

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

Publication/ Revision Date: November 29, 2016	Chapter Number: 6.0	Chapter Title: Enforcement
	Section Number: 6.42	Section Title: Payment Plans

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1. Initiating an Arrears Payment Plan

A payer who has accumulated an arrearage under a support order may file a motion with the circuit court requesting to discharge or abate arrearages when certain conditions apply. The payer may use the *Motion Regarding Payment Plan/Discharge of Arrears* (FOC109) to request an arrears payment plan.¹ An arrears payment plan may address:

- Arrears owed to the payee;
- Arrears owed to the state; or
- Arrears owed to both the payee and the state.

¹ Ref: Subsection 4 of this manual section for more information on forms.

According to federal distribution requirements,² any payments made by a payer are applied first to current support, and then to arrears.³ If the amount of the current support obligation is contributing to the payer's inability to pay and is causing the payer's arrearage to increase, the Office of Child Support (OCS) recommends that Friend of the Court (FOC) staff consider a review and modification of the current support obligation to prevent further arrearages from accumulating.

Note: Effective December 28, 2009, a payer for whom prosecution has been initiated for desertion, abandonment, or refusal or neglect to provide for the family is eligible to participate in an arrears payment plan.

If the payer files a motion for a payment plan for state-owed arrears, the payer must serve⁴ a copy of the filed motion to OCS Central Operations at the following address at least 56 days⁵ prior to the hearing date:

Michigan Department of Health and Human Services
Office of Child Support Central Operations
Arrears Payment Plan Review Unit
P.O. Box 30478
Lansing, MI 48909

Statute requires that the court consider written comments submitted by OCS or its designee prior to the hearing.⁶ OCS Central Operations reviews arrears payment plans for state-owed arrears and provides comments to the court on the *Arrears Payment Plan Information Summary* (DHS-986).⁷ The arrears payment plan request may be supported or opposed, or OCS Central Operations may choose not to comment when information is missing or all arrears are owed to a payee(s).

The circuit court may approve and grant the motion for a payer's arrears payment plan after notice and a hearing if the court finds the plan is in the best interests of the parties and the children, and certain other conditions are met.⁸

1.1 Arrears Owed to the Payee

- 1.1.1 The support arrearage owed to a payee may include all of the following debt types: Child Support (CS), Out of State (OS), Payee Bonus (PB), Child Care (CC), Spousal Support (SS), Medical Reimbursement (MR),

² Ref: Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), 42 United States Code (USC) 657(a).

³ Ref: [Section 5.35, "Allocation/Distribution," of the Michigan IV-D Child Support Manual.](#)

⁴ Ref: Michigan Compiled Law (MCL) 552.603(9) for more information on service of process.

⁵ MCL 552.605e(1)(b)(iv)

⁶ MCL 552.605e(7)

⁷ Ref: Subsection 1.4.2 of this manual section.

⁸ MCL 552.605e(1)

Medical Support – Client (MS), Education (ED), or Payee Birth Expenses (PC).⁹

Note: The CC, CS, PB, and SS debt types are assignable to the state when a family receives Family Independence Program (FIP) assistance or when a child is placed in federal- or state-funded foster care. The MS debt type is assignable to Medicaid when a child is receiving Medicaid benefits.¹⁰

1.1.2 If the payer owes arrears to a payee and wants a payment plan, statute requires that the court must find **both** of the following:

- A. The payee has consented to the entry of the order under circumstances that satisfy the court that the payee is not acting under fear, coercion, or duress; and
- B. The payer has established that the arrearage did not arise from conduct that the payer engaged in exclusively for the purpose of avoiding a support obligation.¹¹

Note: OCS Central Operations will neither support nor oppose payment plans in which all arrears are owed to a payee(s).¹² Any compromise of child support arrearages that have not been permanently assigned to the state requires the agreement of the child support recipient.¹³

1.2 Arrears Owed to the State

1.2.1 When an arrearage is owed to the state, MCL 552.605e(1)(b)(iii) indicates that a payment plan will pay a “reasonable portion¹⁴ of the arrearage over a reasonable period of time in accordance with the payer’s current ability to pay.” If the payer has arrears owed to a payee(s), state and federal allocation and distribution rules will result in payments toward payee-owed arrears before any state-owed arrears will be paid.

⁹ Ref: [Section 5.10, “Debt Types,” of the Michigan IV-D Child Support Manual.](#)

¹⁰ Ref: [Section 5.15, “Assignment of Support \(Certification/Decertification\),” of the Michigan IV-D Child Support Manual.](#)

¹¹ MCL 552.605e(1)(a)

¹² Ref: Subsection 1.4.2 of this manual section.

¹³ [Office of Child Support Enforcement \(OCSE\) Policy Interpretation Question \(PIQ\) 00-03, State IV-D Program Flexibility with Respect to Low Income Obligors](#), states: “Any compromise of child support arrearages that have not been permanently assigned to the State would require the agreement of the obligee.”

¹⁴ Ref: Subsection 1.4.2 of this manual section for more information regarding “reasonable portion.”

1.2.2 OCS Central Operations will support a payment plan for state-owed arrears **only** if:

- The payer owes no support arrears to a payee(s);
- The payment plan provides for the state to receive payments toward the state-owed arrearage once the arrears owed to a payee(s) have been paid in full or waived by the payee(s);¹⁵ or
- The payer has demonstrated that extenuating circumstances exist.¹⁶

A zero balance in payee-owed arrears occurs when:

- The payer has paid the support arrearages owed to the payee(s) in full; or
- The payee has waived all of the arrears owed to him/her.¹⁷

1.2.3 Not all arrears payment plans must result in the elimination of a payer's state-owed arrearage. To be supported by OCS Central Operations, plans for state-owed arrears must meet the following requirements to pay a reasonable portion of the arrearage over a reasonable period of time.¹⁸ Provided the payer meets all other criteria:

- A. For a payer who has an income at or below the poverty level,¹⁹ OCS Central Operations will support a plan that requires payments for at least 24 months; or
- B. For a payer who has an income in excess of the poverty level, OCS Central Operations will support a plan that requires payments for at least 24 months plus one additional month for each \$1,000 above the poverty level that the payer earns annually.²⁰

1.3 Arrears Owed to Both the Payee and the State

1.3.1 If the payer files a motion for a payment plan for both payee- and state-owed arrears, OCS Central Operations will support the entry of the payment plan for state-owed arrears when:

¹⁵ Ref: MCL 552.605e(1)(b)(iii). Ref: Subsection 1.3 of this manual section for more information regarding arrears owed to both the payee and the state.

¹⁶ Ref: Subsection 1.4.2 of this manual section for more information regarding "extenuating circumstances."

¹⁷ This includes the payee's interest in conditionally assigned arrears (CAA).

¹⁸ MCL 552.605e(1)(b)(iii)

¹⁹ The poverty level is established by federal poverty guidelines published by the [U.S. Department of Health & Human Services](#).

²⁰ Prior to December 28, 2009, MCL 552.605e required that, if an arrears payment plan did not pay the entire arrearage, the payer was to make payments for at least 24 months. The OCS Program Development Division (PDD) has determined that this time period continues to constitute a "reasonable period of time."

- The plan provides that the support obligations owed to the payee will be paid in full; or
- The payee will waive the remaining payee-owed arrears, leaving a zero balance.

In addition, the payment plan must provide for the state to receive payments on the state-owed arrearage once the payee-owed arrears have been paid in full or waived.

1.3.2 OCS Central Operations will oppose any motion for a payment plan that fails to pay a reasonable portion of the state-owed arrears, unless extenuating circumstances exist.²¹

1.3.3 As arrears owed to a payee(s), CAA cannot be discharged through an arrears payment plan unless the payee has waived his/her interest in CAA. If the court grants a payee's request to waive his/her interest in CAA, OCS Central Operations will support the discharge of the state's limited interest in CAA.²² If the payee does not consent to waive CAA, OCS Central Operations will not give comments in support of the payment plan.

1.4 OCS Central Operations Action for Arrears Payment Plans

1.4.1 Timing

OCS Central Operations will provide written comments to the court regarding the motion requesting an arrears payment plan within 56 days of receiving the motion.

1.4.2 *Arrears Payment Plan Information Summary* (DHS-986)

OCS Central Operations provides comments to the court on the *Arrears Payment Plan Information Summary* (DHS-986). Possible comments in response to an arrears payment plan request are discussed below.

A. Support the Plan

1. In September 2008, the Program Leadership Group approved the following consistent, statewide criteria for OCS Central Operations to use in evaluating arrears payment plans. OCS Central Operations will support a plan if:

²¹ Ref: Subsection 1.4.2 of this manual section.

²² Ref: [Section 6.51, "Arrears Management," of the Michigan IV-D Child Support Manual.](#)

- a. The payer has provided sufficient information showing his/her inability to pay;
 - b. The payer is able and has agreed to pay an arrearage payment amount equal to or greater than 15 percent of his/her monthly income; or
 - c. The payer has agreed to pay an amount less than 15 percent of his/her monthly income when the following extenuating circumstances exist:
 - 1) The payer demonstrates (s)he wants to make payments on the arrearage but cannot afford to pay 15 percent of his/her income and still pay for his/her own living expenses; or
 - 2) The payer receives means-tested income or Supplemental Security Income (SSI) to supplement his/her income.²³
2. OCS Central Operations may support an arrears payment plan when the payer has only state-owed arrears if:
- a. The arrearage did not arise from conduct that the payer engaged in exclusively for the purpose of avoiding a support obligation;
 - b. The payer has no present ability, and will not have an ability in the foreseeable future, to pay the arrearage absent an arrears payment plan; and
 - c. An arrears payment plan that does not pay the entire arrearage will pay a reasonable portion of the arrearage over a reasonable period of time in accordance with the payer's current ability to pay.²⁴
- Barring extenuating circumstances, a "reasonable portion" is equal to 15 percent of the payer's income,²⁵ paid monthly over a "reasonable period of time."²⁶
3. OCS Central Operations will review the payer's request and proposal for an arrears payment plan and confirm the following before making comments to the court:

²³ OCS Central Operations will recommend a monthly payment of zero on the state-owed arrears when the payer has demonstrated that (s)he receives means-tested income or SSI and does not have any other income or assets.

²⁴ MCL 552.605e(1)(b)(iii)

²⁵ OCS Central Operations will support or oppose a payment plan using these guidelines; however, "reasonable portion" is a judicial determination. The court may choose to order a payment plan that OCS Central Operations has opposed, or may choose not to order a payment plan that OCS Central Operations has supported.

²⁶ Ref: Subsection 1.2.3 of this manual section for information on "reasonable period of time."

- a. Case conditions in the Michigan Child Support Enforcement System (MiCSES) are correct;²⁷ and
 - b. Necessary information was provided (i.e., the payer provided information proving his/her inability to pay).
4. If OCS Central Operations staff support the plan after following the policy and procedures in Subsection 1.4.2(A)(1)-(3) above, they will provide comments suggesting:
- a. A monthly payment amount;²⁸
 - b. The number of months for which payment is required;²⁹ and
 - c. Any other proposed conditions or terms.

B. Oppose the Plan

OCS Central Operations will oppose an arrears payment plan when:

1. The payer has not provided sufficient evidence of his/her inability to pay;
2. The support arrearage owed to the payee(s) is not at a zero balance, and the payment plan does not provide for the state to receive payments on the state-owed arrearage once the payee-owed arrears have been paid in full or waived; the plan is not in compliance with state law (MCL 552.605e);
3. The payer is not able to pay a monthly amount equal to or greater than 15 percent of his/her monthly income over a specific period of time; or
4. Extenuating circumstances exist, and the payer has not demonstrated that (s)he is willing to make reasonable payments on the arrearage, even at less than 15 percent of his/her income.

C. Unable to Proceed

If the payer fails to provide the necessary information, OCS Central Operations will check one or more of the *Unable to Proceed – Missing Information Needed* boxes on the DHS-986. OCS Central Operations will mail a copy of the DHS-986 to the payer, who may submit the required information before the final recommendation is sent to the court.

²⁷ If case conditions in MiCSES are incorrect, OCS Central Operations will contact the local FOC's Certification/Decertification Liaison (listed on mi-support's [Partner Contact Information](#) page) via email for correction.

²⁸ Ref: Subsection 1.4.2(A) of this manual section to calculate the payment amount.

²⁹ Ref: Subsection 1.2.3 of this manual section to determine the duration of a payment plan.

Once the payer submits the required documentation, OCS Central Operations staff will provide the court with a comment supporting or opposing the payment plan, or they may select “other” on the DHS-986.

D. Other

OCS Central Operations may choose “other” on the DHS-986, and neither support nor oppose a plan, when all arrears are owed to a payee(s).

1.4.3 Submission of Comments

- A. OCS Central Operations will complete the DHS-986, forward it to the circuit court clerk, and provide copies to the FOC, to all parties on the case, and the attorney(s) of record, if applicable.³⁰
- B. If OCS Central Operations does not provide the court with comments, statute³¹ permits the court to:
 - 1. Adjourn the hearing to seek written comments before making a decision;
 - 2. Appoint an examiner who will review the payer’s assets and the payment plan and make a recommendation concerning the plan, or propose an alternative plan to the court. The payer will pay the examiner for services provided under terms and conditions the court establishes separately from any payments made through the FOC or the Michigan State Disbursement Unit (MiSDU);
 - 3. Appoint a receiver who will review the payer’s assets and make a recommendation concerning the plan or propose an alternative plan to the court. The receiver will have the powers of a receiver under all applicable laws and may, at the court’s discretion, use the payer’s assets to complete the plan or may otherwise monitor the payer’s progress in completing the plan. The payer will pay the receiver for services provided under terms and conditions the court establishes separately from any payments made through the FOC or MiSDU;
 - 4. Approve the plan as presented, but only if the payer satisfies the requirements of the payment plan with clear and convincing evidence; or
 - 5. Deny the payment plan as presented if the court finds that the payer has not satisfied the requirements of the payment plan.

³⁰ Michigan Court Rule (MCR) 2.107

³¹ MCL 552.605e(7)

1.5 Court Actions

1.5.1 Statute requires that the court consider OCS's written comments when entering a payment plan.³² However, the court establishes the terms and conditions of the arrears payment plan and has the final decision in adopting the plan. If the court approves a payment plan for state-owed arrears, that approval is considered the state's consent to a compromise of the arrearage.³³

1.5.2 The court may require conditions in addition to the payment of support that the court determines are in the best interests of a child. These conditions include, but are not limited to, any of the following:

A. A payer's participation in:

- A parenting program;
- Drug and alcohol counseling;
- Anger management classes;
- A batterer intervention program;
- A work program; or
- Counseling.

B. A payer's continued compliance with a current support order.

The court may determine the process for monitoring non-monetary compliance actions.

1.5.3 The State Court Administrative Office (SCAO) recommends that the court order specify whether or not enforcement-initiated receipts will be considered when determining if the payer is complying with the plan.³⁴

1.5.4 The court may approve the plan if the arrearage is owed to the State of Michigan or a political subdivision thereof.³⁵ A court will likely approve a plan when it is satisfied that all of the statutory requirements are met.

2. Terminating an Arrears Payment Plan

Any interested party may bring a motion before the court to reinstate the arrearages subject to the plan for good cause, at any time during the pendency of the payment plan (i.e., following the entry of the arrears payment plan, but prior to the actual discharge of the arrearage). Good cause includes, but is not limited to:

³² MCL 552.605e(7)

³³ MCL 552.605e(8)

³⁴ Ref: Subsection 7.1.3 of this manual section for a list of enforcement-initiated receipt types.

³⁵ MCL 552.605e(1)(b)

- The payee becoming a recipient of public assistance; or
- The payer receiving property sufficient to pay a substantial portion of the amount discharged. This property includes, but is not limited to:
 - Lottery proceeds or other winnings;
 - A settlement under an insurance policy;
 - A judgment in a civil action; or
 - An inheritance.³⁶

If the court orders the reinstatement of arrears discharged under an arrears payment plan, and FOC staff have already made the arrears adjustment for the discharge, FOC staff will ensure that the reinstatement arrears adjustment is marked specifically as a reinstatement. FOC staff will also select the same arrears adjustment reason and reason detail codes as were selected for the original discharge adjustment on the *Obligation Arrears Adjustment (OBAA)* screen.³⁷ If the original arrears adjustment reason and reason detail codes are not available at the time of the adjustment, FOC staff will select the codes that most closely reflect the original adjustment.

3. Fulfilling Arrears Payment Plan Requirements

Upon completion of the arrears payment plan, the payer must file a motion with the circuit court to obtain a hearing to discharge any remaining arrearage. The payer must provide notice of the hearing to all interested parties, including OCS Central Operations.³⁸

3.1 Determining Arrears Payment Plan Compliance

FOC staff can view a payer's compliance history from a tab on the *Support Order Entry (SORD)* screen's *Payment Plan* pop-up window.³⁹

Note: Arrearages subject to an arrears payment plan must remain in MiCSES until they are paid or discharged by a court order.⁴⁰ If a court has ordered that surcharge be assessed on the arrearage and the case is not subject to a surcharge payment plan, surcharge assessment will continue.⁴¹

³⁶ MCL 552.605e(4)

³⁷ For more information about arrears adjustments and the OBAA screen, reference Subsection 3.2 of this manual section and [documentation for obligation entry, modification and adjustments on mi-support](#).

³⁸ Ref: Subsection 1 of this manual section for the address of OCS Central Operations.

³⁹ Ref: [MiCSES Quick Reference Guide: SORD – View a Payment Plan and Compliance History for a Court Order](#).

⁴⁰ The payer must file a motion to initiate an order for the discharge of any remaining arrears.

⁴¹ Ref: Subsection 6 of this manual section for more information on surcharge payment plans.

FOC staff may refer to the court order to determine whether or not enforcement-initiated receipts must be considered when determining the payer's compliance with the payment plan.⁴²

Mandatory enforcement remedies are to continue on any arrearage subject to an arrears payment plan.⁴³ OCS PDD has determined mandatory enforcement remedies to include credit reporting, tax refund offset, income withholding, and *National Medical Support Notice* (NMSN) processes.⁴⁴ The law also allows *discretionary* enforcement remedies (i.e., any non-mandatory enforcement remedies) to continue on an arrearage subject to an arrears payment plan. However, a referee, judge, or other person conducting an administrative review on the matter must stop the discretionary enforcement if the payer is in compliance with the arrears payment plan.

3.2 Discharging Arrears After Completion of an Arrears Payment Plan

After finding the payer has completed or substantially complied with the plan, the court may enter an order granting relief, including the discharge of any remaining arrearage. FOC staff will enter the court's order information into MiCSES as a docket-level note on the *Notes Processor* (NOTE) screen. FOC staff will adjust the remaining arrears balance according to the terms of the court order, if necessary.

FOC staff will select the "Judicial Arrears Adjustment" reason code on the OBAA screen for the discharge of arrears through an arrears payment plan. FOC staff will also select the "Arrears Payment Plan" reason detail code on the OBAA screen for the arrears payment plan adjustment.

Unless otherwise requested, it is not necessary for FOC staff to provide OCS or the OCS director with copies of the order discharging arrears.

3.3 Reducing the Unreimbursed Grant (URG) Amount⁴⁵

When FOC staff discharge state-owed arrears, they must adjust the URG to ensure the state does not retain an excess amount of child support collections.

Upon completion of any payment plan for state-owed arrears and entry of a court order that authorizes a discharge of the remaining arrears, the FOC or its representative must notify OCS Central Operations via email of the amount of

⁴² Ref: Subsection 7.1.3 of this manual section for a list of enforcement-initiated receipt types.

⁴³ MCL 552.605e(9)(1)

⁴⁴ Other remedies that may be determined mandatory are being considered and may be added in future publications of this manual section.

⁴⁵ Ref: [Section 5.40, "Public Assistance Impacts: Unreimbursed Grant, Linking, and Pass-Through \(Client Participation Payment\)," of the Michigan IV-D Child Support Manual.](#)

state-owed arrears being discharged.⁴⁶ OCS Central Operations staff may refer to the NOTE screen, the *Arrears Management Reporting* (ARMR) screen, and/or the *Financial Event Diary* (ELOG) screen to verify that the court order was entered and the arrears adjustment was completed.⁴⁷

3.4 Correcting Arrears Adjustment Errors

If FOC staff have already completed an arrears adjustment to discharge arrears but the adjustment was incorrect, FOC staff will make corrective arrears adjustments.⁴⁸

4. Arrears Payment Plan Forms

The following forms for arrears payment plans are currently available from the [SCAO website](#):

- *Motion Regarding Payment Plan/Discharge of Arrears* (FOC109) – Used to file a motion requesting an arrears payment plan.
- *Order Regarding Payment Plan/Discharge of Arrears* (FOC110) – Used to order an arrears payment plan.
- *Order Discharging Arrears* (FOC111) – Used to order the discharge of arrears owed to the payee or the state.
- *Response to Motion Regarding Payment Plan/Discharge of Arrears* (FOC117) – Used to respond to a motion.

In addition, OCS Central Operations staff use the DHS-986 to provide their comments to the court.

5. Enforcement Payment Plans

Enforcement payment plans are the result of a show cause⁴⁹ or license suspension⁵⁰ hearing. A court may order a payer to pay a specific dollar amount, either as a lump sum or periodically, on his/her arrears balance in order to avoid an enforcement action. If the payer falls out of compliance with the plan, the enforcement action will occur.

⁴⁶ Ref: Section 6.51 of the *Michigan IV-D Child Support Manual* for the policy and procedures for adjusting the URG. Ref: [Section 1.10, "Confidentiality/Security," of the Michigan IV-D Child Support Manual](#) for details about secure email and encryption of confidential information. [OCSE PIQ 05-01, Reduction of the Unreimbursed Assistance Balance \(URA\) when Permanently-Assigned Arrearages are Compromised](#), supports reducing the URG balance by an amount equal to the amount of permanently assigned arrears (PAA) discharged by the state.

⁴⁷ Ref: Subsection 8 in this manual section for information about tracking arrears adjustments on the ARMR screen.

⁴⁸ Ref: Section 6.51 of the *Michigan IV-D Child Support Manual* for the policy and procedures for making corrective adjustments for arrears discharged.

⁴⁹ MCL 552.631(1)(a)(vii)

⁵⁰ MCL 552.629(3)

Enforcement payment plans are handled according to local FOC policy.

If the court orders an arrears discharge under an enforcement payment plan, FOC staff will select the “Judicial Arrears Adjustment” reason code and the “Enforcement Order” reason detail on the OBAA screen for the arrears payment plan adjustment.

6. Surcharge Payment Plans

Per MCL 552.603a, if the court determines that the payer has willfully failed to pay support under a support order, the court may order that a surcharge be added to support payments that are past-due on January 1 and July 1 of each year.

Per MCL 552.603d, a party or the FOC may file a motion with the court for a repayment order that provides, subject to federal law or regulation, for the discharge of amounts assessed as surcharge⁵¹ and for the waiver of future surcharge.

Courts may order a surcharge payment plan that includes provisions to defer surcharge assessment. Statute indicates that surcharge can be deferred (discharged) if federal and state law permit it. Pursuant to federal law, support cannot be discharged without the express consent⁵² of the person owed the support.⁵³ Pursuant to state law, surcharge is support.⁵⁴ Consequently, while future surcharge assessment can be deferred and ultimately waived without the payee’s consent, surcharge that has accrued (prior to the deferral) cannot.

Statute permits the court to enter a surcharge payment plan order after notice and a hearing if the court finds that:

- The arrearage did not arise from conduct that the payer engaged in exclusively for the purpose of avoiding a support obligation;
- The payer has no present ability, and will not have an ability in the foreseeable future, to pay the arrearage absent a surcharge payment plan that waives or discharges amounts assessed as surcharge;
- The payer’s plan is reasonable based on the payer’s current ability to pay; and
- The surcharge accrued or will accrue after June 30, 2005.⁵⁵

Following the entry of a surcharge payment plan, upon notice and hearing, if the court finds that the payer has failed substantially to comply with the plan, the court may enter an order reinstating all or a portion of any surcharge that was discharged.

⁵¹ Ref: [Section 5.75, “Surcharge,” of the Michigan IV-D Child Support Manual.](#)

⁵² “Express consent” is the use of written or documented verbal permission to take a specific action.

⁵³ Ref: OCSE PIQ 00-03.

⁵⁴ MCL 552.605a

⁵⁵ MCL 552.603d

7. Maintaining Payment Plans in MiCSES

MiCSES allows FOC staff to enter and monitor payment plans approved by the court.⁵⁶

FOC staff may record on the NOTE screen a docket-level note that describes any non-monetary payment plan requirements. The court will determine the process for monitoring non-monetary compliance actions.

7.1 Arrears Payment Plans in MiCSES

7.1.1 MiCSES tracks payments for all support debt types in an arrears payment plan. Support debt types include:

- Child Support – CS;
- Out of State – OS;
- Payee Bonus – PB;
- Child Care – CC;
- Medical Reimbursement – MR;
- Spousal Support – SS;
- Medical Support – Client – MS;
- Education – ED; and
- County Foster Care (not payable to state) – WF.

7.1.2 MiCSES considers the following receipt sources when determining the payments applied to arrears payment plans:

- 3 – FIDM⁵⁷ Receipt;
- 4 – Special Instructions;
- B – Bond;
- G – Levy;
- I – IRS;⁵⁸
- O – Workers' Compensation;
- P – Receivership;
- Q – QDRO/EDRO⁵⁹ Withholding;
- R – Obligor;
- S – State Tax;
- T – Interstate;
- U – Unemployment Compensation;
- V – Employer Bonus;
- W – Wage Assignment;

⁵⁶ Ref: [MiCSES Quick Reference Guide: SORD – Enter a Payment Plan Agreement for a Court Order.](#)

⁵⁷ Financial Institution Data Match

⁵⁸ Internal Revenue Service

⁵⁹ Qualified Domestic Relations Order / Eligible Domestic Relations Order

- X – Lottery Winnings; and
- Z – Performance Bond.

7.1.3 Of the above receipt types, the receipt types in the following subset are enforcement-initiated. Enforcement-initiated receipts are those receipts that are received as a result of a specific enforcement action:

- 3 – FIDM;
- B – Bond;
- G – Levy;
- I – IRS;
- O – Workers' Compensation;
- S – State Tax;
- X – Lottery Winnings; and
- Z – Performance Bond.

7.1.4 MiCSES provides the *Ordered on Arrears* field on the *Obligation Maintenance* (OBLG) screen for the entry of court-ordered payment amounts. FOC staff will enter the court-ordered arrears payment amount in the *Ordered on Arrears* field only when a court order determines a specific payment amount to be applied toward arrears, such as a payment determined by a court-approved arrears payment plan. The payer is to pay the *Ordered on Arrears* amount in addition to any current support obligation amount.⁶⁰

A. FOC staff must update the *Ordered on Arrears* field in MiCSES when:

1. Arrears exist under the obligation(s); and
2. The court orders a specific amount of money paid to those past-due obligations.

If FOC staff do not enter the payment plan amount into the *Ordered on Arrears* field on the OBLG screen and the non-custodial parent (NCP) has more than one docket, the allocation and distribution process may not honor the payment plan. MiCSES will continue to allocate and distribute the collection amount proportionally across all of the NCP's cases according to the distribution hierarchy⁶¹ instead of allocating the arrears collection to the order specified by the payment plan.

B. When a specific payment amount is ordered for the docket, FOC staff will:

⁶⁰ Ref: [Section 5.20, "Obligation – Entry, Modification and Adjustments,"](#) and Section 5.35 of the *Michigan IV-D Child Support Manual* for more information.

⁶¹ Ref: [Exhibit 5.35E1, MiCSES Allocation/Distribution Hierarchies.](#)

1. Enter the payment plan amount in the *Ordered on Arrears* field on the OBLG screen;⁶² and
2. Ensure that when an income withholding notice (IWN) exists, the *Ordered on Arrears* amount is included and accommodates the provisions of the arrears payment plan.⁶³ FOC staff will:
 - a. Verify a guideline IWN arrears collection amount⁶⁴ is equal to or greater than the arrears payment plan amount. If the guideline IWN arrears amount is not equal to or greater than the arrears payment plan amount, FOC staff will establish a judicial IWN on arrears; or
 - b. Verify a judicial IWN arrears collection amount is equal to or greater than the arrears payment plan amount; or
 - c. Verify a specific IWN arrears collection amount is equal to or greater than the arrears payment plan amount.

7.1.5 MiCSES allocates and distributes receipts to specific **support obligations**⁶⁵ in the following hierarchy:

- A. Current support – The payment is first allocated based on current charges for support accounts;
- B. Ordered on arrears – The payment is next allocated based on the entry amount in the *Ordered on Arrears* field on support accounts; and
- C. Arrears – The payment is then allocated based on the total amount of arrears on support accounts.

7.1.6 After all support obligations are satisfied, MiCSES allocates and distributes the receipt balance to **non-support obligations** in the following hierarchy:

- A. Current charges – The payment is first allocated based on current charges for non-support accounts;
- B. Ordered on arrears – The payment is next allocated based on the entry amount in the *Ordered on Arrears* field on non-support accounts;⁶⁶ and

⁶² The payment plan amount is entered on a specific debt type. The debt type may be ordered by the court; otherwise, it is first entered on support debt types and secondly on non-support debt types. Ref: Subsection 7.1.1 of this manual section for support debt types. Also reference the [MiCSES Quick Reference Guide: OBLG – Enter/Modify Ordered on Arrears](#).

⁶³ MiCSES monitors guideline and judicial IWNs for compliance. Ref: [MiCSES Customer Information Guide: Income Withholding Process](#) for more information about IWNs.

⁶⁴ The IWN arrears collection amount will be applied to the past-due amount of support.

⁶⁵ Ref: Sections 5.10 and 5.35 of the *Michigan IV-D Child Support Manual*.

⁶⁶ Ref: Section 5.35 of the *Michigan IV-D Child Support Manual* and Exhibit 5.35E1. The *Ordered on Arrears* amount impacts allocation and distribution, particularly where there is a current charge of zero. A Help Desk ticket (IT14892) has been entered to allow for the creation of an *Ordered on Arrears* amount with a zero current charge.

C. Arrears – The payment is next allocated based on the total amount of arrears on non-support accounts.

Refer to Section 5.35 of the *Michigan IV-D Child Support Manual* and Exhibit 5.35E1.

7.2 Enforcement Payment Plans in MiCSES

FOC staff will manually activate monitoring for enforcement payment plans through the *Show Cause Bench Warrant (SCBW)* or *License Suspension Activity (LCSP)* activity chains. Every 30 days, MiCSES will evaluate enforcement payment plans with or without an active arrears payment plan. The SCBW activity chain will move the case to a hearing if there are insufficient payments. The LCSP chain will remain in effect until FOC staff choose a disposition reason code, such as one to suspend the payer’s license (e.g., “NN” – NCP Non-Compliant – Suspend License).

7.3 Surcharge Payment Plans in MiCSES

FOC staff may not enter more than one surcharge payment plan for the docket and NCP combination during any given time period. FOC staff may enter a surcharge payment plan at the same time an arrears payment plan or an enforcement payment plan is active for the docket and NCP combination.⁶⁷

If surcharge has been ordered by the court, it will not be assessed when there is an active surcharge payment plan on MiCSES. Instead, MiCSES tracks the amount of deferred surcharge in the *Obligation Surcharge Details* pop-up window of a surcharge event on the ELOG screen.

FOC staff may reinstate a deferred surcharge assessment if the court orders it.⁶⁸

8. Tracking Payment Plan Arrears Adjustments

FOC staff and other IV-D staff may access and use the ARMR screen’s log for the purpose of tracking all arrears adjustments, including adjustments made for arrears payment plans, enforcement payment plans, surcharge payment plans, and all other arrears adjustments that are not associated with an administrative or judicial payment plan.⁶⁹ Because of OCS’s opportunity to review statutory payment plans and provide comments about the NCP’s request, FOC staff are not required to use the ARMR screen to review arrears adjustments that are associated with a judicial

⁶⁷ Ref: [MiCSES Customer Information Guide: Surcharge.](#)

⁶⁸ Ref: [MiCSES Quick Reference Guide: OBAA - Reinstate a Deferred Surcharge.](#)

⁶⁹ Ref: [ARMR screen documentation on mi-support](#) for more information about accessing the log.

type of payment plan.⁷⁰ The information and arrears adjustment tracking on the ARMR screen may also assist offices with managing workflow/activities, auditing, and data analysis.

Because the ARMR screen's log contains confidential and personal identifying information, all IV-D staff must handle any printouts and any data extracted from it as prescribed by Section 1.10 of the *Michigan IV-D Child Support Manual*.

SUPPORTING REFERENCES:

Federal

42 USC 657(a)

OCSE PIQ 00-03

OCSE PIQ 05-01

State

MCL 552.603(9)

MCL 552.603a

MCL 552.603d

MCL 552.605a

MCL 552.605e

MCL 552.605e(1)

MCL 552.605e(1)(a)

MCL 552.605e(1)(b)

MCL 552.605e(1)(b)(iii)

MCL 552.605e(1)(b)(iv)

MCL 552.605e(4)

MCL 552.605e(7)

MCL 552.605e(8)

MCL 552.605e(9)(1)

MCL 552.629(3)

MCL 552.631(1)(a)(vii)

MCR 2.107

REVISION HISTORY:

[IV-D Memorandum 2016-037](#)

IV-D Memorandum 2016-021

IV-D Memorandum 2011-014

IV-D Memorandum 2009-032

⁷⁰ Ref: Subsection 1.4 in this manual section regarding OCS review of statutory/judicial payment plans.
Ref: Section 6.51 of the *Michigan IV-D Child Support Manual* for details about the required review in situations involving Arrears Management Programs (AMPs).