

The Story Behind the Numbers

Impact of Modification Thresholds on Review and Adjustment of Child Support Orders

Most States' child support guidelines contain quantitative thresholds that must be met before the order can be modified. These thresholds are defined as a percentage and/or dollar change in the current child support obligation. For example, guidelines may provide that an order cannot be modified unless the new financial circumstances result in at least a 15% change in the order amount, either upward or downward.

The use of thresholds:

- ✓ sets the parameters for when modification actions are appropriate;
- ✓ helps manage the expectations of the parties about when a change in circumstances might warrant a modification to the support order;
- ✓ ensures stability in order levels when the parties' circumstances have not changed substantially;
- ✓ limits the number of modification actions the child support agency or private parties pursue; and
- ✓ allows the child support agency to manage its resources more efficiently.

This brief explores the impact of modification thresholds. Information was obtained by reviewing reports and data relevant to review and adjustment and by conducting interviews with nine States: Alaska, Colorado, Iowa, South Dakota, Maine, Montana, New York, Vermont, and Washington.¹ This study was conducted before passage of the Deficit Reduction Act of 2005,² which reinstates the requirement that States, beginning in October 2007, review all Temporary Assistance for Needy Families (TANF) cases with support orders at least once every three years.

FEDERAL REQUIREMENTS AND MODIFICATION THRESHOLDS

Federal regulation requires that at least once every three years States must notify parties in IV-D cases of their right to request a review.³ In addition, States must have procedures allowing a party to request a review outside the three-year cycle, if the requesting party demonstrates a

substantial change in circumstances (e.g., change in income).

The review is to be an objective evaluation of information necessary for application of the State's guidelines. The State may use a "reasonable quantitative standard," or threshold, as a basis for determining whether a variance between the current order amount and amount resulting from application of the guidelines—based on current information—is adequate grounds for petitioning for adjustment of the order.

In addition to guidelines-based reviews, Federal law and regulation allow States to apply a cost of living adjustment (COLA), as determined by the State, or use automated methods including income information from automated sources to identify orders eligible for review, conduct the review, and apply the appropriate adjustment.⁴

STATE MODIFICATION THRESHOLDS

Nationally, almost all States report having a quantitative modification threshold.⁵

- ✓ thirty-six States set a percentage threshold;
- ✓ fifteen States provide both a percentage- and dollar-based threshold; and
- ✓ two States have only a dollar-based threshold.

A few States apply a higher threshold if the review is requested outside the state-determined cycle. Most of the percentage-based thresholds are evenly divided among a 10%, 15%, and 20% change in the support amount to be paid, although four States set a threshold of 25%. Dollar thresholds range from \$10 to \$100 per month, but most dollar-based thresholds are either \$25 or \$50 per month. Most thresholds pertain to the order amount, but a few States also have thresholds that apply to changes in a party's income.

