

## ELECTRONIC DISBURSEMENT OF CHILD SUPPORT

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**Senate Bill 1319 as passed by the Senate**  
**Sponsor: Sen. Gerald Van Woerkom**

**Senate Committee: Families and Human Services**  
**House Committee: Family and Children Services**

**Complete to 9-13-04**

### A SUMMARY OF SENATE BILL 1319 AS PASSED BY THE SENATE 8-4-04

The bill would amend the Office of Child Support Act to require the State Disbursement Unit, within one year after the bill's effective date, to disburse child support electronically in at least three counties, either to the recipient's account in a financial institution or to a special account that the recipient could gain access to by an electronic access card. Within two years after the bill's effective date, the SDU would have to disburse all child support electronically in this manner.

The electronic disbursement requirement would not apply under any of the following circumstances:

- Electronic transfer was not feasible to meet federal requirements regarding the disbursement of child support payments.
- The support payment was from a source that was nonrecurring or that was not expected to continue in a 12-month period.
- The support recipient was a person with a mental or physical disability that imposed a hardship in gaining access to an electronically transferred payment.
- The recipient was a person with a language or literacy barrier that imposed a hardship in gaining access to an electronically transferred payment.
- The recipient's home and work addresses were more than 30 miles from an automated teller machine and more than 30 miles from a financial institution where the recipient could gain access to funds in his or her account.

The bill would prohibit the OCS from releasing information regarding the use or payment history of an electronic access or debit card. Under the act, information obtained by the OCS must be available to a governmental department, board, commission, bureau, agency, political subdivision of any state, a court of competent jurisdiction, or the federal government for purposes of administering, enforcing, and complying with state and federal laws governing child support and domestic relations matters. Unless otherwise precluded by state or federal law, the information also must be available for purposes

specified in the Code of Federal Regulations. Under the bill, information pertaining to an electronic access or debit card account, if needed, would have to be obtained from the support recipient or the recipient's financial institution.

MCL 400.231 et al.

#### **FISCAL IMPACT:**

There is no significant fiscal impact on the Family Independence Agency, though a small but indeterminate cost savings could result. FIA has considerable experience with electronic fund transfer (EFT) payments to cash assistance recipients. The existing technology can be used to expand electronic payments to include child support recipients. Outreach efforts to promote the use of EFT instead of paper warrants can be handled using existing communications vehicles. The three-county, one-year pilot this bill requires will give the department time to plan for statewide implementation. In the long run, FIA costs should decrease because of the elimination of the handling costs associated with paper warrants, but this savings is not determinable.

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