



STATE OF MICHIGAN

DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

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IV-D MEMORANDUM 2016-038

TO: All Friend of the Court (FOC) Staff
All Prosecuting Attorney (PA) Staff
All Office of Child Support (OCS) Staff

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

DATE: December 1, 2016

SUBJECT: Changes and Clarifications to the Calculation of the Arrears
Case Percentage and Support Order Percentage Performance
Measures

UPDATE(S):

Manual

Form(s)

RESPONSE DUE: None

POLICY EFFECTIVE DATE: Upon receipt

PURPOSE:

Since the beginning of fiscal year (FY) 2016 (October 1, 2015), OCS and other IV-D staff have identified the need for clarifications and several system corrections to two of the federal IV-D performance incentive factors. OCS recognizes that IV-D staff continue to have questions regarding the calculation of federal performance measures.

This IV-D Memorandum will:

- A. Provide background information on federal reporting of child support performance factors in Michigan;
- B. Clarify how and when cases are counted as part of the Arrears Case Percentage and Support Order Percentage measurements;
- C. Explain recent and upcoming system changes to the calculation of the Arrears Case Percentage incentive factor;
- D. Explain upcoming system changes to the calculation of the Support Order Percentage incentive factor;
- E. Announce recent changes to the Business Objects reports *Improving OCSE-157 Performance Indicators – Current Support (FR-002B)* and *Improving OCSE-157 Performance Indicators – Arrears Cases (FR-002C)*; and
- F. Discuss the timing of these federal reporting changes.

This memorandum also introduces an updated version of Exhibit 1.30E1, Performance Factor Indicators. The exhibit has been updated with clarifying information.

SUMMARY:

In April 2016 (Data Warehouse Release 2.24), OCS made changes to the calculation of the Arrears Case Percentage incentive factor. On or about December 2, 2016 (Data Warehouse Release 2.26.2), OCS will make additional changes to the calculation for Arrears Case Percentage as well as a change to the Support Order Percentage incentive factor. All Business Objects reports associated with federal reporting will include the updated logic for calculating these factors.

OCS will *retroactively* adjust the Arrears Case Percentage and Support Order Percentage calculations for all periods within FYs 2016 and 2017 (i.e., from October 1, 2015, forward). After the December 2, 2016 release, a IV-D worker running the *County Performance Incentive Factors (FR-004)* or *Child Support Enforcement Annual Data Report (FR-157)* for any time period in FY 2016 or later will see an Arrears Case Percentage and Support Order Percentage that reflect updates made in the Data Warehouse 2.24 and 2.26.2 releases. The Data Warehouse (DW) Business Objects Michigan Child Support Program Dashboard (DB-001 and DB-002) will also reflect the adjusted calculations.

To reflect the updated calculations on the quarterly reports found on mi-support's Performance Management page, OCS will update and re-issue the following FY 2016 reports for Quarters 1 and 2, which have been temporarily removed from mi-support:

- *County Performance Indicators;*
- *County Performance Indicators Line Comparison; and*
- *Performance Factor Comparison.*

OCS will announce the availability of all FY 2016 quarterly reports in an upcoming email notification.

DISCUSSION:

A. Child Support Performance Factors and Federal Reporting – Background

The federal Office of Child Support Enforcement (OCSE) measures each state's performance on five factors.¹ Arrears Case Percentage and Support Order Percentage are two of those factors.

Each year, each state submits a *Child Support Enforcement Annual Data Report* to OCSE. This report is also known as the OCSE-157. The OCSE-157 provides information on the state's caseload and collections. OCSE uses information from the

¹ Ref: [Section 1.30, "Performance Factors, Incentives, and the Data Reliability Audit," of the Michigan IV-D Child Support Manual.](#)

OCSE-157 to measure the state's performance. States submit an initial OCSE-157 by October 30 of each year, and may submit revised numbers by December 31.

More information can be found in the instructions for the OCSE-157: [Instructions for Completing Form OCSE-157; The Child Support Enforcement Annual Data Report.](#)

In Michigan, IV-D staff can obtain information related to the OCSE-157 or county-level performance factor information from the DW by running the following Business Objects reports:

- The FR-157, which OCS uses to report statewide performance to the OCSE and to provide quarterly reports on mi-support;²
- The FR-004, which provides a county-level breakout of the performance incentive factor information related to the OCSE-157.³ OCS uses it to provide quarterly reports on mi-support; and
- The Dashboard, which provides a point-in-time look at performance incentive factor information (statewide and county-level) related to the OCSE-157 and FR-004.⁴

B. Clarification: How and When Cases Are Counted

OCS Planning and Evaluation and DW staff have fielded many questions regarding when a case is counted toward a specific incentive factor or on a specific line of the FR-157. [Exhibit 1.30E1, Performance Factor Indicators](#), provides detailed information on the calculation of performance measures, including which case types and debt types are considered IV-D. OCS has updated this exhibit to more clearly illustrate how the performance factors are measured.

Areas related to federal reporting that cause confusion are discussed below.

1. Statewide vs. County-Level Reporting

While the FR-157, the FR-004, and the Dashboard report numbers from the same data sources and use the same rules, there is a significant difference between the total statewide numbers reported on the FR-157 and on the Dashboard, and the total of all county numbers reported on the FR-004 and on the Dashboard. This is because of “case rollup logic” and “county credit logic.”

a. Case Rollup Logic

Because of federal requirements relating to duplicate cases, the FR-157 uses “case rollup logic” when reporting statewide numbers. Case rollup logic

² Ref: [Business Objects Report Description: Child Support Enforcement Annual Data Report \(FR-157\).](#)

³ Ref: [Business Objects Report Description: County Performance Incentive Factors.](#)

⁴ Ref: [MiCSES Customer Information Guide: Michigan Child Support Program Dashboard.](#)

identifies groups of cases that share both a custodial party and a non-custodial parent (with each having the same MiCSES⁵ member ID across all cases). A group of these cases is called a “rollup case.” Since multiple cases are grouped together into a single case, and those cases might be in different counties, county-level numbers from the Dashboard or the FR-004 cannot be added together to equal the statewide number on the Dashboard or on the FR-157. All county breakouts must be at a raw case level (pre-rollup). However, county breakouts are also influenced by “county credit logic.”

Case roll-up logic exists on any line of the FR-157 where data is driven by a MiCSES case.

b. County Credit Logic

When determining incentive factors at the county level (on the Dashboard or on the FR-004), “county credit logic” allows multiple counties to get credit for the same case or child. For example, both the case county and docket county (if they are different) will get credit for a case when calculating incentives. Since a single case can be counted in multiple counties, county-level numbers from the Dashboard or the FR-004 cannot be added together to equal the statewide number on the Dashboard or on the FR-157.

County credit logic allows multiple counties to receive credit for the same case or child on the following federal reporting lines of the Dashboard and the FR-004: 1, 2, 5, 6, 21, and 21a.

Lines 24, 25, 26, 27, 28, and 29 of the Dashboard and the FR-004 count transactions (or cases affected by transactions) at the docket county level.

2. Arrears Case Percentage

The Arrears Case Percentage is calculated by dividing the number of cases on Line 29 of the FR-157 (Cases Paying Toward Arrears During the Fiscal Year)⁶ by the number of cases on Line 28 (Cases With Arrears Due During the Fiscal Year).⁷

Federal requirements around this calculation are complex, specifically in terms of when a payment counts toward an arrearage. OCS Planning and Evaluation and DW staff have received questions from IV-D staff about which conditions allow a case to be included in the Arrears Case Percentage calculation.

⁵ MiCSES is the Michigan Child Support Enforcement System.

⁶ A payment of any amount is sufficient for a case to be counted.

⁷ When the Arrears Case Percentage is calculated for a time period other than the fiscal year (e.g., through Quarter 1 of a fiscal year), the number of cases paying toward arrears during the time period is divided by the number of cases with arrears due during the time period.

A IV-D case will count as having an arrears payment when one of the following factors applies:

- Arrears are owed to both the family and to the state on a former-assistance case, and at least part of the arrears payment is distributed and disbursed to the family;⁸
- Arrears are owed to both the family and to the state on a current-assistance case, and the arrears payment is distributed and disbursed to either the state or the family;
- Arrears are owed only to the family, and the arrears payment is distributed and disbursed to the family;
- All arrears are owed to the state, and the arrears payment is distributed and disbursed to the state; or
- The case is a IV-D case (i.e., not an “L” type case in MiCSES) at the time of the distribution and disbursement.

3. Support Order Percentage

The Support Order Percentage is calculated by dividing the number of cases on Line 2 of the FR-157 (Cases Open at the End of the Fiscal Year with Support Orders Established) by the number of cases on Line 1 (Cases Open at the End of the Fiscal Year).

A IV-D case is counted as having an order established when there is an open support order associated with the case, **and** at least one of the following is also true:

- There is an active IV-D obligation on the case;
- Medical support has been ordered;
- Insurance has been ordered;
- The order is a zero support order; or
- The case has IV-D arrears.

C. System Changes to the Calculation of the Arrears Case Percentage

There are three system changes that OCS has made or will make to the calculation of the Arrears Case Percentage incentive factor.

1. System Issue #1 – Arrears Case Percentage: Count Open IV-D Cases in Year

As explained in a [July 2016 email notification](#), the DW 2.24 release, which occurred April 29, 2016, implemented changes to the way the Arrears Case Percentage is calculated. During case closure efforts in October 2015, OCS and

⁸ Federal tax refund offset (FTRO) collections pay state-owed arrears first. If an FTRO collection is the only collection that is paid on a former assistance case in a fiscal year, the case will not count toward this performance factor if the entire FTRO is disbursed to the state.

DW staff discovered that, on Line 28⁹ of the FR-157, Michigan had been reporting IV-D cases that were open at the *end* of the fiscal year, rather than cases that were open *at any point* in the fiscal year. This was not a change to federal reporting business requirements nor a new interpretation of the federal requirements; the reports were not correctly adhering to the requirements.

OCS manually adjusted its reporting of the OCSE-157 for FY 2015 to reflect cases that were open at any point in the fiscal year, as the business requirements intended.

This change in reporting of the FR-157 necessitated similar changes in the FR-004 and the Dashboard.¹⁰ OCS made these changes in the DW 2.24 release.

By making these changes, Michigan will correctly follow the federal OCSE's instructions for reporting. This coding change will also allow Michigan's IV-D program to better measure its effectiveness in obtaining past-due support payments for the families it serves.

2. System Issue #2 – Arrears Case Percentage: Intergovernmental and Non-IV-D Payments

While reconciling the changes made to the Arrears Case Percentage calculation in the DW 2.24 release, representatives of the Performance Management Workgroup identified an issue with Line 29¹¹ that was unrelated to the DW 2.24 changes. The federal reports were not counting the following cases that should have been counted:

- Intergovernmental responding cases that received payments; and
- IV-D cases that received payments but became non-IV-D cases later in the reporting period.

Modifying the federal reports to count these cases is not a new interpretation of or a change to the federal reporting business requirements; rather, it is a corrective action to ensure that the reports meet those requirements.

By correctly calculating Line 29, OCS expects that as many as 18,000 additional cases may be counted on Line 29 for FY 2016, and that Michigan's Arrears Case Percentage measurement may increase by 2 to 3 percent.

OCS will implement the fix for this issue on December 2, 2016, as part of the DW 2.26.2 Release.

⁹ Line 28 is Cases with Arrears Due During the Fiscal Year.

¹⁰ When the Arrears Case Percentage is calculated for a time period other than the fiscal year (e.g., through Quarter 1 of a fiscal year), the number of cases paying toward arrears during the time period is divided by the number of cases with arrears due during the time period.

¹¹ Line 29 is Cases Paying Toward Arrears During the Fiscal Year.

3. System Issue #3 – Arrears Case Percentage: Case Count Timing

OCS found an additional Arrears Case Percentage issue where cases on Line 28 are being counted as IV-D cases on a date other than the first day of the month. This issue involves only about 400 cases at any point and has virtually no effect on Michigan's Arrears Case Percentage measurement. This is not a change to the federal reporting business requirements or a new interpretation, but rather an issue where the reports have not been correctly meeting those requirements.

OCS will implement the fix for this issue on December 2, 2016, as part of the DW 2.26.2 Release.

D. System Change to the Calculation of the Support Order Percentage

There is one change that OCS will make to the calculation of the Support Order Percentage – fixing the case count (System Issue #4 of this memorandum).

In October 2016, OCS Planning and Evaluation discovered a discrepancy in the OCSE-157 while preparing the preliminary submission for FY 2016. Michigan reported approximately 6,300 cases on Line 2¹² that should not have been included in the case totals. These cases had an open docket/court case, but the IV-D case was closed. As with the Arrears Case Percentage issues, this was not a change to federal reporting business requirements nor a new interpretation of the federal requirements; the reports were not correctly adhering to the requirements.

OCS will fix this issue December 2, 2016, as part of the DW 2.26.2 Release. This correction is expected to reduce Michigan's Support Order Percentage calculation by about half a percentage point.

E. Changes to the FR-002B and FR-002C

The FR-002B allows IV-D workers to identify cases that can be worked to improve the Current Support Percentage. The FR-002C allows IV-D workers to identify cases that can be worked to improve the Arrears Case Percentage. Both reports were updated in the DW 2.25.2 Release on September 7, 2016.

IV-D workers are now able to run the reports for the fiscal year-to-date, rather than just for the previous month.

Running the FR-002B for the fiscal year-to-date will allow the IV-D worker to identify financial information for IV-D cases that appear on Line 24¹³ but do not appear on

¹² Line 2 is Cases Open at the End of the Fiscal Year with Support Orders Established.

¹³ Line 24 is Total Amount of Current Support Due for the Fiscal Year.

Line 25¹⁴ (i.e., cases for which current support is owed, but none has been paid during the fiscal year).

Running the FR-002C for the fiscal year-to-date will identify IV-D cases that appear on Line 28 of the OCSE-157, but do not appear on Line 29 (i.e., IV-D cases with arrears that have not yet received a payment this fiscal year).

F. Timeline of the Changes and Program Actions

On and after December 2, 2016, all FY 2016 and FY 2017 reports (the FR-157, the FR-004, and the Dashboard) will be updated. An FR-157 or FR-004 run for any period of time within FY 2016 or FY 2017 will produce results using updated logic from both the DW 2.24 and DW 2.26.2 releases (i.e., all four system issues identified in this memorandum).

The 2016 fiscal year-end Dashboard, as well as any FY 2016 “previous year” Dashboard figures, will also use the updated logic.

To summarize, OCS made corrections to federal reports and communicated these corrections to staff at the following times:

1. In October 2015, OCS staff manually adjusted the FR-157 for the end of FY 2015 to correct the Arrears Case Percentage incentive factor for System Issue #1 identified in this memorandum before it was submitted to OCSE.
2. From October 2015 through March 2016, OCS staff manually adjusted the Dashboard reports to correct the Arrears Case Percentage incentive factor for System Issue #1 identified in this memorandum.
3. On October 20, 2015, OCS staff sent an email notification indicating that the FR-004 and FR-157 would not be revised to correct System Issue #1 identified in this memorandum, and advised users to look to the Dashboard reports for performance factor information. However, OCS’s quarterly reports for the first and second quarters of FY 2016 were based on unadjusted information drawn from the FR-004 and the FR-157.¹⁵ Data drawn from these reports run prior to the DW 2.24 release did not match data shown on the Dashboard.
4. On April 29, 2016, with the DW 2.24 release, OCS updated the FR-004 and FR-157. At that time, System Issue #1 identified in this memorandum was corrected moving forward only – no retroactive changes were applied to prior reporting periods.

¹⁴ Line 25 is Total Amount of Support Distributed as Current Support During the Fiscal Year.

¹⁵ These quarterly reports may be found on mi-support’s [Performance Management](#) page.

5. On July 22, 2016, OCS Planning and Evaluation staff sent an email notification explaining the changes to the calculation of the Arrears Case Percentage identified as System Issue #1 in this memorandum.¹⁶
6. On September 7, 2016, OCS made updates to the FR-002B and FR-002C.
7. In October and November 2016, OCS notified staff to consider the Arrears Case Percentage and Support Order Percentage calculations on the Dashboard as preliminary calculations.

On December 2, 2016, OCS will make updates to correct System Issues #2, #3, and #4 identified in this memorandum. OCS will make those updates and System Issue #1 retroactive to the beginning of FY 2016.

OCS provides its initial OCSE-157 to OCSE no later than October 30 of each year. For FY 2016, the initial OCSE-157 *did not* include the DW 2.26.2 fixes (i.e., System Issues #2, #3, and #4 identified in this Memorandum). However, the revised (final) OCSE-157, which OCS will provide to OCSE by December 31, 2016, will be updated with the changes. Federal incentive payments are based on the final OCSE-157.

OCS will issue or reissue its quarterly reports for all FY 2016 quarters after the December 2 release. OCS will send an email notification to announce their availability. (These reports can be found on mi-support's Performance Management page.)

OCS staff recognize that they should have communicated about System Issue #1 more explicitly and clearly at the time of the DW 2.24 release. To help prevent confusion in the future, OCS and DW staff will strive to make any necessary changes to the FR-157, the FR-004, and the Dashboards simultaneously. They will also communicate changes to federal reporting, and the projected impacts of those changes, before the changes are made.

NECESSARY ACTION:

Retain this IV-D Memorandum until further notice. For those maintaining a paper copy of the *Michigan IV-D Child Support Manual*, print Exhibit 1.30E1 and add it to the manual. Discard the previous version of Exhibit 1.30E1 (Rev. 4/15).

REVIEW PARTICIPANTS:

Performance Management Workgroup
Program Leadership Group

¹⁶ The July 2016 email notification indicated that the Arrears Case Percentage's Dashboard figures for the previous year would be incorrect through April 2017. After December 2, 2016, this will no longer be true.

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None

SUPPORTING REFERENCES:

Federal
Instructions for Completing Form OCSE-157; The Child Support Enforcement
Annual Data Report

ATTACHMENT:

Exhibit 1.30E1: Performance Factor Indicators

EPF/JJV