

To Financial Institution Contacts

The Federal Office of Child Support Enforcement (OCSE) and state Child Support Enforcement (CSE) agencies continue to seek ways to improve the process to collect child support. One of our on-going initiatives is working with state CSE agencies, employers, Federal agencies and financial institutions to convert payments currently sent via paper checks to electronic payments (e-payments). The purpose of this e-mail is to share information with you about sending funds resulting from the Multistate Financial Institution Data Match (MSFIDM) freeze-and- seize activity to the CSE state disbursement units (SDUs) electronically using electronic funds transfer/electronic data interchange (EFT/EDI).

Currently more than 30% of the payments SDUs receive are in the form of e-payments. Newell Rubbermaid, a large company with 25,000 employees and close to 3,000 child support payments per month, saved \$26,000 in 2004, its first full year of sending e-payments. By converting to e-payments both financial institutions and state CSE agencies will realize benefits including savings in labor and material costs, fewer errors, and a faster, safer method than sending paper checks.

To accomplish e-payment processing, both financial institutions and SDUs must program for the approved NACHA¹ DED Child Support Addendum Record. The first position on the record layout (DED01) is the application identifier. This application identifier lets the State CSE Agency identify the source of the payment (e.g. Interstate withholding, FIDM, Direct Payer, etc). Currently there are eleven application identifier code values approved for use in the DED01 of the Child Support Segment/Convention record layout. Three of these application identifiers are to be used to describe payments from financial institutions. Below are descriptions of each FIDM identifier.

Financial Institution Data Match (FIDM) application identifier to be used in sending interstate funds

FD: FIDM funds from a financial institution: **FD** is used to indicate that a child support agency requested that a financial institution disburse funds (seized from an account holder/non-custodial parent obligor), and the requested financial institution forwarded the funds to the child support agency's SDU electronically. FD could also be used to indicate that a financial institution, upon request from one state CSE agency, was sending interstate FIDM funds to another SDU electronically.

¹ NACHA is a not-for-profit association that represents more than 11,000 financial institutions through direct memberships and a network of regional payments associations, and 585 organizations through its industry councils. NACHA develops operating rules and business practices for the Automated Clearing House (ACH) Network and for electronic payments in the areas of Internet commerce, electronic bill and invoice presentment and payment (EBPP, EIPP), e-checks, financial electronic data interchange (EDI), international payments, and electronic benefits services (EBS). See <http://ecsp.nacha.org/> for more information related to electronic child support payments.

IF: FIDM funds from a non-cost-recovery state to another state: **IF** is used to notify the receiving SDU of funds (received in full) going from the sending SDU to the receiving SDU. (The state sending the interstate funds is not a cost-recovery state.)

RF: FIDM funds from a cost-recovery state to another state: **RF** is used to notify the receiving SDU that fees were deducted from collection activities before the sending SDU transferred the funds to the receiving SDU. (The state sending the interstate funds is a cost-recovery state.)

The approved record layout is attached as well for your review.

The following states are able to receive the FIDM identifier from financial institutions: NC, ND, NE, MT, OK, TX, and WA.

In an effort to promote the use of e-payments for the MSFIDM program, we will be conducting conference calls with financial institutions and states to discuss programming and outreach issues. We will also be discussing how to proceed when the financial institution needs to hold or freeze a seized payment until the non-custodial parent or joint account holder has had an opportunity to appeal the seizure.

Before the calls, we would like to get a sense of whether your financial institution has FIDM e-payments functionality or whether you would be interested in discussing adding the functionality:

_____ Have functionality for sending child support payments electronically using FIDM application identifiers

_____ Do not have functionality but interested in adding it

Please reply by e-mail to Nancy Benner at nancy.benner@acf.hhs.gov. Her phone number is (202) 401-5528.

We look forward to working with your financial institution to convert funds sent to state CSE agencies to e-payments.