

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

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## 1. Overview

The Michigan Department of Health and Human Services (MDHHS) Children’s Services Administration (CSA) provides placement and supervision of children who cannot remain in their family homes due to risk of harm.<sup>1</sup> When a child is under the care and supervision of MDHHS and there is an existing child support order for the child, the support under that order must be assigned to the agency that is funding the placement of the child. If the child is placed with an unlicensed caregiver (also known as an “unlicensed provider”) and there is an existing child support order for the child, support may be redirected to that provider.<sup>2</sup>

While payments through child support orders can reimburse county, state or federal foster care programs, **no reimbursement orders**<sup>3</sup> may be charged through the IV-D program.<sup>4</sup> Certain child support payments must allocate among cases on a docket, and all payment types must distribute to recipients according to federal regulations.<sup>5</sup>

The IV-D program acknowledges that courts may place children in an out-of-home placement without MDHHS involvement. However, this manual section is specific to cases that the CSA refers to the IV-D program through the interface between the Michigan Statewide Automated Child Welfare Information System (MiSACWIS) and the Michigan Child Support Enforcement System (MiCSES).

## 2. Agency Placement Funding Sources

An agency placement occurs when a court removes a child from his/her current living arrangement and places that child in MDHHS’s care and custody. The child may be placed with a licensed provider, an unlicensed provider, a private institution, or a juvenile facility.

When a child enters an agency placement, the CSA worker must determine the funding source for the child’s placement. The funding source is the source of the

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<sup>1</sup> The CSA determines when a referral for full IV-D services is warranted. Ref: 42 United States Code (USC) 671(a)(17) and federal [Office of Child Support Services \(OCSS\) Policy Interpretation Question \(PIQ\)-07-03, IV-D Agency Disclosures of Child Support Enforcement Information to State IV-B and IV-E Child Welfare Agencies](#). Ref: [Section 2.85, “Agency Placement – Case Initiation,” of the Michigan IV-D Child Support Manual](#) for more information on IV-D services for agency placement cases.

<sup>2</sup> Ref: 45 Code of Federal Regulations (CFR) 302.52; Michigan Compiled Law (MCL) 400.115b and MCL 552.605d; State Court Administrative Office (SCAO) Administrative Memoranda (ADM) [2017-02, Administrative Abatement or Redirection of Child Support](#), and [2008-01, Ordering Child Support in Child Protective Proceedings](#).

<sup>3</sup> The court may create a reimbursement order to collect payment from a parent for court expenses. Ref: [Section 4.85, “Agency Placement – Establishment,” of the Michigan IV-D Child Support Manual](#).

<sup>4</sup> Ref: OCSS PIQ-07-03.

<sup>5</sup> 45 CFR 302.52, 45 CFR 303.72, and 45 CFR 303.100

foster care maintenance payments made during the child's placement. In some instances, the CSA places children with unlicensed providers, and these providers do not receive foster care maintenance payments.<sup>6</sup>

## 2.1 Types of Agency Placement Funding Sources<sup>7</sup>

Michigan uses four funding sources to pay for agency placements:

- Federal (IV-E);
- Limited Term/Emergency/General Fund;<sup>8</sup>
- State Ward Board and Care (SWBC); and
- Child Care Fund (CCF).

Note: The funding source determination is made on a per-child basis, so for a family with multiple children in an agency placement, the funding source may be different for each child.

### 2.1.1 Federally Funded (IV-E) Agency Placement

IV-E-funded agency placements include children whom MDHHS determines to be IV-E eligible based on specific criteria, and whose agency placement is funded by the federal government.<sup>9</sup>

The IV-D program must send child support collections retained for federally funded agency placement IV-D cases to the IV-E program to reimburse the federal government to the extent of its participation in financing a child's foster care maintenance payments. The IV-D program must determine the federal government's portion of the amount retained.<sup>10</sup>

### 2.1.2 State-Funded Agency Placement

State-funded agency placements include children whom MDHHS determines to be eligible for the Limited Term/Emergency/General

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<sup>6</sup> Ref: Subsection 2.2, "Non-Funded Agency Placement: Unlicensed Provider Placement," in this manual section.

<sup>7</sup> Ref: [Children's Foster Care Manual, FOM 902, Funding Determinations and Title IV-E Eligibility](#); and [Children's Foster Care Manual, FOM 901-8, Fund Sources](#), for more information regarding funding sources.

<sup>8</sup> The Limited Term/Emergency/General Fund is a limited state funding source to assist MDHHS staff in providing foster care payments and services under specific circumstances.

<sup>9</sup> Costs for IV-E-funded agency placements are actually split between the state and the federal government. They include the child's board and care payments and maintenance payments paid to licensed providers. These agency placements are referred to as "federally funded" for this policy because they are the only placements that receive federal funds.

<sup>10</sup> 45 CFR 302.52(b)(1)

Fund,<sup>11</sup> SWBC,<sup>12</sup> and CCF funding sources. The SWBC and CCF funding sources are county-state fiscal programs in which the state and county share foster care expenses.<sup>13</sup> The state initially pays the provider for the cost of care, and the counties reimburse the state for a portion of foster care expenses.

A reconciliation of state and county foster care expenses occurs monthly to determine the appropriate cost share between the state and county.<sup>14</sup> The reconciliation process is not handled within MiCSES. The Accounts Receivable Unit (ARU) within MDHHS processes the reconciliation and reimbursement of the CCF. The ARU tracks the child support collections it receives. Accordingly, the ARU incorporates child support collections into the cost share calculation.

Note: Because the state initially pays those providing for the cost of care, MDHHS considers the SWBC and CCF funding sources as “state-funded” under the state assignment law.<sup>15</sup>

### 2.1.3 County-Funded Agency Placement

Before October 1, 2019, counties initially paid foster care maintenance payments to licensed providers responsible for the cost and care of a child in an agency placement who was receiving CCF services. This was known as a county-funded agency placement. When the CSA sent a referral, IV-D staff sought a child support order and assigned current and past-due support payable under the order to the county.<sup>16</sup>

However, as of October 1, 2019, the state began paying child welfare agency placement costs for children in an agency placement who are eligible for CCF services. Counties reimburse the state for their portion of the costs.

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<sup>11</sup> As of April 1, 2019, relative unlicensed providers may be eligible to receive state-funded foster care maintenance payments from the general fund (GF) funding source. IV-D staff must refer to the *Pay To* indicator when determining funded or non-funded placements. They will not determine funded or non-funded placements based on whether the unlicensed provider is a relative or non-relative. Ref: Subsection 3.1 of this manual section for more information about the *Pay To* indicator.

<sup>12</sup> The SWBC is a state legislative appropriation to pay foster care maintenance payments for agency placements under specific circumstances.

<sup>13</sup> For the CCF, foster care expenses are split evenly between the state and county.

<sup>14</sup> Ref: [Services Funding and Payments Manual, SRF 904, Child Care Fund Handbook Published Policies and Business Processes](#) for detailed information regarding CCF reconciliation procedures.

<sup>15</sup> Assignment is the transfer of rights to current support, past-due support (arrears), and future support collections from the family to the state or county for children in an agency placement.

<sup>16</sup> Before October 1, 2019, IV-D staff used the County-Funded Placement WF debt type payable to the county's check recipient ID (OTHP ID) in MiCSES to assign current, past-due and future support. Ref: [Section 5.10, “Debt Types,” of the Michigan IV-D Child Support Manual](#) for more information on the County-Funded Placement WF debt type.

IV-D staff no longer assign current child support collections to the county.<sup>17</sup> Past-due support that accrued on an agency placement IV-D case under assignment to the county before October 1, 2019 remains assigned and payable to the county.<sup>18</sup>

## 2.2 Non-Funded Agency Placement: Unlicensed Provider Placement

Non-funded agency placements are placements in which MDHHS places a child(ren) under the care of an unlicensed non-relative provider. Unlicensed non-relative providers are not currently eligible for foster care maintenance payments. However, MDHHS typically places a child(ren) under the care of an unlicensed relative provider. Since 2019, unlicensed relative providers are eligible for foster care maintenance payments. Ultimately, non-funded agency placements with unlicensed non-relative providers do not occur often and are short lived.

If an active child support order exists for the child, the Friend of the Court (FOC) may redirect that child support to the provider.<sup>19</sup> IV-D staff may redirect child support payments only through administrative or judicial processes.<sup>20</sup>

If an active child support order does not exist for the child, the IV-D program will not initiate action to pursue a new order(s) for the parent(s) of the child to pay support to the unlicensed provider. Again, non-funded agency placements are rare.

## 3. Agency Placement Referrals and Referral Updates

The CSA will send an automated referral from MiSACWIS to MiCSES for children placed under the care and custody of MDHHS.<sup>21</sup> However, not all agency placement cases the CSA refers to the IV-D program will require IV-D services. IV-D staff will process agency placement referrals according to CSA's request for IV-D services. When MiCSES receives a MiSACWIS referral, the IV-D program will begin child support case initiation and the assignment or redirection process, and MiCSES will send an alert to IV-D staff.<sup>22</sup>

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<sup>17</sup> IV-D staff will no longer create new obligations for current support using the WF debt type payable to the county's check recipient ID. IV-D staff can continue to create new obligations using the Provider Placement WF debt type.

<sup>18</sup> MiCSES will distribute and disburse past-due support collections to the County-Funded Placement WF debt type in the never-assigned arrears (NAA) category payable to the county's check recipient ID.

<sup>19</sup> MCL 552.605d(1)(i) and SCAO ADM 2008-01

<sup>20</sup> Ref: Subsection 5, "Unlicensed Provider Redirection of Support," in this manual section, and SCAO ADM 2017-02 for information on redirecting support to an unlicensed provider.

<sup>21</sup> Ref: [Children's Foster Care Manual, FOM 722-01, Foster Care – Entry into Foster Care](#).

<sup>22</sup> When MiSACWIS sends a new, updated, or case closure referral to MiCSES, MiCSES will send an AGP\_ON alert, AGP\_CHANGE alert, or AGP\_OFF alert to IV-D staff. Ref: [Section 3.85, "Agency Placement – Case Management," of the Michigan IV-D Child Support Manual](#) for more information regarding agency placement referrals and alerts.

### 3.1 Referrals<sup>23</sup>

MiSACWIS referrals include the name/entity to whom support will be directed. MiCSES displays this information in the *Pay To* field on the *SACWIS Case Information (SCWS)* screen and uses it to update the *Member Assistance History (MAHI)* screen on relevant IV-D cases.<sup>24</sup>

The IV-D worker will refer to the following *Pay To* indicators<sup>25</sup> in MiCSES to determine if support is assigned to the state or redirected to an unlicensed provider, or if assignment must end:<sup>26</sup>

- STATE – Foster care maintenance payments are paid with IV-E and/or state funds, and assignment of child support is to the state.
- PROVIDER – MDHHS is not making foster care maintenance payments, and as the legal caregiver, MDHHS requests child support be paid directly to an unlicensed provider.
- LEFTCARE – MDHHS is no longer making foster care maintenance payments, and assignment of child support must end for one of these circumstances:
  - The child's living arrangement<sup>27</sup> is Absent without Legal Permission (AWOL);
  - The child's living arrangement is Parental Home; or
  - The child's MiSACWIS case closed, and the child is no longer under MDHHS's care and custody (termination of county court jurisdiction).

Note: When a child is in foster care and parental rights are terminated, the child becomes a permanent ward of the state. However, termination of a parent's rights does not end a parent's obligation to support his/her child unless a court terminates parental responsibility.<sup>28</sup> MiSACWIS will also send a *Pay To* of LEFTCARE when a child becomes a permanent ward of the state.<sup>29</sup> IV-D staff must ensure the child's support obligation continues if parental responsibilities are not terminated by the court.

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<sup>23</sup> Ref: Section 2.85 of the *Michigan IV-D Child Support Manual* for information regarding IV-D services for agency placement referrals.

<sup>24</sup> Ref: [MiCSES Screen Description: SCWS – SACWIS Case Information](#) and [MiCSES Screen Description: MAHI – Member Assistance History](#).

<sup>25</sup> These indicators appear next to the *Pay To* field on the MiCSES SCWS screen.

<sup>26</sup> Ref: Subsection 4 in this manual section for more information on assigning support for state-funded referrals, and Subsection 5 in this manual section for information on redirecting support to an unlicensed provider.

<sup>27</sup> MiSACWIS living arrangement information describes where the child is living, such as parental home, foster home, adoptive home, or institution. The CSA worker must update the service type and living arrangement in MiSACWIS each time the child changes placement. Ref: [Children's Foster Care Manual, FOM 901-7, Service Types and Living Arrangements](#), for current living arrangement codes.

<sup>28</sup> Ref: [IV-D Memorandum 2011-021, Termination of Parental Rights – Michigan Supreme Court Decision](#), for more information on the termination of parental rights and responsibilities.

<sup>29</sup> Ref: the training document [Unique Case Scenarios for Agency Placement IV-D Cases](#) for instructions on how to interpret permanent ward case information.

- UNDETERMINED – MDHHS is not making foster care maintenance payments and will send a *Pay To* of UNDETERMINED when one of the following conditions occurs:
  - The court initially places the child under MDHHS’s care and custody, and funding of the child’s foster care maintenance payments has not yet been determined; or
  - The child changes living arrangements during a period of placement, and CSA workers must re-determine the funding eligibility for the new living arrangement.<sup>30</sup>

No assignment of support must occur until the CSA worker determines the funding source for the initial placement of the child. If MiSACWIS sends a *Pay To* of UNDETERMINED in the middle of a child’s placement because the child has changed living arrangements, IV-D staff must continue the assignment (or redirection) of support that is already in place until MiSACWIS sends an update referral with a different valid (state or provider) funding source.

**Note:** MiSACWIS no longer sends the *Pay To* indicator of COUNTY to MiCSES because the state initially pays for CCF-funded placements.<sup>31</sup>

### 3.2 Referral Updates

The funding source (as well as the provider) may change multiple times during the course of a single period of placement. The CSA will communicate any funding source changes to the IV-D program through the MiCSES/MiSACWIS interface.

MiCSES notifies IV-D staff of a funding source change (e.g., a change from *Pay To* PROVIDER to *Pay To* STATE) through an alert.<sup>32</sup> Once the IV-D worker receives the alert, (s)he must ensure the monthly support obligation(s) is charging for the appropriate funding agency or unlicensed provider. This requires IV-D staff to prorate support according to the effective date of the *Pay To* information in MiCSES if the funding source change occurred on a day other than the first of the month.

## 4. Agency Placement and Assignment of Support

When a child on a support order is in a federally or state-funded agency placement, and foster care maintenance payments are being made, both federal and state laws

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<sup>30</sup> Ref: Subsection 4.3, “Mid-Placement Undetermined Referrals,” of this manual section for more information.

<sup>31</sup> Ref: Subsection 2.1.3, “County-Funded Agency Placement,” of this manual section for more information.

<sup>32</sup> When MiSACWIS sends MiCSES an update referral with a change in the funding source of the child’s placement, MiCSES will send an AGP\_CHANGE alert to IV-D staff. Ref: Section 3.85 of the *Michigan IV-D Child Support Manual* for more information regarding agency placement alerts.

require assignment of support to reimburse the funding agency for the cost of care for that child. Assignment is the transfer of rights to current support, past-due support (arrears), and future support collections from the family to the state.<sup>33</sup>

Federal law<sup>34</sup> addresses assignment for IV-E-funded agency placements, while state statutes<sup>35</sup> are more specific to assignment for state-funded placements. Assignable debt types for agency placements include Child Care (CC), Child Support (CS), Medical Support (MS),<sup>36</sup> and Payee Bonus (PB).<sup>37</sup>

Any amount of a child support collection that does not exceed the obligation for the month it is collected, but exceeds that month's foster care payments for a child must be sent to the IV-E program. The IV-E program must either set aside the excess funds for the child's future needs or make the funds available to the person responsible for meeting the child's daily needs.<sup>38</sup>

Unreimbursed foster care (UFC) is the total amount of IV-E payments that MDHHS makes on behalf of a child in an agency placement, minus the state-retained child support collection and other collections MDHHS may have received or accounted for (Supplemental Security Income [SSI], Retirement, Survivors, Disability Insurance [RSDI], etc.).

The CSA sends the IV-D program information about the monthly IV-E-funded foster care expenditures that MDHHS makes on behalf of a child, as well as the UFC for IV-E-funded agency placement cases. This information is sent to the IV-D program through a monthly expenditure file.<sup>39</sup> MiCSES must compare agency placement IV-D collections to the expenditures reported by MiSACWIS and classify support collections as IV-E or *in excess of IV-E*<sup>40</sup> in a responding collections file. Before sending support collections in excess of the UFC to the CSA, the IV-D program must first apply child support collections on agency placement cases to the unreimbursed

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<sup>33</sup> The CSA will determine when a referral for full IV-D services is warranted. Ref: 42 USC 671(a)(17), OCSS PIQ 07-03, MCL 552.605d, and MCL 400.115b.

<sup>34</sup> 45 CFR 302.52

<sup>35</sup> MCL 400.115b and MCL 552.605d

<sup>36</sup> Ref: Subsection 4.2.3, "Medical Support (MS) Assignment," in this manual section for more information regarding the assignment of medical support.

<sup>37</sup> Ref: Section 5.10 of the *Michigan IV-D Child Support Manual* for more information about debt types.

<sup>38</sup> Ref: 45 CFR 302.52(b)(2).

<sup>39</sup> MDHHS does not currently send a UFC balance through the MiCSES/MiSACWIS interface. The IV-D program will assume the UFC balance to be \$0 until there is a future interface enhancement.

<sup>40</sup> IV-D support classified in excess of IV-E in the collections file may include child support collected for state-funded placements.



grant (URG)<sup>41</sup> for Family Independence Program/Temporary Assistance for Needy Families assistance<sup>42</sup> on other cases related to the same child.<sup>43</sup>

When foster care maintenance payments cease, the assignment of support rights terminates except for the amount of any unpaid support that has accrued under the assignment.<sup>44</sup>

#### 4.1 Relevance for Agency Placement Cases

MiSACWIS will generate an electronic referral to MiCSES for an agency placement case both when an initial placement is completed and when there are updates during the life of the agency placement IV-D case. Upon receipt of the referral from MiSACWIS, MiCSES will determine relevance for the individuals on the case. “Relevance” is the association of an assistance case and its members with a pre-existing IV-D case in MiCSES.

When assistance is relevant to a MiCSES case, the effects of that assistance (e.g. assignment of support) occur to that MiCSES case. There are two types of relevance that are identified in MiCSES when a child is placed with MDHHS: pre-placement relevance and placement relevance.

##### 4.1.1 Pre-Placement Relevance

The term “pre-placement relevance” describes IV-D cases where the custodial party (CP) is the person from whom a child was removed and placed with MDHHS. Designating a IV-D case with pre-placement relevance is necessary for the assignment of support.

When a child is committed to or under the supervision of the department (MDHHS) and the department is making state or federally funded foster care maintenance payments, state law<sup>45</sup> provides that all rights to current, past-due or future support payable on behalf of the child are assigned to the department while the child is receiving or benefiting from those payments. However, there are IV-D cases in MiCSES where a CP, typically a relative, previously cared for a child and is due support. If a CP on a IV-D case is no longer responsible for the child and the CSA

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<sup>41</sup> Ref: [Section 5.40, “Public Assistance Impacts: Unreimbursed Grant, Linking, and Pass-Through \(Client Participation Payment\).”](#) for more information regarding the URG.

<sup>42</sup> The Office of Child Support (OCS) is dependent upon information provided by the CSA to accurately calculate and report support applied to IV-E expenditures on the OCSE-157 and the OCSE 34A. Ref: [OCSS Action Transmittal \(AT\)-05-09, Annual Data Report: Instructions for Completing the Revised OCSE-157 Form.](#)

<sup>43</sup> Ref: 45 CFR 302.52. MiCSES does not currently have a process for using child support collections that exceed the UFC to pay the URG. However, OCS has entered a Help Desk ticket (#284601) requesting an enhancement to MiCSES to address this issue.

<sup>44</sup> 45 CFR 302.52(c)

<sup>45</sup> MCL 400.115b(5)

removed the child from another home, then OCS considers assignment of the past-due support from these previous caregivers unjust.

The IV-D program will only assign the current, past-due and future support from the CP on a IV-D case(s) in which the child was removed from the CP's home due to risk of harm. The IV-D case with the CP from whom the child was removed by the CSA must be designated with pre-placement relevance in order for assignment to occur in MiCSES.<sup>46</sup>

**Example 1:**

A child (Jimmy) resided with his grandmother from January 2017 to December 2019. During that time, there was a child support order for Jimmy's mother and father to pay the grandmother. Neither parent paid current support during that time, leaving an arrears balance owed to the grandmother.

Jimmy resided with his mother in January 2017 until September 2019. The court removed Jimmy from his home (his mother's care) and placed him under the care and custody of MDHHS. While he had been in his mother's home, there was a child support order for his father to pay his mother.

Because the court removed Jimmy from his mother's home and placed him into MDHHS custody, MiCSES will reflect pre-placement relevance on the IV-D case where his father is paying his mother.

MiCSES should not indicate pre-placement relevance on the IV-D case(s) with the grandmother as the CP because the child was not removed from the grandmother's home.

Since the home from which the child was removed is not part of the MiSACWIS referral, MiCSES uses last-charging information to make an initial determination of pre-placement relevance. MiCSES does this by selecting either an existing case with charging obligations for the child, or the case with the most recently charging obligation if no current charging obligation exists.<sup>47</sup> This is based on the assumption that the child was removed from the home of the CP on that case(s). If there is no pre-existing child support order, no pre-placement relevance will be found.

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<sup>46</sup> If the child is placed with an unlicensed provider, current support will be redirected, rather than assigned, to the provider. IV-D staff must not redirect arrears to an unlicensed provider. Ref: Subsection 5 in this manual section for more information.

<sup>47</sup> MiCSES will review the CC, CS, MS, Out of State (OS), PB and County-Funded Placement WF or Provider Placement WF debt types when determining the case to be designated with pre-placement relevance. MiCSES designates the case(s) with pre-placement relevance on the MAHI screen using an asterisk.

IV-D staff will verify that the IV-D case(s) designated as the pre-placement relevant case correctly correlates with the court order removing the child from the home. This must be the home from which the court removed the child due to risk of harm in response to information provided from the court order, a CSA worker, or a party on the case.

If the removal home in the court order does not correlate with the selected IV-D case(s), the IV-D worker will adjust pre-placement relevance in MiCSES to correctly reflect the court order and appropriate assignment.<sup>48</sup>

#### 4.1.2 Placement Relevance

Placement relevance applies to a IV-D case where the CP is MDHHS.<sup>49</sup>

MiCSES designates assignment on the agency placement IV-D case on the MAHI screen using an “F” for federally funded agency placements and a “J” for non-federally funded agency placements.

The table below illustrates what must be reflected in MiCSES on an agency placement IV-D case in order to pay the necessary agency or unlicensed provider appropriately.

<b>Pay To Value on SCWS</b>	<b>Funding Description</b>	<b>Debt Type</b>	<b>Check Recipient ID on OBLG<sup>50</sup></b>	<b>Arrears Accrual</b>	<b>P (Program) Field on MAHI</b>	<b>Agency/ Person Receiving Payment</b>
STATE	Title IV-E	CS	1 – CP	IVEF <sup>51</sup>	F	MDHHS
STATE	State Ward Board and Care, Limited Term/Emergency/ General Fund, Child Care Fund	CS	1 – CP	IVEF	J	MDHHS
COUNTY (Prior to October 1, 2019)	County Child Care Fund	WF			J	Agency Placement Case County

<sup>48</sup> Ref: [MiCSES Quick Reference Guide – View/Update Foster Care Assistance History](#) for more information on how to adjust pre-placement relevance.

<sup>49</sup> Ref: Section 2.85 of the *Michigan IV-D Child Support Manual* for information regarding CPs on agency placement IV-D cases.

<sup>50</sup> OBLG is the *Obligation Maintenance* screen. Ref: [MiCSES Screen Description: OBLG – Obligation Maintenance](#) for more information on adding an obligation.

<sup>51</sup> “IVEF” is foster care arrears.

<b>Pay To Value on SCWS</b>	<b>Funding Description</b>	<b>Debt Type</b>	<b>Check Recipient ID on OBLG<sup>50</sup></b>	<b>Arrears Accrual</b>	<b>P (Program) Field on MAHI</b>	<b>Agency/ Person Receiving Payment</b>
PROVIDER	Unlicensed Provider – Not Funded		3 – OTHP ID <sup>52</sup>	NAA <sup>53</sup>		Unlicensed Provider via OTHP record

#### 4.2 Assignment of Monthly Support Obligation(s) and Arrears

When the court orders MDHHS responsible for the care and custody of a child, MiSACWIS may send a referral to MiCSES. Assignment of support must take effect as of the *Pay To* effective date included in the MiSACWIS referral, since this is the date MDHHS certified the child eligible for foster care maintenance payments.

The assignment of monthly support obligations and arrears is applicable to the CC, CS, PB and MS debt types. If the *Pay To* effective date is a date other than the first day of the month, the IV-D worker must use the effective date to prorate and end the monthly support obligation(s) on the pre-placement relevant case(s), and prorate and begin the monthly support obligation(s) on the agency placement IV-D case.<sup>54</sup>

Unlike CC, CS, and PB assignment, MS assignment only occurs in full-month increments.<sup>55</sup> Therefore, the IV-D worker must not prorate an MS obligation.

IV-D staff must ensure arrears on the pre-placement relevant case(s) are temporarily assigned to the funding agency (federal or state).<sup>56</sup>

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<sup>52</sup> An OTHP ID is a MiCSES record that contains name and address information for an entity other than a IV-D case member. Ref: Subsection 5.2, “Monthly Support Obligation(s),” in this manual section for more information.

<sup>53</sup> “NAA” stands for “never-assigned arrears.”

<sup>54</sup> Ref: [SCAO ADM 2012-10, Prorating, End-dating, and Converting Support Orders to Monthly Amounts](#).

<sup>55</sup> Ref: Subsection 4.2.3 in this manual section for information regarding MS assignment.

<sup>56</sup> Only family-owed arrears are temporarily assigned. Family-owed arrears include NAA, conditionally assigned arrears (CAA), unassigned pre-assistance arrears (UPAA) and unassigned during assistance arrears (UDAA). Any permanently assigned arrears (PAA) that exist when the child enters an agency placement must remain assigned to the state.

Children in an agency placement may receive foster care assistance beyond the age of 18 through the Young Adult Voluntary Foster Care (YAVFC) program.<sup>57</sup> When this occurs, the agency placement will remain open and the assignment of support and/or arrears must continue even if current support terminates.

#### 4.2.1 Federally Funded Placement Referrals

Assistance status updates from a MiSACWIS referral for a federally funded placement display on the MAHI and SCWS screens in MiCSES with a *Pay To* of STATE and a IV-E eligibility indicator of “YES.”

If a pre-placement relevant case exists when this type of MiSACWIS referral is received, MiCSES will temporarily assign the family-owned assignable arrears to the state and send an alert to FOC staff.<sup>58</sup> MiCSES will also automatically assign the assignable monthly support obligations; however, FOC staff will manually end-date assignable obligations on the pre-placement relevant case as of the day prior to the *Pay To* effective date included in the MiSACWIS referral and move those support obligations to the agency placement IV-D case. The temporarily assigned arrears will remain in the TAA category on the pre-placement relevant case.

When the child’s placement is federally funded, the assignable monthly support obligation(s) on the agency placement IV-D case(s) accrues in the IV-E foster care (IVEF) category for all assignable debt types, except MS, which accrues in the Medicaid (MEDI) category. Arrears that accrue during the child’s placement will remain assigned after the child leaves the agency placement.

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<sup>57</sup> Ref: [Children’s Foster Care Manual, FOM 722-16, Foster Care – Young Adult Voluntary Foster Care](#), for more information regarding YAVFC.

<sup>58</sup> MiCSES temporarily assigns the family-owned arrears by moving them from the NAA, CAA, UPAA and UDAA categories to the temporarily assigned arrears (TAA) category.

**Example 2:**

A child is residing with his mother, and there is an existing support order for the father to pay the mother \$200 per month for child support. There is an arrears balance of \$500.

Case	NCP <sup>59</sup>	CP	Assignable Monthly Support Obligation	NAA	TAA	IVEF
PPR <sup>60</sup>	Father	Mother	\$200	\$500		

The court removes the child from his mother’s home and places him into MDHHS custody. MDHHS then places the child into a federally funded agency placement. The assignable monthly support obligation charge must be stopped on the pre-placement relevant case and then started on the agency placement IV-D case, payable to an agency CP. The pre-placement assignable arrears must also be temporarily assigned to the state on the pre-placement relevant case.

Case	NCP	CP	Assignable Monthly Support Obligation	NAA	TAA	IVEF
PPR	Father	Mother			\$500	
AgP <sup>61</sup>	Father	AgP CP	\$200			Unpaid current support accrues here

4.2.2 State-Funded Placement Referrals

Assistance status updates from a MiSACWIS referral for a state-funded placement display on the MAHI and SCWS screens in MiCSES with a *Pay To* of STATE, and a IV-E eligibility indicator of “NO” or “PENDING.”

If a pre-placement relevant case exists when this type of MiSACWIS referral is received, MiCSES will temporarily assign the family-owned assignable arrears to the state and send an alert to FOC staff.<sup>62</sup> MiCSES will also automatically assign the assignable monthly support obligations; however, FOC staff must manually end-date assignable obligations on

<sup>59</sup> “NCP” stands for “non-custodial parent.”

<sup>60</sup> “PPR” stands for “pre-placement relevant” in regard to a case.

<sup>61</sup> “AgP” stands for “agency placement.”

<sup>62</sup> MiCSES temporarily assigns the family-owned arrears by moving them from the NAA, CAA, UPAA and UDAA categories to the TAA category.

the pre-placement relevant case as of the day prior to the *Pay To* effective date included in the MiSACWIS referral and move those support obligations to the agency placement IV-D case. The temporarily assigned arrears must remain in the TAA category on the pre-placement relevant case.

When the child's placement is state-funded, the monthly support obligation(s) on the agency placement IV-D case(s) accrues in the IV-E foster care (IVEF) category for all assignable debt types, except MS, which accrues in the Medicaid (MEDI) category. Arrears that accrue during the child's placement will remain assigned to the state after the child leaves the agency placement.

**Example 3:**

A child is residing with his mother, and there is an existing support order for the father to pay the mother \$150 per month for child support. There is an arrears balance of \$300.

Case	NCP	CP	Assignable Monthly Support Obligation	NAA	TAA	IVEF
PPR	Father	Mother	\$150	\$300		

The court removes the child from his mother’s home and places him into MDHHS custody. MDHHS then places the child into a state-funded agency placement. The assignable monthly support obligation charge must be stopped on the pre-placement relevant case and then started on the agency placement IV-D case, payable to an agency CP. The pre-placement arrears must also be temporarily assigned to the state on the pre-placement relevant case in the TAA category.

Note: MiCSES reflects the monthly support obligation and TAA for state-funded placements in the TAA and IVEF categories. These are the same categories as for federally funded placements, but the “J” record on the MAHI screen appropriately directs them to the state.

Case	NCP	CP	Assignable Monthly Support Obligation	NAA	TAA	IVEF
PPR	Father	Mother			\$300	
AgP	Father	AgP CP	\$150			Unpaid current support accrues here



#### 4.2.3 Medical Support (MS) Assignment

A child in agency placement is categorically eligible for Foster Care Dependent Ward (FCDW) Medicaid,<sup>63</sup> and eligibility of this benefit is presumed unless:

- MDHHS places the child with a parent, and the child receives Medicaid through Supplemental Security Income or through a disability determination; or
- The child is an out-of-state foster child placed in Michigan through the Interstate Compact on the Placement of Children (ICPC).<sup>64</sup>

All current, past-due, and future medical support on the pre-placement relevant case(s) is assigned to the state during the child's agency placement by operation of law.<sup>65</sup>

Medicaid is active as of the first of the month of the child's placement, regardless of the date the placement began. If the CSA places a child in an agency placement mid-month, Medicaid is effective as of the first day of that month. MiCSES temporarily assigns current support and arrears to the state if MS arrears exist on the pre-placement relevant case(s) when MiSACWIS sends a referral.

If there is an existing child support order at the time of placement, IV-D staff must manually move all assignable monthly support obligations, which include MS, to the agency placement IV-D case. The unpaid MS accrues in the Medicaid (MEDI) category on the agency placement IV-D case while the child is in placement.

Note: If MEDI arrears exist on the pre-placement relevant case from a time prior to the courts placing the child in an agency placement, they will remain on the pre-placement relevant case. FOC staff must not manually move them to the agency placement IV-D case.

If no child support order exists at the time of placement, and MS is ordered along with other child support obligations (such as CS), IV-D

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<sup>63</sup> Bridges provides integrated eligibility determinations for Medicaid. Depending on the case circumstances, the child may receive FCDW Medicaid, ASDW (Adoption Subsidy Dependent Ward) Medicaid, or FC4E (Foster Care, IV-E) Medicaid. While these three types of Medicaid provide equal coverage, they are not referred to MiCSES.

<sup>64</sup> The ICPC establishes uniform legal and administrative procedures governing the interstate placement of children. It is statutory law in all 52 member jurisdictions and is a binding contract between member jurisdictions.

<sup>65</sup> 42 USC 1396k(a)(1)(A), 42 CFR 433.145, 42 CFR 433.146, 45 CFR 302.51(c)(1), MCL 400.115b(5), MCL 552.605d, MCL 400.106 and MCL 400.112a

staff must create a new MS obligation on the agency placement IV-D case(s). The unpaid medical support will accrue in the MEDI category.<sup>66</sup>

**Example 4:**

A child is residing with his mother, and there is an existing support order for the father to pay the mother \$25 per month in MS and \$100 per month in CS. There is a current arrears balance of \$200 in MS and \$600 in CS.

Case	NCP	CP	Debt Type	Assignable Monthly Support Obligations	NAA	TAA	MEDI
PPR	Father	Mother	CS	\$100	\$600		
			MS	\$25	\$200		

The court removes the child from his mother's home and places him into MDHHS custody. MDHHS then places the child into a state-funded agency placement. When the MiSACWIS referral is received, MiCSES assigns the monthly CS and MS and the pre-placement CS and MS arrears to the state on the pre-placement relevant case. IV-D staff must manually end-date the support obligations on the pre-placement relevant case and move the monthly support obligations to the agency placement IV-D case. The temporarily assigned arrears remain in the TAA category on the pre-placement relevant case.

Case	NCP	CP	Debt Type	Assignable Monthly Support Obligations	NAA	TAA	MEDI
PPR	Father	Mother	CS			\$600	
			MS			\$200	
AgP	Father	Agency CP	CS	\$100	Unpaid current CS accrues here		
			MS	\$25			Unpaid current MS accrues here

<sup>66</sup> In rare instances, the court may establish a new support order.

### 4.3 Mid-Placement Undetermined Referrals

Every time a child changes living arrangements during a period of placement, CSA staff must determine funding for the child's placement. MiSACWIS will send a *Pay To* of UNDETERMINED while the CSA worker determines funding for the child's new living arrangement. Once funding is determined, MiSACWIS will send MiCSES an updated referral with the appropriate *Pay To* information.

Typically, when a child changes living arrangements, the funding for the child's placement remains unchanged. Therefore, when MiCSES receives a MiSACWIS referral indicating a mid-placement *Pay To* of UNDETERMINED, IV-D staff must not stop the assignment of support or change the assignment of support information until a different funding source is verified.

IV-D staff may update assignment of support for this referral status in MiCSES only if they receive verified information indicating a different funding source is active in MiSACWIS for the child's placement. They may receive this information from the CSA worker or another resource,<sup>67</sup> or MiSACWIS will send a subsequent update referral.

### 4.4 Retroactive Child Welfare Referrals

If MiCSES receives a MiSACWIS referral with a retroactive assistance date, the CP on the pre-placement relevant case may have received support that should have been assigned to another payee.<sup>68</sup> If the CP received more than (s)he was due under the original order, IV-D staff should review the case to determine if recoupment of an overpayment is necessary.<sup>69</sup>

### 4.5 Ending the Assignment of Support

When a child is no longer receiving foster care assistance, the rights to assignment of support will end.<sup>70</sup>

MiSACWIS will send a LEFTCARE referral to MiCSES when MDHHS is no longer making foster care maintenance payments on behalf of a child due to one of the following:

- The child's living arrangement is AWOL;
- The child's living arrangement is Parental Home; or

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<sup>67</sup> Another resource may be the Business Objects *DHS Case Inquiry* report *QN-014 MiSACWIS Child History*, a court order, etc.

<sup>68</sup> This is limited to payments applied to assignable debt types: CC, CS, MS and PB.

<sup>69</sup> Recoupment attempts are limited to only when a child is in a federally, state- or county-funded agency placement and not in an unlicensed provider placement.

<sup>70</sup> 45 CFR 302.52 and MCL 400.115b(5)

- The child's MiSACWIS case closed, and the child is no longer under MDHHS's care and custody (termination of county court jurisdiction).

When MiCSES receives a LEFTCARE referral from MiSACWIS, MiCSES will end the agency placement assignment on the MAHI screen and send an alert to IV-D staff to move obligations and arrears to the appropriate recipient of support.

MiSACWIS will also send a LEFTCARE referral when a child becomes a permanent ward of the state. This occurs when the court terminates the child's parents' parental rights; however, if the parental responsibilities are still intact, child support must remain assigned.<sup>71</sup> Therefore, when a LEFTCARE referral is received, IV-D staff must review the case and termination order to determine if parental responsibilities are still intact and assignment of support must continue. When the child is no longer under the legal care and custody of MDHHS and foster care maintenance payments have ended, assignment of support must end.<sup>72</sup>

#### 4.5.1 Ending Assignment of the CS, CC, and PB Debt Types

IV-D staff must end the assignment of support as of the LEFTCARE effective date provided in the referral from MiSACWIS. Only the unpaid support that accrued while the child was in the agency placement will remain assigned to the state or county. All unpaid pre-placement arrears that were temporarily assigned to the state or county must be reassigned to the family. If arrears existed in multiple categories (NAA, CAA, UPAA or UDAA) prior to the child's agency placement, IV-D staff must reassign the remaining arrears balances in reverse distribution order.<sup>73</sup> The child may leave MDHHS's care on a day other than the last day of the month. If so, support must be prorated for the portion of the month that the child was in MDHHS's care.

When the child leaves MDHHS's care, the child might not be returned to the original CP on the pre-placement relevant case – the child may “return” to the other parent (e.g., the NCP on the pre-placement relevant case), or to a third party (e.g., grandmother). IV-D staff may review the case and the court order to determine where the child is now residing. IV-D staff will adjust the case as appropriate.<sup>74</sup>

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<sup>71</sup> Ref: IV-D Memorandum 2011-021 for more information.

<sup>72</sup> IV-D staff may learn of the status of a child's placement through various resources such as the CSA case worker, a court order, or the Business Objects QN-014 report.

<sup>73</sup> Ref: [Section 5.35, “Allocation/Distribution,” of the Michigan IV-D Child Support Manual](#) for more information on distribution order.

<sup>74</sup> Ref: SCAO ADM 2017-02 for more information.

**Example 5:**

A child is in a federally funded agency placement. The current child support charging on the agency placement IV-D case is \$200 per month. The arrears temporarily assigned to the state are \$500 in the TAA category on the pre-placement relevant case, and the NCP does not pay toward the TAA balance while the child is in placement. The currently assigned support is not paid, leaving an accrued arrears balance on the agency placement IV-D case of \$600 owed to the state in the IVEF category.

Case	NCP	CP	Assignable Monthly Support Obligation	NAA	TAA	IVEF
PPR	Mother	Father			\$500	
AgP	Mother	Agency CP	\$200			\$600

IV-D staff receive an alert<sup>75</sup> and learn the child has been returned to the father's home. The father is the CP on the pre-placement relevant case. IV-D staff must manually begin charging the monthly support obligation and unassign the family-owned arrears on the CP's pre-placement relevant case. The arrears that accrued while the child was in placement must remain owed to the state.

Case	NCP	CP	Assignable Monthly Support Obligation	NAA	TAA	IVEF
PPR	Mother	Father	\$200	\$500		
AgP	Mother	Agency CP				\$600

4.5.2 Ending Assignment of the Medical Support (MS) Debt Type

When a child is no longer receiving foster care assistance, the rights to the assignment of medical support will end. Any unpaid MS arrears that accrued while the child was under the supervision and care of MDHHS will remain owed to the state on the agency placement IV-D case.<sup>76</sup>

<sup>75</sup> When the child has left MDHHS's care, MiSACWIS will send MiCSES an update referral, and MiCSES will send an AGP\_OFF alert to IV-D staff. Ref: Section 3.85 of the *Michigan IV-D Child Support Manual* for more information regarding agency placement alerts.

<sup>76</sup> 45 CFR 302.51(c)(2)

MDHHS makes Medicaid coverage available to children in agency placements in full-month increments. Therefore, when a IV-D worker receives a LEFTCARE referral from MiSACWIS, the IV-D worker must end the MS assignment at the end of the month of the LEFTCARE effective date. The unpaid support that accrued while the child was in the agency placement will remain assigned to the state. Any pre-placement arrears that were temporarily assigned to the state must be reassigned to the family.

## 5. Unlicensed Provider Redirection of Support<sup>77</sup>

Unlike federal or state-funded agency placements, when a child is in an unlicensed provider placement, support is not assigned; instead, it may be redirected.<sup>78</sup> Redirection allows for the transfer of current support to the person providing the actual care, support and maintenance of a child.

Note: IV-D staff should attempt to redirect CC, CS, and PB debt types only when a child is placed with an unlicensed provider (i.e., an unlicensed unrelated caregiver). MS is assigned to the state while the child is in an agency placement, even if the placement is not federally or state-funded.<sup>79</sup>

### 5.1 Redirection Methods

Redirection can occur either administratively or judicially.

#### 5.1.1 Administrative Redirection<sup>80</sup>

In an administrative redirection, FOC staff must follow guidelines established by SCAO's Friend of the Court Bureau.<sup>81</sup> While redirection is not mandatory, OCS strongly recommends that IV-D staff seek administrative redirection when a child is placed with an unlicensed provider.

SCAO ADM 2017-02 instructs IV-D staff to provide notice to the parties (CP and NCP) on the pre-placement relevant case prior to the redirection taking place. The notice must provide the date the redirection will occur and instructions on how the parties may object to the redirection. FOC staff must allow parties 21 days to respond to the

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<sup>77</sup> If no pre-existing order of support exists for a child when the child is placed with an unlicensed provider, no redirection of support can occur. Once a judge orders that support be paid to an unlicensed provider, MiCSES distributes support to the provider as stated in Subsection 5.2 of this manual section.

<sup>78</sup> MCL 552.605d and SCAO ADM 2017-02.

<sup>79</sup> Ref: Subsection 4.2.3 in this manual section for more information on assigning the MS debt type.

<sup>80</sup> IV-D staff must review the placement order to verify there is no judicial redirection order prior to initiating the administrative redirection process.

<sup>81</sup> Ref: SCAO ADM 2008-01.

notice. During this timeframe, any support collected must continue to be paid to the original CP.

If either party objects to the redirection, FOC staff must provide notice to the parties informing them of the objection, and FOC staff must not administratively redirect support. If neither party objects within the 21-day objection period, FOC staff may administratively redirect support.

### 5.1.2 Judicial Redirection

In a judicial redirection, a judge issues an order requiring the redirection of child support. When this occurs, IV-D staff must proceed with the redirection of support as of the order effective date.

## 5.2 Monthly Support Obligation(s)

If the redirection is to occur on a day other than the first of the month, the IV-D worker must prorate and end the monthly support obligation(s) on the pre-placement relevant case(s), and prorate and begin the monthly support obligation(s) on the agency placement IV-D case(s):

- On the effective date of the redirection order when it is a judicial redirection; or
- After an appropriate amount of time has passed<sup>82</sup> and no objection has been filed in response to a notice of administrative redirection.<sup>83</sup>

MiCSES distributes support to the unlicensed provider on the agency placement IV-D case(s) using an OTHP ID,<sup>84</sup> and support accrues on the WF debt type in the NAA category.

**Note:** Due to support being redirected (rather than assigned) to an unlicensed provider, arrears owed on the pre-placement relevant case(s) will remain on that case and will not be assigned.

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<sup>82</sup> SCAO ADM 2017-02 establishes the appropriate amount of time as 21 days.

<sup>83</sup> If an objection is filed, FOC staff must schedule a hearing. The hearing may result in an order to judicially redirect support.

<sup>84</sup> MiCSES creates the unlicensed provider's OTHP ID when the MiSACWIS referral is received and adds the provider information on the child's MAHI screen record. Ref: Section 2.85 and [Section 3.16, "Other Parties," of the Michigan IV-D Child Support Manual](#) for more information.

**Example 6:**

A child is residing with her mother, and there is an existing child support order for the father to pay the mother \$300 per month in child support. There is an existing arrears balance of \$900.

Case	NCP	CP	Monthly Support Obligation	NAA	TAA	IVEF
PPR	Father	Mother	\$300	\$900		

The court removes the child from the mother’s care and places her with MDHHS. MDHHS then places the child with an unlicensed provider. When MiCSES receives the *Pay To PROVIDER* referral, it creates an OTHP ID for the grandmother. The FOC worker proceeds with the administrative redirection process. No objections are made regarding the redirection. The FOC worker redirects the monthly support obligation to the unlicensed provider on the agency placement IV-D case, using the provider’s OTHP ID as the check recipient. The existing arrears remain on the case with the mother as the CP.

Case	NCP	CP	Monthly Support Obligation	NAA	TAA	IVEF
PPR	Father	Mother		\$900		
AgP	Father	Agency CP	\$300 (on the WF debt type)	Unpaid current support accrues here, using the WF debt type		

**5.3 Unlicensed Provider Receiving Family Independence Program (FIP)**

The CSA may place a child with an unlicensed provider who receives cash assistance (FIP) through MDHHS.<sup>85</sup> In this instance, MiCSES will receive two separate referrals: a referral from MiSACWIS due to the unlicensed provider agency placement, and a referral from Bridges due to the unlicensed provider and child receiving FIP.

<sup>85</sup> An unlicensed provider may receive other benefits from MDHHS, such as food assistance for the child; however, there are no impacts to assignment or redirection for those benefits.



MiCSES sends a DIFFCUST alert when an unlicensed provider is receiving FIP. When the provider receives FIP, the FIP assignment takes priority over the redirection of support to the provider.<sup>86</sup> Therefore, IV-D staff must ensure the monthly support obligation is charging on the Bridges-referred IV-D case,<sup>87</sup> where the unlicensed provider is the CP.

#### 5.4 Ending the Redirection of Support

IV-D staff must end the redirection of support on the agency placement IV-D case as of the LEFTCARE effective date provided in the referral from MiSACWIS<sup>88</sup> when one of the following applies:

- The child's living arrangement is AWOL;
- The child's living arrangement is Parental Home; or
- The child's MiSACWIS case closed, and the child is no longer under MDHHS's care and custody (termination of county court jurisdiction).

IV-D staff must also end the redirection of support to an unlicensed provider if one of the following occurs:

- Updated *Pay To* information is received, and the child is placed in a funded placement; or
- The child is removed from the current unlicensed provider and placed with another unlicensed provider.

The unpaid support that accrued while the child was in the unlicensed provider placement will remain assigned and payable to the provider.<sup>89</sup>

IV-D staff may review the court order to determine the whereabouts of the child (e.g., the child was placed with a family for adoption).<sup>90</sup> If IV-D staff determine the child returned to the home from which (s)he was removed, they may resume the monthly support obligation(s) on that case (pre-placement relevant case). If no pre-placement relevant case exists, IV-D staff must end the redirection of support on the agency placement IV-D case. IV-D staff may redirect support or establish a new support order if a new IV-D case is created from a Bridges referral or from the submission of a *IV-D Child Support Services Application/Referral* (DHS-1201).<sup>91</sup>

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<sup>86</sup> MCL 552.605d(6)

<sup>87</sup> This does not include MS, which must remain on the agency placement IV-D case.

<sup>88</sup> MiCSES will send an AGP\_OFF alert when a LEFTCARE referral is received from MiSACWIS.

<sup>89</sup> This excludes MS, which is always payable and owed to the state for the time period that the child is in placement.

<sup>90</sup> Ref: IV-D Memorandum 2011-021 and [SCAO ADM 2012-07, When Child Support Stops and When It Continues](#).

<sup>91</sup> Ref: [Section 2.05, "Referrals and Applications" of the Michigan IV-D Child Support Manual](#) for information regarding the requests for IV-D services.

## 6. Allocation/Distribution

Federal regulations govern the distribution of child support collected for a child placed in a federally funded agency placement.<sup>92</sup> MiCSES prioritizes the allocation/distribution to agency placement assigned arrears based on the current assistance status of the IV-D case.<sup>93</sup>

Child support collected for a child will allocate/distribute using:

- The assignable debt types and the IVEF category for a child in a federally or state-funded placement; or
- The WF debt type and the NAA category for a child in a pre-October 1, 2019 county-funded placement or placed with an unlicensed provider.

Medical support collected for a child in a federally funded, state-funded or an unlicensed provider placement is allocated/distributed using the MEDI arrears category.

Note: In many instances, a child in an agency placement will have more than one IV-D case in MiCSES. To ensure MiCSES collects assigned child support and distributes it appropriately, IV-D staff must first record MDHHS as the CP on the IV-D case.<sup>94</sup> Additionally, the agency placement IV-D case must be actively charging while the child is in an agency placement.

## 7. Disbursement for Agency Placement IV-D Cases

The child's agency placement funding source determines the obligation debt type, the program type ("F" or "J" on the MAHI screen), and the disbursement of support to the state, county or unlicensed provider.

### 7.1 Federally and State-Funded Agency Placements

Federally funded and state-funded agency placement child support collections are not disbursed in the same manner as collections for FIP.<sup>95</sup> When MiCSES determines the collection received is for IV-E- or state-funded agency placement expenses, it holds the collections in suspense under the *Active IV-E* (SIVE) suspense code.

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<sup>92</sup> 45 CFR 302.52

<sup>93</sup> Ref: [Exhibit 5.35E1, MiCSES Allocation/Distribution Hierarchies](#).

<sup>94</sup> Ref: Section 2.85 of the *Michigan IV-D Child Support Manual* for information regarding CPs on agency placement IV-D cases.

<sup>95</sup> Ref: [Section 5.15, "Assignment of Support \(Certification/Decertification\),"](#) and Section 5.40 of the *Michigan IV-D Child Support Manual*.

MiCSES processes the expenditure file from MiSACWIS and releases the collections from SIVE hold. The Michigan State Disbursement Unit (MiSDU) then disburses the support to MDHHS on a monthly basis.

## 7.2 County-Funded Agency Placements

The MiSDU disburses past-due child support collected for arrears that accrued during the child's county-funded placement.

## 7.3 Unlicensed Provider Placements

The MiSDU disburses child support collected for unlicensed provider agency placements and distributes money on a daily basis.

# 8. Recovering Agency Placement Collections

IV-D staff must recover an agency placement collection that is incorrectly disbursed when MiCSES directs the MiSDU to:

- Disburse child support to the state, when it should have been sent to the county, or vice versa;
- Disburse child support to the state or county, when it should have been sent to a parent or unlicensed provider; or
- Disburse child support to the incorrect county.

## 8.1 Refunds From the State or County<sup>96</sup>

To recover an incorrectly disbursed collection from the state or county, IV-D staff must manually generate a *Support Collection Payment Request Form* (DHS-820). If the disbursement(s) is still on a SIVE hold, then payments should be recovered by backing out and reapplying the payment through a DHS-307 request<sup>97</sup> to the MiSDU.

Since local IV-D staff complete the DHS-820 recovery process for foster care payments manually, the DHS-820 form must contain the local office address. Failure to identify the proper local address will prevent the refund check from reaching the correct IV-D staff for processing.<sup>98</sup>

**Note:** This process is strictly for obtaining a refund when the state or county is overpaid for CC, CS and PB obligations. For information on how to

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<sup>96</sup> Generally, county IV-D staff are responsible for requesting a refund of support that has been incorrectly disbursed to a state agency.

<sup>97</sup> The DHS-307 is the *Request for Central Receipt Adjustment/Suspense Work Form*.

<sup>98</sup> In September 2012, OCS published [IV-D Memorandum 2012-021, Foster Care Refunds – Disbursement of Support Collection Payment Request \(DHS-820\) Refunds Via Electronic Funds Transfer \(EFT\)](#), which instructed FOC staff to establish direct deposit for the DHS-820 refund payments.

obtain an MS refund, reference Section 5.40 of the *Michigan IV-D Child Support Manual*.

### 8.1.1 Completing the DHS-820<sup>99</sup>

IV-D workers will complete the DHS-820 and must:

- A. Enter in Box 5, *Customer's Name*, the Agency Placement Person ID for the child associated with the Agency Placement Case ID (to be entered in Box 6). If there are additional Agency Placement Person IDs for that Case ID, enter them in Box 33, *Additional Explanation*.
- B. List the Agency Placement Case ID in Box 6, *MDHHS Case Number*.
- C. Place a checkmark in Box 15, *Refund Reason*, for one of the following reasons:
  - 1. *MDHHS Overpaid*, if money was incorrectly disbursed to the state; or
  - 2. *Other – Specify*, if money was incorrectly disbursed to the county. Enter “CCCF Overpaid” for county Child Care Fund overpaid.
- D. Place a checkmark in Box 16B, *Other Collections*, for one of the following reasons:
  - 1. *IV-E Court or State Ward*, if the child's debt type was CC, CS or PB; or
  - 2. *Specify*, if the child's debt type was WF. Enter “CCCF.”
- E. In Box 33, *Additional Explanation*, enter the following:
  - 1. “Foster Care Support Refund Request” if the IV-D worker used the *Specify* option in either Box 15 or Box 16B; and
  - 2. Additional Agency Placement Person IDs if there is more than one child associated with the Agency Placement Case ID that is entered in Box 6.

### 8.1.2 Submitting the DHS-820

- A. For a refund from the state, IV-D staff will submit the DHS-820 to the Accounts Receivable Unit (ARU) at:

Accounts Receivable Unit - Government Benefits

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<sup>99</sup> Ref: Section 5.40 of the *Michigan IV-D Child Support Manual* for more information about the DHS-820. For further instructions on completing the DHS-820, reference [Exhibit 5.40E2, Instructions for Completing the Support Collection Payment Request \(DHS-820\)](#).

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Lansing, MI 48909

ARU staff will process a payment voucher using the information on the DHS-820 and will submit the voucher to the Michigan Department of Treasury (Treasury). Treasury will issue a check to the payee listed in Box 10A on the DHS-820. If the FOC office is set up for direct deposit, Treasury will issue payment via electronic funds transfer to the bank account associated to the FOC's mail code.<sup>100</sup>

- B. For a refund from a county's CCF, IV-D staff will submit the DHS-820 to the entity in the county that received the incorrect payment. (This is the address in MiCSES for the "WF" Check Recipient Type 3.) The county's CCF administrator will issue a check to the IV-D office that completed the DHS-820.

Note: IV-D staff must enter the IV-D office as the payee in Box 10A to ensure Treasury (or the county) sends the refund to the proper office. If IV-D staff enter the name and address of the CP on the IV-D case, the refund will not be correctly applied against the NCP's arrears.

## 8.2 Refunds From the State or County – Receipting Procedures

When IV-D staff receive the refund from the state or county, they must receipt the refund into MiCSES for appropriate cash handling procedures. Within five business days of receiving the refunded payment, IV-D staff must determine if the money needs to be sent to the family or to another entity.<sup>101</sup>

Once the refunded payment is received, IV-D staff must:

- Verify that assignment records on the MAHI screen are correct for both the pre-placement relevant case and the agency placement IV-D case;
- Ensure the monthly obligation(s) is charging on the appropriate IV-D case;
- Post the refunded payment on the appropriate IV-D case using Receipt Source 5 – *State Refund DHS-820 Manual*; and
- Make any necessary arrears adjustments to the agency placement IV-D case to reflect that the payment was refunded from the state.

## 9. Incorrect Disbursements Sent to the Parent or Unlicensed Provider

When IV-D staff receive money from a person who received an incorrect disbursement, IV-D staff will:

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<sup>100</sup> Ref: IV-D Memorandum 2012-021.

<sup>101</sup> Another entity may be the recovery account that was created when the initial receipt was backed out.

- Verify that the assignment records on the MAHI screen are correct on both the pre-placement relevant case and the agency placement IV-D case;
- Ensure the monthly obligation(s) is charging on the appropriate IV-D case;
- Make any necessary arrears adjustments to the appropriate IV-D case to reflect the refunded payment; and
- Post the refunded payment on the appropriate IV-D case.<sup>102</sup>

**SUPPORTING REFERENCES:**

Federal

42 USC 671(a)(17)  
42 USC 1396k(a)(1)(A)  
42 USC 1396(a)(25)(H)  
42 CFR 433.145  
42 CFR 433.146  
45 CFR 302.51(c)(1)  
45 CFR 302.51(c)(2)  
45 CFR 302.52  
45 CFR 302.52(b)(1)  
45 CFR 302.52(b)(2)  
45 CFR 302.52(b)(3)  
45 CFR 302.52(c)  
45 CFR 303.72  
45 CFR 303.100

OCSS PIQ 07-03

State

MCL 400.106  
MCL 400.112a  
MCL 400.115b  
MCL 400.115b(5)  
MCL 400.115b(6)  
MCL 400.117a(4)(a)  
MCL 552.605d  
MCL.552.605d(1)(i)  
MCL 552.605d(6)

SCAO ADM 2017-02  
SCAO ADM 2008-01  
SCAO ADM 2012-07  
SCAO ADM 2012-10

*Children's Foster Care Manual,*

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<sup>102</sup> Money returned from a CP must be recorded using receipt source "Y," *Payee Recoupments*, which requires completing the *Request for Central Receipt Adjustment/Suspense Work Form* (DHS-307) and submitting it to the MiSDU to disburse the funds appropriately.

FOM 722-01, FOM 901-7, FOM 901-8, and  
FOM 902.

*Services Funding and Payments Manual,*  
SRF-904

**REVISION HISTORY:**

[IV-D Memorandum 2023-011](#)  
IV-D Memorandum 2019-016  
IV-D Memorandum 2016-010  
IV-D Memorandum 2013-011  
IV-D Memorandum 2010-018