

Michigan IV-D Child Support Manual
Department of Health and Human Services

Publication/ Revision Date: September 4, 2019	Chapter Number: 5.0	Chapter Title: Financial
	Section Number: 5.20	Section Title: Obligation – Entry, Modification and Adjustments

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1. Obligation Summary Information¹

A court order is a requirement made by a judge for a specific action(s). An order may require a certain parenting time schedule or division of property in a divorce. Other times, an order will require someone to pay a certain amount of money. A requirement in an order to pay a specific amount is an *obligation*.² A court may order a non-custodial parent (NCP) to pay obligations such as support and related fees in a domestic relations matter.³ The ordered support is intended for the general care and support of a minor child(ren), including but not limited to the child(ren)'s general care and needs, medical support and child care expenses.⁴ Support is determined using guidelines developed by the State Court Administrative Office (SCAO).⁵

1.1 Obligation As Defined by a Support Order

In Michigan, orders that include financial obligations are entered on the *Uniform Child Support Order (USO, or FOC10)*.⁶ The USO defines a single child support obligation based on the family size (e.g., \$399 in child support due for three minor children, \$350 due for two minor children, \$200 due for one minor child). However, “[w]hen a support order is for several children, each child’s share of the support obligation is that child’s per capita share of the ordered amount.”⁷ Therefore, MiCSES tracks each financial obligation ordered on a per-child basis (e.g., \$133 due for each of three minor children, \$175 due for each of two minor children, \$200 due for one minor child). Additionally, MiCSES uses *debt types*

¹ An obligation is set by the order of a court of competent jurisdiction; refer to Michigan Compiled Law (MCL) 552.603(2). The definition of an obligation is different than that of a debt type. Debt types are a Michigan Child Support Enforcement System (MiCSES) construct and represent the obligations established via a support order.

² Ref: The [glossary on mi-support](#) for a more detailed definition of an obligation.

³ Ref: MCL 552.502(m) for a definition of a domestic relations matter.

⁴ Support and support orders are further defined in MCL 552.602(ee) and (ff), MCL 552.502a(h) and (j), and Section 1.02, “Support” of the [2017 Michigan Child Support Formula Manual \(MCSF\)](#). The 2017 MCSF was effective January 1, 2017. Specific 2017 MCSF sections cited in this manual section may not correspond to post-2017 MCSF publications.

⁵ Ref: Subsection 1.3, “SCAO Formula and Guidelines,” in this manual section.

⁶ Ref: Michigan Court Rule (MCR) 3.211.

⁷ Ref: 2013 MCSF 1.02(C).

to identify each type of obligation ordered in a USO.⁸ MiCSES also creates multiple *accounts* for the appropriate debt type from a single obligation amount in the USO.

For instance, the court orders an NCP to pay \$200 per month in child support for two minor children. The NCP's total support *obligation* amount is \$200 per month. MiCSES classifies this obligation as a Child Support (CS) *debt type* and will establish two different CS *accounts*, one account for each minor child, so that when adding the two account amounts due, the total will equal \$200.

However, assume the court orders NCP Chris to pay \$350 a month in child support to custodial party (CP) Kerry for minor children Bobby and Billy, and special educational support (ED) for Billy. Two CS accounts are created in MiCSES, one for each of the minor children and each charging \$175 per month (NCP/CP/Bobby = \$175; NCP/CP/Billy = \$175). But, because the order specifies the educational support is only for Billy, only one ED account (NCP/CP/Billy) is created.⁹

1.2 General Obligation Information

Obligations are owed to someone or to some entity. When an order is first created, the support obligations are usually owed to the CP on the IV-D case (typically the other parent, but may be a relative or guardian).¹⁰ Other times, an obligation is created in which the payment is due directly to a governmental agency (e.g., state or county government, the local sheriff's office, etc.).¹¹

1.2.1 Account Members

Depending on the type of account, an obligation has two or three members related to it; these are known as account members. These account members include:

- The person obligated to pay the obligation;

⁸ Ref: [Section 5.10, "Debt Types," in the Michigan IV-D Child Support Manual.](#)

⁹ A support order may provide for a specific amount due for each child, rather than identify an undifferentiated amount of support due to the family. Ref: 2013 MCSF 1.02(C).

¹⁰ In certain circumstances, the CP may assign his/her rights to the obligation as a condition of receiving public assistance (Family Independence Program [FIP], Medicaid), or a CP's rights to the obligation might be assigned because the court has removed the child from the CP and placed the child in foster care. Ref: [Section 5.15, "Assignment of Support \(Certification/Decertification\),"](#) and [Section 5.85, "Agency Placement – Financial,"](#) in the *Michigan IV-D Child Support Manual* for detailed information on assignment.

¹¹ Friend of the Court (FOC) staff enter court-ordered obligations into MiCSES, which includes entering account information such as charge amounts, charge frequency, account members, effective dates, single or tiered charge amounts, etc. Specific actions and more details for how to enter accounts are provided in the [MiCSES Quick Reference Guide \(QRG\): OBLG – Add a Tiered Obligation](#), [MiCSES QRG: OBLG – Add a Non-Tiered Obligation](#), and [MiCSES QRG: OBLG – Modify an Obligation](#) on mi-support.

- The person/entity due the payments made under the obligation; and
- If the obligation is ordered on behalf of someone, the person for whom the obligation has been ordered.

A. Support Obligation

In MiCSES, if an obligation is ordered on behalf of a minor child(ren) (e.g., child support), MiCSES typically associates three account members¹² to the account created in MiCSES: the NCP, the CP and the minor child.

When the CP assigns his/her rights to support in order to receive public assistance, the account member does not change.

However, when the court orders a new person or entity to be in charge of the care and custody of the child, this changes who/what is due the obligation, and the account member must change. For instance, after a referral is received for a child on an existing order confirming that the child is in Michigan Department of Human Services (DHHS) supervised foster care, the IV-D worker will create a new IV-D case with the foster care agency as the account member.¹³

B. Non-Support Obligation

If the obligation is not ordered on behalf of a child (e.g., the obligation is a fee or bench warrant), the members associated with the account within MiCSES are the NCP and the CP. However, the CP may not always be due the payments made under the obligation. For instance, genetic test costs are paid to the state or county, but both the NCP and CP are associated to the account.

1.2.2 Effective Dates

An order becomes active, or effective, as determined by the court, and after the judge signs the order. The effective date of an order may pre-date the judge's signature but may not pre-date the filing date.

The obligations associated to an order have effective dates as well. Beginning and ending dates determine the duration of the ongoing periodic charge for the account(s) associated to the obligation. One-time

¹² A spousal support debt does not have a child associated to the account (debt) created in MiCSES. Spousal support is considered a IV-D debt when a child support debt is still owing on the order.

¹³ Ref: [Section 2.85, "Agency Placement – Case Initiation,"](#) in the *Michigan IV-D Child Support Manual* for more information on foster care initiation, [Chapter 2, "Case Initiation,"](#) in the manual for detail about other case initiations, and the [MiCSES QRG: Support Specialist Foster Care Procedures](#) on mi-support.

charge accounts use the same date for the beginning and ending dates. The use of beginning and ending dates creates charging time periods or time spans.

For example, an NCP is required to pay support only while the court order is in effect, typically until the child emancipates.¹⁴

1.2.3 Tiered Obligations

Orders provide for tiered support amounts when the NCP has more than one minor child. Tiered support amounts are graduated amounts depending upon the number of active (non-emancipated) minor children on the order.¹⁵

For example, an order may require the NCP to pay \$200 per month in child support for two minor children, but \$150 per month when there is only one minor child remaining on the order.

1.3 SCAO Formula and Guidelines

SCAO provides rules for setting the obligation amounts and documents these rules in the MCSF.¹⁶ The MCSF provides specific guidelines for setting support amounts and obligations within an order. In addition, the MCSF discusses the effects of health care premiums, Social Security benefits, ordinary medical obligations, and parenting time adjustments in detail. Parenting time is further discussed in Subsection 3.2, “Health Care Premium and Parenting Time” in this manual section.

The MCSF discusses birth expenses, but specific policy on this topic is provided in [Section 4.25, “Birth Expenses,” of the Michigan IV-D Child Support Manual](#).

2. Charging and Arrears

2.1 Monthly Charge

Prosecuting Attorney (PA) staff establish support orders. Support orders must be stated in monthly amounts, due on the first day of the month.¹⁷ SCAO developed a formula for converting support orders to a monthly amount.¹⁸

¹⁴ Ref: MCL 552.605b.

¹⁵ Ref: 2013 MCSF 1.02(C).

¹⁶ Ref: MCL 552.519 and 552.454(2).

¹⁷ Ref: MCL 552.605c(1).

¹⁸ Ref: MCL 552.605c, [SCAO Administrative Memorandum \(ADM\) 2012-10, Prorating, End-dating, and Converting Support Orders to Monthly Amounts](#), and [Frequently Asked Question \(FAQ\) 2003-01, Converting and Prorating Monthly Support Amounts](#).

FOC staff reviewing (in a review and modification process) existing child support orders with obligation frequencies other than monthly will change the obligation to a monthly frequency and convert the periodic amount stated in the order using the formula in SCAO ADM 2012-10.

A court may order an NCP to pay other obligations that are not support and are not subject to a monthly frequency. These obligations may have a charging frequency such as weekly, semi-annually, etc. The periodic charge begins on the effective date of the obligation and continues charging based on the frequency of the obligation until the termination of the obligation. Sometimes a court may order a lump-sum obligation with a one-time charge that occurs on a specific date.

Most child support obligations terminate on the child's eighteenth birthday, on the child's high school graduation, or when the child is 19.5 years old.¹⁹ However, a specific order termination date can be ordered for a child's support obligation. If this occurs, FOC staff will record the termination date for the account so MiCSES will stop charging the account at the end of that month.²⁰

2.2 Prorated Obligations²¹

When orders begin on any day other than the first day of the month, most obligations for that month are prorated by calculating a per diem (daily) amount.²² SCAO ADM 2012-10 and the MCSF provide instructions for manually calculating a per diem amount, but MiCSES will prorate obligations as discussed in detail in the MCSF and in SCAO ADM 2012-10. MiCSES only prorates those debt types as directed by the MCSF. Additionally, MiCSES prorates obligations depending on *how* the accounts are entered in MiCSES, using specific screens and time spans (beginning and ending effective dates).²³ MiCSES also follows the MCSF's specific discussion regarding the impacts that health care obligations, health care premiums and Supplemental Security Income (SSI) benefits have on child support obligations.²⁴

¹⁹ "A support order entered under this section shall include a provision that the support terminates on the last day of a specified month, regardless of the actual graduation date" (MCL 552.605b[3]). Also reference MCL 552.605c(3), [IV-D Memorandum 2011-021, Termination of Parental Rights – Michigan Supreme Court Decision](#), and [SCAO ADM 2012-07, When Child Support Stops and When It Continues](#).

²⁰ An obligation termination date is also referred to as an obligation end date.

²¹ Ref: MCL 552.605c.

²² Ref: 2013 MCSF 4.05.

²³ Ref: *MiCSES QRG: OBLG – Add a Tiered Obligation*, *MiCSES QRG: OBLG – Add a Non-Tiered Obligation* or *MiCSES QRG: OBLG – Modify an Obligation* for how to prorate obligations in MiCSES.

²⁴ SSI reduces the overall child support obligation. Ref: 2013 MCSF 2.01 and 3.05(C). Ref: *MiCSES QRG: OBLG – Add a Tiered Obligation*, *MiCSES QRG: OBLG – Add a Non-Tiered Obligation*, or *MiCSES QRG: OBLG – Modify an Obligation* for how to enter obligation-related SSI in MiCSES.

2.3 Current Support and Zero Support

Typically, Michigan support orders require monthly dollar amounts for current child support and medical support. The amount of support ordered by the court is based upon the MCSF guidelines.²⁵ However, when calculating the amount of child support ordered, it is possible that it may result in a monthly dollar amount of zero. A judge may also deviate from the child support formula,²⁶ including but not limited to:

- Setting support at zero; or
- Holding the support amount in abeyance.

Federal and state regulations require the use of the MCSF in calculating child support.²⁷ **A key factor in determining if an order is a zero support order is whether the court used the MCSF to calculate the amount of child support, even if the final judgment deviated from the MCSF and child support was not charged.**

The federal Office of Child Support Enforcement (OCSE) requires the Michigan Office of Child Support (OCS) to track performance measurements tied to federal incentive payments, including the number of IV-D cases with support orders established. A subset of this measure is the number of cases with zero support ordered. OCS must report cases open on the last day of the fiscal year that have an order established, but no amount of cash support is included in the order. This must also include orders that were established for health insurance only and do not include judgments under laws of general obligation. The MiCSES Data Warehouse compiles this data, and OCS reports it annually to OCSE on lines 2 and 2c of the OCSE-157 *Child Support Enforcement Report*.²⁸ Including zero support orders on lines 2 and 2c increases the court-ordered IV-D caseload percentage for the county and the state.

To properly report cases with zero support ordered to OCSE, IV-D staff must track zero support and health-insurance-only orders accurately within MiCSES.²⁹

2.3.1 Types of Zero Support Orders

²⁵ Ref: Subsection 1.3, “SCAO Formula and Guidelines” in this manual section for more information.

²⁶ Ref: MCL 552.605.

²⁷ Ref: 45 Code of Federal Regulations (CFR) 302.56 and MCL 552.519(1)(a)(vi).

²⁸ Ref: [OCSE Action Transmittal \(AT\)-11-10, Notice of changes to the OCSE-157 Form regarding Medical Support](#), for instructions on completing the OCSE-157 form.

²⁹ Ref: [MiCSES Screen Description: OPRE – Order Preparation and Entry](#).

IV-D workers must record the following types of zero support orders in MiCSES by checking the *Zero Support order* box on the *Order Preparation and Entry* (OPRE) screen's *Order Detail* tab:

- Orders established for zero cash support;
- The judge ordered support based on the MCSF recommendation, but held support in abeyance; and
- The court ordered health insurance only.

These types of zero support orders are further described below.

A. Orders for Zero Support

When a judge orders zero cash support per month, a zero support order exists. This may happen when one of the following occurs:

- A zero support amount was calculated using the MCSF; or
- The judge deviated from the MCSF and set the amount at zero.

B. Judge Orders Support to Be Held in Abeyance

When a judge orders a set amount for support based on the MCSF recommendation, but holds the support in abeyance for payment at a later date or upon the occurrence of a future event (e.g., NCP released from prison, upon the sale of the marital home, etc.), a zero support order exists.

If all obligations on the USO begin with an anticipated future event and not an effective date, the IV-D case(s) associated to the order must be reported as a zero support order for federal reporting purposes.

Example 1:

A judge sentences the NCP, Mr. F, to three years in a minimum-security prison. While Mr. F is in prison, the CP, Mrs. F, seeks a judgment of divorce with the court.

In the judgment of divorce, the judge sets support at \$500 a month, but then holds the support charge in abeyance until Mr. F is released from prison. Because the judge used the MCSF to calculate an underlying obligation, the order is considered a support order.

Note: When the obligation begins charging, IV-D staff must uncheck the *Zero Support order* box on the *Support Order Entry (SORD)* screen and add the account to MiCSES on the *Obligation Maintenance (OBLG)* screen. This will ensure that the case counts as an open case with a support order for incentive purposes of federal reporting.

C. Orders for Health Insurance Only

The judge deviates from the MCSF and establishes a support order when (s)he orders health insurance coverage only, even if it does not use the MCSF and remains silent on a cash amount. Since the judge's order addresses health insurance coverage, a support order exists.³⁰

2.3.2 Orders in Which a Zero Support Order Does Not Exist

Zero support orders do not exist when:

- The court did not use the MCSF to determine the support amounts; or
- The order is for arrears only.

Further explanation is below regarding instances in which a zero support order does not exist.

A. MCSF Not Used

A zero support order does **not** exist when an order only establishes or defines a legal, parental relationship (or simply addresses visitation/custody) and the court has **not** used the MCSF to calculate a child support amount or create a responsibility to provide health insurance or medical support.

B. Orders for Arrears Only

A judge can issue an order that requires the NCP to pay arrears only. Federal regulations consider this case an open case with an established support order. This is not considered a zero support order.

³⁰ Ref: MCL 552.605a.

2.4 Chargeable Bonus

A court may order a certain percentage of a bonus payment as an additional amount of support. This is called a “chargeable bonus.”³¹

A chargeable bonus is charged as a single monthly support amount each month in which the lump sum will be received and processed. IV-D staff set the one-time monthly charge amount to the amount of the expected payment, with the effective date of the charge being the first day of the month and the end date as the last day of the same month. If IV-D staff expect the bonus payment to be paid near the end of a month, IV-D staff may need to set the charge for the following month to allow time for the payment to be received and processed, particularly if the payment is expected to be paid by check.³²

2.5 Lump-Sum Obligations³³

Judges frequently enter orders requiring the payment of a lump sum amount (sometimes known as a fixed obligation), such as a medical bill repayment. The order may be silent concerning whether:

- The entire amount is owed immediately but may be paid in installments (“arrearage due” option); or
- Only installment payments on the obligation are due (“maximum obligation amount” option).

Until the NCP pays in full, these orders typically specify payment in installments. An order providing for installment payments is subject to interpretation when it specifies only the amount or the repayment rate.

FOC staff determine the meaning of these orders based on the practices of the court that entered the order. This has led to inconsistent interpretations of the same language across courts.

While FOCs still have the authority to interpret orders from the court under SCAO and OCS policy, MiCSES is unable to support the different practices of each court. Two options are available for use in MiCSES: the “arrearage due” option and the “maximum obligation amount” option.

Note: Any other interpretation of a lump sum obligation will require manual intervention and is not recommended.

³¹ Ref: Section 5.10 of the *Michigan IV-D Child Support Manual*.

³² Ref: [Section 6.09, “Lump Sum/Bonus,” of the Michigan IV-D Child Support Manual](#).

³³ Content for this subsection was originally in conjunction with [SCAO ADM 2004-04, Lump Sum Arrearage Interpretation](#).

2.5.1 Arrearage Due³⁴

In this interpretation of the order, FOC staff consider the entire amount as an **arrearage due and owing immediately, but may use an ordered-on-arrears (OOA) amount to allow installment payments to be made**. Automatic enforcement remedies (e.g., financial institution data match, credit reporting, tax refund offset) will continue against the *entire balance*, even if OOA amounts are paid as ordered by the court.³⁵

Note: The “arrearage due” option may maximize incentives by potentially increasing the number of court orders with an arrearage collection.

2.5.2 Maximum Obligation Amount

If a judge intends that automatic enforcement remedies are to be used only on an unpaid installment charge amount, then the maximum obligation amount must be used.

A maximum obligation amount is used in MiCSES to record the total amount (lump sum) an NCP owes on a fixed obligation while allowing a specified installment charge amount to be paid. In this interpretation, FOC staff do not consider the entire obligation as due and owing, but rather consider the entire obligation amount as **current support to be paid in periodic installments until the NCP pays the lump sum in full**.³⁶ The lump sum payment is a separate obligation and, unless the court orders otherwise, is still considered due even though other support obligation(s) may terminate.³⁷

Maximum obligation amounts increase the current child support obligation. Additionally, maximum obligation amounts are used to avoid premature enforcement on the uncharged balance of the lump-sum obligation as if it were arrears.

The percentage of current collections affects federal reporting and incentives for counties and for the state overall. The “maximum obligation amount” option has the potential to negatively affect

³⁴ This balance is subject to surcharge if ordered by the judge. Ref: [Section 5.75, “Surcharge,” in the Michigan IV-D Child Support Manual](#) for a discussion on surcharge.

³⁵ Ref: [Chapter 6, “Enforcement,” of the Michigan IV-D Child Support Manual](#) for more discussion on these and other enforcement remedies.

³⁶ The lump sum is entered with a periodic charge amount that will stop when it reaches the maximum obligation amount. Both the periodic charge amount and the maximum obligation amount are tracked in MiCSES.

³⁷ This option will not assess a surcharge against any installment payments that have not come due when or if the judge orders a surcharge on the order.

performance unless all current support, including the periodic installment amount, is collected. Additionally, OCS was cited in a data reliability audit because maximum obligation amounts used to avoid enforcement on past-due support are not to be considered current support. OCS does not support masking arrears as current support to avoid enforcement actions.

SCAO has issued [FAQ 2004-02](#) regarding lump sum payments and processing. This FAQ provides proposed language for a court order that would implement the future payment outlined under the maximum obligation amount option that attempts to avoid the drawbacks discussed above.

2.6 Arrears

When a monthly charge is not paid in full, the unpaid charge is added to previous unpaid charges and tracked as an arrearage amount. There are several different types of arrears categories, which are discussed in Subsection 2.6.1 below.

All arrears are owed to the account member who originally was to receive the currently charging amount, or are due to the state if arrears were assigned by the CP.³⁸

Pursuant to MCL 552.605c, FOC staff must not consider an NCP in arrears if arrears periodically accrue as the result from the mismatch of an income source payment cycle and the periodic charge frequency, such as when a bi-weekly income withholding order is received for a monthly support amount.³⁹

2.6.1 Arrears Categories

Arrears accrue in different categories, or “buckets” depending on:

- The type of obligation ordered and the resulting account used to track the obligation; and
- Whether the obligation is assignable⁴⁰ to the state or county when public assistance is received.

³⁸ Before October 1, 2009, families receiving FIP assistance temporarily assigned family-owed arrears to the state. For details regarding assignment, reference sections 5.15 and 5.85 of the *Michigan IV-D Child Support Manual*.

³⁹ Ref: MCL 552.605c(2).

⁴⁰ Assignable obligations are discussed in Section 5.10 of the *Michigan IV-D Child Support Manual*, while a full discussion of assignment is found in sections 5.15 and 5.85 of the manual. Assignment does **not** include debt that is always paid to an agency. Rather, assignment can be thought of as a transfer of debt from one entity (such as a CP) to another (such as the state).

Debt types that can never be assigned to the state only use the never assigned arrears (NAA) category of arrears. Debt types that can be assigned to the state use NAA as well as other categories of arrears.⁴¹

The following categories of arrears are used in MiCSES:

- Never assigned arrears (NAA): These are unpaid charges that accrue when a debt type cannot be assigned. Or, for an assignable debt type, these are unpaid charges that accrue when the account has not been assigned to the state;
- Permanently assigned arrears (PAA): These are unpaid support charges that accrue during a time of public assistance during which the account is assigned;
- Temporarily assigned arrears (TAA): These are unpaid support charges that accrued when the CP was not receiving public assistance, but were temporarily assigned to the state during a time of assistance that began before October 1, 2009;
- Conditionally assigned arrears (CAA): These are TAA that are conditionally unassigned to the family at the time the CP leaves public assistance;
- Unassigned pre-assistance arrears (UPAA): These are CAA that exceed the FIP Unreimbursed Grant (URG) amount. UPAA reflect the arrears that originally accrued as NAA before NAA were assigned to the state;
- Unassigned during assistance arrears (UDAA): These are arrears that were previously PAA but exceed the URG. These arrears originally accrued as PAA;
- Medicaid arrears (MEDI): These are unpaid charges that accrue during a time of medical assignment; and
- IV-E arrears (IVEF): These are unpaid charges that accrue during a time the child is out of the home (i.e., placed in foster care) and for which the state is providing foster care maintenance payments for the child.

The type of arrears and the status of the account (whether the account is currently assigned to the state) affect the way arrears payments are then distributed.⁴²

⁴¹ Not all types of public assistance require the assignment of support. Ref: Section 5.15 of the *Michigan IV-D Child Support Manual* for further discussion of the types of arrears used by debt types during periods of assignment.

⁴² Ref: [Section 5.35, "Allocation/Distribution," of the Michigan IV-D Child Support Manual](#) for details on how these arrears categories affect the distribution of support.

2.6.2 Retroactive Arrears

Retroactive arrears are the result of an account's periodic or one-time charge amount that is entered with a past effective date.⁴³ The charge amount is calculated based upon the effective date through the end of the month preceding the current month. The resulting balance is a retroactive arrears amount.⁴⁴

2.6.3 Prejudgment Arrears

Some initial orders include a lump-sum obligation⁴⁵ known as a prejudgment arrears amount.⁴⁶ Prejudgment arrears are due without being tied to a monthly support amount and represent an amount that is considered due for a period of time before the initial support order became effective.

Prejudgment arrears⁴⁷ are payable to the CP if the CP was not on assistance at the time the order became effective, or are payable to the state if the CP was receiving FIP assistance at the time the order became effective. Prejudgment arrears have the potential to place an NCP into immediate enforcement at the time the order is signed.

3. Specific Obligation Details

3.1 Ordered on Arrears (OOA)

When arrears on obligations exist, a judge may *order* the NCP to pay an additional amount above (in excess of) the current support toward the arrears. This is referred to as ordered on arrears (OOA) and is used to pay down the existing arrears at a court-order level or obligation level as explained below.

The OOA amount is used when allocating the portion of a payment that exceeds current support to the order(s) for the purpose of reducing arrears on the order(s) or specific obligation(s).⁴⁸

3.1.1 Obligation-Level and Docket/NCP-Level OOA

⁴³ Ref: Subsection 1.2.2, "Effective Dates" in this manual section.

⁴⁴ These arrears are exempt from surcharge if the earliest issue date is on or after July 1, 2004. Ref: Section 5.75 of the *Michigan IV-D Child Support Manual*.

⁴⁵ Ref: Subsection 2.5, "Lump-Sum Obligations" in this manual section.

⁴⁶ Although not limited to this situation, a prejudgment amount is *usually* restricted to when the NCP caused a delay in, or participated in coercion to avoid service.

⁴⁷ Typically, prejudgment arrears are not subject to surcharge; however, there are exceptions to this rule. Ref: Section 5.75 of the *Michigan IV-D Child Support Manual*.

⁴⁸ Ref: Section 5.35 of the *Michigan IV-D Child Support Manual*.

A. Obligation-Level

When an OOA amount is ordered for a specific obligation arrearage, the OOA will be used to pay down arrears on the qualifying account(s) associated to the obligation. If the obligation OOA amount is tied to more than one account, the OOA must be manually divided proportionally between each account upon the OOA determination.⁴⁹

B. Docket/NCP-Level

When an OOA amount is not targeted toward a specific obligation arrearage, the OOA is used to pay down arrears on all qualifying debt types associated to the order (docket/NCP).⁵⁰ The amount of the docket/NCP-level OOA is apportioned to each qualifying account based upon the debt type and OOA priorities and the proportion of the account's arrears to the total qualifying account arrears on the order.⁵¹

3.1.2 End-Dating OOA

When the arrears associated to an OOA amount have been paid in full,⁵² the NCP's requirement to pay OOA is met. As a result, the OOA amount should be end-dated in MiCSES since the judge's order stipulating the OOA is no longer applicable. In some cases, IV-D staff may need to review the order before end-dating the OOA.

Local FOC office policy will determine how IV-D staff should end-date OOA on an order or obligation when the arrears associated to an OOA amount have been paid in full. The Local Options Administrator may select one of the following options in MiCSES:⁵³

- OOA_ZERO_Alert;
- End Date OOA; or
- End Date & Alert.

⁴⁹ Unlike the docket/NCP-level OOA, obligation-level OOA is only apportioned once upon determination and is *not* reapportioned monthly for each qualifying debt.

⁵⁰ Ref: [Exhibit 5.35E1, "MiCSES Allocation/Distribution Hierarchies," in the Michigan IV-D Child Support Manual](#) for debt types that qualify for OOA distribution.

⁵¹ MiCSES will apportion each obligation's OOA amount upon entry of the court-level OOA, and thereafter at the beginning of each subsequent month following the previous month-end accrual. Ref: Exhibit 5.35E1 for debt type and OOA priorities.

⁵² MiCSES does not track the original arrears amount at the time the OOA is ordered. Therefore, if the debt arrears increase after the OOA was initially set, the original arrears and additional arrears must be paid in full before the IV-D worker is notified.

⁵³ Ref: [MiCSES Screen Description: LCOM – County Options](#).

If the Local Options Administrator does not select one of these options, MiCSES will default to the OOA_ZERO_Alert option – sending an OOA alert to IV-D staff. IV-D staff should then end-date the OOA manually.

A. OOA_ZERO_Alert

The Local Options Administrator may select this option if local FOC office policy determines that IV-D staff should receive an OOA_ZERO_Alert to manually end-date an OOA amount when it is at or below zero. IV-D workers may receive an obligation-level OOA alert for *each*⁵⁴ associated account's arrears balance when it is at or below zero, or a single alert at the docket/NCP-level OOA when *all* associated accounts' arrears balances are at or below zero.⁵⁵ OCS recommends IV-D staff review the order and reduce the OOA amount to zero when appropriate.

B. End Date OOA

The Local Options Administrator will select this option if local FOC office policy determines that IV-D staff do not need to review the order when arrears associated to an OOA amount are paid in full. MiCSES will automatically end-date the OOA amount but will not send an alert to IV-D staff.

C. End Date OOA & Alert

The Local Options Administrator will select this option if local FOC office policy determines that IV-D staff should review the order when arrears associated to an OOA amount are paid in full. MiCSES will automatically end-date the OOA and send an alert to IV-D staff.

3.1.3 OOA Excluded Debt Types

Some debt types in MiCSES are not subject to OOA. These include recovery accounts and debt types to which MiCSES no longer distributes.⁵⁶ These debt types will not receive a portion of a docket/NCP-level OOA allocation. Additionally, MiCSES prevents entry of obligation-level OOA on these debt types.

⁵⁴ Alerts for obligation-level OOA regarding a single IV-D case member are combined when multiple obligations with OOA amounts for the single member simultaneously reach a zero balance.

⁵⁵ Ref: [MiCSES QRG: ASTP – Customize an Alert](#), and other Technical Communications Team and training alert documentation for more information about alerts in MiCSES.

⁵⁶ Ref: Exhibit 5.35E1.

3.1.4 Payments OOA

OOA amounts entered with a past effective month will only change the OOA amount in effect for the current and future months.

OOA amounts entered with a past effective month will *not* change the OOA amounts in effect for the past month(s).

Payments will use the OOA amount that was in effect when the payment was made, or that was in effect for the effective date of the receipt. This means:

- If the OOA amount is entered in MiCSES *before* the payment is made, and the effective date of the payment is on or after the date the OOA amount was entered, the payment will use the OOA amount;
- If an OOA amount is entered in MiCSES with a retroactive month, the retroactive OOA amount will *not* affect past payments, *even* if the past payment is on hold; and
- Payments with retroactive effective dates will use the OOA amount that was in effect for the receipt's effective month.

IV-D workers must not manually redirect or recoup arrears payments for a retroactively entered OOA amount.

3.2 Health Care Premium and Parenting Time

Reference the MCSF for the impact and use of health care premiums within the order. Also reference [AT 2008-040, **REVISED: Parenting Time Abatement Related to the Michigan Child Support Enforcement System \(MiCSES\) 4.0 Release, Updated to Reflect the 2008 Michigan Child Support Formula.**](#)

3.3 Check Recipient ID

Check recipient IDs are associated to every account in MiCSES and direct to whom a payment is disbursed. The check recipient ID is typically the CP on the support accounts. However, some accounts and debt types are not paid to the account member, and the check recipient IDs may not be associated to an account member on the order. Some of these debt types are discussed below.

3.3.1 Provider Placement or County-Funded Placement

A. Provider Placement

If the child is in a non-funded provider placement, the check recipient ID identifies the provider who will receive child support collections.

B. County-Funded Agency Placement

If the child is in a county-funded agency placement, the check recipient ID identifies the county that will receive past-due support collections.⁵⁷

3.3.2 Non-Support Debt Types

Non-support debt types include, but are not limited to bench warrants, genetic test costs, recovery accounts, fees, etc.⁵⁸ Some non-support debt types must be directed to the appropriate county using a specific check recipient ID.

3.3.3 Intergovernmental Obligations

The check recipient ID for an intergovernmental account (OS) is associated to the location code (a.k.a. Federal Information Processing Standards [FIPS] code) of the initiating agency. For an intergovernmental case involving another state, the check recipient ID typically belongs to the other state's state disbursement unit.

Additionally, the OS debt type is the only debt type that has an intergovernmental ID associated to it. The intergovernmental agency provides the intergovernmental ID to Michigan; it is what the intergovernmental entity uses to identify the payment. When MiCSES generates the collection file for the intergovernmental entity, MiCSES provides the intergovernmental ID with the collection(s) for the OS account.

⁵⁷ Effective October 1, 2019, IV-D staff must no longer set up new obligations using the County-Funded Placement WF debt type. Ref: Section 5.10 of the *Michigan IV-D Child Support Manual* regarding the discontinued use of the WF debt type for county-funded agency placements.

⁵⁸ Ref: Section 5.10 in the *Michigan IV-D Child Support Manual* for a full discussion of debt types and to whom they are paid. Also reference *MiCSES QRG: OBLG – Add a Tiered Obligation*, *MiCSES QRG: OBLG – Add a Non-Tiered Obligation*, or *MiCSES QRG: OBLG – Modify an Obligation* for instructions on how to set up non-support debt types using the correct check recipient ID.

3.4 Obligations/Provisions Appearing in Item 15 of the USO

A judge may include provisions in an order that do not appear in the basic USO template. These provisions appear in item 15, Other Provisions, of the USO.

When the IV-D worker enters the other provisions in the *Other Provisions* box on the OPRE screen's *Order Detail* tab, they are entered at the **docket level**. The USO may contain information on multiple IV-D cases, but only one docket.

The IV-D worker will then import the other provisions to the OBLG screen, which is maintained at the **IV-D case/docket level**.⁵⁹ The IV-D worker must enter enough information so any IV-D worker reviewing the OBLG screen can identify the other provisions related to the IV-D case.

3.5 Offsetting Negative Obligation Values

The MCSF calculates a total support amount that a parent must pay. The IV-D program (and the USO) track the support by breaking it into components by debt type (e.g., Child Support, Medical Support, Child Care, etc.).⁶⁰ When the IV-D worker enters MCSF information into MiCSES, the total support will result in an overall positive amount, but one or more of the debt types may result in a negative value.

When the IV-D worker imports obligation information from the OPRE screen to the OBLG screen, negative values will not automatically offset against positive amounts in the same tier. Therefore, the IV-D worker must manually offset one or more specific debt types to arrive at a positive total amount for one payer to pay the payee.

The IV-D worker will make a professional judgment based on the judge's intentions for the order when making adjustments to negative obligation values. The IV-D worker must manually offset the negative amount on the OBLG screen by considering one or more of the following debt types:

- Other debts due to the same payee (ED, MR);⁶¹
- Child Care (CC);
- Child Support (CS); or
- Ordinary Medical Support (MS).

When offsetting negative values, the IV-D worker must also consider whether the payee and children receive assistance. For instance, if a child is receiving

⁵⁹ Ref: *MiCSES QRG: OBLG – Add a Tiered Obligation*.

⁶⁰ Ref: Section 5.10 of the *Michigan IV-D Child Support Manual*.

⁶¹ MR is the Medical Reimbursement debt type.

Medicaid, Ordinary Medical Support (MS) is assignable and therefore, the IV-D worker may not adjust the Ordinary Medical Support debt type.

Example 2:

The NCP and CP both have considerable overnights with the children. No obligations are due to the CP for medical reimbursement, education, or child care. The MCSF shows that the NCP should pay base support of \$100 per month and medical support of \$17 per month. The NCP is the only parent with a child care expense, and the CP's pro rata share of that child care expense is \$25 per month.

The tier will show a positive \$100 for base support, a positive \$17 for ordinary medical support, and a negative \$25 for child care. The negative amount in the tier will not be calculated in the overall support on the OBLG screen. Therefore, the user must manually adjust the NCP's base support downward by \$25. The end result will be \$75 base support and \$17 ordinary medical support entered into the OBLG screen.

4. MiCSES Obligation Revision Considerations

Once a support order has been established, IV-D workers periodically review the order to determine if a modification to the order is needed.⁶²

Retroactive modifications of obligations are permissible only from the date the motion was submitted to the court.⁶³

An obligation may be retroactively modified if:

- An NCP knowingly and intentionally fails or refuses to report or misrepresents his/her income after (s)he is provided a notice and an opportunity for a hearing;⁶⁴ or
- The court accepts an agreement between the CP and NCP to retroactively modify an obligation.⁶⁵

If an error has occurred due to case conditions, such as an incorrect initial obligation entry, FOC staff may revise the accounts in MiCSES to correct the error.

⁶² Review and modification of orders is primarily performed by FOC staff, but may be also performed by PA staff. Ref: MCL 552.517 and [Section 3.45, "Review and Modification," of the Michigan IV-D Child Support Manual.](#)

⁶³ Ref: MCL 552.603(2).

⁶⁴ Ref: MCL 552.603b.

⁶⁵ Ref: MCL 552.603(5).

FOC staff must ensure that obligation effective dates are used when entering new or updated account charge amounts or adjustment amounts into MiCSES. MiCSES will calculate current charges and arrears based upon the account effective date.

4.1 Initial Obligation Entry

FOC staff can manually enter new accounts into MiCSES or use recommended ordered amounts previously entered in MiCSES. The recommended order amounts are the order recommendations that IV-D staff enter into MiCSES. FOC staff may still manually change a recommended order amount if the resulting order deviates from the order recommendation. Or, FOC staff may manually enter all support-ordered obligations without using previously entered recommendations.⁶⁶

4.2 Obligation Revision

FOC staff may update the balance of an account by:

- Revising the charge amount on the account; or
- Manually adjusting the balance of the account.

4.2.1 Revising the Account Charge Amount

Once an order is established and later maintained, FOC staff may enter modified obligations or account charge amounts manually or by using the new recommended order amounts that PA or FOC staff previously entered.

Modification may include a redirection of support to a third party if that third party has legal custody of the minor child.⁶⁷

When making an obligation revision in MiCSES, FOC staff must enter the date the change took effect; this may be a retroactive effective date. This ensures account balances will reflect the proper balance for any given time period. Additionally, account modifications can only be included on the OCSE-157 report for the fiscal year being reported.

4.2.2 Obligation Balance Adjustments

Beginning June 8, 2012, FOC staff must:

⁶⁶ Ref: *MiCSES QRG: OBLG – Add a Tiered Obligation*, *MiCSES QRG: OBLG – Add a Non-Tiered Obligation*, or *MiCSES QRG: OBLG – Modify an Obligation* for directions on using order recommendations when entering obligations (accounts) in MiCSES.

⁶⁷ Ref: [SCAO ADM 2017-02, Administrative Abatement or Redirection of Child Support](#).

- Modify the charge amount and the corresponding charge effective dates when addressing account balance issues due to a change in the account charge; and
- Only make account arrears balance adjustments when a change in the arrears balance is *not* associated to a change in an ordered charge amount. When doing so, FOC staff must enter the adjustment *amount* with an effective month rather than manually calculate an adjusted arrears *balance*. This ensures MiCSES will calculate the account balance accurately for any given time period.

4.2.3 Transferred Obligation Considerations

When transferring obligations from one order to another, such as when an order is transferred from one county to another, or from one docket/IV-D case to another docket/IV-D case within a county, FOC staff must ensure the associated accounts on orders contain proper account balances and charges.⁶⁸

Additionally, obligation modifications can only be included on the OCSE-157 report for the fiscal year being reported. Providing account effective dates and making the correct modification entries will ensure MiCSES reads and reports the adjustments accurately for the OCSE-157.

For a detailed explanation and examples of the impacts of account modifications and adjustments, see Subsection 5, “Resulting Revision Impacts” in this manual section.

5. Resulting Revision Impacts

5.1 Retroactive Recalculation

Before June 8, 2012, rather than enter the new charge account amount with a past effective date into MiCSES, FOC staff often manually calculated the change in the balance of an order modification. Then, FOC staff entered the resulting calculated arrears amounts either as a lump-sum amount into the arrears for the current month, or as an arrears adjustment in the current month. Finally, they entered the new periodic amount with an effective date of the current or subsequent month.

On and after June 8, 2012, MiCSES has an improved ability to recalculate account balances based on a given point in time. It uses the modified financial entry and the entry’s effective date to create an event. When an account charge

⁶⁸ Ref: *MiCSES QRG: OBLG – Add a Tiered Obligation*, *MiCSES QRG: OBLG – Add a Non-Tiered Obligation*, or *MiCSES QRG: OBLG – Modify an Obligation* on ensuring accounts are established correctly on a transferred case.

amount is modified with an effective date that pre-dates the manual entry of the change (system date), an event is created. The event may cause a retroactive impact modifying previous charge amounts (for retroactive periodic charge amount changes) and previously calculated arrears (for retroactive periodic charge amounts, or adjustments pre-dating the system date).

Generally, for an order adjustment or revision, MiCSES will:

- Begin with the account balance as of the month *before* the effective date of the change event;
- Reapply account activity between the previous month's balance and the effective date of the newly added event. Activity includes, but is not limited to charges, charge amount changes, etc.;
- Apply the newly entered event; and
- Reapply previous account activity from the newly entered event through the current date.

Adjustments will always be applied as if the amount entered is a *revision* to the balance as of the *effective* month of the change, rather than a *replacement* for the account balance.⁶⁹

⁶⁹ Ref: Subsection 4.2.2, "Obligation Balance Adjustments" in this manual section. Also see *MiCSES QRG: OBLG – Add a Tiered Obligation*, *MiCSES QRG: OBLG – Add a Non-Tiered Obligation*, or *MiCSES QRG: OBLG – Modify an Obligation* on ensuring the effective month is entered correctly into MiCSES.

Once all the events and previous account adjustments are applied, MiCSES will call the limitation of assignment (LOA) process and circular rule.⁷⁰

Example 3: Incorrectly Entered Charge Amount Modification

The original child support obligation was set at \$100/month on August 1. On November 2, a modification to the order is made, increasing the support to \$150/month, effective September 1.

MiCSES history before the modification is entered into MiCSES:

August 31: MiCSES runs Month End, leaving the CS balance of \$100.
September 30: MiCSES runs Month End, leaving the CS balance of \$200.
October 31: MiCSES runs Month End, leaving the CS balance of \$300.

On November 25, FOC staff enter a manually calculated arrears adjustment for the month of November based on the difference between the old and new charge amounts for the months of September and October. Then FOC staff enter the new account charge amount for November.

After the modification is entered into MiCSES, retroactive recalculation will apply the balance changes for the month of November based upon the arrears adjustment and the new monthly account charge amount.

The OCSE-157 report will report the charges for September as \$100 with an ending balance of \$200, instead of properly reporting September charges as \$150 with an ending balance of \$250. Additionally, the November arrears adjustment will incorrectly include balance adjustment amounts from a previous month, but also from a previous fiscal year. This is incorrect and may lead to an audit finding.

⁷⁰ Ref: Subsection 5.2, "Limitation of Assignment (LOA) Obligation Impact" and Subsection 5.3, "Circular Rule" in this manual section for more information on these topics.

5.2 Limitation of Assignment (LOA) Obligation Impact

The state may not retain more assigned support collections⁷¹ for a IV-D case than the amount of unpaid grant assistance (FIP cash assistance⁷²) provided. LOA is the process within MiCSES that prevents the retention of support exceeding FIP grant amounts.

LOA may shift arrears balances between account arrears categories when a retroactive modification/adjustment is made on an unassigned account, or when an adjustment to the URG for FIP assignment is made. However, LOA will never change the overall account arrears balance. LOA will not make adjustments to associated assigned accounts,⁷³ and it may or may not shift arrears balances between arrears categories to associated unassigned account(s).⁷⁴

5.3 Circular Rule

The goal of the circular rule is to ensure the NCP did not overpay or does not get overcharged on his/her court-ordered obligation. The circular rule adjusts arrears balances only due to the same recipient. However, in the CAA category, even though federal tax refund offset payments could pay the state, the circular rule treats CAA as arrears that are owed to the family. The circular rule adjusts arrears across accounts as long as the recipient, NCP, and IV-D case/docket are all the same. This assists in preventing the NCP from being overpaid on the IV-D case/docket.

For the purposes of the circular rule, the recipient is the same if:

- It is the same individual (CP member ID) receiving the money under the same docket;
- The same state agency for FIP is not the same recipient as foster care (IV-E) or Title XIX Medicaid;⁷⁵ or
- It is the same county entity (the Service Fees [SF] debt type is not the same as the Processing Fees [PF] debt type).

⁷¹ Ref: [Section 5.40, "Public Assistance Impacts: Unreimbursed Grant, Linking, and Pass-Through \(Client Participation Payment\),"](#) of the *Michigan IV-D Child Support Manual* for a detailed discussion of assignment of support and LOA processing.

⁷² Nationally, this is known as Temporary Assistance for Needy Families (TANF). TANF also funds federally provided IV-E foster care assistance.

⁷³ Associated accounts are the same type of debt on an order whose associated assistance case IDs (AC-IDs) are linked in MiCSES.

⁷⁴ Ref: [MiCSES Customer Information Guide: Limitation of Assignment](#) for more information on the LOA process.

⁷⁵ To meet tracking and accounting requirements at the Michigan Department of Community Health, the Medical Support – Client (MS) debt type is payable to a different recipient than the Birth Expense – State (CM) debt type.

The circular rule adjusts only arrears, never current support. The federal OCSE⁷⁶ federal distribution rules for child support collections do not allow a state to recoup an overpayment of support through the interception of a subsequent child support payment (current support) unless the CP has provided consent.⁷⁷ Since a negative balance reflects an overpayment by the NCP, adjusting the negative amount against current support would in effect recoup from current support; this is not allowed by federal law because federal law requires notification to be sent before recouping from current support. Therefore, since MiCSES' circular rule does not provide notification, the circular rule limits automatic adjustments to arrears only, and never to current support.

To achieve the goal of not overpaying the court-ordered obligation when distributing retroactive receipts, the distribution of retroactive receipts is limited to the associated account arrears amount as it currently exists or as the account arrears amount as it existed in the retroactive month, whichever is less.

5.3.1 Obligation Circular Rule Adjustments

MiCSES makes the fewest arrears adjustments possible as it attempts to eliminate negative arrears due to the same recipient. When a negative balance exists in any arrears category under a docket, MiCSES adjusts the arrears in the following order:

- A. MiCSES starts with the arrears category with the highest arrears for the same recipient within the same account in which the negative arrears amount originated.

Example 4:

A child support (CS) account has this scenario:

Child 1

-\$200 in *NAA*;
\$250 in *CAA*; and
\$40 in *UDAA*.

MiCSES will adjust the -\$200 in *NAA* with the \$250 in *CAA* before *UDAA*, because *CAA* has a higher balance than *UDAA*.

Final results:

Child 1

\$0 in *NAA*;
\$50 in *CAA*; and
\$40 in *UDAA*.

⁷⁶ Ref: [OCSE AT 97-13, Collection and Disbursement of Support Payments.](#)

⁷⁷ [OCSE Policy Interpretation Question \(PIQ\)-02-01, Recoupment of a Child Support Overpayment,](#) discusses ways to obtain the CP's consent.

- B. After completing the adjustment within the account that has the negative balance, if a negative balance remains, MiCSES will adjust accounts for the same member starting with the account with the highest overall arrears for the same recipient.⁷⁸

Example 5:

Scenario of accounts for:

Child 1

CS has -\$800 in *NAA*;
Child care (CC) has \$300 in *NAA*;
CC also has \$100 in *CAA*; and
Medical reimbursement (MR) has \$700 in *NAA*.

Scenario of accounts for:

Child 2

CS has \$400 in *NAA*; and
CS also has \$800 in *CAA*.

MiCSES will adjust the CS account containing -\$800 in *NAA* using the CC and MR accounts for Child 1 before using CS for Child 2, because the CC and MR accounts are both for Child 1. MiCSES will adjust the MR account before the CC account because the balance in the MR account is greater than the CC account. Finally, MiCSES will adjust the CS account with \$300 in *NAA* before the CC account with \$100 in *CAA* because the balance in *NAA* is greater than the balance in *CAA*.

Final results:

Child 1

CS has \$0 in *NAA*;
CC has \$200 in *NAA*;
CC has \$100 in *CAA*; and
MR has \$0 in *NAA*.

Child 2

CS has \$400 in *NAA*; and
CS has \$800 in *CAA*.

⁷⁸ Within the obligation that has the highest overall arrears balance, MiCSES will adjust arrears categories in alphabetical order if there is more than one arrearage category with the same arrears amount.

- C. If there is more than one account for the same member with identical arrears amounts, MiCSES will adjust the arrears categories in alphabetical order according to the debt type abbreviation.⁷⁹

Example 6:

Scenario of accounts for:

Child 1

CS has -\$800 in NAA;
CC has \$700 in NAA; and
MR has \$700 in NAA.

MiCSES will adjust the CS account containing -\$800 in NAA with the \$700 in CC before the \$700 in the MR account for Child 1 because CC comes first in an alphabetical listing of the debt types.

Final results:

Child 1

CS has \$0 in NAA;
CC has \$0 in NAA; and
MR has \$600 in NAA.

- D. After the adjustment with other accounts for the same member is complete, if a negative remains, MiCSES will adjust other accounts starting with the account with the highest overall arrears owed to the same recipient.

⁷⁹ For an alphabetical list of debt types, reference Section 5.10 of the *Michigan IV-D Child Support Manual*.

Example 7:

Scenario of accounts for:

Child 1

CS has -\$800 in *NAA*; and
CC has \$100 in *NAA*.

Child 2

CS has \$300 in *NAA*; and
CC has \$100 in *NAA*.

Child 3

CS has \$700 in *NAA*; and
CC has \$100 in *NAA*.

First, MiCSES will adjust the CS account for Child 1 containing -\$800 in *NAA* with the CC account containing \$100 in CC because they are accounts for the same member. The next adjustment will be the CS account for Child 3 containing the \$700 in *NAA* because it is the next highest arrears category owed to the same recipient.

Final results:

Child 1

CS has \$0 in *NAA*; and
CC has \$0 in *NAA*.

Child 2

CS has \$300 in *NAA*; and
CC has \$100 in *NAA*.

Child 3

CS has \$0 in *NAA*; and
CC has \$100 in *NAA*.

5.3.2 Additional Policy on Circular Rule Adjustments

- A. After adjustments with all possible accounts are complete, if a negative remains, MiCSES will maintain the remaining negative arrears balance on the original account in the original arrears category.

Example 8:

Scenario of accounts for:

Child 1

CS has -\$800 in *NAA*;
CC has \$0 in *NAA*; and
CS has \$300 in *PAA*.

Child 2

CS has \$300 in *NAA*; and
CC has \$100 in *NAA*.

MiCSES will adjust the CS account containing -\$800 in *NAA* for Child 1 with the CS account of \$300 in *NAA* for Child 2. Then MiCSES will adjust against the CC account for Child 2 containing \$100 in *NAA*. After adjusting against all existing positive arrears owed to the same recipient, there still remains -\$400. This balance will be stored in the arrears category where the original negative began. In this instance, that is the CS account for Child 1 in the *NAA* category.

Final results:

Child 1

CS has -\$400 in *NAA*;
CC has \$0 in *NAA*; and
CS has \$300 in *PAA*.

Child 2

CS has \$0 in *NAA*; and
CC has \$0 in *NAA*.

- B. When MiCSES applies the circular rule, it records the arrears **before** the circular rule adjustment and **after** the circular rule adjustment on the *Financial Event Diary* (ELOG) screen.
- C. When the circular rule adjustment is complete, MiCSES appropriately adjusts and maintains non-compoundable surcharge for accounts in which the circular rule decreased the balance.
- D. MiCSES appropriately adjusts and maintains the prejudgment and arrears balance for accounts in which the circular rule decreased the balance.

5.3.3 Adjustments to the Temporarily Assigned Arrears (TAA) Category

TAA are unique because arrears showing in this category may have been due the CP at one time but are “currently” due the state – and at some time, the arrears may again be due the CP. Consequently, overpayments reflected in, and corresponding adjustments to, this category are also unique. Therefore, the circular rule ensures the proper recipient is credited when payments are reflected in the TAA category. This is accomplished by a circular rule adjustment that occurs first within the account only. Prior to making the adjustment across accounts, MiCSES eliminates any overpayments associated with TAA. In doing so, MiCSES moves the overpayment either to the family or the state depending on who was overpaid.

IV-D staff are unable to make adjustments directly in the NAA category while the member is on active assistance with the state. When a IV-D worker places a negative amount in the TAA category, MiCSES will always treat it as a family overpayment and move the negative to the NAA category. If a positive arrears balance is adjusted or created in the TAA category, the positive balance will adjust against the negative arrears balance in the NAA category.⁸⁰

If IV-D staff want to change the state arrears balance, they must adjust either the PAA or IVEF (IV-E foster care arrears) categories. IV-D staff must never enter a negative in the TAA category to reflect a state or foster care overpayment. Staff must track foster care overpayments in IVEF (state and federal payments) or NAA when they are a county foster care obligation (WF debt type).

5.3.4 Implications for Foster Care (County and State)

The Michigan Child Welfare Program defines foster care cases as separate accounts established on a per-member basis, and tracks each account independently. Therefore, the circular rule limits adjustments to only within the member obligation level. This means that the circular rule does not adjust between two member obligations (both on foster care) that are on the same IV-D case/docket combination, even though it appears the same recipient is paid.

6. Audit Trails in MiCSES

(Forthcoming)

⁸⁰ Preferably, IV-D staff will make adjustments for the month that the adjustment actually occurred rather than in the current month.

SUPPORTING REFERENCES:

Federal

Section 466(a)(9) of the Social Security Act

42 United States Code (USC) 657

45 CFR 303.106

45 CFR 302.56

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MCL 552.603b

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MCL 552.605

MCL 552.605a

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MCL 552.605b(3)

MCL 552.605c

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