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Mr. Bob Maddox
Administrative Office of Courts
300 Dexter Avenue
Montgomery, AL 36104-3741

May 18, 2020

Re: Response to Request for Proposal for evaluating a potential update for the child cost table regarding Alabama's child support guidelines, letter from Mr. Rich Hobson, Administrative Director of Courts, April 30, 2020

Dear Mr. Maddox:

Thank you for the opportunity to respond to your Request for Proposal.

Summary

This response is in three parts: 1) Reviewing the Child Cost Schedule, 2) Reviewing state labor market data and guideline policies impact on low income families, and 3) Case Study.

The fee for developing updated and alternative child cost tables, conducting the analysis for the alternative tables and surrounding states, reviewing state labor market data and guideline policies' impact on low income families, and case study analysis is \$18,550 (see budget document for detail).

The final report would be completed a few months after a contract is finalized and case study data are collected. The fee would also cover the cost of travel for making one presentation in Montgomery on the findings.

I. Reviewing the Child Cost Schedule

Proposal for Reviewing Child Cost Schedule and Comparative Analysis

Rogers Economics, Inc. proposes the following methodologies for meeting the Selection Criteria with three alternative cost tables to consider:

1. **Develop an updated standard "Income Shares" cost table based on a 2010 study by David Betson of the University of Notre Dame.** This is the study used as a foundation for guideline reviews by most states. The child cost table would be adjusted for Alabama income tax code and be based on gross income instead of net income in the study. It should be noted that this study is based on national data for intact households (married couples) and can be considered a starting point.

2. **Adjust the standard Income Shares cost table for differences between the cost of living in Alabama and the U.S. average.** The child cost table would be adjusted for the cost of living ratios for selected cities in Alabama. An average of the cities would be used.
3. **Adjust the standard Income Shares cost table for the cost of a second household.** The Betson study is based on intact family households. In child support cases, there are two households which increases “adult overhead costs” such as for a second mortgage or rent payment and utilities. This reduces available income for non-housing expenditures. Second household expenses are for single adult households and are a separate issue from parenting time costs. Consideration of second household costs is appropriate for the presumptive cost table to be consistent with case facts, including ability to pay.
4. **Adjust national data cost tables for both second household adjustments and the cost of living in Alabama.**
5. **Adjust all tables to incorporate an updated self-support reserve.** This self-support reserve in the cost table can be based on the U.S. poverty guidelines or these guidelines adjusted for the cost of living in Alabama.
6. **Current and updated cost tables would be reviewed for federal requirements for analysis of impact on subsistence needs of the noncustodial parent. Additionally, cost tables would be reviewed in comparison with neighboring states.**

The section of the report would include two sets of comparisons.

The first set would be for:

- Alabama’s existing child support guideline cost schedule
- The standard Income Shares cost schedule
- The standard Income Shares cost schedule with an adjustment for the cost of living in Alabama
- The standard Income Shares cost schedule with an adjustment for the additional cost of a second household, which reduces available income for other expenses.

A second set of comparisons would be made for child support awards in Alabama versus surrounding states. The comparisons would be for selected scenarios for income and number of children.

The approaches on developing alternative child cost tables complies with the federal and state requirements that the state consider economic data when developing numeric formulas for child support awards. See 45 CFR 302.56..

II. Reviewing state labor market data and guideline policies impact on low income families

The analysis will review state labor market data by occupation and skill level (to the extent available) on the impact on custodial and noncustodial parents with family incomes below 200 percent of the Federal poverty level. More current state economic data will also be used to supplement analysis.

III. Case Study

The case study would necessarily require coordination of collection of data with the State of Alabama. The cost of analysis is based on provision of case data by the State of Alabama in compiled digital format such as Excel. If consultant is needed to assist in collection and compilation of case study data, additional fees would be considered.

The case study would cover analyzing deviation frequency and by various available characteristics. The case study also would address federal requirements for analyzing case data on the application of and deviations from the child support guidelines, as well as the rates of default and imputed child support orders and orders determined using the low-income adjustment required under 45 CFR 302.56. The analysis would include a comparison of payments on child support orders by case characteristics, including whether the order was entered by default, based on imputed income, or determined using the low-income adjustment required under 45 CFR 302.56. Analysis would be dependent on the provision of sufficient case details to be provided by the State of Alabama.

Fees and Additional Comments

The fee for developing updated and alternative child cost tables, conducting the analysis for the alternative tables and surrounding states, reviewing state labor market data and guideline policies' impact on low income families, and case study analysis is \$18,500. This fee is reasonable as it is comparable to a prior accepted proposal and includes the added cost of analysis of a case study. The final report would be completed a few months after a contract is finalized and case study data are collected. The fee would also cover the cost of travel for making one presentation in Montgomery on the findings.

A curriculum vitae is attached, indicating the consultant/vendor's qualifications and experience. The budget for the RFP response also is attached.

Sincerely,



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