TIPS FOR STATES: MOVING EMPLOYERS TOWARD ELECTRONIC PAYMENTS FOR CHILD SUPPORT

As child support agencies and state disbursement units (SDUs) interact with employers, there are often opportunities to promote electronic payments for child support. Emphasize to employers the many benefits of converting from paper checks to e-payments:

> Sending child support payments electronically saves employers time and money by:

- Eliminating the costs of printing and handling paper checks and supporting documents,

- Eliminating the cost of postage and postal delays due to lost or misdirected mail,

- Reducing data entry errors, and

- Expediting child support payments to children and families.

> Point out to employers that there are several ways to send a child support payment electronically:

- Through the banking system with electronic funds transfer/electronic data interchange (EFT/EDI), using the standard child support addendum record (see the layout below);

- Through your state's web-based payment service (now available in many states): AR, FL, IA, ID, IL, IN, MI, NC, NE, ND, OH, OK, PA, TN, TX, VA, and WA: Contact your state EFT/EDI coordinator;

- By using a major payroll service processor currently sending child support payments electronically; or

- By using a commercial vendor offering web-based payment services to employers.

State child support agencies may use the following information to encourage employers to convert to e-payments for child support:

EFT/EDI QUICK AND EASY CHILD SUPPORT PAYMENTS
*****3-STEP PROCESS FOR EMPLOYERS*****

Listed below are three steps employers can take to use EFT/EDI for remitting child support payments more quickly and easily.

Step 1: **Determine whether your payroll/accounting system supports electronic payments for child support. If it does not:**

- In-house information technology (IT) staff may be able to make programming hanges in order to produce electronic payments for child support (including the DED (Deduction) Child Support Addendum Segment that states need in order to identify the payment).

- Your payroll/accounting software developer may have an enhancement that supports electronic payments for child support. Contact your user's group or software representative.

- Your bank probably has a software package that will enable you to produce the file formats necessary for electronic payments. Contact someone in "Cash management" or "Treasury services" at your bank.

Step 2: **Contact the appropriate state child support enforcement agency.**

- This may not always be the child support enforcement agency that originally issued the income withholding. Usually you should contact the state disbursement unit (SDU) to which you send child support payments.

- Find out the EFT/EDI start-up procedures for the state to which you intend to send the e-payment. States need to know which payments you will be sending electronically.

Step 3: **Conduct the EFT/EDI start-up procedures for each state to which you send child support income withholdings. These typically include:**

- An exchange of basic banking information with the state child support enforcement agency, including bank routing codes, bank account numbers, and Federal Information Processing Standards (FIPS) code information (if required by the state).

- A reconciliation between state records and employer records of Social Security numbers and case identification numbers so that each employee's withholding will be properly credited. Do not transmit child support withholdings electronically without first performing case reconciliation with the state.

- A transmission of an initial test file, or pre-note, to ensure that the automated clearinghouse (ACH) records are formatted and transmitted properly.

- The ability to receive child support payments in two formats: CCD+ and the CTX 820 Remittance format. Make sure you are using one of these two standard NACHA-approved formats.

WHERE TO GO FOR MORE INFORMATION

There are standard record specifications for child support payments that all states are required to use. For more information, contact your state child support EFT/EDI representative or Nancy Benner at the federal Office of Child Support Enforcement (OCSE) at (202) 401-5528 or nbenner@acf.hhs.gov.

The National Automated Clearing House Association (NACHA) has produced a User Guide for Electronic Child Support Payments, which is available on their web site at http://ecsp.nacha.org. For more information on child support and e-payments, please visit the OCSE web site at http://www.acf.hhs.gov/programs/cse/. Click on "Information for Employers."

LAYOUT FOR DED CHILD SUPPORT ADDENDUM SEGMENT

The following grid displays the format for the DED Child Support Addendum Segment for electronic child support payments (in the CCD+ format).

Element	Comments	Content	Attributes * 1	2	3
	Segment Identifier	DED	M	ID	3/3
DED01	Application Identifier	XX	M	ID	2/2
DED02	Case Identifier	XXXXXXXXX	M	AN	1/20
DED03	Pay Date	YYMMDD	M	DT	6/6
DED04	Payment Amount	$$$$$$$$CC	M	N2	1/10
DED05	Noncustodial Parent Social Security Number	XXXXXXXXX	M	AN	9/9
DED06	Medical Support Indicator	X	M	AN	1/1
DED07	Noncustodial Parent Name	XXXXXXXXXX	O	AN	1/10
DED08	FIPS Code	XXXXXXX	O	AN	5/7
DED09	Employment Termination Indicator	X	O	AN	1/1

*Attributes:

Column 1 - **Field Requirement:** An **M** denotes a mandatory data element; an O denotes an optional data element.

Column 2 - **Data type:**

- o **AN** denotes a string type data element, which may consist of a sequence of letters, digits, spaces, and/or special characters (with the exception of the asterisk and backslash). The contents must be left-justified. Trailing spaces should be suppressed unless they are necessary to satisfy a minimum length requirement.
- o **DT** denotes a date type element formatted as YYMMDD. YY is the last two digits of the year (00-99). MM is the numeric value of the month (01-12), and DD is the numeric value of the day (01-31). [Note: this format is not Y2K compliant, as per NACHA's decision.]
- o **ID** denotes an identifier data element from a pre-defined list of values (e.g., CS = child support from withholding by an employer).
- o **N2** denotes a numeric type data element with two decimal places to the right of a fixed, implied decimal point. The decimal point is not transmitted. It is intended that this number will always be positive for the child support application banking convention. Thus the amount $135.47 would appear as *13547*.

Column 3 **- Length:** Specifies the minimum and maximum length of a particular field. For example, 1/6 indicates that this data element must be at least one character, but not more than six.