



Michigan Supreme Court

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TO: Friends of the Court
cc: Chief Circuit Judges
Circuit Court Administrators
Family Division Administrators

FROM: Daniel J. Wright

RE: SCAO Administrative Memorandum 2006-01
Child Support Arrears Special Collection Project

The Michigan Department of Human Services' (DHS') Office of Child Support (OCS) recently announced the implementation of the Michigan Arrears Collection Special Project (MACS Project). This initiative will offer certain child support payers with arrears only (no current child support obligation) an opportunity to satisfy their obligation to the State of Michigan by paying a portion of their state-owed arrearage.¹

The program will run from February 1, 2006, to April 30, 2006, and will be offered to approximately 25,000 child support payers statewide.² These child support payers will be entitled to waive 75 percent of their state-owed debt if they agree to make one lump-sum payment of 25 percent of the debt. A child support arrearage owed to an individual payee, and all overdue court costs and fees, must be paid in full.

Michigan IV-D Action Transmittal 2006-001 details program eligibility and case processing under the MACS Project. The Action Transmittal can be found at: <http://mi-support.cses.state.mi.us/policy/stateat/pdf/2006/AT2006-001.pdf>

¹ As a condition of receiving public assistance, a child support payee must assign to the state child support that is due during the time the payee receives public assistance. If the state cannot collect the child support during the time the recipient receives public assistance, an arrearage accrues, which is owed to the state.

² OCS will contact payers who meet the project's eligibility criteria.

The anticipated revenue for the program is \$6.1 million, which would generate an additional \$11.7 million in federal matching funds. The combined \$17.8 million has been authorized in the 2005-06 DHS budget for spending on improvements to the Michigan Child Support Enforcement System (MiCSES).³ Because of the potentially high number of cases, the State Court Administrative Office (SCAO) recommends that courts develop a procedure to handle the payment agreements.

Court Approval of Agreements

Federal law requires an agreement between the payer and payee (or the state as an assignee) in order to waive any portion of an arrearage.⁴ Because the state is the party in interest and has made the offer to settle the arrearages a judicial review is not necessary unless there is a question concerning performance of the agreement.

We recommend that each court adopt a local administrative order authorizing the FOC to close cases administratively when an agreement is reached between the state and the payer pursuant to the MACS project. Model Local Administrative Order 27, authorizing friends of the court to administratively close MACS project cases, can be obtained on our website at:

<http://courts.michigan.gov/scao/resources/other/lao.htm#MACS>.

Coordination with Statutory Arrears Repayment Plan

Michigan law allows a court to order a child support arrears repayment plan that could forgive a portion of the arrears upon successful completion of the plan. MCL 552.605e. When a payer's child support debt is subject to a court-ordered arrears repayment plan, the payer is bound by a specific court order concerning the debt and cannot participate in the more general OCS offer to accept partial payment without first modifying the court-ordered repayment plan.

If a court or FOC has questions, please contact Steve Capps at 517-373-5975 or at cappss@courts.mi.gov. You may also contact Kelly Howard at 517-373-8671 or at howardk@courts.mi.gov.

³ The budget provides that any amount collected in excess of \$6,710,000 be allocated to FOC offices for legal support contracts. If the program collects more than \$7,140,767, the budget requires OCS, FOC, and counties to agree on a recommendation for how the legislature should appropriate the additional money. [PA 147 of 2005]

⁴ Child support arrearages that have been permanently assigned to the state can be compromised by an agreement between the child support payer and the state. Any compromise of child support arrearages that have not been permanently assigned to the state requires the agreement of the child support recipient.