

Office of Child Support Enforcement

Update on Electronic Payments
Region III Financial and Data Symposium
June 27, 2007

PRWORA Legislation Mandates E-Payments

- ✓ State disbursement units (SDUs) established
- ✓ 2 days to process payments
- ✓ Created a need to go electronic



Benefits of Electronic Payments

- ✓ Savings in labor and material costs
- ✓ Fewer errors
- ✓ Faster and safer than paper checks
- ✓ Collections and disbursements improve
- ✓ Reduces UDCs



How Employers Remit

- ✓ ACH credit payments sent through payroll/accounts payable
- ✓ Employers use commercial software, for example, PeopleSoft
- ✓ Some outsource to payroll service provider like ADP

Payment Option for Employers

- ✓ Many States offer free or low-cost web-based payment services to employers:

AR, CA, CT, FL, IA, ID, IL, IN, MA, MD, MI, MO, NC, NE, ND, NY, OH, OK, OR, PA, TN, TX, VA, and WA



Commercial Vendors

- ✓ ExpertPay: Free to employers if ACS has a contract with the state child support office
- ✓ Western Union: Accepts walk-in payments; sends electronic file to SDU

8 States Require E-Payments

- ✓ IL's legislation was a breakthrough
- ✓ IN, MA, FL, PA, CA, and OR followed
- ✓ VA's law takes effect in July 2007
- ✓ Employers realized EFT wasn't going away
- ✓ Software developers realized they might lose market share if they didn't support EFT for child support

Employer



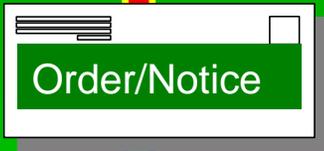
Employer's Bank



Payment Instructions & Remittance Information

EFT Process

Order/Notice



ACH Network



Remittance Information

Child Support Entity



Child Support Entity's Bank



How It Works

- ✓ Employer contacts its bank to discuss sending ACH credit payments
- ✓ Employer contacts the SDU
- ✓ Employer and SDU do case reconciliation
- ✓ Employer sends a test file
- ✓ Employer sends live payment

Payment Issues

- ✓ What happens if employer sends an incorrect payment?
- ✓ Maintaining standards
- ✓ Employers can send to all SDUs at once

How Are We Doing?

- ✓ Percent of payments from employers and interstate payments sent electronically:
 - 2004: 20.6%
 - 2006: 32.9%
 - Increase: almost 60%

How We Communicate

- ✓ Monthly SDU and EFT/EDI call
- ✓ Regular e-flashes
- ✓ Listserv to ask questions
- ✓ EFT contacts on OCSE web site
- ✓ NACHA and regional member associations

What's Next?

- ✓ International e-payments
- ✓ On-line banking payments

Additional Information

- ✓ User Guide to Electronic Child Support Payments at NACHA's web site:

<http://ecsp.nacha.org>

- ✓ OCSE's employer page at:

www.acf.hhs.gov/programs/cse/

Click on Information for Employers