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STATE OF MICHIGAN
DEPARTMENT OF HUMAN SERVICES
LANSING



MARIANNE UDOW
DIRECTOR

MICHIGAN IV-D ACTION TRANSMITTAL 2006-018

TO: Michigan State Disbursement Unit (MiSDU) Staff

FROM: Marilyn F. Stephen, Director
Office of Child Support

DATE: March 24, 2006

SUBJECT: MiSDU Receipt of Lottery Winnings

PURPOSE:

This Action Transmittal (AT) provides guidance to MiSDU staff on the manual receipting of lottery winnings at the MiSDU until enhancements to the Michigan Child Support Enforcement System (MiCSES) allow for the receipting of lottery winnings centrally.

BACKGROUND:

Under current Michigan law,¹ the MiSDU is responsible for receipting all support payments. The Michigan Department of Treasury (Treasury) prints the lottery winnings intercept checks (lottery checks) and sends the payments to the MiSDU, per state law.² Treasury writes the lottery checks to the order of the MiSDU and indicates the county or counties for which the payment is intended. The majority of these lottery checks contain intercepted winnings for non-custodial parents (NCPs) in a single county. However, the Treasury also combines payments for NCPs from multiple counties into one check.

Currently, the MiSDU receives approximately six lottery checks each month. Until recently, the MiSDU sent all lottery checks to the county for receipting because the MiSDU does not have the ability to receipt lottery winnings (receipt source "X") with current MiCSES functionality. The MiSDU only has the ability to receipt the following payments:

- Wage ("W" receipt source);
- Obligor ("R" receipt source);
- Interstate ("I" receipt source);
- Unemployment ("U" receipt source); and

¹ Michigan Compiled Law (MCL) 552.648 and 400.239

² MCL 432.32 (3)

- Financial Institution Data Match (FIDM) (“3” receipt source).

PROBLEMS WITH COUNTY RECEIPT OF LOTTERY CHECKS:

The MiSDU has identified two issues regarding counties’ ability to deposit lottery checks in their local bank accounts:

- When the MiSDU receives a lottery check, MiSDU staff endorse the check with a stamp that reads “MiSDU” or “MiSDU deposit only.” This has created a problem for some FOCs whose local banks have refused to deposit the MiSDU-endorsed lottery checks.
- When a lottery check contains more than one county’s intercepted winnings, additional problems can occur. Some friends of the court (FOCs) are reluctant to assume the responsibility of depositing or receipting a lottery check containing payments for another county.

MiCSES ENHANCEMENT AND MANUAL WORK-AROUND:

OCS has submitted a request to have MiCSES allow for the central receipting of all receipt sources. Until this MiCSES enhancement is implemented, MiSDU staff will receipt lottery checks using a manual work-around. This work-around will prevent the need to send lottery checks to the counties for receipting into MiCSES. MiSDU staff will process lottery checks as follows:

1. The MiSDU Mailroom staff will identify the payment as lottery winnings and transmit the data to the MiSDU Payment Processing Unit.
2. The MiSDU Payment Processing Unit will electronically submit the payment to the Research Unit within the vendor’s receipting software application.
3. A Research Unit worker will:
 - a. Manually post the receipt into MiCSES as an unidentified receipt source “W”;
 - b. Generate a *Request for Central Receipt Adjustment/Suspense Work Form* (DHS-307) in TierTrac to back-out the unidentified receipt and receipt the lottery winnings as directed in the original source document from Treasury; and
 - c. Access the *Distribution Wizard* (DWIZ) screen in MiCSES to:
 - i. Back-out the unidentified receipt;
 - ii. Reapply it as an identified receipt with the receipt source “X”; and

Note: The Research Unit worker must change the receipt source from "W" to "X" on the *Collections Batch Posting* (CBAT) screen.

- iii. Repost the payment in MiCSES.

LEGAL REFERENCES: Federal
42 United States Code (USC) 454B

State
MCL 432.32
MCL 400.239

POLICY REFERENCE: None

AT MAINTENANCE: Retain AT until further notice.

EFFECTIVE DATE: Upon receipt.

REVIEW PARTICIPANTS: Financials Work Improvement Team
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All Office of Child Support Staff

MFS/EH