

Email edition

Child Support Guidelines

1997 to 2007

First decade of fiction

Guy de Lyon

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Synopsis

The Canadian child support guidelines were enacted a decade ago. Those guidelines calculate child support based on assumptions. The gravest assumption is that the access parent has no access. If access were recognized, child support would be more than halved. Any payment in excess of a fair child support is just parental support. This book provides an overview of the problems with those guidelines. If you have a comment, please write to fictional.guidelines@hotmail.com.

Preamble

On May 1, 1997, the *Federal Child Support Guidelines*, S.O.R. 97/175; the *Child Support Guidelines Regulations*, P.E.I. Reg. EC668/97, the *Regulation respecting the determination of child support payments*, R.Q. c. C-25, r.1.2; and the *Child Support Guidelines*, O. Reg. 391/97, were enacted. Enacted later were the *Child Support Guidelines Regulations*, N.L.R. 40/98, on April 1, 1998; the *Child Support Guidelines Regulation*, Man. Reg. 58/98, on April 9, 1998; the *Child Support Guidelines Regulation*, N.B. Reg. 98-27, on May 1, 1998; the *Child Maintenance Guidelines*, N.S. Reg. 53/98, on August 5, 1998; the *Child Support Guidelines*, N.W.T. Reg. 138-98, on November 1, 1998; the *Yukon Child Support Guidelines*, Y.O.I.C. 2000/63, on March 31, 2000; and the *Alberta Child Support Guidelines*, Alta. Reg. 147/2005, on October 1, 2005.

Foreword

In this book, the Ontario child support guidelines are discussed. Its unfair parts are exposed, some of which were labeled as “legislative fiction” by a judge of the Supreme Court of Canada in 2005. The discussion concludes with the proposal of sensible remedies to redress that unfairness. The reading of the first seven chapters is imperative to acquire a quick overview of the problems with the Canadian child support guidelines and the remedies proposed in this book. Chapter 9 is technical in nature and requires some comfort with basic algebra for a good grasp of its content. In most chapters, references are made to figures and/or tables which illustrate

relevant information and/or arithmetical operations. The four figures and twenty-seven tables were prepared by the author. They are located in an appendix following the last chapter to simplify the reading of the chapters.

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Chapter 1: Overview

On May 1, 1997, the Ontario regulation, *Child Support Guidelines*, O. Reg. 391/97, ("Guidelines") was enacted under the *Family Law Act*, R.S.O. 1990, c. F.3, ("Act") whose preamble includes: "It is necessary to recognize the equal position of parents as individuals and, in support of such recognition, it is necessary to provide for the equitable sharing by parents of responsibility for their children." Section 31 of the Act obligates every parent to provide support for his/her unmarried child who is a minor, or is enrolled in a full-time program of education, to the extent that the parent is capable of doing so. That obligation does not extend to a child who is sixteen years of age or older and has withdrawn from parental control. Subsection 33(7) of the Act recognizes that each parent has an obligation to provide support for the child and apportions that obligation according to the Guidelines. Section 1 of the Guidelines enumerates the following objectives: (1) Establish a fair standard of child support which ensures that children benefit from the financial means of their parents; (2) Reduce conflict and tension between parents by making the calculation of child support more objective; (3) Improve the efficiency of the legal process by giving guidance in setting the levels of support and encouraging settlement; and (4) Ensure consistent treatment of parents and their children who are in similar circumstances. Section 2 defines the terms used in the Guidelines. Sections 3 to 10 deal with the amount of child support. Subsection 3(1) presumes that, unless otherwise provided under the Guidelines, the amount of child support is determined under schedule I and section 7. Subsection 3(2) allows a variation in the amount of support of a child, the age of

majority or over, having regard to the condition, means, needs and other circumstances of that child and the financial ability of each parent to contribute to that support. Sections 11 to 13 deal with the elements of a child-support order. Section 14 deals with the variation of a child-support order. Sections 15 to 20 deal with the determination of income. Sections 21 to 25 deal with the disclosure of income information. Schedule I contains the child-support tables. Schedule II deals with the comparability of living standards. Schedule III deals with the adjustments to income.

Chapter 2: Living standard

Schedule II introduces the notion of low-income measures for the purpose of comparing living standards. Those measures are mere assignments of income figures to households of various sizes in order to deem all those households at the same living standard. The low-income measure of a lone-adult household is \$10,382. The increase in income required to add a person to that household, while preserving the same living standard, is 40% of \$10,382. The increase in income required to add a person to any subsequent household, while preserving the same living standard, is 30% of \$10,382. This trend of 40% and 30% is known as the "40/30 equivalence scale." For ease of reference, I define the disposable income as the annual income less taxes. I define the living standard as the number that I get when I divide the disposable income by the low-income measure. Sections 15 to 20 and schedule III define the annual income of a parent. It is generally the total income reported on line 150 of that parent's income-tax return. Schedule II defines taxes to be the federal income taxes, the Ontario income taxes net of the Ontario tax credits, the CPP contributions, and the EI premiums. No other income-tax components are allowed by the Guidelines in the definition of taxes. Housing costs at 30% of total income are included in the calculation of the Ontario tax credits.

Chapter 3: Transfer

Schedule I contains the child-support tables. The amounts in those tables are derived from a mathematical formula which is the result of a model. That model aims to equalize the living standards of parents who earn the same income. It assumes that families, with the same income, have the same net child-related expenditures. It requires that parents share the net child-related expenditures in proportion to their relative income. Applying the objective of the model to a family where each parent earns \$40,000 (see Table 1), I find that a transfer of \$7,210 from the access parent to the custodial parent equalizes those parents' living standards. I also find that the child-related expenditures are \$16,318. Subtracting from those expenditures the tax benefit of \$1,898 (see Table 4), I get the net child-related expenditures of \$14,420, which represent twice the transfer of \$7,210. Since that benefit is deducted from the child-related expenditures to obtain the transfer, it is effectively enjoyed by both parents (see Chapter 9). This provision is consistent with subsection 7(3) that requires that any subsidies, benefits, or income tax deductions, or credits relating to an expense be taken into account (see Chapter 11). Seeking the transfer that equalizes the living standards of a custodial parent who earns \$30,000 and an access parent who earns \$50,000, I find it to be \$13,710 (see Table 5). As the latter family has the same income of \$80,000 as the former family, the model assumes that both families also have the same net child-related

expenditures of \$14,420. When the access parent's share of the combined income of \$80,000 is \$50,000, I find that his matching share of the net child-related expenditures of \$14,420 is \$9,013. Applying the objective of the model to a family where each parent earns \$50,000, I find that the transfer is \$9,055 (see Table 6). I think that the proximity of \$9,013 to \$9,055 justifies the setting of the Guidelines' child support at \$9,055 when the access parent earns \$50,000, regardless of whether the custodial parent earns \$30,000 or \$50,000. I reach the same conclusions when I perform the same analysis with three other incomes of the access parent (see Table 8). When the access parent earns \$50,000 and the custodial parent earns \$30,000, I find that the transfer of \$9,055 does not equalize those parents' living standards (see Table 7). Section 10 allows a variation in the normal amount of support of a child to prevent a parent or that child from suffering undue hardship. However, that parent cannot pay less (or receive more) if that parent will enjoy a higher living standard than the other parent after paying (or receiving) that normal amount. Therefore, a variation in the normal amount of child support cannot widen the living-standard gap. Like the model, section 10 anticipates living-standard gaps even after child support is paid. When the access is less than 40%, the Guidelines' child support generally only depends on the access parent's income. Consequently, the child-support tables rely on that income only.

Chapter 4: Spending patterns

Statistics Canada reports annually on the spending of Canadians in a publication titled *Spending Patterns in Canada*. It advises that the publication for the year 2004 is unavailable. It allows free online access to those for the years 1997 to 2005 at: www.statcan.ca/bsolc/english/bsolc?catno=62-202-X&CHROPG=1. The spending patterns of various household types are compiled in those publications. I exploit those of lone-parent households to estimate the child-related expenditures. All items of consumption are classified under the following fourteen categories: (1) Food; (2) Shelter; (3) Household operation; (4) Household furnishings and equipment; (5) Clothing; (6) Transportation; (7) Health care; (8) Personal care; (9) Recreation; (10) Reading materials and other printed matter; (11) Education; (12) Tobacco products and alcoholic beverages; (13) Games of chance (net); and (14) Miscellaneous expenditures. To better understand the variability of child support with access, I am interested in assigning these categories to one of two groups: fixed or variable. I define a variable child-related expenditure as one which is connected to the time spent with a child. For example, if one spends half the time with a child, then one expects to incur about half of a variable child-related expenditure. Examples of such expenditures are food and recreation. I define a fixed child-related expenditure as one which is not connected to the time spent with a child. For example, if one spends half the time with a child, then one expects a fixed child-related expenditure to stay the same. Examples of such expenditures are a bed and an additional room for a child. I find that 43% of the amount of consumption from the category of *Transportation* consists of fixed expenditures (see Table 9). I also find that the amounts of consumption from the three categories of *Shelter*, *Household operation*, and *Household furnishings and equipment* consist primarily of fixed expenditures. The contributions from those four categories constitute almost all of the fixed child-related expenditures. Those expenditures represent one half of the adjusted total

consumption (see Table 9). I define the adjusted total consumption as the sum of the amounts of consumption from the above twelve categories which leave out the two categories of *Tobacco products and alcoholic beverages*, and *Games of chance (net)* which have no child content (see Table 16).

Chapter 5: Assumptions

The child-support formula is founded on several assumptions, two of which are significant. The fairness of the levels of child support is then highly reliant on the reasonableness of those two assumptions. The first is that the household expenditures of the receiving parent are always the same as those of a lone adult with children. The receiving parent then has all access and incurs all child-related expenditures. The second is that the household expenditures of the paying parent are always the same as those of a lone adult without children. The paying parent then has no access and incurs no child-related expenditures. On November 10, 2005, in the judgment of the Supreme Court of Canada, in *Contino v. Leonelli-Contino*, Justice Fish said in his dissenting reasons: "Where a child resides with one parent less than 40 percent of the time, that parent is deemed, by legislative fiction, to incur no child-related expenses at all."

Chapter 6: Remedies

In view of such unrepresentative assumptions, one may be tempted to abandon the model altogether. I propose saving it by adopting two sensible facts. The impact of each fact can be readily calculated by way of a discount. The first is that each parent incurs fixed child-related expenditures. The largest portion of those is each parent's cost of maintaining a separate household for the children. On account of that fact, I propose a discount of one half of the child support (see Chapter 4). The second fact is that each parent incurs variable child-related expenditures during access. On account of that fact, I propose a discount of two-and-a-half-times the access, if the parents are deemed to have the same household expenditures at 40% access. Alternatively, I propose a discount of twice the access. I will illustrate the adoption of the above two facts with the following family scenario. Consider a father, in the military, whose separation coincides with his leaving Canada to serve abroad. The above two unrepresentative assumptions apply to him. While abroad, this father has no access and incurs no child-related expenditures. He pays \$600 in child support. One half of it goes towards the portion of the cost of maintaining the custodial household attributable to his children. The second half goes towards all other child-related expenditures. His children always report to only one household. Upon completing his service abroad and returning to Canada, this father secures a home for him and for his children when they are visiting or sleeping over. The two unrepresentative assumptions no longer apply to him. He now has access. He incurs child-related expenditures during access and in maintaining a second household for his children. His children now report to two households. Since he contributes \$300 of the child support towards the maintenance of the first household, it is then reasonable, fair, and equitable for him to deduct that contribution from the child support to better provide for his children in the second household. That deduction is consistent with one aim of the model in providing children with a comparable living standard with each parent. The children's weekly evening visit, which includes a sleepover, corresponds to a 10% access. That access is a

quarter of the way to a 40% access. A quarter equates to 25% or two-and-a-half-times that access. It is then reasonable, fair, and equitable for this father to deduct \$75 from the net child support of \$300. Alternatively, that access is a fifth of the way to a 50% access. A fifth equates to 20% or twice that access. The corresponding discount is then \$60. The proposed child support after the second fact is \$225 (or alternatively \$240). If this father continues to pay the child support of \$600, then he will start to pay the parental support of \$375 (or alternatively \$360).

Chapter 7: Consequences

One consequence of the proposed child support is the long-overdue recognition of the access parent's share of child-related expenditures from the presently fictional level of 0% to more realistic levels. For example, I find that share to be 40% at 20% access (see Table 13). The Guidelines' child support is generally the same from 0 to 39% access. It may collapse to zero at 40% access, in what is known as the "cliff effect," but only if the parents earn the same income. The proposed child support reaches (or alternatively is practically) zero at 40% access, regardless of the parents' incomes (see Chapter 12 and Table 14). Another consequence of the proposed child support is the reduction of child support gradually with increasing levels of access from 1 to 40%, and the eventual abolition of the "cliff effect." If it is in the best interests of children to spend equal time and to enjoy the same living standard with each parent, then the proposed child support brings children closer to that objective (see Table 20).

Chapter 8: Memorandum

Note 4 of schedule I states that child support is calculated using a mathematical formula. However, the Guidelines provide no further details on that formula. No public document did either when the Guidelines came into effect on May 1, 1997. According to a memorandum from the Department of Justice Canada, that formula was not made public until April 9, 1998, nearly a year later. That memorandum was acquired by way of an Access-to-Information request. Dated March 23, 1998, it was addressed to the Minister, via the Deputy Minister, from the Senior Assistant Deputy Minister, Policy Sector. Its subject was the release of a child-support report titled *Formula for the Table of Awards Contained in the Federal Child Support Guidelines: A Technical Report* (see Figure 2). The technical report, CSR-1997-1E, is available online at: www.justice.gc.ca/en/ps/sup/pub/reports/csr-1997-1.html. That memorandum also disclosed the following facts (see Figure 2). The former Minister and Deputy Minister promised on several occasions to make the report public. In the fall of 1997, an early draft version of it was released with no repercussions or adverse comments. The Child Support Team was involved in the final drafting and publication of the report. It was also involved in the implementation of the Guidelines. Some members of the public and the legal community were possibly disappointed that the report did not contain a list of specific expenses taken into account in setting up the Guidelines' tables. The formula was not based on a "basket of goods and services" approach. It was based on the "40/30 equivalence scale" derived by Statistics Canada. This scale was used in the formula as the basis for determining the comparability of living standards between parents.

Chapter 9: Formula

According to the technical report, the child-support model seeks the transfer that equalizes the financial circumstances of the households of parents according to the following relationship, where PP and RP denote the paying parent and the receiving parent: $(income_{PP} - taxes_{PP} - transfer)/(household\ expenditures_{PP}) = (income_{RP} - taxes_{RP} - transfer)/(household\ expenditures_{RP})$. At this point, that report makes premature assumptions to simplify the above relationship. It eventually assumes that the parents earn the same income before developing the child-support tables. I will develop the formula without making any assumptions. Setting “ D_p ” to be the paying parent’s disposable income (see Chapter 2), “ E_p ” to be his household expenditures, “ D_r ” to be the receiving parent’s disposable income, “ E_r ” to be her household expenditures, and “ T ” to be the transfer, I get $(D_p - T)/E_p = (D_r + T)/E_r$ or $(D_p - T)E_r = (D_r + T)E_p$ or $D_pE_r - TE_r = D_rE_p + TE_p$ or $D_pE_r - D_rE_p = TE_p + TE_r$ or $T(E_p + E_r) = E_rD_p - D_rE_p$. Setting $E = E_p + E_r$ and $D = D_p + D_r$, I get $E_r = E - E_p$ and $D_r = D - D_p$. Substituting for E_r and D_r , I get $TE = (E - E_p)D_p - (D - D_p)E_p$ or $TE = ED_p - E_pD_p - DE_p + D_pE_p$ or $TE = ED_p - DE_p$ or $T = D_p - DE_p/E$. Setting $e = E_p/E$, I get the **formula form # 1: $T = D_p - eD$** where “ D ” is the combined disposable income and “ e ” is the paying parent’s share of the combined household expenditures. For example, when each parent earns \$40,000, $D_p = \$30,520$, $D = \$62,938$ (see Table 1), and $e = 37\%$ (see Table 18). Therefore, $T = \$30,520 - (37\%)(\$62,938) = \$7,210$. I can rewrite the formula as $T/D = D_p/D - e$. Setting $t = T/D$ and $d = D_p/D$, I get the **formula form # 2: $t = d - e$** where “ t ” is the transfer as a percentage of the combined disposable income and “ d ” is the paying parent’s share of that income. This form reveals that the transfer is the gap in the paying parent’s shares of combined disposable income and household expenditures. Setting “ A ” to be the gap in the disposable incomes after transfer and “ B ” to be the gap in the disposable incomes before transfer, I get $A = (D_r + T) - (D_p - T)$ or $A = D_r + T - D_p + T$ or $A = (D_r - D_p) + 2T$ or $A = B + 2T$. I can rewrite the formula as **formula form # 3: $T = (A - B)/2$** . When the parents earn the same income, “ B ” represents the tax benefit enjoyed by the receiving parent (see Table 4). When the parents earn the same income and the paying parent has no access, “ A ” represents the child-related expenditures. For example, when each parent earns \$40,000, $A = \$16,318$ and $B = \$1,898$ (see Table 1). Therefore, $T = (\$16,318 - \$1,898)/2 = \$7,210$. I can also rewrite the formula as $T = D_p - eD$ or $T = D_p - e(D_p + D_r)$ or $T = D_p - e(D_p + D_p + B)$ or $T = D_p - 2eD_p - eB$. Finally, I get the **formula form # 4: $T = (1 - 2e)D_p - eB$** . For example, when each parent earns \$40,000, $D_p = \$30,520$, $B = \$1,898$ (see Table 1), and $e = 37\%$ (see Table 18). Therefore, $T = [1 - 2(37\%)](\$30,520) - (37\%)(\$1,898) = \$7,210$. When the parents have the same household expenditures, $e = 1/2$. The formula then becomes **$T = -B/2$ when $e = 1/2$** . For example, when each parent earns \$40,000, $B = \$1,898$ (see Table 1). Therefore, when the access is 50%, $T = -\$949$ (see Table 12). The negative sign points out that the direction of the transfer that I chose, at the outset, was backwards. In other words, the paying parent is in fact receiving. Therefore, the parent, formerly known as the receiving parent, transfers to the parent, formerly known as the paying parent, one half of her tax benefit. Section 8 and paragraph 9(a) contemplate the gap, call it “ P ”, in two transfers, call them “ T_1 ” and “ T_2 .” Therefore, $P = T_1 - T_2$ or $P = (A_1 - B_1)/2 - (A_2 - B_2)/2$ or $P = A_1/2 - B_1/2 - A_2/2 + B_2/2$ or $P = (A_1 - A_2)/2 - (B_1 - B_2)/2$. When the parents have the same household expenditures, I set the

gap in the two transfers to be $Q = -B_1/2 - (-B_2/2)$ or $Q = -(B_1 - B_2)/2$. Setting $R = (A_1 - A_2)/2$, I get $P = R + Q$. Since “ B_1 ” and “ B_2 ” are relatively minimal, change insignificantly and slowly as income increases (see Chapter 12), then so will “ Q ”. In contrast, “ R ” is one half of the gap in the child-related expenditures at the two parents’ income levels. Therefore, “ R ” increases with increases in the parents’ income gap. For example, when that gap is \$70,000, I find that “ R ” is \$980 and “ Q ” is \$2 (see Chapter 12). “ R ” is then nearly 500 times larger than “ Q ”. Since “ R ” dominates “ Q ”, “ P ” is then practically “ R ”. Therefore, “ P ” increases with increases in the parents’ income gap.

Chapter 10: Household

Schedule II defines a household to include a parent and any of the following co-occupants: (1) anyone who has a legal duty to support the parent; (2) anyone whom the parent has a legal duty to support; (3) anyone who shares co-occupancy expenses with the parent; and (4) any child whom anyone above has a legal duty to support. According to the technical report, the model concerns itself with only one pair of households: a lone-parent-with-children household and a lone-parent-without-children household. When I try to expand the scope of the model to other parents’ households, I find that the resulting transfers vary considerably. For example, if I were to consider the co-occupancy of the parents’ childless partners, then the transfer would drop significantly (see Tables 1, 2, and 3).

Chapter 11: Validation

Subsection 3(1) presumes that, unless otherwise provided under the Guidelines, the amount of child support is determined under schedule I and section 7. Subsection 7(1) requires the payment of an amount of child support for the following four expenses: (1) child-care expenses; (2) medical and dental insurance premiums; (3) health-related expenses; and (4) expenses for post-secondary education. *Health care* and *Education* are two of the twelve categories that make up the adjusted total consumption (see Chapter 4 and Table 16). Each category’s eight-year average is 3% of that consumption. I believe that a discount of 6% of that consumption is then advised to prevent a potential double-counting of child-related expenditures, if child support is derived from that consumption. For the years 1997 to 2003, my review of the spending patterns (see Chapter 4) reveals that the child-related expenditures derived from the Guidelines’ child support represent 96% of the child-related expenditures derived from those patterns (see Table 17). If I were to discount by 6% the adjusted total consumption, then I would find that the resulting child-related expenditures would be 2% less than the child-related expenditures derived from the Guidelines’ child support. This finding then provides the validation that the Guidelines’ child support is reasonable with respect to the use of the “40/30 equivalence scale” and consistent with the child-related expenditures derived from the spending patterns. The pie chart in Figure 1, based on the adjusted total consumption, is then a fair representation of the content of the Guidelines’ child support (see Table 16). Subsection 7(1) also requires the payment of an amount of child support for the following two expenses: (1) Extraordinary expenses for primary and secondary education and (2) Extraordinary expenses for extracurricular activities. As indicated above, the adjusted total consumption includes 3% of

ordinary expenses for primary and secondary education under the category of *Education*. It also includes 8% of ordinary expenses for extracurricular activities under the category of *Recreation* (see Table 16). Since child support contains 11% of these categories' ordinary expenses, it is imperative that only these categories' extraordinary expenses be considered when applying subsection 7(1) to prevent a potential double-paying of ordinary expenses. Subsection 7(3) requires that any subsidies, benefits, or income tax deductions, or credits relating to an expense, referred to in subsection 7(1), be considered. This provision is consistent with the deduction, in the formula form # 3, of the tax benefit from the child-related expenditures to obtain the child support (see Chapter 9).

Chapter 12: Equality

Section 8 requires the richer joint-custody parent to pay an amount of child support equal to the gap in the amounts of child support at the two parents' income levels. Paragraph 9(a) requires the richer parent, with 40% access or more, to also pay that support. Applying section 8 to a family where the parents earn \$20,000 and \$90,000, I find that the richer parent pays \$982 in child support. That payment is the gap in the amounts of child support of \$306 at \$20,000 and \$1,288 at \$90,000. I get those amounts when I divide by twelve the transfers of \$3,673 and \$15,460 (see Table 15). Applying paragraph 9(a) to a family where the access parent earns \$20,000 and the custodial parent earns \$90,000, I find that the custodial parent pays \$982 in child support. Whereas the parents' household expenditures are theoretically the same at 50% access, paragraph 9(a) deems them to be practically the same at 40% access. At that level of access and beyond, I find that the gap in those expenditures is insignificant (see Table 10). I believe that there is a serious flaw in logic here. If paragraph 9(a) deems the parents' household expenditures to be the same, then how can it reasonably rely on any calculations that count on those expenditures to be clearly different (see Chapter 5), especially in light of the provisions of paragraphs 9(b) and 9(c)? Paragraph 9(b) requires the consideration of the increased costs of shared-custody arrangements in determining the amount of support of a child. Paragraph 9(c) also requires the consideration of the condition, means, needs, and other circumstances of each parent and of that child. I believe that paragraphs 9(b) and (c) allow the tailoring of the standard low-income measures to better fit the parents' household expenditures (see Tables 10, 15, and 21). The formula's unrepresentative assumptions then no longer apply, nor do their consequential child-support tables (see Chapters 5 and 10). Using the low-income measures at 40% access for the parents (see Table 10), I find that the custodial parent pays a minimal amount to equalize the parents' living standards (see Table 11). Using the same low-income measure for the parents (see Table 12), I find that the custodial parent pays one half of her tax benefit (see Chapter 9). That payment is relatively small. It changes slowly and insignificantly as income increases (see Figures 3 and 4). For example, when each parent earns \$90,000 and the access is 50%, I find that the custodial parent pays \$76 in child support. When each parent earns \$90,000 and the access is 0%, I find that the access parent pays \$1,288, or seventeen-fold more, in child support (see Table 15). Using the same low-income measure for the parents, I find that the custodial parent pays \$76 in child support. Applying paragraph 9(a), I find that the custodial parent

pays \$982, or thirteen-fold more, in child support. Clearly, one finding is incorrect!

Chapter 13: Contino

The following six cases referred, in their judgment, to the technical report. The first was *Kobe v. Kobe* at the Ontario Superior Court of Justice on March 14, 2002. The second was *Dyck v. Highton* at the Saskatchewan Court of Queen's Bench on September 18, 2003. The third was *Balo v. Motlagh* at the Ontario Court of Justice on August 23, 2004. The fourth was *Contino v. Leonelli-Contino* ("Contino") at the Supreme Court of Canada on November 10, 2005. The fifth was *Attwood v. Attwood* at the Nova Scotia Supreme Court on April 7, 2006. The sixth was *Bockhold v. Bockhold* at the British Columbia Court of Appeal on October 24, 2006. All the references were casual with the exception of the *Contino* case which I will review. On May 25, 1992, the parents signed a separation agreement which provided for the joint custody of their 6-year-old child and for the father's payment of \$500 in child support. On July 22, 1998, the father agreed to increase the support to \$563. In March 2001, with his access at 50%, he applied to vary the support. On May 16, 2001, an Ontario Family Court varied it to \$100. On October 9, 2002, an Ontario Divisional Court heard the mother's appeal. On November 27, 2002, that court unanimously varied the support to \$688. On June 23, 2003, an Ontario Court of Appeal heard the father's appeal. On October 28, 2003, that court unanimously varied the support to \$399.61. On January 14, 2005, the Supreme Court of Canada heard the appeal. On November 10, 2005, eight of the nine judges allowed the appeal and varied the support to \$500. Justice Fish dissented. Based on the "40/30 equivalence scale," 29% of each parent's disposable income is attributable to the child-related expenditures. I get 29% when I divide 40% by 140%. Since the father's disposable income is \$60,525 (see Table 23), I find those expenditures to be \$1,441 in his household. Since the mother's disposable income is \$51,189 (see Table 22), I find those expenditures to be \$1,219 in her household. Therefore, I find the combined child-related expenditures to be \$2,660. Since the father's income represents 56% of the combined income, I find that his matching share of the child-related expenditures of \$2,660 is \$1,492. As he is deemed to have already paid \$1,441, I find that he has to pay \$51 in child support. While the 29% share that I used here is considerably lower than the 50% share used by the parents and accepted by the four courts, that share is still an over-estimate of the 23% share. Whereas I use the 29% share when a child resides in one household 100% of the time (see Tables 26 and 27), I use the 23% share when a child resides in each household 50% of the time (see Tables 22 to 25). The above calculations lead to a fifth amount of child support, but none of the five amounts exploits the methodology of the technical report. Under that methodology, when each parent earns \$68,082 or \$87,000, I find that the mother pays \$830 or \$908, respectively, which is one half of her tax benefit of \$1,660 or \$1,816, respectively, (see Tables 22 and 23). Therefore, the mother pays \$69 in child support (see Table 24). If the goal of the child-support model were to equalize the parents' living standards, then the father would have to pay \$389 in child support (see Table 25). If the access were 39%, then the father would have to pay \$777 in child support (see Table 26) or \$1,165 to equalize the parents' living standards (see Table 27). When the parents' combined income is \$155,082, their child-related expenditures jump 35% from \$18,616 (see Table 27) to \$25,776 (see Table 24) as a

result of the 1% change in access from 39 at 40%. It is not easy to justify such a change in child-related expenditures!

Appendix

Figure 1: Contents of child support

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What's included in child support?

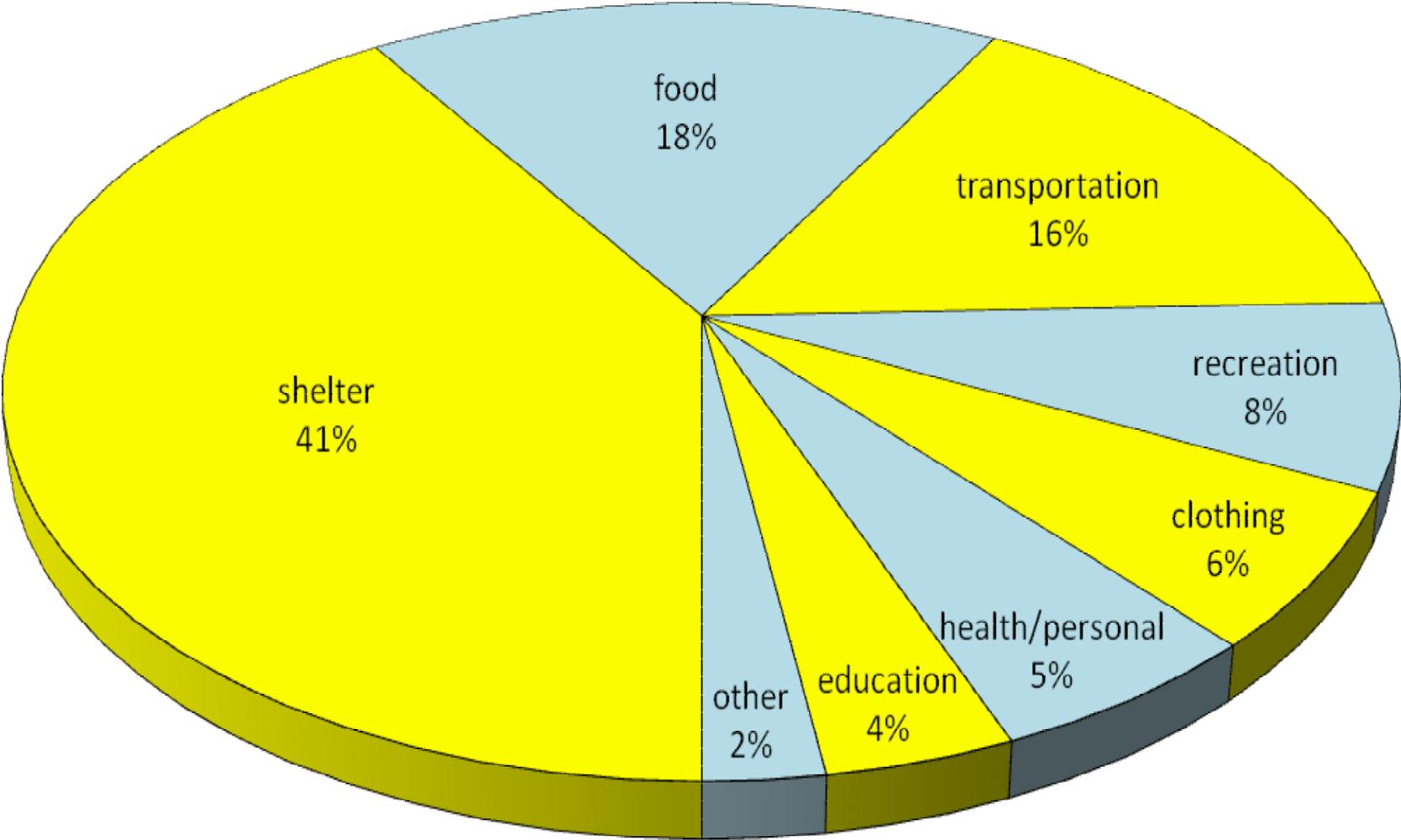


Figure 1. Contents of child support.



MEMORANDUM / NOTE DE SERVICE

Security classification – Côte de sécurité
File number – Numéro de dossier 445-01
Date March 23, 1998
Telephone / FAX – Téléphone / Télécopieur (613) 957-4781/957-9949

TO / DEST: Minister
Via: Deputy Minister

FROM / ORIG: Senior Assistant Deputy Minister
Policy Sector

SUBJECT / OBJET: *Release of Child Support Report Formula for the Table of Awards Contained in the Federal Child Support Guidelines: A Technical Report/Lignes Directrices Fédérales sur les Pensions Alimentaires Pour Enfants-Formules Relative à la Table des Paiements: Rapport Technique*

Comments/Remarques

On April 9, 1998 the Child Support Team will be releasing copies of a research report which sets out the mathematical formula on which the basic federal Child Support table amounts are based. The document is highly technical and is designed for use by mathematicians, economists and other experts. The former Minister and Deputy Minister promised on several occasions to make this document public, and an early draft version of the report was released under an Access to Information request last autumn with no repercussions or adverse comments. Final drafting and publication have been delayed because the Team's efforts have been focused on implementation of the Guidelines.

Although this is the first time that the exact mathematical equation has been published, the method for determining the table of amounts has been the subject of considerable discussion throughout the various stages that culminated in the drafting of the legislation.

Some members of the public and the legal community may be disappointed that the report does not contain a list of specific expenses taken into account in setting up the Guidelines tables. As you will recall, however, after exhaustive research and consultations with many economists the Federal/Provincial/Territorial Family Law Committees recommended (and Deputies agreed) that the formula should not be based on a "basket of goods and services" approach, but rather on the so-called 40/30 "equivalence scale" that had been derived by Statistics Canada. This equivalence scale is used in the formula as the basis for determining the comparability of living standards between custodial and non-custodial parents. A report explaining the rationale

Figure 2. Memorandum from Department of Justice Canada.

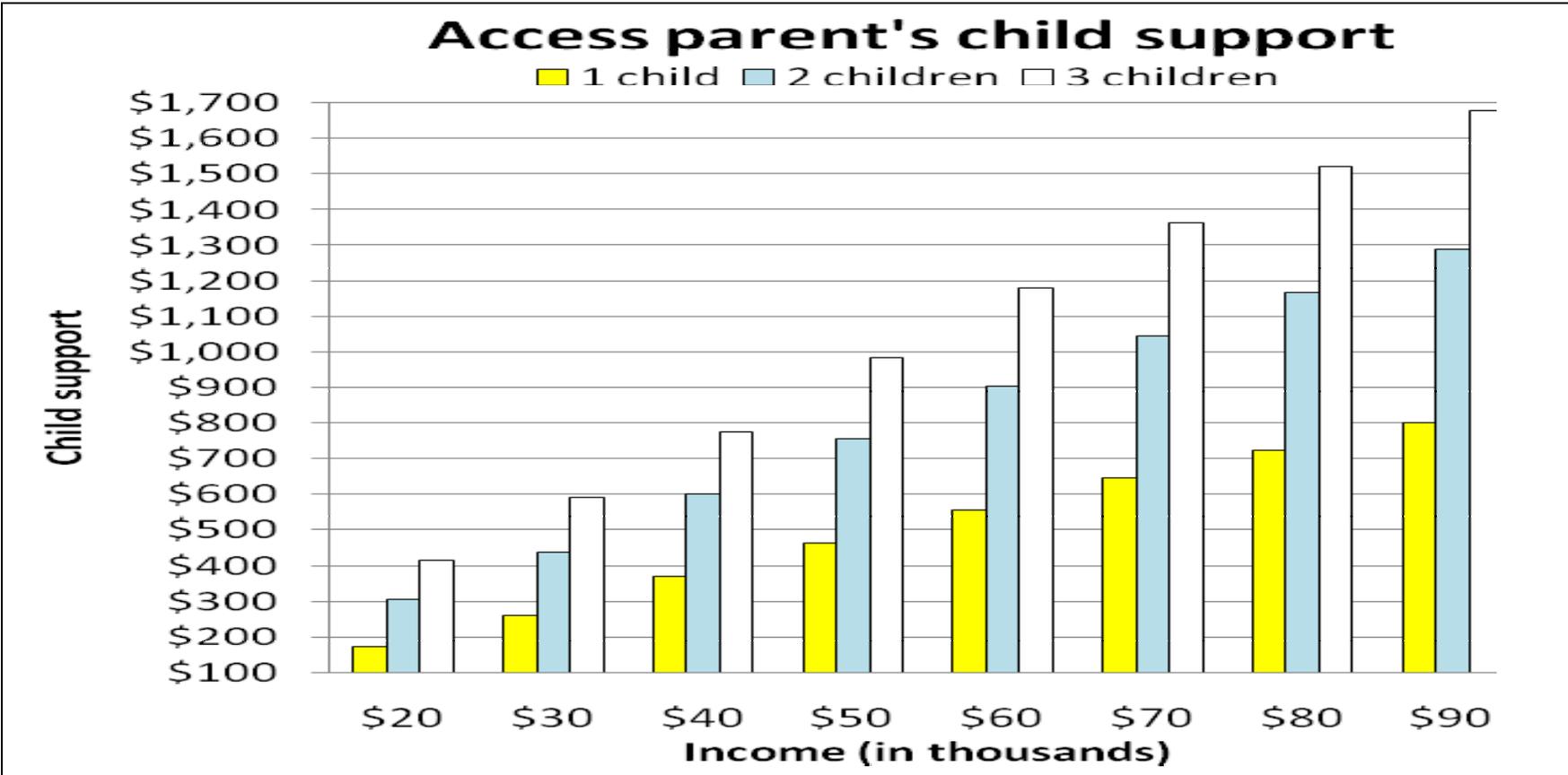


Figure 3. Access parent's child support at 39% access.

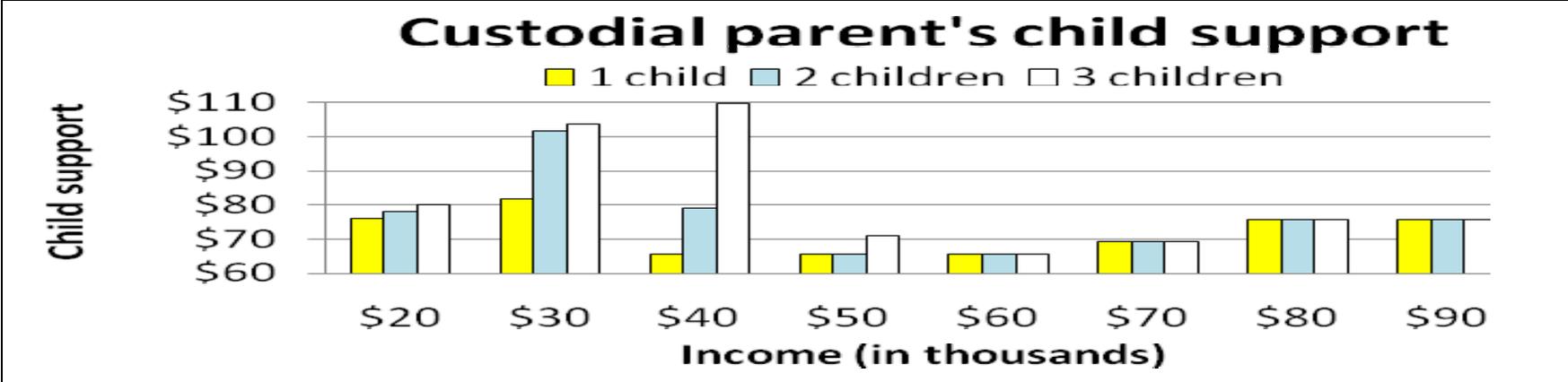


Figure 4. Custodial parent's child support at 40% access.

Parent	Access	Custodial	Combined
Income	\$40,000	\$40,000	
Less taxes (see Table 4)	\$9,480	\$7,582	
Disposable income before	\$30,520	\$32,418	\$62,938
Low-income measure	\$10,382	\$17,650	\$28,032
Living standard before	2.940	1.837	2.245
Disposable income before	\$30,520	\$32,418	
Less transfer (add transfer)	\$7,210	(\$7,210)	
Disposable income after	\$23,310	\$39,628	
Low-income measure	\$10,382	\$17,650	
Living standard after	2.245	2.245	
Increment for 2 children	\$0	\$7,268	\$7,268
Low-income measure	\$10,382	\$17,650	\$28,032
Share of expenditures	0%	41%	26%
Disposable income after	\$23,310	\$39,628	\$62,938
Expenditures of 2 children	\$0	\$16,318	\$16,318

Table 1. Illustration of objective of child-support model.

In Table 1, each parent earns \$40,000. Deducting the taxes of \$9,480, I get the access parent's disposable income of \$30,520. Deducting the taxes of \$7,582, I get the custodial parent's disposable income of \$32,418. Dividing the access parent's disposable income by the low-income measure of \$10,382, I get the living standard of 2.940. Dividing the custodial parent's disposable income by the low-income measure of \$17,650, I get the living standard of 1.837. I get \$17,650 when I multiply \$10,382 by 170%. Dividing the combined disposable income of \$62,938 by the combined low-income measure of \$28,032, I get the combined living standard of 2.245. The access parent transfers \$7,210 (see Table 3) to equalize the parents' living standards to 2.245. Subtracting that transfer from the access parent's disposable income of \$30,520, I get \$23,310. Adding that transfer to the custodial parent's disposable income of \$32,418, I get \$39,628. Dividing the after-transfer disposable incomes by the low-income measures, I get the living standard of 2.245. Dividing \$7,268 by the custodial parent's low-income measure of \$17,650, I get the share of 41%. Multiplying that share by the custodial parent's after-transfer disposable income of \$39,628, I get the child-related expenditures of \$16,318. Dividing \$7,268 by the combined low-income measure of \$28,032, I get the share of 26%. Multiplying that share by the combined after-transfer disposable income of \$62,938, I get the child-related expenditures of \$16,318. Those expenditures are also the gap in the disposable incomes of \$39,628 and \$23,310.

Parent	Access	Custodial	Combined
Income	\$40,000	\$40,000	
Less taxes	\$6,308	\$4,433	

Disposable income before	\$33,692	\$35,567	\$69,259
Low-income measure	\$14,534	\$20,764	\$35,298
Living standard before	2.318	1.713	1.962
Disposable income before	\$33,692	\$35,567	
Less transfer (add transfer)	\$5,175	(\$5,175)	
Disposable income after	\$28,517	\$40,742	
Low-income measure	\$14,534	\$20,764	
Living standard after	1.962	1.962	
Increment for 2 children	\$0	\$7,268	\$7,268
Low-income measure	\$14,534	\$20,764	\$35,298
Share of expenditures	0%	35%	21%
Disposable income after	\$28,517	\$40,742	\$69,259
Expenditures of 2 children	\$0	\$14,261	\$14,261

Table 2. Change in transfer with change in household.

In Table 2, the parents and their childless partners, who share their households, earn each \$20,000. Everyone but the custodial parent has taxes of \$3,154 (see Table 4) and a disposable income of \$16,846. The custodial parent has taxes of \$1,279 (see Table 4) and a disposable income of \$18,721. In the access parent's household, the total taxes are \$6,308, the total disposable income is \$33,692, and the low-income measure is \$14,534 (being \$10,382 plus 40% of \$10,382). In the custodial parent's household, the total taxes are \$4,433, the total disposable income is \$35,567, and the low-income measure is \$20,764 (being \$17,650 plus 30% of \$10,382). My calculations here are similar to those in Table 1. I find that the access parent transfers \$5,175.

Living standard after transfer	2.245
Multiplied by access parent's low-income measure	\$10,382
Access parent's disposable income after transfer	\$23,310
Access parent's disposable income before transfer	\$30,520
Transfer	\$7,210

Table 3. Transfer for 2 children at \$40,000 and 39% access.

In Table 3, multiplying the living standard of 2.245 by the low-income measure of \$10,382, I get the after-transfer disposable income of \$23,310. Subtracting that amount from the before-transfer disposable income of \$30,520, I get the transfer of \$7,210.

Income	\$20,000	\$30,000	\$40,000	\$50,000
Federal taxes, line 420	\$1,482	\$2,903	\$4,572	\$6,756
Ontario taxes, line 428	\$631	\$1,495	\$2,372	\$3,431
Ontario credits, line 479	(\$150)	(\$10)	\$0	\$0
CPP contributions, line 308	\$817	\$1,312	\$1,807	\$1,911

El premiums, line 312	\$374	\$561	\$729	\$729
Access parent's taxes	\$3,154	\$6,261	\$9,480	\$12,827
Federal taxes, line 420	\$338	\$1,759	\$3,428	\$5,611
Ontario taxes, line 428	\$0	\$300	\$1,618	\$3,001
Ontario credits, line 479	(\$250)	(\$110)	\$0	\$0
CPP contributions, line 308	\$817	\$1,312	\$1,807	\$1,911
El premiums, line 312	\$374	\$561	\$729	\$729
Custodial parent's taxes	\$1,279	\$3,822	\$7,582	\$11,252
Annual tax benefit	\$1,875	\$2,439	\$1,898	\$1,575
Half monthly benefit	\$78	\$102	\$79	\$66

Table 4. Taxes of parents with 2 children at 4 incomes.

In Table 4, I calculate the taxes for parents with 2 children at the incomes of \$20,000; \$30,000; \$40,000; and \$50,000. I reference the line number of each deduction from the parent's 2006 income-tax return. The gap in the parents' taxes represents the child-related tax benefit enjoyed by the custodial parent. Dividing that benefit by two then by twelve, I get one half of the monthly tax benefit.

Parent	Access	Custodial	Combined
Income	\$50,000	\$30,000	
Less taxes (see Table 4)	\$12,827	\$3,822	
Disposable income before	\$37,173	\$26,178	\$63,351
Low-income measure	\$10,382	\$17,650	\$28,032
Living standard before	3.580	1.483	2.260
Disposable income before	\$37,173	\$26,178	
Less transfer (add transfer)	\$13,710	(\$13,710)	
Disposable income after	\$23,463	\$39,888	
Low-income measure	\$10,382	\$17,650	
Living standard after	2.260	2.260	
Increment for 2 children	\$0	\$7,268	\$7,268
Low-income measure	\$10,382	\$17,650	\$28,032
Share of expenditures	0%	41%	26%
Disposable income after	\$23,463	\$39,888	\$63,351
Expenditures of 2 children	\$0	\$16,425	\$16,425

Table 5. Transfer when access parent earns more.

In Table 5, the access parent earns \$50,000 and the custodial parent earns \$30,000. I find that the access parent transfers \$13,710.

Parent	Access	Custodial	Combined
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Income	\$50,000	\$50,000	
Less taxes (see Table 4)	\$12,827	\$11,252	
Disposable income before	\$37,173	\$38,748	\$75,921
Low-income measure	\$10,382	\$17,650	\$28,032
Living standard before	3.580	2.195	2.708
Disposable income before	\$37,173	\$38,748	
Less transfer (add transfer)	\$9,055	(\$9,055)	
Disposable income after	\$28,118	\$47,803	
Low-income measure	\$10,382	\$17,650	
Living standard after	2.708	2.708	
Increment for 2 children	\$0	\$7,268	\$7,268
Low-income measure	\$10,382	\$17,650	\$28,032
Share of expenditures	0%	41%	26%
Disposable income after	\$28,118	\$47,803	\$75,921
Expenditures of 2 children	\$0	\$19,685	\$19,685

Table 6. Transfer for 2 children at \$50,000 and 39% access.

In Table 6, each parent earns \$50,000. I find that the access parent transfers \$9,055.

Parent	Access	Custodial	Combined
Income	\$50,000	\$30,000	
Less taxes (see Table 4)	\$12,827	\$3,822	
Disposable income before	\$37,173	\$26,178	\$63,351
Low-income measure	\$10,382	\$17,650	\$28,032
Living standard before	3.580	1.483	2.260
Disposable income before	\$37,173	\$26,178	
Less transfer (add transfer)	\$9,055	(\$9,055)	
Disposable income after	\$28,118	\$35,233	
Low-income measure	\$10,382	\$17,650	
Living standard after	2.708	1.996	
Increment for 2 children	\$0	\$7,268	\$7,268
Low-income measure	\$10,382	\$17,650	\$28,032
Share of expenditures	0%	41%	26%
Disposable income after	\$28,118	\$35,233	\$63,351
Expenditures of 2 children	\$0	\$14,509	\$16,425

Table 7. Gap in child-related expenditures.

In Table 7, when I use the transfer of \$9,055 (see Table 6) instead of \$13,710 (see Table 5), I find gaps in the living standards and the child-related expenditures.

Access parent's income	\$20,000	\$30,000	\$40,000	\$50,000	\$60,000
Divided by combined income	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000
Parent's share of combined income	25.0%	37.5%	50.0%	62.5%	75.0%
Net child-related expenditures	\$14,420	\$14,420	\$14,420	\$14,420	\$14,420
Parent's share of net child-related expenditures	\$3,605	\$5,408	\$7,210	\$9,013	\$10,815
Less access parent's transfer (see Table 15)	\$3,673	\$5,251	\$7,210	\$9,055	\$10,840
Gap	\$68	\$157	\$0	\$42	\$25

Table 8. Comparison in calculations of child support.

In Table 8, I calculate the access parent's share of the combined income of \$80,000 at five income levels. Multiplying each share by the net child-related expenditures of \$14,420, I get that parent's share of those expenditures. Those expenditures represent twice the transfer of \$7,210 when each parent earns \$40,000. I then calculate the gap between that share and the transfer at that parent's income level (see Table 15). I find that the gaps are insignificant.

Year	Households across Canada			Lone-parent households	
	Transportation	Fixed	Rate	Transportation	Fixed
1997	\$6,204	\$2,477	40%	\$4,160	\$1,661
1998	\$6,363	\$2,648	42%	\$3,933	\$1,637
1999	\$6,877	\$2,927	43%	\$4,544	\$1,934
2000	\$7,576	\$3,275	43%	\$5,312	\$2,296
2001	\$7,596	\$3,394	45%	\$5,117	\$2,286
2002	\$8,431	\$3,785	45%	\$5,700	\$2,559
2003	\$8,353	\$3,556	43%	\$6,040	\$2,571

Year	Trans.	Shelter	Oper.	Equip.	Fixed	Total	Rate
1997	\$1,661	\$8,388	\$2,059	\$878	\$12,986	\$27,050	48%
1998	\$1,637	\$8,384	\$2,183	\$1,024	\$13,228	\$27,349	48%
1999	\$1,934	\$8,900	\$2,316	\$915	\$14,065	\$29,221	48%
2000	\$2,296	\$9,063	\$2,363	\$1,101	\$14,823	\$31,450	47%
2001	\$2,286	\$9,546	\$2,536	\$1,076	\$15,444	\$32,541	47%
2002	\$2,559	\$9,928	\$2,690	\$1,409	\$16,586	\$34,334	48%
2003	\$2,571	\$9,991	\$2,773	\$1,102	\$16,437	\$34,499	48%

Table 9. Fixed expenditures of lone-parent households.

In Table 9, I use the data from the spending patterns (see Chapter 4) for the years 1997 to 2003. In the top part of the table, in 1997, I report the amount of \$6,204 from the category of *Transportation* for households across

Canada. I also report the amount of \$2,477 as the fixed portion of \$6,204. Dividing \$2,477 by \$6,204, I get the fixed-content rate of 40%. Multiplying that rate by the amount of \$4,160 from the category of *Transportation* for lone-parent households, I project that the fixed content of \$4,160 is \$1,661. In the lower part of the table, in 1997, I report \$1,661 in the first column. I report the amounts for the three categories of *Shelter*, *Household Operation*, and *Household Furnishings and Equipment*, in the next columns. I then sum the four amounts to get the Fixed expenditures. I then divide that sum by the adjusted Total consumption (see Chapter 4) to get a Rate. The seven rates are 47 or 48%. On account of yet unidentified marginal fixed expenditures and for the sake of simplicity, I will deem 50% of the child support to consist of fixed child-related expenditures. In the top part of the table, the fixed-content rates range from 40 to 45%. Their seven-year average is $43 \pm 2\%$.

Number of children	1	2	3
Low-income measure of parent with child	14,534	17,650	20,764
Low-income measure of lone adult	10,382	10,382	10,382
Incremental low-income measure	4,152	7,268	10,382
Multiplied by variable-content rate	50%	50%	50%
Variable child-related expenditures	2,076	3,634	5,191
Multiplied by access	40%	40%	40%
Access parent's variable expenditures	831	1,454	2,076
Access parent's fixed expenditures	2,076	3,634	5,191
Low-income measure of lone adult	10,382	10,382	10,382
Access parent's low-income measure	13,289	15,470	17,649
Low-income measure of parent with child	14,534	17,650	20,764
Access parent's variable expenditures	831	1,454	2,076
Custodial parent's low-income measure	13,703	16,196	18,688
Gap in low-income measures	414	726	1,039
Gap as a rate of low-income measure	3.0%	4.5%	5.6%

Table 10. Low-income measures for parents at 40% access.

In Table 10, subtracting the low-income measure of a lone adult of \$10,382 from the low-income measure of a parent with 2 children of \$17,650, I get a gap of \$7,268 which represents the child-related expenditures at the low-income measure. Multiplying that figure by the 50% variable-content rate (see Table 9), I get the variable child-related expenditures of \$3,634. Multiplying that figure by the access of 40%, I get the access parent's share of the variable child-related expenditures of \$1,454. Adding to that figure the access parent's fixed child-related expenditures of \$3,634 and the low-income measure of a lone adult of 10,382, I get the access parent's low-income measure of \$15,470. Subtracting the access parent's share of the variable child-related expenditures of \$1,454 from the low-income measure of a parent with 2 children of \$17,650, I get the custodial parent's low-income measure of \$16,196. Subtracting from that figure the access parent's low-income measure

of \$15,470, I get a gap of \$726. Dividing that gap by the custodial parent's low-income measure of \$16,196, I get the rate of 4.5%. Performing similar calculations for a parent with 1 child or 3 children, I get the rate of 3.0% or 5.6%, respectively. The three rates are insignificant.

Parent	Access	Custodial	Combined
Income	\$40,000	\$40,000	
Less taxes (see Table 4)	\$9,480	\$7,582	
Disposable income before	\$30,520	\$32,418	\$62,938
Low-income measure	\$15,470	\$16,196	\$31,666
Living standard before	1.973	2.002	1.988
Disposable income before	\$30,520	\$32,418	
Add transfer (less transfer)	\$227	(\$227)	
Disposable income after	\$30,747	\$32,191	
Low-income measure	\$15,470	\$16,196	
Living standard after	1.988	1.988	
Increment for 2 children	\$5,088	\$5,814	\$10,902
Low-income measure	\$15,470	\$16,196	\$31,666
Share of expenditures	33%	36%	34%
Disposable income after	\$30,747	\$32,191	\$62,938
Expenditures of 2 children	\$10,112	\$11,556	\$21,668

Table 11. Transfer for 2 children at \$40,000 and 40% access.

In Table 11, I use the low-income measures of Table 10. I find that the custodial parent transfers \$227.

Parent	Access	Custodial	Combined
Income	\$40,000	\$40,000	
Less taxes (see Table 4)	\$9,480	\$7,582	
Disposable income before	\$30,520	\$32,418	\$62,938
Low-income measure	\$15,833	\$15,833	\$31,666
Living standard before	1.928	2.048	1.988
Disposable income before	\$30,520	\$32,418	
Add transfer (less transfer)	\$949	(\$949)	
Disposable income after	\$31,469	\$31,469	
Low-income measure	\$15,833	\$15,833	
Living standard after	1.988	1.988	
Increment for 2 children	\$5,451	\$5,451	\$10,902
Low-income measure	\$15,833	\$15,833	\$31,666
Share of expenditures	34%	34%	34%

Disposable income after	\$31,469	\$31,469	\$62,938
Expenditures of 2 children	\$10,834	\$10,834	\$21,668

Table 12. Transfer for 2 children at \$40,000 and 50% access.

In Table 12, I use the same low-income measure, which is one half of the combined low-income measure of Table 11. I find that the custodial parent transfers \$949, which is one half of her tax benefit of \$1,898 (see Table 4 and Chapter 9).

Access	10%	20%	30%	40%	50%
Variable child-related expenditures	\$3,634	\$3,634	\$3,634	\$3,634	\$3,634
Share of variable child-related expenditures	\$363	\$727	\$1,090	\$1,454	\$1,817
Add fixed child-related expenditures	\$3,634	\$3,634	\$3,634	\$3,634	\$3,634
Access parent's child-related expenditures	\$3,997	\$4,361	\$4,724	\$5,088	\$5,451
Custodial parent's child-related expenditures	\$6,905	\$6,541	\$6,178	\$5,814	\$5,451
Total child-related expenditures	\$10,902	\$10,902	\$10,902	\$10,902	\$10,902
Access parent's share of child-related expenditures	37%	40%	43%	47%	50%

Table 13. Access parent's share of child-related expenditures.

In Table 13, I use the fixed or variable child-related expenditures of \$3,634 of a parent with 2 children from Table 10. Subtracting from \$7,268 the access parent's share of the variable child-related expenditures, I get the custodial parent's child-related expenditures. The access parent's share of the child-related expenditures is 37% at 10% access, 40% at 20% access, 43% at 30% access, 47% at 40% access, or 50% at 50% access.

Access	30%	32%	34%	36%	38%	40%
Child support	\$600	\$600	\$600	\$600	\$600	\$600
Less fixed expenditures	\$300	\$300	\$300	\$300	\$300	\$300
Variable expenditures	\$300	\$300	\$300	\$300	\$300	\$300
Less credit for access	\$225	\$240	\$255	\$270	\$285	\$300
Proposed child support	\$75	\$60	\$45	\$30	\$15	\$0

Table 14. Proposed child support as access nears 40%.

In Table 14, I continue the example from Table 3. Dividing the transfer of \$7,210 by twelve, I get the child support of \$600. Multiplying that figure by the 50% fixed-content rate, I get the fixed child-related expenditures of \$300. Subtracting that figure from the child support of \$600, I get the variable child-related expenditures of \$300. Multiplying that figure by two-and-a-half-times the access, I get the amount of credit during access. Subtracting that credit from the variable child-related expenditures of \$300, I get the proposed child support. That support drops gradually from 1 to 40% access.

	Low-income measures					
Access	0%	10%	20%	30%	40%	50%
Variable child-related expenditures	3,634	3,634	3,634	3,634	3,634	3,634

Share of variable child-related expenditures	0	363	727	1,090	1,454	1,817	
Fixed child-related expenditures	0	3,634	3,634	3,634	3,634	3,634	
Low-income measure of lone adult	10,382	10,382	10,382	10,382	10,382	10,382	
Access parent's low-income measure	10,382	14,379	14,743	15,106	15,470	15,833	
Custodial parent's low-income measure	17,650	17,287	16,923	16,560	16,196	15,833	
Total	28,032	31,666	31,666	31,666	31,666	31,666	
	Income	Transfers					
	20,000	3,673	695	287	(121)	(530)	(938)
	30,000	5,251	1,072	499	(74)	(647)	(1,220)
	40,000	7,210	1,940	1,217	495	(227)	(949)
	50,000	9,055	2,698	1,826	955	84	(787)
	60,000	10,840	3,330	2,300	1,271	242	(787)
	70,000	12,557	3,910	2,725	1,540	355	(830)
	80,000	13,993	4,368	3,049	1,730	411	(908)
	90,000	15,460	4,888	3,439	1,990	541	(908)

Table 15. Transfers for 2 children at 6 levels of access.

In Table 15, in the top part of the table, I find the low-income measures of parents with 2 children at 6 levels of access. In the lower part of the table, I find the corresponding transfers at eight income levels of those parents. I show the transfers at 0% access of \$7,210 at \$40,000 (see Table 1) and \$9,055 at \$50,000 (see Table 6), the transfer at 40% access of (\$227) at \$40,000 (see Table 11), and the transfer at 50% access of (\$949) at \$40,000 (see Table 12). Transfers from the custodial parent are shown in brackets. I also show the low-income measures of \$15,470 and \$16,196 at 40% access (see Table 11) and the low-income measure of \$15,833 at 50% access (see Table 12). The combined low-income measure at 0% access is lower because there is only one household for the children then, since the access parent does not maintain a separate household for them. My calculations for the other transfers are similar to those in Table 1.

Shelter	29.74%	±	0.94%
Food	17.67%	±	0.48%
Transportation	16.00%	±	1.06%
Household operation	7.81%	±	0.19%
Recreation	7.69%	±	0.30%
Clothing	6.41%	±	0.27%
Household furnishings and equipment	3.46%	±	0.35%
Health care	3.14%	±	0.18%
Education	2.82%	±	0.22%
Miscellaneous expenditures	2.37%	±	0.25%

Personal care	2.17%	±	0.25%
Reading materials and other printed matter	0.70%	±	0.05%

Table 16. Eight-year means of categories of consumption.

In Table 16, for each category and for each year from 1997 to 2005, I divide the amount of consumption from the spending patterns by the adjusted total consumption to get a percentage (see Chapter 4). I then calculate each category's eight-year average of those percentages. In Figure 1, the three categories of *Shelter*, *Household operation*, and *Household furnishings and equipment* are grouped together under the heading of "shelter." Also, the two categories of *Education* and *Reading materials and other printed matter* are grouped together under the heading of "education," and the two categories of *Health care* and *Personal care* are grouped together under the heading of "health/personal."

Year	Income	Children	Share	Expenditures	Patterns	Guidelines	Rate
1997	\$32,596	1.55	36%	\$27,050	\$9,766	\$9,372	96%
1998	\$33,149	1.57	36%	\$27,349	\$9,940	\$9,587	96%
1999	\$36,346	1.44	35%	\$29,221	\$10,147	\$9,746	96%
2000	\$39,812	1.47	35%	\$31,450	\$11,041	\$10,771	98%
2001	\$42,267	1.43	35%	\$32,541	\$11,258	\$11,185	99%
2002	\$42,066	1.39	34%	\$34,334	\$11,701	\$10,902	93%
2003	\$41,727	1.48	35%	\$34,499	\$12,155	\$11,313	93%

Table 17. Comparison of child-related expenditures.

In Table 17, I use the data from the spending Patterns for the years 1997 to 2003 (see Chapter 4). I report the lone parent's Income, her Children, the child-related Part of expenditures, and her household Expenditures. I use the "40/30 equivalence scale" to convert the number of children into a child-related share of expenditures. I get the share of 29% for one child when I divide 40% by 140%. I get the share of 41% for two children when I divide 70% by 170%. For the year 1997, I get the share of 36% for 1.55 children when I divide 56.5% by 156.5%. I get 56.5% when I add 40% for the first child to 16.5% for the 0.55 fraction of the second child. I get 16.5% when I multiply 30% by the 0.55 fraction of the second child. Multiplying the 36% share by the total expenditures of \$27,050, I get the child-related expenditures of \$9,766. Multiplying by two then by twelve the child support from the Guidelines' tables for an income of \$32,600, I get \$6,864 for 1 child and \$11,424 for 2 children. I get the amount of \$9,372 for 1.55 children when I add \$6,864 for the first child to \$2,508 for the 0.55 fraction of the second child. I get \$2,508 when I multiply \$4,360 by the 0.55 fraction of the second child. I get \$4,360 when I subtract \$6,864 from \$11,424. Dividing \$9,372 by \$9,766, I get the Rate of 96%. Those rates range from 93 to 99%. Their seven-year average is 96 ± 2%.

Access	1	2	3	4	5	6
0%	42%	37%	33%	30%	28%	26%
5%	46%	44%	42%	41%	40%	39%

10%	46%	45%	43%	42%	42%	41%
15%	47%	46%	44%	44%	43%	42%
20%	48%	46%	46%	45%	44%	44%
25%	48%	47%	47%	46%	46%	45%
30%	49%	48%	48%	47%	47%	47%
35%	49%	49%	49%	49%	49%	48%
40%	50%	50%	50%	50%	50%	50%

Table 18. Paying parent's share of expenditures (40% option).

In Table 18, I calculate the paying parent's share of the combined household expenditures assuming that share to be 50% at 40% access. The column headings represent the parents' children.

Access	1	2	3	4	5	6
0%	42%	37%	33%	30%	28%	26%
5%	46%	44%	42%	41%	40%	39%
10%	46%	44%	43%	42%	41%	40%
15%	47%	45%	44%	43%	42%	41%
20%	47%	46%	45%	44%	43%	43%
25%	48%	46%	46%	45%	44%	44%
30%	48%	47%	46%	46%	45%	45%
35%	49%	48%	47%	47%	47%	46%
40%	49%	49%	48%	48%	48%	48%
45%	50%	49%	49%	49%	49%	49%
50%	50%	50%	50%	50%	50%	50%

Table 19. Paying parent's share of expenditures (50% option).

In Table 19, I calculate the paying parent's share of the combined household expenditures assuming that share to be 50% at 50% access. The column headings represent the parents' children.

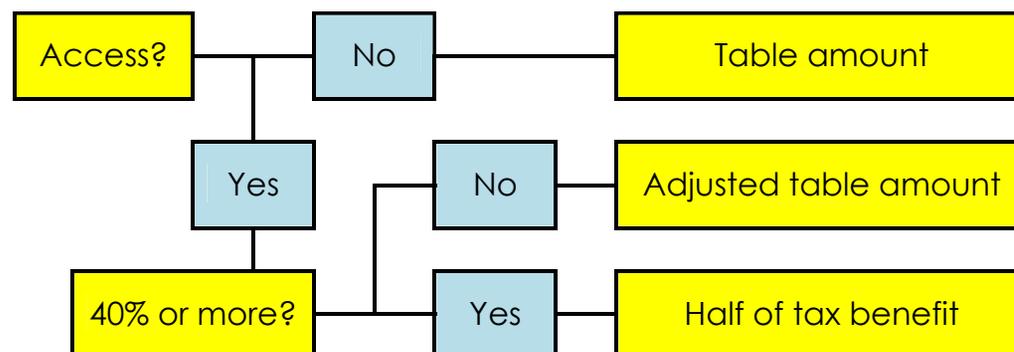


Table 20. Decision diagram for proposed child support.

In Table 20, I build a decision diagram for the proposed child support.

Low-income measure of parent with 1 child	\$14,534
Less low-income measure of lone adult	\$10,382
Incremental low-income measure of 1 child	\$4,152
Multiplied by variable-content rate (see Table 9)	50%
Variable child-related expenditures	\$2,076
Multiplied by access	50%
Parents' share of variable child-related expenditures	\$1,038
Add fixed child-related expenditures	\$2,076
Add low-income measure of lone adult	\$10,382
Parents' low-income measure	\$13,496

Table 21. Low-income measure for 1 child at 50% access.

In Table 21, I calculate the low-income measure when parents with 1 child have the same access. My calculations here are similar to those in Table 10.

Parent	Father	Mother	Combined
Income	\$68,082	\$68,082	
Less taxes	\$18,553	\$16,893	
Disposable income	\$49,529	\$51,189	\$100,718
Low-income measure	\$13,496	\$13,496	\$26,992
Living standard before	3.670	3.793	3.731
Disposable income before	\$49,529	\$51,189	
Add transfer (less transfer)	\$830	(\$830)	
Disposable income after	\$50,359	\$50,359	
Low-income measure	\$13,496	\$13,496	
Living standard after	3.731	3.731	
Increment for 1 child	\$3,114	\$3,114	\$6,228
Low-income measure	\$13,496	\$13,496	\$26,992
Share of expenditures	23%	23%	23%
Disposable income after	\$50,359	\$50,359	\$100,718
Expenditures of 1 child	\$11,620	\$11,620	\$23,240

Table 22. Transfer for 1 child at \$68,082 and 50% access.

In Table 22, each parent earns \$68,082 and the access is 50%. I find that the mother transfers \$830, which is one half of her tax benefit of \$1,660, which is the gap in the parents' taxes of \$18,553 and \$16,893.

Parent	Father	Mother	Combined
Income	\$87,000	\$87,000	
Less taxes	\$26,475	\$24,659	
Disposable income	\$60,525	\$62,341	\$122,866
Low-income measure	\$13,496	\$13,496	\$26,992
Living standard before	4.485	4.619	4.552
Disposable income before	\$60,525	\$62,341	
Add transfer (less transfer)	\$908	(\$908)	
Disposable income after	\$61,433	\$61,433	
Low-income measure	\$13,496	\$13,496	
Living standard after	4.552	4.552	
Increment for 1 child	\$3,114	\$3,114	\$6,228
Low-income measure	\$13,496	\$13,496	\$26,992
Share of expenditures	23%	23%	23%
Disposable income after	\$61,433	\$61,433	\$122,866
Expenditures of 1 child	\$14,175	\$14,175	\$28,350

Table 23. Transfer for 1 child at \$87,000 and 50% access.

In Table 23, each parent earns \$87,000 and the access is 50%. I find that the mother transfers \$908, which is one half of her tax benefit of \$1,816, which is the gap in the parents' taxes of \$26,475 and \$24,659.

Parent	Father	Mother	Combined
Income	\$87,000	\$68,082	
Less taxes	\$26,475	\$16,893	
Disposable income	\$60,525	\$51,189	\$111,714
Low-income measure	\$13,496	\$13,496	\$26,992
Living standard before	4.485	3.793	4.139
Disposable income before	\$60,525	\$51,189	
Add transfer (less transfer)	\$830	(\$830)	
Disposable income after	\$61,355	\$50,359	
Low-income measure	\$13,496	\$13,496	
Living standard after	4.546	3.731	
Increment for 1 child	\$3,114	\$3,114	\$6,228
Low-income measure	\$13,496	\$13,496	\$26,992
Share of expenditures	23%	23%	23%
Disposable income after	\$61,355	\$50,359	\$111,714
Expenditures of 1 child	\$14,156	\$11,620	\$25,776

Table 24. Child support in *Contino* case.

In Table 24, I use the transfer of \$830 from Table 22. I get \$69 when I divide \$830 by twelve.

Parent	Father	Mother	Combined
Income	\$87,000	\$68,082	
Less taxes	\$26,475	\$16,893	
Disposable income	\$60,525	\$51,189	\$111,714
Low-income measure	\$13,496	\$13,496	\$26,992
Living standard before	4.485	3.793	4.139
Disposable income before	\$60,525	\$51,189	
Less transfer (add transfer)	\$4,668	(\$4,668)	
Disposable income after	\$55,857	\$55,857	
Low-income measure	\$13,496	\$13,496	
Living standard after	4.139	4.139	
Increment for 1 child	\$3,114	\$3,114	\$6,228
Low-income measure	\$13,496	\$13,496	\$26,992
Share of expenditures	23%	23%	23%
Disposable income after	\$55,857	\$55,857	\$111,714
Expenditures of 1 child	\$12,888	\$12,888	\$25,776

Table 25. Transfer for equalization at 50% access.

In Table 25, the access is 50%, the father earns \$87,000, and the mother earns \$68,082. I find that the father transfers \$4,668. I get \$389 when I divide \$4,668 by twelve.

Parent	Father	Mother	Combined
Income	\$87,000	\$87,000	
Less taxes	\$26,475	\$24,659	
Disposable income	\$60,525	\$62,341	\$122,866
Low-income measure	\$10,382	\$14,534	\$24,916
Living standard before	5.830	4.289	4.931
Disposable income before	\$60,525	\$62,341	
Less transfer (add transfer)	\$9,329	(\$9,329)	
Disposable income after	\$51,196	\$71,670	
Low-income measure	\$10,382	\$14,534	
Living standard after	4.931	4.931	
Increment for 1 child	\$0	\$4,152	\$4,152
Low-income measure	\$10,382	\$14,534	\$24,916

Share of expenditures	0%	29%	17%
Disposable income after	\$51,196	\$71,670	\$122,866
Expenditures of 1 child	\$0	\$20,474	\$20,474

Table 26. Transfer for 1 child at \$87,000 and 39% access.

In Table 26, each parent earns \$87,000 and the access is 39%. I find that the father transfers \$9,329. I get \$777 when I divide \$9,329 by twelve.

Parent	Father	Mother	Combined
Income	\$87,000	\$68,082	
Less taxes	\$26,475	\$16,893	
Disposable income	\$60,525	\$51,189	\$111,714
Low-income measure	\$10,382	\$14,534	\$24,916
Living standard before	5.830	3.522	4.484
Disposable income before	\$60,525	\$51,189	
Less transfer (add transfer)	\$13,976	(\$13,976)	
Disposable income after	\$46,549	\$65,165	
Low-income measure	\$10,382	\$14,534	
Living standard after	4.484	4.484	
Increment for 1 child	\$0	\$4,152	\$4,152
Low-income measure	\$10,382	\$14,534	\$24,916
Share of expenditures	0%	29%	17%
Disposable income after	\$46,549	\$65,165	\$111,714
Expenditures of 1 child	\$0	\$18,616	\$18,616

Table 27. Transfer for equalization at 39% access.

In Table 27, the access is 39%, the father earns \$87,000, and the mother earns \$68,082. I find that the father transfers \$13,976. I get \$1,165 when I divide \$13,976 by twelve.