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**Reform the Automatic Cost-of-Living Adjustment in Child Support
HF2456/SF2666**

Purpose

This legislation removes the automatic cost of living adjustments (COLA) for maintenance and child support orders in Minnesota Statute 518A.75, and references in related statutes. Adjustments to child support orders would instead be done by routine reviews as required in federal regulations. This change is effective January 1, 2027.

Background and History

Federal law requires state child support programs to review support orders at least every three years if the child is a recipient of MFIP. If the review indicates that an adjustment is appropriate, the state must pursue a modification of the order. In the alternative, the state may use COLA to meet this federal requirement. For cases in the child support system in which MFIP is not in place, the agency must complete the review and adjust the order, if appropriate under statutory criteria, when either parent makes a request.

Minnesota is only one of four states that uses a COLA to meet these federal requirements. On a two-year schedule, all cases in the Minnesota child support system that have an order at least two years old receive an adjustment. Participants receive notice and have an opportunity to contest the adjustment by filing a motion. This requires completing legal paperwork, paying a filing fee, and correctly following procedural rules, all of which can be a barrier for many parents who owe a child support obligation.

Often, the increase in the child support obligation is not aligned with an increase in the parents' income. For example, recent COLAs have been as high as 14% and few workers had cost of living raises in that range. On the other hand, some parents may be earning significantly more than when the order was first established, and a COLA adjustment may be less than their ability to pay.

Minnesota's child support guidelines use an income shares model in which the income of both parents is used, along with other relevant factors, to determine the child support obligation. Repealing the COLA adjustment and replacing it with policy that complies with federal regulations for 3-year reviews and notice of right to review, provides for improvement in ensuring that parents are ordered to pay the appropriate child support amount and that relevant factors are considered. Data shows that when orders are set appropriately, obligated parents are more likely to make timely and consistent payments.

Supporters

- Minnesota Association of County Social Services Administration (MACSSA)