

Understanding Child Support Payment Distribution

The Federal Government has rules that Michigan must follow when sending out child support. This brochure explains these rules and how custodial parents receive support and how a non-custodial parent's payments are applied to support accounts.

Definitions

- Custodial Parent (CP) - The person who receives child support.
- Non-Custodial Parent (NCP) - The person who pays child support.
- Current Support - Money a court orders to help pay the living expenses of a spouse or child. Current support is charged on the first day of each month and must be paid before the last day of the month. For example: If the support order is for \$108.75 per month, \$108.75 is the amount due on current support. These expenses can include the payment of health insurance premiums, medical expenses, child care expenses or educational expenses.
- Arrears - Support that is past due. See example above: If the current support of \$108.75 is not paid by the end of the month, it becomes arrears on the first of the following month.
- Public Assistance – Benefits received under the programs called Temporary Assistance for Needy Families (TANF) or Family Independence Program (FIP), formerly AFDC.
- Docket Number – Also referred to as case or file number.
- Obligation – Court ordered debt.

Distribution Rules

Effective December 1, 2002, child support orders must provide for child support in monthly amounts. Court orders entered before December 1, 2002 have been converted to a monthly amount (weekly amount multiplied by 4.35). Child support orders that provide for monthly charges do not change how child support is collected.

If an NCP pays through an income withholding order, support will be deducted when the NCP is paid. The payment is forwarded to the Michigan State Disbursement Unit (MiSDU). The MiSDU will send a support check or electronic transfer to the CP.

Current Support must be paid first. Current support that is due for the month must be paid in full before arrears or fees are paid. A CP's check may be different each time support is paid and some checks may be in odd amounts. A CP may not receive a check even though a payment was sent in. There may be weeks when no check is sent.

Example: If the monthly charge is \$108.75 (\$25.00 per week) and the NCP pays \$30.80 each week (\$25.00 current support, \$5.00 arrears, \$0.80 fees) current support must be paid first. Each payment will be applied to current support before arrears or fees are paid. If four payments are made that month, \$108.75 will be applied to current and \$14.45 will be applied to arrears. Fees will only be paid upon the specific instruction of the NCP or when all other debts are paid.

Families must be paid first. Federal rules require that the first money received must go to pay support owed to the family. This means current support and arrears owed to the CP will be paid before arrears owed to the State.

There is one exception to this rule: Money collected by a federal tax offset must pay all state arrears before any money is paid to the family.

When a CP has never received public assistance, the distribution rules have little impact on that person. If there are arrears, all of the payment goes to the CP until the arrears are paid. Once the arrears are paid in full, fees and other amounts are paid. If the account balance reaches \$0.00, money will be held in the system until after the first of the following month. The Friend of the Court cannot release these monies.

Non-Custodial Parents with more than one case. When an NCP has more than one case in the State of Michigan, payments will be applied to current support first on all of the NCP's cases. If the current support obligation is paid on all of the NCP's cases, money will be applied to arrears. This may mean the CP will receive a different amount than is stated in the court order. This also means that if one CP is owed current support and another CP is owed arrears only, the arrears only CP case will not receive any support until the current support owed to CP is paid each month.

Assignment Rules

A CP that receives public assistance will be affected by the following rules:

Before October 1, 1998, a CP applying for public assistance permanently assigned the right to all support due before or during the time of assistance, to the State. For example, if there was an arrearage of \$500.00 owed to the CP, this would belong to the State.

After October 1, 1998, the CP assigns current support for the period of public assistance to the State. Arrears would temporarily

belong to the State during the time of assistance. For example, if there was an arrearage of \$500.00 owed to the CP, during the time of assistance this would belong to the State. After the CP stops public assistance, this arrearage would again belong to the CP.

Please Note: If a payment is received from an NCP's federal tax refund, this money will be distributed to the State of Michigan for reimbursement of public assistance. Please see the following example:

- NCP has arrearage of \$300.00 owed to CP.
- CP receives \$400.00 public assistance for one month.
- \$300.00 arrearage is temporarily owed to the State.
- NCP's obligation is \$40.00 per month; however, during this month the NCP pays \$240.00.
- The State receives the \$240.00 paid by the NCP (\$40.00 current, \$200.00 arrears).
- When the CP stops receiving assistance, the amount of arrears owed to the CP is now \$100.00 (\$300.00 temporarily assigned minus \$200.00 collection in arrears paid to the State).
- If a tax offset payment is received, \$100.00 will be paid to the State and the money owed to the CP will be eliminated.

