

# Welcome to the 27<sup>th</sup> Annual AB 1058 Child Support Training Conference

# Establishing Child Support Orders After Senate Bill 343/Assembly Bill 1755

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# Flexibility, Efficiency and Modernization in Child Support Enforcement Programs Final Rule

#### New federal requirements for child support guidelines:

- Support orders must be based on evidence of ability to pay,
- Imputed or earning capacity income must be based on specific circumstances of obligor,
- Guidelines may not substitute a standard amount
- Guidelines must consider the subsistence level needs of the obligor, and
- Incarceration cannot be treated as voluntary unemployment.



# Changes Already Made - Assembly Bill 207 Signed by the Governor on September 27, 2022

Updated Family Code 4058 to Require:

Consider 14 factors when using earning capacity

Parent's assetsEmployment and earning history

Residence Job skillsEducation LiteracyAge Health

Criminal Record Record of Seeking Work
 Local Job Market Employers Willing to Hire

Prevailing Earnings Other Relevant Background Factors

Updated Family Code 4007.5 to:

- Remove the sunset date
- Remove the limited applicability for certain crimes



#### Let's Discuss

How does this new requirement for consideration of the 14 factors before imputing earnings based on earning capacity impact the role of the:

- > Courts?
- Family Law Facilitators?
- Local Child Support Agencies?



# Overview of SB 343/AB 1755 to Implement Federal Requirements of State Guidelines

- Effective September 1, 2024:
  - Revises the child support guideline
  - Updates low-income adjustment.
  - Changes the presumptions and protocols for add-ons
- Effective January 1, 2026:
  - Complaint must contain information about NCP's income
  - LCSA may use earning capacity in limited circumstances
  - Courts must review earning capacity pleadings before entry of judgment.



# California's Guideline Child Support Formula

## CS = K[HN-(H%)(TN)]

- CS the child support amount
- K the percentage of income allocated for child support
- HN the high earner's net income
- H% the high earner's timeshare
- TN both parent's total net disposable income



# The K-factor

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

#### Current

Total Net Disposable Income per Month	K
\$0 - \$800	0.20 + TN/16,000
\$801 - \$6,666	0.25
\$6,667 - \$10,000	0.10 + 1,000/TN
Over \$10,000	0.12 + 800/TN

#### Recommended

Total Net Disposable Income per Month	K
\$0 - \$2,900	0.165 + TN/82,857
\$2,901 - \$5,000	0.131 + TN/42,149
\$5,001 - \$6,666	0.25
\$6,667 - \$10,000	0.10 + 1,499/TN
Over \$10,000	0.12 + 1,200/TN

# Impact of the Proposed Changes With 0% Visitation

			Current Child			
NCP Gross	CP Gross	Current K	Support	SB 343 K	SB 343 Child	
Income	Income	Factor	Amount	Factor	Support	% Change
\$4,933.00	\$4,930.00	0.22	\$868.00	0.2500	\$980.00	12.90%
\$3,500.00	\$3,400.00	0.25	\$720.00	0.2500	\$720.00	0.00%
\$2,900.00	\$2,800.00	0.25	\$607.00	0.2500	\$607.00	0.00%
\$2,740.00	\$2,600.00	0.25	\$576.00	0.2489	\$574.00	-0.35%
\$2,500.00	\$2,450.00	0.25	\$531.00	0.2423	\$515.00	-3.01%
\$2,000.00	\$1,950.00	0.25	\$435.00	0.2255	\$393.00	-9.66%
\$1,500.00	\$1,450.00	0.25	\$336.00	0.2061	\$277.00	-17.56%
\$1,300.00	\$1,260.00	0.25	\$299.00	0.1994	\$239.00	-20.07%



# **Impact of the Proposed Changes With 20% Visitation**

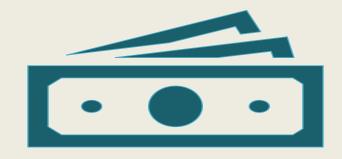
			Current Child			
NCP Gross	CP Gross	Current K	Support	SB 343 K	SB 343 Child	
Income	Income	Factor	Amount	Factor	Support	% Change
\$4,933.00	\$4,930.00	0.27	\$605.00	0.3000	\$682.00	12.73%
\$3,500.00	\$3,400.00	0.30	\$500.00	0.3000	\$500.00	0.00%
\$2,900.00	\$2,800.00	0.30	\$415.00	0.3000	\$415.00	0.00%
\$2,740.00	\$2,600.00	0.30	\$394.00	0.2986	\$392.00	-0.51%
\$2,500.00	\$2,450.00	0.30	\$356.00	0.2907	\$345.00	-3.09%
\$2,000.00	\$1,950.00	0.30	\$284.00	0.2706	\$256.00	-9.86%
\$1,500.00	\$1,450.00	0.30	\$214.00	0.2473	\$176.00	-17.76%
\$1,300.00	\$1,260.00	0.30	\$188.00	0.2393	\$150.00	-20.21%



# Changes to the Low-Income Adjustment

#### Effective September 1, 2024:

- Changes low-income adjustment threshold to gross full time minimum wage.
- The lowest amount in the LIA range is presumed correct.
- The LIA range must be displayed on the calculation.





# **Changes to Family Code 4057**

#### Effective September 1, 2024:

- New deviation criteria:
  - NCP qualifies for a LIA, and
  - Child support exceeds 50% of the net after LIA is applied.
  - CAVEAT: The adjustment can't be more than 50% of the NCP's net income.
- Where NCP has multiple child support orders, the court may determine how to allocate the income and support obligations across cases.





### Let's Discuss

- How does the new deviation criteria interact with the existing deviation criteria?
  - Don't have to apply
  - Could apply
  - Might want to use a different deviation criteria
- Do you see any concerns about multiple support orders?



# **Child Support Add-Ons**

- Add-ons divided in proportion to the parents' net incomes, unless a party or the court, on its own motion, requests a different amount.
- Child care must to be "actually incurred."
- Reimbursement process:
  - Uninsured health care reimbursement = to childcare expenses
- Reimbursement requests must be sent with 90 days





### Let's Discuss

Proportionality becomes the new "default" (vs. 50/50)

- At what point is a party or the court supposed to raise the issue of a different proportion? (What is the process?)
- What happens when there have been major changes in net income proportions since the initial order was made?
- Likelihood of causing more confusion and taking more time to resolve



# **Changes to Family Code 17400**

- Effective January 1, 2026: Three-Tiered Income Approach for Summons and Complaints.
  - Actual income
  - Earning capacity for under employed NCP's, and
  - Earning capacity where NCP's income is unknown using the 14 factors
- Presumed Income
- Minimum search efforts for LCSA
- Earning capacity factors must be stated in the S & C



# **Defaults and Prove Up Hearings**

- Actual income + no answer filed = default
- Earning capacity + no answer is filed = motion for judgment.
  - If NCP appears:
    - Participation is allowed.
    - Testimony and evidence can be considered.
    - Order a higher, lower, or the same guideline order.
  - If NCP does not appear:
    - Earning capacity factors considered
    - May inquire of the LCSA regarding the factors or anything relevant
    - State findings on the record
    - Order a lower or the same support order.
    - Enter a default judgment.



#### **Additional Protections**

- Extends Family Code 17432 protections to earning capacity orders entered by default
- Relief time period extended from one year to two years after LCSA's first collection via Income Withholding Order.
- Set aside not precluded by subsequent prospective modification





## Let's Discuss

- Essentially a default "Prove-Up" hearing, but with added opportunities for participation.
- For counties with high default rates, a great incentive to start collaborating with LCSAs and for LCSAs to change their establishment approaches to reduce defaults.
- Remember the goal here is not "rubber stamping" but trying to look at the real individual facts of each case



# **Major Forms Revision Required**

- Judicial Council must:
  - Revise forms by September 1, 2024
  - With effective date of January 1, 2026
- User-testing & form design

Alameda Court
 El Dorado Court

Fresno Court Humboldt Court

Los Angeles Court San Diego Court



# Potential forms revisions

	Form No.	Form Name
1	FL-192	Notice of Rights and Responsibilities (Health-Care Costs and Reimbursement Procedures)
2	FL-342	Child Support Information and Order Attachment
3	FL-342(A)	Non-Guideline Support Findings Attachment
4	FL-530	Judgment Regarding Parental Obligations (UIFSA)
5	FL-600	Summons and Complaint or Supplemental Complaint Regarding Parental Obligations
6	FL-610	Answer to Complaint or Supplemental Complaint Regarding Parental Obligations
7	FL-616	Declaration for Amended Proposed Judgment
8	FL-630	Judgment Regarding Parental Obligations
9	FL-632	Notice Regarding Payment of Support
10	FL-635	Notice of Entry of Judgment and Proof of Service by Mail
11	FL-640	Notice and Motion to Cancel (Set Aside) Support Order Based on Presumed Income

# **Potential forms revisions**

	Form No.	Form Name
12	FL-640- INFO	Information Sheet for Notice and Motion to Cancel (Set Aside) Support Order Based on Presumed Income
13	FL-643	Declaration of Obligor's Income During Judgment Period—Presumed Income Set-Aside Request
14	FL-665	Findings and Recommendation of Commissioner
15	FL-680	Notice of Motion
16	FL-683	Order to Show Cause
17	FL-684	Request for Order and Supporting Declaration
18	FL-685	Response to Governmental Notice of Motion or Order to Show Cause
19	FL-687	Order After Hearing
20	FL-688	Short Form Order After Hearing
21	FL-692	Minutes and Order or Judgment
22	FL-693	Guideline Findings Attachment

# Questions



# Thank you!

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