

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

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1. Overview

The IV-D program collects fees for providing IV-D services. These fees are regulated by both federal and state laws.

Not all fees assessed on a IV-D case are reportable under the IV-D program. Such fees fall outside of the IV-D standard distribution rules. This means support collections paid to the state disbursement unit will be applied to these fees only after all child support obligations have been paid.¹

IV-D staff are responsible for properly documenting all fee collections as required by federal and state IV-D regulations. If fees are not properly collected or identified, they may be considered program income. Failing to report fee collections accurately could result in audit findings and corrective actions.²

Not every IV-D case is eligible for the assessment of fees. This manual section will discuss in detail which IV-D cases are eligible for the assessment of fees.

2. Statutory Fee

Every person required to pay support or maintenance to the Friend of Court (FOC) or the Michigan State Disbursement Unit (MiSDU) must pay a fee of \$3.50 per month for every month or portion of a month (s)he is required to pay support. This statutory fee is for services that are not reimbursable under federal IV-D law.³

2.1 Assessment of the Statutory Fee

The statutory fee must be assessed on:

- Both IV-D and non-IV-D cases;
- Only open dockets; and
- Cases with an eligible court case/debt type combination.⁴

¹ Ref: [Section 5.35, "Allocation/Distribution," of the Michigan IV-D Child Support Manual.](#)

² For additional information on fees and program income, reference [IV-D Memorandum 2010-002, REVISED: Final Judgment or Order Fees As Program Income on Cooperative Reimbursement Program \(CRP\) Billing Statements.](#)

³ Ref: Michigan Compiled Law (MCL) 600.2538.

⁴ Ref: [Exhibit 5.10E1, Court Case Types: Service Fees \(SF\) and Processing Fees \(PF\)](#), for a list of all debt type and court case type combinations on which the statutory fee is assessed.

Each year at the beginning of January and July, the statutory fee is assessed for obligations for the following six months to the appropriate non-custodial parent (NCP)/docket combinations.⁵

2.2 Tracking the Statutory Fee in the Michigan Child Support Enforcement System (MiCSES)

Although there is just one statutory fee identified in statute, MiCSES tracks assessment of the statutory fee as **two** debt types: Processing Fees (PF) and Service Fees (SF).⁶

2.2.1 Processing Fees (PF) Portion of the Statutory Fee

MiCSES assesses the PF debt type to collect \$1.50 of the monthly statutory fee (\$0.25 disburses to the county general fund, \$0.25 to the Attorney General's operations fund, and \$1 to the State Court Fund).

2.2.2 Service Fees (SF) Portion of the Statutory Fee

The current rate for the SF portion of the statutory fee is set at \$2 per month to the county general fund. This fee, which is sent to the county treasurer and credited to the county's general fund, reimburses county expenses that are not reimbursable under Title IV-D of the Social Security Act.

2.2.3 Summary of Statutory Fee Disbursements

MiCSES disburses portions of the statutory fee as follows:

A. County Fee

MiCSES must disburse \$2.25 of the \$3.50 statutory fee to the county treasurer for the county general fund.⁷

B. Attorney General Fee

MiCSES must disburse \$.25 of the \$3.50 statutory fee to the state treasurer for deposit into the Attorney General's operations fund.⁸

⁵ Ref: [MiCSES Customer Information Guide – Service Fees / Processing Fees](#) for detailed information regarding the statutory fee assessment process in MiCSES.

⁶ For a complete discussion of the PF and SF debt types, reference [Section 5.10, "Debt Types," of the Michigan IV-D Child Support Manual](#).

⁷ Ref: MCL 600.2538.

⁸ The Department of the Attorney General (AG) provides IV-D services under Part D of Title IV of the Social Security Act, 42 United States Code (USC) 651 to 669b. The AG portion of the statutory fee is reported as IV-D program income regardless of how the AG uses the funds. "Program income" is used to

C. State Court Fund Fee

MiCSES must disburse \$1 of the \$3.50 statutory fee to the state treasurer for deposit in the State Court Fund.

3. Out-of-State Recovery (OSR) Fees

Federal regulations allow both sending (initiating) and receiving (responding) states to apply cost recovery fees to intergovernmental cases if it is written into the states' plans, since both states incur expenses in the handling of intergovernmental cases.⁹

All states must account for OSR fees. Therefore, although Michigan does not assess cost recovery fees, Michigan must account for the recovery fees collected and retained by other states when those states tell Michigan the amount of the fee.

States that send support payments to Michigan will retain OSR fees **before** sending the collection to Michigan. If the inbound intergovernmental payment includes a recovery fee, the NCP is entitled to credit against his/her obligation for the full amount of the collection, including costs withheld by the responding state. The custodial party (CP) will receive the paid amount, less the amount retained by the other state.¹⁰

Using a case from Kansas as an example, assume Kansas applies a cost recovery fee to collections made on intergovernmental non-public-assistance child support cases. In the payment file, Kansas will tell Michigan the amount of the retained recovery fee and the amount of the collection sent to Michigan. MiCSES will distribute the full amount of support received and will credit the NCP for the **full** amount of the payment, including the fee retained by Kansas. However, MiCSES will only disburse to the family the amount transmitted to the MISDU.

4. Federal Annual Fee (FED Fee)

Federal regulations¹¹ require state IV-D programs to assess a federal annual fee (FED fee) in every fiscal year for **each** IV-D case¹² that meets the assessment criteria.¹³ State child support programs must then report the fee assessment as program income to the federal government; states must also apply fee proceeds to IV-D program expenses. Through this reporting activity, states share the fee proceeds with the federal government.

offset the costs of Michigan's IV-D program, and as a result, "program income" is shared with the federal government.

⁹ 45 Code of Federal Regulations (CFR) 302.33(d)

¹⁰ Ref: Section 5.35 in the *Michigan IV-D Child Support Manual*.

¹¹ 45 CFR 302.33(e)

¹² Non-IV-D cases are not eligible for FED fee assessment.

¹³ Ref: Subsection 4.1, "FED Fee Assessment and Disbursement," of this manual section for specific assessment criteria.

On April 30, 2008, MiCSES began assessing the FED fee on IV-D cases based on disbursements dating from April 1, 2008 (the FED fee effective date). The Bipartisan Budget Act of 2018¹⁴ amended Title IV-D of the Social Security Act, Section 454(6)(B)(ii), to increase the \$25 FED fee to \$35 and increase the disbursement threshold from \$500 to \$550 effective October 1, 2018.

Although federal regulations require states to assess the FED fee, they give states the authority to determine how to pay the fee.¹⁵ Shortly after the Michigan IV-D program began assessing the FED fee in 2008, it began *collecting* the fee from the CP.¹⁶ As of October 1, 2010, Michigan has not had the authority to retain the FED fee from the CP; therefore, effective fiscal year 2011, the Michigan IV-D program continues to assess the FED fee on all eligible IV-D cases but pays the fee out of Michigan Department of Health and Human Services (MDHHS) funds.

4.1 FED Fee Assessment and Disbursement

4.1.1 Assessment Criteria

Federal law requires the Michigan child support program to assess the FED fee in every fiscal year for **each** IV-D case¹⁷ in which:

- The CP and his/her dependents have **never** received TANF¹⁸ or foster care assistance¹⁹ on the IV-D case; **and**
- The CP has received at least \$550 of support during the fiscal year.

The IV-D program assesses the fee on all IV-D cases where both the CP and dependents have **never** received TANF.²⁰ However, because the sharing of automated assistance information has not always included CDC assistance information, MiCSES may have assessed the FED fee inappropriately.

On November 11, 2010, MiCSES began to automatically receive all TANF cases and appropriately exempt them from the assessment of the FED fee.

¹⁴ Ref: [Bipartisan Budget Act of 2018, Sec. 53117, "Modernizing Child Support Enforcement Fees."](#)

¹⁵ 45 CFR 302.33(e)(3)

¹⁶ Ref: Subsection 4.6, "Previous FED Fee Retention From the CP," in this manual section.

¹⁷ The FED fee is a case-based fee.

¹⁸ TANF is Temporary Assistance for Needy Families. Ref: [Section 5.15, "Assignment of Support \(Certification/Decertification\)," of the Michigan IV-D Child Support Manual](#) for information on MDHHS public assistance referrals and the assignment of child support.

¹⁹ For purposes related to the assessment of the FED fee, foster care includes federal IV-E-funded placements and state- or county-funded placements.

²⁰ Federal regulations state that recipients of certain TANF block grants are to be treated differently when applying fees to the IV-D case. In Michigan, the generic use of TANF includes both Family Independence Program (FIP) and Child Development and Care (CDC).

Federal regulations require assessment of the FED fee on IV-D cases receiving Food Assistance Program (FAP)²¹ only but do not permit the IV-D program to collect the fee from the CP on these cases.²² For FAP-only IV-D cases, federal law allows collection of the FED fee from the NCP, or the fee may be paid by the state out of state funds. Currently, the Michigan IV-D program assesses the FED fee on FAP-only IV-D cases and pays the fee out of state funds.²³

Note: For intergovernmental IV-D cases, in addition to the above criteria, Michigan's IV-D program will assess the FED fee **only** when Michigan is the initiating state.²⁴

Example 1:

The CP has two IV-D cases; both have a different NCP **and** different dependents.

IV-D case 1: The CP and dependents have never received assistance and therefore **do not** have a MiCSES record of TANF.

IV-D case 2: The CP has a MiCSES record of TANF.

Both IV-D cases had at least \$550 disbursed to the CP in the fiscal year and are **not** intergovernmental responding cases.

MiCSES **will** assess the FED fee on **IV-D case 1** and **will not** assess the FED fee on **IV-D case 2**. Even though the CP as an individual has a history of TANF (seen on IV-D case 2), since the CP and dependents in IV-D Case 1 have no history of TANF, MiCSES will assess the FED fee on IV-D case 1. MiCSES will not assess the FED fee on IV-D case 2 because the member has a history of assistance for this specific IV-D case combination.

²¹ FAP benefits are also known as food stamps.

²² Ref: 45 CFR 302.33(e)(3)(i)(B) and 45 CFR 302.51(a)(5)(i).

²³ Ref: Subsection 4.5, "FED Fee Assessment Without Retention," in this manual section for more information on FAP-only IV-D cases.

²⁴ MiCSES assesses the fee on intergovernmental cases based on the intergovernmental indicator of "Initiating" found on the *Case Member Details* (CASE) screen.

Example 2:

There are two IV-D cases; each case has a different CP, but both IV-D cases have the same dependents.

IV-D case 1: The grandmother (as the CP) and the dependents have never received assistance. Therefore, no MiCSES record exists for TANF.

IV-D case 2: The mother (as the CP) and the dependents have a MiCSES record of TANF.

Both IV-D cases had at least \$550 disbursed to the CP in the fiscal year and are **not** intergovernmental responding cases.

Even though the dependents have a history of TANF on their mother's IV-D case (IV-D case 2), MiCSES **will** assess the FED fee on **IV-D case 1**, since there is no TANF relevance²⁵ on IV-D case 1 – the dependents **do not** have a TANF history for that specific IV-D case. MiCSES **will not** assess the FED fee on **IV-D case 2** because of the TANF relevance history.

4.1.2 Assessment Disbursement Criteria

The FED fee assessment calculation for a fiscal year²⁶ *excludes* a disbursement from the calculation when the disbursement date is **before** the most recent of any of the following dates:

- A. FED fee effective date (April 1, 2008);²⁷
- B. The begin date of the fiscal year (i.e., Oct. 1) in which the fee is being assessed;
- C. The date the IV-D case *Type Update Date* on the CASE screen changed from “non-IV-D” to “IV-D”; or
- D. The date the *Interstate Update Date* on the CASE screen changed from “Responding” to either “Initiating” or blank.

4.1.3 Multiple Changes in the IV-D Case Status or Intergovernmental Status

When there are multiple changes in the IV-D case status or the intergovernmental status, MiCSES will only count disbursements toward the \$550 threshold from the last status change that meets the assessment criteria (Ref: Example 3).

²⁵ Relevance is a term that indicates members on a IV-A case have an association with members on a IV-D case. For more information on relevance, reference [Section 3.03, “Case Updates and Member Demographics,” of the Michigan IV-D Child Support Manual.](#)

²⁶ The federal fiscal year is October 1 through September 30.

²⁷ The Michigan IV-D program began assessing the FED fee on April 1, 2008.

Example 3:

IV-D Case Status	Disbursement Month and Amount	Assessment Status
IV-D	Oct. \$200	Not Assessed
IV-D	Nov. \$100	Not Assessed
Non-IV-D	Dec. \$300	Not Assessed
IV-D	Jan. \$400	Not Assessed
IV-D	Feb. \$200	Assessed

MiCSES will only total the disbursement amounts toward the \$550 threshold from the **last** status change. Therefore, even though \$550 was disbursed prior to February, MiCSES will not assess the FED fee until \$550 has been disbursed from the last status change. This occurs in February because January’s disbursement (\$400) added to February’s disbursement (\$200) during a period of uninterrupted IV-D case status exceeds the minimum disbursement amount needed to perform the assessment (\$550).

4.2 Automatic Removal of FED Fee Assessment

FED fees assessed on IV-D cases must be removed when a retroactive TANF status occurs. MiCSES will automatically remove the FED fee assessment for the following conditions when they occur within the current fiscal year:²⁸

- A retroactive change of TANF (retroactive certification)²⁹ that is effective on or prior to the assessment date for either the CP or the dependents on the IV-D case; or
- The disbursement total on the IV-D case goes below the \$550 threshold (e.g., a disbursement is voided on the IV-D case).

Note: Manual assessments³⁰ of the FED fee on a IV-D case will not be automatically removed when the above-listed changes occur. The

²⁸ MiCSES will not automatically remove a FED fee assessment that occurred in a prior fiscal year.

²⁹ Ref: Section 5.15 in the *Michigan IV-D Child Support Manual* for information regarding retroactive certification.

³⁰ A Financial Supervisor may place manual assessments on a IV-D case. Ref: Subsection 4.3, “Manual Adjustments to the FED Fee Assessment,” in this manual section for information on the Financial Supervisor role in MiCSES.

Financial Supervisor must manually remove assessments that were manually placed on a IV-D case.³¹

Note: Retroactive foster care assignment currently requires manual intervention to ensure the financial accounts are accurate.

4.3 Manual Adjustments to the FED Fee Assessment

MiCSES allows IV-D staff with the role of Financial Supervisor, as recorded on the *Resource Master* (RESM) screen, to make manual adjustments (assessments, removals or exemptions) to the FED fee on IV-D cases.³² Manual adjustments will only be necessary under rare circumstances and only after careful research and consideration of all FED fee assessment policies. Once the Financial Supervisor determines that the IV-D case needs an adjustment to its assessment status, (s)he must change the FED fee assessment on the *Federal IV-D Fee* (FFEE) screen. The Financial Supervisor is required to enter a system note that explains why the action was taken.

The Financial Supervisor will have the ability to manually assess, remove or exempt the FED fee under the following conditions:

4.3.1 Manual Assessment

If the case was not assessed, or the assessment was removed in error but should have remained, the Financial Supervisor will be able to manually assess the fee.

Example 4:

IV-D case 1 has no record of TANF in MiCSES, and the fee is assessed after the case meets all the assessment criteria. Later, IV-D staff remove the assessment in error. The Financial Supervisor will be able to manually reassess the FED fee on the IV-D case.

4.3.2 Manual Removal of Assessment Within the Current Fiscal Year

In rare circumstances, MiCSES will not automatically remove the FED fee assessment. The Financial Supervisor will use the FFEE screen to manually remove the assessment of the FED fee when (s)he becomes aware of the following circumstances:

- An incorrect IV-D case status prior to the assessment (Ref: Example 5);

³¹ Ref: Subsection 4.3 in this manual section.

³² Ref: [MiCSES Quick Reference Guide: FFEE – Manual Assessment or Removal of Assessments for the Annual Federal Fee \(FED Fee\)](#) for more information.

- TANF or foster care assistance status found in another state (Ref: Example 6);³³ or
- A change in the intergovernmental case status from “initiating” to “responding” with an effective date prior to the assessment.

Example 5:

MiCSES assesses the FED fee on IV-D case 1 based on established assessment criteria. After the case is assessed, IV-D staff become aware that the IV-D case status was incorrect at the time of assessment (the case should have been non-IV-D at the time of assessment). The Financial Supervisor will be able to remove the assessment for the now non-IV-D case on the FFEE screen.

Example 6:

IV-D case 1 has no MiCSES record of TANF, and the fee is assessed after the case meets all the assessment criteria. Later, IV-D staff learn the CP received TANF in another state. In addition to selecting the select the appropriate *Modify Fee Assessment* radio button on the FFEE screen to prevent future assessments, the Financial Supervisor must also manually remove the assessment on the IV-D case.

4.3.3 Manual Removal of Assessment in a Prior Fiscal Year

If a IV-D case was assessed the FED fee in a previous year in error, the assessment must be removed. The Financial Supervisor must manually remove the assessment of the FED fee when the following changes occur to a IV-D case in a prior fiscal year:

- The disbursement totals for the IV-D case change; or
- There is a retroactive change in the TANF, or foster care assistance (Ref: Example 7).

³³ IV-D staff must determine if the CP received TANF for a dependent on that IV-D case, or if the dependent was placed in foster care in another state. Ref: Subsection 4.9.3, “A Claim of Past Intergovernmental TANF,” in this manual section for the process of verifying the CP received TANF from another state.

Example 7:

IV-D case 1 meets all assessment criteria.

Fiscal year 2017: FED fee assessed on IV-D case 1 in May, no retention.

Fiscal year 2018: FED fee assessed on IV-D case 1 in October.

In fiscal year 2018, IV-D staff learned the CP received TANF in Michigan. The assistance dates are retroactive to April 2017. IV-D staff will update MiCSES to reflect the correct TANF dates. Once IV-D staff update MiCSES with the TANF information, MiCSES will automatically remove the assessment for the current fiscal year (fiscal year 2018). However, the Financial Supervisor must manually remove the assessment from the prior fiscal year (fiscal year 2017) on the FFEE screen.

4.3.4 Manual Exemption From Assessment

When the CP provides written proof of TANF in Michigan³⁴ or another state for a member on his/her existing Michigan IV-D case, the Financial Supervisor will manually exempt the case from the FED fee assessment.³⁵ Manual exemption on the FFEE screen for TANF in Michigan is only necessary when IV-D staff are unable to reproduce the assistance date on the *Member Assistance History (MAHI)* screen. For example, the CP has presented written proof from a IV-A worker in Michigan or another state that (s)he received TANF, but IV-D staff are unable to re-create a proper TANF record in MiCSES due to a lack of information.

4.4 FED Fee Assessment Reports

IV-D staff may generate the following FED fee reports from the *Functional Prototype Queries (FPRO)* screen:

4.4.1 FED Fee User Activity Report

IV-D staff can generate this report for a specific date range, based on county code (or statewide for central users). It will list IV-D cases for which IV-D staff have manually:

- Assessed the FED fee;
- Removed an assessment;
- Exempted from the FED fee; or

³⁴ The CP is required to provide written proof of TANF in Michigan if IV-D staff are unable to confirm a history of past assistance.

³⁵ IV-D staff must remove any existing assessments, because marking the case exempt on the FFEE screen will only remove it from future assessments.

- Removed the exemption status.

4.4.2 *Currently Exempt Cases Report*

IV-D staff can generate this report based on county code (or statewide for central users). It will list IV-D cases that have a current exempt status as of the date of the report.

4.4.3 *Federal Report*

IV-D staff can generate this report for a specific date range, based on county code (or statewide for central users). It will list all IV-D cases with fee activity. OCS staff will use this report to complete the *Child Support Enforcement Program Financial Report* (OCSE-396A).

4.5 FED Fee Assessment Without Retention

4.5.1 Current Policy

The Michigan IV-D program currently does not retain the FED fee from a CP's child support collection. Michigan assesses the FED fee against IV-D cases, but it pays the fee out of state funds. Beginning with fiscal year 2011 on October 1, 2010, the budget for MDHHS includes money for the state to pay the assessed FED fees. Effective October 1, 2018, the FED fee increased from \$25 to \$35.

4.5.2 Case Conditions That Previously Resulted in Assessment Without Retention

From September 2008 to October 1, 2010, the IV-D program retained the FED fee from the CP.³⁶ During this time, for certain case conditions, the FED fee assessment on the IV-D case was correct, but the retention of the FED fee was not allowed. The following summarizes these case conditions.

MiCSES restricted the retention of the FED fee for:

- A. Reissued checks or reissued electronic funds transfers;
- B. Cases that became non-IV-D after the assessment date;
- C. IV-D cases that became TANF after the assessment date;
- D. IV-D cases that became "responding"³⁷ intergovernmental after the assessment date; and

³⁶ Ref: Subsection 4.6, "Previous FED Fee Retention From the CP," in this manual section.

³⁷ "Responding" is based on the interstate indicator found on the CASE screen.

- E. Cases that were active FAP at the time of assessment or that became active FAP after assessment but before the fee was fully retained.

Michigan requires current FAP recipients to cooperate with obtaining an order for child support as part of the family's eligibility for FAP.³⁸ However, federal regulations prohibit the payment of any fees or other costs for services if a family is required to cooperate with the IV-D program to receive FAP.³⁹

Therefore, between September 2008 to October 1, 2010, the IV-D program continued to assess the FED fee on IV-D cases that currently received FAP but did not retain the FED fee from the CP.⁴⁰ Once the family became a former FAP recipient, the IV-D program retained the FED fee.⁴¹

Example 8:

The CP had two IV-D cases.

IV-D case 1: The CP and dependent 1's case met all established assessment criteria. This IV-D case was an arrears-only case. The family received FAP for a period of time last year but was no longer an active FAP family. Dependent 1 was no longer a minor.

IV-D case 2: The CP and dependent 2's case met all established assessment criteria. This IV-D case had a current support order for the minor child, and the family was currently receiving FAP.

MiCSES retained the FED fee for the CP on IV-D case 1 because previous FAP history did not prevent retention of the FED fee when the family was not currently receiving FAP. MiCSES did not retain the FED fee on IV-D case 2 because the family was currently receiving FAP.

4.6 Previous FED Fee Retention From the CP

From September 2008 to October 1, 2010,⁴² when Michigan's IV-D program assessed the FED fee on qualifying IV-D cases, Michigan had the authority to

³⁸ Ref: Administrative Rule 400.3010.

³⁹ 45 CFR 302.51(a)(5)(i)

⁴⁰ Current food assistance in another state may not have excluded the IV-D case from retention of the FED fee.

⁴¹ A former FAP recipient is not receiving FAP for the present month, but has received FAP in a prior month.

⁴² Michigan did not begin retaining the fee from the CP until September 2008; however, the Michigan IV-D program retained fees for all of fiscal year 2008 (October 1, 2007 to September 30, 2008) as well as fiscal years 2009 and 2010.

retain the fee from support collected that would have been sent to the CP.⁴³ During this time, the fee amount was \$25 and the disbursement threshold was \$500; examples in this subsection reflect these amounts.

Note: Until November 11, 2010, MiCSES may have inappropriately assessed and retained the FED fee on IV-D cases receiving CDC because MiCSES did not receive information regarding the CDC program status. However, after November 11, 2010, MiCSES no longer assesses or retains the FED fee on any case with a history or a current status of TANF.

MiCSES retained the FED fee from one or several payments. Until the full \$25 FED fee was retained for a given fiscal year, MiCSES retained the least of:

- The disbursement amount;
- The remaining FED fee balance for the fiscal year; or
- The disbursement amount exceeding the FED fee threshold.

Note: If the CP was receiving FAP benefits for a dependent on the IV-D case, MiCSES assessed the FED fee, but did not retain the FED fee from any CP disbursement.⁴⁴

When applicable, MiCSES assessed and retained the FED fee from IV-D cases simultaneously once the case met the assessment criteria. For example, if the first collection amount was \$515, MiCSES sent \$500 to the CP while retaining \$15 from the collection for the FED fee. The remaining \$10 due for the FED fee was retained from the next payment or payments, depending on the amount of the next payment(s). In rare situations, the retention process created disbursements of less than a dollar.

⁴³ This authority was provided under Public Act 113 of 2008, Section 461.

⁴⁴ Ref: Subsection 4.5.2, "Case Conditions That Previously Resulted in Assessment Without Retention," in this manual section.

Example 9:

The CP had one IV-D case.

IV-D case 1: The CP and dependents had never received TANF and therefore **did not** have a MiCSES record of TANF, **and** the CP had received \$500 within the fiscal year. The case was assessed the FED fee.

The next collection distributed on IV-D case 1 was for \$25.32. Through the retention process (before October 1, 2010), Michigan retained the first \$25, and left the CP a disbursement of \$0.32. The \$0.32 did **not** go on SDOL (Less Than a Dollar) hold; regardless of whether or not the disbursement method was electronic funds transfer or check, the disbursement was completed.

Example 10:

The CP had one IV-D case.

IV-D case 1: The CP and the dependents had never received TANF and therefore **did not** have a MiCSES record of TANF, **and** the CP had received a total of \$485 in support to date for the fiscal year.

The next support payment was \$25, bringing the total fiscal year's support collections to \$510 ($\$485 + \$25 = \510). MiCSES assessed the FED fee against the case and retained \$10 of the \$25 collected (the first \$500 of support collected was sent to the CP [$\$510 - \$500 = \$10$]).

The next support payment was \$10. Michigan retained all \$10.

The next support payment was \$25; Michigan retained \$5 and sent the remaining \$20 of the payment to the CP.

4.7 FED Fee Recoupment

Recoupment is the process by which IV-D staff can recover FED fee payments that were incorrectly retained by the state. MiCSES can automatically recoup fees and allows for the manual recoupment of fees as well.

4.7.1 Automatic and Manual Recoupment Processes

Occasionally, because of changes in case conditions, a FED fee retained must be recouped (recovered from the state). For example, a IV-D case may have a retroactive change to TANF that was effective before the fee was retained by the state, but after it was assessed.

Once MiCSES automatically or manually recoups FED fees, it will create a receipt source 5 for the FED fee and then place it immediately on SSRE (State Refund) hold.⁴⁵ The receipt source 5 will be available to IV-D staff, allowing for immediate redirection to the rightful recipient.⁴⁶ IV-D staff can find a list of cases with recouped FED fees on SSRE hold on the FPRO screen by running the *FFEE-Retro Assistance Report*.

MiCSES tracks the amount of FED fees recouped on a case during the fiscal year and prevents multiple recoupments of a single retention. IV-D staff cannot and MiCSES will not recoup more than was retained for the FED fee in a given fiscal year.

A. Automatic Process

For cases with a history of TANF for the current fiscal year, MiCSES will automatically recoup the FED fee when:

- IV-D staff manually remove the assessment from the FFEE screen; or
- The assessment process (BATCH_federal_fee) determines the case no longer meets the assessment criteria, and consequently, the resulting retention from the CP was inappropriate.

Note: The automatic recoupment process will only occur within the current fiscal year. IV-D staff must manually recoup FED fees that were inappropriately retained in a prior fiscal year.

B. Manual Process

For cases with no MiCSES record of TANF, foster care, FAP, or recoupment, IV-D staff must manually recoup the FED fee on the FFEE screen when:

- The family on the IV-D case was receiving FAP at the time of retention, but the *Current Retention Exclusions - Food Assistance* radio button was not selected on the FFEE screen in MiCSES;⁴⁷
- The family on the IV-D case received TANF in another state; or
- IV-D staff have made retroactive changes to TANF, foster care, or FAP records that do not automatically remove the original assessment (e.g., changes in a previous fiscal year).

⁴⁵ The [MiCSES Customer Information Guide: Suspense Management Reference](#) discusses SSRE holds in more depth.

⁴⁶ This process is similar to the way in which FIP negative offsets work in MiCSES.

⁴⁷ Before November 11, 2010, current FAP cases were manually excluded from fee retention.

4.7.2 Partial Recoupments From Negative Federal Tax Refund Offset (FTRO)

MiCSES will automatically recoup FED fees that were originally retained because of an FTRO but for which a subsequent negative FTRO is received. When the amount of the negative FTRO is less than the original FTRO amount, MiCSES may only recoup a portion of the FED fee.

Note: Because Examples 11 and 12 below are retention examples, both reflect the FED fee amount (\$25) and disbursement threshold (\$500) at the time the IV-D program retained the FED fee from the CP.

Example 11:

The CP has one IV-D case.

IV-D case 1: The CP and the dependents have never received TANF and therefore **do not** have a MiCSES record of TANF, **and** the CP has received \$500 within the fiscal year. The case is assessed the FED fee.

The next collection is from an FTRO intercept for \$40. Of this amount, \$25 is retained for the FED fee and \$15 goes to the CP. Later, the receipt undergoes a negative FTRO for \$20. MiCSES will first recoup against the fee money retained by the state. In this situation, MiCSES will recoup from the state \$20 of the original \$25 retained for the FED fee. This results in MiCSES recouping part of the FED fee amount, leaving \$5 available for recoupment from the state if needed.

4.7.3 Recouping the FED Fee From the *Distribution Wizard* (DWIZ) Screen

MiCSES receipts backed out on the DWIZ screen will not create recovery accounts for the portion of the receipt that paid the FED fee. That portion of the receipt will be recovered through a negative offset process on the next payment to the state. FED fee recoupment will not create a receipt source 5, except when a county receipt is backed out for bank-related reasons, in which case a receipt source 5 will be created and set to refund to the county.

Example 12:

A \$100 receipt is distributed to IV-D case 1: \$25 goes to pay the FED fee and has been disbursed, \$30 has been disbursed to the family on the case, and \$45 is on SNEX (Non-TANF Excess) hold.

When IV-D staff back out the receipt, the \$45 SNEX hold will be removed and a recovery account will be created for the \$30 that went to the family.

The \$25 retained for the FED fee will also be recouped. MiCSES will automatically create a *Recouped from State* transaction on the FFEE screen, resulting in a \$25 increase to the *Remaining Balance* field for the FED fee for the case. A future FED fee payment to the state will be \$25 less to cover the recouped FED fee. No receipt source 5 will be created.

If, however, the receipt was a county receipt and the back-out reason on the DWIZ screen was for bank-related reasons (such as non-sufficient funds), then a receipt source 5 will be created and set to refund to the county (26999CH account, where 999 is the county number).

4.8 Intergovernmental Cases

Intergovernmental cases fall into one of two categories – initiating or responding.

Each state and U.S. territory will implement the FED fee pursuant to its own laws and policies; timelines to implement the fee will vary.⁴⁸ Therefore, local office staff might encounter questions from parties who have an intergovernmental case for which Michigan is not assessing the FED fee. IV-D staff must refer the caller to the initiating state for any questions about the FED fee.

4.8.1 Michigan as the Initiating State

When Michigan is the initiating state, Michigan's laws and policies take precedence on the assessment and collection of the FED fee.

4.8.2 Michigan as the Responding State

Federal statutes allow each IV-D program to choose from a number of alternatives in the implementation of the FED fee. Therefore, not all IV-D programs implement the FED fee in the same manner as Michigan. As the responding state, Michigan is only required to collect and send

⁴⁸ 45 CFR 303.7(e)

support payments to the initiating state. When Michigan is the responding state, the following scenarios may occur:

A. FED Fee Payable by CP

Some initiating states will choose to collect the fee from support payable to the CP. That is, the initiating state will retain the FED fee immediately after \$550 has been disbursed to the CP. Under this approach, the initiating state will reduce the support debt due to the CP by \$35. When this happens, support arrears recorded in the responding state (Michigan) must not be adjusted to account for the payment of the FED fee, because the amount paid by the NCP was already recorded as a support payment (reducing the NCP's support obligation) in both the initiating and responding states.

B. FED Fee Payable by NCP

Other initiating states will choose to collect the fee directly from the NCP. As of December 2008, federal regulations do not provide clear guidance on how this must be implemented. However, the proposed regulations do indicate that such payments must either be collected separately by billing the NCP or taken from support payments that are large enough to ensure payment for all of the support obligations on the IV-D case before paying the FED fee. In other words, when the NCP is to pay the FED fee, support debts due to the CP are not reduced by \$35; the FED fee is an amount due **in addition** to pre-existing debts. If the initiating state:

- Separately bills the NCP for payment of the FED fee, then the initiating state may ask the NCP to send payments toward that bill directly to the initiating state, not to the responding state. In this instance, there may be no impact to the case in MiCSES.
- Charges the FED fee directly to the NCP on its child support system, the initiating state may increase the arrears it is asking the responding state (Michigan) to collect from the NCP. Under the Uniform Interstate Family Support Act (UIFSA), the responding state (Michigan) must collect those fees under the Full Faith and Credit for Child Support Orders Act (FFCCSOA).⁴⁹ In MiCSES, it is appropriate to increase the Other State (OS) debt type that reflects the increased amount of collection due. IV-D staff must forward any notices sent from the other state to the NCP.

⁴⁹ Congress enacted the FFCCSOA (28 USC 1738B) in 1994.

4.9 Verification of Assistance Affecting the FED fee

When IV-D staff receive information from a CP claiming a history of TANF, foster care, or FAP on a IV-D case, FED fee assessment or retention may be affected.⁵⁰ IV-D staff may need to take the following actions.⁵¹

Note: Before November 11, 2010, MiCSES did not record periods of FAP or CDC assistance. For this reason, a CP may claim the FED fee was incorrectly assessed or retained on his/her IV-D case and MiCSES may not have a FAP or CDC record. The IV-D worker may need to verify the CP's FAP or CDC history by contacting the CP's MDHHS caseworker, and manually exclude the case from assignment or retention on the FFEE screen.

4.9.1 A Claim of Current TANF, Foster Care, or FAP in Michigan

For a claim of current TANF, foster care, or FAP affecting the FED fee in Michigan:

- A. IV-D staff must follow the process of verifying TANF, foster care, and FAP affecting the FED fee as outlined in the *Business Objects DHS Case Inquiry Report Description (QN-011 Individual by Individual ID or QN-012 Individual History by SSN)*;⁵² and
- B. If the CP receives current TANF or FAP for a child on the IV-D case, IV-D staff must update MiCSES to reflect the dates (s)he received TANF or FAP.

4.9.2 A Claim of Former TANF, Foster Care, or FAP in Michigan

For a claim of former TANF, foster care, or FAP affecting the FED fee in Michigan:

- A. IV-D staff must follow the process of verifying a history of TANF, foster care, or FAP as outlined in the *Business Objects DHS Case Inquiry Report Description*; and
- B. If the CP received TANF or FAP for a child on the IV-D case, IV-D staff must update MiCSES to reflect the dates of TANF or FAP. Manual exemption on the FFEE screen for these assistance types in Michigan is only necessary when IV-D staff are unable to reproduce the TANF, foster care, or FAP dates in MiCSES.

⁵⁰ For the purposes of excluding a IV-D case from FED fee assessment (or retention of the FED fee from CPs prior to October 1, 2010), the IV-D worker must reference only FIP, CDC, and FAP assistance records. Medicaid is not an assistance type that is excluded from the FED fee.

⁵¹ Only state or county foster care agencies should appear as a CP on a foster care IV-D case. If a person indicates the FED fee was incorrectly assessed on his/her IV-D foster care case, the IV-D worker must review and correct the IV-D case.

⁵² Ref: [Business Objects Report Description: DHS Case Inquiry](#).

4.9.3 A Claim of Past Intergovernmental TANF

For a claim of past TANF in another state, IV-D staff must instruct the CP to mail in proof of prior TANF, which may include:

- A signed statement from his/her assistance worker;
- A statement on agency letterhead stating (s)he received TANF in the past; or
- Copies of agency records that show (s)he received TANF in the past.

After receiving proof of TANF, IV-D staff must select the appropriate *Modify Fee Assessment* radio button on the FFEE screen. This action will prevent future FED fee assessments only; any existing assessment on the IV-D case must be manually removed. When IV-D staff manually remove the FED fee assessment, MiCSES will automatically recoup any FED fees that were retained during the current fiscal year. If recoupment is needed for a previous fiscal year, the IV-D Financial Supervisor must manually recoup the inappropriate FED fee retention.

SUPPORTING REFERENCES:

Federal

28 USC 1738B
42 USC 651 to 669b
45 CFR 302.33(d)
45 CFR 302.33(e)
45 CFR 302.33(e)(3)
45 CFR 302.33(e)(3)(i)(B)
45 CFR 302.51(a)(5)(i)
45 CFR 303.7(e)

Public Law 155-123 (The Bipartisan Budget Act of 2018)

State

Public Act 113 of 2008, Section 461
MCL 600.2538
Administrative Rule 400.3010

REVISION HISTORY:

[IV-D Memorandum 2021-025](#)

IV-D Memorandum 2019-014

IV-D Memorandum 2011-010

IV-D Memorandum 2010-018