

Doing it the way the DOL suggests does not yield the sum in the child support charts put out by the AOC, either at the beginning of April, *or* currently. The instructions from the DOL are pretty straightforward:

Escalation agreements using the CPI usually involve changing the base payment by the percent change in the level of the CPI between the reference period and a subsequent time period. This is calculated by first determining the index point change between the two periods and then the percent change. The following example illustrates the computation of percent change:

CPI for current period 136.0  
Less CPI for previous period 129.9  
Equals index point change 6.1  
Divided by previous period CPI 129.9  
Equals 0.047  
Result multiplied by 100:  $0.047 \times 100$   
Equals percent change 4.7

The December, 2001, CPI was 176.7. As of December, 2006, it was 201.8. Following the DOL instructions above:

$201.8 - 176.7 = 25.1$   
 $25.1 \text{ divided by } 176.7 = .1420486$   
multiplied by 100 = 14.20486% inflation.

So,  $\$500 \times 1.1420486 = \$571.02$ . Rounds to \$571.

But the chart AOC put up at the beginning of April had the number for the first bracket at \$513, and the chart now up is at \$580. That was reached because last year's number was \$566, and the CPI for December-to-December from 2005 to 2006 was 2.5%. So what the LCB directed was:  $\$566 \times 1.025 = \$580.15$ , rounding to \$580.

In other words, the effects of the “compounding” that the AOC apparently wanted to avoid, but the LCB directed, are *actually* pretty small – nine dollars from 2001 to 2007. And that entire difference *could* be explained by rounding (or rounding errors) in prior years. Doing the calculations for the rest of the brackets shows the same pattern – the final chart is higher than the number that would be yielded by the DOL method in an amount increasing by about an extra dollar each bracket, so in the “no limit” bracket, the DOL method yields \$913.64 (rounding to \$914), while “compounding” from last year's number yields \$929.68 (rounding to \$930, the number published in the final chart). That difference, the highest on the chart, is \$16.

The second “detail” is that there are a few rounding errors in the final chart as published by the AOC. They rounded down on two numbers where they should have rounded up: for example, in the second bracket, last year's number was \$623. Multiplying it by 1.025% yields \$638.58, which *should* have rounded to \$639, but was rounded to \$638. The AOC *did* correctly round up on the “no limit” bracket (from \$929.68 to \$930), so the errors were not the result of any methodological confusion).