SB 343

Changes to the Child Support Guideline Calculation



Presented By

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# Senate Bill 343

- Signed into law on 9/22/23
- Effective 9/1/2024
- Goals of SB 343
  - Bring California in compliance with Final Federal Rule
  - Update the Child Support Formula
  - Modernize Low Income Adjustment
  - Give Courts additional methods to support deviations from Guideline support
  - Child Care orders based on costs actually incurred

#### The Final Rule

In 2014, an Executive Order was issued that required all State Child Support Agencies to review their own practices with the goal of becoming more efficient and less burdensome

The Federal Office of Child Support Services issued "The Flexibility, Efficiency, and Modernization in Child Support Enforcement Programs Final Rule"

2023 California Senate Bill 343 was enacted to put California in line with the Federal Final Rule requirements Changes to the Guideline Child Support Formula

# Family Code section 4055

$$CS = K [HN-(H\% \cdot TN)]$$

CS = Child Support

K = Amount of both parents' income to be allocated for Support

HN = High earners' net monthly disposable income per FC 4059

H% = approximate timeshare percentage of high earner

TN = Total net monthly disposable income of both parties

## Child Support Formula - K

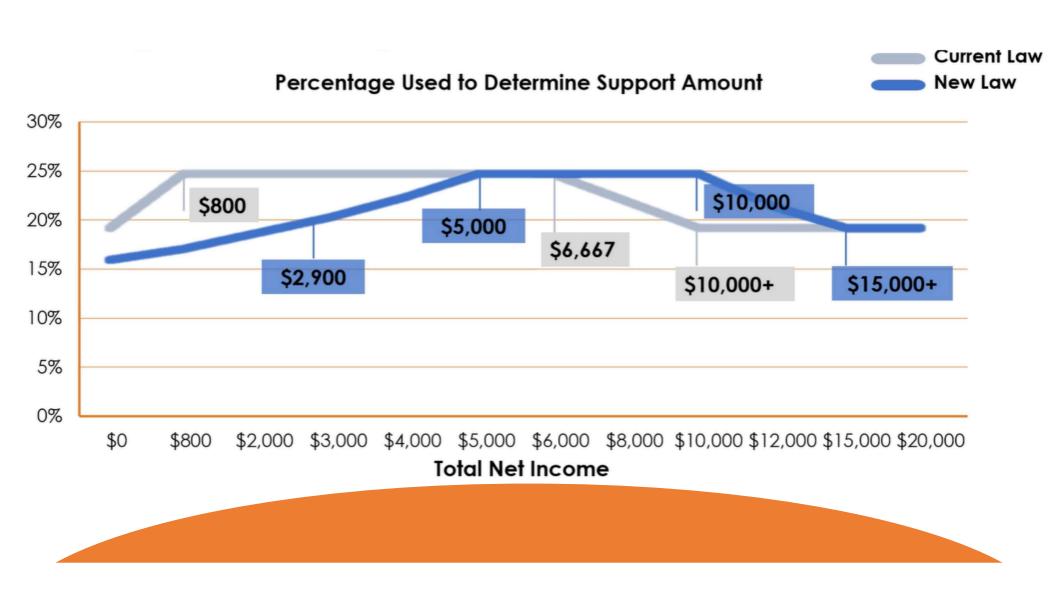
- K is broken into two parts
  - Timeshare Percentage Factor
    - If the H% (timeshare) is less than or equal to 50%, then → (1+H%)
    - If the H% is more than 50%, then → (2-H%)
  - "K Factor"
    - Dependent on TN (Total Net Income)

Total Net Income Per Month	K Factor
\$0 - \$800	0.20 + (TN/16,000)
\$801 - \$6,666	0.25
\$6,667 - \$10,000	0.10 + (1000/TN)
Over \$10,000	0.12 + (800/TN)

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  - "K Factor"
    - Dependent on TN (Total Net Income)

Total Net Income Per Month	K Factor
\$0 - \$2900	0.165 + (TN/82,857)
\$2,901 - \$5000	0.131 + (TN/42,149)
\$5,001 - \$10,000	0.250
\$10,001 - \$15,000	0.10 + (1,499/TN)
Over \$15,000	0.12 + (1,200/TN)



# Changes to the Low-Income Adjustment

- The Low-Income Adjustment is found in Family Code section 4055(b)(7)
  - Rebuttable presumption that the obligor is entitled to a downward adjustment if income is below a certain threshold.
  - Historically, it was tied to a California Consumer
    Price Index for all Urban Consumers
  - Now, that threshold will be tied to the minimum wage @ 40 Hours per week, 52 weeks a year divided by 12 months

$$LIA = CS * \frac{(Minimum Wage - Net Income)}{Minimum Wage}$$

HN/TN	K (Current)	CS (Current)	K (SB 343)	CS (SB 343)	% Difference
\$11,236	.1912	\$2,148	.2334	\$2,623	+22.14
\$7,691	.2306	\$1,769	.2500	\$1,923	+8.71
\$5,132	.2500	\$1,283	.2500	\$1,283	0
\$3,932	.2500	\$983	.2243	\$882	-10.27
\$3,203	.2500	\$801	.2070	\$663	-17.23
\$2,337	.2500	\$584	.1932	\$380	-34.93
\$1,354	.2500	\$215	.1813	\$120	-44.19

Assumptions: \$0 income for PRS; H = 0%; 1 child

# Deviations from Guideline

- Generally, the grounds for deviation from guideline are found in Family Code section 4057.
- Effective September 1, 2024, subsection 5 was added.
  - Both conditions need to be met:
    - (1) If the obligor qualifies for Low-Income Adjustment and
    - (2) The guideline child support amount is more than 50% of the obligor's net disposable income after the Low-Income Adjustment is applied.
  - Then a Court can deviate, BUT no more than 50% of the obligor's net income
  - There will be a notice on the GLC Calculation attachment if this section applies
  - The old subsection (5) was moved to (6)

Deviation per FC 4057(b)(5)

Example

If low end of the LIA range is \$1,250

And 50% of the obligor's net disposable income is \$1,000

Then the most the Court could deviate is \$250, leaving a child support order of \$1,000 per month.

Family Code Section 4057(c) (Eff 9/1/24)

- If the Court becomes aware that a parent is subject to multiple court orders to pay child support, the Court "may take steps to determine" appropriate allocation between the cases.
- If a party represents to the Court that it will file an RFO to modify support in a related case, the Court may issue a temporary child support order.

# Multiple Orders



The Department will "toggle" multiple cases



Each of the calculations will take the others into consideration



We will run the calculations until the cases "settle" – leaving a final figure for both calculations



- Mandatory vs. Discretionary
- Family Code section 4061
  - Apportionment of 4062 expenses shall be divided in proration to the parents' net incomes, unless a party requests or the Court finds that expenses should be divided in a different manner.
  - The old version of this statute defaulted to 50% allocation unless a party requested otherwise
  - DCSS is a party to the action

### Child Support Add-Ons



#### **Mandatory Add-Ons:**

Childcare costs, actually incurred (Still needs to be related to employment or training)

Reasonable uninsured health care costs



#### **Discretionary Add-Ons:**

Costs related to the educational or other special needs of the children

Travel expenses for visitation

# Child Support Add-Ons

#### Apportionment of Add-Ons

- If **Spousal Support** has been ordered, for purposes of apportionment, spousal support is removed from the spousal support obligor's income and added to the obligee's income (if paid).
- If **Child Support** has been ordered, deduct the child support amount from the obligor, **but do not** add to obligee.

#### **Family Code Section 4063**

# Motions for Reimbursement

Extends the timeframe where the person incurring the costs must provide itemized statement to the other parent from 30 to 90 days

The Department does not get involved with these requests unless and until the Court makes a finding of a sum certain. At that point, the Department can become involved to enforce if ordered by the Court.

Be aware that there are changes to subsection (g) regarding factors for the Court to consider when ruling on a motion for reimbursement

### Income for Purposes of Support

- Family Code section 4058
  - Specifically adds the following items as income for purposes of support:
    - Severance pay
    - Veteran's benefits that are not based on need
    - Military allowances for housing and food (BAH & BAS)
  - The Department's position has been to include these; no change to our practice
- If the parent's income is not known, the Court shall consider the earning capacity of the parent per FC 4058(b)(2)

Introducing Our Newest Member

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