



## Allocation and Distribution of Support Payments

When a payer has more than one child support case, payments sent to the Michigan State Disbursement Unit (MiSDU) are generally split among all of the cases. Regardless of how an employer allocates withholding payments to a payer's Michigan case(s), the payment will be allocated and distributed according to the following process.

### Definitions

*Allocation* is the process of dividing payments among cases when the non-custodial parent has multiple cases.

*Distribution* is the process of applying payments to specific debts or obligations on a given case.

*Disbursement* is the process of sending a collected child support payment to whom it is owed. A disbursement may be in the form of a paper check or an electronic funds transfer.

### How the Computer System Allocates Child Support Payments

When the MiSDU receives a payment, the payment is processed into the computer system. The system compares the payment to the amount owed. State policy determines which cases receive the payment.<sup>1</sup> When the payer has only one case and makes a full payment, allocation is simple. However, when the payer has more than one case and/or makes less than a full payment, allocation can be more complex.

Below are the most common examples of allocation and distribution:

**1. The payer has *one* case and sends *no more than the current month's support owed*.**

The computer system allocates the payment to that case, distributes it to current support, and the MiSDU disburses it to the family. If the family is currently receiving public assistance, the payment is disbursed to the state.

**2. The payer has *more than one* case and sends *less than the current month's support*.**

The computer system identifies all of the payer's cases and splits the payment among the cases based on the percentage of current support owed to each case.

*Example:* The court orders the payer to pay \$60 per month as current support on Case 1 and \$40 per month as current support on Case 2.

- If the payer pays \$100, it is allocated proportionately: 60% (\$60) to Case 1 and 40% (\$40) to Case 2.
- If the payer pays \$70, it is allocated proportionately: 60% ( $\$70 \times 60\% = \$42$ ) to Case 1 and 40% ( $\$70 \times 40\% = \$28$ ) to Case 2.

**3. The payer has *more than one* case and sends *more than the current month's support*.**

Payments allocate among all of the payer's cases, paying the current month's support first. Any remaining amount allocates and distributes to the past-due amounts, if any. If there are no past-due amounts, the law requires that an amount up to the following month's support due be held. At the beginning of the next month, the child support system will allocate and distribute the amount held for that month's support.

For information on payments received and disbursed, parties on the case may call the local Friend of the Court (FOC) Interactive Voice Response (IVR) system and press 4 for the MiSDU. Local FOC IVR phone numbers are listed on the MiSDU Web site at: <https://www.misdu.com/secure/GeneralInformation/IVRPhoneNumbers.aspx>.

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<sup>1</sup> As permitted by federal law, Michigan applies Federal Tax Refund Offset (FTRO) payments to the amount owed to the state when the family is receiving or has received public assistance. Refer to Section 5.35, "Allocation/Distribution" of the *Michigan IV-D Child Support Manual* at <http://www.mfia.state.mi.us/ChildSupport/policy/> for further information.