COA Opinion: All of the specified criteria must be examined when determining whether to impute income for child support purposes, and a finding of a voluntary reduction in income is insufficient, on its own, to impute income

29. June 2011 By Jason Byrne

On June 28, 2011, the Court of Appeals published its unanimous opinion, authored by Judge Wilder, in Carlson v. Carlson, No. 292536 involving the modification of a child support obligation. The Court found that while it agreed with the trial court's conclusion that the father's reduction in income was voluntary, that finding was insufficient to justify the trial court's decision to impute an income of $95,000 to the father. Here, the father was a business owner, who reduced his income dramatically in conjunction with economic difficulties of his business (from $123,000 in 2006, $67,000 in 2007, down to $250/week). The Court agreed with trial court's finding that the evidence showed that that he had taken an income drop beyond what was reasonable, and thus the drop was voluntary. The Court of Appeals, however, did not find that to be enough to impute income to him for the purposes of a child support calculation. The Court cited the Michigan Child Support Formula Manual, which sets forth several specific criteria that must be considered when deciding whether to impute income, including whether or not there is evidence that the individual would be able to earn the the level of imputed income. Because the trial court and Friend of the Court did not engage in that exercise, the Court of Appeals reversed the finding of imputed income and remanded the matter for further proceedings.