



STATE OF MICHIGAN

DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

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IV-D MEMORANDUM 2021-022

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: October 4, 2021

SUBJECT: Improvements to Establishing Electronic Disbursements and Revisions to Forms

ACTION DUE: None

POLICY EFFECTIVE DATE: Upon receipt

PURPOSE:

This IV-D Memorandum announces Michigan State Disbursement Unit (MiSDU) improvements to expedite the establishment of electronic disbursements for child support recipients who submit the completed *Direct Deposit Authorization* (DHS-1377) and *Debit Card Authorization* (DHS-1371).¹ These improvements will allow families to begin receiving their electronic disbursements sooner. This memorandum discusses:

- Changes to the test transaction (pre-note) process the MiSDU uses before setting up a child support recipient’s electronic disbursement from the direct deposit request;
- New actions the MiSDU will take when a child support recipient’s financial institution accepts or rejects the pre-note for a direct deposit request; and
- A new process the MiSDU will use to automate the setup of new direct deposit and debit card disbursements in the Michigan Child Support Enforcement System (MiCSES).

To support these improvements, the MiCSES 10.9.1 Release on October 8, 2021 will remove the automatic 10-day pre-note waiting period, and a MiCSES release in early 2022 will implement the *Automatic Electronic Funds Transfer Enrollment* (AEFT) batch

¹ Ref: [Michigan IV-D Action Transmittal \(AT\) 2009-008, Michigan’s Electronic Disbursement Process](#), for more information on establishing electronic disbursements.

UPDATE(S):

Manual

Form(s)

process.² OCS will send an email notification prior to MiCSES implementing the AEFT batch process.

The changes discussed in this memorandum update a portion of Section I, “Establishing Electronic Disbursements,” in AT 2009-008. However, AT 2009-008 is not being obsoleted at this time; OCS will update its electronic disbursement policy in the future.

This IV-D Memorandum also announces minor revisions to the following OCS forms:

- *NSF Employer Letter #1* (DHS-1378);³
- *NSF Employer Letter #2* (DHS-1379); and
- *Important Notice* (DHS-1383).

Lastly, this IV-D Memorandum introduces a version of the *Child Support Marketing Card* (DHS-Pub-139-EST) that may be used by combined FOC and PA offices.

DISCUSSION:

A. MiSDU Improvements to Establishing Electronic Disbursements

1. Overview

OCS, through the MiSDU, electronically disburses child support payments. Child support recipients may choose to receive their payment by direct deposit to their checking or savings account or to a prepaid debit card.⁴ New child support recipients receive the DHS-1383 and the DHS-1377 with their first child support payment, which is a paper check. To request direct deposit to a checking or savings account, they will complete and return the DHS-1377. If they do not do this within 21 days of the date of the check, OCS will mail them a debit card. New child support recipients will not need to complete a DHS-1371 to receive a prepaid debit card. However, existing child support recipients who wish to change their disbursement method from direct deposit to the debit card will need to complete and submit the DHS-1371.

Upon receiving the completed DHS-1377 or DHS-1371, the MiSDU processes a child support recipient’s disbursement request.⁵ The MiSDU electronically scans the DHS-1377 and DHS-1371 and stores the images in its KidSTAR system.⁶ Authorized MiSDU staff then access electronic versions of the DHS-1377 and the

² The removal of the pre-note waiting period will occur before the automation of disbursements due to MiCSES release schedule priorities.

³ “NSF” stands for “non-sufficient funds.”

⁴ The MiSDU contracts with a banking vendor to provide non-interest-bearing debit card accounts for child support recipients.

⁵ Late last year, the MiSDU implemented online versions of both the DHS-1371 and DHS-1377. OCS and the MiSDU will provide additional information about that functionality and process in a future IV-D Memorandum, as appropriate.

⁶ KidSTAR is the MiSDU’s information management system.

DHS-1371 to manually set up the direct deposits and debit card disbursements on the MiCSES *Electronic Funds Transfer* (EFTR) screen.⁷

Before the MiSDU sends the first direct deposit disbursement to the child support recipient's financial institution (e.g., a bank or credit union), the MiSDU performs a pre-note transaction.⁸ This starts a 10-day waiting period, allowing the MiSDU to confirm the child support recipient has a valid account with the receiving financial institution.

Currently, after MiSDU staff manually set up the direct deposit disbursement on the EFTR screen,⁹ MiCSES automatically starts the 10-day waiting period. A child support recipient will not receive the direct deposit until the 10-day waiting period expires in MiCSES, even if the financial institution accepts the pre-note before the timeframe ends. Because most financial institutions can confirm banking accounts within one to two business days, the MiSDU is implementing a process to shorten the timeframe for activating direct deposit disbursements.

In the MiCSES 10.9.1 Release, OCS will remove the 10-day pre-note delay in MiCSES. This will allow the MiSDU to reduce the pre-note period for new direct deposit requests to less than 10 business days.

Through a MiCSES release in early 2022, OCS will automate the entry of direct deposit and debit card information on the EFTR screen by populating MiCSES through the AEFT batch process. This will reduce the risk of potential errors and delays from manual entry of account information in MiCSES.

These changes will streamline and expedite the establishment of new direct deposit and debit card disbursements.

2. Processing Debit Card and Direct Deposit Requests

a. Debit Card Requests

After the DHS-1371 is received and electronically scanned into KidSTAR, the MiSDU sends a request to the debit card vendor to create a debit card account. MiSDU staff will continue to manually add the prepaid debit card account information on the MiCSES EFTR screen until the process is automated. MiSDU staff will also record a IV-D member-level note on the

⁷ The EFTR screen records information about the disbursement recipient's direct deposit/debit card account. Ref: [MiCSES Screen Description: EFTR – Electronic Funds Transfer](#).

⁸ The MiSDU submits the pre-note through the Automated Clearing House (ACH) Network using the child support recipient's bank account information that the recipient provides on the DHS-1377.

⁹ Ref: [MiCSES Quick Reference Guide: Enter or Update EFT Account Information](#) to review the steps MiSDU staff take to enter bank account information on the EFTR screen.

MiCSES *Notes Processor* (NOTE) screen indicating the debit card account has been entered.

b. Direct Deposit Requests

Starting on October 8, 2021, after electronically scanning the DHS-1377, the MiSDU will submit the pre-note to the child support recipient's designated financial institution before MiSDU staff manually enter the direct deposit account information on the MiCSES EFTR screen.

Below are actions the MiSDU will take when the financial institution accepts or rejects the pre-note for a direct deposit request.

Note: Only MiSDU staff may view and update the EFTR screen in MiCSES.

1) MiSDU Actions When the Financial Institution Accepts a Pre-note

If the financial institution accepts the pre-note in less than 10 business days, MiSDU staff will manually enter the direct deposit account information on the EFTR screen as early as the next business day. MiSDU staff will also record a IV-D member-level note in MiCSES indicating the direct deposit account has been entered.

Once the child support recipient's bank account information is added on the EFTR screen, MiCSES will generate and send the *Notice of Electronic Disbursement* (FEN801/DHS-823). This letter notifies child support recipients that direct deposit will be used for their future support payments.

2) MiSDU Actions When the Financial Institution Rejects a Pre-note

If the financial institution rejects the pre-note, MiSDU staff will not set up a new direct deposit disbursement in MiCSES.¹⁰ Current child support recipients will continue to receive their support payments by the existing disbursement method on the EFTR screen. New child support recipients will be automatically enrolled to receive a prepaid debit card for their future support payments.¹¹ MiSDU staff will record a IV-D member-level note on the MiCSES NOTE screen indicating the direct deposit pre-note has been rejected by the financial institution.

¹⁰ The MiSDU will develop a letter to notify a child support recipient when the MiSDU is unable to process a direct deposit request due to a pre-note rejection. OCS and the MiSDU will provide additional information about this notification in a future IV-D Memorandum.

¹¹ New child support recipients will continue to receive their support payments by paper check until they receive the debit card.

3) MiSDU Actions When the Financial Institution Does Not Respond to a Pre-note

Occasionally, a financial institution may not respond to the pre-note from the MiSDU. Therefore, the MiSDU will consider the lack of a response as an accepted pre-note from the financial institution.¹² If the financial institution does not respond to the pre-note within 10 business days, MiSDU staff will manually set up the direct deposit disbursement on the EFTR screen in two business days. MiCSES will also generate and send the FEN801/DHS-823.

3. Automating the Entry of Direct Deposit and Debit Card Information in MiCSES

Starting in early 2022, the MiSDU will electronically send direct deposit and debit card account information in a daily AEFT file to MiCSES.¹³ MiSDU staff will no longer manually enter the direct deposit or debit card information on the MiCSES EFTR screen. However, MiSDU staff will be able to manually enter account details into MiCSES as needed.

Once the daily AEFT batch process runs, MiCSES will populate the EFTR screen with the child support recipient's electronic disbursement account information.¹⁴ The AEFT batch process will also record a IV-D member-level note on the MiCSES NOTE screen indicating the direct deposit or debit card account has been entered. The MiSDU will send subsequent disbursements to the child support recipient's bank account or debit card.

B. OCS Form Revisions

1. DHS-1378 and DHS-1379¹⁵

Both of these forms include the sentence: "Late fees have been assessed pursuant to Michigan Compiled Law (MCL) 400.236(2)." OCS changed the term "Late fees" to "Handling fees" to be consistent with language throughout the forms and policy. OCS also updated the MCL citation in this sentence to read "MCL 400.236(3)."

In addition, OCS has revised these forms according to Michigan Department of Health and Human Services (MDHHS) usability standards. MDHHS is enhancing

¹² This practice is based on current National Automated Clearing House Association (NACHA) operating rules for banking and financial institutions.

¹³ The batch will include direct deposit account information for accepted direct deposit pre-notes and for pre-note requests for which no response was received from the financial institution after 10 business days.

¹⁴ According to the MiSDU, there may be limited circumstances that will require MiSDU staff to manually set up direct deposit and debit card enrollments.

¹⁵ For more information regarding NSF payments, refer to [AT 2007-010, Enforcing Remitter Non-Sufficient Fund \(NSF\) Payments](#).

its forms to better serve customers with disabilities. Changes such as enlarged text size and the removal of logos make the forms easier to read and use.¹⁶ OCS has also updated the MDHHS nondiscrimination statement on these forms.¹⁷

2. DHS-1383¹⁸

The MiSDU mails new child support recipients their first support payment by paper check. Included in that mailing is the DHS-1383 and the DHS-1377. The DHS-1383 explains that child support recipients may choose either direct deposit or a debit card for future support payments. OCS revised the instructions on the DHS-1383 for ease of reading. OCS also removed the MiSDU logo.

3. DHS-Pub-139-EST

OCS has created a version of the *Child Support Marketing Card* (DHS-Pub-139) for counties with combined FOC and PA offices. The DHS-Pub-139-EST has the same information as the DHS-Pub-139-PA, except it has an “Establishment” heading instead of a “Prosecutor’s Office” heading. County staff may order copies of the card by sending an email to the Child Support Help Desk.¹⁹

NECESSARY ACTION:

Retain this IV-D Memorandum until further notice.

REVIEW PARTICIPANTS:

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¹⁶ For a description of MDHHS usability standards, reference [IV-D Memorandum 2019-009, OCS Forms With Updated Michigan Department of Health and Human Services \(MDHHS\) Letterhead and Modified Formatting for Customers With Disabilities](#).

¹⁷ Ref: [MDHHS Administrative Policy Compliance, APX 680](#).

¹⁸ For information about the use of the DHS-1383, refer to AT 2009-008.

¹⁹ Ref: [Section 1.35, “MiChildSupport Portal,” of the Michigan IV-D Child Support Manual](#) for more information about the *Child Support Marketing Card*. The mi-support [Public Materials](#) page contains an image of the marketing card and IV-D staff instructions for ordering cards. A copy of the marketing card is not attached to this memorandum.

CC:

MISDU

ATTACHMENTS:

DHS-1378: *NSF Employer Letter #1*

DHS-1379: *NSF Employer Letter #2*

DHS-1383: *Important Notice*

EPF/JLA