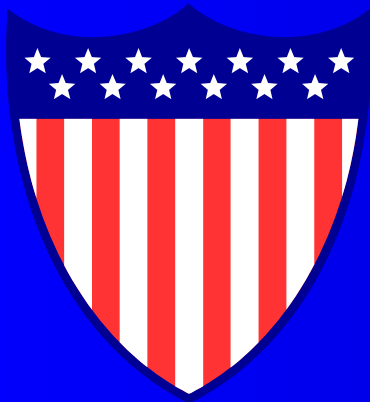


# How-To Child Support for Federal Agencies

Federal Office of Child  
Support Enforcement



# Introduction

- Course objectives
- Course agenda
- Course materials
- Audience profile

**Why do we have a child support enforcement program?**



# Our changing society has increased...

- Divorce rates
  - Out-of-wedlock births
  - Single parent families
  - Children living in poverty
  - Public assistance costs
- ...until welfare reform in 1996.

**What am I doing here?**

# Executive Order 12953

The Federal Government, through its civilian employees and Uniformed Services members, is the Nation's largest single employer and as such should set an example of leadership and encouragement in ensuring that all children are properly supported.

# Module 2 Objectives - Child Support Basics

- State origins and general description of the Child Support Enforcement Program
- Identify 4 primary child support services
- Identify 4 requirements for employers



# Child Support Basics

- Definition of “child support”
- Definition of “medical support”



# Magnitude of the Child Support Program

- Caseload
  - 1976 - 2 million cases
  - 2007 – 15.8 million cases
- Collections
  - FY 1992 - \$ 8 billion
  - FY 2007 - \$25 billion



# Child Support Enforcement Program

- Established 1975
- AFDC (now TANF) only; later, all applicants
- Federal, state and local levels



# Federal Level - OCSE

- Program standards, policy & regulations
- Program funding
- Audits state & local programs
- Technical assistance & training
- Federal Parent Locator Service (FPLS)



# FPLS

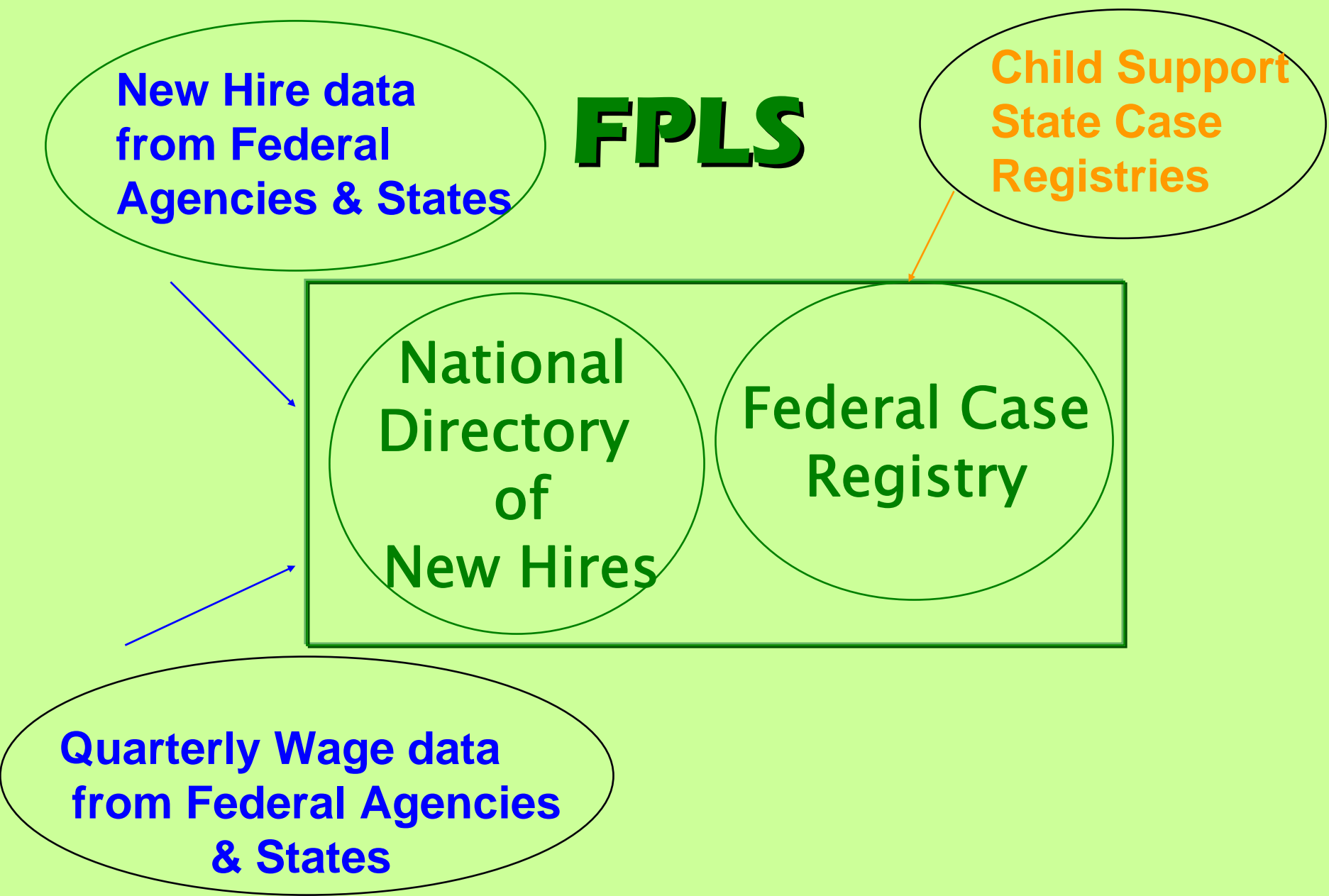
New Hire data  
from Federal  
Agencies & States

Child Support  
State Case  
Registries

National  
Directory  
of  
New Hires

Federal Case  
Registry

Quarterly Wage data  
from Federal Agencies  
& States



# State Level

- Central administration
- Operates statewide automated system
- Maintains registry of all cases in state
- Maintains database of new hires

# Local Level

- Regional and county agency offices
- Provides direct services

# 4 Basic Child Support Services

1. Locate
2. Establish paternity
3. Establish child support orders
4. Collect child support



# Employer's 4 Basic Steps in Child Support

1. Report new hires & respond to verification requests
2. Withhold income, premiums
3. Disburse payments
4. Report terminations



# Scenario 1

\$ to CP & kids



\$ to IV-D agency



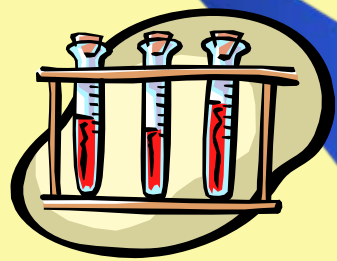
4. Order enforced with Order/Notice to Withhold Income to employer



1. TANF Recipient provides info used to locate NCP



2. Paternity established



3. Child support order established



# Module 3 Objectives - New Hire Reporting

- Name the purpose and benefits of the New Hire Reporting program
- Identify 6 data elements required
- Identify the primary method of reporting for federal agencies

# New Hire Reporting

- What
- Why
- How
- When
- All Federal agencies report directly to NDNH



# New Hire Reporting

## 6 Required Data Elements:

- Employee name
- Employee SSN
- Employee address
- Employer name
- Employer FEIN
- Employer address

# FPLS

New Hire data  
from Federal  
Agencies & States

Child Support  
State Case  
Registries

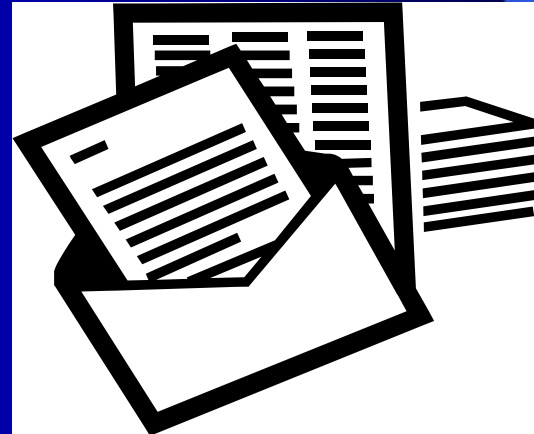
National  
Directory  
of  
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Quarterly Wage data  
from Federal Agencies  
& States

# Employment Verifications

- What
- Why
- How



# New Hire/Verifications SUMMARY

- New Hire Reporting requirements (W-4 data)
- Importance of the New Hire Reporting program
- Honor verification requests from child support agencies



# Module 4 Objectives - Income Withholding

- Calculate child support withholding
- Calculate allowable disposable income
- Prioritize withholdings
- Describe medical support requirements
- Determine when child support comes first

# Income Withholding

- **What:** garnishment for child support owed
- **Why:** single most effective collection tool



# Income Withholding

- **Income:** “any periodic form of payment due to an individual, regardless of source, including wages and salaries, commissions, bonuses, workers’ compensation, disability, payments pursuant to a pension or retirement program, and interest.”

# Income Withholding

- **Federal benefits considered income:**
  1. Periodic benefits
  2. Retirement benefits
  3. Retirement contribution refunds
  4. Worker compensation
  5. Compensation for death
  6. Other benefits

# Income Withholding

- **How**

- usually issued by child support agency
- standardized “Income Withholding for Support” form or IWO



# Order/Notice to Withhold

- **Top – identifying information**
- **Order information – how much to withhold, type of support**



# Order/Notice to Withhold

- **Remittance information:**
  - When to withhold
  - When to remit
  - How to allocate
  - Administrative fee
  - Maximum that can be withheld  
(law of official duty station state)

# Income Withholding

- **Where:** from any state
- **When:** within 7 days OR LESS
- **Why:** over 70% of all collections
- **How:** may be sent to federal agency by regular or certified mail per state law or eIWO





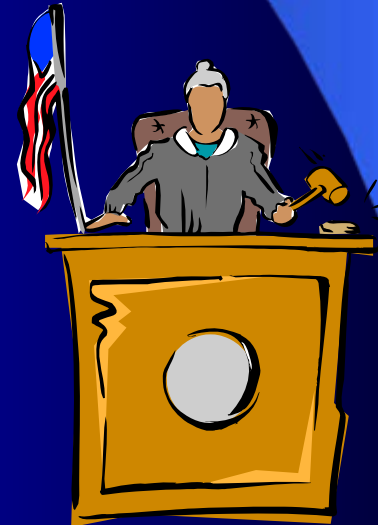
# Federal Addresses for Withholding

- Agency agent contact information published once a year in *Federal Register*
- Notify OPM by end of calendar year to make changes
- See OCSE web site at [http://www.acf.hhs.gov/programs/cse/newhire/contacts/iw\\_fedcontacts.htm](http://www.acf.hhs.gov/programs/cse/newhire/contacts/iw_fedcontacts.htm)



# Complying with the Order

- Document date of receipt
- Copy to employee
- “Regular on its face?”
- Follow the terms



# Exercise

- Withholding order received 5/6/08
- Next payday is 5/16/08
- \$100 weekly support due, \$800 weekly gross pay
- Withhold \$\_\_\_\_\_ on \_\_\_\_\_ and send in by \_\_\_\_\_?

# Calculating Disposable Income

- **What**
  - Disposable income
  - Allowable disposable income (CCPA)
- **Why**
  - Child support can only be withheld from **allowable** disposable income
- **How**
  - Take mandatory deductions
  - Apply CCPA percentage



# Calculating Disposable Income

- **Mandatory deductions for Federal employees**
  - Monies owed to US Government
  - Fed employment taxes, fines, forfeitures ordered by court martial
  - Fed, state, local income taxes (including FICA & Medicare)
  - Retirement contributions (including OASDI)
  - Health insurance premiums
  - Life insurance premiums



# Calculating Disposable Income

- **Federal Consumer Credit Protection Act limits:**
  - 50% - 2<sup>nd</sup> family, no arrears or < 12 wks
  - 55% - 2<sup>nd</sup> family, 12+ wks in arrears
  - 60% - single, no arrears or < 12 wks
  - 65% - single, 12+ wks in arrears

# Exercise: Disposable Income

- Jacob's gross biweekly pay \$1600.00
- Less mandatory deductions -350.00
- Jacob's disposable income \$1,250.00

# Exercise: Allowable Disposable Income

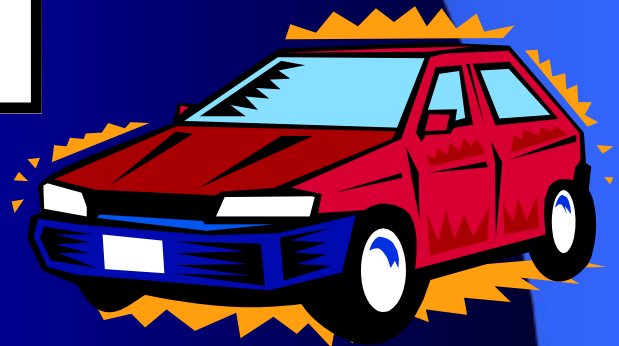
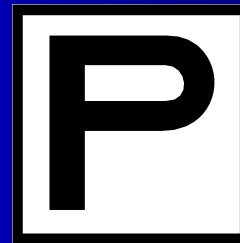
- Biweekly disposable \$1,250.00
- Apply CCPA limit x 65%
- Allowable disposable income \$ 812.50

|                 |          |           |
|-----------------|----------|-----------|
| Current support | \$200    | (2 weeks) |
| Arrears         | 50       |           |
| Admin. fee      | <u>5</u> |           |
|                 | \$255    |           |



# Imputed Income

- **What:** non-cash fringe benefits
- **How:**
  - **Deduct** before calculating allowable disposable income



# Exercise: Imputed Income

Gross pay \$800

Imputed income +200

Taxable income: \$1,000

Deduct taxes - 220

Net pay: \$780

Subtract imputed - 200

Disposable income: \$580

(for child support purposes)

# Withholding for Medical Support

- **What**

1. CP provides coverage
2. NCP provides coverage
3. NCP provides coverage through private plan
4. Child enrolled in plan solely for children
5. Child enrolled in state CHIP
6. Either or both parents provide cash



# Withholding for Medical Support

- **When**

- Your employee is eligible

- **How**

- NMSN (or QMCSO)
- Disregard “open enrollment” season
- You withhold child’s premiums per plan administrator



# Withholding for Medical Support

- **Qualified Medical Child Support Orders (QMCSO) have been replaced by National Medical Support Notice (NMSN) for child support agencies**
- **Private attorneys may use NMSN or QMCSO**

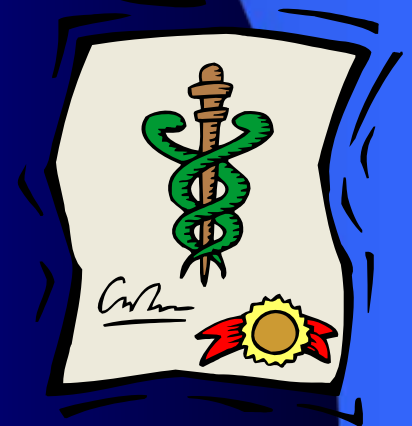
# National Medical Support Notice

The NMSN is actually 4 different documents plus instructions to the employer and the plan administrator:

1. Part A- Notice to Withhold for Health Care Coverage
2. Employer Response (if cannot withhold)
3. Part B- Medical Support Notice to Plan Administrator
4. Plan Administrator Response to agency

Plan administrator tells employer how much to withhold

NMSN is considered a QMCSO



# How the NMSN works

Important note:

Withholdings for both **cash** child support and **medical** support are subject to CCPA limits set by the employee's principal place of employment state.

# When the Employee is Not Working

- **When**

- Receiving annual or sick leave, or worker's compensation
- On "leave without pay" status

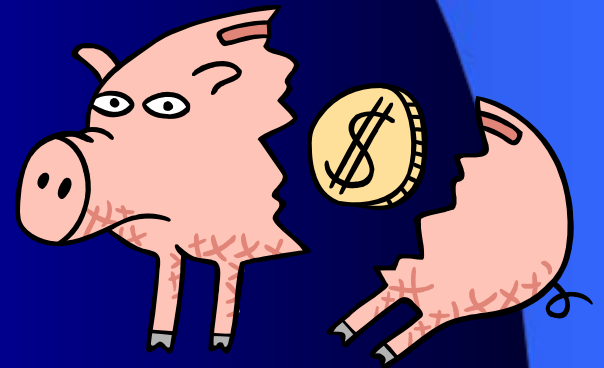
- **What**

- Child support must be withheld from income



# Not Enough Money!

- **What:** amount due exceeds allowable disposable income
- **When**
  - Multiple child support orders
  - Other garnishments
  - Other involuntary deductions
- **How**
  - Percentage allocation OR
  - Divided equally



# Percentage Method of Allocation

**Order A**     $\$90.00 \div \$227 = 39.65\%$

**Order B**     $\$75.00 \div \$227 = 33.04\%$

**Order C**     $\underline{\$62.00} \div \$227 = \underline{27.31\%}$

227.00                      100.00 %

**Order A**     $\$180 \times 39.65\% = \$71.37$

**Order B**     $\$180 \times 33.04\% = \$59.47$

**Order C**     $\$180 \times 27.31\% = \underline{\$49.16}$

180.00



# Equal Method of Allocation

**Order A**     \$90.00

**Order B**     \$75.00

**Order C**     \$62.00

\$227.00 but only have \$180

**\$180 ÷ 3 = \$60 to each order**

# Multiple Child Support Orders

- By Federal law, some money must be paid to each order for current support
- Follow the state law of your employee's official duty station
- **NOT “first come, first served”**

# Child Support with Other Garnishments

- Pay child support first!
- Withhold for child support, then check to see if withheld amount is greater than the limits set for the garnishment (25% rule).



# Example: Child Support + Other Garnishments

Tony owes \$90/week for child support.

Sears garnishment for \$1000.

Biweekly disposable \$700

60% of disposable \$420

Withhold full (2 wks) \$180

$$700 - 393 = 307$$

25% x 700 = **175** is lesser

**BUT 175 - 180 = Nothing to withhold for Sears**



## Example 2: Child Support + Other Garnishments

Tony owes \$70/week for child support.  
Sears garnishment for \$1000.

Biweekly disposable \$1,000

60% of disposable \$ 600

Withhold full (2 wks) \$ 140

$$1000 - 393 = 607$$

25% x 1000 = 250 is lesser

250 - 140 = 110 can be deducted for  
Sears.

# Child Support vs. Other Involuntary Deductions

- **IRS tax levy** served prior to underlying child support must be paid first

- **What to do:**

If levy came first, call child support agency

If withholding order came first, call IRS





# Child Support vs. Other Involuntary Deductions

- Child support still owed even if bankruptcy is declared
- Chapter 7 or 13 – continue to withhold unless instructed otherwise by the bankruptcy court trustee
- Follow bankruptcy court instructions



# Child Support vs. Other Involuntary Deductions

- Involuntary deductions that never take precedence over child support:
  - Nontax federal debt
  - State and local tax levies
  - Creditor garnishment

# Common Concerns about Income Withholding

- Need to void paycheck/wrong amount withheld
- Employee protests
- Not sure when to stop withholding
- Multiple withholding orders

# Income Withholding SUMMARY

- Income withholding
- Calculating the amount to withhold
- Imputed income, or fringe benefits (deduct)

# Income Withholding SUMMARY

- Medical support (new NMSN)
- Accrual of arrears (State will determine)
- Special situations (not enough \$, other garnishments)

# Income Withholding SUMMARY

- CHILD SUPPORT COMES FIRST!
  - Exception: IRS tax levy served prior or bankruptcy, if so ordered by trustee



# Module 5 Objectives - Payment Disbursement

- List where, when and how withholding should be sent
- Define SDU and its purpose
- Name benefits of electronic payments
- List standard elements needed on Treasury checks for child support

# Payment Disbursements

- All payments withheld by employers should go to the **State Disbursement Unit (SDU)**
- Pre-1994 orders & Tribal orders may be payable to another party





# Payment Disbursements

- Redirecting payments
- EFT/EDI
- Remittance deadline

# Benefits of Electronic Payments

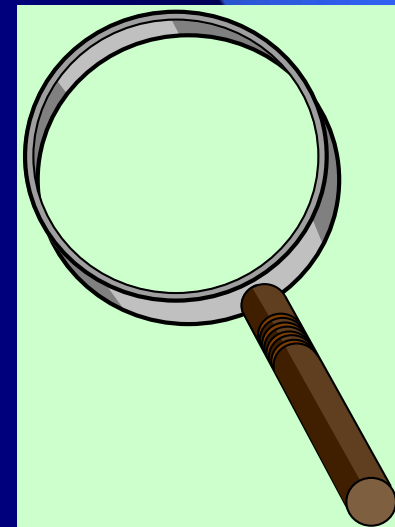
- Gets \$ to children faster
- Reduced check processing costs
- Eliminates postage
- Fewer phone calls from CPs
- More accurate
- Safer



# Proper Identification of U.S. Treasury Checks

Always include:

- Name of NCP/employee
- SSN of NCP
- Remittance identifier
- Amount of payment
- Date of payment
- Name and address where check should be sent



# Payment Disbursements SUMMARY

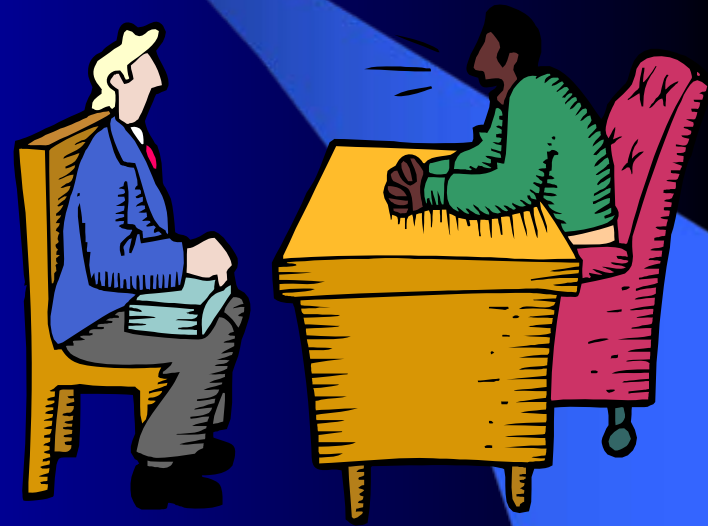
- Send withheld payment to payee in IWO & include proper identifying information
- SDU is predominant payee
- E-payments are the preferred method
- Send payments within 7 business days or less
- Identifying elements on Treasury checks

# Module 6 Objectives - Reporting Terminations

- Name employer's responsibilities when NCP terminates
- Explain what to do for rehires and retirees

# Reporting Terminations

- What
  - Notify agency/court if employee (NCP only) leaves
- Why
  - Need to issue a new IWO
- When
  - ASAP
- How
  - IWO Form, final page; NMSN, per instructions



# Reporting Terminations

- Special Requirements
  - Retain IWO in case of rehire
  - Report termination to issuing agency with a copy of notice required for health insurance continuation



# When the Employee is Retired

- When
  - Retired and receiving some type of benefits (CSRS, FERS, etc.)
- What
  - Federal agency stops withholding; notifies state child support agency of termination
  - State agency issues new withholding to OPM
  - OPM begins withholding from retirement benefits





# Reporting Terminations

- Rehire after termination
  - Submit another new hire report
  - Reactivate IWO
  - Reactivate medical support as appropriate



# Terminations SUMMARY

- Report terminated employees who owe child or medical support
- Reporting requirements vary from state to state
- Withhold child support for retired employees when a new IWO is received at OPM
- Reactivate child/medical support for rehires, too

# COURSE SUMMARY

- 4 basic responsibilities of employers
- New Hire reporting
- Calculating the correct amount to withhold
- Medical support

# COURSE SUMMARY

- Special situations
- Remitting the child support payments
- When child support withholding takes precedence

# COURSE SUMMARY

Importance of your cooperation with the  
Child Support Enforcement Program:

- Employers collect over 70%
- You save taxpayers' money
- You prevent and reduce fraud
- You lower UI premiums

# Where to Get More Information

- Questions? [employerservices@acf.hhs.gov](mailto:employerservices@acf.hhs.gov)
- Website of the **Federal Office of Child Support Enforcement:**  
[www.acf.hhs.gov/programs/cse/index.html](http://www.acf.hhs.gov/programs/cse/index.html)
  - Links to 50 states and territories
  - Employer information (matrices of contacts)

# Thank you from the children of America!

