

**ECONOMIC BASIS FOR UPDATED  
CHILD SUPPORT SCHEDULE  
STATE OF OREGON**  
December 31, 2001

**Submitted to:**  
Oregon Department of Justice  
Division of Child Support  
1495 Edgewater Street, NW  
Suite 170  
Salem, Oregon 97304

**Submitted by:**  
Policy Studies Inc.  
999 18th Street, Suite 1000  
Denver, CO 80202  
(303) 863-0900



Jane C. Venohr, Ph.D.  
Tracy E. Griffith, CLA





---

# Table of Contents

## Chapter 1: Introduction

Economic Basis for Existing Guidelines.....	1
Guidelines Model.....	1
Economic Evidence Used in Oregon Schedule.....	2
Economic Evidence Used to Develop New, Proposed Schedule.....	4
Betson-Rothbarth Estimates .....	4
Updating the Oregon Schedule .....	5
Report Organization.....	6

## Chapter 2: New Economic Data on Child-Rearing Expenditures

General Economic Approach to Measuring Child-Rearing Expenditures.....	7
Rothbarth Estimator .....	8
Other Estimators .....	9
Summary of Estimates .....	12
Choice of Estimators.....	13
Other Issues Pertaining to Estimates of Child-Rearing Expenditures.....	14
(1) Use of national data for state guidelines .....	14
(2) Use of data from intact families to determine child support levels .....	15
Expenditures on Children as a Proportion of Net Income .....	16



---

## Chapter 3: Developing a Support Schedule from Estimates of Child Expenditures

Building a Table of Support Proportions .....	19
1. Updating the Net Income Brackets .....	20
2. Deducting Costs of Child Care .....	20
3. Deducting the Child's Share of Unreimbursed Medical Expenses .....	20
4. Calculating the Relationship Between Consumption and Net Income .....	21
5. Computing Child Expenditures as a Proportion of Net Income.....	21
6. Extending the Rothbarth Estimates to Larger Household Sizes .....	21
7. Computing Marginal Proportions Between Income Ranges.....	22
Summary .....	22
Building a Schedule of Basic Child Support Obligations .....	24
Converting Net to Gross Income.....	24
Incorporating a Support Reserve .....	25
Other Adjustments.....	28

## Chapter 4: Summary of Key Assumptions

## Chapter 5: Comparison of Proposed Schedules

Basis of the Existing Schedule .....	41
Estimates of Child-Rearing Expenditures.....	42
Changes in the Estimates of Child-Rearing Expenditures .....	42
Changes in Table Deductions for Average Child Care and Children's Health Costs..	44
Revisions in Personal Income Tax Rates.....	44
Self Support Reserve.....	45
Comparison of Existing and Alternative Support Schedules .....	47
Graphical Comparison of 1, 2 and 3 Children.....	47
Graphical Comparisons Assuming Obligee Has Income .....	49
Case Examples Comparing Existing to Proposed Schedule .....	55

## Chapter 6: Summary and Conclusions



---

## Exhibits

Exhibit 1: Family Consumption Expenditures and Income .....	7
Exhibit 2: Summary of Estimates of Child-Rearing Expenditures .....	13
Exhibit 3: Proportion of Net Income Spent on Children .....	17
Exhibit 4: Proposed Table of Support Proportions .....	23
Exhibit 5: Oregon Proposed Monthly Basic Child Support Obligations .....	28
Exhibit 6: Difference in Estimates of Child-Rearing Expenditures from 1980-86 to 1996-1998 .....	43
Exhibit 7: Changes in Federal and State Taxes and FICA from 1998 to 2001 .....	45
Exhibit 8: Comparison of Existing and Proposed Schedules for Low Incomes .....	46
Exhibit 9: Comparison of Schedules – One Child .....	48
Exhibit 10: Comparison of Schedules – Two Children .....	50
Exhibit 11: Comparison of Schedules – Three Children .....	51
Exhibit 12: Comparison of Schedules – Two Children, Obligee’s Income = 50% of Obligor’s Income.....	53
Exhibit 13: Comparison of Schedules – Two Children, Obligee’s Income = Obligor’s Income.....	54

## Appendices

Appendix I: Technical Considerations in Developing Schedule of Support Obligations
Appendix II: Gross-to-Net Income Conversion Table
Appendix III: Example of Low-Income Adjustment in Worksheet
Appendix IV: Historical Comparison of Oregon Schedules and Proposed Schedules
Appendix V: Comparisons with Bordering States
Appendix VI: Comparisons with Low-Income States
Appendix VII: Comparisons for One and Three Children

---

## Chapter I Introduction

This report has been prepared under contract with the Oregon Department of Justice Division of Child Support. The Oregon Child Support Guidelines are being reviewed in accordance with a requirement of the Family Support Act of 1988 [P.L. 100-485]. Federal regulations [45 CFR 302.56] further require that the review must include an assessment of the most recent economic data on child-rearing costs and a review of case data to ensure that deviations from guidelines are limited. This report addresses the core of the guidelines, the Schedule of Basic Child Support Obligations.

This report recommends an updated Schedule. It incorporates recent economic estimates of child-rearing expenditures. Since estimates of child-rearing expenditures are expressed as a proportion of total household expenditures, additional assumptions are necessary to build a child support schedule based on gross income. Specifically, current federal and state income tax rates and FICA are considered in the proposed Schedule. The low-income adjustment is also updated in the proposed Schedule to reflect more current information on poverty.

### ECONOMIC BASIS FOR EXISTING GUIDELINES

---

#### Guidelines Model

The current Oregon Child Support Guidelines are based on the Income Shares model, which was developed under the Child Support Guidelines Project funded by the U.S. Office of Child Support Enforcement (OCSE) and administered by the National Center for State Courts. Recommended for state usage by the Guidelines Project Advisory Group, the Income Shares model has been described as follows:

The Income Shares model is based on the concept that the child should receive the same proportion of parental income that he or she would have received if the parents lived together. In an intact household, the income of both parents is generally pooled and spent for the benefit of all household members, including any children. A child's portion of such expenditures includes spending for goods used only by the child, such as clothing, and also a share of goods used in common by the family, such as housing, food, household furnishings, and recreation.<sup>1</sup>

---

<sup>1</sup> Robert G. Williams, *Development of Guidelines for Child Support Orders, Part II, Final Report*, Report to U.S. Office of Child Support Enforcement, Policy Studies Inc., (March 1987) p. II-69.



---

## Economic Evidence Used in Oregon Schedule

The Oregon Schedule was developed in 1986 and subsequently revised several times. The original Oregon Schedule related to the economic estimates of child-rearing expenditures, but began to depart from the estimates in 1991. In 1998, attempts were made to bring the schedule back in range of the economic evidence of child-rearing expenditures.

### *Oregon Schedule Originated in the Late 1980s*

When the Oregon Child Support Guidelines were first drafted, the State implemented the prototype schedule published in the 1987 report to OCSE, *Development of Guidelines*, mentioned above. Subsequently, in 1989, Child Support Guidelines Project staff worked with Oregon to tailor the schedule to Oregon and current economic conditions. It:

- was based on estimates of child-rearing expenditures developed by Dr. Thomas Espenshade from 1972-73 data<sup>2</sup>;
- considered 1989 price levels;
- considered 1989 federal and Oregon personal income tax and FICA; and,
- incorporated a low-income adjustment based on the 1989 federal poverty guidelines for one person.

### *1991 Downward Adjustment to the Schedule*

In 1991, the basic obligations were reduced for combined gross incomes below \$3,500 per month. As stated by one Oregon Support Enforcement Division administrator, the reduction was in response to overwhelming reaction from the public, practitioners and decision-makers that the amounts in the model that had been in effect since 1989 were too high.<sup>3</sup> Basic obligation amounts were reduced by as much as 33 percent, but varied considerably with respect to the combined gross income and the number of children.

### *Updated 1994 Schedule Spliced with 1991 Schedule*

In 1994, the Schedule was reviewed again. Policy Studies Inc. (PSI) was contracted to prepare an updated, proposed Oregon Schedule based on the more current economic evidence. PSI developed an updated schedule based on the following.

---

<sup>2</sup> Thomas J. Espenshade, *Investing in Children: New Estimates of Parental Expenditures*, Washington, D.C. Urban Institute Press, (1984).

<sup>3</sup> John Ellis, Oregon Support Enforcement Division Assistant Administrator, Letter to Robert G. Williams, Policy Studies Inc. (November 22, 1993).

- New estimates of child-rearing expenditures developed by Dr. David Betson, Professor of Economics, University of Notre Dame, for the U.S. Department of Health and Human Services in 1990. Betson's estimates were published in one report and further analyzed in another.<sup>4</sup>
- December 1993 price levels
- 1994 federal and Oregon personal income tax and FICA
- the 1993 federal poverty guidelines for one person

Oregon only adopted parts of the proposed Schedule developed in 1994.

- It accepted the recommended amounts for combined gross incomes of \$750-\$800 per month.
- The basic obligations were not updated for one child. The only exceptions were gross income ranges of \$750 and \$800 per month.
- The existing Schedule and the 1994 proposed Schedule were spliced together for two and more children. (Again, the only exceptions were gross income ranges of \$750 to \$800 per month.) For lower incomes, the basic obligations in the existing Schedule were kept. For higher incomes, the basic support obligations in the proposed 1994 Schedule were adapted. The spliced point varied by the number of children. It ranged from combined gross incomes of \$4,100 per month for two children to \$3,050 per month for six children.

In general, Oregon only adopted the parts of the 1994 proposed Schedule that were **lower** than the support obligations in the existing Schedule. Parts of the 1994 proposed Schedule were lower due to the new economic estimates of child-rearing expenditures.

#### *1998 Review Resulted in Current Schedule*

In 1998, Oregon reviewed its Schedule again. This review resulted in the Oregon Schedule currently in effect today. Like the 1994 review, Oregon contracted with PSI to develop an updated Schedule.<sup>5</sup> The 1998 proposed schedule was based on

- estimates of child-rearing expenditures developed by Dr. David Betson (his study had not been updated at this time);
- 1998 price levels;
- 1998 federal and Oregon personal income tax and FICA; and
- the 1998 federal poverty guidelines for one person.

Due to downward adjustments made to the Schedule in earlier years and the splicing of the Schedule, the 1998 proposed schedule was generally much higher than the existing Schedule,

---

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

<sup>5</sup> Robert G. Williams, David A. Price, and Jane C. Venohr, *Economic Basis for Updated Child Support Schedule*, Report to the Oregon Department of Justice, Support Enforcement, Policy Studies Inc. (February 24, 1998).



particularly at middle incomes. The only exception was at very low incomes. Due to the updating of the low-income adjustment for the 1998 poverty level, some of the basic obligations decreased for very low incomes.

Out of partial concern of the effects of a radical change to the Schedule, only parts of the 1998 proposed Schedule were adopted. Again, there was some splicing of the proposed Schedule, however, most of the basic support obligations were set somewhat between the amounts in the existing and proposed Schedule for two-child obligations. For one-child obligations and three or more child-obligations, there were some areas of the Schedule where the obligations were set below **both** the existing and proposed Schedule. The end result is the existing Schedule is based on the 1998 economic evidence for very low and high incomes, but most parts of the Schedule— that is, the middle income ranges— are not based on economic evidence of child-rearing expenditures. For these middle income ranges, the obligations are below the economic evidence of child-rearing expenditures.

## **ECONOMIC EVIDENCE USED TO DEVELOP NEW, PROPOSED SCHEDULE**

---

Through the Institute of Research on Poverty, Dr. Betson's study fulfilled a requirement of The Family Support Act of 1988 [P.L. 100-485, § 128] mandating that the U.S. Department of Health and Human Services "...conduct a study of the patterns of expenditures on children in 2-parent families, in single-parent families following divorce or separation, and in single-parent families in which the parents were never married... ." The study was aimed at providing information to states to assist them in reviewing child support guidelines. For his research, Dr. Betson used data from the national 1980-86 Consumer Expenditure Survey to develop new estimates using five different estimating models.

Expenditures made on behalf of children are commingled with spending on behalf of adults for the largest expenditure categories (i.e. food, housing, and transportation). This commingling of household expenditures is the most important reason that equitable child support awards are so difficult to set on a case-by-case basis. Since the child's share of household consumption cannot be directly observed, it must be estimated based on the best available economic evidence on child-rearing expenditures. This evidence provides estimates of expenditures on children as proportions of parental income levels across a broad spectrum of family incomes.

### **Betson-Rothbarth Estimates**

Of the models used by Dr. Betson for estimating child-rearing expenditures, the "Rothbarth estimator" seems to have the most economic validity and plausibility. As a consequence, most Income Shares states that have updated their schedules in the past ten years now rely on the Betson-Rothbarth estimates. Nonetheless, the Rothbarth estimator is generally believed to be the lower bound in the range of estimates of child-rearing expenditures.<sup>6</sup>

---

<sup>6</sup> Lewin/ICF

---

Using data from the national 1996-98 Consumer Expenditure Survey, Dr. Betson updated his economic estimates in 2001. For this study, he used three different estimating models, but still concluded that the Rothbarth were the most sound theoretically and empirically. His updated estimates will soon be published in a review of California's Child Support Guideline.<sup>7</sup> They have just begun to be disseminated to other states for the consideration of child support guidelines reviews.

The new and old Betson-Rothbarth estimate of child-rearing expenditures and other estimates are discussed in greater detail in Chapter II.

### Updating the Oregon Schedule

Dr. Betson's research provides estimates of the proportion of household *consumption* expenditures ascribed to children. Using the same data set from which he derived estimates of these parameters and the methodology used to develop the 1994 and 1998 proposed Oregon Schedules, another updated Schedule is developed but with the newest Betson-Rothbarth estimates (i.e., those based on 1996-98 data). The following additional steps were taken to arrive at this new, proposed Schedule.

- ❖ With assistance from Dr. Betson, the estimates of child-rearing costs were converted to 2001 price levels.
- ❖ Then, estimates of the proportion of household *net* income spent on children across a broad income spectrum were developed.
- ❖ We also deducted average expenditures on child care, estimated health insurance, and estimated children's extraordinary medical expenses from these proportions. (In the Income Shares model, these child-rearing costs are added to the basic child support calculation as actually incurred.)
- ❖ The existing Schedule was finally developed by converting it from net income to gross income using 2001 withholding tables for a single obligor.

This report uses the same technique to update the Schedule, using Dr. Betson's new estimates, and 2001 price levels and tax rates, rather than 1998 levels. We also increase the self-support reserve to correspond with the 2001 poverty level.

---

<sup>7</sup>David M. Betson, "Parental Expenditures on Children," in *A Review of California's Statewide Uniform Child Support Guideline*, Report to Judicial Council of California, Policy Studies Inc., (May 11,2001).



---

## Report Organization

In Chapter II, we discuss the Betson-Rothbarth estimates and assess other estimates of child-rearing expenditures.

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

In Chapter IV, we summarize the key assumptions implicit in the development of the proposed Schedule that are likely to have the most impact on how the tables are used.

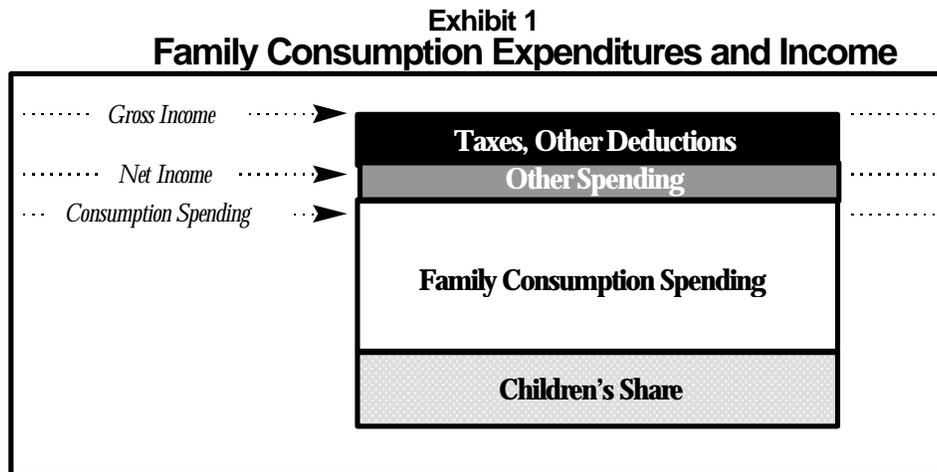
In Chapter V, we compare the existing Schedule to the proposed Schedule.

In Chapter VI, we present a brief summary and conclusions.

## Chapter II

# New Economic Data on Child-Rearing Expenditures

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



### GENERAL ECONOMIC APPROACH TO MEASURING CHILD-REARING EXPENDITURES

Most household spending on children cannot be directly observed. Parents can separately track, and account for, spending on such categories as children's clothing, educational expenses, and child care. However, for those expenditure categories accounting for the bulk of child-related expenditures, spending on children is inextricably intertwined with spending on adults. These categories of pooled family expenditures include food, housing, utilities, home furnishings, transportation, most recreation, and most health insurance. To determine how much of the household budget is spent on children, it is necessary to devise and apply an estimation methodology that indirectly calculates the children's share.

Several economic methodologies have been developed to produce such estimates. Most attempt to estimate the marginal, or extra, expenditures made on behalf of the children relative to expenditures in the absence of any children. They do so by comparing expenditures between two households that are equally well off economically, one with



children and one without. The additional expenditures by the household with children are deemed to be the costs of child rearing.

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

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

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

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

### Rothbarth Estimator

The Rothbarth estimator, which was mentioned in the introduction, uses the proportion of family expenditures on luxury goods as a standard of well-being. As stated by Lewin/ICF, economist Erwin Rothbarth "... argued that the best way to measure expenditures on children is to assess children's impact on their parents' consumption."<sup>8</sup> Rothbarth assumed that well-being should be determined by comparing the levels of "excess income" available once necessary expenditures on all family members have been made, with excess income defined to include luxuries (alcohol, tobacco, entertainment, and sweets) and savings.

<sup>8</sup> *Estimates of Expenditures on Children*. p. 2-16.

Studies which have used the Rothbarth methodology to estimate child-rearing expenditures — including Dr. Betson's — have limited the definition of excess income to those goods which are assumed to be used only by adults, usually adult clothing, alcohol, and tobacco. In fact, Dr. Betson tested the sensitivity of his estimates to several alternative definitions of "adult goods:" adult clothing alone, and adult clothing plus tobacco and alcohol. He found there was little variation in results with these changes in definition. This finding suggests that his estimates have not been significantly compromised by any data inadequacies in the measurement of spending for tobacco and alcohol.

Dr. Betson used this standard of well-being (i.e., household expenditures on adult clothing, tobacco, and alcohol) as well as others to compare spending by families with and without children, who were equally well off. He then derived estimates of spending for two children compared with one, and three children compared with two. His 1990 estimates of the average proportion of consumption expenditures allocated to children based on 1980-86 data are 25 percent for one child, 37 percent for two, and 44 percent for three.<sup>9</sup> Betson's comparable 2001 Rothbarth estimates based on 1996-98 data are 25 percent for one child, 35 percent for two, and 41 percent for three.<sup>10</sup> In other words, there are no significant differences in the average Betson-Rothbarth estimates of child-rearing expenditures from 1980-86 to 1996-98.

Since Dr. Betson's 2001 updated estimates are new, it is not surprising that they are not used in any State's guidelines at this time. However, there are 18 states that base their child support schedules on the original Betson-Rothbarth estimates.

## Other Estimators

In addition to the Rothbarth estimator, other estimators of child-rearing expenditures have been considered in the development and review of child support schedules. The most known estimates are the Engel estimator and the estimates developed by the United States Department of Agriculture (USDA). Betson also used three other methods to estimate child-rearing expenditures in his 1990 study, but none of the alternative estimators yielded reliable results.<sup>11</sup> More detailed information about all of these estimates of child-rearing expenditures are provided in the Lewin/ICF report.

---

<sup>9</sup> The Lewin Report which is also quoted in the USDA study lists the Betson-Rothbarth estimates as 25, 35 and 39 percent for one, two and three children (See Table 4.5 of the Lewin Report). Yet, Betson actually estimated child-rearing expenditures based on the Rothbarth methodology through numerous specifications that varied by the ages of the children, total household expenditures, and how adults goods are defined. Lewin selected the Betson-Rothbarth estimates with specifications most similar to that of a much earlier study estimating child-rearing expenditures using the Rothbarth methodology. The estimates reported above are more in align with those in Table F11 of Betson (1990).

<sup>10</sup> The estimates based by 1996-98 data are unpublished. The forthcoming California report includes estimates based on 1996-97 data. These estimates were negligibly different but statistically insignificant than the estimates based on 1996-98 data. They are 26 percent for one child, 35 percent for two, and 42 percent for three.

<sup>11</sup>Lewin/ICF, Estimates of Expenditures on Children and Child Support Guidelines (page 4-8).



---

## Engel Estimator

Over a century ago, economist, Ernst Engel, found that as a family's income increases (holding family size constant), the percentage of the family's expenditures on food decrease, even though total spending increases. This means that a family's spending on food increases more slowly than income. Under this standard, total expenditures devoted to food are deemed to be a valid indicator of economic well-being. Thus, if two families of different size spend the same proportions of their incomes on food, they are deemed to be equally well off.

The Engel estimator was used by Dr. Thomas Espenshade in 1984 to develop estimates of child-rearing expenditures from 1972-73 Consumer Expenditure Survey (CEX) data. Since Espenshade's estimates were the best available estimates on child-rearing expenditures at the time, Dr. Espenshade's estimates were used by the National Child Support Guidelines Project to develop prototype child support schedules for the Income Shares model. Most states that adapted the Income Shares approach developed their Schedule from Dr. Espenshade's estimates. In addition, the Engel methodology was used in the development of the U.S. poverty standard, the Bureau of Labor Statistics equivalency scale.<sup>12</sup>

Dr. Betson also developed estimates from the Engel methodology in both his 1990 and 2001 study. He used the same data set as Dr. Thomas Espenshade; that is, the Consumer Expenditure Survey, but Dr. Betson used 1980-86 data for his 1990 study and 1996-98 data for his 2001 study.

As discussed in the Lewin/ICF report, the 1990 Betson-Engel estimates are greater than the Espenshade-Engel estimates.<sup>13</sup> Specifically, the 1990 Betson-Engel estimates, which are based on 1980-86 data, found that families allocate 33 percent of their consumption to one child, 49 percent to two children and 59 percent to three children. The Espenshade-Engel estimates, which are based on 1972-73 data, found that families allocate 24 percent of their consumption to one child, 41 percent to two children and 51 percent to three children. Lewin/ICF could not discern whether the difference results from changes in child-rearing expenditures over time or differences in the procedures used by Drs. Betson and Espenshade. Dr. Betson's estimates based on the Engel methodology applied to the 1996-98 data were somewhat less than his estimates based on the 1980-86 data but still significantly more than the Espenshade-Engel estimates. The Betson-Engel estimates that are based on 1996-98 data found that families allocate 30 percent of their consumption to one child, 44 percent to two children and 52 percent to three children.

---

<sup>5</sup> Thomas J. Espenshade, *Investing in Children: New Estimates of Parental Expenditures* (Washington, D.C.: Urban Institute Press, 1984).

<sup>6</sup> Lewin/ICF, *Estimates of Expenditures on Children and Child Support Guidelines* (Chapter IV: The Empirical Literature on Expenditures on Children).

*U.S. Department of  
Agriculture Estimates*

The U.S. Department of Agriculture's Center for Nutrition Policy and Promotion (CNPP) develops economic estimates for the major categories of child-rearing expenditures (i.e., housing, food, transportation, clothing, health care, child care and education and miscellaneous child-rearing expenditures). Although many states examine the CNPP estimates as part of their quadrennial guidelines review, we know of no state that uses the CNPP estimates as the basis of its child support schedule. In part, this is because the estimates are generally higher than the Espenshade-Engel estimates and the Betson-Rothbarth estimates. Further, since the CNPP only considers three income ranges (i.e., low-income, middle-income, and high-income), it is difficult to extrapolate between income ranges, particularly from zero dollars in income to the highest amount considered in the low-income range. Some extrapolation is necessary at low incomes so guidelines-determined amounts do not exceed income. Further, extrapolation is useful for obtaining obligations amounts below permissible income withholding limits under Federal law.

CNPP's most recently published figures are based on data from the 1990-92 CEX, updated to 2000 dollar levels using the Consumer Price Index (CPI).<sup>14</sup> The CNPP publication is easy to read and provides useful information that is not available from the Rothbarth and Engel estimates. Specifically, the CNPP provides estimates of child-rearing expenditures by expenditure category (e.g., housing, food), region, and age of the child. Yet, unlike the Rothbarth and Engel estimators, CNPP does not measure the marginal cost of children to a household; that is, how much more a childless family would have to spend to maintain their current well-being if they did have children. Many of the largest expenditure categories considered by CNPP are estimated using an average cost approach.

In general, CNPP's methodology differs considerably from the Rothbarth and Engel methodologies, although it uses the same data set that Drs. Betson and Espenshade used to estimate child-rearing expenditures. The CNPP estimates child-rearing expenditures for each category separately, then adds them together to arrive at a total amount of child-rearing expenditures. How expenditures are measured for each category varies. The CNPP first apportions housing, transportation, clothing services (e.g., dry cleaning) and miscellaneous other expenses among all members of the household on a simple per capita basis. For example, in a household with two parents and two children, the total housing expenditures would be equally divided among all four family members. Assuming the baseline family consists of a husband and wife and two children, CNPP then uses multivariate analysis to adjust these estimates for one-child and three or more children families.

---

<sup>14</sup> Mark Lino, *Expenditures on Children by Families: 2000 Annual Report* U.S. Department of Agriculture, Center for Nutrition Policy and Promotion. Miscellaneous Publication No. 1528-2000 (2001).



Food and health care expenditures are allocated among each family member using proportions derived from the National Food Consumption Survey conducted by the U.S. Department of Agriculture and the National Medical Care Utilization and Expenditure Survey conducted by the U.S. Department of Health and Human Services.

Expenditures on children's clothing, education, and child care, which are directly reported in the CEX, are divided equally among each child in CNPP's baseline family (i.e., the two children). Multivariate analysis is then used to adjust these estimates for one child and three or more children.

Based on this approach, CNPP estimates child-rearing expenditures for a range of gross incomes. The CNPP estimates are also presented as a proportion of total household expenditures; they average: 26 percent of household expenditures for one child; 42 percent of household expenditures for two children; and 48 percent of household expenditures for three children. These amounts are between the Betson-Engel and Betson-Rothbarth estimates. Dr. Betson also developed estimates using the CNPP methodology from the 1996-98 data. He estimated that the proportion of total household expenditures devoted to children are: 32 percent for one child, 46 percent for two children and 58 percent for three children.

### Summary of Estimates

Exhibit 2 provides a summary of the estimates of child-rearing expenditures discussed above. Specifically, it displays the average percent of family expenditures devoted to child-rearing costs for one, two and three children for the:

- Espenshade-Engel estimates based on 1972-73 CEX data;
- Betson-Engel estimates based on 1980-86 CEX data;
- Betson-Engel estimates based on 1996-98 CEX data;
- Betson-Rothbarth estimates based on 1980-86 CEX data;
- Betson-Rothbarth estimates based on 1996-98 CEX data;
- CNPP-USDA estimates based on 1990-92 CEX data;
- Betson-USDA estimates based on 1996-98 CEX data; and,
- Per capita amounts.

The estimates do not consider changes in savings or the amount of consumption or personal income tax rates over time because they are expressed as a percent of total family expenditures.

As displayed in Exhibit 2, there is considerable range in the estimates. For example, the proportion of family expenditures devoted to child-rearing costs for one child ranges from a low of 24 percent to a high of 33 percent. For two children, the range is 35 to 49 percent and for three children the range is 41 to 59 percent. Also evident in Exhibit 2 is that the Betson-Engel estimator derived from 1980-86 CEX data is consistently the highest estimate, however, no estimate is consistently the lowest. It varies with the number of children.

<b>Exhibit 2</b>			
<b>Summary of Estimates of Child-Rearing Expenditures</b>			
<b>(Average child-rearing expenditures as a percent of total family expenditures)</b>			
<b>Estimate and Data Source</b>	<b>One Child</b>	<b>Two Children</b>	<b>Three Children</b>
Espenshade-Engel (1972-73 CEX)	24%	41%	51%
Betson-Engel (1980-86 CEX)	33%	49%	59%
Betson-Engel (1996-98 CEX)	30%	44%	52%
Betson-Rothbarth (1980-86 CEX)	25%	37%	44%
Betson-Rothbarth (1996-98 CEX)	25%	35%	41%
CNPP-USDA (1990-92 CEX)	26%	42%	48%
Betson-USDA (1996-98 CEX)	32%	46%	58%
Per capita	33%	50%	60%

## CHOICE OF ESTIMATORS

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

The Espenshade-Engel and the 1990 Betson-Rothbarth estimators have withstood the test of time. The Espenshade-Engel estimator has been used for over 20 years in child support schedules. The Betson-Rothbarth estimator has been used for about eight years in child support schedules. As mentioned earlier, 18 states base their schedules on the Betson-Rothbarth estimates. There are 11 states that base their schedules on the Espenshade-Engel estimator. The third most frequently used economic estimate is based on Wisconsin's interpretation of a 1981 summary article of child-rearing costs.<sup>15</sup> Wisconsin uses a flat percentage of gross income to determine child support. In this guidelines model, the amount of the obligee's income has no effect on the child support order amount. Wisconsin's percentages form the basis of child support schedules in six states.

Dr. Betson favors the Rothbarth estimator over the Engel estimator for empirical and theoretical reasons. Because the 1990 Betson-Engel estimates approach per capita (i.e. average cost) estimates of child-rearing expenditures they appear unreasonable. In the

<sup>15</sup> Jacques van der Gaag, *On Measuring the Cost of Children*, DP663-81, Institute for Research on Poverty, University of Wisconsin at Madison, Wisconsin (1981).



economic sciences, it is generally accepted that marginal costs should be lower than average costs— or what is called “per capita costs” in Exhibit 2. The economic concept of “marginal cost” is that the second is cheaper than the first, and the third is cheaper than the second, and so forth. In contrast, average costs assume that the first, second and third of cost exactly the same. In our view, the sound theoretical basis of the Rothbarth methodology, in conjunction with the implausible results from the Engel methodology, renders the Rothbarth estimator to be the preferred choice for revision of the guidelines schedule based on the most current research on child-rearing expenditures.

The CNPP estimates are not deemed suitable because they rely on an average cost approach. The division of some expenditures between parents and children assumes a conclusion about the real allocation of those expenditures, which is particularly bothersome for setting child support awards. Child support is commonly understood to provide for the additional costs of children. It seems very unlikely that the costs of children would proportionately equal the adult's initial costs in those categories of expenditures. For purposes of child support, a marginal cost approach to estimating costs of child rearing is a more appropriate method.

## **OTHER ISSUES PERTAINING TO ESTIMATES OF CHILD-REARING EXPENDITURES**

---

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

Most state child support schedules using economic studies on child-rearing expenditures rely on estimates from national data. The specific source of the data is one of the periodic Consumer Expenditure Surveys conducted by the Bureau of Labor Statistics. These surveys are used because they are the most detailed available source of data on household expenditures. They track household expenditures and income through two components: (1) a diary of household spending; and (2) an interview survey. This produces in-depth information on household expenditures and income. The interview survey is a rotating panel survey in which approximately 8,910 addresses are contacted in each quarter of a calendar year. The targeted number of completed interview per quarter is 6,160. This allows for nonresponses and other issues that prevent interviews being completed with all addresses. After excluding irrelevant groups (e.g., single individuals, widowed single parent households), Dr. Betson was left with an analysis sample of 2,294 observations for the research relating to child-rearing expenditures.

Data of this depth and quality are simply not available at the state level. Moreover, replication of the Consumer Expenditure Survey at the state level would be extremely costly. Because of the methods that must be used to estimate child-rearing expenditures, the absence of such data precludes the development of accurate estimates specific to a given state. This is why no state has attempted to develop such a data source and conduct its own research on child-rearing expenditures.

---

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

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

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

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

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

A simple example will help to illustrate this point. Assume that two different single-parent households exist, each with two children, and each with income before child support of \$1,000 per month. Assume also, that in the absence of child support each of these households would spend \$600 per month on the two children. Finally, assume that the noncustodial parent in the first case had monthly income of \$5,000, while the noncustodial parent in the second case had monthly income of \$1,000. Clearly, the noncustodial parent in the first case should pay substantially more child support than the noncustodial parent in the second case. This reflects the greater ability to pay, and the fact that the children's standard of living would have been much higher if the first household were intact than if the second household were intact.

That spending on the children in the two single-parent households in this example was the same level (and much lower than it should be given the incomes of the noncustodial



parents) has no relevance to the child support determination except as it reflects the custodial parent's ability to contribute. This demonstrates why it is appropriate to rely on child-rearing data from two-parent households rather than one-parent households for determination of child support obligations.

## **EXPENDITURES ON CHILDREN AS A PROPORTION OF NET INCOME**

---

Our discussion has focused up to now on the proportion of consumption expenditures allocated to children. Of more interest is the estimated proportion of net income spent on children, which we have derived from Betson's findings on child-rearing expenditures based on the 1996-98 CEX data. For the purposes of developing child support schedules, Dr. Betson estimated the proportion of net income spent on one, two, and three children in fourteen income categories (inflated to 2001 dollars from a 1997 constant dollar base).

As shown in the table and graph in Exhibit 3, the proportion of net income spent on children declines as income increases, although the level of spending (i.e., actual dollars) on children increases as income increases.

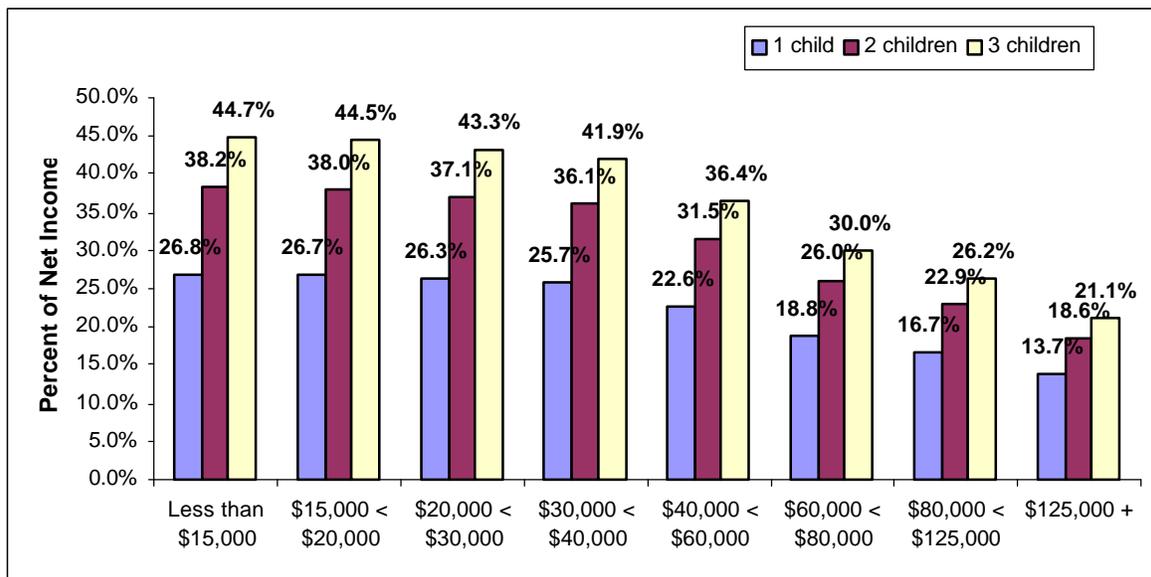
- ❖ For one child, spending is estimated to be approximately 27 percent for one child in the lowest income category, declining to 24 percent in the highest.
- ❖ For two children, spending is estimated to be 38 percent in the lowest income category, declining to 32 percent in the highest.
- ❖ For three children, spending is estimated to be 45 percent in the lowest income category, declining to 36 percent in the highest.

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

Like Espenshade's estimates and the CNPP estimates, the Betson-Rothbarth estimates show consumption spending declining as a proportion of net income as income increases. Yet, the Betson-Rothbarth estimates show those proportions declining more rapidly than the other estimates, with the result that expenditures on children as a proportion of net income are somewhat lower based on the Betson-Rothbarth estimates. Further, the more recent Betson-Rothbarth estimates indicate a greater decline.

### Exhibit 3

PROPORTION OF NET INCOME SPENT ON CHILDREN (based on Betson-Rothbarth Estimates)			
U.S.A. NET ANNUAL INCOME (2001 DOLLARS)	PERCENT OF NET INCOME SPENT ON...		
	One Child	Two Children	Three Children
Less than \$15,000	26.80%	38.20%	44.70%
\$15,000 - \$19,999	26.72%	38.02%	44.47%
\$20,000 - \$24,999	26.44%	37.41%	43.67%
\$25,000 - \$29,999	26.16%	36.83%	42.90%
\$30,000 - \$34,999	25.88%	36.36%	42.25%
\$35,000 - \$39,999	25.57%	35.86%	41.56%
\$40,000 - \$44,999	24.02%	33.59%	38.87%
\$45,000 - \$49,999	22.91%	31.92%	36.88%
\$50,000 - \$59,999	21.75%	30.14%	34.81%
\$60,000 - \$69,999	18.96%	26.26%	30.33%
\$70,000 - \$79,999	18.58%	25.69%	29.59%
\$80,000 - \$99,999	17.28%	23.80%	27.30%
\$100,000 - \$124,999	15.64%	21.42%	24.45%
\$125,000+	13.68%	18.56%	21.06%





This page is intentionally blank.

---

## **Chapter III**

# **Developing a Support Schedule from Estimates of Child Expenditures**

Estimating expenditures on children in intact households is only one step in developing a Schedule of Basic Child Support Obligations. The purpose of this chapter is to describe the additional procedures and assumptions used to move from child expenditures to a Schedule. A more technical discussion of the material in this chapter is presented in Appendix I.

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

The second stage is the development of a support schedule from the table of support proportions. Specifically, since the tables of proportions is specified in terms of net income, a method of translating gross to net income must be defined. Finally, in adaptation, the Schedule of Child Support Obligations incorporates a self support reserve into the Schedule to ensure that the support obligation (other than the monthly minimum) does not reduce the obligor's net income below a level necessary to maintain a subsistence standard of living.

### **BUILDING A TABLE OF SUPPORT PROPORTIONS**

---

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

1. Updating the net income brackets for changes in the cost of living since the time the data were collected;
2. Deducting from child expenditures the portion attributable to child care;
3. Deducting from child expenditures the child's portion of medical expenses (i.e. health insurance premiums and extraordinary medical expenses);
4. Calculating the relationship between consumption spending and net income;



- 
5. Computing child expenditures as a proportion of net income;
  6. Extending the estimates for one, two, and three-child households to households with four, five, and six children; and
  7. Computing marginal proportions between income ranges to avoid notches in support obligations.

### **1. Updating the Net Income Brackets**

The Rothbarth estimates are based on annual Consumer Expenditure Survey (CEX) data from 1996 through 1998 compiled by the Bureau of Labor Statistics. The CEX income data specified in constant 1987 dollars were updated to June 2001 dollars using statistics on changes in the consumer price index (CPI) since the time the data were collected.

### **2. Deducting Costs of Child Care**

The Income Shares model currently used in Oregon is meant to be a basic support obligation to which are added the costs of work-related child care and extraordinary medical expenses. The table of support proportions specifically excludes the child's share of expenditures related to these items. Adjustments for these expenditures can be accommodated because the CEX database identifies expenditures for each commodity. To make the adjustment, child care expenses are computed as a proportion of consumption spending and then subtracted from the Rothbarth estimates of child expenditures as a proportion of consumption spending. Child care costs per child ranged from 0.24 percent of consumption spending in households with annual net incomes less than \$15,000 to 1.74 percent of consumption spending in households with annual net incomes between \$60,000 and \$79,999.

### **3. Deducting the Child's Share of Unreimbursed Medical Expenses**

The adjustment for unreimbursed medical expenses is similar to the adjustment for child care costs, although not as easily computed since medical expenses are not itemized for each household member. Therefore, to compute an adjustment for medical expenses, we assumed that the child's share of those expenditures was the same as the child's share of all consumption spending. Once this share was computed and defined as a proportion of consumption, it was subtracted from the Rothbarth estimates of child expenditures as a proportion of consumption spending. The children's share of extraordinary medical expenses in two-child households ranged from 0.57 percent of consumption spending for households with annual net incomes between \$15,000 and \$15,999 to 1.24 percent in households with annual net incomes between \$35,000 and \$39,999.

#### 4. Calculating the Relationship Between Consumption and Net Income

Net income using CEX data was defined as gross income, less adjustments for federal and state taxes; and, social security (FICA) taxes. For all but relatively low income households, net income generally exceeds consumption spending. The difference takes the form of savings and increases in household net worth (e.g. principal payments on a mortgage). In order to convert expenditures on children as a proportion of consumption spending to child expenditures as a function of net income, the relationship between consumption and net income must be computed. Not surprisingly, that ratio decreases as net income increases. Thus, while consumption spending consumes all of net income for households with annual net incomes below \$35,000, it represents only about 58 percent of net income for households with annual net incomes in excess of \$125,000.

#### 5. Computing Child Expenditures as a Proportion of Net Income

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

#### 6. Extending the Rothbarth Estimates to Larger Household Sizes

The CEX data do not allow estimates of child expenditures to be developed for households with more than three children because the number of households on which the estimates would be based is too small. In previously proposed Schedules, estimates for four, five and six-child households were developed from information from Espenshade and the Bureau of Labor Statistics (BLS) data on equivalent consumption levels for different family sizes to project consumption levels for households with more children. This information was used to develop ratios to extend the proportion of net income spent on three-child households to households with larger numbers of children. The ratios were assumed to be constant across income ranges and were used as multipliers to extend the Betson-Rothbarth estimates.

In developing the proposed Schedule for this report, we use equivalency scales recommended by the Panel on Poverty and Family Assistance, a panel assembled by the National Research Council to review how poverty is measured and make recommendations for improving those measurements.<sup>6</sup> As part of this investigation, the Panel extensively reviewed equivalency scales; that is, formulas that adjust the costs of living relative to family size. In turn, the Panel recommended a formula, which we use for the purposes of extending the Betson-Rothbarth estimates to four-, five- and six-child households. The formula is displayed and discussed in greater detail in the technical appendix of this report.

---

<sup>6</sup> Constance F. Citro and Robert T. Michael, Editors. *Measuring Poverty: A New Approach*, National Academy Press, Washington, D.C. (1995).



It results in multipliers similar to those developed by Espenshade and those used in previously proposed Schedules.

## 7. Computing Marginal Proportions Between Income Ranges

The above steps result in a table that relates levels of net income to the proportion of income spent on children in one to six-child households. One further adjustment, however, is needed before the table can be used to prepare a Schedule of Support Obligations that will not result in "notches" in obligation amounts as income increases. This methodology was used in previously proposed Schedules and in the prototype Schedule developed through the adopted for the Rothbarth estimates is the same approach that was used in developing the current Oregon Schedule of Basic Child Support Obligations. That is, the Rothbarth estimates are assumed to apply at the midpoint of each net income range. For net incomes that lie between these midpoints, marginal proportions were computed so that obligations would increase gradually as income increases.

An example will illustrate why this method of smoothing the support Schedule is needed. Assume we have two, two-child households, one earning between \$45,000 and \$49,999 per year (\$3,750 and \$4,166 per month) and the other earning between \$50,000 and \$59,999 per year (\$4,167 and \$5,000 per month). The proportion of net income spent on the two children in the lower income household is estimated to be 28.44 percent. The comparable proportion in the higher income household is estimated to be 26.55 percent. If actual income in the first household were \$4,160, the total support obligation would be \$1,183 monthly ( $\$4,160 \times .2844$ ). If actual income in the second household were \$4,170, the total monthly support obligation would be \$1,107 ( $\$4,170 \times .2655$ ); \$76 less per month than the support obligation in the lower income household. The use of marginal proportions between the midpoints of income ranges eliminates this effect and creates a smooth increase in the total support obligation as household income increases.

### Summary

After this last adjustment, the table of support proportions, shown below in Exhibit 4, can be prepared. (Exhibit 4 is derived from Exhibit 3.) This table of support proportions is analogous to a tax rate schedule. Each net income midpoint in the table is associated with two proportions for each number of children being supported. The first proportion is applied to the income midpoint and the proportion just below it is applied to income between that midpoint and the next highest midpoint. An example best illustrates how this procedure results in a basic support obligation if the net income and the number of children are known.

**Exhibit 4**  
**PROPOSED TABLE OF SUPPORT PROPORTIONS**

Monthly Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
<b>625.00</b>	25.90%	36.78%	42.88%	47.82%	52.60%	57.23%
	25.62%	335.92%	41.45%	46.21%	50.83%	55.31%
<b>1458.33</b>	25.74%	36.29%	42.06%	46.90%	51.59%	56.13%
	23.19%	31.50%	35.81%	39.93%	43.92%	47.78%
<b>1875.00</b>	25.17%	35.22%	40.67%	45.35%	49.89%	54.28%
	22.23%	29.66%	33.21%	37.03%	40.73%	44.32%
<b>2291.67</b>	24.64%	34.21%	39.32%	43.84%	48.22%	52.46%
	23.75%	32.71%	37.17%	41.45%	45.59%	49.61%
<b>2708.33</b>	24.50%	33.98%	38.99%	43.47%	47.82%	52.02%
	19.92%	26.80%	29.51%	32.90%	36.19%	39.38%
<b>3125.00</b>	23.89%	33.02%	37.72%	42.06%	46.27%	50.34%
	8.86%	8.97%	6.85%	7.64%	8.40%	9.14%
<b>3541.67</b>	22.12%	30.20%	34.09%	38.01%	41.81%	45.49%
	11.13%	13.57%	14.18%	15.81%	17.39%	18.92%
<b>3958.33</b>	20.97%	28.44%	32.00%	35.67%	39.24%	42.70%
	11.88%	14.57%	15.71%	17.52%	19.27%	20.96%
<b>4583.33</b>	19.73%	26.55%	29.77%	33.20%	36.52%	39.73%
	3.04%	3.18%	2.67%	2.98%	3.27%	3.56%
<b>5416.67</b>	17.16%	22.96%	25.60%	28.55%	31.40%	34.17%
	14.30%	19.13%	21.03%	23.45%	25.80%	28.07%
<b>6250.00</b>	16.78%	22.45%	25.00%	27.87%	30.66%	33.35%
	9.99%	12.62%	13.17%	14.69%	16.15%	17.58%
<b>7500.00</b>	15.65%	20.81%	23.02%	25.67%	28.24%	30.72%
	8.45%	11.03%	12.08%	13.47%	14.82%	16.13%
<b>9375.00</b>	14.21%	18.85%	20.84%	23.23%	25.56%	27.80%
	7.02%	8.26%	8.19%	09.14%	10.05%	10.93%
<b>12718.42</b>	12.32%	16.07%	17.51%	19.53%	21.48%	23.37%

Assume that the noncustodial parent has monthly net income of \$1,500 and the custodial parent has \$1,000. The computation of a child support obligation for two children using the information in Exhibit 4 involves the following four basic steps.

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

Step 2: Use the combined income from Step 1 to compute a basic support obligation using the proportions in Exhibit 4.



- Find the income midpoint just below the combined net income (i.e. \$2,291.47 per month) and multiply the amount by the proportional support for two children: [ $\$2,291.47 \times .3421$ ] = \$784.
- Subtract the midpoint from the combined net income of the parents and multiply by the marginal proportion: [ $(\$2,500 - \$2,291.47) \times .3271$ ] = \$68.
- Add the two obligation amounts:  $\$784 + \$68 = \$852$ . This obligation represents the monthly amount estimated to have been spent on the children jointly by the parents if the household had remained intact.

Step 3: Pro-rate the basic support obligation between the parents based on their proportionate shares of net income: (1) noncustodial parent's share is  $\$852 \times .60 = \$511$ , (2) custodial parent's share is  $\$852 \times .40 = \$341$ . The noncustodial parent's computed obligation is payable as child support. The custodial parent's computed obligation is retained and is presumed to be spent directly on the child. This procedure simulates spending patterns in an intact household in which the proportion of income allocated to the children depends on total family income.

## **BUILDING A SCHEDULE OF BASIC CHILD SUPPORT OBLIGATIONS**

---

The two additional steps involved in building a Schedule are (1) converting gross to net income, (2) incorporating a self-support reserve into the Schedule at low levels of net income. The proposed Schedule of Basic Child Support Obligations (gross income version) that incorporates these adjustments is displayed in Exhibit 5 attached at the conclusion of this chapter.

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

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

- ❖ All income is treated as earned income subject to taxes;
- ❖ All income is assumed to be earned by a noncustodial parent with no dependents; and,

- ❖ Only adjustments for federal and state taxes and FICA are considered. For federal taxes, two federal withholdings are assumed. (The employer withholding guide for federal taxes does not separate standard deductions from exemptions, each is considered one withholding.) For state taxes, the standard deduction and one state withholding exemption is assumed. Tax rates formulas are based on tax formulas for employer withholding effective 2001. Federal taxes incorporate the Earned Income Tax Credit (EITC).<sup>7</sup>

A table showing these gross to net income conversions is provided in Appendix II.

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

### **Incorporating a Support Reserve**

Most of the support obligations shown in the Schedule are computed using the table of proportions. Exceptions to this rule are made for low income households. A portion of the current Oregon Schedule uses a self support reserve based on the 1997 poverty guideline for one person. In addition, Oregon currently has an ability to pay calculation that is defined at OAR 137-050-0475. A self-support reserve of \$776 (gross) is subtracted from the obligor's adjusted gross income. This amount is compared to the child support amount calculated from the Schedule, and the lesser of the two is determined to be the correct support amount (the minimum order of \$50 still applies).

The inclusion of a self-support reserve ensures that obligors have sufficient income to maintain a minimum standard of living. The Schedule using the Betson-Rothbarth parameters shown in Exhibit 5 includes a reserve of \$716 net (\$851 gross) per month, which is equivalent to the 2001 poverty guideline for one person.<sup>8</sup> Below that minimum, a support obligation is not computed based on economic data. The Schedule shown in Exhibit 5 assumes that the order amount is established at the current minimum order amount used by

---

<sup>7</sup> Individuals without children do not qualify for advanced EITC based on the federal wage withholding guide. Their EITC is considered as part of their annual personal income tax filing. Forms for these filings are not released until the end of the year. As a consequence, because 2001 EITC formulas for eligible individuals without children have not been released, we use the 2000 formula.

<sup>8</sup> *Federal Register*, vol. 66, No. 33, February 16, 2001, pp. 10695-10697. Most states using a self support reserve set it near or somewhat below the federal poverty guideline. At least three states set the self support reserve above the federal poverty guideline.



Oregon (\$50 per month) below a gross monthly income of \$950. Most Income Shares states set a minimum order amount of \$50 per month.

For incomes above the self-support reserve, the Schedule incorporates a further adjustment to maintain the self-support reserve for the obligor. That is, the proportions shown in Exhibit 5 are phased in gradually until the point at which the obligor can pay his/her support obligation and have sufficient remaining income to maintain a minimum standard of living. The additional adjustment for low income obligors follows several principles that deserve to be recognized.

- ❖ The support obligation should be less than 100 percent of the difference between the self-support reserve and the obligor's net income so that there is an incentive to work. For example, if the obligor's net earnings are \$800 per month, the income available for support would be \$84 (i.e.  $\$800 - \$716$ ). If the support obligation is set at \$84 per month, however, there would be no incentive for the obligor to earn more than the self-support reserve because he/she realizes no monetary advantage from the additional work effort. Thus, the support obligation is set at an amount that is less than 100 percent of the difference. (This computation is explained more fully in Appendix I.)
- ❖ The support obligation should increase as the number of children due support increases. That is, the support obligation for an obligor with four children should be greater than the obligation for an obligor with two children.

Both of these principles are used to phase in the support proportions in Exhibit 5. The shaded area in Exhibit 5 denotes the areas of the schedule where the additional adjustments for low income and the phase-in occur.

The impact of this adjustment is illustrated in the following example. Assume an obligor earns \$892 per month gross (\$744 per month net), equivalent to a 40-hour work week at \$5.15 per hour, and that support is being computed for two children based on that income. Strict application of the Betson-Rothbarth version of the Income Shares model would recommend a support obligation of \$274 per month. The income available for support after subtracting the \$716 self-support reserve would be \$28. By applying the minimum order however, the obligation is set at \$50 per month.

#### *Other Low Income Adjustments*

The existing and proposed adjustments for low income are incorporated in the Schedule. Although this approach is used in over half of the Income Shares states, many states have recently adapted alternative approaches that better handle situations where both parents are low income. In some situations where the obligee has income and it is also low income, the resulting support amount from the schedule with the self support incorporated in it is more than what it would if the obligee had no income. This anomaly will only occur if obligor is

---

eligible for the self support reserve (i.e. the shaded area of the schedule). It will not occur in the unadjusted area of the schedule (i.e. non-shaded area of the schedule).

To illustrate this anomaly compare two situations where the obligor gross monthly income is \$1,000 in both situations, but the obligee's income equals \$0 in one situation; and, the obligee gross income is \$500 in the second situation. Assuming one child, the obligor's order would be \$92 per month in the first situation and \$201 in the second situation. (The order amount in the second situation is derived from applying the combined income of \$1,500 to the proposed Schedule provided in Exhibit 5, which shows that the basic obligation would be \$301. The obligor's share would be two-thirds of that amount).

As a result of this anomaly, some states have taken additional steps to ensure obligee income does not affect the adjustment for low-income obligees. Generally, these states have adapted one of the two approaches.

- ❖ *Shaded Area of the Schedule.* South Carolina and Connecticut shade the area of the schedule where the self support reserve is applied. If obligor income and the respective number of children fall within the shaded area of the schedule, two child support calculations are made. The first calculates the amount of child support order as normal. The second calculates the amount of child support order using obligor income only. The lower of these two amounts is used for the child support order, but it is never set less than the monthly minimum order amount (which is \$50 in Oregon and \$50 in most Income Shares states).
- ❖ *Adjustment in the Worksheet.* The adjustment is identical to the approach described above with the shaded area, except the comparison is made in an additional section of the worksheet (i.e. typically called the Ability to Pay Calculation). New Jersey, Vermont and West Virginia use this method. An example is provided in Appendix III.

In addition, more States are considering a third approach to low-income adjustment that deviates considerably from the approaches describes above that are based on maintaining a self support reserve for the obligor. This third approach assumes both parents are low income and should be treated equally. In this approach, minimum order amounts are set to equalize the parents' incomes after taxes and payment or receipt of child support as a proportion of their respective poverty levels. The poverty level for one person is used for the obligor. The obligee's household poverty level is based on a household size that includes the obligee and the number of children subject to the order. Each parent's income is assumed to be equivalent to earnings from full-time minimum wage employment. South Dakota's low income adjustment is based on this method. A similar adjustment is currently being proposed in Colorado legislation.



## OTHER ADJUSTMENTS

The support obligation computed using the Rothbarth parameters is meant to be a basic obligation. To that obligation should be added the costs of other necessary expenditures, such as work-related child care costs and extraordinary medical expenses in excess of \$250 per year per child. As mentioned above, these additional costs of child rearing are not factored into the table of support proportions (Exhibit 5).

<b>Exhibit 5 Oregon Proposed Monthly Basic Child Support Obligations</b>						
<b>COMBINED ADJUSTED GROSS INCOME</b>	<b>ONE CHILD</b>	<b>TWO CHILDREN</b>	<b>THREE CHILDREN</b>	<b>FOUR CHILDREN</b>	<b>FIVE CHILDREN</b>	<b>SIX CHILDREN</b>
0-900.00	50	50	50	50	50	50
950.00	61	62	62	63	64	64
1000.00	92	93	94	95	97	98
1050.00	124	125	127	128	129	131
1100.00	155	157	159	160	162	164
1150.00	187	189	191	193	195	197
1200.00	218	220	223	225	228	230
1250.00	249	252	255	258	260	263
1300.00	265	284	287	290	293	296
1350.00	274	315	319	322	326	329
1400.00	283	347	351	355	359	362
1450.00	292	379	383	387	391	396
1500.00	301	411	415	420	424	429
1550.00	310	437	447	452	457	462
1600.00	319	450	479	484	490	495
1650.00	328	462	511	517	522	528
1700.00	336	475	543	549	555	561
1750.00	345	487	565	582	588	594
1800.00	354	500	579	614	621	627
1850.00	363	512	594	646	653	660
1900.00	372	525	608	678	686	693
1950.00	381	536	621	693	719	727
2000.00	389	547	634	707	752	760
2050.00	397	558	646	721	784	793
2100.00	405	569	659	735	808	826
2150.00	413	580	671	749	823	859
2200.00	421	591	684	763	839	892
2250.00	429	602	696	776	854	925
2300.00	437	613	709	790	869	946

**Exhibit 5**  
**Oregon**  
**Proposed Monthly Basic Child Support Obligations**

COMBINED ADJUSTED GROSS INCOME	ONE CHILD	TWO CHILDREN	THREE CHILDREN	FOUR CHILDREN	FIVE CHILDREN	SIX CHILDREN
2350.00	445	624	721	804	885	963
2400.00	453	635	734	818	900	979
2450.00	461	646	746	832	915	995
2500.00	469	657	758	845	930	1012
2550.00	477	667	770	858	944	1027
2600.00	484	677	781	871	958	1042
2650.00	492	687	792	884	972	1058
2700.00	500	697	804	896	986	1073
2750.00	507	707	815	909	1000	1088
2800.00	515	718	827	922	1014	1103
2850.00	522	728	838	934	1028	1118
2900.00	529	737	848	946	1040	1132
2950.00	536	745	858	956	1052	1144
3000.00	542	754	867	967	1063	1157
3050.00	548	762	876	977	1075	1169
3100.00	554	770	886	988	1086	1182
3150.00	561	779	895	998	1098	1194
3200.00	567	787	905	1009	1110	1207
3250.00	574	797	915	1021	1123	1221
3300.00	580	806	926	1032	1135	1235
3350.00	587	815	936	1044	1148	1249
3400.00	594	824	947	1056	1161	1263
3450.00	601	833	957	1067	1174	1277
3500.00	607	843	968	1079	1187	1291
3550.00	614	852	978	1091	1200	1305
3600.00	621	861	989	1102	1213	1319
3650.00	627	870	999	1114	1225	1333
3700.00	634	880	1010	1126	1238	1347
3750.00	641	889	1020	1137	1251	1361
3800.00	647	898	1030	1149	1264	1375
3850.00	654	907	1041	1161	1277	1389
3900.00	661	916	1051	1172	1290	1403
3950.00	667	925	1061	1183	1301	1415
4000.00	672	932	1069	1192	1311	1426
4050.00	678	940	1077	1201	1321	1438
4100.00	684	947	1086	1210	1332	1449
4150.00	689	955	1094	1220	1342	1460



**Exhibit 5**  
**Oregon**  
**Proposed Monthly Basic Child Support Obligations**

COMBINED ADJUSTED GROSS INCOME	ONE CHILD	TWO CHILDREN	THREE CHILDREN	FOUR CHILDREN	FIVE CHILDREN	SIX CHILDREN
4200.00	695	962	1102	1229	1352	1471
4250.00	700	970	1111	1238	1362	1482
4300.00	706	978	1119	1248	1372	1493
4350.00	712	985	1127	1257	1382	1504
4400.00	717	993	1135	1266	1393	1515
4450.00	723	1000	1144	1275	1403	1526
4500.00	729	1008	1152	1285	1413	1537
4550.00	734	1015	1160	1294	1423	1549
4600.00	740	1023	1169	1303	1433	1560
4650.00	745	1030	1177	1312	1444	1571
4700.00	749	1034	1180	1316	1448	1575
4750.00	751	1037	1182	1318	1450	1578
4800.00	754	1039	1184	1320	1452	1580
4850.00	756	1042	1186	1323	1455	1583
4900.00	759	1044	1188	1325	1457	1585
4950.00	761	1047	1190	1327	1460	1588
5000.00	764	1049	1192	1329	1462	1591
5050.00	766	1052	1194	1331	1464	1593
5100.00	769	1054	1196	1333	1467	1596
5150.00	771	1057	1198	1335	1469	1598
5200.00	774	1059	1200	1338	1471	1601
5250.00	776	1062	1202	1340	1474	1603
5300.00	779	1064	1204	1342	1476	1606
5350.00	781	1067	1205	1344	1478	1609
5400.00	784	1069	1207	1346	1481	1611
5450.00	787	1073	1211	1351	1486	1617
5500.00	790	1077	1215	1355	1491	1622
5550.00	793	1081	1219	1360	1496	1627
5600.00	796	1085	1223	1364	1500	1633
5650.00	799	1089	1227	1369	1505	1638
5700.00	802	1092	1231	1373	1510	1643
5750.00	805	1096	1235	1377	1515	1648
5800.00	808	1099	1239	1381	1519	1653
5850.00	811	1103	1243	1385	1524	1658
5900.00	814	1107	1246	1390	1529	1663
5950.00	817	1110	1250	1394	1533	1668
6000.00	820	1114	1254	1398	1538	1673



**Exhibit 5**  
**Oregon**  
**Proposed Monthly Basic Child Support Obligations**

<b>COMBINED ADJUSTED GROSS INCOME</b>	<b>ONE CHILD</b>	<b>TWO CHILDREN</b>	<b>THREE CHILDREN</b>	<b>FOUR CHILDREN</b>	<b>FIVE CHILDREN</b>	<b>SIX CHILDREN</b>
6050.00	823	1118	1258	1402	1543	1678
6100.00	826	1121	1261	1407	1547	1683
6150.00	829	1125	1265	1411	1552	1688
6200.00	832	1129	1269	1415	1557	1694
6250.00	835	1132	1274	1420	1562	1699
6300.00	838	1136	1278	1425	1567	1705
6350.00	842	1140	1282	1429	1572	1711
6400.00	845	1144	1286	1434	1577	1716
6450.00	848	1148	1290	1439	1583	1722
6500.00	851	1152	1294	1443	1588	1727
6550.00	854	1156	1299	1448	1593	1733
6600.00	857	1160	1303	1453	1598	1739
6650.00	861	1164	1307	1457	1603	1744
6700.00	864	1167	1311	1462	1608	1750
6750.00	867	1172	1316	1467	1614	1756
6800.00	871	1176	1321	1472	1620	1762
6850.00	874	1180	1325	1478	1625	1768
6900.00	878	1185	1330	1483	1631	1775
6950.00	881	1189	1335	1488	1637	1781
7000.00	885	1193	1339	1493	1643	1787
7050.00	888	1198	1344	1499	1648	1793
7100.00	892	1202	1349	1504	1654	1800
7150.00	896	1207	1353	1509	1660	1806
7200.00	899	1211	1358	1514	1666	1812
7250.00	903	1215	1363	1519	1671	1818
7300.00	905	1218	1365	1522	1674	1822
7350.00	906	1219	1366	1523	1675	1823
7400.00	906	1219	1367	1524	1676	1824
7450.00	907	1220	1368	1525	1677	1825
7500.00	908	1221	1368	1526	1678	1826
7550.00	909	1222	1369	1527	1679	1827
7600.00	910	1223	1370	1527	1680	1828
7650.00	911	1224	1371	1528	1681	1829
7700.00	912	1225	1371	1529	1682	1830
7750.00	913	1226	1372	1530	1683	1831
7800.00	914	1227	1373	1531	1684	1832
7850.00	915	1228	1374	1532	1685	1833



**Exhibit 5**  
**Oregon**  
**Proposed Monthly Basic Child Support Obligations**

<b>COMBINED ADJUSTED GROSS INCOME</b>	<b>ONE CHILD</b>	<b>TWO CHILDREN</b>	<b>THREE CHILDREN</b>	<b>FOUR CHILDREN</b>	<b>FIVE CHILDREN</b>	<b>SIX CHILDREN</b>
7900.00	916	1229	1375	1533	1686	1834
7950.00	916	1230	1375	1534	1687	1835
8000.00	917	1231	1376	1535	1688	1837
8050.00	918	1232	1377	1535	1689	1838
8100.00	919	1233	1378	1536	1690	1839
8150.00	920	1234	1379	1537	1691	1840
8200.00	921	1235	1379	1538	1692	1841
8250.00	922	1236	1380	1539	1693	1842
8300.00	923	1237	1381	1540	1694	1843
8350.00	924	1237	1382	1541	1695	1844
8400.00	925	1238	1383	1542	1696	1845
8450.00	926	1239	1383	1542	1697	1846
8500.00	926	1240	1384	1543	1698	1847
8550.00	927	1241	1385	1544	1699	1848
8600.00	928	1242	1386	1545	1700	1849
8650.00	929	1243	1387	1546	1701	1850
8700.00	932	1247	1391	1551	1706	1856
8750.00	936	1253	1397	1557	1713	1864
8800.00	941	1258	1403	1564	1721	1872
8850.00	945	1264	1409	1571	1729	1881
8900.00	949	1270	1416	1578	1736	1889
8950.00	953	1275	1422	1585	1744	1897
9000.00	958	1281	1428	1592	1752	1906
9050.00	962	1287	1434	1599	1759	1914
9100.00	966	1292	1441	1606	1767	1923
9150.00	970	1298	1447	1613	1775	1931
9200.00	975	1304	1453	1620	1782	1939
9250.00	979	1310	1459	1627	1790	1948
9300.00	983	1315	1466	1634	1798	1956
9350.00	987	1321	1472	1641	1805	1964
9400.00	992	1327	1478	1648	1813	1973
9450.00	996	1332	1485	1655	1821	1981
9500.00	1000	1338	1491	1662	1828	1989
9550.00	1004	1344	1497	1669	1836	1998
9600.00	1009	1349	1503	1676	1844	2006
9650.00	1013	1355	1510	1683	1852	2014
9700.00	1017	1361	1516	1690	1859	2023



**Exhibit 5**  
**Oregon**  
**Proposed Monthly Basic Child Support Obligations**

<b>COMBINED ADJUSTED GROSS INCOME</b>	<b>ONE CHILD</b>	<b>TWO CHILDREN</b>	<b>THREE CHILDREN</b>	<b>FOUR CHILDREN</b>	<b>FIVE CHILDREN</b>	<b>SIX CHILDREN</b>
9750.00	1021	1367	1522	1697	1867	2031
9800.00	1026	1372	1528	1704	1875	2040
9850.00	1030	1378	1535	1711	1882	2048
9900.00	1034	1384	1541	1718	1890	2056
9950.00	1038	1389	1547	1725	1898	2065
10000.00	1043	1395	1553	1732	1905	2073
10050.00	1047	1401	1560	1739	1913	2081
10100.00	1050	1405	1565	1744	1919	2088
10150.00	1053	1409	1568	1749	1924	2093
10200.00	1056	1413	1572	1753	1929	2098
10250.00	1059	1417	1576	1758	1933	2103
10300.00	1062	1420	1580	1762	1938	2109
10350.00	1065	1424	1584	1766	1943	2114
10400.00	1068	1428	1588	1771	1948	2119
10450.00	1071	1432	1592	1775	1953	2124
10500.00	1074	1435	1596	1779	1957	2130
10550.00	1077	1439	1600	1784	1962	2135
10600.00	1080	1443	1604	1788	1967	2140
10650.00	1083	1447	1608	1793	1972	2145
10700.00	1086	1450	1612	1797	1977	2151
10750.00	1089	1454	1616	1801	1981	2156
10800.00	1092	1458	1619	1806	1986	2161
10850.00	1095	1462	1623	1810	1991	2166
10900.00	1098	1465	1627	1814	1996	2172
10950.00	1101	1469	1631	1819	2001	2177
11000.00	1104	1473	1635	1823	2005	2182
11050.00	1107	1477	1639	1828	2010	2187
11100.00	1110	1480	1643	1832	2015	2192
11150.00	1113	1484	1647	1836	2020	2198
11200.00	1116	1488	1651	1841	2025	2203
11250.00	1119	1492	1655	1845	2030	2208
11300.00	1122	1495	1659	1849	2034	2213
11350.00	1125	1499	1663	1854	2039	2219
11400.00	1128	1503	1667	1858	2044	2224
11450.00	1131	1507	1670	1863	2049	2229
11500.00	1134	1510	1674	1867	2054	2234
11550.00	1137	1514	1678	1871	2058	2240



**Exhibit 5**  
**Oregon**  
**Proposed Monthly Basic Child Support Obligations**

COMBINED ADJUSTED GROSS INCOME	ONE CHILD	TWO CHILDREN	THREE CHILDREN	FOUR CHILDREN	FIVE CHILDREN	SIX CHILDREN
11600.00	1140	1518	1682	1876	2063	2245
11650.00	1143	1522	1686	1880	2068	2250
11700.00	1146	1525	1690	1884	2073	2255
11750.00	1149	1529	1694	1889	2078	2260
11800.00	1152	1533	1698	1893	2082	2266
11850.00	1155	1537	1702	1898	2087	2271
11900.00	1158	1541	1706	1902	2092	2276
11950.00	1160	1544	1710	1906	2097	2281
12000.00	1163	1548	1714	1911	2102	2287
12050.00	1166	1552	1717	1915	2106	2292
12100.00	1169	1555	1721	1919	2111	2296
12150.00	1172	1558	1724	1923	2115	2301
12200.00	1174	1562	1728	1927	2119	2306
12250.00	1177	1565	1731	1930	2123	2310
12300.00	1179	1568	1735	1934	2127	2315
12350.00	1181	1571	1738	1938	2131	2319
12400.00	1184	1574	1741	1941	2135	2323
12450.00	1186	1577	1744	1945	2140	2328
12500.00	1188	1580	1748	1949	2144	2332
12550.00	1190	1583	1751	1952	2148	2337
12600.00	1193	1586	1754	1956	2152	2341
12650.00	1195	1589	1758	1960	2156	2345
12700.00	1197	1592	1761	1963	2160	2350
12750.00	1200	1595	1764	1967	2164	2354
12800.00	1202	1598	1767	1971	2168	2359
12850.00	1204	1601	1771	1974	2172	2363
12900.00	1207	1604	1774	1978	2176	2367
12950.00	1209	1607	1777	1982	2180	2372
13000.00	1211	1610	1781	1985	2184	2376
13050.00	1213	1613	1784	1989	2188	2381
13100.00	1216	1616	1787	1993	2192	2385
13150.00	1218	1619	1791	1996	2196	2389
13200.00	1220	1622	1794	2000	2200	2394
13250.00	1223	1625	1797	2004	2204	2398
13300.00	1225	1628	1800	2008	2208	2403
13350.00	1227	1631	1804	2011	2212	2407
13400.00	1230	1634	1807	2015	2216	2411

**Exhibit 5**  
**Oregon**  
**Proposed Monthly Basic Child Support Obligations**

COMBINED ADJUSTED GROSS INCOME	ONE CHILD	TWO CHILDREN	THREE CHILDREN	FOUR CHILDREN	FIVE CHILDREN	SIX CHILDREN
13450.00	1232	1637	1810	2019	2220	2416
13500.00	1234	1640	1814	2022	2224	2420
13550.00	1236	1643	1817	2026	2228	2425
13600.00	1239	1646	1820	2030	2233	2429
13650.00	1241	1649	1824	2033	2237	2433
13700.00	1243	1652	1827	2037	2241	2438
13750.00	1246	1655	1830	2041	2245	2442
13800.00	1248	1658	1833	2044	2249	2447
13850.00	1250	1661	1837	2048	2253	2451
13900.00	1253	1664	1840	2052	2257	2455
13950.00	1255	1667	1843	2055	2261	2460
14000.00	1257	1670	1847	2059	2265	2464
14050.00	1260	1673	1850	2063	2269	2469
14100.00	1262	1676	1853	2066	2273	2473
14150.00	1264	1679	1856	2070	2277	2477
14200.00	1266	1682	1860	2074	2281	2482
14250.00	1269	1685	1863	2077	2285	2486
14300.00	1271	1688	1866	2081	2289	2491
14350.00	1273	1691	1870	2085	2293	2495
14400.00	1276	1694	1873	2088	2297	2499
14450.00	1278	1697	1876	2092	2301	2504
14500.00	1280	1700	1880	2096	2305	2508
14550.00	1283	1703	1883	2099	2309	2513
14600.00	1285	1706	1886	2103	2313	2517
14650.00	1287	1709	1889	2107	2317	2521
14700.00	1289	1712	1893	2110	2321	2526
14750.00	1292	1715	1896	2114	2325	2530
14800.00	1294	1718	1899	2118	2330	2535
14850.00	1296	1721	1903	2121	2334	2539
14900.00	1299	1724	1906	2125	2338	2543
14950.00	1301	1727	1909	2129	2342	2548
15000.00	1303	1730	1913	2132	2346	2552
15050.00	1306	1733	1916	2136	2350	2557
15100.00	1308	1736	1919	2140	2354	2561
15150.00	1310	1739	1922	2143	2358	2565
15200.00	1313	1742	1926	2147	2362	2570
15250.00	1315	1745	1929	2151	2366	2574



**Exhibit 5**  
**Oregon**  
**Proposed Monthly Basic Child Support Obligations**

<b>COMBINED ADJUSTED GROSS INCOME</b>	<b>ONE CHILD</b>	<b>TWO CHILDREN</b>	<b>THREE CHILDREN</b>	<b>FOUR CHILDREN</b>	<b>FIVE CHILDREN</b>	<b>SIX CHILDREN</b>
15300.00	1317	1748	1932	2155	2370	2579
15350.00	1319	1751	1936	2158	2374	2583
15400.00	1322	1754	1939	2162	2378	2587
15450.00	1324	1757	1942	2166	2382	2592
15500.00	1326	1760	1945	2169	2386	2596
15550.00	1329	1763	1949	2173	2390	2601
15600.00	1331	1766	1952	2177	2394	2605
15650.00	1333	1769	1955	2180	2397	2608
15700.00	1335	1771	1957	2182	2400	2611
15750.00	1337	1773	1959	2185	2403	2614
15800.00	1339	1776	1961	2187	2406	2617
15850.00	1341	1778	1964	2190	2408	2620
15900.00	1343	1780	1966	2192	2411	2623
15950.00	1345	1782	1968	2194	2414	2626
16000.00	1346	1785	1970	2197	2417	2629
16050.00	1348	1787	1973	2199	2419	2632
16100.00	1350	1789	1975	2202	2422	2635
16150.00	1352	1791	1977	2204	2425	2638
16200.00	1354	1794	1979	2207	2428	2641
16250.00	1356	1796	1982	2209	2430	2644
16300.00	1358	1798	1984	2212	2433	2647
16350.00	1360	1800	1986	2214	2436	2650
16400.00	1362	1803	1988	2217	2439	2653
16450.00	1364	1805	1991	2219	2441	2656
16500.00	1366	1807	1993	2222	2444	2659
16550.00	1368	1809	1995	2224	2447	2662
16600.00	1369	1812	1997	2227	2450	2665
16650.00	1371	1814	1999	2229	2452	2668
16700.00	1373	1816	2002	2232	2455	2671
16750.00	1375	1818	2004	2234	2458	2674
16800.00	1377	1821	2006	2237	2461	2677
16850.00	1379	1823	2008	2239	2463	2680
16900.00	1381	1825	2011	2242	2466	2683
16950.00	1383	1827	2013	2244	2469	2686
17000.00	1385	1830	2015	2247	2472	2689
17050.00	1387	1832	2017	2249	2474	2692
17100.00	1389	1834	2020	2252	2477	2695

**Exhibit 5**  
**Oregon**  
**Proposed Monthly Basic Child Support Obligations**

COMBINED ADJUSTED GROSS INCOME	ONE CHILD	TWO CHILDREN	THREE CHILDREN	FOUR CHILDREN	FIVE CHILDREN	SIX CHILDREN
17150.00	1390	1837	2022	2254	2480	2698
17200.00	1392	1839	2024	2257	2482	2701
17250.00	1394	1841	2026	2259	2485	2704
17300.00	1396	1843	2029	2262	2488	2707
17350.00	1398	1846	2031	2264	2491	2710
17400.00	1400	1848	2033	2267	2493	2713
17450.00	1402	1850	2035	2269	2496	2716
17500.00	1404	1852	2037	2272	2499	2719
17550.00	1406	1855	2040	2274	2502	2722
17600.00	1408	1857	2042	2277	2504	2725
17650.00	1410	1859	2044	2279	2507	2728
17700.00	1412	1861	2046	2282	2510	2731
17750.00	1413	1864	2049	2284	2513	2734
17800.00	1415	1866	2051	2287	2515	2737
17850.00	1417	1868	2053	2289	2518	2740
17900.00	1419	1870	2055	2292	2521	2743
17950.00	1421	1873	2058	2294	2524	2746
18000.00	1423	1875	2060	2297	2526	2749
18050.00	1425	1877	2062	2299	2529	2752
18100.00	1427	1879	2064	2302	2532	2755
18150.00	1429	1882	2066	2304	2535	2758
18200.00	1431	1884	2069	2307	2537	2761
18250.00	1433	1886	2071	2309	2540	2764
18300.00	1435	1888	2073	2312	2543	2767
18350.00	1436	1891	2075	2314	2546	2770
18400.00	1438	1893	2078	2317	2548	2773
18450.00	1440	1895	2080	2319	2551	2775
18500.00	1442	1897	2082	2322	2554	2778
18550.00	1444	1900	2084	2324	2556	2781
18600.00	1446	1902	2087	2327	2559	2784
18650.00	1448	1904	2089	2329	2562	2787
18700.00	1450	1906	2091	2332	2565	2790
18750.00	1452	1909	2093	2334	2567	2793
18800.00	1454	1911	2096	2337	2570	2796
18850.00	1456	1913	2098	2339	2573	2799
18900.00	1458	1915	2100	2342	2576	2802
18950.00	1459	1918	2102	2344	2578	2805



**Exhibit 5**  
**Oregon**  
**Proposed Monthly Basic Child Support Obligations**

<b>COMBINED ADJUSTED GROSS INCOME</b>	<b>ONE CHILD</b>	<b>TWO CHILDREN</b>	<b>THREE CHILDREN</b>	<b>FOUR CHILDREN</b>	<b>FIVE CHILDREN</b>	<b>SIX CHILDREN</b>
19000.00	1461	1920	2104	2347	2581	2808
19050.00	1463	1922	2107	2349	2584	2811
19100.00	1465	1924	2109	2351	2587	2814
19150.00	1467	1927	2111	2354	2589	2817
19200.00	1469	1929	2113	2356	2592	2820
19250.00	1471	1931	2116	2359	2595	2823
19300.00	1473	1933	2118	2361	2598	2826
19350.00	1475	1936	2120	2364	2600	2829
19400.00	1477	1938	2122	2366	2603	2832
19450.00	1479	1940	2125	2369	2606	2835
19500.00	1481	1942	2127	2371	2609	2838
19550.00	1482	1945	2129	2374	2611	2841
19600.00	1484	1947	2131	2376	2614	2844
19650.00	1486	1949	2134	2379	2617	2847
19700.00	1488	1951	2136	2381	2620	2850
19750.00	1490	1954	2138	2384	2622	2853
19800.00	1492	1956	2140	2386	2625	2856
19850.00	1494	1958	2142	2389	2628	2859
19900.00	1496	1960	2145	2391	2630	2862
19950.00	1498	1963	2147	2394	2633	2865
20000.00	1500	1965	2149	2396	2636	2868

This page is intentionally blank.

---

## Chapter IV

# Summary of Key Assumptions

The design of the Schedule of Basic Child Support Obligations is based on a number of key economic decisions and assumptions that are documented throughout the text of the report and the technical appendix. In this chapter, we have highlighted the design assumptions that may be the most significant for application of the guidelines to individual cases.

**(1) Guidelines based on net income, then converted to gross income.** These guidelines are designed to provide child support as a specified proportion of an obligor's net income. As discussed in Chapter III, a table of child support based on obligor net income is developed before converting the tables to gross income. The tables are converted to gross income for three reasons:

- ❖ Use of gross income greatly simplifies use of the child support guidelines because it obviates the need for a complex gross to net calculation in individual cases;
- ❖ Use of gross income can be more equitable because it avoids non-comparable deductions that may arise in making the gross to net calculation in individual cases; and
- ❖ Use of gross income does not cause child support to be increased when an obligor acquires additional dependents, claims more exemptions, and therefore has a higher net income for a given level of gross income.

In converting the schedule to a gross income base, we have assumed that the obligor claims one exemption (for filing, two for withholding) and the standard deduction. This is the most favorable assumption that can be made concerning an obligor's filing status. Obligor's with more than one exemption, or with itemized deductions, would have a slightly higher obligation under an equivalent net income guideline.

**(2) Tax exemptions for child(ren) due support.** The Schedule presumes that the noncustodial parent does not claim the tax exemptions for the child(ren) due support. In computing federal tax obligations, the custodial parent is entitled to claim the tax exemption(s) for any divorce occurring after 1984, unless the custodial parent signs over the exemption(s) to the noncustodial parent each year. Given this provision, the most realistic presumption for development of the Schedule is that the custodial parent claims the exemption(s) for the child(ren) due child support.

**(3) Income assumed to be taxable.** Because the Schedule has withholding tables built into it, the design assumes that all income of both parents is taxable.

**(4) Self support reserve.** Incorporated into the Schedule is a "self-support reserve" for obligors. This concept allows low income obligors to retain enough income after payment



---

of taxes and child support to maintain at a least a subsistence level of living (i.e., the self support reserve.) The self support reserve is set at the federal poverty guidelines for one person. We recommend updating the self support reserve in the ability to pay calculation in the guidelines also.

**(5) Schedule does not include expenditures on child care, extraordinary medical, and children's share of health insurance costs.** The Schedule is based on economic data that represent estimates of total expenditures on child-rearing costs up to age 18. The major categories of expenditures include food, housing, home furnishings, utilities, transportation, clothing, education, and recreation. Excluded from these figures are average expenditures for child care, children's extraordinary medical care, and the children's share of health insurance. These costs are deducted from the base amounts used to establish the Schedule because they are added to child support obligations as actually incurred in individual cases. Deducting these expenditures from the base amounts avoids double-counting them in the child support calculation.

**(6) Schedule includes expenditures on ordinary medical care.** Although expenditures for the children's extraordinary medical care and the children's share of health insurance are to be added to the child support obligation as actually incurred in individual cases, it is assumed that parents will make some expenditures on behalf of the children's ordinary (i.e. out-of-pocket expenses not covered by insurance) medical care. The Schedule amounts in this report is based on the assumption that expenditures on ordinary medical care are \$250 per year per child.

**(7) Schedule is based on average expenditures on children 0 - 17 years.** Child-rearing expenditures are averaged for children across the entire age range of 0 - 17 years. Expenditures may be higher for teen-aged children, and lower for pre-teen children. For various technical reasons, Betson was unable to provide reliable estimates on child-rearing expenditures for teen-aged children. Based on estimates provided by Espenshade, however, the relative cost associated with children aged 12 to 17 is 1.146 above the average.

**(8) Visitation costs are not factored into the schedule.** Since the Schedule is based on expenditures for children in intact households, there is no consideration given for visitation costs. Taking such costs into account would be further complicated by the variability in actual visitation patterns and the duplicative nature of many costs incurred for visitation (e.g. housing, home furnishings).

---

## Chapter V

# Comparison of Existing and Proposed Schedules

This chapter discusses the differences between the existing and proposed Oregon Schedule of Basic Child Support Obligations. As is evident in comparisons of the two schedules, most areas of the proposed Schedule are greater than the existing Schedule, but some are less, and still other areas are almost equal. The differences and the variation of the change result from the numerous factors considered in developing the schedule. The four most important sources of variation come from the following:

- ❖ the downward adjustments and splicing of previous Schedules that form the basis of the current Schedule;
- ❖ Use of new estimates of child-rearing expenditures including the table deductions for average child care and children's health costs;
- ❖ Incorporating revisions in personal income tax rates (i.e., state and federal taxes and FICA); and,
- ❖ Updating the self support reserve.

### **BASIS OF THE EXISTING SCHEDULE**

---

As discussed in Chapter I, the existing Schedule is composed from the splicing of previous Schedules, downward adjustments to the Schedule and additional adjustments over time. Only support obligations at the extremely low and high incomes are based on any economic evidence. Specifically, the proposed 1998 Schedule is the source of support obligations for two areas of the schedule.

- It is the source of support obligations for **the lowest incomes** considered in the current Schedule, but this varies considerably with the number of children. As more children are considered, more of the 1998 proposed Schedule forms the basis of the current Schedule at low incomes. Specifically, the current Schedule is based on the 1998 proposed Schedule up to combined gross incomes of \$900 per month for one child; \$1,200 per month for two and three children; \$1,550 per month for four children; \$1,800 per month for five children; and, \$1,950 per month for six children.
- It is the source of support obligations for **the highest incomes** considered in the current Schedule. The splicing of the 1998 Schedule in the high income area varies by the number of children. It starts at a combined gross income of \$5,500 per month for one child and it progresses upward to a combined gross income of \$6,450 per month for six children. The support obligations are based on the proposed 1998



---

Schedule through the remainder of the current Schedule which ends at a combined gross income of \$15,000 per month.

For middle incomes, the Schedule is below any economic evidence of child-rearing expenditures. In large part, this is due to the 1991 downward adjustment to the Schedule which reduced basic obligation amounts up to 33 percent. As discussed in Chapter I, this downward adjustment was founded on public opinion and the opinions of guidelines users.

A comparison of the prior Oregon Schedule (adopted in 1994) and the Schedule proposed in 1998 along with the existing Schedule is provided in Appendix IV.

## **ESTIMATES OF CHILD-REARING EXPENDITURES**

---

The effects of the new estimates of child-rearing expenditures on the Schedule are complex for several reasons.

1. Most of the current Oregon Schedule is not based on current child-rearing expenditures.
2. On average, Betson found no statistical difference between his estimates of child-rearing expenditures based on 1980-86 and 1996-98 CEX data, yet when child-rearing expenditures are broken down by the number of children and income groups, the differences become large enough to impact the Schedule. The direction and magnitude of the difference varies with the number of children and the income group.
3. On average, there have been small increases in the percent of child-rearing expenditures devoted to child care and the child's medical expenses.

### **Changes in the Estimates of Child-Rearing Expenditures**

Although the average change in the estimates is statistically insignificant, there are changes in the estimates of child-rearing expenditures from the 1980-86 and 1996-98 CEX data that affect the Schedule. The causes of these change can be summarized by two factors.

- In general, households spend more of their net income, yet this is not true of all income groups. Low-income households are spending more of their net incomes but high-income households are spending less of their net incomes on "household consumption."<sup>1</sup> This translates in higher basic support obligations for lower incomes considered in the child support schedule and smaller basic support obligations for

---

<sup>1</sup>Definitions of household consumption for purposes of developing estimates of child-rearing expenditures differ from national accounting conventions used to measure consumption and savings rates. For example, the new Betson estimates and other estimates of child-rearing expenditures (e.g., Espenshade, Betson 1990 and USDA) include rent paid, mortgage interest paid, property taxes, home insurance and other expenditures in their estimate of housing expenditures, but they exclude payment on home principal because it is a form of investment. In part, decreases in mortgage interest rates from 1980-86 to 1996-98 have likely impacted the ratio of household consumption to net income used to develop estimates of child-rearing expenditures.

higher incomes considered in the child support schedule based on the 1996-98 CEX data.

- Albeit statistically insignificant, the decrease in the estimate for three-child households has nontrivial impacts on the child support schedule. It is unclear what is the cause of this apparent, but statistically insignificant decrease. On one hand, it may be simply an artifact of the data. On the other hand, it may indicate that households are substituting away from more expensive to cheaper goods when they expand from a two-child household to a three-child household (i.e., more food is purchased at home than away, more housing is purchased but in the suburbs where it is cheaper).<sup>2</sup>

Exhibit 6 illustrates the complexity of the issue. Exhibit 6 displays estimates of child-rearing expenditures developed by Betson from the 1980-86 and 1996-98 CEX data on average and for selected income ranges using the Rothbarth estimator discussed in Chapter II. It displays the estimates as percents of total household expenditures and net income.

<b>Exhibit 6</b>						
<b>Difference in Estimates of Child-Rearing Expenditures from 1980-86 to 1996-98</b>						
<b>(Child-rearing expenditures as a percent of Based on Betson-Rothbarth estimators)</b>						
Annual Household Net Income	One Child		Two Children		Three Children	
	1980-86 data	1996-98 data	1980-86 data	1996-98 data	1980-86 data	1996-98 data
Average Income						
• % of total household expenditures	25%	25%	37%	35%	44%	41%
• % of net income	25%	25%	36%	35%	43%	41%
\$20,000- \$24,999						
• % of total household expenditures	25%	26%	37%	37%	44%	44%
• % of net income	28%	37%	42%	53%	50%	63%
\$50,000 - \$59,999						
• % of total household expenditures	25%	25%	36%	35%	44%	40%
• % of net income	21%	22%	30%	30%	37%	35%
\$80,000 - \$99,999						
• % of total household expenditures	25%	25%	36%	34%	43%	39%
• % of net income	19%	18%	28%	24%	33%	27%

Exhibit 6 shows that on average there are decreases in the estimates of child-rearing expenditures from the two data sets for two and three-child households. For example, for two children, the percent of total household expenditures attributable to two children averages 37 percent based on the 1980-86 CEX data and 35 percent based on the 1996-98 CEX data. Yet, the pattern is not consistent for each income range considered in

<sup>2</sup> There is other evidence that may suggest child-rearing expenditures have decreased for three children. For example, the USDA has reduced the multiplier it uses to convert two-child household expenditures to three-child household expenditures in recent years, which suggests the USDA also finds the gap is narrowing between the costs of two- and three-children households. Although not suggested by the USDA study as a cause of this reduction, the USDA notes that child-rearing costs on food and clothing have decreased over time. If this is true, this could explain some of the reduced costs of expanding from a two- to three-child household.



Exhibit 6. For example, at the lowest income range considered in Exhibit 6 (\$20,000-\$24,999 per year), the percent of total household expenditures devoted to two-child households was 37 percent in both 1980-86 and 1996-98. The gap, however, develops and widens as income increases. For example, when total household income is \$80,000-\$99,999 per year, 36 percent of total household expenditures are devoted to two-child households in 1980-86 and only 34 percent in 1996-98.

Also evident in Exhibit 6 is that the explanations of the differences between the estimates based on 1980-86 and 1996-98 data are even more complex when the estimates of child-rearing expenditures are expressed as a percent of net income. For example, the percent of net income attributable to children based on the 1996-98 CEX data is constantly higher for all number of children when the household income is \$20,000 to \$24,999 per year. This occurs because this income group spends more of its net income in 1996-98 than in 1980-86.

Another factor, which is not shown in Exhibit 6, is the impact of increases in household income and wealth realized in the 1990s. The income ranges displayed in Exhibit 6 are adjusted to current dollars.

### **Changes in Table Deductions for Average Child Care and Children's Health Costs**

Except at low income, the estimates of child care and the children's health cost have increased from 1980-86 to 1996-98. This is not surprising since more parents are working hence in demand of child care. Further, health care costs have increased at a much higher rate than other consumer expenditure categories.

### **REVISIONS IN PERSONAL INCOME TAX RATES**

---

Exhibit 7 displays changes in the personal income tax burden between 1998 and 2001 for various levels of monthly gross income. (A net-to-gross conversion table, which considers state and federal taxes and FICA, is shown in Appendix II.) In general, the effective personal income tax rate is less now (2001) than the rate in effect at the time of PSI's last report to Oregon (1998). Most of the decrease results in changes in the federal personal income tax rates, which was reformed in 2001. There was no change in State personal income tax rates from 1998 to 2001. There is a small change in FICA due to the small increase in the income cap for social security taxes.

**Exhibit 7**  
**CHANGES IN FEDERAL AND STATE TAXES and FICA from 1998 to 2001**

Monthly Gross Income	1998				2001			
	Federal Tax <sup>1</sup>	FICA <sup>2</sup>	State Tax	Total	Federal Tax <sup>1</sup>	FICA <sup>3</sup>	State Tax	Total
\$ 1,000	\$ 49	\$ 77	\$ 60	\$186	\$ 44	\$ 77	\$ 60	\$ 181
\$ 2,000	\$ 199	\$ 153	\$ 137	\$489	\$ 194	\$ 153	\$ 137	\$ 484
\$ 3,000	\$ 389	\$ 230	\$ 222	\$841	\$ 359	\$ 230	\$ 222	\$ 811
\$ 4,000	\$ 669	\$ 306	\$ 312	\$1,287	\$ 629	\$ 306	\$ 312	\$1,247
\$ 6,000	\$ 1,252	\$ 440	\$ 492	\$2,185	\$1,179	\$ 459	\$ 492	\$2,130
\$ 8,000	\$ 1,872	\$ 469	\$ 672	\$3,014	\$1,779	\$ 531	\$ 672	\$2,983
\$10,000	\$ 2,492	\$ 498	\$ 852	\$3,843	\$2,379	\$ 560	\$ 852	\$3,792

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

<sup>2</sup>FICA rates in 1998: 7.65 percent up to gross annual income of \$5,700, plus 1.45 percent of gross annual incomes above \$5,700.

<sup>3</sup>FICA rates in 2001: 7.65 percent up to gross annual income of \$6,700, plus 1.45 percent of gross annual incomes above \$6,700.

## **SELF SUPPORT RESERVE**

The proposed Schedule incorporates a self support reserve for low income obligors equivalent to the 2001 federal poverty guidelines for one person, \$716 net per month (\$851 gross per month). The self support reserve allows the obligor to maintain a subsistence level of living after payment of taxes and the obligor's share of the child support obligation. Currently, the existing Schedule incorporates a self support reserve equivalent to \$658 per month net (\$757 per month gross). In addition, OAR 137-050-0320(5) provides a self support reserve of \$776 per month (which is equivalent to a \$667 net self-support reserve). The difference between the obligor's adjusted gross income and the self support reserve is the obligor's ability to pay. It is a rebuttable presumption that the child support order shall not exceed the greater of the obligor's ability to pay or \$50 per month.

The additional provision supersedes what is incorporated in the Schedule. It is a larger self support reserve. It negates the anomaly discussed in Chapter III that may occur when the obligee also has income, and generally results in lower support obligations. There are some exceptions though because of the work incentives built into the self support reserve incorporated into the Schedule. That work incentive is discussed in greater detail in Chapter III.



In comparing the impact of the new self support reserve, we assume that the provision is also updated to reflect the 2001 federal poverty guidelines for one person. Exhibit 8 compares support obligations for two-child households under the two Schedules for selected levels of monthly gross income. Obviously, the higher reserve amount, combined with the method used to phase in the support proportions shown in Exhibit 5 (Chapter III), results in substantial differences between the existing and proposed Schedules in support obligations at low levels of gross income. For example, when the obligor gross income is \$900 per month (which approximates gross earnings from a full-time minimum wage job), the obligation under the proposed Schedule would be set at the minimum amount, \$50 per month, and would be \$80 under the existing Schedule. The minimum amount is applicable to combined gross incomes below \$900 per month in the existing Schedule, while the proposed Schedule applies the minimum amount to combined gross incomes below \$950 per month.

Yet, the decrease in the basic support obligations due to the increase in the self support reserve eventually phases out. This is evident in Exhibit 8. When obligor gross income is below \$1,400 per month, the proposed Schedule amounts are lower than those in the existing Schedule, but when obligor gross income is above \$1,400, the proposed Schedule amounts are above those in the existing Schedule.

**Exhibit 8**  
**COMPARISON OF EXISTING AND PROPOSED**  
**SCHEDULES FOR LOW INCOMES**

<b>Monthly Gross Income</b>	<b>Existing Oregon Support Schedule</b>	<b>Proposed Oregon Support Schedule</b>
\$800	\$50	\$50
\$900	\$80	\$50
\$1,000	\$142	\$93
\$1,100	\$205	\$157
\$1,200	\$268	\$220
\$1,300	\$308	\$284
\$1,400	\$344	\$347
\$1,500	\$375	\$411

---

## COMPARISON OF EXISTING AND ALTERNATIVE SUPPORT SCHEDULES

---

This section compares Oregon's existing support Schedule against the updated proposed Schedule. This is done first by graphically comparing support obligations as a proportion of obligor net income throughout a range of incomes and under different assumptions about the obligee's income. There are two sets of graphs, the first consider one, two and three children. The second set considers a range of obligee incomes. In addition, Appendices V and VI compare the existing Oregon Schedule to those of bordering states and low-income states, respectively. Finally, support obligations are computed from the two Schedules for selected case scenarios: low income, middle income, and high income cases.

### Graphical Comparison of 1, 2 and 3 Children

Exhibits 9, 10 and 11 display levels of support obligations as percentages of obligor monthly gross income across a range of incomes from \$800 to \$6,000. In these cases, obligee income is assumed to be zero. It is also useful to note that these comparisons assume there are no additional expenses, such as child care costs or children's extraordinary medical expenses.

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

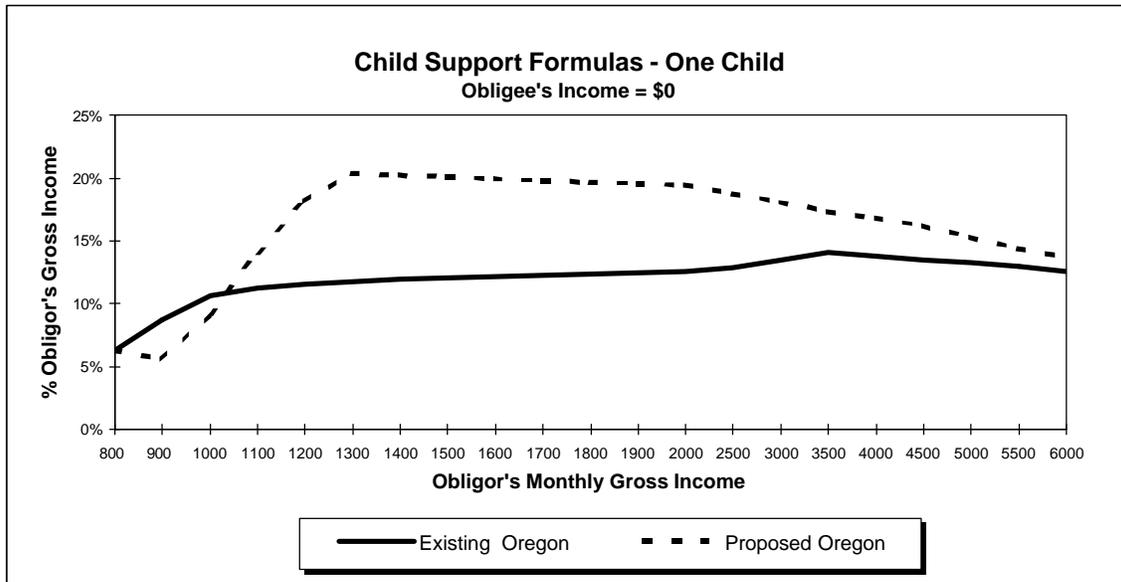
#### *Exhibit 9: One Child*

In general, Exhibit 9 shows that the proposed Schedule results in obligations considerably more than the existing Schedule for one child. The large gap between the proposed and existing Schedules is mostly caused by the 1991 reduction to support obligations. Some of the largest reductions made in 1991 were for one child. As discussed earlier, some of these reductions were as large as 33 percent.

The only notable exception is at low incomes. In this region, the updated self support reserve is applied, hence results in lower award amounts.



### Exhibit 9



<b>CHILD SUPPORT FORMULAS - ONE CHILD</b>					
Obligee's Income = \$0					
Support Due (\$\$ per month)			% of Obligor's Gross Income		
Obligor's Gross Monthly Income	Existing Oregon	Proposed Oregon*	Obligor's Gross Monthly Income	Existing Oregon	Proposed Oregon
800	50	50	800	6%	6%
900	78	50	900	9%	6%
1000	106	92	1000	11%	9%
1100	124	155	1100	11%	14%
1200	138	218	1200	12%	18%
1300	153	265	1300	12%	20%
1400	167	283	1400	12%	20%
1500	181	301	1500	12%	20%
1600	195	319	1600	12%	20%
1700	209	336	1700	12%	20%
1800	223	354	1800	12%	20%
1900	237	372	1900	12%	20%
2000	251	389	2000	13%	19%
2500	321	469	2500	13%	19%
3000	404	542	3000	13%	18%
3500	492	607	3500	14%	17%
4000	549	672	4000	14%	17%
4500	608	729	4500	14%	16%
5000	664	764	5000	13%	15%
5500	714	790	5500	13%	14%
6000	754	820	6000	13%	14%

\*Low-income adjustment is applied. Minimum order amount is \$50. Self-support under existing guidelines is \$776 gross per month. Proposed self-support reserve is \$716 net per month (which is equivalent to the 2001 federal poverty guideline for one person).

---

*Exhibit 10: Two Children*

As evident by comparing Exhibits 9 and 10, the gap in order amounts between the existing and proposed Schedules are not as large for two children as they are for one child. In fact, as shown in Exhibit 10, the order amounts under the proposed and existing Schedules closely track each other for two children. This occurs because the 1998 Oregon guidelines revision brought most of the support obligations for two children closer to the economic evidence at that time. Nonetheless, at low incomes, the proposed Schedule still tracks below the existing Schedule due to the proposed increase to the self support reserve.

*Exhibit 11: Three Children*

The patterns evident in Exhibit 9 and 10 for one and two children are also evident in Exhibit 11 for three children. At low incomes, the proposed increase to the self support reserve causes the obligations under the proposed Schedule to be less than that of the existing Schedule.

There is one notable difference in the comparisons concerning three children from those considering one and two children. For three children, the obligations under the proposed and existing Schedules converge at incomes near \$6,000 per month. This reflects the new economic evidence on child-rearing expenditures.

### **Graphical Comparisons Assuming Obligee Has Income**

Since the relationship between the support Schedules shifts across the income spectrum and with different ratios of obligor and obligee gross income, this type of comparison provides a broad picture of the relative order levels resulting from the applications of the proposed Schedule. Although we have no empirical data from Oregon which defines the relative income ratios of obligors and obligees, we use two alternatives:

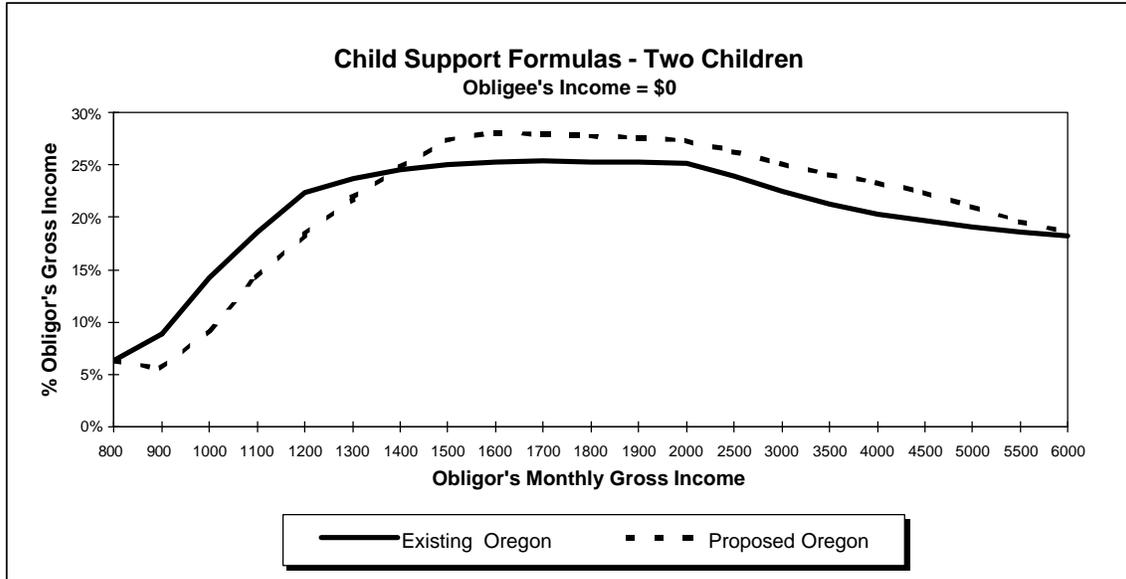
- obligee income equals half of obligor income; and
- obligee income equals obligor income.

The most typical combination is likely to be the first (i.e. obligee income equal to half the income of the obligor), based on average national ratios of men's and women's earnings.

To illustrate the impact of obligee income, we discuss situations where there are two children. Comparisons with one and three children are presented in Appendix VII.



**Exhibit 10**

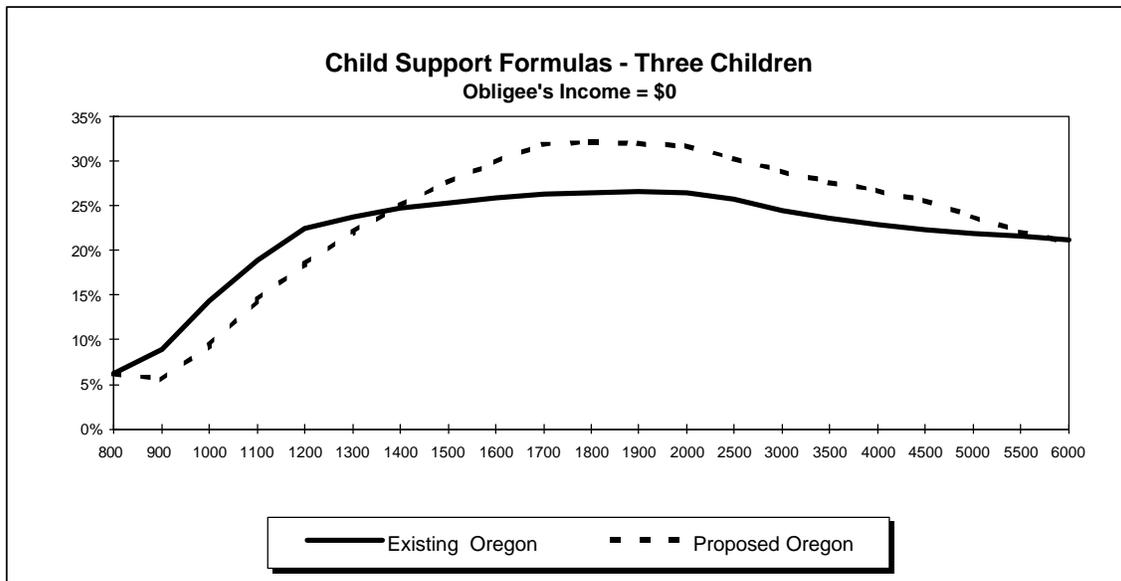


**CHILD SUPPORT FORMULAS - TWO CHILDREN**  
Obligee's Income = \$0

Obligor's Gross Monthly Income	Support Due (\$\$ per month)		%	
	Existing Oregon	Proposed Oregon*	Existing Oregon	Proposed Oregon
800	50	50	6%	6%
900	80	50	9%	6%
1000	142	93	14%	9%
1100	205	157	19%	14%
1200	268	220	22%	18%
1300	308	284	24%	22%
1400	344	347	25%	25%
1500	375	411	25%	27%
1600	404	450	25%	28%
1700	431	475	25%	28%
1800	456	500	25%	28%
1900	480	525	25%	28%
2000	502	547	25%	27%
2500	597	657	24%	26%
3000	673	754	22%	25%
3500	743	843	21%	24%
4000	813	932	20%	23%
4500	883	1008	20%	22%
5000	953	1049	19%	21%
5500	1023	1077	19%	20%
6000	1092	1114	18%	19%

\*Low-income adjustment is applied. Minimum order amount is \$50. Self-support under existing guidelines is \$776 gross per month. Proposed self-support reserve is \$716 net per month (which is equivalent to the 2001 federal poverty guideline for one person).

### Exhibit 11



**CHILD SUPPORT FORMULAS - THREE CHILDREN**  
Obligee's Income = \$0

Obligor's Gross Monthly Income	Support Due (\$\$ per month)		% of Obligor's Gross Income	
	Existing Oregon	Proposed Oregon*	Existing Oregon	Proposed Oregon
800	50	50	6%	6%
900	80	50	9%	6%
1000	144	94	14%	9%
1100	208	159	19%	14%
1200	270	223	23%	19%
1300	310	287	24%	22%
1400	347	351	25%	25%
1500	381	415	25%	28%
1600	415	479	26%	30%
1700	447	543	26%	32%
1800	477	579	27%	32%
1900	505	608	27%	32%
2000	531	634	27%	32%
2500	645	758	26%	30%
3000	735	867	25%	29%
3500	825	968	24%	28%
4000	915	1069	23%	27%
4500	1005	1152	22%	26%
5000	1095	1192	22%	24%
5500	1185	1215	22%	22%
6000	1273	1254	21%	21%

\*Low-income adjustment is applied. Minimum order amount is \$50. Self-support under existing guidelines is \$776 gross per month. Proposed self-support reserve is \$716 net per month (which is equivalent to the 2001 federal poverty guideline for one person).



*Exhibit 12: Two Children, Obligee Income = 50% of Obligor Income*

In Exhibit 12, we assume the obligee has income equivalent to half of obligor income. So, if obligor gross income is \$2,000 per month, the obligee gross income is \$1,000 per month.

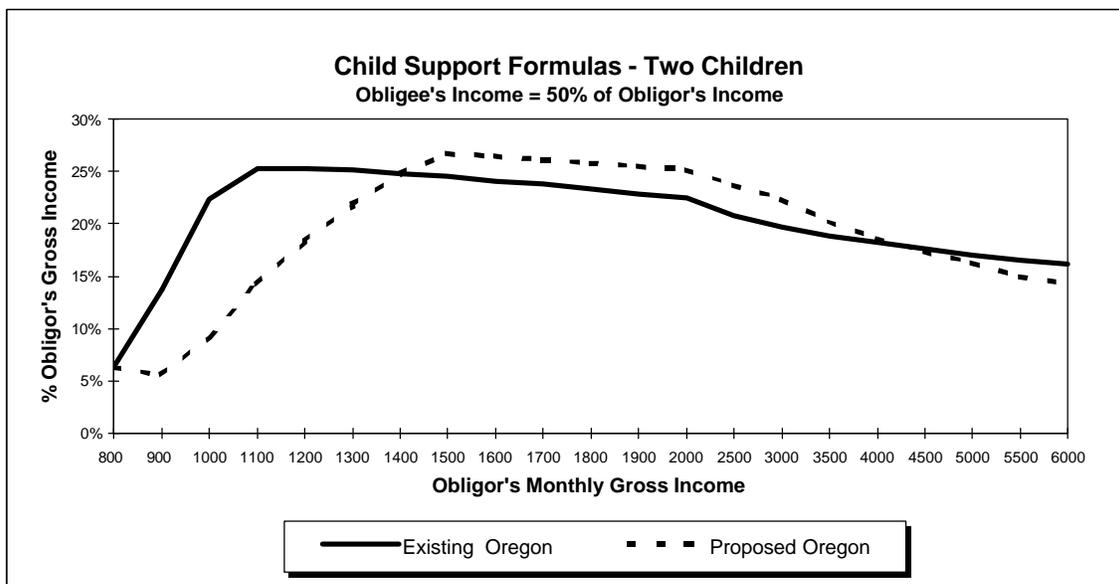
Due to the proposed increase in the self support reserve, support obligations for low income obligors are the same regardless whether the obligee has income or no income under the proposed Schedule. However, once the self support reserve is no longer applied, obligee income impacts the support order amount. For example, consider the case when obligor gross income equals \$3,000 per month. If obligee has no income, the monthly support order for two children would be \$754 under the proposed Schedule. (This is shown in Exhibit 10.) If obligee income is half that of obligor income (\$1,500 per month), as shown in Exhibit 12, the monthly support order would be \$708 for two children. The order amount decreases because the obligee now contributes to the financial support of the child.

Exhibit 12 shows the gap between order amounts under the proposed and existing Schedule closing. In middle income ranges, order amounts under the proposed Schedule track somewhat higher than those under the existing Schedule yet this changes when obligor gross income reaches \$4,500 per month. At this point, the obligee would have gross income of \$2,250 per month, hence the combined gross income would be \$6,750 per month. As discussed earlier, obligations at higher incomes decrease for two children due to the new economic estimates of child-rearing expenditures.

*Exhibit 13: Obligee Income = Obligor Income*

In this scenario, we assume that the obligee and obligor have the same level of income. So, if obligor income is \$3,000 per month gross, the obligee also has \$3,000 per month in gross income. Exhibit 13 displays many of the same trends evident in Exhibit 12; that is, obligee income has no bearing on order amounts when the obligor has low income (i.e., less than \$1,400 per month) due to the proposed increase to the self support reserve; support amounts under the existing and proposed Schedules closely track each other in the middle income ranges; and in higher income ranges, there is a crossover where support awards under the existing Schedule began to track above those of the proposed Schedule. This occurs at obligor gross income of \$3,500 per month (\$7,000 per month in combined gross income). This results from the new economic estimates of child-rearing expenditures, which indicate a small decrease in child-rearing expenditures at higher net incomes.

### Exhibit 12

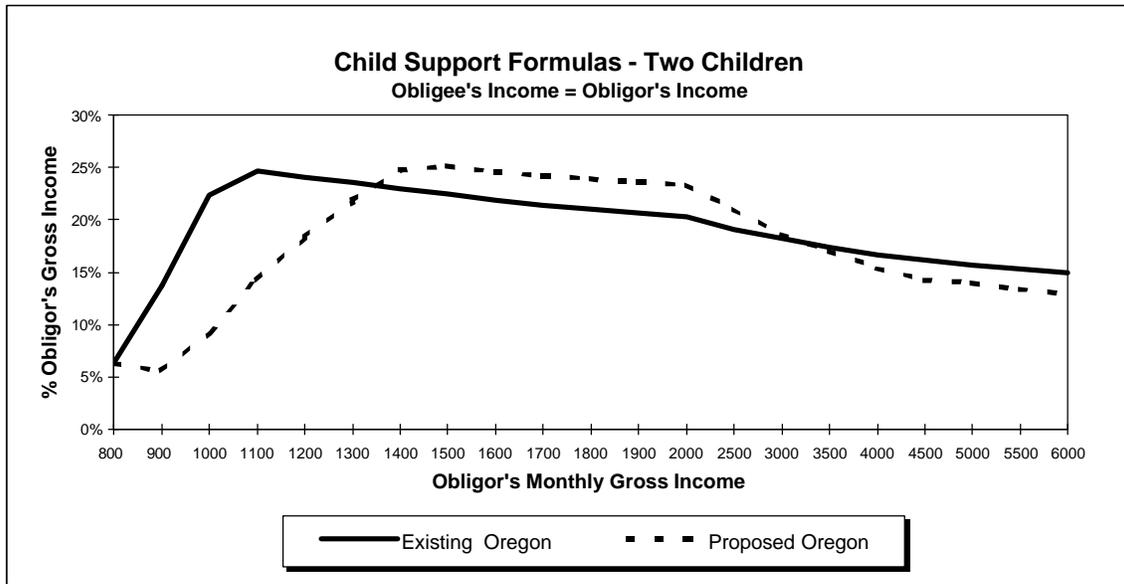


<b>CHILD SUPPORT FORMULAS - TWO CHILDREN</b>					
Obligee's Income = 50% of Obligor's Income					
Support Due (\$\$ per month)			% of Obligor's Gross Income		
Obligor's Gross Monthly Income	Existing Oregon	Proposed Oregon*	Obligor's Gross Monthly Income	Existing Oregon	Proposed Oregon
800	50	50	800	6%	6%
900	124	50	900	14%	6%
1000	224	93	1000	22%	9%
1100	279	157	1100	25%	14%
1200	304	220	1200	25%	18%
1300	327	284	1300	25%	22%
1400	348	347	1400	25%	25%
1500	368	401	1500	25%	27%
1600	386	423	1600	24%	26%
1700	404	445	1700	24%	26%
1800	420	465	1800	23%	26%
1900	435	485	1900	23%	26%
2000	449	503	2000	22%	25%
2500	519	593	2500	21%	24%
3000	589	672	3000	20%	22%
3500	659	708	3500	19%	20%
4000	728	743	4000	18%	19%
4500	792	781	4500	18%	17%
5000	851	814	5000	17%	16%
5500	909	824	5500	17%	15%
6000	967	854	6000	16%	14%

\*Low-income adjustment is applied. Minimum order amount is \$50. Self-support under existing guidelines is \$776 gross per month. Proposed self-support reserve is \$716 net per month (which is equivalent to the 2001 federal poverty guideline for one person).



### Exhibit 13



<b>CHILD SUPPORT FORMULAS - TWO CHILDREN</b>					
Obligee's Income = Obligor's Income					
Support Due (\$\$ per month)			% of Obligor's Gross Income		
Obligor's Gross Monthly Income	Existing Oregon	Proposed Oregon*	Obligor's Gross Monthly Income	Existing Oregon	Proposed Oregon
800	50	50	800	6%	6%
900	124	50	900	14%	6%
1000	224	93	1000	22%	9%
1100	271	157	1100	25%	14%
1200	290	220	1200	24%	18%
1300	307	284	1300	24%	22%
1400	323	347	1400	23%	25%
1500	337	377	1500	22%	25%
1600	351	394	1600	22%	25%
1700	365	412	1700	21%	24%
1800	379	431	1800	21%	24%
1900	393	449	1900	21%	24%
2000	407	466	2000	20%	23%
2500	477	525	2500	19%	21%
3000	546	557	3000	18%	19%
3500	609	597	3500	17%	17%
4000	668	616	4000	17%	15%
4500	726	641	4500	16%	14%
5000	783	698	5000	16%	14%
5500	842	737	5500	15%	13%
6000	897	774	6000	15%	13%

\*Low-income adjustment is applied. Minimum order amount is \$50. Self-support under existing guidelines is \$776 gross per month. Proposed self-support reserve is \$716 net per month (which is equivalent to the 2001 federal poverty guideline for one person).

*Comparisons with Other States*

Graphical comparisons of the existing Oregon Schedule to those of bordering and low income states are provided in Appendices V and VI. In general, Oregon has a low Schedule relative to other States.

**Case Examples Comparing Existing to Proposed Schedule**

Below are three case examples (a low, middle and high income case) to compare further the levels of support under the existing and proposed Oregon Schedules.

*Case Example 1: Low Income Case*

In this example, the mother has custody of the two children and receives TANF. The father earns \$900 gross per month, which approximates earnings from a full-time minimum wage job. The lower order amount under the proposed Schedule reflects the higher self support reserve. Absent the self support reserve, the proposed order would be \$274 per month.

<b>Obligor Monthly Support Amount</b>		
<b>Monthly Gross Income</b>	<b>Existing Schedule</b>	<b>Proposed Schedule</b>
\$900	\$80	\$50

*Case Example 2: Middle Income Case*

The father's monthly gross income is \$2,400. The mother's gross monthly income is \$1,600. She has custody of the couple's two children and has work-related child care expenses of \$200 per month. The parents' combined gross income is \$4,000 per month. The father's share of the combined gross income is 60 percent. The basic support obligation as computed from the existing and proposed Oregon Schedules is shown in the table below. As the obligor, the father's share of the basic obligation would be 60 percent of the amounts in the table. To the basic support obligation would be added the father's share of child care costs: \$120 per month (\$200 x .60).



<b>Combined Gross Monthly Income = \$4,000</b>		
	<b>Existing Schedule</b>	<b>Proposed Schedule</b>
(1) Basic Obligation	\$813	\$932
(2) Child Care	\$200	\$200
(3) Basic Obligation and Child Care	\$1,013	\$1,132
(4) Father's Monthly Obligation (0.60 x row 3)	\$608	\$679

*Case Example 3: High Income Case*

Before their divorce, the parents had one child, who now lives with the mother. The mother earns \$4,400 per month. Her child care expenses are \$300 per month. The father earns \$3,600 per month gross. The parents' combined gross income is \$8,000 per month. As the obligor, the father's share of the basic obligation would be 45 percent of the amounts in the table. To the basic support obligation would be added the father's share of child care costs: \$135 per month ( $\$300 \times .45$ ). The father's total monthly support obligation under the two Schedules would therefore be:

<b>Combined Gross Monthly Income = \$8,000</b>		
	<b>Existing Schedule</b>	<b>Proposed Schedule</b>
(1) Basic Obligation	\$ 927	\$ 917
(2) Child Care	\$ 300	\$ 300
(3) Basic Obligation and Child Care	\$1,227	\$1,217
(4) Father's Monthly Obligation (0.45 x row 3)	\$ 552	\$ 548

---

## Chapter VI

# Summary and Conclusions

Oregon is reviewing the Oregon Child Support Guidelines. The existing Guidelines are based on a version of the Income Shares model dating from 1986. Nonetheless, its Schedule has been revised several times. Revisions include an arbitrary downward adjustment to the Schedule of 1991, the splicing of proposed Schedules based on the economic evidence of child-rearing expenditures and compromises between the two. This report proposes an updating of the Child Support Schedule for current economic evidence.

An objective of the review is to update the Schedule. As mandated by the Family Support Act of 1988, the U.S. Department of Health and Human Services sponsored new research on child-rearing expenditures. This research was conducted by Dr. David Betson, of University of Notre Dame, through a grant administered by the University of Wisconsin's Institute for Research on Poverty. Dr. Betson's research applied a variety of econometric models to data from the 1980-86 Consumer Expenditure Survey (CEX). Dr. Betson updated his research using data from the 1996-1998 CEX, and his updated findings were recently published by the California Judicial Council.

Of the methodologies used by Betson with the 1980-86 and 1996-98 CEX, it appears that the Rothbarth estimator continues to yield the most theoretically sound and plausible results. They currently represent the best available evidence on child-rearing expenditures. Consequently, we have based our revision of the Schedule on the Rothbarth parameters estimated by Betson. Applying a procedure similar to the one used to develop the original Schedule, we have developed a new Schedule for the guidelines.

Betson's Rothbarth parameters are only a starting point for the preparation of the proposed Schedule. Also reflected in the proposed Schedule are the changes in the ratio of household consumption to net income that have occurred between 1980-86 and 1996-98, the two periods in which data were collected for the older and more recent estimates of child-rearing expenditures, and changes in average consumption spending for child care and children's medical expenses between those two periods.

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

- (1) Update the estimates from 1997 to 2001 price levels;
- (2) Update the self support reserve; and
- (3) Recalculating the net-to-gross income conversion to account for changes in federal and Oregon State personal income tax rates.



The self-support reserve adjustment allows low income obligors to retain enough income to provide them with at least a subsistence standard of living. In addition, the report recommends updating the self support reserve in the ability to pay calculation provided in the guidelines. The existing self support reserve is \$776 (gross), whereas the proposed self support reserve is based on the 2001 federal poverty guideline for one person (\$716 net or \$851 gross). The revised Schedule also reflects current (2001) federal and state tax rates, rather than those in effect in 1998.

In summary, the proposed Schedule is based on current economic research and more recent economic data on household expenditures. The proposed Schedule also incorporates changes in federal and state tax rates, price levels, and the federal poverty guideline in the support reserve. Taken together, these changes are designed to make Oregon's child support orders more equitable and more consistent with economic changes.

**APPENDIX I:  
TECHNICAL APPENDIX**





---

## **Appendix I**

# **Technical Considerations in Developing Schedule of Support Obligations**

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

### **PARENTAL EXPENDITURES ON CHILDREN**

---

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

There are numerous estimation techniques available and they are described succinctly in a 1990 Lewin/ICF report to the U.S. Department of Health and Human Services. The two techniques that appear to offer the most sound theoretical bases are the Engel and Rothbarth estimators. The Engel approach estimates child expenditures based on total household expenditures on food. Economists believe child expenditure estimates using this approach represent an upper bound to those expenditures. The Rothbarth approach, on the other hand, estimates child expenditures based on the level of household expenditures on adult goods (e.g., adult clothing, alcohol, tobacco). Child expenditures using this approach are believed to represent a lower bound to expenditures. Again, the Lewin/ICF report cited above presents a clear description of the approaches and of their merits and limitations as estimators of child expenditures. The support schedule defined in this report is based on the Rothbarth approach. Specifically, it is based on recent Rothbarth estimates developed by Dr. David Betson, Professor of Economics, University of Notre Dame using 1996-98 CEX data.



---

## Data on Household Expenditures

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

The database most commonly used to estimate child expenditures is the Consumer Expenditure Survey (CEX). As the aforementioned Lewin/ICF report says of the CEX, "It is by far the best available source of information for implementing the techniques for estimating expenditures on children..." (p. 3-1). The Espenshade and Rothbarth models presented in this report are based on household expenditure data reported in the CEX.

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

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

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

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

The CEX is much like every survey that attempts to capture income information; that is, there is likely to be underreporting or nonreporting of income. Staff at the Bureau of

Labor Statistics, which administers the survey, suggest that income reported in the CEX is too low relative to expenditures. There are, however, no theoretically-based methods to adjust income for this problem and so no adjustment is applied.

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

Using the Rothbarth estimation technique and CEX data from 1996-98, David Betson computed child expenditures for 1, 2 and 3-child households. These expenditures are related to total consumption spending in the expression  $EC/C$ , where  $EC$  = expenditures on children and  $C$  = total consumption expenditures. In order to estimate  $EC$  as a proportion of net income ( $NI$ ), the relationship between  $NI$  and  $C$  must be computed. This can be done from the CEX because of the detailed itemization of expenditures.

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

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

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

For low income households, consumption expenditures may exceed the net income figure derived by subtracting taxes and other items from gross income. Thus, consumption as a proportion of net income ( $C/NI$ ) exceeds 100 percent. In these instances, the  $C/NI$  ratio is set at 1.0. For example, in Betson's calculations, consumption expenditures exceeded net income for the lowest five income ranges (i.e., all households with annual net incomes below \$35,000 per year in June 2001 dollars). This outcome may be partially related to reported difficulties of measuring income in the CEX as discussed above. As shown in Table I-1 below, the measured ratio of consumption expenditures to net income ranged from 2.6 for households with annual net incomes less than \$15,000 to 0.579 for households with annual net incomes above \$125,000.

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

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



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

Net Income Interval (2001 \$)	Income Midpoint (1997\$)	Number of Observations	Consumption Spending (C) (1997)	C/NI
Less than \$14,999	7,415	178	\$12,042	2.646
\$15,000 - \$19,999	\$10,381	161	\$14,669	1.541
\$20,000 - \$24,999	\$13,348	173	\$15,136	1.441
\$25,000 - \$29,999	\$16,314	199	\$17,162	1.182
\$30,000 - \$34,999	\$19,280	213	\$19,280	1.058
\$35,000 - \$39,999	\$22,246	215	\$21,067	0.999
\$40,000 - \$44,999	\$25,212	222	\$22,716	0.942
\$45,000 - \$49,999	\$28,178	205	\$23,867	0.902
\$50,000 - \$59,999	\$36,627	419	\$27,113	0.862
\$60,000 - \$69,999	\$38,560	374	\$31,002	0.754
\$70,000 - \$79,999	\$44,492	280	\$34,526	0.749
\$80,000 - \$99,999	\$52,664	360	\$38,871	0.704
\$100,000 - \$124,999	\$66,738	213	\$46,716	0.647
\$125,000+	\$88,984	109	\$55,793	0.579

### Treatment of Selected Factors

Specific questions have been raised in other states that have incorporated the Rothbarth-Betson estimates about the treatment of various types of expenditures. Specifically, there have been questions about adjustments for (1) teenage clothing; (2) child care; (3) medical expenses; (4) durable goods, particularly housing; and (5) savings.

#### *Teenage Clothing*

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

### *Child Care*

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

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

Since the CEX itemizes child care expenditures, an adjustment can be made directly to EC/C. For example, Table I-3 at the end of this appendix shows that for two-child households in the \$30,000-\$34,999 income range, EC/C = 36.36 percent. Child care (CC) as a proportion of consumption for that same income range is 1.48 percent (.74 percent x 2 children). For this income range, a revised EC/C which excludes child care costs is:

$$\text{Revised EC/C} = 36.36 - 1.48 = 34.88 \text{ percent}$$

### *Medical Expenses*

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

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



Deciding what proportion of unreimbursed medical expenses might be considered extraordinary is difficult. We have elected to assume that some unreimbursed medical expenses (e.g., non-prescription medications, well visits to doctors) should be considered routine and not extraordinary. For the purposes of estimating support proportions, extraordinary medical expenses are defined as the amount of expenditures that exceed \$250 per family member. This amount, deflated to 1997 dollars, was subtracted from the reported costs of unreimbursed medical expenses in computing the proportion of medical expenses that should be considered extraordinary.

While the CEX itemizes unreimbursed medical expenses and health insurance premium costs, it does not allocate expenses to individual household members. Thus, a method must be developed for excluding those expenditures from EC/C. There are two steps in this process. First, the child's share of those medical expenses (M) must be determined. That calculation assumes that the child's share is the same as his/her share of all household expenditures (EC/C). Thus, for a two-child household in the \$30,000-\$34,999 net annual income range, the child's share of these expenses would be 36.36 percent (i.e., EC/C for two children) of 2.47 percent (i.e., medical expenses as a proportion of consumption for a household in that income range). The children's share of medical expenses is therefore 0.90 percent of consumption expenditures. This proportion is subtracted from EC/C to arrive at an adjusted EC/C.

$$\text{Revised EC/C} = 36.36 - 0.90 = 35.46 \text{ percent}$$

#### *Durable Goods*

The largest durable goods expenditures are for housing and transportation. Housing costs are treated in the following manner:

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

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

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

## *Savings*

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

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

Table I-4 at the end of this appendix illustrates for two children how adjustments for child care expenditures and medical expenses (health insurance and unreimbursed medical costs) are factored into the computation of a proportion that relates expenditures on children to net income. The table uses a two-child household as an example, but the same procedure was applied to one and three-child households using the information presented in Table I-3. Thus, for two-child households in \$30,000-\$34,999 annual income range, child expenditures were estimated at 36.36 percent of consumption expenditures (EC/C). Child care (CC/C = 1.48 percent of household consumption expenditures) and medical expenses attributable to the child (M/C = 0.90 percent of household consumption expenditures) were subtracted from EC/C. This new amount (33.98 percent) was multiplied by the ratio of household consumption to net income (C/NI = 1.00) of that net income range. The resulting figure  $EC^*/NI = 33.98$  percent relates child expenditures to net income for the \$30,000-\$34,999 net annual income range.

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

Betson's estimates of child expenditures for one, two, and three-child households are based on actual household income and expenditure data for 3,121 two-parent families with at least one child under 18 years of age. He did not compute proportions for households with greater numbers of children because of the small sample sizes in the database. Betson computed his proportions for one, two and three-child households in the following manner:

- ❖ Take the midpoint of the annual net income ranges expressed in June 2001 dollars and deflate the amount to 1997 dollars by the Consumer Price Index. The top interval uses the average net income (\$125,000 in 2001 dollars) of households in that interval rather than the midpoint.



- ❖ Multiply the net income midpoint by the average ratio of consumption expenditures to net income. For income ranges where the ratio exceeded 1.0, expenditures were assumed to equal net income.
- ❖ Take the level of annual expenditures and determine what proportion is spent on one, two and three children. Using his Rothbarth estimates, Betson computed the average percentage spent over all the years the children were with their parents. That is, for one child he computed the average over 18 years. For two and three-child households, he assumed that the children differed in age by two years. Thus, for two-child households, he computed the average over a 16-year period when both children were in the household. Similarly, for three-child households, he computed the average over 14 years.

Adjustments to these data were necessary to extend the support proportions for one, two, and three children to four, five, and six-child households. The equivalency scale recommended by the Panel on Poverty and Family Assistance, a panel assembled by the National Research Council to review measures poverty is used.<sup>1</sup> The recommended formula is:<sup>2</sup>

$$\text{equivalency scale value} = (\text{Number of adults} + 0.7 \times \text{number of children})^{0.7}$$

Using this formula, we arrive at the following equivalency scales: 2.69 for three children; 3.00 for four children; 3.30 for five children; and, 3.59 for six children. In turn, these are converted to multipliers. For example, the multiplier for four children is 1.115 (3.00 divided by 2.69). Based on this method, we also develop multipliers for five and six children. They are displayed in Table I-2 along with the multipliers used in the 1998 update.

The multipliers were used as constants for all income ranges. The decreasing size of the multiplier as the number of children increases reflects two phenomena: (1) economies of scale as more children are added to the household (e.g., sharing of household items); and (2) reallocation of expenditures. The reallocation occurs as adults reduce their share of expenditures to provide for more children and as each child's share of expenditures is reduced to accommodate the needs of additional children. That is, as there are more people to share the economic pie, the share for each family member must decrease.

---

<sup>1</sup> Constance F. Citro and Robert T. Michael, Editors. *Measuring Poverty: A New Approach*, National Academy Press, Washington, D.C. (1995).

<sup>2</sup> The formula actually states that its value in parentheses should be raised to a power of 0.65 to 0.75. We use 0.70, which is the midpoint of the suggested range.

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

Number of Children	1998 Multipliers	Rothbarth Multipliers
4	1.105 x 3 child proportion	1.115 x 3 child proportion
5	1.084 x 4 child proportion	1.100 x 4 child proportion
6	1.070 x 5 child proportion	1.088 x 5 child proportion

## TABLE OF SUPPORT PROPORTIONS

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

### Adjusting Income Brackets

The data Betson used for his computations were from the time period 1996 through 1998. The database included both nominal and constant dollar amounts, with the base period being June 1997. In order to develop a table of support proportions aligned to 2001 income ranges, Betson used a Consumer Price Index (CPI-U) inflator and applied it to the 1983 incomes on the database.

### Computing Marginal Proportions

The table of support proportions shown in Table I-5 links the proportion of net income spent on one to six children to different annual net income ranges. The proportions, however, are meant to apply only at the midpoints of each income range. In order to obtain a smooth transition in support obligations between income ranges, marginal proportions were computed. This adjustment eliminates notches in support obligations that would otherwise be created as parents move from one income range to another.

For example, assume we have two, two-child households, one at the \$30,000-\$34,999 net annual range and the second at the next highest range (\$35,000-\$39,999). The proportion of net income spent on the two children in the lower income household is estimated to be 33.98 percent. The comparable proportion in the higher income household is estimated to be 33.02 percent. If actual income in the first household were \$34,900 per year, the total support obligation would be \$11,859 annually ( $\$34,900 \times .3398$ ). If actual income in the second household were \$35,000 per year, the total annual support obligation would be \$11,557 per year ( $\$35,000 \times .3302$ ); \$302 less per year than the support obligation in the lower income household. The use of marginal proportions



between the midpoints of income ranges eliminates this effect and creates a smooth increase in the total support obligation as household income increases.

The marginal proportions between income midpoints are established by computing the support obligation at the two midpoints and dividing the difference in the support obligation amounts by the income difference between the two midpoints. For example, the marginal proportion between the midpoints of the above income ranges, \$32,500 and \$37,500 net income for two-child households, would be computed in the following manner:

	Annual Net Income Ranges	
Income midpoints	\$32,500	\$37,500
Midpoint difference	\$5,000	
Support proportion	33.98%	33.02%
Support obligation	\$11,044	\$12,383
Obligation difference	\$1,339	
Marginal proportion	26.8%	

Using the example above of one two-child household with \$34,900 and another with \$35,000 of annual net income, support obligations using the marginal proportion approach results in a annual support obligation for the lower income household of \$11,687 (\$974 per child per month) compared to \$11,714 for the higher income household (\$976 per child per month).

### Translating Gross to Net Income

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

---

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

### *Measuring Gross Income*

The assumptions made about gross income are that it is all taxable and that it is taxable at the same rate. That is, all income is treated as if it is earned income subject to federal and state withholding and FICA taxes. Tax rates prevailing in 2001 were used to convert gross income to net.

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

- ❖ Using the employer schedule, taxes are computed assuming (1) all income is earned by the obligor (i.e., the tax rates for a single person are used); and (2) two withholding allowances, based on instructions in the employer tax guide. (The use of two withholding allowances simulates the effect of one standard deduction and one exemption allowed when filing personal income tax returns). Income tax and FICA rates defined in the 2001 employer schedule were used to estimate total taxes on a given gross income.
- ❖ State income taxes are computed also using the employer schedule. The Oregon Withholding Tax Tables (effective January 1988) is used to compute taxes on a given gross income.
- ❖ Beginning in calendar year 1994, the Earned Income Tax Credit is available to single wage earners. The credit applies only to low income wage earners and only affects gross incomes up to about \$800 per month. Thus, its inclusion does not substantially affect net income, as shown in Appendix III.

### *Impact of Assumptions on Net Income*

If anything, the generalized approach to computing net income from gross income underestimates total household net income. The reason is that accounting for the income of two parents and/or additional exemptions for children reduces total income taxes and thus increases net income. The result is that total support obligations using the table of support proportions are usually higher when an attempt is made to accommodate the actual tax situation of individual households.



## Self Support Reserve

In addition to the table of support proportions and the table converting gross to net income, a third factor affects obligations shown in the support schedule. That is, the schedule includes an adjustment for low income obligors to ensure that net income after payment of the support obligation does not fall below a minimum threshold. The threshold is a self support reserve so that the obligor is able to maintain a minimum standard of living. The self support reserve in the proposed Schedule (\$716 per month net) equals the 2001 federal poverty guideline for one person.

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

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

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

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

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

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

The effect of the adjustment for a self support reserve is that obligations computed using the table of support proportions are phased into the support schedule gradually. For example, in this report the table of support proportions is fully applied only above \$1,250 per month for one child, \$1,500 per month for two children, \$1,700 per month for three children, \$1,850 per month for four children, \$2,000 per month for five children, and \$2,100 per month for six children.

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

Net Income Ranges	Consumption as % of net Income	Expenditures on Children as a % of Total Consumption Expenditures (Rothbarth Parameters)			Child Care \$ as a % of Consumption (per child)	Medical \$ as a % of Consumption
		One Child	Two Children	Three Children		
Less than \$15,000	264.6%	26.80%	38.20%	44.70%	.24%	2.45%
\$15,000 - \$19,999	154.1%	26.72%	38.02%	44.47%	.58%	1.50%
\$20,000 - \$24,999	144.1%	26.44%	37.41%	43.67%	.67%	2.26%
\$25,000 - \$29,999	118.2%	26.16%	36.83%	42.90%	.80%	2.76%
\$30,000 - \$34,999	105.8%	25.88%	36.36%	42.25%	.74%	2.47%
\$35,000 - \$39,999	99.9%	25.60%	35.90%	41.60%	.80%	3.46%
\$40,000 - \$44,999	94.2%	25.50%	35.66%	41.26%	1.31%	2.77%
\$45,000 - \$49,999	90.2%	25.40%	35.39%	40.89%	1.40%	2.98%
\$50,000 - \$59,999	86.2%	25.23%	34.97%	40.38%	1.49%	3.39%
\$60,000 - \$69,999	75.4%	25.15%	34.83%	40.22%	1.74%	2.59%
\$70,000 - \$79,999	74.9%	24.80%	34.30%	39.50%	1.64%	3.06%
\$80,000 - \$99,999	70.4%	24.55%	34.81%	38.77%	1.69%	2.61%
\$100,000 - \$124,999	64.7%	24.18%	33.11%	37.79%	1.47%	3.11%
\$125,000+	57.9%	23.63%	32.05%	36.37%	1.71%	2.73%

**Table I-4**  
**CHILD EXPENDITURES AS A PROPORTION OF NET INCOME**  
**Based on Betson/Rothbarth Estimates**

<b>Net Income Range</b>	<b>EC/C</b> (2 children)	<b>CC/C</b>	<b>M/C</b>	<b>C/NI</b>	<b>EC*/NI</b>
Less than \$15,000	38.20%	0.48%	0.94%	>1.0	36.78%
\$15,000 - \$19,999	38.02%	1.16%	0.57%	>1.0	36.29%
\$20,000 - \$24,999	37.41%	1.34%	0.85%	>1.0	35.22%
\$25,000 - \$29,999	36.83%	1.60%	1.02%	>1.0	34.21%
\$30,000 - \$34,999	36.36%	1.48%	0.90%	>1.0	33.98%
\$35,000 - \$39,999	35.90%	1.60%	1.24%	.999	33.02%
\$40,000 - \$44,999	35.66%	2.62%	0.99%	.942	30.20%
\$45,000 - \$49,999	35.39%	2.80%	1.05%	.902	28.44%
\$50,000 - \$59,999	34.97%	2.98%	1.19%	.862	26.55%
\$60,000 - \$69,999	34.83%	3.48%	0.90%	.754	22.96%
\$70,000 - \$79,999	34.30%	3.28%	1.05%	.749	22.45%
\$80,000 - \$99,999	33.81%	3.37%	0.88%	.704	20.81%
\$100,000 - \$124,999	33.11%	2.94%	1.03%	.647	18.85%
\$125,000+	32.05%	3.42%	0.87%	.579	16.07%

EC/C = Expenditures on children as a proportion of consumption expenditures  
CC/C = Child care expenditures as a proportion of consumption expenditures  
M/C = Medical expenditures as a proportion of consumption expenditures  
C/NI = Consumption expenditures as a function of net income  
EC\*/NI = Adjusted expenditures on children as a proportion of net income  
 $EC*/NI = (EC/C - CC/C - M/C) \times C/NI$

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

Net Income Ranges	Number of Children					
	One	Two	Three	Four	Five	Six
Less than \$15,000	.2590	.3678	.4288	.4782	.5260	.5723
\$15,000 - \$19,999	.2574	.3629	.4206	.4690	.5159	.5613
\$20,000 - \$24,999	.2517	.3522	.4067	.4535	.4989	.5428
\$25,000 - \$29,999	.2464	.3421	.3932	.4384	.4822	.5246
\$30,000 - \$34,999	.2450	.3398	.3899	.4347	.4782	.5202
\$35,000 - \$39,999	.2389	.3302	.3772	.4206	.4627	.5034
\$40,000 - \$44,999	.2212	.3020	.3409	.3801	.4181	.4549
\$45,000 - \$49,999	.2097	.2844	.3200	.3567	.3924	.4270
\$50,000 - \$59,999	.1973	.2655	.2977	.3320	.3652	.3973
\$60,000 - \$69,999	.1716	.2296	.2560	.2855	.3140	.3417
\$70,000 - \$79,999	.1678	.2245	.2500	.2787	.3066	.3335
\$80,000 - \$99,999	.1565	.2081	.2302	.2567	.2824	.3072
\$100,000 - \$124,999	.1421	.1885	.2084	.2323	.2556	.2780
\$125,000+	.1232	.1607	.1751	.1953	.2148	.2337

This page is intentionally blank.

**APPENDIX II:  
GROSS TO NET INCOME  
CONVERSION TABLE**





**Oregon**  
**2001 FEDERAL AND STATE TAXES**  
**GROSS TO NET INCOME CONVERSION TABLE**

Gross Income Range			Federal Tax	EITC	Oregon State Tax	FICA	Total Taxes	Net Monthly Income
525	-	575	0.00	23.92	24.63	42.08	42.79	507.21
575	-	625	0.00	20.08	28.47	45.90	54.29	545.71
625	-	675	0.00	16.25	32.97	49.73	66.45	583.56
675	-	725	0.00	12.50	37.47	53.55	78.52	621.48
725	-	775	6.85	8.67	41.35	57.38	96.91	653.09
775	-	825	14.35	4.83	45.18	61.20	115.89	684.11
825	-	875	21.85	1.00	49.00	65.03	134.88	715.12
875	-	925	29.35		52.83	68.85	151.03	748.97
925	-	975	36.85		56.65	72.68	166.18	783.82
975	-	1,025	44.35		60.48	76.50	181.33	818.67
1,025	-	1,075	51.85		64.30	80.33	196.48	853.52
1,075	-	1,125	59.35		68.13	84.15	211.63	888.37
1,125	-	1,175	66.85		71.95	87.98	226.78	923.22
1,175	-	1,225	74.35		75.78	91.80	241.93	958.07
1,225	-	1,275	81.85		79.60	95.63	257.08	992.92
1,275	-	1,325	89.35		83.43	99.45	272.23	1027.77
1,325	-	1,375	96.85		87.25	103.28	287.38	1062.62
1,375	-	1,425	104.35		91.08	107.10	302.53	1097.47
1,425	-	1,475	111.85		94.90	110.93	317.68	1132.32
1,475	-	1,525	119.35		98.73	114.75	332.83	1167.17
1,525	-	1,575	126.85		102.55	118.58	347.98	1202.02
1,575	-	1,625	134.35		106.38	122.40	363.13	1236.87
1,625	-	1,675	141.85		110.20	126.23	378.28	1271.72
1,675	-	1,725	149.35		114.03	130.05	393.43	1306.57
1,725	-	1,775	156.85		117.85	133.88	408.58	1341.42
1,775	-	1,825	164.35		121.68	137.70	423.73	1376.27

**Oregon**  
**2001 FEDERAL AND STATE TAXES**  
**GROSS TO NET INCOME CONVERSION TABLE**

Gross Income Range			Federal Tax	EITC	Oregon State Tax	FICA	Total Taxes	Net Monthly Income
1,825	-	1,875	171.85		125.50	141.53	438.88	1411.12
1,875	-	1,925	179.35		129.33	145.35	454.03	1445.97
1,925	-	1,975	186.85		133.15	149.18	469.18	1480.82
1,975	-	2,025	194.35		136.98	153.00	484.33	1515.67
2,025	-	2,075	201.85		140.80	156.83	499.48	1550.52
2,075	-	2,125	209.35		144.63	160.65	514.63	1585.37
2,125	-	2,175	216.85		148.45	164.48	529.78	1620.22
2,175	-	2,225	224.35		152.28	168.30	544.93	1655.07
2,225	-	2,275	231.85		156.10	172.13	560.08	1689.92
2,275	-	2,325	239.35		159.93	175.95	575.23	1724.77
2,325	-	2,375	246.85		163.75	179.78	590.38	1759.62
2,375	-	2,425	254.35		167.97	183.60	605.92	1794.08
2,425	-	2,475	261.85		172.47	187.43	621.74	1828.26
2,475	-	2,525	269.35		176.97	191.25	637.57	1862.43
2,525	-	2,575	276.85		181.47	195.08	653.39	1896.61
2,575	-	2,625	284.35		185.97	198.90	669.22	1930.78
2,625	-	2,675	291.85		190.47	202.73	685.04	1964.96
2,675	-	2,725	299.35		194.97	206.55	700.87	1999.13
2,725	-	2,775	306.85		199.47	210.38	716.69	2033.31
2,775	-	2,825	314.35		203.97	214.20	732.52	2067.48
2,825	-	2,875	321.85		208.47	218.03	748.34	2101.66
2,875	-	2,925	332.31		212.97	221.85	767.13	2132.87
2,925	-	2,975	345.81		217.47	225.68	788.95	2161.05
2,975	-	3,025	359.31		221.97	229.50	810.78	2189.22
3,025	-	3,075	372.81		226.47	233.33	832.60	2217.40
3,075	-	3,125	386.31		230.97	237.15	854.43	2245.57
3,125	-	3,175	399.81		235.47	240.98	876.25	2273.75

**Oregon**  
**2001 FEDERAL AND STATE TAXES**  
**GROSS TO NET INCOME CONVERSION TABLE**

Gross Income Range			Federal Tax	EITC	Oregon State Tax	FICA	Total Taxes	Net Monthly Income
3,175	-	3,225	413.31		239.97	244.80	898.08	2301.92
3,225	-	3,275	426.81		244.47	248.63	919.90	2330.10
3,275	-	3,325	440.31		248.97	252.45	941.73	2358.27
3,325	-	3,375	453.81		253.47	256.28	963.55	2386.45
3,375	-	3,425	467.31		257.97	260.10	985.38	2414.62
3,425	-	3,475	480.81		262.47	263.93	1007.20	2442.80
3,475	-	3,525	494.31		266.97	267.75	1029.03	2470.97
3,525	-	3,575	507.81		271.47	271.58	1050.85	2499.15
3,575	-	3,625	521.31		275.97	275.40	1072.68	2527.32
3,625	-	3,675	534.81		280.47	279.23	1094.50	2555.50
3,675	-	3,725	548.31		284.97	283.05	1116.33	2583.67
3,725	-	3,775	561.81		289.47	286.88	1138.15	2611.85
3,775	-	3,825	575.31		293.97	290.70	1159.98	2640.02
3,825	-	3,875	588.81		298.47	294.53	1181.80	2668.20
3,875	-	3,925	602.31		302.97	298.35	1203.63	2696.37
3,925	-	3,975	615.81		307.47	302.18	1225.45	2724.55
3,975	-	4,025	629.31		311.97	306.00	1247.28	2752.72
4,025	-	4,075	642.81		316.47	309.83	1269.10	2780.90
4,075	-	4,125	656.31		320.97	313.65	1290.93	2809.07
4,125	-	4,175	669.81		325.47	317.48	1312.75	2837.25
4,175	-	4,225	683.31		329.97	321.30	1334.58	2865.42
4,225	-	4,275	696.81		334.47	325.13	1356.40	2893.60
4,275	-	4,325	710.31		338.97	328.95	1378.23	2921.77
4,325	-	4,375	723.81		343.47	332.78	1400.05	2949.95
4,375	-	4,425	737.31		347.97	336.60	1421.88	2978.12
4,425	-	4,475	750.81		352.47	340.43	1443.70	3006.30
4,475	-	4,525	764.31		356.97	344.25	1465.53	3034.47

**Oregon**  
**2001 FEDERAL AND STATE TAXES**  
**GROSS TO NET INCOME CONVERSION TABLE**

Gross Income Range			Federal Tax	EITC	Oregon State Tax	FICA	Total Taxes	Net Monthly Income
4,525	-	4,575	777.81		361.47	348.08	1487.35	3062.65
4,575	-	4,625	791.31		365.97	351.90	1509.18	3090.82
4,625	-	4,675	804.81		370.47	355.73	1531.00	3119.00
4,675	-	4,725	818.31		374.97	359.55	1552.83	3147.17
4,725	-	4,775	831.81		379.47	363.38	1574.65	3175.35
4,775	-	4,825	845.31		383.97	367.20	1596.48	3203.52
4,825	-	4,875	858.81		388.47	371.03	1618.30	3231.70
4,875	-	4,925	872.31		392.97	374.85	1640.13	3259.87
4,925	-	4,975	885.81		397.47	378.68	1661.95	3288.05
4,975	-	5,025	899.31		401.97	382.50	1683.78	3316.22
5,025	-	5,075	912.81		406.47	386.33	1705.60	3344.40
5,075	-	5,125	926.31		410.97	390.15	1727.43	3372.57
5,125	-	5,175	939.81		415.47	393.98	1749.25	3400.75
5,175	-	5,225	953.31		419.97	397.80	1771.08	3428.92
5,225	-	5,275	966.81		424.47	401.63	1792.90	3457.10
5,275	-	5,325	980.31		428.97	405.45	1814.73	3485.27
5,325	-	5,375	993.81		433.47	409.28	1836.55	3513.45
5,375	-	5,425	1007.31		437.97	413.10	1858.38	3541.62
5,425	-	5,475	1020.81		442.47	416.93	1880.20	3569.80
5,475	-	5,525	1034.31		446.97	420.75	1902.03	3597.97
5,525	-	5,575	1047.81		451.47	424.58	1923.85	3626.15
5,575	-	5,625	1061.31		455.97	428.40	1945.68	3654.32
5,625	-	5,675	1074.81		460.47	432.23	1967.50	3682.50
5,675	-	5,725	1089.32		464.97	436.05	1990.34	3709.66
5,725	-	5,775	1104.32		469.47	439.88	2013.66	3736.34
5,775	-	5,825	1119.32		473.97	443.70	2036.99	3763.01
5,825	-	5,875	1134.32		478.47	447.53	2060.31	3789.69

**Oregon**  
**2001 FEDERAL AND STATE TAXES**  
**GROSS TO NET INCOME CONVERSION TABLE**

Gross Income Range			Federal Tax	EITC	Oregon State Tax	FICA	Total Taxes	Net Monthly Income
5,875	-	5,925	1149.32		482.97	451.35	2083.64	3816.36
5,925	-	5,975	1164.32		487.47	455.18	2106.96	3843.04
5,975	-	6,025	1179.32		491.97	459.00	2130.29	3869.71
6,025	-	6,075	1194.32		496.47	462.83	2153.61	3896.39
6,075	-	6,125	1209.32		500.97	466.65	2176.94	3923.06
6,125	-	6,175	1224.32		505.47	470.48	2200.26	3949.74
6,175	-	6,225	1239.32		509.97	474.30	2223.59	3976.41
6,225	-	6,275	1254.32		514.47	478.13	2246.91	4003.09
6,275	-	6,325	1269.32		518.97	481.95	2270.24	4029.76
6,325	-	6,375	1284.32		523.47	485.78	2293.56	4056.44
6,375	-	6,425	1299.32		527.97	489.60	2316.89	4083.11
6,425	-	6,475	1314.32		532.47	493.43	2340.21	4109.79
6,475	-	6,525	1329.32		536.97	497.25	2363.54	4136.46
6,525	-	6,575	1344.32		541.47	501.08	2386.86	4163.14
6,575	-	6,625	1359.32		545.97	504.90	2410.19	4189.81
6,625	-	6,675	1374.32		550.47	508.73	2433.51	4216.49
6,675	-	6,725	1389.32		554.97	512.55	2456.84	4243.16
6,725	-	6,775	1404.32		559.47	513.28	2477.06	4272.94
6,775	-	6,825	1419.32		563.97	514.00	2497.29	4302.71
6,825	-	6,875	1434.32		568.47	514.73	2517.51	4332.49
6,875	-	6,925	1449.32		572.97	515.45	2537.74	4362.26
6,925	-	6,975	1464.32		577.47	516.18	2557.96	4392.04
6,975	-	7,025	1479.32		581.97	516.90	2578.19	4421.81
7,025	-	7,075	1494.32		586.47	517.63	2598.41	4451.59
7,075	-	7,125	1509.32		590.97	518.35	2618.64	4481.36
7,125	-	7,175	1524.32		595.47	519.08	2638.86	4511.14
7,175	-	7,225	1539.32		599.97	519.80	2659.09	4540.91

**Oregon**  
**2001 FEDERAL AND STATE TAXES**  
**GROSS TO NET INCOME CONVERSION TABLE**

Gross Income Range			Federal Tax	EITC	Oregon State Tax	FICA	Total Taxes	Net Monthly Income
7,225	-	7,275	1554.32		604.47	520.53	2679.31	4570.69
7,275	-	7,325	1569.32		608.97	521.25	2699.54	4600.46
7,325	-	7,375	1584.32		613.47	521.98	2719.76	4630.24
7,375	-	7,425	1599.32		617.97	522.70	2739.99	4660.01
7,425	-	7,475	1614.32		622.47	523.43	2760.21	4689.79
7,475	-	7,525	1629.32		626.97	524.15	2780.44	4719.56
7,525	-	7,575	1644.32		631.47	524.88	2800.66	4749.34
7,575	-	7,625	1659.32		635.97	525.60	2820.89	4779.11
7,625	-	7,675	1674.32		640.47	526.33	2841.11	4808.89
7,675	-	7,725	1689.32		644.97	527.05	2861.34	4838.66
7,725	-	7,775	1704.32		649.47	527.78	2881.56	4868.44
7,775	-	7,825	1719.32		653.97	528.50	2901.79	4898.21
7,825	-	7,875	1734.32		658.47	529.23	2922.01	4927.99
7,875	-	7,925	1749.32		662.97	529.95	2942.24	4957.76
7,925	-	7,975	1764.32		667.47	530.68	2962.46	4987.54
7,975	-	8,025	1779.32		671.97	531.40	2982.69	5017.31
8,025	-	8,075	1794.32		676.47	532.13	3002.91	5047.09
8,075	-	8,125	1809.32		680.97	532.85	3023.14	5076.86
8,125	-	8,175	1824.32		685.47	533.58	3043.36	5106.64
8,175	-	8,225	1839.32		689.97	534.30	3063.59	5136.41
8,225	-	8,275	1854.32		694.47	535.03	3083.81	5166.19
8,275	-	8,325	1869.32		698.97	535.75	3104.04	5195.96
8,325	-	8,375	1884.32		703.47	536.48	3124.26	5225.74
8,375	-	8,425	1899.32		707.97	537.20	3144.49	5255.51
8,425	-	8,475	1914.32		712.47	537.93	3164.71	5285.29
8,475	-	8,525	1929.32		716.97	538.65	3184.94	5315.06
8,525	-	8,575	1944.32		721.47	539.38	3205.16	5344.84

**Oregon**  
**2001 FEDERAL AND STATE TAXES**  
**GROSS TO NET INCOME CONVERSION TABLE**

Gross Income Range			Federal Tax	EITC	Oregon State Tax	FICA	Total Taxes	Net Monthly Income
8,575	-	8,625	1959.32		725.97	540.10	3225.39	5374.61
8,625	-	8,675	1974.32		730.47	540.83	3245.61	5404.39
8,675	-	8,725	1989.32		734.97	541.55	3265.84	5434.16
8,725	-	8,775	2004.32		739.47	542.28	3286.06	5463.94
8,775	-	8,825	2019.32		743.97	543.00	3306.29	5493.71
8,825	-	8,875	2034.32		748.47	543.73	3326.51	5523.49
8,875	-	8,925	2049.32		752.97	544.45	3346.74	5553.26
8,925	-	8,975	2064.32		757.47	545.18	3366.96	5583.04
8,975	-	9,025	2079.32		761.97	545.90	3387.19	5612.81
9,025	-	9,075	2094.32		766.47	546.63	3407.41	5642.59
9,075	-	9,125	2109.32		770.97	547.35	3427.64	5672.36
9,125	-	9,175	2124.32		775.47	548.08	3447.86	5702.14
9,175	-	9,225	2139.32		779.97	548.80	3468.09	5731.91
9,225	-	9,275	2154.32		784.47	549.53	3488.31	5761.69
9,275	-	9,325	2169.32		788.97	550.25	3508.54	5791.46
9,325	-	9,375	2184.32		793.47	550.98	3528.76	5821.24
9,375	-	9,425	2199.32		797.97	551.70	3548.99	5851.01
9,425	-	9,475	2214.32		802.47	552.43	3569.21	5880.79
9,475	-	9,525	2229.32		806.97	553.15	3589.44	5910.56
9,525	-	9,575	2244.32		811.47	553.88	3609.66	5940.34
9,575	-	9,625	2259.32		815.97	554.60	3629.89	5970.11
9,625	-	9,675	2274.32		820.47	555.33	3650.11	5999.89
9,675	-	9,725	2289.32		824.97	556.05	3670.34	6029.66
9,725	-	9,775	2304.32		829.47	556.78	3690.56	6059.44
9,775	-	9,825	2319.32		833.97	557.50	3710.79	6089.21
9,825	-	9,875	2334.32		838.47	558.23	3731.01	6118.99
9,875	-	9,925	2349.32		842.97	558.95	3751.24	6148.76

**Oregon**  
**2001 FEDERAL AND STATE TAXES**  
**GROSS TO NET INCOME CONVERSION TABLE**

Gross Income Range			Federal Tax	EITC	Oregon State Tax	FICA	Total Taxes	Net Monthly Income
9,925	-	9,975	2364.32		847.47	559.68	3771.46	6178.54
9,975	-	10,025	2379.32		851.97	560.40	3791.69	6208.31
10,025	-	10,075	2394.32		856.47	561.13	3811.91	6238.09
10,075	-	10,125	2409.32		860.97	561.85	3832.14	6267.86
10,125	-	10,175	2424.32		865.47	562.58	3852.36	6297.64
10,175	-	10,225	2439.32		869.97	563.30	3872.59	6327.41
10,225	-	10,275	2454.32		874.47	564.03	3892.81	6357.19
10,275	-	10,325	2469.32		878.97	564.75	3913.04	6386.96
10,325	-	10,375	2484.32		883.47	565.48	3933.26	6416.74
10,375	-	10,425	2499.32		887.97	566.20	3953.49	6446.51
10,425	-	10,475	2514.32		892.47	566.93	3973.71	6476.29
10,475	-	10,525	2529.32		896.97	567.65	3993.94	6506.06
10,525	-	10,575	2544.32		901.47	568.38	4014.16	6535.84
10,575	-	10,625	2559.32		905.97	569.10	4034.39	6565.61
10,625	-	10,675	2574.32		910.47	569.83	4054.61	6595.39
10,675	-	10,725	2589.32		914.97	570.55	4074.84	6625.16
10,725	-	10,775	2604.32		919.47	571.28	4095.06	6654.94
10,775	-	10,825	2619.32		923.97	572.00	4115.29	6684.71
10,825	-	10,875	2634.32		928.47	572.73	4135.51	6714.49
10,875	-	10,925	2649.32		932.97	573.45	4155.74	6744.26
10,925	-	10,975	2664.32		937.47	574.18	4175.96	6774.04
10,975	-	11,025	2679.32		941.97	574.90	4196.19	6803.81
11,025	-	11,075	2694.32		946.47	575.63	4216.41	6833.59
11,075	-	11,125	2709.32		950.97	576.35	4236.64	6863.36
11,125	-	11,175	2724.32		955.47	577.08	4256.86	6893.14
11,175	-	11,225	2739.32		959.97	577.80	4277.09	6922.91
11,225	-	11,275	2754.32		964.47	578.53	4297.31	6952.69

**Oregon**  
**2001 FEDERAL AND STATE TAXES**  
**GROSS TO NET INCOME CONVERSION TABLE**

Gross Income Range			Federal Tax	EITC	Oregon State Tax	FICA	Total Taxes	Net Monthly Income
11,275	-	11,325	2769.32		968.97	579.25	4317.54	6982.46
11,325	-	11,375	2784.32		973.47	579.98	4337.76	7012.24
11,375	-	11,425	2799.32		977.97	580.70	4357.99	7042.01
11,425	-	11,475	2814.32		982.47	581.43	4378.21	7071.79
11,475	-	11,525	2829.32		986.97	582.15	4398.44	7101.56
11,525	-	11,575	2844.32		991.47	582.88	4418.66	7131.34
11,575	-	11,625	2859.32		995.97	583.60	4438.89	7161.11
11,625	-	11,675	2874.32		1000.47	584.33	4459.11	7190.89
11,675	-	11,725	2889.32		1004.97	585.05	4479.34	7220.66
11,725	-	11,775	2904.32		1009.47	585.78	4499.56	7250.44
11,775	-	11,825	2919.32		1013.97	586.50	4519.79	7280.21
11,825	-	11,875	2934.32		1018.47	587.23	4540.01	7309.99
11,875	-	11,925	2949.32		1022.97	587.95	4560.24	7339.76
11,925	-	11,975	2964.32		1027.47	588.68	4580.46	7369.54
11,975	-	12,025	2979.32		1031.97	589.40	4600.69	7399.31
12,025	-	12,075	2996.00		1036.47	590.13	4622.60	7427.40
12,075	-	12,125	3013.50		1040.97	590.85	4645.32	7454.68
12,125	-	12,175	3031.00		1045.47	591.58	4668.05	7481.95
12,175	-	12,225	3048.50		1049.97	592.30	4690.77	7509.23
12,225	-	12,275	3066.00		1054.47	593.03	4713.50	7536.50
12,275	-	12,325	3083.50		1058.97	593.75	4736.22	7563.78
12,325	-	12,375	3101.00		1063.47	594.48	4758.95	7591.05
12,375	-	12,425	3118.50		1067.97	595.20	4781.67	7618.33
12,425	-	12,475	3136.00		1072.47	595.93	4804.40	7645.60
12,475	-	12,525	3153.50		1076.97	596.65	4827.12	7672.88
12,525	-	12,575	3171.00		1081.47	597.38	4849.85	7700.15
12,575	-	12,625	3188.50		1085.97	598.10	4872.57	7727.43

**Oregon**  
**2001 FEDERAL AND STATE TAXES**  
**GROSS TO NET INCOME CONVERSION TABLE**

Gross Income Range			Federal Tax	EITC	Oregon State Tax	FICA	Total Taxes	Net Monthly Income
12,625	-	12,675	3206.00		1090.47	598.83	4895.30	7754.70
12,675	-	12,725	3223.50		1094.97	599.55	4918.02	7781.98
12,725	-	12,775	3241.00		1099.47	600.28	4940.75	7809.25
12,775	-	12,825	3258.50		1103.97	601.00	4963.47	7836.53
12,825	-	12,875	3276.00		1108.47	601.73	4986.20	7863.80
12,875	-	12,925	3293.50		1112.97	602.45	5008.92	7891.08
12,925	-	12,975	3311.00		1117.47	603.18	5031.65	7918.35
12,975	-	13,025	3328.50		1121.97	603.90	5054.37	7945.63
13,025	-	13,075	3346.00		1126.47	604.63	5077.10	7972.90
13,075	-	13,125	3363.50		1130.97	605.35	5099.82	8000.18
13,125	-	13,175	3381.00		1135.47	606.08	5122.55	8027.45
13,175	-	13,225	3398.50		1139.97	606.80	5145.27	8054.73
13,225	-	13,275	3416.00		1144.47	607.53	5168.00	8082.00
13,275	-	13,325	3433.50		1148.97	608.25	5190.72	8109.28
13,325	-	13,375	3451.00		1153.47	608.98	5213.45	8136.55
13,375	-	13,425	3468.50		1157.97	609.70	5236.17	8163.83
13,425	-	13,475	3486.00		1162.47	610.43	5258.90	8191.10
13,475	-	13,525	3503.50		1166.97	611.15	5281.62	8218.38
13,525	-	13,575	3521.00		1171.47	611.88	5304.35	8245.65
13,575	-	13,625	3538.50		1175.97	612.60	5327.07	8272.93
13,625	-	13,675	3556.00		1180.47	613.33	5349.80	8300.20
13,675	-	13,725	3573.50		1184.97	614.05	5372.52	8327.48
13,725	-	13,775	3591.00		1189.47	614.78	5395.25	8354.75
13,775	-	13,825	3608.50		1193.97	615.50	5417.97	8382.03
13,825	-	13,875	3626.00		1198.47	616.23	5440.70	8409.30
13,875	-	13,925	3643.50		1202.97	616.95	5463.42	8436.58
13,925	-	13,975	3661.00		1207.47	617.68	5486.15	8463.85

**Oregon**  
**2001 FEDERAL AND STATE TAXES**  
**GROSS TO NET INCOME CONVERSION TABLE**

Gross Income Range			Federal Tax	EITC	Oregon State Tax	FICA	Total Taxes	Net Monthly Income
13,975	-	14,025	3678.50		1211.97	618.40	5508.87	8491.13
14,025	-	14,075	3696.00		1216.47	619.13	5531.60	8518.40
14,075	-	14,125	3713.50		1220.97	619.85	5554.32	8545.68
14,125	-	14,175	3731.00		1225.47	620.58	5577.05	8572.95
14,175	-	14,225	3748.50		1229.97	621.30	5599.77	8600.23
14,225	-	14,275	3766.00		1234.47	622.03	5622.50	8627.50
14,275	-	14,325	3783.50		1238.97	622.75	5645.22	8654.78
14,325	-	14,375	3801.00		1243.47	623.48	5667.95	8682.05
14,375	-	14,425	3818.50		1247.97	624.20	5690.67	8709.33
14,425	-	14,475	3836.00		1252.47	624.93	5713.40	8736.60
14,475	-	14,525	3853.50		1256.97	625.65	5736.12	8763.88
14,525	-	14,575	3871.00		1261.47	626.38	5758.85	8791.15
14,575	-	14,625	3888.50		1265.97	627.10	5781.57	8818.43
14,625	-	14,675	3906.00		1270.47	627.83	5804.30	8845.70
14,675	-	14,725	3923.50		1274.97	628.55	5827.02	8872.98
14,725	-	14,775	3941.00		1279.47	629.28	5849.75	8900.25
14,775	-	14,825	3958.50		1283.97	630.00	5872.47	8927.53
14,825	-	14,875	3976.00		1288.47	630.73	5895.20	8954.80
14,875	-	14,925	3993.50		1292.97	631.45	5917.92	8982.08
14,925	-	14,975	4011.00		1297.47	632.18	5940.65	9009.35
14,975	-	15,025	4028.50		1301.97	632.90	5963.37	9036.63
15,025	-	15,075	4046.00		1306.47	633.63	5986.10	9063.90
15,075	-	15,125	4063.50		1310.97	634.35	6008.82	9091.18
15,125	-	15,175	4081.00		1315.47	635.08	6031.55	9118.45
15,175	-	15,225	4098.50		1319.97	635.80	6054.27	9145.73
15,225	-	15,275	4116.00		1324.47	636.53	6077.00	9173.00
15,275	-	15,325	4133.50		1328.97	637.25	6099.72	9200.28

**Oregon**  
**2001 FEDERAL AND STATE TAXES**  
**GROSS TO NET INCOME CONVERSION TABLE**

Gross Income Range			Federal Tax	EITC	Oregon State Tax	FICA	Total Taxes	Net Monthly Income
15,325	-	15,375	4151.00		1333.47	637.98	6122.45	9227.55
15,375	-	15,425	4168.50		1337.97	638.70	6145.17	9254.83
15,425	-	15,475	4186.00		1342.47	639.43	6167.90	9282.10
15,475	-	15,525	4203.50		1346.97	640.15	6190.62	9309.38
15,525	-	15,575	4221.00		1351.47	640.88	6213.35	9336.65
15,575	-	15,625	4238.50		1355.97	641.60	6236.07	9363.93
15,625	-	15,675	4256.00		1360.47	642.33	6258.80	9391.20
15,675	-	15,725	4273.50		1364.97	643.05	6281.52	9418.48
15,725	-	15,775	4291.00		1369.47	643.78	6304.25	9445.75
15,775	-	15,825	4308.50		1373.97	644.50	6326.97	9473.03
15,825	-	15,875	4326.00		1378.47	645.23	6349.70	9500.30
15,875	-	15,925	4343.50		1382.97	645.95	6372.42	9527.58
15,925	-	15,975	4361.00		1387.47	646.68	6395.15	9554.85
15,975	-	16,025	4378.50		1391.97	647.40	6417.87	9582.13
16,025	-	16,075	4396.00		1396.47	648.13	6440.60	9609.40
16,075	-	16,125	4413.50		1400.97	648.85	6463.32	9636.68
16,125	-	16,175	4431.00		1405.47	649.58	6486.05	9663.95
16,175	-	16,225	4448.50		1409.97	650.30	6508.77	9691.23
16,225	-	16,275	4466.00		1414.47	651.03	6531.50	9718.50
16,275	-	16,325	4483.50		1418.97	651.75	6554.22	9745.78
16,325	-	16,375	4501.00		1423.47	652.48	6576.95	9773.05
16,375	-	16,425	4518.50		1427.97	653.20	6599.67	9800.33
16,425	-	16,475	4536.00		1432.47	653.93	6622.40	9827.60
16,475	-	16,525	4553.50		1436.97	654.65	6645.12	9854.88
16,525	-	16,575	4571.00		1441.47	655.38	6667.85	9882.15
16,575	-	16,625	4588.50		1445.97	656.10	6690.57	9909.43
16,625	-	16,675	4606.00		1450.47	656.83	6713.30	9936.70

**Oregon**  
**2001 FEDERAL AND STATE TAXES**  
**GROSS TO NET INCOME CONVERSION TABLE**

Gross Income Range			Federal Tax	EITC	Oregon State Tax	FICA	Total Taxes	Net Monthly Income
16,675	-	16,725	4623.50		1454.97	657.55	6736.02	9963.98
16,725	-	16,775	4641.00		1459.47	658.28	6758.75	9991.25
16,775	-	16,825	4658.50		1463.97	659.00	6781.47	10018.53
16,825	-	16,875	4676.00		1468.47	659.73	6804.20	10045.80
16,875	-	16,925	4693.50		1472.97	660.45	6826.92	10073.08
16,925	-	16,975	4711.00		1477.47	661.18	6849.65	10100.35
16,975	-	17,025	4728.50		1481.97	661.90	6872.37	10127.63
17,025	-	17,075	4746.00		1486.47	662.63	6895.10	10154.90
17,075	-	17,125	4763.50		1490.97	663.35	6917.82	10182.18
17,125	-	17,175	4781.00		1495.47	664.08	6940.55	10209.45
17,175	-	17,225	4798.50		1499.97	664.80	6963.27	10236.73
17,225	-	17,275	4816.00		1504.47	665.53	6986.00	10264.00
17,275	-	17,325	4833.50		1508.97	666.25	7008.72	10291.28
17,325	-	17,375	4851.00		1513.47	666.98	7031.45	10318.55
17,375	-	17,425	4868.50		1517.97	667.70	7054.17	10345.83
17,425	-	17,475	4886.00		1522.47	668.43	7076.90	10373.10
17,475	-	17,525	4903.50		1526.97	669.15	7099.62	10400.38
17,525	-	17,575	4921.00		1531.47	669.88	7122.35	10427.65
17,575	-	17,625	4938.50		1535.97	670.60	7145.07	10454.93
17,625	-	17,675	4956.00		1540.47	671.33	7167.80	10482.20
17,675	-	17,725	4973.50		1544.97	672.05	7190.52	10509.48
17,725	-	17,775	4991.00		1549.47	672.78	7213.25	10536.75
17,775	-	17,825	5008.50		1553.97	673.50	7235.97	10564.03
17,825	-	17,875	5026.00		1558.47	674.23	7258.70	10591.30
17,875	-	17,925	5043.50		1562.97	674.95	7281.42	10618.58
17,925	-	17,975	5061.00		1567.47	675.68	7304.15	10645.85
17,975	-	18,025	5078.50		1571.97	676.40	7326.87	10673.13

**Oregon**  
**2001 FEDERAL AND STATE TAXES**  
**GROSS TO NET INCOME CONVERSION TABLE**

Gross Income Range			Federal Tax	EITC	Oregon State Tax	FICA	Total Taxes	Net Monthly Income
18,025	-	18,075	5096.00		1576.47	677.13	7349.60	10700.40
18,075	-	18,125	5113.50		1580.97	677.85	7372.32	10727.68
18,125	-	18,175	5131.00		1585.47	678.58	7395.05	10754.95
18,175	-	18,225	5148.50		1589.97	679.30	7417.77	10782.23
18,225	-	18,275	5166.00		1594.47	680.03	7440.50	10809.50
18,275	-	18,325	5183.50		1598.97	680.75	7463.22	10836.78
18,325	-	18,375	5201.00		1603.47	681.48	7485.95	10864.05
18,375	-	18,425	5218.50		1607.97	682.20	7508.67	10891.33
18,425	-	18,475	5236.00		1612.47	682.93	7531.40	10918.60
18,475	-	18,525	5253.50		1616.97	683.65	7554.12	10945.88
18,525	-	18,575	5271.00		1621.47	684.38	7576.85	10973.15
18,575	-	18,625	5288.50		1625.97	685.10	7599.57	11000.43
18,625	-	18,675	5306.00		1630.47	685.83	7622.30	11027.70
18,675	-	18,725	5323.50		1634.97	686.55	7645.02	11054.98
18,725	-	18,775	5341.00		1639.47	687.28	7667.75	11082.25
18,775	-	18,825	5358.50		1643.97	688.00	7690.47	11109.53
18,825	-	18,875	5376.00		1648.47	688.73	7713.20	11136.80
18,875	-	18,925	5393.50		1652.97	689.45	7735.92	11164.08
18,925	-	18,975	5411.00		1657.47	690.18	7758.65	11191.35
18,975	-	19,025	5428.50		1661.97	690.90	7781.37	11218.63
19,025	-	19,075	5446.00		1666.47	691.63	7804.10	11245.90
19,075	-	19,125	5463.50		1670.97	692.35	7826.82	11273.18
19,125	-	19,175	5481.00		1675.47	693.08	7849.55	11300.45
19,175	-	19,225	5498.50		1679.97	693.80	7872.27	11327.73
19,225	-	19,275	5516.00		1684.47	694.53	7895.00	11355.00
19,275	-	19,325	5533.50		1688.97	695.25	7917.72	11382.28
19,325	-	19,375	5551.00		1693.47	695.98	7940.45	11409.55

**Oregon**  
**2001 FEDERAL AND STATE TAXES**  
**GROSS TO NET INCOME CONVERSION TABLE**

Gross Income Range			Federal Tax	EITC	Oregon State Tax	FICA	Total Taxes	Net Monthly Income
19,375	-	19,425	5568.50		1697.97	696.70	7963.17	11436.83
19,425	-	19,475	5586.00		1702.47	697.43	7985.90	11464.10
19,475	-	19,525	5603.50		1706.97	698.15	8008.62	11491.38
19,525	-	19,575	5621.00		1711.47	698.88	8031.35	11518.65
19,575	-	19,625	5638.50		1715.97	699.60	8054.07	11545.93
19,625	-	19,675	5656.00		1720.47	700.33	8076.80	11573.20
19,675	-	19,725	5673.50		1724.97	701.05	8099.52	11600.48
19,725	-	19,775	5691.00		1729.47	701.78	8122.25	11627.75
19,775	-	19,825	5708.50		1733.97	702.50	8144.97	11655.03
19,825	-	19,875	5726.00		1738.47	703.23	8167.70	11682.30
19,875	-	19,925	5743.50		1742.97	703.95	8190.42	11709.58
19,925	-	19,975	5761.00		1747.47	704.68	8213.15	11736.85
19,975	-	20,025	5778.50		1751.97	705.40	8235.87	11764.13

**APPENDIX III:  
EXAMPLE OF LOW-INCOME ADJUSTMENT  
IN WORKSHEET**





COURT: \_\_\_\_\_ COUNTY: \_\_\_\_\_  
 \_\_\_\_\_ Mother and \_\_\_\_\_ Father

Children	Date of Birth	Children	Date of Birth
Jane			

PART I. CHILD SUPPORT ORDER		Mother	Father	Combined
1. MONTHLY GROSS INCOME		\$500	\$1000	
a. Minus preexisting child support payment		-	-	
b. Minus maintenance paid		-	-	
2. MONTHLY ADJUSTED GROSS INCOME		\$500	\$1000	\$1500
3. PERCENTAGE SHARE OF INCOME (Each parent's income from line 2 divided by Combined Income)		33%	67%	100%
4. BASIC OBLIGATION (Use Line 2 combined to find amount from schedule.)				\$291
5. ADJUSTMENTS (Expenses paid directly by each parent)				
a. Work-Related Child Care Costs Adjusted for Federal Tax Credit 0.75 x actual work-related child care costs.)		\$	\$	
b. Extraordinary Medical Expenses (Uninsured only) and Children's Portion of Health Insurance Premium Costs.		\$	\$	
c. Extraordinary Expenses (Agreed to by parents or by order of the court or master.)		\$	\$	
d. Minus Extraordinary Adjustments (Agreed to by parents or by order of court or master.)				
e. Total Adjustments (For each column, add 5a, 5b, and 5c. Subtract Line 5d. Add the parent's totals together for Combined amount.)		\$	\$	\$
6. TOTAL SUPPORT OBLIGATION (Add line 4 and line 5e Combined.)				\$291
7. EACH PARENT'S SHARE OF THE TOTAL CHILD SUPPORT OBLIGATION (Line 3 x line 6 for each parent.)		\$ 96	\$ 195	
8. NONCUSTODIAL PARENT ADJUSTMENT (Enter noncustodial parent's line 5e.)		\$		
9. RECOMMENDED CHILD SUPPORT ORDER (Subtract line 8 from line 7 for the noncustodial parent only. Leave custodial parent column blank.)		\$	\$ 195	

PART II. ABILITY TO PAY CALCULATION (Complete if the noncustodial parent's adjusted monthly gross income is below \$1,800.)			
10. Spendable Income (0.85 x line 2 for noncustodial parent only.) <i>This approximates income after taxes at low incomes. It is necessary because the Self Support Reserve is based on net income, not gross income.</i>			\$850
11. Self Support Reserve	\$687	\$687	
12. Income Available for Support (Line 10 - line 11. If less than \$65, then \$65)		\$ 163	
13. Adjusted Child Support Order (Lessor of Line 9 and Line 12.)		\$ 163	

Comments, calculations, or rebuttals to schedule or adjustments if noncustodial parent directly pays extraordinary expenses.

PREPARED BY: \_\_\_\_\_ Date: \_\_\_\_\_



**APPENDIX IV:  
HISTORICAL COMPARISON OF  
OREGON SCHEDULES AND PROPOSED SCHEDULES**





## Comparison of Oregon Child Support Schedules

COMBINED ADJUSTED GROSS INCOME	ONE CHILD				TWO CHILDREN				THREE CHILDREN			
	1996 Schedule	Existing Schedule	98 PSI Proposed	01 PSI Proposed	1996 Schedule	Existing Schedule	98 PSI Proposed	01 PSI Proposed	1996 Schedule	Existing Schedule	98 PSI Proposed	01 PSI Proposed
	850.00	85	50	50	50	86	50	50	50	87	50	50
900.00	90	78	78	50	104	80	79	50	105	80	80	50
950.00	95	96	109	61	122	110	110	62	123	112	112	62
1000.00	105	106	141	92	146	142	142	93	148	144	144	94
1050.00	113	115	172	124	156	174	174	125	172	176	176	127
1100.00	121	124	203	155	187	205	205	157	196	208	208	159
1150.00	126	132	225	187	195	237	237	189	216	240	240	191
1200.00	134	138	233	218	209	268	269	220	242	270	272	223
1250.00	143	146	241	249	222	288	301	252	269	290	304	255
1300.00	156	153	250	265	242	308	332	284	303	310	336	287
1350.00	162	160	258	274	251	326	364	315	315	329	368	319
1400.00	168	167	266	283	261	344	389	347	327	347	400	351
1450.00	174	174	274	292	270	360	400	379	337	364	432	383
1500.00	180	181	282	301	279	375	411	411	349	381	464	415
1550.00	186	188	290	310	288	390	423	437	361	398	496	447
1600.00	192	195	298	319	298	404	434	450	372	415	514	479
1650.00	198	202	306	328	307	418	446	462	384	431	527	511
1700.00	204	209	314	336	316	431	457	475	396	447	540	543
1750.00	210	216	322	345	326	444	468	487	407	462	554	565
1800.00	216	223	330	354	334	456	480	500	419	477	567	579
1850.00	222	230	338	363	344	468	491	512	431	491	580	594
1900.00	228	237	346	372	353	480	503	525	442	505	594	608
1950.00	234	244	353	381	363	491	514	536	454	518	607	621
2000.00	245	251	361	389	380	502	525	547	475	531	621	634
2050.00	256	258	369	397	397	512	537	558	497	543	634	646
2100.00	267	265	377	405	414	522	548	569	519	555	647	659
2150.00	279	272	385	413	432	532	560	580	541	567	661	671
2200.00	286	279	393	421	443	542	571	591	555	579	674	684
2250.00	292	286	401	429	453	552	582	602	566	591	688	696
2300.00	299	293	409	437	463	561	594	613	580	603	701	709
2350.00	305	300	417	445	473	570	605	624	590	614	714	721
2400.00	312	307	424	453	484	579	616	635	605	625	727	734

## Comparison of Oregon Child Support Schedules

COMBINED ADJUSTED GROSS INCOME	ONE CHILD				TWO CHILDREN				THREE CHILDREN			
	1996 Schedule	Existing Schedule	98 PSI Proposed	01 PSI Proposed	1996 Schedule	Existing Schedule	98 PSI Proposed	01 PSI Proposed	1996 Schedule	Existing Schedule	98 PSI Proposed	01 PSI Proposed
	2450.00	318	314	432	461	493	588	628	646	617	635	741
2500.00	325	321	440	469	504	597	639	657	631	645	754	758
2550.00	331	328	448	477	513	606	650	667	642	654	767	770
2600.00	338	335	455	484	524	614	661	677	656	663	780	781
2650.00	344	342	463	492	533	622	672	687	667	672	793	792
2700.00	351	353	471	500	544	630	682	697	681	681	805	804
2750.00	357	361	477	507	553	638	691	707	693	690	815	815
2800.00	364	369	483	515	564	645	700	718	706	699	825	827
2850.00	370	377	489	522	574	652	709	728	718	708	835	838
2900.00	377	385	495	529	584	659	718	737	731	717	845	848
2950.00	383	393	501	536	594	666	726	745	743	726	855	858
3000.00	398	404	508	542	616	673	735	754	771	735	866	867
3050.00	412	412	514	548	639	680	744	762	799	744	876	876
3100.00	418	426	520	554	648	687	753	770	811	753	886	886
3150.00	425	435	526	561	659	694	761	779	825	762	896	895
3200.00	432	444	532	567	670	701	770	787	838	771	906	905
3250.00	438	454	538	574	679	708	779	797	850	780	916	915
3300.00	454	461	545	580	703	715	788	806	880	789	926	926
3350.00	469	471	551	587	727	722	797	815	910	798	937	936
3400.00	478	478	557	594	743	729	805	824	929	807	947	947
3450.00	488	485	563	601	759	736	814	833	936	816	957	957
3500.00	494	492	569	607	768	743	823	843	943	825	968	968
3550.00	499	499	574	614	776	750	831	852	950	834	978	978
3600.00	505	505	580	621	785	757	840	861	957	843	989	989
3650.00	510	510	586	627	793	764	849	870	964	852	999	999
3700.00	516	516	592	634	802	771	857	880	971	861	1009	1010
3750.00	521	521	598	641	811	778	866	889	978	870	1020	1020
3800.00	527	527	604	647	819	785	875	898	985	879	1030	1030
3850.00	532	532	610	654	828	792	883	907	992	888	1040	1041
3900.00	538	538	616	661	837	799	892	916	999	897	1051	1051
3950.00	543	543	622	667	845	806	901	925	1006	906	1061	1061
4000.00	549	549	628	672	854	813	910	932	1014	915	1072	1069

## Comparison of Oregon Child Support Schedules

COMBINED ADJUSTED GROSS INCOME	ONE CHILD				TWO CHILDREN				THREE CHILDREN			
	1996 Schedule	Existing Schedule	98 PSI Proposed	01 PSI Proposed	1996 Schedule	Existing Schedule	98 PSI Proposed	01 PSI Proposed	1996 Schedule	Existing Schedule	98 PSI Proposed	01 PSI Proposed
	4050.00	555	555	634	678	864	820	918	940	1021	924	1082
4100.00	561	561	640	684	873	827	927	947	1028	933	1092	1086
4150.00	568	568	644	689	878	834	933	955	1034	942	1099	1094
4200.00	574	574	647	695	882	841	937	962	1038	951	1104	1102
4250.00	579	579	650	700	886	848	942	970	1043	960	1109	1111
4300.00	585	585	653	706	890	855	946	978	1047	969	1114	1119
4350.00	591	591	656	712	894	862	951	985	1052	978	1120	1127
4400.00	597	597	659	717	899	869	955	993	1057	987	1125	1135
4450.00	602	602	663	723	903	876	959	1000	1061	996	1130	1144
4500.00	608	608	666	729	907	883	964	1008	1066	1005	1135	1152
4550.00	614	614	669	734	911	890	968	1015	1071	1014	1140	1160
4600.00	619	619	672	740	915	897	973	1023	1075	1023	1145	1169
4650.00	625	625	675	745	919	904	977	1030	1080	1032	1151	1177
4700.00	631	631	679	749	923	911	982	1034	1084	1041	1156	1180
4750.00	637	637	682	751	927	918	986	1037	1088	1050	1161	1182
4800.00	642	642	685	754	931	925	991	1039	1093	1059	1166	1184
4850.00	648	648	688	756	935	932	995	1042	1097	1068	1171	1186
4900.00	653	653	691	759	939	939	999	1044	1101	1077	1176	1188
4950.00	659	659	693	761	943	946	1003	1047	1106	1086	1179	1190
5000.00	664	664	695	764	947	953	1006	1049	1111	1095	1181	1192
5050.00	669	669	697	766	951	960	1009	1052	1116	1104	1184	1194
5100.00	674	674	699	769	956	967	1013	1054	1122	1113	1187	1196
5150.00	679	679	701	771	961	974	1016	1057	1127	1122	1190	1198
5200.00	684	684	703	774	965	981	1019	1059	1133	1131	1193	1200
5250.00	689	689	705	776	970	988	1022	1062	1138	1140	1195	1202
5300.00	694	694	707	779	975	995	1026	1064	1144	1149	1198	1204
5350.00	699	699	709	781	980	1002	1029	1067	1149	1158	1201	1205
5400.00	704	704	710	784	984	1009	1032	1069	1155	1167	1203	1207
5450.00	709	709	712	787	989	1016	1035	1073	1160	1176	1206	1211
5500.00	714	714	714	790	994	1023	1038	1077	1166	1185	1209	1215
5550.00	719	716	716	793	998	1030	1041	1081	1171	1194	1211	1219
5600.00	725	718	718	796	1003	1037	1044	1085	1177	1203	1214	1223

## Comparison of Oregon Child Support Schedules

COMBINED ADJUSTED GROSS INCOME	ONE CHILD				TWO CHILDREN				THREE CHILDREN			
	1996 Schedule	Existing Schedule	98 PSI Proposed	01 PSI Proposed	1996 Schedule	Existing Schedule	98 PSI Proposed	01 PSI Proposed	1996 Schedule	Existing Schedule	98 PSI Proposed	01 PSI Proposed
	5650.00	730	720	720	799	1008	1044	1047	1089	1183	1212	1217
5700.00	735	723	723	802	1015	1051	1051	1092	1190	1221	1221	1231
5750.00	740	728	728	805	1021	1058	1058	1096	1198	1230	1230	1235
5800.00	745	733	733	808	1028	1065	1065	1099	1205	1239	1239	1239
5850.00	750	738	738	811	1035	1072	1072	1103	1213	1247	1247	1243
5900.00	755	744	744	814	1041	1078	1078	1107	1221	1256	1256	1246
5950.00	760	749	749	817	1048	1085	1085	1110	1228	1264	1264	1250
6000.00	765	754	754	820	1054	1092	1092	1114	1236	1273	1273	1254
6050.00	770	759	759	823	1061	1099	1099	1118	1243	1282	1282	1258
6100.00	775	764	764	826	1068	1105	1105	1121	1251	1290	1290	1261
6150.00	780	769	769	829	1074	1112	1112	1125	1259	1299	1299	1265
6200.00	785	775	775	832	1081	1119	1119	1129	1266	1308	1308	1269
6250.00	790	780	780	835	1087	1125	1125	1132	1274	1316	1316	1274
6300.00	796	785	785	838	1094	1132	1132	1136	1281	1325	1325	1278
6350.00	801	790	790	842	1100	1139	1139	1140	1289	1333	1333	1282
6400.00	806	795	795	845	1107	1146	1146	1144	1296	1342	1342	1286
6450.00	811	800	800	848	1113	1152	1152	1148	1303	1350	1350	1290
6500.00	816	804	804	851	1119	1158	1158	1152	1311	1357	1357	1294
6550.00	821	808	808	854	1125	1164	1164	1156	1318	1364	1364	1299
6600.00	826	812	812	857	1131	1170	1170	1160	1325	1371	1371	1303
6650.00	831	816	816	861	1137	1176	1176	1164	1332	1378	1378	1307
6700.00	836	821	821	864	1144	1182	1182	1167	1339	1385	1385	1311
6750.00	839	825	825	867	1150	1188	1188	1172	1346	1392	1392	1316
6800.00	843	829	829	871	1156	1194	1194	1176	1354	1399	1399	1321
6850.00	847	833	833	874	1162	1200	1200	1180	1361	1406	1406	1325
6900.00	851	837	837	878	1168	1206	1206	1185	1368	1413	1413	1330
6950.00	854	841	841	881	1174	1212	1212	1189	1375	1420	1420	1335
7000.00	858	845	845	885	1181	1218	1218	1193	1382	1427	1427	1339
7050.00	862	850	850	888	1187	1224	1224	1198	1390	1434	1434	1344
7100.00	865	854	854	892	1193	1230	1230	1202	1397	1441	1441	1349
7150.00	869	858	858	896	1199	1236	1236	1207	1404	1448	1448	1353
7200.00	876	862	862	899	1205	1242	1242	1211	1411	1455	1455	1358

## Comparison of Oregon Child Support Schedules

COMBINED ADJUSTED GROSS INCOME	ONE CHILD				TWO CHILDREN				THREE CHILDREN			
	1996 Schedule	Existing Schedule	98 PSI Proposed	01 PSI Proposed	1996 Schedule	Existing Schedule	98 PSI Proposed	01 PSI Proposed	1996 Schedule	Existing Schedule	98 PSI Proposed	01 PSI Proposed
	7250.00	877	866	866	903	1211	1248	1248	1215	1418	1462	1462
7300.00	880	870	870	905	1218	1254	1254	1218	1425	1469	1469	1365
7350.00	884	874	874	906	1224	1259	1259	1219	1433	1476	1476	1366
7400.00	888	879	879	906	1230	1265	1265	1219	1440	1483	1483	1367
7450.00	891	883	883	907	1236	1271	1271	1220	1447	1490	1490	1368
7500.00	895	887	887	908	1242	1277	1277	1221	1453	1497	1497	1368
7550.00	899	891	891	909	1247	1283	1283	1222	1460	1504	1504	1369
7600.00	903	895	895	910	1253	1289	1289	1223	1467	1511	1511	1370
7650.00	906	899	899	911	1259	1295	1295	1224	1474	1517	1517	1371
7700.00	910	903	903	912	1265	1301	1301	1225	1480	1524	1524	1371
7750.00	914	907	907	913	1271	1306	1306	1226	1487	1531	1531	1372
7800.00	917	911	911	914	1276	1312	1312	1227	1494	1537	1537	1373
7850.00	921	915	915	915	1282	1318	1318	1228	1501	1544	1544	1374
7900.00	925	919	919	916	1288	1324	1324	1229	1507	1551	1551	1375
7950.00	928	923	923	916	1294	1329	1329	1230	1514	1558	1558	1375
8000.00	931	927	927	917	1299	1335	1335	1231	1521	1564	1564	1376
8050.00	934	931	931	918	1305	1341	1341	1232	1527	1571	1571	1377
8100.00	937	935	935	919	1311	1347	1347	1233	1534	1578	1578	1378
8150.00	939	939	939	920	1317	1352	1352	1234	1541	1584	1584	1379
8200.00	942	943	943	921	1322	1358	1358	1235	1548	1591	1591	1379
8250.00	945	947	947	922	1328	1364	1364	1236	1554	1598	1598	1380
8300.00	948	951	951	923	1334	1370	1370	1237	1561	1604	1604	1381
8350.00	951	955	955	924	1340	1376	1376	1237	1568	1611	1611	1382
8400.00	954	959	959	925	1346	1381	1381	1238	1575	1618	1618	1383
8450.00	956	964	964	926	1351	1387	1387	1239	1581	1625	1625	1383
8500.00	959	968	968	926	1357	1393	1393	1240	1588	1631	1631	1384
8550.00	962	972	972	927	1363	1399	1399	1241	1595	1638	1638	1385
8600.00	965	976	976	928	1369	1404	1404	1242	1601	1645	1645	1386
8650.00	968	980	980	929	1374	1410	1410	1243	1608	1651	1651	1387
8700.00	970	984	984	932	1380	1416	1416	1247	1615	1658	1658	1391
8750.00	973	988	988	936	1386	1422	1422	1253	1622	1665	1665	1397
8800.00	976	992	992	941	1392	1427	1427	1258	1628	1672	1672	1403

## Comparison of Oregon Child Support Schedules

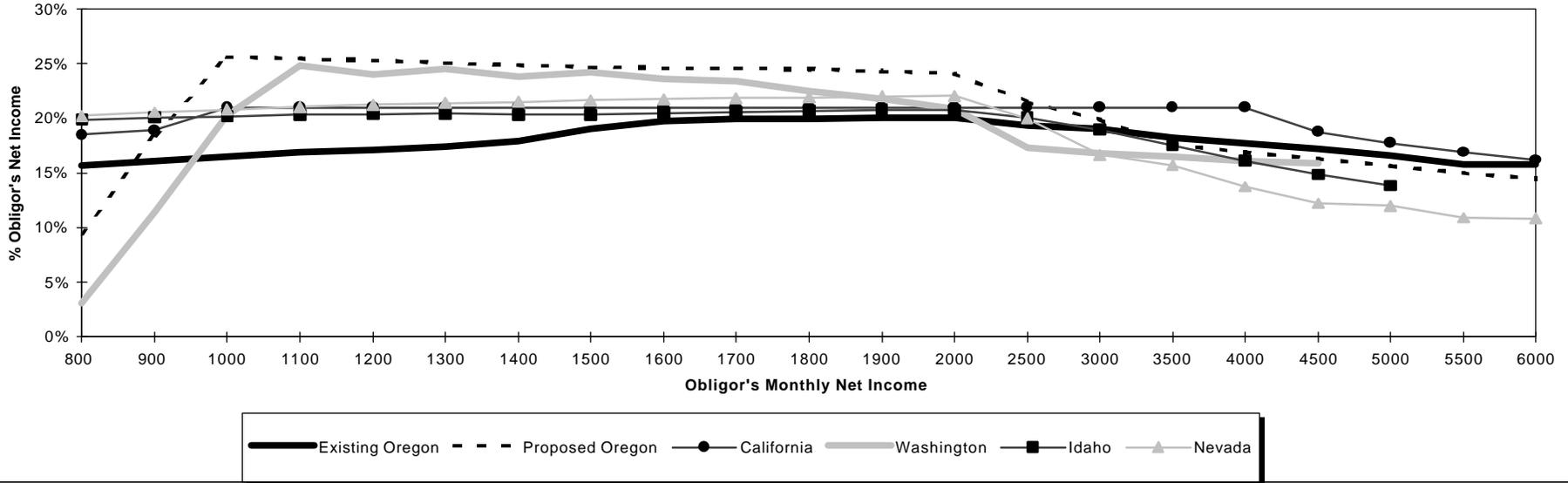
COMBINED ADJUSTED GROSS INCOME	ONE CHILD				TWO CHILDREN				THREE CHILDREN			
	1996 Schedule	Existing Schedule	98 PSI Proposed	01 PSI Proposed	1996 Schedule	Existing Schedule	98 PSI Proposed	01 PSI Proposed	1996 Schedule	Existing Schedule	98 PSI Proposed	01 PSI Proposed
	8850.00	979	996	996	945	1397	1433	1433	1264	1635	1678	1678
8900.00	982	1000	1000	949	1403	1439	1439	1270	1642	1685	1685	1416
8950.00	985	1004	1004	953	1410	1445	1445	1275	1650	1692	1692	1422
9000.00	987	1008	1008	958	1416	1451	1451	1281	1657	1698	1698	1428
9050.00	990	1012	1012	962	1422	1456	1456	1287	1665	1705	1705	1434
9100.00	993	1016	1016	966	1428	1462	1462	1292	1672	1712	1712	1441
9150.00	996	1020	1020	970	1434	1468	1468	1298	1680	1719	1719	1447
9200.00	999	1024	1024	975	1440	1474	1474	1304	1687	1726	1726	1453
9250.00	1002	1028	1028	979	1446	1479	1479	1310	1695	1732	1732	1459
9300.00	1004	1032	1032	983	1453	1485	1485	1315	1702	1739	1739	1466
9350.00	1007	1036	1036	987	1459	1491	1491	1321	1710	1749	1746	1472
9400.00	1009	1040	1040	992	1465	1497	1497	1327	1717	1753	1753	1478
9450.00	1012	1044	1044	996	1471	1503	1503	1332	1724	1759	1759	1485
9500.00	1014	1048	1048	1000	1477	1508	1508	1338	1732	1766	1766	1491
9550.00	1016	1052	1052	1004	1483	1514	1514	1344	1739	1773	1773	1497
9600.00	1019	1056	1056	1009	1490	1520	1520	1349	1747	1780	1780	1503
9650.00	1021	1060	1060	1013	1496	1526	1526	1355	1754	1786	1786	1510
9700.00	1024	1064	1064	1017	1502	1531	1531	1361	1762	1793	1793	1516
9750.00	1026	1068	1068	1021	1508	1537	1537	1367	1769	1800	1800	1522
9800.00	1029	1072	1072	1026	1514	1543	1543	1372	1777	1807	1807	1528
9850.00	1031	1076	1076	1030	1520	1549	1549	1378	1784	1813	1813	1535
9900.00	1034	1080	1080	1034	1526	1555	1555	1384	1792	1820	1820	1541
9950.00	1036	1084	1084	1038	1533	1560	1560	1389	1799	1827	1827	1547
10000.00	1039	1088	1088	1043	1539	1566	1566	1395	1807	1834	1834	1553

**APPENDIX V:  
COMPARISONS WITH BORDERING STATES**



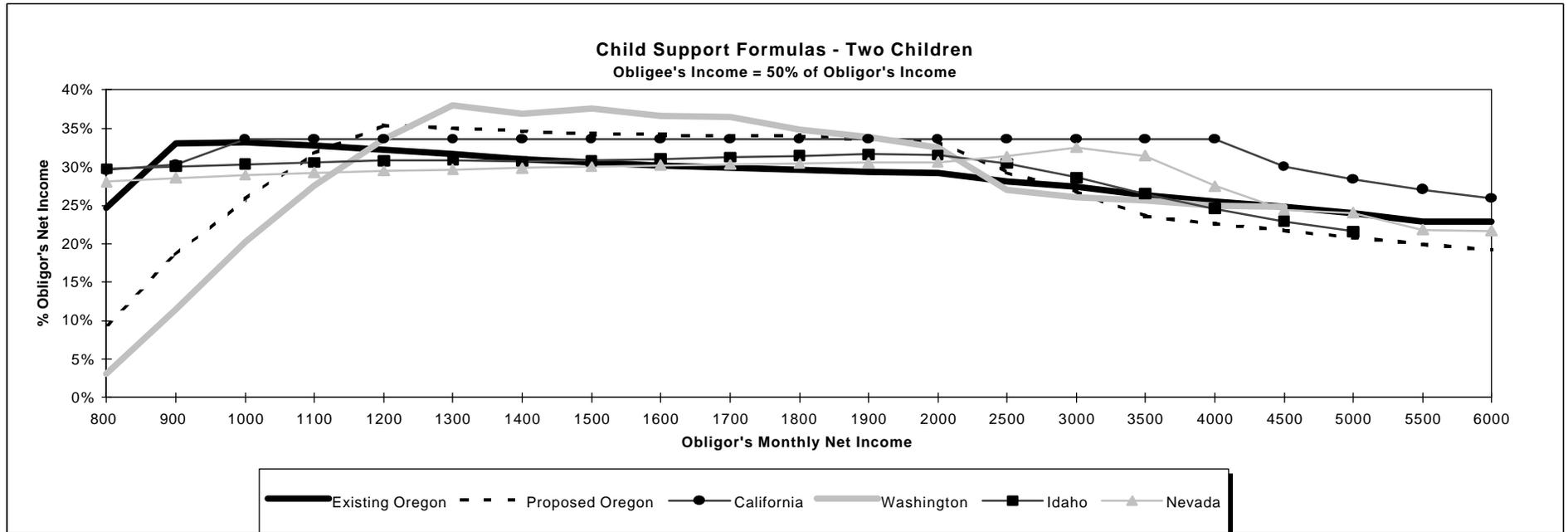


**Child Support Formulas - One Child**  
**Obligee's Income = 50% of Obligor's Income**



**CHILD SUPPORT FORMULAS - ONE CHILD**  
**Obligee's Income = 50% of Obligor's Income**

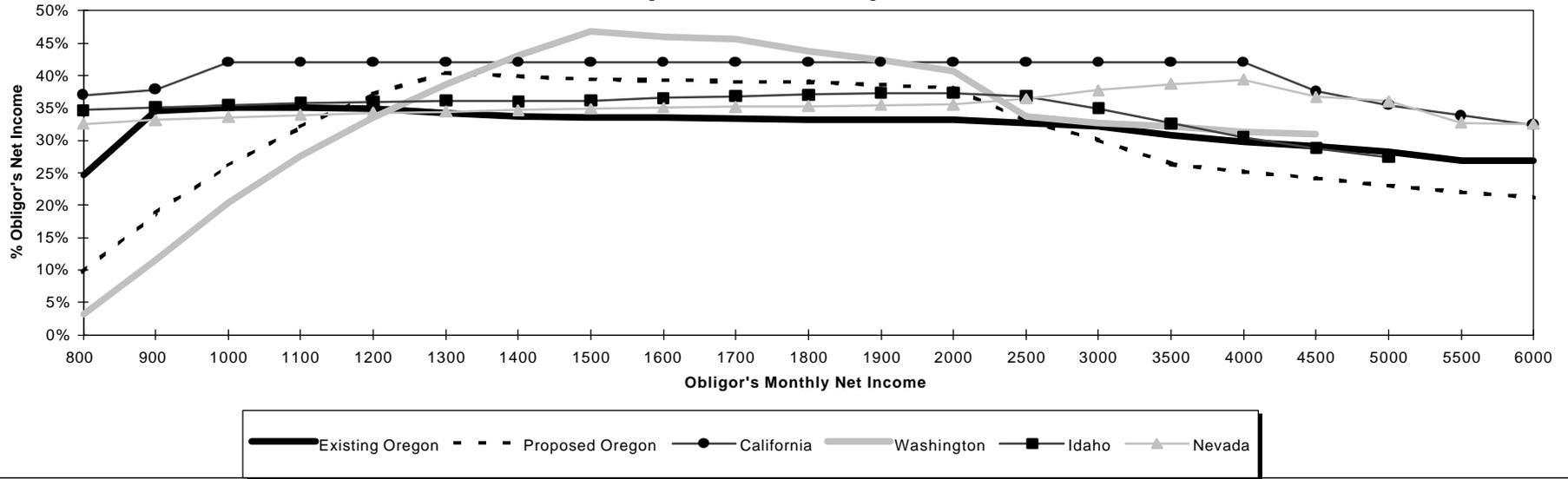
Support Due (\$\$ per month)							% of Obligor's Net Income						
Obligor's Net Monthly Income	Existing Oregon	Proposed Oregon	California	Washington	Idaho	Nevada	Obligor's Net Monthly Income	Existing Oregon	Proposed Oregon	California	Washington	Idaho	Nevada
800	125	76	148	25	159	162	800	16%	10%	18%	3%	20%	20%
900	145	166	170	103	181	185	900	16%	18%	19%	11%	20%	21%
1000	165	256	210	203	202	208	1000	17%	26%	21%	20%	20%	21%
1100	185	280	231	273	223	231	1100	17%	25%	21%	25%	20%	21%
1200	205	303	252	288	245	255	1200	17%	25%	21%	24%	20%	21%
1300	226	326	273	318	266	278	1300	17%	25%	21%	24%	20%	21%
1400	251	348	294	333	284	301	1400	18%	25%	21%	24%	20%	21%
1500	285	370	315	363	305	324	1500	19%	25%	21%	24%	20%	22%
1600	316	393	336	377	328	348	1600	20%	25%	21%	24%	20%	22%
1700	339	417	357	398	350	371	1700	20%	25%	21%	23%	21%	22%
1800	359	441	378	404	373	394	1800	20%	25%	21%	22%	21%	22%
1900	380	461	399	414	395	418	1900	20%	24%	21%	22%	21%	22%
2000	401	481	420	418	415	441	2000	20%	24%	21%	21%	21%	22%
2500	484	538	525	433	502	500	2500	19%	22%	21%	17%	20%	20%
3000	571	596	630	504	569	500	3000	19%	20%	21%	17%	19%	17%
3500	639	616	735	578	613	550	3500	18%	18%	21%	17%	18%	16%
4000	707	675	840	642	644	550	4000	18%	17%	21%	16%	16%	14%
4500	774	733	845	716	668	550	4500	17%	16%	19%	16%	15%	12%
5000	832	783	887		693	600	5000	17%	16%	18%		14%	12%
5500	867	825	929			600	5500	16%	15%	17%			11%
6000	945	867	971			650	6000	16%	14%	16%			11%



### CHILD SUPPORT FORMULAS - TWO CHILDREN Obligee's Income = 50% of Obligor's Income

Support Due (\$\$ per month)							% of Obligor's Net Income						
Obligor's Net Monthly Income	Existing Oregon	Proposed Oregon	California	Washington	Idaho	Nevada	Obligor's Net Monthly Income	Existing Oregon	Proposed Oregon	California	Washington	Idaho	Nevada
800	197	76	237	25	238	225	800	25%	10%	30%	3%	30%	28%
900	298	167	272	103	271	257	900	33%	19%	30%	11%	30%	29%
1000	331	258	336	203	303	289	1000	33%	26%	34%	20%	30%	29%
1100	360	349	370	303	337	322	1100	33%	32%	34%	28%	31%	29%
1200	387	425	403	403	369	354	1200	32%	35%	34%	34%	31%	29%
1300	412	455	437	493	401	386	1300	32%	35%	34%	38%	31%	30%
1400	434	485	470	517	430	418	1400	31%	35%	34%	37%	31%	30%
1500	459	515	504	563	462	451	1500	31%	34%	34%	38%	31%	30%
1600	484	546	538	586	497	483	1600	30%	34%	34%	37%	31%	30%
1700	508	579	571	619	531	515	1700	30%	34%	34%	36%	31%	30%
1800	533	612	605	627	566	548	1800	30%	34%	34%	35%	31%	30%
1900	558	639	638	643	601	580	1900	29%	34%	34%	34%	32%	31%
2000	583	666	672	649	631	613	2000	29%	33%	34%	32%	32%	31%
2500	703	732	840	673	761	784	2500	28%	29%	34%	27%	30%	31%
3000	822	803	1008	783	858	975	3000	27%	27%	34%	26%	29%	33%
3500	920	825	1176	897	927	1100	3500	26%	24%	34%	26%	26%	31%
4000	1017	903	1344	998	982	1100	4000	25%	23%	34%	25%	25%	28%
4500	1115	977	1351	1113	1032	1100	4500	25%	22%	30%	25%	23%	24%
5000	1202	1041	1419		1081	1200	5000	24%	21%	28%		22%	24%
5500	1255	1095	1486			1200	5500	23%	20%	27%			22%
6000	1368	1151	1553			1300	6000	23%	19%	26%			22%

**Child Support Formulas - Three Children**  
Obligee's Income = 50% of Obligor's Income



**CHILD SUPPORT FORMULAS - THREE CHILDREN**  
Obligee's Income = 50% of Obligor's Income

Obligor's Net Monthly Income	Support Due (\$\$ per month)						% of Obligor's Net Income					
	Existing Oregon	Proposed Oregon	California	Washington	Idaho	Nevada	Existing Oregon	Proposed Oregon	California	Washington	Idaho	Nevada
800	197	77	296	25	277	260	25%	10%	37%	3%	35%	33%
900	310	169	340	103	316	298	34%	19%	38%	11%	35%	33%
1000	350	261	420	203	354	335	35%	26%	42%	20%	35%	34%
1100	385	353	462	303	393	373	35%	32%	42%	28%	36%	34%
1200	418	445	504	403	432	410	35%	37%	42%	34%	36%	34%
1300	445	525	546	503	469	448	34%	40%	42%	39%	36%	34%
1400	472	558	588	603	504	485	34%	40%	42%	43%	36%	35%
1500	503	591	630	703	542	523	34%	39%	42%	47%	36%	35%
1600	535	627	672	734	584	560	33%	39%	42%	46%	36%	35%
1700	567	665	714	774	625	598	33%	39%	42%	46%	37%	35%
1800	599	702	756	786	667	635	33%	39%	42%	44%	37%	35%
1900	631	732	798	805	709	673	33%	39%	42%	42%	37%	35%
2000	663	761	840	813	746	711	33%	38%	42%	41%	37%	36%
2500	817	825	1050	843	920	909	33%	33%	42%	34%	37%	36%
3000	963	901	1260	980	1047	1131	32%	30%	42%	33%	35%	38%
3500	1078	921	1470	1124	1141	1353	31%	26%	42%	32%	33%	39%
4000	1191	1007	1680	1250	1221	1575	30%	25%	42%	31%	31%	39%
4500	1308	1085	1689	1393	1295	1650	29%	24%	38%	31%	29%	37%
5000	1413	1151	1773		1369	1800	28%	23%	35%		27%	36%
5500	1479	1211	1857			1800	27%	22%	34%			33%
6000	1610	1272	1941			1950	27%	21%	32%			33%

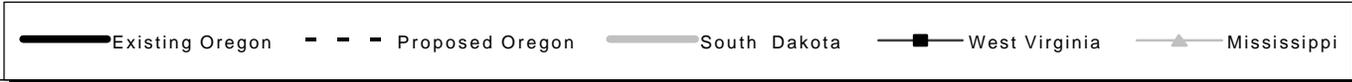
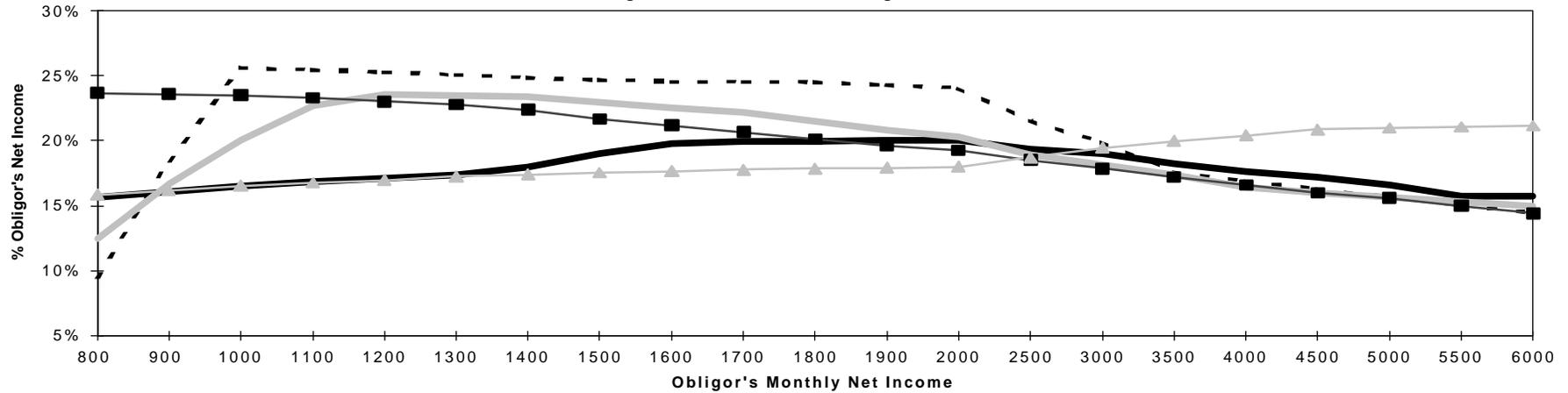


**APPENDIX VI:  
COMPARISONS WITH LOW-INCOME STATES**





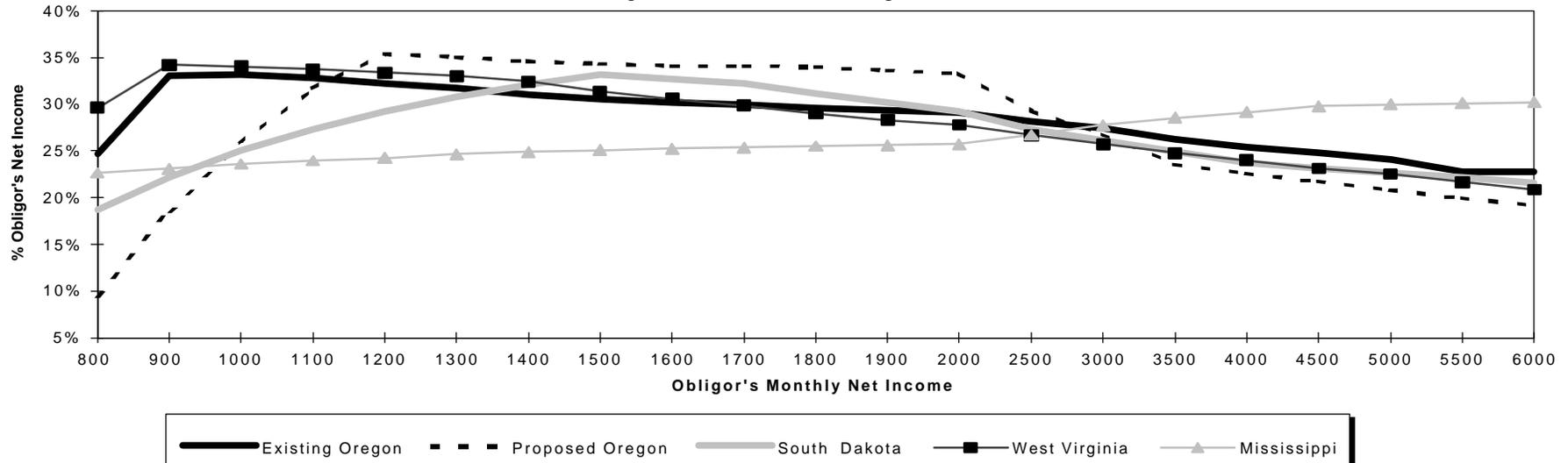
**Child Support Formulas - One Child**  
**Obligee's Income = 50% of Obligor's Income**



**CHILD SUPPORT FORMULAS - ONE CHILD**  
**Obligee's Income = 50% of Obligor's Income**

Support Due (\$\$ per month)						% of Obligor's Net Income					
Obligor's Net Monthly Income	Existing Oregon	Proposed Oregon	South Dakota	West Virginia	Mississippi	Obligor's Net Monthly Income	Existing Oregon	Proposed Oregon	South Dakota	West Virginia	Mississippi
800	125	76	100	189	127	800	16%	10%	13%	24%	16%
900	145	166	150	212	146	900	16%	18%	17%	24%	16%
1000	165	256	200	235	165	1000	17%	26%	20%	24%	17%
1100	185	280	250	256	185	1100	17%	25%	23%	23%	17%
1200	205	303	283	276	204	1200	17%	25%	24%	23%	17%
1300	226	326	305	296	224	1300	17%	25%	23%	23%	17%
1400	251	348	327	313	244	1400	18%	25%	23%	22%	17%
1500	285	370	344	325	263	1500	19%	25%	23%	22%	18%
1600	316	393	361	339	283	1600	20%	25%	23%	21%	18%
1700	339	417	377	351	302	1700	20%	25%	22%	21%	18%
1800	359	441	387	362	321	1800	20%	25%	21%	20%	18%
1900	380	461	396	373	340	1900	20%	24%	21%	20%	18%
2000	401	481	406	386	360	2000	20%	24%	20%	19%	18%
2500	484	538	474	463	467	2500	19%	22%	19%	19%	19%
3000	571	596	545	536	583	3000	19%	20%	18%	18%	19%
3500	639	616	607	602	699	3500	18%	18%	17%	17%	20%
4000	707	675	656	664	816	4000	18%	17%	16%	17%	20%
4500	774	733	719	720	938	4500	17%	16%	16%	16%	21%
5000	832	783	783	779	1049	5000	17%	16%	16%	16%	21%
5500	867	825	842	824	1159	5500	16%	15%	15%	15%	21%
6000	945	867	896	865	1269	6000	16%	14%	15%	14%	21%

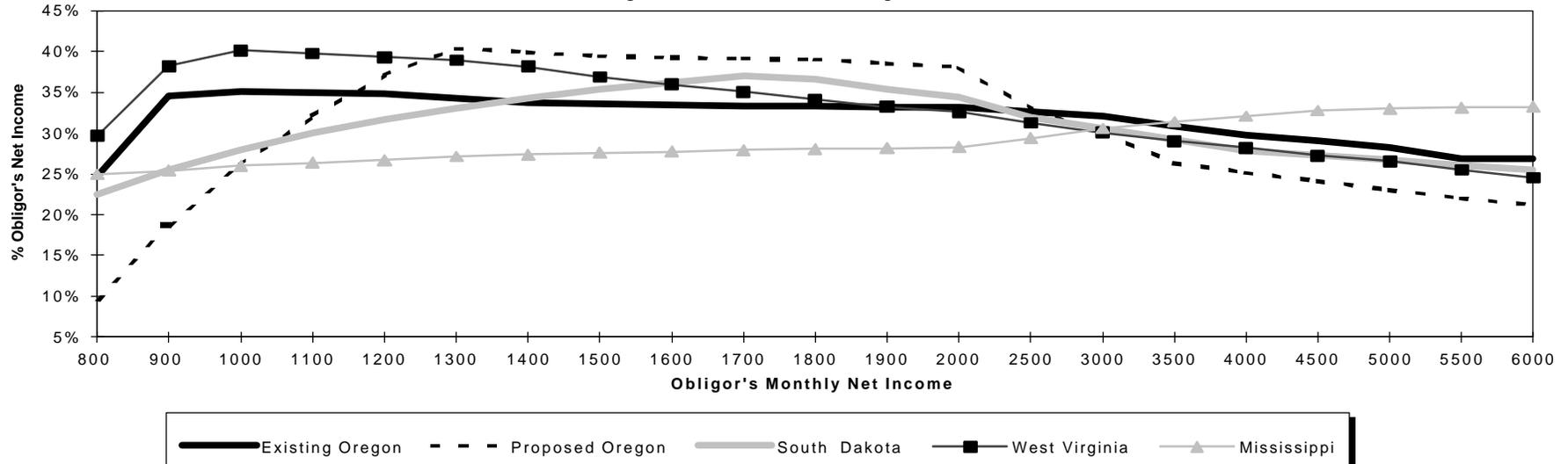
**Child Support Formulas - Two Children**  
**Obligee's Income = 50% of Obligor's Income**



**CHILD SUPPORT FORMULAS - TWO CHILDREN**  
**Obligee's Income = 50% of Obligor's Income**

Obligor's Net Monthly Income	Support Due (\$\$ per month)					% of Obligor's Net Income				
	Existing Oregon	Proposed Oregon	South Dakota	West Virginia	Mississippi	Existing Oregon	Proposed Oregon	South Dakota	West Virginia	Mississippi
800	197	76	150	237	181	25%	10%	19%	30%	23%
900	298	167	200	308	208	33%	19%	22%	34%	23%
1000	331	258	250	341	236	33%	26%	25%	34%	24%
1100	360	349	300	371	264	33%	32%	27%	34%	24%
1200	387	425	350	400	291	32%	35%	29%	33%	24%
1300	412	455	400	430	321	32%	35%	31%	33%	25%
1400	434	485	450	454	348	31%	35%	32%	32%	25%
1500	459	515	498	470	376	31%	34%	33%	31%	25%
1600	484	546	523	490	404	30%	34%	33%	31%	25%
1700	508	579	547	507	431	30%	34%	32%	30%	25%
1800	533	612	560	523	459	30%	34%	31%	29%	26%
1900	558	639	573	538	486	29%	34%	30%	28%	26%
2000	583	666	585	556	514	29%	33%	29%	28%	26%
2500	703	732	683	667	668	28%	29%	27%	27%	27%
3000	822	803	784	771	833	27%	27%	26%	26%	28%
3500	920	825	873	867	999	26%	24%	25%	25%	29%
4000	1017	903	948	959	1166	25%	23%	24%	24%	29%
4500	1115	977	1040	1041	1341	25%	22%	23%	23%	30%
5000	1202	1041	1133	1126	1498	24%	21%	23%	23%	30%
5500	1255	1095	1218	1191	1655	23%	20%	22%	22%	30%
6000	1368	1151	1297	1251	1813	23%	19%	22%	21%	30%

**Child Support Formulas - Three Children**  
 Obligee's Income = 50% of Obligor's Income



**CHILD SUPPORT FORMULAS - THREE CHILDREN**  
 Obligee's Income = 50% of Obligor's Income

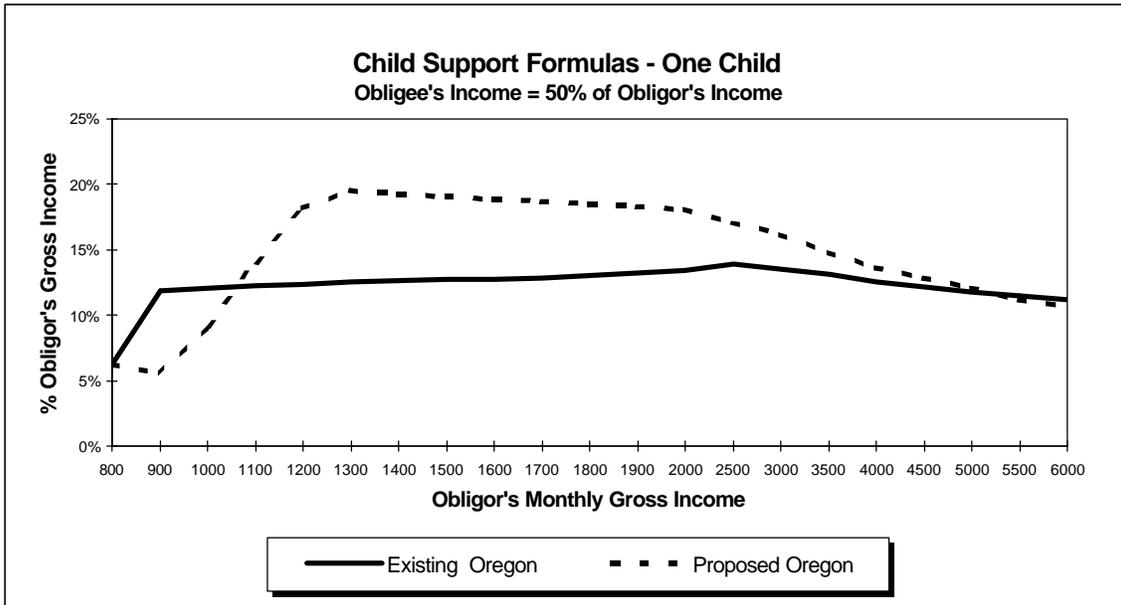
Obligor's Net Monthly Income	Support Due (\$\$ per month)					% of Obligor's Net Income				
	Existing Oregon	Proposed Oregon	South Dakota	West Virginia	Mississippi	Existing Oregon	Proposed Oregon	South Dakota	West Virginia	Mississippi
800	197	77	180	237	199	25%	10%	23%	30%	25%
900	310	169	230	344	229	34%	19%	26%	38%	25%
1000	350	261	280	401	260	35%	26%	28%	40%	26%
1100	385	353	330	437	290	35%	32%	30%	40%	26%
1200	418	445	380	472	320	35%	37%	32%	39%	27%
1300	445	525	430	506	353	34%	40%	33%	39%	27%
1400	472	558	480	534	383	34%	40%	34%	38%	27%
1500	503	591	530	553	414	34%	39%	35%	37%	28%
1600	535	627	580	575	444	33%	39%	36%	36%	28%
1700	567	665	630	595	474	33%	39%	37%	35%	28%
1800	599	702	659	613	505	33%	39%	37%	34%	28%
1900	631	732	673	632	535	33%	39%	35%	33%	28%
2000	663	761	687	652	565	33%	38%	34%	33%	28%
2500	817	825	799	782	735	33%	33%	32%	31%	29%
3000	963	901	917	902	917	32%	30%	31%	30%	31%
3500	1078	921	1023	1016	1099	31%	26%	29%	29%	31%
4000	1191	1007	1115	1127	1283	30%	25%	28%	28%	32%
4500	1308	1085	1224	1225	1475	29%	24%	27%	27%	33%
5000	1413	1151	1333	1326	1648	28%	23%	27%	27%	33%
5500	1479	1211	1435	1402	1821	27%	22%	26%	25%	33%
6000	1610	1272	1527	1472	1994	27%	21%	25%	25%	33%



**APPENDIX VII:  
COMPARISONS FOR ONE AND THREE CHILDREN**

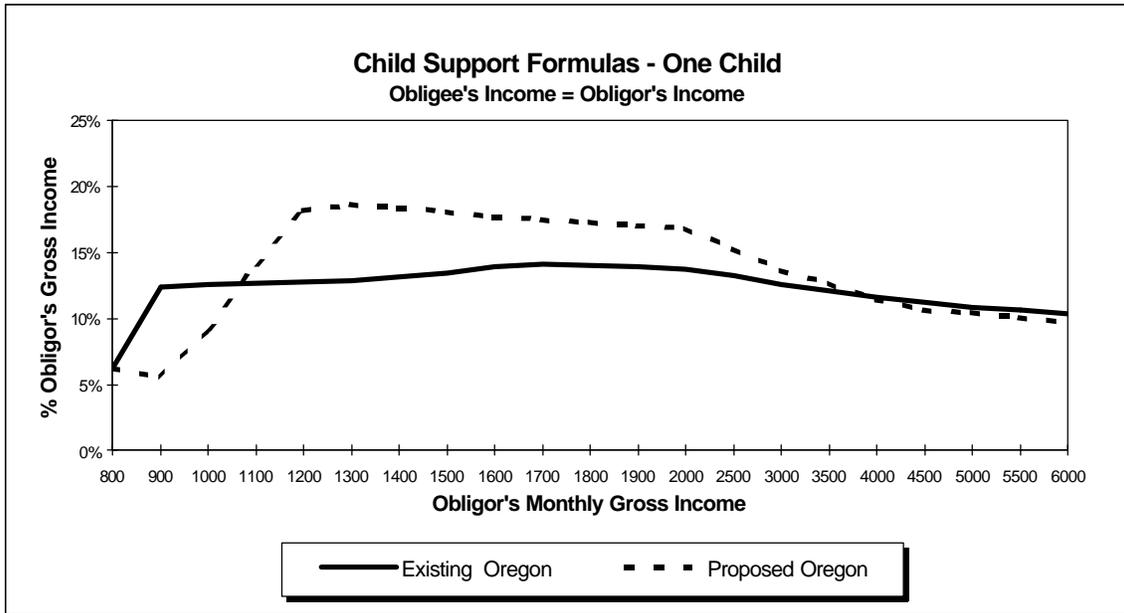






CHILD SUPPORT FORMULAS - ONE CHILD Obligee's Income = 50% of Obligor's Income					
Support Due (\$\$ per month)			% of Obligor's Gross Income		
Obligor's Gross Monthly Income	Existing Oregon	Proposed Oregon*	Obligor's Gross Monthly Income	Existing Oregon	Proposed Oregon
800	50	50	800	6%	6%
900	107	50	900	12%	6%
1000	121	92	1000	12%	9%
1100	135	155	1100	12%	14%
1200	149	218	1200	12%	18%
1300	163	254	1300	13%	20%
1400	177	270	1400	13%	19%
1500	191	286	1500	13%	19%
1600	205	302	1600	13%	19%
1700	219	318	1700	13%	19%
1800	235	333	1800	13%	19%
1900	251	348	1900	13%	18%
2000	269	361	2000	13%	18%
2500	347	427	2500	14%	17%
3000	405	486	3000	14%	16%
3500	459	517	3500	13%	15%
4000	503	547	4000	13%	14%
4500	550	578	4500	12%	13%
5000	591	605	5000	12%	12%
5500	631	615	5500	11%	11%
6000	672	639	6000	11%	11%

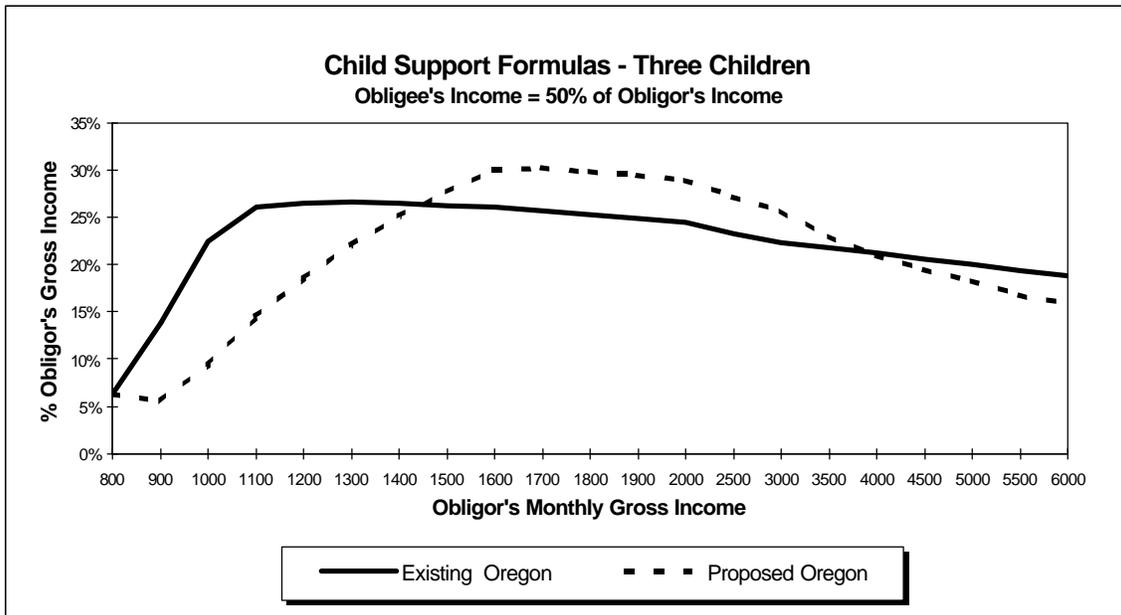
\*Low-income adjustment is applied. Minimum order amount is \$50. Self-support under existing guidelines is \$776 gross per month. Proposed self-support reserve is \$716 net per month (which is equivalent to the 2001 federal poverty guideline for one person).



### CHILD SUPPORT FORMULAS - ONE CHILD Obligee's Income = Obligor's Income

Support Due (\$\$ per month)			% of Obligor's Gross Income		
Obligor's Gross Monthly Income	Existing Oregon	Proposed Oregon*	Obligor's Gross Monthly Income	Existing Oregon	Proposed Oregon
800	50	50	800	6%	6%
900	112	50	900	12%	6%
1000	126	92	1000	13%	9%
1100	140	155	1100	13%	14%
1200	154	218	1200	13%	18%
1300	168	242	1300	13%	19%
1400	185	258	1400	13%	18%
1500	202	271	1500	13%	18%
1600	222	284	1600	14%	18%
1700	239	297	1700	14%	17%
1800	253	311	1800	14%	17%
1900	264	324	1900	14%	17%
2000	275	336	2000	14%	17%
2500	332	382	2500	13%	15%
3000	377	410	3000	13%	14%
3500	423	443	3500	12%	13%
4000	464	459	4000	12%	11%
4500	504	479	4500	11%	11%
5000	544	522	5000	11%	10%
5500	584	552	5500	11%	10%
6000	621	582	6000	10%	10%

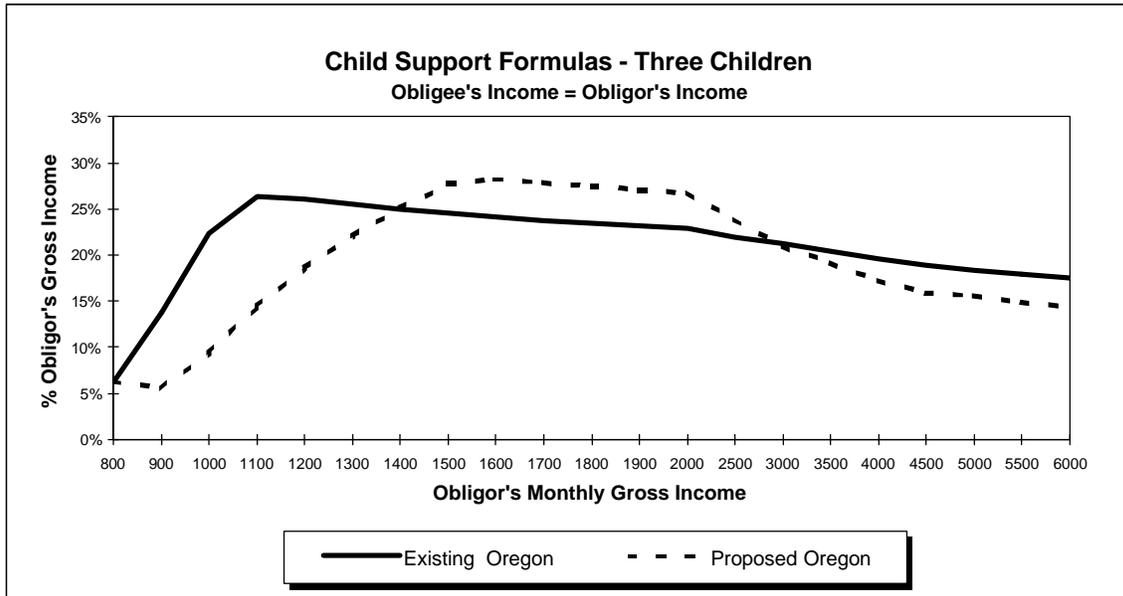
\*Low-income adjustment is applied. Minimum order amount is \$50. Self-support under existing guidelines is \$776 gross per month. Proposed self-support reserve is \$716 net per month (which is equivalent to the 2001 federal poverty guideline for one person).



### CHILD SUPPORT FORMULAS - THREE CHILDREN Obligee's Income = 50% of Obligor's Income

Support Due (\$\$ per month)			% of Obligor's Gross Income		
Obligor's Gross Monthly Income	Existing Oregon	Proposed Oregon*	Obligor's Gross Monthly Income	Existing Oregon	Proposed Oregon
800	50	50	800	6%	6%
900	124	50	900	14%	6%
1000	224	94	1000	22%	9%
1100	287	159	1100	26%	14%
1200	318	223	1200	27%	19%
1300	345	287	1300	27%	22%
1400	370	351	1400	26%	25%
1500	394	415	1500	26%	28%
1600	417	479	1600	26%	30%
1700	436	513	1700	26%	30%
1800	454	536	1800	25%	30%
1900	472	559	1900	25%	29%
2000	490	578	2000	25%	29%
2500	580	680	2500	23%	27%
3000	670	768	3000	22%	26%
3500	760	801	3500	22%	23%
4000	849	836	4000	21%	21%
4500	928	877	4500	21%	19%
5000	998	912	5000	20%	18%
5500	1065	920	5500	19%	17%
6000	1132	952	6000	19%	16%

\*Low-income adjustment is applied. Minimum order amount is \$50. Self-support under existing guidelines is \$776 gross per month. Proposed self-support reserve is \$716 net per month (which is equivalent to the 2001 federal poverty guideline for one person).



### CHILD SUPPORT FORMULAS - THREE CHILDREN Obligee's Income = Obligor's Income

Support Due (\$\$ per month)			% of Obligor's Gross Income		
Obligor's Gross Monthly Income	Existing Oregon	Proposed Oregon*	Obligor's Gross Monthly Income	Existing Oregon	Proposed Oregon
800	50	50	800	6%	6%
900	124	50	900	14%	6%
1000	224	94	1000	22%	9%
1100	290	159	1100	26%	14%
1200	313	223	1200	26%	19%
1300	332	287	1300	26%	22%
1400	350	351	1400	25%	25%
1500	368	415	1500	25%	28%
1600	386	453	1600	24%	28%
1700	404	474	1700	24%	28%
1800	422	495	1800	23%	27%
1900	440	515	1900	23%	27%
2000	458	535	2000	23%	27%
2500	548	596	2500	22%	24%
3000	637	627	3000	21%	21%
3500	714	670	3500	20%	19%
4000	782	688	4000	20%	17%
4500	849	714	4500	19%	16%
5000	917	777	5000	18%	16%
5500	988	818	5500	18%	15%
6000	1054	857	6000	18%	14%

\*Low-income adjustment is applied. Minimum order amount is \$50. Self-support under existing guidelines is \$776 gross per month. Proposed self-support reserve is \$716 net per month (which is equivalent to the 2001 federal poverty guideline for one person).