

State of Colorado

CHILD SUPPORT COMMISSION

Final Report



July 2011

2009-2011 Child Support Commission Member List

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CHILD SUPPORT COMMISSION

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Executive Summary

The Colorado Child Support Commission is required by Title IV of the Social Security Act and created pursuant to § 14-10-115(16), C.R.S. It is charged with conducting a review of the child support guidelines at least every four years. The Commission must consider economic data on the cost of raising children and other related issues. The Commission issues a report to the governor and general assembly of the results of the review and any recommended changes.

The Commission convened in September 2009 and completed its review in December 2010. The results of this review are set forth in this Report. The issues reviewed and recommendations made by the Commission are summarized as follows.

Update of the Schedule of Basic Support Obligations:

The Commission reviewed the results of numerous studies on the costs of raising children and recommends updating the "Schedule" that is the starting point for all child support order calculations. The Schedule and related child support statutes should reflect current economic factors such as income and expenses of the parents and, where appropriate, of the child. Changes that have occurred in a number of areas such as the cost of raising children, cost of living for a family, taxes, housing, and others require an updated Schedule.

Update of the Low-Income Adjustment and Minimum Order Formulae and Criteria:

In connection with updating the Schedule, the Commission is recommending adjustments to provisions that address low-income parents. This adjustment to the child support obligation are necessary to ensure that a child support order is fair and is based on a parent's ability to pay. The Commission recommends increasing the threshold for the application of both formulae and an adjustment to the calculation of the low-income adjustment formula to match the increase in the threshold for the minimum order application. On balance, and in recognition of the costs of raising multiple children, the Commission also is recommending that the minimum order, which is currently a fixed amount of \$50 per month regardless of the number of children on the order, be revised to incrementally increase by \$20 per month for each additional child on the order.

Revising the Definition of "Gross Income":

The Commission is recommending three revisions to the definition of gross income that is used in the formula to calculate the basic support obligation. The first reformation addresses inconsistencies relating to self-employed obligors and obligors who are employees of closely held corporations. The second addresses the treatment of

distributions to passive investors of certain partnerships and companies. Finally, the Commission is recommending that the statute clarify that earnings and gains from investment accounts that are not taken and for which no internal revenue service (IRS) penalty applies, are not considered gross income.

Addressing the Application of Lump-Sum Social Security Benefits to Child Support Arrears:

The award of social security benefits can often be delayed resulting in the accrual of arrears and other consequences. The Commission is recommending that any arrears owed by an obligor that accrued while he/she was disabled or retired be reduced by the amount of any lump sum past due benefit payments that is received by the custodial party based on the disability or retirement of the obligor.

Providing for the Retroactive Establishment of a Child Support Order When There Has Been an Agreed Upon Post-Order Change of Physical Care of a Child:

Current law provides that after an order is established, if the parties agreed to a change in physical care of the child, the obligor on the current order can be relieved of any financial obligations back to the date physical care changed. However, courts have interpreted the statute differently in these situations regarding the retroactive establishment of a child support order against the new non-custodial party. The Commission is recommending that the law be made clear that a child support order can be established retroactively in these cases.

Recommending that the statutory duties of the Commission be revised:

The Commission has reviewed certain issues outlined in statute and determined, as prior Commissions did, that those issues are not appropriate to be addressed by the Child Support Commission. These issues include (1) whether child support judgments should arise automatically if current support is not paid on time (this is required by federal regulation and the state has no discretion in this matter), (2) issues relating to children born out of wedlock and (3) preventing teen pregnancies. The Commission lacks the expertise and resources to properly address these issues and suggests they be deleted from the list of matters addressed by the Commission.

The Child Support Commission Report

Section I: Introduction

This report presents the findings of the 2009-2010 Colorado Child Support Commission and its review of the Colorado child support guidelines (the guidelines) and related issues. This Commission published an interim report in December 2009; however, this report contains all of the work and recommendations of this Commission. The purpose of the guidelines is to create fair and equitable child support obligations for parents who are unmarried, separated or divorced.

The Commission's report is divided into two parts. The Report contains the issues reviewed by the Commission, its findings and the Proposed Schedule. The Appendix contains the proposed statutory language changes based on the Commission's recommendations, additional details on the development of the Schedule and examples of the application of changes to the minimum order and low-income adjustment formulae.

The terms "IV-D" and "non-IV-D" occur throughout this report with reference to child support cases. A IV-D case is one in which a county delegate child support enforcement unit is providing services pursuant to §26-13-106, C.R.S. A non-IV-D case is one in which child support is an issue but a county delegate child support enforcement unit is not providing services. The term "Title IV-D program" is used to refer to the child support enforcement program in Colorado, which is supervised by the Division of Child Support Enforcement, Department of Human Services, and administered by county delegate child support enforcement units. "Title IV-D" refers to Title IV-D of the federal social security act which contains the legislation creating the federal child support enforcement program.

Section II: Purpose of the Child Support Commission

The Child Support Commission was created in 1985 when the state of Colorado adopted a child support guidelines statute. Pursuant to § 14-10-115(16), C.R.S., the Child Support Commission is charged with the duty of reviewing the guidelines and making recommendations for changes to the statutes to the governor and general assembly

This duty to review the guidelines and related issues is also required by the federal Family Support Act of 1988 and the Personal Responsibility and Work Opportunity Act of 1996. This Commission's review of mandated and discretionary issues contained in the guidelines is in accordance with these state and federal statutes.

Section III: Overview of the Commission Issues and Findings

During 2009 and 2010, the Commission met eleven times. All Commission meetings were open and advertised under the Colorado Open Records Act. The Commission consisted of 14 voting members.

The Commission obtained input from its members and stakeholders of the child support program. The Commission wants to thank everyone for their input and assistance in reviewing and selecting non-mandatory issues to review. The Commission also received valuable assistance from Jane Venohr, Ph.D, with the Center for Policy Research in the collection and presentation of economic data on the costs of raising children as well as recommendations for the Commission to consider on the revision of the schedule of basic support, low-income adjustment formula, minimum order formula and other related issues.

The Commission addressed all mandatory and numerous discretionary issues. Significant recommendations include an updated Schedule of Basic Support Obligations containing an expanded Schedule, a revised "self-support reserve" based on the federal poverty level instead of the minimum wage rate and revised minimum order and low-income adjustment formulae.

Summary of Issues

The issues considered by the 2009-2010 Commission are organized into two broad categories as set forth below:

1. **Mandated Issues:** The Commission reviewed issues mandated by § 14-10-115(16), C.R.S.:
 - a. Reviewing the economic data on the costs of raising children,
 - b. Judicial deviations from the child support guidelines,
 - c. Issues related to the enforcement of support judgments
 - (1) The merits of a statutory time limitation or the application of the doctrine of laches or such other time-limiting provision on the enforcement of support judgments that arise pursuant to the provisions of § 14-10-122, C.R.S.;
 - (II) Whether different time limitations on the enforcement of support judgments should apply depending on whether support payments are made directly to the obligee or whether such payments are made through the family support registry.
 - (III) The merits of support judgments arising automatically as provided in § 14-10-122(1)(c), C.R.S.; and
 - (IV) Whether support obligors should receive additional notice and an opportunity for hearing prior to the execution on such judgments.

- d. Issues relating to children born out of wedlock and preventing teen pregnancies.

The mandated issues are discussed in Section IV.

2. **Discretionary Issues:** The Commission considered several issues presented by its own members and issues referred by various stakeholders, including the IV-D Task Force. Although many issues were suggested, limited time and resources of this Commission restricted the number of issues reviewed. Some issues noted below are identified as warranting further study by a select work group and/or future Child Support Commission.

Issues that were addressed by this commission are:

- a. Revision of the minimum order amount and criteria.
- b. Revision of the low-income adjustment formula and criteria.
- c. Revision to the adjustment for supporting other children (incorporation of the proposed minimum order and low-income adjustment formulae).
- d. Revision of portions of the definition of income.
- e. Creation of a credit against child support arrears based on the award of lump sum Social Security Disability Insurance (SSDI) or retirement benefits due a child(ren) resulting from the disability or retirement of an obligor.
- f. Revision of the modification statute, § 14-10-122, C.R.S., not only to address the lump sum SSDI issue noted above, but also to allow a court to establish a child support obligation retroactively when there has been is retroactively modifying the current Obligor's obligation.
- g. Revisions to the membership criteria and duties of the child support commission.
- h. Creation of an additional ground for judicial deviation based on parole or probation expenses of an obligor.
- i. Recommendation of further study of the adjustment for supporting other children.

The Discretionary issues are discussed in Section VI and contain examples of the application of the proposed minimum order and low-income adjustment formulae.

Section IV: Findings and Recommendations Relating to the Mandatory Issues

- a. ***Reviewing the economic data on the costs of raising children.***
The Commission is recommending an updated Schedule that is discussed in detail in Section V. The Proposed Schedule is found in the Appendix. Federal regulations require that every four years, states must

review the economic data on the cost of raising children. The Commission has conducted an extensive review of this issue and is recommending an update to several provisions of the child support guidelines statute. One component of this statute that directly relates to the cost of raising children is the Schedule of Basic Support (the "Schedule") that was last updated in 2003 based on recommendations of the 2001 Child Support Commission. This issue is discussed in detail in Section V below.

- b. ***Judicial deviations from the guidelines.*** The Commission is not recommending any changes based on judicial deviations. Judicial deviations from the presumed child support obligation are authorized in § 14-10-115(8)(e), C.R.S. General deviation authority is granted to courts for any reason and several specific grounds are also enumerated in the statute. Deviations from the child support guidelines continue to be infrequent. The data from the Colorado Department of Human Services indicate that the deviation rate in IV-D cases has continued to decrease from 6% in 2001 to 2% in 2008, with an average rate of about 3.3 % between 2005 and 2008. Survey responses in 2009 from Colorado's twenty-two judicial districts reflect a deviation rate in non-IV-D cases of less than 5%. The Commission notes that one reported reason for deviating in non-IV-D cases was when combined adjusted gross incomes of the parents exceeded the highest schedule amount of \$20,000 per month. As shown in Part II of this Report, the Commission is proposing that the Schedule parameters be increased to include combined adjusted gross incomes of up to \$30,000 per month. The Commission reviewed the possible inclusion of an additional permissible ground for deviation to consider certain expenses incurred by obligors while on parole or probation. This suggested revision is not recommended by the Commission since courts already have general authority to deviate for any reason, including consideration of expenses associated with parole and probation, if appropriate. This issue is discussed further below.
- c. ***Issues related to the enforcement of support judgments.*** The Commission is not recommending any changes based on the enforcement of judgments. The Commission determined that existing laws regarding the (a) time limitation on support judgments, (b) limitations based on payment methods, (c) support judgments arising automatically and (d) Notice to the Obligor of the verified entry of judgment were appropriate and adequate to ensure that due process was granted to all parties and that there is no reason to recommend any change at this time.

- d. ***Issues relating to out-of-wedlock births and the prevention of teen pregnancy.*** The Commission is recommending statutory changes regarding these issues. The guidelines at § 14-10-115(16)(b), C.R.S. charges the commission with the review of these matters. The 2001 Commission in its report indicated that the Child Support Commission does not have the expertise to address these matters. As discussed further below, this Commission concurs with this position and is suggesting that the statutory language be revised by deleting these matters for mandatory consideration by the Child Support Commission in the future.

Section V: Proposed Changes to the Schedule of Basic Child Support Obligations

A. Introduction

The Commission is recommending changes to the Schedule of Basic Support Obligations (Schedule). The proposed Schedule can be found in the Appendix.

The current Schedule was last updated by the Commission in 2001 passed by the general assembly in 2002, which then became effective in 2003. The Commission is suggesting that the Schedule be updated to reflect current economic data on the cost of raising children.

This Report presents the proposed Schedule and describes the model, methodology and assumptions used in creating it. This part also presents the various studies (source data) considered, as well as an analysis of the preparation of the proposed Schedule. The Schedule is the core of the guidelines statute. It is the starting point of all child support calculations, and therefore it is important that details be provided on how the current and proposed Schedules were developed. This endeavor can be summarized in two major tasks:

- ✓ Incorporating more recent estimates of child rearing expenditures, and
- ✓ Re-building the Schedule using the new data and the same methodology used in the existing Schedule while incorporating most of the same assumptions and methodology used in creating the existing schedule.

Creating this new Schedule involved many steps. One of these steps includes converting household expenditures that are expressed as a percentage of total household expenditures based on net income to estimates of child rearing costs based on gross income. Source data was also used to expand schedules to include orders for four, five and six or more children as well as to extrapolate and extend the current Schedule to include combined adjusted gross incomes (AGI) up to \$30,000 per month. One of the more important steps involved adjustments to child rearing costs to incorporate federal

and state income taxes. Finally, the proposed Schedule reflects a shift from consideration of family “expenditures” to family “out-lays” on the grounds that outlays more accurately reflect the actual monthly cash flow of families and therefore, their standard of living and ability of parents to pay child support.

The charts and graphs and some of the text in this Report is taken from the report of Jane Venohr, Center for Policy Research to the Commission and is used with their permission.

B. Overview of Existing Guidelines Schedule/Principles and Summary of Key Assumptions

The current Colorado schedule of basic support obligations is based on 2001 economic data. New economic data on child-rearing expenditures-outlays, price increases, and other economic changes warrant an update to the schedule. The Commission recommends an updated schedule based on the same underlying assumptions as the existing schedule, but using the most current economic data available.

The Schedule utilizes the Income Shares model and provides for the calculation of child support obligations based on a range of combined parental incomes up to \$20,000 per month and for one to six (or more) children. The basis of the current Schedule is a 2001 study prepared by David M. Betson, Ph.D. that utilizes the “marginal cost approach” in determining and comparing expenditures by families with and without children.

Since its initial adoption in 1985 and continuing through the proposed revisions contained in this Report, the Colorado guidelines statute embodies several principles created by the Guidelines Advisory Panel as part of the 1984-1987 National Child Support Guidelines Project. These principles were set forth in its final report to the U.S. Department of Health and Human Services, Office of Child Support Enforcement in 1987 and are summarized in Exhibit 1. The proposed Schedule and other recommendations of the Commission contained in this Report continue to apply these concepts in the Colorado Child Support Guidelines statute.

Exhibit 1: Summary of the State Guidelines Principles Identified by 1984-87 Child Support Guidelines Project Advisory Panel	
1.	Both parents should share in the financial support of their children. The responsibility should be divided in proportion to their available income.
2.	The subsistence needs of each parent should be considered, but in virtually no case should the obligation be set at zero.
3.	Child support must cover a child’s basic needs as a first priority; but, to the extent either parent enjoys a higher standard of living, the child is also entitled to share in that higher standard of living.

4.	Each child of a given parent has a right to a share of that parent's income. (In other words, when a parent has other children besides the children for whom support is being determined, an adjustment may be appropriate.)
5.	The guidelines should not treat children of separated, divorced, and never-married parents differently.
6.	The guidelines should not assume whether the mother or father is the custodial parent.
7.	The guidelines should not create economic disincentives to remarry or work. (An economic disincentive to remarry could exist if the guidelines considered a new spouse's income. An economic disincentive to work can be avoided by imputing income to a parent who is voluntarily unemployed or underemployed.)
8.	The guidelines should consider the involvement of both parents in the child's upbringing. It should take into consideration the financial support provided by parents in shared physical custody or extended visitation arrangements. Yet, this does not necessarily obviate the child support obligation in 50/50% timesharing arrangements.

The Commission has adopted the following assumptions in the proposed Schedule. These assumptions include the principles in Exhibit 1.

The proposed Schedule is based on the following assumptions:

1. That child support calculations reflect parental "outlays" v. expenditures for raising children that increase with the number of children on the order;
2. That Colorado's housing costs are about 15% higher than the national average and are therefore incorporated in the Schedule;
3. That child support obligations are based on the combined gross incomes of both parents that are adjusted in the Schedule to reflect state and federal income tax obligations;
4. That child support obligations are adjusted to reflect "shared custody" situations based on the number of over-nights that both parents have with the children;
5. That expenditures for childcare, health insurance for the children and extraordinary medical expenses of the children are excluded from the Schedule since they are addressed as "add-on" obligations in the child support calculations;
6. That "ordinary medical expenses", defined as the first \$250 in uninsured medical expenses per child per year, are included in the Schedule;
7. That the existing adjustments to gross income relating to receipt/payment of spousal maintenance, payment of other child support orders, support of other children and payment of certain post-secondary education orders continue unchanged;
8. That in addition to the "add-ons" noted above, parents will continue to share qualified extraordinary expenses such as special education costs and visitation expenses based on their respective share of the combined adjusted gross income; and
9. That extraordinary adjustments to the Schedule can still be made for factors that actually diminish the children's basic needs.

C. Methodologies and Models

Methodologies

Most of the studies shown in this section measure what families typically spend to raise children. Colorado's current Schedule utilizes this approach as opposed to measuring the "costs" of raising children. Measuring child-rearing expenditures versus costs is more appropriate because Colorado, like most states, bases child support obligations on the premise that support should not be limited to the cost of the child's basic needs but that the child (ren) should also share in their parents' standard of living. Most of the studies develop measurements from examining expenditure data from several thousand families participating in the Consumer Expenditure Survey (CES) that is conducted by the Bureau of Labor Statistics (BLS), the nation's largest and most comprehensive survey of household expenditures.

Not all economists arrive at the same estimate of child-rearing expenditures. Moreover, economists do not agree on which estimate best reflects actual child-rearing expenditures. Part of the problem is that there is no perfect methodology to separate the children's share of family expenditures from the parents' share. To illustrate this, consider family expenditures for electricity used in the home. The children's share of electricity is not obviously separable from the parents' share by examining the electricity bill.

The most common methodology for separating child and adult expenditures is a marginal cost approach, which compares expenditures between two families of equal income: (a) married couples with children, and (b) married couples of child-rearing age without children. The difference in expenditures between these two families is deemed to be child-rearing expenditures. The Engel and Rothbarth methodologies, named for the economists who developed them, are both forms of the marginal cost approach. The Engel methodology uses expenditures on food, while the Rothbarth methodology relies on expenditures for adult goods (specifically, adult clothes). The Rothbarth methodology is regarded as the most robust and accurate methodology.

Guidelines Models

In addition to differing methodologies in determining child-rearing costs, there are different types of guidelines models states use to calculate child support.

States have discretion in the guidelines models that they use. Yet, according to federal and state requirements (45 C.F.R §302.56(c) and § 14-10-115(16), C.R.S.), they must:

- Be based on specific descriptive and numeric criteria;
- Take all earnings and income of the non-custodial parent into consideration; and

- Address how the parents will provide for the children's healthcare needs through health insurance coverage and/or through cash medical support.

Most states, including Colorado, base their guidelines on the income shares model, which was developed through the 1984-87 National Child Support Guidelines Project. Convened by the federal Office of Child Support Enforcement at the request of Congress, the Project made recommendations for the development of state guidelines. Prior to the 1987 requirement, few states had statewide guidelines.

Income Shares Model

The income shares model was developed to embody the principles of state child support guidelines identified by the Guidelines Project's Advisory Panel. (Those principles are shown in Exhibit 1.) It also incorporates economic data on actual child-rearing expenditures. The income shares guidelines model is based on the premise that the child should be entitled to the same level of expenditures that the child would have received had the parents lived together and combined financial resources. As a consequence, the core of the income shares model is a measurement of how much families spend on child rearing. In turn, that amount is often adjusted in a guidelines worksheet for different situations such as parenting-time arrangements, children from other relationships, and other factors.

The premise of the incomes shares model applies to children of previously married parents as well as never-married parents. Additionally, children should not be forced to live in poverty because of their parents' decisions to separate, divorce, or not marry. Children of non-intact families should be afforded the same financial opportunities as children of intact families with similar incomes.

Another major premise of the income shares model is that both parents are financially responsible for their children. To this end, the average amount expended on children is prorated between the parents based on their respective adjusted gross incomes. The obligated parent's share becomes the basis of the child support award. There may be other adjustments for physical custody or other factors.

The Income Shares model has been the basis of the Colorado child support guidelines statute since its adoption in 1985. Currently, 37 states use this model and several states have recently adopted this popular model.

Just like the current Schedule, the proposed Schedule utilizes the Income Shares Model for calculating child support obligations.

D. Details of the Estimate Study

Betson (2010) Estimates - Betson updated his Rothbarth estimates with CES data from 2004 through the first quarter of 2009 for the state of California. The California report contains detailed information about the data, model specification, and other technical details about the estimates. It does not include all of the information necessary to develop a child support schedule. For example, it does not include measurements of child-rearing expenditures for a range of incomes. That information, however, was made available to North Carolina through its guidelines review that was conducted earlier this year. Although there were no changes to the application of the Rothbarth methodology, the 2010 Betson-Rothbarth measurements reflect two changes in the CES data used for the estimation. One change is that Betson uses the newly created income data field that the Bureau of Labor Statistics (BLS) believes corrects some of the problems with non-reporting of income in the CES, particularly at low incomes.

The other change is the switch from using "expenditures" to "outlays" where outlays capture finance charges and mortgage principal payments while expenditures do not. Betson believes that the first change causes decreases in the estimates of child-rearing expenditures at low incomes, and the second change causes increases in the estimates of child-rearing expenditures at high incomes. Nonetheless, the averages are similar to his previous study. The average share of total family expenditures devoted to children in intact families under the Betson-Rothbarth estimates are 24 percent for one child, 37 percent for two children, and 45 percent for three children.

E. Data Source of the Estimates

Most economists estimate child-rearing expenditures from the CES that is administered by the BLS. Economists use the CES because it is the most comprehensive and detailed survey conducted on household expenditures and consists of a large sample. The CES surveys about 6,000 households per quarter on expenditures, income, and household characteristics (*e.g.*, family size). Households remain in the survey for five consecutive quarters, with households rotating in and out each quarter. Most economists use at least three quarters or a year of expenditures data for a surveyed family. This means that family expenditures are averaged for about a year rather than over a quarter, which may not be as reflective of typical family expenditures.

The BLS designed the CES to produce a nationally representative sample and samples representative of the four regions (Midwest, Northeast, South, and West). The sample sizes for each state, however, are not large enough to estimate child-rearing costs for families within a state. CPR knows of no state that has seriously contemplated replicating the CES at the state level. The costs and time requirements make it prohibitive.

Specific Consumption Items - The CES asks households about expenditures on over a hundred detailed items. Exhibit 2 shows the major categories of expenditures captured by the CES. It includes the purchase price and sales tax on all goods purchased within the survey period. In recent years, as mentioned earlier, the CES has added another measure of "expenditures" called "outlays." The key difference between CES's measure of expenditures and its alternative expenditures measure, which is outlays, is that outlays essentially include installment plans on purchases, mortgage principal payments, and payments on home equity loans, while expenditures do not. To illustrate the difference, consider a family that purchases a home theatre system during the survey period, puts nothing down, and pays for the theatre system through 36 months of installment payments. The expenditures measure would capture the total purchase price of the theatre system. The outlays measure would only capture the installment payments made in the survey period.

Exhibit 2: Partial List of Expenditure Items Considered in the BLS, the Data Source Used to Estimate Child-Rearing Expenditures	
Housing	Rent paid for dwellings, parking fees, maintenance, and other expenses for rented dwellings; and interest on mortgages, interest on home equity loans and lines of credit, property taxes and insurance, refinancing and prepayment charges, ground rent, expenses for property management and security, homeowners' insurance, fire insurance and extended coverage, expenses for repairs and maintenance contracted out, and expenses of materials for owner-performed repairs and maintenance for dwellings used or maintained by the consumer unit. Also includes utilities, cleaning supplies, household textiles, furniture, major and small appliances and other miscellaneous household equipment (tools, plants, decorative items).
Food	Food at home purchased at grocery or other food stores, as well as meals, including tips, purchased away from home (<i>e.g.</i> , full-service and fast-food restaurant, vending machines).
Transportation	Vehicle finance charges, gasoline and motor oil, maintenance and repairs, vehicle insurance, public transportation, leases, parking fees, and other transportation expenditures.
Entertainment	Admission to sporting events, movies, concerts, health clubs, recreational lessons, television/radio/sound equipment, pets, toys, hobbies, and other entertainment equipment and services.
Apparel	Apparel, footwear, uniforms, diapers, alterations and repairs, dry cleaning, sent-out laundry, watches, and jewelry.
Other	Personal care products, reading materials, education fees, banking fees, interest paid on lines of credit, and other expenses.

Mortgage Payments - The CES measure of expenditures does not include mortgage principal payment, but outlays (the measure used to update the guidelines schedule) do. Outlays also include payments on second mortgages and home equity loans. The merit of using expenditures, which does not include mortgage principal payments, is

that any equity in the home should be considered part of the property settlement and not part of the child support payments. The limitation is not all families have substantial equity in their homes, rather mortgage payments - whether they are mortgage principal payments or second mortgage principal payments or payments on home equity loans - are a reality for many families. Both measures include payment of the mortgage interest, rent among households dwelling in apartments, utilities, property taxes, and other housing expenses as indicated in the above table. As shown in Exhibit 3, housing-related items comprise the largest share of total family expenditures. Housing expenses compose about 40 percent of total family expenditures.

Transportation and Vehicle Payments - As shown in Exhibit 3, transportation expenses account for about one-fifth of total family expenditures. In the category of "transportation," the CES includes net vehicle outlays; vehicle finance charges; gasoline and motor oil; maintenance and repairs; vehicle insurance; public transportation expenses; and vehicle rentals, leases, licenses and other charges.

Exhibit 3: Composition of Average Spending by Families (adopted from Betson 2010)				
Expenditure Category	Childless Couple	One Child	Two Children	Three or More Children
Total Annual Outlays	\$51,428	\$55,968	\$59,096	\$49,491
Budget Share (Percentage of Total Outlays)				
Food	15.7%	16.0%	16.8%	18.3%
Housing	37.9%	41.2%	41.4%	40.9%
Apparel	2.6%	3.1%	3.2%	3.6%
Transportation	20.3%	19.9%	19.0%	18.4%
Entertainment	7.2%	6.4%	6.8%	6.3%
Healthcare	6.1%	5.3%	5.3%	4.6%
Personnel Care	.7%	.6%	.6%	.5%
Education and Reading	1.9%	1.8%	1.7%	1.7%
Miscellaneous	7.6%	5.7%	5.2%	5.7%

There are three different approaches to the treatment of net vehicle outlays when estimating child-rearing expenditures. Betson excluded net vehicle outlays in his earlier estimates that consider expenditures, because including them does not reflect that the vehicle can be sold again after the survey period. In contrast, Betson's 2010 estimates that consider outlays capture vehicle payments made over the survey period, rather than net vehicle outlays. Excluding them makes sense when the vehicle may be part of the property settlement in a divorce. An alternative to that would be to include a value that reflects depreciation of the vehicle over time, but that information is not available. Including the entire net vehicle outlay when expenditures are used as the basis of the estimate likely overstates depreciation. When the basis of the estimates is outlays, it

includes only vehicle installment payments rather than net vehicle outlays. This effectively avoids the issues of vehicle equity and depreciation.

Other Adjustments to the CES - Betson also excludes other expenditure items captured by the CES because they are obviously not child-rearing expenses. Specifically, he excludes contributions by family members to social security and private pension plans, and cash contributions made to members outside the surveyed household.

Net Income - Gross and net incomes are reported by families participating in the CES. The difference between gross and net income is taxes. In fact, the CES uses the terms "income before taxes" and "income after taxes" instead of gross and net income. Income before taxes is the total money earnings from employment and other sources. It includes wages and salary, self-employment income, Social Security benefits, pensions income, rental income, unemployment compensation, workers' compensation, veterans' benefits, public assistance, and other sources of income. Income and taxes are based on self-reports and are not checked against actual records.

The BLS has concerns that income may be underreported in the CES. Although underreporting of income is a problem inherent to surveys, the BLS is particularly concerned because expenditures exceed income among low-income households participating in the CES. The BLS does not know whether the cause is underreporting of income, or that low-income households are actually spending more than their incomes because of an unemployment spell, the primary earner is a student, or the household is otherwise withdrawing from its savings. In an effort to improve income information, the BLS added and revised income questions in 2001. The new questions impute income when households do not report income. The 2010 Betson-Rothbarth measurements rely on these new questions. Previous Betson measurements do not.

The Relationship of Expenditures to Income - The BLS makes it clear that reconciling differences between income and expenditures, and precisely measuring income, are not part of the core mission of the CES. Rather, the core mission is to measure and track expenditures. The BLS recognizes that at some low-income levels, the CES shows that total expenditures exceed after-tax incomes, and at very high incomes, the CES shows total expenditures are considerably less than after-tax incomes. However, the new income questions used by the BLS ameliorate some of this perceived anomaly at low incomes. The consideration of outlays rather than expenditures at high incomes lessens some of the perceived anomaly at high incomes.

In developing child support schedules, a long-standing assumption has been that at higher incomes the difference between after-tax income and expenditures is a form of savings. This includes traditional savings (*i.e.*, deposits into a bank account) and other contributions to family wealth such as mortgage principal payments, which are included in CES measurement of expenditures but not in the CES measurement of outlays. For

example, according to the most recent CES, high-income households (*i.e.*, households with incomes of over \$150,000 per year), the ratio of expenditures to after-tax income is 55 percent. This suggests a considerable amount of “savings.”

A high level of savings seems to contradict reports about the national savings rate being low. However, economists calculate the national savings rate using a different methodology. Some of the differences concern the treatment of housing and medical expenses. When calculating the national savings rate, economists define savings to be the difference between disposable income and consumption. In defining consumption, economists impute the rental value of housing to homeowners even though the rental value may exceed the mortgage payment. Similarly, economists impute the value of all medical services received even if the service was covered by insurance and the family incurred no out-of-pocket expense. These imputed values increase consumption considerably and, hence, reduce the national savings rate. In fact, the escalating cost of health services contributes significantly to the declining national savings rate.

The Commission utilized the data from Betson's 2010 study to develop the following steps in the creation of the Proposed Schedule.

F. Steps Used to Update the Schedule

The Commission believes that the Betson 2010 study contains the most current data for use in developing a new schedule. The estimates of child-rearing expenditures are just a starting point to developing the schedule. The steps used to update the Colorado schedule and the updated low-income adjustments are outlined below.

Utilizing the raw data provide in Exhibit 3, the following steps are taken to calculate the proposed Schedule.

Step 1: Subtract childcare expenses; health insurance premiums; and extraordinary, uninsured healthcare expenses - The average percentage of total family expenditures attributable to childcare expenses is now subtracted from the average percentage of total expenditures devoted to child-rearing expenditures for each income range. The child's share of out-of-pocket healthcare expenses is determined by multiplying the percentage of total expenditures devoted to the child by the percentage of total family expenditures devoted to healthcare expenses for each income range. It is also subtracted from the average percentage of total expenditures devoted to child-rearing expenditures. All of these percentages are shown in Exhibit 3. To illustrate this adjustment, look at the one-child expenditures for a family with \$100,000 annual income in 2010. The average family with that income spends 23.60 percent of the total family expenditures on the one child, 1.58 percent on childcare expenses, and 1.05 percent on medical expenses after consideration of health insurance and ordinary medical expenses. Hence, the adjusted amount is 23.60 percent minus 1.58 percent minus 0.248 (1.05 percent multiplied by 23.60 percent). The remainder is 21.77 percent.

Step 2: Extend percentages to six children - Betson's estimates only cover one, two, and three children. The number of families in the CES with four or more children is insufficient to produce reliable estimates. The National Research Council's equivalence scale, as shown below, is used to extend the schedule of basic support obligation (SBSO) for the three-child estimate to four and more children.

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

Application of the equivalence schedule implies that expenditures on four children are 11.7 percent more than the expenditures for three children, expenditures on five children are 10.0 percent more than the expenditures for four children, and expenditures on six children are 8.7 percent more than the expenditures for five children.

Step 3. Relate the estimates of child-rearing expenditures to incomes - The results from the above steps are child-rearing expenditures that are expressed as a percentage of total family expenditures. In this step, they are converted to a percentage of net income using the average ratio of expenditures to net income for a particular income range. The average is from the same families included in the data that Betson used to estimate child-rearing expenditures. (These percentages are shown in Exhibit 2.) To illustrate this adjustment, continue with our example from Step 2, which considers one child from a family with \$100,000 in annual net income. Exhibit 2 shows that families with \$100,000 in annual income (2010 dollars) spend 72.7 percent of their net income on current outlays, on average. Because Colorado housing costs are above the national average, CPR assumes that Colorado families spend slightly more of their net income. According to the 2008 Census American Community Survey, median housing costs are 15 percent more in Colorado than they are nationally. Since housing expenses compose 38 percent of total family expenditures, we assume that Colorado families spend 5.7 percent more (15 percent multiplied by 38 percent) of their net income on current outlays than families nationally. So, instead of families with \$100,000 in annual income (2010 dollars) spending 72.7 percent of their net income on current outlays, we assume that they spend 78.4 percent (72.7 percent plus 5.7 percent). In other words, Colorado families with \$100,000 in annual net income spend \$78,400 per year. In turn, a family spends a proportion of that on child-rearing expenditures.

Another way to express this, which is more useful for the development of guidelines, is the percentage of net income devoted to child-rearing expenditures. Continuing with our example, this is derived by multiplying the amount from Step 2 (21.77 percent) by the consumption ratio (78.4 percent). This results in the percentage of net income devoted to child-rearing expenditures without childcare, health insurance premiums, and uninsured, extraordinary medical expenses (17.06 percent).

The consumption rate used in this calculation is capped at 100 percent. This effectively assumes that families should not be required to spend more than their income. However, the actual data finds that, on average, families with incomes below about \$40,000 net per year spend more than their income. When the adjustment for Colorado's housing is included, it is assumed that families with incomes below about \$50,000 net per year spend more than their income.

Step 4: Calculate marginal percentages - At this point, we now have percentages of net income attributable to child-rearing expenditures for one to six children that do not include childcare expenses, health insurance premiums, or uninsured, extraordinary medical expenses for several income ranges. To gradually phase between income ranges, CPR creates marginal percentages by taking the ratio of (a) the difference in the base support amount between one income bracket and the next bracket and (b) the difference in the monthly net income between the same income brackets. Base support is calculated by applying the percentage of net income attributable to child-rearing expenditures to the midpoint of each income range. The results for one through three children are shown in Exhibit 4. The amounts for four or more children are calculated using the multipliers shown in the previous step.

Exhibit 4: Table of Support Proportions						
Midpoint of Monthly Net Income Range	1 Child		2 Children		3 Children	
	Midpoint	Marginal	Midpoint	Marginal	Midpoint	Marginal
625	0.2129	0.2243	0.3303	0.3457	0.4057	0.4220
1458	0.2194	0.2280	0.3391	0.3505	0.4150	0.4274
1875	0.2213	0.2279	0.3416	0.3498	0.4178	0.4259
2292	0.2225	0.2161	0.3431	0.3257	0.4192	0.3883
2708	0.2215	0.2261	0.3405	0.3458	0.4145	0.4184
3125	0.2221	0.2193	0.3412	0.3313	0.4150	0.3972
3542	0.2218	0.2034	0.3400	0.3004	0.4129	0.3511
3958	0.2199	0.1305	0.3358	0.1944	0.4064	0.2286
4583	0.2077	0.1324	0.3166	0.1989	0.3822	0.2379
5417	0.1961	0.0743	0.2985	0.1088	0.3600	0.1255
6250	0.1799	0.1613	0.2732	0.2434	0.3287	0.2923
7083	0.1777	0.1100	0.2697	0.1619	0.3244	0.1878
7917	0.1706	0.0995	0.2583	0.1428	0.3100	0.1617
8750	0.1638	0.1045	0.2473	0.1738	0.2959	0.2261
9583	0.1586	0.1211	0.2409	0.1636	0.2898	0.1733
10417	0.1556	0.0595	0.2347	0.0919	0.2805	0.1122
11667	0.1453	0.0858	0.2194	0.1277	0.2625	0.1501
15139	0.1317		0.1984		0.2367	

The table of proportions shown in Exhibit 4 functions much like a tax schedule. The midpoint percentage is applied to the net income shown in Exhibit 5. The marginal percentage is applied to any net income above that amount and less than the amount of the net income in the next row. For example, if there is \$3,000 in net monthly income and one child, 22.15 percent is applied to the first \$2,708 in net income and 22.61 percent is applied to the remainder (\$292 = \$3000 – \$2,708). The result is \$666, which is the sum of \$600 (\$600 = 22.15% X \$2,708) and \$66 (\$66 = \$292 X 22.61%).

Step 5: Back out to gross income - The results from Step 4 are child-rearing expenditures that are still expressed as a percentage of after-tax income. In this step, they are backed out to gross income using current tax rates. To be clear, the basic obligation is calculated for net incomes first from the table of support proportions shown in Exhibit 4, then backed out to gross income. Specifically, there is a hidden column for the net income equivalent to gross income in the schedule to which the Exhibit 4 table of proportions are applied.

Tax Assumptions - It is assumed that all income is 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 Federal Income Contributions Act (FICA) tax formulae. Tax rates prevailing in 2010 were used to convert gross income based on the federal and state employer withholding tax formula. Federal and state taxes are computed assuming all income is taxed at the rate of a single individual. The federal tax withholding assumes two federal withholding allowances (one for a single exemption and one to simulate the standard deduction) based on IRS instructions. Two withholding allowances are also used when computing the Colorado tax. Colorado provides a larger allowance for low-income tax filers and a smaller allowance for high-income tax filers.

Exhibit 5: Illustration of the Hidden Net Income Column in an Obligation Schedule				
Net Equivalent to Gross Income (Hidden Column)	Combined Adjusted Gross Income	One Child	Two Children	Three Children
3085.62	4000	685	1053	1280
3116.98	4050	692	1063	1294
3148.34	4100	699	1074	1306
3179.70	4150	706	1084	1319
3211.06	4200	713	1095	1331
3242.42	4250	720	1105	1344
3273.78	4300	727	1115	1356
3305.14	4350	734	1126	1368
3336.50	4400	741	1136	1381
3367.86	4450	747	1147	1393
3399.22	4500	754	1157	1406

Limitations to the Tax Assumption - One concern about this tax assumption is that it does not mimic the after-tax income available to an intact family. An intact family is likely to have more after-tax income than does a single individual because the intact family claims more dependents and may be eligible for the child tax credit or the earned income tax credit (EITC). This translates to more after-tax income available for child-rearing expenditures and a higher child support schedule.

Another concern is whether it is appropriate to include the EITC. The employer withholding formula does not advance the federal child tax credit and the full EITC, so it is not considered in the updated schedule. One reason that only part of the EITC is advanced is so that low-income families are not put in the precarious position of owing federal taxes when filing their tax returns. Many states specifically exclude the EITC from income used to determine support because it is means-tested income.

Other concerns pertain to the head-of-household filing status and child tax credit. The IRS does not discern between single and head-of-household filing status in its employer withholding formula, nor does it advance the child tax credit. Further, typical income ranges of single-parent families make them ineligible or only partially eligible for the child tax credit. If the parent is working, the family is likely to be eligible for the EITC, which phases out at about \$30,000 gross income per year. Without taxable income, there is nothing to which a tax credit can be applied. Finally, most income shares guidelines adjust for the childcare tax credit (calculated from IRS Form 2441) in the calculation of work-related childcare expenses, rather than in the conversion of gross to net income.

Step 6: Extend the schedule to higher incomes - The Betson-Rothbarth estimates are based on about 8,000 families with children that participated in the CES. Only 350 of those families had net incomes of more than \$150,000 per year. The median income of that range was \$181,688 net per year (\$15,140 net per month). To this end, we recommend stopping the schedule at a combined parental income of \$24,000 gross per month, which approximates \$15,140 net per month. Nonetheless, cognizant of an increasing number of families with extraordinarily high income, the Colorado Child Support Commission favored extending the schedule to a combined parental income of at least \$30,000 gross income per month. This is not much more than \$24,000 gross per month and several other states have extended their schedules to incomes above which the economic evidence of child-rearing expenditures exist. The extension assumed that families of incomes above \$24,000 gross per month spend the same proportion as families with gross incomes of \$24,000 per month.

Step 7: Updating the low-income adjustment - The existing Colorado guidelines also provide a minimum order and adjustment for low-income obligors based on economic data available in 2001. The purpose of this adjustment is to set the order at an amount that can be reasonably paid by an obligor with very low income and/or earning capacity such as an obligor whose ability to work is limited by physical or

mental incapacities. To alleviate concern that the adjustment could be used by an obligor who purposely lowers his or her income to be eligible for the adjustment, CPR notes that the guidelines provide for the use of potential income to a parent who is voluntarily unemployed or underemployed.

Under the existing guidelines, a minimum order of \$50 per month applies when the obligor's income is less than \$850 gross per month. For obligors whose gross income is between \$850 to \$1,850 per month, the guidelines require that support be based on the lower of two calculations. The first calculation is the regular calculation — that is, the obligor's pro rata share of the schedule amount. The second calculation is the low-income adjustment (LIA) formula and is essentially a sliding scale that phases between a minimum order amount and the regular calculation. The \$850 threshold for application of the LIA was based on full-time earnings from minimum wage in 2001 (\$5.15 per hour at 40 hours per week is \$892 per month). The State of Colorado passed legislation in 2006 that increased the minimum wage and provided for annual updates based on changes in price levels. According to the Colorado Department of Labor and Employment, the 2011 Colorado minimum wage will be \$7.36 per hour.

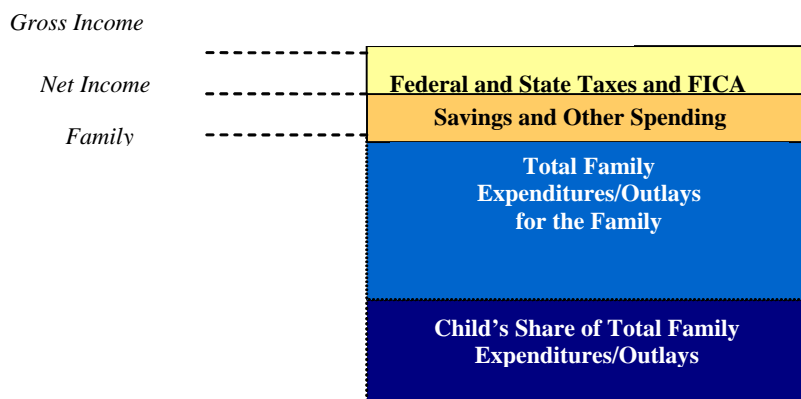
The current Colorado Child Support Commission did not favor updating the current methodology for the low-income adjustment based on the minimum wage. Instead, the Commission favored a low-income adjustment that provides the obligated parent with a self-support reserve. There were many reasons to justify this decision. Some reasons include that the Commission felt the self-support was a simple concept to explain and that it did not relate to minimum wage.

The purpose of the self-support reserve is to allow the obligated parent a sustainable amount of income after he or she pays child support. The Colorado Child Support Commission favored a self-support reserve of 120 percent of the federal poverty level for one person. The 2010 federal poverty level for one person is \$902.50 per month and 120 percent is \$1,083 per month. Further, that amount was rounded to \$1,100 per month. This rounded amount is consistent with the schedule that considers incomes in \$50 increments. Most states also rely on the federal poverty guidelines for one person as the basis of their self support reserve. States that inflate the self-support reserve typically do so to account for taxes, because the federal poverty guidelines are after-tax amounts. Additionally, other public assistance programs base income eligibility on a higher percentage (*e.g.*, SNAP — formerly called Food Stamps — is set at 130 percent of the poverty level and CHP+ eligibility is set at 300 percent of the poverty level). Washington State sets the highest self-support reserve. It uses 150 percent of the federal poverty guidelines for one person. Most states set the self support reserve based on the federal poverty guidelines in the year that the updated schedule was prepared, but a few states index it to the federal poverty guidelines, which are updated annually (*e.g.*, New York).

In addition, the Colorado Child Support Commission favored a minimum order that increased with more children. Specifically, it favored increasing the minimum order of \$50 per month by \$20 for each additional child. The minimum order is purely a policy decision and does not relate to the economic data on the cost of child rearing.

Applying the Proposed Low-Income Adjustment - Like the existing low-income adjustment, the proposed low-income adjustment would be the lesser of two calculations, one of which is the regular guidelines calculation. Specifically, the proposed low-income formula is the lesser of (a) the regular guidelines calculation and (b) the difference between the obligor's gross income and \$1,100 per month plus the minimum order (*i.e.*, \$50 for one child and \$20 for each additional child). The former calculation (*i.e.*, regular guidelines calculation) will be less than the latter calculation (*i.e.*, proposed low-income formula) when the obligor's monthly gross income exceeds \$1,500 when there is one child and when the obligor's monthly gross income exceeds \$1,900 when there are six children and income amounts in between \$1,500 and \$1,900 for two, three, four, and five children.

**Exhibit 6:
Family Consumption and Net and Gross Income**



G. Deduction of Childcare and Healthcare Expenses from the Raw Data and How These Items are addressed in the Guidelines

Childcare Expenses - Actual childcare expenses are to be considered in the worksheet, so they are removed from the Betson-Rothbarth measurements when developing the schedule.

The data on childcare expenses are limited because childcare expenses that are "necessary" cannot be distinguished from "discretionary" childcare expenses. Since the guidelines statute only authorizes an adjustment for work or education related expenses (See § 14-10-115(9), C.R.S.), all childcare expenses are deducted from the data.

Nonetheless, since most childcare expenses are work-related, discretionary childcare expenses are likely to compose an infinitesimal share of total expenditures. As a consequence, the magnitude of any bias is likely to be negligible.

The current guidelines statute provides that the net costs of work-related and education-related childcare expenses are to be added to the obligation determined under the Schedule and divided between the parents in proportion to their adjusted gross income. The federal tax credit, if any, is first deducted from the net costs before inclusion in the calculation. Finally, actual childcare costs must not exceed the level required quality care by a licensed source.

The Commission is not recommending any changes to this guidelines adjustment.

Healthcare Expenses - Like childcare expenses, actual healthcare expenses for the children (*i.e.*, insurance coverage and extraordinary, uninsured medical expenses) are to be considered in the worksheet, so they are removed from the Betson-Rothbarth measurements when developing the schedule. Only the child's ordinary, uninsured medical expenses (*e.g.*, bandages, over-the-counter medicines) are considered in the Schedule. These "Ordinary medical expenses" are limited to \$250 per child per year.

The most current data on out-of-pocket medical expenses are from the 2007 National Medical Expenditure Survey (NMES), which was conducted by the U.S. Department of Health and Human Services through the Agency of Healthcare Research and Quality (AHRQ). The NMES found that healthcare expenses were incurred for 89 percent of children who were younger than five years old and among 84 percent of children who were five years old or more. Among those with expenses, the average out-of-pocket expense amounted to \$279 per child per year among children younger than five years of age and \$429 per child per year among children who were five years old and older. The expenses per child varied considerably based on healthcare coverage and income. For example, little out-of-pocket expenses were incurred for children enrolled in Medicaid and high out-of-pocket expenses were incurred for children with private insurance.

In 2003, the General assembly raised the amount of "ordinary medical expenses" from \$100 to \$250 per child per year.

Also, parents may obtain an additional adjustment for the cost of providing health insurance for the child of an order. Again, the premium costs for this medical coverage is divided between the parents in proportion to their adjusted gross income, pursuant to § 14-10-115(10)(b), C.R.S.

The Commission is not recommending any changes to these guidelines adjustments.

H. Comparison of Existing and Proposed Schedules

The child support schedule is updated in this report using the most current economic data available in 2010. The new economic data includes:

- New measurements of child-rearing expenditures-outlays developed from families surveyed in 2004-2009;
- 2010 price levels;
- 2010 federal and state tax rates and FICA; and the
- 2009 federal poverty guidelines, which were still in effect as of May 2010.

The new measurements of child-rearing expenditures-outlays are developed using the same methodology but slightly different data. Instead of being based on “expenditures” which includes the purchase price of items that families bought during the survey period, it includes “expenditures-outlays.” “Expenditures-outlays” capture the purchase price only if it was paid in full during the survey period, and any installment payments made during the survey period even if the item was initially purchased prior to the survey period. Another key difference between “expenditures” and “expenditures-outlays” is the former does not include mortgage principal payments while the latter does, as well as payments on second mortgages and home equity loans. Both measurements include other housing expenses, such as mortgage interest payments, rent, utilities, and home furnishings.

Besides the change described above, the schedule is generally based on the same assumptions as the existing schedule. That is:

- The schedule does not include expenditures on childcare, extraordinary, uninsured medical expenses, and children’s share of health insurance costs;
- The schedule includes expenditures on ordinary medical care (*e.g.*, bandages, over-the-counter medicines) of \$250 per child per year;
- The schedule is based on economic data that represent average child-rearing expenditures-outlays from birth through 17 years old, with a small adjustment for Colorado’s above average housing costs; and
- The obligated parent’s outlay on the children while they are in his or her care (*e.g.*, during shared parenting time) are not considered in the schedule of basic child support obligations. The guidelines, however, provide for an adjustment when there is shared physical care as defined by statute.

Exhibit 7 summarizes the data underlying the current and updated schedules. Colorado’s current schedule is generally based on 2001 economic data. The proposed, updated schedule is based on 2010 economic data.

Exhibit 7: Data Used to Develop and Update the Colorado Child Support Schedule		
Economic Data	Data Source	
	Existing Schedule	Proposed, Updated Schedule
Economic estimates of child-rearing expenditures	Betson-Rothbarth estimates applied to expenditures data from families of child-rearing age in the 1990-1996 Consumer Expenditures Survey (CES)	Betson-Rothbarth estimates applied to expenditures-outlays data from families of child-rearing age in the 2004-2009 Consumer Expenditures Survey (CES)
Price levels	Consumer Price Index (May 2001)	Consumer Price Index (April 2010)
Tax Rates	2001 Federal and state withholding formula and FICA	2010 Federal and state withholding formula and FICA

Use of more current economic data generally increases the schedule of basic support obligation (SBSO) amounts.

- The new estimates of child-rearing expenditures, combined with the switch from the “expenditures” measurement to “expenditures-outlays” measurement, generally raise the schedule amounts. There are, however, some exceptions at very low incomes and for one and two children. The exceptions at low incomes are due to improvements to the CES, which is the underlying source of the estimates.
- Increases in the price level raise the SBSO. Actual price levels have increased by 23 percent since the existing schedule was developed, but the impact on the schedule is less because income has generally increased over the same time period as well. Price changes have a larger impact on higher incomes than lower incomes. Price changes also have a greater impact on larger families than smaller families. In general, the impact is greater when the original obligation is higher, which is the situation for higher incomes and larger families.
- Federal tax changes and inflationary adjustments to the federal exemption and tax brackets and FICA make more after-tax income available for child support. This also raises the SBSO.
- The combined impact of all of these factors generally increases the schedule amounts, but the increase varies considerably by income range and number of children.

The Impact of Future Tax Changes - The tax decreases promulgated under the Jobs and Growth Tax Relief Reconciliation Act of 2003 were scheduled to rescind at the end of 2010. Congress has extended the tax cut for another two years, through 2012.

CPR estimates that even if the tax rate of the highest income bracket would revert to its previous rate, the impact would be minimal.

Average Change - Exhibit 8 summarizes the average changes to the schedule by number of children. Exhibit 14 considers changes to the basic obligations before they are prorated between the parents and before other factors are considered, such as parenting time, childcare expenses, and health insurance.

Increases - As is evident in Exhibit 8, the updated schedule generally has higher basic obligations than does the existing schedule. The amount of the increase is generally more when there are more children, when there is more income, or both. For example, the average increase for one child is 2 percent, while the average increase for 6 children is 15 percent.

Decreases - As shown in Exhibit 8, there are few proposed decreases to the schedule. They occur for one child at combined gross incomes of \$850 to \$3,350 per month, and \$16,000 to \$20,000 per month. They also occur for two children for combined gross incomes below \$1,000 per month. There are no proposed decreases for three or more children. One explanation for the decreases at low incomes is the improved income information in the CES. The improvement has affected low incomes in particular. In all, the proposed decreases are nominal. There is not more than a \$15 per month decrease at low incomes, and not more than a \$35 per month decrease at high incomes.

Exhibit 8: Summary of Changes to Basic Obligations in Schedule						
(Note that this is the change to the basic obligation owed by <i>both</i> parents. The actual change in order amounts will be less in most situations due to the obligated parent's prorated share)						
	1 Child	2 Children	3 Children	4 Children	5 Children	6 Children
Percent of Orders (According to Census data)	51% of orders	32% of orders	12% of orders	5% of orders involve 4, 5 or 6 children		
Percentage Change						
• Average	2%	7%	10%	11%	13%	15%
• Median	1%	6%	9%	10%	12%	14%
• Range	-7% to 13%	-1% to 19%	2% to 23%	3% to 24%	5% to 26%	6% to 28%
• Combined Gross Incomes						
	-3%			7%	9%	10%
\$3,500/month or less	7%	2%	6%	18%	20%	22%
\$3,501-\$7,000/month	5%	13%	17%	16%	17%	19%
\$7,001- \$10,000/month	1%	11%	14%	8%	10%	12%
\$10,000-\$20,000/month		5%	7%			
Dollar Change						
• Average	\$21	\$116	\$184	\$230	\$288	\$208
• Median	\$16	\$123	\$201	\$250	\$313	\$237
• Range	-\$35 to 106	-\$4 to 229	\$7 to 318	\$12 to 371	\$19 to 433	\$28 to 500

• Combined Gross Incomes						
	-\$12	\$ 15	\$ 42	\$ 56	\$ 72	\$ 92
\$3,000/month or less	\$56	\$149	\$221	\$262	\$310	\$363
\$3,001-\$7,000/month	\$52	\$165	\$250	\$300	\$361	\$429
\$7,001- \$10,000/month	\$ 5	\$111	\$181	\$234	\$304	\$384
\$10,000-\$20,000/month						

Graphical Comparisons - Exhibits 9, 10, and 11 compare the basic obligations for one, two, and three children. These amounts also apply to the combined parental income and reflect the total basic obligation owed by both parents. The graphs start at \$1,250, which approximates income from full-time minimum wage earnings.

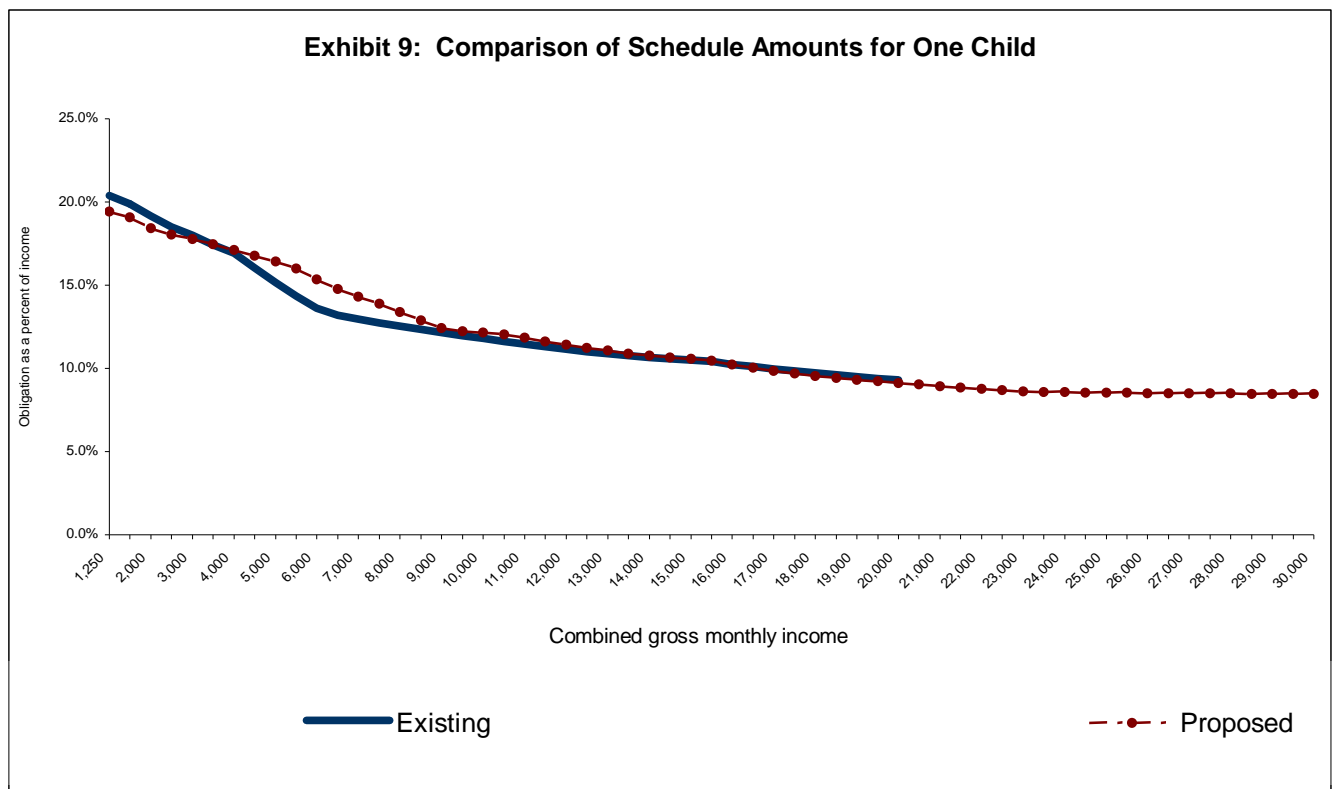


Exhibit 10: Comparison of Schedule Amounts for Two Children

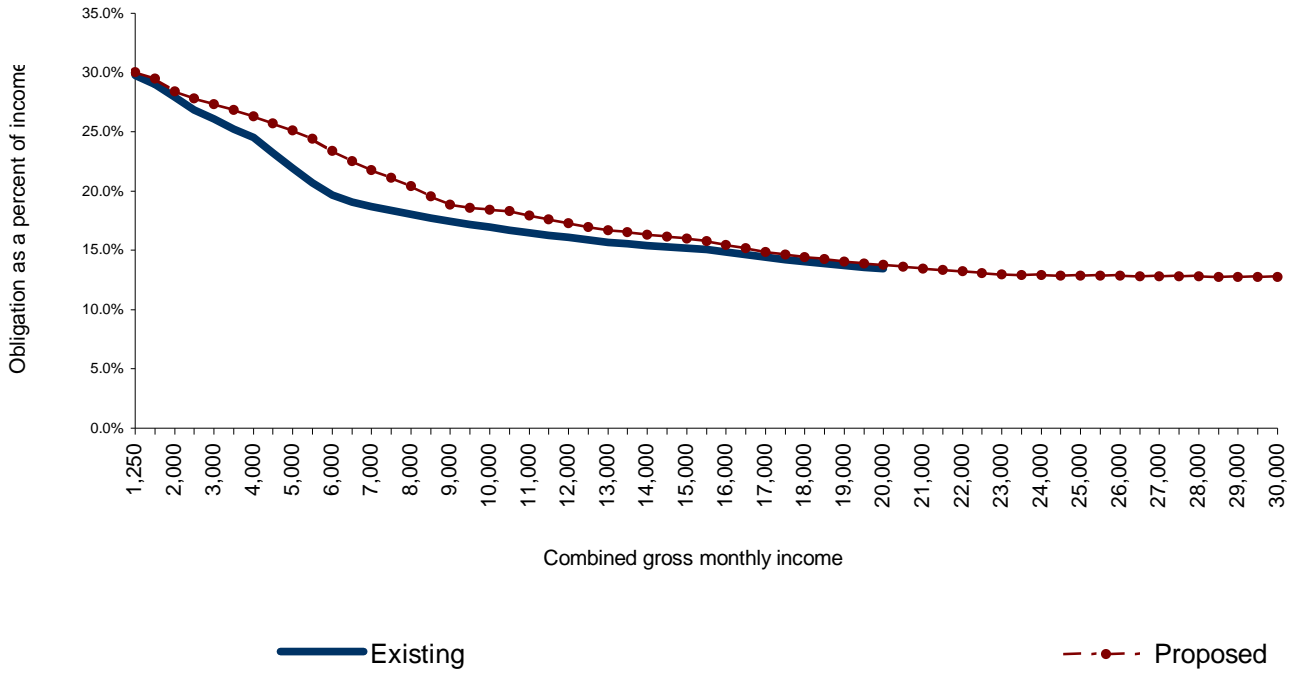
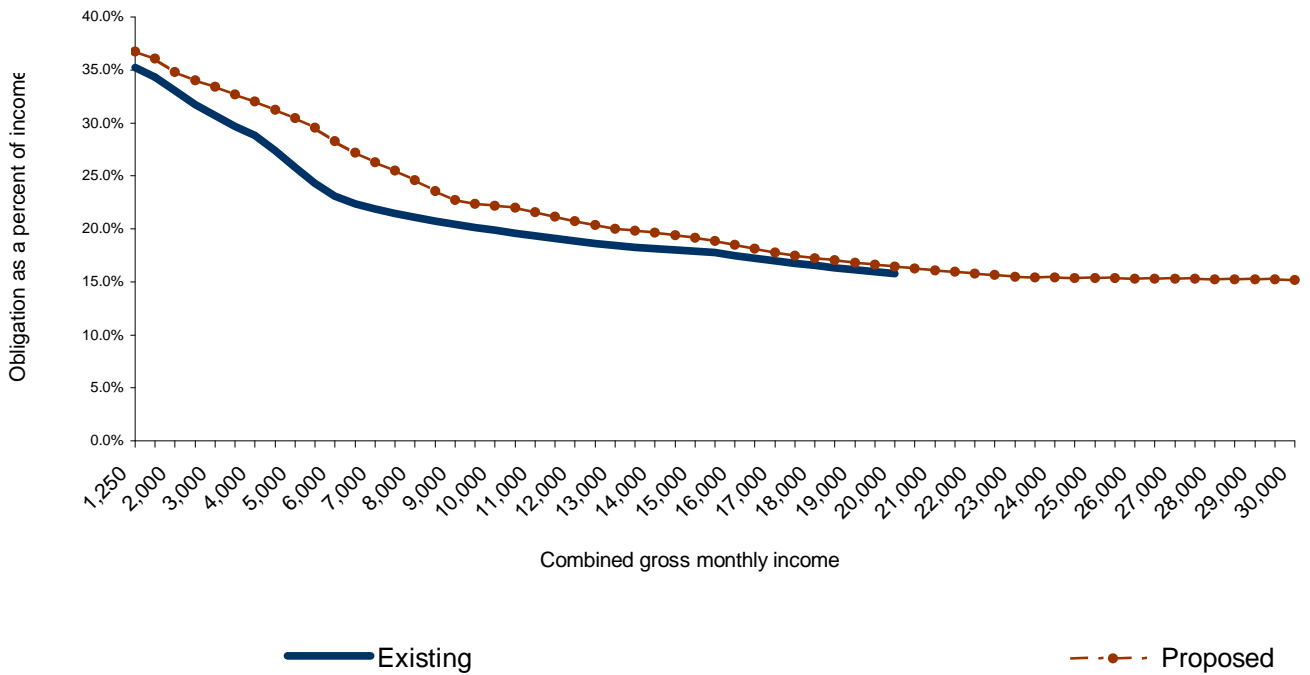


Exhibit 11: Comparison of Schedule Amounts for Three Children



Exhibits 9, 10, and 11 compare the order amounts under the existing schedule to the proposed schedule for three case examples. In these case examples, there are no childcare expenses, expenses for the child's health insurance, or other circumstances that would alter the guidelines-determined amount.

Recommendations - In summary, the Report provides a history of the development of the current SBSO and the basis for the development of the Proposed SBSO. This Part concludes with a comparison of the two Schedules and the recommendation for the adoption of the proposed update Schedule. An Appendix follows containing more details on the development of the proposed schedule and the minimum order and low-income adjustment formulas.

Section VI Discretionary Issues

This section describes discretionary issues reviewed by the Commission as suggested by its members and stakeholders. These issues arise from input obtained from customers of the IV-D program and the experiences of county workers, attorneys and judicial department staff in the administration of the program.

The following are (1) those issues where the Commission is making recommendations for amendments at this time, (2) issues where no amendment is recommended at this time and finally, (3) an issue recommended for further study.

A. Issues Relating to the Minimum Order

The Commission is recommending changes to the minimum order amount and formula.

The minimum order of \$50 is the monthly amount of child support that is required of low-income obligors who qualify under § 14-10-115((7)(a)(II)(B) or § 14-10-115(7)(a)(II)(D), C.R.S.

Currently, § 14-10-115(7)(a)(II)(B), C.R.S. provides that in situations where the combined monthly adjusted gross income (AGI) is less than \$850 per month, the obligor shall be required to pay a minimum order amount of \$50 per month. Also, § 14-10-115(7)(a)(II)(D), C.R.S., provides that in any case where the obligor's AGI is less than \$850 per month, regardless of what the income of the obligee is, the obligor shall pay the minimum order amount of \$50 per month.

Prior to 2003, the minimum order amount ranged from \$20 to \$50 per month. In 2003, the amount of \$50 became effective for all obligors who qualified for the minimum order. This change was recommended by the 2001 Commission to promote consistency in the establishment of orders for low-income obligors. At that time, it was also

perceived that very few minimum orders were being established. Since then, the number of minimum orders has increased, at least in IV-D cases.

This Commission notes that in the Schedule and the low-income adjustment formula, the monthly child support amount is always a function of the number of children of the order. This is consistent with the fact that the cost of raising children does increase with each additional child. In an effort to balance these factors against the acknowledgement that an obligor whose earnings fall below the current minimum wage should have a realistic order, the Commission is recommending two changes to the minimum order formula.

First, the Commission proposes that the minimum order threshold be raised and second, that the minimum order amount be increased with each additional child on the order.

This recommendation is based in part on the incorporation of a self-support reserve amount for the obligor. Likewise, the Commission is also recommending inclusion of the self-support reserve into the minimum order formula and that it be revised in two ways by:

- i. Revising the threshold for qualifying for the minimum order formula from \$850 to \$1,100; and
- ii. Implementing incremental \$20 per month increases in the minimum order amount based on the number of children in the subject support order.

The current minimum order formula does not vary with the number of children due support. In both the Schedule and the low-income adjustment formulae, the number of children due support is a factor, since the cost of raising children increases with each additional child. The Commission believes that it is time to recognize this fact in the calculation of a minimum child support order as well. While acknowledging the minimal financial self-support needs of the obligor, the Commission recommends that \$20 per month per child be added to the minimum \$50 per month order up to six children. For example, if the minimum order formula applies, an obligor would pay \$50 per month for one child, \$70 per month for 2 children, \$90 per month for 3 children, etc. up to an order for six or more children, which would be \$150 per month.

Examples of the proposed Minimum Order Formula:

#1 - The obligor has one child on the order and is disabled with income of \$1000 per month in social security disability benefit payments. Under the existing statute, the obligor's order would be \$105 per month because he/she would not qualify for the minimum order (but under current law, would qualify for the low-income adjustment). Under the proposed minimum order law, the obligor would pay \$50 per month.

#2 - The obligor has two children on the order and is disabled with income of \$1000 per month in social security disability benefit payments. Under the existing statute, the obligor's order would be \$190 per month because he/she would not qualify for the minimum order (but under current law, would qualify for the low-income adjustment). Under the proposed minimum order law, the obligor would pay \$70 per month.

#3 - The obligor has four children on the order and is disabled with income of \$1000 per month in social security disability benefit payments. Under the existing statute, the obligor's order would be \$315 per month because he/she would not qualify for the minimum order (but under current law, would qualify for the low-income adjustment). Under the proposed minimum order law, the obligor would pay \$110 per month.

Recommendation: The Commission proposes that the income dollar amount threshold for qualification of the minimum order be changed to \$1,100 per month and that an incremental increase in the minimum order amount of \$20 per child be added to the formula. – See the Appendix for proposed language.

B. Issues Relating to the Low-Income Adjustment

The Commission recommends changes to the lower and upper threshold dollar amounts for application of the low income adjustment formula and that the formula be revised to include the new self support reserve dollar amount for obligors.

The low-income adjustment (LIA) formula is intended to help eliminate the cliff effect between low-income obligors who qualify for the minimum order and those who do not. The LIA is found at § 14-10-115(7)(a)(II)(C), C.R.S. and was last updated in 2003. Under this statute the LIA applies when the parents' combined adjusted gross income (AGI) is \$850 or more and the obligor's AGI is less than \$1,850.

The LIA is calculated by subtracting \$900 from the obligor's AGI. That amount is then multiplied by 40%. To that amount, \$75 is added for each child on the order. The result of these calculations is the LIA amount. The obligor's order amount is the lesser of the LIA formula result or the amount calculated under the Schedule.

The \$900 amount in the LIA formula represents the obligor's self-support reserve amount; in other words, an amount set aside to meet the obligor's basic financial needs. This self-support amount was established in 2003 and is approximately based on the minimum wage rate of \$5.15 per hour (\$892 per month) that was in effect in 2001. Colorado's current minimum wage rate is currently \$7.36 per hour (\$1,276 per month).

In recommending an updated self-support reserve amount, the Commission started with the 2010 federal poverty level for a single adult that is \$902.50 per month. The federal poverty level, or a multiple thereof, is frequently used in determining a person's qualification for types of public assistance. The Commission is recommending a self-

support reserve of \$1,100 per month or approximately 120% of the 2010 federal poverty level. The Commission is also recommending a change to the LIA formula as follows:

Obligor's AGI minus \$1,100 for one child, plus \$20 for each additional child up to six or more children on the order.

To coincide with the recommended minimum order threshold of \$1,100, the Commission is recommending that the parameters for application of the LIA include obligors with a monthly AGI of \$1,00 or more but less than \$1,900 per month.

Examples of the proposed Low Income Adjustment:

#1 - The obligor has 1 child and earns \$1,100 per month. Under the current schedule, the obligor's order would be \$228 per month. Under the current LIA, the obligor's obligation would be \$275 per month. Under the proposed Schedule, the obligor's order would be \$216. Under the proposed LIA, the obligor's order would be \$50 per month.

#2 - The obligor has 2 children and earns \$1,200 per month. Under the current schedule, the obligor's order would be \$359 per month. Under the current LIA, the obligor's obligation would be \$270 per month. Under the proposed Schedule, the obligor's order would be \$362. Under the proposed LIA, the obligor's order would be \$170 per month.

#3 - The obligor has 3 children and earns \$1,300 per month. Under the current schedule, the obligor's order would be \$456 per month. Under the current LIA, the obligor's obligation would be \$415 per month. Under the proposed Schedule, the obligor's order would be \$476. Under the proposed LIA, the obligor's order would be \$290 per month.

The current guidelines statute provides that the obligor shall pay the lesser of the obligation calculated under the Schedule and the LIA. The Commission is not recommending any changes to this provision. In many instances however and under the current Schedule and LIA, an obligor that qualifies for application of the current LIA actually pays less under the current Schedule than using the current LIA. This is because the current LIA is based in part on outdated minimum wage rate. Even though the proposed Schedule amounts are higher than the current Schedule amounts, the proposed LIA helps alleviate this problem.

The Commission believes that the proposed minimum order and LIA result in fairer orders for low-income obligors while providing incremental increases in child support amounts based on the number of children in both LIA and minimum order cases.

Recommendation: The Commission proposes that the dollar parameters to qualify for the low-income adjustment formula and the LIA formula itself be changed. – See the Appendix for proposed language.

C. Issues Relating to the Minimum Order and Low-Income Adjustment and the Adjustment for Supporting Other Children (Continuation of discussion of the proposed changes to the minimum order and low income formulae as they relate to the adjustment for supporting other children without an order).

Because of the recommended revisions to the minimum order and low-income adjustment formulae described above, the Commission is recommending that these same revisions be incorporated into the formula for calculating the adjustment for supporting other children without an order found at § 14-10-115(6)(b)(I), C.R.S. This section deals with the adjustment to gross income for supporting other children without an order. The recommended revisions below match the changes to § 14-10-115(7)(C), C.R.S. regarding the low-income adjustment formula.

Recommendation: The Commission proposes revisions to the adjustment for supporting other children without an order when based on application of the minimum order or low-income adjustment formula. – See the Appendix for proposed language

D. Issues Relating to Changes in the Definition of Gross Income

Several components of “what is gross income” were presented to the Commission. Generally, these matters relate to:

1. Inconsistencies in the statute relating to self-employed obligors and obligors who are employees of a closely held corporation,
2. Treatment of distributions from certain partnerships and companies involving passive investors, and
3. Treatment of earnings and gains from investment accounts that are not distributed to the account holder.

The determination of gross income is found at § 14-10-115(5), C.R.S. This section is then divided, in relevant parts, into subsection (a)(I), “what is gross income”, subsection (a)(II), “what is not gross income” and subsection (a)(III), “how to calculate income from self-employment. Matters relating to self-employment will be discussed first.

At subsection (a)(I)(D) “Payments received as an independent contractor for labor or services” is listed as gross income. Subsection (a)(III) then provides that income from self-employment is calculated by deducting “ordinary and necessary expenses” from gross receipts. What is not clear is that independent contractors are self-employed and

that their income should be calculated by application of subsection (a)(III). Finally, subsection (a)(I)(O) also defines gross income as “Any moneys drawn by a self-employed individual for personal use”. Sometimes however, distributions for personal use are identified as ordinary and necessary expenses. The Commission believes that subsections (a)(I)(D) and (a)(I)(O) should be amended to clearly state payments received by independent contactors should be treated as income from self-employment and that ordinary and necessary expenses may be deducted unless such expenses are in fact for personal use.

With respect to the second issue, subsection (a)(I)(W) classifies “taxable distributions from general partnerships, limited liability corporations or limited liability companies” as gross income. Often, minority or passive interest holders are charged with distributions that are taxed, but never actually received. Such “non-distributions” are then included in the child support calculation as gross income. The Commission believes that a court should have discretion whether or not to limit treatment of such distributions as income to only those distributions actually received as cash by such minority and/or passive investors.

With respect to the third issue, subsection (a)(I)(H) defines gross income to include retirement benefits. Some courts have held that earnings and/or gains on retirement accounts are income, even if the account holder does not take a distribution of such earnings and/or gains. The Commission believes that such earnings and/or gains on retirement accounts should not automatically be deemed as income and that the court should have discretion to determine inclusion of such amounts in child support calculations, if these distributions may be taken without an IRS penalty for early withdrawal. The Commission recommends that a new subsection (a)(II)(E) be added to the statute to incorporate this provision.

Recommendation: The Commission proposes revisions to the definition of gross income as set forth above. - See the Appendix for proposed language.

E. Issues Relating to the Handling and Application of Lump-Sum Social Security Disability Benefits to Child Support Arrears and Retroactive Support

Several sections of the child support guidelines address the characterization and treatment of different types of social security benefits. Section § 14-10-115(11), C.R.S. provides that when the custodial party receives federal social security disability insurance (SSDI) or retirement benefits on behalf of the obligor’s child due to the disability or retirement of the obligor, the total monthly child support obligation due is reduced by the amount of such monthly benefits. However, the statute is silent regarding treatment of any such “lump sum” benefits that are paid on behalf of a child.

Payment of social security benefits can be delayed, often for many months or even years in the case of SSDI benefits. The following is a common scenario: A parent becomes disabled and applies for SSDI benefits because he or she is unable to continue working. The parent has been paying regularly on a child support order but now has no income and arrears accrue. Application for SSDI benefits, for both the parent and his or her child is denied because the Social Security Administration finds that the parent has failed to prove a compensable disability under the Social Security Act. When this happens, some courts and CSEUs rely on the government's determination of disability and refuse to adjust the obligor's order amount to reflect the loss of income. The parent appeals the adverse SSDI decision, eventually prevails and the custodian receives a lump sum past due benefits on behalf of the child. Courts have differed in the treatment of this payment. Some courts view the lump sum SSDI benefit award for the child as a payment on the arrears judgment and reduce the arrears balance accordingly. Some case law however, holds that the obligor's arrears that have accrued during the period of his or her disability can't be reduced by this lump sum payment.

The Commission believes that lump sum payments received by the custodian on behalf of the child should be treated in the same way the statute treats current SSDI payments. The obligor should obtain a credit against any arrears that accrued during the period of disability equal to the benefit amount. This period is determined by reference to the social security benefits award letter that states the onset date of the qualified disability. If the lump sum payment exceeds the amount of arrears that accrued during the period of the obligor's disability, the excess should be deemed a gratuity to the child. The excess, if any, should not be applied against any other arrears or treated as income of the child or the custodial party.

This recommendation also requires a revision to the order modification statute at § 14-10-122((1)(a), C.R.S.

Recommendation: The Commission proposes revising the guidelines statute and the order modification statute to give obligors credit against arrears for lump sum social security payments. - See the Appendix for proposed language.

F. Issues Relating to the Retroactive Establishment of Child Support in Situations Where There Has Been an Agreed Post-Order Change of Physical Care.

The Commission is recommending that a court be authorized to retroactively establish a child support obligation when the parents agree to a change of physical care arrangement of a child after establishment of a child support order.

Sometimes after a child support order is entered, there is a change in the physical care arrangement for the children of the order. This post-order change in physical care may also result in a reversal of the roles of custodial party and non-custodial parent.

Section § 14-10-122(5), C.R.S addresses agreed upon changes to physical care arrangements and provides the only exception to the general rule that orders may not be retroactively modified prior to the date that a Motion to Modify is filed with the court (see section § 14-10-122(1)(d), C.R.S). This statutory exception is stated below, but essentially provides that child support orders may be retroactively modified back to the date of a mutually agreed change of physical care.

It is clear from the statute and case law that the obligor's legal obligation can be retroactively terminated back to the date of the agreed upon change of physical care. However, there is a conflict between two appellate divisions regarding the court's authority to effect a retroactive establishment of a child support order in these situations. Some historical background on this statute and case law will help frame the issues.

In 1991, §14-10-122(5), C.R.S. provided in relevant part that: "Notwithstanding the provisions of subsection (1) of this section, when a mutually agreed upon change of physical care occurs, the provisions for child support of the obligor under the existing child support order, if modified pursuant to this section, will be modified as of the date when physical care was changed...."

In 1992, sub-section (1)(d) was added to §14-10-122, C.R.S. that read then as today;

(d) If maintenance or child support is modified pursuant to this section, the modification should be effective as of the date of the filing of the motion, unless the court finds that it would cause undue hardship or substantial injustice or unless there has been a mutually agreed upon change of physical custody as provided for in subsection (5) of this section. In no instance shall the order be retroactively modified prior to the date of filing, unless there has been a mutually agreed upon change of physical custody. The court may modify installments of maintenance or child support due between the filing of the motion and the entry of the order even if the circumstances justifying the modification no longer exist at the time the order is entered.

In 1992, Division Two of the court of appeals in *In re Marriage of Pickering*, 967 P.2d 164 (Colo. App. 1997), held that subsection (1)(d)) "impliedly repealed" subsection (5).

Nine months later and in direct response to *Pickering*, the General Assembly amended subsection (5) to read:

(5) Notwithstanding the provisions of subsection (1) of this section, when a mutually agreed upon change of physical care occurs, the provisions for child support of the obligor under the existing child support order, if modified pursuant to this section, will be modified as of the date when physical care was changed. When a mutually agreed upon change of physical care occurs, parties are encouraged to avail themselves of the provision set forth in section 14-10-115 (14) (a) for updating and modifying a child support order without a court hearing.

In 2002, Division One of the court of appeals issued the opinion of *In re the Marriage of Emerson*, 77 P. 3d 923 (Colo. App. 2002) holding that subsection (5) did empower a court to retroactively establish a child support obligation when there had been a mutually agreed change of physical care. The reasoning for this holding is echoed by the Commission comments below.

However, on June 10, 2010, and while this Commission was in session, Division Six of the court of appeals issued the opinion of *In re the Marriage of White-Martin*, 240 P. 3d 534 (Colo. App. 2010). Under similar facts, that court declined to follow the holding in *Emerson* stating that the General Assembly's revisions to subsection (5) had still not authorized a court to retroactively establish a child support obligation when a mutually agreed change of physical care occurred.

In order to resolve this inconsistency, the Commission recommends revisions to §14-10-122(5), C.R.S. as shown below to empower a court with discretion to retroactively establish a child support obligation back to the date of the mutually agreed upon change of physical care for the following reasons:

1. Parents owe a continuous duty to provide financial support for their child until emancipation, regardless of the location of the child's residence,
2. The duty to provide support should not lapse, during a child's minority, just because of a change in the residence of the child
3. The child is the person for whom support is due and a child should not be penalized because the new custodial party fails to promptly act to seek a modification of the existing order.

Recommendation: The Commission proposes that a court be authorized to retroactively establish a child support order when there is a change in the physical care arrangement of a child. – See the Appendix for proposed language.

G. Issues Relating to the Child Support Commission

The Commission is recommending several revisions to §14-10-115(16), C.R.S. that defines the mandatory issues to be reviewed by and membership requirements of the Child Support Commission. Two enumerated mandatory issues provide that the Commission "...shall review issues identified in the federal "Personal Responsibility and Work Opportunity Reconciliation Act of 1996", Public Law 104-193, including out-of-wedlock births and the prevention of teen pregnancy." The 2001 Commission reviewed these matters and recommended, as this Commission does, that the statute be revised to delete mandatory review of these issues by the Child Support Commission (see Report of the 2001 Child Support Commission, Part I, page 12).

The Commission also notes that the statutory requirements for membership cannot always be met. While full membership is desired, membership is voluntary and membership in every enumerated category cannot always be accomplished. The Commission believes that the governor should have flexibility in appointment to the Commission and still be able to achieve diversity in membership.

The Commission notes that issues relating to the statute of limitations and doctrine of laches on the enforcement of support judgments and whether different limitations on the enforcement of support judgments should apply based on whether payments are made directly to the obligee or through the Family Support Registry (FSR) were addressed by the 2001 and 2005 Child Support Commissions. This Commission agrees with those Commissions' findings and recommendations. Also, Senate Bill 11-123 that becomes effective August 10, 2011, specifically provides that all child support payments shall be made through the FSR. For these reasons, the Commission recommends the deletion of § 14-10-115(16)(e)(I) and (II), C.R.S.

Finally, federal law mandates that if child support is not paid timely and in full, that a judgment for such past due support automatically arise. Colorado's statutes provide for this and there is really nothing further for the Commission to review on this matter.

Recommendation: The Commission proposes changes to the Commission membership criteria and that the requirement to address issues relating to arrears becoming judgments, children born out of wedlock and teen pregnancies be deleted. – See the Appendix for proposed language.

H. Suggested judicial deviation based on probation and parole related expenses:

This Commission is not recommending any changes to the deviation statute.

Many obligors, especially in the IV-D program, are on probation or parole. The terms of the criminal court order relating to this status often require such obligors to pay expenses for mandatory drug testing, counseling and/or restitution. Adjustments for these expenses are not directly provided for in the guidelines calculation. However, a court is authorized pursuant to § 14-10-115(8)(e), C.R.S. to deviate from the guidelines and schedule upon a finding that application thereof would be inequitable, unjust or inappropriate. This section also enumerates certain situations where deviation may be appropriate but parole and probation expenses are not listed in the statute. Some IV-D program staff have suggested that these expenses be listed as a permissible grounds for deviation. Since the statute provides that a court is not limited to the stated reasons, the Commission believes it is unnecessary to add another possible ground for deviation for parole and probation expenses.

Recommendation: The Commission recommends that no change be made to the deviation statute.

I. Issues relating to the Adjustment for Supporting Other Children Without an Order.

The Commission recommends that further study be conducted regarding the calculation of and qualification for the adjustment for supporting other children found at 14-10-115(6), C.R.S. Because of limited time, the Commission was unable to address this issue but does believe that further discussion be conducted by a special workgroup and/or future Commission to review the current qualifications for and calculation of the guidelines adjustment for supporting other children.

Recommendation: The Commission recommends that a future Commission conduct a review of the adjustment for supporting other children.

Appendix

Appendix

Proposed Statutory Language Changes Associated with the Commission’s Recommendations

The Proposed Schedule, Exhibit 12 below, incorporates the proposed Minimum Order threshold of \$1,100 per month in adjusted gross income (AGI) for the obligor. Just like the existing Schedule, the proposed Schedule reflects that when the combined AGI falls below the proposed minimum order threshold, the minimum order applies. The Proposed Schedule is not only based on updated economic data, it has also been expanded to include combined AGI of up to \$30,000 per month. Please see Section V of the Report for a detailed discuss this proposed statutory revision.

Section V (page 10); Recommendation Relating to the Schedule:

The Commission proposes the following revisions to § 14-10-115(7)(b), C.R.S.

Exhibit 12 Proposed Updated Schedule of Basic Support Obligations						
Combined Adjusted Gross Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
100	Minimum Order Formula Applies for Income below \$1,100 per month					
150						
200						
250						
300						
350						
400						
450						
500						
550						
600						
650						
700						
750						

Exhibit 12
Proposed Updated Schedule of Basic Support Obligations

Combined Adjusted Gross Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
800						
850						
900						
950						
1000						
1050						
1100	216	335	410	458	504	547
1150	225	348	427	477	524	570
1200	234	362	443	495	545	592
1250	243	375	460	513	565	614
1300	251	389	476	532	585	636
1350	260	402	492	550	605	658
1400	269	416	509	568	625	680
1450	277	429	525	587	645	701
1500	286	442	541	604	665	723
1550	294	455	556	622	684	743
1600	302	467	572	639	703	764
1650	310	480	587	656	721	784
1700	319	492	602	673	740	805
1750	327	505	618	690	759	825
1800	335	518	634	708	778	846
1850	343	530	649	725	798	867
1900	352	543	665	742	817	888
1950	360	556	680	760	836	908
2000	368	569	696	777	855	929
2050	377	581	711	794	874	950
2100	385	594	727	812	893	971
2150	393	607	742	829	912	991
2200	401	620	758	847	931	1012
2250	410	632	773	864	950	1033
2300	418	645	789	881	969	1054
2350	426	658	804	899	988	1074
2400	435	671	820	916	1007	1095
2450	443	683	835	933	1026	1116
2500	451	696	851	950	1045	1136
2550	459	709	866	968	1064	1157
2600	468	722	882	985	1084	1178
2650	476	734	897	1002	1103	1198
2700	484	747	913	1020	1122	1219
2750	493	760	928	1037	1141	1240

Exhibit 12
Proposed Updated Schedule of Basic Support Obligations

Combined Adjusted Gross Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
2800	501	772	944	1054	1160	1261
2850	509	785	959	1071	1179	1281
2900	517	797	974	1087	1196	1300
2950	525	809	988	1103	1213	1319
3000	533	821	1002	1119	1231	1338
3050	541	833	1016	1135	1248	1357
3100	548	844	1030	1150	1266	1376
3150	556	856	1044	1166	1283	1394
3200	564	868	1058	1182	1300	1413
3250	572	880	1072	1198	1318	1432
3300	580	892	1086	1214	1335	1451
3350	588	904	1101	1229	1352	1470
3400	596	915	1115	1245	1370	1489
3450	604	928	1129	1261	1388	1508
3500	612	940	1144	1278	1406	1529
3550	620	953	1160	1295	1425	1549
3600	628	965	1175	1312	1444	1569
3650	636	977	1189	1328	1460	1587
3700	643	987	1202	1342	1477	1605
3750	650	998	1215	1357	1493	1622
3800	657	1009	1228	1372	1509	1640
3850	664	1020	1241	1386	1525	1658
3900	671	1031	1254	1401	1541	1675
3950	678	1042	1267	1416	1557	1693
4000	685	1053	1280	1430	1573	1710
4050	692	1063	1294	1445	1589	1728
4100	699	1074	1306	1459	1605	1744
4150	706	1084	1319	1473	1620	1761
4200	713	1095	1331	1487	1635	1778
4250	720	1105	1344	1501	1651	1794
4300	727	1115	1356	1515	1666	1811
4350	734	1126	1368	1529	1681	1828
4400	741	1136	1381	1542	1697	1844
4450	747	1147	1393	1556	1712	1861
4500	754	1157	1406	1570	1727	1878
4550	761	1167	1418	1584	1743	1894
4600	768	1178	1431	1598	1758	1911
4650	775	1188	1443	1612	1773	1928
4700	782	1199	1456	1626	1789	1944
4750	788	1209	1467	1639	1803	1960

Exhibit 12
Proposed Updated Schedule of Basic Support Obligations

Combined Adjusted Gross Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
4800	795	1218	1478	1651	1817	1975
4850	801	1227	1489	1664	1830	1989
4900	808	1237	1500	1676	1844	2004
4950	814	1246	1511	1688	1857	2019
5000	820	1256	1523	1701	1871	2033
5050	827	1265	1534	1713	1884	2048
5100	833	1274	1545	1725	1898	2063
5150	840	1284	1556	1738	1911	2078
5200	846	1293	1567	1750	1925	2092
5250	852	1303	1578	1762	1938	2107
5300	859	1312	1589	1774	1952	2122
5350	865	1322	1600	1787	1965	2136
5400	871	1330	1610	1798	1978	2150
5450	875	1337	1617	1806	1987	2160
5500	879	1343	1624	1814	1996	2169
5550	883	1349	1631	1822	2005	2179
5600	887	1355	1639	1830	2013	2189
5650	891	1361	1646	1838	2022	2198
5700	896	1367	1653	1846	2031	2208
5750	900	1373	1660	1854	2040	2217
5800	904	1379	1667	1862	2049	2227
5850	908	1385	1674	1870	2057	2236
5900	912	1391	1682	1878	2066	2246
5950	916	1397	1689	1886	2075	2256
6000	920	1404	1696	1894	2084	2265
6050	924	1410	1703	1902	2093	2275
6100	928	1416	1710	1910	2101	2284
6150	932	1422	1717	1918	2110	2294
6200	937	1428	1725	1926	2119	2303
6250	941	1434	1732	1934	2128	2313
6300	945	1440	1739	1942	2136	2322
6350	949	1446	1746	1950	2145	2332
6400	953	1452	1753	1958	2154	2341
6450	957	1458	1760	1966	2162	2351
6500	961	1464	1767	1974	2171	2360
6550	965	1470	1774	1982	2180	2370
6600	969	1476	1782	1990	2189	2379
6650	973	1482	1789	1998	2198	2389
6700	977	1488	1796	2006	2207	2399
6750	981	1494	1803	2014	2216	2408

Exhibit 12
Proposed Updated Schedule of Basic Support Obligations

Combined Adjusted Gross Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
6800	985	1500	1810	2022	2225	2418
6850	989	1506	1818	2030	2233	2428
6900	993	1512	1825	2038	2242	2437
6950	997	1518	1832	2047	2251	2447
7000	1001	1524	1839	2055	2260	2457
7050	1005	1530	1847	2063	2269	2466
7100	1009	1536	1854	2071	2278	2476
7150	1013	1542	1861	2079	2287	2486
7200	1017	1548	1868	2087	2296	2495
7250	1021	1554	1876	2095	2304	2505
7300	1025	1560	1883	2103	2313	2515
7350	1029	1567	1890	2111	2322	2524
7400	1033	1573	1897	2119	2331	2534
7450	1037	1579	1904	2127	2340	2544
7500	1041	1585	1912	2135	2349	2553
7550	1045	1591	1919	2143	2358	2563
7600	1049	1597	1926	2151	2367	2572
7650	1053	1603	1933	2159	2375	2582
7700	1057	1608	1940	2167	2384	2591
7750	1061	1614	1947	2175	2392	2600
7800	1063	1618	1952	2180	2398	2607
7850	1066	1622	1956	2184	2403	2612
7900	1068	1625	1959	2188	2407	2617
7950	1070	1628	1963	2193	2412	2622
8000	1072	1631	1967	2197	2416	2627
8050	1074	1634	1970	2201	2421	2632
8100	1077	1638	1974	2205	2426	2637
8150	1079	1641	1978	2209	2430	2642
8200	1081	1644	1982	2214	2435	2647
8250	1083	1647	1985	2218	2439	2652
8300	1085	1651	1989	2222	2444	2657
8350	1088	1654	1993	2226	2449	2662
8400	1090	1657	1997	2230	2453	2667
8450	1092	1660	2000	2234	2458	2672
8500	1094	1664	2004	2239	2463	2677
8550	1097	1667	2008	2243	2467	2682
8600	1099	1670	2012	2247	2472	2687
8650	1101	1673	2015	2251	2476	2692
8700	1103	1677	2019	2255	2481	2697
8750	1105	1680	2023	2260	2486	2702

Exhibit 12
Proposed Updated Schedule of Basic Support Obligations

Combined Adjusted Gross Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
8800	1108	1683	2027	2264	2490	2707
8850	1110	1686	2030	2268	2495	2712
8900	1112	1690	2034	2272	2499	2717
8950	1115	1693	2038	2277	2504	2722
9000	1117	1697	2042	2281	2510	2728
9050	1119	1700	2047	2286	2515	2733
9100	1122	1704	2051	2291	2520	2739
9150	1125	1708	2055	2296	2525	2745
9200	1130	1716	2065	2307	2537	2758
9250	1135	1724	2075	2317	2549	2771
9300	1141	1732	2084	2328	2561	2784
9350	1146	1740	2094	2339	2573	2796
9400	1151	1748	2103	2350	2585	2809
9450	1157	1756	2113	2360	2596	2822
9500	1162	1764	2123	2371	2608	2835
9550	1167	1772	2132	2382	2620	2848
9600	1172	1780	2142	2393	2632	2861
9650	1178	1788	2152	2403	2644	2874
9700	1183	1796	2161	2414	2656	2887
9750	1188	1804	2171	2425	2667	2899
9800	1194	1812	2181	2436	2679	2912
9850	1199	1820	2190	2446	2691	2925
9900	1204	1828	2200	2457	2703	2938
9950	1210	1836	2209	2468	2715	2951
10000	1215	1844	2219	2479	2727	2964
10050	1220	1852	2229	2489	2738	2977
10100	1226	1860	2238	2500	2750	2990
10150	1231	1868	2248	2511	2762	3002
10200	1236	1876	2258	2522	2774	3015
10250	1242	1884	2267	2533	2786	3028
10300	1247	1892	2277	2543	2798	3041
10350	1252	1901	2287	2554	2809	3054
10400	1258	1909	2296	2565	2821	3067
10450	1262	1914	2303	2572	2830	3076
10500	1265	1920	2309	2579	2837	3084
10550	1269	1925	2315	2586	2845	3092
10600	1272	1930	2322	2593	2853	3101
10650	1276	1936	2328	2600	2860	3109
10700	1280	1941	2334	2607	2868	3117
10750	1283	1946	2340	2614	2875	3126

Exhibit 12
Proposed Updated Schedule of Basic Support Obligations

Combined Adjusted Gross Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
10800	1287	1952	2346	2621	2883	3134
10850	1291	1957	2353	2628	2891	3142
10900	1294	1962	2359	2635	2898	3150
10950	1298	1968	2365	2642	2906	3159
11000	1301	1973	2371	2649	2913	3167
11050	1305	1978	2377	2655	2921	3175
11100	1309	1984	2383	2662	2929	3183
11150	1312	1989	2390	2669	2936	3192
11200	1316	1994	2396	2676	2944	3200
11250	1320	2000	2402	2683	2951	3208
11300	1323	2005	2408	2690	2959	3216
11350	1327	2010	2414	2697	2967	3225
11400	1330	2016	2421	2704	2974	3233
11450	1334	2021	2427	2711	2982	3241
11500	1338	2026	2433	2718	2989	3250
11550	1341	2032	2439	2725	2997	3258
11600	1345	2037	2445	2731	3005	3266
11650	1349	2043	2452	2738	3012	3274
11700	1352	2048	2457	2745	3019	3282
11750	1355	2052	2463	2751	3026	3289
11800	1359	2057	2468	2757	3032	3296
11850	1362	2062	2473	2763	3039	3303
11900	1365	2066	2479	2769	3045	3310
11950	1368	2071	2484	2775	3052	3318
12000	1372	2076	2489	2781	3059	3325
12050	1375	2080	2495	2786	3065	3332
12100	1378	2085	2500	2792	3072	3339
12150	1382	2090	2505	2798	3078	3346
12200	1385	2095	2511	2804	3085	3353
12250	1388	2099	2516	2810	3091	3360
12300	1391	2104	2521	2816	3098	3367
12350	1395	2109	2527	2822	3104	3375
12400	1398	2113	2532	2828	3111	3382
12450	1401	2118	2537	2834	3118	3389
12500	1405	2123	2543	2840	3124	3396
12550	1408	2128	2548	2846	3131	3403
12600	1411	2132	2553	2852	3137	3410
12650	1414	2137	2559	2858	3144	3417
12700	1418	2142	2564	2864	3150	3424
12750	1421	2146	2569	2870	3157	3431

Exhibit 12
Proposed Updated Schedule of Basic Support Obligations

Combined Adjusted Gross Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
12800	1424	2151	2575	2876	3163	3439
12850	1427	2156	2580	2882	3170	3446
12900	1431	2160	2585	2888	3176	3453
12950	1434	2165	2591	2894	3184	3461
13000	1438	2171	2598	2903	3193	3471
13050	1441	2177	2606	2911	3202	3480
13100	1444	2183	2613	2919	3211	3490
13150	1448	2188	2621	2927	3220	3500
13200	1451	2194	2628	2936	3229	3510
13250	1455	2200	2636	2944	3239	3520
13300	1458	2205	2643	2952	3248	3530
13350	1462	2211	2651	2961	3257	3540
13400	1465	2217	2658	2969	3266	3550
13450	1469	2223	2666	2977	3275	3560
13500	1472	2228	2673	2986	3284	3570
13550	1475	2234	2680	2994	3293	3580
13600	1479	2240	2688	3002	3303	3590
13650	1482	2246	2695	3011	3312	3600
13700	1486	2251	2703	3019	3321	3610
13750	1489	2257	2710	3027	3330	3620
13800	1493	2263	2718	3036	3339	3630
13850	1496	2268	2725	3044	3348	3640
13900	1500	2274	2733	3052	3358	3650
13950	1503	2280	2740	3061	3367	3660
14000	1506	2286	2748	3069	3376	3670
14050	1510	2291	2755	3077	3385	3680
14100	1513	2297	2762	3086	3394	3690
14150	1517	2303	2770	3094	3403	3699
14200	1520	2309	2777	3102	3413	3709
14250	1524	2314	2783	3109	3420	3717
14300	1528	2319	2789	3115	3427	3725
14350	1532	2325	2795	3122	3434	3732
14400	1536	2330	2800	3128	3441	3740
14450	1540	2336	2806	3134	3448	3748
14500	1544	2341	2812	3141	3455	3755
14550	1548	2346	2817	3147	3462	3763
14600	1552	2352	2823	3153	3469	3771
14650	1556	2357	2829	3160	3476	3778
14700	1560	2362	2835	3166	3483	3786
14750	1564	2368	2840	3173	3490	3793

Exhibit 12
Proposed Updated Schedule of Basic Support Obligations

Combined Adjusted Gross Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
14800	1568	2373	2846	3179	3497	3801
14850	1572	2379	2852	3185	3504	3809
14900	1576	2384	2857	3192	3511	3816
14950	1580	2389	2863	3198	3518	3824
15000	1584	2395	2869	3204	3525	3832
15050	1588	2400	2875	3211	3532	3839
15100	1592	2406	2880	3217	3539	3847
15150	1596	2411	2886	3223	3545	3854
15200	1599	2416	2891	3229	3552	3861
15250	1603	2421	2896	3235	3558	3868
15300	1607	2426	2901	3241	3565	3875
15350	1610	2431	2907	3247	3571	3882
15400	1614	2436	2912	3253	3578	3889
15450	1618	2441	2917	3258	3584	3896
15500	1621	2445	2922	3264	3591	3903
15550	1623	2448	2926	3268	3595	3908
15600	1625	2451	2929	3272	3599	3912
15650	1627	2454	2933	3276	3603	3917
15700	1629	2457	2936	3280	3607	3921
15750	1630	2459	2939	3283	3612	3926
15800	1632	2462	2943	3287	3616	3930
15850	1634	2465	2946	3291	3620	3935
15900	1636	2468	2950	3295	3624	3940
15950	1638	2471	2953	3299	3628	3944
16000	1639	2473	2957	3302	3633	3949
16050	1641	2476	2960	3306	3637	3953
16100	1643	2479	2963	3310	3641	3958
16150	1645	2482	2967	3314	3645	3962
16200	1647	2485	2970	3318	3649	3967
16250	1649	2487	2974	3322	3654	3972
16300	1650	2490	2977	3325	3658	3976
16350	1652	2493	2980	3329	3662	3981
16400	1654	2496	2984	3333	3666	3985
16450	1656	2499	2987	3337	3670	3990
16500	1658	2501	2991	3341	3675	3994
16550	1659	2504	2994	3344	3679	3999
16600	1661	2507	2998	3348	3683	4004
16650	1663	2510	3001	3352	3687	4008
16700	1665	2513	3004	3356	3691	4013
16750	1667	2515	3008	3360	3696	4017

Exhibit 12
Proposed Updated Schedule of Basic Support Obligations

Combined Adjusted Gross Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
16800	1668	2518	3011	3364	3700	4022
16850	1670	2521	3015	3367	3704	4026
16900	1672	2524	3018	3371	3708	4031
16950	1674	2527	3021	3375	3712	4035
17000	1676	2529	3025	3379	3717	4040
17050	1678	2532	3028	3383	3721	4045
17100	1679	2535	3032	3386	3725	4049
17150	1681	2538	3035	3390	3729	4054
17200	1683	2541	3039	3394	3733	4058
17250	1685	2543	3042	3398	3738	4063
17300	1687	2546	3045	3402	3742	4067
17350	1688	2549	3049	3406	3746	4072
17400	1690	2552	3052	3409	3750	4077
17450	1692	2555	3056	3413	3754	4081
17500	1694	2557	3059	3417	3759	4086
17550	1696	2560	3063	3421	3763	4090
17600	1698	2564	3067	3426	3769	4096
17650	1701	2568	3072	3431	3774	4103
17700	1704	2572	3076	3436	3780	4109
17750	1706	2576	3081	3441	3785	4115
17800	1709	2580	3085	3446	3791	4121
17850	1711	2583	3090	3451	3797	4127
17900	1714	2587	3095	3457	3802	4133
17950	1717	2591	3099	3462	3808	4139
18000	1719	2595	3104	3467	3813	4145
18050	1722	2599	3108	3472	3819	4151
18100	1724	2603	3113	3477	3825	4157
18150	1727	2607	3117	3482	3830	4164
18200	1730	2611	3122	3487	3836	4170
18250	1732	2615	3127	3492	3842	4176
18300	1735	2618	3131	3497	3847	4182
18350	1738	2622	3136	3503	3853	4188
18400	1740	2626	3140	3508	3858	4194
18450	1743	2630	3145	3513	3864	4200
18500	1745	2634	3149	3518	3870	4206
18550	1748	2638	3154	3523	3875	4212
18600	1751	2642	3159	3528	3881	4219
18650	1753	2646	3163	3533	3887	4225
18700	1756	2650	3168	3538	3892	4231
18750	1758	2653	3172	3543	3898	4237

Exhibit 12
Proposed Updated Schedule of Basic Support Obligations

Combined Adjusted Gross Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
18800	1761	2657	3177	3549	3903	4243
18850	1764	2661	3181	3554	3909	4249
18900	1766	2665	3186	3559	3915	4255
18950	1769	2669	3191	3564	3920	4261
19000	1771	2673	3195	3569	3926	4267
19050	1774	2677	3200	3574	3931	4274
19100	1777	2681	3204	3579	3937	4280
19150	1779	2685	3209	3584	3943	4286
19200	1782	2689	3213	3589	3948	4292
19250	1785	2692	3218	3595	3954	4298
19300	1787	2696	3223	3600	3960	4304
19350	1790	2700	3227	3605	3965	4310
19400	1792	2704	3232	3610	3971	4316
19450	1795	2708	3236	3615	3976	4322
19500	1798	2712	3241	3620	3982	4328
19550	1800	2716	3245	3625	3988	4335
19600	1803	2720	3250	3630	3993	4341
19650	1805	2724	3255	3635	3999	4347
19700	1808	2727	3259	3640	4005	4353
19750	1811	2731	3264	3646	4010	4359
19800	1813	2735	3268	3651	4016	4365
19850	1816	2739	3273	3656	4021	4371
19900	1819	2743	3277	3661	4027	4377
19950	1821	2747	3282	3666	4033	4383
20000	1824	2751	3287	3671	4038	4390
20050	1826	2755	3291	3676	4044	4396
20100	1829	2759	3296	3681	4049	4402
20150	1832	2762	3300	3686	4055	4408
20200	1834	2766	3305	3692	4061	4414
20250	1837	2770	3309	3697	4066	4420
20300	1839	2774	3314	3702	4072	4426
20350	1842	2778	3319	3707	4078	4432
20400	1845	2782	3323	3712	4083	4438
20450	1847	2786	3328	3717	4089	4445
20500	1850	2790	3332	3722	4094	4451
20550	1853	2794	3337	3727	4100	4457
20600	1855	2797	3341	3732	4106	4463
20650	1858	2801	3346	3738	4111	4469
20700	1860	2805	3351	3743	4117	4475
20750	1863	2809	3355	3748	4123	4481

Exhibit 12
Proposed Updated Schedule of Basic Support Obligations

Combined Adjusted Gross Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
20800	1866	2813	3360	3753	4128	4487
20850	1868	2817	3364	3758	4134	4493
20900	1871	2821	3369	3763	4139	4500
20950	1873	2825	3373	3768	4145	4506
21000	1876	2829	3378	3773	4151	4512
21050	1879	2832	3383	3778	4156	4518
21100	1881	2836	3387	3784	4162	4524
21150	1884	2840	3392	3789	4167	4530
21200	1887	2844	3396	3794	4173	4536
21250	1889	2848	3401	3799	4179	4542
21300	1892	2852	3405	3804	4184	4548
21350	1894	2856	3410	3809	4190	4554
21400	1897	2860	3415	3814	4196	4561
21450	1900	2864	3419	3819	4201	4567
21500	1902	2867	3424	3824	4207	4573
21550	1905	2871	3428	3829	4212	4579
21600	1907	2875	3433	3835	4218	4585
21650	1910	2879	3438	3840	4224	4591
21700	1913	2883	3442	3845	4229	4597
21750	1915	2887	3447	3850	4235	4603
21800	1918	2891	3451	3855	4241	4609
21850	1921	2895	3456	3860	4246	4616
21900	1923	2899	3460	3865	4252	4622
21950	1926	2902	3465	3870	4257	4628
22000	1928	2906	3470	3875	4263	4634
22050	1931	2910	3474	3881	4269	4640
22100	1934	2914	3479	3886	4274	4646
22150	1936	2918	3483	3891	4280	4652
22200	1939	2922	3488	3896	4285	4658
22250	1941	2926	3492	3901	4291	4664
22300	1944	2930	3497	3906	4297	4671
22350	1947	2934	3502	3911	4302	4677
22400	1949	2937	3506	3916	4308	4683
22450	1952	2941	3511	3921	4314	4689
22500	1955	2945	3515	3927	4319	4695
22550	1957	2949	3520	3932	4325	4701
22600	1960	2953	3524	3937	4330	4707
22650	1962	2957	3529	3942	4336	4713
22700	1965	2961	3534	3947	4342	4719
22750	1968	2965	3538	3952	4347	4725

Exhibit 12
Proposed Updated Schedule of Basic Support Obligations

Combined Adjusted Gross Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
22800	1970	2969	3543	3957	4353	4732
22850	1973	2972	3547	3962	4359	4738
22900	1975	2976	3552	3967	4364	4744
22950	1978	2980	3556	3973	4370	4750
23000	1981	2984	3561	3978	4375	4756
23050	1983	2988	3566	3983	4381	4762
23100	1986	2992	3570	3988	4387	4768
23150	1989	2996	3575	3993	4392	4774
23200	1991	3000	3579	3998	4398	4780
23250	1994	3004	3584	4003	4404	4787
23300	1998	3010	3591	4011	4412	4796
23350	2002	3016	3598	4019	4421	4806
23400	2006	3022	3606	4027	4430	4816
23450	2010	3028	3613	4035	4439	4825
23500	2014	3034	3620	4044	4448	4835
23550	2018	3040	3627	4052	4457	4844
23600	2022	3046	3634	4060	4466	4854
23650	2026	3052	3642	4068	4474	4864
23700	2030	3058	3649	4076	4483	4873
23750	2034	3064	3656	4084	4492	4883
23800	2038	3070	3663	4092	4501	4893
23850	2042	3076	3670	4100	4510	4902
23900	2046	3082	3678	4108	4519	4912
23950	2050	3088	3685	4116	4528	4922
24000	2054	3094	3692	4124	4536	4931
24050	2058	3100	3699	4132	4545	4941
24100	2062	3106	3707	4140	4554	4950
24150	2066	3112	3714	4148	4563	4960
24200	2070	3118	3721	4156	4572	4970
24250	2074	3124	3728	4164	4581	4979
24300	2078	3130	3735	4172	4590	4989
24350	2082	3137	3743	4180	4598	4999
24400	2086	3143	3750	4188	4607	5008
24450	2090	3149	3757	4197	4616	5018
24500	2094	3155	3764	4205	4625	5027
24550	2098	3161	3771	4213	4634	5037
24600	2102	3167	3779	4221	4643	5047
24650	2106	3173	3786	4229	4652	5056
24700	2110	3179	3793	4237	4661	5066
24750	2114	3185	3800	4245	4669	5076

Exhibit 12
Proposed Updated Schedule of Basic Support Obligations

Combined Adjusted Gross Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
24800	2118	3191	3807	4253	4678	5085
24850	2122	3197	3815	4261	4687	5095
24900	2126	3203	3822	4269	4696	5104
24950	2130	3209	3829	4277	4705	5114
25000	2134	3215	3836	4285	4714	5124
25050	2138	3221	3844	4293	4723	5133
25100	2142	3227	3851	4301	4731	5143
25150	2146	3233	3858	4309	4740	5153
25200	2150	3239	3865	4317	4749	5162
25250	2154	3245	3872	4325	4758	5172
25300	2158	3251	3880	4333	4767	5182
25350	2162	3257	3887	4342	4776	5191
25400	2166	3263	3894	4350	4785	5201
25450	2170	3269	3901	4358	4793	5210
25500	2174	3276	3908	4366	4802	5220
25550	2178	3282	3916	4374	4811	5230
25600	2182	3288	3923	4382	4820	5239
25650	2186	3294	3930	4390	4829	5249
25700	2190	3300	3937	4398	4838	5259
25750	2194	3306	3944	4406	4847	5268
25800	2198	3312	3952	4414	4855	5278
25850	2202	3318	3959	4422	4864	5287
25900	2206	3324	3966	4430	4873	5297
25950	2210	3330	3973	4438	4882	5307
26000	2214	3336	3981	4446	4891	5316
26050	2218	3342	3988	4454	4900	5326
26100	2222	3348	3995	4462	4909	5336
26150	2226	3354	4002	4470	4917	5345
26200	2230	3360	4009	4478	4926	5355
26250	2234	3366	4017	4486	4935	5365
26300	2238	3372	4024	4495	4944	5374
26350	2242	3378	4031	4503	4953	5384
26400	2247	3384	4038	4511	4962	5393
26450	2251	3390	4045	4519	4971	5403
26500	2255	3396	4053	4527	4979	5413
26550	2259	3402	4060	4535	4988	5422
26600	2263	3408	4067	4543	4997	5432
26650	2267	3415	4074	4551	5006	5442
26700	2271	3421	4081	4559	5015	5451
26750	2275	3427	4089	4567	5024	5461

Exhibit 12
Proposed Updated Schedule of Basic Support Obligations

Combined Adjusted Gross Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
26800	2279	3433	4096	4575	5033	5470
26850	2283	3439	4103	4583	5041	5480
26900	2287	3445	4110	4591	5050	5490
26950	2291	3451	4118	4599	5059	5499
27000	2295	3457	4125	4607	5068	5509
27050	2299	3463	4132	4615	5077	5519
27100	2303	3469	4139	4623	5086	5528
27150	2307	3475	4146	4631	5095	5538
27200	2311	3481	4154	4640	5103	5547
27250	2315	3487	4161	4648	5112	5557
27300	2319	3493	4168	4656	5121	5567
27350	2323	3499	4175	4664	5130	5576
27400	2327	3505	4182	4672	5139	5586
27450	2331	3511	4190	4680	5148	5596
27500	2335	3517	4197	4688	5157	5605
27550	2339	3523	4204	4696	5165	5615
27600	2343	3529	4211	4704	5174	5625
27650	2347	3535	4218	4712	5183	5634
27700	2351	3541	4226	4720	5192	5644
27750	2355	3547	4233	4728	5201	5653
27800	2359	3554	4240	4736	5210	5663
27850	2363	3560	4247	4744	5219	5673
27900	2367	3566	4255	4752	5228	5682
27950	2371	3572	4262	4760	5236	5692
28000	2375	3578	4269	4768	5245	5702
28050	2379	3584	4276	4776	5254	5711
28100	2383	3590	4283	4785	5263	5721
28150	2387	3596	4291	4793	5272	5730
28200	2391	3602	4298	4801	5281	5740
28250	2395	3608	4305	4809	5290	5750
28300	2399	3614	4312	4817	5298	5759
28350	2403	3620	4319	4825	5307	5769
28400	2407	3626	4327	4833	5316	5779
28450	2411	3632	4334	4841	5325	5788
28500	2415	3638	4341	4849	5334	5798
28550	2419	3644	4348	4857	5343	5808
28600	2423	3650	4355	4865	5352	5817
28650	2427	3656	4363	4873	5360	5827
28700	2431	3662	4370	4881	5369	5836
28750	2435	3668	4377	4889	5378	5846

Exhibit 12 Proposed Updated Schedule of Basic Support Obligations						
Combined Adjusted Gross Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
28800	2439	3674	4384	4897	5387	5856
28850	2443	3680	4392	4905	5396	5865
28900	2447	3686	4399	4913	5405	5875
28950	2451	3692	4406	4921	5414	5885
29000	2455	3699	4413	4929	5422	5894
29050	2459	3705	4420	4938	5431	5904
29100	2463	3711	4428	4946	5440	5913
29150	2467	3717	4435	4954	5449	5923
29200	2471	3723	4442	4962	5458	5933
29250	2475	3729	4449	4970	5467	5942
29300	2479	3735	4456	4978	5476	5952
29350	2483	3741	4464	4986	5484	5962
29400	2487	3747	4471	4994	5493	5971
29450	2491	3753	4478	5002	5502	5981
29500	2495	3759	4485	5010	5511	5990
29550	2499	3765	4492	5018	5520	6000
29600	2503	3771	4500	5026	5529	6010
29650	2507	3777	4507	5034	5538	6019
29700	2511	3783	4514	5042	5546	6029
29750	2515	3789	4521	5050	5555	6039
29800	2519	3795	4529	5058	5564	6048
29850	2523	3801	4536	5066	5573	6058
29900	2527	3807	4543	5074	5582	6068
29950	2531	3813	4550	5083	5591	6077
30000	2535	3819	4557	5091	5600	6087

Section VI A: (page 32) Recommendation Relating to the Minimum Order:

The Commission proposes the following revisions to § 14-10-115(7)(II)(B) and (D), C.R.S.

§ 14-10-115(7)(II):

(B) Except as otherwise provided in sub-subparagraph (D) of this subparagraph (II), in circumstances in which the parents' combined monthly adjusted gross income is less than ~~eight hundred fifty~~ ONE THOUSAND ONE HUNDRED dollars, a child support payment of fifty dollars per month FOR ONE CHILD, SEVENTY DOLLARS PER MONTH FOR TWO CHILDREN, NINETY DOLLARS PER MONTH FOR THREE CHILDREN, ONE

HUNDRED TEN DOLLARS PER MONTH FOR FOUR CHILDREN, ONE HUNDRED THIRTY DOLLARS PER MONTH FOR FIVE CHILDREN AND ONE HUNDRED FIFTY DOLLARS PER MONTH FOR SIX OR MORE CHILDREN shall be required of the obligor. The minimum order AMOUNT shall not apply when each parent keeps the children more than ninety-two overnights each year as defined in paragraph (h) of subsection (3) of this section. In no case, however, shall the amount of child support ordered to be paid exceed the amount of child support that would otherwise be ordered to be paid if the parents did not share physical custody.

(D) In any circumstance in which the obligor's monthly adjusted gross income is less than ~~eight hundred fifty~~ ONE THOUSAND ONE HUNDRED DOLLARS, regardless of the monthly adjusted gross income of the obligee, the obligor shall be ordered to pay ~~fifty dollars per month~~ THE MINIMUM MONTHLY ORDER AMOUNT in child support BASED ON THE NUMBER OF CHILDREN DUE SUPPORT AND THIS SUB-SECTION. THE MINIMUM ORDER AMOUNT SHALL BE FIFTY DOLLARS PER MONTH FOR ONE CHILD, SEVENTY DOLLARS PER MONTH FOR TWO CHILDREN, NINETY DOLLARS PER MONTH FOR THREE CHILDREN, ONE HUNDRED TEN DOLLARS PER MONTH FOR FOUR CHILDREN, ONE HUNDRED THIRTY DOLLARS PER MONTH FOR FIVE CHILDREN AND ONE HUNDRED FIFTY DOLLARS PER MONTH FOR SIX OR MORE CHILDREN. The minimum ORDER AMOUNT shall not apply when each parent keeps the children more than ninety-two overnights each year as defined in subsection (8) of this section. In no case, however, shall the amount of child support ordered to be paid exceed the amount of child support that would otherwise be ordered to be paid if the parents did not share physical custody.

Section VI B: (page 34) Recommendation Relating to the Low-Income Adjustment:

The Commission proposes the following revisions to § 14-10-115(7)(II)(C), C.R.S.:

(C) Except as otherwise provided in sub-subparagraph (D) of this subparagraph (II), in circumstances in which the parents' combined monthly adjusted gross income is ONE THOUSAND ONE HUNDRED ~~eight hundred fifty~~ dollars or more, but in which the parent with the least number of overnights per year with the child has a monthly adjusted gross income of less than one thousand ~~eight~~ NINE hundred ~~fifty~~ dollars, the court or delegate child support enforcement unit, pursuant to section 26-13.5-105 (4), C.R.S., shall perform a low-income adjustment calculation of child support as follows: The court or delegate child support enforcement unit shall determine each parent's monthly adjusted gross income, as that term is defined in subsection (3) of this section. Based upon the parents' combined monthly adjusted gross incomes, the court or delegate child support enforcement unit shall determine the monthly basic child support obligation, using the schedule of basic child support obligations set forth in paragraph

(b) of this subsection (7) and shall determine each parent's presumptive proportionate share of said obligation. The court or delegate child support enforcement unit shall then adjust the income of the parent with the fewest number of overnights per year with the child by subtracting ~~nine~~ ONE THOUSAND ONE hundred dollars from that parent's monthly adjusted gross income. ~~The court shall multiply the resulting amount by a factor of forty percent.~~ The ~~product~~ RESULT of the SUBTRACTION ~~multiplication~~ shall be added to the following basic minimum child support amount as additional minimum support, unless the ~~product~~ RESULT of the SUBTRACTION ~~multiplication~~ amount is zero or a negative figure, in which case the court shall add zero to the following basic minimum child support amount: FIFTY ~~Seventy-five~~ dollars for one child; SEVENTY ~~one hundred fifty~~ dollars for two children; NINETY ~~two hundred twenty-five~~ dollars for three children; ONE ~~two hundred seventy-five~~ TEN dollars for four children; ONE ~~three hundred twenty-five~~ THIRTY dollars for five children; and ONE ~~three hundred fifty~~ dollars for six or more children. The court or delegate child support enforcement unit shall compare the product of this addition to the parent's presumptive proportionate share of the monthly basic support obligation determined previously from the schedule of basic child support obligations. The lesser of the two amounts shall be the basic monthly support obligation to be paid by the low-income parent, as adjusted by the low-income parent's proportionate share of the work-related and education-related child care costs, health insurance, extraordinary medical expenses, and other extraordinary adjustments as described in subsections (9) to (11) of this section. The low-income adjustment shall not apply when each parent keeps the children more than ninety-two overnights each year as defined in subsection (8) of this section. In no case, however, shall the amount of child support ordered to be paid exceed the amount of child support that would otherwise be ordered to be paid if the parents did not share physical custody.

Section VI C: (page 36) Recommendation Relating to the Low-Income Adjustment and the Adjustment for Supporting Other Children:

The Commission proposes the following revisions to §14-10-115(6)(b)(I), C.R.S.:

(b) (I) At the time of the initial establishment of a child support order, or in any proceeding to modify a support order, if a parent is also legally responsible for the support of other children for whom the parents do not share joint legal responsibility, an adjustment shall be made revising the parent's income prior to calculating the basic child support obligation for the children who are the subject of the support order if the children are living in the home of the parent seeking the adjustment or if the children are living out of the home, and the parent seeking the adjustment provides documented proof of money payments of support of those children. The amount shall not exceed the schedule of basic support obligations listed in this section. For a parent

with a gross income of ~~one thousand eight hundred fifty dollars~~ or less THAN ONE THOUSAND ONE HUNDRED DOLLARS per month, the adjustment shall be seventy-five percent of the amount calculated using the low-income adjustment described in sub-subparagraphs (B) and (C) of subparagraph (II) of paragraph (a) of subsection (7) of this section based only upon the responsible parent's income, without any other adjustments for the number of other children for whom the parent is responsible. For a parent with gross income of more than one thousand ~~eight~~ NINE hundred ~~fifty~~ dollars per month, the adjustment shall be seventy-five percent of the amount listed under the schedule of basic support obligations in paragraph (b) of subsection (7) of this section that would represent a support obligation based only upon the responsible parent's income, without any other adjustments for the number of other children for whom the parent is responsible. The amount calculated as set forth in this subparagraph (I) shall be subtracted from the amount of the parent's gross income prior to calculating the basic support obligation based upon both parents' gross income, as provided in subsection (7) of this section.

Section VI D (page 36); Recommendation Relating to Changes in the Definition of Gross Income:

The Commission proposes the following revisions to § 14-10-115(5)(a)(I)(D), (O) and (W) C.R.S. and creation of subsection § 14-10-115(5)(a) (II)(E), C.R.S.:

C.R.S. § 14-10-115

(D) Payments received as an independent contractor for labor or services SHALL BE CONSIDERED INCOME FROM SELF-EMPLOYMENT;

(O) Any moneys drawn by a self-employed individual for personal use THAT ARE DEDUCTED AS A BUSINESS EXPENSE SHALL BE CONSIDERED INCOME FROM SELF-EMPLOYMENT;

(W) ~~Taxable distributions from general partnerships, limited partnerships, closely held corporations, or limited liability companies;~~ INCOME FROM GENERAL PARTNERSHIPS, LIMITED PARTNERSHIPS, CLOSELY HELD CORPORATIONS OR LIMITED LIABILITY COMPANIES. HOWEVER IF A PARENT IS A PASSIVE INVESTOR, HAS A MINORITY INTEREST IN THE COMPANY AND DOES NOT HAVE ANY MANAGERIAL DUTIES OR INPUT, THEN THE INCOME TO BE RECOGNIZED MAY BE LIMITED TO ACTUAL CASH DISTRIBUTIONS RECEIVED.

(E) EARNINGS AND/OR GAINS ON RETIREMENT ACCOUNTS, INCLUDING IRAs, SHALL NOT BE INCLUDED AS INCOME UNLESS OR UNTIL A PARENT TAKES A DISTRIBUTION FROM THE ACCOUNT. IF A DISTRIBUTION FROM A RETIREMENT ACCOUNT MAY BE TAKEN WITHOUT BEING SUBJECT TO AN IRS PENALTY FOR EARLY DISTRIBUTION

AND THE PARENT DECIDES NOT TO TAKE A DISTRIBUTION, THE COURT MAY CONSIDER THE DISTRIBUTION THAT COULD HAVE BEEN TAKEN IN DETERMINING THE GROSS INCOME OF THE PARENT.

Section VI E (page 37); Recommendation Relating to the Handling and Application of Lump-Sum Social Security Disability Benefits to Child Support Arrears and Retroactive Support– Guidelines

Statute:

The Commission proposes the following section (II)(d) to § 14-10-115(11), C.R.S. be created:

§ 14-10-115(11)(II), C.R.S.

(d) IN CASES WHERE THE CUSTODIAL PARENT RECEIVES A LUMP-SUM RETROACTIVE AWARD FOR BENEFITS GRANTED BY THE FEDERAL "OLD-AGE, SURVIVORS, AND DISABILITY ACT" ON BEHALF OF A DEPENDENT CHILD DUE TO THE DISABILITY OF THE NONCUSTODIAL PARENT, OR RECEIVES A LUMP-SUM RETROACTIVE AWARD FOR EMPLOYER PAID RETIREMENT BENEFITS FROM THE FEDERAL GOVERNMENT ON BEHALF OF A DEPENDENT CHILD DUE TO THE RETIREMENT OF THE NONCUSTODIAL PARENT, THE LUMP-SUM AWARD RECEIVED BY THE CUSTODIAL PARENT SHALL BE CREDITED AGAINST ANY RETROACTIVE SUPPORT JUDGMENT OR ANY PAST DUE CHILD SUPPORT OBLIGATION, REGARDLESS OF WHETHER THE PAST DUE OBLIGATION HAS BEEN REDUCED TO JUDGMENT OWED BY THE NON-CUSTODIAL PARENT. HOWEVER, THIS CREDIT SHALL NOT BE GIVEN AGAINST ANY AMOUNTS OWED BY THE NONCUSTODIAL PARENT FOR DEBT AS DEFINED IN SECTION 14-14-104 OR FOR ANY RETROACTIVE SUPPORT OR ANY ARREARAGES THAT ACCRUED PRIOR TO THE DATE OF ELIGIBILITY FOR DISABILITY OR RETIREMENT BENEFITS AS DETERMINED BY THE SOCIAL SECURITY ADMINISTRATION. ANY LUMP-SUM RETIREMENT OR DISABILITY PAYMENTS DUE TO THE RETIREMENT OR DISABILITY OF THE NONCUSTODIAL PARENT, RECEIVED BY THE CUSTODIAL PARENT AS A RESULT OF THE RETIREMENT OR DISABILITY OF THE NON-CUSTODIAL PARENT, PAID FOR A PERIOD OF TIME THAT PRECEDES THE DATE OF SUCH BENEFIT DATE ELIGIBILITY OR ANY AMOUNT IN EXCESS OF THE ESTABLISHED CHILD SUPPORT ORDER OR JUDGMENT SHALL BE DEEMED A GRATUITY TO THE CHILD.

Section VI E (page 37); Recommendation Relating to the Handling and Application of Lump-Sum Social Security Disability Benefits to Child Support Arrears and Retroactive Support – Modification

Statute:

The Commission proposes the following revisions to § 14-10-122(1)(a), C.R.S:

§ 14-10-122. Modification and termination of provisions for maintenance, support, and property disposition – automatic lien - repeal

(1) (a) Except as otherwise provided in section 14-10-112 (6), AND SECTION 14-10-115(11)(d), the provisions of any decree respecting maintenance may be modified only as to installments accruing subsequent to the motion for modification and only upon a showing of changed circumstances so substantial and continuing as to make the terms unfair, and, except as otherwise provided in subsection (5) of this section, the provisions of any decree respecting child support may be modified only as to installments accruing subsequent to the filing of the motion for modification and only upon a showing of changed circumstances that are substantial and continuing or on the ground that the order does not contain a provision regarding medical support, such as insurance coverage, payment for medical insurance deductibles and copayments, or unreimbursed medical expenses. The provisions as to property disposition may not be revoked or modified unless the court finds the existence of conditions that justify the reopening of a judgment.

Section VI F (page 38); Recommendation Relating to the Retroactive Establishment of Child Support in Situations Where There Has Been a Post-Order Change of Physical Care Agreed on By the Parents:

The Commission proposes that the following section (d) and underlined language be added to § 14-10-122(5), C.R.S.

Notwithstanding the provisions of subsection (1) of this section, when a mutually agreed upon change of physical care occurs, the provisions for child support of the obligor under the existing child support order, if modified pursuant to this section, will be *terminated* as of the date when physical care was changed. THE PROVISIONS FOR THE ESTABLISHMENT OF A CHILD SUPPORT ORDER BASED ON A VOLUNTARY CHANGE OF PHYSICAL CARE MAY ALSO BE ENTERED RETROACTIVELY TO THE DATE WHEN THE PHYSICAL CARE WAS CHANGED. When a mutually agreed upon change of physical care occurs, parties are encouraged to avail themselves of the provision set forth in section 14-10-115 (14) (a) for updating and modifying a child support order without a court hearing.

Section VI G (page 40); Recommendation Relating to the Child Support Commission:

The Commission proposes that the following deletions be made and underlined language be added to § 14-10-115(16), C.R.S.

(16) Child support commission. (a) The child support guidelines, including the schedule of basic child support obligations, and general child support issues shall be reviewed and the results of such review and any recommended changes shall be reported to the governor and to the general assembly on or before December 1, 1991, and at least every four years thereafter by a child support commission, which commission is hereby created.

(b) As part of its review, the commission must consider economic data on the cost of raising children and analyze case data on the application of, and deviations from, the guidelines and the schedule of basic child support obligations to be used in the commission's review to ensure that deviations from the guidelines and schedule of basic child support obligations are limited. ~~In addition, the commission shall review issues identified in the federal "Personal Responsibility and Work Opportunity Reconciliation Act of 1996", Public Law 104-193, including out-of-wedlock births and the prevention of teen pregnancy.~~

(c) The child support commission shall consist of no more than twenty-one members. The governor shall appoint persons to the commission who are representatives of the judiciary and the Colorado bar association. Members of the commission appointed by the governor shall also include the director of the division in the state department of human services that is responsible for child support enforcement, or his or her designee, a director of a county department of social services, the child support liaison to the judicial department, interested parties, a certified public accountant, and parent representatives. In making his or her appointments to the commission, the governor ~~MAY shall attempt to~~ appoint persons as parent representatives. ~~or as other representatives on the commission who include a male custodial parent, a female custodial parent, a male noncustodial parent, a female noncustodial parent, a joint custodial parent, and a parent in an intact family.~~ In making his or her appointments to the commission, the governor shall attempt to assure geographical diversity. ~~by appointing at least one member from each of the congressional districts in the state.~~ The remaining two members of the commission shall be a member of the house of representatives appointed by the speaker of the house of representatives and a member of the senate appointed by the president of the senate and shall not be members of the same political party.

(d) Members of the child support commission shall not be compensated for their services on the commission; except that members shall be reimbursed for actual and necessary expenses for travel and mileage incurred in connection with their duties. The child support commission is authorized, subject to appropriation, to incur expenses related to its work, including the costs associated with public hearings, printing, travel, and research.

~~(d.5) The terms of the members appointed by the speaker of the house of representatives and the president of the senate who are serving on March 22, 2007, shall be extended to and expire on or shall terminate on the convening date of the first regular session of the sixty-seventh general assembly. As soon as practicable after such convening date, the speaker and the president shall each appoint or reappoint one member in the same manner as provided in paragraph (c) of this subsection (16). Thereafter, the terms of members appointed or reappointed by the speaker and the president shall expire on the convening date of the first regular session of each general assembly, and all subsequent appointments and reappointments by the speaker and the president shall be made as soon as practicable after such convening date. The person making the original appointment or reappointment shall fill any vacancy by appointment for the remainder of an unexpired term. Members appointed or reappointed by the speaker and the president shall serve at the pleasure of the appointing authority and shall continue in office until the member's successor is appointed.~~

~~(e) In reviewing the child support guidelines and the schedule of basic child support obligations as required in paragraph (a) of this subsection (16), the child support commission shall study the following issues:~~

~~(I) The merits of a statutory time limitation or the application of the doctrine of laches or such other time-limiting provision on the enforcement of support judgments that arise pursuant to the provisions of section 14-10-122;~~

~~(II) Whether different time limitations on the enforcement of support judgments should apply depending on whether support payments are made directly to an obligee or whether such payments are made through the family support registry;~~

~~(III) The merits of support judgments arising automatically as provided in section 14-10-122 (1) (c); and~~

~~(IV) Whether support obligors should receive additional notice and an opportunity for hearing prior to execution on such judgments.~~