



## Allocation and Distribution of Child 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.

### Definitions

*Allocation* determines which cases will receive a payment and the amount of money applied to each case.

*Distribution* is the process of applying the allocated money to current and past-due support debts. If the family is not currently receiving public assistance, the family receives the current support payment. If the family is currently receiving public assistance, current support payments go to the state.

*Disbursement* means the MiSDU sends the child support payment to whom it is owed.

### How the Computer System Allocates Child Support Payments

When the MiSDU receives a payment, the computer 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 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 payment allocates to that case, distributes to current support and disburses to the family. If the family is currently receiving public assistance, the payment disburses to the state.
- 2. The payer has *more than one* case and sends *less* than the current month's support.**  
The 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 the system hold the amount for the following month's support due. At the beginning of the next month, the system will allocate and distribute the amount held for the following month.

For information on payments received and disbursed, call the local Interactive Voice Response (IVR) system; press 4 for the MiSDU.

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<sup>1</sup> Federal regulations require allocation and distribution of Federal Tax Refund Offset (FTRO) payments to repay the state when the family is receiving or has received public assistance.