



STATE OF MICHIGAN

GRETCHEN WHITMER  
GOVERNOR

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
LANSING

ELIZABETH HERTEL  
DIRECTOR

**IV-D MEMORANDUM 2022-011**

**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:** August 8, 2022

**SUBJECT:** FOC Submission of County Make Whole Requests in KidSTAR  
and the Michigan State Disbursement Unit's (MiSDU's) New  
*Notice of Pre-Note Rejection*

**ACTION DUE:** None

**POLICY EFFECTIVE DATE:** Upon receipt

**PURPOSE:**

This IV-D Memorandum announces that FOC staff will complete and submit the *Request for Central Receipt Adjustment/Suspense Work* (DHS-307) in KidSTAR when a county funds a recovery account resulting from a misapplied payment. This process is referred to as "county make whole."

This IV-D Memorandum also announces a new email address the FOC will use to request reimbursement of the county-funded make whole request after a child support payment distributes to the recovery account debt type.

The county make whole changes discussed in this memorandum update a portion of [Michigan IV-D Action Transmittal \(AT\) 2005-023, REVISED: Use of State Make Whole Funds](#). However, AT 2005-023 is not being obsoleted at this time. OCS will update its make whole policy in a future revision of the *Michigan IV-D Child Support Manual*.

Finally, this IV-D Memorandum introduces the MiSDU's *Notice of Pre-Note Rejection Letter* (Ref: [Exhibit 2022-011E1](#)) and *Notice of Pre-Note Rejection Email* (Ref: [Exhibit](#)

<p><b>UPDATE(S):</b></p> <p><input type="checkbox"/> Manual</p> <p><input type="checkbox"/> Form(s)</p>
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[2022-011E2](#)). The child support recipient will receive this letter or email when the recipient's financial institution rejects the MiSDU's test (pre-note) transaction.<sup>1</sup>

## **DISCUSSION:**

### **Changes to the Make Whole Process**

If FOC staff determine a misapplied payment is their liability after a payment disburses, and the county-level agency wishes to make whole (through whatever authority – funding or otherwise – granted within their county), FOC staff will follow the make whole process, which includes completing and submitting the DHS-307.

The make whole process is described in AT 2005-023. FOC staff will continue to follow this process with the following changes:

- FOC staff will no longer manually complete the DHS-307 and mail it in the blue envelope provided by the MiSDU. Instead, they will complete and submit the DHS-307 in KidSTAR.<sup>2</sup>
- When the DHS-307 is submitted in KidSTAR, an incident number will display on the screen. FOC staff will include this number with the check in the blue envelope<sup>3</sup> and mail it to the MiSDU. They may write the incident number on the blue envelope or on the check.
- Once the MiSDU receives the blue envelope, MiSDU staff will access the DHS-307 in KidSTAR using the incident number FOC staff provided. MiSDU staff will back-out the receipt(s) listed on the DHS-307. The Michigan Child Support Enforcement System (MiCSES) will then create the Recovery – State Make Whole (RS) debt type (i.e., recovery account) in the amount of the backed-out receipt(s). Next, MiSDU staff will repost the payment(s) with the county funds, which in turn will distribute and disburse the misapplied payment to the correct case/recipient.
- Later, after MiCSES distributes a new payment(s) to the RS debt type on the IV-D case and disburses it to the MiSDU, FOC staff will notify the MiSDU of the disbursement via email at [MDHHS-MiSDU-Finance@michigan.gov](mailto:MDHHS-MiSDU-Finance@michigan.gov). FOC staff will no longer use the email address shown in AT 2005-023. Because MiCSES does not send an alert to FOC staff when a payment distributes to the RS debt

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<sup>1</sup> Ref: [IV-D Memorandum 2021-022, Improvements to Establishing Electronic Disbursements and Revisions to Forms](#) for more information on establishing electronic disbursements.

<sup>2</sup> For instructions on completing and submitting the DHS-307 in KidSTAR, FOC staff may refer to the [Michigan State Disbursement Unit \(MiSDU\) Form 307 Job Aid](#). For more information on completing the fields of the DHS-307, FOC staff may refer to [AT 2005-011, Attachment 2](#).

<sup>3</sup> FOC staff may request pre-addressed blue envelopes from the MiSDU by calling the FOC Assistance Line at 800-817-0632 or by emailing [MDHHS-MiSDU-Finance@michigan.gov](mailto:MDHHS-MiSDU-Finance@michigan.gov).

type, FOC staff will need to monitor the IV-D case. This is a manual process tracked by FOC staff.

- When MiSDU staff receive the email from the FOC, MiSDU staff will verify the disbursement(s) and return the recovered funds to the county.

### **The New *Notice of Pre-Note Rejection***

Before the MiSDU sends the first direct deposit disbursement to a child support recipient's financial institution (e.g., a bank or credit union), the MiSDU performs a pre-note transaction. The MiSDU conducts this as a test transaction before establishing a direct deposit disbursement for a child support recipient who has completed and submitted the *Direct Deposit Authorization* (DHS-1377).<sup>4</sup>

Upon receiving the pre-note, the financial institution may accept it or reject it. If the financial institution rejects the pre-note, the MiSDU will not send the direct deposit account information in an electronic file to MiCSES. Instead, the MiSDU will send a notice to the child support recipient who submitted the DHS-1377. The MiSDU will send the *Notice of Pre-Note Rejection Letter* (Ref: [Exhibit 2022-011E1](#)) by U.S. mail or an electronic version of the notice by email.<sup>5</sup> The notice will alert child support recipients when the MiSDU is unable to process their direct deposit request due to an issue with the bank account information they provided on the DHS-1377. The notice will also inform child support recipients that:

- They may resubmit the DHS-1377, or they may call the MiSDU at 877-543-2660 if they have questions regarding the notice;
- If they are current child support recipients, they will continue to receive their support payments by their existing disbursement method;<sup>6</sup> and
- If they are new child support recipients, they will receive a prepaid debit card by U.S. mail for their future support payments.

### **NECESSARY ACTION:**

Retain this IV-D Memorandum until further notice.

### **REVIEW PARTICIPANTS:**

Financials Work Improvement Team  
Program Leadership Group

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<sup>4</sup> The MiSDU submits the pre-note through the Automated Clearing House (ACH) Network using the child support recipient's bank account information provided on the DHS-1377.

<sup>5</sup> Ref: [Exhibit 2022-011E2](#).

<sup>6</sup> IV-D staff may view the child support recipient's existing disbursement method on the MiCSES *Check Register* (CHKV) screen. Ref: [MiCSES Screen Description: CHKV – Check Register](#).

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**CC:**

MiSDU

**ATTACHMENTS:**

Exhibit 2022-011E1: *Notice of Pre-Note Rejection Letter*

Exhibit 2022-011E2: *Notice of Pre-Note Rejection Email*

**EPF/JLA**