

Proposed Revision to Nevada Child Support Guidelines

By David J. Schoen, IV, ACP
Calculations by Scott K. Bushorn

I. Introduction

This proposal is designed to create a fair child support calculation, with the focus on the cost of raising children based on government data, cost of living adjustments for the state of Nevada (accounting for inflation year to year), and the unique needs of the family unit to minimize deviations, all while repurposing certain existing presumptive caps to ensure a realistic ability for parents to meet the support obligations of their children.

The proposed formula is purposefully intended to shy away from the traditional joint/primary division of child support. Instead, the needs of the child is calculated based on the family unit as a whole, with each parent responsible for a pro rata share of the cost of rearing the child, with adjustments made for the parenting time arrangement, household support to the other parent, and reductions for support of other children.

II. Supporting Data

As the Commission has already examined, the primary data used to create these calculations comes from the USDA's *Expenditures on Children by Families, 2015* report, released January 2017 and revised March 2017.¹ Cost of living adjustment calculations are derived from the Council for Community & Economic Research (C2ER).²

1. Parents' Combined Gross Monthly Income (GMI)

The existing method for calculating a parent's GMI is found in NRS 125B.070(1)(a), which states that GMI includes "total amount of income received each month from any source of a person who is not self-employed or the gross income from any source of a self-employed person, after deduction of all legitimate business expenses, but without deduction for personal income taxes, contributions for retirement benefits, contributions to a pension or for any other personal expenses."

For the purposes of this proposal, there is no change to the existing method of calculating GMI.

¹ <https://www.cnpp.usda.gov/sites/default/files/crc2015.pdf>

² <https://www.c2er.org>

2. Monthly Cost of Rearing Child/Children in Nevada

Rather than using the current approach of assuming that 18/25/29% of each parent's GMI is a suitable amount to calculate the needs of a child, this method uses a combined (family) income approach to determine child rearing costs. Both parent's respective GMI are combined to create a base family income for calculating the child's needs. Even though the parents are no longer a traditional family unit, starting the calculation this way helps alleviate discrepancies in lifestyle between homes. As explained below, the respective percentages of the combined GMI are addressed when dividing the support amount.

Next, to calculate the monthly cost of rearing a child, we turn to the data compiled by the USDA. Unfortunately, the data provided is region-based and not specific to Nevada, and does not account for annual inflation. To ascertain the correct costs for Nevada, we start by using the West region tables from the USDA report.

In 2015, the USDA averaged the annual child rearing costs per child in a two-child household into three income brackets:

[2015 LOW] Before-tax income (GMI): Less than \$59,200 (Average = \$35,100)

Age	Housing	Food	Transp.	Clothing	Health Care	Care & Educ.	Misc.	Total
0-2	\$3,710	\$1,340	\$1,190	\$840	\$740	\$2,020	\$500	\$10,340
3-5	3,710	1,370	1,240	700	690	2,020	610	10,340
6-8	3,710	1,960	1,300	710	710	850	730	9,970
9-11	3,710	2,230	1,340	860	820	850	780	10,590
12-14	3,710	2,320	1,490	930	790	370	630	10,240
15-17	3,710	2,340	1,680	900	830	540	610	10,610

[2015 MID] Before-tax income (GMI): \$59,200 to \$107,400 (Average = \$80,300)

Age	Housing	Food	Transp.	Clothing	Health Care	Care & Educ.	Misc.	Total
0-2	\$4,310	\$1,600	\$1,780	\$910	\$1,090	\$2,780	\$870	\$13,340
3-5	4,310	1,710	1,830	760	1,020	2,780	980	13,390
6-8	4,310	2,310	1,890	760	1,050	1,610	1,100	13,030
9-11	4,310	2,710	1,930	950	1,190	1,610	1,150	13,850
12-14	4,310	2,810	2,080	1,040	1,140	1,320	1,000	13,700
15-17	4,310	2,830	2,270	1,010	1,200	1,920	970	14,510

[2015 HIGH] Before-tax income (GMI): More than \$107,400 (Average = \$189,500)

Age	Housing	Food	Transp.	Clothing	Health Care	Care & Educ.	Misc.	Total
0-2	\$6,400	\$2,220	\$2,580	\$1,290	\$1,480	\$5,010	\$1,690	\$20,670
3-5	6,400	2,330	2,630	1,120	1,390	5,010	1,800	20,680
6-8	6,400	2,980	2,690	1,120	1,350	3,830	1,920	20,290
9-11	6,400	3,590	2,730	1,370	1,680	3,830	1,970	21,570
12-14	6,400	3,580	2,880	1,500	1,630	4,100	1,820	21,910
15-17	6,400	3,750	3,070	1,470	1,700	5,970	1,790	24,150

Each of these foregoing categories includes typical annual expenses that are required to raise a child and, as a result, are necessary in calculating necessary child support.

Excluding health care (the cost of which is typically assessed through insurance premiums and out-of-pocket expenditures, and is usually divided between the parents outside of the child support calculation), the following tables are a baseline cost for rearing a child in the West region. The annual cost is averaged to a monthly amount.

2015 LOW Avg. Combined GMI = \$35,100			2015 MID Avg. Combined GMI = \$80,300			2015 HIGH Avg. Combined GMI = \$189,500		
Age	Total Annual	Monthly Cost	Age	Total Annual	Monthly Cost	Age	Total Annual	Monthly Cost
0-2	\$9,600	\$800.00	0-2	\$12,250	\$1,020.83	0-2	\$19,190	\$1,599.17
3-5	9,650	804.17	3-5	12,370	1,030.83	3-5	19,290	1,607.50
6-8	9,260	771.67	6-8	11,980	998.33	6-8	18,940	1,578.33
9-11	9,770	814.17	9-11	12,660	1,055.00	9-11	19,890	1,687.50
12-14	9,450	787.50	12-14	12,560	1,046.67	12-14	20,280	1,690.00
15-17	9,780	815.00	15-17	13,310	1,109.17	15-17	22,450	1,870.83

Because these numbers are for the West region, which encompasses 13 states, the amounts need to be adjusted to Nevada. First, we look at the cost of living adjustments for each state compared to the average cost of living in the United States.

AK	AZ	CA	CO	HI	ID	MT	NV	NM	OR	UT	WA	WY
130.4	96.5	145.6	102.8	166.4	91.3	100.7	105.3	94.1	131.7	95.3	108	96.5

These percentages indicate that the cost of living in Nevada is 105.3% of the average cost of living in the United States. To find where Nevada's costs of living falls in relation to the West region, we need to find the average cost of living rating for all 13 states. The average cost of living for the West region is 112.66% compared to the United States as a whole. Dividing Nevada's cost of living rating by the average results in Nevada's rating being 93.5% (0.935) of the average rating for the West region.

Using this percentage, we can calculate revised baseline income and child rearing costs for Nevada by multiplying the average income and costs by 0.935:

2015 LOW Avg. Combined GMI = \$32,818.50			2015 MID Avg. Combined GMI = \$75,080.50			2015 HIGH Avg. Combined GMI = \$177,182.50		
Age	Total Annual	Monthly Cost	Age	Total Annual	Monthly Cost	Age	Total Annual	Monthly Cost
0-2	\$8,976.00	\$748.00	0-2	\$11,453.75	\$954.48	0-2	\$17,942.65	\$1,495.22
3-5	9,022.75	751.90	3-5	11,565.95	963.83	3-5	18,036.15	1,503.01
6-8	8,658.10	721.51	6-8	11,201.30	933.44	6-8	17,708.90	1,475.74
9-11	9,134.95	761.25	9-11	11,837.10	986.43	9-11	18,597.15	1,549.76
12-14	8,835.75	736.31	12-14	11,743.60	978.63	12-14	18,961.80	1,580.15
15-17	9,144.30	762.03	15-17	12,444.85	1,037.07	15-17	20,990.75	1,749.23

Remembering that the above numbers are in 2015 dollars, we then move to adjustments for inflation. Each year, administratively, these numbers will need to be adjusted from the previous year to account for inflation rates.

From 2015 to 2016, the inflation rate for Nevada was 1.3%. The inflation adjusted table, which is the final baseline table for determining the cost of rearing a child in Nevada for 2016, is:

2016 LOW			2016 MID			2016 HIGH		
Avg. Combined GMI = \$33,245.14			Avg. Combined GMI = \$76,056.55			Avg. Combined GMI = \$179,485.87		
Age	Total Annual	Monthly Cost	Age	Total Annual	Monthly Cost	Age	Total Annual	Monthly Cost
0-2	\$9,092.69	\$757.72	0-2	\$11,602.65	\$966.89	0-2	\$18,175.90	\$1,514.66
3-5	9,140.05	761.67	3-5	11,716.31	976.36	3-5	18,270.62	1,522.55
6-8	8,770.66	730.89	6-8	11,346.92	945.58	6-8	17,939.12	1,494.93
9-11	9,253.70	771.14	9-11	11,990.98	999.25	9-11	18,838.91	1,569.91
12-14	8,950.61	745.88	12-14	11,896.27	991.36	12-14	19,208.30	1,600.69
15-17	9,263.18	771.93	15-17	12,606.63	1,050.55	15-17	21,263.63	1,771.97

Next, we need to convert these numbers into a workable formula to determine the child rearing costs based on the parent’s combined GMI. Converting the annual average combined GMI at the low, mid, and high income point results in monthly averages of \$2,770.43, \$6,338.05, and \$14,957.16, respectively. These numbers used to create a 3-point graph where x equals the average monthly combined GMI and y equals the monthly cost of raising a child in Nevada in a two-child household.

0-2 years old

	LOW	MID	HIGH
x	2,770.43	6,338.05	14,957.16
y	757.72	966.89	1,514.66

9-11 years old

	LOW	MID	HIGH
x	2,770.43	6,338.05	14,957.16
y	771.14	999.25	1,569.91

3-5 years old

	LOW	MID	HIGH
x	2,770.43	6,338.05	14,957.16
y	761.67	976.36	1,522.55

12-14 years old

	LOW	MID	HIGH
x	2,770.43	6,338.05	14,957.16
y	745.88	991.36	1,600.69

6-8 years old

	LOW	MID	HIGH
x	2,770.43	6,338.05	14,957.16
y	730.89	945.58	1,494.93

15-17 years old

	LOW	MID	HIGH
x	2,770.43	6,338.05	14,957.16
y	771.93	1,050.55	1,771.97

The three points for each age group do not form a straight, gradual line; they form a parabola where the costs spread larger apart as the GMI increases and narrows as the GMI decreases. This is consistent with the data collected and reported by the USDA.

To find the monthly child rearing cost in Nevada for each of the above age groups, we use the following equations (x = parents’ combined GMI; y = monthly cost to raise a child):

0-2 years old

$$y = (4.03951 \times 10^{-7})(x+68016.6)^2 - 1266.4$$

9-11 years old

$$y = (1.86149 \times 10^{-7})(x+167187.19)^2 - 4605.8792$$

3-5 years old

$$y = (2.61947 \times 10^{-7})(x+110311.26)^2 - 2587.97$$

12-14 years old

$$y = (1.54878 \times 10^{-7})(x+217581.029)^2 - 6774.189$$

6-8 years old

$$y = (2.92031 \times 10^{-7})(x+98478.2)^2 - 2262.8$$

15-17 years old

$$y = (4.59777 \times 10^{-7})(x+80374.9)^2 - 2406.575$$

Because the data supporting these calculations are compiled using each component of child rearing (e.g., cost of housing, food, child care), certain components *could* be subtracted from the calculation based on the unique needs of the family. However, creating exemptions for each component would defeat the purpose of a simplified child support system and would cause parents to nit-pick support terms *al a carte*, thus creating more unnecessary litigation.

The only major component that should be possible to subtract out of the child support calculation is housing. Often, especially in temporary orders, one parent is ordered to both pay child support to the other parent, as well as maintain the household expenses (mortgage, utilities, etc.) for the other party. Because the child support calculation takes into consideration housing costs, ordering a parent to pay both full child support and household expenses would be having that parent, in part, paying twice for the same expense.

Calculating the cost of housing alone is uniform because the costs don't vary based on age. There is only one average cost of housing based on income. Following the same formula analogy above, we create the following formula to figure out the housing cost of child rearing based on the parents' combined GMI:

	LOW	MID	HIGH
<i>x</i>	2,770.43	6,338.05	14,957.16
<i>y</i>	292.83	340.19	505.16

$$y = (4.8100 \times 10^{-7})(x+9248.43)^2 + 223.336$$

If the child support obligor parent is ordered to pay the other parent's household expenses, this amount could simply be deducted from the support amount, because it is already factored in. As noted below, this number can be calculated to adjust based on the parents' respective parenting time.

Finally, because the USDA numbers are based on the cost of raising a child in a two-child household, adjustments must be made based on the size of the number of children. Realizing that it costs more per child for child rearing in smaller families, the USDA provided adjustments based on family size: "To estimate expenses for an only child, multiply the total

expense for the appropriate age category by 1.27. To estimate expenses for each child in a family with three or more children, multiply the total expense for each appropriate age category by 0.76. For expenses on all children in a family, these totals should be summed.”

The end result is the total cost of rearing the child/children in Nevada for that particular family.

3. Apportioning Child Rearing Cost Between Parents

Next, the total child rearing cost needs to be divided between the parents. This method uses a four-step approach to determine the division.

First, the total child rearing cost is divided based on the pro-rata share of each parent’s income. For example, if Parent 1’s GMI is \$4,000 and Parent 2’s GMI is \$1,000, the total child rearing cost is divided 80/20%, respectively.

Second, adjustments need to be made for parenting time. Rather than using the traditional joint/primary structure, this method follows a similar “sliding scale” used by many other states. This way, the focus is more on the parenting time and less on the designation. We also avoid wide discrepancies when parenting time approaches the split between joint and primary custody (e.g., the wide difference in support between 35% and 40% parenting time). To make this adjustment, we use a scale where every 5% of parenting time from 50/50% in favor of one parent results in a 10% shift of support costs between the other parent’s support and the total child rearing cost. An added benefit of using this method is that issues such as split custody arrangements (e.g., 50/50% with one child and 70/30% with another child) can be factored in to the same calculation.

Third, reductions can be made if either parent supports other children outside of the instant case, and for the housing costs discussed above. The housing costs are apportioned based on the same sliding scale as the parenting time adjustment. The end result is the base child support obligation for each parent.

Finally, we compare those numbers with the presumptive minimum and maximum amounts based on the incomes of each parent. In this method, the current \$100 presumptive minimum remains; however, the presumptive maximum uses the current 18/25/29% of GMI formula as the maximum amount a parent could pay in child support. For example, a family with two children where Parent 2’s GMI is \$2,000, Parent 2’s obligation would be capped at \$200 on the low end and \$500 on the high end, regardless of the calculation. If the support number falls between the presumptive minimum and maximum, that amount would be that parent’s child support obligation.

The larger amount is deducted from the smaller amount, with the higher-amount obligor paying the difference to the lower-amount parent.

III. Proposed Child Support Calculation Workflow

It would be unrealistic to expect attorneys and pro se litigants to solve these equations, by hand, in every case; however, these formulas could easily be added to a Microsoft Excel or PDF worksheet that auto-calculates the values based on simple family and income information.

Included with this proposal is a draft PDF Child Support Worksheet with the following workflow incorporating the foregoing calculations.

1. Enter the parents' respective GMI
 - a. The GMIs are added to determine the combined GMI
 - b. The parents' respective GMIs are also converted to percentages of the combined GMI
2. Enter the number of children relevant to the child support calculation
3. Enter the name, age, and parenting time division for each child
 - a. Parent 2's parenting time is auto-calculated based on the difference between 365 days and the number of Parent 1's parenting days
 - b. Percentages of Parent 1 and Parent 2's parenting times are included in the worksheet.
 - c. The ages of the children are compared to the combined GMI based on the formulas described above to find the total child support obligation for the parents.
4. Enter the number of other supported children not relevant to the instant child support calculation.
5. Enter if either parent is ordered to support the other parent's household.
6. CALCULATION ORDER OF OPERATIONS:
 - a. Pro-rata share of total child support obligation based on income
 - b. Adjustments for parenting time division
 - c. Reduction, if any, for household support to the other parent
 - d. Reduction, if any, for support of other children
 - e. **Result: Base child support obligation for each parent**
 - f. Subtraction of larger base child support obligation from lower amount
 - g. Calculation and application of presumptive minimum and maximum
 - h. **Result: Effective child support obligation**