



STATE OF MICHIGAN

DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

RICK SNYDER
GOVERNOR

NICK LYON
DIRECTOR

IV-D MEMORANDUM 2016-014

TO: All Friend of the Court (FOC) Staff
All Office of Child Support (OCS) Staff
State Court Administrative Office (SCAO) Staff

FROM: Erin P. Frisch, Director
Office of Child Support

DATE: May 31, 2016

SUBJECT: Credit Reporting Pilot Project

RESPONSE DUE: None

POLICY EFFECTIVE DATE: Upon receipt

PURPOSE:

This IV-D Memorandum announces an OCS Central Operations Credit Reporting pilot project with Wayne County and Muskegon County FOC offices. The pilot will begin on June 6, 2016 and go through September 6, 2016. The purpose of the pilot is to evaluate the effectiveness of centralizing certain credit reporting activities and to determine whether OCS should offer this centralization option statewide. One of the primary purposes of centralizing certain aspects of enforcement activity such as credit reporting is to allow FOCs more time to focus on more complex tasks. Removing some of the routine tasks allows the FOCs time for enforcement tasks that require additional research or interaction with non-custodial parents (NCPs).

DISCUSSION:

Federal law requires that IV-D programs have procedures to report periodically to consumer reporting agencies (CRAs)¹ the names of NCPs with past-due support (arrears) and the amount of the arrears.² Consumers³ who are reported to CRAs have a

UPDATE(S):

Manual

Form(s)

¹ A CRA is an organization that collects, stores, maintains and distributes consumer credit information. Michigan reports NCPs to two CRAs: Experian and Innovis.

² 42 United States Code (USC) 466(a)(7); 45 Code of Federal Regulations (CFR) 302.70(a)(7)

³ For child support purposes, consumers are NCPs.

right to dispute the accuracy of the information in the consumer report. The entity that reported the information to the CRAs must investigate the disputes.⁴

In Michigan, the IV-D agency is responsible for reporting NCP child support arrearages to the CRAs. When an NCP has a dispute about the accuracy of the information submitted, (s)he may contact either the FOC or the CRA. When the NCP files a dispute with the CRA, the CRA processes it through the Online Solution for Complete and Accurate Reporting (e-OSCAR). e-OSCAR then communicates the dispute information to FOCs via Automated Consumer Dispute Verifications (ACDVs).⁵ FOCs must respond to the ACDVs by the response due date included on the ACDV. Failure to submit a timely response may permanently prohibit the IV-D agency from reporting the disputed account.⁶

A. The Pilot Project

Both the Program Leadership Group (PLG) and the Friend of the Court Association (FOCA) support the centralization of more enforcement activities. Currently, several enforcement remedies include some centralized activities⁷ (e.g., Passport Denial and *National Medical Support Notices*).⁸ The PLG approved OCS Central Operations' recommendation to conduct a pilot project to centralize certain credit reporting activities. OCS Central Operations will pilot the following:

- Processing of NCP ACDVs received through e-OSCAR;⁹
- Generating the Dispute Response (DR) notifications¹⁰ report and the Notification Statistics Report;
- Responding to DR notifications; and
- Referring to the appropriate pilot county any ACDVs the FOC needs to resolve.

OCS Central Operations will not participate in any other credit reporting activity.

There are federal timeframes that the CRA and the IV-D program must meet when processing ACDVs for NCPs. Failing to respond within these timeframes could result in the IV-D program forfeiting the ability to report the NCP/docket combination associated with the ACDV in the future.

⁴ Ref: 15 USC 1681i(a).

⁵ For more information on the e-OSCAR process, reference [Action Transmittal 2008-042, e-OSCAR: The Online Credit Reporting Dispute System](#).

⁶ An account consists of a unique member ID and docket combination.

⁷ Michigan Compiled Law (MCL) 400.240 authorizes OCS to centralize administrative enforcement procedures and activities.

⁸ Ref: [Section 6.24, "Passport Denial/Restriction,"](#) and [Section 6.06, "Medical Support,"](#) of the *Michigan IV-D Child Support Manual* for information on centralized processing of Passport Denial and the NMSN.

⁹ Ref: the job aid [e-OSCAR: Responding to an ACDV for Michigan Child Support Accounts](#).

¹⁰ CRAs will add a DR notification to e-OSCAR any time they delete or modify information associated to an account number.

The CRA must respond to a dispute regarding the completeness or accuracy of data included in a consumer report within 30 days of receiving the dispute.¹¹ The CRA may extend that deadline for not more than 15 days.¹² The IV-D program must also respond to the ACDVs forwarded by e-OSCAR from the CRAs within this timeframe. If the IV-D worker responds to a dispute on or before the response due date provided by e-OSCAR, the federal timeframes are met.

Although e-OSCAR communicates with the FOCs, it does not communicate directly with the Michigan Child Support Enforcement System (MiCSES). When a dispute is valid and the IV-D program should stop reporting the NCP, a IV-D worker must manually update the *Credit Reporting* (CRAR) activity chain in MiCSES to inform the CRAs of the result. OCS Central Operations will not update CRAR chains during the pilot.

B. OCS Central Operations Pilot Responsibilities

The OCS Central Operations Central Enforcement Manager will be the pilot project manager and will oversee pilot project activities. The pilot project manager will report the outcomes and recommendations to the PLG. At least once a week, the pilot project manager will monitor the FOCs' e-OSCAR queue to ensure that OCS Central Operations staff are responding appropriately and within the proper timeframes.

1. Pilot Activities

For the FOC pilot counties of Wayne and Muskegon, OCS Central Operations staff will do all of the following:

- Research and respond to the ACDVs on or before the response due date that appears on the ACDV;¹³
- Respond only to ACDVs in the pilot counties' ACDV queues;¹⁴
- Process ACDVs only for the member/docket combination that is identified in the ACDV;
- Create a docket-level note on the *Notes Processor* (NOTE) screen in MiCSES documenting the dispute and its resolution;
- Refer ACDVs that require resolving payment discrepancies or inaccuracies in MiCSES¹⁵ to the appropriate FOC;
- Refer any ACDV that indicates credit reporting should be terminated to the appropriate FOC;
- Submit the appropriate codes through e-OSCAR to respond to the ACDVs not referred to the FOC;

¹¹ Ref: 15 USC 1681i(a)(1)(B) for more information about the required timeframes.

¹² Ref: 15 USC 1681i(a)(1)(B).

¹³ Ref: the job aid *e-OSCAR: Responding to an ACDV for Michigan Child Support Accounts*.

¹⁴ Queues refer to how e-OSCAR categorizes the ACDVs. Each county has a unique queue.

¹⁵ The majority of ACDVs do not involve these issues; they involve changes to demographic data or are not valid and require no changes.

- Refer any disputes that require CRAR activity chain updates and all Block notifications¹⁶ to the appropriate FOC;
- Send the same or similar letter that the pilot county sends to the NCP, providing notice of the ACDV's resolution;
- Generate the DR notifications report each week and respond to DR notifications that are not referred to the FOC; and
- Track data on the pilot activities (see details below).

2. Pilot Project Report

OCS Central Operations will create a pilot project report to the PLG that will include:

- The number of ACDVs fully completed solely by OCS Central Operations;
- The number of DR notification responses handled solely by OCS Central Operations;
- The amount of time used to process the ACDVs;
- The amount of time used to generate the DR notifications report and to respond to the DR notifications;
- The number of ACDVs and DR notifications referred to the FOC;
- The types of ACDV responses;
- Issues encountered during the pilot;
- Recommendations, if any, for improving the ACDV response process;
- The number of ACDVs that required FOC involvement due to the nature or complexity of the ACDV, or to the need for MiCSES work beyond creating a note; and
- Other data that OCS Central Operations staff consider useful for evaluating the success of the pilot.

C. Pilot County FOC Staff Responsibilities

Each pilot county will designate a staff person(s) to do all of the following for the duration of the pilot:

- Provide OCS Central Operations with the template the county uses to notify the NCP of the dispute resolution;
- Report any issues with OCS Central Operations' handling of ACDVs to the pilot project manager;
- Be the primary contact for OCS Central Operations staff to refer ACDVs that involve payment discrepancies or inaccuracies in MiCSES;
- Ensure local staff attend to all actions pertaining to the initial submission of an NCP for credit reporting, responding to NCP objections before credit reporting begins, and responding to NCP disputes submitted directly to the FOC after credit reporting begins;

¹⁶ Block notifications from e-OSCAR inform the FOC that a CRA has blocked an account for identity theft.

- Ensure local staff respond to ACDVs, Block notifications, and any DR notifications referred by OCS Central Operations in the same manner that these activities are currently performed; and
- Collaborate with OCS Central Operations to evaluate the success of the pilot.

D. Pilot Evaluation

When the pilot ends on September 6, 2016, OCS Central Operations and the pilot counties will evaluate the success of the pilot. OCS Central Operations will report the evaluation results and the data used to support the results to the PLG. If the pilot is successful, OCS Central Operations will propose a plan to offer all FOCs statewide the opportunity to centralize the e-OSCAR dispute process. OCS Central Operations has identified the following as three indicators of a successful pilot:

- OCS Central Operations was able to process ACDVs, Block notifications, and DR notifications accurately and within the required timeframes;
- OCS Central Operations' work on the ACDVs significantly reduced the amount of time and work required by one or both of the pilot counties to manage ACDVs. This will be determined by anecdotal information from the counties and the number of ACDVs, Block notifications, and DR notifications that OCS Central Operations could process without FOC intervention; and
- The pilot counties support centralizing the e-OSCAR dispute process statewide on a voluntary basis.

OCS Central Operations will include in the PLG report all of the indicators listed above as well as any others identified by OCS Central Operations or the pilot counties.

NECESSARY ACTION:

Retain this IV-D Memorandum until further notice.

REVIEW PARTICIPANTS:

Program Leadership Group
Enforcement WIT
OCS Central Operations
Wayne County Friend of the Court
Muskegon County Friend of the Court

CONTACT PERSON:

Vanessa Washington
Enforcement Policy Analyst

(517) 241-8328
WashingtonV@michigan.gov

CC:
All Prosecuting Attorney Staff

SUPPORTING REFERENCES:

Federal
15 USC 1681i(a)
15 USC 1681i(a)(1)(B)
42 USC 466(a)(7)

45 CFR 302.70(a)(7)

State
MCL 400.240

ATTACHMENTS:

None

EPF/VW