DR. ROBERT WILLIAMS:
THE FATHER OF TODAY'S CHILD SUPPORT PUBLIC POLICY, HIS PERSONAL EXPLOITATION OF THE SYSTEM, AND THE FALLACY OF HIS "INCOME SHARES" MODEL

by
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INTRODUCTION

Part 1 presents an overview of Dr. Robert Williams' influence over the development of the child support system across the United States, and his concurrent start up and operation of a company while a key consultant with the government working exclusively in the creation of public policy. A chronology of activity during this time (1983-1990) is included. Williams has been and continues to consult with States regarding child support policy and enforcement.

Part 2 focuses on the "Income Shares" model originated by Williams in the 1980's, and the underlying national economic data sources that he uses to feed it. As of this writing at least 31 states use this model and the underlying economics. Many of the presumptions used in states using other models come philosophically from the same thinking advocated by him. This section will discuss the fundamental flaws of the model, as well as the failure of the underlying economics that ultimately lead to support obligation numbers.

As you will see, Williams clearly drove the elements of today's child support system, concurrently creating a company that could exploit the very programs he was helping to establish. The company, Policy Studies, Inc. of Denver, essentially brags about this in their company promotional material. His model and the underlying economics fall far short in trying to result in equitable and reasonable child support for our nation's children. Financial considerations are given total weight based on a flawed process, while emotional child support is ignored. The latter is not a "free good", and by ignoring the reality that there are two parents now in two households, our children suffer.

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PART 1: DR. ROBERT WILLIAMS AND HIS INFLUENCE ON TODAY'S CHILD SUPPORT SYSTEM. A QUESTION OF ETHICS?

As anyone familiar with domestic law would know, child support in the United States is a growing multi-billion dollar public policy issue. Much controversy surrounds it, from determination of the amounts owed and by whom, as well as the punitive enforcement measures being undertaken at local, state, and federal levels. Below I detail information about one man's efforts at influencing, establishing, and ultimately exploiting this lucrative "industry". Dr. Robert Williams, founder and primary owner of a privately held business in Denver, Policy Studies, Inc., has cleverly manipulated and in effect, set up the child support mechanisms throughout the US, working within the federal and various state governments, creating a market from which he has been and continues to profit. He clearly is the "father" of current US child support public policy. His efforts have cost federal and state taxpayers billions of dollars, without appreciably improving the lot of children in spite of the rhetoric to the contrary. In fact, many would argue that in the process, he is harming children through establishment of an overall approach that is out of control, disables noncustodial parents from meaningful involvement with their children, and overall, misses the reality of what child support should truly be.

1. Williams consulted with the US Health and Human Services (HHS) agency's Office of Child Support Enforcement from 1983-1990, directing research and technical assistance for the federally funded Child Support Guidelines Project. During this time, a federally-driven approach was developed in Washington that has lead to significantly increased child support obligations owed. (Dramatic new legislation was passed in Washington in 1984 and in 1988 that he clearly influenced). He consulted with many States as well, and continues to do so today.
2. In 1984, one year after establishing his influence with the government, Williams started Policy Studies, Inc. in Denver with 3 employees.
3. In 1987, for use in consulting with HHS and the various States, Williams developed and introduced a model for child support guidelines called "Income Shares", now used in some form in at least 31 states. It has lead to significantly increased child support obligations (using extremely flawed expenditure data gathered from intact families - SEE PART 2) while providing no built in consideration for "credits" for the expenses related to a child's time spent with their involved other (noncustodial) parent.
4. Policy Studies' two biggest lines of business is in general guidelines development consulting based upon the Williams model, and the other is to provide child support collections through its subsidiary, Privatization Partnerships Inc. In mid-1997, his company had some 500 employees, with over $21 million in revenues. While consulting he urges adoption of a model (costing large consulting fees in the process, reimbursed at least 67% by

federal tax dollars to the state per US public policy) that leads to dramatically increased child support with little or no credits, thereby creating a hardship on noncustodial parents struggling to remain involved with their children. This results in an increased pool of potential child support obligation owed, and increased arrearage for his collection division to exploit.

It is clear that Williams has not only influenced policy through his involvement with the agency responsible for child support enforcement, but with his inside knowledge has developed a consulting business and collection agency targeting privatization opportunities with those he has consulted. In 1996, his company had the greatest number of child support enforcement contracts (covering numerous counties in seven States) of any of the private companies that held State contracts. Reimbursement to his company for child support enforcement ranges from 10-32% of what the company collects according to the General Accounting Office (HEHS97-4). And according to company promotional literature, they currently operate 31 privatized service locations in 15 states. The conflict of interest between Williams' consulting to raise child support guidelines and his company's private Child Support Enforcement activities should be apparent. It should also be apparent that any raises in the child support guideline he obtains in any State can be used as leverage for raising the child support guidelines in another State where he has private child support contracts today, or where he may have them tomorrow. He has continued acting as the pied piper for raising child support guidelines nationally, where he and his company profits.

Adding insult to injury, while the "father" of today's child support public policy continues to profit from his past unique opportunity of influence, the basis of his consulting utilized in most of the Country is statistically, economically, and intellectually flawed. The end result is a much costlier approach to child support enforcement to US taxpayers, but more importantly, it continues to drive an ever-widening wedge between children and the parent obligated to paying financial child support. This will be discussed in substantial detail in Part 2.

A CHRONOLOGY OF WILLIAMS' EFFORTS ALONG WITH COINCIDENT AND SIGNIFICANT FEDERAL POLICY CHANGE DURING HIS CONSULTING TENURE WITH HHS (1983-1990):

- 1983-1990: Williams is hired and retained as a consultant by Health and Human Services in Washington, D.C. in order to drive establishment of uniform child support guidelines for the states (federal Child Support Guidelines Project).
- 1984: Williams starts "Policy Studies, Inc.", in Denver, Colorado.
- 1984: The Child Support Enforcement amendments of 1984 (Public Law 98-378) extended the research and demonstration authority in section 1115 of

the Social Security Act to the Child Support Enforcement Program. It featured provisions that required improvements in State/local CS Enforcement Programs in 4 major areas:

1. Mandatory Enforcement Practices
2. Improved Interstate Enforcement
3. Equal Services for Welfare and Non-AFDC Families
4. Other Provisions for the States including:
   - Collecting spousal support as well where both are due in a case;
   - Establishment of State Commissions to study the operation of the State's child support system and report findings to the State's Governor;
   - Formulate guidelines for determining child support obligation amounts and distribute the guidelines to judges and other individuals who possess authority to establish obligation amounts

- 1986: The Omnibus Budget Reconciliation Act of 1986 passed (Public Law 99-509). It included a child support enforcement amendment prohibiting the retroactive modification of child support awards.
- 1987: The Williams' "Income Shares" Model is developed and promoted to various States. It was introduced in his report*, "Development of Guidelines for Child Support Orders: Advisory Panel Recommendations and Final Report*." for the U.S. Department of Health and Human Services, Office of Child Support Enforcement. According to this report, the intent was to increase "child support" awards dramatically above what existed according to established state child support laws.
- 1988: The Family Support Act of 1988 (Public Law 100-485) passed. It emphasized the duties of parents to work and support their children and in particular, emphasized child support enforcement as the first line of defense against welfare dependence. The key child support provisions include:
  1. <u>Guidelines for Child Support Awards</u> - Judges and other officials are required to use state guidelines for child support unless they rebut the guidelines by a written finding that applying them would be unjust or inappropriate in a particular case. States must review the guidelines for awards at least every four years.
  2. <u>Establishment of Paternity</u> - Federal standards are established by formula. The Federal matching rate for laboratory testing to establish paternity is set at 90%.
  3. <u>Requirement for Automated Tracking and Monitoring System</u> - Each State is required to have a fully operative statewide system in place by October 1, 1995, and states had 90% matching by the Federal government.
  4. <u>Interstate Enforcement</u> - A Commission on Interstate Child Support was created to hold national conferences by October 1, 1990 to make improvement recommendations.

PART 2: A REVIEW OF THE WILLIAMS-INSPIRED "INCOME SHARES" MODEL, AND PROBLEMS INHERENT IN THE UNDERLYING ECONOMICS

My state of residence is Kansas, which is a joint custody preference state by statute (meaning legal decision making, not necessarily shared physical custody). Well over 80% of the cases result in joint custody awards. It is only logical that the most significant reason a judge would order joint custody, or short of that, some degree of visitation, would be a recognition that both parents are going to maintain some degree of involvement with their child post-separation/divorce. In those situations, legislatures and/or courts are stating that it is in the child's best interests to have such involvement with both parents. Yet as will be described below, the financial child support schedules of most state guidelines are derived from data collected from overall expenditures made by intact family households throughout the country, with minimal state-specific participation. According to federal law, all relevant costs of raising the child in that state are to be taken into account by the state model used to develop the support obligation schedules, creating a rebuttable presumption. Without including direct costs incurred by the second involved parent specifically in the guideline economics, such costs have not been considered. (They are in fact, left totally to the discretion of the court, with little guidance on how to consider them in determining an appropriate and just child support award.)

When one fully grasps the economic methodology used in today's guideline development, there becomes a recognition that it is impossible to really know what guideline numbers are appropriate or what assumptions are used to determine state-specific child support obligations. Only through getting at just those things would states be consistent with the tone of the 1996 report from the Office of Child Support Enforcement (OCSE) where they said,

> "*Surprisingly, few States reviewed their core guideline model or methodology. Rather, guideline reviews focused on issues relating to income, adjustments to income, adjustments to the guideline amount, and deviations from the guideline amount*."

What is needed is to get outside the paradigm that existing models (using the same "economic studies") are the only way of determining appropriate and just child support awards in each state. The reality is that the base economic studies used in child support schedule development were not planned for nor conducted with child support considerations in mind. Rather, they were designed for significantly different purposes, never intended to be specifically applied to individual situations such as child support. Highlighting this fact is that none of the studies measure what federal law says we need to do in each state, and that is to fully understand the impact on both parents' ability to continue to provide for their children in two separate households, fully considering the involved second parent's expenses. The United States Bureau of Labor Statistics which gathers the base expenditure data used in the "Income-Shares" model espoused by Williams, actually cautions against the use of such generalized data to apply to any individual situation, exactly what is done in the vast majority of the states, including Kansas. Most states have also been reviewing the logic of their child support guidelines based entirely within the bounds of the guideline logic itself. Over time, it is likely in each state that one can't tell for certain what assumptions have truly been included in the model or not, each of which directly affects the child support schedule values. Often, the state review committee has simply gone back to see if the modified guidelines still conform to the original developer's personal preferences. In the 14 years since the federal government mandated development of statewide child support guidelines, additional research has been conducted, including new scientific approaches that solve many of the problems both in the baseline data used in state child support models, as well as in the models themselves. The flaws inherent in the current child support estimate methodologies are being addressed in this research. These should be fully explored consistent with what the OCSE urges be done regarding methodology review.

THE FLAWED INCOME SHARES MODEL

The "Income Shares" model is currently used for child support guidelines development in at least 31 states as of this writing. Additionally, most of the other states utilize the same underlying economics used in this model for their particular state guidelines. This model was developed in 1987 by Williams, and was introduced in his report*, "Development of Guidelines for Child Support Orders: Advisory Panel Recommendations and Final Report*." for the U.S. Department of Health and Human Services, Office of Child Support Enforcement, where as noted previously, he was a paid consultant driving the development of uniform guidelines throughout the country. The next year, Congress passed The Family Support Act of 1988 (Pub. L. No. 100-485) which mandated that states implement presumptive, rather than advisory, child support guidelines, giving the states only one year to do so. Virtually all states met the congressional deadline with such guidelines in place by October 1989. It appears obvious that due to the short deadline required of the states to comply with this new law, most conveniently opted for the very model being espoused by the agency overlooking the whole program, the Income Shares model.

Williams describes his model in the Health and Human Services publication, "<u>Child Support Guidelines: The Next Generation</u>", published in April 1994:
"*The Income Shares model is based on the concept that the child should receive the same proportion of parental income that he or she would have received if the parents lived together. A basic child support obligation is computed based on the combined income of the parents (REPLICATING TOTAL INCOME IN AN INTACT HOUSEHOLD)* {emphasis added}. *This basic obligation comes from a*

table which is derived from economic estimates of child-rearing expenditures, minus average amounts for health insurance, child care, and child's extraordinary medical expenses. The basic child support obligation is divided between the parents in proportion to their relative incomes. Pro-rated shares of child care and extraordinary medical expenses are added to each parent's basic obligation. IF ONE PARENT HAS CUSTODY, THE AMOUNT CALCULATED FOR THAT PARENT IS PRESUMED TO BE SPENT DIRECTLY ON THE CHILD. FOR THE NONCUSTODIAL PARENT, THE CALCULATED AMOUNT ESTABLISHES THE LEVEL OF CHILD SUPPORT {emphasis added}*."*

He continues, "*The Income Shares model was developed by the staff of the Child Support Guidelines Project, which was funded by the U.S. Office of Child Support Enforcement and administered by the National Center for State Courts. It utilizes several concepts from the earlier Washington (State) Uniform Child Support Guidelines, but diverges in basing its numerical parameters explicitly on a different and more recent body of economic analysis."*

The reader is urged to keep in mind a few key points from Williams' description of his Income Shares model as they will be addressed in the balance of this paper.

1. The "model is based on the concept that the child <u>should</u> receive the same proportion of parental income that he or she would have "<u>theoretically</u>" received if the parents lived together. It is designed to "<u>theoretically replicate total income in an intact household</u>".
2. No consideration is provided for the reality of additional expenses that occurs in an involved second parent's household, which is necessitated by the simple and obvious fact that the parents no longer live together. <u>Only one household matters</u>.
3. Health insurance, child care, and extraordinary medical expenses are typically added on to the obligation after the basic amount is calculated.
4. The one parent with sole custody, or the one parent with primary residency in states with joint custody, receives the child support payment, and it is "<u>presumed</u>" that the money is spent directly on the child. <u>No accountability</u>, something that occurs in virtually all other financial "trust" situations which child support certainly is, is required of the receiving parent. The full weight of local, state, and federal law however, ensures the accountability of the obligor to pay the recipient.

<u>REBUTTABLE PRESUMPTION</u>

Federal law requires that awards determined by the application of child support guidelines be rebuttable. It specifies:

> "*A written finding or specific finding on the record that the application of the guidelines would be unjust or inappropriate in a particular case as determined under criteria established by the State, shall be sufficient to rebut the presumption in that case*."

It further specifies that guidelines:

> "*shall be reviewed at least once every 4 years to ensure that their application results in the determination of appropriate child support award amounts*."

In other words, the table values established within the guidelines are "presumed" to accurately reflect the situation of parents and their children at the various income levels. In theory at least, federal law enables parents the possibility of pointing out to the court why the guideline numbers should not apply in their particular case (rebutting the presumption). Practice and theory though, are very different.

Economic studies used in the Income Shares model are based on total family expenditures in intact families. These are estimates of spending that might occur if the parents were living together, sharing all the expenses of a single household. Spending on children in split households has a random relationship to the combined income of the parents. The income of both parents can be appropriately considered in the award decision only if that consideration is consistent with the fact that the parents do not live together and therefore do not use their income jointly. Joint income, and table values related to joint income, have no relationship at all to family economic circumstances in the context of a child support award decision. In a particular state, even assuming that the sample of data is appropriate (and that is dubious as I will show below), individual case circumstances (those which deviate from the circumstances presumed in developing the guideline, <u>such as separate households and continued dual parent involvement</u>), cannot be adequately considered unless the numeric table is categorically divided (food, clothing, shelter, transportation, entertainment, etc.). Without an explicit and clear conceptual basis for the award, a parent attempting to rebut the presumptive amount on the basis that it is unjust or inappropriate must do so without knowing what just and appropriate means.

The only way to properly apply mathematical decision models within the context of Constitutional justice is to fully disclose the nature of the mathematics, the underlying reasoning, and the assumptions in such a way as to make their review practical in comparison with the circumstances of each case. Currently state committees reviewing the models and the underlying data, the judges making awards using the resultant support schedules, and attorneys and parents living with the results of them, are not able to directly tie the schedule to specific cases. It literally is impossible! Federal law (and the Constitution) requires a just and appropriate award in each case, and the goal for states is to construct guidelines that are sufficient to do so in every circumstance to which they are applied. It is also required that judges can identify inappropriate and unjust results and that attorneys and parents can argue for deviation when a formula fails. My state of residence, Kansas, is a joint custody preference state by statute, which logically entails some degree of joint parental involvement. Even those states without such a preference generally apply some minimal level of parenting time (visitation). Separation/divorce inherently means separate households. Therefore, use of the existing guidelines based on intact family expenditures without inclusion of involved noncustodial parent expenditures on children, is inappropriate in all such cases. Guidelines have continued to fail to take the reality of parenting expenditures of an involved second parent into account.

BASE DATA USED IN THE "INCOME SHARES" MODEL LEADING TO CHILD SUPPORT SCHEDULES

Upon joining the State of Kansas Child Support Guidelines Advisory Committee in early 1998, I was advised by a long term member of the Committee to be sure and understand the economics involved in our state's guidelines. Therefore, in an effort to understand our methodology, I researched the data base that feeds the model here to establish the various schedules. I was astounded at what I discovered and shared the information with the rest of the Committee. To my surprise, most of what I shared about the economic methodology used had not been discussed to any degree with the Committee previously. This is probably common in most states.

Most state guidelines utilize expenditure data developed from the Bureau of Labor Statistics (BLS) annual Consumer Expenditure Survey (CES) in the development of the child support obligation schedules. It consists of 5,000 household surveys conducted each quarter, totaling 20,000 surveys/year. (The BLS said that the 5,000 surveyed is a staggered pool concept. The whole annual sample is the same 5,000 households for 3 quarters, and a new 5,000 for a 4th quarter.)

Recognizing that each state is to have guidelines appropriate to that specific state, I called the regional BLS office in Kansas City, as well as their main office in Washington, and asked how many of the sample actually came from Kansas. All they could tell me was that it was "*somewhat less than 100 surveys*" (with all but a few out of the Kansas City Metro area, and the remaining coming from Lawrence, KS. None came from any other cities in the state, including Wichita which has the largest population in Kansas). Therefore, this state's guidelines, to specifically apply to its child support cases, are based upon generalized data, virtually all of which comes from out of state, and again which are derived from intact family expenditures. With this small national sample size, this has to be the case in each state. The bigger problem however, is the sample data itself.

The BLS publishes a list of "Frequently Asked Questions" regarding the CES. Number 15 specifically asks and answers:

> "*<u>What are some of the Limitations of the Data</u>*?"
> "*The Interview and Diary Surveys are sample surveys and are subject to two types of errors, nonsampling and sampling. Nonsampling errors can be attributed to many sources, such as differences in the interpretation of questions, inability or unwillingness of the respondent to provide correct information, mistakes in recording or coding the data obtained, and other errors of collection, response, processing, coverage, and estimation for missing data. THE FULL EXTENT OF NONSAMPLING ERROR IS UNKNOWN.* (All caps added for emphasis) *Sampling errors occur because the survey data are collected from a sample and not from the entire population. Tables with coefficients of variation and other reliability statistics are available on request. However, because the statistics are shown at the detailed item level, the tables are extensive."*
>
> *"CAUTION SHOULD BE USED IN INTERPRETING THE EXPENDITURE DATA, ESPECIALLY WHEN RELATING AVERAGES TO INDIVIDUAL CIRCUMSTANCES.* (All caps added for emphasis) *The data shown in the published tables are averages for demographic groups of consumer units. Expenditures by individual consumer units may differ from the average even if the characteristics of the group are similar to the individual consumer unit. Income, family size, age of family members, geographic location, and individual tastes and preferences all influence expenditures.*"

Along these same lines, Kansas Guidelines review committee economist Dr. Walter Terrell admitted to me in a letter in April 1998 in response to a request for a detailed break out of expenditure areas at various income levels, that:

> "*Given the same total level of spending due to children, the component parts will vary from family to family. That is, families, say, with a focus on dental and health care might show above average child spending on these items, and below average spending on children's clothing. This applies to the USDA* (United States Department of Agriculture) *estimated components as well, i.e., no measures of variation are presented for the component parts."*

"In short, if the total amount of child support that is supposed to be spent due to children is in fact spent for that purpose, then the component

> *parts are irrelevant. Further, about 75 to 80 per cent of expenditures on children involve jointly consumed goods, e.g., home, auto, utilities, etc… This further complicates the question of how much is spent (on average) for each spending class."*

The application of this generalized data currently utilized in Kansas and most other states, both from the federal government agency gathering the baseline data, as well as a committee's economist, shows no direct relationship with specific circumstances around individual child support scenarios in the state. The BLS explicitly discourages such application of data potentially riddled with nonsampling errors, and an "expert" economist admits that such detail necessary in order to potentially rebut, is not discernible from the model. What is also being pointed out is that there are absolute limits to what can be derived from the CES. Most state guidelines currently in use, stake their entire logic on inferences from the CES. But the CES itself has no way of telling us what the right redistribution of income actually is. It is necessary to supplement the statistical work with what the OCSE report has pointed out is missing in state reviews, the fundamental logic of the guidelines must also be further developed.

Continuing, the Income Shares model incorporates the CES data as repackaged by the United States Department of Agriculture (USDA) in their report, "Expenditure of Children By Families" which is published each year. From the 5,000 household quarterly CES data, the USDA culls it down based on the following qualifiers:

1) One child of own, 17 years of age or younger in the household
2) Six or fewer children
3) No other related/unrelated people present in the household
4) Complete income reporters (earn taxable wages)

16,245 Total Survey-Households qualified for 1997 sample
(12,850 Husband and Wife households/3,395 Single-parent households)
Only intact husband/wife households are utilized due to sample size limitations
There is a two child assumption per Husband-Wife household.

The country is then divided into regions; West/Northeast/South/Midwest, and a general US Rural category. (Kansas for instance, is part of their Midwest Region which also includes: Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin. According to the USDA, among the regions, the Midwest is the lowest for child-rearing expenses)

The Expenditure Categories are: Housing; Food; Transportation; Clothing; Healthcare; Child care and education; and Miscellaneous.

The expenditures for **Clothing**, and **Child care and education** only apply to children and are divided equally between them, and exclude adult-related expenses. **Food** expenditures are determined from the USDA Food Plans to allocate among the various family members. **Healthcare** expenditures are derived from the National Medical Expenditure Survey, and allocated among the family members by age, etc.

Expenditures for **Housing**, **Transportation**, and **Miscellaneous** goods and services however, are allocated on a <u>per capita basis</u> (divided equally among the members). This has the effect of minimizing the costs to adult members, while raising the level of expenditures on children. According to the USDA in their annual report, “Expenditures on Children by Families”, this is done as they say there is no research base for allocating these expenses, and they reject the marginal cost method as well for that reason. (<u>The study itself however, addresses the marginal cost basis in some detail in the report appendix, referring to actual studies that show that use of the marginal cost basis can reduce **Housing** expenditures by 28-44%, and the **Miscellaneous** category by 28%</u>.)

The per capita methodology employed for these categories also shows problems when reviewing what is specifically included in these expenditures. For instance, **Miscellaneous** specifically includes such things as <u>manicures</u>, <u>make-up</u>, <u>hair styling</u>, <u>health club memberships</u>, <u>country club memberships</u>, etc. Surely, many of the expensive costs associated with maintaining adults should not be equally distributed amongst all family members including children since they are not costs associated with raising children. The **Transportation** cost share as determined by the USDA included <u>vacation travel expenses</u> as well as <u>automobile transportation expenses</u> that were calculated by subtracting the costs associated with travel to work. That is they subtracted the mileage associated with getting to work from the costs of the <u>automobile</u>, <u>insurance</u>, <u>maintenance</u>, etc., and then divided this amount by the number of members in a family. For instance, a car costing $12,000 the day before a baby is added to an expectant family, is allocated at $6,000 for each parent. The next day, with baby arrived, the cost of the car attributed to the baby suddenly on the scene is $4,000! Arguably, the mileage directly associated with transporting children would be more accurate than USDA estimates, which seem to be grossly exaggerated. The same type of treatment occurs for **Housing**. Using the expectant family example, the day before the baby’s arrival, the cost for housing is divided equally between the two adults. Upon the baby’s arrival, the cost of housing is suddenly divided equally between the adults and the baby. The child’s “portion” is then summed and used directly in the calculations for state child support guidelines. Are these children supposed to be buying their own cars and living in their own apartments? Or are they living in a parent’s residence and being transported sometimes, including family outings to places the parent would be going anyway? On the face of it, it is obvious that such allocations are questionable. These points have not been so obvious in the past because the estimates have not been separated to the point that anyone on any state review committee understood what the numbers in the guideline mean. With today's guidelines and their underlying data, how in the world can parents, attorneys, and judges begin to understand them within the context of due process?

Regionalizing data creates problems as well for the figures used to calculate specific state child support schedules. Tax rates differ in each state, along with differing costs of living. Although the survey says that the measure of expenditures for items is after tax (arguing that it is therefore then held constant across the country), the reality is that the level of income available based on after tax and cost of living differs across the country, let alone each region as income available to spend varies as a result. (<u>This also highlights an additional area of concern regarding available income for expenditure on children in the noncustodial home, which as established earlier, remains unaccounted for and unmeasured</u>.)

As stated previously, to get to the schedules that have been developed in states using the Income Shares model (and most others as well), the CES data has been utilized to feed the model. I have pointed out many of the problems inherent in that data being used to determine child support schedules. I have also addressed several flaws in the Income Shares model itself. First off is that actual expenditures on children by families is not addressed. The methodology used to identify family expenditures do not actually track all costs per person through a marginal cost accounting basis, and thus do not reflect true costs. What is reported are total "intact" family expenditures, which are then broadly allocated to children, and then which are entered into the state economic model based on the parameters established by the modeler (certainly not any specific individual child support case at hand). Additionally, <u>the model also fails to account for costs incurred while the noncustodial parent exercises his/her parenting time</u>. Lastly, the model purports to accurately reflect what it costs to raise a child in a particular state (such as Kansas in my experience, based on a household expenditure survey sample size consisting of "*somewhat less than 100*" Kansas participants!). An argument may be made for instance, that since about 30% of Kansas cases involve interstate child support orders, regional and national data is fine. However, orders under the jurisdiction of a particular state should be based on what it costs to raise a child specifically in that state as the starting point.

SUMMARY

Dr. Robert Williams in my opinion is an absolute genius! He established himself as chief consultant to the agency responsible for development of child support policy, and successfully manipulated his personal approach to the subject, his efforts leading to the most significant federal laws dealing with child support today. While clearly a genius, one can easily call into question his ethics, however. While in his unique and influential position in Washington, he early on concurrently established a private company called Policy Studies, Inc. This company grew along with the programs he helped push through in Washington, as well as across the country. He was able to “sell” his model through his position to the states while they were under tremendous pressure to come up with an approach under extreme time constraints to comply with federal mandates. This particular model led to significantly higher child support obligations owed, allows for no consideration for involved second parents, and created an increasing pool of potential parents falling into arrears. Coincidentally, his company is the leader in the child support “collections” business, an industry that requires an increasing pool of potential dollars available to collect, and an increase in potential “defaulters”. In the meantime, his company continues to grow exponentially, as he continues to consult with the states about implementing and reestablishing his model, one laden with flaws and inappropriate for use in individual child support cases. And as enforcement continues to be subsidized by federal tax dollars, his collections and involvement in state child support efforts continue to soar.

Nationwide, we must aggressively pursue looking at additional methodologies and economic data gathering that will assure appropriate and just child support awards in each state. Further, states must fully review the fundamental logic leading to child support awards. From there, a full review of available research will better enable them to put forth a full recommendation on what their state-specific guidelines should look like, ultimately allowing each of the parties to a child support case to be better able to exercise their full due process.

Some believe that it might be too costly to conduct state-specific studies, to include data collection. Their inclination would be to continue on using the same flawed methodology and data, falling back on the false belief that what we have today is the best we can do. However, this cost is arguably quite negligible compared to the impact of our current approach. To simply continue doing the same old thing would be ignoring our responsibility to be thorough in guideline development and review. Opening our minds to alternative approaches of child support determinations could prove to be less costly than might be believed.

Lastly, I have not mentioned the impact that today’s approach to child support guidelines and enforcement have on our country’s children. Focusing solely on “financial” child support while failing to emphasize “emotional” child support is destroying our children’s lives by depriving them of someone that they desperately need to have involved in their lives, their other parent. <u>All credible research shows that for the vast majority of children, the best parent to children</u>

<u>of separation and divorce is quite simply both parents</u>. Instead of seeking out ways of facilitating dual parent involvement, our current public policy has established economic and legal roadblocks, merely because it is easy to "garnish" income. The end result in this crazy social experiment is increased juvenile suicide, teenage pregnancy, juvenile delinquency, and teenage drug abuse, among many other childhood pathologies, all sharing a common variable in most of these instances, an absent parent. Continued parental involvement of the second parent (the one currently not included in the studies of the true ongoing costs of parenting), does indeed cost money. Such involvement is not a free good. This country is beginning to awaken to the damaging effects of having frustrated dual parent involvement for so many years. Reforming the child support enforcement public policy from the ground up needs to occur. Only then will we begin to turn the corner in the direction of our country's most important assets, our children.

MISCELLANEOUS QUOTES

FROM POLICY STUDIES, INC. PROMOTIONAL LITERATURE OBTAINED IN JUNE 1998

"PSI'S CHILD SUPPORT GUIDELINES EXPERIENCE"

"Policy Studies, Inc.—PSI—is a national leader in the child support enforcement world, having developed an impressive portfolio of projects spanning technical assistance, privatization, and information technology. Since our inception in 1984 we have expanded both in staff and resources, and we now operate 31 privatized service locations throughout the country.

Our experience with child support guidelines began with the federal Child Support Guidelines Project. Since that time, we have consulted with over 40 states, the Navajo Nation, Australia, and Canada on child support guidelines projects." …"Our company president, Dr. Robert G. Williams, is recognized as the leading national (and international) expert on child support guidelines. He was the Principal Researcher for the federal guidelines project which developed the Income Shares model now used by two-thirds of the states, including Arizona. Not only has he provided expert guidance to states using the Income Shares model, but has provided expertise to non-Income Shares states such as Tennessee, Georgia, Delaware, and Hawaii."

FROM "CHILD SUPPORT GUIDELINES: THE NEXT GENERATION" PUBLISHED BY THE US DEPARTMENT OF HEALTH AND HUMAN SERVICES, April 1994, page 1.

"Robert G. Williams is President of Policy Studies Inc. in Denver, CO. He directed research and technical assistance for the federally funded Child Support Guidelines Project from 1983-1990. Dr. Williams has provided technical assistance to more than 40 states in the development and updating of support guidelines."

FROM DENVER BUSINESS JOURNAL, JUNE 27, 1997 V48 N42
"REFORMS MIGHT BENEFIT CHILD-SUPPORT COMPANY."

"A Denver company that grew by leaps and bounds because of the national crackdown on "deadbeat dads" stands to profit even more from the welfare-reform legislation approved by Congress and the President last October.

Founded in 1984, Policy Studies Inc has grown from three employees to more than 400, on the heals of child-support enforcement laws. Last year, PSI reported revenues of $21 million. The company helps government agencies modernize child-enforcement computer systems that find fathers with delinquent child-support payments."

"Because about one-third of the welfare reform act pertains to child support, PSI president and CEO Bob Williams estimates at least one-quarter of all states will privatize their child support functions - a prediction that bodes well for the company and others like it."