



Employer Child Support Compliance 101

ILLINOIS





Child Support Services Program

Overview

- The goal of government child support programs is to help families become and stay financially self-sufficient.
- There have been state and county child support programs for over 100 years, but Title IV-D of the Social Security Act created the modern state and federal program in 1975.
- The Personal Responsibility and Work Opportunity Act of 1996 changed the child support landscape by adding many new tools and responsibilities.



The Importance of Employers

- Employers play a key role in the child support enforcement system. Income withholding is the most important and effective method for regular collections of child support.
- The Division of Child Support Services, with the help of Illinois employers, collects millions of dollars annually for children and families.



The Importance of Employers

Employers are responsible for:

- Withholding income for child support and remitting withheld payments to the State Disbursement Unit.
- Complying with National Medical Support Notices.
- Reporting newly hired employees within 20 days of hire, and rehired employees within 60 days of rehire.
- Reporting terminated employees.



The Importance of Employers

- Income withholding results in regular, dependable child support.
- Response to a National Medical Support Notice helps enroll children in health care programs.
- When employers report new hires who owe child support and change jobs, it reduces child support payment gaps by up to four months.
- Employer information helps in locating parents who are not paying support.



Compliance helps everyone!

Employers who obey child support laws:

- Support their communities—75% of all collected child support comes from income withholding
- Save taxpayer dollars for public assistance and allow families to maintain financial self-sufficiency
- Promote a stable, reliable and skilled workforce





Income Withholding Orders

Overview

- An Income Withholding Order (IWO) is an administrative or court order that deducts a specified amount of money from a parent's income for child support.
- The Illinois Department of Healthcare and Family Services sends the IWO.



Employer Responsibilities

- Employers must honor IWOs from any state.
- Out-of-state IWOs are valid throughout the U.S., including U.S. territories.
- An employer is considered served if any company address is used.
- Employers must respond to IWOs to avoid non-compliance penalties.



Processing

An employer who gets an IWO should:

- Document the IWO receipt date
- Determine if the IWO is an authentic, legal document that includes:
 - Duration and amount of current, delinquent and arrears child support
 - Medical support terms
 - Where to send payments



Processing

IWO information includes:

- When and where to send payments
- Required deductions
- Maximum amount to be withheld, within the Consumer Protection Act limits
- How to allocate withholding across multiple child support orders
- Administrative fee the employer is allowed to charge



Processing

Income withholding payments must go to the *Illinois State Disbursement Unit* and must have:

- County and state where the child support order is entered
- Docket number
- Name of the employee
- Social Security Number of the employee
- Payment amount for each employee, if the payment is for more than one employee
- Payment amount for each docket number, if an employee has more than one docket number



Electronic Income Withholding (e-IWO)

Employers can choose to stop getting paper IWOs and instead use the secure e-IWO online portal.

- To learn more about e-IWO:
 - Call **888-245-1938**, or
 - Visit the federal e-IWO website at www.acf.hhs.gov/programs/cse/newhire/employer/eiwo/eiwo.htm



Where to Send

Checks should be payable to SDU and sent to:

Illinois State Disbursement Unit (SDU)
PO Box 5400
Carol Stream, IL 60197-5400

Questions?

- Call **877-644-5738**





State Disbursement Unit

About the SDU

- The Illinois State Disbursement Unit (ILSDU) has been the centralized processing center for child support withholding payments since October 1999
- Since that date, the ILSDU has worked with employers to transition from sending checks to utilizing electronic funds transfer (EFT).



Electronic Funds Transfers

- The Illinois Public Aid Code (HB 2773) was signed into law in January 2000. (750 ILCS 28/35)
- Section 35 requires employers to send withholding payments via electronic funds transfer (EFT) if....
 - There are 10 or more income withholding notices *and/or*
 - They have 250 or more employees



Electronic Funds Transfers

- A link to the Act is provided here for your reference.
<http://www.ilga.gov/legislation/publicacts/pubact91/acts/91-0677.html>



Electronic Funds Transfers

- There are several commonly used methods for employers to send payments via EFT, also referred to as ACH.
- The option that you choose must comply with the Automated Clearing House (ACH) rules and the Child Support Banking Convention established by the Banker's EDI Council.



Electronic Funds Transfers

Options to submit electronic funds transfers:

- Install PC software, provided by your financial institution* to create and transmit ACH files.
- Subscribe to your financial institution's* web-based ACH service.
- Have your payroll service provider** prepare and transmit the ACH file on your behalf.
- Contract with a specialized third party such as ExpertPay

* Not all banks provide these services.

** Many of the larger payroll services are now capable of sending child support deductions in the proper format.



ExpertPay

- ExpertPay (www.expertpay.com), the nationwide electronic child support payment solution developed by Conduent .
- This service allows the organization to send their payments via EFT.
- This is a long-term solution that will help you comply with the IL state law.
- There is a onetime \$2.50 registration fee for NEW employers.
- If you have any questions while you are on the website, they provide a toll-free number and will assist you throughout the process.
- If you decide on this option, let us know when you have registered and are ready to submit the first file so that we can watch for the file and notify you when we receive it.
- We will need the effective date on when ExpertPay will debit the money out of your account.
- The ExpertPay customer service number is 1 800-403-0879.





National Medical Support Notice

Overview

- A National Medical Support Notice (NMSN) is sent to employers or unions when medical insurance is ordered through employment.
- The order requires employers to enroll an employee's dependents in a healthcare plan.



Employer Responsibilities

NMSN packages have Part A and Part B forms.

Part A:

- Notice to withhold for healthcare coverage
- Employer response form



Employer Responsibilities

Part B:

- If medical coverage is available through the employer, the employer should forward Part B of the NMSN to its Plan Administrator.
- The Plan Administrator must complete the Plan Administrator Response Form and the Health Insurance Report and return both to the issuing agency within 20 days of the date the NMSN was sent.



Employer Responsibilities

The employer must respond to the NMSN order within 20 days of receiving it if the employee's dependents cannot be enrolled for one of these reasons:

- The employer does not provide insurance
- The employee is not eligible for insurance
- The deductions are greater than the withholding limits
- The employer has a required waiting period before enrollment
- The employee is terminated



Priorities for Withholding

Employers may receive the NMSN and the Child Support Withholding form at the same time. If this happens, the employer should withhold in this order:

- Current support (if applicable)
- Any health premium required by the employer.
If there is not enough income to pay the entire premium, the employer should **not** withhold for the premium.
- Arrearage
- Delinquency
- Notice of Levy (wage garnishment other than a Federal Tax Levy entered before the child support order)



How to Report

- Call customer service at **888-245-1938**
or **312-803-7253**
- Fax to **888-227-0370**
- Mail to:
Illinois Department of Healthcare and Family Services
Division of Child Support Services
P.O. Box 641097
Chicago, IL 60664-1097





New Hire Reporting

Overview

New hire reporting is a simple process by which employers report information on newly-hired employees to a designated state agency shortly after date of hire.

- States can match new hire reports against child support records to:
 - Locate parents
 - Write a new child support order
 - Enforce an existing child support order



Overview

- With new hire reporting, state child support enforcement agencies can:
 - Order wage withholding to collect child support more quickly and efficiently
 - Prevent unlawful or incorrect receipt of benefit payments by matching new hires against state programs like public assistance, unemployment and workers' compensation



Checks and Balances

- Employers must submit quarterly wage reports that show their employees' earnings.
- The quarterly report should list the salaries of all new hires.
- The new hires must also be reflected on new hire lists.



Required Reporting Information

Employers must report specific employee and employer information. Employers who do not report this information may be considered non-compliant:

- Employee:
 - Name
 - Home address
 - Social Security Number
 - Hire date
- Employer:
 - Company registered name
 - Address
 - Employer's active Federal Employer Identification Number (FEIN)



How to Report

Employers can send information online in one of the following ways:

- www.childsupportillinois.gov
- <https://newhire.hfs.illinois.gov/NewHireWeb>
- Large employers that need to upload larger newly hired employee files can use sFTP (secure file transfer portal). For details, call **888-245-1938** or **312-803-7253**.



How to Report

Or employers can mail, fax or email a copy of the employee's W-4 Form to the Illinois Department of Employment Security (IDES) at:

- Illinois New Hire Directory
P.O. Box 19212
Springfield, IL 62794-9473
- Fax: **217-557-1947** (24-hour fax line)
- Email: DES.NHire@Illinois.gov



Multi-State Employers

- Employers with employees in more than one state may choose to submit new hire reports to each state where they have employees.
- They also can choose one state in which to report all newly hired employees.



Multi-State Employers

A multi-state employer can send all new hire reports to one state by mail or fax.

- Mail to:
Secretary U.S. Department of Health and Human Services
Office of Child Support Enforcement (OCSE)
Multi-State Employer Registration
P.O. Box 509
Randallstown, MD 21133
- Fax to **410-277-9325**



Multi-State Employers

The employer can complete the notification form online at:

- www.acf.hhs.gov/sites/default/files/programs/css/mse_form.pdf

Notification should include the employer's:

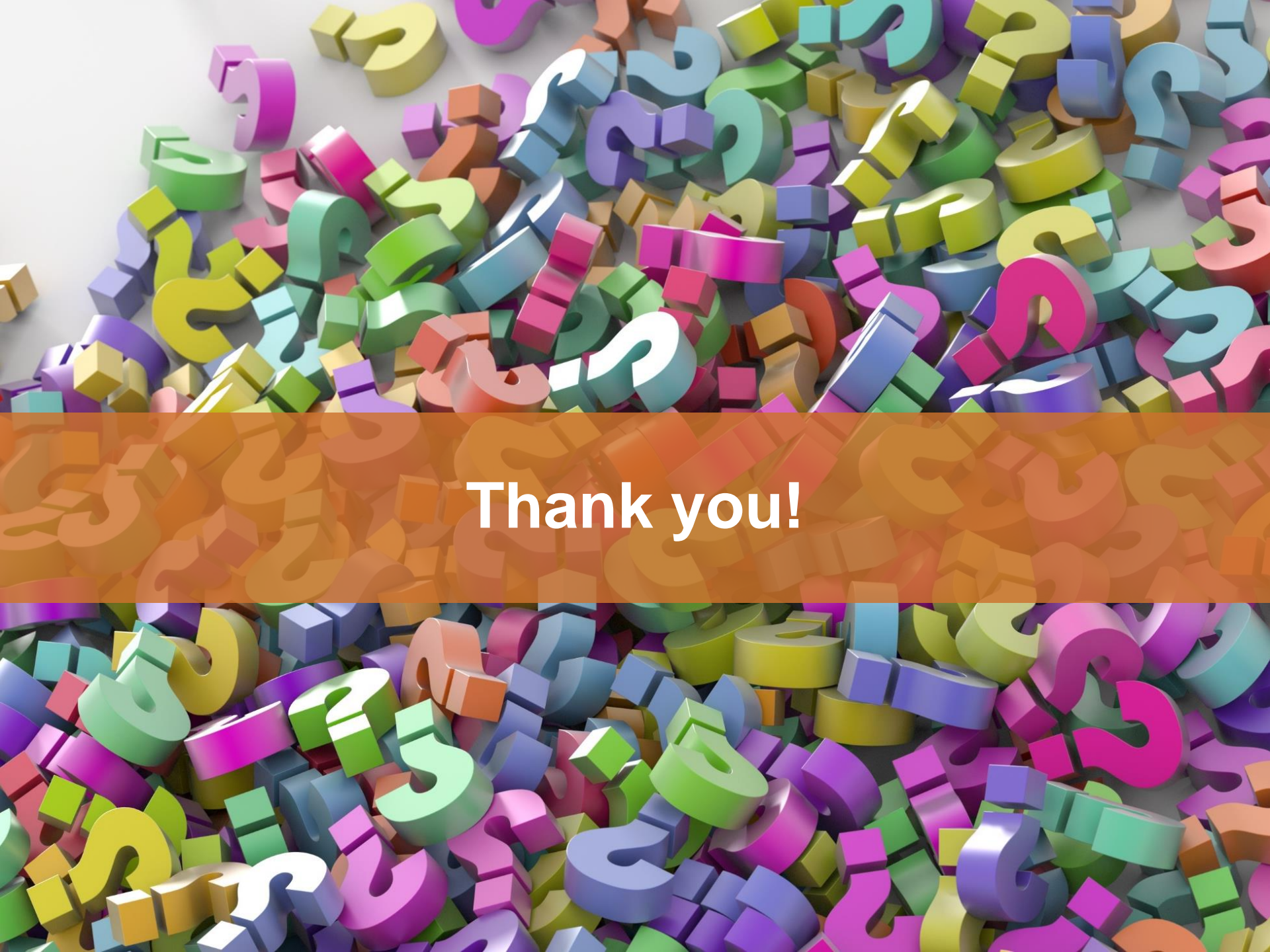
- Federal Employer Identification Number (FEIN)
- Name
- Address
- Phone number
- Contact person
- Name of the state where all reports will be submitted
- Name of each state in which the employer has employees



Multi-State Employers

- To learn more about multi-state reporting, employers should call the federal Office of Child Support Enforcement at **410-277-9470**.
- If a company reports new hires on behalf of its subsidiaries that operate under different names and FEINs, the company should also list the names, FEINs and states where the company has employees working. This includes agencies such as temporary or staffing services.





Thank you!