

AMERICAN PAYROLL ASSOCIATION

October 9, 2018

Commissioner Scott Lekan
Office of Child Support Enforcement
Administration for Children and Families
U.S. Department of Health and Human Services
330 C Street, SW
Washington, DC 20201

Re: Request for electronic multi-way communication process for lump-sum management

Dear Commissioner Lekan:

The American Payroll Association (APA) requests that the Office of Child Support Enforcement (OCSE) enhance the capabilities of OCSE's electronic capabilities to allow multi-way communication between employers, states, and OCSE. Specifically, APA requests this enhancement to improve the process of identifying lump-sum payments subject to child support withholding. Currently, the capabilities allow employers to report information to OCSE's Child Support Portal regarding upcoming lump-sum payments and states submit arrearage information to the Debtor File. However, the process is incomplete because OCSE's comparison of these data cannot be offered to employers. In addition, states cannot respond to employers via the Child Support Portal.

APA's request comes from discussions with the Lump-Sum Collaborative Workgroup, whose participants include APA staff and members, state child support enforcement agency employees, and OCSE's Employer Services Team. The enhanced communication would make processing more efficient for the benefit of employers, state child support agencies, parents, children, and OCSE.

About the American Payroll Association

APA is a nonprofit association representing more than 20,000 payroll professionals throughout the United States. Some APA members work for payroll service providers who in turn process the payrolls for another 1.5 million employers, representing an aggregate total of one-third of the private-sector workforce.

APA's primary mission is to educate its members and the payroll industry regarding best practices associated with paying America's workers while complying with applicable federal, state, and local laws. In addition, the APA's Government Relations Task Force works with the legislative and executive branches of government to find ways to help employers satisfy their legal obligations, while minimizing the administrative burden on government, employers, and individual workers.

According to OCSE, employers are responsible for collecting more than 75% of all child support in the United States through wage withholding. Thus, APA's partnership with OCSE is critically important.

Understanding Lump-Sum Payment Management Issues

Three challenges occur in the management of lump-sum payments for child support arrears that an electronic multi-way communication system and enhancement of the Child Support Portal could help resolve:

First, employers face a risk of liability for failing to timely pay employees their earned income. This arises when an employer notifies the state child support enforcement agency that a lump-sum payment is promised to an employee and then the employer must wait for a response on whether the state agency will collect all or some portion of that payment. During that time gap, employers may run afoul of state requirements for when employers must pay employees.

Second, employers face a risk of liability for releasing lump-sum payments to an employee that owes child support arrearages before a state child support agency responds, even when complying with state wage and hour laws.

Third, states have inconsistent requirements for reporting and collecting lump-sum payments. This creates an administrative burden on employers, especially those conducting business in multiple states. The burden includes variations on reporting and response procedures that create inefficiencies in tracking, programming electronic management systems, training payroll management employees, and responding to employee requests for information regarding child support withholding. In some instances, payroll professionals are forced to manage lump-sum processing manually.

Description of the Multi-Way Communication Process

The following steps explain how an electronic multi-way communication process and enhanced Child Support Portal will help to resolve the challenges:

Current System Capabilities and Practices

1. When employers report a lump-sum payroll, they are able to upload a list of all the employees subject to child support withholding and who are eligible for a lump-sum payment to the Child Support Portal. Some employers upload all employees receiving a lump-sum payment even those employees without an Income Withholding Order in place.
2. States submit information to the Debtor File on individuals who owe child support arrearages. OCSE does not disclose this information to employers.

3. A comparison is made electronically by OCSE between the employer information located in the Child Support Portal and the state information in the Debtor File. This match information is provided to states, but not employers.
4. If an employee receiving a lump-sum payment is not found in the Debtor File and when requested by a state, OCSE will review the Federal Case Registry to determine if the individual is listed. This information is provided to states, but not employers.

Proposed Multi-Way Communication System

1. OCSE would have authority to provide employers with access to the matched information from the Child Support Portal and the Debtor File.
2. The list of individuals who owe arrearages would be provided to the employer and states electronically. Thus, the employer will know whether to withhold or release the lump-sum payment to employees. States will know that employees with arrearages are receiving lump-sum payments.
3. The Child Support Portal would include a means for states to electronically respond to employers regarding withholding of the lump-sum payment.

In this manner, OCSE's electronic capabilities will be a critical tool to achieving an efficient and effective process for managing lump-sum payments and arrearages. APA believes that an electronic multi-way communication process will lead to uniformity among states instead of the myriad of approaches that exist today.

In addition, OCSE will be more effective at assisting states and employers because through a multi-way electronic system state encryption processes can be bypassed reducing response time. A multi-way communication process also would be more effective at protecting employee data because only registered users would have access to the information, as opposed to mail that crosses many hands or may get lost.

APA would be pleased to discuss this request further with you. Thank you.

Sincerely,



Corrinne Flores
Chair, Child Support and
Other Garnishments Subcommittee



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