

# Review of the South Dakota Child Support Guidelines

**Presentation to:**

**South Dakota Commission on Child Support**  
**(May 29, 2025)**

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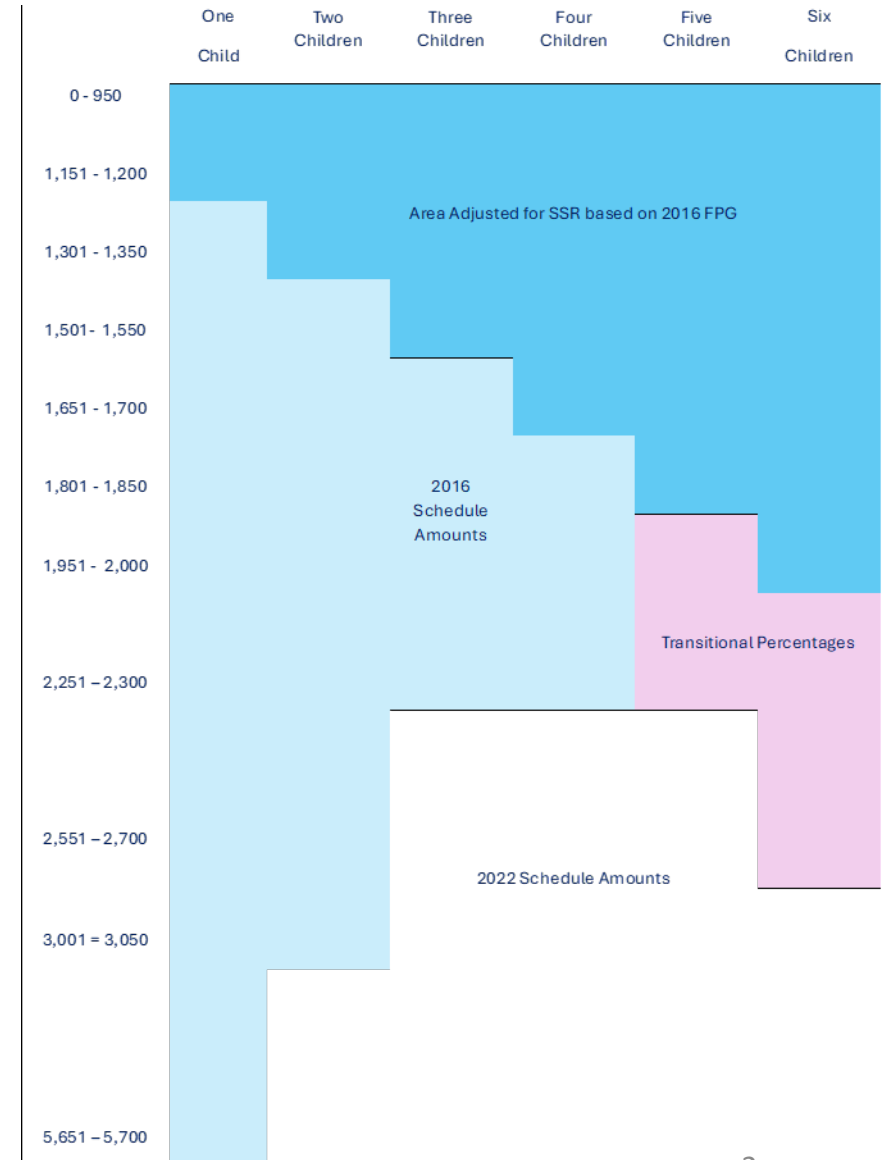
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303-837-1555



# Agenda

- **Recap of April Meeting**
  - Fulfilled federal requirement to review economic data on the cost of raising children
  - Reviewed basis of existing schedule
  - Began discussion on whether to update core of schedule
    - White area of schematic schedule to right
- **Today: Fulfill federal requirement to analyze labor market data**
  - Informative to income imputation policy & low-income adjustment
- **Today: Fulfill federal requirement to analyze case file data**
  - Including application of the low-income adjustment and frequency of income imputation
- **Begin: Whether to update the low-income adjustment**
  - Blue and purple area of schematic schedule



# Recap of Last Meeting

- Met federal requirements to review economic data on the cost of raising children
- Reviewed basis of existing schedule
  - National data (through 2019) adjusted for SD income
- Began discussion about whether schedule should be updated
  - No new study of child-rearing expenditures
    - New national study (first with post-COVID data) will be released Fall 2025
  - Could be updated for changes in price levels since July 2022
    - Results in increases
  - Could be updated for changes in SD's income compared to US since 2019
    - Increases it more

## Slide 4 from April Presentation

### Assumptions and Data Underlying Existing Schedule & What Could Be Updated

	Basis of Existing Schedule	Updated Schedules	Alternatives and Notes
1. Guidelines model	Income Shares	Income Shares	<ul style="list-style-type: none"><li>• 41 states rely on income shares</li><li>• 3 states (DE, HI, &amp; MT): Melson formula, 7 states (including ND) use % of obligor income</li><li>• Other guidelines model</li></ul>
2. Price levels	July 2021	March 2025	17.141% increase in prices
3. Measurement of child-rearing expenditures	5 <sup>th</sup> Betson study using the Rothbarth methodology (BR5) to separate child-rearing expenditures from total expenditures from the 2013-2019 Consumer Expenditure (CE) Survey	No change	No study using more recent expenditure data, 2021 FI study w/ same data years All states updating their schedules rely on BR5, 18 states base on BR5
4. Adjustments for state cost of living	Income realignment using 2019 Census data: Median Income 2019: \$100,115 (US); \$91,544 (SD)	2023 Census Data shows larger middle class in SD	<ul style="list-style-type: none"><li>• Could also adjust for SD Price parity = 87.8 (2020); 88.1 (2023)</li><li>• No adjustment</li></ul>
5. Spending more/less of after-tax Income	Use actual ratios with cap	Same	Most alternative assumptions increase schedule amounts
6. Most highly variable child-rearing expenses excluded from schedule	Excluded childcare expenses and medical expenses up to the first \$250 per child per year in medical expenses excluded using 2017 medical expenditures data	Same assumption except 2022 medical expenditures data	Various options
7. Low-income adjustment & minimum order	Incorporates a self-support reserve of \$871/mo (2016 federal poverty for 1 person multiplied by 2014 SD price parity) and a minimum order of \$79/mo for \$0-\$950 net combined and splice	2025 federal poverty guidelines for 1 person = \$1,304/mo	Various options to be explored later
8. Extend to higher incomes	Economic data reliable till about \$26,000 net, amounts are extrapolated from \$26,000 to \$30,000	Economic data reliable till about \$28,200	Can extend to higher incomes

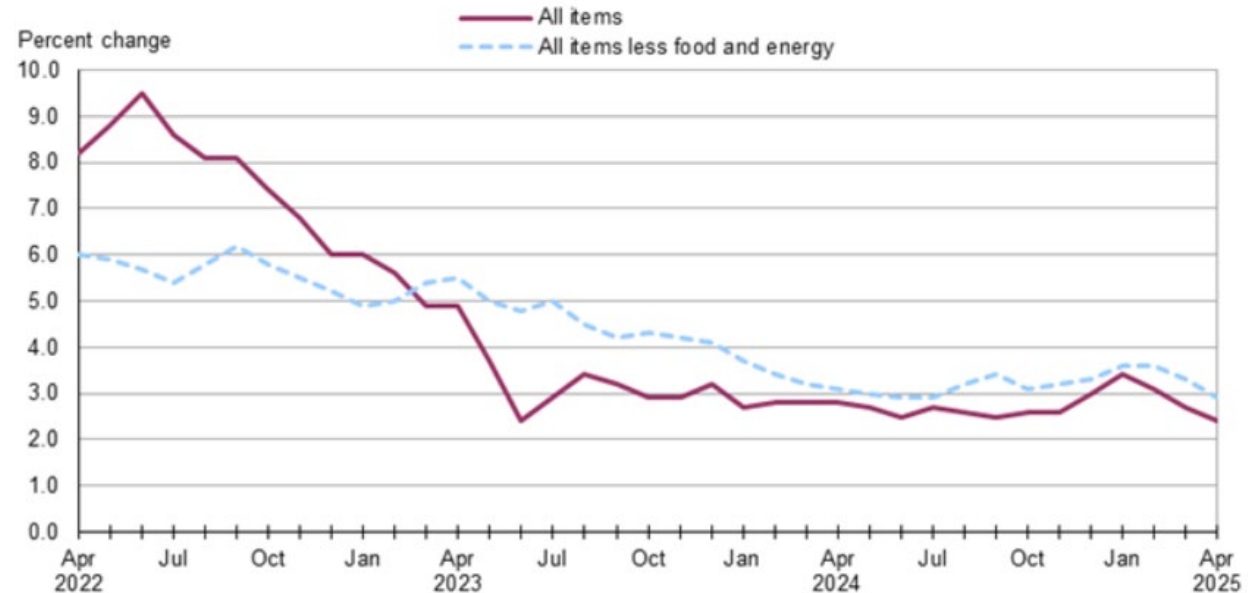
# Some Issues with Deciding to Update Schedule

- Underlying study of child-rearing expenditures considers national expenditures through 2019, Update through 2024 scheduled to be released Fall 2025
- Limited SD data: instead, partially rely on national data and MW data
- Lag in some available data (e.g. Census and income): some of the more current data is 2023
- Children need more due to increases in prices
- Increases in SD incomes do not appear to have kept up with increases in prices
  - Both parents face higher cost of living
  - Federal requirement for low-income adjustment: All states for the last 2 reviews have lowered amounts at low-income or retained existing amounts
- Modification threshold: at least a 20%/\$25 change
  - None of the proposed changes due to increased price meet this threshold
- Whether parents can seek a change in their order based on a change in the guidelines
  - SDCL 25-7-6.13 provided that all orders entered in effect prior to July 1, 2022 [date of last change] may be modified in accordance with this chapter without requiring a showing of a change in circumstances from the entry of the order

# Changes in Prices and Incomes

- Change in Prices from July 2021 to March 2025
- (West North Central Midwest Region)
  - **All items: 15.8%**
  - Food: 21.7%
  - Housing: 19.7%
  - Transportation: 8.2%
- Annual Pay of SD workers (covered employment)
  - 2021: \$51,254
  - Dec. 2024\*: \$56,167
  - 9.6% increase of \$4,913 gross per year (~ **\$3,948 net**)
- Change in SD Minimum wage:
  - 2025: \$11.50 per hour
    - if 40-hour workweek→ \$4,264 gross per yr increase (~ **\$3,511 net**)
    - 1,820 hours per yr→ \$3,731 gross per yr increase (~ **\$3,072 net**)

Chart 1. Over-the-year percent change in CPI-U, Midwest region, April 2022–April 2025



Source: U.S. Bureau of Labor Statistics.

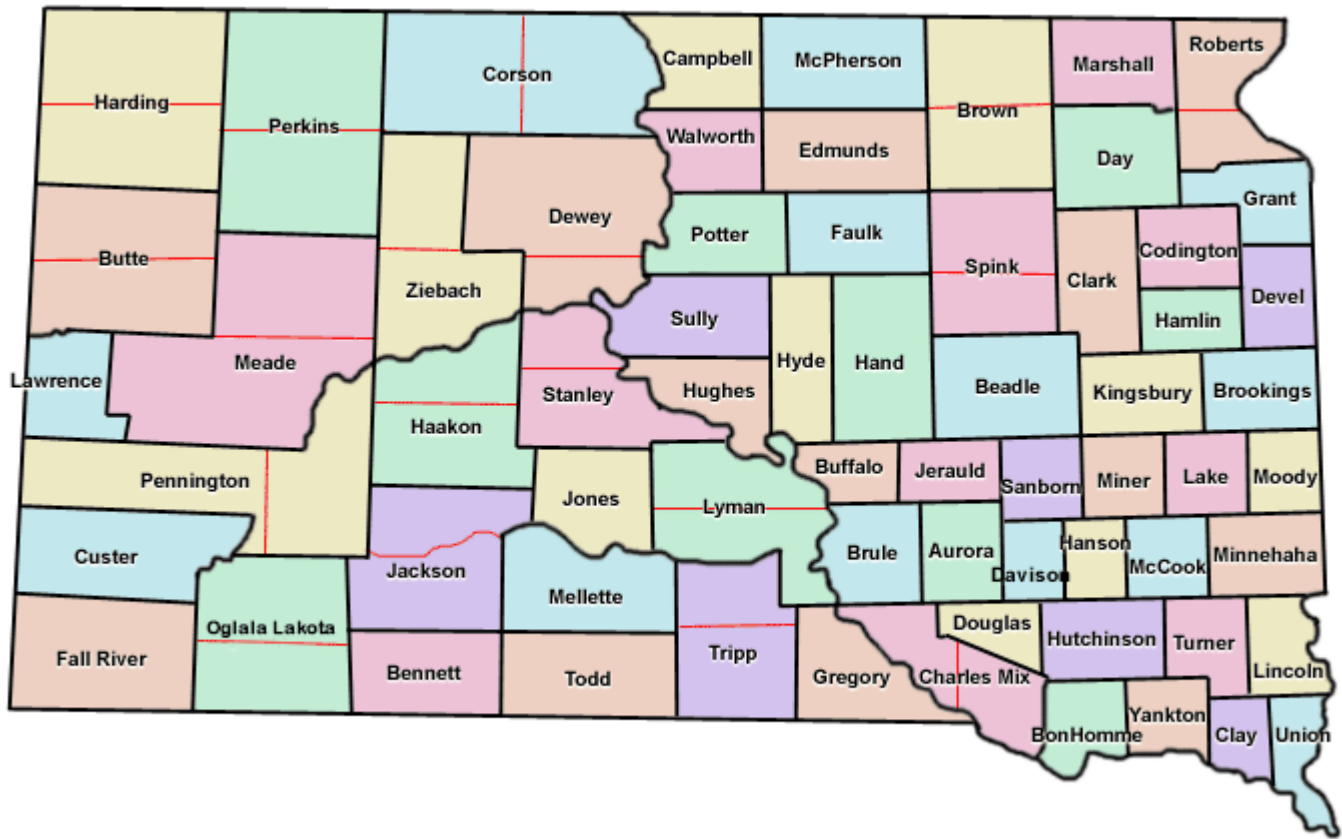
SD Minimum Wage



Data Sources: South Dakota Labor Market Information Center, South Dakota Department of Labor and Regulation, U.S. Bureau of Labor Statistics, U.S. Department of Labor, U.S. Census Bureau. There are 12 Midwest states. West North Central includes IA, KS, MN, MO, NE, ND and SD.

\* Occupational 2023 Employment and Wage Rate for Statewide South Dakota Was Updated by SD Using the SD Employer Cost Index through December 2024.

# Changes in South Dakota Fair Market Rent: 2 bedrooms (40<sup>th</sup> percentile)



## Pennington County

FY2025: \$1,119/mo  
FY2021: \$875/mo  
Annual Increase = \$2,928

## Hughes County:

FY2025: \$968/mo  
FY2021: \$750/mo  
Annual Increase = \$2,616

## Brown County:

FY2025: \$872/mo    FY2021: \$758/mo  
Annual Increase = \$1,368

## Beadle County:

FY2025: \$896/mo    FY2021: \$719/mo  
Annual Increase = \$2,124

## Minnehaha County

FY2025: \$1,030/mo    FY2021: \$874/mo  
Annual Increase = \$1,872

## Lincoln County

FY2025: \$1,030/mo    FY2021: \$874/mo  
Annual Increase = \$1,872

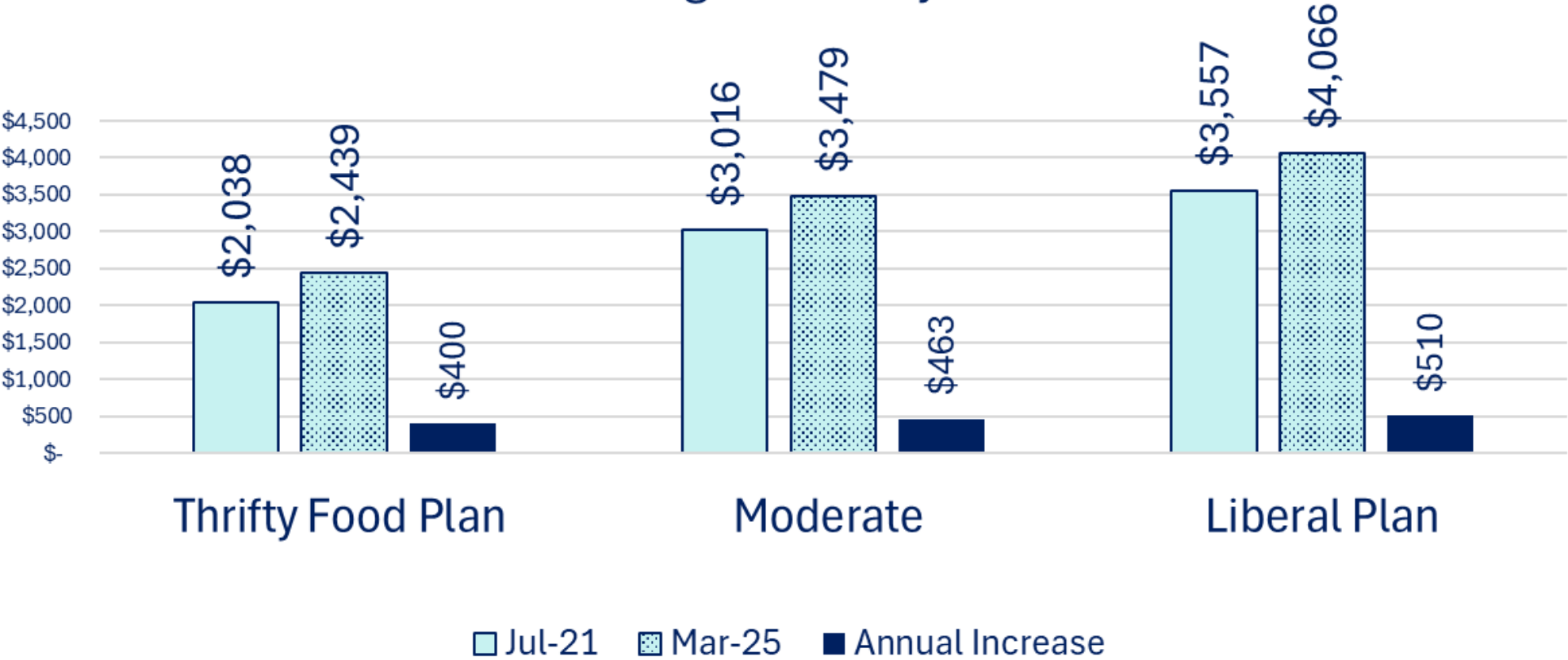
## Yankton County

FY2025: \$872/mo    FY2021: \$726/mo  
Annual Increase = \$1,752

Data Sources: U.S. Housing and Urban Development: FFY2025: <https://www.huduser.gov/portal/datasets/fmr.html>;  
US Census 2023 Community Survey: US Gross median gross rent = \$1,406; SD: \$921

# Changes in USDA Food Budget

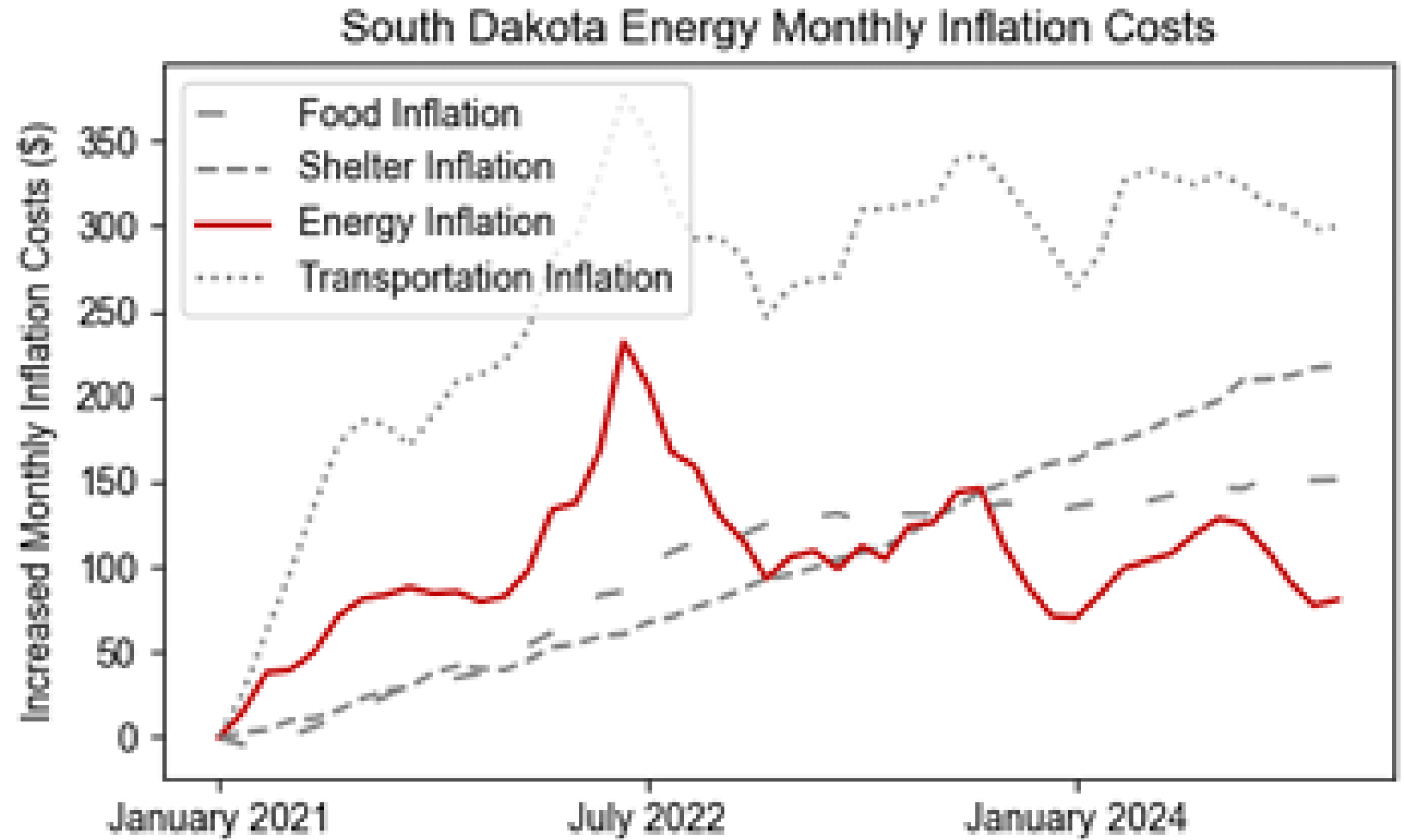
Annual  
Food Budget for 6-8 year old



About \$33-  
\$43 per  
month more  
for a child

# US Congress Joint Economic Committee Republicans: SD Inflation Update (published 2025, considers through Dec. 2024)

*“Household Food Expenses Compared to January 2021, the average household in South Dakota is spending **\$151 more on food per month**. This is \$19 more each month than one year ago. Cumulatively, the average household in South Dakota has spent \$4,595 more on food due to inflation since January 2021”*





# 8 Case Scenarios: Cases 3-7 Rely on Median Earnings of South Dakota Workers Age 25 and Over By Highest Educational Attainment (2023 U.S. Census Data)

	Gross Income of Paying Parent	Gross Income of Receiving Parent	Net Income of Paying Parent	Net Income of Receiving Parent
1. Min. Wage Earners (1,820 hours per year)	\$ 1,744	\$ 1,744	\$ 1,561	\$ 1,561
2. A little experience & ft min. wage earner (2,080 hours per year)	\$ 2,500	\$ 1,993	\$ 2,179	\$ 1,767
3. Less than High School Degree	\$ 3,421	\$ 1,616	\$ 2,918	\$ 1,456
4. High School Degree or GED	\$ 3,804	\$ 2,654	\$ 3,226	\$ 2,302
5. Some College or Associate’s Degree	\$ 4,493	\$ 3,207	\$ 3,780	\$ 2,747
6. Bachelor’s Degree	\$ 5,324	\$ 4,200	\$ 4,444	\$ 3,545
7. Graduate or Professional Degree	\$ 6,441	\$ 5,129	\$ 5,230	\$ 4,291
8. High Income	\$ 12,500	\$ 6,667	\$ 9,440	\$ 5,389

Increase in Order if Updated for Inflation (15.8%- Jul. 2021 – Mar. 2025 North Central Midwest)

60% orders are for 1 child 27% orders are for 2 children	One Child (Monthly)	One Child (Annual)	Two Children Monthly)	Two Children (Annual)
1. Min. Wage Earners (1,820 hours per year)	<b>Emboldened Area (Fulfills federal requirement for low-income adjustment)</b>			
2. A little experience & ft min. wage earner (2,080 hours/year)				
	<b>\$14 (3.0%)</b>	<b>\$173</b>	<b>\$30 (4.0%)</b>	<b>\$354</b>
3. Less than High School Degree	\$29 (4.7%)*	\$350	\$65 (7.0%)	\$776
4. High School Degree or GED	\$43 (7.1%)*	\$513	\$73(8.2%)	\$876
5. Some College or Associate’s Degree	\$22 (3.3%)*	\$268	\$39 (3.9%)	\$464
6. Bachelor’s Degree	\$37 (5.2%)	\$428	\$66 (6.3%)	\$790
7. Graduate or Professional Degree	\$31 (2.9%)	\$371	\$49(4.2%)	\$590
8. High Income	\$27 (2.1%)	\$323	\$65(3.5%)	\$786

\*Part of the difference is attributable to the splicing of the schedule in 2021 to prevent any decreases for families that spend more than their income, 10 on average.

# Increasing the Schedule Amounts: Two Children (27% of orders)

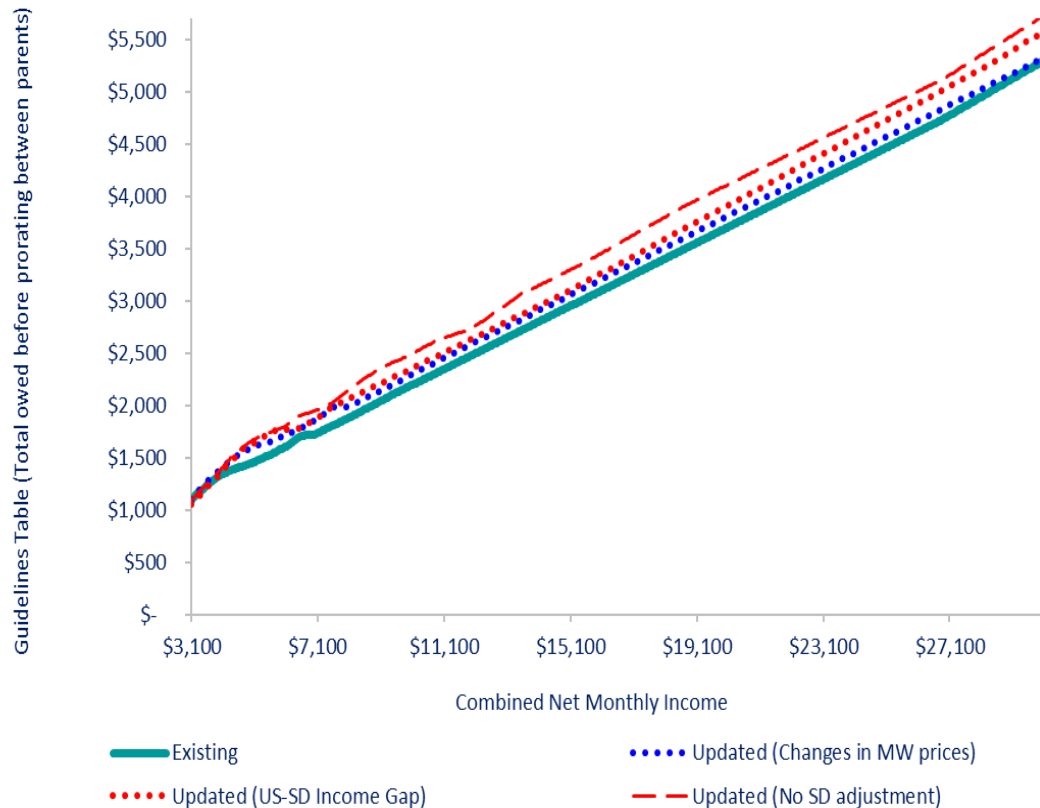


Updating for changes in price levels → shifts trend line to the right. The slope is not a consistent increase

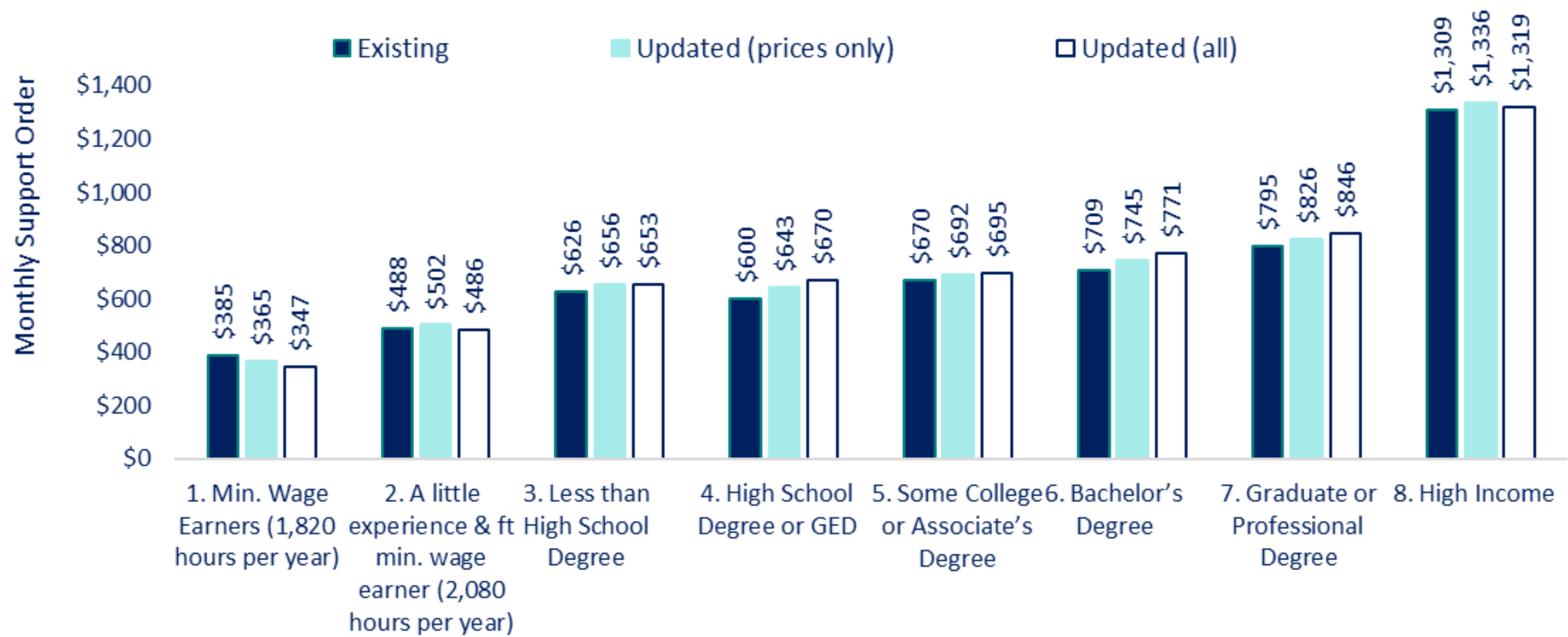
This causes the increase not to be uniform across all incomes.

# Adjusting for Changes in SD Income Compared to US Income

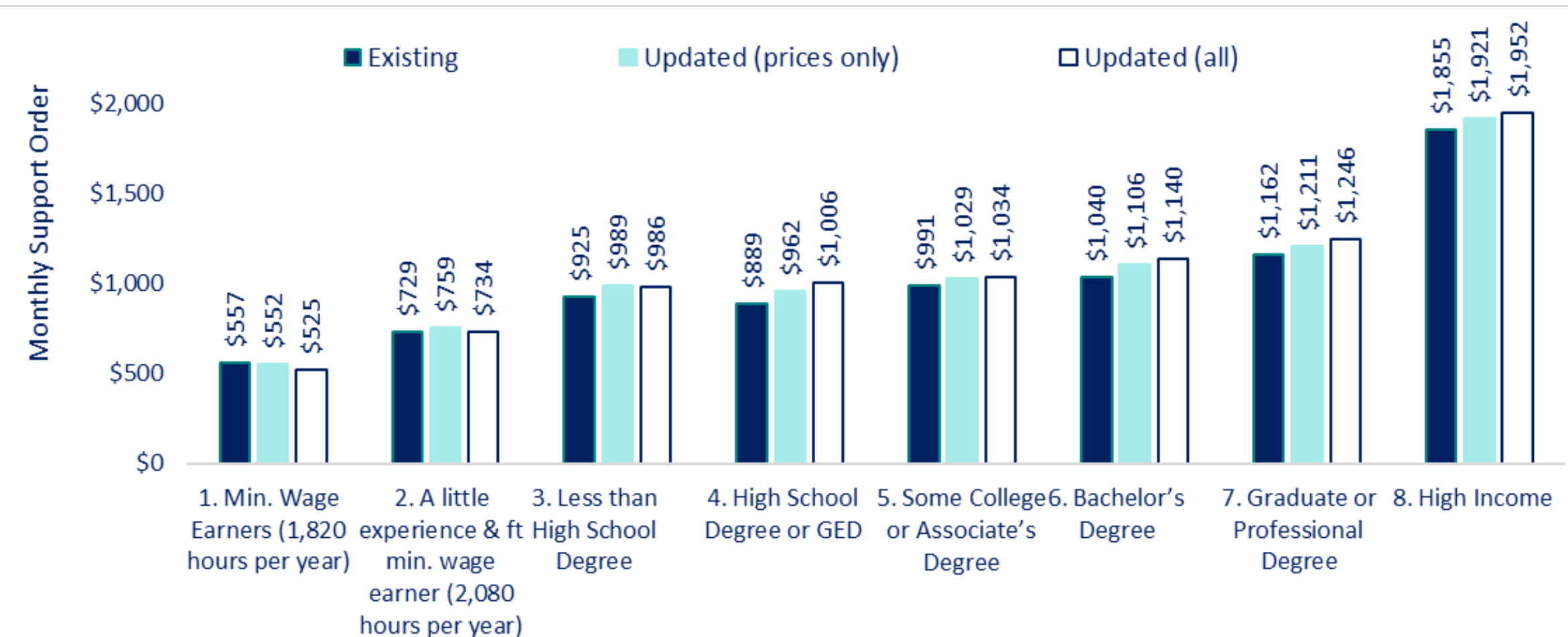
- This was addressed in April presentation
- Some anomalies at very low incomes because SD has fewer low-income families than the US
- Increases would be more at most incomes because of the gap between SD and US has shrunk
- Last review decided to realign for SD income rather than price parity,
  - SD 2023 price parity is 88.1; economic goods: 96.0; housing: 64.9

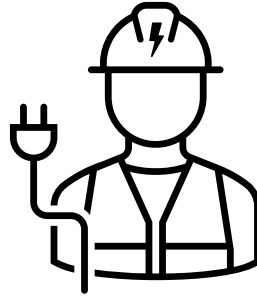


# Adjusting for Changes in SD Income Compared to US Income: One Child



# Adjusting for Changes in SD Income Compared to US Income: 2 Children





## Findings from Labor Market Data

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# Federal Requirement

45 C.F.R. §302.56 (h) As part of the review of a State's child support guidelines required under paragraph (e) of this section, a State must:

(1) Consider economic data on the cost of raising children, labor market data (such as unemployment rates, employment rates, hours worked, and earnings) by occupation and skill-level for the State and local job markets, the impact of guidelines policies and amounts on custodial and noncustodial parents who have family incomes below 200 percent of the Federal poverty level, and factors that influence employment rates among noncustodial parents and compliance with child support orders;

## Some concerns:

- Quits if order is too high or wage assignment
- “deleterious effects... including unmanageable debt, reduced low-wage employment, increased underground activities, crime, incarceration, recidivism, and reduced contact with their children” (OCSS)
- *Counter-argument:* Depends on labor attachment

## National Data on Employment Barriers

- 60% of low-income payer-parents have high school degree or less
- National evaluation of NCP work programs
  - 64% had at least one employment barrier
    - Top 3 barriers: transportation; criminal records, lack of steady place to live

Data Sources: U.S. Congressional Research Service. (Oct. 2021). Demographic and Socioeconomic Characteristics of Nonresident Parents. Retrieved from <https://crsreports.congress.gov/product/pdf/R/R46942>. Canican, Maria, Meyer, Daniel, & Wood, Robert. (Dec. 2018). Characteristics of Participants in the Child Support Noncustodial Parent Employment Demonstration (CSPED) Evaluation, at 20. Retrieved from <https://www.irp.wisc.edu/wp/wp-content/uploads/2019/05/CSPED-Final-Characteristics-of-Participants-Report-2019-Compliant.pdf>. U.S. Department of Health and Human Services. (Dec. 20, 2016). “Flexibility, Efficiency, and Modernization in Child Support Enforcement Programs: Final Rule.” 81 Federal Register 244, p. 93520. Retrieved from <https://www.gpo.gov/fdsys/pkg/FR-2016-12-20/pdf/2016-29598.pdf>.



# Labor Force Participation and Unemployment Rates

August 29, 2024: SD Governor’s Council of Economic Advisors forecasted 2.4% for 2025

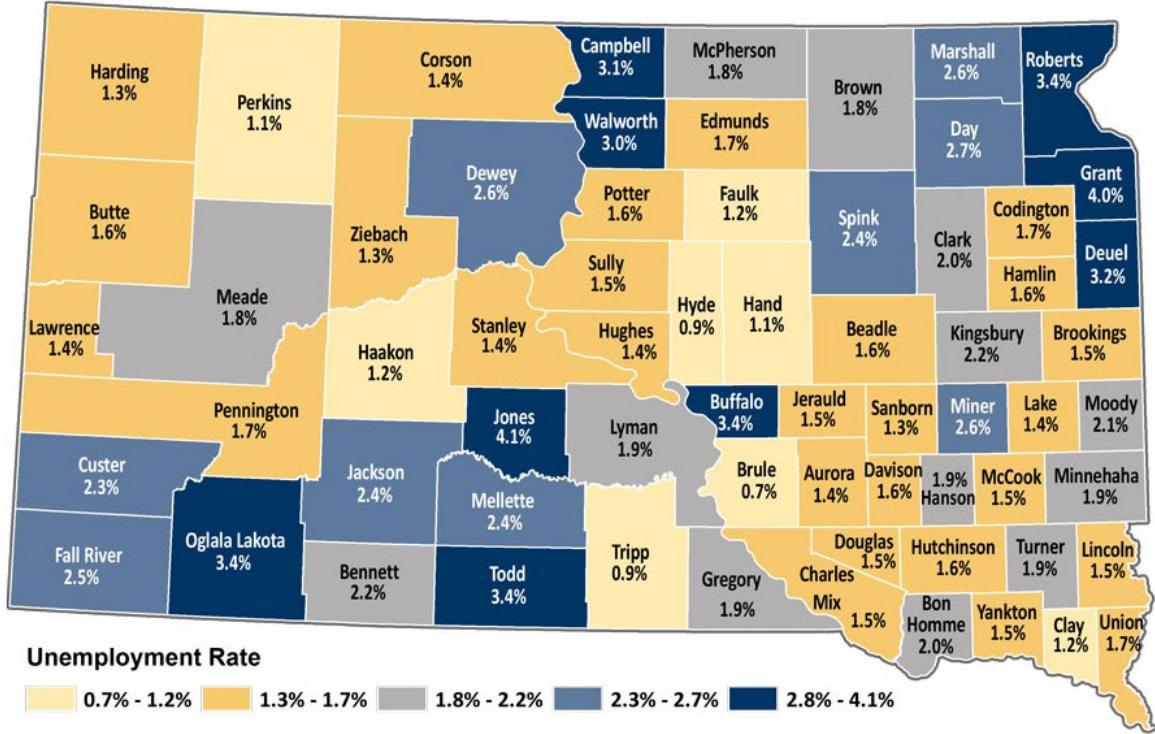
	US	SD
Labor Force Participation Rate*	61.7%	68.9%
Unemployment Rate (Apr. 2025)	4.2%	1.8%

March 2025				
Area	Unemployed	Employed but Willing to Change Jobs	Discouraged Workers	Total Labor Supply
South Dakota	8,820	33,295	1,615	43,685
Rapid City MSA	1,355	6,050	70	7,480
Sioux Falls MSA	3,075	12,845	90	16,000

Data Sources: SD Department of Labor & Regulation <https://dlr.sd.gov/lmic/default.aspx>; SD Governor’s Council of Economic Advisors <https://boardsandcommissions.sd.gov/bcuploads/GCEA%20Detailed%208-29-24.pdf>; \*from SD DLR publication dated Sept. 2021

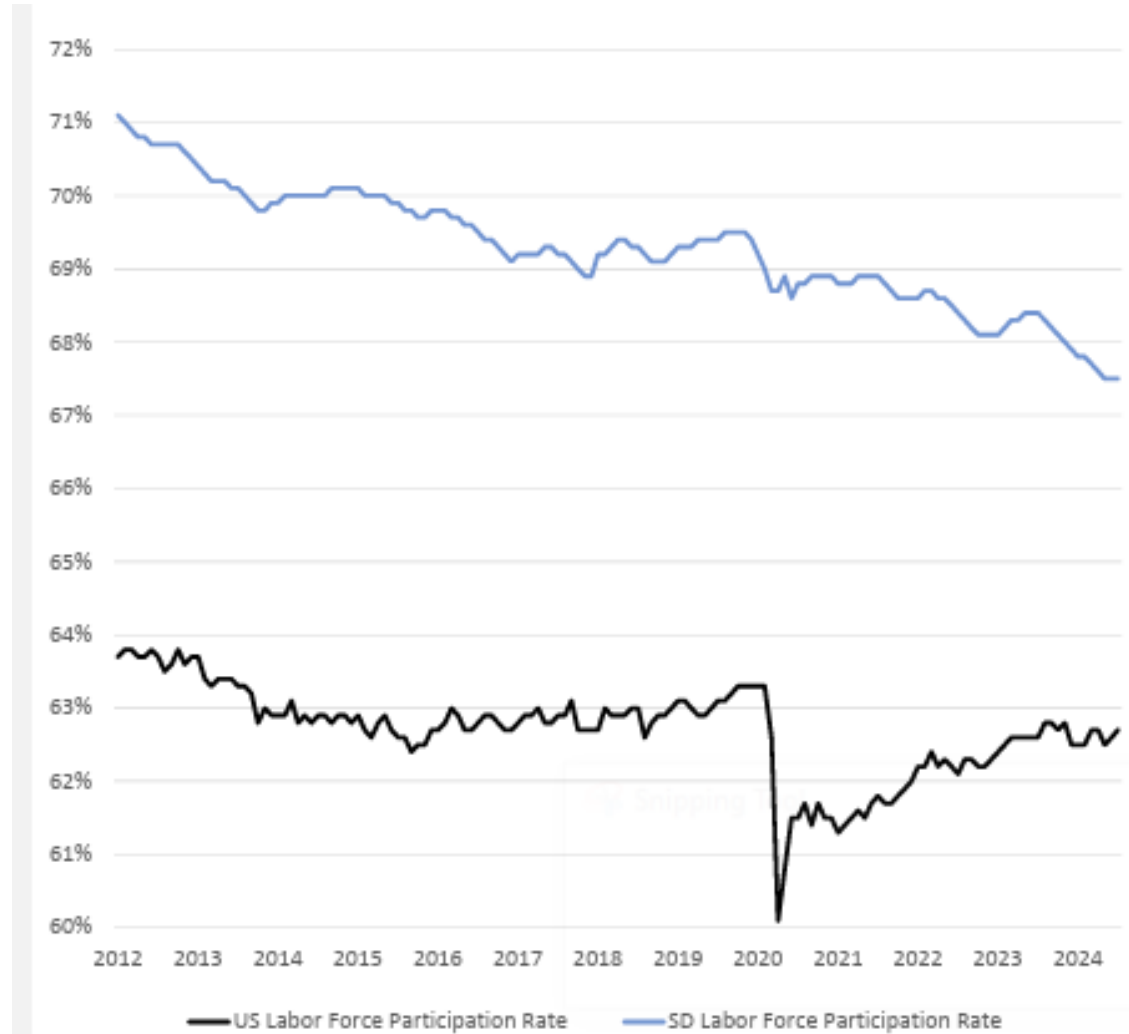
South Dakota Unemployment Rates by County  
March 2025

*This data is not seasonally adjusted.*

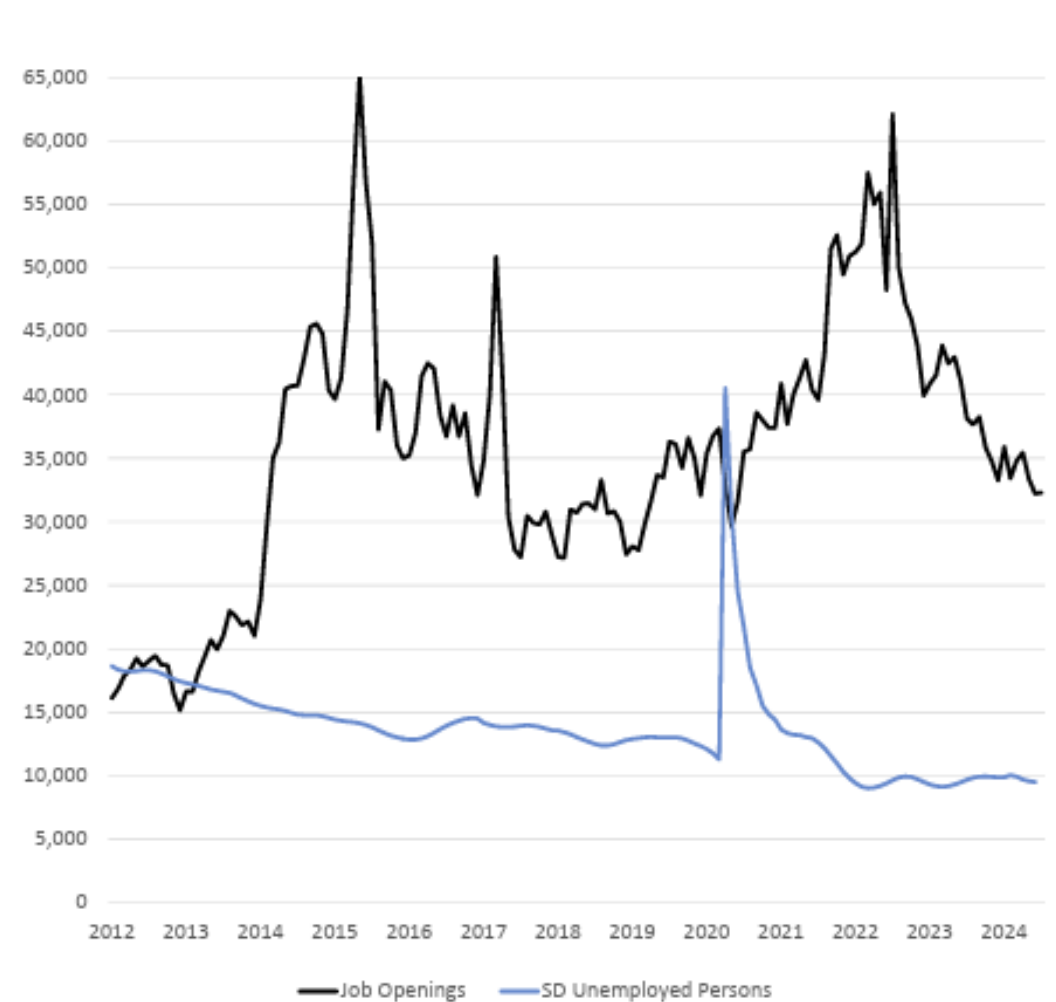


# Labor Force Participation and Unemployment Rates

Trendline: Labor Force Participation Rate: SD and US



Trendline: Gap in SD Job Openings and Unemployed Workers



Data Source: SD Governor's Council of Economic Advisors

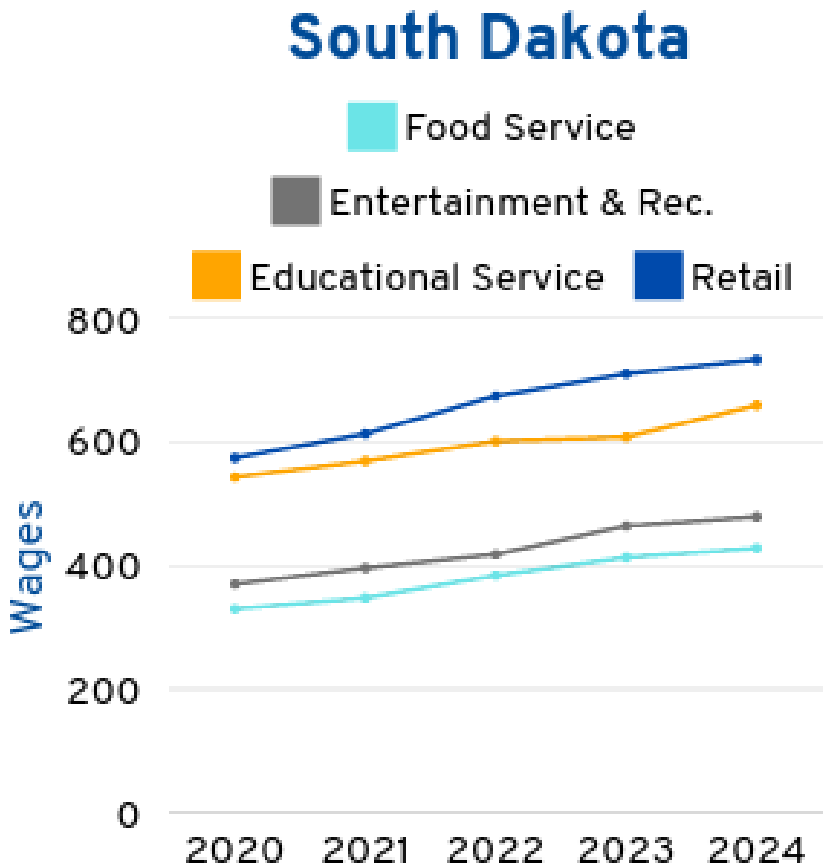
<https://boardsandcommissions.sd.gov/bcuploads/GCEA%20Detailed%208-29-24.pdf>

# SD Wages: Selected Careers and Occupation Sectors

2025 State Minimum Wage = \$11.50/hr

Top Five Hot Careers Requiring High School Degree or Less (July 2024)	Annual Openings	2023 Average Annual Wage	10 <sup>th</sup> percentile
Farmers, Ranchers and Other Ag Mgrs	2,415	\$99,990	\$40.34/hr
Farm workers and laborers, crop, nursey & greenhouse			\$13.55/hr (2023)
Carpenter	595	\$44,550	\$16.76/hr
Sales Reps, Wholesale and Manufacturing	573	\$78,120	\$22.48/hr
Laborers and Freight, Stock, and Material Movers, Hand			\$13.80/hr (2023)
First-Line Supervisors of Retail Sales Worker	479	\$59,110	
Cashiers			\$11.47/hr (2023)
Light Truck Driver	465	\$43,830	

Weekly Wages in Lowest Paying Sectors

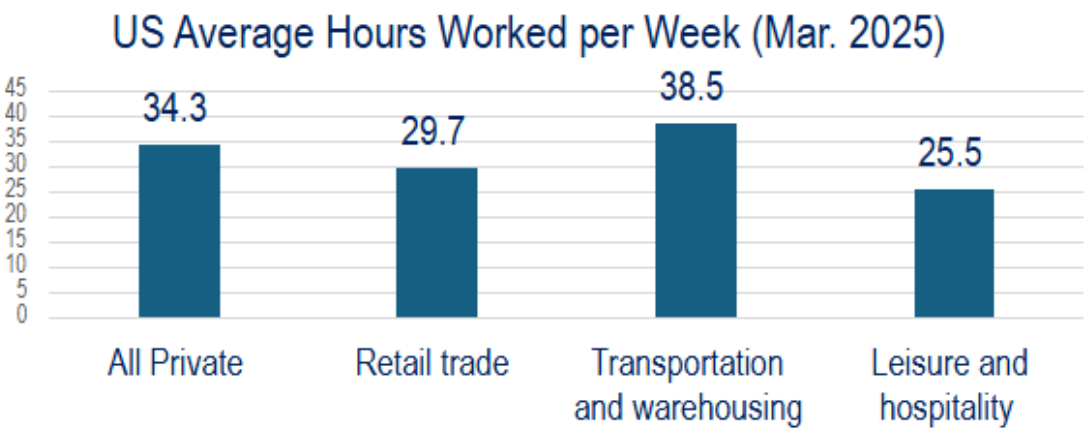
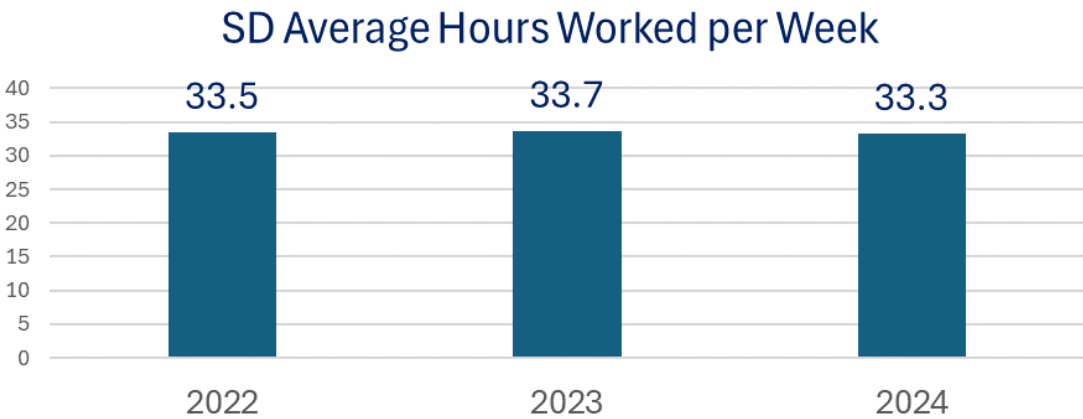
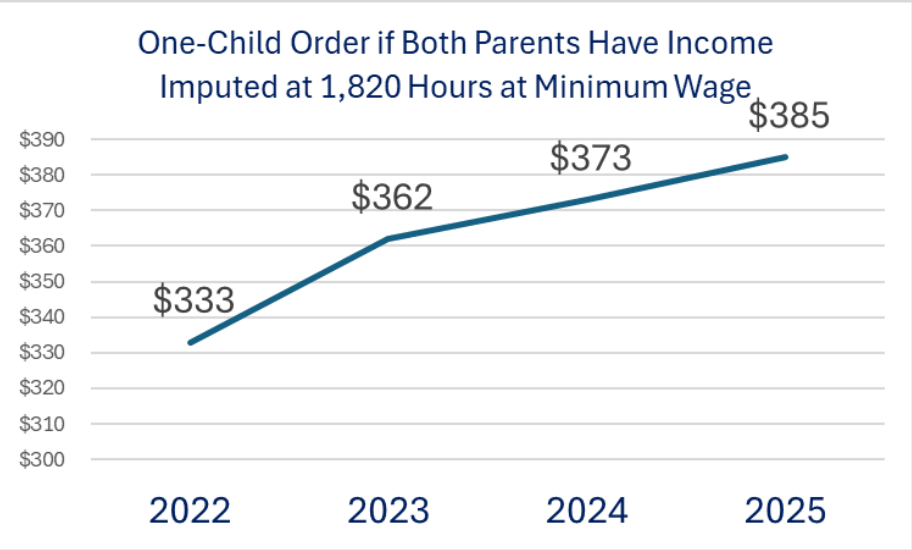


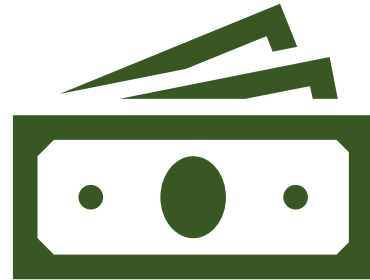
Data Sources: SD Department of Labor & Regulation <https://dlr.sd.gov/lmic/default.aspx>; and South Dakota Secretary of State <https://sdsos.gov/general-information/publications/Economic%20Reports%202024/Q3%202024%20Economic%20Report.pdf>

# Hours Worked (1,820 hours per year = 35 hours per week)

SL 25-7-6.4 Rebuttable presumption of employment at minimum wage.

Except as provided in § 25-7-6.26, it is presumed for the purposes of determination of child support that a parent is capable of being employed a minimum of one thousand eight hundred twenty hours per year, and the parent's child support obligation must be calculated at a rate not less than one thousand eight hundred twenty hours at the state minimum wage.





## Preliminary Findings from the Analysis of Case File Data

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# Federal Requirements for Analysis of Case File Data

## Federal Requirements for Analysis of Case File Data

- Application of the guidelines and deviations from the guidelines
- Rates of:
  - Income imputation
  - Application of the low-income adjustment
  - Defaults
- Analysis of payments

SD Vital Statistics <https://doh.sd.gov/media/uu3ciguu/2023-vital-statistics-report.pdf>

- 2023: 980 divorces with children
- 2023: 11,170 births
- 2023: 35% of infants born to single mothers

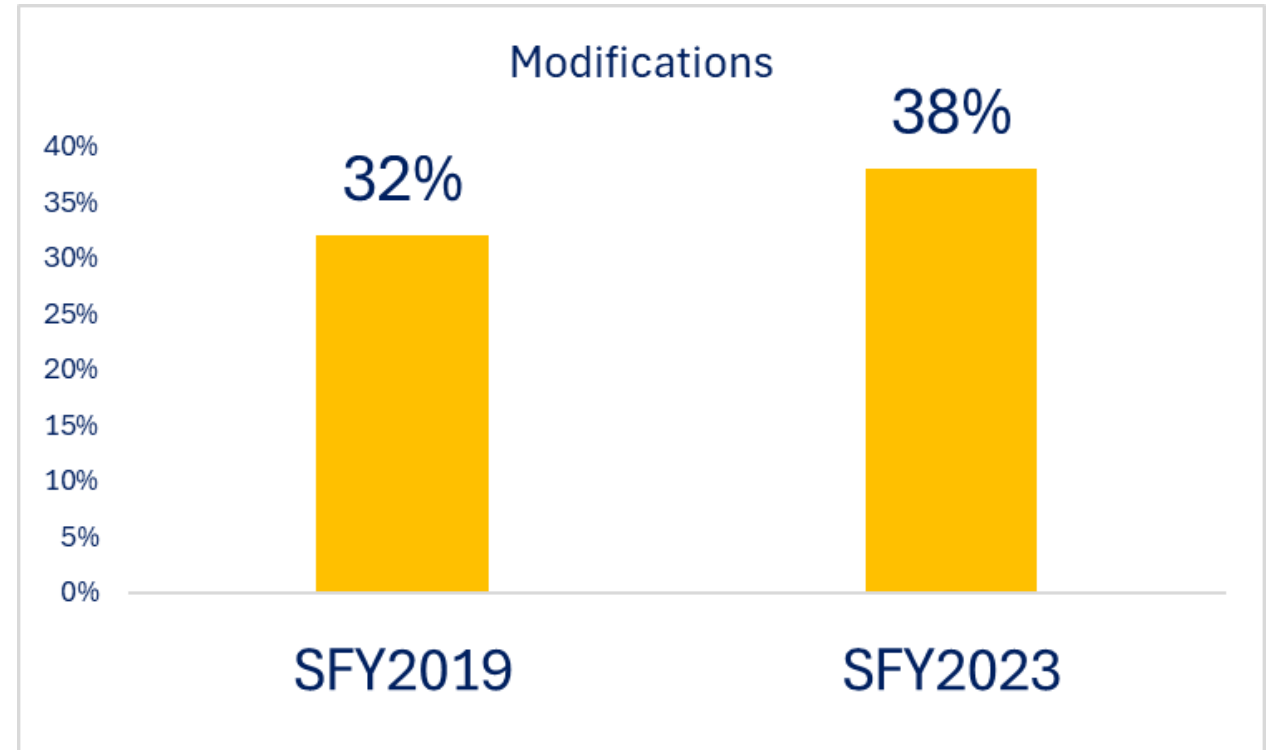
## SD Case File Review: 3,859 Orders Extracted for Analysis

- 2,473 new orders
- 1,385 modified orders
- Case file data from the DSS automated system for child support
- Cases with current support orders established or modified with effective dates from July 1, 2022 – June 30, 2023 (State Fiscal Year 2022-2023)
- Payment data from the following year
- Guidelines Calculation Available for 1,111 orders
- Previous review: SFY 2018-2019: 5,273 orders, 1,742 with guidelines calculations

# Number of Children and Modifications

## SFY 2023 Number of Children

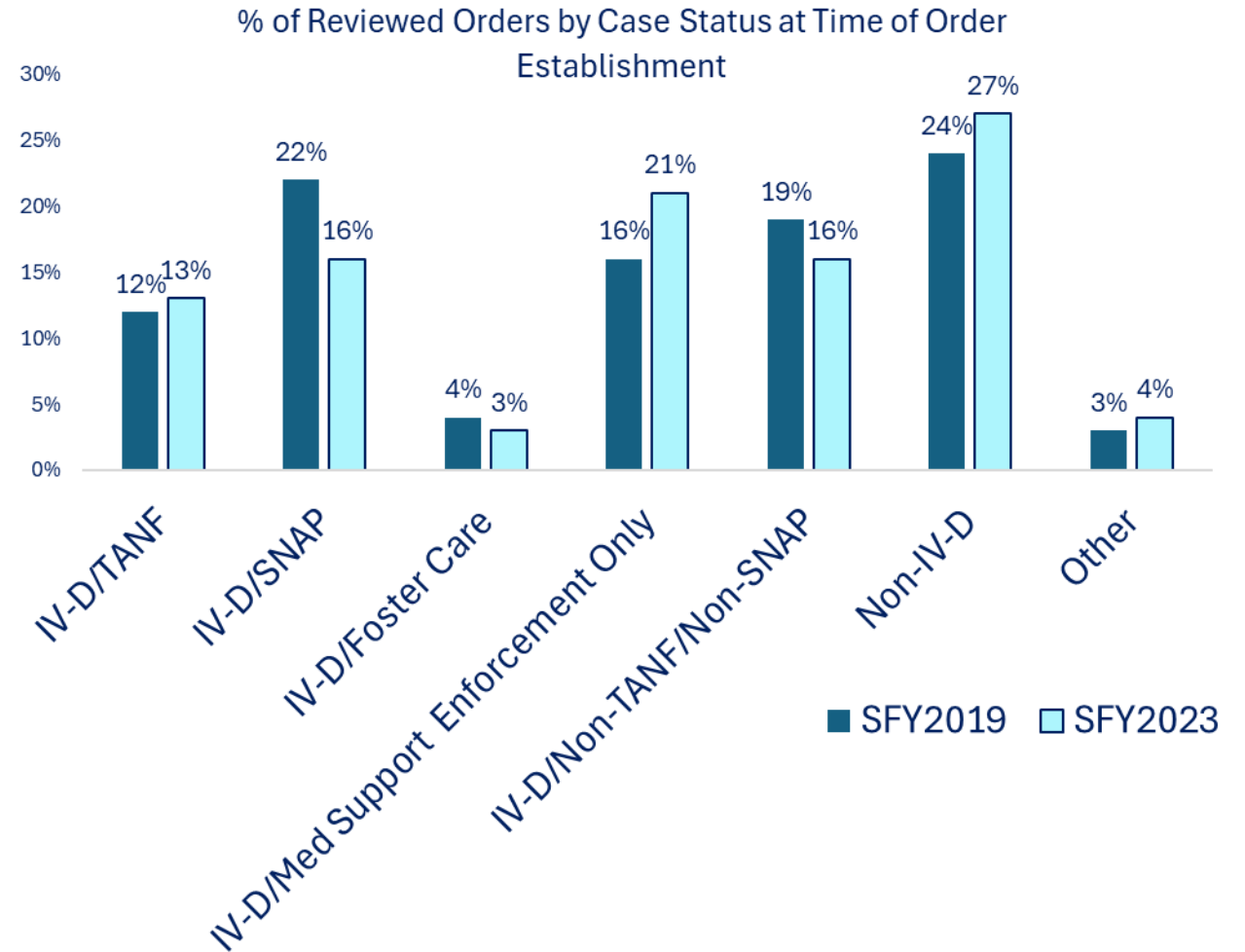
- One child: 60%
- Two children: 27%
- Three children: 9%
- Four or more children: 3%



# IV-D Status

TANF, SNAP, Foster Care, and Medicaid have cooperation requirements

- **TANF:** Federal requirement with assignment of child support rights to state and state options to pass through payments to families and forgive arrears
- **SNAP:** at state option (9 states as of early 2024)
- **Foster Care:** State option to refer (e.g., if family goal is unification may not refer)
- **Medicaid:** State option to refer; must order medical support if available at reasonable cost



Status changed for at least 12% of orders from time of order establishment to data pull.



# Order Amounts

## Average Order Amount

FY2019: \$475

FY2023: \$544

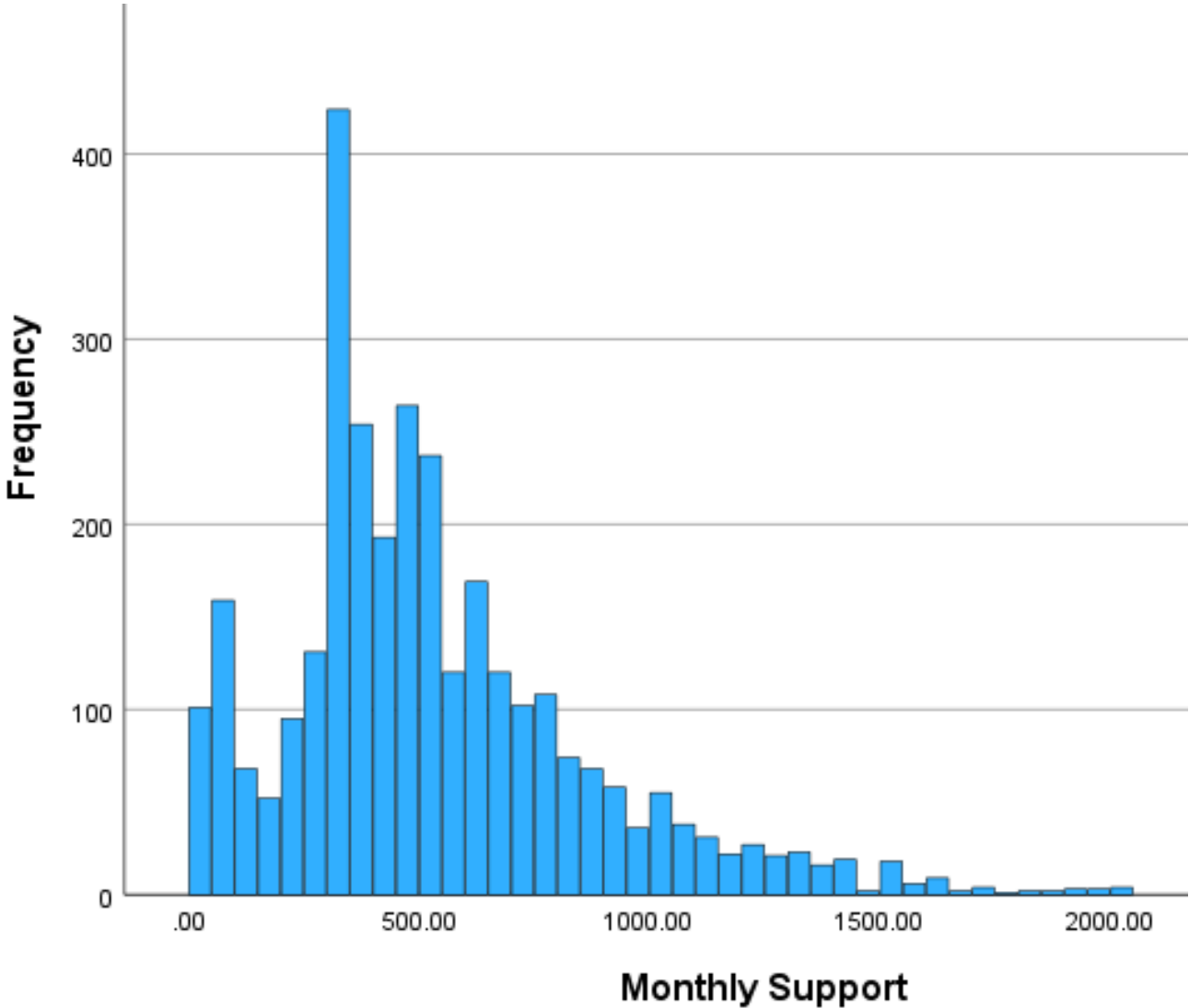
Spike is near imputed minimum wage income (\$333 if both have income imputed)

## Order Set at \$79/month

FY2019: 1%

FY2023: 3%

Monthly Net Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
0-950	79	79	79	79	79	79
951-1,000	129	129	129	129	129	129
1,001-1,050	179	179	179	179	179	179
1,051-1,100	225	229	229	229	229	229
1,101-1,150	266	279	279	279	279	279



# Other Characteristics

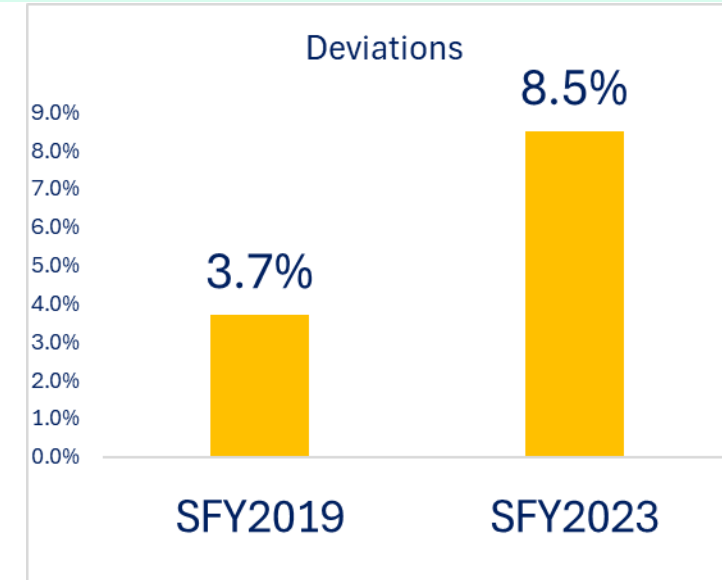
- Largest offices: State (Non-IV-D payment processing): 27%; Sioux Falls (22%); Rapid City (21%); and all other offices are less than 6%.
- 75% of payers are male; 85% of receivers are females
- Median age: Payer (39 years); Receiving Parent/Custodian (39 years); Youngest child (9 years old), 33% less than 12 years old
- 6% NCPs (with new or modified order in FY2023) currently incarcerated
- 29% of NCPs have a current or history of incarceration
- 18% of Payers have other orders; 13% of Receivers have order orders
- Arrears ordered at establishment: 40%
- Spousal Support Ordered: < 1%
- Medicaid: 34% active; 35% former; 31% never
- Medical Support: 87% of orders (59% payer ordered; 21% receiver ordered; 7% both)

# Deviations

## 25-7-6.10 Factors considered for deviation from schedule.

Deviation from the schedule in § 25-7-6.2 must be considered if raised by either party and made only upon the entry of specific findings based upon any of the following factors:

- (1) The income of a subsequent spouse or contribution of a third party to the income or expenses of that parent but only if the application of the schedule works a financial hardship on either parent;
- (2) Any financial condition of either parent that would make application of the schedule inequitable. If the total amount of the child support obligation, including any adjustments for health insurance and child care costs, exceeds fifty percent of the obligor's monthly net income, it is presumed that the amount of the obligation imposes a financial hardship on the obligor. This presumption may be rebutted based upon other factors set forth in this section;
- (3) Any necessary education or health care special needs of the child;
- (4) The effect of agreements between the parents regarding extra forms of support for the direct benefit of the child;
- (5) The obligation of either parent to provide for subsequent natural children, adopted children, or stepchildren. However, an existing support order may not be modified solely for this reason; or
- (6) The voluntary and unreasonable act of a parent that causes the parent to be unemployed or underemployed, consistent with the provisions of § 25-7-6.26.

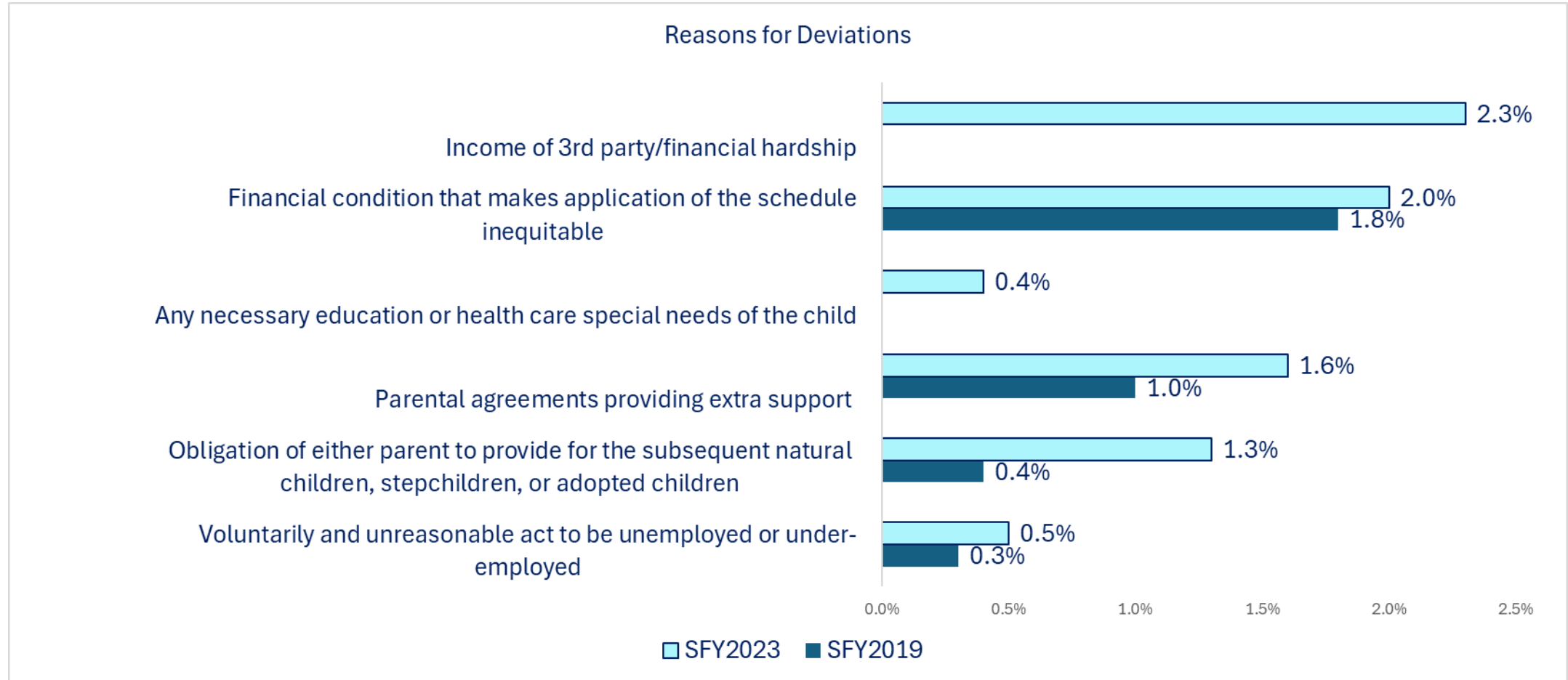


More deviations in modifications (17.0%) than new orders (3.7%)

75% of the deviations were downward.

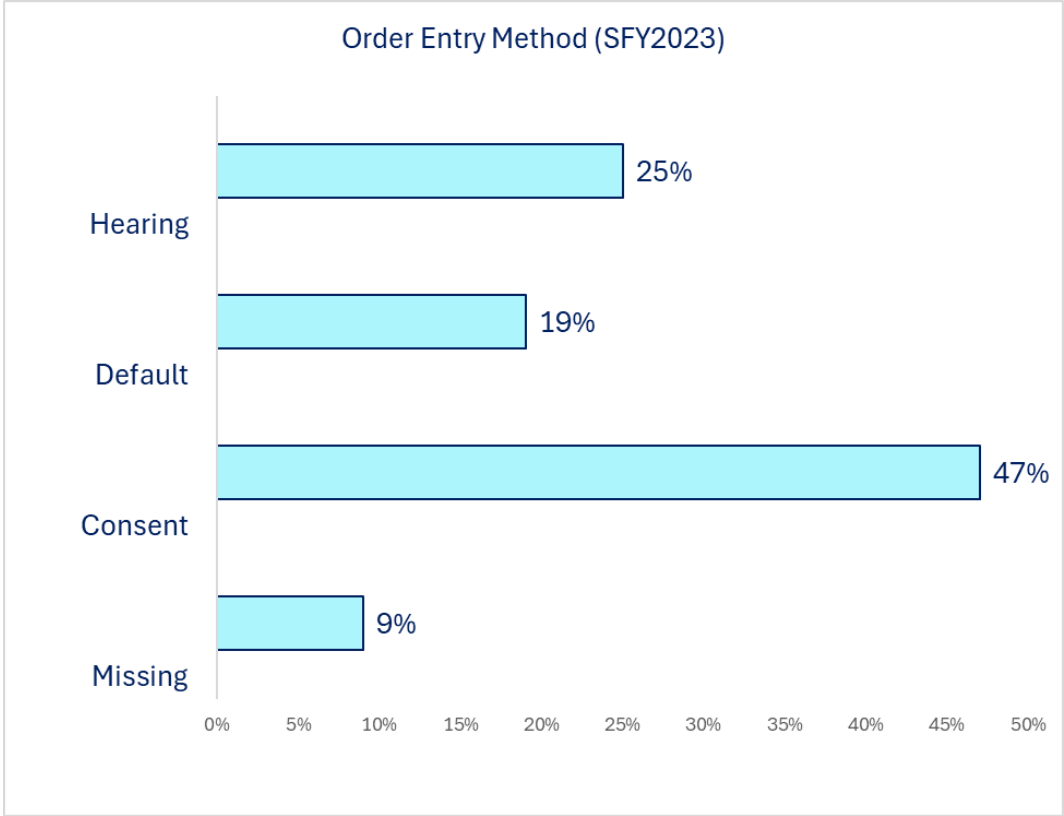
25% were downward of \$200 per month or more.

# Deviation Reasons



# Orders Entered by Default

- Almost half of orders are set by consent
- They have the best payment outcomes
- 25% default rate in IV-D orders



	Missing	Consent	Default	Hearing	All with Payment Due
% with payment	53%	80%	53%	65%	69%
% with payment in all 12 mos	20%	36%	6%	25%	26%
Average # of mos with payment	9.5	9.3	5.7	9.1	8.7
Average Owed During Year	\$7,625	\$6,403	\$4,027	\$7,550	\$6,299
Average Paid During Year	\$3,877	\$4,489	\$1,046	\$4,588	\$3,751
Average % Paid*	45.2%	62.6%	23.9%	58.2%	52.1%

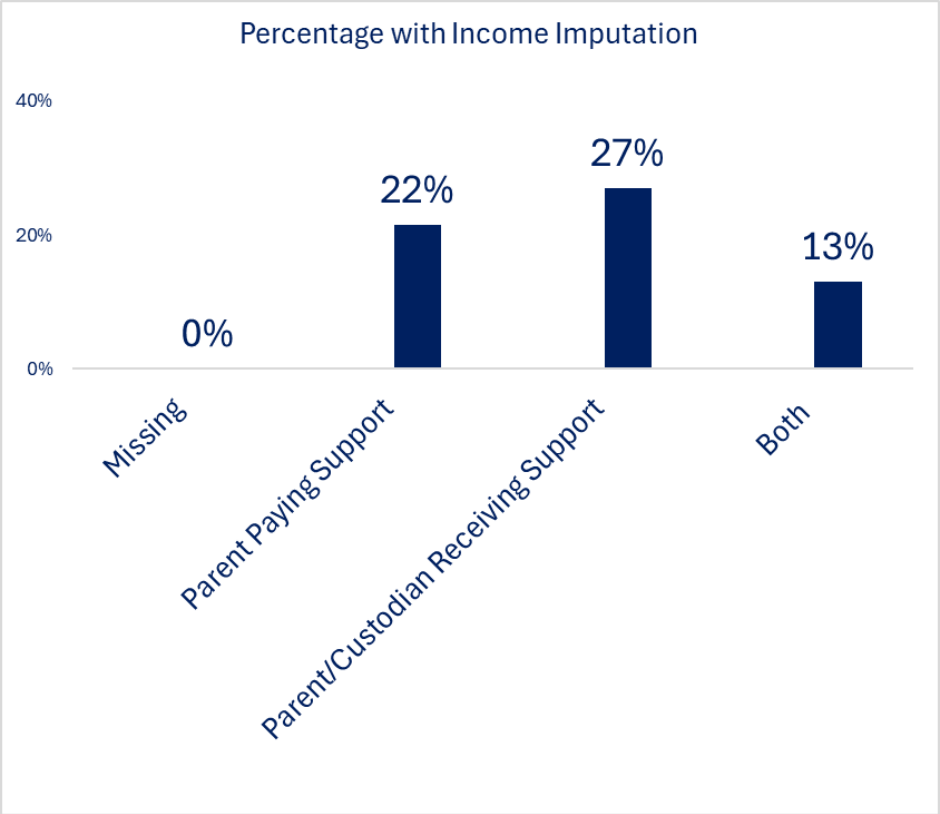
\*This does not equal the average paid across cases divided by the average owed across cases; rather, the ratio is calculated first than averaged. Mathematically, they will be different. It also mathematically differs from the percent of current support paid, which is federal performance measures.

# Income Imputation Provisions

Federal	SD
<p>45 C.F.R. § 302.56(c) The child support guidelines established under <a href="#">paragraph (a)</a> of this section must at a minimum:</p> <p>(1) Provide that the child support order is based on the noncustodial parent's earnings, income, and other evidence of ability to pay that:</p> <p>(ii) If imputation of income is authorized, takes into consideration the specific circumstances of the noncustodial parent (and at the State's discretion, the custodial parent) to the extent known, including such factors as the noncustodial parent's assets, residence, employment and earnings history, job skills, educational attainment, literacy, age, health, criminal record and other employment barriers, and record of seeking work, as well as the local job market, the availability of employers willing to hire the noncustodial parent, prevailing earnings level in the local community, and other relevant background factors in the case.</p> <p>(3) Provide that incarceration may not be treated as voluntary unemployment in establishing or modifying support orders; and</p>	<p><b>25-7-6.26 Effect of failure to furnish financial information--Imputation of income.</b></p> <p>If a parent in a child support establishment or modification proceeding fails to furnish income or other financial information, the parent is in default. Income not actually earned by a parent may be imputed to the parent pursuant to this section. Except in cases of physical or mental disability or incarceration for one hundred eighty days or more, it is presumed for the purpose of determining child support in an establishment or modification proceeding that a parent is capable of being employed a minimum of one thousand eight hundred twenty hours per year at the state minimum wage, absent evidence to the contrary. Evidence to rebut this presumption may be presented by either parent.</p> <p>Income may be imputed to a parent when the parent is unemployed, underemployed, fails to produce sufficient proof of income, has an unknown employment status, or is a full-time or part-time student, whose education or retraining will result, within a reasonable time, in an economic benefit to the child for whom the support obligation is determined, unless the actual income is greater.</p> <p>In all cases where imputed income is appropriate, the amount imputed must be based upon the following:</p> <ol style="list-style-type: none"><li>(1) The parent's residence;</li><li>(2) The parent's recent work and earnings history;</li><li>(3) The parent's occupational, educational, and professional qualifications;</li><li>(4) Existing job opportunities and associated earning levels in the community or the local trade area;</li><li>(5) The parent's age, literacy, health, criminal record, record of seeking work, and other employment barriers;</li><li>(6) The availability of employers willing to hire the parent; and</li><li>(7) Other relevant background factors.</li></ol> <p>Income is not imputed to a parent who is physically or mentally disabled to the extent that the parent cannot earn income; who is incarcerated for more than one hundred eighty days; who has made diligent efforts to find and accept suitable work or to return to customary self-employment, to no avail; or when the court makes a finding that other circumstances exist that make the imputation inequitable, in which case the imputed income may only be decreased to the extent required to remove such inequity.</p> <p>Imputed income may be in addition to actual income and is not required to reflect the same rate of pay as actual income.</p>

# Income Imputation

- Trends Similar to Other States
- 28% among payer-parents with IV-D orders
- Availability of Quarterly Wage Data among IV-D orders
  - Income not imputed to payer: 52% available, Average QW = \$12,119
  - Income imputed to payer: 31% available, Average QW = \$5,900



	Income Imputed to Parent Paying Support	Income Not Imputed to Parent Paying Support	All with Payment Due
% with payment	54%	74%	69%
% with payment in all 12 mos	7%	32%	26%
Average # of mos with payment	5.9	9.3	8.7
Average Owed During Year	\$3,949	\$7,002	\$6,299
Average Paid During Year	\$1,992	\$6,224	\$3,751
Average % Paid*	24.9%	60.3%	52.1%

\*This does not equal the average paid across cases divided by the average owed across cases; rather, the ratio is calculated first than averaged. Mathematically, they will be different. It also mathematically differs from the percent of current support paid, which is federal performance measure.

# Minimum Order (which is part of low-income adjustment)

Order Set at \$79/month  
 FY2019: 1%  
 FY2023: 3%

Orders set at \$1-\$78: 3%  
 Orders set at \$80-\$229: 4.5%

Excerpt from Schedule Showing Minimum Order

Monthly Net Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
0-950	79	79	79	79	79	79
951-1,000	129	129	129	129	129	129
1,001-1,050	179	179	179	179	179	179
1,051-1,100	225	229	229	229	229	229
1,101-1,150	266	279	279	279	279	279

- All are less likely to have QW available (about 33-36% compared to 46%).
- Those set at \$79 or less are more likely to be modifications and consents. Not the circumstance for the \$80-\$229 amounts.

	\$1 - \$78/month (n= 108)	\$79/month (n =103)	\$80- 229/month (n =174)	All with Payment Due in FY2024
% with payment	50%	48%	60%	69%
% with payment in all 12 mos	13%	5%	14%	26%
Average # of mos with payment	6.6	5.5	8.1	8.7
Average Owed During Year	\$429	\$1,002	\$1,871	\$6,299
Average Paid During Year	\$495	\$566	\$1,490	\$3,751
Average % Paid*	74.2%	22.1%	46.8%	52.1%

\*This does not equal the average paid across cases divided by the average owed across cases; rather, the ratio is calculated first than averaged. Mathematically, they will be different. It also mathematically differs from the percent of current support paid, which is federal performance measure.

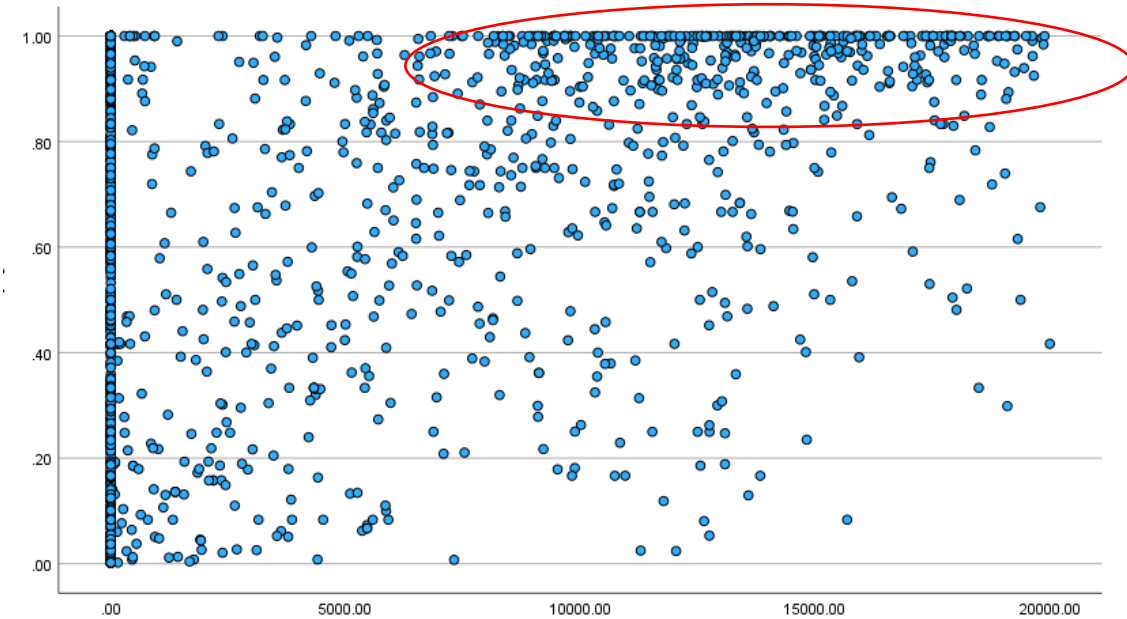
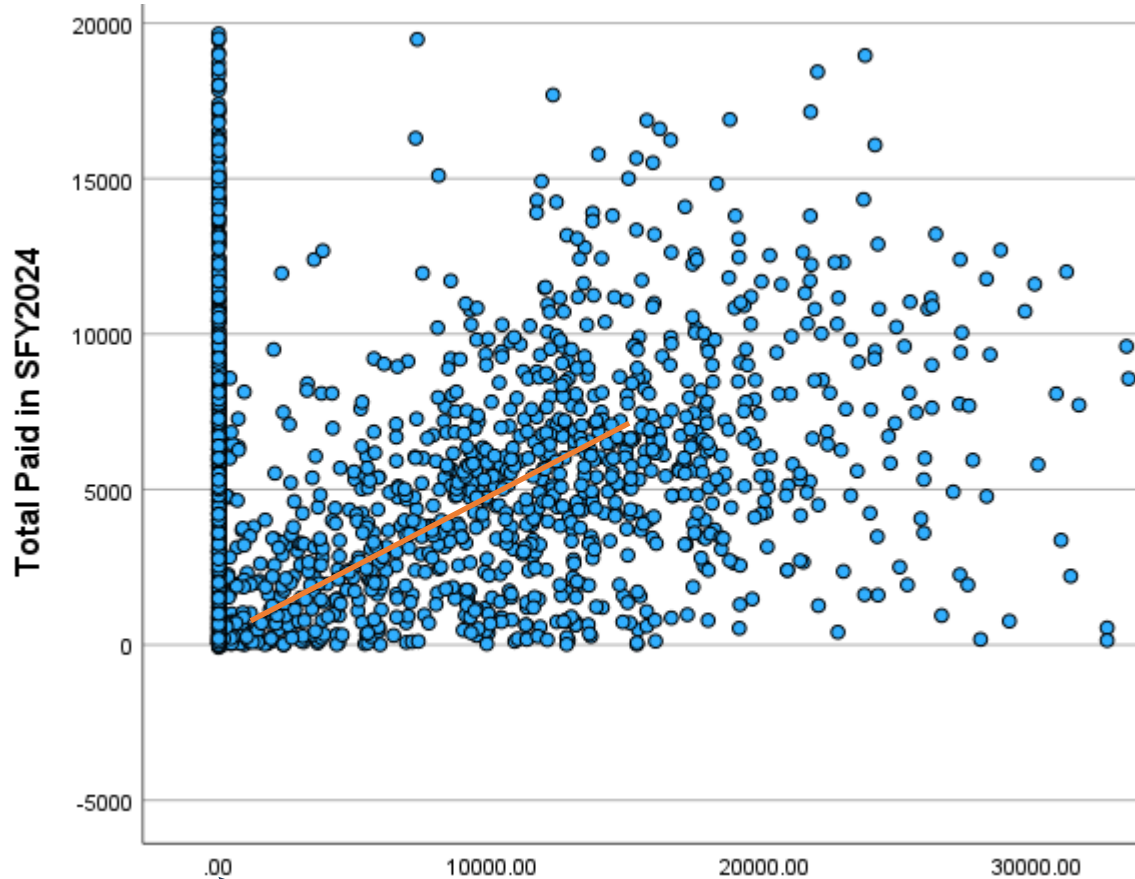


# Quarterly Wage Data (Periodic Matches to IV-D Cases)

46% of IV-D cases have matches to payer parent's Quarterly Wage Data

Those with more income generally pay more

Full compliance more likely at higher income



Quarterly Wage (3 months of wages)

Maybe \$0 income or  
employer doesn't report

# 1,111 Orders (29%) Have Guidelines Worksheets

Select the number of children for this obligation calculation.  children.

**Gross Monthly Income:**

\* Required Field.

Parent 1  
Non-Custodial

\$  \*

Parent 2  
Custodial

\$  \*

**Deductions to Gross Income:** The FIT, Social Security and Medicare deductions will automatically formulate when you click on calculate.

**FIT (Federal Income Tax Withheld)** \$ 0 \$ 0

**Social Security** \$ 0 \$ 0

**Medicare** \$ 0 \$ 0

**Retirement** \$ \$

Other Allowable Deductions See [SDCL25-7-6.7](#)

Comments:  \$  \$

Comments:  \$  \$

**Monthly Net Income** \$ 0 \$ 0

**Combined Monthly Net Income** \$ 0

**% Combined Income** 0% 0%

**Total Support Obligation** \$ 0

**Individual Parent Support Obligation** \$ 0 \$ 0

**Non-Custodial Parent Net Income Only** \$ 0

**Monthly Child Support Obligation** \$ 0

- Worksheets have detailed information about income used for guidelines calculation
- Worksheets are more likely to be available for:
  - TANF (60%); SNAP (46%); Medicaid (38%); Foster Care (64%); IV-D Non-TANF/SNAP/Medicaid (17%)
  - Defaults (62%) and Consents (34%)
- Worksheets not available for Non-IV-D
- Worksheets rarely available for orders set by hearing (3%)
- Orders with Worksheets (see slide 24 for entire extract)
  - TANF (28%)
  - SNAP (25%)
  - Medicaid (28%)
  - Foster Care (8%)
  - IV-D Non-TANF/SNAP/Medicaid (10%)
  - Other (1%)
- Orders with Worksheets (see slide 29 for entire extract)
  - Default (42%)
  - Consent (55%)
  - Hearing (2%)
  - Unknown (1%)

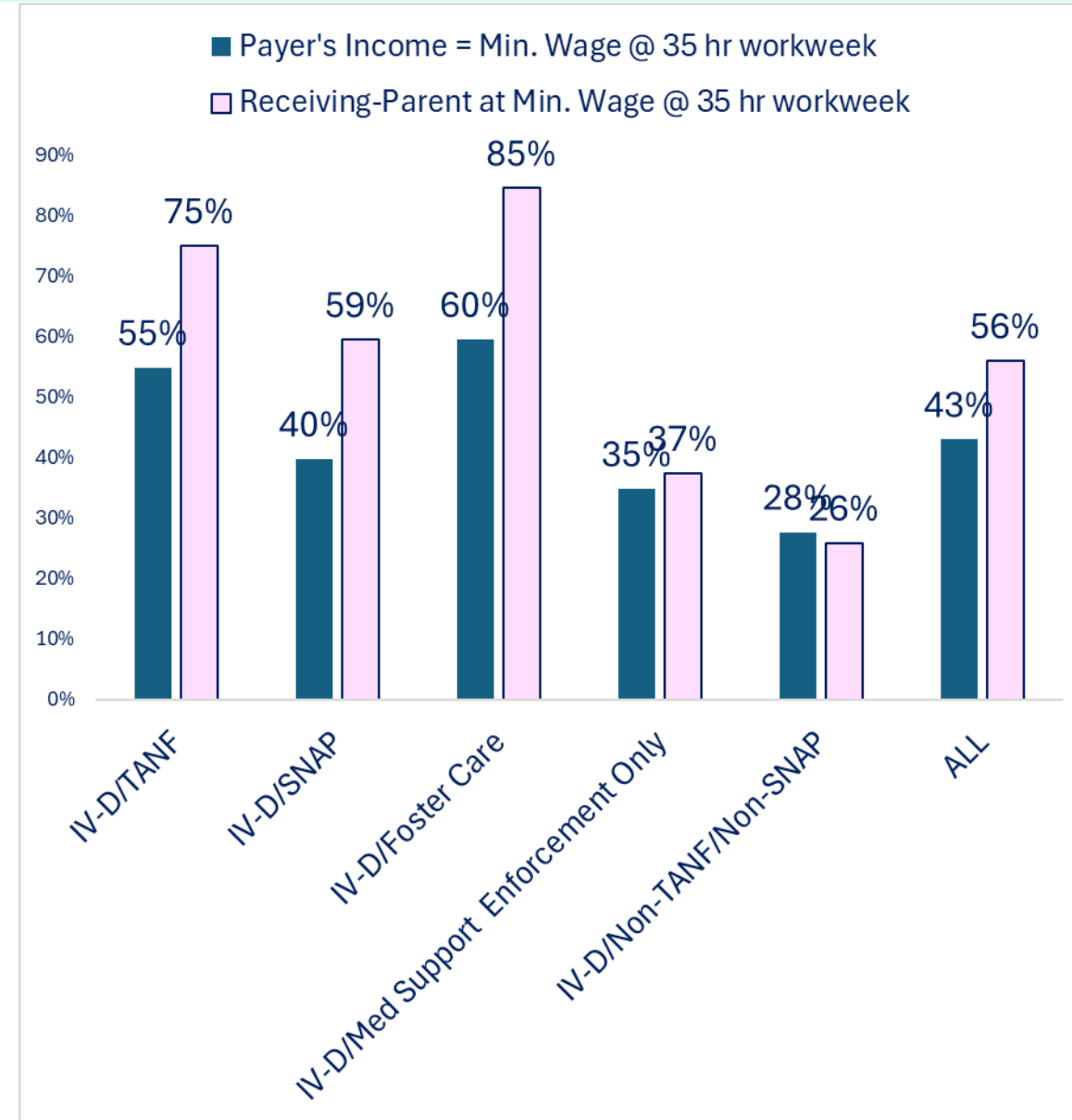
# Minimum Wage Income among 1,111 Guidelines Calculations

SL 25-7-6.4 Rebuttable presumption of employment at minimum wage.

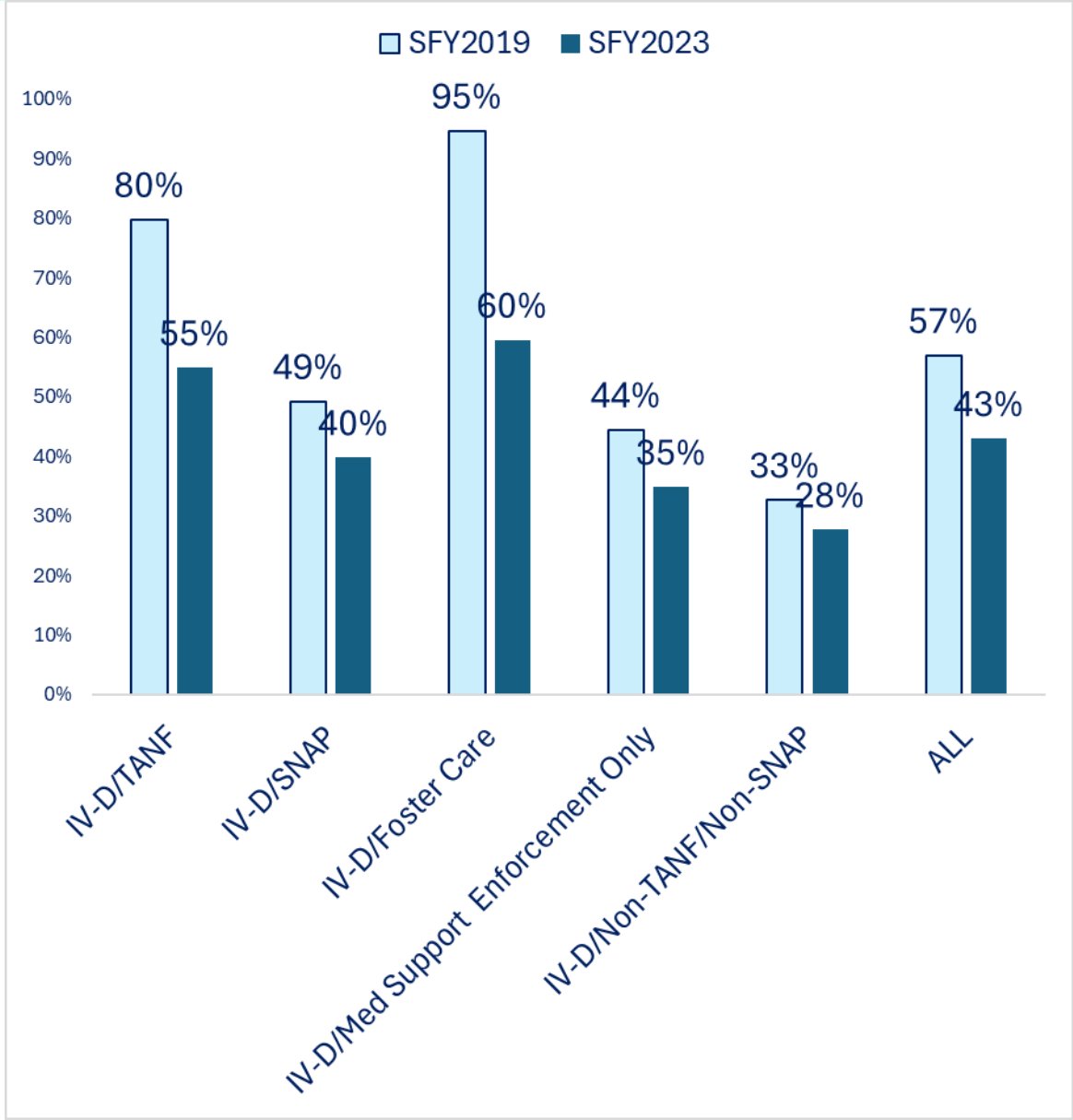
Except as provided in § 25-7-6.26, it is presumed for the purposes of determination of child support that a parent is **capable of being employed a minimum of one thousand eight hundred twenty hours per year**, and the parent's child support obligation must be calculated at a rate not less than one thousand eight hundred twenty hours at the state **minimum wage**.

Monthly Income from 1,820 hours at State Minimum Wage

- 2022: \$1,508 (gross) \$1,350 (net)
- 2023: \$1,638 (gross) \$1,464 (net)



# Minimum Wage Imputation Has Decreased for Payer-Parents



This suggests that there is more use of the provisions in § 25-7-6.26.

25-7-6.26 Effect of failure to furnish financial information--Imputation of income.

If a parent in a child support establishment or modification proceeding fails to furnish income or other financial information, the parent is in default. Income not actually earned by a parent may be imputed to the parent pursuant to this section. Except in cases of physical or mental disability or incarceration for one hundred eighty days or more, it is presumed for the purpose of determining child support in an establishment or modification proceeding that a parent is capable of being employed a minimum of one thousand eight hundred twenty hours per year at the state minimum wage, absent evidence to the contrary. Evidence to rebut this presumption may be presented by either parent.

Income may be imputed to a parent when the parent is unemployed, underemployed, fails to produce sufficient proof of income, has an unknown employment status, or is a full-time or part-time student, whose education or retraining will result, within a reasonable time, in an economic benefit to the child for whom the support obligation is determined, unless the actual income is greater.

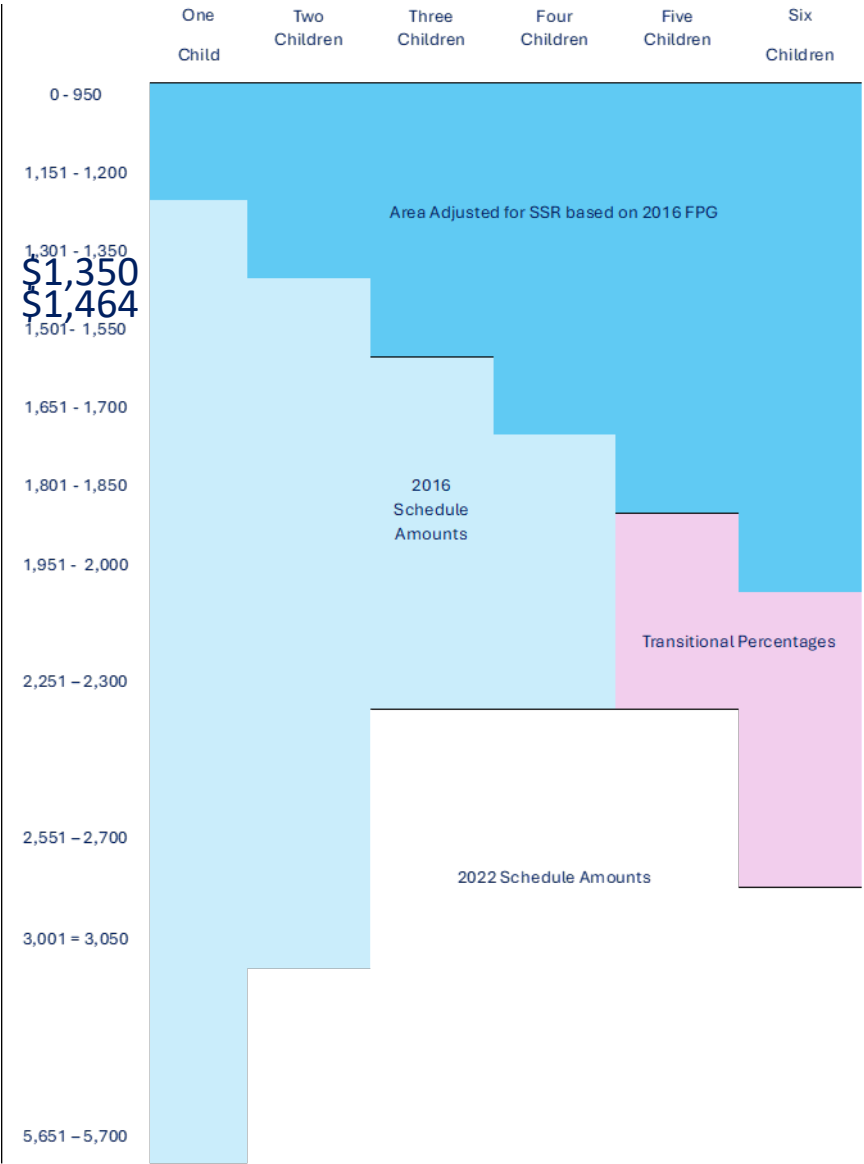
In all cases where imputed income is appropriate, the amount imputed must be based upon the following:

- (1) The parent's residence;
- (2) The parent's recent work and earnings history;
- (3) The parent's occupational, educational, and professional qualifications;
- (4) Existing job opportunities and associated earning levels in the community or the local trade area;
- (5) The parent's age, literacy, health, criminal record, record of seeking work, and other employment barriers;
- (6) The availability of employers willing to hire the parent; and
- (7) Other relevant background factors.

Income is not imputed to a parent who is physically or mentally disabled to the extent that the parent cannot earn income; who is incarcerated for more than one hundred eighty days; who has made diligent efforts to find and accept suitable work or to return to customary self-employment, to no avail; or when the court makes a finding that other circumstances exist that make the imputation inequitable, in which case the imputed income may only be decreased to the extent required to remove such inequity. Imputed income may be in addition to actual income and is not required to reflect the same rate of pay as actual income.

# Where Are the Guidelines Calculations Landing on Schedule Based on Number of Children and Worksheet Income?

Net income  
from 2022 &  
2023 Min.  
Wage



## Area Adjusted for SSR (10%)

- Monthly Net Income of Payer-Parent: \$1,034 average; \$1,166 median
- 4% one child; 6% two children; and <1% three children
- Monthly order amount = \$318 average; \$419 median
- Annual owed: \$3,266 average; \$3,192 median
- % with Payment: 62.7%
- When paid: \$1,748 average; \$753 median
- Average compliance rate = 29.0%

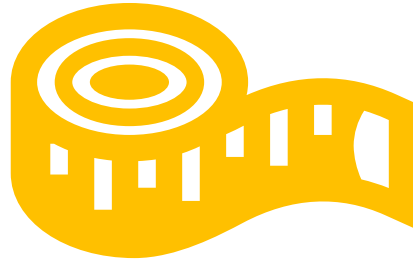
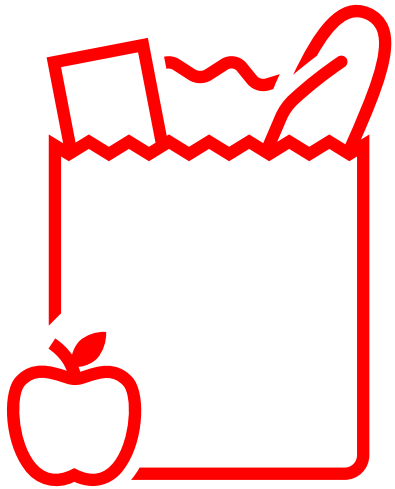
## 2016 Spliced Amount (64%)

- Monthly Net Income of Payer-Parent: \$1,845 average; \$1,464 median
- 61% one child; 3% two children; and no 3+ children
- Monthly order amount = \$409 average; \$362 median
- Annual owed: \$4,470 average; \$4,225 median
- % with Payment: 68.3%
- When paid: \$3,101 average; \$2,677 median
- Average compliance rate = 41.4%

## Transitional: 0%

## 2022 Schedule Amounts (26%)

- Monthly Net Income of Payer-Parent: \$3,141 average; \$2,927 median
- 8% one child; 11% two children; 4% three children; and 3% have 4+ children
- Monthly order amount = \$711 average; \$666 median
- Annual owed: \$7,589 average; \$7,476 median
- % with Payment: 83.8%
- When paid: \$5,860 average; \$5,700 median
- Average compliance rate = 59.4%



Whether to  
Change the Low-  
Income  
Adjustment

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# The Low-Income Adjustment in the Schedule Fulfills 45 C.F.R § 302.56 (c)(1)(ii)

## 45 C.F.R § 302.56 (c)(1)(ii)

(c) The child support guidelines established under paragraph (a) of this section must at a minimum:

(1) Provide that the child support order is based on the noncustodial parent's earnings, income, and other evidence of ability to pay that:

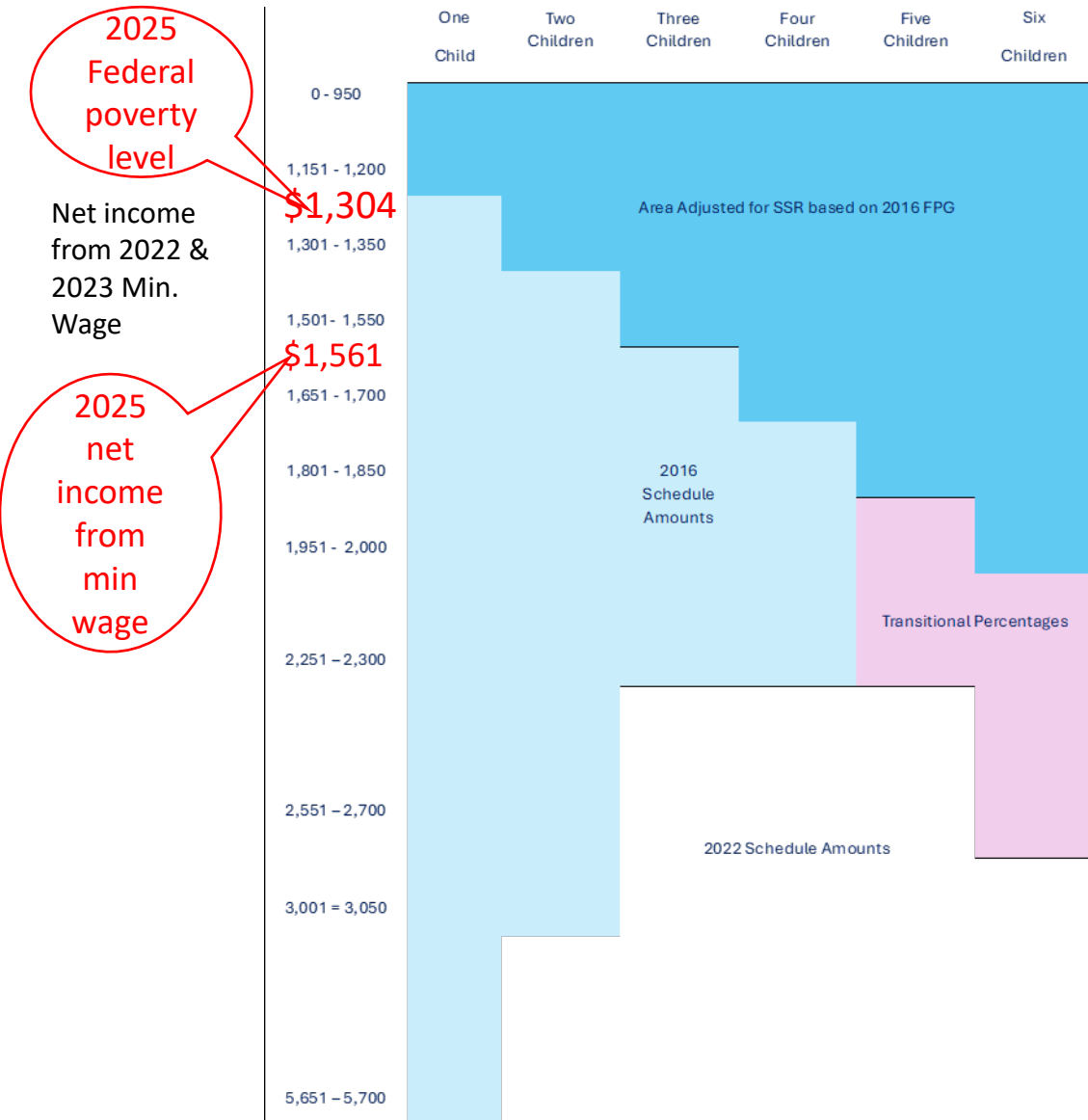
(i) Takes into consideration all earnings and income of the noncustodial parent (and at the State's discretion, the custodial parent);

(ii) Takes into consideration the basic subsistence needs of the noncustodial parent (and at the State's discretion, the custodial parent and children) who has a limited ability to pay by incorporating a low-income adjustment, such as a self- support reserve or some other method determined by the State; and

(iii) If imputation of income is authorized, takes into consideration the specific circumstances of the noncustodial parent (and at the State's discretion, the custodial parent) to the extent known, including such factors as the noncustodial parent's assets, residence, employment and earnings history, job skills, educational attainment, literacy, age, health, criminal record and other employment barriers, and record of seeking work, as well as the local job market, the availability of employers willing to hire the noncustodial parent, prevailing earnings level in the local community, and other relevant background factors in the case.



# Whether to Change the Low-Income Adjustment



What type of low-income adjustment and the parameters of the low income adjustment are policy decisions.

- Most common approach is to set a self-support reserve (SSR)
  - Most states relate their SSR to poverty level
  - E.g., SSR = \$1,304 (2025 federal poverty level) and Net income = \$1,561
    - Order can never be more than  $\$1,561 - \$1,304 = \$257/\text{month}$
    - Current order under SD guidelines = \$385 for 1 child
    - Current SD SSR: \$871/month
      - 2025 Fair Market Rent for Efficiency in Yankton County: \$598
      - Thrifty Food Budget for Male Adult (April 2025): \$309.50



# ME Incorporates a Percentage in Its Income Shares Schedule

Schedule of Basic Support Obligation						
Parents' Combined Annual Gross Income	Number of Children					
	1	2	3	4	5	6
	Self-Support Reserve (shaded area)					
	10% when below \$16,800					
16800	24	12	8	6	5	4
17400	32	16	11	8	7	6
18000	40	20	14	10	8	7
18600	48	24	16	12	10	8
19200	56	28	19	15	12	10
19800	64	32	22	17	13	11
20400	72	36	25	19	15	13
21000	78	40	27	21	17	14
21600	80	44	30	23	18	15
22200	82	48	33	25	20	17
22800	84	53	35	27	22	18
23400	86	57	38	29	23	20
24000	88	60	41	31	25	21
24600	90	64	43	33	27	22
25200	92	68	46	35	28	24
25800	94	71	49	37	30	25
26400	96	73	51	39	31	26
27000	98	74	54	41	33	28
27600	99	76	57	43	35	29
28200	101	77	59	45	36	31
28800	103	79	62	47	38	32
29400	105	80	64	49	40	33
30000	107	82	66	51	41	35
30600	109	83	67	53	43	36
31200	111	84	68	55	44	37

- Maine's schedule format is unusual
  - Annual combined income (SD and most states) are monthly)
  - Obligations are weekly amounts (SD and most states monthly)
  - Amounts are per child so must be multiplied by number of children
- First income row is 10% of income
  - Advantages are \$0 income is \$0 order and sliding scale
  - Disadvantage: slow transition to schedule amounts particularly for more children where the economic evidence finds that families devote about 50% of their income to child-rearing; that is, transition from 10% to 50%.

# UT and GA (eff. 2026) Have Separate Low-Income Tables

- GA (eff. Jan 1, 2026) has a percentage for its lowest income.
- The advantage is \$0 order when \$0 income.
- GA made a policy decision to start at \$1,500. Could be started at lower income.

*Exhibit 6: Low-Income Table Option 1500.C*

Obligor's Adjusted Gross Income	1 Child	2 Children	3 Children
Below \$1,500	19% of income	24% of income	25% of income
1550	295	372	388
1600	304	389	408
1650	314	405	429
1700	323	422	450
1750	333	439	471
1800	342	456	492
1850	352	472	513
1900	361	489	534
1950	371	506	555
2000	381	522	576
2050	390	539	597
2100	400	556	618
2150	409	573	639
2200	419	589	660
2250	428	606	681
2300	438	623	702
2350	448	639	723
2400	457	656	744
2450	467	673	765
2500		690	786
2550		706	807
2600		723	828
2650		740	848
2700		756	869
2750		773	890
2800		790	911
2850		807	932
2900		823	953
2950		840	974
3000			995
3050			1016
3100			1037
3150			1058
3200			1079
3250			1100
3300			1121
3350			1142
3400			

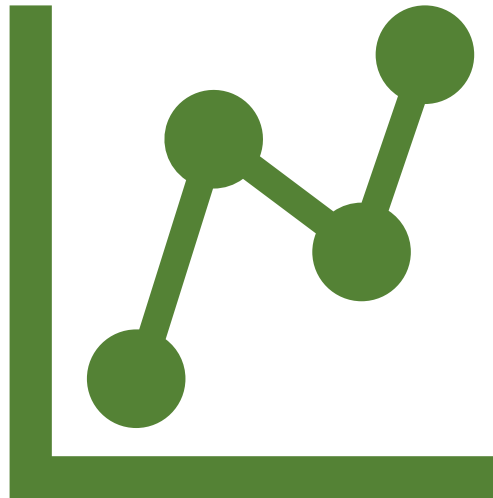
- Utah has a minimum order of \$30 for its lowest income amount
- Whether to have a minimum order is a policy decision
- The amount of the minimum order is also a policy decision. Federal regulation prohibits high minimum orders, and requires orders be based on evidence of income and ability to pay.

## 81-6-305 Low income table -- Obligor parent only -- Child support orders entered on or after January 1, 2023.

The following table is used to:

- (1) establish a child support order entered for the first time on or after January 1, 2023;
- (2) modify a child support order entered for the first time on or after January 1, 2023;
- (3) modify a temporary judicial child support order established on or before December 31, 2022, if the new order is entered on or after January 1, 2023; or
- (4) modify a final child support order entered on or before December 31, 2022, if the modification is made on or after January 1, 2025.

Individual Monthly Adjusted Gross Income		Number of Children					
		1	2	3	4	5	6
From	To						
0 -	50	30	30	30	30	30	30
51 -	100	30	40	50	50	50	50
101 -	150	30	50	75	75	75	75



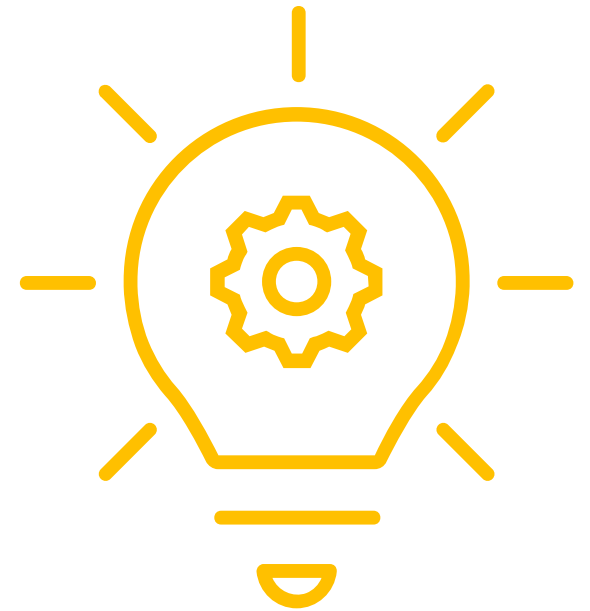
## Next Steps and Questions

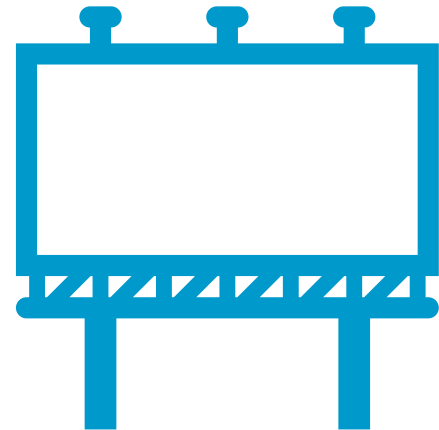
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# Next Steps and Questions

## Commission and DSS

- Questions/Concerns?
- Decisions that May Require CPR Technical Assistance:
  - Schedule Update?
    - If yes, what does Commission want to consider?
  - Changes in low-income adjustment?
    - If yes, what does Commission want to consider?
  - Other?

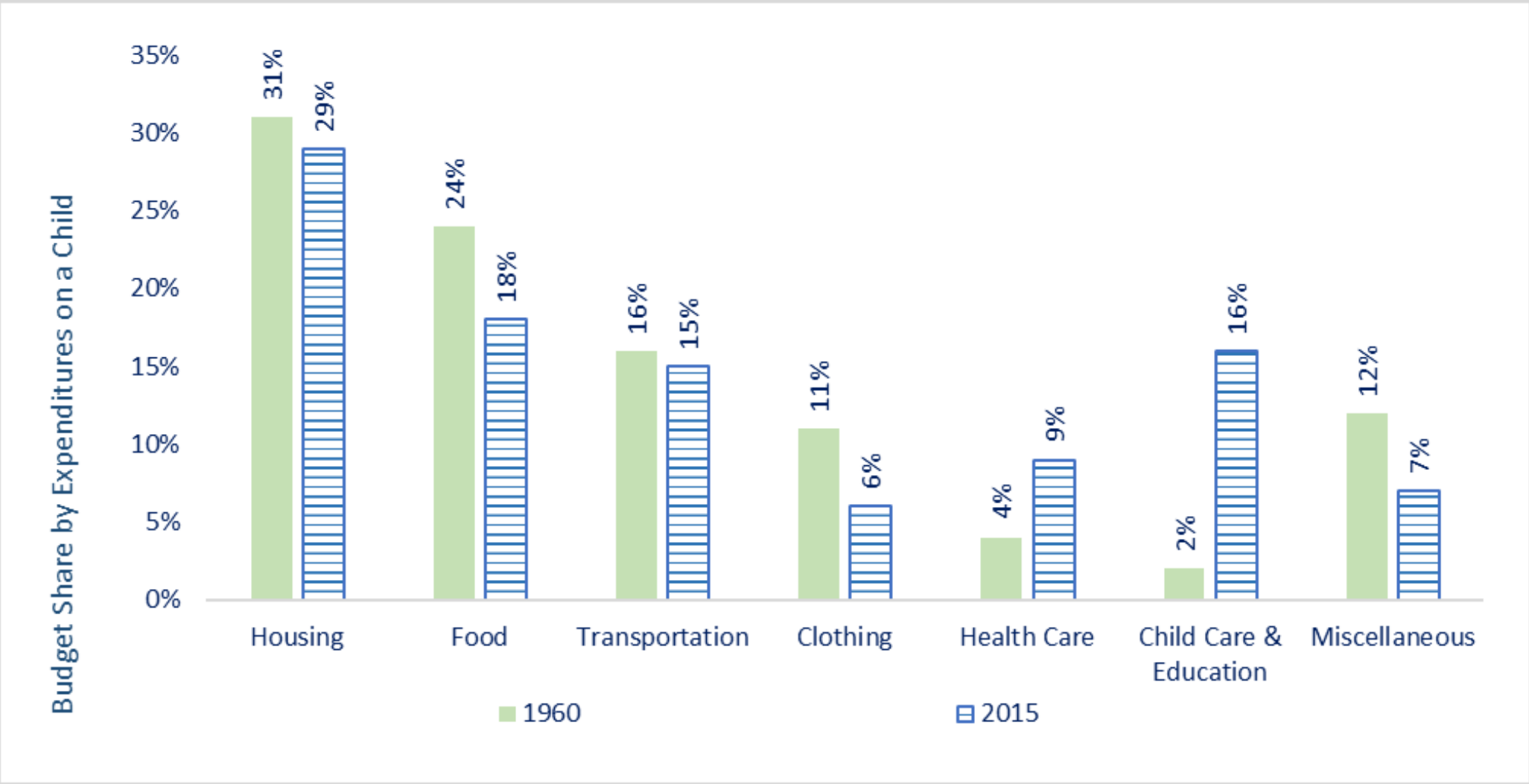




Optional Slides  
(including some  
from April  
presentation) and  
Additional  
Resources

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# Housing, Food, and Transportation Consume The Largest Budget Share of Expenditures on Children (new)



Data Sources: USDA

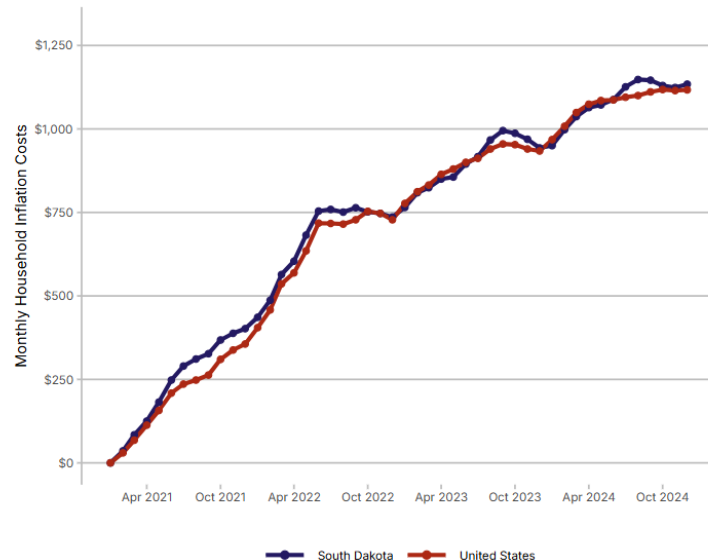
# US Congress Joint Economic Committee: SD Inflation Update (Dec. 2024)

Committee *estimates* a 20.7% increase in prices from Jan. 2021 – Dec. 2024.

Updates in this presentation: 15.8% increase in prices from Jul 2021 to Mar 2024 using North Central Midwest Consumer Price Index

## South Dakota Monthly Household Inflation Costs

Calculations Relative to January 2021

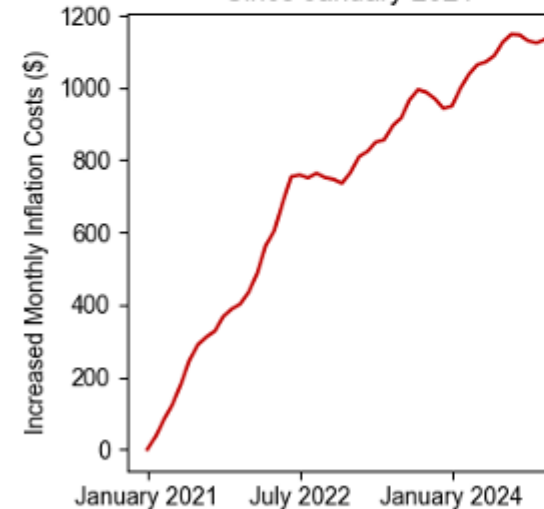


## Summary

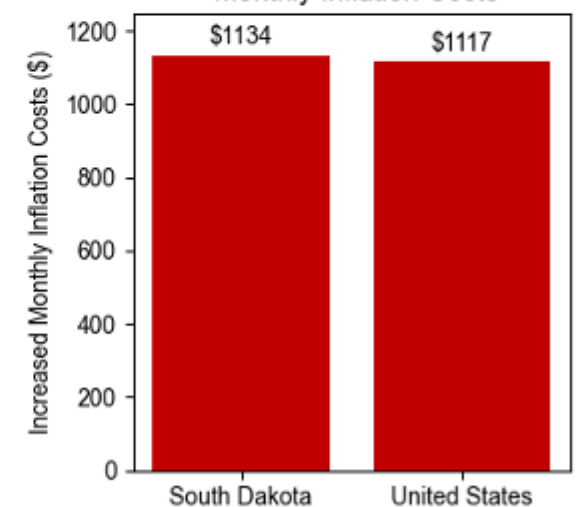
Using the **December 2024** [Consumer Price Index](#) data release by the Bureau of Labor Statistics, the Joint Economic Committee (JEC) [State Inflation Tracker](#) estimates that the average household in **South Dakota** is paying **\$1,134** more per month to purchase the same basket of goods and services as in January 2021.

Cumulatively, the average **South Dakota** household has spent **\$34,589** more due to inflation since January 2021.

## Increased Monthly Inflation Costs Since January 2021



## South Dakota ranks 22nd for Increased Monthly Inflation Costs



## Breakdown

The Census Division where **South Dakota** is located has seen cumulative inflation of **20.7**

# Existing South Dakota Schedule Is Based on Economic Data on the Cost of Raising Children (slide is from March presentation)

- The schedule is based on
  - economic data on how much families at that income spend on children in 2021; and
  - A low-income adjustment (emboldened amounts) that meets a federal requirement
- The quadrennial review is an opportunity to review the schedule
  - for more current economic data (e.g., recent inflation) and;
  - Whether underlying assumptions are still appropriate for SD children and families for the next 4 years; and
  - The low-income adjustment

Monthly Net Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Childre
0-950	79	79	79	79	79	79
951-1,000	129	129	129	129	129	129
1,001-1,050	179	179	179	179	179	179
1,051-1,100	225	229	229	229	229	229
1,101-1,150	266	279	279	279	279	279
1,151-1,200	308	329	329	329	329	329
1,201-1,250	320	379	379	379	379	379
1,251-1,300	333	429	429	429	429	429
1,301-1,350	345	479	479	479	479	479
1,351-1,400	357	523	529	529	529	529
1,401-1,450	370	541	579	579	579	579
1,451-1,500	382	559	629	629	629	629
1,501-1,550	395	577	679	679	679	679
1,551-1,600	407	595	706	729	729	729
1,601-1,650	419	613	727	779	779	779
1,651-1,700	431	629	747	829	829	829



# Assumptions and Data Underlying Existing Schedule & What Could Be Updated (slide from April presentation)

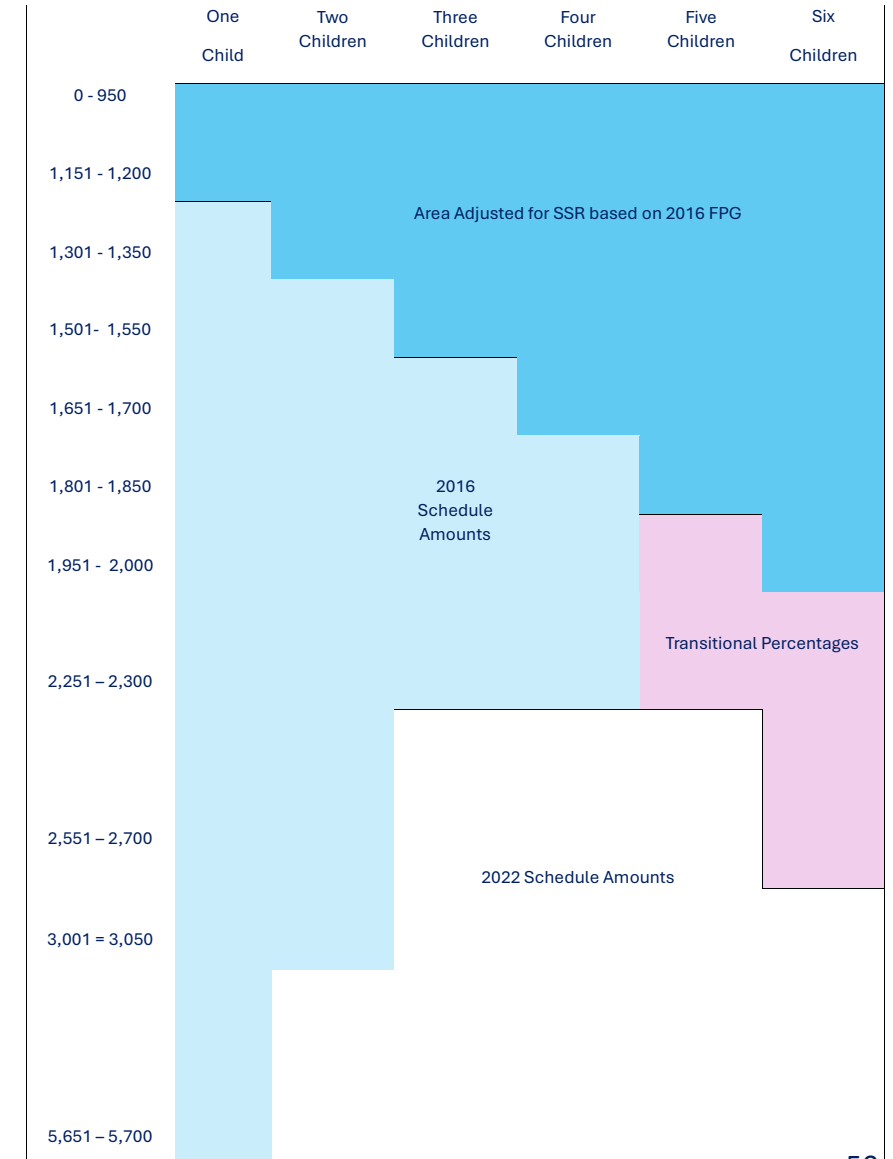
	Basis of Existing Schedule	Updated Schedules	Alternatives and Notes
1. Guidelines model	Income Shares	Income Shares	<ul style="list-style-type: none"> <li>41 states rely on income shares</li> <li>3 states (DE, HI, &amp; MT): Melson formula, 7 states (including ND) use % of obligor income</li> <li>Other guidelines model</li> </ul>
2. Price levels	July 2021	March 2025	17.141% increase in prices
3. Measurement of child-rearing expenditures	5 <sup>th</sup> Betson study using the Rothbarth methodology (BR5) to separate child-rearing expenditures from total expenditures from the 2013-2019 Consumer Expenditure (CE) Survey	No change	<p>No study using more recent expenditure data, 2021 FI study w/ same data years</p> <p>All states updating their schedules rely on BR5, 18 states based on BR5</p>
4. Adjustments for state cost of living	Income realignment using 2019 Census data: Median Income 2019: \$100,115 (US); \$91,544 (SD)	2023 Census Data shows larger middle class in SD	<ul style="list-style-type: none"> <li>Could also adjust for SD Price parity = 87.8 (2020); 88.1 (2023)</li> <li>No adjustment</li> </ul>
5. Spending more/less of after-tax Income	Use actual ratios with cap	Same	Most alternative assumptions increase schedule amounts
6. Most highly variable child-rearing expenses excluded from schedule	Excluded childcare expenses and medical expenses up to the first \$250 per child per year in medical expenses excluded using 2017 medical expenditures data	Same assumption except 2022 medical expenditures data	Various options
7. Low-income adjustment & minimum order	Incorporates a self-support reserve of \$871/mo (2016 federal poverty for 1 person multiplied by 2014 SD price parity) and a minimum order of \$79/mo for \$0-\$950 net combined and splice	2025 federal poverty guidelines for 1 person = \$1,304/mo	Various options to be explored later
8. Extend to higher incomes	Economic data reliable till about \$26,000 net, amounts are extrapolated from \$26,000 to \$30,000	Economic data reliable till about \$28,200	Can extend to higher incomes

# #Splice Pre-2022 Low-Income Adjustment (slide from April presentation)

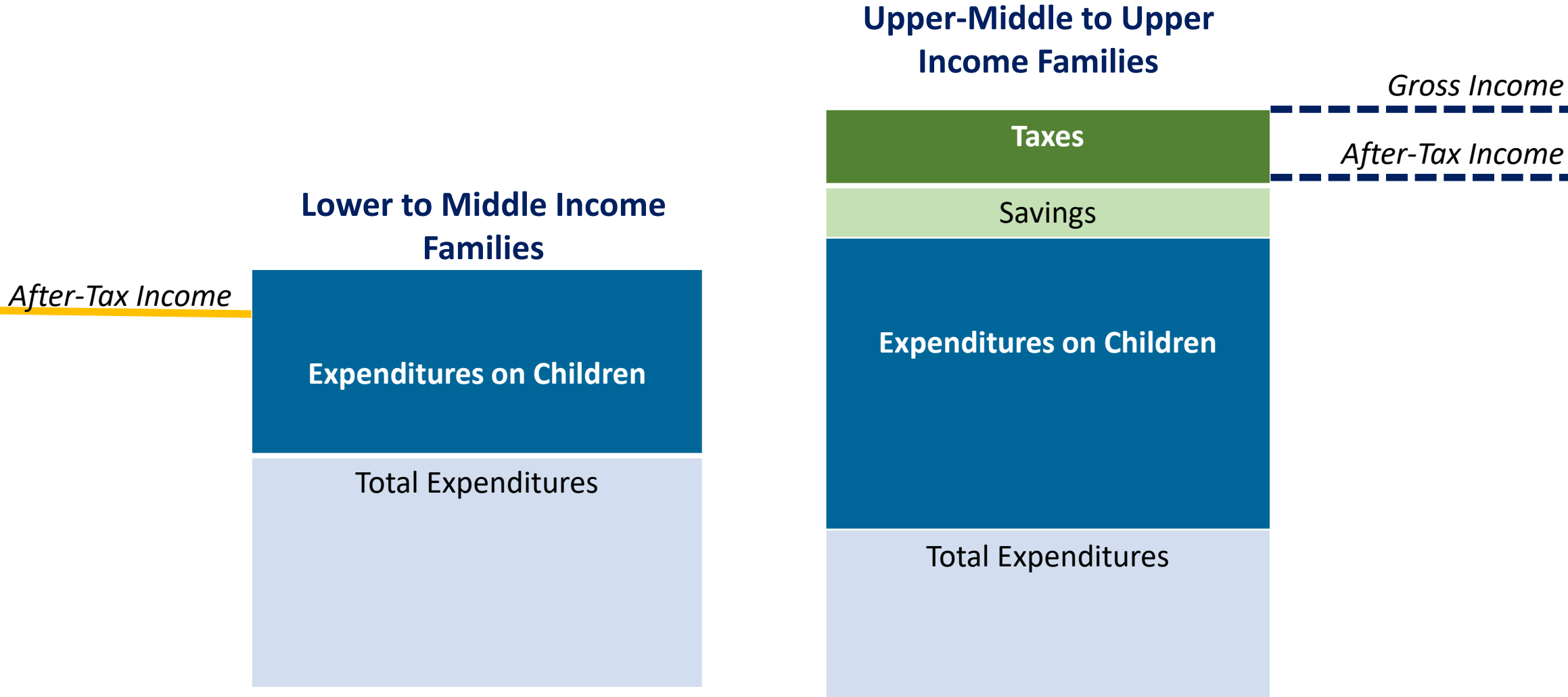
Premise of Splice: No decreases due to unprecedented inflation

Consequences:

- Low-Income adjustment was unchanged from 2016 amounts (dark blue)
- Some higher low-incomes to mid-incomes were retained at 2016 levels (light blue)
- Some transitional amounts were to ease between 2016 and 2022 proposed amounts (purple)



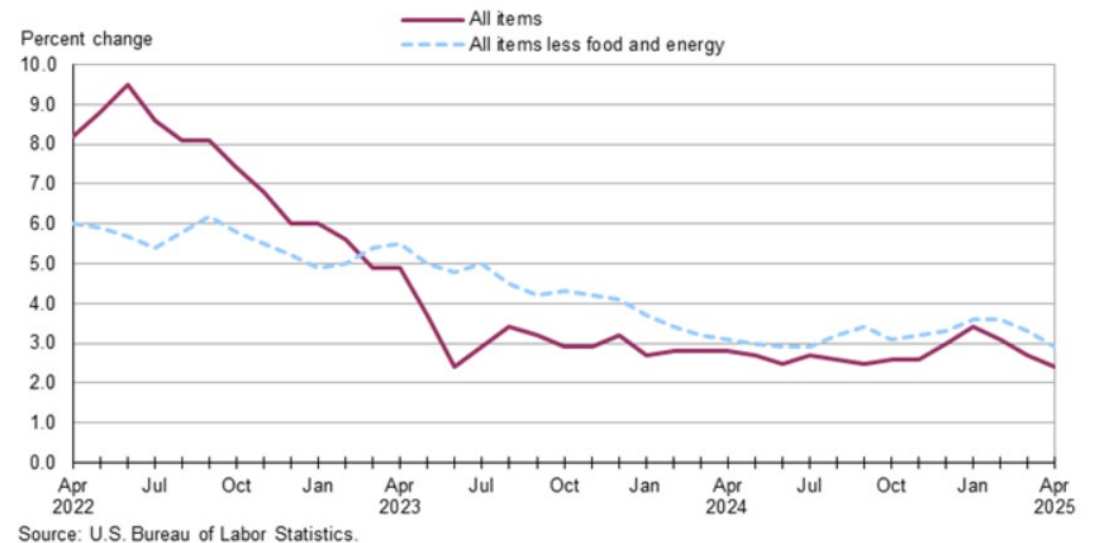
# #5: Average Expenditures to After-Tax Income Ratios (slide from April presentation)



# Changes in Income and Prices (first draft of May slide)

- Average number of SD workers (covered employment)
  - 2021: 430,812 workers; average annual pay = \$51,254
  - 2023/Dec. 2024\*: 444,400 workers; average annual pay = \$56,167 ( 9.6% increase, \$4,913 gross per yr increase)
- Change in SD Minimum wage:
  - 2021: \$9.45 per hour
  - 2022:\$9.95 per hour
  - 2025: \$11.50 per hour (if 40-hour workweek→ \$4,264 gross per yr increase; 1,820 hours per yr→ \$3,731 gross per yr increase)
- Change in Prices from July 2021 to March 2025
- (West North Central Midwest Region)
  - All items: 15.8%
  - Food: 21.7%
  - Housing: 19.7%
  - Transportation: 8.2%

Chart 1. Over-the-year percent change in CPI-U, Midwest region, April 2022–April 2025



Data Sources: South Dakota Labor Market Information Center, South Dakota Department of Labor and Regulation, U.S. Bureau of Labor Statistics, U.S. Department of Labor, U.S. Census Bureau. There are 12 Midwest states. West North Central includes IA, KS, MN, MO, NE, ND and SD.

\* Occupational 2023 Employment and Wage Rate for Statewide South Dakota Was Updated by SD Using the SD Employer Cost Index through December 2024.

# SNAP Cooperation Requirements

2024 USDA Report: <https://fns-prod.azureedge.us/sites/default/files/resource-files/ops-snap-child-support-enforcement-vol1main-report.pdf>

- 9 states with cooperation requirements (AR, FL, ID, KS, KY, NE, MI-stopped Fall 2024, MS, SD)

2019 American Enterprise Institute

<https://www.aei.org/economics/child-support-cooperation-requirements-are-a-welcome-addition-to-snap/>

- 2019 USDA Memo encouraging cooperation requirements (link is broken)

Various USDA reports comparing State SNAP options

[snap-16th-state-options-report-june24.pdf](#)