

**STATE OF MONTANA
DEPARTMENT OF PUBLIC HEALTH & HUMAN
SERVICES CHILD SUPPORT SERVICES DIVISION**



Quadrennial Report and Recommendations

**Guidelines Review and Oversight Committee
Montana Child Support Guidelines Review - December 2024**

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SECTION I: BACKGROUND

Purpose

Federal Regulations require all States to have guidelines for establishing and modifying child support obligations within the State. The State must review and, if appropriate, revise the guidelines at least once every four years to ensure that their application determines appropriate child support amounts. This is done per 45 CFR § 302.56.

§ 302.56 Guidelines for setting child support orders.

(a) Within 1 year after completion of the State's next quadrennial review of its child support guidelines, that commences more than 1 year after publication of the final rule, in accordance with § 302.56(e), as a condition of approval of its State plan, the State must establish one set of child support guidelines by law or by judicial or administrative action for setting and modifying child support order amounts within the State that meet the requirements in this section.

(b) The State must have procedures for making the guidelines available to all persons in the State.

(c) The child support guidelines established under paragraph (a) of this section must at a minimum:

(1) Provide that the child support order is based on the noncustodial parent's earnings, income, and other evidence of ability to pay that:

(i) Takes into consideration all earnings and income of the noncustodial parent (and at the State's discretion, the custodial parent);

(ii) Takes into consideration the basic subsistence needs of the noncustodial parent (and at the State's discretion, the custodial parent and children) who has a limited ability to pay by incorporating a low-income adjustment, such as a self-support reserve or some other method determined by the State; and

(iii) If imputation of income is authorized, takes into consideration the specific circumstances of the noncustodial parent (and at the State's discretion, the custodial parent) to the extent known, including such factors as the noncustodial parent's assets, residence, employment and earnings history, job skills, educational attainment, literacy, age, health, criminal record and other employment barriers, and record of seeking work, as well as the local job market, the availability of employers willing to hire the noncustodial parent, prevailing earnings level in the local community, and other relevant background factors in the case.

(2) Address how the parents will provide for the child's health care needs through private or public health care coverage and/or through cash medical support;

(3) Provide that incarceration may not be treated as voluntary unemployment in establishing or modifying support orders; and

(4) Be based on specific descriptive and numeric criteria and result in a computation of the child support obligation.

(d) The State must include a copy of the child support guidelines in its State plan.

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

(f) The State must provide that there will be a rebuttable presumption, in any judicial or administrative proceeding for the establishment and modification of a child support order, that the amount of the order which would result from the application of the child support guidelines established under paragraph (a) of this section is the correct amount of child support to be ordered.

(g) A written finding or specific finding on the record of a judicial or administrative proceeding for the establishment or modification of a child support order that the application of the child support guidelines established under paragraph (a) of this section would be unjust or inappropriate in a particular case will be sufficient to rebut the presumption in that case, as determined under criteria established by the State. Such criteria must take into consideration the best interests of the child. Findings that rebut the child support guidelines shall state the amount of support that would have been required under the guidelines and include a justification of why the order varies from the guidelines.

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

(1) Consider economic data on the cost of raising children, labor market data (such as unemployment rates, employment rates, hours worked, and earnings) by occupation and skill-level for the State and local job markets, the impact of guidelines policies and amounts on custodial and noncustodial parents who have family incomes below 200 percent of the Federal poverty level, and factors that influence employment rates among noncustodial parents and compliance with child support orders;

(2) Analyze case data, gathered through sampling or other methods, on the application of and deviations from the child support guidelines, as well as the rates of default and imputed child support orders and orders determined using the low-income adjustment required under paragraph (c)(1)(ii) of this section. The analysis must also include a comparison of payments on child support orders by case characteristics, including whether the order was entered by default, based on imputed income, or determined using the low-income adjustment required under paragraph (c)(1)(ii). The analysis of the data must be used in the State's review of the child support guidelines to ensure that deviations from the guidelines are limited, and guideline amounts are appropriate based on criteria established by the State under paragraph (g); and

(3) Provide a meaningful opportunity for public input, including input from low-income custodial and noncustodial parents and their representatives. The State must also obtain the views and advice of the State child support agency funded under title IV-D of the Act.

History

Montana's first attempt to develop statewide child support guidelines occurred in 1984 when the Governor established the Montana Child Support Advisory Council. The Council was created in compliance with the 1984 amendments of the Social Security Act. The Family Support Act of 1988 gave States one year to develop and implement mandatory child support guidelines. The first Montana child support guidelines were adopted by the Montana Supreme Court in 1987. Montana's initial guidelines were based on an income-shares model. In 1992 Montana changed from an income-shares model to a modified Melson model. Montana has continually updated its guidelines to reflect the current year's poverty index and tax law changes. A comprehensive history of Montana's guidelines can be found at <https://dphhs.mt.gov/assets/cssd/GuidelinesHistory.pdf>.

2024 Montana Guidelines Review and Oversight Committee

The Montana Guidelines Review and Oversight Committee (GROC), hereinafter known as the "committee" or "GROC" are chosen for their subject matter expertise in child support guidelines. They share unique perspectives on how guidelines mechanics function for Montana families. GROC is an advisory body with knowledge of Montana child support guidelines; it is authorized to research, develop recommendations and suggest proposed rule changes. The Child Support Services Division (CSSD) files a Montana State Plan update to the Federal Office of Child Support Services and publishes this report on the CSSD website. The 2024 committee approved several recommendations for guidelines improvements. Members are:

Christie Twardoski	CSSD Division Administrator
Barb Delaney	CSSD Bureau Chief
Kial Leach	CSSD Compliance Manager
Kim Watne	CSSD Guidelines Project Manager
Patrick Quinn	Attorney/DPHHS Office of Legal Affairs
Cynthia K. Thiel	Attorney/Private Practice

Colleen Timmer	District Court Standing Master & Senior Law Clerk
Jess Hoge	Petroleum County Clerk of Court, Clerk & Recorder
Mirand Ensey	CSSD Investigator
Kelsey Christensen	CSSD Investigator
Kate Pappé	CSSD Investigator
Chad Martin	CSSD Investigator
Priscilla Hochhalter	CSSD Technical Writer/Committee Scribe

Philosophy

The guidelines are based on the principle that parents should prioritize meeting their children's needs according to their financial ability. When the guidelines are followed, a rebuttable presumption of a reasonable child support order is created.

The guidelines utilize a mathematical formula, incorporating each parent's income and deductions, and provide a predetermined number of allowances for the parents and children. The guidelines calculate an obligation for each parent, which is presumed to be adequate and reasonable. Obligations are payable monthly to help ensure that child support payments are consistent and timely.

The guidelines are neither intended to determine the specific obligations of the parents precisely, nor intended to apply to every case without considering the unique circumstances of each family. Each presumption within the guidelines and the overall determination may be rebutted when extraordinary circumstances exist. Extraordinary circumstances may exist where it can be shown that strict adherence to the guidelines would be inequitable. The most critical issue and one the guidelines must consider is the children's best interest.

The guidelines address a variety of situations, including co-parenting, sole parenting, third-party parenting, and other less common situations. They are meant to apply to almost all cases in Montana and create a rebuttable presumption of the adequacy and reasonableness of the child support amount.

Regulatory Factors

Pertinent sections of Montana Code Annotated Title 40¹ require considering eight factors when determining child support and obligating one or both parents to pay child support.

40-4-204. Child support -- orders to address health insurance -- withholding of child support. (1) *In a proceeding for dissolution of marriage, legal separation, maintenance, or child support, the court shall order either or both parents owing a duty of support to a child to pay an amount reasonable or necessary for the child's support, without regard to marital misconduct.*

(2) *The court shall consider all relevant factors, including:*

(a) *the financial resources of the child;*

(b) *the financial resources of the parents;*

(c) *the standard of living that the child would have enjoyed had the marriage not been dissolved;*

(d) *the physical and emotional condition of the child and the child's educational and medical needs;*

(e) *the age of the child;*

(f) *the cost of day care for the child;*

(g) *any parenting plan that is ordered or decided upon; and*

(h) *the needs of any person, other than the child, whom either parent is legally obligated to support.*

The guidelines must be applied in all cases, as required by M.C.A. § 40-4-204(3)(a). If the court finds an equitable basis to determine the calculated amount is inappropriate or unjust, the court must state the reasons and may order a different amount. M.C.A. § 40-4-204(3)(b). M.C.A. § 40-4-208 controls court-ordered child support modifications.

M.C.A. §§ 40-5-201 through 40-5-291 provide the framework for the Child Support Services Division to establish paternity and establish, modify, and enforce child support, including health insurance. The CSSD offers these services to applicants receiving cash assistance from the State of Montana Office of Public Assistance. Applicants not qualifying for public assistance may apply directly to the CSSD for

¹ https://archive.legmt.gov/bills/MCA/title_0400/chapters_index.html

services. The Montana Child Support Guidelines are found at Administrative Rules of Montana (ARM) 37.62.101 through 37.62.148².

During previous four-year review periods, the CSSD implemented the provisions of the Flexibility, Efficiency, and Modernization in Child Support Enforcement Programs rule (FEMCSEP), which were contained in 45 C.F.R. §§ 301-305, 307-309. The Department amended the ARMs to address these changes, and CSSD implemented the new regulations.

²<https://rules.mt.gov/browse/collections/aec52c46-128e-4279-9068-8af5d5432d74/sections/bea3e6b8-416e-4875-a61a-fc6324278824>

SECTION II: SUMMARY OF RECOMMENDATIONS

The committee proposes the following recommendations:

1. Calculating Support Using Gross Rather than Net Income

With this recommendation, tax deductions and allowances would be removed from the calculation. This will require a review and possible amendment of ARM 37.62.110, Allowable Deductions from Parent's Income.

2. Updating Parent Personal Allowance Calculation

Increasing the parents' personal allowance will leave more income in each parent's home for basic needs. This change will require review and possible amendment of ARM 37.62.114, Personal Allowance.

3. Updating the Primary Child Support Allowance

The primary child support allowance for each additional child should increase by 10% above the initial 30% for the first child of the parent's personal allowance. This change will require review and possible amendment of ARM 37.62.121, Primary Child Support Allowance.

4. Parenting Days Adjustment

The parenting days adjustment should change from a day-by-day calculation to a block-of-days adjustment. This will require review and possible amendment of ARM 37.62.124, Parenting Days.

5. Remove Other Child(ren) Credits (NOT credit for other support/spousal orders)

The child support calculation will address only the family of the order. This will require review and possible amendment of ARM 37.62.110, Allowable Deductions from Parent's Income.

6. Update Minimum Support Obligation

Update the minimum support obligation based on 30% of the Primary Child Support Allowance, with the maximum based on two children. This will require

review and possible amendment of ARM 37.62.126, Minimum Support Obligation.

7. Update Credit for Retirement Contribution

Discretionary retirement contributions should be an allowable deduction from a parent's income. This change will require review and possible amendment of ARM 37.62.110, Allowable Deductions from Parent's Income.

8. Update Standard of Living Adjustment Percentages

Standard of Living Adjustment (SOLA) percentages should be adjusted down, as the income amount used in the calculation will increase with the switch to gross income. This will require review and possible amendment of ARM 37.62.128, Income Available for Standard of Living Adjustment.

9. Implementation of Self Support Protection

In response to federal guidance (45 CFR § 302.56(c)(1)(ii)) to pay special attention to obligated parents with income less than two times the poverty guidelines, we are proposing to implement a "Self-Support Protection", also known as self-support reserve. This may require a new administrative rule or revision of an existing administrative rule.

SECTION III: ANALYSIS OF CASE DATA

This section documents the findings from the analysis of case file data for the 2024 review of the Montana child support guidelines. The analyses fulfill the federal requirements pertaining to case file data to ensure that guideline amounts are appropriate and deviations from the guidelines are limited.

Description of the Data

- A sample of administrative orders established or modified by the Montana Child Support Services Division (CSSD) using the Montana Child Support Guidelines from January 1, 2021, to May 4, 2023, was used.
- A sample of orders established or modified by a Montana District Court contained in the CSSD Central Case Registry (CCR) for the same period, was also used.

The data from the CSSD automated system SEARCHS is the primary data source. This data allows tracking child support services and payments related to cases managed by CSSD, which provides child support services under Title IV-D of the Social Security Act.

In 2020, Montana conducted the quadrennial review focusing on child support orders for lower-income individuals, with gross incomes at or below 200% of poverty level. This report expands on the data collection and analyses conducted that year.

Data Sampling

Statistically significant sampling principles and methodologies were applied to identify a random sample of orders established or modified during the review period. Montana chose to evaluate the sample results at a 90% confidence level.

CSSD established or modified a statewide total of 4,016 orders. To achieve a 90% confidence level for the sample, we used random sampling with a selection interval of 15, resulting in 257 orders.

Additionally, there were 309 District Court (CCR) records statewide. Using a selection interval of 5 resulted in 61 orders. Of these 61 samples pulled for CCR, 31 showed no

involvement or modification by CSSD and thus served as our case samples for this portion of our review.

Six of these 31 orders were signed prior to our specified sample range. Therefore, the final number of CCR orders for our analysis is 25.

Reviewed Data

The review analyzed five data fields to fulfill federal requirements:

- Application of the low-income adjustment.
- Orders entered by default.
- Payments and arrears.
- Guidelines deviations/variance.
- Income imputation to the obligated parent.

These five required data fields were analyzed, as well as other information obtained during the analyses of case data, to include:

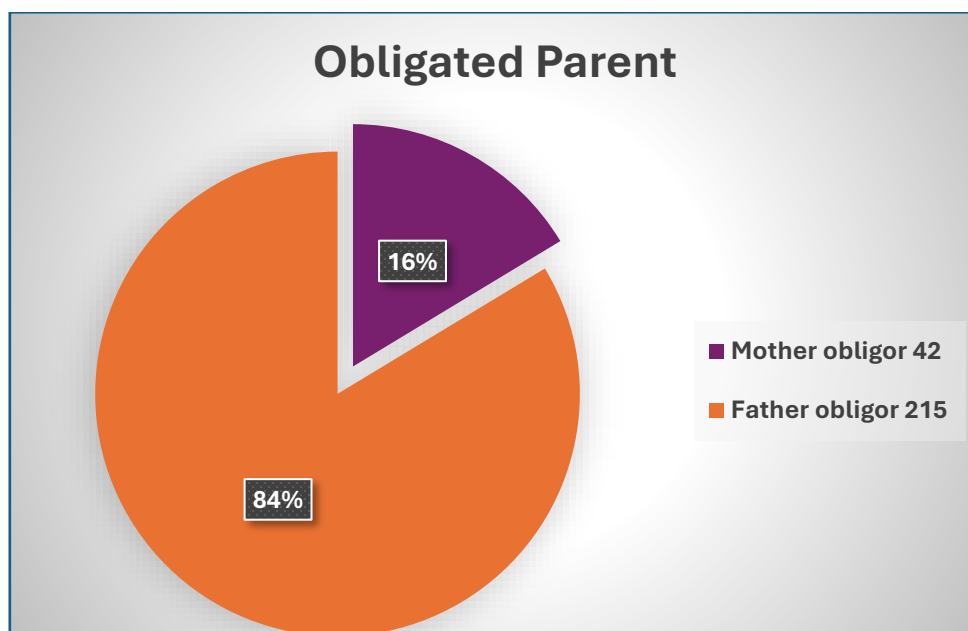
- Obligated parent, mother or father.
- Modification versus establishment cases.
- Number of households an obligor is supporting.
- Number of calculations where a parent had Earned Income Credit.
- Number of third-party custodial cases.
- Number of children in each calculation.

Case Data Results

Obligated Parent

Total Father obligor cases = 215 (84%).

Total Mother obligor cases = 42 (16%).



Low Income - Minimum Support Obligation Adjustment

Based on the analyses of the sample data, many obligated parents are low-income, especially mother obligors. The sample orders were sorted by income to determine which calculations had income available for a SOLA adjustment. The sorting was based on no amount appearing on line 17 of the Montana guidelines worksheet, meaning the obligation was determined using the minimum support obligation table.

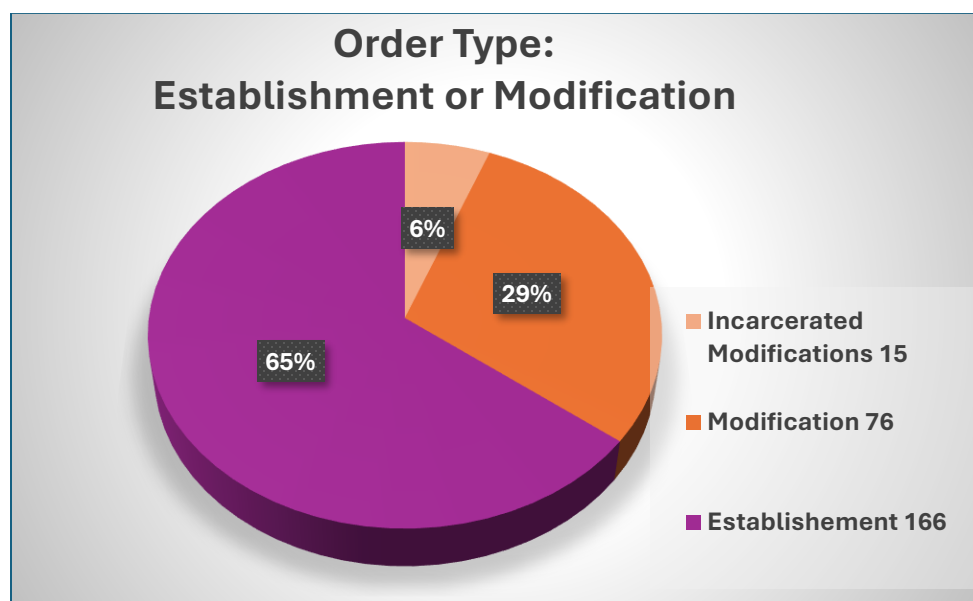
In the sample analyzed, there were a total of 82 obligor cases with no entry on line 17, indicating that the minimum support obligation table was used. This represents 32% of all obligors (82 out of 257), including those with zero income, who qualified for minimum support adjustments. When comparing cases based on whether the paying parent is the

mother or father, it was found that 22% of father obligor cases were classified as low income, while 83% of mother obligor cases were classified as low income. Additionally, among the 82 low-income orders, 46 cases reflect that **both parents** are low income. This means that both parents' gross income falls below 200% of the poverty index guideline in 18% of all the guidelines calculated within the sample.

Default Orders and Non-Default Orders; Arrears Balances

Do default orders have more arrears than consent orders or orders issued after a hearing? The answer is yes. Data shows that default orders for modification and establishment result in more arrears than non-default orders. For clarification, all proposed orders are personally served on each party. If a parent chooses not to consent or request a hearing after personal service, the result most often is a default order.

A review of the data by type of order shows that 166 orders are new orders where no current support order existed, leaving 91 as modifications of previous orders. We found that 15 of these 91 modifications were due to incarceration, resulting in a zero-support obligation, and three of those 15 were third-party orders.



Of the 257 sample orders, 70 were consent orders or an order issued after a hearing, so they are non-default (27%), while 187 were default orders (73%).

Of the 91 modification orders, 39 were non-default orders and 52 were default orders. In comparison, of the 166 establishment orders, 31 were non-default and 135 were default. The data shows that 57% of modification orders were default orders, while 81% of establishment orders were default orders.

Of the orders completed by the CSSD, 65% were establishing a new order, while 35% were modification of an existing order.

Payments and Arrears

We reviewed the arrears owed on these orders as of July 2023 and calculated the number of months payments were overdue, rounding down to the nearest full month. For example, if an arrears balance indicated that payments were 4.7 months behind, we used 4 months instead of rounding up. The arrears may have resulted for various reasons, including annualized income withholding, missed payments, a retro-active order, or any combination of these.

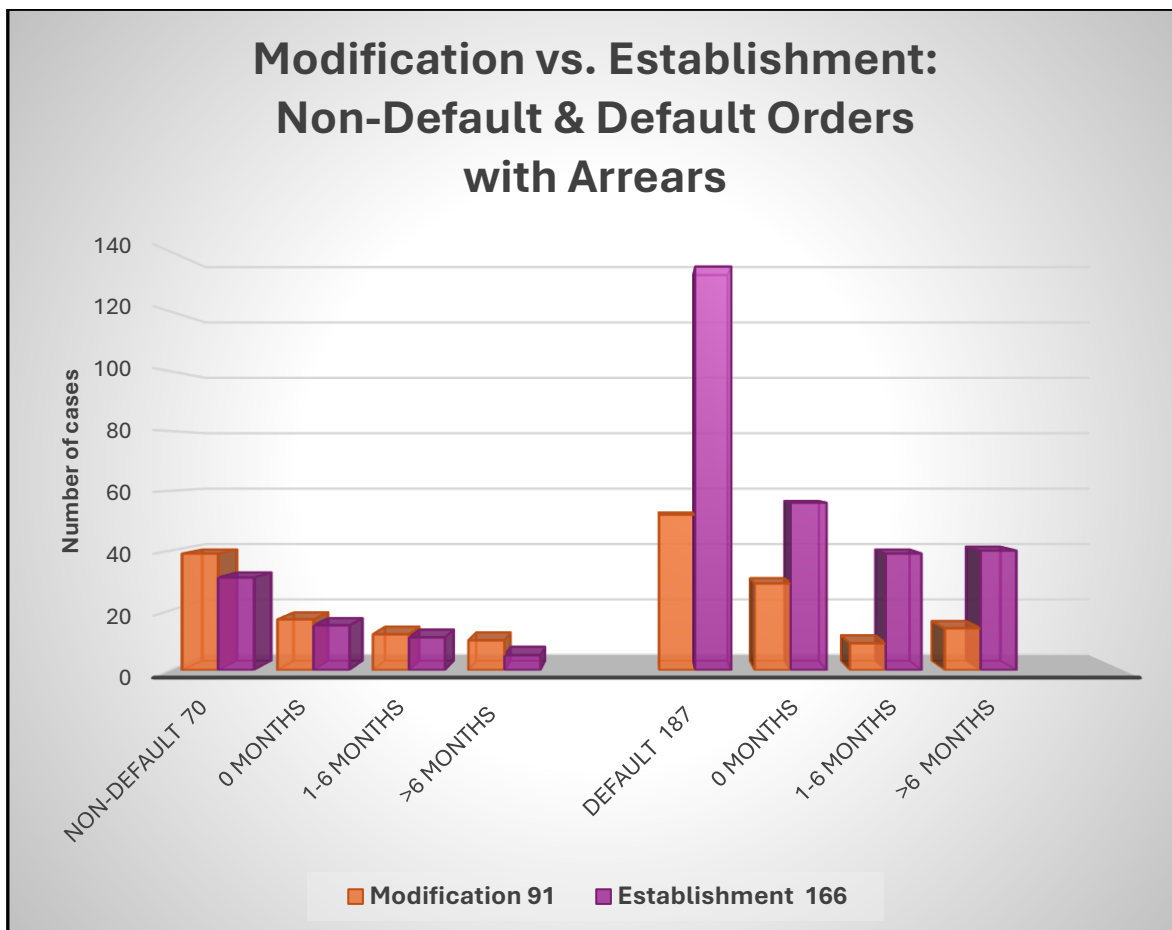
We sorted arrears amounts into three categories:

1. Current support with \$0.00 due.
2. Arrears balances of one to six months of the current support obligation.
3. Arrears balances of greater than six months of the current support obligation.

Review of the 52 modification default orders show that 29 cases (56%) have \$0.00 due in arrears, 9 cases (17%) have one to six months in arrears, and 14 cases (27%) have greater than six months of arrears due. Review of the 39 modification non-default orders showed 17 cases (44%) with \$0 due in arrears, 12 cases (31%) have one to six months in arrears due, and 10 cases (26%) have greater than six months in arrears.

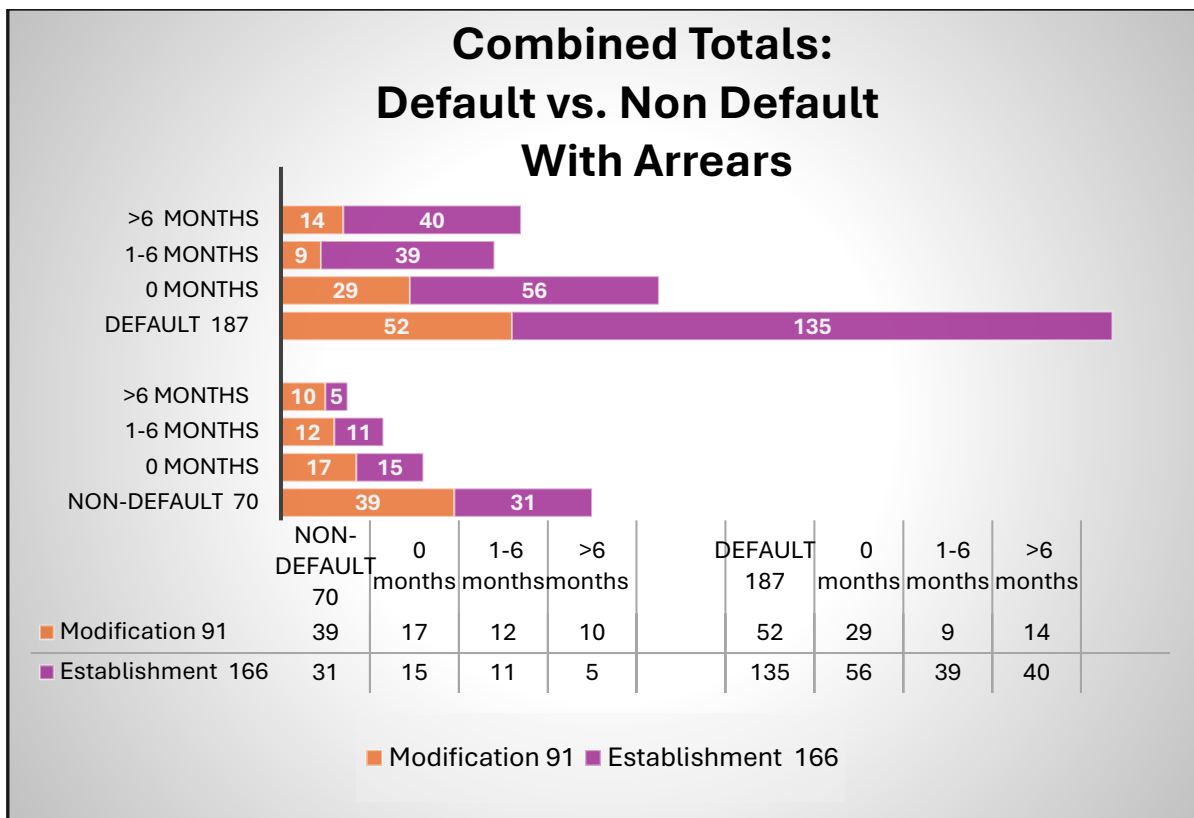
Review of the 135 establishment default orders showed that 56 cases (41%) have \$0.00 due in arrears, 39 cases (29%) have one to six months in arrears, and 40 cases (30%) have greater than six months of arrears owing. Review of the 31 establishment non-default

orders showed that 15 cases (48%) have \$0.00 due in arrears, 11 cases (35%) have between one to six months arrears due, and 5 cases (16%) have greater than six months in arrears.



The results of modification cases with arrears balances greater than six months arrears indicate the following: for defaulted orders 27% (14 out of 52) had arrears greater than six months, while for modification non-default orders 26% (10 out of 39) had greater than six months arrears.

In the category of establishment orders, defaulted orders show that 30% (40 out of 135) had arrears greater than six months, while the establishment non-default resulted in a lower percentage of 16% (5 out of 31) with arrears greater than six months.



In conclusion, the data indicates that orders set by default have an overall higher percentage of arrears in both order types. We also note that by comparison, the modified orders have a better, more consistent pay history and overall lower arrears owing compared to the establishment cases with newer orders.

Variance

The review only found one out of 257 (.004%) orders entered or modified by CSSD where the order amount deviated from the guideline amount. Only five of the District Court orders reviewed had a guideline calculation attached, and three of those orders deviated from the guideline (60%).

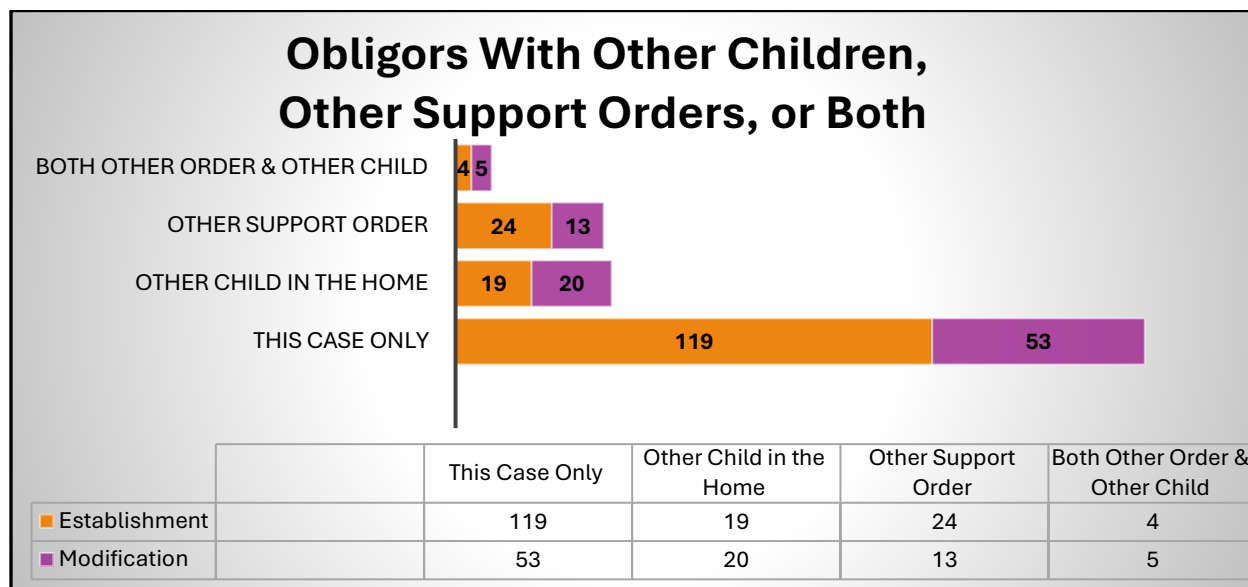
Number of Households an Obligor is Supporting

A review of the 166 establishment cases showed that in 119 cases (72%) this order is the only family of the obligor. In 19 cases (11%), the obligor had other children in the home,

and in 24 cases (14%) the obligor had an additional support order for other children. Only four cases (2%) had both another order and other children in the home.

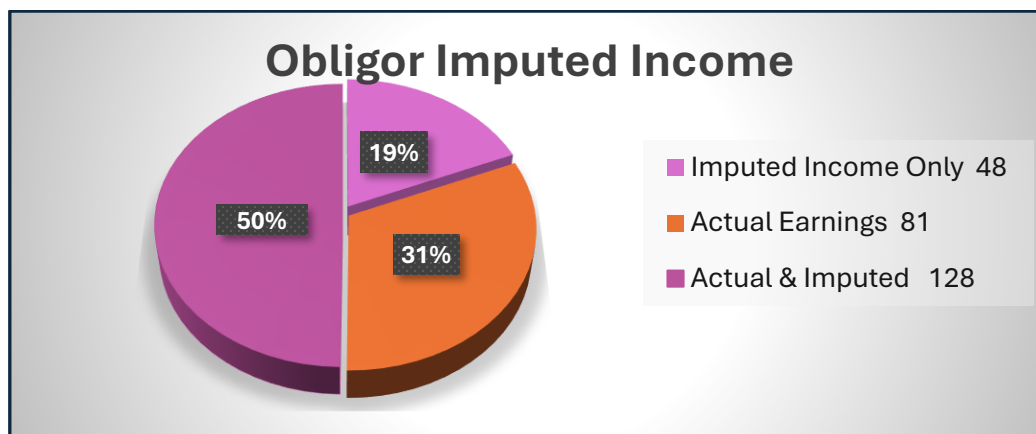
A review of the 91 modification orders found that in 53 cases (58%), it was the only order of the obligor. In 20 cases (22%) the obligor had other children in the home, and in 13 cases (14%) the obligor had an additional child support order for other children. Only 5 cases (6%) had both another order and other children in the home.

In summary, in 67% (172/257) of the orders entered by CSSD, that case was the only known family of the obligor. Obligor with an additional child or additional children in the home accounted for 15% (39) of the cases, and obligors with another child support order already in place was 14% (37) of the cases. Only nine cases had three households to support, with both an additional support order as well as an additional child, rounding out the last 3%. Five District Court cases had a guideline calculation included, and in all instances, this was the only family of the obligor.



Imputed Income

Imputed income for child support is income that is not actually earned by a parent but is attributed to the parent based on the provisions of Administrative Rule of Montana (ARM) 37.62.106. It is presumed that all parents can work at least 40 hours per week at minimum wage, absent evidence to the contrary. It is allowable to impute income to a parent when the parent is unemployed, underemployed, fails to produce sufficient proof of income, has an unknown employment status, or in some instances is a student. In cases where imputed income is appropriate, the amount is based on several factors: the parent's residence and recent work and earnings history; the parent's occupational, educational, and professional qualifications; and existing job opportunities and associated earning levels in the parent's community or local trade area. Other details that also may be a factor include the parents age, literacy, health, criminal record, record of seeking work, and other employment barriers.



We reviewed the income of the obligors in our 257 sample cases and found that income was imputed in 176 instances or 69% of the time. Further breakdown shows of these 176 orders that had imputed income, 48 (27%) had only imputed income, and the remaining ones (73%) had imputed income added to actual earnings. Further review of the 48 cases with 100% imputed income only for the obligor showed that 29 (60%) of those 48 also had 100% imputed income only to the obligee. This shows that 11% of total orders were calculated using imputed income to both parents (29/257).

The District Court cases with guidelines calculations attached show no imputed income used for the obligor, and in only one instance was the obligee imputed additional income.

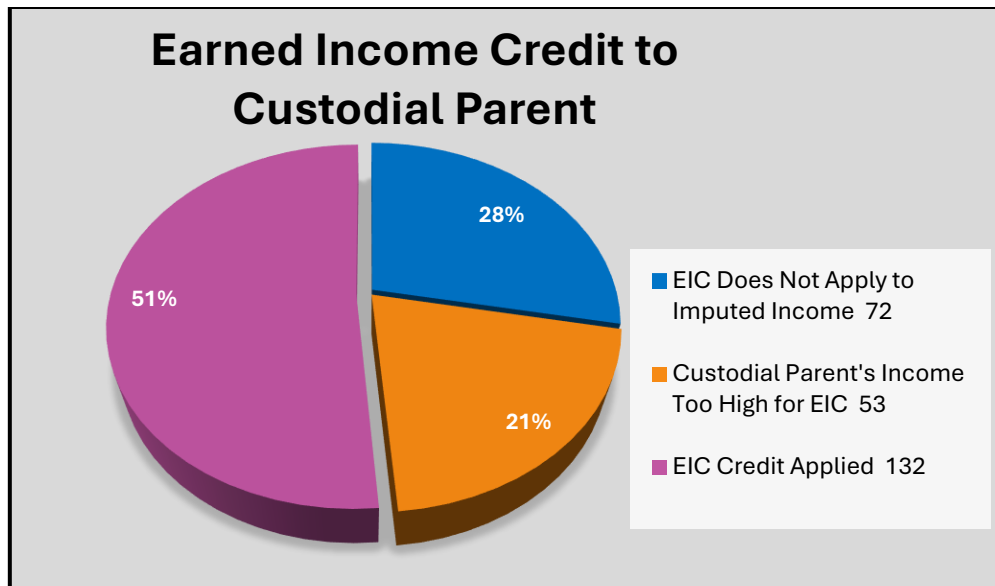
Earned Income Credit

The earned income credit (EIC) is a refundable tax credit that is intended to help certain U.S. taxpayers with low earnings by reducing the amount of tax owed on a dollar-for-dollar basis. Taxpayers may be eligible for refunds if their tax credit exceeds their tax liability for the year. Currently, the Montana guidelines recognize and include the EIC amount as income in the calculation of the obligation. As part of the proposal to remove taxes from our guidelines, we are also looking at this data individually. Specifically, we want to see how the EIC affects the custodial and non-custodial parents in the guidelines calculation. We believe including the EIC in the guideline calculation artificially inflates the income of the parent receiving it, and as such it should be removed from the guidelines. Doing so will leave the EIC in the home of the parent and family for which it is intended, rather than it being included as additional income in the calculation.

The EIC does not apply to imputed income. This was the case in 72 of the 257 cases, or 28% of the time.

Of 257 cases, the EIC applied to the custodial parent's income in 132 cases (51%). This leaves the remaining 53 cases (21%) showing that the custodial parent's income was substantial enough to exceed the low-income threshold that qualifies them for EIC per tax rules.

Review of the District Court cases shows that the EIC applied to the custodial parent in one instance.



Third-Party Orders

Of the 257 sample CSSD cases, a total of 35 were third-party custody orders (three modification orders, 32 establishment orders). The District Court cases were all parent custodial orders.

Children Count

Of the 257 CSSD entered orders, the number of children in each case is as follows:

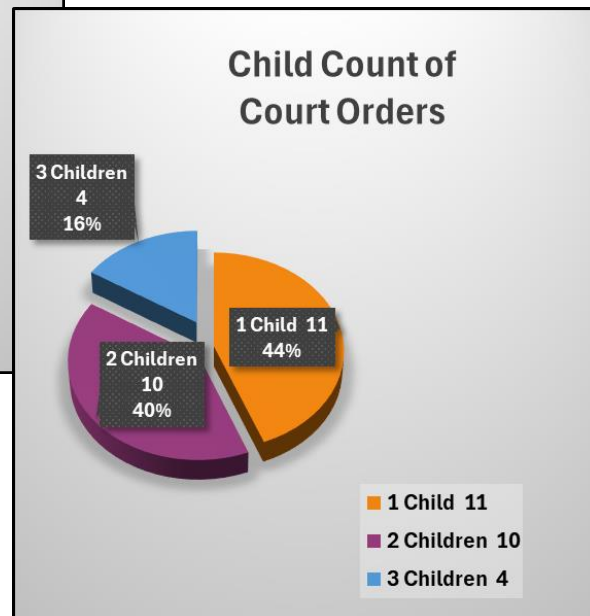
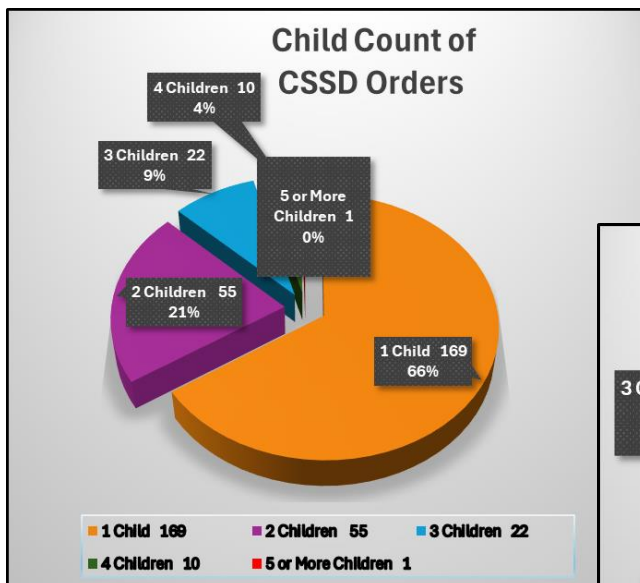
1 child	169	x 1 = 169 children
2 children	55	x 2 = 110 children
3 children	22	x 3 = 66 children
4 children	10	x 4 = 40 children
5 or more	1	x 5 = 5 children

390 children in 257 cases = 1.5 children per CSSD order

Of the 25 court entered orders, the number of children in each case is as follows:

1 child	11	x 1 = 11 children
2 children	10	x 2 = 20 children
3 children	4	x 3 = 12 children

43 children in 25 cases = 1.72 children per court order

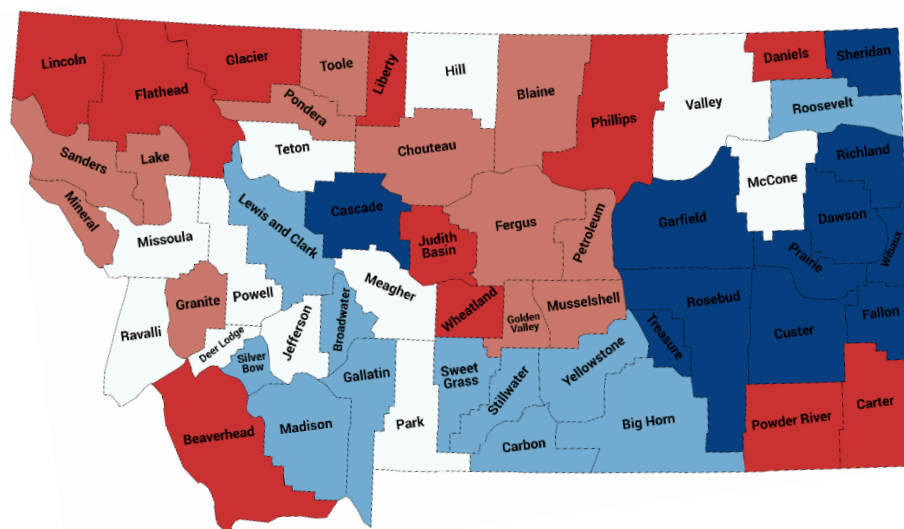


SECTION IV: ANALYSIS OF ECONOMIC DATA

Montana is the fourth largest state by land area with 147,040 square miles. Rhode Island would fit inside Montana over 94 times. As of the July 2023 census³ information, Montana ranks 44th by population, with 1,132,812 people. Much of Montana’s population lives in rural areas. Montana has a total of 56 counties, and 46 of these counties have six or fewer people per square mile.

The current Montana child support guidelines include a mileage allowance for parenting time calculated using the annually updated IRS mileage rate, but only 11 (dark blue) of our 56 counties have gas prices that are even close to the national average, according to data compiled by the Automobile Association of America (AAA)⁴. The other 45 counties exceed the average. On September 5, 2024, Montana had the 14th highest gas prices in the nation.

This map illustrates the counties that exceed the national average for fuel prices, showing what a vast region of Montana is affected. The dark blue counties are the only ones within the national average, then light blue, white, light red, and the highest prices in red.



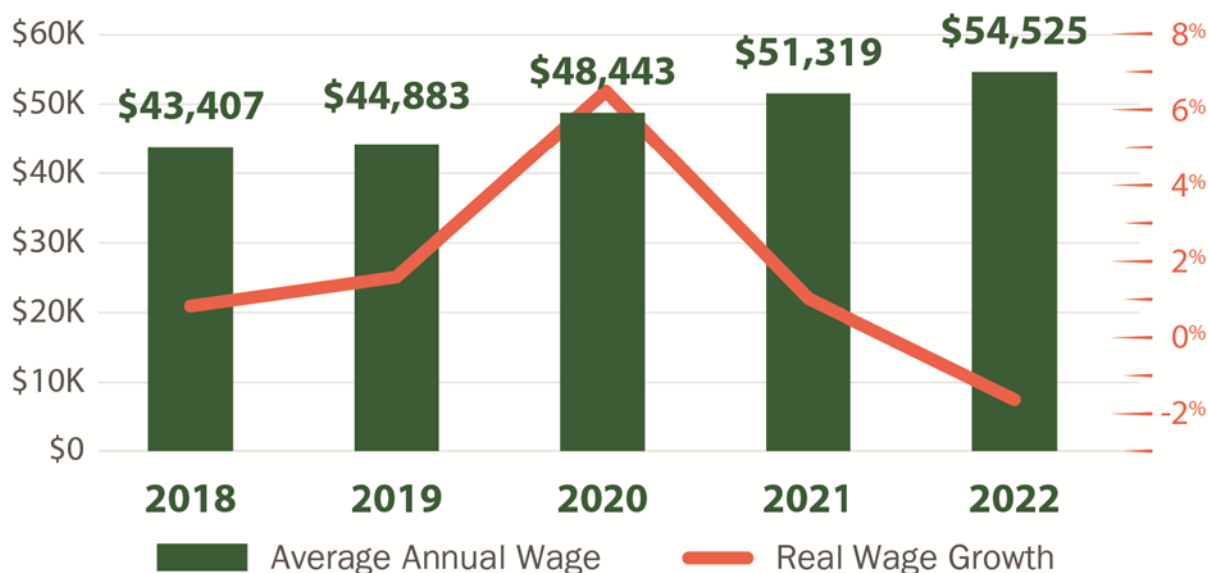
³ <https://data.census.gov/profile/Montana?g=040XX00US30>

⁴ <https://gasprices.aaa.com/?state=MT>

Data from the U.S. Census Bureau shows Montana ranking 36th in median household income. Montana tied with Pennsylvania at 28th with people in poverty, showing 11.8% of all Montanans in poverty on average. When we look at the poverty percentage by individual counties, of Montana’s 56 counties, only 21 have a lower percentage of population in poverty, leaving 35 counties with more than 11.8% in poverty, with our highest percentage of people in poverty at 25.8%.

Employment and Wages

According to the 2023 Montana Labor Day Report⁵ issued by the Montana Department of Labor and Industry, record low unemployment rates have increased competition for workers and driven up wages. The report showed the average wage earned by Montana workers grew 6.2% in 2022, the fourth fastest among states. Rapid wage growth helped dampen the impacts of inflation, which reached a 40-year high in the middle of 2022. On an inflation-adjusted basis, real wages fell 1.6% in 2022 but remained positive over the long run.



⁵ <https://lmi.mt.gov/docs/Publications/LMI-Pubs/Labor-Market-Publications/LDR20221.pdf>

Since 2019, real wages grew by an average of 2% per year. Real wage growth over the long term suggests that coming out of the pandemic recession, Montana workers have been able to afford more goods and services with their wages than before, thus increasing their standard of living. The average annual wage reached \$54,525 in 2022, ranking 44th highest among states – the highest wage ranking Montana has achieved in the history of the data series.

However, data shows Montana residents spend a greater portion of their income on basic needs.

Montanans spend a larger portion of their income than the national average.

Montanans spend slightly less than the nation on a per capita basis. However, lower disposable income in Montana compared to the U.S. means a larger portion of Montanans' income is spent on goods and services. In 2021, more than half (60%) of Montana disposable income was spent on services, such as housing and utilities (15%) and healthcare (16%). Another 35% of Montana disposable personal income is spent on goods, such as groceries (8%) and gasoline (3%).

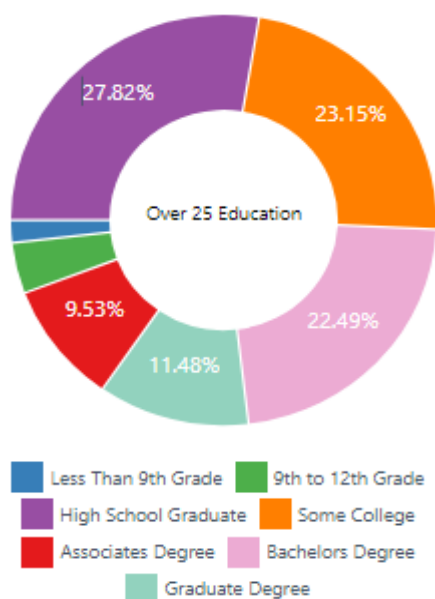
Figure 26. Household Expenditures as a Percent of Disposable Income



Source: MTDLI calculation based on BEA data.

Education Related to Earnings

The education of Montana residents also directly relates to individual earning ability. Census Bureau data indicates up to 5.52% of Montana residents did not graduate from high school, and some have less than a ninth-grade education. Another 50.97% of Montana residents have a high school diploma and may have some secondary education, but no degree. The remaining 43.5% have a secondary education of some sort.



Education attained:

Less than 9th grade	1.64%
9th to 12th grade	3.88%
High school graduate	27.82%
Some college	23.15%
Associate’s degree	9.53%
Bachelor’s degree	22.49%
Graduate degree	11.48%

Individual income of the same categories shows a more accurate representation of the actual income used in a guideline calculation. Many statistics are reflective of household income; however, household income is not what is used in determination of child support.

Education Completed	Male	Female	Average
Less than 9th grade	\$33,666	\$19,096	\$28,127
High school graduate	\$42,524	\$26,495	\$34,557
Some college (no degree)	\$47,199	\$32,285	\$38,789
Bachelor’s degree	\$59,456	\$43,246	\$50,037
Graduate degree	\$80,016	\$59,486	\$67,703
Overall Average	\$50,324	\$35,397	\$42,352

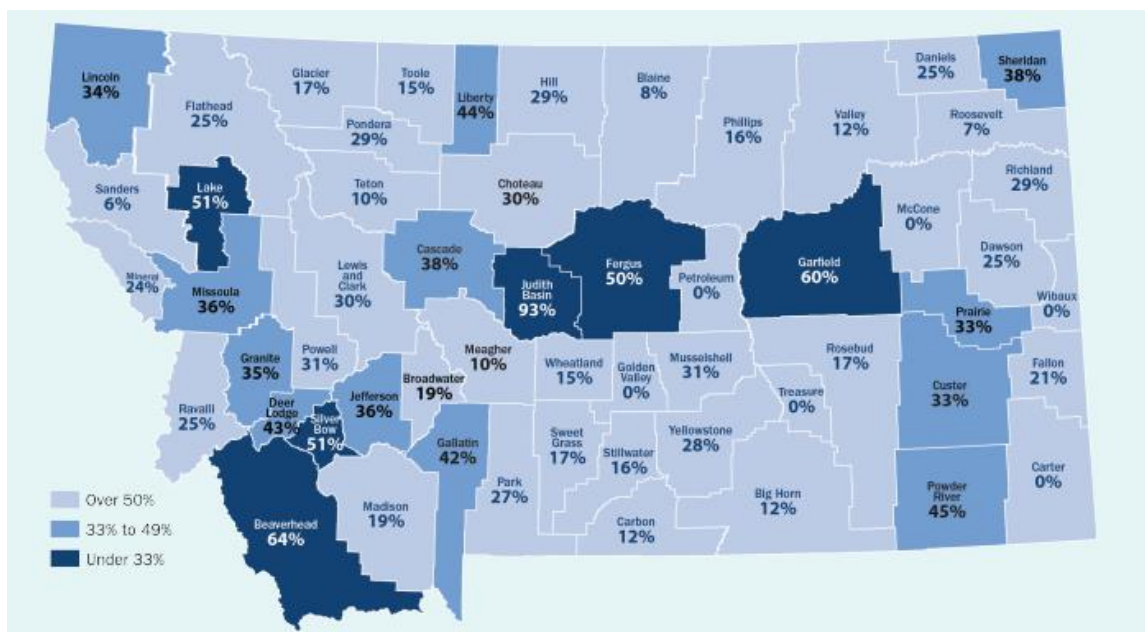
Based on this information 50.97% of Montana residents without any college degree earn on average less than \$34,000 per year.

Childcare Availability Limits Workforce

Childcare provides critical support to the Montana economy, allowing parents of young children to participate in the labor force. A national shortage of childcare services has raised costs for families and left many unable to access affordable care. Montana has not been immune to these challenges. The state has consistently faced a shortage of licensed childcare capacity, which is essential for supporting the workforce. According to the 2023 Montana Labor Day Report, in 2022, licensed childcare capacity met only 43% of the estimated demand.

Childcare shortages exist in every county, with 67% of counties identified as childcare deserts – meaning supply meets less than a third of estimated demand. The most significant unmet demand occurs in the more rural areas of the state. There are at least six counties without a single licensed childcare provider. The map below shows licensed childcare capacity as a percent of demand by county in 2022.

In 2022, approximately 68,000 Montana parents were unable to fully engage in the workforce due to family responsibilities and a lack of childcare. Access to quality, affordable childcare is critical to Montana’s growing economy.



Montana Housing Market

Montana home values are 51% higher than pre-pandemic levels (2023 Q1 compared with 2020 Q1). This is higher than the U.S. average of 40% and ranks 8th highest of all 50 states. The typical home value in Montana averaged \$440,000 in the first quarter of 2023, compared to \$280,000 three years prior. This data from the Montana Labor Day Report indicates home prices are increasing in every Montana county, with western and urban areas of the state posting the strongest growth since the start of the pandemic.

The rising cost of homes in Montana helps generate equity for existing homeowners; however, it also creates a barrier for many first-time homebuyers who may not have seen their income grow as rapidly as home values. Rising home values and increases in the cost of borrowing have reduced the affordability of new mortgages and rent. In 2021, an average Montana renter spent nearly 26% of their household income on rent. Similarly, 42% of renters are cost-burdened, meaning they spend more than 30% of their household income on rent alone.

In Montana, home values are higher than the U.S. average, while incomes are lower than the national average. This difference shows home ownership is less affordable in Montana than other parts of the nation.

Montana's median home value is over four times higher than the state's median income, ranking 10th highest among states. This suggests Montana is one of the less affordable states for homebuyers.

SECTION V: RECOMMENDATIONS

Goal of Proposed Guideline Updates

The proposed guidelines updates are intended to increase transparency and simplicity, leading to more consistent application of the guidelines overall, while removing complexities within the child support calculation. The updates also will improve overall understanding of how a Montana child support obligation amount is determined.

The current child support calculation is complicated involving multiple tax factors and worksheets. Explaining how a child support obligation is determined from start to finish is challenging, and accurately calculating it by hand is difficult.

The proposed updates condense the worksheet to one single page while maintaining many of the individual details which are a hallmark to Montana's guidelines. Removing the tax factors allows the calculation to be easily completed by hand, if need be, eliminating the need for updates to the program each time taxes are changed at state and federal levels. In addition, simplifying the calculation will make maintenance of guidelines tables used in the calculations more efficient and allows an online guidelines calculator to be available for all Montana citizens.

The CSSD uses a guidelines calculator in its automated system, SEARCHS, while the Office of Administrative Hearings, courts, and many legal practitioners use one of the programs offered by outside entities, which may not be updated. The CSSD has not vetted any of these other programs. An updated guidelines calculator, with a public-facing guideline calculator, would allow ALL users access to the same guidelines calculator. It is the committee's hope that with this user-friendly public facing online calculator, attorneys and courts will have a greater understanding of the child support guidelines and be more comfortable setting support orders.

Today, many Montana parenting plans and dissolution decrees do not include a set support amount. Instead, the orders often include language for parties to open a case and have the CSSD determine child support. We are hopeful that with this simpler,

updated child support calculator, more court orders would come to CSSD with an amount already determined, so CSSD can begin order enforcement rather than order establishment. This would benefit parents, children, the CSSD and the courts. It also would reduce the arrears debt created due to the delay, and it would expedite the enforcement time by allowing faster collection and distribution of support payments to the families.

Determining the Proposed Updates

A survey of other states and jurisdictions revealed that a majority use gross rather than net income when determining child support obligations. For years, Montana has been discussing the change to use gross income when determining child support obligations. As part of this report, the committee has developed a plan to use gross income when determining child support calculations.

Montana and Delaware use a Modified Melson model to calculate child support obligations. In 2018, Delaware successfully implemented a guidelines calculation that does not include tax information and uses a parent's gross income instead of net income. We reviewed and studied Delaware's guidelines and quadrennial review reports to determine if Montana could feasibly remove all tax information and transition to gross income instead of net, yet still obtain a similar obligation generated by the current method. We compared both states' guidelines allowances and deductions to determine what we considered the most desirable in each calculation.

The proposed updates to the Montana calculation incorporate some of the simplicity of the Delaware model while keeping the basics and specific allowances of the Montana calculation intact. Gross income can be appropriately used by adjusting the parent self-support allowance, which also modifies the primary support amount for the children. A change to using gross income will require adjusting the SOLA percentages and including a self-support protection for parents. The resulting child support obligations closely track the obligations under our current net income model.

Elimination of taxes will simplify the calculation and provide a better understanding of how a child support obligation is determined. The proposed calculation can easily be done manually or online. Results will be consistent due to the elimination of tax errors and ambiguities, because reference to the most current tax regulations and tables will be eliminated.

Proposed Recommendations and Updates

1. Calculate Support Using Gross Rather than Net Income

Montana guidelines currently include Federal, State, and Social Security tax deductions, dependent exemptions, and tax credits, including earned income credit and credit for other children. It is our recommendation that tax-related entries should be eliminated from the calculation. To offset this change and produce very similar results as in the past, adjustments to other entries also will be recommended.

Removing tax-related entries will benefit Montana:

- It leaves the tax credits in the home of the family for which the government intends; while removing the effects tax deductions and credits have on child support obligations.
- The current guidelines were created over three decades ago. It is our belief that thirty years ago tax credits were not as substantial and had less of an impact on the child support obligation than they do today.
- It increases consistency and better understanding of the guidelines by removing the many possible variables relating to taxes.
- With a simpler, no-tax guideline, offering and maintaining a public facing online guidelines calculator will be easier.
- It will greatly reduce programming costs and time required to update the guidelines calculations when federal or state tax laws are changed.

This will require review and possible amendment of ARM 37.62.110, Allowable Deductions from Parents' Income.

37.62.110 ALLOWABLE DEDUCTIONS FROM PARENTS' INCOME

(1) Allowable deductions from income include those required by law, those required as a condition of employment, and those necessary for the production of income. Allowable deductions may include:

(a) the amount of alimony or spousal maintenance which a parent is required to pay under a court or administrative order;

(b) for an "other child" as defined in ARM 37.62.103(9):

(i) the amount of child support due under existing court or administrative support orders; and

(ii) an amount equal to one-half of the primary child support allowance as found in ARM 37.62.121 for the number of other children for whom no support order exists and who:

(A) reside with the parent of the calculation; or

(B) do not reside with a parent of the calculation if a showing of ongoing support is made;

(c) the amount of any health insurance premium which either parent is required to pay under a court or administrative order for a child not of this calculation;

(d) the actual income tax liability based on tax returns. If no other information is available, use the federal and state income tax tables which show the amount of withholding for a single person with one exemption;

(e) the actual social security (FICA plus Medicare) paid;

(f) court ordered payments except as excluded under ARM 37.62.111;

(g) actual unreimbursed expenses incurred as a condition of employment such as uniforms, tools, safety equipment, union dues, license fees, business use of personal vehicle and other occupational and business expenses;

(h) actual mandatory contributions toward internal revenue service (IRS) approved retirement and deferred compensation plans. Mandatory contributions are fully deductible;

(i) one-half the amount of a parent's unreimbursed payments for an "other child" for extraordinary medical expenses and child care expenses necessary to allow the parent to work, less federal tax credits;

(j) extraordinary medical expenses incurred by a parent to maintain that parent's health or earning capacity which are not reimbursed by insurance, employer, or other entity;

(k) cost of tuition, books, and mandatory student fees for a parent who is a student as anticipated under ARM 37.62.106(5); and

(l) the current, annual interest on student loans, paid by a parent of the calculation for post-secondary education that has resulted in an economic benefit for the children of the calculation.

(2) Allowable deductions from income for child support differ from allowable deductions for tax purposes.

Authorizing statute(s): 40-5-203, MCA

Implementing statute(s): 40-5-209, MCA

History: NEW, 1998 MAR p. 2598, Eff. 11/1/98; AMD, 2012 MAR p. 747, Eff. 7/1/12.

2. Updating Parent Personal Allowance Calculation

Currently the Montana personal allowance is calculated at 1.3 percent of the poverty index guidelines (PIG) for a household of one, updated annually.

- We propose increasing the allowance. Increasing the parents' personal allowance will leave more income in the parents' homes for basic needs. The exact amount of the increase needs to be determined.
- This proposed change, in conjunction with tax removal, will achieve similar calculation results as the current Montana guidelines.

This will require review and possible amendment of ARM 37.62.114, Personal Allowance.

37.62.114 PERSONAL ALLOWANCE

(1) Personal allowance is an amount which reflects 1.3 multiplied by the federal poverty guideline for a one-person household. This amount is deducted when determining child support. Personal allowance is a contribution toward, but is not intended to meet the subsistence needs of parents.

(2) If a parent has legal dependents not capable of self-support and whose needs have not already been considered at ARM 37.62.110, the personal allowance may reflect the parent's responsibility by increasing the number in the household when consulting the federal poverty guideline.

Authorizing statute(s): 40-5-203, MCA

Implementing statute(s): 40-5-209, MCA

History: NEW, 1998 MAR p. 2066, Eff. 11/1/98; AMD, 2012 MAR p. 747, Eff. 7/1/12.

3. Update the Child Primary Support Allowance

Currently the child primary support allowance is determined by multiplying the parent's personal allowance by .30 for the first child. For the second and third children, the personal allowance is multiplied by .20 and added for each child. For four or more children, the personal allowance is multiplied by .10 and added for each additional child.

- We propose keeping the calculation for the first child at .30 of the parent's personal allowance. For two or more children the personal allowance is multiplied by .10 and added for each additional child.
- This update will achieve similar calculation results to the current Montana guidelines but with a more gradual increase in the obligation when additional children are added. This will create a more gradual incline in the obligation of multiple children. The current jump of .20 for second and third children results in a substantial increase in the obligation and results in increased arrears upon order completion.

This will require review and possible amendment of ARM 37.62.121, Primary Child Support Allowance.

37.62.121 PRIMARY CHILD SUPPORT ALLOWANCE

(1) Primary child support allowance is a standard amount to be applied toward a child's food, shelter, clothing and related needs and is not intended to meet the needs of a particular child. This allowance is .30 multiplied by the personal allowance found at ARM 37.62.114 for the first child. For the second and third children, the personal allowance is multiplied by .20 and added for each child. For four or more children, the personal allowance is multiplied by .10 and added for each additional child.

Authorizing statute(s): 40-5-203, MCA

Implementing statute(s): 40-5-209, MCA

History: NEW, 1998 MAR p. 2066, Eff. 11/1/98.

4. Parenting Days Adjustment

In the current guidelines, when parenting days are 0-110, there is no impact on the calculated obligation. After 110 days, the obligation changes with almost every additional day. In addition to the main worksheet, the parenting day credit calculation is a very complex mathematical equation.

- We propose updating our parenting days to blocks of time rather than daily changes. This would reduce the adjustment of parenting days to a few lines in the worksheet, making the parenting days adjustment easier to understand and calculate.
- We anticipate that eliminating daily adjustments will decrease the number of parental disputes over one or two days, thus improving the timeliness of order completion.
- Based on our testing, allowing adjustment based on a block of days would be a less cumbersome method. By doing this, we create easy-to-use and easy-to-understand standardized parenting day brackets. The bracket percentage is then multiplied by the other parent's primary allowance, and SOLA is retained to determine the total allowance.

This will require review and possible amendment of ARM 37.62.124, Parenting Days, and review and possible amendment of ARM 37.62.134, Total Support Amount and Transfer Payment.

37.62.124 PARENTING DAYS

(1) The parenting plan, referenced in 40-4-234, MCA, provides for the child's residential schedule with the parents.

(2) When the child resides primarily with one parent and does not spend more than 110 days per year with the other parent, there is no adjustment to the transfer payment due. When at least one child spends more than 110 days per year with both parents, however, or when at least one child resides primarily with each parent, the transfer payment is adjusted according to ARM 37.62.134.

(3) A "day" is defined as the majority of a 24-hour calendar period in which the child is with or under the control of a parent. This assumes there is a correlation between time spent and resources expended for the care of the child. For purposes of this chapter, and unless otherwise agreed by the parents or specifically found by the court, the calendar period begins at midnight of the first day and ends at midnight of the second day. When the child is in the temporary care of a third party, such as in school or a day care facility, the parent who is the primary contact for the third party is the parent who has control of the child for the period of third-party care. If both parents are primary contacts for a third party, or if the parents are otherwise unable to agree on the total number of days for each parent, the number of disputed days may be totaled and divided equally between the parents.

Authorizing statute(s): 40-5-203, MCA

Implementing statute(s): 40-5-209, MCA

History: NEW, 2012 MAR p. 747, Eff. 7/1/12.

37.62.134 TOTAL SUPPORT AMOUNT AND TRANSFER PAYMENT

(1) A total support amount is determined for each parent, separately, and consists of:

(a) the parent's share of the primary child support allowance, with supplemental needs, if any, plus the parent's standard of living adjustment; or

(b) the parent's minimum support obligation determined under ARM 37.62.126.

(2) After determining each parent's obligation according to (1)(a) or (1)(b), above, each parent's obligation is allocated according to the number of days each child spends with each parent.

(a) If all the children of the calculation reside primarily with one parent and do not spend more than 110 days per year with the other parent, the annual transfer payment, defined as the net amount of child support one parent owes the other, is the same as the total, annual support amount owed by the nonresidential parent.

(i) To set the amount of each child's monthly transfer payment, divide the annual transfer payment by the number of children in the calculation. Then, divide each child's annual payment by 12 and round the result according to ARM 37.62.134(2)(a)(ii), following.

(ii) The monthly transfer payment per child is rounded to whole dollars as follows: round down to the next whole dollar amounts ending in \$0.49 or less and round up for amounts ending in \$0.50 or more. The total of the rounded per child amount is the total monthly transfer payment owed by one parent to the other and/or to a third party, and due to rounding, may vary from the monthly transfer payment shown in the calculation.

(b) If any child of the calculation spends in excess of 110 days per year with both parents or if one or more children reside primarily with one parent while one or more children reside primarily with the other parent, the allocation of each parent's total support amount is determined as follows:

(i) recalculate the needs of each child separately;

(ii) recombine each parent's total support amount for each child based upon that child's proportionate need;

(iii) allocate the parent's total support amount for each child by retaining the amount for time the child spends with the parent and owing to the other parent the amount for time the child spends with the other parent;

(iv) offset the amounts each parent owes the other by subtracting the lower obligation from the higher for each of the children. The remaining balance for each child is the annual transfer payment for that child and is entered in the column of the parent owing the balance; and

(v) to set the monthly transfer payment, divide the annual transfer payment for each child by 12 and round according to (2)(a)(ii).

(A) where the calculation includes only one child, the monthly transfer payment is the total amount due from one parent to the other; or

(B) where the calculation includes two or more children, the monthly transfer payment for each child is the amount entered for the child at (2)(b)(v). The monthly transfer payment for each child is entered in the column of the parent owing the payment. Each parent's column is totaled and the difference between mother's total and father's total is the final monthly transfer payment owed by the parent with the higher total.

Authorizing statute(s): 40-5-203, MCA

Implementing statute(s): 40-5-209, MCA

History: NEW, 1998 MAR p. 2066, Eff. 11/1/98; AMD, 2012 MAR p. 747, Eff. 7/1/12.

5. Remove Other Child(ren) Credits

In the current Montana guidelines, we recognize additional children residing in a parent's home - not of the calculation. The parent is given a credit of 50% of the primary child support allowance for each additional child not of the calculation, but only if the parent does not have an existing support order for the other children. In addition, the calculation takes into consideration all the tax credits associated with the child(ren) not of the calculation. In many instances the tax credits are more than the allowance, thus artificially increasing the parent's income. We recommend that the proposed calculation include only the family of the calculation.

This will require review and possible amendment of ARM 37.62.110, Allowable Deductions from Parents' Income.

37.62.110 ALLOWABLE DEDUCTIONS FROM PARENTS' INCOME

(1) Allowable deductions from income include those required by law, those required as a condition of employment, and those necessary for the production of income. Allowable deductions may include:

(a) the amount of alimony or spousal maintenance which a parent is required to pay under a court or administrative order;

(b) for an "other child" as defined in ARM 37.62.103(9):

(i) the amount of child support due under existing court or administrative support orders; and

(ii) an amount equal to one-half of the primary child support allowance as found in ARM 37.62.121 for the number of other children for whom no support order exists and who:

(A) reside with the parent of the calculation; or

(B) do not reside with a parent of the calculation if a showing of ongoing support is made;

(c) the amount of any health insurance premium which either parent is required to pay under a court or administrative order for a child not of this calculation;

(d) the actual income tax liability based on tax returns. If no other information is available, use the federal and state income tax tables which show the amount of withholding for a single person with one exemption;

(e) the actual social security (FICA plus Medicare) paid;

(f) court ordered payments except as excluded under ARM 37.62.111;

(g) actual unreimbursed expenses incurred as a condition of employment such as uniforms, tools, safety equipment, union dues, license fees, business use of personal vehicle and other occupational and business expenses;

(h) actual mandatory contributions toward internal revenue service (IRS) approved retirement and deferred compensation plans. Mandatory contributions are fully deductible;

(i) one-half the amount of a parent's unreimbursed payments for an "other child" for extraordinary medical expenses and child care expenses necessary to allow the parent to work, less federal tax credits;

(j) extraordinary medical expenses incurred by a parent to maintain that parent's health or earning capacity which are not reimbursed by insurance, employer, or other entity;

(k) cost of tuition, books, and mandatory student fees for a parent who is a student as anticipated under ARM 37.62.106(5); and

(l) the current, annual interest on student loans, paid by a parent of the calculation for post-secondary education that has resulted in an economic benefit for the children of the calculation.

(2) Allowable deductions from income for child support differ from allowable deductions for tax purposes.

Authorizing statute(s): 40-5-203, MCA

Implementing statute(s): 40-5-209, MCA

6. Update Credit for Retirement Contribution

In the current Montana guidelines, credit is given for mandatory retirement contributions through an employer. No credit has previously been given for discretionary retirement contributions such as 401Ks, IRAs, etc. Pension retirement plans offered by employers

are not as common as they once were, and more people now invest in discretionary retirement plans. The committee proposes to expand Montana's allowable credit for actual retirement contributions to a maximum of 8% of gross income for combined mandatory and discretionary retirement contributions. However, if mandatory contributions exceed 8% of gross, then 100% credit will be allowed. Proof of investment will be required prior to the allowance being given.

This will require review and possible amendment of ARM 37.62.110, Allowable Deductions from Parents' Income.

37.62.110 ALLOWABLE DEDUCTIONS FROM PARENTS' INCOME

(1) Allowable deductions from income include those required by law, those required as a condition of employment, and those necessary for the production of income. Allowable deductions may include:

(a) the amount of alimony or spousal maintenance which a parent is required to pay under a court or administrative order;

(b) for an "other child" as defined in ARM 37.62.103(9):

(i) the amount of child support due under existing court or administrative support orders; and

(ii) an amount equal to one-half of the primary child support allowance as found in ARM 37.62.121 for the number of other children for whom no support order exists and who:

(A) reside with the parent of the calculation; or

(B) do not reside with a parent of the calculation if a showing of ongoing support is made;

(c) the amount of any health insurance premium which either parent is required to pay under a

court or administrative order for a child not of this calculation;

(d) the actual income tax liability based on tax returns. If no other information is available, use the federal and state income tax tables which show the amount of withholding for a single person with one exemption;

(e) the actual social security (FICA plus Medicare) paid;

(f) court ordered payments except as excluded under ARM 37.62.111;

(g) actual unreimbursed expenses incurred as a condition of employment such as uniforms, tools, safety equipment, union dues, license fees, business use of personal vehicle and other

occupational and business expenses;

(h) actual mandatory contributions toward internal revenue service (IRS) approved retirement and deferred compensation plans. Mandatory contributions are fully deductible;

(i) one-half the amount of a parent's unreimbursed payments for an "other child" for extraordinary medical expenses and child care expenses necessary to allow the parent to work, less federal tax credits;

(j) extraordinary medical expenses incurred by a parent to maintain that parent's health or earning capacity which are not reimbursed by insurance, employer, or other entity;

(k) cost of tuition, books, and mandatory student fees for a parent who is a student as

anticipated under ARM 37.62.106(5); and

(l) the current, annual interest on student loans, paid by a parent of the calculation for post-secondary education that has resulted in an economic benefit for the children of the calculation.

(2) Allowable deductions from income for child support differ from allowable deductions for tax purposes.

Authorizing statute(s): 40-5-203, MCA

Implementing statute(s): 40-5-209, MCA

7. Update Minimum Support Obligation

With the current Montana guidelines, when the parent's income after deductions is less than or equal to the parent's personal allowance, or the parent's calculated child support obligation is less than 12% of that parent's income after deductions, then the Minimum Support Obligation is triggered. Worksheet C of the current guidelines is used to calculate the minimum support obligation. This calculation is overly complicated and could be simplified with the proposed update.

- We propose a minimum order calculation based on 30% of the Primary Child Support Allowance, with the maximum based on two children. The exceptions to a minimum order would be if the child(ren) is (are) residing in shared or split custody or if the obligated parent is disabled.
- The minimum order will be triggered if the calculated support amount after the self-support protection has been applied is less than 30% of the primary support allowance.

This will require review and possible amendment of ARM 37.62.126, Minimum Support Obligation.

37.62.126 MINIMUM SUPPORT OBLIGATION

(1) A specific minimum contribution toward child support should be ordered in all cases when the parent's income, after deductions, is less than or equal to the parent's personal allowance or the parent's calculated child support obligation is less than 12% of that parent's income after deductions.

(a) For parents whose income, as defined in ARM 37.62.105 and ARM 37.62.106, after deductions, as defined in ARM 37.62.110, is less than or equal to the parent's personal allowance, the minimum contribution is a portion of the income after deductions and is determined by applying the table in (3) as follows:

(i) divide the income after deductions by the personal allowance as defined in ARM 37.62.114 to determine the income ratio;

(ii) find the income ratio in Column A;

(iii) locate the corresponding minimum contribution multiplier in Column B; and

(iv) multiply the income after deductions by the minimum contribution multiplier. The result is the parent's minimum contribution.

(b) For parents whose income after deductions exceeds the personal allowance, the parent's

minimum contribution is 12% of income after deductions.

(2) The minimum contributions under this rule are presumptive and may be rebutted by the

circumstances of a particular case, provided there is an appropriate finding on the record.

(3) The table for determining the minimum support obligation of a parent whose income after deductions is less than or equal to the parent's personal allowance is as follows:

Column A - Income Ratio (IR)

If the IR is from 0.00 to 0.25

If the IR is over 0.25 but not over 0.31

If the IR is over 0.31 but not over 0.38

If the IR is over 0.38 but not over 0.45

If the IR is over 0.45 but not over 0.52

If the IR is over 0.52 but not over 0.59

If the IR is over 0.59 but not over 0.66

If the IR is over 0.66 but not over 0.73

If the IR is over 0.73 but not over 0.80

If the IR is over 0.80 but not over 0.87

If the IR is over 0.87 but not over 0.94

If the IR is over 0.94 but not over 1.00

Column B - Minimum Contribution Multiplier

... then the minimum contribution is 0.00.

... then the multiplier is 0.01.

... then the multiplier is 0.02.

... then the multiplier is 0.03.

... then the multiplier is 0.04.

... then the multiplier is 0.05.

... then the multiplier is 0.06.

... then the multiplier is 0.07.

... then the multiplier is 0.08.

... then the multiplier is 0.09.

... then the multiplier is 0.10.

... then the multiplier is 0.11.

8. Update Standard of Living Adjustment Percentages

If there is income available after parents have met their own and their child(ren)'s primary support needs, a standard of living adjustment (SOLA) is applied. SOLA is intended to provide the child(ren) with a share in each parent's economic well-being.

- To achieve similar results under the new calculation that will use gross income, we propose lowering the SOLA percentages since the income amount used in the calculation has increased. The exact percentages would be determined at a later date.

This will require review and possible amendment of ARM 37.62.128, Income Available for Standard of Living Adjustment.

37.62.128 INCOME AVAILABLE FOR STANDARD OF LIVING ADJUSTMENT (SOLA)

(1) The purpose of SOLA is to ensure that the child enjoys, to the extent possible, the standard of living commensurate with the parent's income. If a parent has income available after deducting the personal allowance and the parent's share of the child support allowance as supplemented, the remaining income is subject to SOLA.

(2) SOLA is calculated by subtracting from the parent's income available for support, as provided in ARM 37.62.116 the parent's share of the primary child support allowance under ARM 37.62.121 and supplements as provided in ARM 37.62.123.

(3) If income is available for SOLA, multiply the income by the SOLA factor from the following table which corresponds to the number of children for whom support is being determined.

Number of Children *SOLA Factor*

1.	14
2.	21
3.	27
4.	31
5.	35
6.	39
7.	43
8 or more .	47

(4) Income available for SOLA may not be less than zero.

Authorizing statute(s): Sec. 40-5-203, MCA

9. Implementation of Self-Support Protection

In response to federal direction (45 CFR § 302.56(c)(1)(ii)) to pay special attention to obligated parents with income less than two times the poverty guidelines, we are proposing to implement “Self-Support Protection.” This is intended to be an additional protection so that no obligation should exceed a designated percentage of a parent’s net available income after the Personal Allowance and the adjustment for other support orders.

- Montana is proposing 40% of net income available for primary support as the Self-Support Protection. This enables the establishment of obligations based upon gross income comparable to the net income calculations. This makes sense because the Self-Support Protection percentage applies exclusively to lower incomes, while the SOLA percentages apply predominantly to middle- and upper-income calculations.

This may require a new administrative rule or possible amendment of an existing administrative rule.

SECTION VI. CONCLUSION

In summary, the 2024 Quadrennial Review focused on a wide range of issues related to the Montana child support guidelines. The most significant recommendation, especially for frequent users of the guidelines, is the proposal to simplify by eliminating income tax, social security deductions, and tax-related entries, by using the parents' gross incomes in determining their child support obligations. This change in the guideline should eliminate user errors in tax-related entries and categorization of income of the parties. It allows implementation of a standardized online calculator maintained and supported by Montana's Child Support Services Division.

Another significant change recognizes the challenges lower income parents face in providing for themselves and their children. This is addressed in several recommendations. The numerical values that underlie the primary allowances for children better reflect the higher costs of providing for shelter and utilities. The parent's self-support allowance, tied to the Federal Poverty Guideline, also reflect Montanans spend a greater percentage of their income on basic living expenses.

In response to federal regulations to pay special attention to low-income obligated parents, we recommend implementing a low-income adjustment through a "Self-Support Protection." A Self-Support Protection guarantees no obligation should exceed a designated percentage of a parent's net available income after the Self Support Allowance. This will ensure that the basic subsistence needs of obligated parents with income less than two times the poverty guidelines are met.

The remaining recommendations address issues that came to the committee's attention through practical experience and the voices of parties seeking a fairer application of the guidelines, including a percentage allowance for pension or retirement contributions.

It is the committee's hope that these recommendations provide for a standardized application of the Montana child support guidelines and provide some relief to parents who may struggle to meet their financial obligation to their children.