MEETING OF THE ADVISORY COMMITTEE
ON CHILD SUPPORT GUIDELINES AND ENFORCEMENT
FOR THE STATE OF ALABAMA
FRIDAY, MARCH 12, 2021
10:00 A.M.

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THE ADVISORY COMMITTEE ON CHILD SUPPORT GUIDELINES AND ENFORCEMENT MEETING was held before Jeana S. Boggs, Certified Court Reporter and Commissioner for the State of Alabama at Large, via Virtual videoconference, Montgomery, Alabama, commencing at 10:00 A.M., Friday, March 12, 2021.

APPEARANCES

GUEST SPEAKER:

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APPEARANCES FROM THE PUBLIC:

CLIFFORD SMITH

TIFFANY GATES

LISA CLARK

LEE WOOD

RHONDA WILSON

CHERYL KIDD

MS. DAVIS: Well, good morning, everyone. We appreciate each of you spending your time with us to discuss the Child Support Guidelines. We first want to welcome and identify for anyone that's new.

Jeana Boggs, if you would, just kind of wave your hand there so everybody will be able to identify who she is.

THE COURT REPORTER: (Waving).

MS. DAVIS: Thank you. Let me remind you that since we are not in person that we are being -- Bob is recording this, of course, but Jeana is our person that's doing our --

MR. MADDOX: Record.

MS. DAVIS: -- record. Thank you. Our video --

MR. MADDOX: And transcript.

MS. DAVIS: -- and doing our transcript. And so, it would certainly help her if we will identify ourselves to her as we speak. She can see, but sometimes it's hard for her to recognize names.

Also, we are a very numerically oriented committee. And it would help her and all of us, actually, if when you are speaking in terms of numbers, you would use three dollars and ninety-five cents instead of just saying three ninety-five, or you are talking about three point ninety-five percent, just be a little more specific than you might be otherwise.

At this point, Bob, would you call the roll for everyone?

MR. MADDOX: Yes, ma'am. So, when I call your name, just unmute yourself and let me know, say "present" or "here" if you don't mind, just so I can have a record of your attendance.

Honorable Sarah Stewart?

(No response).

MR. MADDOX: I didn't see her on the screen. Honorable Don McMillan?

(No response).

MR. MADDOX: I didn't see him

either. Honorable Michael Sherman?

(No response).

MR. MADDOX: Honorable Aubrey Ford?

(No response).

MR. MADDOX: Honorable Julie Palmer? I think she emailed us she may be a little late this morning, but she will join later.

Honorable Karen Dunn Burks?

(No response).

MR. MADDOX: We know Professor Penny Davis is on. She just spoke.

Amanda Cox?

MS. COX: Here.

MR. MADDOX: Thank you. Angela Campbell?

MS. CAMPBELL: Here.

MR. MADDOX: Thank you. Drew Whitmire?

(No response).

MR. MADDOX: Greg Starkey? Greg Starkey?

(No response).

MR. MADDOX: Jennifer Bush?

(No response).

MR. MADDOX: I didn't see her join yet.

Jessica Kirk Drennan?

(No response).

MR. MADDOX: Jim Jeffries?

(No response).

MR. MADDOX: Katie Steinwinder?

MS. STEINWINDER: Present.

MR. MADDOX: Thank you. Lathesia McClenney?

MS. MCCLENNEY: Here.

MR. MADDOX: Thank you, Lathesia. Melody Baldwin?

(No response).

MR. MADDOX: Professor Brian Gray?

PROFESSOR GRAY: I am here.

MR. MADDOX: Thank you. Stephen Arnold?

(No response).

MR. MADDOX: Mallory Hall?

MS. HALL: Present.

MR. MADDOX: Thank you. We know Jeana Boggs is on; that's the Court Reporter.

Honorable Julia Weller?

MS. WELLER: Here.

MR. MADDOX: Thank you. Stephanie Blackburn? Stephanie, can you speak up?

MS. DAVIS: There she is.

MS. BLACKBURN: I have an old laptop. Can y'all hear me?

MS. DAVIS: Yes. We can now.

MS. BLACKBURN: Okay.

MR. MADDOX: Thank you. Nathan Wilson?

(No response).

MR. MADDOX: Dr. Jane Venohr? She's here. She is waving.

Clifford Smith?

MR. SMITH: Present.

MR. MADDOX: Cliff, would you

like to speak at the end?

MR. SMITH: I would not. Thank you.

MR. MADDOX: Okay. Tiffany Gates?

MS. GATES: Here.

MR. MADDOX: Would you like to speak at the end?

MS. GATES: No, sir.

MR. MADDOX: Okay. Lisa Clark?

MS. CLARK: Here.

MR. MADDOX: Would you like to speak?

MS. CLARK: No, sir.

MR. MADDOX: Thank you. Lee Wood?

MS. WOOD: Here.

MR. MADDOX: Thank you. Would you like to speak, Ms. Wood? Did you hear me, Ms. Wood? Would you like to speak at the end?

MS. WOOD: Yes, please.

MR. MADDOX: Okay. Thank you.

Rhonda Wilson? Rhonda Wilson?

(No response).

MR. MADDOX: Alisha Ruffin?

(No response).

MR. MADDOX: Laura Clemons?

(No response).

MR. MADDOX: Stanna Guice?

(No response).

MR. MADDOX: Honorable Patricia Stephens?

(No response).

MR. MADDOX: I think she may be joining later. She has a hearing, I think, but she wanted to join. She is a judge in Jefferson County.

Cheryl Kidd?

MS. KIDD: Present.

MR. MADDOX: Would you like to speak at the end?

MS. KIDD: No, sir.

MR. MADDOX: Okay. Thank you. DeOndre Morgan?

(No response).

MR. MADDOX: Honorable Don McMillan? I think I just admitted him. He is waving. He is here.

HON. MCMILLAN: Yes, sir. I am here.

MR. MADDOX: Thank you, sir.

And may I ask who is B-J-F-O-R. Can you unmute yourself and identify yourself? B-J-F-O-R?

HON. FORD: Bob, this is Judge Ford.

MR. MADDOX: Oh, hey, Judge Ford.

HON. FORD: How are you doing?

MR. MADDOX: Good. How are you?

HON. FORD: That's my wife's initials.

MR. MADDOX: Thank you for identifying yourself.

All right. Penny, that's all I have for now.

MS. DAVIS: Welcome, Judge Ford. We are just so happy to have you even under your wife's pseudonym. We're always delighted to have you join us. He is the leading expert in Alabama for sure.

Let me turn our attention to Stephanie. And could you let us know if we have a quorum.

MS. BLACKBURN: Can y'all hear me? Sorry. This is an old laptop. I didn't realize how old it was.

I am actually counting that we do not have a quorum today.

MS. DAVIS: Okay. Thank you. We may have -- We have some judges, like Judge Palmer and some of the others, that may join us. So, we may get a quorum. If we do, then, if you will let us know that --

MS. BLACKBURN: I will.

MS. DAVIS: -- for our record that we do have a quorum. Okay. Still, we have a good group of people.

MS. BLACKBURN: I will.

MS. DAVIS: Pardon?

MS. BLACKBURN: I said I will.

MS. DAVIS: Okay. Thank you.

We do have a good group of both Committee members and citizens. And so, I am grateful that we are able to proceed with Zoom, and hopefully our situation will change in Alabama so that we can begin to meet in person maybe in a few months.

All right. Stephanie, I guess, would you also just verify for the record that we do have authorization from the Court to videoconference our meeting today?

MS. BLACKBURN: Yes. Yes. We do. The order is still in effect.

MS. DAVIS: I believe it's in effect through the end of this -- through August or September. I'm not sure.

MR. MADDOX: Through September.

MS. BLACKBURN: Through September?

MR. MADDOX: Yes.

MS. BLACKBURN: Okay.

MS. DAVIS: Thanks, Bob.

MS. BLACKBURN: Thanks, Bob.

MS. DAVIS: And, Bob, would you

confirm our notice to the media?

MR. MADDOX: Yes, ma'am. The news release for this meeting was sent out by email dated February 17th from Scott Hoyem, Public Information Officer in the Administrative Office of Courts, notifying persons of this meeting and asking them, if they wanted to submit written comments, they could do so by February 4th to the Supreme Court Clerk's Office. And they can also join by Zoom if they notify us by March 10th, which was Wednesday of this week.

As I stated previously, all the news releases, agenda -- meeting agendas, the transcripts and other documents are on our website at Alacourt.gov under Child Support and Child Support Guidelines Review Enforcement.

MS. DAVIS: Thank you, Bob. And I believe -- I want to mention that we did have several people that submitted written documents. And I think we have a couple of people that want to speak today.

So, we do really appreciate the input we get from the members of the public. The guidelines that we are working with are certainly guidelines that affect so many people, and we do want to try to get everybody's opinion on these things.

At this point, we will need to ask for any corrections or changes relating to the transcript from the February 12th meeting, that was last month. Do I hear anyone wanting to speak on any corrections or changes to the transcript?

(No response).

MS. DAVIS: Okay. If not, may I get a motion to approve the transcript?

MS. STEINWINDER: I move to approve. This is Katie Steinwinder.

MS. DAVIS: Thank you, Katie. Can I have a second?

MS. HALL: I will second. This is Mallory Hall.

MS. DAVIS: Thank you, Mallory.

So, we have a motion and a second. All in favor please raise your hands.

(Committee members raising hands).

MS. DAVIS: Thank you. Thank you, Judge. Thank you, Judge. Mallory, thank you. All right. And Katie.

All right. Anybody who cannot -- who we can't see, if you would like to unmute and vote, please do so at this time and identify who you are.

(No response).

MS. DAVIS: Okay. Thank you. Anyone opposed, please raise your hand.

(No response).

MS. DAVIS: Okay. Anyone who is opposed that cannot visually be seen, if you would, unmute and let us know of your opposition.

(No response).

MS. DAVIS: Okay. Well, we had no one to unmute and no hands. So, the approval of the transcript passes unanimously.

At this point, we will turn over the program to Dr. Venohr. Each of us received the information ahead of time and is on the website. If anyone in the public would like to, you can look on the website and follow the document. Although I think Bob will probably put it up on screen which may be easier for the people -- for all of us to follow.

So, Jane, are you ready for Bob to put the screen up? Okay. Thank you.

DR. VENOHR: You know, Bob, let's -- I changed my mind from what I told you earlier. Can we put that review Alabama's fulfillment of federal requirements up first? I realized we should talk about some of the --

MR. MADDOX: Sure.

DR. VENOHR: While Bob is putting up the document, so far since December, I provided you four memos. And two of them were on the self-support reserve, and today

I want to talk mostly about that self-support reserve. But as you can see, the first two agenda items I have to cover are reviewing Alabama's fulfillment of federal requirements. So, I wanted to just take a few minutes to discuss that and then just do a recap of the schedule adjustments for Alabama's prices and income.

And as you know, the federal requirements of state guidelines expanded in 2016, and they are effective for a state the year after completing the review commencing a year after 2016, and a state has a year after their review to meet them. So, it's a little convoluted.

But what that memo shows that Bob is pulling up is that Alabama is in good shape. Alabama is knocking out all those federal requirements. And there are just a few that would be good for the Committee to look at and see if you want to do anything else with that provision or that requirement. You don't need me as an economist to do it.

And one of the things that I want to talk about that I realize I should talk about just is that we had some tax changes made this week at the federal level as you know. So, I just wanted to make people aware of that. And they are not long term. They are only this year, but I think it's good just to know about what's going on.

So, on that --

MR. MADDOX: Jane, is this the correct one? I apologize for interrupting.

DR. VENOHR: Yeah. You have got it, Bob.

MR. MADDOX: Is that good?

DR. VENOHR: Yeah. So, I will let him pull that up. Let's see. I am sure there's a timeline.

MR. MADDOX: Did you want me to go to the chart, Jane?

DR. VENOHR: I am sorry. Yeah, the chart. And if we do go to the first row --

MR. MADDOX: Can you see it yet?

DR. VENOHR: No, not yet. We are just still seeing your memo -- I mean, your list of files.

I will talk it out for the -- for a moment because I think everybody is kind of curious about the tax changes.

But before I talk about the tax changes and how they fit into the guidelines, I want to point out that row one -- there it is, the federal requirement. This is one that I think the Committee can talk about amongst yourselves without me is that the Child Support Guidelines under this paragraph they must provide the child support orders based upon the noncustodial parents' earnings income and other evidence of the ability to pay. And certainly Alabama meets that.

It's a very fuzzy federal requirement. The intent was to consider such things as quarterly wage data, include verbal testimony, those sort of things.

Some states have it in their guidelines. Some states have it in other parts of their rules or statute. What is evidence of income? They might say, you know, two pay stubs, the tax returns, those sort of things.

So, I just want to highlight that. If you want to tweak it. But, again, you don't need me.

If you go to page six, the other thing that I think the Committee -- I hope the Committee reviews -- and, again, you don't need me, an economist, to do this -- is on page six, and it's row six is the deviation criteria. As you know, the federal requirements are that states are to keep Guidelines deviations at a minimum. Alabama is. It's about 9%. But I think it's also a really good opportunity to review what your deviation criteria are and whether they are appropriate for today. And you can do that without me, again.

And the thing that I want to

highlight here is that there's one here that talks about taxes. It's Item (e) -- 1(e). It says, (as read) "The assumption under the Schedule of Basic Child-Support Obligations that the custodial parent will claim the federal and state income-tax exemptions for the children in his or her custody and will not be followed in the case."

And I think that's an important one. And the other one talks about child-care costs, the one right below that. And there's another one that talks about child-care costs. And I will explain why the child-care cost ones are important in a minute.

What I want to talk about with the tax assumptions is, in that schedule, we start with expenditures on child-rearing which are expressed as a percent of total family expenditures. So, we have to convert them to gross income. And how do we do that is we back them out assuming the taxes of a single taxpayer, and we use the federal withholding formula and the Alabama withholding income formula. And by doing that, so I should probably give an example is, if the schedule shows a $1,000.00 in gross income, then we compute what the tax amount would be for a single person. Let's say it's $800.00. Then we calculate the schedule amounts, those amounts that appear on the schedule based on that $800.00.

So, that assumption of how we get from a $1,000.00 to $800.00 is really important. And, again, that assumption is, we are assuming the tax rates of a single taxpayer, and that we are using the income withholding formula for federal and state taxes. And that's a favorable assumption to the obligated parent. If we assumed a married couple and included the child tax credit, which isn't included because it's not advanced now, then that would mean that there's more income. Instead of that $1,000.00 converting to $800.00, it might convert to $950.00. And then we would calculate support, the schedule amount based on that $950.00, and all those amounts would rise. So, this assumption is very, very important.

In some states, we don't have data on the high income cases in Alabama. I am working with Arizona right now. But in those states, such as Arizona, I would say that the majority of the cases at the higher income are splitting the tax exemptions related to the children.

And probably the one that matters right now using 2021 tax rates before these changes that were made in the American Rescue Act matters the most is the tax assumption of the child tax credit which is $2,000.00 a month per child currently, and that's only available to this narrow window of incomes. It is not available to very low incomes because it's a tax credit. Somebody has to have some tax liability before they can get the child tax credit.

And they will advance the first $1,400.00, but it's really limited.

For the very low income families, there's also the earned income tax credit, which that can't be signed from one parent to the other. The earned income tax credit goes to the parent that has the child that lives with them the majority of the time. If it's equal custody, it goes to the higher income parent, and this is pursuant federal IRS rules.

So, there is an earned income tax credit to childless adults, but the one that's affected y'all this week that will be in effect really didn't hit that minimum wage income. What happened this week in the American Rescue Act is that earned income tax credit expanded for childless adults.

So, it will probably -- I haven't done all the math, but it will affect that childless adult that's earning minimum wage. That's important to the Alabama caseload, particularly since about a third of your cases are set using presumed income to the obligated parents at full-time minimum wage earnings.

So, essentially in that situation, the obligated parent is going to have more income in his or her pocket due to this tax change. Unfortunately or if -- who knows. I mean, it all depends on what perspective you take.

These tax changes that were enacted this week are only for this year. There is some talk about trying to change them for permanent, but this is why this deviation criteria is so important because, if there's a judge that's aware of some of these tax changes, to tweak it, do you make an adjustment assuming that any sort of Guidelines changes you make this year are still made in 2021 and in the same year that these tax changes are.

So, the earned income tax credit is one change. From what I have read so far, it is not going to change the amount available to those with children, but those without children it's going to expand it.

The other changes that have been made is -- I will just go through the list -- is that the unemployment benefits they won't be taxable the first $10,200.00. That could be applied to either parent. That seems like a lot of work to tweak, so I wouldn't recommend tweaking that.

There are going to be -- As you know, there's the $1,400.00 stimulus check that's coming. That will not be intercepted by child support as it was in the spring. In the spring, that amount could be intercepted to pay for back due support. That can't happen under this American Rescue Act.

And then the child tax credit -- and this is just for this year -- it's going to increase from $2,000.00 to $3,000.00, and then it's going to be $3,600.00 for children under three. So, that's an increase of about a $1,000.00. And it's also going to be refundable at lower incomes.

So, those that were eligible, you know, at that earned income tax credit range, they will be able to get it.

There are some other changes. It says that it has to be advanced before the child tax credit would come at the end of the year. It wasn't something that could be advanced. So, we didn't consider it in income withholding formulas. But there's some talk about whether the IRS can really do it technically and administratively. And if they can, you know, it's mathematically kind of hard to do it automatically. Automations is really difficult to do quickly. They are talking about it would occur after July. According to the law, it would have to occur before December 2021.

So, that, theoretically, whoever is claiming the child for tax purposes and in other states at higher incomes -- I would say it's 50/50 as far as whether the mother is claiming the children or the father is claiming the children. There's obviously, you know, particularly in divorce settlements, there's some negotiation as to who gets to claim the children with the child tax credit. So, that will put some extra income into whoever gets to claim the child into their paycheck if the IRS can pull off the automation and so forth.

And so, you know, I would expect some conversation about that or some discussion. And, again, this is only good for 2021 although, you know, there's some of the people that have been advocating for it hope to make it permanent. And so, that's why I want to highlight it.

And then there's also the child and dependent care credit. So, that affects childcare -- any family that pays childcare expenses and claims that child and dependent care credit, which is now up to 25% of that child-care costs or, if I remember off the top of my head, a maximum of about $200.00 a month or a maximum of $250.00 if there are two or more children.

I haven't done the math yet, but the Rescue Act greatly expanded that.

And as you know, one of the impacts of the pandemic is that we have had some people drop out of the labor force. I mean, not only have our unemployment rates skyrocketed and particularly for those in the leisure and hospitality industry, but we also have had some people just drop out because they don't want to get COVID, they have children at home, so forth, and there's some evidence that shows it's disproportionately females that are dropping out of the labor force and particularly those with younger children.

So, there are lots of things in this stimulus package to improve childcare both availability, make it affordable. This is just one component of it. And most of the stuff in the deviation criteria is limited -- is trying to limit childcare in the sense that those that, even though a family can get an add-on for childcare -- let me just back step and say that schedule does not include childcare expenses. Instead, what the parents are to do -- or the judges to do is consider childcare expenses on a case-by-case basis. And so, look at the actual amount that's spent for childcare in a family, and they can consider that amount in the Guidelines worksheet.

So, these changes affect what the out-of-pocket expenses are. And it looks like the credit is very generous. It looks like -- just my first read of it -- is that it essentially doubles it.

But, again, the intent is to make it more affordable, get more people back in the workforce. That was the federal purpose.

But I want to highlight that just because it might being something that you want to consider tweaking even though this is just for one year, 2021. Look at the language here on the childcare expenses and consider whether you want to tweak it to consider that there are these things happening in 2021.

Again, the change in the child tax credit, which is different than the childcare tax credit because obviously they are not putting the child in daycare, there's hope on some legislators to make permanent. So, that's something that you also want to consider when you are reviewing this -- this deviation criteria.

And I am just looking to see if there are any other things I need to make you aware of.

There's no change to the federal tax code in general. The federal tax rates aren't changing or the FICA isn't changing due to this Rescue Act. It's just the EITC which will be more generous to single people without children. It's going to increase the child tax credit, and it's going to increase the child and dependent care credit. There's also -- It's going to change unemployment benefits. The first $10,200.00 is not taxable, so that's actually a windfall to both parents.

So, I am going to stop there. Are there any questions or any comments about the taxes or anybody been thinking about that? I know that this bill was just signed. I think it was signed yesterday.

(No response).

DR. VENOHR: Okay. Hearing none, I am going to just move on. So, I just want to put placeholder on that and just a kind reminder to encourage you-all to look at that when you review the deviation criteria.

Now, I am just going to turn to the second agenda item on my list, which is the recap of the schedule adjustment for Alabama's price income. And we don't need a slide for this before I go into the self-support reserve. And this is just a reminder that where we are at is the Committee is favoring -- there isn't a final vote yet -- favoring the schedule that is realigned for Alabama incomes. And when I say "favoring," that's important to our work because obviously we can't explore, you know, five or six options. You know, we have to limit it, but I don't want to make it sound like it's a definitive vote. So, I am trying to be really careful in my language there.

And where we are at on the schedule is that it's based on the -- the most recent Betson-Rothbarth measurements which were released in 2020. They consider family expenditures in 2013 through 2019. And we just updated them for 2021 prices, January 2021 prices. The last time you looked at it in December, we had 2020 price levels, and it seemed appropriate to update them to 2021.

And in the same respect, when you looked at the amounts in December, we used 2020 federal and state tax rates. And it makes sense especially since we are going to talk about the 2021 federal poverty level that we use 2021 federal tax rates and state tax rates when we make the conversion that I described earlier.

What this means is that there's been a little bit of inflation, not much. Since when we developed that schedule, we had November 2020 price levels, and now we have January 2021 price levels. It's made a few dollars difference at higher incomes.

And as you might remember, there were some decreases at lower incomes. And in the December memo, it shows a maximum decrease using that 2020 schedule adjusted for Alabama incomes was $32.00 a month, was the maximum decrease.

And because of that little bit of inflation and some tweaking with the changes in the federal and state taxes, which have been changed, just to the income brackets have been changed, that's the only thing that changes now is that, instead of a maximum decrease of $32.00, it's a maximum decrease of $25.00.

So, it is not a huge change. And it certainly feels better for me to go with 2021. And Penny, I asked her about it, and she sent me a very quick email essentially said, of course, go with 2021, you know, in preparing things.

So, the other thing I want to point out is there's still significant increases at the very, very high income. And we are talking, you know, incomes over $10,000.00 gross a month. And some of those are shown in the memo that we are going to pull up in a minute. And I did a check last night. And those increases are not more than the increases would be -- or the amounts would be under the USDA.

And as you know, we like to use other measurements of child-rearing expenditures as a barometer because economists don't always agree on the methodology that best measures child-rearing costs. Most states use the Betson-Rothbarth measurements, but the USDA are out there. There's only one state that uses them for their complete schedule. There's a couple of states that use them in one capacity or another for other parts of their schedule.

And the USDA has information for incomes about up to $17,000.00 gross per month. For the proposed Alabama schedule that's based on 2021 incomes and taxes, those schedule amounts up to $17,000.00 are never more than the USDA.

So, in short they are appropriate. They reflect amounts of what's being expended on children. Some states have capped it because it's a large increase at higher incomes. Most of those states that have capped it, they -- in their situation, the USDA amounts are lower than the Betson-Rothbarth, and that's for various reasons. You know, they might not be adjusted for their incomes similar to Alabama. Alabama Guidelines haven't been updated for about 13 or 14 years. So, there's some price issues there. There's some tax issues.

So, the short of it is that, if Alabama wants to put a cap on some of those high incomes -- and we will talk about that after I talk about the low income -- you can, but there's no economic evidence that says you have to or should.

So, that's the bottom line. But I want to put that out there just because it's -- it's an obvious increase.

So, any questions about what I have said before I move on to the self-support reserve or comments?

(No response).

DR. VENOHR: Okay. Hearing none, I think, Bob, we are ready for that memo.

And what this memo is, it's a continuation of our conversation about components of the self-support reserve adjustment. And in December, we had the part one memo. And this is the part two memo. And in that December memo, there were five questions. And the questions were: Does the committee favor putting the self-support reserve adjustment in the worksheet or in the schedule as it is now?

And the Committee was leaning toward the worksheet, but they also wanted to see what it looked like in the schedule using the same methodology that was used for the existing schedule but just using updated economic data. So, eventually I will show you that in the memo.

The second question was: What should the self-support reserve be? And the third question was: Should the self-support reserve be discretionary if the receiving parent's income is below a certain threshold?

There was a great conversation among the Committee members the last time that's documented in the minutes. Thank you, Jeana. And I don't think you need me to review that and to come to any sort of conclusion.

The fourth question is whether the self-support reserve adjustment should occur before or after childcare expenses and the health insurance. And to be honest, I don't think this is a big issue because it just doesn't happen that very often that those expenses are considered in the low income area of the schedule.

And then the fifth question is: Should there be an economic incentive to the self-support reserve?

So, with regard to that second question: What should the amount of the self-support reserve be. So, right now, it's based on the 2007 poverty level, and it ends up being about, if I remember off the top of my head, $702.00 net per month.

And we had a lot of conversation the last time about, when it's in the schedule, we can make it based on net income because we have that hidden column that I described earlier, you know, where I gave that example that when the schedule shows an obligation for $1,000.00 in gross income that it is really calculating off of a hidden column of after-tax income. And I just made an example of $800.00 to keep the math simple. Actually it would be slightly more than that for that income bracket.

So, we can calculate it off of that after-tax income rather than using the gross income. That's a little awkward to do when you put the self-support reserve in a worksheet.

So, in 2021, the federal poverty level is $1,073.00. And when we adjust that for Alabama incomes, you know, because Alabama incomes are lower, and we want to be consistent in our methodology, so, we adjusted the whole schedule for Alabama's incomes being lower.

So, when we do that, we take the median Alabama income and divided it by the median U.S. income, and that comes up with a ratio of -- it's a little over 80%. And we get $877.00 a month.

So, we put that in the schedule as a net amount. And then we look at it as the gross equivalent of $877.00. So, we back it out with what was taxed. That would be equivalent to $981.00. And for that low income range that would be affected by the self-support reserve, their effective tax rate -- which means we are adding FICA, we are adding federal taxes, we are adding Alabama's -- it's roughly between 10% to 18% in that tax range.

And then one thing I was concerned about was that things are changing. And so, I wanted to see what it would look like based on a predicted federal poverty level in 2025.

So, I just used 2% inflation, which is rounding what we are at right now. There's concern we might have even higher inflation. So, I am looking at $1,083.00.

And then the last option was to relate it to federal minimum wage, which is quite the challenge. And one of the reasons it's challenging on the federal minimum wage is that there was a proposal in the Rescue Act to change that federal minimum wage. It's $7.25 an hour now. The proposal was not passed by the Senate, so the whole federal minimum wage thing was dropped. Although, it could become a reality. It was pretty close. The proposal was to increase it to $9.50 by this summer. And then it was about a $1.00 or $1.50 increments every year until it reached $15.00 an hour.

So, the proposal was to increase the federal minimum wage to $15.00 an hour by 2025. And President Biden is still committed to that. And there has been a Congressional budget report that was released that makes that $15.00 an hour controversial.

So, I am not sure even if there's an increase in federal minimum wage that it will reach $15.00 an hour. That Congressional Budget Office report found that -- or they forecasted that, although the increase in the minimum wage to $15.00 would reduce the poverty for .9 million -- I can't remember if it was households or individuals, it would also result in 1.4 million in job losses, and that's just because we have a sector of our economy that, you know, it's a lot of small businesses, and increasing the minimum wage can cause them to hire less.

So, I just want to underscore this

just because it's very important since, as the data from ALECS shows, which is the Alabama automated system, it shows that about a third of your orders involve obligated parents with minimum wage income. So, that's really important. If you continue that practice, I mean, obviously that's kind of a shock. It would be a huge shock in the order amounts if you were to calculate them based on $15.00 an hour for those that are in and out of the labor market. So, that's really important.

With that said, I was really puzzled on what to do in Alabama to account for possible federal minimum wage earnings. And I just feel very, very fortunate that this is a standing committee, and that the process that you have with the Alabama courts that you can change that self-support reserve amounts, especially if you have it in the worksheet and since you have an ongoing committee.

So, even though the federal

minimum wage is $7.25 an hour, you can think about what's your self-support reserve for that situation. And you don't have to mentally prepare totally for that $15.00 an hour because your committee is standing and you're pretty nimble -- very nimble compared to most states -- and able to make changes in your court rules on your Guidelines.

So, that made me feel a lot better. But still where I was going was that some states what they are doing or talking about -- there's only one state that does it -- is they tie their self-support reserve to their minimum wage. And you certainly could do that. Arizona uses 80% of their minimum wage. Arizona is one of 30 states that sets their minimum wage higher than the federal $7.25, and it makes it really high self-support reserve. Arizona's state minimum wage is $12.15 an hour.

So, and just as an aside, I think

the only place that has a $15.00 minimum wage statewide -- there's some cities -- is the District of Columbia.

So, can we just scroll back to the first page? I just want to tell you one other thing we are going to play with a little bit is that the work incentive.

So, should there be an economic incentive to the SSR? Not only is an economic incentive where each dollar of income doesn't go to child support, each dollar or gross income doesn't go, rather there's a recognition of payroll taxes. That if the parent -- an obligated parent earns a dollar more, obviously he or she is going to have to pay some of that to federal or state income taxes. And he or she's going to want to keep some of it in his or her back pocket. He or she doesn't want to have it all assigned into child support.

So, what we looked at is different -- and we call this an economic incentive where he or she gets to keep -- or I am sorry, 80% of that income less the self-support reserve is assigned to child support.

So, if there's a $50.00 increase in income, then that would mean $40.00 would be assigned to child support. And for this income, keep in mind that the tax rate particularly at low incomes is closer to 10%.

The next option is to include 70%. And the last option is to include 50%. And I know there was some discussion of that or a recommendation to consider taxes, then 50%, meaning, you know, half of it goes to child support and half of it a parent keeps. But the math was just too difficult. So, we simplified it at 50%.

So, we are going to look at the combination of these, number two, what the amount of the self-support reserve should be and what number five should be where it looks at some various scenarios. And one thing I want to point out is that, when you have a higher self-support reserve and you have a more generous economic incentive, say, the 50%, then it means that those schedule amounts that are the amounts that are adjusted for the self-support reserve are going to occur at higher and higher incomes. It could be over $3,000.00 a month in incomes that are getting the adjusted amount, meaning that they are lower than what the economic evidence says is spent for a child of that income, particularly for six children.

The vast majority of Alabama orders are one child, so we are going to focus on that. But there's -- you know, is $3,000.00 a month of income, is that low income? Is it appropriate to have an adjustment?

So, there's certainly a trade-off between making the adjustments more generous. And then because we have to slowly phase them out getting enough for what a child should be comparable so that they have the same amount of expenditures or income coming in as a couple that is married or -- in a situation where the child is living in a married-like household.

So, we can go down the next slide, or next page. And this just shows all the exhibits, you know, if you want to keep track and look at examples. This is the one that matters.

Bob, it's on page three. And we can scroll up a little bit. This is page four, I am sorry. This is page four. I didn't number -- Can you scroll -- no, I am sorry. Scroll up on page three. I am getting my page numbers messed up. I apologize.

So, these are all the adjustment options we are going to consider. First, we are going to look at the existing schedule, and that's based on a self-support reserve of $702.00. And then the way that it's phased out or the work incentive is 90% of net income above the self-support reserve.

So, let's say that he has an income of $800.00, and we are going to assume that self-support reserve is $700.00. So, he has a $100.00 more than the self-support reserve, then 90% of that would be added on. So, it might be $90.00 plus $50.00, you know, because the minimum order is $50.00.

So, that's the way the existing schedule works, and it's in this schedule. This adjustment is incorporated in the schedule.

And Option A is the same approach where we are looking at the adjustment in the schedule, and we just updated these self-support reserve to $877.00 a month, which is the 2021 Federal Poverty Guidelines for one person adjusted for Alabama income. And we are using that same sort of phaseout.

And the nice thing about having a variable percentage -- and there's a typo in there. The fifth child should be 94%.

The nice thing about having a variable percentage with the number of children is that it makes that phaseout happen quicker for six children. So, it might occur at about $3,000.00 -- over $3,000.00 if we were to have the same phaseout. But because we are using a higher percentage for six children, it occurs at, like, $2,500.00, $2,600.00. And that's because for one child, the average percent of net income expended on a child is about 20% or 25%, depending on where you are in the range of income. For six children, it's over 50% of net income.

So, it's harder to create that self-support reserve and phase it out when actual child-rearing expenditures account for about 50% of their income for six children. So, it's -- it's just something to think about.

So, I have a bunch of options called Option B, and there are sub-options, one, two, three, four. And all these scenarios, the self-support reserve is $981.00 gross. So, it's the gross equivalent of the net in Option A. And then the options consider different phaseouts.

And B.1, we are taking all that additional gross income and assigning it to child support, which I did not get a sense the Committee was favoring the last time.

B.2, B.3, B.4 are just different percentages.

And then Option C, it was really bothering me what this could look like in five years, particularly because Alabama hasn't changed their Guidelines in about 10 years -- over 10 years.

So, at first I was worried about this, but I just confirmed with Stephanie and Bob, and I am really thankful again that this is a standing committee.

So, if we get that self-support reserve in the worksheet, you can change it. You don't have to wait for five years, particularly, you know, you might want to consider it if the federal minimum wage changes.

And then for Option D, I took 70% of the full-time minimum wage. I went a little conservative on some of these adjustments. I don't -- just because Alabama is lower income, it didn't feel like you -- and you have a $702.00 self-support reserve right now. It didn't feel right just to do a huge jump. So, most of these adjustments are very conservative.

And just to make the adjustment work, I -- for incomes below that 70% of full-time minimum wage, I took 15% of the gross income as a base schedule amount, and then I added the following amount depending on the number of children. So, you know, 25% for one child; 40% for two children.

So, if you scroll down to the bottom of the page, it lists some of the advantages and disadvantages of each approach starting with incorporating a self-support adjustment in the schedule. The major advantage is it is not a change in methodology. It's simple to calculate. Everybody is used to it. The major disadvantages is it is not transparent, and it cannot apply to both the parents, and it can't be easily changed. You need to contact me or somebody else to make the changes or you could do them on your own, but mathematically it would probably be better if we did it.

For Option B, you don't have that problem. You could change it on your own. It can apply to both parents. It's transparent. It can be seen. The disadvantage to including it in the worksheet is it is a change, so there's some education that you will have to do on for the Guidelines user.

If you have an automated Guidelines calculator, that creates another issue and requires someone to do the testing and to make the changes.

Let's see if there's anything -- oh, and then you have to add another line -- another line on the worksheet. And particularly if you wanted to adjust for the number of children, that even creates more lines and more confusion. I mean, the more lines you have in the worksheet, the more confusing it is to users. Explaining why it varies by the number of children can be confusing. So, those are some of the disadvantages.

If we scroll to the next page, I think I talk about -- this is the basing it on minimum wage. Arizona is, again, the only state. The advantage of it is it addresses the uncertainty of the federal minimum wage, but I have got to tell you I played with different options using the $7.25 an hour to the $15.00 an hour. I mean, that's a doubling of the federal minimum wage over doubling in it. It just creates some anomalies. There's no way around it. There's no -- There's no algorithm or combination of the self-support reserve and the phaseout or that work incentive that's going to work for $7.25 an hour and is going to work for $15.00 an hour. I tried and I just could not do it mathematically.

So, it also suggests that using a variable percentage is appropriate. And again the disadvantage is that it makes the worksheet more complicated.

So, Exhibit 2 just goes through a calculation using Option B.2., which it's just a very straightforward self-support reserve and a work incentive. In this scenario, we have two parents earning the current federal minimum wage of $7.25 an hour at 40 hours a week.

So, each of their gross incomes is $1,257.00. Using the current schedule online four, that would be $500.00. Both parents are responsible for 50%. That means on line eight that each parent would be responsible for $250.00.

So, we create a section in the worksheet for the self-support reserve. The new line 10 would be that self-support reserve of $981.00. The difference between $1,257.00 and $981.00 is $276.00.

So, that's the income that is available, the income after the self-support reserve. When we make -- consider the work incentive, so we are only saying 80% of that is available for child support, we take line 11, multiply that by 80%, we get $221.00. If that was less than $50.00, we would just enter $50.00 for that minimum order on line 12.

So, the new line 13 is a self-support reserve adjusted amount is $221.00. We look at line eight. We compare it to line 13 for the parent that owes support, and that becomes our recommended child support on line 14.

So, this is very simplified. I didn't do any of the adjustments to gross income or childcare expenses or health insurance. This is just a simple case. And that's a good way to look at it first because we don't want to confound it.

The monthly adjusted gross income, I am assuming you are not going to make any changes on that. I have never seen any state do that for the self-support reserve. When we get to the add-ons, we can discuss that later. Some states do the self-support reserve tests before the consideration of add-ons. Some do it after. I don't think it's a big deal in Alabama just because so few of your cases -- it's less than 5% -- of those with minimum wage incomes have some sort of add-ons.

Any questions at this point or comments?

MS. DAVIS: I have one comment.

On the 80%, I would assume that's because of the taxes that we talked about earlier. And so, we could just to a matter of transparency to the public, we could put some type of -- leaving in the chart here the 80% -- I mean, in the form here, we could put some kind of explanation somewhere in our documents that would allow people to understand where the 80% came from. Because that would probably be a question that someone who had not been involved in this process might have. That would be my only comment about it.

Does anyone else from the Committee have a comment or question regarding this example, which is Option B.2?

(No response).

MS. DAVIS: Okay, Jane. Thank you.

DR. VENOHR: Okay. And I think that's a very good idea, Penny. I think there is a state that does that. And I think that's an excellent idea.

Okay. Moving on, and I promise I will go faster from here on. I just really wanted to take some time to explain some of the things particularly because I bet you are going to get questions down the road about the tax changes.

So, Exhibit 4, I think we are scrolling down. We have got to go the other direction. Let's see. Yeah, we are still -- keep going. You have got it. There it is, Exhibit 4.

So, these are the case scenarios that we are going to consider.

So, we have the current minimum wage of $7.25, the $9.50, which was proposed by summer 2021, but that bill -- it didn't make it to the final version on the American Rescue Act.

And then I just picked $11.00, $12.00 an hour. As you know, we looked at what a food preparation worker earned the last time, and that's just under $10.00 an hour, and that was based on 2019 data.

So, I am thinking that there probably -- I think it's -- I am betting that there is going to be a federal minimum wage change. And it will probably land closer to $11.00 or $12.00 an hour. I don't think my -- my best bet it is not going to make $15.00 by 2025.

But, again, you have flexibility because you are a standing committee. You can see that that's a huge difference. That's $15.00 an hour would give a parent a gross income of $2,600.00 a month. And then, when you look at our current minimum wage, it's only $1,257.00.

So, the last column in that exhibit is whether we considered add-ons. We considered add-ons in the last two scenarios, but I don't think you should waste a lot of time talking about it. Go with your instinct whether to apply the self-support reserve before or after. It's just too few cases to spend a whole meeting on is my two cents.

So, we are going to look at scenarios where both parents have full-time minimum wage earnings. And I am just going to read you the footnotes on what we found as far as in the ALECS data.

According to the preliminary analysis, exactly one-third of obligated parents have gross incomes equivalent to full-time 40 hours per week. And we use $1,256.00 to $1,260.00 for that definition because some judges round up.

Another 1% had income equivalent to 30 hours per week at minimum wage, which is $942.00 per month. And I am sure those judges are recognizing that a lot of these service sector jobs don't offer a 40-hour work week, particularly in the hospitality industry. It's closer to 26 hours a week on average.

Two percent had incomes equivalent to 40 hours per week but assumed 4.3 weeks per month rather than 4.33. So, you know, there's all sorts of variations to how income is imputed at minimum wage just because we don't have the consistent number of days in every month.

Let's see. The other thing to note in this footnote, on the footnote nine, is that the receiving parent's income equal the obligor's income in 56% of the orders where the obligated parent's gross income was one $1,256.00 to $1,260.00. And that just means what's being done for the goose is being done for the gander; that there's equal treatment.

There's also another 17% where the receiving parent's income was zero. And that's the last sentence of that line in footnote nine. And, you know, that probably happens because they were on TANF. Maybe they had a disabled child, or maybe they had, you know, an infant in the home that there was no income imputed in those cases.

Since we are on this page --

MS. DAVIS: Jane, could I stop you for a second.

Are these statistics based on national numbers or Alabama numbers?

DR. VENOHR: ALECS. It's from the extraction of ALECS orders in 2018, newly established or modified orders.

MS. DAVIS: For Alabama?

DR. VENOHR: Yeah.

MS. DAVIS: Thank you.

DR. VENOHR: Good question. Thank you.

MS. CAMPBELL: Excuse me. This is Angela Campbell. I am sorry for interrupting.

But you could also have a zero income for the custodial parent because they are a non-parent. It could be a grandparent or another relative.

DR. VENOHR: Good point. Any other comments why we -- I mean, I think this is good to reflect on how the data -- what we find in the data and then have explanation on why.

(No response).

DR. VENOHR: Okay. And then footnote 10, this just goes into that whole child-care issue. According to preliminary analysis, few -- 6% of obligated parents with incomes of $1,260.00 or less involved cases where there was a Guidelines adjustment for childcare expenses paid by the receiving parent.

So, this just says it is not a big issue. When something occurs in a very small percentage of the caseload, less than -- for me, it's usually 5% to 10% is my barometer. I think you can handle it by deviation.

And then that second sentence in footnote 10 is also really important: "The preliminary analysis also found that 10% of extracted ALECS orders with automated Guidelines worksheet calculations had child-care add-ons."

So, we are limiting it to ones

with Guidelines calculations, and childcare expenses added on. And it could be very well that when you get into the non-ALECS population, that they are more likely to have childcare expenses added on, particularly at higher or middle incomes. In other states, we find that add-ons for childcare for the middle to higher incomes are at about -- I would say -- 25% to 40% of the cases depending on the state.

But because we are focusing right now on low income and that low income that is affected by the self-support reserve, we are focusing on low income. Those at middle and higher incomes, they have sufficient income that they can meet their self-support reserve and pay their full child support, including the childcare expenses, then this isn't an issue.

And then the last footnote was number 11. It's on the health insurance. It's the same information as footnote 10 except it's the health insurance. Even a smaller proportion of those obligated parents with minimum wage earnings had health insurance consider in their calculation. It was 4%. And the second sentence is that it's 12% of all extracted ALECS cases with all automated Guidelines calculator had an adjustment for the health insurance. And, again, when you get to those middle and higher incomes, it's going to be -- more likely it's going to be a higher percentage. I would say just based on my experiences with other states, it's going to be closer to 30 -- it's surprisingly not that high, and I think it's probably because of the expansion of Medicaid. But it's closer to 30%, maybe up to 40%. But that's just to give you an idea.

So, anyway, we are ready to look at the case scenarios. Are there any other questions or comments?

(No response).

DR. VENOHR: Okay. So, this is

looking at one child amounts equal incomes, which is going to be your most common scenario. And the big blue, the solid blue, the bright blue, that's existing Alabama.

So, you can see it -- the federal minimum wage keeps that $7.25 an hour. All the options are going to result in a drop. Again, Option A is just to put it in the schedule. And then the Option Bs are to put it in the worksheet using the gross equivalent of what this updated schedule amount would be. And the sub-options are just differences in whether he retains 70%, 80%, 50% in those work incentive options.

And then the very last two options, the Option C, which is that sky blue rectangle, that is if we forecasted the increase in the Federal Poverty Guidelines in 2025 and use that. So, obviously that self-support reserve is going to be a higher amount, and that's why it reduces it so much.

And then Option D is when we base the self-support reserve on minimum wage.

Now, when you get to the other scenarios, you can see that there really isn't differences. And what you see here is that the amount is $26.00 less, and this is because of falls into the schedule amount. If we -- I don't know if you can do this, Bob. If you scroll to page 12 for a minute, if we can just look at that.

And what that shows is the schedule. We can go all the way down to page 12, and it shows that, when we get to higher wages, that that self-support reserve no longer applies, you know, that the order amount is only about $20.00 or $25.00 less than the existing schedule. Also, it's less than 20% of his or her gross income.

So, none of these are adjusted for the self-support reserve. The reason we see a decrease is that it's that little bit of a decrease that occurs in that

Betson-Rothbarth estimates, the fifth estimates, that show a small decrease, and mainly it's because they have better information on income.

So, you can see that there's a little bit of a decrease for the $9.50 an hour. It's a $7.00 decrease for the case three, the $11.00-an-hour scenario. A dollar decrease for the case four at $12.00 an hour. And case five when they both earn minimum wage of $15.00 an hour, assuming that the federal law changes, and it would be an increase to $390.00. So, not a lot of change.

So, if we scroll down on this page, I think there's some information that -- let's see. I will just look at my page.

So, the thing that's alarming to me -- and this is why I am so grateful that this is a standing committee and your Supreme Court is receptive to changes periodically. In most states, they make changes every four years, every review. They can't make them along the way. Is that -- just alone, even if you were to change your schedule, when you impute minimum wage, which is appropriate, you know, with, he is able-bodied, she able-bodied, and there are jobs out there, and there's no disabilities, there's no small children. That even if you didn't change anything, your order amounts in these situations would increase from $250.00 for one child to $325.00 just because the minimum wage increased to $9.50. Then if they increased to $11.00 an hour, it would increase to $336.00.

So, this is -- this is an issue. I mean, these are some big changes just because the federal government changed their minimum wage.

And if you scroll to the next page, this is a particular concern. And I am going to pause after saying this because I am sure there's more to this story.

As in 2019 -- and I am reading on page eight of this memo.

As is in 2019, Alabama ranks the highest among states in arrears per ordered case. It's $20,000.00 arrears owed per ordered case. In contrast, the national average is $9,882.00 in arrears owed per ordered state. So, about half as much as in Alabama.

And California has the second highest arrears owed per ordered case, and it's at about $17,000.00. And, you know, there might be -- I mean, I don't want to say -- and certainly the Guidelines amount is not the only reason. It's actually probably one of the smaller reasons that causes the arrears.

A nine-state study found that the primary cause of arrears buildup is interest. In Alabama, like most states, does assess interest. And another reason that contributes to arrears is how far back you will order the support.

So, for instance, let's say the child is age five and the father was never in the home. In some states -- and I don't know Alabama's policy. They might owe -- They might calculate support from the date of birth, and other states might limit it to two years from when the petition is filed.

And I am going to stop there to see if there are any comments about the arrears.

PROFESSOR GRAY: Hi, Jane, this is Brian Gray. How are you?

DR. VENOHR: Hi, Brian. You have such an announcer voice. I love it. You should be on radio.

PROFESSOR GRAY: Yeah. I will do that later, maybe. Get retired first.

So, here's a question I have got for you on this. When I first saw these numbers, I thought, wow, that's pretty incredible. And, of course, when you see a big average like that, you start thinking, well, it's the high end that's sort of pulling it, you know, outliers, really big values on the high end of the scale. And I am thinking high incomes.

But what you said a minute ago made me think, well, maybe it actually is more towards the low end where you have people who are just way behind. Small amounts, but they are falling way behind.

So, I wonder would it be -- Do you have any sense of, if you take a look at different income levels from low incomes to high incomes or if you take a look at that obligation amount from low to high, what percentages are in default at those different levels so that you would know, is it the low income folks who are the ones who were, you know, most in default, or is it in the middle, or is it in the high ends?

DR. VENOHR: You know, Brian, I think that's a good question. I am going to write down some notes here. We have not looked at it in the ALECS data, but I will tell you what the national data says. But I am going to make a note here. I can't remember exactly what we got on arrears data, but we can look at what income and at what compliance level, I think, is what you are getting at --

PROFESSOR GRAY: Right.

DR. VENOHR: -- by income. I just want to make sure I get that right.

And there have been lots of national studies on this. In fact, I was on a panel last week for the National Child Support Enforcement Association On Policy Forum On Arrears. I spoke more on guidelines. I only did a little bit of arrears.

But the research -- The same nine-state study found that 70% of the arrears is owed by obligated parents that have incomes of $10,000.00 a year or less -- and this was an old study; it's about 10, 15 years old -- or no reported income.

So, it's definitely the lower income that usually owe the arrears. And probably one of the reasons for that is that, when we look at proxies for whether income withholding is in effect, higher income folks are more stably employed, so they are more likely to have income withholding. It could be that they would voluntarily pay anyway.

But at the lowest run, those low-skilled jobs, those jobs that -- well, they are low-skilled, low-pay. When we find obligated parents in that situation, they are more likely to be in and out and changing jobs all the time. So, they are less likely to get that income withholding going.

So, that contributes to it because sometimes there's a delay between when some person stops one job and starts another job. And you can imagine, like, in the restaurant industry. I mean, particularly in COVID times, you know, there's been restaurants that have unexpectedly closed overnight. You know, they tell their employees that they are going to make it and then, boom. I mean, at least that's what I've seen.

And so, you know, when that income withholding shuts down, that's going to force them into arrears too.

So, I am betting that it's the lower income and also based on what we see in other states.

And then the other research finding that is pretty salient is that the higher the arrears, you know, particularly with retro support. You know, I mentioned earlier that some states will do retroactive support back to the date of the birth, and other states will maybe limit it to two years. The more arrears that a parent has at the time of the order establishment, the less likely they are going to pay it in the future. And that's been documented in a couple of studies, and there's an exception to that, though.

If they have an attachment to the labor force, meaning that they were in the labor force before, you know, maybe they had a pretty good job, maybe they are making $15.00 an hour, then that amount of arrears doesn't affect them as much. But if they weren't really attached to the labor market where they didn't have a lot of work history and then they have a big amount of arrears, that's kind of a sure sign that they are not going to pay in the future.

I am going to pause there and see if there's any other questions or comments or concerns. And I will tell you one more fact about arrears, but I want to give it a break and give an opportunity to speak up.

MS. DAVIS: I can't see exactly who all is on now because of the way our screen is.

But, anyway, in the DHR sector or

either as a referee or someone that maybe deals with arrears, would y'all have some comments?

MS. CAMPBELL: Penny, this is Angela Campbell. I missed a lot of that discussion because I am having phone issues.

But I do think retroactive support is part of it. And like Jane was talking about with those who -- if we impute minimum wage and yet we go back and do retroactive child support, you know, they are starting off with an arrears amount. And then it automatically starts calculating interest; now it's at 7.5%.

So, unless they pay extra on that more than enough to even check off, say, the interest amount, the arrears and the interests are going to keep getting higher.

That's the one comment that I have.

MS. DAVIS: Anybody else?

DR. VENOHR: Any other questions?

(No response).

DR. VENOHR: Okay. The only other comment I have is, some states -- and I don't know what Alabama's situation is have -- how do you see this? The change in the modernization rule allowed for more generous case closure criteria. And so, some states have used that to close their arrears-only cases. This statistic, when I show arrears for an ordered case, it means ordered case, and that could be arrears-only case. It might not necessarily mean that there's an order for current support.

So, that's another factor to consider. I can't tease it out from the national data, but we will look into whether we can tease it out from our ALECS data, because our ALECS data only considers those orders for current support. It doesn't include those that are orders for arrears only. You know, it could be very well, and this happens in a lot of other states. I don't have the data for it.

But the -- the case might start off in child support, meaning it could have been a referral from TANF for public assistance. And then the parent goes off public assistance, and there's only arrears owed to the state because the state gets to keep the TANF amount.

And so, there's no support being collected, you know, in the automated system for that case. But the arrears is still tallying up.

So, in short, what I am saying is, that $20,000.00 could be inflated because of the arrears only. And I won't be able to tease that out, but that's just a caveat.

Any comments on that?

MS. CAMPBELL: Yeah. This is Angela Campbell again.

I can speak to that. Like, in Mobile County, not only do we have a lot of TANF arrears cases where the money is owed to the State, but we have a lot of cases where all the children are emancipated for our non-TANF clients, and they are owed a lot of money, as well.

And so, in Mobile County, I would estimate that we probably have about 20% of our caseload is arrears-only cases where there's no current child support being paid. And with the federal -- the way the federal guidelines are on money being allocated to cases, it's going to go to those current support amounts first, current support cases first if a father has more than one case that maybe -- he might have arrears only or current support for another family. Then it will go to meet current first before it meets any kind of arrears. And the State's arrears are paid last with the exception of federal tax offset payments.

So, you are right, it could factor into that.

DR. VENOHR: Thank you. Yeah.

So, it's something -- you know, we will pull together some numbers, but it's something to consider. You know, you certainly don't want to contribute to the buildup of the arrears. But without a federal minimum wage change, it is not a consideration, but you are the ones that are going to have to educate the next committee. I mean, you might still be on the Committee, but, you know, who knows how long it's going to be before the federal government changes the minimum wage. But I do think it's imminent.

So, any other comments before I move on? And we will just do the case examples real quick.

(No response).

DR. VENOHR: Okay. So, case -- Exhibit 6, we are looking at equal incomes for two children, and it's the same patterns that -- and it hits the case one when both parents have $7.25 an hour. But -- and it hits some -- oops, we can go down, Bob, to page nine. Oh, you are there.

Okay. You knew better than me where you were going. So, thank you.

So, we see the same sort of pattern. We see a small decrease that case two for more at $9.50 an hour. But it's not the self-support reserve isn't driving it for those Option Bs. It's $452.00 compared to $470.00. But if you look at Option C and D, it's causing a decrease.

Option B.4 did cause a pretty big decrease for case two at that $9.50, and that's because we are only taking 50% of the difference in the income and the self-support reserve and applying it to the child support order.

And the other case scenarios, when the wages get higher, it's really the change in the schedule amount, the change in the Betson-Rothbarth measurements that are driving it, not the low-income adjustment.

So, we can move on to Exhibit 7, which is the three-child amount. And this shows a similar pattern that everything causes a decrease now if we have the current federal minimum wage at $7.25 an hour. When you get to case two, which is $9.50 an hour, so that could be in another year or two. If the federal government is able to change their minimum wage, this is what it would look like.

And then, Exhibit 8 goes to the cases where there's one child and the receiving parent has zero income.

So, we can scroll down to the next one. And the pattern looks kind of the same where it's going to -- any of these options affect the scenario where the obligor earns $7.25 an hour, but it doesn't affect the $9.50, and then $11.00, and then $12.00 an hour. And that's because the obligated parent has sufficient income to meet his or her self-support reserve and pay the schedule amounts. So, it's really a non-issue for these higher minimum wages.

So, you know, you can look at it two ways. When we talk about the increase in the federal minimum wage, one is, oh, my gosh, it's going to increase the order amount when income is imputed. But on the other hand, that parent should have more income, and he or she should be able to better support his or her children. So, it does make sense from that perspective that the order amount would increase.

So, moving on to Exhibit 9, which is the two-child case where the receiving parent's income is zero. You will see that it makes a little bit more of a difference just because it costs more to raise two children. It's usually about 35% in net income at very, very low income. And then, by the time you get to very, very high incomes -- I am talking about $20,000.00 a month -- it's closer to 12% of gross, because parents devote a smaller percentage of their income to child support or to children as their income increases.

So, again, we see that there's a lot of variation at that $7.25 but not as much for when -- if the federal minimum wage increases.

And then Exhibit 10 shows the same sort of analysis for three children.

So, my recommendation overall would be to think about that scenario of $7.25 and $9.50 and figure out how you are going to educate the ongoing Committee to prepare for minimum wage changes in the future. I wouldn't recommend plunging into this thinking, oh, my gosh, that minimum wage is going to increase to $15.00 an hour in two or three years or trying to plan for 2025 because there are just too many factors.

But you want to keep it simple enough so you can explain it to subsequent committees so they can address it, particularly if you put it in that worksheet.

So, let's -- I think the next topic is talking about the add-ons. Are there any questions before I do the add-ons? I took longer than I wanted to, but hopefully will open it up pretty soon.

Any questions or comments?

(No response).

DR. VENOHR: Okay. Let's just go on to Exhibit 11. And, again, this question four was whether you should consider the self-support reserve before or after add-ons. And what this does is it compares the add-ons looking at the two child amounts and -- that should be the one child amount based on that schedule amount. I must have had a typo in there.

And the existing amount would be $250.00. And then Option A is to update the schedule for the self-support reserve, and that would get us $237.00. And the reason for the drop is the Betson-Rothbarth measurements. It has nothing to do with the self-support reserve.

And then here we have the Option B.1 with an add-on after adjustment for self-support reserve. But in case one, we have no add-ons, so there's no consideration of the adjustment. And then Option B.2 is the add-ons after the self-support reserve.

So, then, when we get to that case 10, we are looking at both parents earn $7.25 an hour and the receiving parent pays $250.00 for childcare. This was the median amount for all cases across all incomes in ALECS, but the probability of this happening, this scenario is probably 1% -- less than 1% of the cases.

So, we can look at what the order amount would be under the existing Guidelines would be $487.00 because that childcare expense is added on afterwards. And then something is not quite right in the math here. And then, yeah, I think I pulled the wrong example for the $250.00 there.

So, I am just looking at the math here. Yeah. Something is not right. I am going to have to look at that.

But the point is, is that you can see the major point is that the $221.00, that last column that assumes that the add-ons are considered after, and there's a label missing here. You don't see that clear line so that the white line -- or the white column with the $221.00, that should be an option where the add-ons are considered before the self-support reserve.

So, it means the self-support reserve is considered last. And I definitely have a typo in this exhibit.

But the major takeaway is that, if you consider the self-support last, then the amount will be the same regardless if there's an add-on for childcare. And, again, I don't think this is worth spending too much time on because it's unusual.

And that last case just considers if the obligated parent pays the health insurance. So, he or she would get some sort of credit. And I just put that in there just because I thought somebody might ask it.

So, that's a little bit confusing. Just because I got some wrong numbers in there and missing labels that I will have to investigate. But the bottom line is that last column in case one, and case 10 is the same. And that just means that the self-support reserve is determined last, which the benefit of that is that it preserves the self-support reserve.

The disadvantage of that is somebody has still got to pay those childcare expenses, which, you know, this year in 2021, I think this is the year to have childcare expenses just because of all the federal legislation that's going to make it easy to pay childcare expenses.

So, just to briefly go through the rest of the memo is the next page shows the schedule amounts if you were to update it in the schedule. I really recommend against this just because you are not going to be able to be flexible if the federal minimum wage increases. As we scroll down to the next few pages, I just excerpted the schedule that's unadjusted for any self-support reserve.

And then the last few exhibits just show the schedule amounts and what they look like for the existing and the BR5 adjusted for Alabama incomes. And you can see that at very, very high incomes when we get to, you know, about $12,000.00 a month or more combined incomes, the disparity widens. And you certainly could put a cap on it from where I stand. As an economist, you don't need to, because there's other evidence that shows that those BR5 amounts that are in line with what is being spent on children, so I don't think it's necessary.

And the last two exhibits just show the same scenarios for two and three children.

So, that leaves 20 minutes for a discussion almost. So, I am done. So, I am ready for questions and comments and hearing what people think.

And you could go back to page one, maybe a good way to frame the discussion is to look at those questions, those five questions, and see if you have any strong opinions. I don't think you can take a vote because of the quorum issue, but at least you can discuss it.

MS. DAVIS: Okay. We will open up for discussion. I think just to kind of get back to where we were relating to our straw polls we took before, I think the general consensus was to put the self-support reserve in the worksheet and maybe to include for both parents in part because we want to be able to include for both parents so that, when and if we go to more shared custody situations, it was easier. But we obviously cannot make decisions.

Let me ask Stephanie at this point. Do we still -- Are we still without a quorum?

MS. BLACKBURN: Can you hear me?

MS. DAVIS: We can now, yeah.

MS. BLACKBURN: I checked just a minute ago and now I am having a hard time finding my way to get the full galleries for you.

MS. DAVIS: We may have to get Bob to switch back to a Brady bunch look for a minute if that helps you, Stephanie. We will go ahead while she is looking. She can look at who is here. I guess the little Brady cubicle look she can tell from that.

But let's go ahead and open up the discussion. And, Stephanie, you break in if you determine if we have one.

MS. BLACKBURN: We still don't have a quorum.

MS. DAVIS: Okay. I didn't think

we did. For example, I don't believe Judge Palmer got to join us yet as she had hoped.

Okay. So, let's open it up for discussion in terms of getting an idea of -- go back, Bob, and you can put your -- as Jane had suggested, the page one, and we will just go through and see if anyone has comments.

Why don't we start by questions and ask if anyone has a comment with regard to question number one, which is: Does the Committee favor putting the self-support reserve adjustment in the worksheet so it can apply to each parent?

And our straw poll before indicated that. Does anybody have any seconds thoughts or other comments regarding that?

(No response).

MS. DAVIS: Okay. The second question is: What should the amount of the self-support reserve be? -- adjustment be.

(No response).

MS. DAVIS: Any comments?

MS. COX: Professor Davis, this is Amanda Cox.

I kind of lean towards the -- I guess the first equivalent of the $877.00 in the worksheet. I think that's the 2021 that just adjusted for the -- so that it could go into the worksheet. I think I lean towards that one.

MS. DAVIS: Okay. Thank you, Amanda.

Anybody else want to comment?

MS. CAMPBELL: This is Angela Campbell.

I agree with that.

MS. DAVIS: That would be the second bullet point that you see on the right-hand column.

MS. CAMPBELL: Yes, ma'am.

MS. DAVIS: Okay. Any other comments?

(No response).

MS. DAVIS: Anybody have any

leanings in a different direction that you would like to share?

(No response).

MS. DAVIS: Okay. The third question that's posed was: Should the SSR be discretionary if the receiving parent's income is below a certain threshold, for example, poverty?

MS. CAMPBELL: This is Angela Campbell again.

I think it should be discretionary if it's below poverty level.

MS. DAVIS: And would that be done given a judge's discretion to deviate from the Guidelines, or is that what is normally done, Jane?

DR. VENOHR: Yeah. There's some language in the December 31st memorandum from other states. New Jersey provides for that, and Arizona. Let me see if I can put my fingers on it real quick. And Arizona -- let's see if I can find the sentence.

(As read) "The Court may reduce the current child support order to the resulting amount after first considering the financial impact the reduction would have on the receiving parent's household."

So, it doesn't have a threshold. New Jersey has a threshold but Arizona still gives discretion. And New Jersey's is worded, "To ensure that the obligor parent retains sufficient net income to live at a minimum subsistence level and has incentive to work, the parent's net child support award is tested against 105% of the U.S. Poverty Guidelines for one person." And then let's see. Then it goes on.

(As read) "No such adjustment shall occur; however, the custodial parent's net income minus the custodial parent's child-support obligation is less than the self-support reserve."

And so, it's a little convoluted. It has more than the federal poverty level. But you could keep the language clean and just relate it to the federal poverty level. New Jersey's is a little -- it requires a subtraction and a little bit more complicated.

But there's also Georgia's language in this other memo that you might want to consult. I like Arizona's language, and you could put that threshold with that Arizona language. I think their language is a little simpler than Arizona's.

MS. DAVIS: Okay. Anybody have any comments?

HON. FORD: This is Aubrey Ford. Just a thought. I have been out of the game for awhile, but I think we should make it as simple as possible and probably just allow the judge to exercise his or her discretion when they are confronted with this issue.

MS. DAVIS: Thank you, Judge.

Angela, did you have a comment? I see you are unmuted.

MS. CAMPBELL: I am just staying that way in case I do have something. I am sorry.

MS. DAVIS: No. No. That's quite all right. I want to keep this up. I just don't see the Brady pictures this way.

Okay. Katie?

MS. STEINWINDER: I am coming at it from a private practitioner perspective where we settle a lot of cases, and we sit down and hammer out these issues. I just wonder if there's any input as to how this complicates that process because a lot of my child support -- a lot of my divorces never reach the judge. I just would like to practically maybe get other people's thoughts on how this complicates or doesn't complicate that process in working out the calculations between parties or between lawyers.

DR. VENOHR: You know, I do have a comment to respond to that. In some states, that area of the schedule or that worksheet where I put in the self-support reserve, they say you only need to calculate it if their income is below a certain amount, such as, you know, $3,000.00 a month or we can figure out that amount.

So, in those cases where they are agreeing and their incomes are higher, it wouldn't even be an issue for them.

MS. STEINWINDER: Thank you for that.

MS. DAVIS: On the form, you could have a set amount that's in there, and then you just say, skip lines blank through blank if your income is below X amount or something. Is that essentially how you would do it?

DR. VENOHR: Yes.

MS. DAVIS: Could you give us some examples of that for the next time for us to look at, Jane?

DR. VENOHR: Yes.

MS. DAVIS: Okay. Those are good thoughts. Any additional thoughts?

(No response).

MS. DAVIS: I do think it's important that we look at it from both the private practitioner's perspective, as well as the DHR perspective.

Do we have any of our judges that would like to comment?

(No response).

MS. DAVIS: All right. Let's move on to number four, then: Should the SSR adjustment occur after consideration of childcare and other additional expenses?

And generally the two we look at are the child support and -- excuse me, the childcare and insurance, the two.

(No response).

MS. DAVIS: Jane, you are muted.

DR. VENOHR: This is Jane just to clarify that.

If you consider the self-support reserve after, that means that the amounts are going to be the same no matter if they have $1,000.00 in childcare expenses, zero childcare expenses, $500.00. It's still going to result in the same; that is, the self-support reserve is the last calculation, so it's after.

Now, if you do it before, it means that, you know, if the self-support reserve adjusted amount would be $100.00 an order and there are childcare expenses and they have equal incomes, then let's say the childcare expenses were $500.00, then $250.00 would be added to that $100.00, so it would be $350.00.

So, again, the pro of after making it the last line calculation is you preserve that self-support reserve, and it prioritizes the subsistence needs of the obligated parent first.

The con of that is somebody has to pay childcare expenses or be responsible for them financially. And if that's the priority, then you want to do it before.

But you also have court discretion or are you talking about court discretion. And this happens so infrequent that these expenses are added on. I don't want you to spend a lot of time on it.

MS. DAVIS: I guess my general sense when I was rereading this last night was that it seems from a fairness perspective to allow for adjustments for both childcare and health insurance and also perhaps as an incentive for someone to provide, you know, health insurance if you feel like you are getting some economic credit for what you are doing or acknowledgment for the amount that you are providing to the child. And the same way, if you are imputing income for both people at minimum wage, one of them is having to pay the childcare and the other one is not, then that might be a disincentive to work.

So, I guess in light of that, my tendency would be to do the calculations before, if that would be the only way that you could essentially acknowledge the amount of the payment that was being expended for the child even through the childcare or health insurance. But that's just sort of a knee-jerk reaction.

Any other comments from someone else?

MS. CAMPBELL: Penny, this is Angela.

I agree with you on the before because, otherwise, it's going to be a needless expense for the custodial parent with the childcare and might possibly for the noncustodial parent with the insurance. Am I doing that right, Jane? I'm not sure.

MS. DAVIS: I think that's correct.

DR. VENOHR: Yeah, you have got it.

MS. CAMPBELL: Okay.

MS. DAVIS: So, it would potentially inure to both people's benefit if you do it before depending on the fact patterns. It doesn't necessarily favor an obligor or obligee. It just favors whichever one is making the payment. "Favor" might not be the right word.

All right. Very quickly, the fifth one is: Should there be an economic incentive to the SSR?

And then the alternatives on the right were none, 80% of income less SSR, and 70% and 50%.

Do we have comments or questions?

(No response).

MS. DAVIS: I think we have had some discussion on this earlier, one of the earlier meetings.

(No response).

MS. DAVIS: Okay. Any general questions or comments that anyone would like to direct towards Jane or me or anybody else?

(No response).

DR. VENOHR: I think there might have been some information that it's difficult to put your head around it. So, maybe we should look at the exhibit on page seven real quickly.

MS. DAVIS: Okay. The footnote one with equal incomes?

DR. VENOHR: Yes. And this is going to be the most common scenario.

And so, right now you are favoring Option B as the self-support reserve, and there are several Option Bs proposed, and they vary by the percentage.

So, that third one in shows the order amount would go down from $250.00 to $236.00, and this is driven by the BR5 just because we have new economic data, and we have better information on incomes, so that's lower.

So, that third column in has 100% of that difference as being assigned for child support. So, we are totally ignoring that he or she has to pay additional payroll taxes.

And then we get to the fourth one,

row, that's taking 80%. So, that's allowing 20% to be retained, and the tax rate is closer to 10% or 14% in the scenario. So, this is considering that he is going to have to pay some more payroll taxes.

And then the one that's kind of, like, has a straight line, the $193.00, that's assigning 70% of the difference to child support.

And then the one that's got the dots on it, the $138.00 is assigning 50% of the difference to child support. And then you wouldn't want to consider those last two columns.

So, I think you are leaning toward Option B as far as the amount of that self-support reserve, which is based on the 2021 poverty adjusted for Alabama incomes.

So, it's really those four middle columns that show the differences of what you are considering. Again, that first middle column, the $236.00, has no adjustment for payroll taxes. And we certainly can use a different percentage.

So, you know, the $221.00 or the $193.00, one is 80% and the other one is 70%. We could use 75%. I mean, that's another option, or we could -- you know, we can use whatever percentage you think would be appropriate.

MS. DAVIS: So, the -- I think -- I wouldn't use "none" because it would cost them more money because of the taxes. 80% would be sort of a break-even amount. And the 70% would be taxes and maybe 10% or so -- 10% or 15% incentive, something like that.

All right. Comments from anyone?

MS. CAMPBELL: This is Angela again. It seems to be my day for comments.

But I am leaning towards either B.2 or B.3 depending upon what you want to do. I don't know if I would go to B -- beat the other options. But B.1 or B.2 -- I mean, B.2 or B.3, I am sorry. No, I am saying it wrong again, one or two. So, I was either doing the 100% or the 80%. More likely B.2 is where I am headed.

MS. DAVIS: Yeah. And, frankly, that's kind of where I landed too just because of the tax aspect.

MS. COX: This is Amanda Cox.

Were y'all saying y'all lean towards B.1 and B.2?

MS. DAVIS: I lean towards the 80% figure.

MS. COX: Okay. I think definitely not the B.4 is kind of what I am thinking. Yeah. I kind of agree with y'all.

MS. DAVIS: If I am understanding the economics, then 80% would get you to what is more of the net that he takes home if he gets that -- it goes back to your example; if they get $1,000.00 raise, they only take home around $800.00 when you consider taxes and the Social Security, all the takeouts for taxes and governmental expenses.

DR. VENOHR: Right. And even slightly more than that. It might be closer to $84.00 of an additional $100.00. So...

MS. DAVIS: Okay. So, there would be maybe a slight -- small amount would be pocketed above -- if you use the 80%.

DR. VENOHR: Yeah. And it's always going to be variable. It depends on, you know, is his income a $1,000.00 or is it $1,500.00. So, yeah, I think that's a safe assumption.

MS. DAVIS: Does anyone else have a comment?

(No response).

MS. DAVIS: What else do you need from us, Jane? We really can't vote. But I think what we have said today from the Committee members are consistent with what previously has been said by the Committee when we did have quorums and straw votes.

So, I would think going forward that's kind of the direction we ought to take.

DR. VENOHR: Yeah. That's a good question, Penny. I am going to follow up on some stuff on the arrears, the self-support reserve, and the worksheet, you know, limiting that calculation for a certain amount of incomes.

So, the two questions I need from the Committee is, do you want to see any other incentive besides 80% and 70%? Do you want to see 85% or 75%? That's one question, whether you want to consider something else.

And the other question is whether you want to consider some sort of cap on income. I would have to develop some sort of algorithm for that for the next meeting.

MS. DAVIS: What's the pleasure of the Committee?

MS. CAMPBELL: This is Angela again.

I would like to see 75% and 85%,

as well.

MS. DAVIS: Okay.

DR. VENOHR: Okay.

MS. DAVIS: Anyone else?

MS. STEINWINDER: Penny, this is Katie.

My question for Jane would be, when she said caps on income, what do the other states use?

MS. DAVIS: Jane, you are muted now.

DR. VENOHR: It varies, and it depends on whether that state is based on gross income or net income. One state -- and I can't remember if it was a gross or income guidelines or a net income guidelines. They use the percentage increase before it's -- I am trying to think of how they determine that threshold. Oh, where the USDA was more, then they use that percentage increase in the BR5 and applied it to higher incomes. You can't really do that in Alabama because your amounts are lower than the USDA.

And then the other method that a state used was, they took the average increase at lower incomes, and then they said that the higher incomes couldn't increase by any more than the amount. I don't think it was the average. It might have been the median, but it might have been -- I am trying to think at what income range.

So, they said that the increase should be the same at lower incomes or middle incomes and higher incomes. So, if there was a 10% increase at the median income of Alabama households, you know, which would be $80,000.00 or $90,000.00, so right around that $80,000.00, they would say that 10% should be applied to incomes above $80,000.00 or $90,000.00. I'm not sure if that means -- that gave you some examples. I am used to office teams, so I am not good on this mute.

MS. DAVIS: Did that help, Katie?

MS. STEINWINDER: It did. Thank you.

MS. DAVIS: Okay. If I remember correctly, Jane, you had said earlier that you didn't necessarily recommend caps from an economist standpoint; is that correct?

DR. VENOHR: I don't believe they are necessary from an economic point of view.

MS. DAVIS: I think that's just from a --

DR. VENOHR: And that's based on USDA evidence. There's other economic evidence on child-rearing costs that says those BR5 amounts are appropriate.

MS. DAVIS: Okay. Well, my thought was, if we would keep it simpler and not have to deal with the caps, and I don't know what percentage. Katie, you are one of the people representing the private practitioners here. I think it would be negotiated at higher levels anyway.

Okay. Any other questions or

comments? We are easing over into the time frame we need to start looking for our public comments. But we didn't have that many people that indicated they wanted to speak.

PROFESSOR GRAY: Maybe one more quick comment. This is Brian Gray again.

I think Dr. Venohr had provided this data to us before, but it might be interesting just to know what percentage of these cases are at the different income levels. So, we may very well be we are talking about a very small percentage of people who come into the cap situation if we were to have one.

So, maybe it's something we really don't have to worry about.

MS. DAVIS: You are unmuted now. You are unmuted.

DR. VENOHR: Am I unmuted?

MS. DAVIS: Yes, you are unmuted.

DR. VENOHR: I have happy fingers.

I will find -- I will dig up that information. And that would just be for ALECS. So, I think all of you are making good points that the ALECS data indicates that few have incomes in this high income range. The private sector at higher incomes are more likely to negotiate some sort of agreement because they are more likely to be represented.

MS. DAVIS: Anyone else have sort of a last comment?

(No response).

MS. DAVIS: Well, thank you, Jane, as always. You have done an outstanding job with a very complicated subject, and we appreciate that. You are welcome to stay if you have time. We are going to open it up for public comments.

MR. MADDOX: Yes, Penny, this is Bob. I wanted to point out Rhonda Wilson joined us after we had started the meeting. So, I didn't know if she wanted to make some comments.

MS. DAVIS: Okay. Thank you.

MR. MADDOX: Ms. Wilson, did you want to make some comments? Can you unmute? I have unmuted you. Rhonda Wilson, are you still on?

(No response).

MS. DAVIS: Yeah, I do see a Rhonda Wilson, yeah.

(No response).

MS. DAVIS: Okay. Well, we did have a few people that indicated they wanted to speak. And we generally ask people to limit their comments to three minutes. So, at one point, Ms. Wood had indicated that she wanted to speak.

Ms. Wood, are you still -- I am trying to look for your Brady bunch picture here. Ms. Wood, are you still on?

MR. MADDOX: She is on.

MS. WOOD: Yes, ma'am.

MS. DAVIS: Thank you. Would you like to address the Committee?

MS. WOOD: I want to thank the

Committee for the fantastic job that they are doing to start with.

And the meeting from today did address a lot of my questions and concerns that I was looking at.

The one thing that I am concerned with is where the cap is going to be for, like, the higher end of the incomes with the reserve. It looks like it's more related that the reserve cuts off at the lower income.

So, it still falls into question when it gets to the higher incomes of the noncustodial parent that they are being pushed into poverty still because there's no money left after the taxes and the child support, that it comes down to either they pay certain bills or do they go without food? I know in some cases that some of the higher income can't even afford to keep health insurance, because do you want them to eat or do you want to pay health insurance?

So, I think that, you know, it would be proper to ask that the reserve be looked at even for the higher end of the -- the noncustodial parent, as well, or even -- I know it said that it wasn't looked upon a cap be put on an income. But if you get in a higher income, and they are taking out more taxes, and they still can't claim the child on income, you know, when it comes to filing taxes, you know, they are still out there and being pushed into poverty. It's like there's no incentive for them to continue to try and make -- bring in more income. Because even if they get a second job, that second job's income is going to go straight to the child support.

So, as far as, you know, the economics standpoint, it's just like even with the -- with the income tax that, you know, with the help that's coming through from these plans and all even from President Biden and all, this money -- the noncustodial parent has, you know, expenses to take care of the child during their visitation, as well. So, you know, but they are not getting any incentive to even to be able to provide for the child when they have them, as well.

MS. DAVIS: Does anyone want to respond or have some thoughts? We certainly appreciate your comments, Ms. Wood.

Anybody on the Committee want to respond or have any questions for clarification?

(No response).

MS. DAVIS: Okay. Just as a reminder, Ms. Wood was kind enough to provide us with a written comment ahead of time that outlines some of her additional concerns.

So, if you would, make sure you -- I'm sure most of the Committee members have looked at that. But please -- if you didn't have a chance to do it beforehand, I am sure she would appreciate that you look at that and keep that in mind along with her comments that she made today and shared with us.

Again, I appreciate your taking the time to do that, Ms. Wood.

Do we have anyone else that would like to speak? Bob, has anyone else indicated to you?

MR. MADDOX: No, ma'am.

MS. DAVIS: We have a non-Committee member, if you would like to speak now, then if you would, unmute yourself and let us know -- identify who you are and that you would like to speak.

(No response).

MS. DAVIS: Okay. We will pause for just a few more seconds to see if anybody is maybe struggling to unmute.

(No response).

MS. DAVIS: Okay. Well, I am going to assume that no one else wants to speak. We did have -- Ms. Campbell?

MS. CAMPBELL: Yes?

MS. DAVIS: You lit up, so I thought maybe you wanted to speak.

MS. CAMPBELL: Oh, no. I am sorry, Penny. It's just me with the phone.

MS. DAVIS: That's quite all right. We all identify and feel your pain.

Okay. Well, it doesn't appear that we have anyone else from the public that wants to speak. We do appreciate the interest, and it looks like we have several new people that have not joined us in the past from the public, and we want to encourage you to continue to participate as your time allows.

We have set two future dates for April the 23rd and May 21st. Of course, that will be noted in the public notice that goes out. But please put that on your calendars, and the time frame will be as it generally is from 10:00 to 12:30.

So, we would certainly welcome any comments from the public, written comments ahead of time, and certainly we will afford you an opportunity to speak again at those meetings if you would like to.

So, let me stop at this point and go back to the Committee members and see if anyone has any comments or questions. We still have Dr. Venohr here online. If you have any additional thoughts you would like to ask her?

(No response).

MS. DAVIS: There's her smiling face. Jane, anything else that you would like to say to us?

DR. VENOHR: No. Thank you for going through all that.

MS. DAVIS: All right. Well, thank you. It's been very helpful to us.

All right. Then we will stand adjourned. Thank y'all.

MR. MADDOX: Thank y'all.

PROFESSOR GRAY: Thanks everybody.

(Conclusion of Advisory
Committee Meeting at 12:21
P.M.)

REPORTER'S CERTIFICATE

STATE OF ALABAMA,

MONTGOMERY COUNTY,

I, Jeana S. Boggs, Certified Court Reporter and Commissioner for the State of Alabama at Large, do certify that I reported the proceedings in the matter of:

BEFORE THE STATE OF ALABAMA
ADVISORY COMMITTEE ON CHILD SUPPORT
GUIDELINES AND ENFORCEMENT

* * * * * * * * * * * * * * *

on Friday, March 12, 2021, the foregoing 126 computer-printed pages contain a true and correct transcript of the statements by the Committee members and other persons via Zoom.

I further certify that I am neither of relative, employee, attorney or counsel of any of the Committee members and other persons, nor am I a relative or employee of such Committee members and other persons, nor am I financially interested in the results thereof. All rates charged are usual and customary.

I further certify that I am duly licensed by the Alabama Board of Court Reporting as a Certified Court Reporter as evidenced by the ACCR number following my name found below.

This 24th day of March, in the year of our Lord, 2021.

/S/Jeana S. Boggs

Jeana S. Boggs, CCR
ACCR NO. 7 Exp 9/30/21
Certified Court Reporter and
Notary Public
Commission expires: 8/9/2022

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