



The
**Child Support
Program**
and
Employers

It's good for children
It's good for business



Department of Health and Human Services
Administration for Children and Families
Office of Child Support Enforcement

THE CHILD SUPPORT PROGRAM AND EMPLOYERS

Employers play a vital role in helping to ensure the financial security of millions of our nation's children by working cooperatively with the Child Support Enforcement Program.



The Child Support Enforcement Program has been at work since 1975 when it was established by Congress under Title IV-D of the Social Security Act to collect child support payments for children in single-parent families. Although it has expanded greatly since its inception, the program's goals are still the same:

- To ensure that children are financially supported by both parents
- To reduce public assistance expenditures

State and local programs provide five basic child support enforcement services:

1. Locating non-custodial parents
2. Establishing paternity (legal fatherhood)
3. Establishing child support and medical support orders
4. Collecting and distributing child and medical support; and
5. Enforcing child and medical support orders.

HOW EMPLOYERS ARE HELPING

Employers who comply with child support laws are helping their communities in many ways:

- By deducting for child and medical support obligations: More than 75% of all monies collected on behalf of America's children is collected by employers through income withholding.
- By saving taxpayers' dollars: Child support collections reimburse public assistance spending and reduce costs for other social programs such as Medicaid and food stamps because fewer children remain in poverty. The Child Support Enforcement Program reduces government spending on welfare by increasing child support collections for families who would otherwise be forced to seek public assistance.
- By preventing or reducing fraud: State agencies operating unemployment insurance and workers' compensation programs use new hire employment information to detect and prevent erroneous benefit payments and erroneous receipt of public assistance payments.

EMPLOYERS' RESPONSIBILITIES

New Hire Reporting

New hire reporting is the process by which you, as an employer, report information on your newly hired employees to a designated state agency shortly after the date of hire. New hire reports are matched against child support records at the state and national levels to locate parents who are not paying child support. This is especially helpful for interstate cases (in which one parent lives in a different state from his or her child), which are often the most difficult cases for states to resolve.

With new hire reporting, state child support enforcement agencies have the ability to issue income-withholding orders — the most effective means of collecting child support — more quickly.



The new hire report must include, at a minimum, the following information, found on a W-4 form:

- Employee name, address, and Social Security number
- Employer name, address, and Federal Employer Identification Number (FEIN)

Some states may require or request additional data.

Employers have 20 days to report their new hires to the state. (Some states have established more stringent reporting requirements.)

If you are reporting your new hire reports electronically or by magnetic media, you must report twice a month (if necessary).

Multistate Employers' New Hire Reporting Option

Multistate employers, those with employees working in more than one state and that report electronically, may select one of the following reporting options:

1. Report each newly hired employee to the state in which he/she is working, following the new hire regulations, requirements, and timeframes of each state to which you report;
- or
2. Select one state where you have employees working and report all new hires to that state electronically.

If you choose the second option (to report new hire data on all employees to only one state), you must notify the Secretary of the U.S. Department of Health and Human Services as to which state you have designated to receive all your new hire information. For information on how to notify the Secretary:

Call the Multistate Employer Hotline:
(410) 277-9470, Mon.-Fri. 9:00 a.m. – 5:00 p.m.
ET

or

Download (or complete online) the Multistate Employer Notification Form from the following OCSE employer website address:

<http://www.acf.hhs.gov/programs/cse/newhire/employer/nh/newhire.htm>.

Income Withholding

Income or wage withholding by employers is the most effective method of child support collection. Income withholding is the court or administrative agency-ordered deduction of child and medical support obligations from a parent's income. The employer deducts the specified amount each pay period and sends it to the agency responsible for receiving and accounting for child support.

Direct income withholding allows one state to send an income-withholding order to a non-custodial parent's employer in another state. While income withholding for child support is not new for employers, receiving an order directly from another state may be new to you.

States are now using a standard income-withholding order/notice. If the Order/Notice appears "regular on its face," you must honor it and

- Provide a copy to the employee immediately.
- Begin income withholding and send the payments to the address cited in the withholding Order/Notice.
- Continue to honor the withholding Order/Notice until you receive official notification from the child support enforcement agency/court to stop or make a change to the withholding.

Income withholding for child including medical support has priority over all other legal processes against income except for Federal tax liens that were served before the child support order was established.

Income withholding for child and medical support may not exceed the maximum amount allowed under the Consumer Credit Protection Act (CCPA) and similar state laws.

Medical Support

Medical support is a form of child support often provided as health care insurance under a parent's policy. If neither parent has health care insurance, the child support order may provide for a specific dollar amount to be deducted for medical purposes. A court or



administrative agency may require your employee to provide health insurance for his/her dependents. Courts require coverage if it is available to an employee at a "reasonable cost," defined as coverage available through the employer or other group health insurance (for example, a union). Employers are required to honor medical support orders established under state law.

Along with the income withholding or through a separate mailing, you may receive a National Medical Support Notice (NMSN) for an employee. The NMSN contains two parts:

- Part A - Notice to Withhold for Health Care Coverage
- Part B - Medical Support Notice to Plan Administrator.

If you provide health insurance to your employees, you must forward Part B to your plan administrator. Once you are notified of enrollment, you must begin withholding for premiums. If your employees have group health coverage through a union, forward the NMSN to the appropriate union representative. If you do not provide health insurance for this employee, complete the Employer Response page of the NMSN and return it to the issuing child support agency.

What Do I Need to Know about Medical Support?

Employers and health insurance providers need to know that:

- The dependent(s) must be enrolled in a family insurance plan without regard to seasonal restrictions (i.e., open enrollment).
- The dependent(s) may not be denied coverage on the grounds that the parents were never married, that the dependent is not claimed on the employee's Federal income tax return, or that the dependent does not reside with the employee or in the insurer's service area.

- The employee may not eliminate coverage of the dependent unless the employee provides written proof that the order is no longer in effect or that the dependent will be enrolled in a comparable health insurance plan elsewhere.

FEATURES TO HELP EMPLOYERS

Centralized Collections

All state child support enforcement agencies are required to have a centralized, computerized unit (State Disbursement Unit) for the collection and disbursement of child support.



Therefore, you may no longer have to send checks to multiple localities in a state.

State Disbursement Units (SDUs) handle payments for all orders enforced by the child support enforcement agency, plus all private child support cases (non-IV-D cases) for which an order was issued on or after January 1, 1994, requiring income withholding as the method of payment.

Some states require all payments to be sent to the SDU.

Benefits of Centralized Collections

- Reduced check processing cost
- Reduced postage and handling cost

- Opportunity to use electronic transmission of payments and payment information
- Faster payments to children and families, resulting in fewer calls to employers and non-custodial parents

All state child support agencies now offer payment by Electronic Funds Transfer/Electronic Data Interchange (EFT/EDI), which enables employers to transmit child support income withholdings electronically.

EFT electronically transfers dollars from one bank account to another. EDI transfers information. Employers can now use EFT/EDI to transfer child support payments and remittance information simultaneously to the centralized SDUs. There is a specific format for EFT/EDI child support payments. In addition, some states now offer web-based payment services to employers.

Benefits of Electronic Payments

- Faster and more efficient than mailing paper checks and remittance information
- Save postage and administrative processing costs
- Reduce the chances of errors like unidentified payments

If you are interested in submitting payments electronically, contact the state child support agencies to which you send income withholdings.

WHERE MAY I GO FOR HELP?

For information, contact your state child support enforcement office at:

<http://www.acf.hhs.gov/programs/cse/extinf.html>



- Contact the OCSE Information Line:
(202) 401-9267,
Monday - Friday
7:30 a.m. – 5:30 p.m. ET
- Visit the OCSE website:
www.acf.hhs.gov/programs/cse/ (All states have links to this website.)
- Contact the Social Security Administration (SSA) to learn more about quick ways for checking the accuracy of your employee's Social Security number and name combination: 1-800-772-6270, weekdays from 7:00 a.m. to 7:00 p.m. ET, or visit the SSA website at
<http://www.ssa.gov/employer/ssnv.htm>.