



STATE OF MICHIGAN

DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

GRETCHEN WHITMER
GOVERNOR

ELIZABETH HERTEL
DIRECTOR

IV-D MEMORANDUM 2022-018

TO: All IV-D Staff
FROM: Erin P. Frisch, Director
Office of Child Support
DATE: December 5, 2022

UPDATE(S):

- Manual
- Form(s)

SUBJECT: International Central Authority Payment (CAP) Program Pilot

ACTION DUE: None

POLICY EFFECTIVE DATE: Upon receipt

PURPOSE:

This IV-D Memorandum announces the Michigan Office of Child Support’s (OCS’s) participation in a pilot of the federal Office of Child Support Enforcement’s (OCSE’s) Central Authority Payment (CAP) Program. The CAP Program will allow state child support agencies to send electronic funds transfer (EFT) payments to foreign countries¹ that no longer accept paper checks.

Recently, Germany’s Federal Office of Justice announced it will no longer accept child support payments by paper check after March 20, 2023.² All payments sent to Germany’s Bundesbank must be sent by EFT. Any paper check payments received after March 20, 2023 will likely be rejected by Germany’s Bundesbank.

OCS will update Section 7.15 of the *Michigan IV-D Child Support Manual* with policy from this IV-D Memorandum in a future revision.

¹ Ref: [Section 7.15, “International,” of the Michigan IV-D Child Support Manual](#) for more information on country classifications and terminology relating to international child support cases.

² Ref: [OCSE Dear Colleague Letter \(DCL\) 22-14, German Federal Office of Justice Not Accepting Checks After March 20, 2023](#). The German Federal Office of Justice recently revised the date it will stop taking paper checks. Germany previously stated it would stop taking paper checks on November 30, 2022.

DISCUSSION:

A. Background

Foreign countries have increasingly expressed the desire for an effective process to transmit funds electronically on international cases. Since 2018, 14 countries have stopped accepting checks or have asked states to discontinue sending checks as a form of payment.³ The fees associated with cashing paper checks in foreign countries can be significant. Deductions for bank charges and the cost to convert checks from U.S. dollars into local currency result in significant costs incurred by parties receiving these payments.

OCSE recognizes that the lack of a uniform, efficient process for transmitting funds electronically on international cases has become problematic. The following challenges have presented themselves while working to develop a long-term electronic payment processing solution:

- There is no single global standard for Automated Clearing House (ACH) transactions. Each country has its own banking and financial regulations;
- With the United States having 49 reciprocating partners, a one-size-fits-all approach is unlikely, considering each reciprocating partner has its own payment processing requirements; and
- Any solution chosen must include a way to transmit payment information and case reference numbers.⁴

Considering these challenges, OCSE has been working to develop the CAP Program as a long-term electronic payment processing solution. Germany's decision to stop accepting paper checks enhanced the urgency to launch a pilot for the CAP Program. Once implemented, the CAP Program will:

- Allow families to receive child support payments more quickly and at a reduced cost;
- Allow countries to receive child support payments via EFT from states;
- Validate case information on international child support cases; and
- Consolidate all payments, payment data, and case data and distribute them to the designated foreign Central Authority.

When developing the CAP Program pilot, OCSE worked in collaboration with the states of Michigan, Georgia, and New York, as well as representatives from Germany. Michigan representatives included staff from the Michigan State Disbursement Unit (MiSDU), the OCS Program Development Division (PDD), and the Michigan Child Support Enforcement System (MiCSES) team. Work on this effort began in the spring of 2022.

³ Ref: [OCSE Information Memorandum \(IM\)-21-05, *Wire Payments to Countries Not Accepting Paper Checks*](#).

⁴ Ref: [International Case Processing Under UIFSA 2008 Training Modules](#) for more information.

B. The Central Authority Payment (CAP) Program Pilot

OCSE developed an efficient and cost-effective way for states to send child support payments electronically to the CAP Program instead of an individual country's Central Authority. Participation in the CAP Program pilot is voluntary, provided at no cost to participating states, and requires minimal changes. States will send electronic payments to other countries similar to how they are currently sending payments to other states within the U.S. This pilot will not affect the way states receive payments from other countries.

1. CAP Program Pilot in Michigan

Michigan will discontinue sending paper checks to Germany's Bundesbank on December 30, 2022.⁵ Only cases with Germany's Bundesbank will be included in the pilot; cases with the Heidelberg Institute will not be included. Currently, OCS has identified fewer than 20 open child support cases affected by Germany's decision to stop accepting paper checks.

As part of this effort, the MiSDU updated the affected case records to ensure fund disbursement to the CAP Program bank account.⁶ The CAP Program payments will work the same as other EFT payments, with the MiSDU using the existing interstate EFT payment format when making case record updates.

2. Additional Pilot Countries

According to OCSE, Sweden has volunteered to participate in a pilot of the CAP Program following successful implementation of Germany's pilot program. OCSE intends to prioritize the remaining foreign countries requiring EFT-only payments for the pilot sometime in the future.

3. Future CAP Program Updates

OCS will announce all future updates, including any potential IV-D worker impacts related to the CAP Program process, in an email notification. States are instructed to continue sending wire payments⁷ to the countries identified in OCSE IM-21-05 published on September 14, 2021, since those countries are not yet participating in the CAP Program pilot.⁸

⁵ Germany recently announced it will continue to accept paper checks until March 20, 2023, to allow pilot states additional time to complete the necessary testing for implementation.

⁶ Ref: [MICSSES Customer Information Guide: Disbursements](#) for more information on the EFT disbursement process.

⁷ Wire payments are also known as Society for Worldwide Interbank Financial Telecommunication (SWIFT) payments.

⁸ For more information on a specific country's payment requirements, select the country from the drop-down on the OCSE [International webpage](#).

NECESSARY ACTION:

Retain this IV-D Memorandum until further notice.

REVIEW PARTICIPANTS:

Intergovernmental Work Improvement Team
Financial Work Improvement Team
Program Leadership Group

CONTACT PERSON:

Kara Bradley
OCS Policy Analyst
517-241-8051
Bradleyk8@michigan.gov

CC:

None

SUPPORTING REFERENCES:

Federal
45 Code of Federal Regulations (CFR) 302.32(b)(1)

State
None

ATTACHMENT(S):

None

EPF/KRB