

Things You Should Know About the 2017 Michigan Child Support Formula

The Michigan Friend of the Court (FOC) Act (Public Act 294 of 1982) requires the State Court Administrative Office (SCAO) to develop “a formula to be used as a guideline in establishing and modifying a child support amount.” The SCAO developed its first formula in 1987. The most recent update takes effect January 1, 2017. Here are some things you should know about the formula. *Any language appearing in italics below represents a major addition or change in the 2017 formula.*

- **Two terms changed.** “*Extraordinary medical*” is now “*additional medical*,” and “*Third-party custodian*” is “*non-parent-custodian*.”
- **Pro-rata share** is a parent’s percentage of an expense and is determined by dividing that parent’s income by the parents’ combined family income.
- **Children-in-common** are the children, under age 18, that the parents in the case have in common. The formula calculates support for all of the children to ensure support is available for each child while under age 18. A child over 18 may remain a part of the case if the child continues to reside with the support recipient full time, attends high school full time, and is eligible to graduate before age 19½.
- **Additional children** are a parent’s biological or adopted children with someone other than the other parent in the case when the children reside with the parent or the parent pays support for the children through a court order. Step-children are not included. The process for considering additional children ensures support is provided for children when there are multiple cases.
- A **parenting time offset (PTO)** eliminates “parenting time abatements” and “shared economic responsibility” in orders entered after October 1, 2008. A PTO allows the monthly “base support” amount to consider the time the children spend with each parent and to adjust support to reflect the shift in costs or the savings associated with the children’s overnights. Base support is the normal day-to-day costs for raising children, such as food, clothing, and shelter. While a PTO generally doesn’t apply if the children reside with a *non-parent-custodian*, the formula permits a deviation from the calculated amount if the children residing with a *nonparent-custodian* spend a significant number of overnights with the support payer that causes significant savings in the *non-parent-custodian*’s expenses.
- An **Annual Ordinary Medical (AOM)** amount is included in every support order entered after October 1, 2004. An AOM is the amount anticipated to be spent on a child for uninsured medical during a calendar year and each parent is responsible for their pro-rata share. The support payer’s portion is added to the base support amount. The support recipient’s portion is covered by the payment of uninsured medical expenses as they occur, since he/she must pay all uninsured expenses that do not exceed the AOM amount. Once the support recipient has paid the full amount of the AOM, the support recipient may request reimbursement of qualified uninsured medical expenses through the Friend of the Court procedure. *The 2017 formula increased AOM to \$403 for one child, \$807 for two, \$1,210 for three, \$1,614 for four and \$2,017 for five or more children.* AOM set in orders entered before January 1, 2017 will apply until modified.
- **Additional medical expenses** consist of uninsured medical expenses that exceed the AOM amount. Additional expenses cannot be enforced by the FOC until the support recipient presents receipts showing he/she has spent the annual amount on AOM. A support recipient’s qualifying medical expenses include those paid with monies from a health savings account or flexible benefit account, provided that account is funded, in whole or in part, with monies reported as that individual’s income. All additional medical expenses, including those incurred by the payer, must be shared between the parents according to their pro-rata share.
- **Health care premiums** are prorated based on the full cost of health care. *Beginning in 2017, this will include health care premium coverage provided by step-parents for the children in the case in consideration.* The formula determines each parent’s monthly premium attributable to the children by dividing the premium by the number of individuals covered (including the parent) and multiplying that number by the number of children in the case. That amount is then attributable to each party based on their pro-rata share. An addition to base support is made when the payer must pay more to cover the payer’s pro rata share of the premiums. A subtraction from base support is made when the payer is entitled to an offset so the support recipient pays his/her pro rata share of the premiums. *The formula also gives a deduction for the portion of health care premiums that covers the parent as part of the mandatory provisions of the Affordable Health Care Act. The 2017 formula also increases the **reasonable cost for providing health care coverage** for the children from 5% to 6% of the providing parent’s gross income. Finally, the Court will no longer routinely require both parents to maintain coverage. The 2017 formula contains a process to determine which parent should maintain health care coverage.*
- **Income calculations** have been modified so that employer contributions to a retirement account; health savings account (HSA); and employer reimbursements for tuition, educational costs, and uniforms are not income. While a mandatory employer contribution towards retirement is an appropriate deduction from income, *if an employee contributes more than the employer requires, that additional voluntary amount is income. For example, if the employer requires a minimum contribution of 2.5%, but the employee contributes 5%, then the excess of the mandatory amount, 2.5%, is included as part of the parent’s income.*
- **Childcare** charges must continue through August 31 following the child’s 12th birthday, unless special circumstances are provided for in a court order. The parties must notify each other if the childcare amount changes, and each other and the FOC when childcare stops.
- The **minimum threshold for arrearage payments** is 2% of the total support arrearage at the time of the review, but no less than \$50, nor more than 50% of the current monthly support amount.
- **To learn more** about these and other 2017 formula changes, visit the SCAO website at: <http://courts.mi.gov/administration/scao/officesprograms/foc/pages/child-support-formula.aspx>.