

The Child Support Program and Employers

It's good for children

August 1999

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
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: Nearly 60% 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 — much 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.

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. Employers are required to honor medical support orders established under state law. 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).



You may receive an order from the court or administrative agency to enroll an employee's dependents in an insurance plan and withhold premiums from the employee's wages. This order may be in addition to an order to withhold a monetary child support obligation.

What Do I Need to Know about Medical Support?

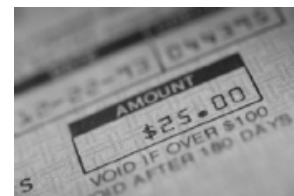
Employers and health insurance providers need to know that

- 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.

NEW FEATURES TO HELP EMPLOYERS

Centralized Collections

As of October 1, 1999, each state child support enforcement agency is 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

Many 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. All state child support agencies should be able to provide this service sometime in 1999.

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. However, employers are not *required* to use EFT/EDI; it is optional.

Benefits of EFT/EDI

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

There is a specific format for EFT/EDI child support payments. If you are interested in using EFT/EDI to submit income withholdings, 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. State child support office numbers are listed on the following panel.



- Contact the OCSE Information Line for new hire reporting:
(202) 401-9267,
7:30 a.m. – 5:30 p.m. ET

- Visit the OCSE web site: www.acf.dhhs.gov/programs/cse/ (Many states have links to this web site.)
- Order publications from the Government Printing Office:

New Hire Reporting -- Stock No. 017-091-00249-5, \$3.50/copy

The ABCs of Child Support Enforcement: Employer Overview -- Stock No. 017-091-00248-7, \$4.75/copy

The Employer's Desk Guide to Child Support -- Stock No. 017-091-00250-9, \$23.00/copy

To order, call GPO's Superintendent of Documents at (202) 512-1800, Mon. - Fri., 7:30 a.m. to 5:00 p.m. ET, or visit the GPO web site at https://orders.access.gpo.gov/su_docs/sale/prf/prf.html. There is a 25% discount on orders for more than 100 copies; the price includes shipping and handling.