

APPENDIX E

Federal Parent Locator Service

Electronic Income-Withholding Order Pilot Project



e-IWO Pilot Project Evaluation

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EXECUTIVE SUMMARY

In 2004, the Federal Office of Child Support Enforcement (OCSE) established a workgroup to explore the efficacy of electronically processing income-withholding orders. The workgroup, comprising representatives from states, tribes, and territories, and from employers, designed and developed the layouts, workflow, and business rules for the exchange of income-withholding orders and related communications. The layouts were completed March 15, 2005, and the pilot was initiated when the first state and employer began communications on June 26, 2005.

The electronic Income-Withholding Order (*e-IWO*) pilot project results have clearly proved that:

- states, tribes, and territories could, in fact, electronically transmit IWO documents to employers;
- employers could receive and process *e-IWO* records electronically; and
- employers could electronically provide states, tribes, and territories with information about *e-IWO* records sent to them.

Major Accomplishments

The major accomplishments for the *e-IWO* pilot project include the following.

- The workgroup designed, developed, and implemented flat-file and XML record layouts/formats, based on the ORDER/NOTICE TO WITHHOLD INCOME FOR CHILD SUPPORT or NOTICE OF AN ORDER TO WITHHOLD INCOME FOR CHILD SUPPORT.
- States and employers used the layouts developed by the workgroup to successfully implement the electronic transmission of income-withholding orders/notices.
- An electronic acknowledgement process was developed to enable states, tribes, and territories to communicate electronically about new orders, amended orders, terminations, and lump-sum amounts.
- The process was implemented with a large payroll processor – Defense Finance and Accounting Service (DFAS).
- Colorado, using the *e-IWO* XML schema, implemented web services for the *e-IWO* process on its web site.

Savings and Benefits

The significant benefits and cost savings of the *e-IWO* process experienced by the pilot participants to date are:

- income-withholding orders reach the employer faster than under the paper process;
- employers are able to implement the IWO faster than the paper process;
- states have experienced an increase in the speed of collections (first check is received two to four weeks faster than under the paper process);
- costs (e.g., postage, processing time, paper) have been reduced for both states and employers.

The chart on the next page estimates the cost savings and increased collections attributable to the *e-IWO* project.

COSTS AND SAVINGS					
State	Development Hours/Development Costs	Number of e-IWOs Sent	Increase In Collections	Administrative/ Program Savings	First Year Net Dollar Increase/Decrease
Colorado	400 Hours 400 Hours x \$75.00 hourly rate = \$30,000	4,492	4,492 e-IWOs sent 4,492 x .5 (Collection Percentage) x \$150.00 (average collection for 3 weeks) = \$336,900	4,492 e-IWOs Documents sent x \$1.00 per document = \$4,492 savings	\$311,392
Indiana	850 Hours 850 Hours x \$75.00 hourly rate = \$63,750	965	965 e-IWOs sent 965 x .5 (Collection Percentage) x \$150.00 (average collection for 3 weeks) = \$72,375	965 e-IWOs Documents sent x \$1.00 per document = \$965 savings	\$9,590
North Carolina	600 Hours 600 Hours x \$75.00 hourly rate = \$45,000	900	900 e-IWOs sent 900 x .5 (Collection Percentage) x \$150.00 (average collection for 3 weeks) = \$67,500	900 e-IWOs Documents sent x \$1.00 per document = \$900 savings	\$23,400
Oregon	187 Hours 187 Hours x \$75.00 hourly rate = \$14,025	100	100 e-IWOs sent 100 x .5 (Collection Percentage) x \$150.00 (average collection for 3 weeks) = \$7,500	100 e-IWOs Documents sent x \$1.00 per document = \$100 savings	-\$6,425
Texas	160 Hours 160 Hours x \$75.00 hourly rate = \$12,000	4434	4,434 e-IWOs sent 4,434 x .5 (Collection Percentage) x \$150.00 (average collection for 3 weeks) = \$332,550	4,434 e-IWOs Documents sent x \$1.00 per document = \$4,434 savings	\$336,984

NOTE: The development costs noted above are one-time costs; therefore, subsequent implementations would incur a minimal expenditure of resources. To keep costs down, states and employers need to be able to capitalize on the format chosen and have a centralized portal, or other mechanism, to translate the files/records into a format they each can handle in an automated fashion.

Increased Collections

If the *e-IWO* project were to be implemented nationwide, there would be an increase in collections of \$46,747,715. This was calculated using caseload, order, and collection data from the OCSE 157, as well as W-4 hit percentages, census data, and an assumption that 75 percent of the largest companies would utilize the *e-IWO* process.

Recommended Next Steps

Although the pilot clearly demonstrated that income-withholding order information could be exchanged electronically and that this project should continue to move forward, the method by which the electronic communication occurs still needs resolution. The *e-IWO* workgroup has strongly supported a central location (e.g., a portal) that would allow all states and employers to come to one location to pick up and drop off files. Without such a solution, states and private employers, and possibly some public employers, would have to develop and implement multiple communication paths to/from each state and employer. This would seriously impact the state and employer participation in this project. This issue is currently being addressed by OCSE.

Should a central location for states and employers to drop off and pick up files be developed, an agreement may be necessary to ensure that all parties understand their roles and responsibilities regarding the transmission and acceptance of *e-IWO* files.

1.0 BACKGROUND

In the past, several states and employers have transmitted income-withholding orders (IWOs) electronically. In fact six states have previously and are continuing to electronically communicate income-withholding orders with DFAS, using a record layout specifically designed for DFAS. Two of the pilot states have electronically communicated income-withholding orders with other private and public employers. However most, if not all, of these efforts used electronic formats developed by each state. Therefore, prior to the *e-IWO* project, there was not a single, uniform layout and process that could be used by *all* states and employers. OCSE initiated the *e-IWO* project with the intended purpose of developing one standardized layout, workflow, and process, which could be used by all states and employers for transmitting income-withholding orders.

The *e-IWO* project began with a day and a half meeting in August 2004, comprising 11 employers from the public and private sector, a large payroll processor, federal agencies (Social Security Administration, Department of Defense, and US Postal Service) and 18 states, tribes, and territories.* The workgroup membership has grown to 24 states and 25 employers. (A list of the attendees for the original workgroup can be found in Attachment #1 and the minutes from this meeting in Attachment #2.)

At the start of the meeting, the benefits of electronically transmitting the income-withholding order/notice were briefly reviewed. The major benefits identified included:

- increased collections;
- reduction in processing time and costs for states and employers;
- income-withholding orders would reach the employer much sooner than with the paper process;
- employers would have one format from all states upon which they could rely when processing income-withholding orders.

During this meeting every element on the current ORDER/NOTICE TO WITHHOLD INCOME FOR CHILD SUPPORT or NOTICE OF AN ORDER TO WITHHOLD INCOME FOR CHILD SUPPORT form was discussed. Decisions were reached regarding each element's meaning assuming an electronic transmission, i.e., no manual intervention. The workgroup then discussed the various layouts that would be used. The general consensus was that there would, at a minimum, be a flat file, an XML schema, and possibly a PDF version, and that all these layouts would be based on the standard income-withholding form. These layouts would be used by states to electronically

* From this point forward, use of the term "state" shall be construed as including states, tribes, and territories.

transmit the income-withholding order form to employers and it would also be the one that employers would electronically accept and process.

There was also a discussion of an acknowledgement process that would have employers electronically notify the states after receiving an *e-IWO* document as to whether it could be processed. This acknowledgement process would also enable employers to electronically notify states when a non-custodial parent (NCP) left his or her job, or when a lump-sum payment would be made to an NCP.

At the conclusion of the meeting the participants determined that the electronic transmission of income-withholding orders should definitely be pursued. It was also decided that there would be a pilot to test the record layouts and transmission methodologies developed in this process.

An electronic income-withholding order workgroup, composed of participants at this initial meeting, would be formed to document the process/workflow and to design and develop the flat file and XML schemas based on the elements in the ORDER/NOTICE TO WITHHOLD INCOME FOR CHILD SUPPORT or NOTICE OF AN ORDER TO WITHHOLD INCOME FOR CHILD SUPPORT forms. A separate sub-workgroup would develop workflows and electronic layouts for the acknowledgement, termination, and lump-sum conditions in order that these could be incorporated in the electronic transmission process.

Subsequent to this meeting, the workgroups were formed and regular meetings were held to design, develop, and implement the *e-IWO* process.

2.0 e-IWO WORKFLOWS

After the initial meeting in Chicago, the *e*-IWO workflows were discussed, described, and documented. The workflows include processes for file receipt, acknowledgements, and lump-sum notifications.

2.1 Initial e-IWO Process

From the state perspective, the process of identifying the cases requiring income-withholding orders has not changed, i.e., the immediate and delinquent orders are almost always identified during a daily accounting run. Included in this process is the identification of NCPs for whom the child support deduction should be stopped.

After a case has been identified, the system would then format the *e*-IWO record in the appropriate layout (e.g., flat file or XML) and route it for transmission to or pick-up by an employer. The instructions and/or edits for each of the data elements in the electronic record are contained in the *e*-IWO Detail Header, Detail, and Detail Trailer records. Also included with the file is a count of the number and type of *e*-IWO documents contained in the transmission, e.g., original, amended, termination, or lump sum.

2.1.1 EMPLOYER PROCESSING

Employers or payroll processors must be able to accept and process the *e*-IWO Detail Header, *e*-IWO Detail, and *e*-IWO Trailer records electronically, since once *e*-IWO is implemented, the states will not be sending paper income-withholding orders. The extent to which employers or payroll processors automate the *e*-IWO records within their systems is dependent upon their policy, procedures, and level of automation.

Some employers have chosen to completely automate the acceptance and processing of *e*-IWO records (Meijer and Labor Ready), whereas others have chosen to perform some manual reviews before electronically updating their systems. Employers have also used different approaches to providing a hard copy of the *e*-IWO document to the NCP. One has written a program to print a document from the flat file, another saves the file to a database in a format that allows the NCP to access a copy online, whereas other NCPs receive a PDF from the state.

2.1.2 TWO-STEP FEEDBACK PROCESS FOR STATE CSE AGENCIES

The *e*-IWO project introduced a two-step feedback process. The first step involves use of a File Receipt record. The second requires the employer to inform the state of the disposition of *e*-IWO documents within a few days of receipt.

This more detailed notification would include:

- whether an employee resigned or was terminated; and

- whether a lump-sum payment was going to be made to an NCP.

A more detailed description of this feedback process, as agreed to by the *e-IWO* workgroup, is provided in the next sections.

2.2 File Receipt Process

This proposed workflow has two acknowledgement records. The first record, called a File Receipt, is simply an electronic acknowledgement that the employer received the file sent by the state. It does *not* contain any information about the number of records processed, accepted, or rejected, nor does it contain any information about the individual records, e.g., that the employee is no longer employed. The employer must return the File Receipt to the child support enforcement (CSE) agency as soon as possible after receiving the file.

2.3 Acknowledgement Process

A second record, referred to as an Acknowledgement, will be used by employers to transmit information about each individual income-withholding order.

2.3.1 EMPLOYER RECEIVES AN ORDER NOTICE

The Acknowledgement contains elements to enable employers to send detailed information after the receipt of an *e-IWO*. The Acknowledgement can be used to advise the CSE agency that:

- the order was implemented;
- the order cannot be implemented because the employee is no longer or was never an employee;
- this income-withholding order is a duplicate; or
- other reason.

The Acknowledgement file uses a series of codes to indicate reasons that an *e-IWO* cannot be implemented, which allows states to automate the responses to the extent possible.

This Acknowledgement is optional for employers, although the use of it will significantly decrease inquiries from CSE agencies as to the status of a recently sent *e-IWO*.

2.3.2 EMPLOYER RECEIVES AN ORDER TERMINATION NOTICE

Upon receipt of the automated termination of an Order/Notice for an NCP, the employer will, as soon as practicable, cease the withholding identified in the transmission. The employer will then return the File Receipt and, hopefully, an Acknowledgement advising the CSE agency that the termination was received and processed.

2.3.3 EMPLOYER SENDS A TERMINATION NOTICE TO A CSE AGENCY

The Order/Notice requires employers to “...promptly notify the Child Support Enforcement (IV-D) Agency and/or the contact person listed below when the employee/obligor no longer works for you” (#5 on back of “Order/Notice”).

When an employee with an income-withholding order in place terminates, the employer uses the Acknowledgement record to inform the CSE agency of this event. The employer can use this record to electronically notify the CSE agency of termination, suspensions, date of termination, and the like.

2.4 Lump-Sum Order Process

In the course of enforcing a child support obligation, CSE agencies discover or are made aware that an obligor will be paid a lump-sum or one-time payment. This can occur when an obligor has applied for Social Security or workers’ compensation benefits or is due a bonus payment. In the case of Social Security or workers’ compensation, when the obligor is determined to be eligible, he or she may be issued a lump sum for benefits retroactive to the date of his/her application.

This workflow proposes a methodology that will enable CSE agencies to electronically transmit this lump-sum withholding notice along with any other e-IWO documents, e.g., original, amended, or termination. By definition, it advises the employer that *if* there is a current income-withholding order in place, it must continue that withholding *and*, in addition, deduct the amount specified in the lump-sum Order/Notice. If no current income-withholding order is in place, the employer must deduct the amount(s) indicated in the lump-sum Order/Notice.

Timeliness is key for this request – the CSE agency wants to ensure that the request reaches the employer(s) before a one-time distribution is completed. The electronic transmission of this lump-sum deduction request to employers requires standardized and uniform layouts and procedures in order that the information is conveyed in a timely, efficient, and effective manner. The acknowledgement process ensures this standardization.

2.4.1 CSE AGENCY SENDS A LUMP-SUM NOTICE TO AN EMPLOYER

When a CSE agency is notified that an NCP will be issued a lump-sum payment against which an income-withholding deduction can be processed, the CSE agency would electronically transmit an e-IWO document requesting the employer to deduct a specified amount.

2.4.2 EMPLOYER RECEIVES A LUMP-SUM NOTICE

Upon receipt of the automated lump-sum Order/Notice, the employer will return the File Receipt. It will then deduct the amount(s) specified in the Order/Notice from the disbursement and forward the monies to the CSE agency. After this, the employer will

transmit an Acknowledgement advising the CSE agency that the document was accepted and processed or rejected.

If there is already an Order/Notice in place with the employer, those deductions will continue, since the lump-sum Order/Notice is a one-time intercept of a lump-sum payment and does not replace an existing Order/Notice. Because it is a one-time intercept, the CSE agency does not need to transmit a termination notice.

3.0 **e-IWO OBJECTIVES AND RESULTS**

After the initial meeting of the *e-IWO* Workgroup, the goals/objectives for this pilot program were then more clearly defined. Section 3.1 provides an overview of results against objectives, and section 3.2 provides detailed information about experience and results gained from the pilot.

3.1 **Status of Objectives**

This section identifies the major goals/objectives of the project, followed by a brief description of the current status for achieving the goal/objective.

Objective 1	Develop an electronic record format(s), based on the ORDER/NOTICE TO WITHHOLD INCOME FOR CHILD SUPPORT or NOTICE OF AN ORDER TO WITHHOLD INCOME FOR CHILD SUPPORT for states, tribes, and territories to send income-withholding orders to employers.
Status	Completed Successfully
Results	A flat-file record layout and an XML schema were designed, developed, and implemented by several states and employers for the <i>e-IWO</i> pilot. States were able to map elements from their systems to these record layouts in the same fashion as they mapped these elements to the paper-based income-withholding orders.
Objective 2	Ensure that the record layout is based on the standard IWO document.
Status	Completed Successfully
Results	In the flat-file record layout, each data element is mapped to the corresponding element, e.g., name, dollar amount, percentage, in the ORDER/NOTICE TO WITHHOLD INCOME FOR CHILD SUPPORT or NOTICE OF AN ORDER TO WITHHOLD INCOME FOR CHILD SUPPORT. The only exception was the addition of data elements that are specifically necessary to facilitate electronic processing of income-withholding documents.

Objective 3	Ensure that employers can accept and process e-IWO documents based on the electronic record layouts developed.
Status	Completed Successfully
Results	At the end of the pilot there were several employers that were able to accept and process the flat-file record layouts. One employer, Labor Ready, was able to accept and process the XML documents also, so both formats were tested, functioned properly, and were placed in production. In fact, Meijer Corporation, which uses and accepts the flat-file layout, and Labor Ready designed and implemented the e-IWO process so that their payroll processing systems accept and process orders with virtually no manual intervention.
Objective 4	Develop standardized record layouts, both flat file and XML, that would support an electronic acknowledgement and termination process for use by employers. These processes would enable employers to electronically notify states when: <ul style="list-style-type: none"> • an IWO had been received and processed; and • an NCP is not employed by them.
Status	Completed Successfully
Results	An Acknowledgement record was designed and developed. It has been implemented by several states and employers in the workgroup. The Acknowledgement record is intended to be sent by employers to states when: <ul style="list-style-type: none"> • an e-IWO has been received by the employer and the employer advises the state whether it was accepted or rejected; • an NCP resigns or is terminated (with the e-IWO system, states receive this information within days – not weeks or months of this event); or • a lump-sum payment will be made to the NCP. This will enable states to make a determination of whether to send a lump-sum Order to withhold money from the NCP’s lump-sum payment. Although this Acknowledgement record is not required as part of the e-IWO process, all employers have programmed for it and are sending it to the states. The Acknowledgement record has been extremely successful both for states and employers and all employers have been willing to incorporate it into their payroll systems. States receive confirmations about e-IWOs sent and information on terminations very quickly and employers do not have to contend with follow up correspondence from CSE agencies on IWO status.

Objective 5	Determine whether sending IWO documents electronically is cost-effective, efficient, and increases collections.
Status	Completed Successfully
Results	The <i>e-IWO</i> pilot has confirmed that the electronic transmission of income-withholding documents increases collections, is cost effective, and efficient compared to the current paper-based process. (More specific details can be found in sections 3.2.1 and 3.2.2.)
Objective 6	Review the most effective methodology for states and employers to exchange e-IWO documents.
Status	In Progress
Results	<p>Currently, the <i>e-IWO</i> documents are being transmitted to DFAS using the OCSE Network. States send their <i>e-IWO</i> files in much the same manner as they do for Child Support Enforcement Network (CSENet) transactions. The <i>e-IWO</i> documents are transmitted over the OCSE Network to DFAS and the Acknowledgement records are transmitted back to the states via the OCSE Network. Indiana, Oregon, and North Carolina are currently using the OCSE Network to transmit and receive <i>e-IWO</i> files with DFAS. Virginia and New York will be moving into production in the near future.</p> <p>Since the OCSE Network is a frame relay circuit that is “closed,” i.e., not available to the Internet, it was not a viable option to use for private employers. Therefore, each state and private employer developed their own solutions to exchange <i>e-IWO</i> files. (Sections 3.2.4, 3.2.5, and 3.2.6 offer details on the solutions arrived at by three states and three private employers.)</p>
Objective 7	Determine the role for Federal OCSE in facilitating the transmission of e-IWO documents.
Status	In Progress
Results	Although several decisions have been reached about the transmission of records using the OCSE Network, discussions are ongoing regarding OCSE’s involvement in the transmission of files to private employers. The concept of a central “portal” (one location where all states and employers could drop off and pick-up all <i>e-IWO</i> files) has been presented to the IV-D Directors and is under active consideration. Several members from the <i>e-IWO</i> Workgroup will be reviewing this concept and making recommendations for the design of a portal should the decision be made to implement this approach. (See sections 3.2.4, 3.2.5, and 3.2.6 for specific details on experiences of states and private employers.)

3.2 Detailed Results

This section provides additional detail and background information on results of the pilot and experiences of pilot participants.

3.2.1 INCREASED COLLECTIONS

Additional Collections. Indiana has reported that the first check after issuance of an *e*-IWO document to an employer is received anywhere from two to four weeks earlier than if the income-withholding order went through the normal paper process. This means that states will receive an additional two to four weeks of a collection that otherwise would not have been paid in a timely fashion. All other states in the pilot have experienced similar results.

Prior to the *e*-IWO project, Texas had begun transmitting income-withholding orders electronically. In fact, the state had issued nearly 29,000 income-withholding orders to DFAS since January 2003 and before the *e*-IWO project began. According to Texas, if each of the approximately 29,000 income-withholding orders Texas issued electronically had generated just one extra payment (average \$250), the result would be \$7.25 million in increased collections.

Timely Status Information. It has also provided the states with timely information about the status of an income-withholding order. This is significant because today many states have to wait several weeks to see if payments arrive to know whether the income-withholding order was successful. If a state is notified within a few days of sending an *e*-IWO that the NCP is not an employee, the state can immediately pursue other enforcement remedies or actions. Timely notification brings timely enforcement, which will result in payments arriving in a more expeditious timeframe.

3.2.2 *e*-IWO COST EFFECTIVENESS AND EFFICIENCY

Although not specifically quantified by all *e*-IWO participants, all states no longer have to generate a paper income-withholding order to an employer, although paper copies may still have to be generated for the NCP, CP, and possibly courts. The cost of generating one income-withholding order is approximately \$1.00 (postage, paper, envelopes, processing, computer time, etc.). Every document that does not have to be produced, processed, and mailed saves the state money.

Examples – States. Texas reported that it has issued 4,170 and 264 *e*-IWO documents to Labor Ready and H.E.B. Grocery, respectively, since the start of the *e*-IWO project in June 2005. Its cost for mailing and processing these documents would result in a savings of approximately \$4,434, assuming it costs \$1.00 per document to issue each income withholding document.

Colorado has generated 4,492 *e*-IWO documents to Labor Ready since it began the electronic process last summer, for a savings of \$4,492 (\$1.00 per document). As more employers join the project the cost savings will only continue to grow.

Examples – Employers. Labor Ready estimates that electronic processing has reduced the amount of time it takes to process income-withholding orders by 90 percent. Meijer Corporation has experienced similar savings and indicated that the *e-IWO* process has saved it \$6.50 on each income-withholding document it receives. Rather than taking weeks for processing income-withholding orders, DFAS can process an *e-IWO* within a few days of receipt. Employers have indicated electronic transmission streamlined and made the income-withholding process far more efficient than receiving paper. They also stated that having one standard layout has greatly improved the withholding process and enabled them to manage and operate it far more efficiently than before.

Effort for Adding Entities is Minimal. Once a state or employer has developed and implemented the *e-IWO* process, adding another entity with which to exchange *e-IWO* files involves minimal effort. A perfect example of this is the first *e-IWO* implementation, Indiana with Meijer Corporation and DFAS. Indiana was able to begin exchanging *e-IWO* documents with both Meijer and DFAS in the same week. Because the layout has been standardized (no customization needed for different states or employers), once the *e-IWO* application has been developed, deploying it with other organizations is very straightforward. Therefore, states or employers can develop once and implement multiple times with minimal effort.

3.2.3 LEVEL OF EFFORT REQUIRED

The level of effort and commitment of resources that states have devoted to the *e-IWO* process vary due to the following at a minimum:

- the level of automation already existing for issuance of income-withholding orders (e.g., Colorado and Texas already had web sites to which income-withholding orders are sent);
- the application within the state system for generating income-withholding orders (e.g., some states had to perform additional changes to their income-withholding process so the correct orders were retrieved for the *e-IWO* process); and
- elements that must be added to accommodate the Acknowledgement record and process.

The estimate of resources for those states and employers that could provide such information is listed in Chart 3-1.

CHART 3-1: LEVELS OF EFFORT	
States	Level of Effort (Hours)
Colorado	400
Indiana	850 ¹ ¹ Indiana indicated that changes to the automated income-withholding order process that were unrelated to the e-IWO application effort were imbedded in this estimate.
North Carolina	600
Oregon	187
Texas	160
Employers	Level of Effort (Hours)
Meijer Corporation	300 ² ² Meijer saved \$6.50 per income-withholding document processed.
Labor Ready	50
DFAS	600

3.2.4 TRANSMISSION OF e-IWO FILES BETWEEN INDIANA AND MEIJER CORPORATION

The first implementation with a private employer involved Indiana and Meijer Corporation. They settled on FTP transmission and used encryption to secure the data.

Implementation Strategy: During their discussion of how to exchange e-IWO files, both agreed that secure FTP, using PGP encryption, would be an acceptable transport mechanism and both agreed to use this. Both will use the e-IWO flat-file format.

Issue – Inability to Receive Files: While the approach was agreeable to both, each organization wanted to “push” files to the other and both organizations have a policy of not allowing others into their systems. Hence this approach was problematic.

Solution: Meijer decided to put the e-IWO File Receipt and Acknowledgement files on a server directory outside its firewall, accessible with a specific user name and password. Indiana would then be able to place and retrieve files, e.g., place the e-IWO record there and retrieve any File Receipt and detailed Acknowledgement files from Meijer in an automated fashion and on a regular basis.

3.2.5 TRANSMISSION OF e-IWO FILES BETWEEN COLORADO AND LABOR READY

Implementation Strategy: Colorado and Labor Ready will be communicating directly with each other, using FTP to exchange e-IWO records. They will be using the e-IWO XML schema.

Issue: Other than minor modifications to the XML schema and XML test document, no major issues have been identified to date.

Proposed Transmission Sequences:

- Colorado will generate *e-IWOs* daily (originals, amended, and terminations) and transmit them to its web site in a zip file that contains both the XML and PDF documents. If the state has *e-IWOs* for Labor Ready, an e-mail indicating this will automatically be generated to Labor Ready.
- When Labor Ready receives an e-mail indicating there are *e-IWO* records at the Colorado web site, it will log on to the Colorado web site and download the documents. The *e-IWOs* are generated in real-time when Labor Ready logs on to the web site.
- After a successful download, Labor Ready will confirm the download of the *e-IWO* records. This, for the time being, will suffice for the File Receipt.
- Labor Ready will generate and deposit the File Receipt and detailed Acknowledgement files to the Colorado site for processing.
- Colorado is working on web services to implement with Labor Ready.

3.2.6 TRANSMISSION OF *e-IWO* FILES BETWEEN TEXAS WITH LABOR READY AND H.E.B. GROCERY

Implementation Strategy: Texas will be communicating directly with Labor Ready and H.E.B. Grocery, using Texas' web portal to exchange *e-IWO* records. They will be using the XML schemas.

Issue: Other than some minor modifications to the XML schema and XML test document, no major issues have been identified to date.

Proposed Transmission Sequences:

- Texas will generate *e-IWOs* daily (originals, amended, and terminations) and make the files available on its portal in a zip file that contains XML and PDF formats. If the state has *e-IWOs* for Labor Ready or H.E.B., an e-mail indicating this will automatically be generated to the employer.
- When Labor Ready or H.E.B. gets an e-mail indicating there are *e-IWO* records at the Texas web site, the employer will log on to the site and download the *e-IWO* documents. The *e-IWOs* are generated in real-time when the employer logs on to the site.

- After a successful download, Labor Ready and H.E.B. will confirm the download of the *e-IWO* records. This, for the time being, will suffice for the File Receipt.
- In the near future the plans are for Labor Ready and H.E.B. to send or deposit the File Receipt and detailed Acknowledgement files to the Texas site for processing.

As can be seen from the communication alternatives described above, communication of the *e-IWO* files remains an outstanding issue.

4.0 RECOMMENDATIONS AND NEXT STEPS

This section includes recommendations and next steps for the *e*-IWO project.

4.1 Add United States Postal Service as an Employer

The USPS has begun design and development efforts for implementing the *e*-IWO process so it can accept and process *e*-IWO documents from states. There have been several meetings with them and we are expecting an implementation in mid-to-late 2006. The plan is to transmit *e*-IWO files to USPS via the OCSE Network, as is done with DFAS.

4.2 Continue to Add States and Employers to the Project

Although the pilot ended on December 31, 2005, states and employers are being encouraged to join the project. States or employers in the *e*-IWO workgroup that have not developed the *e*-IWO application are also being encouraged to do so and begin exchanging files with other states or employers that have developed the *e*-IWO process. Likewise, states and employers that have already developed and implemented the *e*-IWO process are encouraged to exchange *e*-IWO files with other states or employers that have also completed the *e*-IWO application.

Individual conference calls with states interested in exchanging *e*-IWO documents will be continued. These calls help the parties to fully understand the process, keep each other informed as to their progress, and resolve issues before any testing or implementation begins. They also serve to establish communication with the state, identify the essential points of contact, and provide a forum for discussing testing procedures and results.

The employer community has been very enthusiastic about the *e*-IWO project. It is clear that medium-size and larger employers are those who would benefit most from this program, since they have a greater volume of income-withholding orders to accept and process. Small businesses most likely do not have the volume of income-withholding orders to justify the investment of time and resources to implement *e*-IWO.

4.3 Publish *e*-IWO Users Guide

An *e*-IWO Users Guide should be finalized, published, and distributed. This guide will have the information necessary for any state or employer that wants to use the *e*-IWO process to exchange income-withholding documents. The guide will also include the background information, communication alternatives, record layouts, and *e*-IWO business rules.

4.4 Determine Feasibility, Cost/Benefits, and Alternatives for a Centralized Portal

Both employers and states need a transport mechanism that enables them to go to one place to pick up and drop off all files and that also facilitates the transfer of files. If the decision is made to establish such a distribution mechanism, work must commence on the requirements, design, development, and implementation. If the decision is not to pursue a centralized portal, the states and employers must be advised of this and other alternatives explored, e.g., establish unique communication solutions as did Indiana, Colorado, and Texas with Meijer and Labor Ready respectively.

A. ATTACHMENT #1 –CHICAGO MEETING ATTENDEES

**Electronic Income-Withholding Notice Workgroup Meeting
 Chicago, IL
 August 23-24, 2004**

Representation	First Name	Last Name	Organization
Chickasaw Nation	Tami	Lorbecke	Chickasaw Nation CSE Division
Arizona	Victoria	Gibson	Division of Child Support Enforcement
Colorado	Craig	Goellner	Division of Child Support Enforcement
Guam	Linda	Uson	Office of the Attorney General Child Support Enforcement Division
Illinois	Christine	Towles	Department of Public Aid Division of Child Support Enforcement
Iowa	Doris	Taylor	Department of Human Services Bureau of Collections
Maine	Mike	Hughes	
Missouri	Bill	Meyer	Family Support Division
New York	Lawrence	Dole	Division of Child Support Enforcement
North Carolina	Daisie	Blue	Child Support Enforcement Division
Ohio	Sarah	Cooper	Office of Child Support
Oregon	Darrin	Jones	Division of Child Support Program Services Region
Texas	Thomas	Neal	
Washington	Wally	McClure	Child Support Division IT Analysis & Consultation
West Virginia	Frank	Lewis	Bureau for Child Support Enforcement
Wisconsin	Theola	Carter	Bureau of Child Support Enforcement
ADP	Wendy	Seyfert	ADP
Alliance Coal, LLC	Layne	Herring	Alliance Coal, LLC
American Payroll Association	Amy	Bryant	American Payroll Association

Representation	First Name	Last Name	Organization
American Payroll Association	Andrew	McDevitt	American Payroll Association
Defense Finance and Accounting Service	Sandra	Ferrone	Defense Finance and Accounting Service
Defense Finance and Accounting Service	Neal	Nelson	Defense Finance and Accounting Service Garnishment Operations
H.E. Butt Grocery Company	Sandra	Wheatley	H.E. Butt Grocery Company
Labor Ready, Inc.	Mike	Jacobson	Labor Ready, Inc.
Lockheed Martin	Patricia	Crawford	Lockheed Martin
Lockheed Martin	Renee	Higgs	Lockheed Martin
Lockheed Martin	Pat	Snodgrass	Lockheed Martin
Lockheed Martin	Bill	Stuart	Lockheed Martin
Meijer Corporation, Inc.	Jim	Owen	Meijer Corporation, Inc.
Newell Rubbermaid	Ken	Stubblefield	Newell Rubbermaid
Social Security Administration	Jim	Dunn	Social Security Administration Garnishments/Beneficiary Payments
Social Security Administration	Paul	Shumard	Social Security Administration Chicago Great Lakes Program Service Center
SRA	David	Loshin	SRA
United States Postal Service	Daniel	Anschutz	United States Postal Service Payroll Benefits Branch
United States Postal Service	Thomas	Culhane	IT/ASC Service Centers Involuntary Deductions Unit
OCSE	Karen	Anthony	OCSE Office of Automation and Program Operations Division of State Systems

Representation	First Name	Last Name	Organization
OCSE	Donna	Bonar	OCSE Office of Automation and Program Operations
OCSE	Carol	Callahan	OCSE Employer Services
OCSE	Yvette	Hilderson Riddick	OCSE Division of Policy
OCSE	Helen	Smith	OCSE Office of Automation and Program Operations
OCSE	Lynnetta	Thompson	OCSE Division of State and Tribal Systems
OCSE	Ellamae	Williams	OCSE Division of State and Tribal Systems
SITC	Sheila	Drake	State Information Technology Consortium
SITC	Christi	Oakley	State Information Technology Consortium
SITC	Cynthia	Olson	State Information Technology Consortium

B. ATTACHMENT #2 –CHICAGO MEETING MINUTES

Electronic Income Withholding Notice Workgroup Chicago, IL Meeting Notes August 23 and 24, 2004

Participating States and Tribes

Chickasaw Nation	Arizona	Colorado	Guam
Illinois	Iowa	Maine	Missouri
New York	North Carolina	Ohio	Oregon
Texas	Washington	West Virginia	Wisconsin

Participating Employers/Agencies and Organizations

ADP	Alliance Coal, LLC	American Payroll Assoc.	Defense Finance and Accounting Service
H.E. Butt Grocery Co.	Labor Ready	Meijer Corp.	Newell Rubbermaid
Social Security Administration	U.S. Postal Service	OCSE	

Purpose of the Meeting

On August 23 and 24, 2004 a workgroup representing the interest of state Child Support Enforcement Agencies, American Native Indian tribes and employers met at OCSE's request to discuss the development of an electronic Income-Withholding Order (*e-IWO*) format. The following objectives were the focus of the meeting:

- Develop a plan to improve the IWO process by transitioning from paper-based to electronic transmission
- Determine the necessary data elements for an *e-IWO*
- Gain consensus on business definitions for identified data elements
- Identify the next steps for moving the process forward

Discussion Summary

- Meeting participants discussed the current experiences and successes with issuing wage withholding orders electronically. The DFAS – Kids First and Texas EPAYROLL initiatives were discussed and referenced frequently for the lessons learned.
- OCSE presented the need and approach that will be used to develop data definition and standards for exchange formats.
- The Order/Notice to Withhold Income for Child Support OMB form 0970-0154 and instructions were used to analyze the data needed for an *e-IWO*. The

participants reviewed each element on the form and developed standard definitions. Issues with specific data elements were documented for investigation by OCSE. Participants agreed that for common elements the definitions should be consistent with the SSA Magnetic Media Reporting and Electronic Filing (MMREF) formats. The participants will be given the definitions for review based on the resolution of issues identified during the meeting.

The workgroup discussed the timing for piloting the *e-IWO* formats and agreed to begin piloting at the end of January, 2005. The piloting will involve several phases and multiple groups will participate.

Consensus Items

The participants reached consensus on the following issues during the two-day meeting:

- 1) The scope of this workgroup is limited to processing income-withholding orders on IV-D child support enforcement cases.
- 2) All participants agreed that the timing of this initiative is ideal since the revised standardized income-withholding order (IWO) was recently released and there is value in developing a standardized electronic format.
- 3) To the extent possible, OCSE should play a lead role in facilitating the development of the electronic IWO format(s) and supporting the pilot effort.
- 4) The workgroup would benefit from drawing on the experience of Texas and DFAS, which currently have electronic exchange of IWO data with other partners, and from using existing resources such as the Magnetic Media Reporting and Electronic Filing (MMREF) guide.
- 5) A variety of options for electronic formats and transmission methods will be necessary to meet the needs of diverse state and employer automated systems.
- 6) Employers and states that have implemented the electronic exchange of IWO data have seen benefits (time and resource savings) from moving away from the paper forms.
- 7) The final IWO products need to be user-friendly and cost-effective to implement.
- 8) The electronic IWO workgroup will not address issues related to the National Medical Support Notice, although those issues may be identified for further research by OCSE.

An effective date for termination of an IWO is not necessary since it can be assumed that an employer will take the action as soon as possible. It is the responsibility of the IV-D agency to process any refunds to the employee.