

2021 MICHIGAN CHILD SUPPORT FORMULA MANUAL CHANGES

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Friend of the Court

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Changes and Clarifications

- Clarifications – rules already effective, just explained better
- Changes – new rules that take effect in orders entered beginning Jan. 1, 2021

2021 Clarifications

Economic
Updates

Capital Gains

Depreciation

Potential
Income

Dependent
Child
Benefits

Parenting
Time in Non-
Parent
Custodian
Cases

Spousal
Support

ECONOMIC UPDATES – SUPPL.

General Care Tables

- Cost-of-living update



Low Income Threshold

- Increased to \$1,063



Annual Ordinary Medical

- Increased to \$454 for one child

General Care Support Table:			One Child			
Income Amount	Base Percentage	Base Support	&	Marginal Percentage		
\$1,318	25.5%	\$336.09	+	24.17%	over	\$1,318
\$2,116	25.0%	\$529.00	+	17.50%	over	\$2,116
\$2,886	23.0%	\$663.78	+	16.65%	over	\$2,886
\$3,703	21.6%	\$799.85	+	14.65%	over	\$3,703
\$4,810	20.0%	\$962.00	+	13.91%	over	\$4,810
\$6,830	18.2%	\$1,243.06	+	12.37%	over	\$6,830
\$8,417	17.1%	\$1,439.31	+	11.23%	over	\$8,417
\$10,581	15.9%	\$1,682.38	+	10.00%	over	\$10,581 or at the court's discretion

Ordinary Medical Expense Averages		
Children	Annual	Monthly
1	\$454.00	\$37.83
2	\$908.00	\$75.67
3	\$1,362.00	\$113.50
4	\$1,816.00	\$151.33
5 or more	\$2,269.00	\$189.08

Clarified Capital Gains 2.01(C)(6)

Net gains
are income

Single year
or event, or
cash not
immediately
available =
consider as
income over
several years

Exclude
portions
considered
in property
division
between the
same parties

Clarified Depreciation

Allowable Deductions for Straight-line depreciation
2.01(E)(4)(e)

Home offices and personal vehicles = added back as
income

Accelerated depreciation *added back as income*, but a
parent may be given credit for straight-line amount *if*
they prove what it would have been

POTENTIAL INCOME 2.01(G)

Updated for
new Fed Reg
Req'ments

- Added terms:
 - Earnings History
 - Literacy
 - Age, Health, Residence
- Clarified – inferring that incarceration is voluntary unemployment is improper (without evidence that the crime was committed with *intent* to reduce income or avoid support).

DEPENDENT CHILD BENEFITS

Clarified how benefits are counted as income

- SSR, SSD, RR, VA
- 2.01(I), (J) & (K)

Added clarification to crediting benefits

- Credit is only given for benefits counted as payer's income
- 3.07(A)(4)

DEPENDENT CHILD BENEFIT

Added Supplement
section

- **MCSF-S 3.05**
- Added to provide additional clarification
- Provides examples for different benefit scenarios

- See other Sheets

Non-Parent Custodian and Parenting Time Offset

- 3.03(B) and 4.01(D)
- Clarified that PTO does ***not apply*** to nonparent custodian calculations

SPOUSAL SUPPORT

Spousal Support 2.07(A)

- Clarified alimony/spousal support to align with 2017 tax law changes

2021 MCSF Language

- 2.07(A): slight language change in recognition of changing tax treatment – but basic tenets did not change

Child Support Application

- Spousal support paid is *only* deducted from income for child support purposes if it is paid in a case other than the one under consideration
- Spousal support received is only included in income for child support purposes if it is received in a case other than the case under consideration

ADDITIONAL CHILDREN

2.08(B)

Increased the additional child adjustment

- In order to preserve funds to support additional kids, the adjustment was increased 2%-6% depending on the # of additional kids

Additional Children		
Number of Children	New Percentage	Old Pct
1	83%	85%
2	75%	77%
3	68%	72%
4	64%	69%
5 or more	60%	66%

CHANGES

Changed Deviation Reasons

- Removed Incarceration
- Changed administrative efficiency threshold

Added reasons for removing Ordinary Medical Expenses

- Removed “In rare circumstances” Incapacitation
- Out-of-pocket costs covered by employer-paid benefits (e.g., HRA)

Health Care Changes

- Coverage types
- “Accessible” defined

Incapacitated Section

- Defines
- Use of prospective language

DEVIATION REASONS

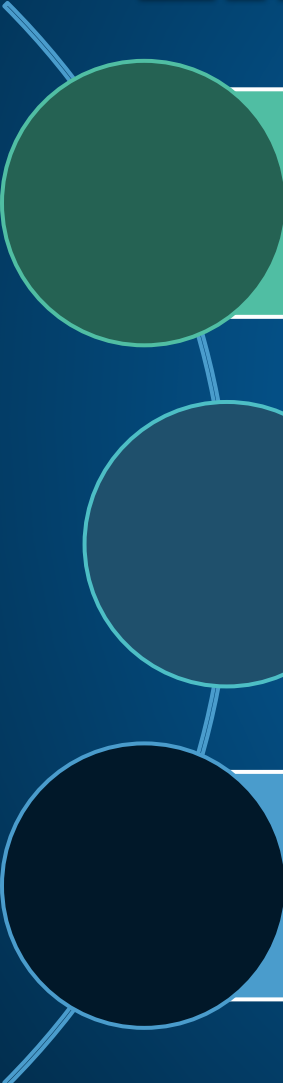
Removed
Incarceration
as reason to
deviate

- 1.04(E)(7)
- Removed because of later additions related to incapacitation

Changed
Administrative
Cost Threshold

- 1.04(E)(19)
- Increased threshold to \$20
- (*Not* a minimum order)

ADDITIONAL MEDICAL EXPENSE EXCEPTIONS 3.04(B)(3)



Two *new* exceptions when a court may order all medical expenses as “additional” and removed “in rare circumstances” language from application

An incapacitated payer’s base support obligation is set at zero (4.02)

Recipient has employer-paid benefit (e.g., health reimbursement arrangement) that pays the recipient’s initial out-of-pocket expenses for the children

Health Care Coverage Updated for Statutory Change MCSF 3.05

Public coverage is an alternative means to meet the requirement to provide coverage

“Accessible” coverage defined 3.05(A)(3)

Clarifies when *both parties* may be ordered to provide coverage 3.05(B)(1)(b)

Updated MCSF-S 3.02 for Determining Which Parent Should Provide Coverage

INCAPACITATED PARENT

New Section

- 4.02 added to cover incapacitated parent issues

Defined

- The **inability to pay** the ordered support obligation **caused by** a parent being temporarily or permanently **unable to earn an income** for a **period** that will **likely last 180 days or longer** and **due to disability, mental incompetency, serious injury, debilitating illness, or incarceration.**

Incapacitated Parent

Court may set support obligation to zero for periods of incapacitation

Orders should include prospective language – allows for quicker relief if an incapacitating event occurs

- Suggested language available in MCSF-S

Use temporary orders that remain modifiable during the period of uncertainty (i.e. retroactive benefits)

MCSF-S 3.04 added to provide additional context and examples to this issue

- Also added to MCSF-S 3.01 as substantial change in circumstance requiring a review

QUESTIONS & NOTES

SCAO – updated UCSO

- #2 - Health insurance provision
- But did not include language about incapacitated parent.