

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

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1. Overview

Michigan's child support program faces a large amount of state-owed arrearages, many of which are considered uncollectible from the non-custodial parent (NCP). The costs of maintaining and enforcing uncollectible arrears take resources away from enforcement and collection on other cases.

The child support program has developed three Arrears Management Program (AMP) strategies to administratively discharge uncollectible state-owed arrears.¹

Note: The terms "discharge arrears," "compromise arrears," and "forgive arrears" are used interchangeably by partners within the child support program. These terms all refer to the removal of an NCP's debt without a corresponding payment. Although a payment has not been made, or in some cases only a partial payment has been made, the arrears are no longer owed. This manual section will use the term "discharge arrears."

The three AMP strategies are:

- **Arrears Reduction/Discharge Under Circumstances of Extreme Difficulty (Arrears REDUCED)**
Arrears REDUCED provides for the full or partial discharge of an NCP's state-owed arrears after the NCP has demonstrated a circumstance of extreme difficulty. The specific circumstances that qualify an NCP for this AMP strategy are identified later in this manual section.²
- **Lump-Sum Payment**
The Lump-Sum Payment option provides for the discharge of some or all of an NCP's state-owed arrears in return for the NCP's payment of family- or state-owed arrears. The Lump-Sum Payment option may be used if an NCP is not able to pay the entire arrearage but has the ability to pay a lump-sum amount at one time, provided that conditions outlined in this manual section have been met.
- **Compromise Arrears in Return for On-Time Support (CAROTS)**
CAROTS discharges the NCP's state-owed arrears as an incentive for the payment of current support. This AMP strategy is currently unavailable. However, the Office of Child Support (OCS), in conjunction with the University of Michigan, implemented a CAROTS pilot during the Retooling Michigan Child Support Enforcement Program Grant. OCS published an assessment of this pilot in [IV-D Memorandum 2016-027, Review of the Retooling Michigan Child Support Enforcement Program Grant \(Retooling Grant\) Pilot Programs](#). Pending system automation of AMP monitoring and outreach activities, OCS may introduce CAROTS statewide in a future update to this manual section.

¹ Prior to November 2016, the AMP strategies were also known as "arrears management strategies."

² Ref: Subsection 5.1 of this manual section.

2. Arrears

If an NCP fails to pay his/her entire current support amount each month, arrears will accrue on his/her child support case(s). Depending on whether or not the family receiving child support payments receives certain types of public assistance,³ the arrears may be owed to one or more custodial parties (CPs) and/or to the state.

2.1 Arrears Owed to the CP

Arrears owed to the CP remain owed to the CP until a payment is received, or until the CP waives the arrears. The federal Office of Child Support Enforcement (OCSE) indicates that “any compromise of child support arrearages that have not been permanently assigned to the State would require the agreement of the obligee.”⁴

2.1.1 Discharging Arrears Owed to the CP

Arrears owed solely to a CP may be discharged only with the consent of the CP. Friend of the Court (FOC) staff must not discharge arrears owed to the CP if the CP is acting under coercion or duress when providing consent for the discharge.

The Michigan Department of Health and Human Services (MDHHS) issued policy in [Bridges Eligibility Manual \(BEM\) 255, Child Support](#), which indicates that a CP cannot waive family-owned child support arrears while receiving Family Independence Program (FIP) benefits. This includes arrears owed to both the CP and the state.⁵

FOC staff must not remove family-owned arrears from the Michigan Child Support Enforcement System (MiCSES) if the CP is receiving FIP benefits. If a CP requests to waive family-owned arrears, FOC staff must refer him/her to BEM 255.

The BEM does not prohibit a CP from waiving family-owned arrears if (s)he receives public assistance other than FIP, nor does it prohibit a CP from waiving family-owned arrears if the children receive FIP assistance but the CP does not. In those circumstances, FOC staff must follow their usual office process for waiving family-owned arrears based on a CP request.

³ Ref: [Section 5.15, “Assignment of Support \(Certification/Decertification\),” of the Michigan IV-D Child Support Manual.](#)

⁴ [OCSE Policy Interpretation Question \(PIQ\) 00-03, State IV-D Program Flexibility with Respect to Low Income Obligors](#)

⁵ Ref: Subsection 2.3 of this manual section for more information about discharging arrears owed to both the CP and the State.

A version of the manual Arrears Management Log that FOC staff have been using includes the reason “CP Waived CAA/TAA”⁶ for discharging arrears owed to the family and state. Even though the name of this reason does not reflect the policy that prohibits TAA discharge, it will remain in this version of the manual Arrears Management Log. All versions of the log will become obsolete and will be removed from mi-support in the future. The appropriate reason code for FOC staff to use on the *Obligation Arrears Adjustment* (OBAA) screen for discharging family-owed arrears is “CP Authorized/Requested.”⁷

2.1.2 The Order in Which CP-Owed Arrears Should Be Discharged

When the discharge of CP-owed arrears is less than the total arrears owed to the CP, OCS recommends that FOC staff discharge the CP-owed arrears in the following order:

1. Unassigned during assistance arrears (UDAA)
2. Unassigned pre-assistance arrears (UPAA)
3. Never-assigned arrears (NAA)
4. Conditionally assigned arrears (CAA)

Discharging CAA last preserves the arrears owed to both the state and the family. If the IV-D program receives a federal tax refund offset (FTRO) collection, the money will be distributed to the state.

Refer to Section 5.15 of the *Michigan IV-D Child Support Manual* for more information on the arrears categories.

2.2 Arrears Owed to the State

Michigan Compiled Law (MCL) 205.13(4) grants MDHHS or its designee the authority to settle or compromise support arrears owed to the state. MDHHS and OCS designate this authority to FOC staff for the administrative discharge of state-owed arrears when specific case conditions exist, as described in this policy.

For the purposes of the AMP strategies discussed in this manual section, state-owed arrears include permanently assigned arrears (PAA) and foster care (IVEF) arrears.⁸

⁶ CAA are conditionally assigned arrears; TAA are temporarily assigned arrears.

⁷ This reason will be added to the OBAA screen with the December 2, 2016 MiCSES 9.3 Release. Ref: Subsection 10 of this manual section for more information about arrears adjustments. Ref: Subsection 13 of this manual section for more information about the manual Arrears Management Log and the transition to tracking and maintaining the AMP strategies in MiCSES.

⁸ Federal- and state-funded foster care arrearages are IVEF arrears. County-funded foster care arrears, considered NAA, are discussed in Subsection 2.4 of this manual section.

Note: Medicaid (MEDI) arrears are not considered state-owed arrears for the purpose of discharge in this policy. In 2012, OCS Program Development Division (PDD) staff asked the Michigan Department of Community Health (now part of MDHHS) whether MEDI arrears can be discharged. At the time of this publication, there has been no decision.

The arrearages discharged as a result of an AMP strategy described in this policy are not unassigned by the state and reassigned to the CP, nor is the court-ordered current obligation amount changed or modified.

2.3 Arrears Owed to Both the CP and the State

CAA are owed to both the family and the state, depending on how the arrears are collected. Any collection other than an FTRO receipt is disbursed to the CP.

Temporarily assigned arrears (TAA) are temporarily owed to the state while a family on FIP assistance prior to September 30, 2009 remains on FIP assistance today.⁹ TAA will become CAA when the family stops receiving public assistance; therefore, the CP has a potential interest in the TAA.

As of June 1, 2015, FOC staff will not discharge TAA since a CP may not waive arrears owed to him/her while receiving FIP assistance.¹⁰

2.4 County-Funded Foster Care Arrears

County-funded foster care arrears are owed to both the county and the state.

The FOC may forgive the state's interest in county-owed foster care arrears if:

- The FOC has entered into an agreement with the county for the purposes of discharging county-owed foster care arrears;
- The county has consented to the discharge of the arrears; and
- The NCP whose arrears are being discharged meets the eligibility requirements for the discharge of state-owed arrears outlined in this manual section.

3. Options to Consider Before Initiating AMP Strategies

An NCP or FOC staff must consider alternate options for addressing state-owed arrears before initiating an AMP strategy because the alternate options do not require the same criteria to be met and are less cumbersome to administer.

⁹ Ref: Section 5.15 of the *Michigan IV-D Child Support Manual*.

¹⁰ Ref: Subsection 2.1.1 of this manual section.

FOC staff may use the [Arrears Discharge Worksheet](#)¹¹ developed by the State Court Administrative Office (SCAO) to determine whether the NCP qualifies for an alternate option for addressing state-owed arrears rather than an AMP strategy described in this manual section. [Exhibit 6.51E1](#) provides an example of an Arrears Discharge Worksheet.

The alternate options are as follows:

3.1 CP Waives Interest in CAA

3.1.1 CP Waived Interest in CAA On or After October 26, 2012

When a CP waives his/her interest in CAA, FOC staff must also waive the state's interest at that time, and discharge the CAA. Removing arrears from MiCSES will ensure that collections will not be disbursed to the CP who has waived his/her interest in CAA.

3.1.2 CP Waived Interest in CAA Before October 26, 2012

Prior to October 26, 2012, FOC staff were allowed to remove CAA from MiCSES only under limited conditions. In many situations, when the CP waived his/her interest in the arrears, the state's interest in CAA was not waived. FOC staff did not remove the CAA balance from MiCSES because the conditions described in the policy had not been met.

With the change in policy in October 2012, some FOC offices have indicated a desire to "clean up" cases where the CP waived his/her interest in CAA under the old policy. There are certain circumstances when it is appropriate for FOC staff to waive the state's interest in CAA and remove CAA from MiCSES today, when the CP waived his/her interest in the CAA prior to October 26, 2012.

OCS wants to err on the side of preserving the CP's arrears when there is any doubt regarding the waiver; however, OCS also recognizes that there are situations in which the CP has waived his/her interest in the arrears in order to minimize his/her contact with the NCP and/or the IV-D program.

Prior to removing CAA from MiCSES, FOC staff must:

- Specifically determine that the CP's past waiver of his/her rights to the arrears has **ongoing meaning**; or
- Reaffirm the CP's intention to waive his/her rights.

¹¹ The Arrears Discharge Worksheet may be accessed from mi-support at: Program Library > Index > Arrears Management > External Links.

If any payments have been disbursed to the CP since his/her most recent waiver of his/her interest in the CAA, there is no longer ongoing meaning. FOC staff must reaffirm the CP's intention to waive his/her rights to the arrears. The CP may be expecting the payments to continue.

When there is ongoing meaning, FOC staff may discharge CAA **in the amount that existed at the time the CP waived his/her interest in the arrears.**

In order to discharge any amounts that accrued **after** the CP's most recent waiver of his/her interest in the arrears, FOC staff must reaffirm the CP's intention to waive his/her rights to the CAA.

A. Ongoing Meaning

Some examples of ongoing meaning include the following:

- A CP asked to “waive it all” or “get rid of everything,” in the expectation of minimizing further contact with the NCP or the IV-D program; or
- The parties have reconciled and continue to be reconciled.

If FOC staff plan to discharge CAA because a CP's past waiver of his/her rights to the arrears has been determined to have ongoing meaning, FOC staff must notify the CP in writing and give him/her 21 days to respond before discharging the arrears. In this case, FOC staff may discharge the arrears if the CP does not respond.

The CP notification must briefly explain the change in Michigan's policy; for example: “The state now waives its right to the arrears that were jointly owned by the state and the family.”

B. Reaffirm the CP's Intention

To reaffirm the CP's intention to waive his/her rights to the CAA, FOC staff must communicate with the CP, asking for reaffirmation and indicating the amount of arrears that will be removed. FOC staff may remove the CAA from MiCSES when the CP confirms the waiver of arrears. In this case, FOC staff **may not** discharge the arrears if the CP does not respond.

C. Documentation in MiCSES

When the CP waives arrears, FOC staff must indicate the reason for the discharge of arrears on the *Notes Processor* (NOTE) screen¹² in MiCSES.¹³ FOC staff may record the note directly on the NOTE screen or through the *Reason Details* pop-up on the OBAA screen when the arrears adjustment is made. The docket-level note must also include:

- The date of the CP's original waiver, an indication that no payments were received since the waiver, and the indication that the waiver has been determined to have ongoing meaning; or
- The dates and description of the communication with the CP and of any response (or the lack of response) from the CP.

FOC staff must communicate the need for a reduction in the unreimbursed grant (URG) amount to OCS Central Operations.¹⁴

3.2 Parties Marry, or Married Parties Reconcile

3.2.1 Parties Marry

When an NCP marries a CP, FOC staff must administratively discharge all state-owed arrears associated to the docket(s) shared by the parties. FOC staff must verify the marriage (e.g., obtain a copy of the marriage license, communicate with the county clerk, etc.) before discharging the state-owed arrears.¹⁵

3.2.2 Married Parties Reconcile

When married parties separate and the CP begins receiving assistance, an order for support may be established. If the married parties reconcile (are living together), the FOC office must discharge all state-owed arrears on the parties' docket(s) when sufficient documentation is provided to prove reconciliation.

Sufficient documentation includes an Order of Reconciliation or information from MDHHS indicating that the NCP is back in the home.

¹² Ref: [MiCSES Quick Reference Guide: Add Notes on the NOTE Screen](#).

¹³ Ref: Subsection 10 in this manual section for information about appropriately documenting the arrears adjustment.

¹⁴ Ref: Subsection 11.1 of this manual section.

¹⁵ Ref: Subsection 10 in this manual section for information about appropriately documenting arrears adjustments, and Subsection 11 regarding URG adjustments.

The *Bridges Case Information* (BRDG) screen in MiCSES provides a status indicator that shows whether the parent who left the home has returned. FOC staff may also find this information in Business Objects through the MDHHS Case Inquiry, or by communicating directly with MDHHS staff.

3.2.3 Arrears Adjustment Reason Codes

FOC staff will use specific arrears adjustment reason codes and reason detail codes to properly record the arrears discharge for the parties' reconciliation or marriage. Subsection 10.3.2 of this manual section identifies the appropriate codes. MiCSES will track these arrears adjustments,¹⁶ and FOC staff will communicate the need for a reduction in the URG amount to OCS Central Operations.¹⁷

3.3 Case Closure

FOC staff must check to see if the NCP's IV-D case(s) is eligible for closure¹⁸ before checking an NCP's eligibility for AMP strategies. If a IV-D case is closed, the FOC is not pursuing enforcement, and the arrears are not being reported via MiCSES, there is no need to pursue the AMP strategies outlined in this manual section.¹⁹

Note: The Arrears Discharge Worksheet includes an initial evaluation question regarding the statute of limitations. IV-D case closure reasons, including that the statute of limitations has run out, may apply and can be found in Section 3.50 of the *Michigan IV-D Child Support Manual*.

4. AMP Eligibility

This subsection discusses the eligibility for AMP strategies that have been approved by the Program Leadership Group, as well as the specific eligibility criteria surrounding those strategies. The NCP or FOC staff should first consider the alternate options identified in Subsection 3 of this manual section before initiating an AMP strategy. FOC offices were required to phase out any independently developed programs for the discharge of state-owed arrears by April 30, 2013.

The NCP must demonstrate an inability to pay and engagement with the child(ren) and/or the IV-D program in order to qualify for the following AMP strategies:

¹⁶ Ref: Subsection 13 of this manual section.

¹⁷ Ref: Subsection 11.1 of this manual section.

¹⁸ Ref: [Section 3.50, "Case Closure," of the Michigan IV-D Child Support Manual](#).

¹⁹ If the IV-D case must remain open because it is the "primary case" used to enforce the NCP's case, FOC staff may pursue the AMP strategies to discharge state-owed arrears.

- Arrears REDUCED;²⁰
- Lump-Sum Payment; or
- CAROTS.

An NCP may be eligible for the AMP strategies outlined in this subsection if (s)he is participating in an Arrears Payment Plan under MCL 552.605e.²¹

FOC staff may use the Arrears Discharge Worksheet to determine:

- The NCP's engagement with the IV-D program and/or the family;
- The NCP's ability to pay; and
- The NCP's eligibility for the Arrears REDUCED, Lump-Sum Payment, and CAROTS strategies.²²

A supervisor within the FOC office may overrule or override the results of the Arrears Discharge Worksheet if they appear to contradict policy presented in this manual section. However, the supervisor may not override the policy itself either by discharging state-owed arrears owed by an NCP who is not qualified under the policy, or by not discharging state-owed arrears owed by an NCP who is qualified under the policy. Please report any discrepancies with or conflicts between the worksheet and the policy in this manual section to mdhhs-ocs-arrearsmanagement@michigan.gov.

4.1 Request to Discharge State-Owed Arrears

4.1.1 Initial Request

The NCP may contact the FOC office regarding his/her inability to pay state-owed arrears. If the NCP is uncertain whether state-owed arrears exist, the NCP may confirm with the FOC office prior to requesting the administrative discharge of state-owed debt.

OCS Central Operations staff may refer the NCP to the FOC Arrears Management Coordinator²³ when it appears that the NCP may be eligible for one or more of the AMP strategies. Also, the court, other community partners, or MDHHS may advise an NCP (a shared customer) to contact the FOC. Particularly, MDHHS may refer an individual who is participating in the [Pathways to Potential](#) outreach program. This program ensures that children are attending school, assists families with

²⁰ Ref: Subsection 5.1 of this manual section. Arrears REDUCED provides exceptions to the qualifications at the local FOC's discretion.

²¹ MCL 552.605e(6): "This section does not modify the right of a party to receive other child support credits to which the payer is entitled..." OCS is currently evaluating how arrears subject to a payment plan under MCL 552.605e should be handled when an NCP participates in AMP strategies. Ref: Subsection 5.4 of this manual section.

²² Ref: Subsection 8 of this manual section.

²³ Ref: Subsection 7.1 of this manual section for information on Arrears Management Coordinators.

job placement, and provides connections to both public and non-profit resources. Parents in this program may be more likely to be eligible for AMP strategies. Pathways to Potential was launched as a pilot in the summer of 2012 and continues to operate in several counties.

A. Completion of the Request Form

The NCP must complete the *Request to Discharge State-Owed Debt* (DHS-681/FEN681) and return it to the FOC office for a determination on eligibility for an AMP strategy. The DHS-681/FEN681 requests information about the NCP's current situation, monthly income, assets, monthly expenses, and debts. The NCP must sign and date the form. Information provided by the NCP on the DHS-681/FEN681 will help FOC staff identify which AMP strategy(ies) will be most effective in the situation.²⁴

1. Proceeds From Pending Lawsuits, Insurance Claims, or Workers' Compensation Settlements²⁵

The DHS-681/FEN681 asks the NCP to disclose amounts in his/her bank accounts but does not ask the NCP about pending legal settlements, insurance claims, or workers' compensation settlements. Pending proceeds from these settlements or claims could become part of an NCP's earnings, and amounts in an account at a financial institution are assets.²⁶ FOC staff will consider these when determining an NCP's eligibility for the discharge of state-owed arrears and may ask the NCP for this or other information. FOC staff need not rely solely on information provided on the DHS-681.

FOC staff will check the MiCSES NOTE screen to see if OCS Central Operations lien/levy staff have updated information on pending claims, and will check for Financial Institution Data Match (FIDM)/Multi-State Financial Institution Data Match (MSFIDM) activity on the *Administrative Levy* (ADLV) activity chain.

FOC staff will also check with their office's Insurance Claims Data match (ICDM) coordinator to determine whether OCS Central Operations included the NCP on a report of insurance liens placed and/or a list of ICDM matches for which OCS Central Operations did not or was not able to pursue a lien.

²⁴ Ref: Subsection 8 of this manual section for more information about determining eligibility for AMP strategies. Ref: Subsection 9 in this manual section for more information about entering an NCP's enrollment in an AMP strategy in MiCSES.

²⁵ Ref: [Section 6.27, "Liens – FIDM/MSFIDM," in the Michigan IV-D Child Support Manual](#) for information on FIDM and MSFIDM liens.

²⁶ OCS is considering updating the form in the future to ask the NCP to provide this information.

2. Multiple Dockets in One or More Counties

An NCP seeking discharge of state-owed arrears on multiple dockets in a single county must complete only one DHS-681/FEN681. An NCP seeking discharge of state-owed arrears in multiple counties must provide a copy of the DHS-681/FEN681 to each FOC office where (s)he is seeking discharge of state-owed arrears.

B. Confirming the NCP's Information on the Request Form

FOC staff may request or obtain further documentation to confirm the information provided by the NCP and/or may interview the NCP by phone or in person if any follow-up is required. There are no specific required timeframes for the NCP or FOC staff to complete these actions. Additional documentation requested by FOC staff may include, but is not limited to:

- Two or more current paystubs;
- Current employer statement (on company letterhead);
- Recent bank account information (e.g., savings or checking account statements);
- Recent Supplemental Security Income (SSI)/Retirement, Survivors, and Disability Insurance (RSDI) award letter;
- Recent credit report;
- Proof of bankruptcy filing (e.g., copy of bankruptcy petition);²⁷
- Prison documents (e.g., release order);
- Recent letter from a homeless shelter (written by a director or caseworker);
- Recent court documents establishing legal incapacitation;
- Recent mortgage documents;
- Income tax returns;
- Current rent bills;
- Current utility bills; and/or
- Recent medical bills.

4.1.2 Subsequent Requests

If the NCP is requesting an additional discharge of state-owed arrears within six months from the date the original DHS-681/FEN681 was completed, the NCP does not need to complete a new DHS-

²⁷ Proof of filing, in conjunction with other documentation, may serve to show the payer has no significant assets or meets other established criteria. Bankruptcy in and of itself does not constitute a circumstance of extreme difficulty.

681/FEN681.²⁸ Instead, FOC staff will provide the NCP with a photocopy of the original DHS-681/FEN681, and the NCP will make changes to the copy of the form by:

- Crossing out each piece of incorrect information;
- Replacing it with updated information; and
- Initialing next to each change.

The NCP must sign and date the form under the original signature line and return the form to the FOC for review. FOC staff must enter a note in MiCSES indicating the receipt of an amended DHS-681/FEN681. The NCP may amend the DHS-681/FEN681 only once.

The NCP **must** complete a new DHS-681/FEN681 if:

- The NCP requests a second or subsequent discharge of state-owed arrears, and it has been more than six months from the date the original DHS-681/FEN681 was completed; or
- The DHS-681/FEN681 has already been amended once.

FOC staff will enter the “enrollment” and discharge of state-owed arrears resulting from the subsequent request in the same way an initial request would be entered on the *Arrears Management Reporting (ARMR)* and OBAA screens.²⁹

4.2 Criteria to Qualify for AMP Strategies

4.2.1 NCP’s Engagement With His/Her Child(ren) and/or the IV-D Program

Strategies for the discharge of state-owed arrears are not meant to reward an NCP who has engaged in conduct exclusively for the purpose of avoiding a support obligation. These strategies are meant primarily to benefit the NCP who has remained engaged with the IV-D program and/or with his/her child(ren).

To determine whether the NCP has remained engaged with the IV-D program and/or with his/her child(ren), FOC staff must review the information provided on the DHS-681/FEN681 and any other documentation to determine that the NCP has done some or all of the following:

²⁸ Ref: Subsections 9, 10, and 13 of this manual section for more information about enrollment, arrears adjustments, and the log in MiCSES.

²⁹ Ref: Subsections 9 and 10 in this manual section for information regarding enrollment and adjustments.

- Was consistently compliant or more compliant with support orders when his/her financial or personal circumstances were better than they are currently;
- Has not hidden or attempted to hide assets;
- Has participated in a job program, if available and applicable;
- Has participated in a life skills program, personal finance class, etc., if available and applicable;
- Provides, or has provided in the past, non-monetary support (e.g., transportation, child care, etc.) to the child(ren) on an ongoing basis;
- Has taken the initiative to contact the FOC office regarding his/her inability to pay;
- Has kept his/her contact information current with the FOC office;
- Has provided documentation timely when requested by the FOC office; and
- Has appeared at reasonable times and places when asked to provide information.

4.2.2 NCP's Inability to Pay

The administrative discharge of state-owed arrears is appropriate when the NCP lacks the ability to pay the arrears, and traditional enforcement remedies (e.g., tax refund offset, income withholding, etc.) are ineffective.

Prior to approving any AMP strategies, FOC staff must assess any future earning potential of the NCP in order to determine the NCP's ability or inability to pay.

To determine the NCP's ability or inability to pay, FOC staff must review the information provided by the NCP on the DHS-681/FEN681 and consider the NCP's:

- Assets;
- Current and/or projected employment (consider skills and education as well as the local economy);
- Age/Life expectancy;³⁰
- Health status;
- Past, current, and future incarceration status;
- Geographic location;
- Current public assistance status;³¹

³⁰ Ref: the [actuarial life table](#) on the Social Security Administration's website.

³¹ Public assistance programs include FIP, Medicaid, Child Development and Care (CDC), and Food Assistance Program (FAP). Temporary Assistance for Needy Families (TANF) is called FIP in Michigan. Ref: [Section 5.40, "Public Assistance Impacts: Unreimbursed Grant, Linking, and Pass-Through \(Client Participation Payment\)," of the Michigan IV-D Child Support Manual.](#)

- Current or future eligibility for Social Security Administration, non-attachable³² Veterans Benefits Administration, railroad retirement, or any other publicly or privately provided benefits; and
- Current and/or previous orders to determine if the ordered amount was based on incorrect or imputed information and whether modifications occurred timely.

Upon review of the assets and future earning potential of an NCP, the FOC may determine that the NCP may be able to *partially* pay what is owed. FOC staff must determine whether the NCP is able to pay:

- Current support at the current rate;
- Current support at a reduced rate; and/or
- Arrears.

If the NCP has a partial ability to pay, FOC staff should consider an AMP strategy that discharges only a portion of the NCP's arrears.³³ FOC staff should also consider review and modification of the NCP's current support order.³⁴

5. AMP Strategies³⁵

5.1 Arrears Reduction/Discharge Under Circumstances of Extreme Difficulty (Arrears REDUCED)³⁶

An NCP experiencing circumstances of extreme difficulty may have his/her arrears discharged either in full or partially, depending on the specific circumstances. Some situations will result in full discharge, while other situations may result in partial or full discharge at the discretion of the FOC office.

An NCP may participate in Arrears REDUCED multiple times if all criteria are met.

5.1.1 Full Discharge of State-Owed Arrears

FOC staff will discharge the NCP's state-owed arrears in full under the following circumstances:

³² Ref: [OCSE PIQ 09-01, Garnishment of Federal Payments for Child Support Obligations](#), for information on attachable and non-attachable benefits.

³³ Ref: Subsection 8 of this manual section for more information on determining an AMP strategy.

³⁴ Ref: Subsection 7.2 of this manual section for more information on review and modification.

³⁵ Ref: Subsection 9 of this manual section for more information about recording and documenting information for NCPs/dockets enrolled in the AMP strategies discussed in this subsection.

³⁶ At the discretion of the local FOC office, Arrears REDUCED may be used for an NCP who has not demonstrated engagement with his/her child(ren) and/or with the IV-D program.

- A. The NCP is in prison for life with no chance of parole.
- B. The NCP is incarcerated with an earliest release date of 10 or more years in the future, and his/her youngest child on the docket is at least 18 years old.
- C. The NCP is receiving SSI and has been determined to have a permanent impairment.³⁷
- D. The NCP claims a permanent medical disability but is not receiving SSI. (S)he must be a “legally incapacitated individual” per MCL 700.1105.³⁸
- E. The NCP is on SSI and has not been determined to have a permanent disability; it has been 10 years since the initial SSI determination, and there is no currently charging obligation.

5.1.2 Full or Partial Discharge of State-Owed Arrears

To determine the amount of state-owed arrears to discharge, FOC staff may use:

- The Arrears Discharge Worksheet; or
- Any policy or guidelines the local office may have developed.

FOC staff may discharge the NCP’s state-owed arrears either in full or in part under the circumstances listed below.

- A. The NCP now lives in the same household with the CP and the child(ren), and FOC staff expect that this living arrangement will continue; payment of the full state-owed arrears amount would deprive the child(ren) of needed income and create a hardship for the family.³⁹
- B. The NCP now has physical custody of the child(ren), and payment of the full state-owed arrears amount would deprive the child(ren) of needed income and create a hardship for the family.

³⁷ “Permanent impairment” is defined as “medical improvement not expected” per 20 Code of Federal Regulations (CFR) 416.990(c).

³⁸ “Legally incapacitated individual” means an individual, other than a minor, for whom a guardian is appointed under this act, or an individual, other than a minor, who has been adjudged by the court to be an incapacitated individual. “Incapacitated individual” means an individual who is impaired by reason of mental illness, mental deficiency, physical illness or disability, chronic use of drugs, chronic intoxication, or other cause, not including minority, to the extent of lacking sufficient understanding or capacity to make or communicate informed decisions.

³⁹ This circumstance requires a determination by FOC staff that the CP is not acting under coercion.

- C. The NCP has extraordinary medical expenses for himself/herself or a family member;⁴⁰ payment of the full state-owed arrears amount would create a hardship for the family.
- D. The NCP is jobless, has exhausted unemployment benefits or is not eligible, has limited assets, and has limited income. The FOC office may request that the NCP participate in a job program if one is available.
- E. The NCP has been doing one or a combination of the following for at least 30 days:
 - Living in a long-term (not a “night-by-night” or “drop-in”) homeless shelter;
 - Participating in a long-term homelessness program; and/or
 - Living in a transitional or supportive housing program.⁴¹
- F. The NCP is living at or near the poverty level.

If the NCP’s earnings are less than 150 percent of the federal poverty guideline amount for his/her household size, then this condition is applicable.⁴² To determine if the NCP qualifies under this condition, IV-D staff will:

- Count the number of children who are supported via child support or are directly supported, living in the home;⁴³ then
- Adjust the NCP’s gross income for the number of children supported using the multiplier established in Section 2.08(B)(2) of the Michigan Child Support Formula (MCSF).⁴⁴

⁴⁰ A “family member” is a spouse, sibling, parent, parent-in-law, child, stepchild, grandchild, or any other minor relative for whom the payer regularly provides over half of that person’s support.

⁴¹ Transitional or supportive housing is temporary housing intended to provide programs or services to at-risk families or individuals. This does not mean living with a friend or a relative. Examples include halfway houses, re-entry programs for former prisoners, sober living homes, etc.

⁴² For household size, use the MDHHS definition as a guideline: Everyone who lives together and purchases and prepares food together is considered a household. However, if an NCP lives with his/her parents, other family members, or friends and does not contribute to household expenses, FOC staff may consider him/her to be a household of one. Federal poverty guidelines may be found at <http://aspe.hhs.gov/poverty/index.cfm>.

⁴³ Consider only children the NCP is legally obligated to support. For instance, if the NCP supports his girlfriend’s child by another father, but is not legally obligated to support that child, do not count that child in this calculation.

⁴⁴ IV-D staff will use the 2013 MCSF when determining AMP eligibility on or before December 31, 2016 and will use the 2017 MCSF on and after January 1, 2017.

Payment of the full state-owed arrears amount would create a hardship for the family.⁴⁵

Example:⁴⁶

Elaine earns \$15,000 per year. She lives with her two daughters and pays child support for her two sons, who live with their father. To determine whether Elaine is eligible for Arrears REDUCED under this circumstance, the IV-D worker first multiplies Elaine's gross income by the percentage listed in the MCSF for four children ($\$15,000 \times 0.69 = \$10,350$). The IV-D worker then compares this amount to 150 percent of the federal poverty guideline for a household of three ($\$20,090 \times 1.5 = \$30,135$). Elaine's modified gross income of \$10,350 is less than 150 percent of the federal poverty guideline (\$30,135). Therefore, she is eligible for Arrears REDUCED.

5.2 Lump-Sum Payment

If an NCP has the ability to pay a lump-sum amount at one time to pay a portion of the arrears, the Lump-Sum Payment process may be used. This process provides for the discharge of some or all of the NCP's state-owed arrears by "matching" the NCP's payment as an incentive for the collection of the remainder of the arrears.

5.2.1 Lump-Sum Payment Eligibility

The Lump-Sum Payment process is appropriate if the NCP:

- Has the ability to pay a one-time lump-sum amount;
- Does not have assets sufficient to pay the entire arrearage;
- Has not engaged in conduct exclusively for the purpose of avoiding a support obligation; and
- Has met all other criteria to qualify for an AMP strategy.⁴⁷

If the NCP qualifies for the Lump-Sum Payment process, FOC staff will ask the NCP to complete and sign the *Request for "Matching" Payment* (DHS-682/FEN682). The DHS-682/FEN682 identifies the amount that the NCP will pay on the arrears and the amount that will be "matched" against the state-owed arrears. A separate DHS-682/FEN682 must be completed for each docket on which the NCP will make a lump-sum payment.

⁴⁵ Disregard the income(s) of other earner(s) in the household unless there is evidence that it is unusually high.

⁴⁶ This example was calculated using the multiplier from the 2013 MCSF and the federal poverty guidelines for 2015. The multiplier may change in future versions of the MCSF, and the federal poverty guidelines are updated annually.

⁴⁷ Ref: Subsection 4 of this manual section.

The minimum payment eligible for “matching” under the Lump-Sum Payment process is \$1,000 or the amount of state-owed arrears, whichever is less.

The Lump-Sum Payment process is meant to give the NCP an incentive to make additional payments on his/her current support and/or arrearage; therefore, to be eligible for this process, the payment must be made voluntarily, not as a result of a lien or levy or a mandatory enforcement action.⁴⁸

An NCP may make a lump-sum payment multiple times if all of the criteria for eligibility outlined above are met.

The Lump-Sum Payment process can occur whether or not there is a current support obligation.

5.2.2 “Matching” the NCP’s Payment

If the NCP pays an amount equal to 50 percent⁴⁹ of his/her total arrearage on all IV-D cases associated to the docket (total arrearage includes family-owed and state-owed arrears as well as fees, MEDI arrears, bench warrant costs, county-funded foster care, etc.), FOC staff will discharge all state-owed arrears associated with the docket.

If the NCP pays an amount less than 50 percent of his/her total arrearage on the docket, FOC staff will discharge one dollar of state-owed arrears for each dollar the NCP pays, up to the total amount owed to the state on the docket.

Refer to [Exhibit 6.51E2](#) for several examples of lump-sum payment calculations.

MiCSES will route the NCP’s payment through the non-FTRO distribution process;⁵⁰ however, FOC staff need not apportion the discharge of arrears the same way the payment is distributed (Ref: Example 9 in Exhibit 6.51E2). This may allow FOC staff to close a IV-D case that otherwise may not be eligible to close due to the existence of state-owed arrears.

⁴⁸ OCS PDD has determined mandatory enforcement actions to include credit reporting, tax refund offset, income withholding, and *National Medical Support Notice* (NMSN) processes.

⁴⁹ While part of the NCP’s payment may distribute to current support, current support need not be factored in to determine 50 percent of the total arrearage on all IV-D cases associated to the docket.

⁵⁰ Ref: [Section 5.35, “Allocation/Distribution,” of the Michigan IV-D Child Support Manual](#) for more information on non-FTRO distribution.

5.2.3 Receipting

If the NCP has more than one docket, FOC staff must instruct the NCP to make a special instruction payment⁵¹ to ensure that the entire payment is applied appropriately to the IV-D case(s) associated with the correct docket.

5.3 Compromise Arrears in Return for On-Time Support (CAROTS)

CAROTS is an AMP strategy that discharges the NCP's state-owed arrears deemed uncollectible as an incentive for the payment of current support. CAROTS is an NCP-centered enforcement option that addresses all of the NCP's current support orders.⁵² CAROTS was piloted in two Michigan counties (Genesee and Macomb) and had two major goals:

- To increase consistent child support payments for families; and
- To reduce uncollectible state-owed arrears.

After ensuring that right-sized support orders exist, the NCP signed a payment agreement to provide consistent monthly child support for all of his/her orders to reduce his/her state-owed arrears. FOC pilot staff in two Michigan counties enrolled approximately 200 NCPs in CAROTS. Key challenges included recruiting and enrolling NCPs eligible for the CAROTS program and maintaining current contact information for the NCP. CAROTS pilot staff learned that if the NCP successfully completed the first payment period, then (s)he was more likely to remain in compliance for subsequent payment periods.

As of June 2015, CAROTS pilot staff had discharged approximately \$1.8 million of uncollectible arrears. OCS, the University of Michigan School of Social Work (UM-SSW), and CAROTS pilot staff assessed the outcomes of the pilot to determine what approaches may warrant changing before OCS offers CAROTS statewide.

On August 5, 2016, OCS communicated the results of this pilot to IV-D staff through IV-D Memorandum 2016-027.⁵³

5.4 Statutory/Judicial Arrears Payment Plans

An NCP who has an arrearage under a support order may file a motion with the circuit court asking for the discharge or abatement of arrearages when certain

⁵¹ Ref: Section 5.35 of the *Michigan IV-D Child Support Manual* and Michigan Court Rule (MCR) 3.208 for more information on special instruction payments.

⁵² For the CAROTS pilot, FOC pilot staff offered CAROTS only to those NCPs with orders solely in counties participating in the Retooling Grant. Ref: [IV-D Memorandum 2013-008, Retooling Michigan Child Support Enforcement Program Grant \(Retooling Grant\) Pilot Programs](#).

⁵³ UM-SSW compiled its results in its final report, [Compromise Arrears in Return for On-Time Support \(CAROTS\) Pilot - Final Report](#).

conditions apply. This may be an option for NCPs whose situation does not qualify for an AMP strategy. Refer to [Section 6.42, "Payment Plans," of the Michigan IV-D Child Support Manual](#) for more information on statutory payment plans.

6. Outreach to NCPs

The FOC office may, at its discretion, contact an NCP who may be eligible for an AMP strategy.

6.1 Query to Identify NCPs Eligible for AMP Strategies

The Data Warehouse team, working with Joint Application Design (JAD) participants, developed ad hoc query 428677 for FOC staff to identify NCPs who are potentially eligible for AMP strategies. There are other queries that may also assist FOC staff with arrears management; however, query 428677 was specifically developed to address the criteria identified in this manual section.

FOC staff, with management approval or support, may request a run of ad hoc query 428677 for their county. This query, sorted by docket/county, returns information on all NCPs with:

- Open and pending closure IV-D cases;
- Open court cases (dockets); and
- Any arrearages.

6.1.1 Query Results

The query's results include information on an NCP's arrearages and most recent payment, as well as indicators that correspond with some of the eligibility criteria to qualify for the discharge of state-owed arrears identified in this manual section.

The FOC worker may use the query's results as a prompt for a closer look at the NCP's case to determine his/her eligibility for an AMP strategy.

Note: This query returns some data provided by sources outside of OCS, such as the Michigan Department of Corrections. OCS has not verified the accuracy of this data. FOC workers may wish to independently confirm data from outside sources before contacting an NCP.

- A. Using information provided by the query, FOC workers may be able to determine the NCP's:

1. Receipt of SSI;
2. Receipt of Unemployment Insurance Agency (UIA) benefits;
3. Incarceration status;
4. Current presence in the home with the CP and child(ren); and/or
5. Status as a CP on another IV-D case involving the same child(ren).

These factors help determine eligibility for the AMP strategies outlined in this manual section.

B. The query also identifies cases in which:

1. The youngest child is at least 10 years past emancipation;
2. At least 10 years have elapsed since the last payment; and
3. It has been at least 10 years since the last charge.

These cases may be evaluated for case closure.⁵⁴

6.1.2 Identifying NCPs for Outreach

FOC workers may use the query to identify and prioritize NCPs for outreach regarding arrears management. OCS recommends sorting the query so that NCPs with the highest amounts of state-owed arrears appear at the top and are reviewed first. Workers can also sort the query by caseworker, referee, or judge.

FOC workers may inform NCPs that they potentially qualify for an AMP strategy; however, the NCP must then complete the DHS-681/FEN681⁵⁵ and meet the criteria outlined in this manual section before the FOC worker can discharge his/her state-owed arrears.

6.2 Other Queries

Refer to [Exhibit 6.51E3](#) for a list of queries that were not developed specifically for arrears management, but that may be useful to IV-D workers in identifying potentially eligible NCPs.

⁵⁴ Ref: Subsection 3.3 of this manual section.

⁵⁵ Ref: Subsection 4.1 of this manual section.

7. Additional Considerations

7.1 Arrears Management Coordinator

Each FOC office must designate an Arrears Management Coordinator⁵⁶ who is knowledgeable about arrears management and will be identified in the county's contact information on mi-support's [Partner Contact Information](#) page. The Arrears Management Coordinator will serve as a point of contact for other FOC offices and help facilitate the discharge of state-owed arrears when an NCP has cases in multiple counties.

The Arrears Management Coordinator may also receive referrals from OCS Central Operations and/or from the court when it appears that an NCP may be eligible for one or more of the AMP strategies.

7.2 Review and Modification

Pursuant to the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA),⁵⁷ any payments made by an NCP are applied first to current support, and then to arrears.⁵⁸ If the amount of the current support obligation is contributing to the NCP's inability to pay and is causing the NCP's arrearage to increase, OCS recommends that FOC staff consider a review and modification of the current support obligation to prevent further arrearages from accumulating.⁵⁹

Effective June 5, 2015, the MiCSES *Review and Modification Processor* (REVP) screen allows the IV-D worker to select a reason for a review. Along with the reason, the IV-D worker must indicate whether the review was started based on information discovered while evaluating an NCP for an AMP strategy.⁶⁰

8. Determining Eligibility for an AMP Strategy

If the NCP demonstrates an inability to pay, FOC staff must determine eligibility for AMP strategies **in the order presented below**.

FOC staff may use the Arrears Discharge Worksheet to determine the NCP's eligibility for an AMP strategy.

⁵⁶ If an Arrears Management Coordinator is not identified, the FOC office's Local Options Administrator may be contacted as an alternate.

⁵⁷ Ref: 42 United States Code (USC) 657(a).

⁵⁸ Ref: Section 5.35 of the *Michigan IV-D Child Support Manual*.

⁵⁹ MCL 552.517(1)(f) requires a review and modification at the initiative of the FOC office if there are reasonable grounds.

⁶⁰ Ref: [Michigan IV-D Child Support Manual, Section 3.45, "Review and Modification," Subsection 7.2.](#)

8.1 Arrears REDUCED⁶¹

After checking whether the NCP's IV-D case(s) is eligible for case closure, FOC staff will determine whether the NCP's case(s) qualifies as an extremely difficult situation. A partial discharge of an NCP's state-owed arrears under Arrears REDUCED may occur in conjunction with any of the other AMP strategies.

8.2 Lump-Sum Payment

FOC staff will next evaluate whether or not a lump-sum payment⁶² is appropriate and whether the NCP has the means to pay it. A lump-sum payment may be made in conjunction with any of the other AMP strategies.

8.3 CAROTS⁶³

This option is not currently available or implemented on a statewide basis. Once CAROTS becomes available, OCS will publish more information on it, and FOC staff will evaluate whether participation in CAROTS is appropriate for the NCP.

8.4 Arrears Payment Plan⁶⁴

If none of the AMP strategies outlined in this manual section applies to the NCP's situation, or if arrears remain after applying the strategies, the NCP may file a motion for an arrears payment plan, if appropriate.

9. Entering NCPs' AMP Strategy Information in MiCSES⁶⁵

Federal regulations require IV-D staff to supplement case records with information pertaining to a case, including all relevant facts, dates, actions taken, contacts made, and results.⁶⁶ Complete automated records improve policy and program analysis, and auditing. They also provide opportunities to evaluate the success of programs and to expand them as appropriate. Consequently, FOC staff must record the NCP's enrollment and participation in AMP strategies in MiCSES on the *Enrollment* tab of the ARMR screen. FOC staff will record this information after determining that the NCP has qualified for an AMP strategy.

FOC staff will record in MiCSES the following information regarding the NCP's enrollment and participation in an AMP strategy.

⁶¹ Ref: Subsection 5.1 of this manual section for more information on Arrears REDUCED.

⁶² Ref: Subsection 5.2 of this manual section for more information on lump-sum payments.

⁶³ Ref: Subsection 5.3 of this manual section for more information on CAROTS.

⁶⁴ Ref: Section 6.42 of the *Michigan IV-D Child Support Manual* for more information on arrears payment plans.

⁶⁵ Ref: [ARMR screen documentation on mi-support](#) and the [MiCSES 9.3 Release Notes](#).

⁶⁶ 45 CFR 303.2(c) and 45 CFR 307.10(b)(9)

9.1 Specific AMP Strategy, Case, and Docket

FOC staff will enter a unique record for each case/docket for which the NCP is enrolled in an AMP strategy, regardless of whether the enrollments occur in the same county, in different counties, at the same time, or at different times.

FOC staff may discharge an NCP's arrears using an AMP strategy reason code on the OBAA screen only if the NCP was enrolled in that same AMP strategy on the ARMR screen.

Only FOC staff in the CAROTS pilot counties of Genesee or Macomb are authorized to enter a CAROTS strategy on the ARMR screen and select CAROTS reason details on the OBAA screen. FOC staff in non-pilot counties will **not** enter a CAROTS strategy on the ARMR screen or select a CAROTS reason detail for arrears adjustments on the OBAA screen.

9.2 Enrollment Date and Exit Date

FOC staff will record the enrollment date and exit date of the enrollment/participation period on the ARMR screen. On the OBAA screen, FOC staff will select an effective month for the arrears discharge adjustment that falls within the enrollment and exit dates defined on the ARMR screen. Once the exit date of the enrollment period has expired, FOC staff will not have the ability to update the record on the ARMR screen.⁶⁷

9.3 Supporting Documentation

FOC staff will record the supporting documentation that was used to determine the NCP's eligibility. The ARMR screen provides a free-form text field for FOC staff to identify all supporting documentation. Examples of supporting documentation are listed in Subsection 4.1.1 of this manual section.

9.4 Method for Contacting the NCP

FOC staff will record how the NCP became aware of the AMP strategy. The ARMR screen provides several standard descriptions from which FOC staff can choose. If none of the descriptions is appropriate for the particular situation, FOC staff will select "Other." FOC staff will also manually note the method of contact in the *Arrears Management Strategy Information* box on the ARMR screen as well as on the NOTE screen. For example, the NCP may have been referred for an AMP strategy from a review and modification activity; however, since "review and modification" is not a standard description on the ARMR screen, FOC staff must enter it manually.

⁶⁷ Ref: Subsection 12 of this manual section for information about correcting mistakes or updating an AMP activity after the exit date has expired.

9.5 Worksheet Use and/or Override

FOC staff must record on the ARMR screen whether the Arrears Discharge Worksheet was used and whether the supervisor within the FOC office overrode the worksheet's results.⁶⁸ If a supervisor did override the worksheet, FOC staff will record the supervisor's name.

The supervisor who overrode the worksheet will not perform the arrears adjustment for the discharge.⁶⁹

9.6 Other AMP Strategy Information

FOC staff must enter other information regarding the AMP strategy in the *Arrears Management Strategy Information* box on the ARMR screen. FOC staff will use this box in the same way FOC staff record Arrears Payment Plan, Parenting Time, and/or other payment plan information on the *Support Order Entry* (SORD) screen. For example, FOC staff may record the amount(s) of arrears discharge that will be granted, the date(s) on which the discharge will be given, notes regarding the NCP's eligibility determination, actions taken such as referring the NCP's case for review and modification, etc.

10. Discharging Arrears

10.1 Docket-Based Discharge of State-Owed Arrears

Under the AMP strategies in this manual section, and when parties marry, state-owed arrears will be discharged on the docket level. State-owed arrears may be discharged on multiple IV-D cases associated to the NCP's docket. If the NCP has another docket in another county, FOC staff should contact the other county's Arrears Management Coordinator to coordinate arrears management efforts between counties.⁷⁰

Note: CAA may be discharged by the state only when the CP has waived his/her interest in the CAA; if the CP on one of the IV-D cases associated with the docket has **not** waived his/her interest in CAA, FOC staff must **not** discharge that portion of the CAA.⁷¹

⁶⁸ Ref: Subsections 3 and 4 of this manual section for information about using the worksheet. Ref: Subsection 4 when the worksheet results contradict policy in this manual section.

⁶⁹ Ref: Subsection 10 of this manual section for information about arrears adjustments.

⁷⁰ Ref: Subsection 7.1 of this manual section.

⁷¹ Ref: Subsection 3.1 of this manual section.

Example:

An NCP father and a CP mother share a docket with one child. IV-D Case A consists of the father paying the mother. IV-D Case B is associated to the same docket and consists of the father as the NCP and the grandmother as the CP. If FOC staff discharge state-owed arrears for the father under Arrears REDUCED or the Lump-Sum Payment option, or because the parties have married, all state-owed arrears associated with the docket will be considered eligible for discharge. CAA will be discharged on any IV-D case where the CP has waived her interest in it.

10.2 Notice of Discharge of State-Owed Debt (DHS-683/FEN683)

When state-owed arrears are discharged under one of the AMP strategies, the CP has waived the CAA, or the parties have married, FOC staff must send the NCP a copy of the DHS-683/FEN683, identifying the following information:

- Docket number(s);
- County FOC office;
- The amount of state-owed arrears discharged;
- The date of the adjustment; and
- The reason for the discharge, which includes one or more of the following:
 - The NCP is in an extremely difficult circumstance and is unable to pay state-owed arrears (Arrears REDUCED);
 - The NCP has made a one-time lump-sum payment, and the state “matched” the payment by adjusting state-owed arrears (Lump-Sum Payment);
 - The CP waived the arrears owed; therefore, the state’s interest in CAA is also waived; and/or
 - The parties have married.

10.3 Recording the Discharge of Arrears

FOC staff will administratively adjust arrears to record the amount of the discharged state-owed arrearage. FOC staff will also select the appropriate discharge reason code and reason detail code as well as manually enter notes on the OBAA screen regarding the adjustment. MiCSES will automatically record the OBAA notes along with the selected reason and reason detail codes on the NOTE screen. MiCSES will also provide the reason and reason details on the *Log* tab of the ARMR screen.⁷²

⁷² Ref: Subsection 13 of this manual section.

10.3.1 CP Waiver

If a CP has given permission for arrears owed to him/her to be discharged, FOC staff will do the following on the OBAA screen:

- Administratively adjust arrears to record the amount discharged;
- Select the “Administrative Arrears Adjustment” or “Judicial Arrears Adjustment” reason code; and
- Select the “CP Authorized/Requested” reason detail code.

10.3.2 Parties Marry or Married Parties Reconcile

When adjusting the arrears on the OBAA screen for situations involving reconciliation, FOC staff will select the “Administrative Arrears Adjustment” or “Judicial Arrears Adjustment” reason code and the “Parties Married/Parties Reconciled” reason detail code.

10.3.3 Administrative AMP Strategies

FOC staff will enter the NCP’s enrollment in an AMP strategy on the ARMR screen in order for the appropriate arrears adjustment reason and reason detail codes to be available for recording the arrears discharge under that AMP strategy. For an arrears adjustment associated to an AMP strategy, FOC staff must ensure the adjustment’s effective month falls within the time period recorded on the ARMR screen for that AMP strategy.⁷³

Note: An FOC staff member who overrides the Arrears Discharge Worksheet must not perform the arrears adjustment(s) for the discharge.

FOC staff must select the “Arrears Management Strategy Adjustment” reason code on the OBAA screen for an AMP strategy arrears adjustment. FOC staff will also select an appropriate reason detail code for the AMP strategy arrears adjustment. Several reason detail codes are available for each of the AMP strategies. For example:

- For the Arrears REDUCED strategy, FOC staff will select the reason detail that corresponds with the primary factor under which the NCP was found to be eligible (e.g., NCP jobless);
- For the Lump-Sum Payment strategy, FOC staff will select the reason detail that corresponds with the level of the payment and arrears discharge “match” (e.g., 50 percent payment match); and

⁷³ Ref: Subsection 9 of this manual section for details about entering an NCP’s AMP strategy on the ARMR screen.

- For the CAROTS strategy, FOC staff in the CAROTS pilot counties will select the reason detail that corresponds with the completed CAROTS payment period or stage (e.g., initial agreement signed, first period, etc.).

10.3.4 Judicial Payment Plans

FOC staff should refer to Section 6.42 of the *Michigan IV-D Child Support Manual* if the court orders arrears to be discharged under a judicial payment plan.

If a court orders that arrears be discharged outside of a payment plan described in Section 6.42 or outside of the AMP strategies and circumstances outlined in this manual section, FOC staff will enter the court's findings and the amount of the arrears adjustment on the MiCSES NOTE screen.⁷⁴

10.3.5 Communication in Intergovernmental Cases

When Michigan is the initiating state in an intergovernmental case, any discharge of arrears owed to Michigan must be communicated to the responding state.⁷⁵

11. Reducing the Unreimbursed Grant (URG) Amount⁷⁶

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

11.1 Email to OCS Central Operations

After the discharge of PAA or of the state's interest in CAA, FOC staff must notify OCS Central Operations of the amount of state-owed arrears being discharged⁷⁷ by emailing mdhhs-ocs-cfu-link@michigan.gov.⁷⁸ The subject line of the email should read: "URG Adjustment for Arrears Discharge."

⁷⁴ The court order is judicial and is not considered an administrative arrears adjustment. Ref: MCL 552.605e.

⁷⁵ Ref: [Combined IV-D Policy Manual \(4DM\), 4DM 300, Overview of Interstate Procedures/Interstate Central Registry](#).

⁷⁶ Ref: Section 5.40 of the *Michigan IV-D Child Support Manual*.

⁷⁷ [OCSE PIQ 05-01, Reduction of the 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 PAA discharged by the state.

⁷⁸ A previous version of this policy allowed the discharge of TAA. If FOC staff are reporting a discharge of TAA that occurred while the previous version of this policy was in effect, they **must not** report any Medical Support – Client (MS) arrears that were in TAA.

11.2 Required Information

FOC staff must provide the following data elements to OCS Central Operations:

- The IV-D case number(s);
- The docket ID(s);
- The assistance case ID (AC-ID) (IV-A case number);⁷⁹
- The name of the NCP;
- The amounts by which the PAA and CAA have been adjusted; and
- The date the arrears were adjusted in MiCSES.

11.3 Options for Providing the Required Information

FOC staff must do one of the following:

- Include the above data elements on the MiCSES NOTE screen as a docket-level note and indicate in the email to OCS Central Operations the IV-D case number(s), docket ID, and the date of the note; or
- Encrypt the above data elements and attach them to the email before sending it to OCS Central Operations. Refer to [Section 1.10, “Confidentiality/Security,” of the Michigan IV-D Child Support Manual](#) for information on encryption of confidential information.

11.4 Verification of Arrears Adjustment

OCS Central Operations staff may refer to the MiCSES NOTE screen, the MiCSES ARMOR screen, and/or the *Financial Event Diary* (ELOG) screen to verify that the arrears adjustment was completed. On the *Unreimbursed Grant Details* (URGD) screen, OCS Central Operations staff will adjust the URG for the amount equal to the amount of PAA and CAA being discharged.⁸⁰ The [MiCSES Quick Reference Guide: URGD – Adjust IV-A Unreimbursed Grant \(URG\)](#) provides instructions for making adjustments to the URG on the URGD screen.

Note: The URG on a IV-A case could be associated to more than one docket.⁸¹ The limitation of assignment process may un-assign family arrears or state arrears on other dockets associated to the IV-A case when there is an adjustment to the URG.

⁷⁹ This must be the AC-ID belonging to both the docket and the IV-D case that were adjusted. FOC staff must not rely on the AC-ID provided in the ARMOR screen’s log because it may not be the correct AC-ID for the URG adjustment.

⁸⁰ If the adjustment to the URG would create a negative URG amount, OCS Central Operations staff must adjust the URG to zero.

⁸¹ Ref: [Section 5.20, “Obligation – Entry, Modification and Adjustments,”](#) and Section 5.40 of the *Michigan IV-D Child Support Manual*.

12. Correcting Arrears Adjustment Errors or Adjusting Arrears After the AMP Strategy Exit Date

FOC staff will be restricted from adding or updating the details of an NCP's enrollment in an AMP strategy on the ARMR screen after the *Exit Date* has expired. If any of the details need to be modified after the *Exit Date*, FOC staff will need to enter a new "enrollment" record for the NCP on the ARMR screen and note that it is a correction for the original record.

If FOC staff have already completed an arrears adjustment to discharge arrears, but the adjustment was incorrect, FOC staff will make corrective arrears adjustments and coordinate a corrective URG adjustment with OCS Central Operations. The adjustments must be made in a specific sequence to ensure the correct limitation of assignment:⁸²

- First, FOC staff will notify OCS Central Operations via email⁸³ that a correction needs to be made to the URG. When notifying OCS Central Operations, FOC staff should explain that a prior arrears adjustment and URG adjustment were incorrect. OCS Central Operations will first need to increase the URG by the full amount of the original discharge.
- Second, FOC staff will increase the state-owed arrears by the full amount of the original discharge.
- Third, FOC staff will reduce the arrears by the corrected discharge amount.
- Finally, OCS Central Operations will reduce the URG by the corrected discharge amount.

13. Monitoring State-Owed Arrears Adjustments

13.1 Arrears Management Log

As of December 2, 2016, all IV-D staff will have access to the ARMR screen's log of arrears adjustments, including discharged state-owed arrears under AMP strategies. The Arrears Management Coordinator or other designated FOC staff member will no longer be required to manually maintain the [Arrears Management Log](#) provided on mi-support or to submit the manual log to OCS.⁸⁴

⁸² Ref: Sections 5.20 and 5.40 of the *Michigan IV-D Child Support Manual*.

⁸³ Ref: Subsection 11.1 for the email address.

⁸⁴ The last manual log required to be maintained and submitted by FOC staff is for activities (e.g., discharge, arrears adjustment, etc.) completed between October 1, 2016 and December 2, 2016 (the MiCSES 9.3 Release). FOC staff are required to enter into MiCSES any arrears management activities that were not completed by December 2, 2016, rather than track them on the manual log.

However, to ensure oversight of arrears adjustments, FOC offices must still have a staff member(s) review the log on the ARMR screen. FOC staff will document their review of arrears adjustments on the *Log* tab on the ARMR screen. Reference Subsection 13.2 in this manual section for more information.

FOC staff may continue to use the manual log for their own purpose(s). A hard-copy representation of the Arrears Management Log can be found in [Exhibit 6.51E4](#); however, OCS intends to obsolete this exhibit and remove it from mi-support sometime in the future. IV-D staff will be notified when this occurs.

OCS will access the data recorded on the ARMR screen for the purposes of monitoring arrears adjustments for the AMP strategies and assessing the use and effectiveness of the AMP strategies.

13.2 Required FOC Review of AMP Strategy Arrears Adjustments

On at least a monthly basis or more frequently as determined by local office business practice, an FOC staff member will review the arrears adjustments recorded on the ARMR screen's log. This review is intended as a "checks-and-balances" action to ensure the IV-D program remains a good steward of the public debt. The reviewer is to determine any potential discrepancies or irregularities in the discharge of state-owed arrears and will confirm that the discharge complies with the policies found in this manual section. Depending on local office business practice, this review may be provided by a supervisor, a manager, the FOC or his/her representative, or another individual who works in a supervisory capacity. The FOC office's Local Options Administrator must assign the Arrears Management Strategy Reviewer role to the designated staff member who will be responsible for completing the review.⁸⁵

The individual reviewing the log must not be the same person who overruled the Arrears Discharge Worksheet. In addition, an individual who performs an arrears adjustment under an AMP strategy must not review his/her own log entries.⁸⁶

By the end of the month following the last month of the fiscal quarter (FQ), the Arrears Management Strategy Reviewer must review all arrears adjustments that have been completed by staff in his/her office during that quarter. Each quarter's log review is due as follows:

- FQ1: October – December, due January 31 of the following year;
- FQ2: January – March, due April 30 of the same year;
- FQ3: April – June, due July 31 of the same year; and

⁸⁵ For technical details regarding this role and assigning roles in MiCSES, reference the MiCSES 9.3 Release Notes and ARMR screen documentation on mi-support.

⁸⁶ If the structure of the FOC office makes this impossible, FOC staff must contact OCS PDD at mdhhs-ocs-arrearsmanagement@michigan.gov for guidance.

- FQ4: July – September, due October 31 of the same year.

A reviewer who finds irregularities in the discharge of state-owed debt will report those issues to local office leadership who are to consult with OCS as needed.

13.3 Other Uses of the System Log

IV-D staff may use the ARMR screen's log for the purpose of tracking all types of arrears adjustments, including adjustments made for arrears payment plans, enforcement payment plans, and surcharge payment plans. FOC staff are not required to use the ARMR screen to review arrears adjustments that are not associated with an AMP strategy; however, the information and arrears adjustment tracking on the ARMR screen may assist offices with managing workflow/activities, auditing, and data analysis.

13.4 Log Security

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

14. Reinstatement of State-Owed Arrears

Once state-owed arrears have been discharged under one of the AMP strategies outlined in this manual section, they will not be reinstated or added back to the NCP's arrears balance if his/her circumstances change, or if (s)he later experiences a financial windfall.

However, if the NCP provides incorrect, incomplete, or false information on the DHS-681/FEN681⁸⁷ or the DHS-682/FEN682,⁸⁸ or otherwise intentionally misleads FOC staff for the purpose of the discharge of state-owed arrears, any arrears that were discharged as a result of the false statement may be reinstated.

If FOC staff later determine that the NCP provided incorrect information as noted above, they should contact OCS PDD⁸⁹ for instructions on reinstating the discharged arrears.

SUPPORTING REFERENCES: Federal
20 CFR 416.990(c)
45 CFR 303.2(c)

⁸⁷ Ref: Subsection 4.1 of this manual section.

⁸⁸ Ref: Subsection 5.2 of this manual section.

⁸⁹ The phone number for OCS PDD is 517-373-9202, or IV-D staff may email OCS PDD at mdhhs-ocs-arrearsmanagement@michigan.gov.

45 CFR 307.10(b)(9)
42 USC 657(a)

OCSE PIQ 09-01

OCSE PIQ 05-01

OCSE PIQ 00-03

State

MCL 205.13(4)

MCL 552.517(1)(f)

MCL 552.605e

MCL 552.605e(6)

MCL 552.605d

MCL 552.633

MCL 552.635

MCL 552.635a

MCL 552.637

MCL 700.1105

MCR 3.208

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