditure Survey (CEX), updated to 1991 dollar levels using the Consumer Price Index (CPI).<sup>11</sup> The FERG methodology is a hybrid approach that differs substantially from the marginal cost methodologies discussed above. FERG allocates estimated expenditures separately for major category, using different methods for different classifications.

Food and health care expenditures are allocated among each family member using proportions derived from the National Food Consumption Survey conducted by the U.S. Department of Agriculture and the National Medical Care Utilization and Expenditure Survey conducted by the U.S. Department of Health and Human Services. Expenditures on children's clothing, education, and child care, which are directly reported in the CEX, are divided equally among each child in the household. The most problematic aspect of the methodology is the treatment of housing,

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<sup>11</sup> Mark Lino, *Expenditures on a Child by Families: 1991*, U.S. Department of Agriculture, Family Economics Research Group (January 1992).

transportation, and miscellaneous other expenses. These are all apportioned among all members of the household on a simple per capita basis. Thus, in a household with two parents and two children, for example, the total housing costs would be equally divided among all four family members.

This per capita, or average cost, division of some expenditures between parents and children assumes a conclusion about the real allocation of those costs. For purposes of child support, a marginal cost approach to estimating costs of child-rearing is a more appropriate method. Child support is commonly understood to provide for the additional costs of children, using the custodial parent's costs of self support as a starting point. It seems very unlikely that the additional costs of children would proportionately equal the adult's initial costs in those categories of expenditures. For this reason, the FERG methodology does not provide as good a foundation for child support economic tables as one of the other methodologies discussed above.

Despite these methodological differences, FERG's published estimates of child-rearing costs are quite close to the proportions recommended for Ohio based on Dr. Betson's Rothbarth estimator. FERG has estimated that parents spend 22 percent of household consumption for one child, compared with Betson's estimate of 25 percent; 37 percent for two children, the same as Betson's 37 percent, and 43 percent for three children, compared with Betson's 44 percent. Note that these are average estimates, and that they vary at different levels of consumption expenditures. This similarity gives additional confidence in the Rothbarth estimates. Although the FERG methodology is not as appropriate for direct utilization as a base for child support, the estimates based on this methodology do provide another useful benchmark.

***Expenditures on Children as a Proportion of Net Income***

Our discussion has focused up to now on the proportion of consumption expenditures allocated to children. Of more interest is the estimated proportion of net income spent on children. As discussed in more detail in Chapter III, we have derived such estimates from Dr. Betson's findings on consumption expenditure shares. Using the same database he used for his earlier research, Dr. Betson in this study estimated the proportion of net income spent on one, two, and three children in twelve income categories (inflated to June 1992 dollars from a 1983 constant dollar base).

As shown in Table 1 and depicted in Figure 2, the proportion of net income spent on children declines as income increases, although the level of spending on children increases as income increases.

- ▶ For one child, spending is estimated to be 26 percent for one child in the lowest income category, declining to 17 percent in the highest.
- ▶ For two children, spending is estimated to be 38 percent in the lowest income category, declining to 25 percent in the highest.
- ▶ For three children, spending is estimated to be 45 percent in the lowest income category, declining to 30 percent in the highest.

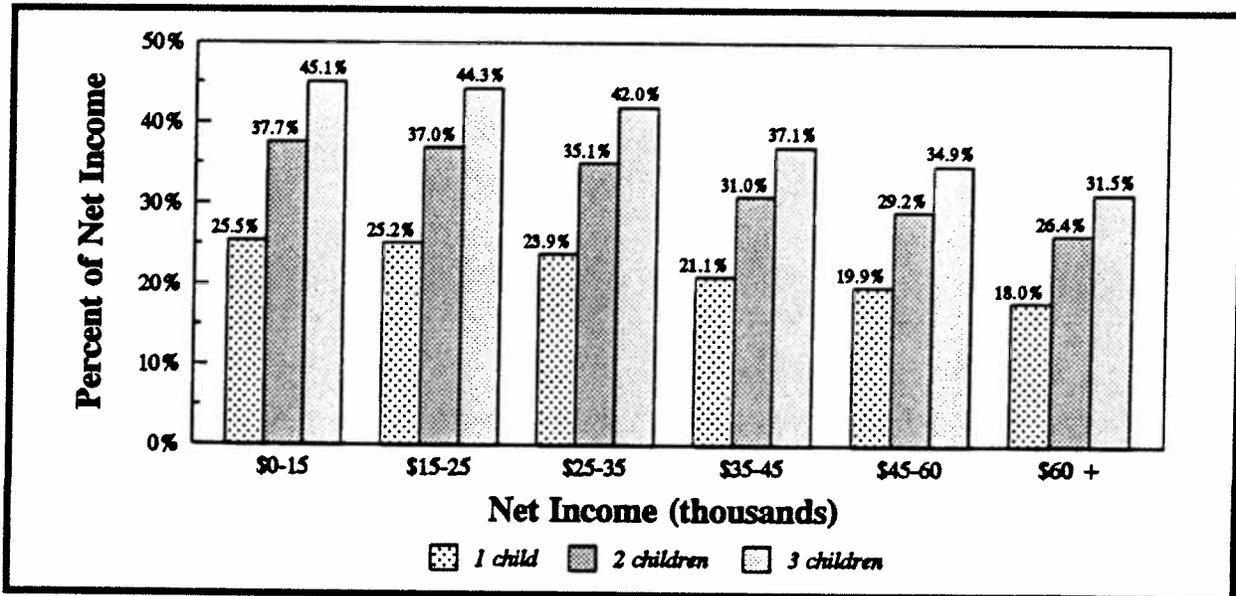
These proportions include average spending for child care and children's health care. As discussed in Chapter III, these amounts are deducted from the estimates prior to construction of a guidelines table.

Like Espenshade's estimates which are used as the basis for Ohio's existing guidelines, Betson's Rothbarth estimates show consumption spending declining as a proportion of net income as income increases. Yet, Betson's estimates show those proportions declining more rapidly than the Espenshade estimates, with the result that expenditures on children as a proportion of net income are somewhat lower using the Rothbarth parameters than they are using the Espenshade parameters.

**Table 1**  
**PROPORTION OF NET INCOME SPENT ON CHILDREN**

<i>Net Income (1992 Dollars)</i>	<b>Percent of net income spent on</b>		
	<i>One Child</i>	<i>Two Children</i>	<i>Three Children</i>
Less than \$10,000	25.64	37.82	45.26
\$10,000 < \$15,000	25.42	37.44	44.78
\$15,000 < \$20,000	25.25	37.15	44.41
\$20,000 < \$25,000	25.12	36.94	44.14
\$25,000 < \$30,000	24.89	36.59	43.71
\$30,000 < \$35,000	22.93	33.69	40.25
\$35,000 < \$40,000	21.40	31.44	37.55
\$40,000 < \$45,000	20.85	30.62	36.57
\$45,000 < \$50,000	20.39	29.93	35.75
\$50,000 < \$60,000	19.67	28.87	34.46
\$60,000 < \$70,000	18.99	27.86	33.26
\$70,000 +	16.98	24.88	29.67

**Figure 2**  
**PROPORTION OF NET INCOME SPENT ON CHILDREN**



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## CHAPTER III

# DEVELOPING A SUPPORT SCHEDULE FROM ESTIMATES OF CHILD EXPENDITURES

The various models used to estimate expenditures on children in intact households, including the model that uses the Rothbarth parameters, is only the first step in developing a Basic Child Support Schedule. The purpose of this chapter is to describe the additional procedures and assumptions used to move from child expenditures to a Basic Child Support Schedule. A more technical discussion of the material in this chapter is presented in Appendix I.

There are two stages in the development of a Basic Child Support Schedule that build upon the estimates of child-rearing expenditures. The first stage is the development of a table of support proportions that relates child expenditures in different household sizes to net income. This relationship using the Rothbarth estimates developed by Betson is shown in Table 1 and Figure 2 in the previous chapter. Further adjustments were made to those proportions (1) to exclude the portion of expenditures accounted for by child care and the child's share of health insurance premiums and extraordinary medical expenses; (2) to extend the proportions to households with four, five, and six children; and (3) to develop a method of smoothing the proportions between income ranges to eliminate the gaps in support obligations that would otherwise exist.

The second stage is the development of a support Schedule from the table of support proportions. Specifically, since the table of proportions is specified in terms of net income, a method of translating gross to net income must be defined. In addition, the Basic Child Support Schedule incorporates a self support reserve to ensure that the support obligation does not reduce the obligor's net income below a level necessary to maintain a minimum (poverty) standard of living.

***Building a Table of  
Support Proportions***

There are seven steps in developing a table of support proportions from the Rothbarth estimates of child expenditures. These steps include:

- (1) Updating the net income brackets for changes in the cost of living since the time the data were collected;
- (2) Deducting from child expenditures the portion attributable to child care;
- (3) Deducting from child expenditures the child's portion of medical expenses (i.e. health insurance premiums and extraordinary medical expenses);
- (4) Calculating the relationship between consumption spending and net income;
- (5) Computing child expenditures as a proportion of net income;
- (6) Extending the estimates for one, two, and three-child households to households with four, five, and six children; and
- (7) Computing marginal proportions between income ranges to avoid notches in support obligations.

**(1) Updating the Net Income Brackets**

The Rothbarth estimates are based on annual *Consumer Expenditure Survey* (CEX) data from 1980 through 1986 compiled by the Bureau of Labor Statistics. The CEX income data specified in constant 1983 dollars were updated to June 1992 using statistics on changes in the consumer price index (CPI) since the time the data were collected.

**(2) Deducting Costs of Child Care**

The Income Shares model currently used in Ohio is meant to be a basic support obligation to which is added the costs of child care and extraordinary medical expenses. The table of support proportions specifically excludes the child's share of expenditures related to these items. Adjustments for these expenditures can be accommodated because the CEX database identifies expenditures for each commodity. To make the adjustment, child care expenses are computed as a proportion of consumption spending and then subtracted from the Rothbarth estimates of child expenditures as a proportion of consumption spending. Child care costs per child ranged from 0.59 percent of consumption spending in the lowest income range (i.e. annual net incomes of less than \$10,000) to 1.28 percent of consumption spending in households with annual net incomes between \$50,000 and \$59,999.

**(3) Deducting the Child's Share of Unreimbursed Medical Expenses**

The adjustment for unreimbursed medical expenses is similar to the adjustment for child care costs, although not as easily computed since medical expenses are not itemized for each household member. Therefore, to compute an adjustment for medical expenses, we assumed that the child's share of those expenditures was the same as the child's share of all consumption spending. Once this share was computed and defined as a proportion of consumption, it was subtracted from the Rothbarth estimates of child expenditures as a proportion of consumption spending. The child's share of extraordinary medical expenses in one-child households ranged from 0.45 percent of consumption spending for households in the lowest net income range to 0.69 percent in households with annual net incomes between \$15,000 and \$19,999.

**(4) Calculating the Relationship Between Consumption and Net Income**

Net income using CEX data was defined as gross income, less adjustments for federal, state, and local taxes; social security (FICA)

taxes; and union dues. For all but relatively low income households, net income generally exceeds consumption spending. The difference takes the form of savings and increases in household net worth (e.g. principal payments on a mortgage). In order to convert expenditures on children as a proportion of consumption spending to child expenditures as a function of net income, the relationship between consumption and net income must be computed. Not surprisingly, that ratio decreases as net income increases. Thus, while consumption spending consumes all of net income for households with annual net incomes below \$25,000, it represents only about 70 percent of net income for households with annual net incomes in excess of \$70,000.

**(5) Computing Child Expenditures as a Proportion of Net Income**

Once the previous steps have been completed, the computation of child expenditures as a proportion of net income is straightforward. That is, the costs of child care and extraordinary medical expenses are subtracted from the Rothbarth estimates of child expenditures as a proportion of consumption, and the revised proportions are multiplied by the ratio of consumption to household net income. The resulting proportion relates child expenditures to net income.

**(6) Extending the Rothbarth Estimates to Larger Household Sizes**

The CEX data do not allow estimates of child expenditures to be developed for households with more than three children because the number of households on which the estimates would be based is too small. Yet, estimates for four, five and six-child households were developed as part of an earlier study.<sup>12</sup> That study used the Espenshade parameters to estimate child-rearing expenditures and Bureau of Labor Statistics (BLS) data on equivalent consumption levels for different family sizes to project consumption levels for households with more children.

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<sup>12</sup> R. Williams, *Development of Guidelines for Child Support Orders: Final Report*, report to the U.S. Office of Child Support Enforcement; Policy Studies Inc. (September 1987).

The study developed ratios to extend the proportion of net income spent on three-child households to households with larger numbers of children. The ratios were assumed to be constant across income ranges and were used as multipliers to extend the Espenshade estimates.

This information guided the assumptions used to extend the Rothbarth estimates to larger household sizes. As in the earlier study, the assumption was adopted that as the number of children increases, the children's share of consumption spending increases at a constant rate for all income ranges, but that the constant decreases as the number of children increases. That is, although child expenditures as a proportion of consumption spending increase as more children are added to the household, the expenditures per child decrease; a fact which is consistent with the Rothbarth estimates for one, two, and three-child households.

A further assumption was made to account for the finding that the Rothbarth estimates showed smaller increases in child expenditures as a proportion of consumption spending relative to the Espenshade estimates. For example, the Rothbarth estimates show child expenditures increasing an average of approximately 47 percent as a second child is added to the household and 20 percent for the addition of a third child. The comparable Espenshade estimates were 55 and 25 percent respectively. As a result, we assumed that the Rothbarth estimates for four, five, and six-child households would continue to be lower than the Espenshade estimates. We further assumed that they would be lower in approximately the same proportion than they were lower for one, two, and three-child households.

#### **(7) Computing Marginal Proportions Between Income Ranges**

The previous adjustments result in a table that relates levels of net income to the proportion of income spent on children in one to six-child households. One further adjustment, however, is needed before the table can be used to prepare a Schedule of Support Obligations that will not result in "notches" in obligation amounts as income increases. The

method adopted for the Rothbarth estimates is the same approach that was used in developing the current Ohio Basic Child Support Schedule. That is, the Rothbarth estimates are assumed to apply at the midpoint of each net income range. For net incomes that lie between these midpoints, marginal proportions were computed so that obligations would increase gradually as income increases.

An example will illustrate why this method of smoothing the support Schedule is needed. Assume we have two, two-child households, one at the \$30,000-\$34,999 net income range and the second at the next highest range (\$35,000-\$39,999). The proportion of net income spent on the two children in the lower income household is estimated to be 31.07 percent. The comparable proportion in the higher income household is estimated to be 28.70 percent. If actual income in the first household were \$34,500, the total support obligation would be \$10,719 annually ( $\$34,500 \times .3107$ ). If actual income in the second household were \$35,100, the total annual support obligation would be \$10,074 ( $\$35,100 \times .2870$ ); \$645 less per year than the support obligation in the lower income household. The use of marginal proportions between the midpoints of income ranges eliminates this effect and creates a smooth increase in the total support obligation as household income increases.

### Summary

After this last adjustment, the table of support proportions, shown below in Table 2, can be prepared. (Table 2 is derived from Table 1 in the previous chapter as explained in Appendix I.) This table of support proportions is analogous to a tax rate schedule. Each net income midpoint in the table is associated with two proportions for each number of children being supported. The first proportion is applied to the income midpoint and the proportion just below it is applied to income between that midpoint and the next highest midpoint. An example best illustrates how this procedure results in a basic support obligation if the net income and the number of children are known.

Assume that the noncustodial parent has monthly net income of \$1,500 and the custodial parent has \$1,000. The computation of a child support obligation for two children using the information in Table 2 involves the following four basic steps.

**Step 1:** Add the monthly net incomes of both parents (\$1,500 + \$1,000 = \$2,500) and compute their proportionate share of combined income. Custodial parent earns 40 percent of combined net (\$1,000/\$2,500), while noncustodial parent's share is 60 percent.

**Table 2**  
**PROPOSED TABLE OF SUPPORT PROPORTIONS**

<i>Monthly Net Income Midpoints</i>	<i>ONE CHILD</i>	<i>TWO CHILDREN</i>	<i>THREE CHILDREN</i>	<i>FOUR CHILDREN</i>	<i>FIVE CHILDREN</i>	<i>SIX CHILDREN</i>
417	0.2460	0.3597	0.4269	0.4717	0.5113	0.5471
	0.2410	0.3510	0.4150	0.4590	0.4970	0.5320
1042	0.2428	0.3542	0.4197	0.4638	0.5027	0.5379
	0.2260	0.3270	0.3840	0.4240	0.4600	0.4920
1458	0.2381	0.3464	0.4095	0.4525	0.4905	0.5248
	0.2250	0.3220	0.3740	0.4130	0.4480	0.4790
1875	0.2352	0.3409	0.4016	0.4438	0.4810	0.5147
	0.2210	0.3190	0.3730	0.4120	0.4470	0.4780
2292	0.2327	0.3369	0.3964	0.4380	0.4748	0.5081
	0.1150	0.1670	0.1980	0.2190	0.2380	0.2540
2708	0.2146	0.3107	0.3659	0.4043	0.4383	0.4690
	0.0980	0.1330	0.1450	0.1610	0.1740	0.1860
3125	0.1991	0.2870	0.3365	0.3718	0.4031	0.4313
	0.1560	0.2240	0.2640	0.2920	0.3160	0.3390
3542	0.1940	0.2796	0.3280	0.3624	0.3929	0.4204
	0.1480	0.2120	0.2440	0.2700	0.2920	0.3130
3958	0.1892	0.2725	0.3192	0.3527	0.3823	0.4091
	0.1380	0.1960	0.2270	0.2510	0.2720	0.2910
4583	0.1822	0.2621	0.3066	0.3388	0.3673	0.3930
	0.1410	0.2020	0.2370	0.2620	0.2830	0.3030
5417	0.1759	0.2528	0.2959	0.3270	0.3544	0.3792
	0.1220	0.1790	0.2130	0.2350	0.2550	0.2730
7808	0.1595	0.2302	0.2705	0.2989	0.3240	0.3467
	0.1150	0.1690	0.2010	0.2220	0.2410	0.2580

Step 2: Use the combined income from Step 1 to compute a basic support obligation using the proportions in Table 2.

- ▶ Find the income midpoint just below the combined net income (i.e. \$2,292) and multiply the amount by the proportional support for two children: [ $\$2,292 \times .3369$ ] = \$772.
- ▶ Subtract the midpoint from the combined net income of the parents and multiply by the marginal proportion: [ $(\$2,500 - \$2,292) \times .1670$ ] = \$35.
- ▶ Add the two obligation amounts:  $\$772 + \$35 = \$807$ . This obligation represents the monthly amount estimated to have been spent on the children jointly by the parents if the household had remained intact.

Step 3: Pro-rate the basic support obligation between the parents based on their proportionate shares of net income: (1) noncustodial parent's share is  $\$807 \times 0.60 = \$484$ , (2) custodial parent's share is  $\$807 \times 0.40 = \$323$ . The noncustodial parent's computed obligation is payable as child support. The custodial parent's computed obligation is retained and is presumed to be spent directly on the child. This procedure simulates spending patterns in an intact household in which the proportion of income allocated to the children depends on total family income.

Step 4: Multiply the basic obligation by 12 to reach an annual amount payable by the noncustodial parent:  $\$484 \times 12 = \$5,808$ .

### ***Building a Basic Child Support Schedule***

The two additional steps involved in building a Schedule are (1) converting gross to net income, and (2) incorporating a self support reserve into the Schedule at low levels of net income. The proposed Basic Child Support

Schedule (gross income version) that incorporates these adjustments is displayed in Table 3 attached at the conclusion of this chapter. A net income version of the Schedule is attached as Appendix II.

### **Converting Gross to Net Income**

The Basic Child Support Schedule is specified in terms of gross annual income. Yet, the support obligations using the table of proportions are computed for the equivalent net income. Thus, some method must be defined for converting gross to net income. The method could be made complex by treating earned and unearned income differently and attempting to simulate the tax effects for alternative assumptions about the noncustodial parent's share of income and alternative household circumstances. Such an approach, however, is likely to be cumbersome to administer. The approach used to build the Basic Child Support Schedule shown in this report makes the following assumptions to simplify the conversion process:

- ▶ All income is treated as earned income subject to taxes;
- ▶ All income is assumed to be earned by a noncustodial parent with no dependents; and
- ▶ Only adjustments for federal and state taxes and FICA are considered. These adjustments assume two federal and one state withholding allowance and rates for FICA applicable in 1992.

Obviously, these assumptions ignore situations where not all income is fully taxable, where both parents have income and claim different numbers of dependents, and where other taxes (e.g. local taxes) further reduce net income. Nevertheless, in modeling the differential tax impacts associated with different family situations, we have found that adjustments to account for the actual tax impacts generally serve to increase the total net income available for support, increase the total support obligation, and, except in unusual circumstances (e.g. all income

is earned by the custodial parent), increase the noncustodial parent's share of that obligation.

### **Self Support Reserve**

Most of the support obligations shown in the Schedule are computed using the table of proportions. Exceptions to this rule are made for low income households. The current Ohio Schedule includes a reserve of \$477 net per month, which was equivalent to the 1986 poverty guideline for one person. By comparison, the proposed support Schedule using the Rothbarth parameters shown in Table 3 includes a reserve of \$568 net (\$628 gross) per month. This latter amount is equivalent to the 1992 federal poverty guideline for one person.<sup>13</sup>

The inclusion of a self support reserve ensures that obligors have sufficient income to maintain a minimum standard of living. Below that minimum, a support obligation is not computed. On the other hand, absent a deviation, the court is directed in those situations to set a minimum support order (e.g. \$50 per month) to establish an obligor's duty to support his or her children. The Schedule shown in Table 3 assumes that the court would set a minimum order of \$50 per month.

For incomes above the self support reserve, the support Schedule incorporates a further adjustment to maintain the self support reserve for the obligor. That is, the proportions shown in Table 3 are phased in gradually until the point at which the obligor can pay his/her support obligation and have sufficient remaining income to maintain a minimum standard of living.

The additional adjustment for low income obligors follows several principles that deserve to be recognized.

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<sup>13</sup> *Federal Register* Vol. 57, No. 31 (February 14, 1992) pp. 5455-5457.

- ▶ The support obligation is never less than \$50 per month. Thus, if the difference between the obligor's net income and the self support reserve is less than \$50 per month (e.g. an obligor with monthly net earnings of \$600), the obligor would pay the minimum \$50.<sup>14</sup>
- ▶ The support obligation should be less than 100 percent of the difference between the self support reserve and the obligor's net income so that there is an incentive to work. For example, if the obligor's net earnings are \$650 per month, the income available for support would be \$82 (i.e. \$650 - \$568). If the support obligation is set at \$82 per month, however, there would be no incentive for the obligor to earn more than the self support reserve because he/she realizes no monetary advantage from the additional work effort. Thus, the support obligation is set at an amount which is less than 100 percent of the difference. (This computation is explained more fully in Appendix I.)
- ▶ The support obligation should increase as the number of children due support increases. That is, the support obligation for an obligor with four children should be greater than the obligation for an obligor with two children.

All three principles are used to phase in the support proportions in Table 3. An example will help to illustrate the impact of this adjustment. Assume an obligor earns \$736 per month gross (\$650 net), equivalent to a 40-hour work week at the minimum wage, and that support is being computed for two children based on that income. Strict application of the Betson/Rothbarth version of the Income Shares model would recommend a support obligation of \$232 per month. The income available for support after subtracting the \$568 self support reserve would

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<sup>14</sup> \$50 is a recommended minimum. Obviously, this amount is discretionary and the State could set a higher or lower amount. Changing the minimum would result in changes to the Schedule of Support Obligations for low income obligors.

be \$82. By applying a further low income adjustment to the support calculation, however, the obligation is reduced to \$75 per month.

### ***Other Adjustments***

The support obligation computed using the Rothbarth parameters is meant to be a basic obligation. To that obligation should be added the costs of other necessary expenditures, such as work-related child care costs and extraordinary medical expenses. As mentioned above, these additional costs of child rearing are not factored into the table of support proportions (Table 2).

**Table 3**  
**Ohio**  
**Proposed Schedule: Gross Income Model**  
**BASIC CHILD SUPPORT SCHEDULE**

<b>GROSS ANNUAL INCOME</b>	<b>ONE CHILD</b>	<b>TWO CHILDREN</b>	<b>THREE CHILDREN</b>	<b>FOUR CHILDREN</b>	<b>FIVE CHILDREN</b>	<b>SIX CHILDREN</b>
6600	600	600	600	600	600	600
7200	600	600	600	600	600	600
7800	600	600	600	600	600	600
8400	600	600	601	608	615	621
9000	997	1008	1020	1031	1042	1053
9600	1406	1422	1438	1453	1469	1484
10200	1815	1835	1856	1876	1896	1916
10800	2222	2247	2271	2296	2321	2346
11400	2370	2651	2681	2710	2739	2768
12000	2477	3056	3090	3123	3157	3190
12600	2584	3461	3499	3537	3575	3613
13200	2691	3866	3908	3950	3993	4035
13800	2799	4083	4317	4364	4411	4458
14400	2906	4239	4726	4778	4829	4880
15000	3013	4395	5135	5191	5247	5303
15600	3113	4540	5378	5605	5665	5725
16200	3212	4684	5547	6014	6079	6144
16800	3311	4828	5716	6316	6493	6562
17400	3411	4971	5885	6503	6906	6979
18000	3510	5115	6054	6689	7251	7397
18600	3610	5259	6223	6876	7454	7815
19200	3709	5403	6392	7062	7656	8191
19800	3809	5547	6561	7249	7858	8408
20400	3908	5691	6729	7435	8061	8624
21000	4007	5833	6897	7621	8262	8839
21600	4105	5976	7064	7805	8462	9053
22200	4205	6116	7229	7988	8659	9265
22800	4303	6256	7392	8168	8854	9473
23400	4401	6397	7555	8348	9049	9682
24000	4498	6537	7718	8527	9244	9890
24600	4596	6677	7880	8707	9439	10098
25200	4694	6817	8043	8887	9634	10307
25800	4792	6957	8206	9066	9829	10515
26400	4890	7097	8368	9246	10024	10724
27000	4988	7237	8531	9426	10219	10932

**Table 3**  
**Ohio**  
**Proposed Schedule: Gross Income Model**  
**BASIC CHILD SUPPORT SCHEDULE**

<b>GROSS ANNUAL INCOME</b>	<b>ONE CHILD</b>	<b>TWO CHILDREN</b>	<b>THREE CHILDREN</b>	<b>FOUR CHILDREN</b>	<b>FIVE CHILDREN</b>	<b>SIX CHILDREN</b>
27600	5078	7367	8682	9592	10399	11125
28200	5159	7482	8815	9740	10559	11296
28800	5239	7597	8949	9887	10719	11467
29400	5319	7710	9082	10036	10878	11640
30000	5398	7823	9215	10183	11037	11810
30600	5477	7937	9348	10331	11197	11981
31200	5556	8051	9482	10478	11356	12152
31800	5635	8165	9615	10625	11516	12322
32400	5714	8279	9748	10772	11676	12493
33000	5793	8393	9881	10919	11835	12664
33600	5872	8507	10014	11066	11995	12834
34200	5950	8621	10147	11213	12154	13005
34800	6029	8735	10281	11360	12314	13176
35400	6108	8849	10414	11507	12474	13346
36000	6187	8962	10547	11654	12633	13517
36600	6266	9076	10680	11801	12793	13688
37200	6345	9190	10813	11949	12952	13858
37800	6414	9286	10926	12073	13087	14005
38400	6455	9345	10997	12151	13172	14095
39000	6496	9405	11067	12229	13257	14186
39600	6537	9465	11138	12307	13342	14277
40200	6578	9524	11209	12385	13427	14367
40800	6619	9584	11279	12463	13512	14458
41400	6659	9642	11349	12540	13595	14547
42000	6700	9701	11419	12617	13679	14637
42600	6740	9760	11488	12695	13763	14726
43200	6781	9819	11558	12772	13847	14816
43800	6821	9878	11628	12849	13931	14905
44400	6862	9937	11698	12926	14014	14995
45000	6902	9995	11767	13003	14098	15084
45600	6943	10054	11837	13080	14182	15173
46200	6981	10107	11902	13151	14257	15255
46800	7016	10154	11953	13208	14318	15321
47400	7050	10201	12004	13264	14379	15386
48000	7085	10248	12055	13321	14441	15452

Table 3

Ohio

Proposed Schedule: Gross Income Model  
BASIC CHILD SUPPORT SCHEDULE

GROSS ANNUAL INCOME	ONE CHILD	TWO CHILDREN	THREE CHILDREN	FOUR CHILDREN	FIVE CHILDREN	SIX CHILDREN
48600	7119	10294	12106	13378	14502	15517
49200	7154	10341	12157	13434	14563	15583
49800	7189	10388	12208	13491	14624	15648
50400	7223	10435	12259	13548	14686	15714
51000	7258	10482	12310	13605	14747	15779
51600	7292	10529	12361	13661	14808	15845
52200	7326	10575	12412	13717	14869	15910
52800	7359	10619	12460	13771	14927	15972
53400	7392	10664	12509	13825	14985	16034
54000	7424	10708	12557	13879	15043	16096
54600	7457	10753	12606	13932	15101	16158
55200	7507	10822	12688	14019	15200	16263
55800	7562	10901	12781	14122	15311	16383
56400	7620	10984	12880	14231	15428	16509
57000	7678	11067	12978	14339	15546	16634
57600	7736	11150	13076	14448	15663	16760
58200	7794	11233	13174	14556	15780	16886
58800	7852	11317	13272	14665	15898	17012
59400	7910	11400	13370	14773	16015	17138
60000	7968	11483	13468	14882	16133	17264
60600	8026	11566	13566	14990	16250	17390
61200	8084	11649	13664	15098	16367	17516
61800	8142	11732	13762	15207	16485	17642
62400	8200	11816	13860	15315	16602	17768
63000	8256	11899	13958	15422	16720	17890
63600	8311	11977	14049	15522	16828	18006
64200	8366	12056	14139	15623	16937	18123
64800	8421	12135	14230	15723	17045	18239
65400	8476	12214	14321	15823	17154	18355
66000	8531	12292	14411	15923	17262	18471
66600	8586	12371	14502	16024	17371	18588
67200	8641	12450	14592	16124	17479	18704
67800	8696	12529	14683	16224	17587	18820
68400	8751	12607	14774	16325	17696	18936
69000	8806	12686	14864	16425	17804	19053

**Table 3**  
**Ohio**  
**Proposed Schedule: Gross Income Model**  
**BASIC CHILD SUPPORT SCHEDULE**

<b>GROSS ANNUAL INCOME</b>	<b>ONE CHILD</b>	<b>TWO CHILDREN</b>	<b>THREE CHILDREN</b>	<b>FOUR CHILDREN</b>	<b>FIVE CHILDREN</b>	<b>SIX CHILDREN</b>
69600	8861	12765	14955	16525	17913	19169
70200	8916	12844	15046	16625	18021	19285
70800	8971	12922	15136	16726	18130	19401
71400	9024	12997	15223	16821	18233	19511
72000	9076	13070	15308	16914	18334	19619
72600	9127	13142	15392	17008	18435	19727
73200	9178	13215	15476	17101	18536	19835
73800	9229	13288	15561	17194	18637	19943
74400	9281	13361	15645	17287	18738	20051
75000	9332	13434	15729	17380	18839	20159
75600	9383	13506	15814	17474	18940	20268
76200	9434	13579	15898	17567	19041	20376
76800	9486	13652	15982	17660	19142	20484
77400	9537	13725	16066	17753	19243	20592
78000	9588	13798	16151	17847	19344	20700
78600	9639	13870	16235	17940	19445	20808
79200	9691	13943	16319	18033	19546	20916
79800	9742	14016	16404	18126	19647	21024
80400	9793	14089	16488	18219	19748	21132
81000	9844	14161	16572	18312	19848	21239
81600	9895	14233	16655	18404	19948	21346
82200	9945	14305	16738	18496	20048	21453
82800	9996	14376	16821	18588	20147	21559
83400	10046	14451	16905	18680	20251	21668
84000	10098	14525	16992	18776	20355	21780
84600	10149	14599	17079	18872	20459	21891
85200	10201	14673	17165	18968	20563	22002
85800	10253	14747	17252	19064	20666	22113
86400	10304	14821	17339	19160	20770	22224
87000	10356	14895	17426	19256	20874	22335
87600	10408	14969	17513	19352	20978	22446
88200	10459	15043	17600	19449	21081	22557
88800	10511	15118	17687	19545	21185	22668
89400	10563	15192	17774	19641	21289	22779
90000	10614	15266	17860	19737	21392	22890

**Table 3**  
**Ohio**  
**Proposed Schedule: Gross Income Model**  
**BASIC CHILD SUPPORT SCHEDULE**

<b>GROSS ANNUAL INCOME</b>	<b>ONE CHILD</b>	<b>TWO CHILDREN</b>	<b>THREE CHILDREN</b>	<b>FOUR CHILDREN</b>	<b>FIVE CHILDREN</b>	<b>SIX CHILDREN</b>
90600	10666	15340	17947	19833	21496	23001
91200	10718	15414	18034	19929	21600	23112
91800	10769	15488	18121	20025	21704	23223
92400	10821	15562	18208	20121	21807	23334
93000	10873	15636	18295	20217	21911	23445
93600	10924	15710	18382	20313	22015	23557
94200	10976	15784	18468	20409	22119	23668
94800	11028	15858	18555	20505	22222	23779
95400	11080	15932	18642	20601	22326	23890
96000	11131	16006	18729	20697	22430	24001
96600	11183	16080	18816	20793	22534	24112
97200	11235	16154	18903	20889	22637	24223
97800	11286	16228	18990	20985	22741	24334
98400	11338	16302	19077	21081	22845	24445
99000	11390	16376	19163	21177	22948	24556
99600	11443	16446	19250	21273	23055	24669
100200	11487	16511	19328	21359	23149	24769
100800	11532	16576	19405	21445	23242	24868
101400	11575	16640	19481	21528	23333	24966
102000	11619	16704	19557	21612	23424	25063
102600	11663	16768	19633	21696	23515	25160
103200	11706	16832	19709	21780	23606	25258
103800	11750	16896	19785	21864	23697	25355
104400	11793	16960	19861	21948	23788	25453
105000	11837	17024	19937	22032	23879	25550
105600	11880	17087	20013	22115	23970	25648
106200	11924	17151	20089	22199	24061	25745
106800	11967	17215	20165	22283	24152	25842
107400	12011	17279	20241	22367	24243	25940
108000	12054	17343	20317	22451	24334	26037
108600	12098	17407	20393	22535	24425	26135
109200	12141	17471	20469	22619	24516	26232
109800	12185	17535	20545	22702	24607	26329
110400	12228	17598	20621	22786	24698	26427
111000	12272	17662	20697	22870	24789	26524

**Table 3**  
**Ohio**  
**Proposed Schedule: Gross Income Model**  
**BASIC CHILD SUPPORT SCHEDULE**

<b>GROSS ANNUAL INCOME</b>	<b>ONE CHILD</b>	<b>TWO CHILDREN</b>	<b>THREE CHILDREN</b>	<b>FOUR CHILDREN</b>	<b>FIVE CHILDREN</b>	<b>SIX CHILDREN</b>
111600	12316	17726	20773	22954	24880	26622
112200	12359	17790	20849	23038	24971	26719
112800	12403	17854	20925	23122	25062	26817
113400	12446	17918	21001	23206	25153	26914
114000	12490	17982	21077	23289	25244	27011
114600	12533	18046	21153	23373	25335	27109
115200	12577	18109	21230	23457	25426	27206
115800	12620	18173	21306	23541	25517	27304
116400	12664	18237	21382	23625	25608	27401
117000	12707	18301	21458	23709	25699	27499
117600	12751	18365	21534	23793	25790	27596
118200	12794	18429	21610	23876	25881	27693
118800	12838	18493	21686	23960	25972	27791
119400	12882	18557	21762	24044	26063	27888
120000	12925	18620	21838	24128	26154	27986
120600	12969	18684	21914	24212	26245	28083
121200	13012	18748	21990	24296	26336	28180
121800	13056	18812	22066	24380	26427	28278
122400	13099	18876	22142	24463	26518	28375
123000	13143	18940	22218	24547	26609	28473
123600	13186	19004	22294	24631	26700	28570
124200	13230	19068	22370	24715	26791	28668
124800	13273	19131	22446	24799	26882	28765
125400	13317	19195	22522	24883	26973	28862
126000	13360	19259	22598	24967	27064	28960
126600	13404	19323	22674	25051	27155	29057
127200	13447	19387	22750	25134	27246	29155
127800	13491	19451	22826	25218	27337	29252
128400	13535	19515	22902	25302	27428	29350
129000	13578	19579	22978	25386	27519	29447
129600	13622	19642	23054	25470	27610	29544
130200	13665	19706	23130	25554	27701	29642
130800	13710	19772	23208	25640	27794	29742
131400	13754	19837	23285	25725	27887	29841
132000	13799	19903	23363	25811	27980	29941

**Table 3**  
**Ohio**  
**Proposed Schedule: Gross Income Model**  
**BASIC CHILD SUPPORT SCHEDULE**

<b>GROSS ANNUAL INCOME</b>	<b>ONE CHILD</b>	<b>TWO CHILDREN</b>	<b>THREE CHILDREN</b>	<b>FOUR CHILDREN</b>	<b>FIVE CHILDREN</b>	<b>SIX CHILDREN</b>
132600	13844	19968	23441	25897	28073	30041
133200	13888	20033	23519	25983	28167	30141
133800	13933	20099	23597	26069	28260	30241
134400	13977	20164	23675	26155	28353	30340
135000	14022	20230	23753	26241	28446	30440
135600	14067	20295	23831	26327	28539	30540
136200	14111	20361	23908	26413	28633	30640
136800	14156	20426	23986	26499	28726	30740
137400	14200	20492	24064	26585	28819	30839
138000	14245	20557	24142	26670	28912	30939
138600	14290	20622	24220	26756	29006	31039
139200	14334	20688	24298	26842	29099	31139
139800	14379	20753	24376	26928	29192	31238
140400	14423	20819	24453	27014	29285	31338
141000	14468	20884	24531	27100	29378	31438
141600	14513	20950	24609	27186	29472	31538
142200	14557	21015	24687	27272	29565	31638
142800	14602	21080	24765	27358	29658	31737
143400	14646	21146	24843	27444	29751	31837
144000	14691	21211	24921	27529	29844	31937
144600	14736	21277	24998	27615	29938	32037
145200	14780	21342	25076	27701	30031	32137
145800	14825	21408	25154	27787	30124	32236
146400	14869	21473	25232	27873	30217	32336
147000	14914	21538	25310	27959	30311	32436
147600	14967	21602	25384	28049	30405	32535
148200	15009	21664	25458	28130	30493	32629
148800	15051	21725	25531	28211	30581	32723
149400	15093	21787	25605	28293	30669	32818
150000	15135	21849	25678	28374	30757	32912

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## CHAPTER IV

### COMPARISON OF EXISTING AND PROPOSED SCHEDULES

As discussed in Chapter II, some differences between the existing and proposed Schedules result from reliance on the new economic estimates of child-rearing costs. But, as can be implied from Chapter III, other differences can arise in almost every step in the development of the economic tables. (The existing support Schedule is shown in Table 5 at the end of this chapter. The proposed support Schedule was attached as Table 3 at the end of the previous chapter.) The four most important sources of variation come from the following sources:

- ▶ Use of new estimates of child-rearing expenditures;
- ▶ Adjusting the self support reserve for inflation;
- ▶ Changes in table deductions for average child care and children's health costs; and
- ▶ Incorporating revisions in personal income tax rates (i.e. federal and state taxes and FICA).

As shown below, however, the overall differences between the existing and proposed Schedules are smaller than might be expected from the many changes in their various underlying components.

#### ***Estimates of Child-Rearing Expenditures***

Use of Dr. Betson's new estimates of child-rearing expenditures introduces some differences in the starting point for the Schedules. Table 4, below, compares the average estimated proportion of consumption *spending* allocated to one, two, and three children. As indicated in the table, Betson's Rothbarth

estimates are only slightly lower than Espenshade's estimates for one child (25 versus 26 percent), but diverge considerably from the Espenshade estimates as additional children are added to the household. Thus, for two-child households the Rothbarth estimates show expenditures on children about 4 percent less than the Espenshade estimates (37 versus 41 percent); and about 7 percent less than the Espenshade estimates for households with three children (44 versus 51 percent).

**Table 4**  
**ESTIMATED EXPENDITURE ON CHILDREN**  
**AS AN AVERAGE PROPORTION OF HOUSEHOLD CONSUMPTION**

	<i>Number of Children</i>		
	<b>1</b>	<b>2</b>	<b>3</b>
Espenshade	26%	41%	51%
Betson (Rothbarth)	25%	37%	44%

### *Increased Self Support Reserve*

As discussed in the previous chapter, the existing and proposed support Schedules incorporate a self support reserve for low income obligors. The current Ohio Schedule includes a reserve of \$477 net per month. The proposed Schedule, on the other hand, includes a reserve of \$568 net (\$628 gross) per month; equivalent to the 1992 federal poverty guideline for one person.

Obviously, the higher reserve amount, combined with the method used to phase in the support proportions shown in Table 2 (Chapter III), results in substantial differences between the existing and proposed Schedules in support obligations at low levels of gross income. Below, we compare support obligations for two-child households under the two Schedules for selected levels of annual gross income.

<b>Annual Gross Income</b>	<b>Existing Ohio Support Schedule</b>	<b>Proposed Ohio Support Schedule</b>
\$7,200	\$1,308	\$600
\$9,600	\$3,180	\$1,422
\$12,000	\$3,684	\$3,056
\$14,400	\$4,152	\$4,239

As the table illustrates, the increased self support reserve has considerable impact on support obligations. Below annual gross incomes of \$9,600, for example, support obligations under the proposed Schedule are less than half of those under the existing Schedule. Once the low income adjustment is no longer applicable (i.e. gross incomes above \$13,200 in the proposed Schedule), however, obligations for two children under the proposed Schedule catch up to and exceed those in the existing Ohio Schedule. Thus, at a gross income of \$14,400 per year, the proposed support obligation (\$4,239) exceeds the existing obligation (\$4,152) by \$87 annually (about \$7 per month).

***Changes in Estimated Averages  
for Child Care and Children's  
Health Costs***

Except at low income, Betson's estimates of average expenditures for child care and children's health costs based on 1980-86 data are somewhat higher than the estimates incorporated into the existing Schedule which are based on 1972-73 data. This is not surprising, since health care costs have increased at a much higher rate than other consumer expenditure categories.

***Revisions in Personal  
Income Tax Rates***

Except for FICA, personal income tax rates (i.e. federal and state taxes only) are generally lower now (1992) than the rates in effect when the existing

Schedule was developed (1986). The table below displays changes in the federal and state tax burden between 1986 and 1992 for various levels of monthly gross income.<sup>15</sup> (A net-to-gross conversion table for current taxes is shown in Appendix III.) In addition, the proposed Schedule incorporates withholding tables for Ohio personal income taxes. The existing Schedule is based on a national average for state personal income taxes, rather than being specific to Ohio.

**CHANGES IN FEDERAL AND STATE TAXES  
1986 & 1992**

Monthly Gross Income	1986				1992			
	<i>Federal Tax</i> <sup>1</sup>	<i>FICA</i> <sup>2</sup>	<i>Ohio Tax</i> <sup>3</sup>	<i>Total</i>	<i>Federal Tax</i> <sup>1</sup>	<i>FICA</i> <sup>2</sup>	<i>Ohio Tax</i> <sup>3</sup>	<i>Total</i>
\$1,000	\$97	\$72	\$13	\$182	\$62	\$77	\$14	\$153
\$2,000	\$317	\$143	\$55	\$515	\$212	\$153	\$54	\$419
\$3,000	\$622	\$215	\$107	\$944	\$456	\$230	\$102	\$788
\$4,000	\$987	\$250	\$163	\$1,400	\$736	\$306	\$156	\$1,198
\$6,000	\$1,727	\$250	\$283	\$2,260	\$1,345	\$374	\$269	\$1,988
\$8,000	\$2,467	\$250	\$413	\$3,130	\$1,965	\$403	\$392	\$2,760
\$10,000	\$3,207	\$250	\$577	\$4,034	\$2,585	\$432	\$547	\$3,564

<sup>1</sup> The assumptions used to compute federal taxes were (1) two withholding allowances; (2) all income earned by a single person.

<sup>2</sup> FICA rates in 1986: 7.15 percent of income up to a cap of \$3,500 per month.  
FICA rates in 1992: 7.65 percent up to gross monthly income of \$4,625, plus 1.45 percent of gross monthly incomes between \$4,625 and \$10,850.

<sup>3</sup> Ohio State taxes in both periods use a single withholding allowance (\$650 per year in both 1986 and 1992). In 1986, filers were allowed to take an additional exemption of \$350 or apply a \$20 credit to their tax obligation. The approach that generated the least tax was used in computing the taxes in the table.

<sup>15</sup> Certainly these taxes do not present the total tax picture. Local taxes and changes in the tax code (e.g. loss of deductions on consumer credit), for example, will affect the tax burden and are not accounted for in the table.

**Comparison of Existing and  
Alternative Support Schedules**

This section compares Ohio's existing support Schedule against the updated proposed Schedule. This is done first by graphically comparing support obligations as a proportion of obligor net and gross income throughout a range of incomes and under different assumptions about the obligee's income. Second, support obligations are computed from the two Schedules for selected case scenarios: low income, middle income, and high income cases.

**Graphical Comparison of Support Schedules**

Figures 3, 4 and 5 display levels of support obligations as percentages of obligor monthly net income across a range of incomes from \$500 to \$6,000 per month. Comparisons are presented for two children, with comparisons for one and three children displayed in Appendix IV. For each comparison, three figures with accompanying tables are shown under the following assumptions about obligee income:

- ▶ The first figure for each comparison depicts support order levels under the assumption that the obligee has zero income.
- ▶ The second figure depicts order levels under the assumption that the obligee has half as much income as the obligor. That is, if the obligor has net income of \$2,000 per month, the obligee is assumed to have net income of \$1,000 per month; if the obligor has net income of \$3,000 per month, the obligee is assumed to have net income of \$1,500 per month. We would expect this to be the most typical income ratio.
- ▶ The third figure depicts order levels under the assumption that the obligee has the same amount of net income as the obligor across the entire income range.

It is useful to note that these comparisons assume there are no additional expenses, such as child care costs or children's extraordinary medical

expenses. A further point to consider is that the existing Ohio support obligations displayed in the net income versions of the table and figures are net of current taxes. Thus, the curves compare directly what obligors are paying as a proportion of net income under the existing Schedule against what they would pay under the proposed Schedule.

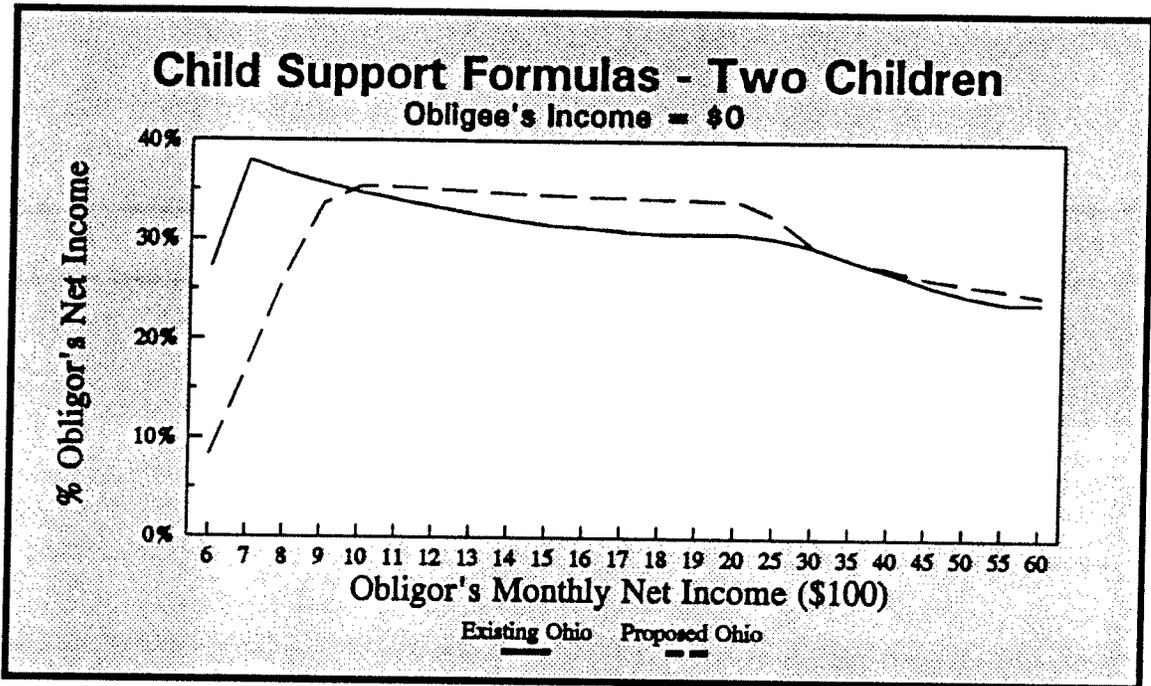
Since the relationship between the support Schedules shifts across the income spectrum and with different ratios of obligor and obligee net income, this type of comparison provides a broad picture of the relative order levels resulting from application of the alternative Income Shares models. Although we have no empirical data from Ohio which defines the relative income ratios of obligors and obligees, use of the three ratios provides insight for a range of possible income combinations. As noted above, the most typical combination is likely to be the second (i.e. obligee income equal to half the income of the obligor), based on average national ratios of men's and women's earnings.

In reading the figures, one important consideration is that the x-axis is not an interval level scale. That is, although support is shown as a proportion of net income for each \$100 increase in income through \$2,000 per month, the scale changes to \$500 income increases through the remainder of the income range. As a result, the fairly rapid descent of the curves after \$2,000 per month is an artifact of the income scale used in the figures. The actual curves would decline much more slowly if \$100 income increments had been used throughout the income range.

### **Figure 3: Two Supported Children, Obligee Has No Income**

For this combination of incomes, the existing Ohio Schedule results in higher support obligations as a proportion of obligor net income for low income obligors than the proposed Schedule. This result occurs because the self support reserve incorporated into the existing Ohio Schedule (\$477 per month) is lower than the reserve used in the proposed Schedule (\$568 per month). The two curves meet at obligor

Figure 3



Comparison of Child Support Guidelines - Two Children					
OBLIGEE'S INCOME = \$0					
MONTHLY CHILD SUPPORT DUE			PROPORTION OF OBLIGOR'S NET INCOME SPENT ON CHILD SUPPORT		
Obligor's Monthly Net Income	Existing Ohio	Proposed Ohio	Obligor's Monthly Net Income	Existing Ohio	Proposed Ohio
600	164	50	600	27%	8%
700	266	120	700	38%	17%
800	294	211	800	37%	26%
900	321	302	900	36%	34%
1000	347	355	1000	35%	35%
1100	374	388	1100	34%	35%
1200	400	421	1200	33%	35%
1300	424	453	1300	33%	35%
1400	449	486	1400	32%	35%
1500	473	519	1500	32%	35%
1600	499	551	1600	31%	34%
1700	525	583	1700	31%	34%
1800	551	615	1800	31%	34%
1900	583	647	1900	31%	34%
2000	614	679	2000	31%	34%
2500	756	807	2500	30%	32%
3000	879	880	3000	29%	29%
3500	980	981	3500	28%	28%
4000	1078	1087	4000	27%	27%
4500	1154	1185	4500	26%	26%
5000	1228	1285	5000	25%	26%
5500	1306	1384	5500	24%	25%
6000	1437	1474	6000	24%	25%

net incomes of \$1,000 per month, the point at which the low income adjustment for the proposed Schedule ends.

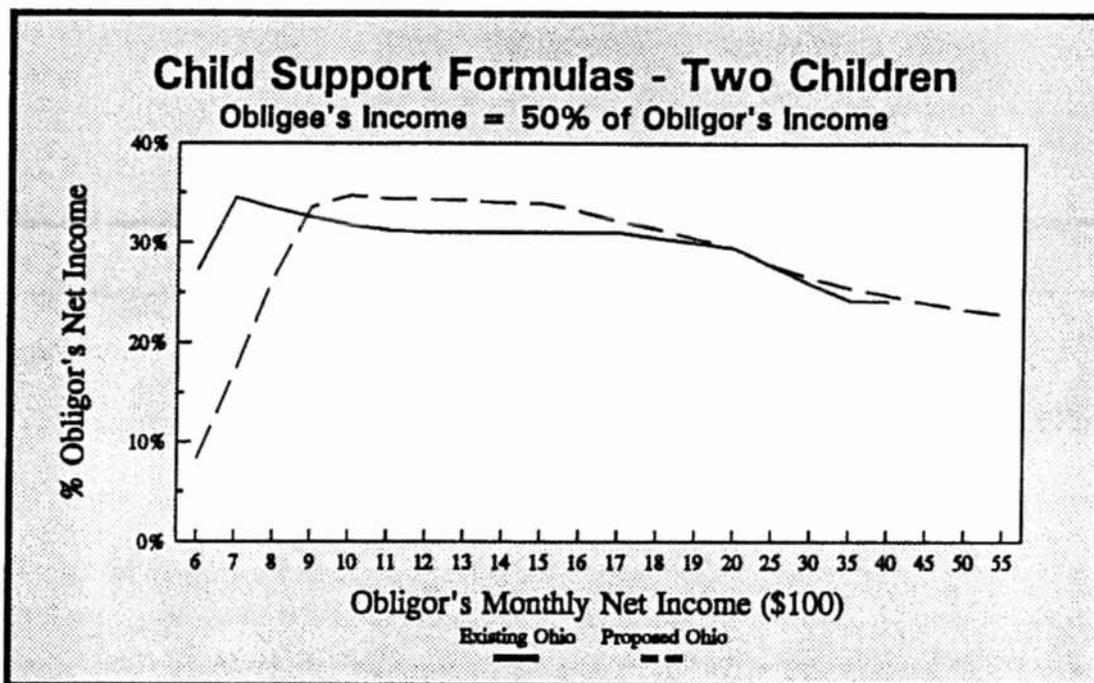
After \$1,000 per month, the proposed Schedule curve is generally above the existing Ohio curve throughout the remainder of the income range. There appears to be a major change beginning at incomes above \$2,000 per month, but again, this only reflects the change in income scale used above that income level, rather than a major change in the proportion of income paid as support.

While the Schedule tracks above the existing Ohio figures through the middle income range, the two curves converge at higher levels of obligor net income. Figure 3 shows that beyond \$2,500 per month, the proposed and existing Ohio curves closely parallel one another. At the final income in the figure, support as a proportion of obligor net income is 24 percent under the existing Ohio Schedule and 25 percent using the proposed Schedule.

**Figure 4: Two Supported Children, Obligee's Income Is Half the Obligor's**

In this situation, the first observation to make is that the obligor's share of the support obligation as a proportion of his or her net income is almost always less than in the situation where the obligee had no income. (The exception is for low income obligors where the adjustment to maintain a self support reserve is applicable.) Thus, while the support obligation reached 38 percent of the obligor's net income where the obligee had no income under the existing Ohio Schedule, the maximum proportion when the obligee's income is half the obligor's is 33 percent. A similar result occurs using the new Schedule.

Figure 4



Comparison of Child Support Guidelines - Two Children					
OBLIGEE'S INCOME = 50% OF OBLIGOR'S INCOME					
MONTHLY CHILD SUPPORT DUE			PROPORTION OF OBLIGOR'S NET INCOME SPENT ON CHILD SUPPORT		
Obligor's Monthly Net Income	Existing Ohio	Proposed Ohio	Obligor's Monthly Net Income	Existing Ohio	Proposed Ohio
600	164	50	600	27%	8%
700	242	120	700	35%	17%
800	268	211	800	33%	26%
900	293	302	900	33%	34%
1000	317	347	1000	32%	35%
1100	343	380	1100	31%	34%
1200	369	412	1200	31%	34%
1300	401	444	1300	31%	34%
1400	433	476	1400	31%	34%
1500	464	508	1500	31%	34%
1600	496	529	1600	31%	33%
1700	526	546	1700	31%	32%
1800	547	563	1800	30%	31%
1900	568	576	1900	30%	30%
2000	589	590	2000	29%	29%
2500	690	693	2500	28%	28%
3000	773	794	3000	26%	26%
3500	847	893	3500	24%	25%
4000	963	967	4000	24%	25%
4500		1077	4500		24%
5000		1167	5000		23%
5500		1254	5500		23%

As in Figure 3, the existing Ohio Schedule initially results in support obligations that are higher as a proportion of obligor net income than the other curve because of the difference in the self support reserve. At obligor monthly incomes of \$900 and more, however, the existing Ohio curve lies below the other curve throughout the remainder of the income range displayed in the figure.

**Figure 5: Two supported children, obligee's income = obligor's income**

The existing Ohio curve in the figure ends at an obligor net income of \$4,000 per month (and, therefore, an obligee net income of \$2,000 per month) because the support Schedule is not defined for combined incomes above that level.

The trends evidenced in the two previous figures are also evident in Figure 5. That is, (1) support as a proportion of obligor net income is less as the obligee's income increases relative to the obligor's; (2) at low income levels the existing Ohio Schedule yields higher obligations than the proposed Schedule because of the lower self support reserve used; and (3) after adjustments for self support, the existing Ohio curve lies below the proposed Ohio curve throughout the remainder of the income range.

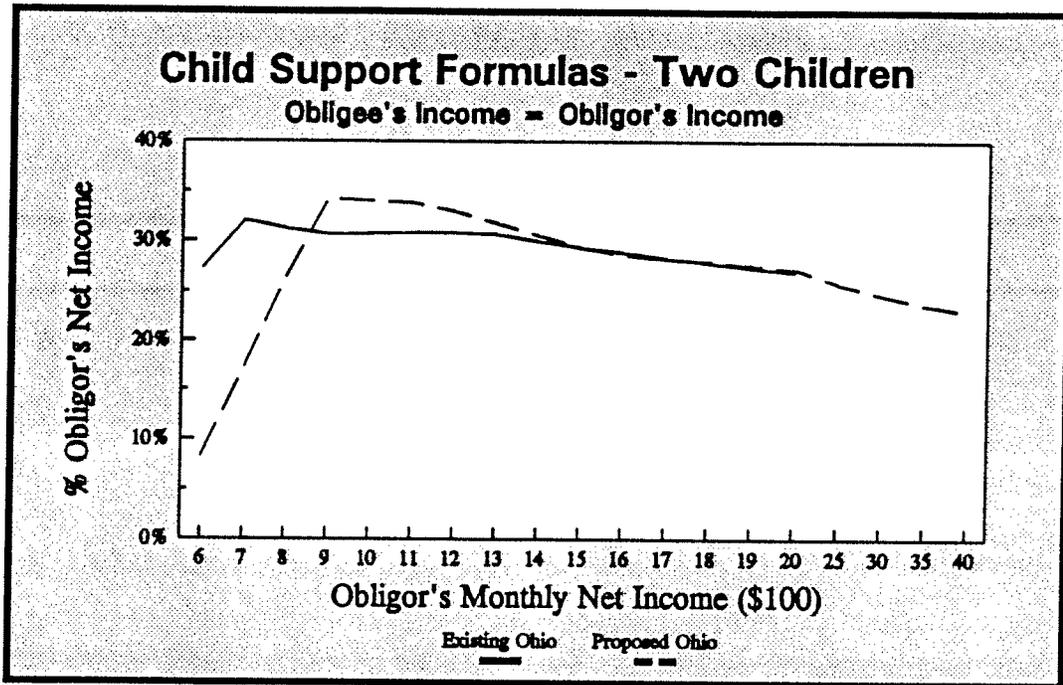
**Specific Case Examples**

Below are three case examples — a low, middle and high income case — to compare the levels of support under the existing and proposed Ohio Schedules.

**Case Example 1: Low Income Case**

Father earns \$850 gross per month. The mother, an AFDC recipient and not working, has sole custody of the couple's two children.

Figure 5



Comparison of Child Support Guidelines - Two Children					
OBLIGEE'S INCOME = OBLIGOR'S INCOME					
MONTHLY CHILD SUPPORT DUE			PROPORTION OF OBLIGOR'S NET INCOME SPENT ON CHILD SUPPORT		
Obligor's Monthly Net Income	Existing Ohio	Proposed Ohio	Obligor's Monthly Net Income	Existing Ohio	Proposed Ohio
600	164	50	600	27%	8%
700	224	120	700	32%	17%
800	249	211	800	31%	26%
900	276	308	900	31%	34%
1000	307	340	1000	31%	34%
1100	339	371	1100	31%	34%
1200	370	393	1200	31%	33%
1300	398	412	1300	31%	32%
1400	419	427	1400	30%	31%
1500	440	440	1500	29%	29%
1600	461	457	1600	29%	29%
1700	480	479	1700	28%	28%
1800	500	501	1800	28%	28%
1900	520	523	1900	27%	28%
2000	539	543	2000	27%	27%
2500		643	2500		26%
3000		737	3000		25%
3500		826	3500		24%
4000		915	4000		23%

The father's annual gross income is \$10,200. The support obligation would be based on this income alone since the mother has no income other than her AFDC grant. The basic support obligation as computed from the existing Ohio Schedule and the proposed Schedule using the Rothbarth parameters is shown in the table below:

Gross Annual Income	Existing Schedule	Proposed Schedule
\$10,200	\$3,306	\$1,835

Since the father is the only parent with earned income, he, as the obligor, would be responsible for the full amount of the basic support obligation in the table above. The higher basic support obligation under the existing Ohio Schedule reflects the lower self support reserve amount used in that Schedule (\$477 per month) relative to the proposed Schedule (\$568 per month) and the low income adjustment used to phase in the support proportions shown in Table 2 (Chapter III).

#### Case Example 2: Middle Income Case

The father's monthly gross income is \$2,200. The mother's gross is \$1,100. She has custody of the couple's two children and has work-related child care expenses of \$250 per month. Both parents are single.

The parents' combined gross income is \$3,300 per month, or \$39,600 per year. The equivalent net incomes are \$2,391 per month (Appendix III), or \$28,692 per year. The father's share of the combined gross income is 66.7 percent. The basic support obligation as computed from the existing and proposed Ohio Schedules is shown in the table below:

<b>Gross Annual Income</b>	<b>Existing Schedule</b>	<b>Proposed Schedule</b>
\$39,600	\$8,844	\$9,465

As the obligor, the father's share of the basic obligation would be 66.7 percent of the amounts in the table. To the basic support obligation would be added the father's share of child care costs: \$2,001 per year (\$3,000 x .667). The father's total annual support obligation under the two Schedules would therefore be:

<b>Existing Schedule</b>	<b>Proposed Schedule</b>
\$7,900	\$8,314

### **Case Example 3: High Income Case**

Before their divorce, the parents had one child who now lives with the mother. The mother is single and earns \$5,000 gross per month. Her child care expenses are \$175 per month. The father has remarried and earns \$4,200 per month gross.

The parents' combined gross income is \$9,200 per month, or \$110,400 per year. The equivalent net incomes are \$5,960 per month (Appendix III), or \$71,515 per year. The father's share of the combined gross income is 45.7 percent. The basic support obligation as computed from the existing and proposed Ohio Schedules is shown in the table below:

<b>Gross Annual Income</b>	<b>Existing Schedule</b>	<b>Proposed Schedule</b>
\$116,400	\$18,048	\$18,237

As the obligor, the father's share of the basic obligation would be 45.7 percent of the amounts in the table. To the basic support obligation would be added the father's share of child care costs: \$960 per year ( $\$2,100 \times .457$ ). The father's total annual support obligation under the two Schedules would therefore be:

Existing Schedule	Proposed Schedule
\$9,208	\$9,294

**Table 5  
EXISTING OHIO SCHEDULE**

<i>Basic Child Support Schedule</i>						
Number of Children						
COMBINED GROSS INCOME	ONE	TWO	THREE	FOUR	FIVE	SIX
6000	240	372	468	528	576	612
7200	1068	1308	1428	1608	1656	1692
8400	1884	2244	2388	2688	2736	2784
9600	2052	3180	3348	3768	3816	3876
10800	2208	3432	4308	4848	4896	4968
12000	2376	3684	4620	5208	5676	6060
13200	2520	3924	4920	5556	6048	6456
14400	2676	4152	5208	5880	6408	6840
15600	2820	4392	5508	6204	6756	7224
16800	2976	4620	5796	6528	7116	7608
18000	3120	4848	6072	6840	7464	7980
19200	3252	5064	6336	7140	7788	8352
20400	3384	5280	6600	7440	8112	8688
21600	3516	5484	6864	7740	8448	9036
22800	3660	5700	7140	8052	8772	9384
24000	3816	5928	7428	8376	9132	9768
25200	3960	6156	7704	8700	9480	10140
26400	4116	6372	7992	9024	9828	10512
27600	4260	6600	8280	9348	10188	10884
28800	4416	6828	8568	9672	10536	11268
30000	4560	7056	8856	9996	10896	11640
31200	4704	7272	9132	10308	11232	12012
32400	4848	7500	9408	10620	11580	12036
33600	4980	7728	9696	10932	11928	12744
34800	5124	7944	9972	11244	12276	13104
36000	5268	8172	10260	11568	12624	13476
37200	5412	8400	10536	11880	12690	13848
38400	5556	8616	10812	12192	13308	14208
39600	5688	8844	11100	12504	13656	14580
40800	5832	9072	11376	12816	14004	14940
42000	5976	9300	11664	13140	14352	15312
43200	6096	9480	11880	13380	14616	15612
44400	6192	9624	12060	13584	14844	15840
45600	6288	9768	12240	13788	15060	16080
46800	6384	9912	12420	13992	15288	16320
48000	6480	10056	12600	14196	15504	16560
49200	6576	10200	12780	14412	15720	16788
50400	6672	10344	12960	14616	15948	17028
51600	6768	10500	13152	14820	16164	17268
52800	6864	10644	13332	15024	16392	17496
54000	6960	10788	13512	15228	16608	17736
55200	7056	10932	13692	15432	16824	17976
56400	7152	11076	13872	15636	17052	18204
57600	7248	11220	14052	15840	17268	18444
58800	7344	11364	14232	16044	17496	18684
60000	7440	11508	14412	16248	17712	18924
61200	7536	11652	14592	16464	17928	19152
62400	7632	11796	14772	16668	18156	19392

**Table 5  
EXISTING OHIO SCHEDULE**

<i>Basic Child Support Schedule</i>						
Number of Children						
COMBINED GROSS INCOME	ONE	TWO	THREE	FOUR	FIVE	SIX
63600	7728	11952	14964	16872	18372	19632
64800	7824	12096	15144	17076	18600	19860
66000	7920	12240	15324	17280	18816	20100
67200	8016	12384	15504	17484	19032	20340
68400	8112	12528	15684	17688	19260	20568
69600	8208	12672	15864	17892	19476	20808
70800	8304	12816	16044	18096	19704	21048
72000	8400	12960	16224	18300	19920	21288
73200	8484	13104	16392	18516	20124	21516
74400	8556	13212	16536	18672	20304	21696
75600	8628	13320	16668	18828	20472	21888
76800	8688	13428	16812	18984	20652	22068
78000	8760	13536	16956	19140	20820	22248
79200	8820	13644	17088	19296	21000	22428
80400	8892	13752	17232	19452	21168	22608
81600	8964	13860	17364	19608	21348	22800
82800	9024	13968	17508	19764	21516	22980
84000	9096	14076	17652	19920	21696	23160
85200	9156	14184	17784	20076	21864	23340
86400	9228	14292	17928	20232	22044	23520
87600	9300	14400	18060	20388	22212	23712
88800	9360	14508	18204	20544	22392	23892
90000	9432	14616	18348	20700	22560	24072
91200	9492	14724	18480	20856	22740	24252
92400	9564	14832	18624	21012	22908	24432
93600	9636	14940	18756	21168	23088	24624
94800	9696	15048	18900	21324	23256	24804
96000	9768	15156	19044	21480	23436	24984
97200	9828	15264	19176	21636	23604	25164
98400	9900	15372	19320	21792	23784	25344
99600	9972	15480	19452	21948	23952	25536
100800	10080	15624	19656	22176	24096	25800
102000	10200	15816	19896	22440	24384	26112
103200	10320	15996	20124	22704	24660	26424
104400	10440	16188	20364	22968	24948	26724
105600	10560	16368	20592	23232	25236	27036
106800	10680	16560	20832	23496	25524	27336
108000	10800	16740	21060	23760	25812	27648
109200	10920	16932	21300	24024	26100	27960
110400	11040	17112	21528	24288	26388	28260
111600	11160	17304	21768	24552	26676	28572
112800	11280	17484	21996	24816	26964	28872
114000	11400	17676	22236	25080	27252	29184
115200	11520	17856	22464	25344	27528	29496
116400	11640	18048	22704	25608	27816	29796
117600	11760	18228	22932	25872	28104	30108
118800	11880	18420	23172	26136	28392	30408
120000	12000	18600	23400	26400	28680	30720

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## CHAPTER V

# CONCLUSIONS

The Ohio Department of Human Services, with active involvement of the Child Support Guidelines Advisory Committee, is developing recommendations for updating the Ohio Child Support Guidelines. The existing guidelines are based on a national version of the Income Shares model dating from 1986. The economic tables, in turn, are based on a study of child costs published in 1984 that was based on data from the 1972-73 Consumer Expenditure Survey. This report proposes an updating of the economic tables. A subsequent report will address other policy issues relating to the guidelines.

An objective of the Department and the Advisory Committee has been to update the economic tables based on more current research. As mandated by the Family Support Act of 1988, the U.S. Department of Health and Human Services sponsored new research on child-rearing costs. This research was conducted by Dr. David Betson, of Notre Dame University through a grant administered by the University of Wisconsin's Institute for Research on Poverty. Dr. Betson's research applied a variety of econometric models to data from the 1980-86 Consumer Expenditure Survey (CEX). His findings include a range of estimates for child-rearing costs.

Of the methodologies used by Betson with the 1980-86 CEX, it appears that the Rothbarth estimator yields the most theoretically sound and plausible results and that these results currently represent the best available evidence on child costs. Consequently, we have based our update of the economic tables on the Rothbarth parameters estimated by Betson. Applying a procedure similar to the one used to develop the existing economic tables, we have developed proposed new economic tables for the guidelines.

Betson's Rothbarth parameters are only a starting point for the preparation of these tables. Also reflected in the tables are changes in the ratio of

household consumption to net income that have occurred between 1972-73 and 1980-86, the two periods in which data were collected for the older and more recent estimates of child costs, and changes in average consumption spending for child care and children's medical expenses between those two periods.

In addition to updating the underlying data on child-rearing expenditures, the proposed revisions to the economic tables include two other changes:

- (1) Adjusting the self support reserve for inflation, and
- (2) Recalculating the net-to-gross income conversion to account for changes in federal and Ohio personal income tax rates.

The self support reserve adjustment is based on changes in the U.S. poverty standard for one adult since development of the existing economic tables. The revised tables also reflect current federal and state tax rates, rather than those in effect in 1986.

Considering the many elements that have changed, the proposed Schedule is remarkably similar to the existing Schedule. Compared without regard to the self support reserve or tax changes, the proposed tables are somewhat higher for one child; higher for two children, but converging toward the same level at middle and upper incomes; and generally lower for three or more children.

Raising the self support reserve in the proposed Schedule reduces orders considerably at low income levels; roughly \$1,000 per month and below. Changes in the personal income tax rates (based on how taxes are defined for the computations), on the other hand, tend to increase orders for middle and upper income cases when the tables are converted to a gross income base for the final proposed Schedule.

In summary, the proposed new Schedule is based on more current economic research and more current economic data on household expenditures than is

the existing Schedule. Since Dr. Betson's research was Congressionally mandated specifically for the purpose of updating child support guidelines, it is appropriate that the proposed tables use this source of information. The proposed Schedule incorporates revisions of the self support reserve to account for inflation and changes in personal tax rates. Taken together, these changes are designed to make Ohio's child support orders more equitable and more consistent with economic changes that have occurred since the existing tables were developed.



**APPENDIX I**

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## APPENDIX I

# TECHNICAL CONSIDERATIONS IN DEVELOPING SCHEDULES OF SUPPORT OBLIGATIONS

The development of a schedule of child support obligations is fairly complex in that it requires (1) the use of multiple data sources (e.g. Consumer Expenditure Surveys); (2) decisions about how to treat certain classes of expenditures (e.g. medical care); (3) intermediate calculations (e.g. how to translate expenditures on children to a proportion of net income); and (4) assumptions (e.g. how to estimate expenditures on children, computation of taxes in estimating net income). The purpose of this technical appendix is to explain the procedures used in developing the table of support proportions (i.e. expenditures on children as a proportion of household net income for various levels of income and numbers of children) and, therefore, the proposed Schedule of child support obligations.

### *Parental Expenditures on Children*

The effort to build a schedule of support obligations begins with decisions about how to measure parental expenditures on children. Obviously, those expenditures can not be observed directly, primarily because many expenditures (e.g. shelter, transportation) are shared among household members. For example, in a two-adult, two-child household, what proportion of a new car's cost should be attributed to the children? Since child expenditures cannot be measured directly, an indirect method must be defined to estimate those expenditures. The common element of all the estimation methods is that they attempt to allocate expenditures to the children based on a comparison of expenditure patterns in households with and without children and which are deemed to be equally well off.

There are numerous estimation techniques available and they are described succinctly in a 1990 Lewin/ICF report to the U.S. Department of Health and Human Services.<sup>1</sup> The two techniques that appear to offer the most sound theoretical bases are the Engel and Rothbarth estimators. The Engel approach estimates child expenditures based on total household expenditures on food. Economists believe child expenditures estimates using this approach represent an upper bound to those expenditures. The Rothbarth approach, on the other hand, estimates child expenditures based on the level of household expenditures on adult goods (e.g. adult clothing, alcohol, tobacco). Child expenditures using this approach are believed to represent a lower bound to expenditures. Again, the Lewin/ICF report cited above presents a clear description of the approaches and of their merits and limitations as estimators of child expenditures. The support schedule defined in this report is based on the Rothbarth approach.

### ***Data on Household Expenditures***

The ideal database for estimating child-rearing expenditures would be one that itemized household consumption expenses by cost category and by each individual in the household. There is no existing database that provides this level of detail. Moreover, since 90 percent of household expenditures are shared, it is unlikely that such a database will ever exist if only because it would be impossible to allocate expenditures with any level of precision to individual household members.

The database most commonly used to estimate child expenditures is the Consumer Expenditure Survey (CEX). As the aforementioned Lewin/ICF report says of the CEX, "It is by far the best available source of information

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<sup>1</sup> Lewin/ICF, *Estimates of Expenditures on Children and Child Support Guidelines*. Report prepared for the Office of the Assistant Secretary for Planning and Evaluation, Department of Health and Human Services. Table 2.3, p.2-33 (October 1990).

for implementing the techniques for estimating expenditures on children...." (p. 3-1). The Espenshade and Rothbarth models presented in this report are based on household expenditure data reported in the CEX.

Even though the CEX may be the best database to estimate child expenditures, it has some limitations that are important to the development of a schedule of child support obligations, especially a schedule based on an income shares concept. They include:

- ▶ Only a few items in the CEX (i.e. adult clothing, alcohol, tobacco) are solely "adult" expenditures;
- ▶ It is impossible to distinguish between "necessary" child care expenses (e.g. those incurred to allow someone to work) from "discretionary" expenses;
- ▶ Medical expenses on children cannot be distinguished from expenses on adult household members; and
- ▶ The CEX likely understates total household income.

The first issue is of concern because the Rothbarth technique estimates child expenditures by examining how adult expenditures are affected by the addition of a child to the household; that is, asking how much of total expenditures is displaced (i.e. transferred from the adults to the children) when a child is added to the household. The precision of the technique would be improved if there were more items that were clearly adult expenses.

The second and third issues are of concern because the support schedule developed for Ohio establishes a "basic" support obligation to which is added the parental share of expenditures for child care and unreimbursed medical expenses. The assumptions used to deal with these limitations are discussed later in this appendix.

The CEX is much like every survey that attempts to capture income information; that is, there is likely to be underreporting or nonreporting of income. Staff at the Bureau of Labor Statistics, which administers the survey, suggest that income reported in the CEX is too low relative to expenditures. There are, however, no theoretically-based methods to adjust income for this problem and so no adjustment is applied.

***Child Expenditures as a  
Proportion of Net Income***

Using the Rothbarth estimation technique and CEX data from 1980-86, David Betson computed child expenditures for 1, 2 and 3-child households. These expenditures are related to total consumption spending in the expression  $EC/C$ , where  $EC$  = expenditures on children and  $C$  = total consumption expenditures. In order to estimate  $EC$  as a proportion of net income (NI), the relationship between NI and  $C$  must be computed. This can be done from the CEX because of the detailed itemization of expenditures.

Under the approach used to develop the income shares model, net income is computed independently using CEX data on gross income (GI) and on itemized deductions for (1) federal, state and local taxes, including personal property taxes; (2) social security (FICA) taxes; and (3) union dues, which are considered to be mandatory employment expenses. Thus,

$$NI = GI - \text{taxes} - \text{FICA} - \text{union dues}$$

In relation to consumption, net income is greater by the amount of spending that is not related to consumption. This includes, for example, spending on contributions, savings, personal insurance and pensions. Included in the category of savings are principal payments on a home mortgage (interest payments are counted as household consumption) and changes in net worth (i.e. net change in assets - net change in liabilities).

For low income households, consumption expenditures may exceed the net income figure derived by subtracting taxes and other items from gross income. Thus, consumption as a proportion of net income (C/NI) exceeds 100 percent. In these instances, the C/NI ratio is set at 1.0. For example, in Betson's calculations, consumption expenditures exceeded net income for the lowest four income ranges (i.e. all households with annual incomes below \$25,000 per year in June 1992 dollars). This outcome may be partially related to reported difficulties of measuring income in the CEX as discussed above. As shown in Table I-1 below, the measured ratio of consumption expenditures to net income ranged from 3.052 for households with annual net incomes less than \$10,000 to 0.693 for households with annual net incomes above \$70,000.

**Table I-1**  
**NET INCOME AND CONSUMPTION AT SELECTED**  
**NET INCOME INTERVALS**

<i>Net Income Interval (1992 \$)</i>	<i>Net Income (NI) (1983 \$)</i>	<i>Number of Observations</i>	<i>Consumption Spending (C) (1983 \$)</i>	<i>C/NI</i>
Less than \$10,000	\$3,546	254	\$10,822	3.052
\$10,000-\$14,999	\$8,689	379	\$13,103	1.508
\$15,000-\$19,999	\$12,412	560	\$14,696	1.184
\$20,000-\$24,999	\$15,959	711	\$16,789	1.052
\$25,000-\$29,999	\$19,505	839	\$19,407	0.995
\$30,000-\$34,999	\$23,051	915	\$21,161	0.918
\$35,000-\$39,999	\$26,598	918	\$22,821	0.858
\$40,000-\$44,999	\$30,144	757	\$25,261	0.838
\$45,000-\$49,999	\$33,690	698	\$27,659	0.821
\$50,000-\$59,999	\$39,010	984	\$30,974	0.794
\$60,000-\$69,999	\$46,103	571	\$35,453	0.769
\$70,000 +	\$66,455	933	\$46,053	0.693

Total consumption expenditures are related to net income by the expression C/NI. Expenditures on children are related to consumption by the expression EC/C. Multiplying the two expressions provides a ratio of child expenditures to net income (EC/NI).

$$EC/C \times C/NI = EC/NI$$

### **Treatment of Selected Factors**

Specific questions have been raised by members of the Ohio Child Support Guidelines Advisory Commission about the treatment of various types of expenditures. Specifically, there have been questions about adjustments for (1) teenage clothing; (2) child care; (3) medical expenses; (4) durable goods, particularly housing; and (5) savings.

#### *Teenage Clothing*

Clothing expenditures in the CEX for children beyond the age of 15 years are classified with other adult clothing expenditures. Therefore, it is necessary to estimate expenditures for 16-18 year old children based on clothing expenditure data for other children. The Rothbarth clothing cost estimates for teenagers get smaller as the child ages and actually are negative for 16-18 year old children. To correct for this anomaly, Betson assumed that the costs for children ages 13-18 years were the same as the costs for a 12 year old child.

#### *Child Care*

The current Ohio support schedule and the Rothbarth version of the model presented in this report exclude the costs of child care. Instead, in the child support calculation, the actual costs are prorated between the parents based on their relative proportions of net income and added to the basic support obligation. There are several reasons for this approach:

- ▶ They represent a large variable expenditure and are not incurred by all households; usually only in households with a working custodial parent and one or more young children.
- ▶ Where child care costs occur, they generally represent a large proportion of total child expenditures, particularly in households with children under 6 years of age.
- ▶ Treating child care costs separately maximizes the custodial parent's marginal benefits of working. If not treated separately, the economic benefits of working are reduced substantially. One of the principles incorporated into the Income Shares model is that the method of computing a child support obligation should not be a deterrent to participation in the work force.

Since the CEX itemizes child care expenditures, an adjustment can be made directly to EC/C. For example, Table I-3 at the end of this appendix shows that for two-child households in the \$30,000-\$34,999 income range, EC/C = 36.70 percent. Child care (CC) as a proportion of consumption for that same income range is 1.88 percent (0.94 percent x 2 children). For this income range, a revised EC/C which excludes child care costs is:

$$\text{Revised EC/C} = 36.70 - 1.88 = 34.82 \text{ percent}$$

### *Medical Expenses*

Like expenses for child care, the current Ohio support schedule and the Rothbarth version of the model presented in this report exclude the child's share of costs for some medical expenses, specifically including the costs of health insurance premiums and extraordinary, or unreimbursed medical expenses. There are two principal reasons these costs are excluded from the model:

- ▶ Federal regulations (45 CFR §306.51) require that the obligor carry health insurance that covers the child if available through the employer at a reasonable cost.
  
- ▶ Unreimbursed medical expenses (i.e. those not covered by or that exceed insurance reimbursement) are highly variable across households and can constitute a large proportion of expenditures on a child. Orthodontia, psychiatric therapy, asthma treatments, and extended physical therapy may be among the expenses not covered.

Deciding what proportion of unreimbursed medical expenses might be considered extraordinary is difficult. We have elected to assume that some unreimbursed medical expenses (e.g. non-prescription medications, well visits to doctors) should be considered routine and not extraordinary. For the purposes of estimating support proportions, extraordinary medical expenses are defined as the amount of expenditures that exceed \$100 (1992 dollars) per family member. This amount, deflated to 1983 dollars, was subtracted from the reported costs of unreimbursed medical expenses in computing the proportion of medical expenses that should be considered extraordinary.

While the CEX itemizes unreimbursed medical expenses and health insurance premium costs, it does not allocate expenses to individual household members. Thus, a method must be developed for excluding those expenditures from EC/C. There are two steps in this process. First, the child's share of those medical expenses (M) must be determined. That calculation assumes that the child's share is the same as his/her share of all household expenditures (EC/C). Thus, for a two-child household in the \$30,000-\$34,999 annual net income range, the child's share of these expenses would be 36.70 percent (i.e. EC/C for one child) of 2.65 percent (i.e. medical expenses as a proportion of consumption for a household in that income range). The child's share

of medical expenses is therefore 0.97 percent of consumption expenditures. This proportion is subtracted from EC/C to arrive at an adjusted EC/C.

$$\text{Revised EC/C} = 36.70 - 0.97 = 35.73 \text{ percent}$$

### *Durable Goods*

The largest durable goods expenditures are for housing and transportation and it is these expenditures that seem to be of greatest concern to the Commission. Housing costs are treated in the following manner:

- ▶ For housing that is owned or being purchased: only taxes and interest payments are counted as expenditures. Payments of principal are counted as savings.
- ▶ For housing that is rented: all rental costs are counted as consumption expenditures.

The purchase price of an automobile is not counted as an expenditure, however the interest payments made on an automobile loan are counted. This approach may underestimate total expenditures, particularly in the situation where the automobile is purchased for cash. The ideal approach to counting such a purchase would be to include as consumption the rental value of the automobile, not the net purchase price. The rental value, however, cannot be defined by the data.

With regard to other durable goods (e.g. television, toaster oven), their purchase prices are counted as consumption expenditures. The interest payments on consumer debt associated with those purchases are also counted as expenditures, since there is no way to link interest payments to individual purchases. Therefore, there is some double counting of expenditures for these durable goods items.

### *Savings*

Savings are not counted as consumption expenditures. Rather, they are counted as residual expenditures; that is, part of all non-consumption spending which is the difference between net income and consumption. Income specifically itemized as savings and retirement contributions fall into this residual category. Also, as noted above, the category includes principal payments on home mortgages and the purchase price of automobiles. Since savings are a residual and therefore not calculated independently, there is no implicit savings rate that is applied to the calculation of expenditures on children as a proportion of net income.

### **Effect of Adjustments on Proportional Expenditures**

Table I-4 at the end of this appendix illustrates for two children how adjustments for child care expenditures and medical expenses (health insurance and unreimbursed medical costs) are factored into the computation of a proportion that relates expenditures on children to net income. The table uses a two-child household as an example, but the same procedure was applied to one and three-child households using the information presented in Table I-3. Thus, for two-child households in the \$30,000-\$34,999 income range, child expenditures were estimated at 36.70 percent of consumption expenditures ( $EC/C$ ). Child care ( $CC/C = 1.88$  percent of household consumption expenditures) and medical expenses attributable to the child ( $M/C = 0.97$  percent of household consumption expenditures) were subtracted from  $EC/C$ . This new amount (33.85 percent) was multiplied by the ratio of household consumption to net income ( $C/NI = .918$ ) for that net income range. The resulting figure —  $EC^*/NI = 31.07$  percent — relates child expenditures to net income for the \$30,000-\$34,999 net income range.

***Adjustments for the Number of Children***

Betson's estimates of child expenditures for one, two, and three-child households are based on actual household income and expenditure data for 8,519 two-parent families with at least one child under 18 years of age. He did not compute proportions for households with greater numbers of children because of the small sample sizes in the database. Betson computed his proportions for one, two and three-child households in the following manner:

- ▶ Take the midpoint of the annual net income ranges expressed in June 1992 dollars and deflate the amount to 1983 dollars by the Consumer Price Index (1.4099). The top interval uses the average net income (\$66,455 in 1983 dollars) of households in that interval rather than the midpoint.
- ▶ Multiply the net income midpoint by the average ratio of consumption expenditures to net income. For income ranges where the ratio exceeded 1.0, expenditures were assumed to equal net income.
- ▶ Take the level of annual expenditures and determine what proportion is spent on one, two and three children. Using his Rothbarth estimates, Betson computed the average percentage spent over all the years the children were with their parents. That is, for one child he computed the average over 18 years. For two and three-child households, he assumed that the children differed in age by two years. Thus, for two-child households, he computed the average over a 16-year period when both children were in the household. Similarly, for three-child households, he computed the average over 14 years.

Adjustments to these data were necessary to extend the support proportions for one, two, and three children to four, five, and six-child households. However, there were no clear guides about how to accomplish this task. Based on a comparison of the Espenshade and Rothbarth parameters, however, we observed that on average the Rothbarth parameters produced

estimates that were about 83 percent of those produced using the Espenshade parameters. For example, Espenshade's estimates showed a 55 percent increase in child expenditures as a second child was added to the household and a 25 percent increase for the addition of a third child. Betson's Rothbarth estimates showed an average 47 percent increase with the addition of a second child and a 20 percent increase with the addition of a third child. We assumed there would be an equivalent difference between the Espenshade and Rothbarth proportions as the number of children in the household increased. Based on this assumption, Betson's findings were extended to four, five and six-child households using the multipliers shown in Table I-2 below:

**Table I-2  
EXTENDING THE ROTHBARTH SUPPORT PROPORTIONS TO  
FOUR, FIVE AND SIX-CHILD HOUSEHOLDS**

<i>Number of Children</i>	<i>Espenshade Increase (As % of 3-Child Proportion)<sup>1</sup></i>	<i>Rothbarth Increase Computation</i>	<i>Rothbarth Multipliers</i>
4	12.74%	$12.74\% \times .827^2 = 10.5\%$	1.105 x 3 child proportion
5	22.93%	$(22.93\% - 12.74\%) \times .827 = 8.4\%$	1.084 x 4 child proportion
6	31.42%	$(31.42\% - 22.93\%) \times .827 = 7.0\%$	1.070 x 5 child proportion

<sup>1</sup> *Development of Guidelines for Child Support Orders: Final Report, p.II-37.*

<sup>2</sup> For one to three children, the Rothbarth parameters yield increases in child-rearing expenditures as a proportion of net income that average about 82.7 percent of the increase in proportions yielded by the Espenshade parameters.

The multipliers were used as constants for all income ranges.

The decreasing size of the multiplier as the number of children increases reflects two phenomena: (1) economies of scale as more children are added to the household (e.g. sharing of household items); and (2) reallocation of expenditures. The reallocation occurs as adults reduce their share of expenditures to provide for more children and as each child's share of expenditures is reduced to accommodate the needs of additional children.

That is, as there are more people to share the economic pie, the share for each family member must decrease.

### ***Table of Support Proportions***

The result of the computations and adjustments discussed above is a table of support proportions that relates child expenditures in one to six-child households to various levels of net income. These relationships are displayed in Table I-5 at the end of this appendix.

### **Adjusting Income Brackets**

The data Betson used for his computations were from the time period 1980 through 1986. The database included both nominal and constant dollar amounts, with the base period being June 1983. In order to develop a table of support proportions aligned to 1992 income ranges, Betson used a Consumer Price Index (CPI-U) inflator and applied it to the 1983 incomes on the database.<sup>2</sup> The rationale for using the approach is described in his first report to the Ohio Department of Human Services.<sup>3</sup>

### **Computing Marginal Proportions**

The table of support proportions shown in Table I-5 links the proportion of net income spent on one to six children to different annual net income ranges. The proportions, however, are meant to apply only at the midpoints of each income range. In order to obtain a smooth transition

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<sup>2</sup> The value Betson used to adjust the income ranges for inflation between June 1983 and June 1992 was 1.4099.

<sup>3</sup> R. Williams, *Initial Review of Economic Issues Relating to the Ohio Child Support Guidelines*, prepared for the Ohio Department of Human Services, Policy Studies Inc. (July 22, 1992).

in support obligations between income ranges, marginal proportions were computed. This adjustment eliminates notches in support obligations that would otherwise be created as parents move from one income range to another.

For example, assume we have two, two-child households, one at the \$30,000-\$34,999 net income range and the second at the next highest range (\$35,000-\$39,999). The proportion of net income spent on the two children in the lower income household is estimated to be 31.07 percent. The comparable proportion in the higher income household is estimated to be 28.70 percent. If actual income in the first household were \$34,500, the total support obligation would be \$10,719 annually ( $\$34,500 \times .3107$ ). If actual income in the second household were \$35,100, the total annual support obligation would be \$10,074 ( $\$35,100 \times .2870$ ); \$645 less per year than the support obligation in the lower income household. The use of marginal proportions between the midpoints of income ranges eliminates this effect and creates a smooth increase in the total support obligation as household income increases.

The marginal proportions between income midpoints are established by computing the support obligation at the midpoints of two adjacent income ranges and dividing the difference in the support obligation amounts by the income difference between the two midpoints. For example, the marginal proportion between the \$30,000-\$34,999 and \$35,000-\$39,999 net income ranges for two-child households would be computed in the following manner:

	Annual Net Income Ranges	
	\$30,000-\$34,999	\$35,000-\$39,999
Income midpoints	\$32,500	\$37,500
Midpoint difference	\$5,000	
Support proportion	31.07%	28.70%
Support obligation	\$10,098	\$10,763
Obligation difference	\$665	
Marginal proportion	13.30%	

Using the example above of one two-child household with \$34,500 and another with \$35,100 of annual net income, support obligations using the marginal proportion approach results in an annual support obligation for the lower income household of \$10,364, compared to \$10,444 for the higher income household.

### Using the Table to Compute Support at High Incomes

At high levels of household net income, the number of observations on which to estimate child expenditures decreases. (The number of observations for each net income interval are shown in Table I-1 above.) Although even at the highest net income range Betson had data on 933 households, the number of households with expenditures in excess of \$50,000 in 1983 dollars (the maximum level Betson feels comfortable using for the estimates) is fairly small. Since there is no income midpoint at the highest net income interval (i.e. net incomes of \$70,000 and greater), the average net income for this interval (\$66,455 in 1983 dollars) is used as the midpoint. The midpoint shown in the Table of Support Proportions at the highest income level is \$7,808 per month or \$93,695 per year in June 1992 dollars. The annual gross income equivalent (using assumptions about tax effects discussed below) is approximately \$147,000. We extended this to \$150,000 in the schedule of support obligations by

estimating a marginal proportion for the highest income range. Given that estimates of child expenditures at these high income levels are based on relatively small sample sizes, it does not appear appropriate to extend the support schedule beyond its current limit unless it is clearly understood that any such extension is not based on the economic data.

### ***Translating Gross to Net Income***

Since the table of support proportions is defined in terms of net income, it can be applied regardless of how tax structures change. To use the table to develop a schedule of support obligations, however, requires that the tax structure be defined so that net income can be calculated. It would, of course, be possible to discard the support schedule and use the table of support proportions to compute a support obligation for each individual household. This approach would be able to accommodate the unique tax situation of each household. Yet, it would also involve complexities in terms of the time required to gather all the relevant information and the staff to administer the process.

The support schedule defined in this report represents a general approach to computing support obligations that can be applied quickly and easily. As with other general approaches, however, it has limitations, the greatest being that it requires assumptions about how to measure gross income and how to estimate net income from a given gross income.

### **Measuring Gross Income**

The assumptions made about gross income is that it is all taxable and that it is taxable at the same rate. That is, all income is treated as if it is earned income subject to federal and state withholding and FICA taxes. Tax rates prevailing in 1992 were used to convert gross income to net.

## **Estimating Taxes**

The following sources and assumptions were used to estimate taxes for a given gross income. The percentage tax schedule used by employers to withhold income tax and FICA was the basis for calculating withholding.

### *Federal Income Taxes and FICA*

Using the employer schedule, taxes are computed assuming (1) all income is earned by the obligor (i.e. the tax rates for a single person are used); and (2) two withholding allowances, based on instructions in the employer tax guide.<sup>4</sup> (The use of two withholding allowances simulates the effect of one standard deduction and one exemption allowed when filing personal income tax returns). Income tax and FICA rates defined in the 1992 employer schedule were used to estimate total taxes on a given gross income.

### *State Income Taxes*

State income taxes are computed also using the employer schedule. Similar assumptions are made, but the tax calculation allows only a single exemption since there are no instructions to the contrary. The most current Ohio tax schedule was used to compute taxes on a given gross income.

## **Impact of Assumptions on Net Income**

If anything, the generalized approach to computing net income from gross income underestimates total household net income. The reason is that accounting for the income of two parents and/or additional exemptions for children reduces total income taxes and thus increases net income.

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<sup>4</sup> Internal Revenue Service, *Employer's Tax Guide* (Circular E): "For withholding purposes only, each single person with only one job and each married person with only one job whose spouse is not working can claim one additional withholding allowance."

The result is that total support obligations using the table of support proportions are usually higher when an attempt is made to accommodate the actual tax situation of individual households.<sup>5</sup>

### ***Self Support Reserve***

In addition to the table of support proportions and the table converting gross to net income, a third factor affects obligations shown in the support schedule. That is, the schedule includes an adjustment for low income obligors to ensure that net income after payment of the support obligation does not fall below a minimum threshold. The threshold is a self support reserve so that the obligor is able to maintain a minimum standard of living. Although the amount of the reserve is arbitrary, the threshold incorporated into the existing Ohio schedule and into the proposed schedule using the Rothbarth parameters is the poverty standard for a single person, as established by the Department of Health and Human Services.<sup>6</sup> That standard, which increases on an annual basis (released in February of each year), was set at \$6,810 annual net income for a one-person family unit in 1992.<sup>7</sup> That amount — considered a self support reserve for the obligor — was used in preparing the schedule of support obligations presented in this report.

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<sup>5</sup> This unexpected impact was evidenced in Vermont where the State Legislature required the Office of Child Support Services to develop separate tax schedules for custodial and noncustodial parents that would more closely simulate the tax situation based on income and exemptions. Separate gross to net income tables were prepared for noncustodial parents and for custodial parents with one to five children. Contrary to some expectations, the separate schedules resulted in increasing the net income available for support and therefore increasing the average total support obligation.

<sup>6</sup> Other standards that might be considered include such things as the net income equivalent to a minimum wage job or the AFDC payment standard.

<sup>7</sup> *Federal Register*, Vol 57. No. 31, pp. 5455-5457 (February 14, 1992).

The following procedure is used to incorporate a self support reserve into the support schedule:

Step 1: Compute a support obligation using net income and the appropriate proportions from the table.

Step 2: Compute a second obligation using the self support reserve.

- ▶ If, after subtracting the self support reserve from net income, remaining income is less than \$50 per month, set the support obligation at \$50.
- ▶ If the remaining income is greater than \$50, the compute the following: subtract from net income the amount of the self support reserve and multiply the difference by a proportion ranging from .90 for one child to .95 for six children (increasing by .01 for each additional child).

Step 3: Compare the amounts from the two computations and take the lower amount as the support obligation.

The multiplication in Step 2 is included to ensure that: (1) the marginal tax rate on increasing earnings is less than 100 percent (i.e. there is a continued incentive to work); and (2) the support obligation increases slightly as the number of children due support increases. This latter factor assumes that obligors with more children should incur a higher obligation than obligors with fewer children.

The effect of the adjustment for a self support reserve is that obligations computed using the table of support proportions are phased into the support schedule gradually. For example, in this report the table of support proportions is fully applied only above \$950 per month for one child, \$1,150 per month for two children, \$1,300 per month for three children, \$1,400 per month for four children, \$1,500 per month for five children, and \$1,600 per month for six children.

**Table I-3  
PARENTAL EXPENDITURES ON CHILDREN**

Net Income Interval (1992 \$)	Consumption as a % of Net Income	Expenditures on Children as a % of Total Consumption Expenditures (Rothbarth Parameters)			Child Care \$ as a % of Consumption (per child)	Medical \$ as a % of Consumption
		One Child	Two Children	Three Children		
Less than \$10,000	305.2%	25.64%	37.82%	45.26%	0.59%	1.77%
\$10,000-\$14,999	150.8%	25.42%	37.44%	44.78%	0.64%	1.98%
\$15,000-\$19,999	118.4%	25.25%	37.15%	44.41%	0.75%	2.73%
\$20,000-\$24,999	105.2%	25.12%	36.94%	44.14%	0.94%	2.63%
\$25,000-\$29,999	99.5%	25.02%	36.77%	43.93%	0.99%	2.54%
\$30,000-\$34,999	91.8%	24.98%	36.70%	43.84%	0.94%	2.65%
\$35,000-\$39,999	85.8%	24.94%	36.64%	43.76%	1.19%	2.22%
\$40,000-\$44,999	83.8%	24.88%	36.54%	43.64%	1.17%	2.26%
\$45,000-\$49,999	82.1%	24.84%	36.46%	43.54%	1.22%	2.29%
\$50,000-\$59,999	79.4%	24.77%	36.36%	43.40%	1.28%	2.16%
\$60,000-\$69,999	76.9%	24.70%	36.23%	43.25%	1.26%	2.28%
\$70,000 and greater	69.3%	24.50%	35.90%	42.82%	0.96%	2.13%

**Table I-4  
CHILD EXPENDITURES AS A PROPORTION OF NET INCOME**

<b>Net Income Range</b>	<b>EC/C (2 children)</b>	<b>CC/C</b>	<b>M/C</b>	<b>C/NI</b>	<b>EC*/NI</b>
Less than \$10,000	37.82%	1.18%	0.67%	> 1.0	35.97%
\$10,000-\$14,999	37.44%	1.28%	0.74%	> 1.0	35.42%
\$15,000-\$19,999	37.15%	1.50%	1.01%	> 1.0	34.64
\$20,000-\$24,999	36.94%	1.88%	0.97%	> 1.0	34.09%
\$25,000-\$29,999	36.77%	1.98%	0.93%	.995	33.69%
\$30,000-\$34,999	36.70%	1.88%	0.97%	.918	31.07%
\$35,000-\$39,999	36.64%	2.38%	0.81%	.858	28.70%
\$40,000-\$44,999	36.54%	2.34%	0.83%	.838	27.96%
\$45,000-\$49,999	36.46%	2.44%	0.83%	.821	27.25%
\$50,000-\$59,999	36.36%	2.56%	0.79%	.794	26.21%
\$60,000-\$69,999	36.23%	2.52%	0.83%	.769	25.28%
\$70,000 and greater	35.90%	1.92%	0.76%	.693	23.02%

EC/C = Expenditures on children as a proportion of consumption expenditures

CC/C = Child care expenditures as a proportion of consumption expenditures

M/C = Medical expenditures as a proportion of consumption expenditures

C/NI = Consumption expenditures as a function of net income

EC\*/NI = Adjusted expenditures on children as a proportion of net income

$$EC^*/NI = (EC/C - CC/C - M/C) \times C/NI$$

**Table I-5**  
**TABLE OF SUPPORT PROPORTIONS**  
**Rothbarth Parameters**

Net Income Ranges	Number of Children					
	One	Two	Three	Four	Five	Six
Less than \$10,000	0.2460	0.3597	0.4269	0.4717	0.5113	0.5471
\$10,000-\$14,999	0.2428	0.3542	0.4197	0.4638	0.5027	0.5379
\$15,000-\$19,999	0.2381	0.3464	0.4095	0.4525	0.4905	0.5248
\$20,000-\$24,999	0.2352	0.3409	0.4016	0.4438	0.4810	0.5147
\$25,000-\$29,999	0.2327	0.3369	0.3964	0.4380	0.4748	0.5081
\$30,000-\$34,999	0.2146	0.3107	0.3659	0.4043	0.44383	0.4690
\$35,000-\$39,999	0.1991	0.2870	0.3365	0.3718	0.4031	0.4313
\$40,000-\$44,999	0.1940	0.2796	0.3280	0.3624	0.3929	0.4204
\$45,000-\$49,999	0.1892	0.2725	0.3192	0.3527	0.3823	0.4091
\$50,000-\$59,999	0.1822	0.2621	0.3066	0.3388	0.3673	0.3930
\$60,000-\$69,999	0.1759	0.2528	0.2959	0.3270	0.3544	0.3792
\$70,000 and greater	0.1595	0.2302	0.2705	0.2989	0.3240	0.3467

**APPENDIX II**

**Ohio**  
**Proposed Schedule: Net Income Model**  
**BASIC CHILD SUPPORT SCHEDULE**

<i>NET ANNUAL INCOME</i>	<i>ONE CHILD</i>	<i>TWO CHILDREN</i>	<i>THREE CHILDREN</i>	<i>FOUR CHILDREN</i>	<i>FIVE CHILDREN</i>	<i>SIX CHILDREN</i>
6000	600	600	600	600	600	600
6600	600	600	600	600	600	600
7200	600	600	600	600	600	600
7800	886	895	905	915	925	935
8400	1426	1441	1457	1473	1489	1505
9000	1966	1987	2009	2031	2053	2075
9600	2339	2533	2561	2589	2617	2645
10200	2483	3079	3113	3147	3181	3215
10800	2628	3625	3665	3705	3745	3785
11400	2772	4045	4217	4263	4309	4355
12000	2917	4256	4769	4821	4873	4925
12600	3058	4460	5285	5379	5437	5495
13200	3193	4657	5515	5937	6001	6065
13800	3329	4853	5746	6349	6565	6635
14400	3464	5049	5976	6603	7129	7205
15000	3600	5245	6206	6858	7434	7775
15600	3736	5441	6437	7112	7710	8249
16200	3871	5638	6667	7366	7986	8544
16800	4007	5834	6898	7621	8262	8840
17400	4142	6030	7128	7875	8538	9135
18000	4279	6223	7353	8125	8808	9423
18600	4414	6416	7578	8373	9076	9711
19200	4549	6609	7802	8621	9345	9998
19800	4684	6803	8026	8868	9614	10286
20400	4819	6996	8251	9116	9883	10573
21000	4954	7189	8475	9364	10152	10860
21600	5089	7382	8700	9612	10420	11148
22200	5224	7575	8924	9860	10689	11435
22800	5358	7766	9148	10109	10957	11724
23400	5491	7957	9372	10356	11225	12011
24000	5624	8149	9596	10604	11493	12298
24600	5756	8340	9819	10851	11761	12585
25200	5889	8532	10043	11098	12029	12871
25800	6021	8723	10267	11345	12298	13158
26400	6154	8914	10491	11592	12566	13445
27000	6287	9106	10715	11839	12834	13732
27600	6411	9282	10922	12068	13082	13999
28200	6480	9382	11040	12199	13225	14152
28800	6549	9483	11159	12331	13367	14304
29400	6618	9583	11278	12462	13510	14456
30000	6687	9683	11397	12593	13653	14609

**Ohio**  
**Proposed Schedule: Net Income Model**  
**BASIC CHILD SUPPORT SCHEDULE**

<i>NET ANNUAL INCOME</i>	<i>ONE CHILD</i>	<i>TWO CHILDREN</i>	<i>THREE CHILDREN</i>	<i>FOUR CHILDREN</i>	<i>FIVE CHILDREN</i>	<i>SIX CHILDREN</i>
30600	6756	9783	11516	12725	13796	14761
31200	6825	9883	11634	12856	13939	14914
31800	6894	9984	11753	12988	14081	15066
32400	6963	10084	11872	13119	14224	15218
33000	7023	10164	11963	13219	14331	15334
33600	7082	10243	12050	13316	14435	15446
34200	7141	10323	12137	13412	14539	15558
34800	7199	10403	12224	13509	14644	15669
35400	7258	10483	12311	13606	14748	15781
36000	7317	10563	12398	13702	14853	15892
36600	7376	10642	12485	13799	14957	16004
37200	7435	10722	12572	13895	15061	16116
37800	7513	10830	12698	14030	15211	16275
38400	7607	10964	12856	14205	15401	16479
39000	7700	11098	13015	14381	15590	16682
39600	7794	11233	13173	14556	15780	16886
40200	7887	11367	13332	14731	15969	17089
40800	7981	11502	13490	14906	16159	17292
41400	8075	11636	13648	15081	16349	17496
42000	8168	11770	13807	15257	16538	17699
42600	8260	11904	13965	15429	16728	17899
43200	8349	12032	14111	15591	16903	18087
43800	8438	12159	14258	15753	17078	18274
44400	8526	12286	14404	15915	17253	18462
45000	8615	12413	14550	16077	17429	18650
45600	8704	12540	14697	16239	17604	18838
46200	8793	12668	14843	16401	17779	19026
46800	8882	12795	14990	16563	17954	19213
47400	8970	12922	15136	16725	18129	19401
48000	9056	13041	15275	16878	18295	19577
48600	9139	13159	15411	17029	18458	19752
49200	9221	13277	15548	17180	18621	19926
49800	9304	13394	15684	17330	18784	20101
50400	9387	13512	15820	17481	18948	20276
51000	9470	13629	15956	17631	19111	20450
51600	9553	13747	16092	17782	19274	20625
52200	9635	13865	16229	17933	19437	20799
52800	9718	13982	16365	18083	19600	20974
53400	9801	14100	16501	18234	19764	21149
54000	9884	14217	16637	18384	19927	21323
54600	9967	14335	16773	18535	20090	21498

**Ohio**  
**Proposed Schedule: Net Income Model**  
**BASIC CHILD SUPPORT SCHEDULE**

<i>NET ANNUAL INCOME</i>	<i>ONE CHILD</i>	<i>TWO CHILDREN</i>	<i>THREE CHILDREN</i>	<i>FOUR CHILDREN</i>	<i>FIVE CHILDREN</i>	<i>SIX CHILDREN</i>
55200	10049	14456	16910	18686	20258	21675
55800	10134	14577	17052	18843	20428	21857
56400	10218	14698	17195	19000	20597	22039
57000	10303	14819	17337	19158	20767	22221
57600	10387	14940	17479	19315	20937	22402
58200	10472	15062	17621	19472	21107	22584
58800	10557	15183	17763	19629	21277	22766
59400	10641	15304	17906	19786	21446	22948
60000	10726	15425	18048	19944	21616	23130
60600	10810	15546	18190	20101	21786	23311
61200	10895	15668	18332	20258	21956	23493
61800	10980	15789	18474	20415	22126	23675
62400	11064	15910	18617	20572	22295	23857
63000	11149	16031	18759	20730	22465	24039
63600	11233	16152	18901	20887	22635	24220
64200	11318	16274	19043	21044	22805	24402
64800	11403	16395	19185	21201	22975	24584
65400	11483	16504	19319	21349	23138	24758
66000	11556	16611	19447	21490	23291	24921
66600	11629	16719	19575	21631	23444	25085
67200	11702	16826	19702	21772	23597	25249
67800	11775	16933	19830	21913	23750	25413
68400	11849	17041	19958	22054	23903	25577
69000	11922	17148	20086	22195	24056	25740
69600	11995	17256	20214	22336	24209	25904
70200	12068	17363	20341	22477	24362	26068
70800	12141	17470	20469	22618	24515	26232
71400	12215	17578	20597	22759	24668	26396
72000	12288	17685	20725	22900	24821	26559
72600	12361	17793	20853	23041	24974	26723
73200	12434	17900	20980	23182	25127	26887
73800	12507	18007	21108	23323	25280	27051
74400	12581	18115	21236	23464	25433	27215
75000	12654	18222	21364	23605	25586	27378
75600	12727	18330	21492	23746	25739	27542
76200	12800	18437	21619	23887	25892	27706
76800	12873	18544	21747	24028	26045	27870
77400	12947	18652	21875	24169	26198	28034
78000	13020	18759	22003	24310	26351	28197
78600	13093	18867	22131	24451	26504	28361
79200	13166	18974	22258	24592	26657	28525

**Ohio**  
**Proposed Schedule: Net Income Model**  
**BASIC CHILD SUPPORT SCHEDULE**

<b>NET ANNUAL INCOME</b>	<b>ONE CHILD</b>	<b>TWO CHILDREN</b>	<b>THREE CHILDREN</b>	<b>FOUR CHILDREN</b>	<b>FIVE CHILDREN</b>	<b>SIX CHILDREN</b>
79800	13239	19081	22386	24733	26810	28689
80400	13313	19189	22514	24874	26963	28853
81000	13386	19296	22642	25015	27116	29016
81600	13459	19404	22770	25156	27269	29180
82200	13532	19511	22897	25297	27422	29344
82800	13605	19618	23025	25438	27575	29508
83400	13679	19726	23153	25579	27728	29672
84000	13752	19833	23281	25720	27881	29835
84600	13825	19941	23409	25861	28034	29999
85200	13898	20048	23536	26002	28187	30163
85800	13971	20155	23664	26143	28340	30327
86400	14045	20263	23792	26284	28493	30491
87000	14118	20370	23920	26425	28646	30654
87600	14191	20478	24048	26566	28799	30818
88200	14264	20585	24175	26707	28952	30982
88800	14337	20692	24303	26848	29105	31146
89400	14411	20800	24431	26989	29258	31310
90000	14484	20907	24559	27130	29411	31473
90600	14557	21015	24687	27271	29564	31637
91200	14630	21122	24814	27412	29717	31801
91800	14703	21229	24942	27553	29870	31965
92400	14777	21337	25070	27694	30023	32129
93000	14850	21444	25198	27835	30176	32292
93600	14923	21552	25326	27976	30329	32456
94200	15002	21654	25446	28118	30479	32614
94800	15071	21755	25567	28251	30624	32769
95400	15140	21857	25687	28384	30768	32924
96000	15209	21958	25808	28517	30913	33079
96600	15278	22060	25928	28650	31057	33234
97200	15347	22161	26049	28784	31202	33388
97800	15416	22262	26170	28917	31347	33543
98400	15485	22364	26290	29050	31491	33698
99000	15554	22465	26411	29183	31636	33853
99600	15623	22567	26531	29316	31780	34008
100200	15692	22668	26652	29450	31925	34162
100800	15761	22769	26773	29583	32070	34317
101400	15830	22871	26893	29716	32214	34472
102000	15899	22972	27014	29849	32359	34627
102600	15968	23074	27134	29982	32503	34782
103200	16037	23175	27255	30116	32648	34936
103800	16106	23276	27376	30249	32793	35091

**Ohio**  
**Proposed Schedule: Net Income Model**  
**BASIC CHILD SUPPORT SCHEDULE**

<i>NET ANNUAL INCOME</i>	<i>ONE CHILD</i>	<i>TWO CHILDREN</i>	<i>THREE CHILDREN</i>	<i>FOUR CHILDREN</i>	<i>FIVE CHILDREN</i>	<i>SIX CHILDREN</i>
104400	16175	23378	27496	30382	32937	35246
105000	16244	23479	27617	30515	33082	35401
105600	16313	23581	27737	30648	33226	35556
106200	16382	23682	27858	30782	33371	35710
106800	16451	23783	27979	30915	33516	35865
107400	16520	23885	28099	31048	33660	36020
108000	16589	23986	28220	31181	33805	36175
108600	16658	24088	28340	31314	33949	36330
109200	16727	24189	28461	31448	34094	36484
109800	16796	24290	28582	31581	34239	36639
110400	16865	24392	28702	31714	34383	36794
111000	16934	24493	28823	31847	34528	36949
111600	17003	24595	28943	31980	34672	37104
112200	17072	24696	29064	32114	34817	37258
112800	17141	24797	29185	32247	34962	37413
113400	17210	24899	29305	32380	35106	37568
114000	17279	25000	29426	32513	35251	37723
114600	17348	25102	29546	32646	35395	37878
115200	17417	25203	29667	32780	35540	38032
115800	17486	25304	29788	32913	35685	38187
116400	17555	25406	29908	33046	35829	38342
117000	17624	25507	30029	33179	35974	38497
117600	17693	25609	30149	33312	36118	38652
118200	17762	25710	30270	33446	36263	38806
118800	17831	25811	30391	33579	36408	38961
119400	17900	25913	30511	33712	36552	39116
120000	17969	26014	30632	33845	36697	39271

**APPENDIX III**

**Ohio**  
**1992 Federal & State Taxes**  
**GROSS TO NET INCOME CONVERSION TABLE**

<i>Gross Monthly Income</i>	<i>Gross Income Range</i>	<i>Federal Tax</i>	<i>Ohio State Tax</i>	<i>FICA</i>	<i>Total Taxes</i>	<i>Net Monthly Income</i>
550	525.00 - 574.99	0.00	4.65	42.07	46.72	503.28
600	575.00 - 624.99	1.90	5.46	45.90	53.26	546.74
650	625.00 - 674.99	9.40	6.26	49.73	65.39	584.61
700	675.00 - 724.99	16.90	7.07	53.55	77.52	622.48
750	725.00 - 774.99	24.40	7.88	57.38	89.65	660.35
800	775.00 - 824.99	31.90	8.69	61.20	101.79	698.21
850	825.00 - 874.99	39.40	9.49	65.03	113.92	736.08
900	875.00 - 924.99	46.90	10.50	68.85	126.25	773.75
950	925.00 - 974.99	54.40	12.12	72.68	139.19	810.81
1000	975.00 - 1024.99	61.90	13.73	76.50	152.13	847.87
1050	1025.00 - 1074.99	69.40	15.35	80.33	165.07	884.93
1100	1075.00 - 1124.99	76.90	16.96	84.15	178.01	921.99
1150	1125.00 - 1174.99	84.40	18.58	87.98	190.95	959.05
1200	1175.00 - 1224.99	91.90	20.19	91.80	203.89	996.11
1250	1225.00 - 1274.99	99.40	21.81	95.63	216.83	1033.17
1300	1275.00 - 1324.99	106.90	23.42	99.45	229.77	1070.23
1350	1325.00 - 1374.99	114.40	25.40	103.27	243.08	1106.92
1400	1375.00 - 1424.99	121.90	27.42	107.10	256.42	1143.58
1450	1425.00 - 1474.99	129.40	29.44	110.93	269.76	1180.24
1500	1475.00 - 1524.99	136.90	31.46	114.75	283.11	1216.89
1550	1525.00 - 1574.99	144.40	33.48	118.58	296.45	1253.55
1600	1575.00 - 1624.99	151.90	35.50	122.40	309.80	1290.20
1650	1625.00 - 1674.99	159.40	37.52	126.23	323.14	1326.86
1700	1675.00 - 1724.99	166.90	39.53	130.05	336.48	1363.52
1750	1725.00 - 1774.99	174.40	41.79	133.88	350.07	1399.93
1800	1775.00 - 1824.99	181.90	44.22	137.70	363.82	1436.18
1850	1825.00 - 1874.99	189.40	46.64	141.53	377.56	1472.44
1900	1875.00 - 1924.99	196.90	49.06	145.35	391.31	1508.69
1950	1925.00 - 1974.99	204.40	51.48	149.18	405.06	1544.94
2000	1975.00 - 2024.99	211.90	53.91	153.00	418.81	1581.19
2050	2025.00 - 2074.99	219.40	56.33	156.83	432.55	1617.45
2100	2075.00 - 2124.99	226.90	58.75	160.65	446.30	1653.70
2150	2125.00 - 2174.99	234.40	61.17	164.48	460.05	1689.95
2200	2175.00 - 2224.99	241.90	63.60	168.30	473.80	1726.20
2250	2225.00 - 2274.99	249.40	66.02	172.13	487.54	1762.46
2300	2275.00 - 2324.99	259.58	68.44	175.95	503.98	1796.02
2350	2325.00 - 2374.99	273.58	70.86	179.78	524.22	1825.78
2400	2375.00 - 2424.99	287.58	73.29	183.60	544.47	1855.53
2450	2425.00 - 2474.99	301.58	75.71	187.42	564.72	1885.28
2500	2475.00 - 2524.99	315.58	78.13	191.25	584.97	1915.03
2550	2525.00 - 2574.99	329.58	80.55	195.08	605.21	1944.79
2600	2575.00 - 2624.99	343.58	82.98	198.90	625.46	1974.54

**Ohio**  
**1992 Federal & State Taxes**  
**GROSS TO NET INCOME CONVERSION TABLE**

<i>Gross Monthly Income</i>	<i>Gross Income Range</i>	<i>Federal Tax</i>	<i>Ohio State Tax</i>	<i>FICA</i>	<i>Total Taxes</i>	<i>Net Monthly Income</i>
2650	2625.00 - 2674.99	357.58	85.40	202.73	645.71	2004.29
2700	2675.00 - 2724.99	371.58	87.82	206.55	665.96	2034.04
2750	2725.00 - 2774.99	385.58	90.24	210.38	686.20	2063.80
2800	2775.00 - 2824.99	399.58	92.67	214.20	706.45	2093.55
2850	2825.00 - 2874.99	413.58	95.09	218.03	726.70	2123.30
2900	2875.00 - 2924.99	427.58	97.51	221.85	746.95	2153.05
2950	2925.00 - 2974.99	441.58	99.93	225.67	767.19	2182.81
3000	2975.00 - 3024.99	455.58	102.36	229.50	787.44	2212.56
3050	3025.00 - 3074.99	469.58	104.78	233.33	807.69	2242.31
3100	3075.00 - 3124.99	483.58	107.20	237.15	827.94	2272.06
3150	3125.00 - 3174.99	497.58	109.62	240.98	848.18	2301.82
3200	3175.00 - 3224.99	511.58	112.05	244.80	868.43	2331.57
3250	3225.00 - 3274.99	525.58	114.47	248.63	888.68	2361.32
3300	3275.00 - 3324.99	539.58	116.89	252.45	908.93	2391.07
3350	3325.00 - 3374.99	553.58	119.31	256.28	929.17	2420.83
3400	3375.00 - 3424.99	567.58	121.84	260.10	949.52	2450.48
3450	3425.00 - 3474.99	581.58	124.67	263.93	970.18	2479.82
3500	3475.00 - 3524.99	595.58	127.49	267.75	990.83	2509.17
3550	3525.00 - 3574.99	609.58	130.32	271.58	1011.48	2538.52
3600	3575.00 - 3624.99	623.58	133.15	275.40	1032.13	2567.87
3650	3625.00 - 3674.99	637.58	135.97	279.23	1052.78	2597.22
3700	3675.00 - 3724.99	651.58	138.80	283.05	1073.43	2626.57
3750	3725.00 - 3774.99	665.58	141.62	286.88	1094.08	2655.92
3800	3775.00 - 3824.99	679.58	144.45	290.70	1114.74	2685.26
3850	3825.00 - 3874.99	693.58	147.28	294.53	1135.39	2714.61
3900	3875.00 - 3924.99	707.58	150.10	298.35	1156.04	2743.96
3950	3925.00 - 3974.99	721.58	152.93	302.18	1176.69	2773.31
4000	3975.00 - 4024.99	735.58	155.76	306.00	1197.34	2802.66
4050	4025.00 - 4074.99	749.58	158.58	309.83	1217.99	2832.01
4100	4075.00 - 4124.99	763.58	161.41	313.65	1238.65	2861.35
4150	4125.00 - 4174.99	777.58	164.24	317.47	1259.30	2890.70
4200	4175.00 - 4224.99	791.58	167.06	321.30	1279.95	2920.05
4250	4225.00 - 4274.99	805.58	169.89	325.13	1300.60	2949.40
4300	4275.00 - 4324.99	819.58	172.72	328.95	1321.25	2978.75
4350	4325.00 - 4374.99	833.96	175.54	332.78	1342.28	3007.72
4400	4375.00 - 4424.99	849.46	178.37	336.60	1364.43	3035.57
4450	4425.00 - 4474.99	864.96	181.20	340.43	1386.59	3063.41
4500	4475.00 - 4524.99	880.46	184.02	344.25	1408.74	3091.26
4550	4525.00 - 4574.99	895.96	186.85	348.08	1430.89	3119.11
4600	4575.00 - 4624.99	911.46	189.68	351.90	1453.04	3146.96
4650	4625.00 - 4674.99	926.96	192.50	354.17	1473.64	3176.36
4700	4675.00 - 4724.99	942.46	195.33	354.90	1492.69	3207.31

Ohio  
1992 Federal & State Taxes  
GROSS TO NET INCOME CONVERSION TABLE

<i>Gross Monthly Income</i>	<i>Gross Income Range</i>	<i>Federal Tax</i>	<i>Ohio State Tax</i>	<i>FICA</i>	<i>Total Taxes</i>	<i>Net Monthly Income</i>
4750	4725.00 - 4774.99	957.96	198.15	355.62	1511.74	3238.26
4800	4775.00 - 4824.99	973.46	200.98	356.35	1530.79	3269.21
4850	4825.00 - 4874.99	988.96	203.81	357.07	1549.85	3300.15
4900	4875.00 - 4924.99	1004.46	206.63	357.80	1568.90	3331.10
4950	4925.00 - 4974.99	1019.96	209.46	358.52	1587.95	3362.05
5000	4975.00 - 5024.99	1035.46	212.29	359.25	1607.00	3393.00
5050	5025.00 - 5074.99	1050.96	215.11	359.97	1626.05	3423.95
5100	5075.00 - 5124.99	1066.46	217.94	360.70	1645.10	3454.90
5150	5125.00 - 5174.99	1081.96	220.77	361.42	1664.15	3485.85
5200	5175.00 - 5224.99	1097.46	223.59	362.15	1683.21	3516.79
5250	5225.00 - 5274.99	1112.96	226.42	362.87	1702.26	3547.74
5300	5275.00 - 5324.99	1128.46	229.25	363.60	1721.31	3578.69
5350	5325.00 - 5374.99	1143.96	232.07	364.32	1740.36	3609.64
5400	5375.00 - 5424.99	1159.46	234.90	365.05	1759.41	3640.59
5450	5425.00 - 5474.99	1174.96	237.73	365.77	1778.46	3671.54
5500	5475.00 - 5524.99	1190.46	240.55	366.50	1797.51	3702.49
5550	5525.00 - 5574.99	1205.96	243.38	367.22	1816.57	3733.43
5600	5575.00 - 5624.99	1221.46	246.21	367.95	1835.62	3764.38
5650	5625.00 - 5674.99	1236.96	249.03	368.67	1854.67	3795.33
5700	5675.00 - 5724.99	1252.46	251.86	369.40	1873.72	3826.28
5750	5725.00 - 5774.99	1267.96	254.68	370.12	1892.77	3857.23
5800	5775.00 - 5824.99	1283.46	257.51	370.85	1911.82	3888.18
5850	5825.00 - 5874.99	1298.96	260.34	371.57	1930.88	3919.12
5900	5875.00 - 5924.99	1314.46	263.16	372.30	1949.93	3950.07
5950	5925.00 - 5974.99	1329.96	265.99	373.02	1968.98	3981.02
6000	5975.00 - 6024.99	1345.46	268.82	373.75	1988.03	4011.97
6050	6025.00 - 6074.99	1360.96	271.64	374.47	2007.08	4042.92
6100	6075.00 - 6124.99	1376.46	274.47	375.20	2026.13	4073.87
6150	6125.00 - 6174.99	1391.96	277.30	375.92	2045.18	4104.82
6200	6175.00 - 6224.99	1407.46	280.12	376.65	2064.24	4135.76
6250	6225.00 - 6274.99	1422.96	282.95	377.37	2083.29	4166.71
6300	6275.00 - 6324.99	1438.46	285.78	378.10	2102.34	4197.66
6350	6325.00 - 6374.99	1453.96	288.60	378.82	2121.39	4228.61
6400	6375.00 - 6424.99	1469.46	291.43	379.55	2140.44	4259.56
6450	6425.00 - 6474.99	1484.96	294.26	380.27	2159.49	4290.51
6500	6475.00 - 6524.99	1500.46	297.08	381.00	2178.54	4321.46
6550	6525.00 - 6574.99	1515.96	299.91	381.72	2197.60	4352.40
6600	6575.00 - 6624.99	1531.46	302.74	382.45	2216.65	4383.35
6650	6625.00 - 6674.99	1546.96	305.56	383.17	2235.70	4414.30
6700	6675.00 - 6724.99	1562.46	308.39	383.90	2254.75	4445.25
6750	6725.00 - 6774.99	1577.96	311.45	384.62	2274.04	4475.96
6800	6775.00 - 6824.99	1593.46	314.68	385.35	2293.49	4506.51

**Ohio**  
**1992 Federal & State Taxes**  
**GROSS TO NET INCOME CONVERSION TABLE**

<i>Gross Monthly Income</i>	<i>Gross Income Range</i>	<i>Federal Tax</i>	<i>Ohio State Tax</i>	<i>FICA</i>	<i>Total Taxes</i>	<i>Net Monthly Income</i>
6850	6825.00 - 6874.99	1608.96	317.91	386.07	2312.95	4537.05
6900	6875.00 - 6924.99	1624.46	321.14	386.80	2332.40	4567.60
6950	6925.00 - 6974.99	1639.96	324.37	387.52	2351.86	4598.14
7000	6975.00 - 7024.99	1655.46	327.60	388.25	2371.31	4628.69
7050	7025.00 - 7074.99	1670.96	330.83	388.97	2390.77	4659.23
7100	7075.00 - 7124.99	1686.46	334.06	389.70	2410.22	4689.78
7150	7125.00 - 7174.99	1701.96	337.29	390.42	2429.68	4720.32
7200	7175.00 - 7224.99	1717.46	340.52	391.15	2449.13	4750.87
7250	7225.00 - 7274.99	1732.96	343.75	391.87	2468.59	4781.41
7300	7275.00 - 7324.99	1748.46	346.98	392.60	2488.04	4811.96
7350	7325.00 - 7374.99	1763.96	350.21	393.32	2507.50	4842.50
7400	7375.00 - 7424.99	1779.46	353.44	394.05	2526.95	4873.05
7450	7425.00 - 7474.99	1794.96	356.67	394.77	2546.41	4903.59
7500	7475.00 - 7524.99	1810.46	359.90	395.50	2565.86	4934.14
7550	7525.00 - 7574.99	1825.96	363.13	396.22	2585.32	4964.68
7600	7575.00 - 7624.99	1841.46	366.36	396.95	2604.77	4995.23
7650	7625.00 - 7674.99	1856.96	369.59	397.67	2624.23	5025.77
7700	7675.00 - 7724.99	1872.46	372.82	398.40	2643.68	5056.32
7750	7725.00 - 7774.99	1887.96	376.05	399.12	2663.14	5086.86
7800	7775.00 - 7824.99	1903.46	379.28	399.85	2682.59	5117.41
7850	7825.00 - 7874.99	1918.96	382.51	400.57	2702.05	5147.95
7900	7875.00 - 7924.99	1934.46	385.74	401.30	2721.50	5178.50
7950	7925.00 - 7974.99	1949.96	388.97	402.02	2740.96	5209.04
8000	7975.00 - 8024.99	1965.46	392.20	402.75	2760.41	5239.59
8050	8025.00 - 8074.99	1980.96	395.43	403.47	2779.87	5270.13
8100	8075.00 - 8124.99	1996.46	398.66	404.20	2799.32	5300.68
8150	8125.00 - 8174.99	2011.96	401.89	404.92	2818.78	5331.22
8200	8175.00 - 8224.99	2027.46	405.12	405.65	2838.23	5361.77
8250	8225.00 - 8274.99	2042.96	408.35	406.37	2857.69	5392.31
8300	8275.00 - 8324.99	2058.46	411.58	407.10	2877.14	5422.86
8350	8325.00 - 8374.99	2073.96	414.81	407.82	2896.60	5453.40
8400	8375.00 - 8424.99	2089.46	418.24	408.55	2916.25	5483.75
8450	8425.00 - 8474.99	2104.96	422.28	409.27	2936.51	5513.49
8500	8475.00 - 8524.99	2120.46	426.31	410.00	2956.78	5543.22
8550	8525.00 - 8574.99	2135.96	430.35	410.72	2977.04	5572.96
8600	8575.00 - 8624.99	2151.46	434.39	411.45	2997.30	5602.70
8650	8625.00 - 8674.99	2166.96	438.43	412.17	3017.56	5632.44
8700	8675.00 - 8724.99	2182.46	442.46	412.90	3037.83	5662.17
8750	8725.00 - 8774.99	2197.96	446.50	413.62	3058.09	5691.91
8800	8775.00 - 8824.99	2213.46	450.54	414.35	3078.35	5721.65
8850	8825.00 - 8874.99	2228.96	454.58	415.07	3098.61	5751.39
8900	8875.00 - 8924.99	2244.46	458.61	415.80	3118.88	5781.12

**Ohio**  
**1992 Federal & State Taxes**  
**GROSS TO NET INCOME CONVERSION TABLE**

<i>Gross Monthly Income</i>	<i>Gross Income Range</i>	<i>Federal Tax</i>	<i>Ohio State Tax</i>	<i>FICA</i>	<i>Total Taxes</i>	<i>Net Monthly Income</i>
8950	8925.00 - 8974.99	2259.96	462.65	416.52	3139.14	5810.86
9000	8975.00 - 9024.99	2275.46	466.69	417.25	3159.40	5840.60
9050	9025.00 - 9074.99	2290.96	470.73	417.97	3179.66	5870.34
9100	9075.00 - 9124.99	2306.46	474.76	418.70	3199.93	5900.07
9150	9125.00 - 9174.99	2321.96	478.80	419.42	3220.19	5929.81
9200	9175.00 - 9224.99	2337.46	482.84	420.15	3240.45	5959.55
9250	9225.00 - 9274.99	2352.96	486.88	420.87	3260.71	5989.29
9300	9275.00 - 9324.99	2368.46	490.91	421.60	3280.98	6019.02
9350	9325.00 - 9374.99	2383.96	494.95	422.32	3301.24	6048.76
9400	9375.00 - 9424.99	2399.46	498.99	423.05	3321.50	6078.50
9450	9425.00 - 9474.99	2414.96	503.03	423.77	3341.76	6108.24
9500	9475.00 - 9524.99	2430.46	507.06	424.50	3362.03	6137.97
9550	9525.00 - 9574.99	2445.96	511.10	425.22	3382.29	6167.71
9600	9575.00 - 9624.99	2461.46	515.14	425.95	3402.55	6197.45
9650	9625.00 - 9674.99	2476.96	519.18	426.67	3422.81	6227.19
9700	9675.00 - 9724.99	2492.46	523.21	427.40	3443.08	6256.92
9750	9725.00 - 9774.99	2507.96	527.25	428.12	3463.34	6286.66
9800	9775.00 - 9824.99	2523.46	531.29	428.85	3483.60	6316.40
9850	9825.00 - 9874.99	2538.96	535.33	429.57	3503.86	6346.14
9900	9875.00 - 9924.99	2554.46	539.36	430.30	3524.13	6375.87
9950	9925.00 - 9974.99	2569.96	543.40	431.02	3544.39	6405.61
10000	9975.00 - 10024.99	2585.46	547.44	431.75	3564.65	6435.35
10050	10025.00 - 10074.99	2600.96	551.48	432.47	3584.91	6465.09
10100	10075.00 - 10124.99	2616.46	555.51	433.20	3605.18	6494.82
10150	10125.00 - 10174.99	2631.96	559.55	433.92	3625.44	6524.56
10200	10175.00 - 10224.99	2647.46	563.59	434.65	3645.70	6554.30
10250	10225.00 - 10274.99	2662.96	567.63	435.37	3665.96	6584.04
10300	10275.00 - 10324.99	2678.46	571.66	436.10	3686.23	6613.77
10350	10325.00 - 10374.99	2693.96	575.70	436.82	3706.49	6643.51
10400	10375.00 - 10424.99	2709.46	579.74	437.55	3726.75	6673.25
10450	10425.00 - 10474.99	2724.96	583.78	438.27	3747.01	6702.99
10500	10475.00 - 10524.99	2740.46	587.81	439.00	3767.28	6732.72
10550	10525.00 - 10574.99	2755.96	591.85	439.72	3787.54	6762.46
10600	10575.00 - 10624.99	2771.46	595.89	440.45	3807.80	6792.20
10650	10625.00 - 10674.99	2786.96	599.93	441.17	3828.06	6821.94
10700	10675.00 - 10724.99	2802.46	603.96	441.90	3848.33	6851.67
10750	10725.00 - 10774.99	2817.96	608.00	442.62	3868.59	6881.41
10800	10775.00 - 10824.99	2833.46	612.04	443.35	3888.85	6911.15
10850	10825.00 - 10874.99	2848.96	616.08	444.07	3909.11	6940.89
10900	10875.00 - 10924.99	2864.46	620.11	444.07	3928.65	6971.35
10950	10925.00 - 10974.99	2879.96	624.15	444.07	3948.19	7001.81
11000	10975.00 - 11024.99	2895.46	628.19	444.07	3967.72	7032.28

**Ohio**  
**1992 Federal & State Taxes**  
**GROSS TO NET INCOME CONVERSION TABLE**

<i>Gross Monthly Income</i>	<i>Gross Income Range</i>	<i>Federal Tax</i>	<i>Ohio State Tax</i>	<i>FICA</i>	<i>Total Taxes</i>	<i>Net Monthly Income</i>
11050	11025.00 - 11074.99	2910.96	632.23	444.07	3987.26	7062.74
11100	11075.00 - 11124.99	2926.46	636.26	444.07	4006.80	7093.20
11150	11125.00 - 11174.99	2941.96	640.30	444.07	4026.34	7123.66
11200	11175.00 - 11224.99	2957.46	644.34	444.07	4045.87	7154.13
11250	11225.00 - 11274.99	2972.96	648.38	444.07	4065.41	7184.59
11300	11275.00 - 11324.99	2988.46	652.41	444.07	4084.95	7215.05
11350	11325.00 - 11374.99	3003.96	656.45	444.07	4104.49	7245.51
11400	11375.00 - 11424.99	3019.46	660.49	444.07	4124.02	7275.98
11450	11425.00 - 11474.99	3034.96	664.53	444.07	4143.56	7306.44
11500	11475.00 - 11524.99	3050.46	668.56	444.07	4163.10	7336.90
11550	11525.00 - 11574.99	3065.96	672.60	444.07	4182.64	7367.36
11600	11575.00 - 11624.99	3081.46	676.64	444.07	4202.17	7397.83
11650	11625.00 - 11674.99	3096.96	680.68	444.07	4221.71	7428.29
11700	11675.00 - 11724.99	3112.46	684.71	444.07	4241.25	7458.75
11750	11725.00 - 11774.99	3127.96	688.75	444.07	4260.79	7489.21
11800	11775.00 - 11824.99	3143.46	692.79	444.07	4280.32	7519.68
11850	11825.00 - 11874.99	3158.96	696.83	444.07	4299.86	7550.14
11900	11875.00 - 11924.99	3174.46	700.86	444.07	4319.40	7580.60
11950	11925.00 - 11974.99	3189.96	704.90	444.07	4338.94	7611.06
12000	11975.00 - 12024.99	3205.46	708.94	444.07	4358.47	7641.53
12050	12025.00 - 12074.99	3220.96	712.98	444.07	4378.01	7671.99
12100	12075.00 - 12124.99	3236.46	717.01	444.07	4397.55	7702.45
12150	12125.00 - 12174.99	3251.96	721.05	444.07	4417.09	7732.91
12200	12175.00 - 12224.99	3267.46	725.09	444.07	4436.62	7763.38
12250	12225.00 - 12274.99	3282.96	729.13	444.07	4456.16	7793.84
12300	12275.00 - 12324.99	3298.46	733.16	444.07	4475.70	7824.30
12350	12325.00 - 12374.99	3313.96	737.20	444.07	4495.24	7854.76
12400	12375.00 - 12424.99	3329.46	741.24	444.07	4514.77	7885.23
12450	12425.00 - 12474.99	3344.96	745.28	444.07	4534.31	7915.69
12500	12475.00 - 12524.99	3360.46	749.31	444.07	4553.85	7946.15
12550	12525.00 - 12574.99	3375.96	753.35	444.07	4573.39	7976.61
12600	12575.00 - 12624.99	3391.46	757.39	444.07	4592.92	8007.08
12650	12625.00 - 12674.99	3406.96	761.43	444.07	4612.46	8037.54
12700	12675.00 - 12724.99	3422.46	765.46	444.07	4632.00	8068.00
12750	12725.00 - 12774.99	3437.96	769.50	444.07	4651.54	8098.46
12800	12775.00 - 12824.99	3453.46	773.54	444.07	4671.07	8128.93
12850	12825.00 - 12874.99	3468.96	777.58	444.07	4690.61	8159.39
12900	12875.00 - 12924.99	3484.46	781.61	444.07	4710.15	8189.85
12950	12925.00 - 12974.99	3499.96	785.65	444.07	4729.69	8220.31
13000	12975.00 - 13024.99	3515.46	789.69	444.07	4749.22	8250.78
13050	13025.00 - 13074.99	3530.96	793.73	444.07	4768.76	8281.24
13100	13075.00 - 13124.99	3546.46	797.76	444.07	4788.30	8311.70

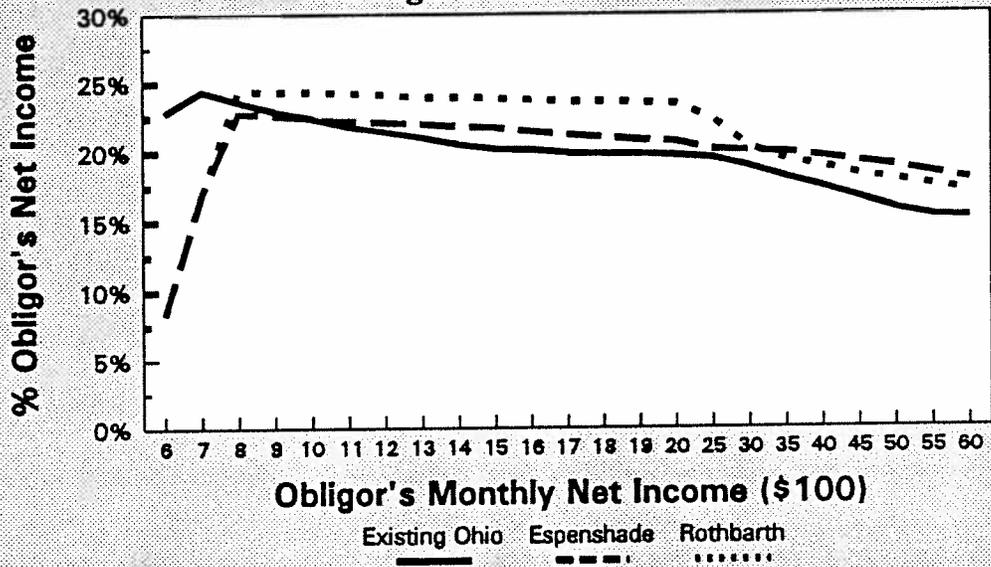
**Ohio**  
**1992 Federal & State Taxes**  
**GROSS TO NET INCOME CONVERSION TABLE**

<i>Gross Monthly Income</i>	<i>Gross Income Range</i>	<i>Federal Tax</i>	<i>Ohio State Tax</i>	<i>FICA</i>	<i>Total Taxes</i>	<i>Net Monthly Income</i>
13150	13125.00 - 13174.99	3561.96	801.80	444.07	4807.84	8342.16
13200	13175.00 - 13224.99	3577.46	805.84	444.07	4827.37	8372.63
13250	13225.00 - 13274.99	3592.96	809.88	444.07	4846.91	8403.09
13300	13275.00 - 13324.99	3608.46	813.91	444.07	4866.45	8433.55
13350	13325.00 - 13374.99	3623.96	817.95	444.07	4885.99	8464.01
13400	13375.00 - 13424.99	3639.46	821.99	444.07	4905.52	8494.48
13450	13425.00 - 13474.99	3654.96	826.03	444.07	4925.06	8524.94
13500	13475.00 - 13524.99	3670.46	830.06	444.07	4944.60	8555.40
13550	13525.00 - 13574.99	3685.96	834.10	444.07	4964.14	8585.86
13600	13575.00 - 13624.99	3701.46	838.14	444.07	4983.67	8616.33
13650	13625.00 - 13674.99	3716.96	842.18	444.07	5003.21	8646.79
13700	13675.00 - 13724.99	3732.46	846.21	444.07	5022.75	8677.25
13750	13725.00 - 13774.99	3747.96	850.25	444.07	5042.29	8707.71
13800	13775.00 - 13824.99	3763.46	854.29	444.07	5061.82	8738.18
13850	13825.00 - 13874.99	3778.96	858.33	444.07	5081.36	8768.64
13900	13875.00 - 13924.99	3794.46	862.36	444.07	5100.90	8799.10
13950	13925.00 - 13974.99	3809.96	866.40	444.07	5120.44	8829.56
14000	13975.00 - 14024.99	3825.46	870.44	444.07	5139.97	8860.03
14050	14025.00 - 14074.99	3840.96	874.48	444.07	5159.51	8890.49
14100	14075.00 - 14124.99	3856.46	878.51	444.07	5179.05	8920.95
14150	14125.00 - 14174.99	3871.96	882.55	444.07	5198.59	8951.41
14200	14175.00 - 14224.99	3887.46	886.59	444.07	5218.12	8981.88
14250	14225.00 - 14274.99	3902.96	890.63	444.07	5237.66	9012.34
14300	14275.00 - 14324.99	3918.46	894.66	444.07	5257.20	9042.80
14350	14325.00 - 14374.99	3933.96	898.70	444.07	5276.74	9073.26
14400	14375.00 - 14424.99	3949.46	902.74	444.07	5296.27	9103.73
14450	14425.00 - 14474.99	3964.96	906.78	444.07	5315.81	9134.19
14500	14475.00 - 14524.99	3980.46	910.81	444.07	5335.35	9164.65
14550	14525.00 - 14574.99	3995.96	914.85	444.07	5354.89	9195.11
14600	14575.00 - 14624.99	4011.46	918.89	444.07	5374.42	9225.58
14650	14625.00 - 14674.99	4026.96	922.93	444.07	5393.96	9256.04
14700	14675.00 - 14724.99	4042.46	926.96	444.07	5413.50	9286.50
14750	14725.00 - 14774.99	4057.96	931.00	444.07	5433.04	9316.96
14800	14775.00 - 14824.99	4073.46	935.04	444.07	5452.57	9347.43
14850	14825.00 - 14874.99	4088.96	939.08	444.07	5472.11	9377.89
14900	14875.00 - 14924.99	4104.46	943.11	444.07	5491.65	9408.35
14950	14925.00 - 14974.99	4119.96	947.15	444.07	5511.19	9438.81
15000	14975.00 - 15024.99	4135.46	951.19	444.07	5530.72	9469.28

**APPENDIX IV**

## Child Support Formulas - One Child

Obligee's Income = \$0



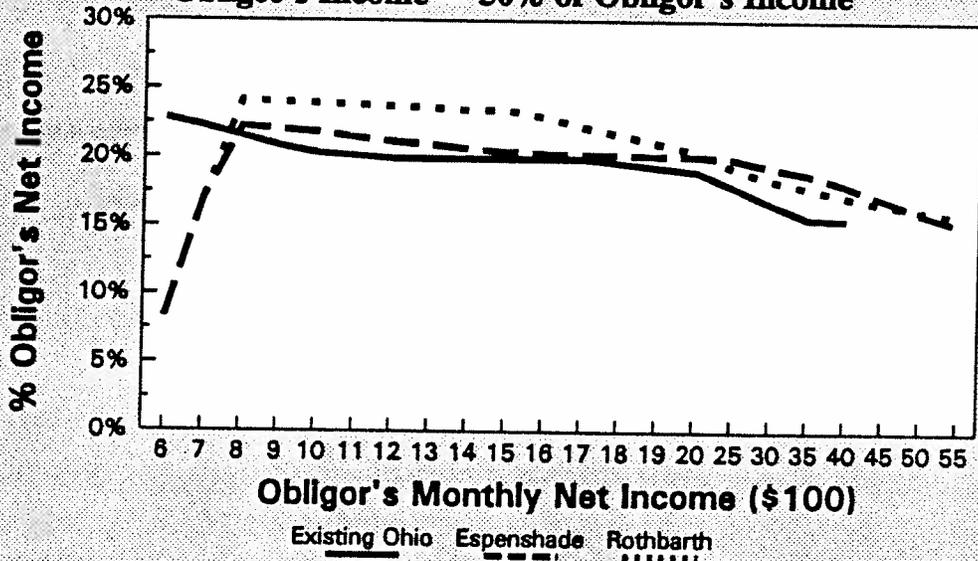
### Comparison of Child Support Guidelines - One Child

OBLIGEE'S INCOME = \$0

Obligor's Monthly Net Income	MONTHLY CHILD SUPPORT DUE		PROPORTION OF OBLIGOR'S NET INCOME SPENT ON CHILD SUPPORT		
	Existing Ohio	Proposed Ohio	Obligor's Monthly Net Income	Existing Ohio	Proposed Ohio
600	137	50	600	23%	8%
700	171	119	700	24%	17%
800	189	195	800	24%	24%
900	206	219	900	23%	24%
1000	224	243	1000	22%	24%
1100	240	266	1100	22%	24%
1200	257	289	1200	21%	24%
1300	272	311	1300	21%	24%
1400	288	334	1400	21%	24%
1500	304	357	1500	20%	24%
1600	321	379	1600	20%	24%
1700	338	402	1700	20%	24%
1800	356	424	1800	20%	24%
1900	377	447	1900	20%	24%
2000	397	469	2000	20%	23%
2500	488	557	2500	20%	22%
3000	567	610	3000	19%	20%
3500	634	681	3500	18%	19%
4000	699	755	4000	17%	19%
4500	746	824	4500	17%	18%
5000	792	894	5000	16%	18%
5500	843	963	5500	15%	18%
6000	927	1024	6000	15%	17%

## Child Support Formulas - One Child

Obligee's Income = 50% of Obligor's Income



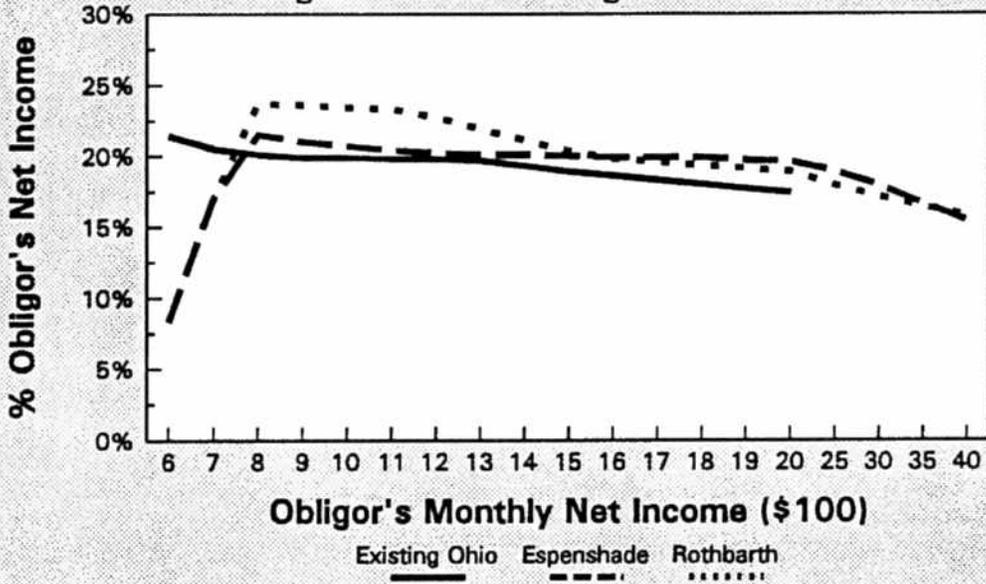
### Comparison of Child Support Guidelines - One Child

OBLIGEE'S INCOME = 50% OF OBLIGOR'S INCOME

MONTHLY CHILD SUPPORT DUE			PROPORTION OF OBLIGOR'S NET INCOME SPENT ON CHILD SUPPORT		
Obligor's Monthly Net Income	Existing Ohio	Proposed Ohio	Obligor's Monthly Net Income	Existing Ohio	Proposed Ohio
600	137	50	600	23%	8%
700	155	119	700	22%	17%
800	172	193	800	22%	24%
900	188	216	900	21%	24%
1000	203	239	1000	20%	24%
1100	221	262	1100	20%	24%
1200	238	284	1200	20%	24%
1300	259	307	1300	20%	24%
1400	279	329	1400	20%	23%
1500	299	351	1500	20%	23%
1600	319	366	1600	20%	23%
1700	338	377	1700	20%	22%
1800	352	389	1800	20%	22%
1900	366	399	1900	19%	21%
2000	380	409	2000	19%	20%
2500	446	481	2500	18%	19%
3000	500	552	3000	17%	18%
3500	546	622	3500	16%	18%
4000	621	686	4000	16%	17%
4500		747	4500		17%
5000		809	5000		16%
5500		868	5500		16%

## Child Support Formulas - One Child

Obligee's Income = Obligor's Income



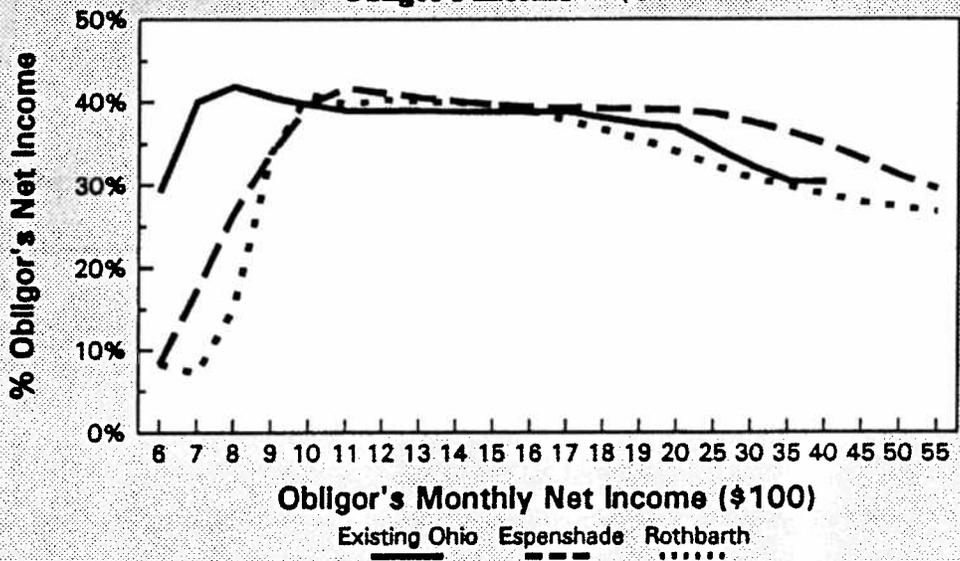
### Comparison of Child Support Guidelines - One Child

OBLIGEE'S INCOME = OBLIGOR'S INCOME

MONTHLY CHILD SUPPORT DUE			PROPORTION OF OBLIGOR'S NET INCOME SPENT ON CHILD SUPPORT		
Obligor's Monthly Net Income	Existing Ohio	Proposed Ohio	Obligor's Monthly Net Income	Existing Ohio	Proposed Ohio
600	129	50	600	21%	8%
700	144	119	700	21%	17%
800	161	190	800	20%	24%
900	178	212	900	20%	24%
1000	199	234	1000	20%	23%
1100	218	256	1100	20%	23%
1200	238	273	1200	20%	23%
1300	256	284	1300	20%	22%
1400	270	295	1400	19%	21%
1500	284	305	1500	19%	20%
1600	298	317	1600	19%	20%
1700	311	333	1700	18%	20%
1800	323	348	1800	18%	19%
1900	336	363	1900	18%	19%
2000	349	377	2000	17%	19%
2500		447	2500		18%
3000		512	3000		17%
3500		573	3500		16%
4000		633	4000		16%

## Child Support Formulas - Three Children

Obligee's Income = \$0



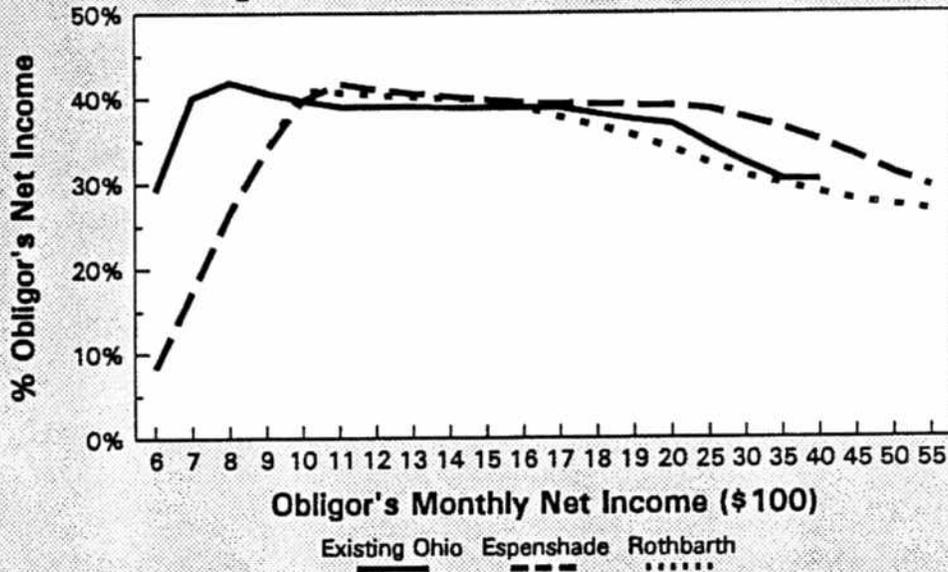
### Comparison of Child Support Guidelines - Three Children

OBLIGEE'S INCOME = \$0

MONTHLY CHILD SUPPORT DUE			PROPORTION OF OBLIGOR'S NET INCOME SPENT ON CHILD SUPPORT		
Obligor's Monthly Net Income	Existing Ohio	Proposed Ohio	Obligor's Monthly Net Income	Existing Ohio	Proposed Ohio
600	175	50	600	29%	8%
700	281	121	700	40%	17%
800	368	213	800	46%	27%
900	403	305	900	45%	34%
1000	435	397	1000	44%	40%
1100	469	460	1100	43%	42%
1200	501	498	1200	42%	42%
1300	531	536	1300	41%	41%
1400	561	575	1400	40%	41%
1500	592	613	1500	39%	41%
1600	625	650	1600	39%	41%
1700	657	688	1700	39%	40%
1800	693	725	1800	39%	40%
1900	732	762	1900	39%	40%
2000	771	800	2000	39%	40%
2500	952	950	2500	38%	38%
3000	1102	1033	3000	37%	34%
3500	1227	1151	3500	35%	33%
4000	1349	1273	4000	34%	32%
4500	1446	1386	4500	32%	31%
5000	1541	1504	5000	31%	30%
5500	1644	1621	5500	30%	29%
6000	1800	1727	6000	30%	29%

## Child Support Formulas - Three Children

Obligee's Income = 50% of Obligor's Income



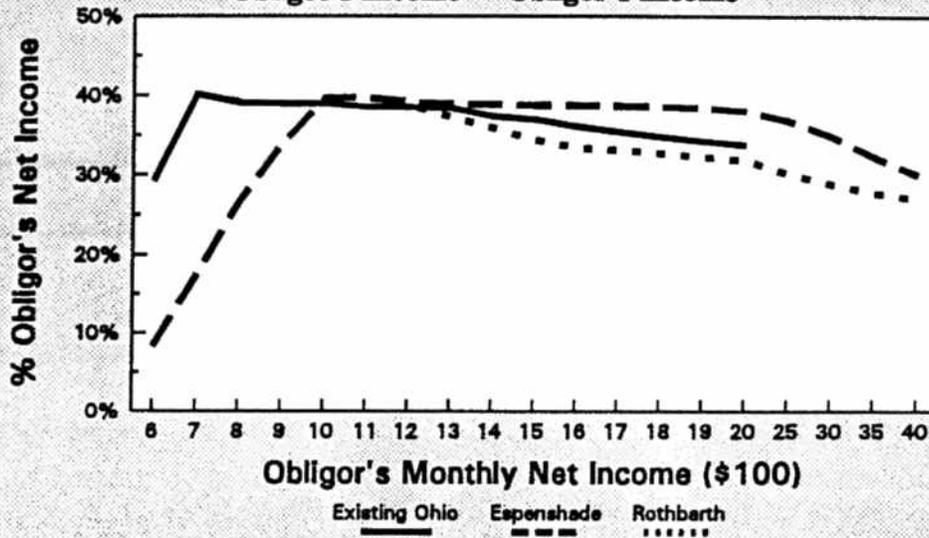
### Comparison of Child Support Guidelines - Three Children

OBLIGEE'S INCOME = 50% OF OBLIGOR'S INCOME

MONTHLY CHILD SUPPORT DUE			PROPORTION OF OBLIGOR'S NET INCOME SPENT ON CHILD SUPPORT		
Obligor's Monthly Net Income	Existing Ohio	Proposed Ohio	Obligor's Monthly Net Income	Existing Ohio	Proposed Ohio
600	175	50	600	29%	8%
700	281	121	700	40%	17%
800	336	213	800	42%	27%
900	366	305	900	41%	34%
1000	397	397	1000	40%	41%
1100	429	448	1100	39%	40%
1200	463	484	1200	39%	40%
1300	504	521	1300	39%	40%
1400	543	558	1400	39%	40%
1500	583	596	1500	39%	40%
1600	622	620	1600	39%	39%
1700	660	640	1700	39%	38%
1800	686	660	1800	38%	37%
1900	712	675	1900	37%	36%
2000	738	689	2000	37%	34%
2500	863	809	2500	35%	32%
3000	969	925	3000	32%	31%
3500	1065	1043	3500	30%	30%
4000	1211	1152	4000	30%	29%
4500		1259	4500		28%
5000		1365	5000		27%
5500		1467	5500		27%

## Child Support Formulas - Three Children

Obligee's Income = Obligor's Income



### Comparison of Child Support Guidelines - Three Children

OBLIGEE'S INCOME = OBLIGOR'S INCOME

MONTHLY CHILD SUPPORT DUE			PROPORTION OF OBLIGOR'S NET INCOME SPENT ON CHILD SUPPORT		
Obligor's Monthly Net Income	Existing Ohio	Proposed Ohio	Obligor's Monthly Net Income	Existing Ohio	Proposed Ohio
600	175	50	600	29%	8%
700	281	121	700	40%	17%
800	313	213	800	39%	27%
900	346	305	900	39%	34%
1000	385	397	1000	39%	40%
1100	425	437	1100	39%	40%
1200	464	465	1200	39%	39%
1300	499	485	1300	38%	37%
1400	525	502	1400	37%	36%
1500	555	517	1500	37%	34%
1600	577	536	1600	36%	33%
1700	601	562	1700	35%	33%
1800	626	588	1800	35%	33%
1900	650	612	1900	34%	32%
2000	675	636	2000	34%	32%
2500		752	2500		30%
3000		864	3000		29%
3500		970	3500		28%
4000		1075	4000		27%