

Glossary of Terms and Abbreviations

Slide 2: FT Minimum Wage Earnings:

- **FT** is full-time
- Federal minimum wage is \$7.25/hour
- 40 hours per week with 52 weeks per year = \$1,257 per month
 - Some use round (e.g., 4 weeks in month)

Slide 2: CPR- Center for Policy Research, the presenter is a CPR economist/research associate

Slide 4: C.F.R- Code of Federal Regulation

Slide 5:

- **DHR** – Alabama Department of Human Resources. DHR is the parent agency of the Alabama Child Support Enforcement Division
- **IV-D** – IV-D means government child support program. Title IV-D of the Social Security Act enables the government child support program. The federal government administers it and each state has their own program that the state may administer or administer it locally.

Slide 8:

- **SSR-** Self Support Reserve. Alabama provides a SSR of \$981/mo (which is based on the 2021 federal poverty guidelines for one person adjusted for Alabama incomes.
- **ALECS-** Alabama Location Enforcement Collection System is the state system for processing all IV-D payments

Slide 10: NCP- Noncustodial Parent (NCP is used in federal regulation to note the parent paying support, but more states are moving a way from NCP for various reasons)

Slide 20

- **Consumer Expenditure (CE) Survey** – the survey of household expenditures used by most economists measuring child-rearing expenditures. Conducted by the U.S. Bureau of Labor Statistics, it is an ongoing survey of about 6,000 households per quarter on 100s of items
- **BR5-** fifth Betson-Rothbarth study. BR5 forms the basis of the Alabama schedule and 17 other states. It is based on economic measures of child-rearing expenditures developed by Professor Betson, University of Notre Dame, using the Rothbarth methodology. BR5 considers expenditures data from the 2013-2019 CE.
- **FPG-** federal poverty guidelines for 1 person, basis of the SSR. 2021 FPG = \$1,073; 2025 FPG = \$1,304

Review of the Alabama Child Support Guidelines

Presentation to:

Alabama Advisory Committee on Child Support Guidelines and Enforcement

(Nov. 7, 2025)

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303-837-1555



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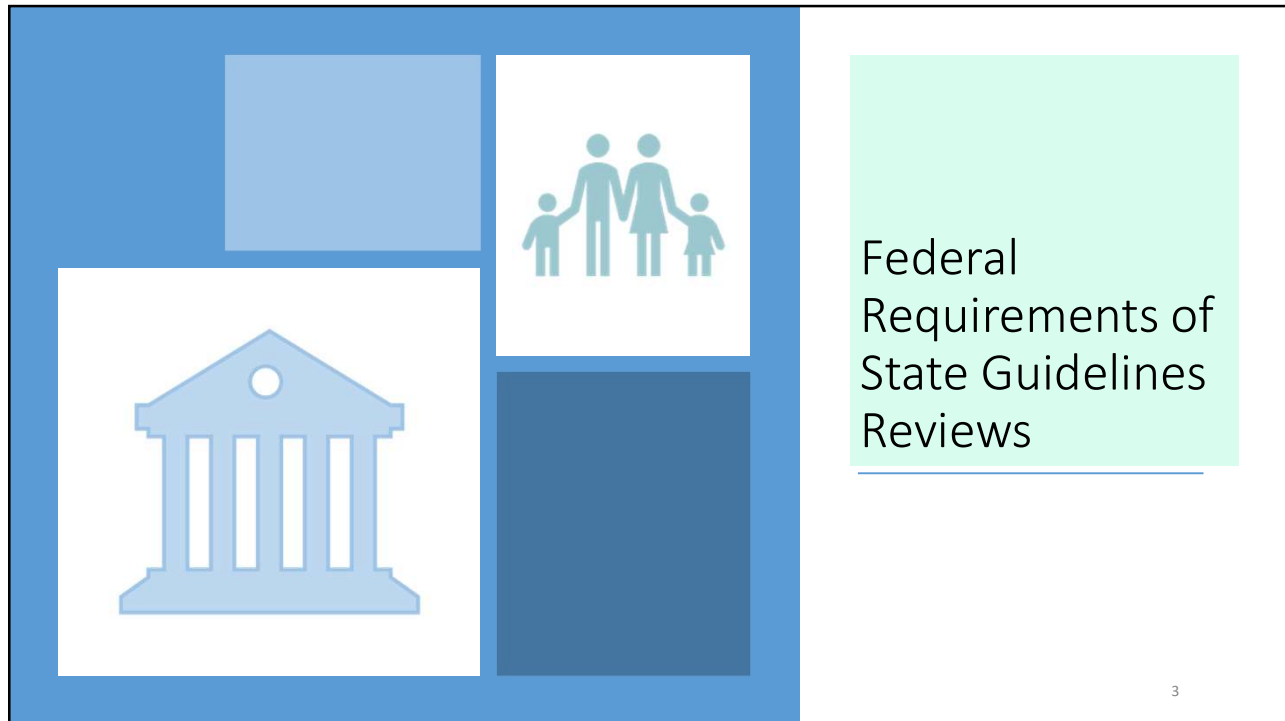
Today's Objectives

- Meet federal requirement to analyze case file data
- Discussion of whether to updated schedule
- Discussion whether to update self-support reserve
 - If so, should its basis be changed?
 - FT Minimum wage earnings: \$1,257/mo
 - Order amount is about \$235/mo
 - 2025 federal poverty level = \$1,304/mo
- Other potential changes
 - Changes that require research from CPR?
 - Changes that do not?



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Federal Requirements of State Guidelines Reviews

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Federal Requirements of Reviews (45 C.F.R 302.56 (e) and (h))

(e) The State must **review, and revise, if appropriate**, the child support guidelines established under paragraph (a) of this section **at least once every four years to ensure that their application results in the determination of appropriate child support order amounts**. The State shall publish on the internet and make accessible to the public all reports of the guidelines reviewing body, the membership of the reviewing body, the effective date of the guidelines, and the date of the next quadrennial review.

(h) As part of the review of a State's child support guidelines required under paragraph (e) of this section, a State must:

- (1) Consider economic data on the cost of raising children, labor market data (such as unemployment rates, employment rates, hours worked, and earnings) by occupation and skill-level for the State and local job markets, the impact of guidelines policies and amounts on custodial and noncustodial parents who have family incomes below 200 percent of the Federal poverty level, and factors that influence employment rates among noncustodial parents and compliance with child support orders;
- (2) Analyze case data, gathered through sampling or other methods, on the application of and deviations from the child support guidelines, as well as the rates of default and imputed child support orders and orders determined using the low-income adjustment required under paragraph (c)(1)(ii) of this section. The analysis must also include a comparison of payments on child support orders by case characteristics, including whether the order was entered by default, based on imputed income, or determined using the low-income adjustment required under paragraph (c)(1)(ii). The analysis of the data must be used in the State's review of the child support guidelines to ensure that deviations from the guidelines are limited and guideline amounts are appropriate based on criteria established by the State under paragraph (g); and
- (3) Provide a meaningful opportunity for public input, including input from low-income custodial and noncustodial parents and their representatives. The State must also obtain the views and advice of the State child support agency funded under title IV–D of the Act.

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Checklist of Federal Requirements

Requirements	Status	Requirement	Status
Consider economic data on the cost of raising children	18.4% inflation since existing schedule created - New economic data on child-rearing expenditures has an underlying data issue due to change in clothing expenditures question - Temporary increase in savings rate from about its 4% norm to 32% during COVID-19 shutdown is also problematic. - Retained BR5 as basis, updated to Sept 2025 price levels, tax rates and poverty level; 2023 US-Alabama income differences	Provide meaningful opportunity for public input, including input from low-income parties	Public Comment Period each meeting
Consider labor market data	See Feb 2025 presentation and slide on next page	Obtain the views and advice of the IV-D agency	IV-D Representation on Committee
Consider case file data on deviations	CPR obtained and analyzed DHR case file data	Review, and revise, if appropriate, the child support guidelines	Committee and Court
Impact of guidelines policies on parents with low income	See today's presentation and February presentation	Publish report on internet, membership of reviewing body, & effective date of the guidelines & next review	Court Website
Factors that influence employment rates and compliance	See today's presentation and February presentation		
Rates of default, imputation, and application of low-income adjustment & analysis of payment date			

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Labor Market Information (slide from Feb. presentation with **selected updates**)

	Alabama	US or Other States
Minimum Wage	Federal Applies: \$7.25 per hour (\$1,257/mo when 40 hours per week) 2025 Federal poverty level = \$1,304	20 states at \$7.25, highest \$17.50/hour
Labor Force Participation Rate (Dec. 2024)	57.7%	62.5%
Unemployment Rate	3.3% (Dec. 2024) 2.9% (Aug. 2025)	4.1% (Dec. 2024)

- Alabama Population (Census, 2023): 5,108,468
- Employed Persons (Dec, 2024) 2,234,300
- Counties with Lowest Unemployment Rates: Shelby (2.4%); Morgan and Marshall (2.6%)
- Counties with Highest Unemployment rates: Wilcox (8.5%); Clarke (6.8%); Greene (6.6%)
- Unemployment Rates (preliminary Aug 2025): highest city: Prichard (7.1%)**
- Alabama **Entry** Hourly Wages (3rd quarter, 2024)
 - All occupations: \$12.96
 - Healthcare support occupations: \$11.59
 - Cashiers: \$9.64 (35-hour week; 47 weeks per year → \$1,321/ month)
 - Food Preparation: \$9.76
 - Construction Laborers: \$12.74
 - Building Cleaning and Pest Control Workers: \$10.52
- Average weekly hours: 35.5 total private Alabama (Aug. 2025)**
- Average Alabama hourly wage for all occupations increased 19.1%: \$23.13 (May 2021) to \$27.55 (Qtr 2, 2025)**



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Analysis of Case File Data

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Summary of Findings: Federal Data Requirements		
Requirements	Last Review	This Review
Sample of case file data Selected <u>all</u> new or modified orders that became effective in sample period	- Jan 1 – Dec. 31, 2018 & payment data from following year 8,333 orders from ALECS 2,308 orders with guidelines calculations	- Jan 1,– Dec. 31, 2023 7,214 orders from ALECS 2,749 orders guidelines calculations
Percentage with guidelines deviations Federal expectation: keep deviations to a minimum	9%	11%
Percentage with income imputation	5% based on ALECS data field	Changed how measured - Mothers: 14% - Fathers: 11%
Percentage entered by default	Less than percentage with income imputation	Not measured
Application of the low-income adjustment	< 1% set at \$50 per month 5% of payer-parent's had income in the area of the previous schedule adjusted for the SSR (less than \$1,100 gross per month for 1 child) 3% of orders set between \$1 and \$50 per month (73% of the custodians in these cases were non-parent caretakers)	Switched from Low-Income Adjustment in Schedule to Adjustment in Worksheet 14% of NCPs had income less than SSR - Order = \$0: 67% - Order more than \$0: 33% \$50: 22%

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AL Deviation Rate Compared to Other States

- Alabama (IV-D) increased from 9 to 11%
- GA (2022 Review): 11% among IV-D cases and 47% among non-IV-D cases
- TN (IV-D only): increased from 3% in 2015 to 9% in 2023

Alabama Deviation Criteria

(1) REASONS FOR DEVIATING FROM THE GUIDELINES. Reasons for deviating from the guidelines may include, but are not limited to, the following:

- (a) Shared physical custody or visitation rights providing for periods of physical custody or care of children by the obligor parent substantially in excess of those customarily approved or ordered by the court;
- (b) Extraordinary costs of transportation for purposes of visitation borne substantially by one parent;
- (c) Expenses of college education incurred prior to a child's reaching the age of majority;
- (d) Assets of, or unearned income received by or on behalf of, a child or children;
- (e) The assumption under the Internal Revenue Code that the custodial parent will claim the federal and state income-tax exemptions for the children in his or her custody will not be followed in the case;
- (f) The actual child-care costs incurred on behalf of the children because of the employment or job search of either parent exceeds the costs allowed under subsection (B)(8) of this rule by twenty percent (20%) or more; and
- (g) A parent incurs child-care costs associated with the parent's training or education necessary to obtain a job or to enhance that parent's earning potential, not to exceed a reasonable time as determined by the court. To justify deviating from the guidelines on this basis, the parent must prove by a preponderance of the evidence that the job training or education will benefit the child or children being supported, and child-care costs associated with such training or education shall not exceed the amount required to provide care from a licensed source for the child or children, based on a schedule of guidelines developed by the Alabama Department of Human Resources; and
- (h) Other facts or circumstances that the court finds contribute to the best interest of the child or children for whom child support is being determined.

The existence of one or more of the reasons enumerated in this section does not require the court to deviate from the guidelines, but the reason or reasons may be considered in deciding whether to deviate from the guidelines. The court may deviate from the guidelines even if no reason enumerated in this section exists, if evidence of other reasons justifying deviation is presented.

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Income Imputation Rate Compared to Other States

- Alabama (IV-D): 14% Mothers; 11% Fathers
- GA (2022 Review): 38% NCPs with IV-D orders and 13% of NCPs with non-IV-D data (GA data were collected after major jobs losses due to COVID-19 shutdown)

Federal Requirement (45 C.F.R. § 302.56 Guidelines for setting child support orders)	AL Guidelines
(c) The child support guidelines established under paragraph (a) of this section must at a minimum: (1) Provide that the child support order is based on the noncustodial parent's earnings, income, and other evidence of ability to pay that: (i) Takes into consideration all earnings and income of the noncustodial parent (and at the State's discretion, the custodial parent); ... (iii) If imputation of income is authorized, takes into consideration the specific circumstances of the noncustodial parent (and at the State's discretion, the custodial parent) to the extent known, including such factors as the noncustodial parent's assets, residence, employment and earnings history, job skills, educational attainment, literacy, age, health, criminal record and other employment barriers, and record of seeking work, as well as the local job market, the availability of employers willing to hire the noncustodial parent, prevailing earnings level in the local community, and other relevant background factors in the case. ... (3) Provide that incarceration may not be treated as voluntary unemployment in establishing or modifying support orders; and	<i>Committee Comments to the Amendment to Rule 32 Effective July 1, 2019</i> In subsection (B)(5), the factors that should be considered when determining voluntary underemployment or unemployment were changed to be consistent with the requirements in federal child-support regulations. See 45 C.F.R. § 302.56(c)(1)(iii). Incarceration may no longer be treated as voluntary unemployment when establishing or modifying child support. See 45 C.F.R. § 302.56(c)(3).

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Alabama Income Imputation (2023 case findings)

• Income Imputation at Minimum Wage

- 88% of fathers with income imputation
- 92% of mothers with income imputation

• % of Current Support Paid in Following Year

• All examined order

- Average: 61.4%; Median = 73.7%
- Paid Nothing: 12%; Paid All: 15%

• Fathers with Income Imputation

- Average: 23.1%; Median = 33.9%
- Paid Nothing: 82%; Paid All: 7%

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Payments when NCP Income is FT Minimum Wage

At minimum-wage

- 19% of NCPs with IV-D cases have FT minimum wage income
- Order is about \$235

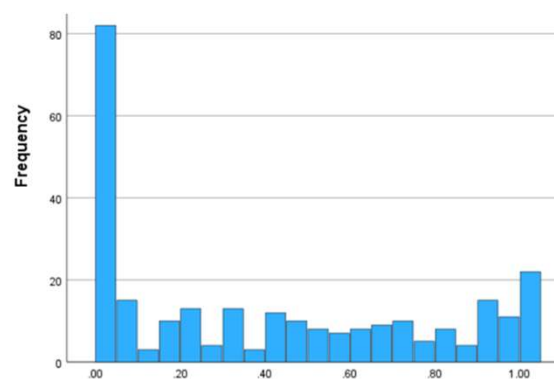
% of Current Support Paid in Following Year

• All examined order

- Average: 61.4%; Median = 73.7%
- Paid Nothing: 12%; Paid All: 15%

• NCP Income = FT Minimum Wage

- Average: 40.3%; Median = 33.3%
- Paid Nothing: 26%; Paid All: 8%



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Low-Income Adjustment

Federal Requirement (45 C.F.R. § 302.56)	AL Guidelines
(c) The child support guidelines established under paragraph (a) of this section must at a minimum: (1) Provide that the child support order is based on the noncustodial parent's earnings, income, and other evidence of ability to pay that: (i) Takes into consideration the basic subsistence needs of the noncustodial parent (and at the State's discretion, the custodial parent and children) who has a limited ability to pay by incorporating a low-income adjustment, such as a self-support reserve or some other method determined by the State; and	<i>Committee Comments to Amendments to Rule 32 Effective May 1, 2022</i> Rule 32(C), entitled "Determination of Recommended Child-Support Obligation," has been amended by adding subsection (5). Subsection (5) provides for a Self-Support Reserve ("SSR") Calculation in the Child-Support Guidelines form. 45 C.F.R. § 302.56(c)(ii) requires that child-support guidelines must "[t]ake[] into consideration the basic subsistence needs of the noncustodial parent." Alabama previously addressed that concern through the implementation of an SSR adjustment built into the schedule... Rule 32(C)(5)(a) explains that the SSR calculation is used to ensure that the obligor's basic subsistence needs are met in accordance with 45 C.F.R. § 302.56. Rule 32(C)(5)(b) explains that the amount of the SSR is \$981. The amount of the SSR that had been incorporated into the schedule was based on the 2007 federal poverty guidelines, adjusted for Alabama incomes. The amount of the SSR has been updated to reflect the 2021 federal poverty levels, adjusted for Alabama incomes... Rule 32(C)(5)(d) explains that the "Recommended Child-Support Order" on Line 13 of the Child-Support Guidelines form is the lesser of "Each Parent's Adjusted Child-Support Obligation" on Line 10 of the Child-Support Guidelines form or the "Income Available for Support" entered on Line 12 of the Child-Support Guidelines form... Rule 32(C) has been further amended by adding subsection (6), entitled "Zero-dollar order." That subpart provides for a rebuttable presumption that an order requiring no child support from an obligor should be entered in specified limited situations. The provision in Rule 32(C)(6)(a) that there is a rebuttable presumption that a zero-dollar order applies when an obligor "has no gross income and receives only means-tested assistance" is not intended to impede a court's discretion under Rule 32(B)(5) to impute income to a parent that the court finds is voluntarily unemployed or underemployed. Rule 32(B)(5) is unaffected by this provision.

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Existing Self-Support Reserve (SSR) Is in the Worksheet, Not the Schedule

Existing SSR is based on 2021 federal poverty guidelines for one person and adjusted for Alabama incomes and payroll taxes.

- Current SSR: \$981 per month.
- Minimum order: \$50 for incomes below (rebuttable)
- Phase-in/Phase-out: 85% of difference between income and SSR to account for payroll taxes

Line	Item	Plaintiff	Defendant	Combined
1	MONTHLY GROSS INCOME	\$	\$	\$ 0
Self-Support Reserve (SSR)				
11	INCOME AVAILABLE AFTER SSR (Line 1 - SSR of \$981)	\$	\$	
12	INCOME AVAILABLE FOR SUPPORT (85% of Line 11. If less than \$50, enter \$50 minimum obligation.)	\$	\$	
Child Support Order				
13	(Lesser of Lines 10 and 12)	\$	\$	

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Payments for Those with Income below SSR

% of Current Support Paid in Following Year

- **All examined order**
 - Average: 61.4%; Median = 73.7%
 - Paid Nothing: 12%; Paid All: 15%
- **Income below SSR and non-zero order**
 - Average: 58.4%; Median = 64.2%
 - Paid Nothing: 10%; Paid All: 17%

Alabama						
Schedule of Basic Child-Support Obligations						
Number of Children due Support						
Combined Adjusted Gross Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
0-250	52	80	96	107	118	128
300	63	95	115	129	142	154
350	73	111	134	150	165	179

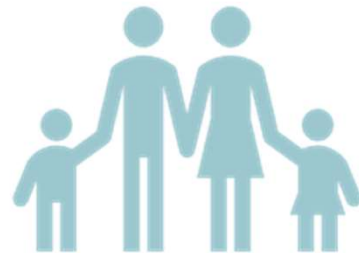
Self-Support Reserve (SSR)			
11	INCOME AVAILABLE AFTER SSR (Line - SSR of \$981)	\$	\$
12	INCOME AVAILABLE FOR SUPPORT (85% of Line 11. If less than \$50, enter \$50 minimum obligation.)	\$	\$
Child Support Order			
13	(Lesser of Lines 10 and 12)	\$	\$

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Other Findings from Case File Data

- Order Amount: Average = \$411/month
- Number of Children
 - 1 child: 71%
 - 2 children: 21%
 - 3 children: 6%
 - 4+ children: 2%
- Custodial person
 - Mother: 81%
 - Father: 5%
 - Other: 14%
- Noncustodial parent
 - Father: 8%

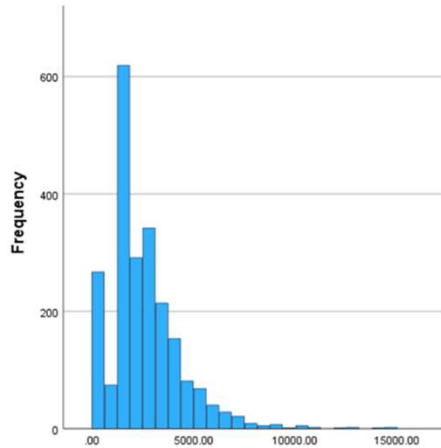


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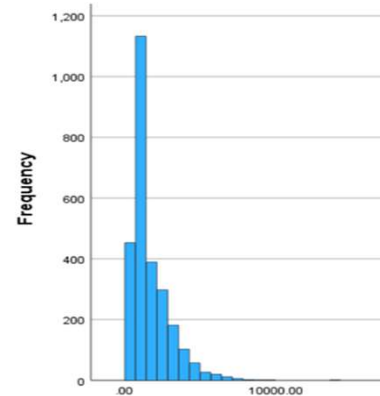
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Other Findings: Incomes of the Parties

NCP Average Income = \$2,488 gross per month
19% set at FT Minimum wage (approximately \$1,257)



CP Average Income = \$1,703 gross per month
31% set at FT Minimum Wage



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Analysis of Economic Data on the Cost of Raising Children

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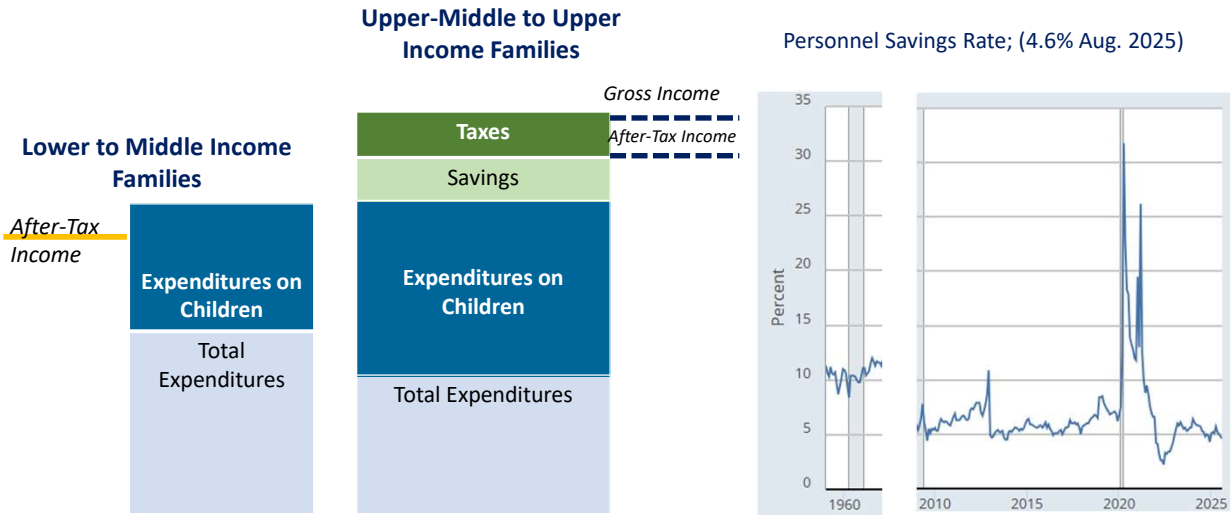
Existing Alabama Schedule Is Based on Economic Data on the Cost of Raising Children (slide repeated from Feb presentation)

The quadrennial review is an opportunity to review:

- The schedule; and
- The self-support reserve;
 - for more current economic data and ;
 - Whether underlying assumptions are still appropriate for Alabama children; and families for the next 4 years; and
- Other guidelines provisions

Alabama Schedule of Basic Child-Support Obligations Number of Children due Support						
Combined Adjusted Gross Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
0-250	34	80	96	107	118	128
250-300	63	95	115	129	142	154
300-350	73	111	134	150	165	179
350-400	83	127	153	171	188	204
400-450	83	142	171	191	210	229
450-500	103	157	190	212	233	253
500-550	113	172	208	232	256	278
550-600	123	187	226	253	279	302
600-650	133	203	244	273	300	326
650-700	143	218	262	293	323	351
700-750	153	233	281	314	345	375
750-800	163	248	299	334	367	399
800-850	173	263	317	354	390	423
850-900	183	278	335	374	412	448
900-950	193	293	353	395	434	472
950-1000	203	308	371	415	456	496
1000-1050	212	323	389	435	479	520
1050-1100	221	338	406	453	498	542
1100-1150	231	353	423	471	518	565
1150-1200	241	368	440	489	538	588
1200-1250	251	383	457	507	558	611
1250-1300	261	398	474	525	578	634
1300-1350	271	413	491	543	598	657
1350-1400	281	428	508	561	618	680
1400-1450	291	443	525	579	638	703
1450-1500	301	458	542	597	658	726
1500-1550	311	473	559	615	678	749
1550-1600	321	488	576	633	698	772
1600-1650	331	503	593	651	718	795
1650-1700	341	518	610	669	738	818
1700-1750	351	533	627	687	758	841
1750-1800	361	548	644	705	778	864
1800-1850	371	563	661	723	798	887
1850-1900	381	578	678	741	818	910
1900-1950	391	593	695	759	838	933
1950-2000	401	608	712	777	858	956
2000-2050	411	623	729	795	878	979
2050-2100	421	638	746	813	898	1002
2100-2150	431	653	763	831	918	1025
2150-2200	441	668	780	849	938	1048
2200-2250	451	683	797	867	958	1071
2250-2300	461	698	814	885	978	1094
2300-2350	471	713	831	903	998	1117
2350-2400	481	728	848	921	1018	1140
2400-2450	491	743	865	939	1038	1163
2450-2500	501	758	882	957	1058	1186
2500-2550	511	773	899	975	1078	1209
2550-2600	521	788	916	993	1098	1232
2600-2650	531	803	933	1011	1118	1255
2650-2700	541	818	950	1029	1138	1278
2700-2750	551	833	967	1047	1158	1301
2750-2800	561	848	984	1065	1178	1324
2800-2850	571	863	1001	1083	1198	1347
2850-2900	581	878	1018	1101	1218	1370
2900-2950	591	893	1035	1119	1238	1393
2950-3000	601	908	1052	1137	1258	1416
3000-3050	611	923	1069	1155	1278	1439
3050-3100	621	938	1086	1173	1298	1462
3100-3150	631	953	1103	1191	1318	1485
3150-3200	641	968	1120	1209	1338	1508
3200-3250	651	983	1137	1227	1358	1531
3250-3300	661	998	1154	1245	1378	1554
3300-3350	671	1013	1171	1263	1398	1577
3350-3400	681	1028	1188	1281	1418	1600
3400-3450	691	1043	1205	1299	1438	1623
3450-3500	701	1058	1222	1317	1458	1646
3500-3550	711	1073	1239	1335	1478	1669
3550-3600	721	1088	1256	1353	1498	1692
3600-3650	731	1103	1273	1371	1518	1715
3650-3700	741	1118	1290	1389	1538	1738
3700-3750	751	1133	1307	1407	1558	1761
3750-3800	761	1148	1324	1425	1578	1784
3800-3850	771	1163	1341	1443	1598	1807
3850-3900	781	1178	1358	1461	1618	1830
3900-3950	791	1193	1375	1479	1638	1853
3950-4000	801	1208	1392	1497	1658	1876
4000-4050	811	1223	1409	1515	1678	1899
4050-4100	821	1238	1426	1533	1698	1922
4100-4150	831	1253	1443	1551	1718	1945
4150-4200	841	1268	1460	1569	1738	1968
4200-4250	851	1283	1477	1587	1758	1991
4250-4300	861	1298	1494	1605	1778	2014
4300-4350	871	1313	1511	1623	1798	2037
4350-4400	881	1328	1528	1641	1818	2060
4400-4450	891	1343	1545	1659	1838	2083
4450-4500	901	1358	1562	1677	1858	2106
4500-4550	911	1373	1579	1695	1878	2129
4550-4600	921	1388	1596	1713	1898	2152
4600-4650	931	1403	1613	1731	1918	2175
4650-4700	941	1418	1630	1749	1938	2198
4700-4750	951	1433	1647	1767	1958	2221
4750-4800	961	1448	1664	1785	1978	2244
4800-4850	971	1463	1681	1803	1998	2267
4850-4900	981	1478	1698	1821	2018	2290
4900-4950	991	1493	1715	1839	2038	2313
4950-5000	1001	1508	1732	1857	2058	2336
5000-5050	1011	1523	1749	1875	2078	2359
5050-5100	1021	1538	1766	1893	2098	2382
5100-5150	1031	1553	1783	1911	2118	2405
5150-5200	1041	1568	1800	1929	2138	2428
5200-5250	1051	1583	1817	1947	2158	2451
5250-5300	1061	1598	1834	1965	2178	2474
5300-5350	1071	1613	1851	1983	2198	2497
5350-5400	1081	1628	1868	2001	2218	2520
5400-5450	1091	1643	1885	2019	2238	2543
5450-5500	1101	1658	1902	2037	2258	2566
5500-5550	1111	1673	1919	2055	2278	2589
5550-5600	1121	1688	1936	2073	2298	2612
5600-5650	1131	1703	1953	2091	2318	2635
5650-5700	1141	1718	1970	2109	2338	2658
5700-5750	1151	1733	1987	2127	2358	2681
5750-5800	1161	1748	2004	2145	2378	2704
5800-5850	1171	1763	2021	2163	2398	2727
5850-5900	1181	1778	2038	2181	2418	2750
5900-5950	1191	1793	2055	2199	2438	2773
5950-6000	1201	1808	2072	2217	2458	2796
6000-6050	1211	1823	2089	2235	2478	2819
6050-6100	1221	1838	2106	2253	2498	2842
6100-6150	1231	1853	2123	2271	2518	2865
6150-6200	1241	1868	2140	2289	2538	2888
6200-6250	1251	1883	2157	2307	2558	2911
6250-6300	1261	1898	2174	2325	2578	2934
6300-6350	1271	1913	2191	2343	2598	2957
6350-6400	1281	1928	2208	2361	2618	2980
6400-6450	1291	1943	2225	2379	2638	3003
6450-6500	1301	1958	2242	2397	2658	3026
6500-6550	1311	1973	2259	2415	2678	3049
6550-6600	1321	1988	2276	2433	2698	3072
6600-6650	1331	2003	2293	2451	2718	3095
6650-6700	1341	2018	2310	2469	2738	3118
6700-6750	1351	2033	2327	2487	2758	3141
6750-6800	1361	2048	2344	2505	2778	3164
6800-6850	1371	2063	2361	2523	2798	3187
6850-6900	1381	2078	2378	2541	2818	3210
6900-6950	1391	2093	2395	2559	2838	3233
6950-7000	1401	2108	2412	2577	2858	3256
7000-7050	1411	2123	2429	2595	2878	3279
7050-7100	1421	2138	2446	2613	2898	3302
7100-7150	1431	2153	2463	2631	2918	3325
7150-7200	1441	2168	2480	2649	2938	3348
7200-7250	1451	2183	2497	2667	2958	3371
7250-7300	1461	2198	2514	2685	2978	3394
7300-7350	1471	2213	2531	2703	2998	3417
7350-7400	1481	2228	2548	2721	3018	3440
7400-7450	1491	2243	2565	2739	3038	3463
7450-7500	1501	2258	2582	2757	3058	3486
7500-7550	1511	2273	2599	2775	3078	3509
7550-7600	1521	2288	2616	2793	3098	3532
7600-7650	1531	2303	2633	2811	3118	3555
7650-7700	1541	2318	2650	2829	3138	3578
7700-7750	1551	2333	2667	2847	3158	3601
7750-7800	1561	2348	2684	2865	3178	3624
7800-7850	1571	2363	2701	2883	3198	3647
7850-7900	1581	2378	2718	2901	3218	3670
7900-7950	1591	2393	2735	2919	3238	3693
7950-8000	1601	2408	2752	2937	3258	3716
8000-8050	1611	2423	2769	2955	3278	3739
8050-8100	1621	2438	2786	2973	3298	3762
8100-8150	1631	2453	2803	2991	3318	3785
8150-8200	1641	2468	2820	3009	3338	3808
8200-8250	1651	2483	2837	3027	3358	3831
8250-8300	1661	2498	2854	3045	3378	3854
8300-8350	1671	2513	2871	3063	3398	3877
8350-8400	1681	2528	2888	3081	3418	3900
8400-8450	1691	2543	2905	3099	3438	3923
8450-8500	1701	2558	2922	3117	3458	3946
8500-8550	1711	2573	2939	3135	3478	3969
8550-8600	1721	2588	2956	3153	3498	3992
8600-8650	1731	2603	2973	3171	3518	4015
8650-8700	1741	2618	2990	3189	3538	4038
8700-8750	1751	2633	3007	3207	3558	4061
8750-8800	1761	2648	3024	3225	3578	4084
8800-8850	1771	2663	3041	3243	3598	4107
8850-8900	1781	2678	3058	3261	3618	4130
8900-895						

#5: Average Expenditures to After-Tax Income Ratios



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Economic Methodology to Estimate Child-Rearing Expenditures

All estimates of child-rearing expenditures are from the Consumer Expenditure (CE) Survey Conducted by the Bureau of Labor Statistics: <https://www.bls.gov/cex/>

- Alabama is one of 18 states based on Rothbarth estimates from 2013-2019 CE
- 2025 Betson Study (forthcoming) from 2018-2024 CE**
 - Rothbarth:
 - 2018-2024: 18.3% for 1 child (22.2% with alternative definition)
 - 1.2 percentage point decrease due to COVID-19; 10.2 percentage point decrease due to change in clothing question
 - Previous studies: stable & consistent (about 23-25.6% for 1 child)
 - Engel:
 - 2018-2024: 24.1% for 1 child
 - Previous studies: Inconsistent (about 22-33% for 1 child)

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Comparisons: 1 Child

- Increase is not the same across income ranges:
 - Average increase = 5%
 - Increase ranges from 0 – 10%, dollar increase at 10% is \$84 per month (to schedule before payer-parent's share)
 - Maximum dollar increase to schedule is \$139 per month
- Changes in price levels shifts line to the right (i.e., not a consistent slope, some income levels spend a greater share of their income than others)
- Tax bracket changes also cause inconsistent changes
- Base income limit for social security tax increased from \$148,280 per year to \$176,100 per year
 - creates some anomalies around about \$12,000 to \$16,000 per month



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Comparisons: 2 Children and 3 Children

2 Children

- Increase is not the same across income ranges:
 - Average increase = 5%
 - Increase ranges from 0 – 10%, dollar increase is \$133 per month (to schedule before taking payer-parent's share)
 - Maximum dollar increase to schedule is \$201 per month



3 Children

- Increase is not the same across income ranges:
 - Average increase = 5%
 - Increase ranges from 0 – 11%, dollar increase is \$167 per month (to schedule before taking payer-parent's share)
 - Maximum dollar increase to schedule is \$231 per month



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Basis of Other State Guidelines

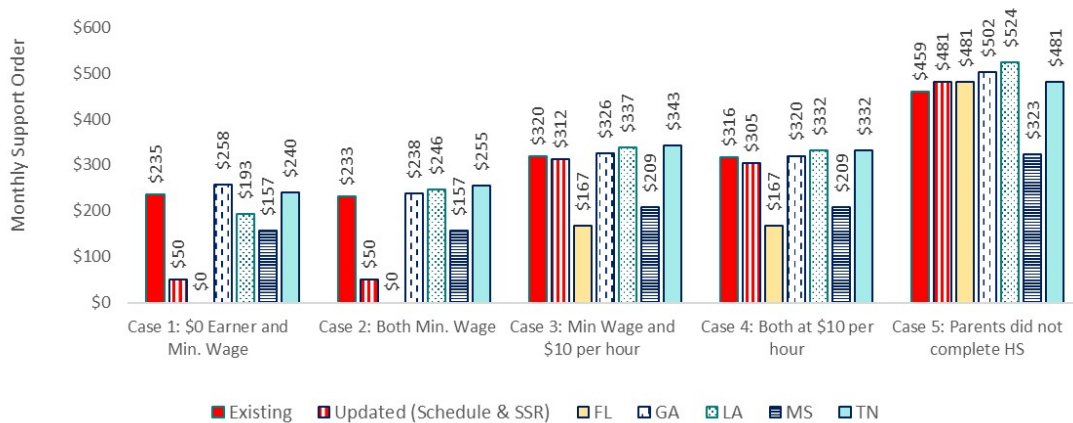
	Florida	Georgia	Louisiana	Mississippi	Tennessee
Last Review	2021	On-going	2024	2023	Current
Guidelines Model	Income shares	Income shares	Income shares	% of obligor income	Income shares
Gross or Net Income	Net	Gross	Gross	Net	Gross
Economic Study	Engel-Espenshade (1984)	BR5	BR5		BR2
Price Levels	1991?	2022	2024	Never updated	2003
Low-Income Adjustment	90% difference between net income and poverty	Deviation now, but low-income adjustment effective Jan 1, 2026: Proposed is 19-28% for gross incomes below \$1,500	SSR = 75% of 2023 poverty level \$43-\$45 for gross income of \$1,050 (Amount varies by number of children)	Deviation	\$100 minimum order for gross incomes of \$950 or less

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Comparisons for Cases 1-5: 1 Child

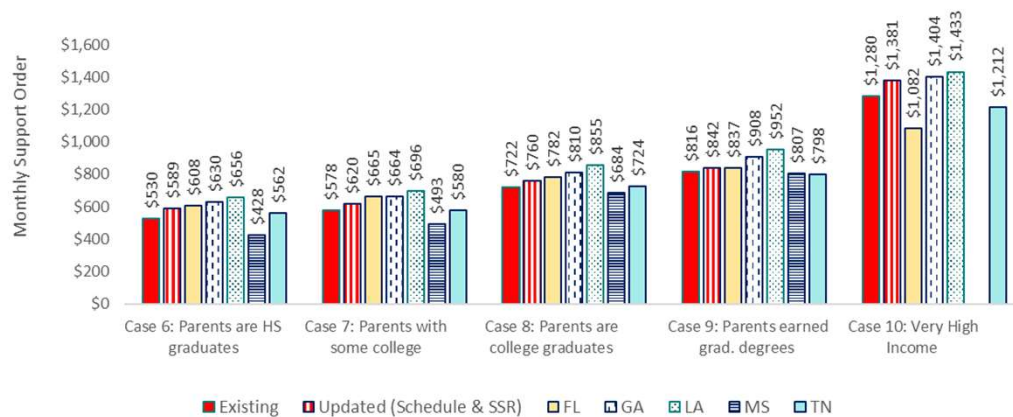
- Significant decrease for Cases 1 and 2 if SSR is updated for 2025 poverty guidelines
- Small changes between existing and updated for Cases 3-5
- When low-income adjustment doesn't apply, existing and updated AL similar to FL, GA, LA, and TN
- FI is \$0 or \$167 for the first 4 case scenarios due to its low-income adjustment
- MS has a low guidelines



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Comparisons for Cases 6-10: 1 Child

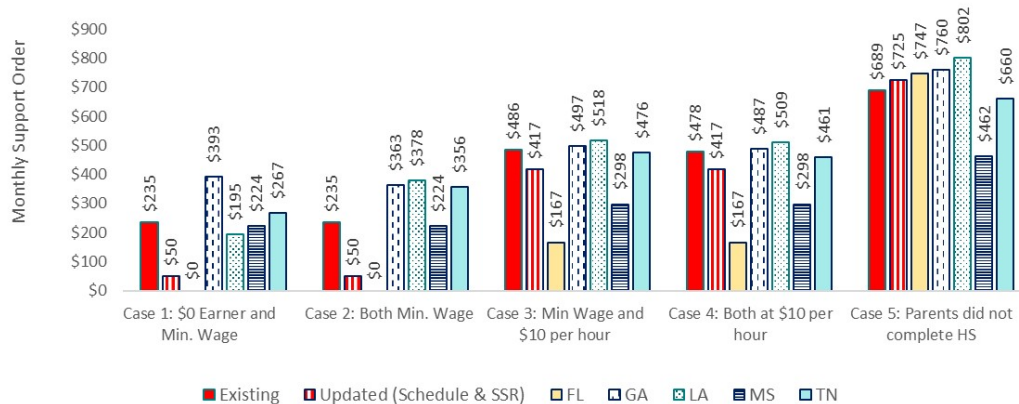
- Small changes between existing and updated
- Except for Case 10, existing and updated AL slightly less than FL, GA, and LA
- FL formula for incomes above \$10,000 applies to Case 10
- MS has a low guidelines, No longer presumptive above \$10,000 net
- TN has not updated for almost 20 years so doesn't capture increase in child-rearing expenditures at high incomes



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Comparisons for Cases 1 and 2: 2 Children

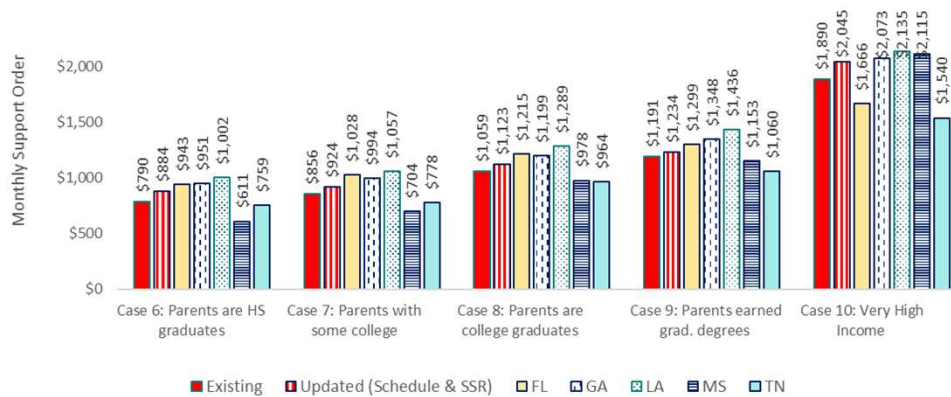
- Significant decrease for Cases 1-4 if SSR is updated for 2025 poverty guidelines
- Small changes between existing and updated for Case 5
- FI is \$0 or \$167 for the first 4 case scenarios due to its low-income adjustment
- MS has a low guidelines



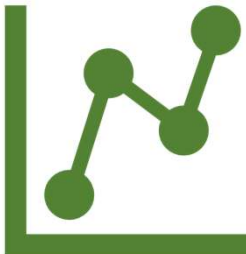
28

Comparisons for Cases 6-10: 2 Children

- Small changes between existing and updated
- Except for Case 10, existing and updated AL slightly less than FL, GA, and LA
- FL formula for incomes above \$10,000 applies to Case 10
- MS has a low guidelines
- TN has not updated for over 10 years so doesn't capture increase in child-rearing expenditures at high incomes



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Next Steps and Questions

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Next Steps and Questions

Committee

- Whether schedule should be updated; and
- Whether SSR should be updated?
- What additional information is needed from CPR to make decision?
- Other Issues?
 - Any need additional information from CPR?



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