

TIPS FOR MOVING TO ELECTRONIC PAYMENTS FOR CHILD SUPPORT

Sending child support payments electronically saves time and money because it:

- Eliminates the costs of printing and handling paper checks and supporting documents for employers
- Eliminates the cost of postage and postal delays due to lost or misdirected mail for employers
- Reduces data entry errors
- Speeds child support payments to children and families

HOW TO SEND ELECTRONIC PAYMENTS FOR CHILD SUPPORT

There are several ways to send a child support payment electronically:

- By using your own payroll software to send ACH credit payments (similar to direct deposit) through the Federal Reserve's banking system with electronic funds transfer/electronic data interchange (EFT/EDI), using the standard child support addendum segment (see last page)
- Through a state's web-based payment service (now available in AR, AZ, CA, CO, CT, FL, GA, IA, ID, IL, IN, KS, KY, LA, MA, MD, MI, MN, MO, MT, NC, ND, NE, NH, NJ, NY, OH, OK, OR, PA, RI, TN, TX, UT, VA, WA, WI and WV—contact your state child support enforcement agency for details)
- By using a major payroll service processor that is already sending child support payments electronically
- By using your bank's online bill-paying service

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

Here are three steps employers can take to use EFT 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 changes in order to produce electronic payments for child support (including the EDI 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 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 to discuss sending child support payments electronically (ACH credit payments).

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. See the Federal Office of Child Support Enforcement’s (OCSE’s) website for state EFT contacts:
http://www.acf.hhs.gov/programs/cse/newhire/employer/contacts/contact_map.htm
- Find out the EFT start-up procedures for the state where you plan to send the e-payment. States need to know which payments you will be sending electronically.

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

- An exchange of basic banking information, bank routing codes, bank account numbers with the state child support agency’s state disbursement unit (SDU).
- A reconciliation between state records and employer records of names, Social Security numbers and case identification numbers so that each employee’s withholding will be properly credited. *Please do not transmit child support withholdings electronically without first performing case reconciliation with the SDU.*
- A transmission of an initial test file or zero dollar transaction to ensure that the automated clearinghouse (ACH) records are formatted and transmitted properly.
- States are required to accept child support payments in two formats: CCD+ and 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 representative or Nancy Benner at OCSE at 202-401-5528 or nancy.benner@acf.hhs.gov.

The National Automated Clearing House Association (NACHA) produced a *User Guide for Electronic Child Support Payments*, which is available on their website at

http://www.nacha.org/userfiles/File/About_Us/Network_Advocacy/Child%20Support%20User%20Guide%20version%207_1%20March%202010.pdf. If this direct link doesn't work, go to www.NACHA.org. Click on "News and Resources." Then click on "Legal and Regulatory Resources" where the *User Guide* is listed.

For additional information on child support and employers, please visit the OCSE website at <http://www.acf.hhs.gov/programs/cse/newhire/employer/home.htm>.

LAY-OUT 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	XXXXXXXXXX	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	XXXXXXXXXX	M	AN	9/9
DED06	Medical Support Indicator	X	M	AN	1/1
DED07	Noncustodial Parent Name	XXXXXXXXXXXX	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 element; an **O** denotes an optional element.

Column 2 - **Data type:**

- **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.
- **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 (1-12) and DD is the numeric value of the day (1-31). (Note: this format is not Y2K compliant, as per NACHA's decision.)
- **ID** denotes an identifier data element from a pre-defined list of values (for example, CS = child support from income withholding by an employer).
- **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 characters in length.