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

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Table of Contents

1. Background

IV-D workers use debt types in the Michigan Child Support Enforcement System (MiCSES) to represent specific court-ordered obligations. Only obligations identified in state or federal law, regulations, and policy as enforceable by the IV-D program are tracked as a debt type in MiCSES. This manual section summarizes all the MiCSES debt types and their appropriate uses.

When the Child Support Enforcement System (CSES)[1] converted to MiCSES in September 2003, it required the transition of account types to debt types for allocation, distribution, and disbursement of child support collections. During the conversion to MiCSES, CSES account types transferred to a corresponding MiCSES debt type based upon defined uses of the CSES account type. In some cases, CSES account types and MiCSES debt types have similar names such as Attorney Fees (AF) and Education (ED). MiCSES contains fewer classifications for obligations than CSES, resulting in multiple CSES account types being converted to a single MiCSES debt type.[2]

2. Debt Types

The following subsection describes the MiCSES debt types and the proper use for each debt type.

Some debt types recorded in MiCSES are obsolete and cannot be used to create new debts. For more information on the obsoleted MiCSES debt types, reference Subsection 3 of this manual section. Additionally, each MiCSES debt type can be associated to different MiCSES activities, such as surcharge, federal tax refund offset (FTRO), and financial institution data match.[3]

2.1 Attorney Fees (AF)

The Attorney Fees debt type, coded "AF," is used when a court orders the non-custodial parent (NCP) to reimburse the custodial party (CP) for the CP's attorney costs.

IV-D workers use the AF debt type **only** to establish obligations for support orders involving a reimbursement to the CP on a case. The AF debt type must **not** be used to collect money on behalf of an attorney, nor will it be used to reimburse the county for court-appointed attorney fees, or for costs incurred in establishing the order.

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[1] CSES is an obsolete computer system. Historical assistance information is available in Business Objects.

[2] Ref: Exhibit 5.10E2 for a list of MiCSES debt types, the related CSES account type(s), and debt types that are considered assignable in MiCSES.

[3] Ref: Exhibit 5.10E3 for information on MiCSES IV-D enforcement activities that are used in association with each debt type.

The AF debt type is only payable to the CP and is not subject to assignment.

> **Example 1:**
> The CP in a case retains an attorney in a private paternity action against the NCP. The CP petitions the court for reimbursement of attorney costs and provides the court documentation of the billed amount and the amount paid. The court orders the NCP to reimburse the CP for the costs incurred. This is an appropriate use of the AF debt type in MiCSES.
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> **Example 2:**
> The CP in a case retains an attorney in a private paternity action against the NCP. The CP petitions the court to order the NCP to pay the costs for the attorney directly to the attorney. The CP provides the court documentation of the billed amount and states the NCP has not paid the bill. The court orders the NCP to pay the attorney directly. This is an inappropriate use of the AF debt type in MiCSES.

2.2   Genetic Test Costs Paid to the County (BD)

The Genetic Test Costs Paid to the County debt type, coded "BD," is used for the analysis of a biological specimen, such as blood or saliva, to determine legal fatherhood or paternity.

The IV-D worker uses the BD debt type when the court orders the NCP to reimburse the county for the expense of obtaining genetic test samples to determine the father of the child. The IV-D worker must not use this debt type to reimburse a company for obtaining genetic test samples.

The BD debt type is only payable to a county and is not subject to assignment.

> **Example 3:**
> The Prosecuting Attorney (PA) worker notifies the NCP that a paternity case has been filed against him/her. The NCP requests a genetic test, which determines he is the biological father. The court orders the NCP to reimburse the county for the costs related to the genetic testing. This is an appropriate use of the BD debt type in MiCSES.

2.3   Genetic Test Costs Paid to the State (BL)

The Genetic Test Costs Paid to the State debt type, coded "BL," is used for the analysis of a biological specimen, such as blood or saliva, to determine legal fatherhood or paternity.

The IV-D worker uses the BL debt type when the court orders the NCP to reimburse the State of Michigan for the expense of testing genetic samples to determine the father of the child.

The BL debt type is only payable to the state.

> **Example 4:**
> The PA worker notifies the NCP that a paternity case has been filed against him/her. The NCP requests a genetic test, which determines he is the biological father. The court orders the NCP to reimburse the state for costs related to the genetic testing. This is an appropriate use of the BL debt type in MiCSES.

2.4 Bench Warrant/Court Cost (BW)

The Bench Warrant/Court Cost debt type, coded "BW," is used when the court orders the NCP to pay for costs ordered by the court. The BW debt type may cover costs for hearings and/or bench warrants. The IV-D worker must **not** direct the bench warrant to the participants on the case. Multiple BW accounts payable to different courts or county clerk offices may exist.

The BW debt type is payable to the court or county clerk's office that ordered the bench warrant and is not subject to assignment.

> **Example 5:**
> An NCP does not appear for a show cause hearing. The judge assesses $100 for court costs associated with the failure to appear. A BW debt is created payable to the county clerk's office, because this is a court cost and not a payment for child support. This is an appropriate use of the BW debt type in MiCSES.
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> **Example 6:**
> The court orders the NCP into court on a bench warrant, and the judge orders the NCP to pay support arrears of $100 immediately or go to jail. This is not a bench warrant fee or court cost; rather, it is child support. The IV-D worker applies the payment to any child support debt. It would be inappropriate to use the BW debt type in MiCSES because the payment is for child support.

2.5 Child Care (CC)

The Child Care debt type, coded "CC," is used when the court orders the NCP to pay the CP a separate amount for child care. The IV-D worker must not use the CC debt type when the NCP pays the child care expense directly to the provider.

Note: Child care is considered a standard monthly expense the CP must pay, even if the child does not attend child care. For this reason, the monthly obligation amount is not reduced due to any exercise of parenting time that results in the abatement of support due for the duration of the parenting time.

The CC debt type for a child is assigned to the state when the child receives TANF[4] or foster care assistance and relevance is found for that child on the IV-D case.[5]

Example 7:
An NCP is ordered to pay the CP $160 per month as a separate amount for day care expenses for one child. This is an appropriate use of the CC debt type in MiCSES.

Example 8:
The court orders the NCP to pay a day care facility $160 per month for day care expenses for one child. This is an inappropriate use of the CC debt type in MiCSES, since the payment is not payable to the CP.

Example 9:
An NCP is ordered to pay the CP $200 per month for child care and child support. The IV-D worker must code this amount under one CS obligation. It is inappropriate to use the CC debt type in MiCSES, since the court order does not state the expense as a separate amount.

2.6 Birth Expense – Family (CF)[6]

The Birth Expense – Family debt type, coded "CF," is used when the court orders the NCP to pay the CP for the expenses associated with a mother's pregnancy and the birth of a child, and the amount is calculated using the Birth Expense Obligation Formula.

The IV-D worker must use the CF debt type when the court order requiring the NCP to pay the birth expenses to the CP was originally effective on or after June 9, 2008. The CF debt type must also be used for court orders dated before June 9, 2008 that had the birth expenses recalculated using the Birth Expense Obligation Formula.

Note: Court orders originally effective (this does not include an added or modified obligation on an order) between June 9, 2008 and June 10, 2011 were previously recorded in the Payee Birth Expenses (PC) debt type. As of June 10, 2011, these obligations will be automatically moved from the PC debt type to the CF debt type.[7]

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[4] TANF is Temporary Assistance for Needy Families. It is known as the Family Independence Program (FIP) in Michigan.
[5] Ref: Section 3.03, "Case Updates and Member Demographics," of the *Michigan IV-D Child Support Manual* for further discussion of relevance. Ref: Section 5.15, "Assignment of Support (Certification/Decertification)," and Section 5.85, "Agency Placement – Financial," of the *Michigan IV-D Child Support Manual* for further information regarding the assignment of support.
[6] Ref: Section 4.25, "Birth Expenses," of the *Michigan IV-D Child Support Manual*.
[7] MiCSES will use the date the order originally became effective to determine if the birth expense obligation will be converted.

The CF debt type for a child is payable to the CP and is not subject to assignment.

2.7   Birth Expense – State (CM)

The Birth Expense – State debt type, coded "CM," is used when the court orders the NCP to pay the state for the expenses associated with a mother's pregnancy and the birth of a child, and the amount is calculated using the Birth Expense Obligation Formula.

The IV-D worker must use the CM debt type when the court order requiring the NCP to pay the state an ongoing or lump sum amount for birth expenses was originally effective on or after June 9, 2008. The CM debt type must also be used for court orders dated before June 9, 2008 that had the birth expenses recalculated using the Birth Expense Obligation Formula.

Note: Court orders originally effective (this does not include an added or modified obligation on an order) between June 9, 2008 and June 10, 2011 were previously recorded in the Medical Support – Medicaid (MD) debt type. As of June 10, 2011, these obligations will be automatically moved from the MD debt type to the CM debt type.[8]

The CM debt type is only payable to the state.

2.8   Child Support (CS)

The Child Support debt type, coded "CS," is used when the court orders the NCP to pay a periodic amount to the CP for the general care and support of a child.

The IV-D worker must designate the amounts of other types of support into separate accounts if the court order indicates that other support types need to be treated differently. Examples of these "other support types" are child care, medical support, and education.

When the *Uniform Child Support Order* (FOC10) includes an adjustment to the child support amount due to a difference between the CP's and NCP's apportioned cost of health care (insurance) premiums, the CS debt type will be increased or decreased accordingly. The amount of the health care insurance premium must be recorded and associated in MiCSES with the CS debt type.[9]

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[8] MiCSES will use the date the order originally became effective to determine if the birth expense obligation will be converted.
[9] For information related to entering health care premiums, reference the *MiCSES Quick Reference Guide: OBLG – Modify an Obligation*.

Note: The CS debt type is not used for responding intergovernmental[10] obligations because Michigan does not determine the distribution for intergovernmental collections; rather, Michigan sends all the money collected to the initiating state.[11]

The CS debt type for a child is assigned to the state when the child receives TANF or foster care assistance[12] and relevance is found for that child on the IV-D case.

> **Example 10:**
> An NCP is ordered to pay the CP $300 per month for child support for one child. This is an appropriate use of the CS debt type in MiCSES.

The IV-D worker must only use the CS debt type to pay the CP. Multiple CS debt types cannot exist for the same child on the same case.

> **Example 11:**
> A court order states that support must be paid to both the CP and a bank where a trust account is held. The IV-D worker sets up two IV-D cases: a fictitious child on a IV-D case paying a third-party bank, and a second IV-D case for the child with the NCP paying the CP. The IV-D case with the fictitious child is an inappropriate use of the CS debt type in MiCSES. The IV-D worker must establish an account outside of MiCSES per local office standards for maintaining the trust account.

2.9   Education (ED)

The Education debt type, coded "ED," is used when the court orders the NCP to pay the CP a periodic amount for a child's educational expenses.[13]

The ED debt type is payable to the CP and is not subject to assignment.

> **Example 12:**
> An NCP receives a court order that includes a provision to reimburse the CP for private school costs. The costs include tuition at the Montessori Center of East Lansing. This is an appropriate use of the ED debt type in MiCSES.

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[10] The term "interstate" has been replaced with "intergovernmental," which includes interstate, international and tribal cases.

[11] Ref: Subsection 2.12, "Out-of-State (OS)," in this manual section.

[12] CS was assigned to the county, rather than the state, when the child was receiving foster care assistance and the county was funding the child's placement.

[13] The Office of Child Support (OCS) determined that while the ED debt type is considered support, it will not be included in the list of assignable obligations because the FIP grant covers the basic needs and medical expenses of the family. The ED debt type reflects money due that the FIP benefits do not cover, since it may be a reimbursement for, or payment of, private school costs.

The IV-D worker must not use the ED debt type to pay money directly to an educational facility.

> **Example 13:**
> An NCP receives a court order that includes a provision to pay the Montessori Center of East Lansing directly for private school costs. This is an inappropriate use of the ED debt type in MiCSES.

Furthermore, the IV-D worker must not use the ED debt type when the court combines the educational expense with child support as an undifferentiated amount.

> **Example 14:**
> An NCP receives a court order to pay the CP for the support and education of the child. The court order does not distinguish the educational amount as separate from child support. The IV-D worker will associate this amount with the CS debt type. The IV-D worker must code this amount under one CS obligation. It would be inappropriate to use the ED debt type in MiCSES.

2.10 Medical Reimbursement (MR)

The Medical Reimbursement debt type, coded "MR," is used when enforcing the court order that directed the NCP to reimburse medical expenses incurred by the other parent or custodian on behalf of a child. The IV-D worker must not use the MR debt type to directly pay the medical expenses to a third party, but instead will use it to reimburse a parent or custodian. The State Court Administrative Office (SCAO) refers to this as "extraordinary health care expenses."[14]

The MR debt type must be entered as a fixed obligation to ensure the obligation is not an ongoing periodic charge amount for medical support. An MR obligation entered as a fixed obligation may have a periodic payment amount.[15]

The IV-D worker must **not** use the MR debt type for an ongoing, periodic charge for extraordinary health care expenses. The IV-D worker must code such obligations as MS in MiCSES.[16]

If IV-D workers believe the MR debt type is being used for purposes other than an extraordinary health care expense reimbursement, they may submit a Help Desk ticket to request a query (278441) for their county. The query results will list MR debts without a fixed obligation. If a IV-D worker reviews the query and determines the MR debt type was used inappropriately, the worker must correct the error.

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[14] Ref: SCAO Administrative Memorandum (ADM) 2011-01, *Medical Policy for Friends of the Court*.
[15] Ref: *MiCSES Quick Reference Guides: OBLG – Add a Non-Tiered Obligation* and *OBLG – Modify an Obligation*.
[16] Ref: Subsection 2.11, "Medical Support – Client (MS)," in this manual section.

The MR debt type is payable to the CP and is not subject to assignment.

> **Example 15:**
> A CP's son broke his leg, and the CP paid the entire medical bill. The CP provided the medical bills to the NCP, but he refused to pay his portion, as required in the order. Therefore, the CP provided the medical bills to the Friend of the Court (FOC) office. After reviewing the medical bills, the court orders the NCP to reimburse the CP for his court-ordered percentage of the total medical expenses for his son's accident. This is an appropriate use of the MR debt type in MiCSES.
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> **Example 16:**
> A CP's son has ongoing medical expenses. The NCP is ordered to pay the CP $400 a month for these ongoing medical services. This is an inappropriate use of the MR debt type in MiCSES.

2.11 Medical Support – Client (MS)

The Medical Support – Client debt type, coded "MS," is used when there is an ongoing charge to pay for the medical care of a child. SCAO documentation refers to this as an "ordinary medical expense."[17]

The MS debt type for a child is assigned to the state when the child receives Medicaid benefits and relevance is found for that child on the IV-D case.

> **Example 17:**
> An NCP has been ordered to pay the CP $400 per month for child support. In addition, the court ordered the NCP to pay $300 per month for ongoing medical care for his child. This is an appropriate use of the MS debt type in MiCSES.

The IV-D worker must **not** use the MS debt type to reimburse extraordinary medical expenses already incurred. Instead, the IV-D worker must use the MR debt type for reimbursement of incurred medical debt.[18]

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[17] Multiple SCAO documents, such as ADM 2011-01, refer to medical support as "ordinary medical expenses."
[18] Ref: Subsection 2.10, "Medical Reimbursement (MR)," in this manual section.

> **Example 18:**
> A CP's son broke his leg, and the CP paid the entire medical bill. The CP provided the medical bills to the FOC office because the NCP refused to pay his court-ordered portion (percentage) of the bill. After reviewing the medical bills, the court orders the NCP to reimburse the CP for the court-ordered percentage of the total medical expenses for his son's accident. It is inappropriate to use the MS debt type because the IV-D worker must code such obligations as MR in MiCSES.

2.12 Out-of-State (OS)

The Out-of-State debt type, coded "OS," is used when Michigan is the responding state on an intergovernmental case and it is enforcing a debt on that case. On "responding intergovernmental" cases, Michigan does not determine the distribution, but rather sends all money collected to the initiating state that holds the payee's request for services. The OS debt type represents money that must be sent to the other state for distribution.

OS debts (current support, arrears, etc.) may exist on an in-state case if:

- It is a Michigan order; **and**
- The CP received assistance in another state and there are assigned arrears to the other state; **and**
- The CP moves back to Michigan and either:

  - Receives public assistance; or
  - Completes a *IV-D Child Support Services Application/Referral Form* (DHS-1201) requesting services from Michigan.

In such a case, the OS debt type represents the debt owed to the other state. The CS debt type (or other debt types) represents debts Michigan is responsible for distributing. In addition, multiple OS debts payable to other states' IV-D agencies may exist when arrears are owed to more than one state.

The OS debt type is payable to the initiating state or jurisdiction and is not subject to assignment.

Example 19:
A Michigan IV-D worker responds to an Ohio transmittal and establishes an OS debt type, based on an Ohio order. Michigan enforces the Ohio order, and the Michigan State Disbursement Unit (MiSDU) disburses the money collected to Ohio's State Disbursement Unit (SDU). This is an appropriate use of the OS debt type in MiCSES.

Example 20:
Michigan is the responding state. In CSES there were three OS accounts, including an actively charging account, payable to three different Ohio counties, each with a unique identifier. MiCSES shows only one OS obligation, which does not reflect a current support obligation (a non-charging account) – it is "arrears only." The IV-D worker uses the identifier that belongs to the controlling order (assuming a controlling order determination has been made). MiCSES disburses the money to the Ohio SDU for further distribution. This is an appropriate use of the OS debt type in MiCSES.

Example 21:
There is a Michigan order (CP, NCP, and dependent – all in Michigan). The CP moves to Ohio and requests IV-D services. Because the NCP is still in Michigan, Michigan retains continuing exclusive jurisdiction. However, when the CP requests IV-D services in Ohio, Michigan becomes the responding state. Michigan establishes an OS account and sends money to the Ohio SDU for distribution. (The IV-D worker must end-date the CS charges.)

The CP later moves back to Michigan and, if the CP does not request IV-D services or go on public assistance, Michigan will continue to send money to the Ohio SDU for distribution. However, if the CP does request IV-D services after her return to Michigan, the IV-D worker must end-date the OS debt type and maintains the OS debt type for arrears collection only. The IV-D worker must place current charges on a CS debt type. This is an appropriate use of the OS debt type in MiCSES.

2.13 Payee Bonus (PB)[19]

The Payee Bonus (or chargeable bonus) debt type, coded "PB," is used when the court orders a certain percentage of lump sum payments to be collected or withheld as an additional amount of support. This debt type is used in conjunction with the *Chargeable Bonus* field on the *Support Order Entry* (SORD) screen. The *Chargeable Bonus* field must contain the percentage of the bonus for the employer to withhold, as stated in the order. When the IV-D

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[19] Ref: Section 6.09, "Lump Sum/Bonus," of the *Michigan IV-D Child Support Manual* for additional information on payee bonuses.

worker receives notice of the bonus, (s)he must increase the charge amount on the PB account by the amount of the bonus.[20]

The PB debt type for a child is assigned to the state when the child receives TANF or foster care assistance and relevance is found for that child on the IV-D case.

> **Example 22:**
> The NCP receives a signing bonus as part of the United Auto Workers contract approval process. The original court order states that the NCP must pay 25 percent of any bonuses as child support. (The *Chargeable Bonus* field on the SORD screen will be 25 percent.) The IV-D worker will create a charge in the amount of the bonus percentage due to the CP after the bonus is received. This is an appropriate use of the PB debt type in MiCSES.

2.14 Processing Fees (PF)

As of January 2010, a statutory change replaced the processing fees and service fees with one "statutory fee."[21] However, MiCSES has not combined the PF and Service Fees (SF) debt types and will continue to code the processing fees portion of the statutory fee as a PF debt type. MiCSES assesses the PF debt type to collect $1.50 of the statutory fee ($0.25 disburses to the county, $0.25 to the Attorney General operating fund, and $1 to the State Court Fund).[22]

IV-D workers who manually add PF to new orders must include prorated arrears amounts by whole-month periods to address the months before the next charge date (January/July).[23]

The PF debt type is always payable as noted above and is not subject to assignment.

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[20] For additional information about processing payee bonus notifications from employers, refer to Section 6.03, "Income Withholding," of the *Michigan IV-D Child Support Manual.*

[21] Ref: Michigan Compiled Law (MCL) 600.2538. Ref: Section 5.70, "Fees (SF/PF, OSR and FFEE)," of the *Michigan IV-D Child Support Manual* for more information regarding the statutory fee.

[22] Ref: MCL 600.2538.

[23] Ref: Exhibit 5.10E1 for a list of all debt type and court case type combinations on which the statutory fee is assessed.

> **Example 23:**
> Michigan statute authorizes the semi-annual assessment of a statutory fee on a Michigan child support case. The fee assessment will occur each January and July at a rate of $3.50 per month, with $1.50 of the $3.50 per month assessed in the PF debt type. IV-D workers will manually add initial processing fee amounts of $1.50 per month to the PF debt type. MiCSES will assess ongoing future charges. This is an appropriate use of the PF debt type in MiCSES.

2.15 Recovery – Bank Adjustment Transactions (RB)

The Recovery – Bank Adjustment Transactions debt type, coded "RB," is created when an FOC or MiSDU worker backs out[24] a receipt after funds have disbursed. The back-out of the payment is the result of one of the following:

- Non-sufficient funds (NSF) check;
- Bank adjustment; or
- Stop payment.

The FOC or MiSDU worker uses the RB debt type for passing recovered funds from the obligor to the state or local agency as reimbursement of what it paid out pursuant to the NSF check, bank adjustment, or stop payment.

The RB debt type tracks an unpaid debt under the support order, even though a payment in the amount of the RB debt type was already disbursed to the CP. The RB debt type distributes to the FOC or the state, not to the CP.

The RB debt type is not payable to the CP and is not subject to assignment.

> **Example 24:**
> The NCP makes a $500 payment by personal check. The payment is included in the FOC's total deposit of $98,000 into the state's bank account. The payment disburses to the CP. The FOC receives the NSF notice from the obligor's bank. (The FOC's deposit into the state's bank account doesn't "bounce.") The FOC worker backs out the payment, but the MiSDU has already disbursed the money to the CP. MiCSES uses the RB debt type to obtain reimbursement for the money the obligor owes, payable to the FOC. (Due to the NCP's $500 NSF notice, the FOC only had $97,500 of the $98,000 deposited.) This is an appropriate use of the RB debt type in MiCSES.

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[24] In certain circumstances, FOC staff can back out a receipt; however, this is usually an MiSDU function.

> **Example 25:**
> The NCP makes a $500 payment by check that the MiSDU worker posts to MiCSES. MiCSES distributes and disburses the payment to a recipient. The bank informs the MiSDU that the NCP does not have the funds to cover the check. The MiSDU worker backs out the original receipt on the *Distribution Wizard* (DWIZ) screen, using the reason code *Insufficient Funds* from the *Backout RC* field. MiCSES establishes an RB debt type on the dockets where the original receipt was distributed.

2.16 Recovery – MiSDU Make Whole (RD)

The Recovery – MiSDU Make Whole debt type, coded "RD," is created when an MiSDU worker backs out a disbursed receipt that the MiSDU vendor misapplied and used to fund the make whole. MiCSES uses the RD debt type to disburse the recovered make whole funds to the MiSDU vendor.

The RD debt type tracks an unpaid debt under the support order, even though a payment in the amount of the RD debt type already disbursed to the proper recipient (CP, NCP, agency, another state or entity).

The RD debt type is payable to the MiSDU vendor and is not subject to assignment.

> **Example 26:**
> The MiSDU received $100 from NCP 1. However, an MiSDU worker receipted the payment to NCP 2's case. MiCSES will create an RD debt type on NCP 2's case when the MiSDU worker backs out the receipt using the reason code *MiSDU error* from the *Backout RC* field on the DWIZ screen. This is an appropriate use of the RD debt type in MiCSES.

2.17 Recovery – State Make Whole (RS)

The Recovery – State Make Whole debt type, coded "RS," is created when the MiSDU worker backs out a misapplied receipt that is determined not to be the fault of the MiSDU vendor or county worker. In this instance, state make whole funds are used for the misapplied receipt. The RS debt type is used to disburse the recovered state make whole funds back to the state.

The RS debt type tracks an unpaid debt under the support order, even though a payment in the amount of the RD debt type already disbursed to the CP, NCP, agency, another state or entity.

The RS debt type is always payable to the state.

> **Example 27:**
> The federal tax refund offset (FTRO) collection file was receipted into MiCSES and disbursed. Later, the MiSDU is notified that the FTRO was taken from the wrong taxpayer due to incorrect data in MiCSES. MiCSES will create an RS account when the MiSDU worker backs out the FTRO and refunds it to the taxpayer. This is an appropriate use of the RS debt type in MiCSES.

2.18 Recovery – Internal Revenue Service (IRS) Tax Adjustments (RT)

The Recovery – IRS Tax Adjustments debt type, coded "RT," is created when money obtained through FTRO has been disbursed, but the federal government reclaims all or part of the offset (known as a negative offset). MiCSES creates RT debt types automatically from negative tax refund offset transactions, but they may also be added by Central Operations staff as part of the manual Negative Tax Offset Adjustment Exception process.[25]

The RT debt type tracks an unpaid debt under the support order, even though a payment in the amount of the RT debt type already disbursed to the CP.

The RT debt type is always payable to the state.

> **Example 28:**
> An NCP's federal tax refund is offset for child support arrears. MiCSES holds the tax refund intercept for six months, and then disburses it to the CP. The NCP's current spouse files an injured spouse claim. The NCP's current spouse later receives half of the original tax refund from the IRS. The IRS withholds that same amount from the next tax refund intercept it sends to Michigan. Since the MiSDU already disbursed the original offset to the CP, MiCSES creates an RT debt type to recover the money for the state. The obligor still owes this money. This is an appropriate use of the RT debt type in MiCSES.

2.19 Service Fees (SF)

As of January 2010, a statutory change replaced the processing fees and service fees with one "statutory fee."[26] However, MiCSES has not combined the PF and SF debt types and will continue to code the service fees portion of the statutory fee as an SF debt type. MiCSES assesses the SF debt type to collect $2 of the statutory fee.[27]

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[25] Ref: Section 6.21, "Tax Refund Offset," of the *Michigan IV-D Child Support Manual*.

[26] Ref: MCL 600.2538 and Section 5.70 of the *Michigan IV-D Child Support Manual* for more information regarding the assessment and disbursement of the statutory fee.

[27] Ref: Exhibit 5.10E1 for a list of all debt type and court case type combinations on which service fees are assessed.

IV-D workers who manually add SF to new orders must include prorated arrears amounts by whole-month periods to address the months before the next charge date (January/July).

The SF debt type is always payable as noted above and is not subject to assignment.

> **Example 29:**
> Michigan statute authorizes the semi-annual assessment of a statutory fee on a Michigan child support case. The fee assessment will occur each January and July at a rate of $3.50 per month, with $2 of the $3.50 per month assessed in the SF debt type. IV-D workers will manually add initial service fee amounts of $2 per month to the SF debt type. MiCSES will assess ongoing future charges. This is an appropriate use of the SF debt type in MiCSES.

2.20 Spousal Support (SS)

The Spousal Support debt type, coded "SS," is used when the court orders support for the ongoing care and maintenance of a spouse.

Spousal support is a legally enforceable obligation assessed against an individual for the support of a spouse or former spouse who is living with a child or children for whom the individual also owes support.[28]

SS is considered IV-D debt if:

- It meets the definition as stated above; and
- The case is coded as IV-D because of current or previous public assistance, or because of a signed application for IV-D services.

Conversely, SS is not considered IV-D debt if it is on a:

- Non-IV-D case (never received public assistance or there is no signed application for IV-D services);
- Case in which there has never been any children; or
- Case no longer considered IV-D because there are no longer any IV-D debts associated with the case (child support, child care, medical support, etc.).

For **existing** cases with only statutory and SS obligations remaining, IV-D workers must ensure the case is no longer a IV-D case.[29]

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[28] 45 Code of Federal Regulations (CFR) 301.1
[29] Ref: *MiCSES Customer Information Guide: Alimony & Spousal Support Obligation Cleanup*.

The SS debt type is assignable when relevance is found for a member receiving FIP on the IV-D case.

> **Example 30:**
> The court orders an NCP to pay $400 per month in spousal support (coded "SS") in addition to $160 per month for child support (coded "CS"). This is an appropriate use of the SS debt type in MiCSES.
>
> **Example 31:**
> A married couple files for divorce. The court orders the NCP to pay the CP spousal support and child support. After a few years, their children reach the age of 18 and the child support debt is satisfied, but the SS debt remains. The IV-D worker will manually change the IV-D case type to non-IV-D, since child support is no longer a part of the case. It is appropriate to continue to use the SS debt type in MiCSES on this case. However, MiCSES will reflect the case type as non-IV-D.

2.21 County-Funded Placement or Provider Placement (WF)[30]

2.21.1 County-Funded Placement

Before October 1, 2019, the County-Funded Placement debt type was used when a child was in the care and custody of the Michigan Department of Health and Human Services (MDHHS) and current child support collections were payable to the county that was funding services to the family.[31]

IV-D staff must not use the County-Funded Placement WF debt type to create new obligations.[32] However, child support arrears may still exist on IV-D agency placement cases with a WF debt type prior to October 1, 2019. Child support collections will distribute to the arrears and disburse to the county accordingly.

Note: A court may create a reimbursement order to collect payment from a parent for court expenses (such as board and care, attorney fees, etc.).[33] This reimbursement is applied to the county's Child

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[30] All assignable debt types (CC, CS and PB) were combined into the WF debt type for county-funded placements before October 1, 2019. These debt types are still combined into the WF debt type for unlicensed provider placements. Medical Support (MS) is also assignable but is not combined into the WF debt type for county-funded and unlicensed provider placements.

[31] Ref: Section 5.85 of the *Michigan IV-D Child Support Manual* for further information regarding assignment of support for county-funded placements prior to October 1, 2019.

[32] IV-D staff can use the County-Funded Placement WF debt type as needed to correct case conditions prior to October 1, 2019.

[33] Ref: Section 4.85, "Agency Placement – Establishment," of the *Michigan IV-D Child Support Manual* and SCAO ADM 2008-01, *Ordering Child Support in Child Protective Proceedings*, for more information regarding reimbursement orders.

Care Fund (CCF).[34] However, collection and enforcement of such a debt is not a IV-D-approved activity. The IV-D worker must not open a IV-D case for reimbursement orders in MiCSES.[35]

2.21.2 Provider Placement[36]

A provider placement is a type of agency placement where MDHHS places the child with an unlicensed provider, and MDHHS does not issue foster care maintenance payments to the provider.

In this circumstance, IV-D workers must redirect support[37] to the provider by entering the monthly support obligation on the agency placement IV-D case, using the WF debt type. After MiCSES distributes a payment to a provider, the MiSDU will disburse the payment to the address on the provider's OTHP record.[38] MiCSES creates the provider's OTHP record when the referral is sent from MiSACWIS to MiCSES.

Example 32:

A court removes a child from his mother and places the child in the care and custody of MDHHS. MDHHS places the child with an unlicensed provider. Prior to the child being removed from his mother's home, the court ordered the father to pay child support to the mother.

MiSACWIS sends a referral to MiCSES, and MiCSES automatically creates a IV-D case with a CP named AGENCY PLACED FOSTER CARE. Also, when the referral is received, MiCSES creates an OTHP ID for the provider. FOC staff take the appropriate actions to redirect support to the provider by creating a WF debt type in MiCSES and selecting the provider's OTHP ID as the check recipient.

The father and/or the father's source of income continues to send child support to the MiSDU, and the MiSDU disburses the money to the provider. This is an appropriate use of the WF debt type in MiCSES.

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[34] Ref: MCL 712A.18(2).

[35] Reimbursement orders are not IV-D child support orders. For more information, reference Sections 4.85 and 5.85 in the *Michigan IV-D Child Support Manual*.

[36] When using this debt type, the term "unlicensed provider" refers to an unlicensed caregiver who is not a licensed foster parent and does not receive foster care maintenance payments from MDHHS. Ref: Section 5.85 in the *Michigan IV-D Child Support Manual* for more information regarding provider placements.

[37] Redirection must occur only administratively or judicially. Ref: SCAO ADM 2017-02, *Administrative Abatement or Redirection of Child Support*.

[38] "OTHP" stands for "other party." For information on OTHP records, reference Section 5.85 and Section 3.16, "Other Parties," in the *Michigan IV-D Child Support Manual*.

For provider placements, the WF debt type is assigned only when an unlicensed provider receives FIP payments on behalf of a child, and support has been administratively or judicially redirected to the unlicensed provider.[39]

3. MiCSES Debt Types No Longer Created

MiCSES debt types identified in this subsection are obsolete and cannot be created in MiCSES. However, arrearages may still exist in these debt types, and support collections will distribute to the arrears and disburse to the appropriate recipient.

3.1 Alimony (AL)

The Alimony debt type, coded "AL," is now obsolete, and cannot be used to create new obligations. Existing AL obligations are not eligible for enforcement activities.

Alimony is not child support, spousal support, or maintenance. As originally designed in MiCSES, the AL debt type functions the same as the AP debt type in CSES. The AP debt type was a **property settlement** only.[40]

MCL 552.13: Alimony; costs; termination. Sec. 13. (1) treats alimony as follows:

> In every action brought, either for a divorce or for a separation, the court may require either party… to pay such sums as shall be deemed proper and necessary to conserve any real or personal property owned by the parties or either of them, and to pay any sums necessary to enable the adverse party to carry on or defend the action, during its pendency. It may award costs against either party and award execution for the same, or it may direct such costs to be paid out of any property sequestered, or in the power of the court, or in the hands of a receiver.

This debt is considered a non-IV-D debt; a case with only AL debt, like all cases with only non-IV-D debt, must be tracked outside of MiCSES per local office standards.

The AL debt type is always payable to the CP and is not subject to assignment.

3.2 Medical Support – Medicaid (MD)

The Medical Support – Medicaid debt type, coded "MD," is now obsolete, and cannot be used to create new obligations.

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[39] Ref: Section 5.85 in the *Michigan IV-D Child Support Manual* for more information regarding assignment of support when an unlicensed provider receives FIP.

[40] In the past, OCS provided a Microsoft Excel spreadsheet of cases having an AL obligation potentially needing to be converted to an SS obligation. Continued clean-up may be appropriate.

The MD debt type will continue to be used for court orders requiring the NCP to pay the state an ongoing or lump sum amount for birth expenses originally effective before June 9, 2008. If the birth expense obligation is recalculated using the Birth Expense Obligation Formula, the IV-D worker must manually move the obligation from the MD to the CM debt type.

Note: Birth expense obligations on a court order originally effective before June 9, 2008 and recalculated using the Birth Expense Obligation Formula will not be automatically converted to the CM debt type.

The MD debt type was never intended to be used to pay medical expenses directly to a third party (such as a hospital) or the CP on the case.

The MD debt type is always payable to the state.

3.3   Payee Birth Expenses (PC)

The Payee Birth Expenses debt type, coded "PC," is now obsolete, and cannot be used to create new obligations.

The PC debt type will continue to be used for court orders requiring the NCP to pay the CP for birth expenses originally effective before June 9, 2008. If the birth expense obligation is recalculated using the Birth Expense Obligation Formula, the IV-D worker must manually move the obligation from the PC to the CF debt type.[41]

Note: Birth expense obligations on a court order originally effective before June 9, 2008 and recalculated using the Birth Expense Obligation Formula will not be automatically converted to the CF debt type.

The PC debt type is always payable to the CP and is not subject to assignment.

3.4   Recovery – Misapplied Payments (RM)

The Recovery – Misapplied Payments debt type, coded "RM," is now obsolete, and cannot be used to create new obligations. This debt type was used by Wayne County prior to MiCSES version 2.3, before MiCSES was implemented statewide. MiCSES created RM debt types when a Wayne County worker backed out a receipt that the worker had incorrectly applied and disbursed. The RM obligation was used for passing repayment to Wayne County as a reimbursement of what it paid out.

The RM debt type is payable to Wayne County and is not subject to assignment.

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[41] Ref: Subsection 2.6, "Birth Expense – Family (CF)," in this manual section for discussion of the CF debt type.

3.5   Genetic Test Individual (BI)

The Genetic Test Individual debt type, coded "BI," is now obsolete, and cannot be used to create new obligations. This debt type was used by Wayne County prior to MiCSES version 2.3, before MiCSES was implemented statewide. MiCSES created BI debt types when an NCP was ordered to pay an agency directly for genetic testing.

The BI debt type is payable to Wayne County and is not subject to assignment.

3.6   Miscellaneous (MI)

The Miscellaneous debt type, coded "MI," is now obsolete. This debt type cannot be used to create new obligations, and MiCSES will not apply any collection toward this debt type. This debt type was converted from CSES and used by IV-D workers to record court fees or other debts not established as an obligation in the support order.

The MI debt type is payable to the county and is not subject to assignment.

3.7   Recovery – County Make Whole (RC)

The Recovery – County Make Whole debt type, coded "RC," is currently not functioning, has no balances associated with it, and cannot be used to create new obligations. This debt type was intended to allow counties to recover overpayments to IV-D cases that were due to local worker errors. MiCSES functionality may be developed to support this debt type in the future.

3.8   Transfer Fee (TF)

The Transfer Fee debt type, coded "TF," is now obsolete, and cannot be used to create new obligations. This debt type was converted from CSES. IV-D workers recorded the fee for transporting an NCP back to a county on an outstanding bench warrant. No balances are associated with this debt type, and MiCSES will not apply any collection toward this debt type.

SUPPORTING REFERENCES: Federal
                                    45 CFR 301.1

                                    State
                                    MCL 552.13(1)
                                    MCL 600.2538
                                    MCL 712A.18(2)

                                    SCAO ADM 2017-02
                                    SCAO ADM 2011-01

SCAO ADM 2008-01

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