

Fiscal Estimate Narratives

DWD 6/9/2003

LRB Number	03-2486/1	Introduction Number	SB-156	Estimate Type	Original
Subject					
Calculating child support					

Assumptions Used in Arriving at Fiscal Estimate

This bill changes the methodology used to set child support in Wisconsin from the Percentage of Income Standard to an Income Shares model. The new formula is likely to lead to lower child support orders across most income levels and thereby potentially increase reliance on public assistance.

Long-Range Fiscal Implications

This proposal would change Wisconsin's method for setting child support from a percentage of income standard to an income shares methodology. The new formula is likely to result in lower child support orders which will decrease the income available to the custodial parent and increase reliance on public assistance. The income shares model proposed in this bill is a regressive method of establishing child support, under which lower income parents would pay a higher percentage of their incomes in child support than wealthier parents. Children would not benefit from increases in their parent's incomes as the percentage of their income paid in child support declines as income increases. While it is logical to assume that current consumption expenditures decrease as a percentage of total income as income increases, wealthier parents provide a significant percentage of their income to their children in non-current consumption forms like savings, trusts and investments, none of which are taken into consideration in this proposal.

The Department recently convened a public committee to review the current guidelines and make recommendations to the Department. That committee included representatives from the State Bar, the Courts, noncustodial parent, and advocacy groups. The committee met for almost a year and after studying both the Income Shares and Percentage Standard Models, recommended nearly unanimously that Wisconsin retain use of the Percentage of Income Standard. Additionally, SB 250 provides that each parent contribute to the child's health care expenses in the same proportion as his or her gross monthly income bears to the total combined gross monthly incomes of the parties. If the language is interpreted to require each parent to pay a share of the child's health insurance premiums, a child may lose coverage if one parent fails to pay their share of the premium.

Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Subject			
Calculating child support			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$0	0	
(FTE Position Changes)	(0.0 FTE)	(0.0 FTE)	
State Operations - Other Costs	0	0	
Local Assistance	0	0	
Aids to Individuals or Organizations	0	0	
TOTAL State Costs by Category	\$0	\$0	
B. State Costs by Source of Funds			
GPR	0	0	
FED	0	0	
PRO/PRS	0	0	
SEG/SEG-S	0	0	
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
	Increased Rev	Decreased Rev	
GPR Taxes	\$0	\$0	
GPR Earned	0	0	
FED	0	0	
PRO/PRS	0	0	
SEG/SEG-S	0	0	
TOTAL State Revenues	\$0	\$0	
NET ANNUALIZED FISCAL IMPACT			
	State	Local	
NET CHANGE IN COSTS	\$0	\$0	
NET CHANGE IN REVENUE	\$0	\$0	
Agency/Prepared By		Authorized Signature	Date
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