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

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## Table of Contents


**1. Overview ..... 4**
**2. Definitions ..... 4**
**3. Legal Authority for Income Withholding ..... 7**
**4. Assets Not Attached Through an IWN ..... 8**
**5. Immediate IWNs and Exceptions to the Immediate IWN ..... 8**
5.1 Immediate IWNs ..... 8
5.2 Exemptions From Enforcement and Immediate Income Withholding (Good Cause) ..... 8
5.3 Non-Immediate IWN ..... 9
5.3.1 Order for Alternative Agreement ..... 9
5.3.2 Non-Compliance With an Alternative Agreement ..... 9
5.4 No IV-D Services and "Opt Out" ..... 11
5.4.1 Existing Cases That Are Non-IV-D and Opt Out ..... 12
5.4.2 New Cases That Are Non-IV-D and Opt Out ..... 13
**6. Initiating an IWN ..... 14**
6.1 Discovery of a New Employer or SOI ..... 14
6.1.1 Requirements ..... 14
6.1.2 Sources for New SOIs ..... 14
6.2 SOIs on MiCSES ..... 15
6.3 Automated IWN Initiation ..... 15
6.3.1 New Hire Reporting ..... 16
6.3.2 Quarterly Wage (QW) Reporting ..... 17
6.4 Automatic or Manual IWN Generation ..... 17
6.4.1 Automatic IWN Generation ..... 17
6.4.2 Manual IWN Generation ..... 18
6.5 Format and Language of the Notice ..... 18
6.5.1 Language the CTA Maintains ..... 19
6.5.2 Language the LOA Maintains ..... 19
6.5.3 Language MiCSES Staff Maintain ..... 19
6.6 Printing and Sending Notices ..... 19
6.6.1 Viewing and Reprinting Generated IWNs ..... 20
6.6.2 Notice to SOI ..... 20
6.6.3 Electronic Income Withholding Notices (e-IWOs) ..... 21
6.6.4 Notice to NCP ..... 42
6.6.5 Notice of Administrative Adjustment ..... 44
6.6.6 Notice to CP ..... 45
6.6.7 Notice to Third Parties ..... 46
6.6.8 Encryption Requirements ..... 46
6.7 Addresses ..... 46
6.7.1 SOI Addresses ..... 46
6.7.2 Foreign Addresses ..... 47
**7. IWN Withholding Amounts and Methods of IWN Calculation ..... 47**
7.1 Populating IWN Withholding Amounts From NCP Obligations ..... 47
7.2 Guideline IWN Arrears Withholding Amounts ..... 48
7.3 Judicial IWN Arrears Withholdings and Considerations ..... 50
7.3.1 Use of the J IWN ..... 50
7.3.2 Baseline Amount ..... 50
7.3.3 Exceeding the Baseline Amount ..... 51

7.3.4 J IWNs and Surcharge ..... 51
7.3.5 J IWNs and Dockets Reaching Zero Arrears ..... 51
7.4 Reducing Income Withholding When the NCP's Income Decreases ..... 51
7.4.1 Reducing a G IWN ..... 52
7.4.2 Reduction in Income and J IWNs ..... 53
7.5 Specific IWN Withholding Amounts ..... 53
7.6 IWN Statutory and Processing Fee Withholding Amounts ..... 53
7.6.1 Fees Policy ..... 53
7.6.2 Fee IWN Withholding Amounts ..... 54
7.7 Non-Monthly Withholding Amounts on the IWN ..... 54
**8. Modifying an IWN ..... 55**
8.1 Court-Ordered Modification ..... 55
8.1.1 Legal Authority ..... 55
8.1.2 Policy ..... 55
8.2 Administrative Adjustment ..... 56
8.2.1 Legal Authority ..... 56
8.2.2 Policy ..... 56
**9. SOI Withholding Limitation ..... 56**
9.1 Michigan Limit ..... 57
9.2 CCPA Limit ..... 57
9.3 Disposable Earnings, Disposable Income, and Non-Earnings ..... 58
9.3.1 Disposable Earnings ..... 58
9.3.2 Disposable Income ..... 58
9.3.3 Payments to Self-Employed Individuals/Independent Contractors ..... 59
**10. SOI Withholding Fee ..... 61**
10.1 Legal Authority ..... 61
10.2 Questions From SOIs and Individuals ..... 61
10.3 Withholding Fee and Intergovernmental Law ..... 61
10.4 Charging and Collecting the Withholding Fee From the Payer ..... 62
10.5 Withholding Fee Limitations ..... 62
10.6 Support and Health Care Coverage Withholding Limitations ..... 62
10.7 Payer Responsibility for Unpaid Support Resulting From an SOI Collecting the Withholding Fee ..... 63
10.8 SOI Non-Liability for Retaining the Withholding Fee ..... 63
**11. Allocation ..... 64**
11.1 SOI Allocation of Amount Withheld From Disposable Income ..... 64
11.2 Allocation of Income Withholding (Wage) Receipts ..... 64
**12. Terminating an IWN ..... 65**
12.1 Legal Authority ..... 65
12.1.1 Federal Law ..... 65
12.1.2 State Law ..... 66
12.2 Policy ..... 66
12.2.1 Automatic Termination ..... 66
12.2.2 Manual Termination ..... 67
12.2.3 Termination of Parental Rights ..... 67
**13. Special IWN Situations ..... 67**
13.1 IWNs for Individuals Providing Services to the State of Michigan or Providing State-Paid Services to Other Individuals ..... 67
13.2 Ex Parte Orders ..... 68
13.3 IWNs for Unemployment ..... 68
13.3.1 Legal Authority ..... 68
13.3.2 Policy ..... 69
13.4 IWNs for Federal Employees ..... 83
13.4.1 Legal Authority ..... 83
13.4.2 Federal Employee Income Subject to Income Withholding ..... 83
13.4.3 Federal Employee Income Exempt From Income Withholding ..... 84

13.4.4 Federal Agency Income Withholding Addresses ..... 84
13.5 Military Active Duty ..... 84
13.5.1 Legal Authority ..... 84
13.5.2 Policy ..... 85
13.6 IWN for Department of Defense (DoD) Civilian Employees and Other Federal Agency Income Processed by DFAS ..... 86
13.7 IWNs for Social Security Act (SSA) Benefits ..... 87
13.7.1 Legal Authority ..... 87
13.7.2 Title XVI Supplemental Security Income (SSI) Benefits ..... 87
13.7.3 Policy ..... 87
13.8 IWNs for Workers' Compensation ..... 88
13.8.1 Legal Authority ..... 88
13.8.2 Policy ..... 88
13.9 Bankruptcy and Income Withholding ..... 89
13.9.1 Pre-October 17, 2005, Petitions ..... 89
13.9.2 Petitions Filed on or After October 17, 2005 ..... 89
13.9.3 Bankruptcy Dismissal or Discharge ..... 90
13.10 IWNs for Tribal Employers ..... 90
13.10.1 Legal Authority ..... 90
13.10.2 Policy ..... 91
13.10.3 Tribal Codes ..... 91
13.11 Direct IWNs to Out-of-State SOIs ..... 92
13.11.1 Legal Authority ..... 92
13.11.2 Policy ..... 93
13.11.3 Income Withholding for Other States' Unemployment Insurance Compensation or Workers' Compensation Benefits ..... 93
13.12 IWNs for Foreign Countries ..... 94
13.12.1 Legal Authority ..... 94
13.12.2 Policy for Sending IWNs to FRCs ..... 94
13.12.3 Legal Authority for IWNs to Countries Without FRC Status ..... 95
13.12.4 Policy for Sending IWNs to Countries Without FRC Status ..... 96
13.12.5 IWNs to Countries With No Reciprocity ..... 97
13.13 IWNs for Lump-Sum Payments ..... 97
13.13.1 Legal Authority ..... 97
13.13.2 Policy ..... 97
13.13.3 Lump-Sum Payment Language on the Periodic IWN (FEN058) ..... 98
13.13.4 One-Time Lump-Sum Payment IWNs (FEN58A) ..... 99
13.14 Labor Organizations ..... 101
13.15 Self-Employment and Independent Contractors ..... 102
13.15.1 Liability for Income Withholding ..... 102
13.15.2 Relationship Between the Individual and the Paying Entity ..... 102
**14. Monitoring IWNs ..... 104**
14.1 Judicial and Specific IWN Account Balance Report ..... 104
14.2 SOI Compliance With IWNs ..... 105
14.2.1 Legal Authority ..... 105
14.2.2 Policy ..... 105
14.3 Enforcement Action Against a Non-Compliant SOI ..... 107
14.3.1 Legal Authority for Civil Contempt Against SOIs ..... 107
14.3.2 Policy ..... 108
**15. SOI Overpayment or Mispayment ..... 108**
**16. Website Information for Employers ..... 108**
Exhibit 6.03E1: Guideline IWN Examples
Exhibit 6.03E2: Guideline IWN Examples Related to Situations With Negative Case Debt
Exhibit 6.03E3: Judicial IWN Examples
Exhibit 6.03E4: Remedy 187677 Report Example

## 1. Overview

Federal and state laws require income deductions for court-ordered support obligations. When a non-custodial parent (NCP) receives income, the Michigan Child Support Enforcement System (MiCSES) generates and sends an income withholding notice (IWN) to the source of income (SOI), notifying the SOI of the withholding requirements. The IWN remains in effect until the NCP:

- Terminates employment (if the NCP becomes re-employed by the same SOI or receives payment from the SOI, the SOI must withhold income according to the IWN in effect when the NCP left employment until otherwise ordered);
- No longer receives payment from the SOI; or
- Pays the support obligation in full.

This manual section is a comprehensive guide to the laws and policies for initiating, modifying and terminating IWNs. For your convenience, this manual section provides MiCSES instructions through links to *Customer Information Guides* and *Quick Reference Guides*.[1]

## 2. Definitions

**Address Type** – In this manual section, a specific address (such as a payroll address, mailing address, or pension plan address) designated by the SOI to receive specific documents.

**Amended IWN** – An IWN that is sent to an SOI that has already received an original IWN. An amended IWN may be issued for many reasons, but usually it identifies a change in a withholding amount.

**Baseline Arrears Amount (IWN Baseline AMT)** – The threshold of past-due obligations that existed when the judicial IWN amount was established that, if exceeded, triggers an administrative adjustment.

**Benefit Year Begin (BYB) Date** – Used with unemployment benefits withholding, the BYB date is the date the claim begins (effective date). It is the date at the beginning of the week in which an unemployed worker files a new claim to receive unemployment benefits and the benefit year is established. This date is always a Sunday.

**Benefit Year End (BYE) Date** – Used with unemployment benefits withholding, the BYE date is the date the claim expires or is terminated when an unemployed worker no longer qualifies to receive regular unemployment benefits under the claim. The BYE date is always the Saturday that falls before the BYB 12-month anniversary date.

[1] Ref: Income Withholding documentation on mi-support and the *MiCSES Customer Information Guide: Income Withholding Process* on mi-support.

**Compliant IWN** – An IWN collecting at least 75 percent of the requested monthly withholding amount due.

**Electronic Income Withholding (e-IWO) Employer Acknowledgment File** – The file SOIs send to the state through the federal e-IWO System, notifying the state of:

- e-IWOs accepted or rejected by the SOI;
- Employment/income terminations;
- Suspension status; and
- Lump-sum payments.

**e-IWO Results File** – The file the e-IWO System sends to states and SOIs to indicate file errors.

**e-IWO State Detail File** – The file that includes the e-IWOs that states send to SOIs through the federal e-IWO System.

**e-IWO System** – The federal site and processes through which states and employers exchange electronic income withholding information. The e-IWO System is also referred to as the e-IWO Portal.

**Electronic Income Withholding Notice (e-IWN)** – An IWN sent to the employer electronically as a data file rather than as a paper notice via mail. An e-IWN is also referred to as an e-IWO, particularly by the federal Office of Child Support Enforcement (OCSE), other states, and employers. Michigan refers to income withholding using the term “IWN.” This manual section will use the federal term “e-IWO” when referring to electronic income withholding.

**Federal Employer Identification Number (FEIN)** – A nine-digit number that the Internal Revenue Service (IRS) assigns and uses to identify taxpayers who are required to file business tax returns. Employers, sole proprietors, corporations, partnerships, non-profit associations, trusts, estates of decedents, government agencies, certain individuals and other business entities, use FEINs.

**Guideline IWN (G IWN)** – An IWN generated by MiCSES to automatically calculate arrears withholding amounts according to the Michigan Child Support Formula (MCSF) for a payer with an arrearage.

**Income** – Income includes any:

- Commission;
- Earnings;
- Salaries;
- Wages;
- Other income due or to be due in the future from an employer (e.g., bonus,

severance, etc.); and

- Payments from:
  - Profit-sharing plan;
  - Pension plan;
  - Insurance contract;
  - Annuity;
  - Social Security;
  - Unemployment compensation;
  - Workers' compensation; or
  - Money that is due to an individual as a debt of another individual, partnership, association, or private or public corporation, or a political subdivision of federal, state, or local government.[2]

**IWN** – The income withholding notice sent to an SOI, directing it to withhold income in accordance with a support order. There is only one federally recognized withholding form: *Income Withholding for Support*. Michigan's IV-D program uses this form, although MiCSES has several different versions depending on whether it is for periodic withholding, lump-sum withholding, termination of withholding, or combined and sent with the *National Medical Support Notice* (NMSN). This form used to be called the *Order/Notice to Withhold Income for Child Support*. Websites and other material may use general terms such as "IWN," "IWO," "order," and "notice" in reference to this form. This manual section will use the term "IWN."

**Judicial IWN (J IWN)** – An IWN indicating the amount the court ordered for current support and arrears that must be manually entered into MiCSES by Friend of the Court (FOC) staff.

**Michigan Unemployment Insurance Agency (MUIA)** – The Michigan Unemployment Insurance Agency handles unemployment claims and benefits for Michigan workers. It is administered under the Michigan Department of Labor and Economic Opportunity (LEO).

**Monthly Guideline Arrearage Collection Percentage (MGP)** – The MGP is the percentage amount that MiCSES uses in calculating a possible value for a guideline monthly arrears withholding amount.[3]

**Monthly Obligation Amount** – The total of all support debt types (including child support, spousal support, child care, medical support, educational support, and foster care) and non-support debt types (including, but not limited to, blood draw, genetic testing, processing and statutory fees) the court has ordered to be paid on a monthly basis.

[2] Michigan Compiled Law (MCL) 552.602(o)
[3] Per the 2021 MCSF 4.03B(3), the MGP is 2 percent (0.02). Ref: Subsection 7.2, "Guideline IWN Arrears Withholding Amounts," in this manual section for additional details.

**Non-Compliant IWN** – An IWN that is not collecting at least 75 percent of the monthly withholding amount due.

**Opt Out** – A court order stating that the parties have chosen not to use IV-D or FOC services, and assume full responsibility for payment, collection and enforcement of a child support order. Parties may choose to opt out of FOC services but may continue payments through the Michigan State Disbursement Unit (MiSDU).

**Remuneration** – Payment, reimbursement or compensation.

**Source of Income (SOI)** – An employer or successor employer, another individual, or another entity (such as an unemployment insurance agency [UIA], or workers' compensation provider) that owes or will owe income to the NCP.[4]

**Specific IWN (S IWN)** – An IWN that lists a specific amount to be paid for current support and arrears. MiCSES does not automatically modify an S IWN; however, MiCSES will automatically terminate an S IWN when current obligations and arrears no longer exist. The current and arrears withholding amounts are set manually.

**Total Payment Amount (TPA)** – The total amount to be collected by the IWN, including the sum of court-ordered and administrative current withholding amounts, past-due withholding amounts and fees.

## 3. Legal Authority for Income Withholding

Orders of income withholding are provided by operation of law in cases in which support was entered by the court on or before July 1, 1983. Michigan law requires each support order entered or modified by the circuit court after July 1, 1983 to provide for an order of income withholding. Michigan law also provides for immediate IWNs on support orders entered or modified after December 31, 1990.[5] Refer to Subsection 5 of this manual section for more information regarding immediate income withholding and exceptions.

Per federal regulations, income withholding must be carried out in compliance with the state's procedural due process requirements.[6] On cases with immediate income withholding, due process is provided and an opportunity to contest is afforded during the establishment or modification of the support order. On cases with non-immediate income withholding under an order based upon an alternative agreement or good cause, due process is afforded through establishment of the order. In the event the NCP falls out of compliance with the order, income withholding becomes immediately effective[7] and the NCP is afforded an opportunity to object.[8]

[4] MCL 552.602(ff)
[5] MCL 552.604
[6] 45 Code of Federal Regulations (CFR) 303.100
[7] MCL 552.604
[8] MCL 552.607

IWNs direct SOIs to withhold a specific dollar amount each pay period for an NCP ordered to pay support. The IWN is sent to:

- Employers (payers of wages and bonuses);
- Unemployment agencies;
- Social Security Administration; and
- Other SOIs.

## 4. Assets Not Attached Through an IWN

This manual section does not discuss retirement accounts or insurance payments.[9]

## 5. Immediate IWNs and Exceptions to the Immediate IWN

### 5.1 Immediate IWNs

Michigan law requires immediate income withholding in all support orders entered or modified after December 31, 1990, unless:

- The court determines there is good cause for income withholding not to take immediate effect;
- There is a court order that an IWN will not take immediate effect because the parties have entered into a written agreement; or
- The parties have "opted out" of FOC services.[10]

When an immediate IWN is ordered, the FOC worker must set the IWN IND field to "I" (Immediate) on the *Support Order Entry* (SORD) screen in MiCSES.

### 5.2 Exemptions From Enforcement and Immediate Income Withholding (Good Cause)

If the court determines good cause for not issuing an immediate IWN, FOC staff will set the *IWN IND* on the SORD screen to "N" (No). This prevents the *Immediate Income Withholding* (IIWO) activity chain from starting on the *Enforcement Processor* (ENFP) screen. Such a determination must be based on:

- A written finding by the court why immediate income withholding is not in the best interests of the child;
- Proof of timely payment of previously ordered support when applicable; and
- An agreement that the payer will notify the FOC of his/her current SOI as

[9] Policy regarding insurance liens is provided in Section 6.30, "Liens – Insurance," of the *Michigan IV-D Child Support Manual*. Policy regarding the attachment of retirement accounts is provided in Action Transmittal (AT) 2003-013, *Qualified Domestic Relations Orders and Eligible Domestic Relations Orders: Obtaining and Disbursement* and AT 2005-055, *Qualified Domestic Relations Orders (QDROs) Sent to Fidelity Employer Services (Fidelity)*.
[10] MCL 552.604(3) and 552.505a

well as any available or maintained health care coverage.[11]

The Office of Child Support (OCS), local FOC and judicial policy dictate when a case may be exempt from enforcement:[12]

- OCS policy does not provide for an exemption from mandatory enforcement remedies, including income withholding, when the NCP has entered into an arrears payment plan.[13]
- Local FOC and judicial policy may provide for the exemption of IWN enforcement for good cause.

## 5.3 Non-Immediate IWN

When the IWN does not take immediate effect because the NCP will pay the MiSDU directly rather than through an IWN, FOC staff will set the *IWO IND* on the SORD screen to "Y" (Delayed). This allows MiCSES to start the IIWO activity chain and allows an IWN to be issued if the arrears on the case meet or exceed one month's support obligation.

### 5.3.1 Order for Alternative Agreement

Parties must show all of the following exist when requesting an alternative agreement:

A. Both parties consent to the agreement;
B. The agreement is in the child(ren)'s best interest;
C. The parties have not assigned support to the state;
D. The agreement specifies that the IWN will not take immediate effect;
E. The agreement specifies an alternative payment arrangement; and
F. The agreement requires the NCP to keep the FOC notified of his/her current SOI as well as any available or maintained health care coverage.

In a case in which income withholding is currently in effect, an alternative agreement cannot be executed if there is a support arrearage or if income withholding was implemented after a prior suspension or termination due to the payer's failure to pay the ordered support.[14]

### 5.3.2 Non-Compliance With an Alternative Agreement

A. If support is not paid as agreed and the arrears exceed one month of support, MiCSES will activate an IWN for the NCP's currently known

[11] MCL 552.604
[12] Ref: *MiCSES Quick Reference Guide: Suspend or Close All Open Enforcement Remedy Major Activities on the Enforcement Processor (ENFP)* screen for instructions on exempting a case from enforcement.
[13] Ref: Section 6.42, "Payment Plans," in the *Michigan IV-D Child Support Manual*.
[14] MCL 552.619

SOIs (via the IIWO activity chain) and send the IWN to the SOIs. MiCSES will send a copy of the IWN to the NCP with a *Notice of Arrearage* (FEN190). MiCSES will also send a *Notice Regarding Income Withholding Order* (FEN58N) to the NCP if immediate income withholding was previously established, an IWN was entered in MiCSES and active prior to the alternative agreement, and the withholding amounts for the new IWN are different than the previously active IWN.[15]

Copies of these notices are not required to be sent to the custodial party (CP).[16]

B. The FEN190 includes the following information and statements:

1. The amount of arrearage;
2. The NCP's income is subject to immediate income withholding;
3. The IWN is effective and will be sent to the NCP's SOI;
4. A copy of the IWN is included;
5. The income withholding will apply to the NCP's present and future employers and period of employment and other sources of income;
6. The NCP has 21 days to request a hearing to object to the IWN because:

   a. There is a mistake of fact concerning the amount of current support or arrearage; or
   b. There is a mistake of fact concerning the NCP's identity.

   Note: If the NCP objects, IV-D staff will conduct administrative, referee, or judicial hearings.

7. If a hearing is held before a referee, the NCP has the right to request a de novo hearing before a judge; and
8. The NCP has the right to file a motion for modification of support if there has been a change in circumstances.[17]

C. MiCSES also initiates an *Initiated Income Withholding* (WAGE) activity chain when an NCP has violated an alternative payment agreement. The WAGE activity chain tracks the NCP's opportunity to object to the immediate income withholding after the alternative agreement was entered and provides the NCP with due process.

D. Michigan law allows the NCP 21 days to object to the new or administratively adjusted IWN and request a hearing. The NCP is

[15] Ref: Subsection 6.6.4, "Notice of Administrative Adjustment," in this manual section for FEN58N details.
[16] Ref: Subsection 6.6.5, "Notice to CP," in this manual section for details.
[17] MCL 552.517, MCL 552.517b, and MCL 552.607

responsible for filing the request and serving a copy on the other party. Michigan law requires the hearing to be scheduled within 14 days of the NCP's request and requires the hearings to be completed within 45 days after the date of the notice "unless otherwise permitted by the court upon a showing of good cause."[18]

1. If the NCP does not object within 21 days after the date of the notice, MiCSES will automatically change the alternative agreement to an immediate IWN on the SORD screen and close the WAGE activity chain 28 days after the date of the notice.

2. If the NCP does object, FOC staff must manually move the WAGE activity chain through the review/hearing, results, order, and closure steps. Depending on the hearing type and outcome, FOC staff may also need to manually update the income withholding indicator on the SORD screen as well as income withholding information on the *Income Withholding* (IWNS) screen.

E. While MiCSES sends new IWNs to the NCP's current SOI(s) and initiates the WAGE activity chain at the same time, due process for establishing or re-establishing income withholding is not dependent on continuance of the NCP's current employment, unemployment benefits or other SOI. The outcome of the WAGE hearing is applicable to "current and subsequent employers and periods of employment and other sources of income."[19] Accordingly, FOC staff will continue the hearing and WAGE activity chain when the NCP's current employment, unemployment benefits, or other SOI terminates.

   Furthermore, MiCSES will not automatically close the WAGE activity chain when the NCP's *Member Employment History* (EHIS) record is end-dated and the NCP's last IIWO activity chain closes as a result.[20]

## 5.4 No IV-D Services and "Opt Out"

Some parties choose not to use (i.e., "opt-out" of) FOC or IV-D services because they choose to handle their child support case without IV-D program involvement and, per the court's approval, without FOC involvement.[21] These cases are non-IV-D cases, and FOC and/or OCS enforcement activities do not continue once the court has approved the "opt-out." In contrast, the automated case closure process may close a IV-D case by changing it to a non-IV-D case; however, some enforcement activities continue as non-IV-D cases with FOC

[18] MCL 552.607
[19] MCL 552.607(1)(c)
[20] Prior to June 2009, MiCSES automatically closed the WAGE activity when the NCP's EHIS record was end-dated and the last IIWO activity closed as a result.
[21] MCL 552.505a

services.[22]

Even when parties on a case do not choose IV-D services and opt out of FOC services, OCS must track the case in the State Case Registry (SCR). The SCR is a database of all child support cases in Michigan, including IV-D cases and non-IV-D cases. The SCR updates the Federal Case Registry (FCR), which holds all cases nationwide.[23]

The *State Case Registration of a Non-IV-D and Opt Out Case* (DHS-1424) form provides OCS with the information necessary for processing opt out cases into the SCR.

To obtain complete procedures for updating or creating a non-IV-D case in which the parties have opted out of IV-D and FOC services, IV-D staff may access the *Quick Reference Guides* under the Income Withholding documentation on mi-support.

### 5.4.1 Existing Cases That Are Non-IV-D and Opt Out[24]

A. When parties fail to choose/maintain IV-D services and opt out after the support order has been entered, FOC staff will:

1. Follow the State Court Administrative Office (SCAO) Administrative Memorandum (ADM) 2004-16, *Opting Out of Friend of the Court Services*;
2. Terminate any active IWNs;
3. Send a completed DHS-1424 form to OCS Central Operations; and
4. On the SORD screen:

   a. Change the *ENF Exempt IND* to “Y” (Yes);
   b. Use an *ENF Exempt* reason code of “OP” (Opt Out);
   c. Select “Yes” in the *SF/PF Exempt* field; and
   d. Change the *IWO IND* to:

      1) “O” for Opt Out if the parties are retaining MiSDU services; or

[22] SSA Section 466(a)(8) and MCL 552.604. Ref: IV-D Memorandum 2016-029, *Updates to Michigan IV-D Child Support Manual Section 3.50, “Case Closure”*; IV-D Memorandum 2016-003, *Actions for Meeting Federal Requirements in the IV-D Application Process and Clarifications of Policy Regarding IV-D Services in Domestic Relations Cases;* and Section 3.50, “Case Closure,” of the *Michigan IV-D Child Support Manual*.

[23] Ref: AT 2006-025, *Changing Michigan’s IV-D Case Identifier to the Michigan Child Support Enforcement System (MiCSES) IV-D Case Number for Reporting to the Federal Case Registry (FCR)* for further SCR/FCR discussion.

[24] Ref: *MiCSES Quick Reference Guide: Marking Existing Cases as Not Receiving IV-D or MiSDU Services* and/or *MiCSES Quick Reference Guide: Marking Existing Cases as Not Receiving IV-D Services but Retaining MiSDU Services* for instructions on marking an existing case as opt out on MiCSES.

2) "N" (No) if the parties are not retaining MiSDU services.

B. If parties are retaining MiSDU services, OCS Central Operations staff will enter the obligation as provided on the DHS-1424; and

C. If parties provide proof of withholding through an SOI, OCS Central Operations staff will create an S IWN for the opt out case, placing all IWN withholding amounts in the Other field on the IWNS screen's *IWN Detail Amount* pop-up.

Note: OCS Central Operations staff will enter the S IWN information into MiCSES, but will not generate, print and send the S IWN to the SOI.

5.4.2 New Cases That Are Non-IV-D and Opt Out[25]

A. The parties on the case must ensure that a completed DHS-1424 and any other documentation as required by the DHS-1424 are sent to OCS Central Operations;

B. OCS Central Operations staff will:

1. Open a non-IV-D case on MiCSES for the SCR using the information provided on the DHS-1424;
2. On the SORD screen:

   a. Change the *ENF Exempt Ind* to "Y" (Yes);
   b. Use an *ENF Exempt* reason code of "OP" (Opt Out);
   c. Select "Yes" in the *SF/PF Exempt* field; and
   d. Change the *IWO IND* to:

      1) "O" for Opt Out if the parties are retaining MiSDU services; or
      2) "N" ("No") if the parties are not retaining MiSDU services.

3. If parties are retaining MiSDU services, enter the obligation as provided on the DHS-1424; and
4. If the parties provide proof of withholding through an SOI, OCS Central Operations staff will open an S IWN for the opt out case, placing all IWN withholding amounts in the *Other* field on the *IWN Detail Amount* pop-up.

   Note: OCS Central Operations staff will enter the S IWN information into MiCSES, but will not generate, print and send the S IWN to the SOI.

[25] Ref: *MiCSES Quick Reference Guide: Marking New Orders as Not Receiving IV-D or MiSDU Services* and/or *MiCSES Quick Reference Guide: Marking New Orders as Not Receiving IV-D Services but Receiving MiSDU Services* for instructions on marking a new order as opt out on MiCSES.

## 6. Initiating an IWN

Throughout this manual section, the terms “initiate an IWN,” “initiating an IWN” and “IWN initiation” refer to the process of MiCSES or FOC staff starting the immediate IIWO activity chain on the ENFP screen. Initiation of the IIWO activity chain allows an IWN to be issued (generated, sent, printed, mailed, etc.) through MiCSES.

### 6.1 Discovery of a New Employer or SOI

#### 6.1.1 Requirements

An IWN must be sent to the SOI within two business days of MiCSES receiving income and SOI information through an automated interface. If MiCSES does not receive income and SOI information through an automated interface and the SOI address is unknown, FOC staff must send an IWN to the SOI within 15 calendar days of locating the SOI. For new or modified support orders, if MiCSES does not receive income and SOI information through an automated interface and the SOI address is known as of the date the support order is received, FOC staff must send the IWN to the SOI within 15 calendar days of receiving the order.

#### 6.1.2 Sources for New SOIs

The IV-D program has many sources to use for discovering new SOIs, including, but not limited to the following:

A. The NCP or CP notifying the FOC of a new SOI.[26]

B. The NCP’s SOI or former SOI notifying the FOC of the new SOI.

Michigan law (MCL 552.614) requires all SOIs to notify the FOC when an NCP’s income is terminated. This MCL has additional requirements for SOIs that are employers:

1. An employer must promptly notify the FOC when an NCP’s income is terminated or interrupted for a period of 14 or more consecutive days; and
2. An employer must provide the NCP’s last-known address as well as the name and address of the new employer or SOI, if known.

However, the law does not require a specific method for employers or other SOIs to notify the FOC. Employers and other SOIs may notify

[26] MCL 552.605a requires court orders in FOC cases to include provisions for both parties to provide to the FOC their current SOI information as well as any health care coverage provided as a benefit of employment. MCL 552.610 requires the payer to provide the FOC with the name and address of his/her current employer and any subsequent employer.

the FOC in writing, through an e-IWO acknowledgment, through an electronic termination (eTerm), via telephone, etc.[27]

C. The NCP's SOI or former SOI responding to any of the following:[28]

1. Employer Non-Compliance letter (FEN043);
2. Employer's Disclosure of Income and Health Insurance (FEN305/FOC22);
3. Employment Status Disclosure (FEN307/FOC22B); or
4. Other request.

D. SOI and income information from the following:

1. Michigan New Hires Operation Center;[29]
2. National Directory of New Hires (NDNH);[30]
3. FCR/FPLS[31] proactive match and locate responses;[32] or
4. State Quarterly Wage (QW) file.

E. The FOC discovering an SOI through another source and manually loading it on the EHIS screen.

## 6.2 SOIs on MiCSES

IV-D staff members may search for and view SOI locate information on MiCSES in the central repository on either the *Other Party* (OTHP) screen or the *Other Party Cross Reference* (OTHX) screen. Refer to Section 3.16, "Other Parties," of the *Michigan IV-D Child Support Manual* for information regarding entry and maintenance of SOI information in MiCSES.

FOC staff may attach the SOI to the NCP after the SOI record is added or updated.

## 6.3 Automated IWN Initiation

[27] For more information, refer to Subsection 6.6.3(L)(5), "SOI-Initiated E-IWO Termination Acknowledgments/Reports and Electronic Terminations (eTerms)" in this manual section.
[28] MCL 552.518 gives the FOC authority to request information from an employer or former employer of a parent who is or was employed as an employee or independent contractor and requires the employer to respond to the request.
[29] MiCSES is the State Directory of New Hires (SDNH); therefore, it receives new hire reports from the Michigan New Hires Operation Center and performs the required SDNH functions. Ref: *Michigan IV-D Child Support Manual* Section 3.10, "New Hire," for information about new hire reporting.
[30] Ref: 45 CFR 303.108(b). While the name "National Directory of New Hires" implies the NDNH only processes new hire (NH) information, the NDNH also processes quarterly wage (QW) and unemployment insurance (UI) information.
[31] "FPLS" is the Federal Parent Locator Service.
[32] When the SCR sends certain case or member transactions to the FCR, the FCR/FPLS proactively searches the NDNH's quarterly wage (QW), new hire (NH) and unemployment (UI) insurance data and returns the matching QW, NH and UI data to the State. The FCR/FPLS also searches the NDNH when it receives locate requests then returns the matching QW, NH, and UI data to the State.

MiCSES automatically initiates an IWN when a new employer or SOI is entered on the EHIS screen. MiCSES will automatically start an IWN within two business days of verification of a new SOI if there is an immediate IWN.[33] MiCSES does not automatically initiate an IWN when:

- The parties have chosen to opt out of FOC or IV-D services and a case is marked appropriately in MiCSES;[34]
- The court has not ordered immediate income withholding;[35]
- The case is exempt from enforcement;
- The docket is an intergovernmental case and Michigan is the initiating state IV-D agency;
- There are no charging obligations and no arrears balance;
- The NCP has no verifiable SOI; or
- The NCP docket is closed.

MiCSES sets the status of new periodic IWNs to "pending" for nine calendar days from the issue date. This provides the employer seven days to implement the new periodic IWN[36] and allows payments sent before the new IWN is implemented to be paid according to the prior IWN allocation. After nine days, MiCSES changes the "pending" status to "active" status.

Note: When the SOI is a tribe that requires a foreign order to accept a Michigan IWN, the IWN will remain in "pending" status until FOC staff manually change the status to "active."[37]

### 6.3.1 New Hire Reporting

Federal statutes require the IV-D program to issue an IWN within two business days of a new hire report being received by the child support system from the SDNH or NDNH unless one of the exceptions to immediate income withholding applies.[38] Refer to *Michigan IV-D Child Support Manual* Section 3.10 for policy regarding new hire reporting.

Unless one of the exceptions to immediate income withholding applies, MiCSES will initiate a new IWN for an NCP's new SOI within two days of receiving new hire information via the SDNH or NDNH. MiCSES will initiate an IWN when an IWN for the NCP is not already active for that

[33] MCL 552.626
[34] Ref: Subsection 5.4, "No IV-D Services and Opt Out," in this manual section.
[35] Ref: MCL 552.604(3).
[36] MCL 552.611 states that the IWN is legally binding on the employer seven days after service. MiCSES uses calendar days when processing. The Enforcement Work Improvement Team (ENF-WIT) agreed to use a nine-calendar-day timeframe, allowing two days for weekend days.
[37] Ref: Subsection 13.10.3, "Tribal Codes," in this manual section.
[38] Ref: Subsection 5, "Immediate IWNs and Exceptions to the Immediate IWN," in this manual section for details. Also refer to Social Security Act (SSA) sections 453A(g)(1) and 466(b)(3), 45 CFR 303.100(e)(2), and 45 CFR 303.100(e)(3).

SOI. MiCSES will not initiate a new IWN when the new hire effective date is more than six months old, because this is considered outdated information.

#### 6.3.2 Quarterly Wage (QW) Reporting

Employers are required to report wages quarterly,[39] and, in Michigan, employers report wages to the MUIA. The MUIA provides this QW information daily to MiCSES.[40] MiCSES sends this QW information weekly to the NDNH and receives QW information daily from the NDNH.

MiCSES stores the QW information received from MUIA and the NDNH. However, to prevent multiple IWNs and NMSNs from being sent to the same SOI under different OTHP IDs and FEINs, MiCSES will not automatically update case members' employment information or issue IWNs and/or NMSNs based on the QW information.[41]

IV-D staff can access QW information through Business Objects reports and must manually update a case member's employment information in MiCSES to issue IWNs and/or NMSNs when necessary. For example, IV-D staff would manually enter the employment information from a QW record when the employment information is verified, and the NCP does not already have employment information recorded in MiCSES.

### 6.4 Automatic or Manual IWN Generation

An IWN will be generated either:

- Automatically by MiCSES; or
- Manually by FOC staff.

"Form generation" is the process of automatically and/or manually gathering data for a form, whereas "printing" a form means physically printing the form. A form must be generated before it can be sent electronically or printed and mailed.[42]

#### 6.4.1 Automatic IWN Generation

After income withholding has been initiated, MiCSES automatically generates the IWN for counties using central-print. MiCSES does not automatically generate the IWN for local-print counties. Local-print FOC offices are responsible for monitoring auto-initiated IWNs, generating the

[39] Ref: 42 United States Code (USC) 1320b-7 and MCL 421.13.
[40] Even though all employers have a specific deadline after the end of a given quarter to report that quarter's wages, MiCSES receives the QW information from MUIA on a daily basis because different employers may report wages to MUIA on different days and may report amendments on different days.
[41] OCS has entered IT18617 to automate MiCSES actions upon receiving QW information.
[42] Ref: Subsection 6.6, "Printing and Sending Notices," in this manual section for further details.

IWN, and/or printing and mailing the IWN to the SOI and NCP. To assist local-print FOC offices with monitoring, MiCSES provides an informational alert on the *Alert Detail* (ALRT) screen when an IWN is auto-initiated.

### 6.4.2 Manual IWN Generation

FOC staff may manually add an SOI for the NCP and generate an IWN on the ENFP screen when an IWN is needed quickly (e.g., a new SOI is preparing payroll and the new IWN must be printed and faxed in order to obtain the first payment in that pay cycle). IWNs for MUIA should only be manually generated under limited conditions.[43]

After manually adding the SOI as a verified SOI to the payer's EHIS record, FOC staff printing IWNs centrally may:

- Immediately generate and print the IWN locally for the SOI and NCP; or
- Allow the nightly batch process to generate the IWN for the SOI and NCP.

FOC staff using local-print must manually generate, print, and send the IWN for the SOI and NCP. If the SOI is active for e-IWOs, FOC staff using local-print must manually generate the IWN for the SOI (but not print or send it). MiCSES will not send an e-IWO until the SOI's IWN is manually generated.[44]

## 6.5 Format and Language of the Notice

Paper IWNs conform to the format of the federal IWN form *Income Withholding for Support*, OMB 0970-0154, and are designated as the FEN058, FEN58A, or FEN58D on MiCSES. E-IWOs do not include all of the text from the federal IWN form; however, e-IWOs do contain case-specific and Michigan-specific data that is included on the federal IWN form.

Nearly all of the text on the IWN form is federally mandated. However, the IV-D agency has limited flexibility to decide the language included in specific places on the form. The Central Table Administrator (CTA), FOC offices' Local Options Administrators (LOAs), and MiCSES staff[45] have the ability to maintain some of the text that MiCSES includes on IWNs.[46]

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[43] Ref: Subsection 13.3, "IWNs for Unemployment," in this manual section.
[44] Ref: Subsection 6.6.3, "Electronic Income Withholding Notices (e-IWOs)," in this manual section for details regarding e-IWO and SOI participation.
[45] These MiCSES staff are on the Fast Track Forms team.
[46] For additional policy about the LOA role, refer to IV-D Memorandum 2015-002, *Limiting the Michigan Child Support Enforcement System (MiCSES) Local Options Administrator (LOA) Role, Introduction of the Functional Prototype Queries (FPRO) Worker and Transfer Worker User Roles, and Updates to Section 6.45, "Bench Warrants/LEIN," of the Michigan IV-D Child Support Manual*.

### 6.5.1 Language the CTA Maintains

- Contact information that is included or excluded on the IWN/e-IWO at the county's option. This information is maintained on the *County Profile Information Editor* (FCPE) screen;
- The Michigan statute citation in the IWN's *Liability and Anti-discrimination* lines under the **Additional Information for Employers/Income Withholders** section. This text is maintained on the *Reference Codes Maintenance* (REFM) screen; and
- Information included in the IWN's **Supplemental Information** section. This language is maintained through the *IWN Text* field on the *County Options* (LCOM) screen.

### 6.5.2 Language the LOA Maintains

The LOA maintains contact information that is included or excluded on the IWN/e-IWO at the state's or county's option. This information is maintained on the FCPE screen.

### 6.5.3 Language MiCSES Staff Maintain

MiCSES staff maintain some of the bulleted informational items in the **Supplemental Information** section that are hard-coded in the form and not updateable through a MiCSES screen. This information includes the MiSDU contact information, remittance information, bonus/lump-sum reporting contact information, fees, and withholding limits for non-employee income/non-earnings.

## 6.6 Printing and Sending Notices

This subsection provides general information related to printing and sending IWNs. Specific details regarding IWNs for MUIA are provided in Subsection 13.3, "IWNs for Unemployment" of this manual section.

An IWN must be automatically or manually generated before MiCSES or FOC staff print and send the notice to the SOI and NCP.

- Most SOIs receive notice as a paper IWN through the United States Postal Service or electronically through the federal e-IWO System;[47]
- MUIA receives IWNs through an electronic interface that is different than the e-IWO System; and
- NCPs always receive notice through a paper IWN, regardless of how the SOI receives the IWN.

[47] Ref: Subsection 6.6.3(F), "e-IWO Generation," in this manual section.

If the county uses central-print for IWNs, MiCSES will send paper IWNs to a central-print facility for printing and mailing after the IWNs are generated in MiCSES.

If the county uses local-print, FOC staff must manually print and mail the paper IWNs after they are generated.

FOC staff (central-print and local-print) will not print and mail paper IWNs to SOIs participating in the e-IWO System unless a paper IWN is necessary. A paper IWN may be necessary when MiCSES cannot automatically generate the e-IWO or the e-IWO fails.[48]

MiCSES automatically sends the IWN electronically to MUIA for central-print and local-print counties. FOC staff in local-print counties must manually generate and print the NCP IWNs.[49] The electronic IWN transmission process for MUIA is different than the e-IWO process for other SOIs.

### 6.6.1 Viewing and Reprinting Generated IWNs

After MiCSES or FOC staff generate and/or print an IWN/e-IWO, IV-D staff will be able to:

- View a copy of the IWN/e-IWO through the ENFP screen or *Historical Reprints* (FHST) screen;
- Reprint a copy of the NCP's IWN through the ENFP or FHST screen;
- Reprint copies of the CP's IWN that are only available through the ENFP or FHST screen if they were generated prior to September 26, 2011;
- Reprint an exact copy of the SOI's paper IWN through the ENFP or FHST screen for an SOI that does not participate in e-IWO; and
- Reprint a paper copy of the SOI's e-IWO through the ENFP or FHST screen for an SOI that participates in e-IWO. These paper copies are not exact copies of the actual e-IWO sent to the SOI.[50]

### 6.6.2 Notice to SOI

Federal law requires IV-D agencies and Tribal IV-D programs to use the federal standardized IWN form for IV-D cases. The law also requires other authorized issuers such as private firms and attorneys to use the federal form in non-IV-D child support cases when withholding is desired.[51] Federal regulations do not permit the use of the federal IWN form for non-IV-D, spousal-support-only cases. The IWN cannot be used

[48] Ref: Subsection 6.6.3(I through K) in this manual section for specific information regarding errors.
[49] Ref: Subsection 13.3, "IWNs for Unemployment," in this manual section for details regarding UIA and issuance of paper IWNs.
[50] Ref: Subsection 6.6.3(G), "Paper Copies of an e-IWO," in this manual section.
[51] SSA, sections 452(a)(11), 454(9)(E), and 466(b)(6)(A)(ii).

for any other withholding or garnishment purposes, including fees or court costs that are not being collected in conjunction with a child support debt.[52]

The IWN:

A. Directs the SOI to withhold from the NCP's income the amount indicated;
B. Instructs the SOI that there is a limit to the amount that can be withheld from the individual's disposable income;[53]
C. Directs the SOI to send the withheld income to the MiSDU within three business days after the withholding date;[54] and
D. Explains that the IWN remains in effect until further order of the court.

If the SOI has the same address for income withholding (e.g., payroll address) and insurance (e.g., plan administrator address), a combination of forms (FEN58X) is sent to the SOI in the same envelope. The FEN58X includes the FEN058, the NMSN (FEN302), and the *Addendum to the NMSN* (FEN302A).[55]

6.6.3 Electronic Income Withholding Notices (e-IWOs)

A. Mandate and Authority

Effective October 1, 2015, federal law requires states to transmit *Income Withholding for Support* notices to employers "… at the option of the employer, using the electronic transmission methods prescribed by the Secretary of the federal Department of Health and Human Services."[56]

If an SOI chooses to receive income withholding notices electronically, the SOI must agree with OCSE to use the e-IWO System. The agreement stipulates the SOI will receive, handle, and process e-IWOs transmitted to it in the same manner as if the IWN were received via regular mail.[57]

[52] Ref: Federal Register, Volume 81, No. 244, 93492, et seq.; Final Rule, "Flexibility, Efficiency, and Modernization in Child Support Enforcement Programs," Response to Comment #4 (p. 93550).
[53] Ref: Subsection 9, "SOI Withholding Limitation," in this manual section for details.
[54] MCL 552.609
[55] Ref: Section 6.06, "Medical Support," of the *Michigan IV-D Child Support Manual*.
[56] Ref: Section 466(b)(11) of the SSA, Section 454A(g)(1) of the SSA as amended by section 306 of the Preventing Sex Trafficking and Strengthening Families Act of 2014 (H.R. 4980, Public Law 113-183), OCSE AT-14-12, *E-IWO Implementation and Amendment of Title IV-D State Plan Preprint Page 3.8-3*, and OCSE AT-14-08, *H.R. 4980: Preventing Sex Trafficking and Strengthening Families Act of 2014*.
[57] For the purpose of hearings and/or legal substantiation, paper copies of the SOI's e-IWOs are available on the ENFP and FHST screens. SOI agreements are **not** signed legal documents, and they are **not** available online.

In addition, states must enter into a similar agreement with OCSE, which is a separate agreement than the agreement between the federal e-IWO System and the SOI.[58] Additionally, each state must provide technical information to OCSE regarding the state's e-IWO process. OCS elected to participate in the federal e-IWO System and submitted the agreement to participate in September 2008.[59]

Michigan law provides for electronic service of income withholding notices to SOIs "as agreed by the source of income and the office of the friend of the court."[60] However, OCS executed the state agreement with OCSE on behalf of all FOC offices statewide because:

- OCS is the state agency administrator of the IV-D program and the statewide information system, including e-IWO functionality and SOI information;[61]
- FOC offices are IV-D agencies contracted with OCS to perform IV-D work;[62]
- The entire state IV-D program must comply with the e-IWO mandate; and
- The agreement with the federal e-IWO System is not between the state or local offices and the SOI; rather, the agreement is between the state or SOI and OCSE.

B. e-IWO System/Processing Overview

An e-IWO is a data record containing information that would be printed on the paper version of the federal standardized IWN.[63] The e-IWO System provides a centralized, nationwide mechanism for coordinating the electronic exchange of income withholding information between states and SOIs. The e-IWO System provides SOIs with the ability to receive the income withholding information via a data file, a spreadsheet, or PDF files. The e-IWO System also allows an SOI to respond to e-IWOs (e.g., acknowledge acceptance or rejection) or send income withholding information to the state via a data file, a fillable PDF, or a fillable spreadsheet.[64]

[58] State agreements are **not** signed legal documents, and they are **not** available online.
[59] MiCSES implemented functionality for generating and sending e-IWOs to SOIs in December 2008. MiCSES implemented functionality for receiving and processing e-IWO employer acknowledgments in June 2009 and OCS activated the first employer (United States Postal Service) on July 14, 2009.
[60] MCL 552.611 and 552.617
[61] MCL 400.233
[62] MCL 552.602(ll)
[63] There are slight differences in what is provided in an e-IWO record. Ref: Subsection 6.6.3(G), "Paper Copies of an e-IWO," in this manual section.
[64] More information regarding the e-IWO System is available on OCSE's Electronic Income Withholding Orders (e-IWO) web page.

The e-IWO System receives e-IWOs from all participating states, then combines and routes the e-IWOs to each SOI. Likewise, SOIs provide feedback to the states through the e-IWO System.[65] The e-IWO System also checks and formats the files submitted by the states and SOIs to ensure the states and SOIs can successfully exchange the e-IWO information.[66] The e-IWO System returns any errors and feedback to the states and SOIs for correction and/or resubmittal.

C. Managing e-IWO Information in MiCSES

While OCSE staff maintain the SOI and state agreements, MiCSES must know when a given SOI has requested e-IWOs at the time the IWN is to be generated. OCS Central Operations staff will maintain the *Electronic: IWN* field on the SOI's OTHP record. A "Y" (Yes) in this field indicates the SOI is to receive e-IWOs. Blank or "N" (No) indicates that the SOI is to receive paper IWNs.[67]

When an employer has entered into an agreement to receive e-IWOs through the e-IWO System, OCS Central Operations staff will update the SOI's appropriate OTHP record(s). If the SOI elects to stop receiving e-IWOs, OCS Central Operations staff will update the SOI's OTHP record(s) appropriately.

OCS Central Operations staff and OCS Program Development Division (PDD) staff will work with OCSE to coordinate the preparation and activation of OTHP records for SOIs. This will include comparing the active FEINs provided by SOIs to the e-IWO System with the SOI records on the OTHP screen, merging and/or adding the appropriate OTHP records, and maintaining the SOI's *Electronic: IWN* field on the OTHP screen.

OCS will **not** notify IV-D staff each time an SOI is activated in MiCSES. However, FOC staff may receive advance notification through the Child Support Help Desk of an SOI's pending e-IWO activation in MiCSES when FOC actions are requested prior to activation. IV-D staff will review the ENFP screen (*Case Remedy* [CASE] and IIWO activities) or the OTHP screen to determine if an SOI is active for e-IWO.

[65] Ref: Subsection 6.6.3(L), "e-IWO Acknowledgments," in this manual section for more information. SOIs send "Acknowledgment" files to the states through the e-IWO System. OCSE discontinued the e-IWO Receipt File that employers provided to the states through the e-IWO System as of April 1, 2013. MiCSES discontinued processing the e-IWO Receipt File as of the December 2014 (MiCSES 8.10) Release.
[66] Ref: Subsection 6.6.3(I through K) in this manual section.
[67] Ref: Section 3.16 in the *Michigan IV-D Child Support Manual* for details regarding entry and maintenance of OTHP records.

D. Reconciliation Prior to SOI Activation

OCSE recommends that states and SOIs perform data reconciliation before implementing e-IWO with the SOI. Consequently, reconciliation of NCPs, NCP Social Security numbers (SSNs), case IDs, and docket IDs will be performed prior to OCS Central Operations staff activating an SOI for e-IWO. The e-IWO System and MiCSES have not implemented a standard electronic reconciliation process. However, if an SOI provides data from their records, OCS Central Operations will perform a manual reconciliation with the SOI.

OCS will notify FOC staff through a Child Support Help Desk notification when data clean-up is recommended. The primary action for e-IWO reconciliation data clean-up is ensuring the NCP is attached to the correct OTHP ID on the EHIS screen and unattached from the incorrect OTHP ID(s). Data clean-up may also include the issuance of new IWNs, amended IWNs, or IWN terminations.

E. e-IWO Activation and Reconciliation Workflow

OCS Central Operations staff will:

1. Monitor SOI participation with the e-IWO System;
2. Initiate e-IWO reconciliation with the SOI and/or the e-IWO System;
3. Determine and coordinate a MiCSES activation date for the SOI, consulting with the SOI, OCSE, and OCS PDD as necessary;
4. Merge or update SOI records on the OTHP screen;[68]
5. Identify mismatched data between SOI-provided data and MiCSES data;
6. Provide reports to FOC offices if pre-activation or follow-up actions are necessary;
7. Provide data corrections to the SOI; and
8. Activate the SOI in MiCSES.

F. e-IWO Generation

MiCSES generates and sends periodic new, periodic modified/amended, terminated,[69] and one-time lump-sum[70] e-IWOs on a daily basis. MiCSES only sends an e-IWO to the SOI after MiCSES or FOC staff generates the IWN.[71]

[68] Ref: Section 3.16 in the *Michigan IV-D Child Support Manual* for details regarding entry and maintenance of OTHP records.
[69] Ref: Subsection 6.6.3(L), “e-IWO Acknowledgments,” and Subsection 12, “Terminating an IWN,” in this manual section.
[70] Ref: Subsection 6.6.3(L), “e-IWO Acknowledgments,” and Subsection 13.13, “IWNs for Lump-Sum Payments,” in this manual section.
[71] Ref: Subsection 6.4, “Automatic or Manual IWN Generation,” in this manual section.

MiCSES creates a separate e-IWO for each NCP/Docket/SOI, and then groups e-IWOs together (by SOI FEIN) into the e-IWO State Detail File. MiCSES transmits the e-IWOs to the SOIs through the e-IWO System.[72]

FOC staff action is required if MiCSES cannot automatically generate an e-IWO because of errors.[73]

G. Paper Copies of an e-IWO

When an e-IWO is generated, a paper copy of the SOI's e-IWO is stored, viewable and printable as an IWN on the ENFP and FHST screens.[74] Throughout this manual section, the term "paper copy" refers to the e-IWO's corresponding IWN that is stored as a viewable and printable PDF file. "Paper copy" also means the e-IWO's corresponding IWN that has been printed on paper.

The NCP's IWN, as well as the paper copy of the SOI's e-IWO in MiCSES, contain the same basic information as the actual e-IWO sent to the SOI. However, the e-IWO file has restrictions for data fields that the paper copies do not have for the same information. Accordingly, the NCP and SOI paper copies in MiCSES may differ slightly from the actual e-IWO record sent to the employer. For example:

- The SOI's paper copy of the e-IWO includes text on the mailer page that indicates the employer receives e-IWOs, whereas the NCP's paper copy does not include this text on the mailer page. The actual e-IWO does not include a mailer page;
- In the **Supplemental Information** section, the e-IWO does not include the same level of detail as paper IWNs for the MiSDU contact information, the SOI withholding fee, and lump-sum/bonus reporting.
- The e-IWO includes the OCS Central Operations contact information for lump-sum/bonus reporting but does not include the IVR[75] voice-prompting information, which appears in the **Supplemental Information** section of the SOI's paper copy of the e-IWO;
- The e-IWO does not include the MiSDU telephone number, but the paper IWN does; and
- The e-IWO does not include the words "Service Date" like the

[72] MiCSES transmits the e-IWO State Detail File to the e-IWO System via the Child Support Enforcement Network (CSENet), although e-IWO is separate from interstate processing.
[73] Ref: Subsection 6.6.3 (I through K) in this manual section for specific information regarding errors.
[74] Ref: Sample Mailer Page of the SOI's Paper Copy of the e-IWO.
[75] "IVR" refers to the Interactive Voice Response system.

paper IWN does in the top right of the first page.

Similarly, if the federal e-IWO System or the SOI produces a paper copy or PDF copy from the data in the e-IWO, the information on that copy will be different than the paper copies of the e-IWO in MiCSES.

H. SOI Contact and Communication

1. SOI Questions Regarding e-IWO Participation

All IV-D staff who receive questions from SOIs regarding participation in the federal e-IWO System may direct the SOI to OCSE's Electronic Income Withholding Orders (eIWO) web page. This website provides a general overview of the federal e-IWO System as well as technical specifications.

2. SOI Questions Regarding Specific e-IWOs or Payment Remittance

If an SOI has questions regarding a specific e-IWO, the SOI should contact the FOC office that issued the e-IWO. All e-IWOs provide the SOI with the issuing FOC office's county name, the Friend's name (i.e., the person who is the director of the FOC office) and title (e.g., "Friend of the Court," "FOC," "Interim FOC") that are listed on the FCPE screen.

IV-D staff (other than FOC staff) receiving questions from SOIs regarding specific e-IWOs may direct the SOI to contact the issuing FOC office. In the event an SOI's question or issue regarding specific e-IWOs cannot be resolved by the FOC staff or the question/issue is regarding an overall policy or procedure, FOC or other IV-D staff may contact OCS PDD or enter a Help Desk ticket.

SOI questions regarding payments or electronic funds transfer/electronic data interchange (EFT/EDI) options may be directed to the MiSDU's Employer Assistance Line at 1-800-817-0805 or www.misdu.com.

I. e-IWO Generation Errors

1. MiCSES Actions

Data requirements for the e-IWO State Detail File are different than the data requirements for the paper IWN. Under certain conditions, when information required for the e-IWO State Detail File is missing in MiCSES or is invalid, MiCSES will:

a. Not send the e-IWO to the SOI through the e-IWO System;
b. Record a paper copy[76] of the e-IWO for the SOI on the ENFP and FHST screens but not automatically send it to the SOI through central print for counties that use central print for withholding notices;
c. Provide a paper copy of the e-IWO to the NCP by:

    1) Sending it through central print for counties that have elected central print; or
    2) Queuing the NCP's paper copy for manual printing for counties that use local print;

d. Log an exception on the *Batch Status Log* (BATE) screen;
e. Move the IIWO activity chain to the *Wait to Investigate Electronic IWN Send Error* (WINSE) minor activity with a reason code that corresponds with the type of error;[77]
f. Alert the docket's IWO Caseworker or, in the absence of an assigned IWO Caseworker, the Default Worker from the LCOM screen;[78] and
g. **Not** prevent receipts received after the pending period for other dockets/IWNs from being allocated and distributed to the docket for which the e-IWO failed.

2. FOC Staff Actions

Because of time-sensitivity in e-IWO processing, FOC staff must do all of the following:

a. Monitor daily the ALRT screen for the *EIWO DID NOT PROCESS: MISSING INFORMATION* (WINSE) alert, the IIWO chain on the ENFP screen for the WINSE minor activity, and/or the BATE screen's exception log for the Electronic Income Withholding Notice batch process (BATCH_EIWN);[79]

b. Correct (where possible) the missing or invalid information that prevented MiCSES from sending the e-IWO.

    To correct the missing or invalid data, FOC staff may need to do one or more of the following:

[76] Ref: Subsection 6.6.3(G), "Paper Copies of an e-IWO," in this manual section.
[77] The reason codes are "ZW" – e-IWO did not send – Dependent Field missing, "ZX" – e-IWO did not send – SSN Field missing, and "ZV" – e-IWO did not send – (Other Required information).
[78] Actions "d" through "f" will occur on a daily basis each time the e-IWO and enforcement processes run in MiCSES.
[79] The alert and minor activity will reoccur/recycle every seven days if no action is taken. Ref: the *MiCSES Customer Information Guide: Income Withholding Process* for batch information.

1) Enter a valid SSN for the NCP;
2) Enter missing information on the FCPE screen; or
3) Submit a *Request for New Entry, Merge, or Modification of Other Party Information (OTHP)* (DHS-2011) to OCS Central Operations staff for correction of the SOI's OTHP record.[80]

c. Reissue the e-IWO or a paper IWN to the SOI through the IIWO activity chain on the ENFP screen.

1) A paper IWN should be sent to the SOI only if the missing data cannot be corrected or the IWN cannot be issued as an e-IWO. For example, e-IWOs require a dependent, and a dependent is included in the e-IWO only if the case has (or had, in the case of termination e-IWOs) an obligation with a dependent as the obligation member. If the case (such as a spousal-support-only case) does not have an obligation with a dependent as the obligation member, MiCSES will not send the e-IWO, and FOC staff will need to manually generate and/or send a paper IWN to the SOI. For this type of error, the reason *(REAS Code)* on the ENFP screen will be "e-IWO did not send – Dependent Field missing ("ZW"), and the reason *(Issue)* on the BATE screen will be "Dependent fields are missing." Other examples of cases for which MiCSES will not send an e-IWO include:

a) Cases that only have fees owed (e.g., Attorney Fees [AF], Bench Warrant/Court Costs [BW], Processing Fees [PF], Service Fees [SF] debt types); or
b) Intergovernmental cases where Michigan is the responding/enforcing state (e.g., the Out-of-State [OS] debt type).[81]

2) When an e-IWO that is marked as an original fails to be sent to the SOI, MiCSES will send the NCP a paper IWN that will be marked as an original. MiCSES will send the subsequent e-IWO to the SOI marked as an original, but the NCP's subsequent paper IWN will be marked as an amended IWN. In extremely limited circumstances, the e-IWO that is finally sent to the SOI successfully after the original and subsequent attempts failed will be marked as

[80] Ref: Section 3.16 in the *Michigan IV-D Child Support Manual* for details regarding entry and maintenance of OTHP records.
[81] Ref: Section 5.10, "Debt Types," and Section 5.20, "Obligation – Entry, Modification and Adjustments," in the *Michigan IV-D Child Support Manual* for more information.

an amended e-IWO instead of an original e-IWO; however, federal e-IWO business rules direct an SOI to process an amended e-IWO as an original even if the SOI had never received an e-IWO marked as an original.[82]

J. e-IWO File Transmission Errors

If the e-IWO System does not receive the daily e-IWO State Detail File, MiCSES will attempt to transmit the file a second time. If the second file transmission attempt fails, MiCSES staff will contact OCS for a resolution. If the file transmission cannot be resolved, OCS may determine that MiCSES must send to the SOI the paper copies of the e-IWOs that failed transmission.

K. e-IWO Results File

The e-IWO System will validate the e-IWO State Detail File submitted by MiCSES to ensure it is formatted correctly. The e-IWO System will send an e-IWO Results File back to MiCSES within one day after receiving the e-IWO State Detail File. If the e-IWO Results File indicates that an e-IWO State Detail File did not pass the e-IWO System's validation, MiCSES staff will work with OCS to determine the appropriate action.

MiCSES does not display the e-IWO Results File information on any screen; it is stored in a database table for MiCSES research.

L. e-IWO Acknowledgments

After an SOI receives and processes an e-IWO, it transmits an electronic acknowledgment (e-IWO Acknowledgment File) to the state through the e-IWO System. Through the acknowledgment, the SOI indicates whether an e-IWO was accepted or rejected. The SOI also identifies the reason it rejected or accepted the e-IWO. This is indicated by the e-IWO disposition reason code. Some of the e-IWO disposition reason codes are available to SOIs only for rejecting e-IWOs, while other e-IWO disposition reason codes are available to SOIs for accepting or rejecting e-IWOs, depending on the SOI's e-IWO acceptance/rejection criteria or policy. SOI criteria and policies vary – some are more strict than others in regard to when an e-IWO is rejected, particularly when the SOI uses an automated system to process and acknowledge e-IWOs.

SOIs also provide notification of NCP terminations, suspension status, and lump-sum payments through the e-IWO Acknowledgment File.

[82] Ref: e-IWO Business Rules on OCSE's website.

Federal law requires SOIs to withhold income within a specific time defined by state law.[83] However, federal law and regulation do not require SOIs to acknowledge the acceptance or rejection of an e-IWO and do not provide for a specific acknowledgment timeframe. Federal regulation and Michigan law[84] require the SOI to "promptly" notify the state when the NCP's employment is terminated. Consequently, SOIs may acknowledge e-IWO acceptance, e-IWO rejection, or NCP termination immediately or after an undefined period of time. The SOI acknowledgment timeframe varies depending on the SOI's internal processing.

Note: There may be occasions when an SOI participating in the e-IWO System responds to an e-IWO or provides other notification through methods other than the e-IWO System, such as mail, fax, or telephone.

MiCSES receives the acknowledgments and records them on the *Electronic Withholding Information* (EIWO) screen. Depending on the type of acknowledgment, or the lack of an acknowledgment, MiCSES may perform an automatic action such as:

- Moving activity chain(s);
- Reissuing the e-IWO to the SOI by generating a paper IWN;
- End-dating the NCP's SOI on the EHIS screen;[85] and/or
- Issuing a lump-sum e-IWO.

FOC staff will monitor the EIWO screen on a daily basis, resolve any issues, and take the appropriate or necessary action(s) to:

- Correct system actions;
- Ensure income withholdings are fully and expediently processed;
- Initiate any further appropriate enforcement actions; or
- Modify the lump-sum IWN amount calculated by MiCSES.[86]

Monitoring the EIWO screen is necessary because of the time-sensitivity of income withholding and locate activities, as well as the potential for loss of collections.

1. Acceptance Acknowledgments

In most instances, FOC action is not necessary when an SOI has

[83] SSA, section 466(b)
[84] 45 CFR 303.100(e)(x) and MCL 552.614
[85] MiCSES will close the IIWO activity 30 days after the EHIS record is end-dated. Ref: Subsection 6.6.3(L)(5) in this manual section.
[86] Ref: Subsection 6.6.3(L)(3), "SOI-Initiated Lump-Sum Acknowledgments," in this manual section.

accepted an e-IWO. However, FOC action may be necessary for certain e-IWO disposition reason codes. For each accepted e-IWO on the EIWO screen's *Accepted* or *Suspended* tabs, FOC staff must:

a. Review the e-IWO disposition reason code in the *Disp Code* field and other details (e.g., SOI, case member, case, docket, etc.);
b. Perform any corrective actions that may be necessary for the following e-IWO disposition reason codes:

1) "B" – Name mismatch

This code means the SOI accepted the e-IWO, but the individual's name on the e-IWO did not match the name of the individual in the SOI's records.[87]

FOC staff must review and confirm the individual's demographic information in MiCSES and ensure the IWN/e-IWO was issued for the correct individual. If no FOC action is taken, the SOI may continue to withhold for the wrong individual and MiCSES will continue to monitor the IWN and issue modified or termination IWNs when appropriate.[88]

- If FOC staff determine the IWN/e-IWO was issued for the wrong individual, FOC staff must promptly issue a termination IWN/e-IWO to the SOI and end-date the SOI on the EHIS screen.

- If FOC staff determine the IWN/e-IWO was issued for the correct individual, FOC staff must confirm/validate the name the SOI has on its records for the individual.[89] FOC staff may enter this name on the *Member Demographics* (DEMO) screen or enter it as an alias name on the *Alias Names* (AKAX) screen.

2) "W" – Incorrect FEIN received

This e-IWO disposition reason code means the SOI

[87] An SOI may also use this e-IWO disposition reason code when it rejects an e-IWO. Ref: Subsection 6.6.3(L)(2)(b)(7) in this manual section.
[88] MiCSES will send an alert (ALTBN) to FOC staff as a prompt for manual review and action. A ticket (IT 301614) has been entered to consider in a future MiCSES release an automatic hold on payments for this situation/circumstance.
[89] Ref: Section 3.03, "Case Updates and Member Demographics," in the *Michigan IV-D Child Support Manual* for policy regarding name changes.

accepted the e-IWO and the individual is employed by or receiving income from the SOI or the SOI's subsidiary but under a different FEIN than was identified on the e-IWO. SOIs returning this code are required to provide the correct FEIN under which the individual is employed or receiving income.[90]

FOC staff must manually correct the individual's SOI on the EHIS screen as well as income withholding information and activities if MiCSES cannot automatically perform the correction.

If an OTHP record already exists for the correct FEIN identified by the SOI and the NCP does not already have an open EHIS record with the correct FEIN, MiCSES will automatically correct the individual's SOI on the EHIS screen as well as income withholding information. MiCSES will close the existing IIWO activity chain and open a new IIWO activity chain for the correct SOI FEIN. MiCSES will issue a new IWN/e-IWO on the new IIWO activity chain if the TPA changed since the prior IWN was issued. If the TPA did not change, MiCSES will not issue a new IWN/e-IWO on the new IIWO activity chain, although, for technical reasons, the new IIWO activity chain will appear as if a new IWN/e-IWO was sent.

If an OTHP record already exists for the correct FEIN but the NCP already has an EHIS record with the correct FEIN, MiCSES will not perform the SOI and IIWO activity chain correction. Instead, FOC staff will need to review the NCP's EHIS and IIWO activity chain information and manually correct it as appropriate.

3) "S" – Employee is in a suspension status

Michigan law requires SOIs to "…promptly notify the appropriate office of the friend of the court when the payer's employment is…interrupted for a period of 14 or more consecutive days…."[91]

When an SOI acknowledges that it has received and accepted an e-IWO with the "S" disposition reason code, MiCSES will record the acceptance acknowledgment on

[90] An SOI may also use this e-IWO code when it rejects an e-IWO. Ref: Subsection 6.6.3(L)(2)(b)(8) in this manual section.
[91] Ref: MCL 552.614.

the EIWO screen's *Accepted or Suspended* tab with a response type (Rsp Typ) of "ACK – Employer Acknowledged."

This means the SOI accepted the e-IWO, and the individual is employed by or will potentially receive income from the SOI but is not currently receiving income. For example, the individual may be temporarily suspended, on leave, not on a job assignment, etc.[92]

FOC staff must follow up with the NCP and/or monitor payments within 49 days to determine the NCP's suspension status and manually progress the IIWO activity chain when appropriate. Manual monitoring is necessary because MiCSES will continue the IWN process when an NCP is at the suspended status. It will issue amended or termination IWNs/e-IWOs when an obligation changes or employment/income terminates, but it will not monitor payments or initiate an *Employer Non-Compliance* letter (FEN043).

FOC staff may follow up or manually monitor the situation by:

- Initiating an NCP show cause proceeding;
- Reissuing the IWN/e-IWO;
- Issuing a termination IWN/e-IWO;
- Contacting (e.g., sending a letter to) the SOI to determine the individual's suspension status; and/or
- Enforcing the SOI's compliance with the IWN/e-IWO, etc.

The 49-day timeframe accommodates timely NCP show cause proceedings if necessary. OCS recommends FOC staff first follow up with the NCP and monitor payments instead of contacting the SOI within the 49 days because the SOI:

- Has already reported the temporary suspension;
- Is required to commence withholding when the individual returns to an active employment/income payment status; and
- May not know the specific date withholding will resume

[92] An SOI may also use the "S" e-IWO code when it rejects an e-IWO or when it initiates a notification to the state that the individual is in a suspension status. Ref: Subsections 6.6.3(L)(2)(b)(6) and 6.6.3(L)(4) in this manual section.

(the e-IWO acknowledgment does not include an expected date of return to an active employment/income payment status).

FOC staff should allow a reasonable amount of time for payments to resume before contacting the SOI unless the NCP has shown that (s)he has returned to an active employment/income payment status.[93]

c. Enter a note in the *Action Taken* field and mark the e-IWO resolved on the EIWO screen.

2. Rejection Acknowledgments

For each rejection on the EIWO screen's *Rejected* tab, FOC staff will:

a. Review the e-IWO disposition reason code in the *Disp Code* field and other details (e.g., SOI, case member, case, docket, etc.);
b. Perform any corrective actions that may be necessary for the following e-IWO disposition reason codes:

1) "X" – Employer cannot process electronically

No FOC action is necessary. MiCSES will automatically reissue the e-IWO as a paper IWN to the SOI.

2) "D" – Duplicate IWO

An SOI will reject an e-IWO as a duplicate IWO ("D") when it has received a true duplicate e-IWO. However, in some situations, the SOI may recognize that two e-IWOs issued concurrently are for the same NCP, but it does not recognize that they are for different case/docket/custodial party and/or child(ren) combinations.

FOC staff must research and resolve the issue as appropriate. FOC staff may need to follow up with the SOI and/or NCP, correct duplicate IIWO activities, correct the individual's SOI on the EHIS screen, consolidate cases, verify and correct the NCP's name or SSN, issue a new

[93] For additional information about various types of leaves of absence and timeframes, refer to U.S Department of Labor, Bureau of Labor Statistics, National Compensation Survey: Employee Benefits in the United States; Family and Medical Leave Act of 1993; and Uniformed Services Employment and Reemployment Rights Act of 1994.

IWN, etc.[94]

MiCSES will not automatically reissue the e-IWO as a paper IWN to the SOI. However, MiCSES will continue to automatically send amended IWNs/e-IWOs when certain obligation conditions are met and will close the IIWO activity chain if the NCP's SOI on the EHIS screen is end-dated.

3) "U" – NCP is Not Known to the Employer

An SOI will reject an e-IWO with the NCP is Not Known to the Employer ("U") reason code when the individual does not work for or receive income from the SOI. However, in some situations, an SOI may reject an e-IWO with this reason code because its payroll system does not yet have a record of the NCP – even though the NCP is employed by or receiving income from the SOI. For example, an NCP is hired and the employer's human resources department immediately reports the NCP as a new hire; MiCSES receives the new hire report and immediately issues an e-IWO, but the e-IWO is sent before the payroll system has the employee on file from the human resources department.

In this situation, FOC staff must research and resolve the issue as appropriate. FOC staff may need to follow up with the SOI and/or NCP, correct the individual's SOI records on the EHIS screen, issue a new IWN, etc. Particularly, FOC staff should check the IWNS and/or EHIS screens to see if the e-IWO was issued as the result of a new hire report. The SOI may have the NCP in its payroll system by the time the FOC or MiCSES reissues the e-IWO (it may be necessary for FOC staff to contact the SOI and/or reissue the e-IWO multiple times).

MiCSES will not automatically reissue the e-IWO as a paper IWN to the SOI. Also, when certain obligation conditions are met, MiCSES will not continue to automatically send amended and termination IWNs/e-IWOs. However, if the NCP's employment/income record is end-dated, MiCSES will automatically close the IIWO chain.

4) "O" – Other Reason

[94] Ref: Section 3.03 in the *Michigan IV-D Child Support Manual* for policy regarding name and SSN changes.

An SOI will reject an e-IWO with the Other Reason ("O") code when none of the other available reason codes fits the condition for rejection.

FOC staff must research and resolve the issue as appropriate. FOC staff may need to follow up with the SOI and/or NCP, correct duplicate IIWO activities, correct employment/income records, verify and correct the NCP's name or SSN, issue a new IWN, etc.[95]

MiCSES will not automatically reissue the e-IWO as a paper IWN to the SOI. In addition, MiCSES will not continue to automatically send amended and termination IWNs/e-IWOs when certain obligation conditions are met. However, if the NCP's employment/income record is end-dated, MiCSES will automatically close the IIWO activity chain.

5) "M" – IWO received from multiple states

This e-IWO disposition reason code means the SOI rejected the e-IWO sent by Michigan because the SOI received duplicate e-IWOs with the same NCP, CP, child(ren), and obligation(s) from Michigan and another state's child support agency.[96]

FOC staff must review the case and follow up with the other state to determine the appropriate state under which the IWN should be enforced. If FOC staff determine that the income withholding will continue through Michigan, FOC staff must reissue the IWN/e-IWO after confirming the other state has terminated its IWN. If FOC staff determine income withholding will continue through the other state, FOC staff must promptly close the income withholding activities.

6) "S" – Employee is in a suspension status

Michigan law requires SOIs to "…promptly notify the

[95] Ref: Section 3.03 in the *Michigan IV-D Child Support Manual* for policy regarding name and SSN changes.
[96] The same obligation(s) means the same obligation category(ies) and amount(s) will be listed on both IWNs/e-IWOs; for example, the IWNs/e-IWOs from both states request $100 to be withheld for current child support and $50 for past-due child support. Employers should not consider two states' IWNs/e-IWOs to be duplicates if one state's IWN/e-IWO requests $100 for current child support and $50 for past-due child support while the other state's IWN/e-IWO only requests $75 for past-due child support.

appropriate office of the friend of the court when the payer's employment is…interrupted for a period of 14 or more consecutive days…."[97]

When an SOI acknowledges that it has received but rejected the e-IWO with this e-IWO disposition reason code, MiCSES will record this acknowledgment on the EIWO screen's *Rejected* tab.[98]

This means the SOI rejected the e-IWO because the individual is employed by or will potentially receive income from the SOI but is not currently receiving income. For example, the individual may be temporarily suspended, on leave, not on a job assignment, etc.

FOC staff must determine the NCP's suspension status, manually monitor payments, and manually progress the IIWO activity chain as appropriate. For example, FOC staff may send a letter to the SOI or make other contact with the SOI to determine the individual's suspension payment status, initiate a show cause proceeding against the NCP, reissue the IWN/e-IWO, issue a termination IWN/e-IWO, enforce the SOI's compliance with the IWN/e-IWO, end-date the NCP's employment/income, etc.

MiCSES will issue amended or termination IWNs/e-IWOs when an obligation changes or employment/income terminates, but it will not monitor payments or initiate an *Employer Non-Compliance* letter (FEN043).

7) "B" – Name mismatch

This e-IWO disposition reason code means the SOI rejected the e-IWO because the individual's name on the e-IWO did not match the name of the individual in the SOI's records.

FOC staff must review and confirm/verify the individual's demographic information in MiCSES and determine whether the IWN/e-IWO was issued for the correct person.

- If FOC staff determine the IWN/e-IWO was issued for

[97] Ref: MCL 552.614.
[98] An SOI may also use the "S" e-IWO code when it accepts an e-IWO or when it initiates a notification to the state that the individual is in a suspension status. Ref: Subsections 6.6.3(L)(1)(b)(3) and 6.6.3(M)(4) in this manual section.

the wrong person, FOC staff must close the income withholding activities.

- If FOC staff determine the IWN/e-IWO was issued for the correct person but the name is incorrect in MiCSES, FOC staff must confirm/verify the name the SOI has on its records for the individual. Upon confirmation/verification, FOC staff must enter the correct name on the DEMO screen and reissue the IWN/e-IWO.[99]

- If FOC staff determine the IWN/e-IWO was issued for the correct person and the name is correct in MiCSES, FOC staff must contact the SOI to resolve the name mismatch and enforce the SOI's withholding compliance if necessary. FOC staff may also enter the name the SOI has on its records for the individual as an alias name on the AKAX screen.

8) "W" – Incorrect FEIN received

This e-IWO disposition reason code means the SOI rejected the e-IWO because the individual is employed by or receiving income from the SOI or the SOI's subsidiary but under a different FEIN than was identified on the e-IWO. SOIs returning this code are required to provide the correct FEIN under which the individual is employed/receiving income.

FOC staff must manually correct the individual's SOI on the EHIS screen and income withholding information and activities if MiCSES cannot automatically perform the correction.[100]

If an OTHP record already exists for the correct FEIN identified by the SOI and the NCP does not already have an open EHIS record with the correct FEIN, MiCSES will automatically correct the individual's employment/income and income withholding information. MiCSES will close the existing IIWO activity chain, open a new IIWO activity chain for the correct SOI FEIN, and issue a new IWN/e-IWO on the new IIWO activity chain.

[99] Ref: Section 3.03 of the *Michigan IV-D Child Support Manual* for policy regarding name changes.
[100] MiCSES will send an alert (ALTWF) to FOC staff when MiCSES cannot automatically perform the correction.

If an OTHP record already exists for the correct FEIN but the NCP already has an EHIS record with the correct FEIN, MiCSES will not perform the employment/income and IIWO activity chain correction. Instead, FOC staff will need to review the NCP's EHIS and IIWO activity chain information and manually correct it as appropriate.

c. Enter a note in the *Action Taken* field and mark the rejection resolved on the EIWO screen.

3. SOI-Initiated Lump-Sum Acknowledgments

An SOI may notify the state that an individual will be receiving a lump-sum payment. An SOI may send this notice at any time after it has received an IWN or e-IWO. SOIs do not have this option available as an immediate response to receiving an e-IWO (i.e., an acceptance or rejection acknowledgment).

In addition to recording lump-sum notifications on the EIWO screen, MiCSES will:

a. Automatically calculate a withholding amount and issue a one-time lump-sum IWN/e-IWO to the SOI(if the SOI reports the lump-sum payout amount);[101]
b. Record the lump-sum IWN on the ENFP screen under the CASE activity chain; and
c. Generate an informational alert to the enforcement caseworker role.

FOC staff are responsible for monitoring lump-sum payment notifications on the EIWO screen and taking the appropriate action(s), particularly when the order includes a chargeable bonus.[102]

4. SOI-Initiated Suspension Status Acknowledgments

Michigan law requires SOIs to "…promptly notify the appropriate office of the friend of the court when the payer's employment is…interrupted for a period of 14 or more consecutive days…."[103]

[101] Reporting the lump-sum payout amount is optional (not required) for the SOI in the e-IWO System. If the SOI does not report the payout amount, MiCSES will calulate the lump-sum withholding amount as $0 and will not issue a one-time, lump-sum e-IWO.
[102] Ref: Section 6.09, "Lump Sum/Bonus," in the *Michigan IV-D Child Support Manual* and Subsection 13.13, "IWNs for Lump-Sum Payments," in this manual section for further details regarding lump-sum IWNs, lump-sum withholding amount calculations, and FOC actions.
[103] Ref: MCL 552.614.

An SOI may notify the state through an e-IWO acknowledgment that an individual is in a suspension status. For example, the individual may be temporarily suspended, on leave, not on a job assignment, etc. An SOI may send this notice at any time after it has received an IWN or e-IWO.[104]

Policy and FOC staff actions for this SOI-initiated acknowledgment are the same as when an SOI acknowledges that it has received and accepted an e-IWO with the "S" disposition reason code.[105]

5. SOI-Initiated E-IWO Termination Acknowledgments/Reports and Electronic Terminations (eTerms)

   An SOI may notify the state that an individual has been terminated from employment or is no longer receiving income from the SOI. An SOI may send this notice at any time after it has received an IWN or e-IWO.

   SOIs participating in the e-IWO System have the ability to notify the state directly through the e-IWO System using an SOI-initiated e-IWO termination acknowledgment/report.[106] SOIs that are not participating in the e-IWO System (i.e., non-e-IWO SOIs) have an alternative method available to electronically report terminations to states. Non-e-IWO SOIs can report through the eTermination (eTerm) function of the Employer Services web application on OCSE's Federal Child Support Portal.[107]

   States participating in the e-IWO System can receive eTerms from non-e-IWO SOIs through the e-IWO System or through OCSE's Federal Child Support Portal.[108] States that do not participate in the e-IWO System can receive eTerms through the Portal. MiCSES receives eTerms through the e-IWO System.[109]

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[104] An SOI may notify the state that the individual is in a suspension status as an immediate response (acceptance or rejection e-IWO acknowledgment) to receiving an e-IWO. Ref: Subsections 6.6.3(L)(1)(b)(3) and 6.6.3(L)(2)(b)(6) in this manual section.
[105] Ref: Subsection 6.6.3(L)(1)(b)(3) in this manual section.
[106] These e-IWO termination acknowledgments/reports have been available on the EIWO screen since that screen was implemented in MiCSES.
[107] Ref: the Federal Child Support Portal page on OCSE's website.
[108] The Federal Child Support Portal was formerly known as the State Services Portal. Ref: *Michigan IV-D Child Support Manual*, Section 3.06, "Federal Child Support Portal," for more information.
[109] OCSE implemented the functionality for eTerms in June 2014. OCS asked OCSE to begin transmitting eTerms from non-e-IWO SOIs through the e-IWO System to MiCSES in December 2015. As of the MiCSES 8.13 Release (November 13, 2015), the EIWO screen displays eTerms from non-e-IWO employers and terminations from e-IWO employers that are active with the federal e-IWO System but not active for e-IWO in MiCSES.

E-IWO termination acknowledgments/reports from e-IWO SOIs and eTerms from non-e-IWO SOIs are conceptually similar, serve the same purpose, and contain the same basic information; they are technically different by name and by the method and/or application SOIs use to transmit them to states via the OCSE.

MiCSES and IV-D staff will act on eTerms and e-IWO termination acknowledgments/reports as follows:

a. Automatic MiCSES Actions

For each SOI-initiated e-IWO employee acknowledgment/report or eTerm on the EIWO screen's *Terminated* tab, MiCSES will:

1) End-date the NCP's employment record on the EHIS screen;
2) Move the IIWO activity chain to the *IWN Close* (CCIWN) minor activity; and
3) Close the IIWO activity chain after 30 days to allow the last payment from the SOI to be processed.

b. Manual IV-D Staff Actions

For each SOI-initiated e-IWO acknowledgment/report or eTerm on the EIWO screen's *Terminated* tab, FOC staff will:[110]

1) Review the new SOI (*New Emp* field) and the NCP's last-known address (*ADDR* field) to determine if the SOI provided the name and address of the NCP's new SOI and/or the NCP's last-known address;
2) Verify the NCP's new SOI and/or the NCP's last-known address (i.e., determine if it is new, good, and/or valid information);
3) Enter or update (activate) the NCP's new SOI on the EHIS screen as appropriate; and
4) Enter or update the NCP's last-known address on the *Member Address History* (AHIS) screen as appropriate.[111]

[110] Ref: Subsection 6, "Initiating an IWN," and Subsection 12, "Terminating an IWN," in this manual section.
[111] Ref: Section 3.15, "Addresses," of the *Michigan IV-D Child Support Manual*. A ticket (IT 17805) has been entered to consider in a future MiCSES release the additional actions MiCSES may take when new employment information and/or the NCP's last-known address is received through an e-IWO acknowledgment or eTerm.

6. Unmatched Acknowledgments and eTerms

When an SOI sends an e-IWO acknowledgment or eTerm, MiCSES matches the information provided by the SOI to a IV-D case and docket in MiCSES. If MiCSES cannot match the acknowledgment or eTerm to a IV-D case/docket, it records the acknowledgment or eTerm on the EIWO screen's *Unmatched* tab. MiCSES does not take any further automated actions when the acknowledgment or eTerm is unmatched.

FOC staff will:

a. Monitor the unmatched acknowledgments and eTerms;
b. Correct any issue(s);

   Note: If the SOI returned incorrect data (e.g., case ID and docket ID transposed or combined in a single field, or non-case identifying data), FOC staff will contact the SOI, provide the SOI with the correct information, and/or correct the information in MiCSES.

c. Reissue the IWNs if necessary; and
d. Enter a note in the *Action Taken* field and mark the rejection resolved on the EIWO screen.

In some cases, MiCSES will not be able to identify a county from the SOI-provided data, which will make it difficult for FOC staff to monitor and immediately resolve all unmatched acknowledgments. If the FOC discovers an e-IWO was issued but unsuccessful (e.g., no SOI response, no collections), FOC staff will attempt to determine if there is an unmatched acknowledgment and take the appropriate action(s).

### 6.6.4 Notice to NCP

A. Issued/Sent by the Michigan IV-D Agency

FOC staff or MiCSES will send the periodic IWN (FEN058) or termination IWN (FEN58D) to the NCP at his/her last-known address, notifying him/her that an IWN was sent to the SOI. MiCSES generates the periodic or termination IWN for the NCP and the SOI at the same time.[112] MiCSES sends forms to the NCP according to the MiCSES Enforcement #1 address hierarchy.[113]

[112] To keep the NCP's employment location confidential, the SOI's address will be shown as asterisks (*******) on the NCP's copy of the IWN as well as the CP's copies of IWNs generated before September 26, 2011.
[113] The IWN is not a court document, and therefore uses the Enforcement #1 address hierarchy. Ref: Section 3.15 of the *Michigan IV-D Child Support Manual.*

When a FEN58X is sent to the SOI, the IWN sent to the NCP is designated as the FEN58Y. The FEN58Y includes the FEN058 but does not include the NMSN.

**When MiCSES automatically generates a lump-sum IWN (FEN58A) or FOC staff manually generate a FEN58A from the *Enforcement Forms Matrix* (ENFM) screen, MiCSES only sends the IWN or e-IWO to the SOI. MiCSES does not send the FEN58A to the NCP because the support order, order of income withholding, and the periodic IWN provided the NCP with process and notification**.[114]

B. Copy of IWN Provided by the SOI

1. Circumstances Requiring SOIs to Provide a Copy of an IWN

   The NCP may receive a copy of the IWN from MiCSES and a copy of the IWN or e-IWO from the SOI. While some SOIs always provide a copy of the IWN to the NCP regardless of legal requirements or instructions, an SOI is required and/or instructed to provide a copy to the NCP as follows:

   a. The Uniform Interstate Family Support Act (UIFSA) requires employers to provide a copy of the IWN to the NCP when it is received from another state;[115] and
   b. The IWN form instructs the SOI to send a copy of the IWN to the NCP "if the employee/obligor works in a state or for a tribe that is different from the state or tribe that issued the order."

2. IWN/e-IWO Instructions to the SOI

   The IWN form includes a checkbox on page 2 that the issuer must check to instruct the SOI to send a copy of the IWN to the NCP (employee/obligor). The federal instructions for the *Income Withholding for Support* form tell issuers (senders) to check the "**Copy of IWO checkbox**" for "all intergovernmental IWOs."[116]

   a. MiCSES will check this box for IWNs (periodic, lump-sum, and

[114] Ref: Subsection 13.13.3, "Lump-Sum Payment Language on the Periodic IWN (FEN058)," in this manual section.
[115] Ref: MCL 552.1501 as well as UIFSA 2008, UIFSA 1996, and UIFSA 1992 on the Uniform Law Commission's website. Also refer to Subsection 13.11, "Direct IWNs to Out-of-State SOIs," in this manual section for details regarding direct income withholding requirements under intergovernmental (UIFSA) law, regulations, and policy.
[116] OCS and the ENF-WIT interpret "all intergovernmental IWOs" to mean direct income withholding notices.

terminations) when the main/default address on the OTHP screen for the SOI to which the IWN is being sent is a non-Michigan address.[117]

b. MiCSES will not check this box for IWNs when the main/default address on the OTHP screen for the SOI to which the IWN is being sent is a Michigan address, even if the IWN is being sent to an SOI with an out-of-state payroll address ("P" type SOI address on the OTHP record).[118]
c. e-IWOs include an indicator (Yes "Y" or No "N") that serves the same purpose as the paper IWN checkbox for instructing the SOI whether to send a copy of the IWN to the NCP. However, at this time, MiCSES does not set an e-IWO's indicator in the same manner as the paper IWNs. MiCSES currently always sets the e-IWO indicator to "N."[119]

3. Creating a Paper Version of the e-IWO

The e-IWO System provides various means for participating SOIs to create a paper version (copy) of the e-IWO that they can send to the NCP:

a. The e-IWO System can produce an image-ready PDF file in the paper IWN format from the e-IWO data sent by the state and send it to the SOI. The SOI can then provide a copy of the image-ready PDF to the NCP; or
b. Using the e-IWO data received through the e-IWO System, the SOI can produce a copy of the e-IWO in a paper IWN format and provide it to the NCP.[120]

### 6.6.5 Notice of Administrative Adjustment

FOC staff or MiCSES must give the NCP notice, by ordinary mail, that the IWN has been administratively adjusted.[121] When the IWN is administratively adjusted, the amended IWN is sent to the NCP with a FEN58N. If the NCP did not have an immediate IWN, MiCSES will send the FEN190 and the FEN58N informing the NCP that the NCP has an

[117] Ref: Subsection 6.7.1, "SOI Addresses," in this manual section for more information regarding the main/default and payroll type SOI addresses.
[118] OCS and the ENF-WIT do not consider sending an IWN across state lines to an in-state SOI's out-of-state payroll address (corporate or third-party provider) as direct income withholding.
[119] OCS has entered ticket INC470312 to ensure MiCSES sets the e-IWO indicator and paper IWN checkbox the same way.
[120] The NCP's SSN, SOI name, and SOI address are required for an e-IWO. They are not suppressed by MiCSES for family violence. Consequently, an IWN produced by the e-IWO System or the SOI from the e-IWO data will contain this information.
[121] Ref: MCL 552.517e, MCL 552.607.

arrearage and income will be withheld.[122] If the NCP has an active IWN, MiCSES will send the FEN58N without the FEN190. If a notice sent to the NCP's last-known address is returned as undeliverable and a new address is not established within 21 days of the notice being returned, the NCP waives his/her right to the notice.[123]

The FEN58N includes all of the following information and statements:

A. Amount of arrearage;
B. That the NCP's income withholding has been administratively adjusted;
C. The new withholding amount;
D. The adjusted IWN will be sent to the NCP's current and future employers and SOIs;
E. The NCP has 21 days to request a hearing to object to the IWN because:

    1. There was a mistake of fact regarding the amount of current or overdue support;
    2. There was a mistake regarding the payer's identity; or
    3. The adjusted amount is unjust or an inappropriate result.

F. The NCP is responsible for filing a *Request for Hearing*, serving a copy of the *Request for Hearing* on the other party, and providing a copy of the *Request for Hearing* to the FOC;
G. If the hearing is held before a referee, the NCP has the right to request a de novo hearing before a circuit court judge; and
H. The NCP may file a motion with the court to modify the support order if there has been a change in circumstances.

6.6.6 Notice to CP

Federal and state law and regulations do not require a copy of the IWN to be sent to the CP or recipient of support. Additionally, Michigan Public Act 193 of 2009 (2009 PA 193) amended MCL 552.607 by removing the requirement to notify the recipient of support when an income withholding amount is administratively adjusted or when previously non-immediate income withholding becomes immediately effective.

Prior to September 26, 2011, MiCSES or FOC staff sent a copy of the periodic IWN (FEN058) or termination IWN (FEN58A) to the CP. MiCSES or FOC staff also sent a copy of the FEN190 to the CP.

As of September 26, 2011, MiCSES will no longer automatically

[122] Ref: Subsection 5.3.2, "Non-Compliance With an Alternative Agreement," in this manual section for more information concerning the FEN190.
[123] MCL 552.603

generate a copy of an IWN or the FEN190 that is specifically for the CP. IV-D staff will not have the ability to manually generate a CP copy of the IWN or FEN190.

If a CP requests a copy of an IWN or FEN190, IV-D staff must review the DEMO and AHIS screens to determine whether the NCP currently has an indication of family violence before providing a copy of the NCP's IWN, NCP's FEN190, or SOI's IWN to the CP.[124]

#### 6.6.7 Notice to Third Parties

Federal and state laws do not require a copy of the IWN to be sent to a third party.[125] Examples of third parties include third-party plaintiffs or non-parent/third-party custodians or guardians.[126] After August 24, 2018, MiCSES will not send a copy of an IWN to a third party. This alleviates unnecessary document generation and mailing costs.

If a third party is authorized to receive a copy of an IWN and requests one, IV-D staff must review the DEMO and AHIS screens to determine whether the CP or NCP currently has an indication of family violence before providing a copy of the NCP's or SOI's IWN to the third party.[127]

#### 6.6.8 Encryption Requirements

Issuers must protect an IWN from unauthorized disclosure if the issuer sends the IWN through a method other than mail or e-IWO. If the issuer transmits the IWN through a non-e-IWO electronic method such as email, the issuer must encrypt and password-protect it.[128] The IWN includes a paragraph at the end regarding encryption requirements.

### 6.7 Addresses

#### 6.7.1 SOI Addresses

MiCSES sends paper IWNs to the SOI's main/default address entered on the OTHP screen and includes that address in the e-IWO if the SOI is active for e-IWO. However, if the OTHP record has a designated payroll address at which the SOI or SOI's third-party payroll service receives IWNs, MiCSES will send IWNs to the payroll address. If an SOI asks Michigan's IV-D program to send IWNs to a payroll address that is not in

[124] Ref: Section 1.15, "Family Violence," of the *Michigan IV-D Child Support Manual* for policy regarding non-disclosure of the NCP's confidential information.
[125] MCL 552.607 as amended by Michigan Public Act (PA) 193 of 2009.
[126] These parties are identified for a docket on the *Docket Persons* (DPRS) screen.
[127] Ref: Section 1.15 of the *Michigan IV-D Child Support Manual* for policy regarding non-disclosure of the NCP's confidential information.
[128] Ref: Section 1.10, "Confidentiality/Security," of the *Michigan IV-D Child Support Manual*.

MiCSES, IV-D staff will use the DHS-2011 to request that OCS Central Operations staff add the SOI's payroll address to the OTHP screen.[129]

6.7.2 Foreign Addresses

Postage to foreign countries is more costly than domestic mailing rates. Therefore, FOC staff must always locally print IWNs being sent to a foreign country and manually stamp the IWN with the correct postage.[130]

## 7. IWN Withholding Amounts and Methods of IWN Calculation

The three methods of IWN calculation are:

- Guideline (G IWN);
- Judicial (J IWN); and
- Specific (S IWN).

These different IWN calculation methods populate the IWN with amounts for current and arrears withholdings.[131]

### 7.1 Populating IWN Withholding Amounts From NCP Obligations

MiCSES uses the order's obligation debt types to populate the G IWN and J IWN current withholding categories. The IWN withholding categories and debt types are shown in the following table. The current withholding amount for these withholding categories is the sum of the monthly obligation amounts for the associated MiCSES debt types.[132]

| IWN Categories | MiCSES Debt Types |
|---|---|
| Support Obligations | Child Support (CS)<br>Child Care (CC)<br>Education (ED)<br>County or Provider Placement (WF)[133]<br>Recovery - Bank Adjustment Transactions (RB)<br>Recovery - MiSDU Make Whole (RD)<br>Recovery - Misapplied Payment (RM)<br>Recovery - State Make Whole (RS)<br>Recovery - IRS Tax Adjustment (RT) |

[129] Ref: Section 3.16 of the *Michigan IV-D Child Support Manual* for details regarding entry and maintenance of OTHP records.
[130] Additionally, foreign addresses are not being transferred into the MiCSES Data Warehouse correctly; the country name is not always printing. A ticket (IT 14396) has been entered to fix this problem.
[131] MiCSES will default to G IWNs unless a J IWN exists and is compliant.
[132] Ref: Section 5.10 of the *Michigan IV-D Child Support Manual* for further details regarding the debt types used to calculate the G IWN.
[133] The WF debt type name change from "County Foster Care" to "County or Provider Placement" is effective with the implementation of the interface between MiCSES and the Michigan Statewide Automated Child Welfare Information System (MiSACWIS).

| IWN Categories | MiCSES Debt Types |
|---|---|
| | Payee Bonus (PB) |
| Spousal Obligations | Spousal Support (SS) |
| Medical Obligations[134] | Birth Expense - Family (CF)<br>Birth Expense - State (CM)<br>Medical Support - Client (MS)<br>Medical Support - Medicaid (MD)<br>Medical Reimbursement (MR)<br>Payee Birth Expenses (PC) |
| Other | Genetic Test Cost - County (BD)<br>Genetic Test Cost - State (BL)<br>Out of State (OS)[135]<br>Processing Fee (PF)<br>Service Fee (SF) |

G IWNs use these same debt types and categories when calculating the arrears withholding amounts.[136]

J IWNs use the same G IWN arrears withholding calculation, but allow for manual modification of the calculated withholding amounts.[137]

S IWN current and arrears withholding amounts are manually determined and entered into MiCSES.[138]

## 7.2 Guideline IWN Arrears Withholding Amounts

The G IWN is the standard IWN calculation used to determine the monthly arrearage withholding amount, as defined in the MCSF.

MiCSES will use the guideline calculation to initiate a new IWN if the NCP is not compliant with the judicial order.

When the NCP accrues arrears and starts new employment, MiCSES will calculate a monthly arrears withholding amount according to the MCSF using the total support arrears balance. The monthly arrears withholding amount will be 2 percent of the total arrears but will not exceed half the monthly support withholding and must not be less than $50 unless the monthly support

[134] The Birth Expense - Family (CF) and Birth Expense - State (CM) debt types were added as of June 10, 2011.
[135] The Out of State (OS) debt type includes child support for Michigan responding intergovernmental cases; however, it may also include other non-support obligations. Therefore, the OS debt type is included on IWNs under the “Other” category.
[136] Ref: Subsection 7.2, “Guideline IWN Arrears Withholding Amounts,” of this manual section.
[137] Ref: Subsection 7.3, “Judicial IWN Arrears Withholdings and Considerations,” of this manual section.
[138] Ref: Subsection 7.5, “Specific IWN Withholding Amounts,” of this manual section.

obligation[139] is less than $50.[140]

MiCSES only adjusts the guideline arrears withholding amount because of:

- An increase in support;
- A reduction in support due to the payer's income reduction;[141] or
- The arrears are paid in full.

When the current support amount decreases for reasons other than the reduction of an NCP's income (e.g., emancipation of a child) per the MCSF, MiCSES will not reduce the G IWN withholdings. Instead, MiCSES will increase a G IWN arrears withholding by the amount of the current obligation reduction. Because the IWN TPA remains the same, MiCSES will not issue a new IWN.[142] However, *the IWNS Amount Detail* pop-up on MiCSES will display the new current and arrears withholding amounts.

When the NCP no longer owes any current obligation, but the NCP still has an arrearage owing, the new guideline arrearage withholding amount must not exceed the highest previous guideline TPA.

MiCSES calculates the arrears amount for the IWN category by summing the total arrears of each MiCSES debt type assigned to that IWN category.[143] As of June 2007, if an NCP's docket has obligations with both positive and negative (overpaid) arrears, MiCSES will sum the arrears and use any remaining positive balance to calculate the arrears withholding amount.

If the arrears on the docket total zero or a negative amount, MiCSES will not calculate any arrears withholding on the IWN. Additionally, when a new SOI is attached to an NCP when his/her total arrears on the docket are less than an existing G IWN arrears withholding amount, MiCSES will limit the arrears withholding for the new G IWN to the total arrears on the docket.

When the arrears total for the docket is positive, but the arrears for an IWN category are negative, MiCSES will adjust that negative amount from positive arrears from the remaining IWN category(ies). MiCSES will reduce the negative arrears from each IWN category(ies) according to the following priority:

1. Other;
2. Medical;
3. Spousal; and

[139] If there is no current support obligation, MiCSES will use the previous current support obligation. If no previous support obligation is found, then MiCSES will use $500 as a default monthly obligation amount.
[140] Ref: 2021 MCSF 4.03(B)(3).
[141] Ref: Subsection 7.4 of this manual section, "Reducing Income Withholding When the NCP's Income Decreases."
[142] Ref: 2021 MCSF 4.03B(6), 4.03B(7) and 4.03B(8).
[143] Ref: Subsection 7.1 of this manual section, "Populating IWN Withholding Amounts From NCP Obligations."

4. Support.

MiCSES will determine the arrears withholding amount for each of the IWN categories based on the adjusted arrears amount.

Refer to Exhibit 6.03E1, Guideline IWN Examples and Exhibit 6.03E2, Guideline IWN Examples Related to Situations With Negative Case Debt for examples of how MiCSES determines the arrears withholdings and placement of the arrears withholdings on the G IWN.

## 7.3 Judicial IWN Arrears Withholdings and Considerations

### 7.3.1 Use of the J IWN

MCL 552.605 requires child support to be determined by applying the MCSF, unless the court orders an amount that deviates from the formula because the application of the MCSF would be unjust or inappropriate.

The J IWN TPA amount must be sufficient to pay the current obligations and reduce arrearages.[144] FOC staff will enter J IWNs as "J" (judicial) on the IWNS screen and manually adjust the J IWN arrears withholding amount according to the court-ordered amount. Because J IWNs are judicially ordered, all J IWNs for a given court order must request the same arrears withholding amount.

When establishing or modifying a J IWN, IV-D staff will also enter the arrears withholding amount in the *OOA Amount* field on the *Obligation Maintenance* (OBLG) screen in MiCSES.

### 7.3.2 Baseline Amount

A. As of June 2006, MiCSES automatically recalculates a J IWN into a G IWN for a new employer or unemployment when the NCP's arrears exceed the IWN baseline amount (*IWN Baseline AMT* field on the IWNS screen) by one month's worth of support.

B. MiCSES automatically sets the IWN baseline amount to be the arrears at the time the J IWN is established, plus two months' current support:

   1. When there is no current support due, MiCSES sets the IWN baseline amount as two months of the previous support obligation amount (prior current) plus the total arrears amounts for the IWN obligation(s); or
   2. When no previous support obligation (prior current) amount exists on MiCSES, MiCSES defaults the support obligation to $500 and sets the IWN baseline amount as two times the default support

[144] 45 CFR 303.100(a)

obligation ($1,000) plus arrears.

C. FOC staff may manually override the default baseline amount subject to the following constraints:[145]

1. At a minimum, the baseline amount must be set to the arrears accrued at the time the J IWN is established or modified; or
2. At a maximum, the baseline amount may be set to the arrears amount at the time the J IWN is established or modified, plus the total of six months of the current support obligation.

7.3.3 Exceeding the Baseline Amount

If the NCP's arrears balance does not exceed the baseline amount by at least one month's worth of support, the J IWN will continue indefinitely. Any new SOI will use the same J IWN withholding amounts.

If the NCP's arrears balance exceeds the baseline by more than one month's support obligation, MiCSES will administratively adjust any new IWN according to the guideline calculation. Future IWNs will be G IWNs unless the court establishes a new J IWN, or another type of payment arrangement.

Refer to Exhibit 6.03E3, Judicial IWN Examples.

7.3.4 J IWNs and Surcharge[146]

When a case qualifies for surcharge assessment and MiCSES applies surcharge to support arrears on January 1 and July 1, MiCSES also adds the surcharge amount to the IWN baseline amount. Adding surcharge to the baseline amount prevents a new IWN from generating when MiCSES assesses surcharge.

7.3.5 J IWNs and Dockets Reaching Zero Arrears

After an NCP reduces his/her arrears on a docket to zero through an established J IWN, MiCSES will reissue the IWN as a G IWN for current obligation withholdings only. If arrears again accrue, MiCSES will administratively adjust the G IWN for a new SOI to include arrears withholding according to the MCSF.

7.4 Reducing Income Withholding When the NCP's Income Decreases

When the underlying support order is reduced due to a payer's reduction in income, the corresponding IWNs must reflect the new lowered support amount in both the current withholding amount and any corresponding arrears

[145] The Program Leadership Group approved the IWN baseline amount options provided.
[146] Ref: Section 5.75, "Surcharge," of the *Michigan IV-D Child Support Manual*.

withholding.[147]

To effect the reduction on the IWN, when making the reduction to support obligations on the OBLG screen, FOC staff must use the reason code *Reduction in Payer's Income* ("RP").

7.4.1 Reducing a G IWN

A. The "RP" reason code triggers MiCSES to use the new current support obligation amount (the total of the monthly child support, spousal support and medical support obligations) to determine the new maximum G TPA and arrears withholding amounts;[148]

B. MiCSES calculates the new arrears withholding amount, ensuring that the new arrears withholding amount will not exceed half the new monthly support withholding and not be less than $50 unless the new monthly support obligation is less than $50; and

C. MiCSES generates a new G IWN using the new current obligation amounts for current withholdings, and the new arrears withholding amount.

**Example:**

An NCP has an active IWN with the following monthly obligations: child support of $100, spousal support of $50, medical support of $10 and blood draw of $10. The NCP also has $5,000 in arrears: $4,500 in support arrears and $500 in arrears for blood draw. The total monthly support amount is $160 (child support, spousal support and medical support), and the total monthly IWN obligation amount is $170 (support amount plus blood draw amount). The existing IWN **arrears** withholding amount is $160. The total existing IWN amount is $330.

The child support obligation decreases to $50 per month because the NCP's income decreases. When updating the child support amount from $100 to $50, the FOC worker uses the "RP" reason code on the OBLG screen.

MiCSES will generate a new IWN. The new IWN current withholding amount is $120 ($110 of support [child support, spousal support, medical support] and the $10 blood draw). The IWN arrears withholding amount is $55 (the arrears withholding cannot exceed half the new monthly IWN support amount of $110). The new total G IWN amount will be $175.

[147] Ref: 2021 MCSF 4.03B(6)(a).
[148] Ref: Subsection 7.1 of this manual section, "Populating IWN Withholding Amounts From NCP Obligations."

#### 7.4.2 Reduction in Income and J IWNs

When the current support amount decreases because of a reduction in the NCP's income, MiCSES will not automatically recalculate the J IWN. Depending on the order, FOC staff may need to manually regenerate the J IWN with new arrears withholding amounts.

Once the obligation amounts have been modified, and if modifications to the J IWN are needed, FOC staff will:

A. Navigate to the IWNS screen;
B. Note the existing arrears withholding amount;
C. Select the J IWN needing modification;[149] and
D. On either the IWNS screen or the *IWNS Amount Detail* pop-up, generate the new J IWN. FOC staff will manually overwrite the newly calculated judicial arrears amount with the court-ordered judicial arrears withholding amount.[150]

### 7.5 Specific IWN Withholding Amounts

The third method of IWN calculation is the S IWN. For the S IWN, FOC staff set the current and arrears withholding amounts manually. When an NCP has more than one SOI, the S IWN is typically used to collect the difference between the total amount due on the order and the income collected from the first SOI.

FOC staff must manually monitor S IWNs because MiCSES will not automatically initiate any action against the NCP or change the S IWN to a G IWN when the obligation amount, arrearage amount, or SOI changes. MiCSES monitors the S IWN every 15 days on the IIWO activity chain and sends an alert (Monitor Compliance with IW, Reason Code "LT" – Withholding Received <75% of Order) to FOC staff when wage receipts received on the case are less than 75 percent of the amount requested. MiCSES will automatically terminate an S IWN when current obligations and arrears no longer exist.

### 7.6 IWN Statutory and Processing Fee Withholding Amounts[151]

#### 7.6.1 Fees Policy

OCS and SCAO policies require the payment of all current support, arrears and medical support before distributing IWN collections to

[149] MiCSES will calculate the new current withholding amounts. MiCSES will add the difference between the previous current withholding amount and the new current withholding amount to the previous judicial arrears amount.
[150] FOC staff may or may not need to recalculate the judicial baseline amount. Ref: Subsection 7.3.2, "Baseline Amount," in this manual section for further baseline information.
[151] Statutory fees and processing fees the IV-D program charges and collects are not the same as the withholding fee an SOI is permitted to charge and collect. Ref: Subsection 10, "SOI Withholding Fee," in this manual section.

fees.[152] If the NCP wants to pay the fees before the current support, arrears and medical support are paid in full, the NCP must make the payment at the FOC with written instructions to apply the payment to the processing and service fees.

FOC offices may generate a notice or a bill for amounts owed by NCPs. The billing notice may recommend that fee payments not be combined with child support payments and to send payment to the FOC rather than the MiSDU. However, unless the IWN is manually adjusted, it will contain the fee withholding amounts.

### 7.6.2 Fee IWN Withholding Amounts

As of June 24, 2006, fees are included in the IWN TPA for any new IWN generated. MiCSES calculates the fee withholding amount as a monthly amount for recouping a year's worth of fees charged to the case.[153]

MiCSES will not recalculate an IWN to collect past-due service or processing fees when there is an existing IWN for current support only and the past-due fees on the docket are less than the defined value as shown in the *Arrears Repayment Amount* (ARRA) field of the REFM screen. As of June 24, 2006, the *ARRA* field is set to $42, one year's worth of processing and statutory fee charges (typically $3.50 a month).

## 7.7 Non-Monthly Withholding Amounts on the IWN

Federal regulations require the state to ensure that enough of an NCP's income is withheld to comply with the support order.[154] Michigan law requires support to be ordered as a monthly amount or converted to a monthly amount if it is not ordered as a monthly amount. The Michigan Child Support Formula (MCSF) provides a method for converting obligations to monthly amounts.[155]

The amounts listed on the IWN for each withholding category and the total withholding amount are stated as monthly amounts to reflect the underlying monthly support obligation and/or monthly arrearage repayment. However, SOIs can withhold income more or less frequently than monthly depending on the SOI's pay period(s). Federal law prohibits the IV-D program from requiring an SOI to change or vary their normal pay disbursement period to accommodate a monthly income withholding amount.[156] To accommodate withholding for non-monthly pay periods, the IWN provides SOIs with non-

[152] Ref: Section 5.70, "Fees (SF/PF, OSR, and FFEE)," in the *Michigan IV-D Child Support Manual* and SCAO ADM 2010-02, *Allocation and Distribution of Support Accounts*.
[153] Ref: Section 5.10 of the *Michigan IV-D Child Support Manual* for the case conditions and the types of fees charged.
[154] 45 CFR 303.100(a)(1)
[155] Ref: MCL 552.605c, Section 5.20 of the *Michigan IV-D Child Support Manual,* and the Michigan Child Support Formula.
[156] Section 466(b)(6)(C) of the SSA

monthly total withholding amounts that correspond with the various SOI pay period frequencies. IV-D staff and MiCSES will calculate these non-monthly withholding amounts for IWNs according to the conversion method prescribed by the MCSF.

The MCSF conversion method can result in overpayment or underpayment of the monthly support obligation through income withholding. However, if the SOI is withholding income per the IWN, Michigan law:

- Does not fault an NCP (as long as the NCP doesn't already have an arrearage) for underpayments (temporary arrearages) that result from the monthly to non-monthly payroll period amount conversion or differences between the timing of the SOI's payroll and the monthly support accrual; and
- Requires overpayments to be disbursed to the recipient as additional support (if designated by the NCP), applied to other cases, retained and applied to the next month's obligation, and/or refunded to the NCP.[157]

## 8. Modifying an IWN

### 8.1 Court-Ordered Modification

#### 8.1.1 Legal Authority

Michigan law states that when the court modifies a support order and an IWN is active, FOC staff must notify the SOI, by ordinary mail or electronic means (e-IWO), that the IWN was modified. The SOI must change the withholding amount to conform to the new IWN within seven days after receiving the notice.[158]

#### 8.1.2 Policy

A. FOC staff may manually modify an IWN:

1. When ordered by a judge;
2. As an administrative adjustment; or
3. When an NCP has a secondary SOI.

B. MiCSES will only automatically recalculate an existing G IWN arrearage amount when:

1. MiCSES sends a new IWN because of a support increase;
2. The support amount decreases because the NCP has a reduced income; or
3. The arrears on the case are reduced to zero.

[157] MCL 552.605c
[158] MCL 552.617

When an IWN is modified, the IWN status remains “active” and does not change to “pending.”

### 8.2 Administrative Adjustment

#### 8.2.1 Legal Authority

Federal law requires that state agencies have administrative procedures to collect arrears in all IV-D cases by increasing the monthly collection amount.[159]

FOC staff are authorized to administratively adjust IWN withholding amounts for arrears by using the MCSF as a guideline for the calculation.[160] MCL 552.607 requires FOC staff to send notice of an arrearage to the NCP when administratively adjusting an IWN for arrears.[161]

#### 8.2.2 Policy

When at least one month’s worth of support accrues as an arrearage and there is another event that would generate a new IWN, such as a new hire or a modification to the obligation:

A. MiCSES will administratively adjust a G IWN;
B. MiCSES will start a G IWN if there is no active IWN and the NCP’s verified employment is entered in MiCSES on the EHIS screen; or
C. For cases with a J IWN and the arrears exceed the IWN baseline amount, MiCSES will recalculate the IWN for a new hire hit using the guideline calculation method rather than the judicial amount.

When a modified support obligation amount increases, MiCSES may also increase the G IWN arrears withholding amounts using the new guideline limits.

If the NCP continuously pays at least 75 percent of his/her monthly obligation, MiCSES will not administratively adjust the IWN.

## 9. SOI Withholding Limitation

An SOI may not withhold from an individual’s disposable earnings more than the ordered withholding amount, the amount allowed by law of the state or tribe of the individual’s principal place of employment, or the amount allowed by the Consumer Credit Protection Act (CCPA) – whichever is least. IWNs and e-IWOs issued from MiCSES include Michigan’s 50 percent withholding limitation.[162]

[159] SSA, section 466(c)(1)(H)
[160] MCL 552.517e
[161] Ref: Subsection 6.6, “Printing and Sending Notices,” of this manual section for requirements.
[162] Effective on and after March 28, 2010.

## 9.1 Michigan Limit

Michigan's income withholding limit is 50 percent of "disposable earnings" as that term is defined by the CCPA – regardless of the payer's arrears or family status.[163] MCL 552.611a(1) is stated in terms of "disposable income," but that term is not defined in the CCPA, and the remainder of MCL 552.611a is stated in terms of "disposable earnings."

## 9.2 CCPA Limit

The IWN includes the following text regarding the CCPA limit in the Withholding Limits paragraph within the **Additional Information for Employers/Income Withholders** section:

"The federal limit is 50% of the disposable income if the obligor is supporting another family and 60% of the disposable income if the obligor is not supporting another family. However, those limits increase 5% --to 55% and 65% --if the arrears are greater than 12 weeks."

In other words, the maximum withholding amount under the CCPA is:

- 50 percent, if the NCP is supporting the family for which the IWN is issued, is supporting another family, and has less than 12 weeks of arrears as of the time the IWN was generated;
- 55 percent, if the NCP is supporting the family for which the IWN is issued, is supporting another family, and has more than 12 weeks of arrears as of the time the IWN was generated;
- 60 percent, if the NCP is supporting only the family for which the IWN is issued and has less than 12 weeks of arrears as of the time the IWN was generated; or
- 65 percent, if the NCP is supporting only the family for which the IWN is issued and has more than 12 weeks of arrears as of the time the IWN was generated.[164]

The issuer must determine the appropriate, single withholding limit rather than a range of limits and identify it on the IWN for the SOI.[165] Federal law does not require the SOI to determine which CCPA or state percentage within a range of

[163] MCL 552.608 and MCL 552.611a as amended by 2009 PA 193. Prior to 2009 PA 193, Michigan law provided for a maximum withholding limit based on the CCPA.
[164] When the individual is supporting a second family in addition to the family for which the IWN is issued, the CCPA reduces the 60 to 65 percent maximum withholding amount by 10 percent.
[165] Ref: OCSE AT-17-09, *2017 Revisions to the IWO Form and Instructions*.

limits is applicable.[166]

## 9.3 Disposable Earnings, Disposable Income, and Non-Earnings

IWNs issued from MiCSES direct the SOI to "…withhold up to 50% of disposable income…" "if the employee/obligor's principal place of employment is in Michigan."

### 9.3.1 Disposable Earnings

The CCPA and Michigan withholding limitation statutes use the terms "earnings" and "disposable earnings."

Under the CCPA definitions, "earnings" means "compensation paid or payable for personal services, whether denominated as wages, salary, commission, bonus, or otherwise, and includes periodic payments pursuant to a pension or retirement program." And "disposable earnings" means "that part of the earnings of any individual remaining after the deduction from those earnings of any amounts required by law to be withheld."[167]

Stated as a general formula in terms of "earnings":
"Disposable earnings" equals gross "earnings" minus mandatory deductions.

Mandatory deductions are amounts required by law, including: federal, state and local taxes; unemployment insurance; workers' compensation insurance; state employee retirement deductions; and other deductions determined by state law. Mandatory deductions do not include voluntary payroll deductions such as voluntary contributions to a 401(k) plan, flexible spending accounts, charitable organizations, etc.

### 9.3.2 Disposable Income

The CCPA and Michigan withholding limit provisions suggest that the payment of any money that is not included in the definition of "earnings" is not subject to the CCPA or Michigan's withholding limits.

However, the CCPA limits are applicable to government benefits paid under the SSA, Railroad Retirement Act, and other federal employee and/or benefit programs (e.g., Title II benefits, workers' compensation, railroad benefits, etc.) that may not appear to meet the CCPA definition of "earnings," but:

[166] 45 CFR 303.100. IWNs/e-IWOs issued from MiCSES include Michigan's single 50 percent withholding limit.
[167] 15 USC 1672, 29 CFR 870

- Are subject to income withholding; and
- "[T]he entitlement to which is based upon remuneration for employment."[168]

Michigan law does not restrict IWN issuance only to those SOIs that pay "earnings." Michigan law broadly defines "income" and "source of income" to include entities paying "income" that does not fit the CCPA definition of "earnings." For example, Michigan law considers unemployment benefits, Social Security benefits, and workers' compensation to be "income" that is from "sources of income" and is subject to withholding.[169]

Michigan law links the withholding limit to the CCPA definition of "disposable earnings." This could imply that "income" from these types of benefits is excluded from Michigan's withholding limit because it is not actual employment earnings. However, these government benefits are subject to Michigan's withholding limit in the same way they are subject to CCPA limits per those programs' laws, regulations, and policies.

Stated as a general formula in terms of "income":
"Disposable income" equals gross "income" minus mandatory deductions.

### 9.3.3 Payments to Self-Employed Individuals/Independent Contractors[170]

The CCPA withholding limits do not apply to non-employees such as self-employed individuals/independent contractors who provide services but receive payments that are not defined as "earnings" under an employee-employer relationship.[171] These payments are commonly called "1099 income" (named after the IRS form used to report this type of income) and typically do not require the paying entity to withhold income taxes or other mandatory deductions.[172]

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[168] Sections 207 and 459 of the SSA, 20 CFR 404.1820, 20 CFR 350.1 et seq., Title 5 CFR, and Social Security Administration Program Operations Manual System (POMS) Section GN 02410.000, "Assignment, Levy, Garnishment"
[169] Ref: MCL 552.602 and Subsection 13, "Special IWN Situations," in this manual section.
[170] Ref: Subsection 13.15, "Self-Employment and Independent Contractors," in this manual section for information about the liability of self-employed individuals, independent contractors, and paying entities to income withholding.
[171] Ref: OCSE Dear Colleague Letter (DCL)-13-12, *Request for Comments on Revised Income Withholding Order/Notice for Support (IWO) Form*, Federal Register Vol. 78, Number 139, pp 43208-43209, the Fair Labor Standards Act, the Internal Revenue Code (IRC), and IRS *Independent Contractor (Self-Employed) or Employee?* for details and definitions of employers, employees, and employer-employee relationships.
[172] The IRC requires backup tax withholding for the self-employed and independent contractors who do not have a Taxpayer Identification Number (TIN) or provide it to the paying entity. Ref: IRS *Forms and Associated Taxes for Independent Contractors*, IRS Publication 1281, *Backup Withholding for Missing and Incorrect Name/TIN(s)* and IRS *Topic 307 – Backup Withholding*.

Under Michigan law, there is no limit for this type of income because:

- The MCL limit relies on the CCPA definition of "earnings" or "disposable earnings;" and
- This type of income does not meet the CCPA definitions of "earnings" and "disposable earnings."

Therefore, IWNs issued by Michigan include the following text regarding the withholding limit for non-employees/non-earnings in the **Supplemental Information** section:

"MI has no withholding limit for non-employee income/non-earnings: MCL 552.608, 552.611a."

e-IWOs include similar text for the non-employee withholding limit, and this text also appears on paper IWNs:

"Report Lump-sum 866-540-0008; Payments www.misdu.com; No limit for non-employee income/non-earnings MCL 552.608, 611a; $2 or $4/month withholding fee MCL 552.623."[173]

A contract between a self-employed individual/independent contractor and the paying entity could include compensation for personal services and/or materials (e.g., equipment, fuel, tools, uniforms, etc.). This suggests any portion payable as compensation for personal services *may* be subject to the CCPA or Michigan withholding limits, and any portion payable for materials *may* not be subject to income withholding. However:

- IV-D staff will not advise SOIs regarding the SOI's liabilities or the appropriate withholding limits/percentage for all or any portion of a payment;
- IV-D staff will only advise an SOI that Michigan law provides no limit for income that is not defined as "earnings" per the CCPA;
- The SOI is responsible for determining the SOI's liability and should consult with its legal representation; and
- The court is the final authority regarding whether an SOI is liable to the court or the NCP for underpayment or overpayment.[174]

[173] Because of limited space on the e-IWO, the text on the form will not include spaces after the semicolons.
[174] Focusing on the "compensation paid or payable for personal services" aspect of the definition of "earnings," the Michigan Supreme Court has held (for an employer-employee relationship) that if a payment is not "earnings" but still "income" under Michigan statute, the entire amount of the payment may be withheld. Ref: *Genesee County Friend of the Court v. General Motors* Corporation (2001).

## 10. SOI Withholding Fee

### 10.1 Legal Authority

Federal law and regulation permit states to establish laws that allow employers to deduct a fee to offset the administrative cost of complying with a notice of income withholding for support.[175]

Michigan labor law allows employers to deduct from wages when required or expressly permitted by law.[176] Effective March 28, 2013, Michigan Public Act 357 of 2012 (2012 PA 357) amended Michigan Compiled Law (MCL) 552.623 to expressly permit SOIs to charge and collect a fee from a payer in response to receiving an IWN.[177] Although the law permits the SOI to charge and collect the fee from the payer, it does not require the SOI to do so.

Federal and state child support programs use terms such as “administrative fee,” “processing fee,” or “employer fee” to describe this fee. The Michigan statute does not define a term for the fee; however, Michigan’s IV-D child support program will refer to the fee as the “withholding fee.”

### 10.2 Questions From SOIs and Individuals

OCS expects SOIs and individuals will contact IV-D staff with questions regarding the withholding fee. OCS recommends IV-D staff refer SOIs and individuals to their own attorney/legal staff, refer to MCL 552.623, and/or restate the policy in this manual section.

### 10.3 Withholding Fee and Intergovernmental Law

Regardless of where an SOI is located or the location from which the IWN was issued, intergovernmental income withholding laws and regulations require an SOI to follow the fee withholding law(s) of the jurisdiction of the employee’s/obligor’s principal place of employment.[178]

- If the SOI receives an IWN for an employee/obligor who works in Michigan, the SOI must follow Michigan’s law regarding the withholding fee; or
- If the SOI receives an IWN for an employee/obligor who works in a jurisdiction other than Michigan, the SOI must follow the fee withholding law of the other jurisdiction.

[175] SSA, section 466(b)(1); SSA, section 466(b)(6); and 45 CFR 303.100(e)
[176] Ref: MCL 408.477.
[177] The term “SOI” includes but is not limited to the Social Security agency, an unemployment insurance agency, a workers’ compensation agency, and an insurance company (insurance claim settlement).
[178] SSA, section 466(b)(6)(A)(i)(I); 45 CFR 303.100(f)(2)(i); and MCL 552.1501(3)(a)

## 10.4 Charging and Collecting the Withholding Fee From the Payer

An SOI may charge the payer the withholding fee each time the SOI withholds support.[179] The Michigan IV-D child support program will not collect the withholding fee for an SOI from the payer and will not pay the withholding fee to an SOI. An SOI must not send (remit) the withholding fee to the MiSDU.

MCL 552.623 partially prescribes how an SOI must collect the withholding fee from the payer – it must be collected "separately and apart from the income withheld for child support."[180] However, the statute does not define the meaning of "separately and apart."

OCS does not have the authority to define the meaning of "separately and apart" but anticipates most SOIs will collect the withholding fee from the payer through a payroll deduction at the time the income is withheld for support. For more information, refer to Subsection 10.6, "Support and Health Care Coverage Withholding Limitations" in this manual section.

## 10.5 Withholding Fee Limitations

If an SOI remits support payments electronically, the SOI may charge the payer $1 for each withholding but may not exceed $2 per month. If the SOI remits support payments through non-electronic means, the SOI may charge the payer $2 for each withholding but may not exceed $4 per month.

MCL 552.623 does not expressly provide directions to SOIs regarding fee withholding limits for payers with multiple cases/orders for which multiple IWNs have been issued. In these situations, OCS anticipates that an SOI might interpret "the payer" and "each withholding" in one of the following ways:

- The fee and monthly fee limit are applicable to all of the payer's cases/IWNs combined, regardless of how many IWNs have been issued for the payer (e.g., a payer with five cases/IWNs can be charged only a maximum of $2 or $4 per month); or
- The fee and monthly fee limit are applicable to each of the payer's cases/IWNs (e.g., a payer with five cases/IWNs can be charged a maximum of $10 or $20 per month).

## 10.6 Support and Health Care Coverage Withholding Limitations

MCL 552.623 defines limits for the withholding fee and requires the fee to be withheld "separately and apart" from child support. However, federal and state laws specifically address:

[179] MCL 552.623(3)(A) and MCL 552.623(3)(B)
[180] MCL 552.623(4)

- Overall limits for support and dependent health care coverage withholding;
- How disposable income is determined; and
- Withholding priorities – particularly where payers with multiple cases/orders and corresponding IWNs are concerned.[181]

If an SOI chooses to collect the withholding fee through a payroll deduction at the same time it withholds support and/or health care coverage:

- The SOI must include the amount of the withholding fee in disposable income/earnings for the purpose of determining withholding limits. Per the CCPA definition of disposable earnings, the withholding fee must be included in disposable earnings because it is not a mandatory deduction;[182]

- The withholding fee plus the support and dependent health care coverage withholding must not exceed the federal CCPA limit or the limit set by the state/jurisdiction of the payer's principal place of employment;[183] and

- The withholding fee has priority over support and dependent health care coverage withholdings. After the SOI has determined the payer's disposable earnings and whether the withholding limit has been reached, the SOI may deduct and retain the withholding fee before allocating (if necessary), withholding, and remitting the support and dependent health care coverage amounts.[184]

### 10.7 Payer Responsibility for Unpaid Support Resulting From an SOI Collecting the Withholding Fee

A support payer is responsible for any unpaid support that results from an SOI charging and collecting the withholding fee. IV-D staff may enforce the support that is unpaid because of the SOI withholding the fee.[185]

### 10.8 SOI Non-Liability for Retaining the Withholding Fee

The SOI is permitted to charge and collect the withholding fee, and the withholding fee is not considered a penalty that an SOI imposes against the support obligor.[186]

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[181] Further details regarding withholding limits, disposable income, and priorities are provided in Subsections 9, "SOI Withholding Limitation," and 11.1, "SOI Allocation of Amount Withheld From Disposable Income," in this manual section as well as OCSE's *Processing an Income Withholding Order or Notice*.
[182] CCPA, section 302; CCPA, section 303; MCL 552.623(3)
[183] SSA, section 466(b)(1); SSA, section 466(b)(6)(A)(i); SSA, section 466(b)(6)(A)(i)(I); SSA, section 466(b)(6)(A)(i)(II); 45 CFR 303.100(a)(3); 45 CFR 303.100(a)(5); 45 CFR 303.100(f)(2)(i); CCPA, section 303(b); MCL 552.608; MCL 552.611a; MCL 552.626b(2); and MCL 552.1501(3)(a)
[184] SSA, section 466(b)(6)(A)(i)
[185] MCL 552.511 and MCL 400.233
[186] Ref: MCL 552.612, MCL 552.623(5), and Subsection 14.2, "SOI Compliance With IWNs," of this manual section.

## 11. Allocation

### 11.1 SOI Allocation of Amount Withheld From Disposable Income

If an individual has multiple IWNs issued by multiple states and the total amount designated to be withheld under those IWNs exceeds withholding limitations for the individual's disposable income, an SOI is required by Michigan law to allocate the withheld income across the IWNs on a prioritized and proportional basis.[187] The priority and proportioning order is: current support, followed by past-due support, then health care coverage premiums.

Prior to 2009 PA 193, the SOI was required to allocate withheld income amongst multiple IWNs regardless of whether the IWNs were issued by a single state or by more than one state.

2009 PA 193 amended MCL 552.611a, effective March 28, 2010, to not require SOI allocation when all the IWNs are issued by Michigan. SOI allocation is only required if one or more of the IWNs were issued by a state other than Michigan.

MCL 552.611a does not specifically differentiate between an SOI doing business in Michigan, another state, or multiple states. However, state law as well as federal statute and regulation direct SOIs to follow the law of the employee's principal place of employment.[188] In other words, if the individual works primarily in Michigan, SOIs should follow Michigan's laws for withholding limitations and allocation regardless of where the SOI is headquartered, incorporated, conducts business, etc.

### 11.2 Allocation of Income Withholding (Wage) Receipts[189]

Federal regulations require support payments from SOIs be allocated across all of an NCP's cases with active IWNs. These regulations state: "If there is more than one notice for withholding against a single absent parent (NCP), the State must allocate amounts available for withholding giving priority to current support up to the limits imposed under … (CCPA). The state must establish procedures for allocation of support among families, but in no case shall the allocation result in a withholding for one of the support obligations not being implemented."[190]

Payments from a pending IWN:

- Do not post to the case during the nine-day period if other cases for the NCP exist (this allows any current payments sent by the SOI to post correctly to other cases); and

[187] MCL 552.611a
[188] MCL 552.1501, MCL 552.1501a, SSA, section 466(b), 45 CFR 303.100
[189] Ref: Section 5.35, "Allocation/Distribution," of the *Michigan IV-D Child Support Manual*.
[190] 45 CFR 303.100(a)(5)

- Post to the case if the NCP has no other cases.

Wage payment allocation differs slightly from allocation for a payment made directly from an NCP. While MiCSES allocates an NCP payment across all of the NCP's qualifying cases, MiCSES allocates all withholding payments to:

- All cases for an NCP with an active IWN, regardless of the source of the withholding or the type of active IWN on the docket;[191] or
- The single case whether an active IWN exists or not, if the NCP has only one case.

## 12. Terminating an IWN

Throughout this manual section, the term "terminating an IWN" means the process by which the IIWO activity chain is closed in MiCSES and the IWN is marked inactive. An SOI remains liable for income withholding until further order of the court through an income withholding termination notice (FEN58D).[192] This includes the circumstance where the NCP stops receiving income from the SOI, then later begins receiving income again from that SOI. MiCSES only sends a termination notice (FEN58D) to the SOI under limited conditions.

### 12.1 Legal Authority

#### 12.1.1 Federal Law

Federal law and regulations require states to have procedures for promptly terminating withholding:[193]

A. For all cases that no longer have a current support order and all arrearages are paid; or
B. At the court's option, when the NCP requests termination and withholding has not been previously ended and restarted, and the NCP meets the conditions for an alternative arrangement, including:

   1. A written agreement signed by the CP and NCP.

      Note: OCS also must consent to the agreement if there has been an assignment of support rights to the state.

   2. The court or administrative agency has entered the agreement on the record.

[191] Payments will first allocate by prorating to current support due. Payments in excess of current support will then allocate by prorating to *ordered on arrears* and then by prorating to arrears.
[192] MCL 552.611
[193] SSA, section 466(b)(10) and 45 CFR 303.100(a)(7)

#### 12.1.2 State Law

Michigan law requires IWNs be terminated when:

A. The child and CP cannot be located for 60 or more days and FOC staff are closing the FOC case;
B. The court determines there is no further support obligation;
C. The court determines there is good cause to terminate the order; or
D. The court approves the parties' alternative agreement.[194]

### 12.2 Policy

MiCSES terminates the IWN when it detects specific situations as identified below, or when FOC staff manually terminate the IWN.

#### 12.2.1 Automatic Termination

MiCSES automatically terminates an IWN that was initiated on an IIWO activity chain when:

A. All current obligations and arrears have been paid;
B. The SOI was end-dated on the EHIS screen (manually or automatically through an e-IWO acknowledgment, eTerm, or other process);[195]
C. The case has not received a wage payment from any SOI for 90 days; or
D. FOC staff mark the case:

    1. Exempt from enforcement;[196] or
    2. An opt out case without retaining MiSDU services.[197]

When the IWN is terminated because all support and arrears are paid in full, MiCSES will automatically initiate the FEN58D for the SOI and NCP. If the IWN is terminated for any other reason, the FEN58D is not automatically initiated. The FEN58D is automatically or manually generated and sent to the SOI and NCP based on the FOC office's print preferences (central-print or on-demand) and the e-IWO setting for the SOI (paper or electronic). MiCSES will change the IWN status to "terminated" 30 days after the FEN58D has been generated.

[194] MCL 552.619
[195] Ref: Subsection 6.6.3(L)(5) in this manual section.
[196] MiCSES will terminate all IWN activities except the most recent IWN, which it will leave in an active status. This last IWN will terminate if no wage receipts are received in 90 days.
[197] If the case is marked opt out, but retains MiSDU services, all IWNs but the most recently added IWN will terminate. The IWN left active will terminate if no wage receipts are receipted in 90 days. (Ref: Subsection 5.4 in this manual section for further information on opt out cases.)

#### 12.2.2 Manual Termination

When conditions outlined in Subsection 12.1, “Legal Authority” of this manual section have been met, FOC staff may manually terminate an IWN, generate the FEN58D, and send it to the SOI and NCP. If the SOI participates in the e-IWO System, MiCSES will send the termination as an e-IWO once the FEN58D has been manually generated.

#### 12.2.3 Termination of Parental Rights

In 2010, the Michigan Supreme Court ruled that the termination of parental rights does not automatically terminate a parent’s support obligation.[198] In a parental rights termination situation, an SOI must continue to withhold income until it receives further direction from the FOC office.

## 13. Special IWN Situations

### 13.1 IWNs for Individuals Providing Services to the State of Michigan or Providing State-Paid Services to Other Individuals

IV-D workers may use an IWN for individuals who receive compensation (income) from the state for services rendered, but who are not state employees.[199] For example, the state may provide supplemental income to individuals who provide low-cost services, such as Child Development and Care (CDC) or Home Help Services (HHS).

This compensation is subject to income withholding for child support because the state of Michigan is an SOI that is paying income. FOC staff will send IWNs to the Michigan Department of Treasury as the SOI for non-state employees receiving compensation from the state for services provided.[200] Treasury, and not FOC staff, will determine the appropriate action based on the type of service and whether the payment is a one-party or two-party disbursement (i.e., payable in the name of one party or payable in the name of two parties).

Treasury will withhold from an HHS provider’s home help payment (HHP) if it is being paid as a one-party disbursement. Treasury will not withhold from an HHS provider’s HHP if it is being paid as a two-party disbursement.

[198] Ref: IV-D Memorandum 2011-021, *Termination of Parental Rights – Michigan Supreme Court Decision*.
[199] The Michigan HR Service Center handles income withholding for State of Michigan employees. Ref: Section 3.16 of the *Michigan IV-D Child Support Manual* for the OTHP ID specifically designated for state employees.
[200] Ref: Section 3.16 of the *Michigan IV-D Child Support Manual* for the OTHP ID specifically designated for this purpose.

## 13.2 Ex Parte Orders

When the court enters an ex parte order for income withholding, the parties have 14 days from the date of service to file with the court a written objection to the ex parte support order.[201] The ex parte order is effective when served on the parties and remains effective until modified or superseded by a temporary or final order.

MiCSES automatically generates the IWN if there is an active employment record. MiCSES begins monitoring the IWN when the order is no longer ex parte, or if FOC staff manually move the activity chain to a monitoring status.

## 13.3 IWNs for Unemployment

### 13.3.1 Legal Authority

A. Federal

Federal law and regulations require the state IV-D agency to enter into a written agreement with the MUIA to enforce “unmet child support obligations” by withholding the NCP’s unemployment compensation benefits.[202] The IV-D agency responsibilities include:

1. Periodically determining if unemployment applicants or recipients have support obligations;
2. Establishing and using written criteria for case selection; and
3. Arranging for an obligor’s unemployment to be withheld through a voluntary agreement with the NCP or through a legal process.

The state unemployment agency has the authority under federal law to:

1. Notify the state IV-D agency regarding individuals receiving unemployment benefits; and
2. Deduct and withhold unemployment benefits pursuant to an IWN for child support from the IV-D program.[203]

B. State

Unemployment compensation is subject to income withholding per Michigan’s definitions of income and source of income.[204]

[201] MCL 552.604(4) provides for a 21-day objection period. Michigan Court Rule (MCR) 3.207 provides for 14 days.
[202] Ref: SSA, section 454(19) and 45 CFR 302.65.
[203] Ref: SSA, section 303(e)(2)(A)(ii), and SSA, section 303(e)(2)(A)(iii).
[204] Ref: MCL 552.602(o)(ii) and Subsection 3, “Legal Authority for Income Withholding,” in this manual section.

The Office of Child Support Act authorizes OCS to obtain employment and individual demographic information from MUIA.[205]

The Michigan Employment Security Act authorizes the MUIA to:

1. Disclose information regarding individuals who have applied for, are receiving, or have received unemployment benefits;
2. Deduct and withhold child support payments from unemployment compensation payments; and
3. Remit withholding payments to the IV-D agency.[206]

### 13.3.2 Policy

Withholding unemployment benefit income is a significant and integral component of enforcing support obligations.

MDHHS/OCS has an interagency data sharing agreement with the MUIA for the purpose of withholding unemployment benefits for child support as well as reporting and accessing new hire information.[207] The IV-D program withholds NCPs' unemployment benefits through legal process by issuing IWNs to MUIA.

The IV-D program and MUIA exchange unemployment claim, claimant and income withholding information through an electronic interface. MUIA provides claim and claimant information to the IV-D program as an electronic record, which includes MUIA's unique Michigan Identification Number (MIN). MiCSES matches the claim and claimant information to IV-D members using the MIN and other identifying information. Then, for matched IV-D members with support obligations, the IV-D program issues IWNs to MUIA as an electronic record.[208] This exchange occurs through an electronic interface to maximize automated processing of IWNs and minimize manual work. However, the interface between these systems is not a complete two-way interface.[209]

Generally, FOC staff should let the automated processes work rather than manually issue IWNs to MUIA. Manual issuance of IWNs to MUIA by FOC staff is appropriate or necessary only in limited situations.[210]

[205] Ref: MCL 400.234
[206] Ref: MCL 421.11(b)(2), MCL 421.11(b)(3), MCL 421.27(m)(2), and MCL 421.27(m)(4).
[207] Ref: Section 3.10 of the *Michigan IV-D Child Support Manual*.
[208] The information sent to MUIA in the electronic IWN contains only the essential information included on a paper IWN. The electronic IWN transmission process for MUIA is different than the e-IWO process for other SOIs. Ref: Subsection 6.6.3, "Electronic Income Withholding Notices (e-IWOs)" in this manual section.
[209] OCS and MUIA have identified additional future interface improvements including but not limited to, status feedback (IWN acknowledgment), notice of benefit exhaustion or disqualification, demographic updates, etc.
[210] Ref: Subsections 13.3.2(I) and 13.3.2(J) of this manual section.

A. Unemployment Benefits[211]

The IV-D program receives information from MUIA and issues IWNs for the following types of unemployment benefits:

1. Regular Claims

When an individual files a claim for unemployment benefits and MUIA assigns a benefit year begin (BYB) date, MUIA sends the claim information to the IV-D program in an electronic file.[212]

MUIA assigns a new benefit year begin date when the claimant files a new regular claim. Any remaining regular benefits that the claimant has not collected within the benefit year expire on the benefit year end (BYE) date (12 months after the BYB date).

An unemployment claim includes a benefit amount if MUIA accepts the claim, but does not have a benefit amount if MUIA denies the claim. The claimant and/or the liable employer may ask MUIA to re-evaluate a claim. This is called a redetermination.[213] A redetermination may or may not have a benefit amount depending on whether MUIA denies a previously accepted claim or accepts a previously denied claim. The timeframe for appeals on a determination or redetermination is 30 days after the original claim or redetermination, although it could be longer for certain exceptions.

2. Disaster Unemployment Assistance (DUA)

An individual may file a claim for the special DUA when the president issues a disaster declaration, the individual's employment is affected by the disaster, and the individual is not entitled to a regular unemployment claim. The IV-D program treats DUA claims in the same manner as regular claims.

3. Extensions and Trade Adjustment/Readjustment Assistance

When a claimant's benefit year ends or the claimant has exhausted his/her **regular** benefit within the benefit year, the claimant must reapply (i.e., file a new claim) to receive additional benefits. If the claimant is eligible and approved for one of the

[211] Ref: Fact Sheets and UIA Publications on MUIA's public website for information regarding the different types of unemployment benefits.
[212] MUIA calls this action a determination or monetary determination.
[213] MUIA began providing unemployment benefit redetermination information to Michigan's IV-D program on June 1, 2011. The IV-D program treats redeterminations the same as initial determinations.

benefit extensions or trade adjustment/readjustment assistance benefits identified below, MUIA denies the new claim for **regular** benefits.

MUIA retains the benefit year begin date of the original claim for extensions and trade assistance benefits associated with the original claim. The timeframes for these claim types vary depending on frequently changing federal and state legislation, and some of these claim types have several tiers within the timeframe.

MUIA tracks claim extensions or trade assistance benefits through the end of the benefit year. Once the original benefit year has ended, MUIA extends the benefit year of the original claim beyond 12 months if the claimant is still receiving an extension or trade assistance benefit. MUIA has a periodic process that extends the withholding for IWNs that were issued for the regular unemployment claim. This process is a monthly sweep that identifies NCPs for whom the regular benefit year has ended, an IWN was in place for the **regular** benefit year, and a benefit extension or trade assistance benefit has been granted. Once identified, MUIA extends these withholdings on the MUIA system:

a. Extended Benefits (EB);
b. Emergency Unemployment Compensation (EUC);
c. Trade Readjustment Assistance (TRA);
d. Trade Adjustment Assistance (TAA);
e. Alternative Trade Adjustment Assistance (ATAA); and
f. Reemployment Trade Adjustment Assistance (RTAA).

If the claimant has exhausted **all** benefits (**regular claims, extended claims, and trade assistance benefits**) the claimant must reapply to receive additional benefits. Upon approval, MUIA assigns a new BYB date for the new claim and reports the new claim to the IV-D program.

B. Information Received From MUIA

The IV-D program receives the following claim and claimant information from MUIA through the interface for the unemployment benefits listed above:

1. MUIA Michigan Identification Number (MIN) – a unique claimant identifier assigned by MUIA;[214]
2. Claimant's full name (first, middle, and last);

[214] The MIN is similar to IV-D member IDs and other agencies' referral member identifiers such as Bridges Assistance Individual IDs (AI-IDs).

3. Claimant's SSN;
4. Claimant's date of birth;
5. Claimant's physical address;
6. Claimant's mailing address;
7. Claim type;
8. Determination/redetermination indicator;
9. Benefit amount;
10. Number of benefit weeks allowed; and
11. Dates associated with the claim, including:

    a. Claim filing date;
    b. Benefit year begin (BYB) date;
    c. Benefit year end (BYE) date;
    d. Effective date; and
    e. TRA eligibility end date.

MUIA does not provide continual updates for the same claim and claim type for the same person. In other words, MUIA only sends claim information once when:

- The claimant has filed a new claim;
- The claim has a redetermination; **or**
- The claimant has received one of the extensions.

C. Unemployment Claimant/IV-D Member Matching

MiCSES matches Michigan unemployment claimants to IV-D members (CPs and NCPs) using the same criteria used for matching Bridges referrals to IV-D members.[215] However, unlike Bridges referrals, unemployment claimant information will not create new IV-D members or cases. A "create new" match result for a IV-D member who is already associated to a MIN will not create a new IV-D member. Instead, the "create new" match result will create an exception that FOC staff will manually review and resolve.

MiCSES matches IV-D members to unemployment claimants based on the following information provided by MUIA:

1. MIN;
2. SSN;
3. Date of birth;
4. Full first name;
5. Full last name; and
6. Full middle name or middle initial.

[215] Ref: *Michigan IV-D Child Support Manual* Section 2.05, "Referrals and Applications," for details regarding the member match process.

MiCSES requires a MIN to be associated with a IV-D member to help ensure that an IWN is issued to MUIA for the correct claimant. However, MiCSES will allow FOC staff to manually issue a termination IWN to MUIA without a MIN associated to a IV-D member. The MIN requirement affects member matching accuracy, withholding accuracy, and synchronization between the IV-D and MUIA systems. Only one MIN should be associated with an NCP.

D. Potential Member Matches (Exceptions)

MIN association is primarily an automated function through the member match process. However, the automated process has criteria under which it does not associate the MIN to a IV-D member when a positive match is uncertain. Instead, the automated process identifies potential matches (match exceptions) which FOC staff must manually review and resolve.

1. Potential Match (Exception) Assignment and Actions

The automated process assigns exceptions to FOC staff who have the Enforcement Caseworker role and are assigned to the potentially matched NCP's or CP's open docket(s) in the case county. The process will assign the exception to the Default FOC Worker if the NCP or CP does not have an open docket or an Enforcement Caseworker is not assigned to the open docket.[216]

FOC staff must review MUIA claimant exceptions and, if confirmed and appropriate, associate or disassociate a MIN to the appropriate IV-D member. FOC staff must review and resolve potential NCP matches (exceptions) as soon as feasible after the exception occurs to ensure an IWN is sent to MUIA and the NCP in a timely manner. OCS recommends FOC staff review and resolve the exceptions within two days of the exception occurring. This timeframe coincides with the requirements for issuing IWNs to employers.[217] If FOC staff do not promptly resolve exceptions and associate a MIN to the NCP where appropriate, MiCSES will not issue an IWN to MUIA. Consequently, the NCP's unemployment benefit will not be withheld for his/her support obligation, and the NCP will receive his/her full benefit amount.

[216] All IV-D staff may view exceptions. FOC staff with the UIA Resolver role have the ability to resolve exceptions even if an exception is assigned to the Enforcement Caseworker or Default FOC Worker. LOAs have the ability to assign/un-assign the UIA roles to FOC staff. Ref: Subsection 13.3.2(D)(2), "Roles and Role Assignment," in this manual section.
[217] Ref: 45 CFR 301.100(e)(2); 45 CFR 301.100(e)(3); Subsection 6.3, "Automated IWN Initiation," in this manual section; and the subsection, "Sending an *Income Withholding for Support* Notice to the Employer," in *Michigan IV-D Child Support Manual* Section 3.10.

The due date for exceptions does not identify the earliest time by which FOC staff must resolve an exception. Instead, it identifies the maximum amount of time for the claim to be active and for the exception to remain available for FOC staff to resolve. OCS recommends FOC staff review potential CP matches for locate (address and income) information and associate/disassociate MINs for CPs.

FOC staff must be diligent and exercise caution when manually associating a MIN to a IV-D member. Incorrect association can result in issuance of an IWN to MUIA for the wrong person. Likewise, manually disassociating the correct MIN from a IV-D member will cause a termination IWN to be sent to MUIA. This is particularly important for IV-D staff who have the UIA Resolver and/or the UIA Matchmaker role in combination with the Referral Matchmaker role and/or the RESR Resolver role.

2. Roles and Role Assignment

All Enforcement Caseworkers are assigned the UIA Matchmaker and UIA Resolver roles. Enforcement Caseworkers are not required to acquire certification for obtaining either of these UIA roles.

a. Local Options Administrator (LOA)

LOAs will assign/un-assign the UIA Resolver and UIA Matchmaker roles to/from FOC staff in their office as needed. However, LOAs must only assign these roles to FOC staff for the purpose of managing unemployment claimant matching exceptions and unemployment income withholding.

b. UIA Resolver Role

Only FOC staff with the UIA Resolver role are authorized to resolve MUIA claimant matching exceptions.

c. UIA Matchmaker Role

Only FOC staff with the UIA Matchmaker role are authorized to associate or disassociate a MIN to/from a IV-D member in the absence of an exception.

d. Role Combinations and Cross-Functional Restrictions

IV-D staff with a combination of UIA and Bridges roles must be diligent and exercise care when working on the *Resolve*

*Referral* (RESR) screen to ensure the appropriate type of record is being worked.

User roles and their authorized tasks are outlined below.

| User Roles | Authorized to Work UIA Claimant / IV-D Member Associations? | Authorized to Work Bridges Referrals? |
|---|---|---|
| Only UIA Role(s):<br>• UIA Matchmaker and/or<br>• UIA Resolver | Yes | No |
| Only Bridges Role(s):<br>• Referral Matchmaker and/or<br>• RESR Resolver | No | Yes |
| Combination of UIA and Bridges Roles | Yes | Yes |

3. Unemployment Claimant MIN/IV-D Member Disassociation

   FOC staff with the UIA Resolver or UIA Matchmaker role must disassociate an incorrect MIN from a IV-D member. FOC staff must be diligent and exercise care when disassociating MINs from a IV-D member because manual disassociation will cause a termination IWN to be sent to MUIA automatically if an IWN was previously sent to MUIA under that MIN – even if the correct MIN is errantly disassociated from the IV-D member.

E. IWN Initiation and Issuance for Michigan Unemployment Income

1. Automated Process

   IWN initiation and issuance is primarily an automated process. Regardless of the claim type or whether the claim has a positive benefit amount, MiCSES initiates and issues an original IWN to MUIA when:

   a. A MIN is automatically or manually associated to an NCP;
   b. The NCP has an active case with IWN eligible support obligations; and
   c. The NCP does not already have an active unemployment IWN, or the NCP's existing, active unemployment IWN is for a prior

regular claim.

2. Manual Process for New Support Orders

FOC staff may need to take manual action to initiate unemployment IWNs for new support orders (i.e., a support order that has not been recorded in MiCSES). Manual action depends on whether the NCP on the new support order was already entered in MiCSES when MUIA provided the claim information. The automated matching, MIN association, and income withholding initiation only occurs at the time MUIA provides claimant information. MiCSES does not have an automated process to match and associate a IV-D member to a MIN when the new IV-D member is entered in MiCSES after MUIA provided claimant information to the IV-D program.

a. FOC staff must manually obtain and associate a MIN to the NCP for a new support order when:

- The NCP is not already a IV-D member in MiCSES at the time the new support order and its members are being entered into MiCSES; or
- The NCP is already a IV-D member in MiCSES but wasn't at the time MUIA provided the most recent claim information.

In these situations, FOC staff will need to:

1) Contact MUIA to confirm whether the NCP is receiving unemployment benefits, and obtain the NCP's MIN. FOC staff may contact MUIA's FOC Unit by using the contact information (name, phone number, fax number, email address, etc.) provided in OTHP ID 105350962 on the OTHP screen. This direct contact information is for FOC/IV-D staff use only (non-public).

Contacting MUIA is necessary even if MUIA previously sent the NCP's claim information to the IV-D program. FOC staff do not have a way to search MiCSES or the Data Warehouse for previously unmatched claim information, including the MIN. If the NCP has a claim and the MIN is not manually associated, MiCSES will not automatically issue an IWN to MUIA until the IV-D program receives subsequent claim information after the new IV-D member and new order have been entered;[218] and

[218] A ticket (IT 47831) has been entered to provide IV-D staff with access to prior claim information.

2) Manually associate the appropriate MIN to the NCP on the new order.

b. Under the following conditions, MiCSES will automatically issue the IWN to MUIA once IV-D staff have entered the NCP's obligation(s) for the new support order:

- The NCP is already a IV-D member in MiCSES at the time the new support order is being entered;
- The NCP is already associated to a MIN; and
- The NCP already has MUIA as his/her source of income on the EHIS screen.

In this scenario, obligation entry will prompt MiCSES to automatically start the *Unemployment Income Withholding* (UNEM) activity on the ENFP screen.

F. IWN Information Sent to MUIA

MiCSES sends IWNs to MUIA as an electronic record with following information:

1. Date sent;
2. MIN associated to the NCP;
3. NCP's SSN;
4. NCP's docket number;
5. NCP's court case type;
6. FIPS code (of the docket county);[219]
7. NCP's name (first, middle, and last);
8. Weekly withholding amount;
9. Michigan withholding limitation; and
10. IWN type (original, amended, termination, lump-sum).

G. Monitoring Timeframes

Once an unemployment IWN is active, the IV-D program will retain it and monitor it until:

1. The BYE date provided by MUIA for regular unemployment claims and DUA claims;
2. Twelve months beyond the date the IV-D program received notice of the extension from MUIA for unemployment EB and EUC claim

[219] FIPS stands for Federal Information Processing Standards.

extensions;[220]
3. The eligibility end date identified by MUIA for TRA, TAA, ATAA, and RTAA extensions;
4. Twelve months beyond the date the IV-D program received notice of an unknown claim type from MUIA;[221]
5. The NCP's obligation ends;
6. FOC staff manually terminate unemployment income withholding; or
7. FOC staff manually disassociate the MIN under which an IWN was previously issued and active.

H. Correct Attachment of Member for MUIA on the EHIS Screen

Incorrect manual OTHP record selection and income set-up on the EHIS screen for an NCP receiving unemployment benefits can cause MiCSES to send a paper IWN to MUIA through the IIWO activity chain instead of sending it electronically through the UNEM activity chain. If MiCSES subsequently receives unemployment benefit information from MUIA for the NCP, the UNEM activity chain will open and an electronic IWN will be sent to MUIA regardless of whether a paper IWN was already sent via the IIWO activity chain. This results in a duplicate IWN in MiCSES and manual work for MUIA staff.

IV-D staff must either:

1. Allow MiCSES to create or update the NCP's record on the EHIS screen with the correct "X" *Type* OTHP ID after MUIA reports an unemployment benefit claim; or
2. When appropriate, manually create or update the NCP's record on the EHIS screen. Refer to Section 3.16 of the *Michigan IV-D Child Support Manual* for details regarding correct OTHP record selection and EHIS screen set-up.

If the NCP is already attached to an incorrect "E" *Type* OTHP ID for MUIA on the EHIS screen, FOC staff:

- Must not change the *Income Type* from "E" to "U" on the EHIS screen for the existing record that is associated with an "E" *Type* OTHP ID for MUIA; and
- Must end-date the existing record on the EHIS screen that is

[220] This timeframe was chosen through Joint Application Design (JAD) discussions because MUIA does not notify the IV-D program when the claimant has exhausted his/her benefits and because extension timeframes can vary according to frequently changing federal and state law. Consequently, the IV-D program might monitor some unemployment income withholdings longer than necessary and others not long enough.
[221] Before September 30, 2013, the IV-D program automatically ended income withholding 12 months after a claim's BYB, regardless of the claim type.

attached to the "E" *OTHP Type* for MUIA and correctly create a new one if necessary.

I. Non-Effective or Intermittent MUIA Income Withholding

There are several reasons why MUIA might withhold intermittently or might not implement income withholding even though an IWN has been sent to MUIA. If the individual has an unemployment claim, MUIA will implement the original IWN and will continue withholding when the regular unemployment benefit continues, continue withholding when a benefit extension is approved, and report new unemployment claims to the IV-D program.

FOC staff must contact MUIA for guidance (i.e., determine the status of a claim and/or why MUIA is not withholding) before taking any further action (e.g., manually reissuing the IWN or mailing/faxing a copy of the IWN to MUIA) on non-effective or intermittent MUIA withholding when an IWN has been correctly sent to MUIA. FOC staff may contact MUIA's FOC Unit by using the contact information (name, phone number, fax number, email address, etc.) provided in OTHP ID 105350962 on the OTHP screen. This direct contact information is for FOC/IV-D staff use only (non-public).

Sending an IWN to MUIA when the individual does not have a claim causes additional unnecessary work for MUIA staff. Likewise, sending a duplicate IWN to MUIA when MUIA has already received and implemented the original IWN causes additional unnecessary work for MUIA staff.

There are several reasons a withholding may not occur:

1. The individual never filed a claim for unemployment benefits.
2. The claimant filed a claim for unemployment benefits, but the claim has been denied.
3. The claimant did not receive unemployment benefits for a period of time.

   If the claimant has earnings other than the unemployment benefits (i.e., wage earnings) those earnings will reduce his/her weekly unemployment benefits. In some cases, withholding does not occur immediately because the claimant may have wage earnings at the beginning of the benefit year and the weekly unemployment benefit is reduced to $0.

4. The claimant exhausted all regular unemployment benefits prior to the end of the year and has not filed a new claim or has not been approved for a benefit extension.

5. The claimant's benefit year ended and MUIA has not received or approved a new claim for a new regular unemployment benefit or a claim for an unemployment benefit extension.
6. Unemployment benefits may have been suspended or stopped because of an issue with the claim.
7. MUIA has not processed the IWN.

   Although MUIA automatically processes most IWNs that are sent electronically, some IWNs are not successfully entered into the MUIA system by MUIA's automated intake process. MUIA manually processes exceptions on a daily basis. Nevertheless, some delays may occur.

J. Manually Mailing, Faxing, or Generating IWNs to MUIA

Generally, FOC staff should not manually mail, fax or generate an IWN to MUIA, although there are limited situations where this is appropriate.

1. Printing, reprinting and mailing or faxing a duplicate copy of an IWN that has already been electronically transmitted or otherwise sent to MUIA causes unnecessary duplicate manual work for MUIA staff.

   FOC staff must not manually mail or fax an IWN to MUIA unless MUIA specifically directed FOC staff to mail or fax the IWN.

2. Generating a new IWN and electronically sending it to MUIA for an NCP who is not receiving regular or extended unemployment benefits also causes unnecessary manual work for MUIA staff.

   Note: Generating an IWN to MUIA means any action that causes MiCSES to electronically transmit the IWN to MUIA, such as associating a MIN to an NCP, opening/reopening an UNEM activity chain, activating or reactivating an unemployment record on the EHIS screen, manually generating a new IWN through a minor activity on the ENFP screen, or generating an IWN through the ENFM screen.

3. The following are guidelines for manually generating an IWN to MUIA:

   a. FOC staff may manually generate an IWN to MUIA after:

      1) Receiving claimant information from MUIA through the interface; and
      2) Manually resolving a potential match (exception) by

associating a MIN to the NCP.

b. FOC staff may manually generate an IWN to MUIA as the result of manually:

   1) Modifying an NCP's obligations; or
   2) Modifying the withholding amounts on the IWN.

c. FOC staff must first contact MUIA to verify the NCP's unemployment benefit status and MIN before manually generating an IWN to MUIA when:

   1) MUIA has not provided claimant information to the IV-D program; or
   2) MUIA provided claimant information to the IV-D program, but the information is no longer available and a new support order is being entered.

d. FOC staff must only manually generate an IWN to MUIA if the NCP has filed a claim for regular unemployment benefits or has a benefit extension.

   The IV-D program will automatically issue the IWN when MUIA processes a claim and sends the new claim information. If MUIA indicates that the claim information was sent electronically to the IV-D program but an IWN was not automatically issued or a potential match (exception) does not exist, FOC staff may enter a Help Desk ticket to determine why the claim information was not processed. FOC staff may manually generate the IWN to MUIA if there is a technical problem and the NCP's receipt of unemployment benefits has been confirmed.

e. FOC staff or OCS Central Operations staff may manually generate an IWN to MUIA as part of the manual member merge process if the merging member ID has an open UNEM activity chain and the sustaining member ID does not have an open UNEM activity chain.

   Manually closing the UNEM activity chain for the merging member ID and opening an UNEM activity chain for the sustaining member ID will generate an IWN to MUIA and may cause unnecessary manual work for MUIA staff. However, this procedure is necessary for manual member merge.[222]

[222] Ref: the Case/Member Merge documentation on mi-support.

K. Terminating an IWN Sent to the MUIA

MiCSES will automatically end an active MUIA IWN according to the timeframes identified in Subsection 13.3.2(G), “Monitoring Timeframes” in this manual section. If the case has no currently charging obligations and all arrears are paid in full, the IV-D program will automatically end the active MUIA IWN and electronically send the IWN termination to MUIA, even if this precedes the end of the monitoring timeframe.

FOC staff may manually generate a termination IWN to MUIA prior to the end of the monitoring timeframe only when:

1. The NCP’s obligation has ended with the arrears reduced to zero;
2. An IWN was sent to MUIA under an incorrect MIN, and the incorrect MIN is manually disassociated from the NCP;
3. MUIA denies the regular claim upon redetermination or sometime thereafter;
4. MUIA disqualifies a claimant from continuing to receive a regular claim or claim extension; or
5. The NCP is receiving both wages from an employer and unemployment benefits, and the wages fully cover the current obligation and arrears withholding amounts on the IWN.

FOC staff may manually generate a termination IWN to MUIA for closed cases if a termination IWN was not generated prior to case closure and MUIA continues to withhold.

L. Deactivating IWNs to SOIs When the NCP Is Receiving Unemployment Benefits

MiCSES will not automatically end IWNs for the NCP’s other active SOI(s) (employers) when an unemployment IWN is issued. FOC staff must not end the IWN for an NCP’s other active SOI(s) solely on the basis of the NCP receiving unemployment benefits. If the case does not receive a wage payment for 90 days, the IV-D program automatically ends the active IWN(s) for the other SOI(s).

However, FOC staff may end-date the SOI upon confirmation that the NCP will no longer receive income from the SOI or has been terminated from employment/receipt of income. If the NCP’s SOI is end-dated, the IIWO activity chain will move to a closure status but will remain open for 30 days to allow final income withholding remittance, allocation and distribution without the payment being placed in suspense (*IWN Payment – No Active IWN on Multiple Dockets* [SIWI] hold).

M. Safeguarding Unemployment Claim Information

Unemployment claim information is confidential and must be protected against unauthorized use and disclosure. IV-D staff receiving unemployment claim information from a state UIA must comply with federal and state law regarding safeguarding records and security requirements.[223]

## 13.4 IWNs for Federal Employees

### 13.4.1 Legal Authority

Title IV-D of the SSA establishes that federal employees, including members of the Armed Forces, are subject to income withholding orders entered in accordance with state laws.[224] The Act also provides for income withholding to be directed to an entity of the federal government as though the entity were a private employer in the state. The Act further sets forth rules federal agencies must follow in responding to IWNs.

### 13.4.2 Federal Employee Income Subject to Income Withholding

Money payable to an individual that is considered "remuneration for employment" is subject to income withholding. This income includes:

A. Compensation payable for personal services of the individual, whether the compensation is denominated as wages, salary, commission, bonus, pay, allowances, or otherwise (including severance pay, sick pay, and incentive pay);

B. Periodic benefits such as pensions, retirement or annuities, dependents' or survivors' benefits payable on the basis of past employment, including Social Security benefits (Title II), railroad retirement, and federal civil service retirement;[225]

C. Compensation for death under any federal program;

D. "Black Lung" benefits under any federal program;[226]

E. Service-connected disability payments if payable to a former member of the Armed Forces who has waived a portion of retirement pay to receive such benefits;[227]

[223] Ref: Section 1.10 of the *Michigan IV-D Child Support Manual*.
[224] Ref: SSA, section 459.
[225] Ref: Subsection 13.7, "IWNs for Social Security Act (SSA) Benefits," in this manual section.
[226] 30 USC 901 et. seq.
[227] Ref: Subsection 13.5, "Military Active Duty," in this manual section.

F. Workers' compensation benefits paid under federal or state law;[228] and

G. Special benefits for certain World War II veterans.[229]

13.4.3 Federal Employee Income Exempt From Income Withholding

Federal employee income that is exempt from income withholding includes:

A. Money owed by the individual to the United States;

B. Amounts withheld as required by law for income taxes, health or life insurance premiums, and retirement contributions (not including amounts deducted for supplemental retirement contributions or supplemental life insurance premiums);

C. Fines and forfeitures ordered by court-martial;

D. Reimbursement to defray expenses incurred in carrying out the duties associated with employment;

E. Veterans Administration payments not expressly subject to IWN; and

F. Allowances for members of the uniformed services determined by the Secretaries of those services to be necessary for the efficient performance of duty.

13.4.4 Federal Agency Income Withholding Addresses

Each U.S. government agency or department designates an agent or agents to receive IWNs. OCSE maintains an online list of Federal Agency Income Withholding and Medical Support Contact Information – Addresses for Income Withholding and Medical Support.

Many federal agencies and departments have designated the Defense Finance and Accounting Service (DFAS) as their agent for receiving IWNs.[230]

13.5 Military Active Duty

13.5.1 Legal Authority

When an NCP is in the Army, child support may be collected through

[228] Ref: Subsection 13.8, "IWNs for Workers' Compensation," in this manual section.
[229] SSA, section 801, et. seq.
[230] Ref: Subsections 13.5, "Military Active Duty," and 13.6, "IWN for Department of Defense (DoD) Civilian Employees and Other Federal Agency Income Processed by DFAS," in this manual section.

garnishment, attachment and assignment of federal wages and retirement.[231]

The Navy will accept a state-issued IWN. If the state court has not provided a support order and there is no mutual agreement, the Navy will apply its support guideline.[232]

The Air Force also provides for support for families and enforcement for non-support.[233]

13.5.2 Policy

The DFAS honors IWNs. Service members may pay child support in one of two ways: through voluntary allotment or involuntary income withholding.

A. Voluntary Allotment

A member of the military may establish a voluntary allotment of earnings and route money from his/her pay to his/her dependent without an IWN or child support order. This process provides an official record of payments that will assist the member in obtaining proper credit for payments made prior to the entry of the support order. IV-D workers may not start the voluntary allotment process – only the service member may start the voluntary allotment. The service member may revise or terminate a voluntary allotment at any time.

The allotment is not a substitute for income withholding if the court orders an IWN, but the court may enter the voluntary allotment as an alternative agreement.

B. IWN on Military Income

State IV-D agencies may pursue an IWN through the state's income withholding process for service members.

The following income of a military member is subject to income withholding to enforce a child support obligation:

- Military active duty pay (basic pay, certain incentive pay and allowances);
- Military reserve pay;
- Military retired pay; and

[231] 32 CFR 584
[232] 32 CFR 733
[233] Ref: *Air Force Instruction 36-2906* (2018).

- Any other remuneration for employment.[234]

Veterans' disability benefits are not subject to withholding unless the service member has waived a portion of his/her taxable retired or retainer pay in order to receive the non-taxable disability compensation.

DFAS processes the pay for military members who are active duty, reserves and retired, and for National Guardsmen who have been activated into federal service. The Coast Guard processes its own payroll for active duty, reserves and retired members. Income information is available on the service member's *Leave and Earnings Statement* and is obtained from the service member, or with a Freedom of Information Act (FOIA) request through DFAS in Cleveland, Ohio.

FOC staff will send IWNs for the military to the DFAS payroll center, Coast Guard payroll processing center, or specific veterans' affairs office. To ensure the IWN/e-IWO includes the correct employer name, the IWN/e-IWO is routed to the appropriate DFAS payroll system, and to prevent any possible processing delays, FOC staff will:

- Determine the specific military service that employs the NCP;
- Determine whether the NCP's military status is active duty, reserve, or retired; and
- Attach the specific OTHP ID that corresponds with the NCP's military service and status to the NCP's employer record on the EHIS screen.[235]

The cut-off date for implementing income withholding against an active duty member is the seventh day of the month, and the fifteenth for a military retiree. IWNs received after the cut-off date will be processed in the following month. Processing an IWN may take from 15 to 60 days.[236]

### 13.6 IWN for Department of Defense (DoD) Civilian Employees and Other Federal Agency Income Processed by DFAS

In addition to processing payroll and income withholding for military personnel, DFAS processes payroll and income withholding for civilians employed by the DoD and federal agencies such as the Department of Energy (DoE), the

[234] SSA, section 459
[235] Ref: Section 3.16 of the *Michigan IV-D Child Support Manual* and Exhibit 3.16E4, Income Withholding Information for the Defense Finance and Accounting Service (DFAS) and the Coast Guard for a list of OTHP IDs, names, addresses, and FEINs for the DFAS and Coast Guard payrolls.
[236] Ref: OCSE Information Memorandum (IM)-03-03, *Quick Guide to Working with the Military as an Employer – 2003*, and *Working with the Military on Child Support Matters: Trainer Guide*.

Environmental Protection Agency (EPA), and the Department of Health and Human Services (DHHS). DoD civilian employee pay, retirement pay, and any other remuneration for employment is subject to income withholding for support.

FOC staff will determine the specific agency from which the NCP receives income and attach that agency's specific OTHP ID to the NCP's EHIS record.[237]

## 13.7 IWNs for Social Security Act (SSA) Benefits[238]

### 13.7.1 Legal Authority

Title II of the SSA applies to "Federal Old-Age, Survivors, and Disability Insurance Benefits" (also known as retirement, survivors, and disability insurance or RSDI). It provides benefits to retired or disabled workers and their families and to the families of deceased workers. SSA Title II benefits paid to an NCP are subject to withholding for a child support obligation.[239] State law defines income to include "[a] payment due or to be due in the future to an individual from … social security..."[240]

### 13.7.2 Title XVI Supplemental Security Income (SSI) Benefits

Title XVI benefits are means-tested income; therefore, they must not be considered as income for determining child support and cannot be attached with an IWN. However, any other income the Title XVI recipient earns that is not means-tested may be used to determine the child support obligation and may be attached with an IWN.

### 13.7.3 Policy

When FOC staff locate SSA Title II benefits for an NCP,[241] they will enter the local Social Security Administration office as an SOI and send the IWN to that office.[242] FOC staff will initiate an IWN in MiCSES as follows:

A. Open the *Member Employment History* (EHIS) screen, enter "E" in the *Income Type* field, and select the appropriate local Social

[237] Ref: Section 3.16 of the *Michigan IV-D Child Support Manual* and Exhibit 3.16E4 for a list of OTHP IDs, names, addresses, and FEINs for the federal agency payrolls processed by DFAS.
[238] Ref: OCSE DCL-00-103, *Attachment of Social Security Benefits*, and DCL-13-06, *Garnishment of Supplemental Security Income Benefits*.
[239] SSA, section 459(h)(1)(A)(ii)(I)
[240] MCL 552.602(o)
[241] SSA information, including benefit information, is available via Business Objects reports. Ref: AT 2007-029, *Implementation of the State Verification Exchange System (SVES) Program in the Data Warehouse Business Objects* for information on obtaining and using SSA information.
[242] Ref: Section 3.16 of the *Michigan IV-D Child Support Manual* and Exhibit 3.16E5, Other Party (OTHP) Identifiers (IDs) for Michigan Social Security Administration (SSA) Title II Retirement, Survivors, and Disability Insurance (RSDI) Benefits for a list of OTHP records specially designated for this purpose. Also refer to OCSE Information Memorandum (IM)-06-03, *Social Security Administration "Court Order Garnishment System"* and DCL-06-39, *SSA's Court Order Garnishment System*.

Security Administration office identifier from the *Other Party Cross Reference* (OTHX) list to enter in the *Other party Id* field;[243] and

B. Mark the *INS Provided* field as "No" (N). MiCSES entries coded "E" will not generate a *National Medical Support Notice* (NMSN) when the *INS Provided* field is marked N.[244]

## 13.8 IWNs for Workers' Compensation

### 13.8.1 Legal Authority

Workers' compensation payments due to an NCP currently or in the future are subject to income withholding for support.[245]

FOC staff may pursue support from workers' compensation benefits through:

- An administrative lien;
- A judicial lien;
- A periodic IWN; or
- A lump-sum IWN.

The Workers' Compensation Agency (WCA) is authorized to provide the IV-D agency with information regarding workers' compensation benefits,[246] and the IV-D agency is authorized to request such information.[247]

An NCP's receipt of workers' compensation benefits after a final judgment also substantiates FOC initiation of a support review and/or modification of support and income withholding.[248]

### 13.8.2 Policy

Upon receiving information that an NCP is or will be receiving periodic or continual workers' compensation benefits, the FOC will issue a periodic

[243] FOC staff may send the IWN to any local Social Security Administration office, but it is recommended that FOC staff send the IWN to their nearest local office so that no one local Social Security Administration office is burdened with a large number of IWNs. All IWNs being sent to the Social Security Administration as a result of SVES data must be sent to the local office and not to the Social Security Administration/OCSE special post office (P.O.) box used in 2004 and 2005. This P.O. box was closed September 30, 2005. Ref: DCL-05-35, *State Verification and Exchange System (SVES) Garnishment Match*.
[244] Ref: Section 6.06 of the *Michigan IV-D Child Support Manual.*
[245] MCL 552.602(o)
[246] MCL 418.230(7)
[247] MCL 400.234(1)(b)(x)
[248] MCL 552.517(1)(b)

IWN to the workers' compensation benefit provider or administrator.[249] Before issuing a one-time lump-sum IWN (FEN58A) for workers' compensation settlements, FOC staff will verify whether an administrative or judicial lien action has been taken for the arrears on record.[250] The FOC may issue a lump-sum IWN for arrears. The FOC will not issue a lump-sum IWN for arrears already included in a lien.[251]

FOC staff will manually enter the NCP's workers' compensation benefit provider or administrator as an SOI on the EHIS screen and select *Workman's Compensation* (W) for the *Income Type* field.[252] MiCSES will automatically initiate the IIWO activity chain.[253]

## 13.9 Bankruptcy and Income Withholding

An NCP's filing of a bankruptcy petition can affect income withholding amounts. The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (Bankruptcy Act) expanded the ability to enforce child support when an NCP files for bankruptcy.[254]

MiCSES uses the date of filing to determine how to calculate an IWN after the NCP has filed a bankruptcy petition. Bankruptcy petitions filed before October 17, 2005, are handled differently than petitions filed on or after that date.

### 13.9.1 Pre-October 17, 2005, Petitions

Prior to October 17, 2005, a federally mandated automatic stay prevented FOC and OCS staff from enforcing child support arrears that accrued before the NCP filed the petition. If FOC staff learn that an NCP filed a petition prior to October 17, 2005, and update the *Bankruptcy IND* status to "Member in Bankruptcy" (Y) on the DEMO screen, MiCSES will reissue the IWN for current support only. The IWN cannot collect arrears accrued prior to the petition date. FOC staff will reissue the IWN for pre-petition arrears payments when the bankruptcy court closes the bankruptcy case.

### 13.9.2 Petitions Filed on or After October 17, 2005

In cases in which the NCP filed for bankruptcy on or after October 17, 2005, the automatic stay was lifted for many enforcement remedies,

[249] Some employers contract with an outside party to provide and administer workers' compensation insurance. Other employers self-insure and either self-administer the program or contract with an outside party to administer the self-insurance program.
[250] Ref: Section 6.30 of the *Michigan IV-D Child Support Manual*.
[251] Ref: Subsection 13.13, "IWNs for Lump-Sum Payments," in this manual section.
[252] Ref: Section 3.16 of the *Michigan IV-D Child Support Manual* for information on requesting entry or maintenance of OTHP records for workers' compensation.
[253] Ref: Subsection 6, "Initiating an IWN," in this manual section.
[254] Ref: Section 6.15, "Bankruptcy," of the *Michigan IV-D Child Support Manual*.

including the IWN. If the IWN in effect at the time of the petition included an arrears withholding amount, it will stay in effect. FOC staff will not modify and reissue the IWN; instead, the IWN will continue with the same withholding amount.

MiCSES will not administratively adjust the IWN when the *Bankruptcy IND* status is set to “R” (Relief From Stay) on the DEMO screen. However, FOC staff may manually enter a different amount consistent with a court order for arrears as long as it does not exceed the TPA of the IWN at the time of filing. MiCSES will not generate an IWN to include arrears if the IWN did not contain an amount to pay arrears before the NCP filed the petition, or the NCP was unemployed and found employment after the petition was filed.

If no IWN exists or only an S IWN exists when the bankruptcy is entered into MiCSES, any trigger for a new IWN on MiCSES will generate a G IWN for current support only. If a J IWN exists when bankruptcy is set, the J IWN TPA will be the maximum obligation amount for any future IWN while the NCP is in bankruptcy proceedings.

#### 13.9.3 Bankruptcy Dismissal or Discharge

When the court dismisses the bankruptcy action or discharges the NCP’s debts, FOC staff will set the *Bankruptcy IND* status to “N” on the DEMO screen and may recalculate the IWN, if necessary. MiCSES will not automatically recalculate the existing IWN after the bankruptcy court dismisses the action or discharges the debts.

### 13.10 IWNs for Tribal Employers

#### 13.10.1 Legal Authority

Native American Tribal Nations (tribes) are sovereign nations and are not required to follow the Uniform Interstate Family Support Act (UIFSA) or the laws of Michigan, except as required by intergovernmental agreements and federal law. Tribal members and tribal employers are also not required to comply with Michigan child support law.

There are 12 federally recognized tribes within Michigan’s borders. None of the tribes has entered into formal cooperative agreements with OCS to accept Michigan IWNs.[255] Some tribes may require OCS staff and FOC staff to enter Michigan child support orders with the tribal court as foreign orders before the tribe or tribal employer will recognize or enforce the orders.

[255] FOC offices may have informal arrangements with their local tribes to accept IWNs.

13.10.2 Policy

A. The NCP is under the jurisdiction of a tribe if (s)he:

1. Is a member of the tribe;
2. Lives on the reservation;
3. Works for a tribal employer; or
4. Meets other criteria established by the individual tribes.

B. FOC and OCS Central Operations staff must follow the tribe's process for accepting IWNs and entering foreign judgments. If the tribe:

1. Accepts the IWN without a foreign order for all IWNs received from the state of Michigan:

   a. OCS Central Operations staff will mark the "employer" as "TI" (tribe accepts IWN) on the OTHP screen; and
   b. FOC staff will select the ID associated with the tribe.

   Note: Currently, only the Pokagon Band of Potawatomi Indians and the Little Traverse Bay Band of Odawa Indians have notified OCS staff that they will immediately enforce an IWN without entering a foreign order.

2. Does not accept an IWN without a foreign order for all IWNs received from the state of Michigan:

   a. OCS Central Operations staff will mark the "employer" as "TO" (tribe requires order) on the OTHP screen; and
   b. FOC staff will select the ID associated with the tribe; and
   c. FOC staff will contact the tribe directly for instructions on how to process the foreign order.

   MiCSES will display either "TI" or "TO" in the tribal indicator on the IWNS screen based on the OTHP ID.

13.10.3 Tribal Codes

A. Tribal Code – "TI"

If the tribal employer accepts IWNs without a hearing and the tribal code has been marked "TI," FOC staff will generate the IWN and send it to the tribal court. MiCSES will hold the IWN in "pending" status for nine days, and then it will automatically move the IWN into "active" status if it is not end-dated during the nine-day "pending" period. The tribe or tribal employer will honor the IWN and child support action on Michigan's behalf.

B. Tribal Code – "TO"

If the tribe requires a hearing to enforce an IWN and the tribal code for the SOI has been marked "TO," FOC staff will consult the tribe for directions on how to enter a foreign order. MiCSES will mark the IWN as "pending." The IWN will remain in "pending" status indefinitely until the tribal court advises FOC staff that the IWN has been accepted. Once the tribal court notifies FOC staff that it has entered the order, FOC staff must manually move the IWN into "active" status, and then MiCSES will monitor the IWN for payments. The tribe will then honor the IWN and the child support order on behalf of the state/county. If the tribal court does not enter the order, FOC staff will close the IIWO activity chain.

OCS is working with the tribes to develop a simplified process for registering Michigan IWNs. Until the process is finalized, all tribes other than the Pokagon Band of Potawatomi Indians and the Little Traverse Bay Band of Odawa Indians will be marked "TO." The Pokagon Band of Potawatomi Indians and the Little Traverse Bay Band of Odawa Indians will be marked "TI." If a county has an agreement with a tribe and MiCSES has the tribe coded as "TO," FOC staff will manually move the IWN to "active" status when the IWN is generated.

## 13.11 Direct IWNs to Out-of-State SOIs

### 13.11.1 Legal Authority

Federal regulations and Article V of the UIFSA allow the state IV-D agency and other individuals or entities to send IWNs directly to an out-of-state SOI without intergovernmental registration of the support case in the SOI's state. They also require SOIs to recognize and enforce IWNs issued by IV-D agencies, individuals, or other entities in states other than the state where the SOI is located.[256]

Federal regulations and state laws require an SOI to comply with IWNs issued by any state IV-D agency, regardless of the SOI's location. When an out-of-state IV-D agency requests direct withholding, the SOI is authorized to withhold income according to the IWN, but the withholding laws of the state of the employee's/obligor's principal place of employment control:

A. The SOI's fee for processing the IWN;
B. The maximum income withholding amount that may be withheld from the employee's/obligor's income;

[256] 45 CFR 303.100(f), MCL 552.1101 to 552.1803, and MCL 552.1501

C. The timeframe in which the SOI must begin withholding; and
D. The timeframe in which the SOI must remit the withheld income.

13.11.2 Policy

A. Before initiating an intergovernmental action, FOC staff will send an IWN directly to an out-of-state SOI if:

1. Michigan has jurisdiction to enforce the IWN;
2. The amount of arrears is not in dispute; and
3. The statute of limitations is not an issue.

B. To send direct withholding to an out-of-state SOI, MiCSES or FOC staff generate the IWN and sends it to the SOI in the same manner as an in-state IWN.

C. SOIs must send payments to the MiSDU when the payment is in response to a direct IWN issued by a Michigan IV-D agency. If an SOI sends a payment to an FOC office rather than the MiSDU, FOC staff must forward the payment to:

Michigan State Disbursement Unit
P.O. Box 30350
Lansing, MI 48909-7852

D. If a direct IWN is not successfully collecting support, FOC staff may register the order for enforcement with the other state to obtain the other states' assistance. Registration of the order allows the responding state to enforce the support order, including income withholding.

13.11.3 Income Withholding for Other States' Unemployment Insurance Compensation or Workers' Compensation Benefits

A. Intergovernmental Order Registration

Many states do not accept direct income withholding for unemployment insurance compensation or workers' compensation benefits. If the other state's UIA will not accept a direct IWN, FOC staff may send an intergovernmental case referral to the other state asking the other state to register Michigan's order and/or enforce the unemployment income withholding. To determine whether the state will or will not accept direct income withholding for unemployment insurance or workers' compensation, FOC staff may refer to the state's profile for income withholding in OCSE's *Intergovernmental Reference Guide* (IRG) which is accessible through the Federal Child

Support Portal.[257]

B. Other States' Fees for Direct Income Withholding

In some instances, the other state's unemployment insurance agency may accept direct IWNs from another state but charge a processing fee. FOC staff may take either one of the following actions based on which will be the most cost-effective:

1. Pay the fee and bill it as a IV-D reimbursable expense through the cooperative reimbursement program (CRP); or
2. Register the order with the other state.

## 13.12 IWNs for Foreign Countries

### 13.12.1 Legal Authority

The U.S. Secretary of State, upon the concurrence of the U.S. Secretary of Health and Human Services, may declare any foreign country to be a Foreign Reciprocating Country (FRC) if the country has legal procedures available to U.S. residents for:

A. Establishing paternity and child support orders;
B. Enforcing support orders, including procedures to collect and distribute support payments[258] (however, there is no requirement for automatic income withholding);
C. Legal and administrative child support assistance at no cost; and
D. Establishing a central authority responsible for facilitating support enforcement in cases involving residents of the foreign country and U.S. residents.

The Department of Health and Human Services (DHHS) provides standard forms that must be used when working with FRCs. The FRC U.S. Central Authority will assist FOC staff when dealing with an FRC.

### 13.12.2 Policy for Sending IWNs to FRCs

International cases are generally handled like intergovernmental cases between state IV-D agencies, but the international forms differ from the forms used in U.S. intergovernmental cases. The differences include, but are not limited to the following:

- Simplified language and forms, since the international forms are often completed by the petitioner;

[257] Ref: Section 3.06 of the *Michigan IV-D Child Support Manual* for details about accessing the IRG through the Federal Child Support Portal.
[258] SSA, section 459A

- No provision for medical support, since medical insurance is often not available across borders; and
- There is no notarization requirement. OCSE determined it would be burdensome to require petitioners to travel to the U.S. embassy or consulate to find a U.S. notary.

FOC staff must check the FRC-specific form index on OCSE's website to determine which forms the FRC requires. **The forms are not available on MiCSES.** FOC staff will:

- Print the correct forms from the OCSE website and enter the information into MiCSES;
- Start the ENFP activity chain and generate an IWN;
- Print the IWN locally; and
- Indicate on the *Notes Processor* (NOTE) screen which forms were sent to the FRC.

Michigan's requests to an FRC must be sent directly to the FRC and not to the U.S. Central Authority. The most current FRC Central Authority contact information is available in the IRG, which is accessible through the Federal Child Support Portal.[259]

FRCs are not required to follow the federal IV-D timeframes, and may not respond to requests from states within the timeframes that apply to domestic intergovernmental cases.[260]

Requests to the U.S. will be sent directly from the foreign Central Authority to the state Central Registry.

OCSE expects the MiSDU to distribute all amounts received from FRCs within two business days after the foreign currency is converted to U.S. dollars and considers the date of collection as the date the MiSDU receives the converted payment. OCSE recognizes that foreign payments may present unique situations and the bank may not be able to convert the funds within two days. The MiSDU will make every reasonable effort to initiate the conversion of foreign currency within two days, immediately post the payment upon receiving the converted amount, and disburse the payment within two days of posting.

### 13.12.3 Legal Authority for IWNs to Countries Without FRC Status

Individual states may enter into reciprocal arrangements with foreign countries for the establishment and enforcement of support obligations,

[259] Ref: Section 3.06 of the *Michigan IV-D Child Support Manual* for details about accessing the IRG through the Federal Child Support Portal.
[260] Ref: OCSE Policy Interpretation Question (PIQ)-04-01, *Processing Cases with Foreign Reciprocating Countries*.

even if the U.S. Secretary of State has not declared the country to be an FRC. Existing state-level agreements may remain in effect until the U.S. Secretary of State declares the country is an FRC, at which time the FRC forms and procedures must be used.[261]

### 13.12.4 Policy for Sending IWNs to Countries Without FRC Status

In addition to the countries with FRC status, Michigan has foreign reciprocity agreements with:

- Austria;
- The Canadian province of Quebec;
- France;
- Germany; and
- Sweden.

Michigan has foreign reciprocity agreements with the following countries and Canadian provinces; however, these countries and Canadian provinces also have federal-level FRC agreements:

- Australia;
- The Canadian provinces of:
    - Alberta;
    - British Columbia;
    - Manitoba;
    - New Brunswick;
    - Newfoundland and Labrador;
    - Nova Scotia;
    - Ontario;
    - Prince Edward Island;
    - Saskatchewan; and
- The United Kingdom.

Mexico has declared unilateral reciprocity with Michigan, although Michigan has not agreed to reciprocity with Mexico. This means Mexico will accept Michigan IWNs, but Michigan will not honor support orders from Mexico without a court order. Hungary has also declared unilateral reciprocity with Michigan, although Hungary also has a federal-level FRC agreement.

When sending an IWN to the countries and the Canadian province of Quebec for which there is not a federal-level FRC agreement but Michigan has an FRC agreement with, FOC staff will manually print and

[261] Ref: SSA section 459A(d) and OCSE IM 03-07.

mail the:

A. IWN; and
B. OCSE Child Support Enforcement Transmittal #1 (FSA 200-1), *Initial Request*.

13.12.5 IWNs to Countries With No Reciprocity

When Michigan does not have reciprocity with a country, a IV-D worker may request that Michigan attempt to obtain a reciprocity agreement by:

A. Obtaining the other country's child support laws or code; and
B. Writing a letter explaining that reciprocity should be established, attaching the country's law or code, and sending it to OCS PDD at:

Michigan Department of Health and Human Services
Office of Child Support
Program Development Division
P.O. Box 30478
Lansing, MI 48909

Fax: (517) 373-4980

OCS PDD staff will send the information to the MDHHS Bureau of Legal Affairs. OCS PDD staff will assist the Bureau of Legal Affairs staff as necessary to establish reciprocity. If the other country is willing to establish reciprocity, it may take six months to a year or longer. IWNs may be sent to the other country while reciprocity is pending. The other country may or may not accept the IWN.

If the other country does not wish to establish reciprocity, it is not required to honor the IWN. On the DEMO screen, IV-D staff will select from the drop-down box for the *Non-Juris CD* field the reason code: "foreign land w/o reciprocity."

13.13 IWNs for Lump-Sum Payments

13.13.1 Legal Authority

Lump-sum payments are subject to income withholding because they are included in the definition of "income" for the purpose of income withholding under federal and state law.[262]

13.13.2 Policy

A. Employee lump-sum payments may be withheld for support for three

[262] Ref: Section 6.09 of the *Michigan IV-D Child Support Manual* for details regarding the inclusion of lump sums in the definition of income.

purposes:

1. The court may order a certain percentage of a lump-sum payment as an amount of additional support (i.e., chargeable bonus);
2. The court may order a certain percentage or specific amount of a lump-sum payment to be used for paying future support; or
3. The IWN allows the SOI to withhold for past-due support.

B. Employee lump-sum payments may be withheld for support in three ways:

1. As a result of an SOI responding to general lump-sum payment information listed on a periodic IWN (FEN058);[263]
2. As a result of an SOI responding to a one-time lump-sum payment IWN (FEN58A);[264] or
3. As a result of an SOI responding to a one-time lump-sum e-IWO.

### 13.13.3 Lump-Sum Payment Language on the Periodic IWN (FEN058)[265]

The federal IWN contains general information about lump-sum payment withholdings. It advises SOIs that they can report lump-sum payments to the state through the Federal Child Support Portal:

"Employers/income withholders may use OCSE's Child Support Portal (https://ocsp.acf.hhs.gov/csp/) to provide information about employees who are eligible to receive a lump sum payment…"[266]

IWN forms and e-IWOs generated from MiCSES provide employers with contact information for reporting lump-sum payments to OCS Central Operations.

Paper IWNs include the following text in the **Supplemental Information** section on page 3, and e-IWOs contain the same text in a comparable field:

"Report Lump-sum 866-540-0008; Payments www.misdu.com; No limit for non-employee income/non-earnings MCL 552.608, 611a; $2 or

[263] A periodic IWN is a FEN058 that requests an ongoing arrears and/or current support withholding amount. Ref: Subsection 13.13.3, "Lump-Sum Payment Language on the Periodic IWN (FEN058)," in this manual section.
[264] Ref: Subsection 13.13.4, "One-Time Lump-Sum Payment IWNs (FEN58A)," in this manual section.
[265] Because IWNs do not state the chargeable bonus percentage, OCS entered a ticket (INC470960) to ensure MiCSES does not automatically generate a new IWN/e-IWO when the *Chargeable Bonus %* field is updated.
[266] Ref: Section 3.06 of the *Michigan IV-D Child Support Manual* for more information about the Debt Inquiry Service (DIS) application on the Federal Child Support Portal, and Section 6.09 of the manual for information about how OCS Central Operations processes lump-sum reports through the DIS.

$4/month withholding fee MCL 552.623."[267]

Paper IWNs provide additional text with more detail in the **Supplemental Information** section:

"If a bonus or lump sum is payable to the employee/obligor, contact the OCS Central Operations at (866) 540-0008 (when prompted, say "employer bonus") to be advised of the amount to remit."

The FEN058 allows the SOI to withhold up to 50 percent of an employee's lump-sum payment/earnings to be applied to arrears.[268] Most of the lump-sum payments that SOIs issue to employees are bonus payments; however, all other lump-sum payments (e.g., severance pay) may be withheld from the employee's earnings as a result of the SOI receiving a FEN058.[269]

When arrears on the order are equal to at least one month's worth of support, the NCP will receive additional notice regarding the ability to withhold support from lump-sum payments to the NCP in the *Notice of Rights and Responsibilities* (FEN003).

SOIs participating in the e-IWO System have the ability to send electronic lump-sum payment notifications to the IV-D agency in advance of the withholding. Upon notification via the e-IWO System, MiCSES will automatically calculate a lump-sum withholding amount and generate a one-time lump-sum IWN/e-IWO to the SOI.[270]

13.13.4 One-Time Lump-Sum Payment IWNs (FEN58A)

The one-time lump-sum IWN (FEN58A) and e-IWO are identical to the periodic IWN (FEN058) and e-IWO with the exception that a specific withholding amount is required for the one-time lump-sum IWN/e-IWO.

A. Automatic Lump-Sum IWNs

Upon receiving a lump-sum payment notification from an SOI through an e-IWO acknowledgment, MiCSES automatically calculates a withholding amount and generates a one-time lump-sum IWN/e-IWO. The one-time lump-sum amount is based on the amount to be paid as reported by the SOI, the support arrears, and/or the court-ordered

[267] Because of limited space on the e-IWO, the text on the form does not contain spaces after the semicolons.
[268] Ref: Subsection 9, "SOI Withholding Limitation," of this manual section for more information regarding withholding limits – particularly for non-earnings income.
[269] The NCP also receives notice of the periodic IWN (e-IWO) sent to the SOI. Ref: Subsection 6.6.4, "Notice to NCP," in this manual section.
[270] Ref: Section 6.09 of the *Michigan IV-D Child Support Manual* and Subsection 6.6.3(L), "e-IWO Acknowledgments," in this manual section.

chargeable bonus percentage. The one-time lump-sum amount does not include an amount for current support or future support in the lump-sum withholding amount.

Expressed in terms of the fields on the EIWO screen's *Lump Sum* tab, MiCSES calculates the *Withhold* amount as the least of:

- Support Arrears + *Amt Chrg Bonus*; or
- *Amt Lump Sum* x 50%.[271]

FOC staff may manually calculate a different withholding amount and manually issue a replacement lump-sum IWN/e-IWO.[272]

FOC staff are also responsible for monitoring the BATE screen for lump-sum e-IWOs that MiCSES cannot generate.[273]

OCS authorized MiCSES staff to change the FEN58A's print destinations to have a central-print default and be eligible for central-print and on-demand. MiCSES implemented these settings for all offices statewide as of June, 2009. MiCSES requires the central-print default to automatically generate lump-sum IWNs/e-IWOs upon receiving a lump-sum notification via the e-IWO System.

FOC staff may change the print destination to on-demand on the *Default Print Destination* (DPNT) screen. However, if the FOC decides to use the on-demand print destination, FOC staff must monitor all lump-sum notifications and manually generate lump-sum IWNs. Upon receiving lump-sum notifications through the e-IWO System, MiCSES will not generate the lump-sum e-IWOs until FOC staff manually generate the lump-sum IWNs.

B. Manual Lump-Sum IWNs

FOC staff may manually issue a one-time lump-sum payment IWN/e-IWO if:

1. The SOI does not contact OCS Central Operations to report the lump-sum payment per the periodic IWN (FEN058);
2. A periodic IWN/e-IWO was not sent to the SOI because the NCP will not receive any periodic income for that specific SOI (e.g., workers' compensation lump-sum settlement);
3. The SOI does not provide lump-sum notifications through e-IWO acknowledgments;

[271] The *Amt Chrg Bonus* field = the *Amt Lump Sum* field multiplied by the *% Bonus* field (populated based on the SORD screen's *Chargeable Bonus %* field). The *Amt Chrg Bonus* field cannot be manually modified on the EIWO screen.
[272] Ref: Subsection 13.13.4(B), "Manual Lump-Sum IWNs," in this manual section.
[273] Ref: Subsection 6.6.3(I), "e-IWO Generation Errors," in this manual section.

4. MiCSES could not automatically generate a lump-sum IWN/e-IWO from an e-IWO lump-sum acknowledgment;
5. The SOI reports the lump-sum payment through an e-IWO acknowledgment but does not provide the payment amount or does not provide the correct/actual payment amount; or
6. A court order provides that the lump-sum IWN/e-IWO should be issued with a different withholding amount than the auto-calculated withholding amount (e.g., bond/future support order).

If FOC staff manually issue a lump-sum IWN/e-IWO with a different amount to amend/replace an auto-generated lump-sum IWN/e-IWO, it must be reissued within the same day the lump-sum IWN/e-IWO was auto-generated. Otherwise, if MiCSES and FOC staff issue multiple lump-sum IWNs/e-IWOs to the SOI on different days for the same NCP/docket and the same lump-sum payment, the SOI may withhold more than legally acceptable.

Note: This is because MiCSES automatically issues a lump-sum IWN within a day of receiving the lump-sum notification from the SOI through the e-IWO System. Further, MiCSES does not include functionality for issuing amended lump-sum IWNs or for preventing automatic lump-sum IWN issuance.

To manually generate a one-time lump-sum payment IWN/e-IWO, the FOC worker must generate the IWN using the ENFM screen and enter a lump-sum payment (withholding) amount.

## 13.14 Labor Organizations

2009 PA 193 introduced a requirement for labor organizations such as unions and hiring halls to forward an IWN to an individual's actual employer.[274]

For example, the labor organization may assign an individual to work for a separate entity/employer and the individual receives income from that entity rather than receiving income from the labor organization. In this situation, if an IWN is sent to the labor organization, the labor organization must forward the IWN to the entity providing income to the individual.

FOC staff are required to send IWNs to SOIs (i.e., the actual employer). However, FOC staff are not expressly prohibited from sending an IWN to a labor organization that is not the actual SOI. OCS recognizes that FOC staff send IWNs to labor organizations as a matter of practicality or because the actual SOI is unknown (e.g., fails to report a new hire). While the labor organization is required to forward the IWN to the actual SOI, FOC staff should make a diligent effort to send the IWN to the actual SOI. FOC staff should limit this action to a last resort for locating the actual SOI and expediting the income

[274] MCL 552.609

withholding.

## 13.15 Self-Employment and Independent Contractors[275]

### 13.15.1 Liability for Income Withholding

Payments to individuals who are self-employed or independent contractors (i.e., individuals whose income is reported to the IRS via an IRS 1099, *Miscellaneous Income*) are subject to income withholding.

Payments to a self-employed individual or independent contractor are "income" under MCL 552.602(o)(iii), which defines "income" as "an amount of money that is due to an individual as a debt of another individual, partnership, association, or private or public corporation, the United States or a federal agency, this state or a political subdivision of this state, another state or a political subdivision of another state, or another legal entity that is indebted to the individual."

An entity that pays "income" to a self-employed individual or independent contractor is a "source of income" under MCL 552.602(ff), which defines "source of income" as "an employer or successor employer, a labor organization, or another individual or entity that owes or will owe income to the payer."

Therefore, an IWN may be issued to any "employer" or "source of income" that pays "income" to an individual, regardless of whether the individual is classified as an employee or independent contractor.

Refer to Subsection 9.3.3, "Payments to Self-Employed Individuals/Independent Contractors" for details regarding withholding limits.

### 13.15.2 Relationship Between the Individual and the Paying Entity

Before issuing an IWN to withhold a self-employed individual's or independent contractor's income, FOC staff should attempt to determine the course that will be most effective for enforcement considering the relationship between the self-employed individual or independent contractor and the paying entity. FOC staff should also consider the form of business ownership if the self-employed individual or independent contractor owns a business. In the event FOC staff issue an IWN to a business of which the individual has sole ownership or control and the individual/business does not comply with the IWN, enforcement activity may be delayed or otherwise affected because the existence of the IWN on MiCSES will prevent the selection of the case for a show cause

[275] Ref: Section 3.16 of the *Michigan IV-D Child Support Manual* for information regarding entry and maintenance of independent contractors and self-employed individuals on the OTHP screen.

hearing against the individual as an NCP. Refer to Item B., Example 4 below.

Some examples are below; however, they do not cover all forms of business relationships and ownership.

A. If the individual does not own a business, FOC staff should issue the IWN to the entity that pays the individual.

> **Example 1:** The individual provides services to Acme, Inc. and is paid income by Acme, Inc. FOC staff should issue an IWN to Acme, Inc.

> **Example 2:** The individual provides services to Acme, Inc., and is paid income by Acme, Inc. The individual also provides services to XYZ, Inc. and is paid income by XYZ, Inc. FOC staff should issue an IWN to Acme, Inc. and an IWN to XYZ, Inc.

> **Example 3:** The individual provides services to XYZ, Inc. through Acme, Inc. and is paid income by Acme, Inc. FOC staff should issue an IWN to Acme, Inc. Generally, FOC staff should not issue an IWN to XYZ, Inc. because the relationship between Acme, Inc. and XYZ, Inc. is business-to-business; and XYZ, Inc. does not pay income directly to the independent contractor.

B. If the individual is the owner of a business of which the individual has sole ownership or control, FOC staff should issue an IWN to the entity that pays income to the individual. Forms of business ownership for which the individual may have sole ownership or control include sole proprietorships, single-member Limited Liability Companies (LLCs), and single-member corporations.

> **Example 4:** The individual owns and has sole ownership or control of a business under the assumed name/DBA (doing business as) AAA Services, LLC; the individual provides services to Acme, Inc., and is paid income by Acme, Inc. FOC staff should issue an IWN to Acme, Inc. While the relationship between AAA Services, LLC and Acme, Inc. is business-to-business, payments made to AAA Services, LLC, are essentially income paid to the individual.

C. If the individual is part-owner of a business that is a multi-member corporation, partnership, or multi-member LLC, and the individual is paid income by that business, FOC staff should issue an IWN to that

business.

> **Example 5:** The individual is part-owner of Acme, Inc., provides services to XYZ, Inc., and is paid income by Acme, Inc. FOC staff should issue an IWN to Acme, Inc. Generally, FOC staff should not issue an IWN to XYZ, Inc. because the relationship between Acme, Inc. and XYZ, Inc. is business-to-business; and XYZ, Inc. does not pay income directly to the individual.

## 14. Monitoring IWNs

FOC staff may determine how much of the monthly obligation was receipted by the MiSDU in three ways:

- If MiCSES shows that at least 75 percent of the ordered monthly support obligation has been received as a wage payment, FOC staff will receive an alert with the **WGT75** minor code.
- If MiCSES shows that less than 75 percent of the ordered monthly support obligation has been received as a wage payment, FOC staff will receive an alert with the **WLT75** minor code.[276]
- FOC staff may also check the ENFP screen to see the status of the IWN.

If MiCSES' monitoring of the IWN shows that no wage payments have been received, MiCSES will continue monitoring for a change in the obligation amount or arrears amount. FOC staff may manually generate and send the SOI an *Employer Non-Compliance* letter (FEN043).

Monitoring of the UNEM activity chain is discussed in Subsection 13.3, "IWNs for Unemployment" in this manual section.

### 14.1 Judicial and Specific IWN Account Balance Report

FOC staff may obtain the *Judicial and Specific IWN Account Balance* report by requesting a re-run of query/ticket number 187677 via the Child Support Help Desk. The 187677 report provides IWN and account balance information for cases with specific and judicial IWNs.[277]

By comparing the figures from one month to the next, FOC staff may monitor the effectiveness of the S and J IWNs. If necessary, FOC staff may manually adjust S IWNs so that the total amount withheld matches the court's order for the monthly support obligation.

[276] FOC staff may submit a request to the Child Support Help Desk to run query number 192716 to identify all cases in which MiCSES sent a WLT75 alert. FOC staff should indicate if they would like to receive results for alerts issued only to cases within their county.
[277] Ref: Exhibit 6.03E4, Remedy 187677 Report Example.

## 14.2 SOI Compliance With IWNs

### 14.2.1 Legal Authority

Federal law requires states to give SOIs notice of the income withholding amount and directions to begin withholding within seven days of the notice.[278]

Michigan statute requires IV-D staff to notify an SOI when it must withhold an NCP's income for child support. Under Michigan law, an IWN is legally binding on an SOI seven days after the withholding notice is served.[279] IWNs issued by the Michigan IV-D program instruct the SOI to begin withholding no later than the first pay period that occurs seven days after service of the notice. The IWN indicates the "Service Date" in the top right of the first page; it is the date the IWN is/was generated in MiCSES. Once issued, an IWN is in a pending status for nine days, after which MiCSES begins monitoring the IWN for compliance.

The IWN directs the SOI to withhold a sum-certain amount sufficient to meet the payments ordered for support, medical costs and service fees and to reduce arrears. It also directs the SOI to withhold to the extent that the total amount withheld from the NCP's disposable income does not exceed the amount allowed by the CCPA or the amount allowed by the law of the state or tribe of the individual's principal place of employment, whichever is least.[280] If the SOI receives more than one IWN for an NCP, the SOI must comply with all of the IWNs to the same extent.

The SOI must send the payment to the MiSDU within three days of withholding. An SOI is also required to notify the FOC if the NCP's income from that SOI is terminated or interrupted for 14 consecutive days. In addition, the SOI must notify the FOC of the NCP's last-known address, and the name and address of the NCP's new SOI, if known.

An SOI that complies with the IWN is not liable to the payer for the amount withheld.[281]

### 14.2.2 Policy

A. Response from SOI

The IWN instructs the SOI to send income withholding payments to the MiSDU within three days of the withholding. Within 45 days of the date the IWN is sent to the SOI, MiCSES begins monitoring the IWN

[278] SSA, section 466(b)(6)(A)
[279] MCL 552.611
[280] MCL 552.609; Ref: Subsection 9, "SOI Withholding Limitation," of this manual section.
[281] MCL 552.612

for a response or payment and will do one of the following:

1. Close the IIWO activity chain if the SOI sends notice that the NCP is not receiving income from the SOI, or FOC staff end-date the SOI;
2. Monitor payments every 15 days, for the prior 30 days of payments if the SOI verifies employment and sends payment;
3. Alert the FOC worker that the SOI did not respond or send a payment within 45 days (FOC staff may contact the SOI); or
4. Continue monitoring if the SOI is verified but the SOI does not send a payment. FOC staff may initiate civil contempt proceedings for non-compliance with the IWN.

B. Non-Monthly Payroll Periods

The **Order Information** section of the federal IWN form requires the issuer to identify the different withholding amounts for the individual withholding categories (e.g., current child support, past-due child support, current medical support, etc.) and a total withholding amount for a specific payroll period. Michigan populates the withholding amounts in the specific withholding categories and the total withholding amount as monthly amounts per the obligations of the underlying order. The IWN also requires the issuer to identify, for the SOI, total withholding amounts that correspond with other payroll periods (e.g., weekly, biweekly, and semimonthly). Michigan populates the total withholding amounts for these other, non-monthly payroll periods per the conversion formula provided in the MCSF.

However, the federal instructions for the *Income Withholding for Support* form include a note to employers and other income withholders that "an acceptable method of determining the amount to be paid on a weekly or biweekly basis is to multiply the monthly amount due by 12 and divide that result by the number of pay periods in a year."[282] Federal law does not require states or SOIs to use this annualization method. Annualization does not result in the same non-monthly withholding amounts as prescribed by the MCSF method.[283]

OCS expects SOIs to follow the withholding amount listed on the IWN that corresponds with the SOI's pay period.

C. Sending Payment to the MiSDU

SOIs may send payments to MiSDU staff either electronically or through the mail. SOIs are encouraged to submit payments to the

[282] Ref: Income Withholding for Support (IWO) Form, Instructions & Sample on the OCSE website.
[283] Ref: Subsection 7.7, "Non-Monthly Withholding Amounts on the IWN," in this manual section for more information about Michigan's method for calculating non-monthly withholding amounts.

MiSDU electronically. Information on signing up for electronic transmission is available on the MiSDU website. MiSDU staff will assist SOIs wishing to use the electronic payment transfer system. SOIs may combine amounts for several employees in a single payment, but the SOI must identify the portions of the payment that are attributable to each NCP, along with each NCP's name, SSN, and Michigan court order or IV-D case number.[284] MiSDU staff will place any unidentified payments on hold while they investigate how to apply the payment.

If an SOI sends a payment to an FOC office,[285] FOC staff may send the payment to the MiSDU for processing. OCS encourages FOC staff to contact SOIs that send payments to the FOC office and inform them that they must submit IWN payments directly to the MiSDU. IWN payments do not include special payments that the FOC office receipts.[286]

## 14.3 Enforcement Action Against a Non-Compliant SOI

### 14.3.1 Legal Authority for Civil Contempt Against SOIs

Federal law requires the state IV-D plan and IWN to provide consequences for non-compliance with an IWN:

A. The SOI must be held liable to the state for any amount that the SOI fails to withhold from the NCP's income; and
B. The state may impose a fine against the SOI.[287]

Federal law also requires the state to provide for fines or contempt proceedings against an SOI when the SOI refuses to employ a person, discharges an employee, disciplines an employee, or penalizes an employee because of the IWN. An SOI charging and collecting a withholding fee from an employee in response to an IWN is not considered a penalty against an employee.[288]

Michigan statute follows the federal law allowing counties to bring a contempt proceeding against an SOI.[289]

[284] The IWN provides the IV-D case number and court order number to the SOI. The IV-D case number is identified as the "CSE Agency Case ID," "CSE Agency Case Identifier," and "Remittance ID." The court order number is identified as the "Order ID," "Order Identifier," and in the footer of the IWN by the "Document Tracking ID." The IWN directs the SOI to submit payments with the "Remittance Identifier" number.
[285] Qualified Domestic Relations Order (QDRO) payments are excluded from this requirement.
[286] Ref: AT 2003-005, *Receipt of Support Payments in Local Offices*.
[287] SSA, section 466 (b)(6)(C) and (D); 45 CFR 303.100(e)(v) and (vi)
[288] Ref: Subsection 10, "SOI Withholding Fee," of this manual section for information regarding withholding fees.
[289] MCL 552.613 and MCL 552.623

#### 14.3.2 Policy

MiCSES monitors cases for payment history. If the SOI fails to comply with the IWN, MiCSES will record the non-compliance on the *Income Withholding Employer Compliance* (IWEC) Report. FOC supervisors may view the report online by going to the IWEC screen in MiCSES. Any county with jurisdiction over the order may petition the court for a show cause hearing for the SOI. FOC staff have the discretion to:

A. Take no action against the SOI;
B. Send the FEN043 to the SOI; or
C. Schedule a show cause hearing before the referee or the court.

If FOC staff choose to file a motion for a show cause order and hearing, they must manually generate the notice using local practices. MiCSES does not currently have an activity chain that will move an SOI through show cause. FOC staff will manually mail copies of the show cause notice to the SOI, the NCP and the CP. The central-print option is not available for an SOI show cause.

If the court holds the SOI in contempt, the court may order the SOI to pay the support in full and pay fines for the contempt.

## 15. SOI Overpayment or Mispayment

Even though income withholding must be terminated when there is no longer a support obligation and withholding may be suspended under an alternative agreement or for good cause, an SOI may remit an improper or unnecessary payment. An SOI may also withhold from a lump-sum payment if the SOI is not notified the NCP has a court-ordered exemption from lump-sum withholding.[290]

If an improper or unnecessary withholding occurs, IV-D staff must, when appropriate, promptly refund any overpayment or mispayment to the payer.[291]

Make whole policy is covered in AT 2005-023, ***REVISED:*** *Use of State Make Whole Funds*, and details regarding employer mistakes are provided in AT 2005-049, *Michigan State Disbursement Unit (MiSDU) Employer Denial Letter (DHS-1066) for Make Whole Requests that Result from an Employer Error*.

## 16. Website Information for Employers

OCSE publishes employer information, including *State Contacts and Program Requirements,* on its website at: http://www.acf.hhs.gov/programs/css/employers.

Michigan's OCS publishes outreach messages and information for employers as well as OCS policy information on the MDHHS-OCS public website. Click the link

[290] Ref: Section 6.09 of the *Michigan IV-D Child Support Manual.*
[291] MCL 552.619

*Employer Resources* to access employer information. The Employer Resources > Income Withholding page includes a link to the OCSE Employer Services website, which includes a link to the Electronic Income Withholding Orders (e-IWO) page. This page provides information regarding e-IWO, including a general overview of the federal e-IWO System/Portal as well as software specifications. The Employer Resources page also includes a link to the *Michigan Child Support Employer Job Aids*, which consist of the *Michigan Child Support Progam Quick Reference Guide for Employers* (DHS-Pub-95) and the *Michigan Child Support Program Employer Frequently Asked Questions (FAQs)* (DHS-Pub-96). OCS does not print and stock paper copies of the DHS-Pub-95 or the DHS-Pub-96 to provide to child support partners, and does not include them on the *Publication Order List* (DHS-1454).[292]

The MiSDU website provides a broad range of information for employers, particularly information regarding payment remittance. It also includes Frequently Asked Questions (FAQs), Employer Outreach Newsletters, and other employer materials.

The Michigan New Hires Operation Center Employer Services Portal provides information regarding new hire reporting and has a link to the MDHHS-OCS public website under "External Links."

The information on these websites is periodically updated when policies, laws, regulations, or procedures affecting employers and other sources of income change.

**SUPPORTING REFERENCES:**

Federal
CCPA section 302
CCPA section 303
15 USC 1672
15 USC 1673
25 USC 450b
30 USC 901 et. seq.
42 USC 1320b-7
5 CFR
20 CFR 404.1820
20 CFR 350.1
32 CFR 584
32 CFR 733
45 CFR 301.100(e)(2)-(3)
45 CFR 302.65
45 CFR 303.100
45 CFR 303.100(a)
45 CFR 303.100(a)(1)
45 CFR 303.100(a)(5)
45 CFR 303.100(a)(7)
45 CFR 303.100(e)
45 CFR 303.100(e)(2)

[292] Ref: Child Support Publications on the mi-support Public Materials page for the DHS-1454.

45 CFR 303.100(e)(3)
45 CFR 303.100(e)(vi)
45 CFR 303.100(e)(x)
45 CFR 303.100(f)
45 CFR 303.108(b)
OCSE AT-14-12, *E-IWO Implementation and Amendment of Title IV-D State Plan Preprint Page 3.8-3*
OCSE AT-14-08, *H.R. 4980: Preventing Sex Trafficking and Strengthening Families Act of 2014*
OCSE DCL-00-103, *Attachment of Social Security Benefits*
OCSE DCL-05-35, *State Verification and Exchange System (SVES) Garnishment Match*
OCSE DCL-06-39, *SSA's Court Order Garnishment System*
OCSE DCL-13-06, *Garnishment of Supplemental Security Income Benefits*
OCSE DCL-13-12, Request for Comments on Revised Income Withholding Order/Notice for Support (IWO) Form
IM-03-07, *New Issuance - A Caseworker's Guide to Processing Cases With Foreign Reciprocating Countries*
IM-03-07, *Appendices to New Issuance – A Caseworker's Guide to Processing Cases with Foreign Reciprocating Countries*
IM-06-03, *Social Security Administration "Court Order Garnishment System"*
PIQ-04-01, *Processing Cases with Foreign Reciprocating Countries*
OCSE, Electronic Income Withholding Orders (eIWO)
OCSE, E-IWO Business Rules
OCSE, *Working with the Military on Child Support Matters: Trainer Guide*
OCSE, *Working with the Military as an Employer: A Quick Guide*
*Air Force Instruction 36-2906*
Office of the Attorney General, Child Support Section, Best Practices Transmittal #21, *Service members Civil Relief Act*
SSA, section 207
SSA, section 303(e)(2)(A)(ii)
SSA, section 303(e)(2)(A)(iii)
SSA, section 452(a)(11)
SSA, section 453A(g)(1)

SSA, section 454(9)(E)
SSA, section 454(19)
SSA, section 459
SSA, section 459A
SSA, section 459(h)(1)(A)(ii)(I)
SSA, Section 466(a)(8)
SSA, section 466(b)
SSA, section 466(b)(1)
SSA, section 466(b)(3)
SSA, section 466(b)(6)
SSA, section 466(b)(6)(A)
SSA, section 466(b)(6)(A)(ii)
SSA, section 466(b)(6)(C) and (D)
SSA, section 466(b)(10)
SSA, section 466(b)(11)
SSA, section 466(c)(1)(H)
SSA, section 452(11)
SSA, section 801, et. seq

State
MCL 400.233
MCL 400.234
MCL 400.234(1)(b)(x)
MCL 408.477
MCL 418.230(7)
MCL 421.11(b)(2)
MCL 421.11(b)(3)
MCL 421.13
MCL 421.27(m)(2)
MCL 421.27(m)(4)
MCL 552.505a
MCL 552.511
MCL 552.517
MCL 552.517e
MCL 552.517(1)(b)
MCL 552.517b
MCL 552.517e
MCL 552.518
MCL 552.602
MCL 552.602(ff)
MCL 552.602(i)
MCL 552.602(ll)
MCL 552.602(o)
MCL 552.602(o)(ii)
MCL 552.602(o)(iii)
MCL 552.603

MCL 552.604
MCL 552.604(3)
MCL 552.604(4)
MCL 552.605
MCL 552.605a
MCL 552.605c
MCL 552.607
MCL 552.607(1)(c)
MCL 552.608
MCL 552.609
MCL 552.610
MCL 552.611
MCL 552.611a
MCL 552.611a(1)
MCL 552.612
MCL 552.613
MCL 552.614
MCL 552.617
MCL 552.619
MCL 552.623
MCL 552.626
MCL 552.626b(2)
MCL 552.1101 to 552.1803
MCL 552.1501
MCL 552.1501(3)(a)
MCL 552.1501a
MCR 3.207
2021 MCSF 4.03B(3)
2021 MCSF 4.03B(6)
2021 MCSF 4.03B(6)(a)
2021 MCSF 4.03B(7)
2021 MCSF 4.03B(8)
FOCB/SCAO *Model Friend of the Court Services Michigan Child Support Formula*
SCAO Frequently Asked Questions, *Payment and Distribution of Related Statutory Fees*
SCAO ADM 2004-16, *Opting Out of Friend of the Court Services*
SCAO ADM 2010-02, *Allocation and Distribution of Support Accounts*

**REVISION HISTORY:**

IV-D Memorandum 2021-006
IV-D Memorandum 2020-018
IV-D Memorandum 2018-013
IV-D Memorandum 2016-021
IV-D Memorandum 2015-028
IV-D Memorandum 2015-017

IV-D Memorandum 2014-031
IV-D Memorandum 2014-020
IV-D Memorandum 2013-018
IV-D Memorandum 2012-015
IV-D Memorandum 2011-023
IV-D Memorandum 2011-012
IV-D Memorandum 2009-024