

To: Alabama Advisory Committee on Child Support Guidelines and Enforcement
From: Jane Venohr, CPR
Data: March 16, 2023
RE: Treatment of Auto Insurance for Children

Statement of the Issue:

The Committee received the following request through public comment.

“As it relates to the true shared (50/50) custody, since health insurance is required for children, are there any plans to include language for [state mandated] auto insurance for children of driving age with a permit/driver’s license?”

Background: Federal Requirements of State Guidelines

Health Care Coverage for the Children

Regarding the comment that “health insurance is required,” there is some truth to that. There is a nuanced correction though. The federal regulation (45 C.F.R. 302.56 (c)(2)) states that a state’s child support guidelines must:

Address how the parents will provide for the child’s health care needs through private or public health care coverage and/or through cash medical support;

The correction is that a state guidelines must address how the parents will provide for the child’s health care needs which may or may not be health insurance. It could also include public health insurance or cash medical support (i.e., a financial contribution to the child’s health care). In fact, another federal regulation (45 C.F.R. 303.31(b)(1)) requires states to provide for the consideration of whether the cost of health care coverage for the child is reasonable and whether health care coverage is accessible to the child when determining how health care coverage should be ordered for a child. As an aside, the Alabama guidelines establishes a 10% of gross income threshold for determining if the cost of the child’s private health insurance or cash medical support to the parent responsible for providing it is reasonable.

Auto Insurance

There is no federal regulation pertaining to auto insurance. Generally, driving is a privilege; and, it is not on par with the health care needs of a child.

Treatment in Other States

CPR reviewed the provisions of 25 states.¹ None mentioned auto insurance for the children specifically. Still, this does not mean that it cannot be addressed. Pursuant federal requirements, all states including Alabama provide criteria to deviate from the presumptive guidelines when appropriate and in the best interest of the child. In other words, a court may consider the cost of auto insurance for a children of driving age if it is appropriate and in the best interest of the children.

¹ AR, AK, AZ, CA, CO, ID, FL, GA, KY, LA, MI, MO, NY, NC, NH, NM, MS, OR, RI, SC, TX, TN, WA, WV, WY.

Economic Data

The expenditure data underlying the Alabama child support schedule is the Consumer Expenditure Survey (CES) conducted by the U.S. Bureau of Labor Statistics. The CES is the most in-depth data source on household expenditures. It captures expenditures on hundreds of items. It considers the premium paid for insuring cars, trucks, and other vehicles in a household. It does not capture whether insurance is purchased for a particular household member. Due to insurance policies covering multiple people in a household, it would also be difficult to isolate that cost.

According to the 2021 CES, married couples with children spend \$2,072 per year on vehicle insurance on average. These families have an average of 2.5 vehicles. The average spent on vehicle insurance increases with the age of the oldest child.

- Oldest child is less than six years old: insurance averages \$1,586 per year and an average of 2.1 vehicles;
- Oldest child is between six and 17 years old: average insurance is \$1,858 per year and an average of 2.3 vehicles; and
- Oldest child is 18 years or older: average insurance is \$2,629 per year and average of 3.0 vehicles.

Obviously, a child over 18 years old may be an adult child, may be emancipated and no longer eligible for child support, and may pay for their own insurance. Again, the CES would not capture that. Another limitation is that this is national data, not Alabama-specific insurance costs.

The methodology used to estimate total child-rearing expenditures would capture the child's share of typical child-related vehicle insurance, and how it varies with income. However, since the estimates consider average child-rearing expenditures from ages 0-17 years old, it would not capture how the cost of vehicle insurance varies with the age variation.

Age of Children

The minimum age of a driver's license in Alabama is 16 years. The minimum age of a learner's permit is 15 years. These age restrictions limit the number of children for whom the cost of auto insurance would be an issue when applying the child support guidelines.

Conclusions

To streamline the discussion, CPR offers the following conclusions. Nonetheless, it is the prerogative of the committee to disagree, reach their own conclusions, and develop their own recommendations.

- Driving a vehicle is a privilege so not on par to a child's health needs.
- CPR knows of no state that specifically mentions vehicle insurance for a child.
- Regardless, the cost of vehicle insurance could be addressed through a guidelines deviation if deemed appropriate and in the best interest of the child.
- There is likely to be a small percentage of children in the child support caseload who are driving age; and, have access to a vehicle.
 - When a specific issue affects a small percentage of the population, it may be more appropriately handled through a deviation.