



**House  
Legislative  
Analysis  
Section**

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**FOC: ELECTRONIC COLLECTION/  
DISTRIBUTION OF SUPPORT  
PAYMENTS**

**House Bill 5627 (Substitute H-1)  
First Analysis (5-23-96)**

**Sponsor: Rep. Eric Bush  
Committee: Judiciary and Civil Rights**

***THE APPARENT PROBLEM:***

Currently, payments of child or spousal support are made through the office of the friend of the court. A support payment is sent to the friend of the court, usually from the payer's employer, and then the friend of the court, after recording the payment, sends the payment on to the payee. This means of transferring funds is a slow and costly process. Often, for whatever reason (the friend of the courts' workload, the recording requirements, etc.) the delay between the friend of the court's receipt of the support payment and its disbursement of the support payment is significant enough for the payer to mistakenly appear to be in arrears. It has been suggested that the process of collecting, recording, and then disbursing support payments could be expedited by using electronic means to accomplish the transfer and recording of the payments.

***THE CONTENT OF THE BILL:***

House Bill 5627 would amend the Friend of the Court Act to require the friend of the court to use electronic means to receive, record, and disburse support payments to the greatest extent possible beginning on January 1, 1997.

The bill is tie-barred to House Bill 4432, which would amend the no-fault divorce statute.

MCL 552.509

***FISCAL IMPLICATIONS:***

According to the House Fiscal Agency, the bill would have no fiscal impact. (5-21-96)

***ARGUMENTS:***

***For:***

The bill would put into law efforts already being made by many of the different friend of the court offices throughout the state. Using electronic means for transferring and recording payments would significantly

speed up the process and lower the costs. The Grand Traverse County friend of the court has already instituted such a process, and as a result the county's friend of the court has cut the costs associated with collection, recording and transferring funds by more than half, saving approximately \$45,000. The system has also significantly increased the turn around time between collection of payments and transfer of those payments to the payee. In addition, the institution of electronic transfer of funds from the friend of the court to the payees has eliminated problems with lost checks and problems in reconciling accounts at the end of the month due to uncashed checks, and has drastically cut the amount of time needed to reconcile accounts from days to approximately 20 minutes.

With regard to the collection of support payments, although the use of electronic means may not significantly affect the friend of the court, employers, particularly larger employers, could realize equally significant decreases in costs by using electronic means to make support payments.

Finally, the bill could help to avoid the all too common situation of placing a payer who is current in his or her support payments in the position of being arrested for failure to pay support due to the FOC's failure to promptly record and disburse support payments. In addition, the bill would make certain that children who are depending upon support payments are more likely to receive those payments in a timely fashion.

***Against:***

The bill is unnecessary, as it merely requires the FOC to act "to the greatest extent possible" on something that is already being done in many cases. Additionally, the situation (a payer wrongly being accused of being in arrears) that this bill would allegedly help to alleviate is, at best, a rare occurrence. Furthermore, the bill raises a number of questions. What is "to the greatest extent possible"? If some friend of the court offices lack the technology to institute electronic funds transfers, will they be violating the

House Bill 5627 (5-23-96)

law? What about people who do not have bank accounts (in Grand Traverse County those people must pick up their checks from the friend of the court office)? At present it is cheaper in most cases to use electronic means for transactions; however, what if banks raise their rates on electronic transfers?

***POSITIONS:***

The State Bar of Michigan -- Family Law Section supports the bill. (5-22-96)

The Michigan Catholic Conference supports the bill. (5-22-96)

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.