Child Support Report

ACF

EMPLOYER CORNER

A Better Understanding of Withholding From Lump Sum Payments

By William Dunn, Director of Government Relations, *American Payroll Association*

In October 2019, the Department of Labor's Wage and Hour Division stepped up to help employers better understand their obligations when withholding child support from employees' wages by revising its Fact Sheet #30, The Federal Wage Garnishment Law, Consumer Credit Protection Act's Title III (CCPA).

The division's fact sheets are a series of 81 condensed summaries of complex employment issues, like the CCPA, Fair Labor Standards Act, Family and Medical Leave Act, and other topics.

Inspired by payroll professionals

In 2017, payroll professionals responsible for paying employees accurately and withholding all necessary deductions noticed an alarming trend. Certain state child support enforcement agencies were issuing income withholding orders instructing employers to withhold and remit 100% of lump sum payments, such as bonuses, to collect child support arrearages. The APA reached out to states to understand the reasoning behind what appeared to violate the CCPA's withholding limits. The prevailing argument among the states that responded was a belief that lump sum payments were not "periodic payments" like normal paychecks and, therefore, were not protected by the CCPA.

Employers receiving these withholding orders were in a difficult position. Obeying the order might lead to sanctions from the U.S. Department of Labor while not obeying the order might lead to sanctions by the child support agencies.

Ultimately, the Labor Department enforces the CCPA, so the APA brought the employer concerns to the Wage and Hour Division's attention. The association asked for an interpretation on how the CCPA applies to lump sum payments for child support and laid out 18 of the most common lump sum payments employers pay to employees. In April 2018, the division responded with opinion letter CCPA2018-1NA that said virtually all bonuses and nearly all lump sum payments that employers might pay to employees are protected by the wage withholding limitations of the CCPA.

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The National Council of Child Support Directors established an Employer Lump Sum Collaboration Workgroup in 2018. They decided to host an Employer Symposium immediately after their annual conference in September 2019 so many of the decision-making child support directors could participate. Find the 2019 Employer Symposium Report on OCSE's Employers webpage.

NCCSD
National Council of Child Support Directors

2019 Employer Symposium

Inside this issue

Final Behavioral Interventions Report

In 2014, OCSE awarded Behavioral Interventions for Child Support Services (BICS) demonstration grants to eight states to explore how parents' behaviors and decision-making abilities influenced their actions on child support issues. Read Tools for Better Practices and Better Outcomes to discover the final results.

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Regarding periodic payments, the division said, "The fact that lump sum payments may occur only occasionally or one time does not alone render them outside the scope of earnings under the CCPA. Indeed, bonuses are often infrequent or given only one time, but the statute plainly includes them as earnings." The overriding concern, the Wage and Hour Division said, was that the payment was "compensation paid or payable for personal services." The latest revision of Fact Sheet #30 incorporates this information.

Model legislation

Lump sum payments are largely an untapped source of income for child support. In the past year, the desire of child support agencies to collect from lump sum payments, combined with employers' compliance concerns, inspired the National Council of Child Support Directors to work with OCSE's Employer Services team to establish a workgroup charged with writing model state legislation to address the issue. The council worked with OCSE and invited APA and 24 state child support agencies to accomplish the task. In 2020, the workgroup expects to see state legislatures consider this model legislation. Eventually, employers and states may have a much clearer understanding of how best to collect from lump sum payments.

Payments as Earnings under CCPA

Lump sum payments considered earnings protected by the Consumer Credit Protection Act:

- Commissions
- Discretionary and nondiscretionary bonuses
- Productivity or performance bonuses
- Profit sharing
- Referral and sign-on bonuses
- Moving or relocation bonuses
- Attendance, safety, cash service awards
- Retroactive merit increases
- Holiday pay
- Workers' compensation for wage replacement
- Termination pay
- Severance pay
- Back and front pay from insurance settlements

Payments not considered as earnings under the CCPA:

- Workers' compensation for medical reimbursements
- Wrongful termination insurance for compensatory or punitive damages
- Buybacks of company shares

Beware of Phone Scams

Americans receive phone calls from telephone scammers every day. Many impersonate government agencies to trick people into providing personal information and money.

One current, large-scale scam involves the Social Security Administration. The number on caller ID may even look like an official government number, but it isn't. When someone answers the phone, the caller says there's a problem with the person's Social Security number or account. Then they often ask for personal information like Social Security or bank account numbers.

Remind parents that calls like these are not from the Social Security Administration.

stay VIGILANT
Protect yourself from theft schemes targeting personal information, resources.

Government agencies will not:

- Threaten
- Say a Social Security number has been or might be suspended
- Demand an immediate payment
- Ask for credit or debit card numbers over the phone
- Require a specific means of debt repayment, like a pre-paid debit card, a retail gift card, or cash
- Demand payment for a Social Security debt without the ability to appeal
- Promise to approve a Social Security benefit or an increase in exchange for information or money
- Request personal or financial information through email, text messages, or social media

If people receive suspicious calls from someone alleging to be from Social Security, they should hang up immediately. Then report the scam to Social Security's law enforcement team at the **Office of the Inspector General**.

Increasing Awareness of Services through Digital Marketing

OCSE awarded $2.2 million to 14 grantees through a two-year demonstration called [Using Digital Marketing to Increase Participation in the Child Support Program](). The following article continues our series featuring grantees testing approaches and analyzing data to see if digital marketing can help child support programs reach and serve families more effectively.

For general information, contact OCSE project officer Michelle Jadczak at michelle.jadczak@acf.hhs.gov.

Early Results in Virginia Suggest the Power of Digital Engagement

David Ramm, Senior Consultant, *Grays Peak Strategies*, and Mariellen Keely, Policy Program Consultant, *Virginia Department of Social Services*

When Virginia received the [Digital Marketing Demonstration Grant](), we went right to work planning the three interventions we developed to increase applications from Never Assistance clients.

During our first cycle, which ended in September 2019, we worked with our internal project partner, the public affairs unit of the [Virginia Department of Social Services](), to update our website in line with search engine optimization (SEO) recommendations made by our project vendor, Grays Peak Strategies. We then created a [project-specific splash page](), logo, and customer contact form.

As part of our market research, we analyzed caseload data and Census data to estimate specific locations of unserved customers in the Commonwealth. We settled on approximately 23 areas to target with Google ads. Our initial set of ads were delivered by Google's Search network, which inserts text-based ads into user's search results. During the second and third months of the first cycle, we also placed image-based ads through Google's Display network, which distributes ads through websites and in apps to a much broader set of users.

When potential customers clicked on those ads, they were taken to our splash page and urged to fill out the contact form. Customers who did so were counted as conversions and contacted within two days by representatives at our Enterprise Customer Contact Center. According to Google, a *conversion* is "an action that's counted when someone interacts with your ad (for example, clicks a text ad or views a video ad) and then takes an action that you've defined as valuable to your business, such as an online purchase or a call to your business from a mobile phone."

Our original ad targeting included demographic indicators that would only display ads to individuals identified as parents. We soon discovered this somehow caused Google not to display any ads, so we moved to using only geographic targeting.

Below is a list of outcomes from cycle 1:
- New website users increased by 42%
- Search ad click-through rate was 7.78% (goal was 1.5%)
- Cost per conversion was $13.44
- 554 online contact form submissions were received
- Approximately 40 new cases have opened based on these ads, as of mid-November 2019

We are in cycle 2, which includes an [online application]() and organic and [paid social media ads](). Stay tuned for updates!

For more information about Virginia's digital marketing work, contact David Ramm at david@grayspeakstrategies.com or Mariellen Keely at mariellen.keely@dss.virginia.gov.

Charting a Course for Economic Mobility and Responsible Parenting

OCSE recently posted a Section 1115 grant forecast titled [Charting a Course for Economic Mobility and Responsible Parenting](). These grant projects will leverage the child support program's responsible parenting expertise to educate and motivate teens and young adults to postpone parenthood until after they complete their education, start a career, and have a committed relationship.

OCSE will post the full announcement in spring 2020.

Tribe Surpasses Annual Collection Goal Again

Janae Franklet, Child Support Manager,
*Central Council of the Tlingit and
Haida Indian Tribes of Alaska*

The Tribal Child Support Unit (TCSU) for the Central Council of Tlingit and Haida Indian Tribes of Alaska celebrated a significant milestone in early 2019 after recording $1 million in collections in FY 2018. But we didn't sit back and relax. We set our FY 2019 goal to increase collections by 5%. The TCSU didn't just achieve that goal. We surpassed 2018 by 16%; that's $190,000 more than the previous year.

Correlations and trends

We remain concerned that our slow decline in applications may eventually cause our collections to stagnate or decrease. Our collections coincide with the amount of Permanent Fund Dividends the state pays out to Alaska residents annually. The dividend amount varies from year to year and our unit has no control over that in relation to the overall collection totals. With this in mind, we'll concentrate on being proactive for families while we attempt to meet our FY 2020 targets.

Using services to promote stability

Through the Central Council, we offer these wraparound services:

- Employment and training
- Family violence prevention
- Child care
- Reentry
- Family strengthening through parenting classes and programs

The TCSU looks to engage custodial and noncustodial parents (NCPs) in these programs to improve the stability of families.

We believe these wraparound services will help in the long-term to reduce the number of child support cases. We understand fewer cases may mean a reduction in collections; but we hope increased family stability will improve the outcomes of children and will help parents become higher income earners. For each NCP who earns more money, there's often an increase in that parent's child support order, which means an increase in each family's income. An increase in the dollar amount per child support order means the NCPs are succeeding. NCP success positively affects families.

Planning for growth

When child support is directly disbursed to families, there is less need for families to receive Temporary Assistance for Needy Families (TANF) and other public assistance. We've had a steady increase in the percentage of our collections that go directly to families since FY 2015. During that year, 63% went to families, and by FY 2018, we passed through 72%. As we continue to process FY 2019 payments, we hope to see this percentage remain at or above that level.

In FY 2020, we look forward to finding ways to increase our collections by another 5%. We've identified three areas where we hope to improve our operations to better serve our families.

- Move from paper to electronic records
- Increase access to wraparound services
- Improve community outreach efforts by implementing child support workshops at strategically placed meeting locations and during times that are most convenient to clients.

Higher efficiency in these areas will allow our Tribal Child Support Unit to concentrate even more on family-centered case management.

The TCSU staff continues to find ways to improve collection efforts. We understand that the more we collect, the better our children will be. But it's not just about collections. When we help the parents, we help the children, and we improve the tribe.

For more information, visit the Tribal Child Support Unit webpage or call 800-344-1432, ext. 7132 or 907-463-7132.

A Major Theme in 2019? System Modernization!

Cynthia Longest, *OCSE*, for the *National Child Support Enforcement Association (NCSEA)*

For years, one of the items on many state child support directors' worry list has been the looming need to modernize their state's child support system. The age (20-30 years) and impact of potential system problems on families, coupled with system complexity, cost of modernization, and the risk of a failed project, have turned those worries into headaches that must be addressed sooner rather than later. So, not surprisingly, looking back on 2019, state child support system modernization was a major theme throughout the year:

- All three major child support conferences (NCSEA, Eastern Regional Interstate Child Support Association [ERICSA], and Western Intergovernmental Child Support Engagement Council [WICSEC]) included "technology tracks."
- The federal Office of Child Support Enforcement (OCSE) sponsored a State Systems Symposium in conjunction with NCSEA's Policy Forum.
- NCSEA sponsored a separate Tech Scrum in conjunction with the Leadership Symposium.
- NCCSD's System Workgroup sponsored educational webinars for the state directors and their Information Technology (IT) leads to examine newer modernization approaches.
- The American Public Human Services Association (APHSA) IT Solutions for Management (ISM) conference had more than the usual number of sessions that touched on child support modernization.

Let's examine three of the trends and discussion points that have arisen this past year:

Two new approaches to modernization

In addition to the traditional system replacement methods of transferring all (or parts) of another state's system or custom development, two new approaches garnered most of the buzz. First, although "replatforming" or "refactoring" child support systems has been done since Colorado completed this step in 2013, child support professionals have dissected this methodology in earnest recently. One of the lessons from these discussions is that the definitions of "replatforming" and "refactoring" vary depending on who is talking about it! Without getting caught up in terminology, the bottom line is that states can move and/or update their hardware or software at a much lower cost than total system replacement. Examples of this approach from recent child support projects would be moving from a mainframe to a Linux server platform, or from Natural to Java code. States that have accomplished this are careful to note that these types of projects do not achieve improved system functionality — they just move existing systems into the 21st century. The replatforming or refactoring approach seems to be best for states with fewer dollars to spend, those generally satisfied with how their system meets child support program needs, and states that don't want to go through a system certification process.

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A second approach with origins in the government human services space, mostly in child welfare systems, is still in its infancy in the child support systems world. This method can accomplish a full system replacement and is another area where various names are being used, but a consensus term seems to be "low code platform." It uses either platforms built originally in the private sector (think CRM – customer relationship management — or ERP — enterprise resource planning) or "purpose built" platforms for human services. One of the most important features of this method is using accelerators or configuration tools to speed up development cycles, colloquially described by the vendors who are working on these platforms as "clicks not code," "point and click configuration," or "drag and drop." As of this writing, no state has implemented a "low code platform" approach for its child support system replacement project, but at least one state (Indiana) is on its way to doing so and several others are investigating the option.

Communication between child support program and IT staff

The lack of opportunity for communication on a national level between child support program and technology folks has long been a pain point with states looking to enhance or replace child support systems. This past year saw an accelerated effort to bring both sides together in person at the various conferences. Two examples come from NCSEA and OCSE. NCSEA augmented its Leadership Symposium offerings with a separate "Tech Scrum" that took place at the end of the August event for state child support directors

and their state's key IT staff. Twenty states attended and IT participants ranged from umbrella agency Chief Information Officers (CIOs) to IV-D agency specific IT leads. The attendees heard a history of child support systems and a brief overview of the current options for state system modernization. The group then focused on the new approaches referenced above. Four states that have either completed or are in the process of modernizing gave details about their projects. Program and IT staff co-presented. Each gave their perspective on why they decided to follow a particular path, what went right and wrong with their procurements and projects and what they are most worried about going forward. They shared frank "lessons learned" that included items such as *"Communication didn't start with the business from the beginning as it should have"* or how their procurement was successful because they made sure that they had the *"right stakeholders at the table"* – business, IT, and executive leadership.

OCSE's State Systems Symposium held last February in conjunction with the 2019 NCSEA Policy Forum also emphasized bringing state child support business and IT staff together. Forty states sent 93 attendees and joined 27 staff members from OCSE. The room was packed! The day-and-a-half meeting included OCSE presentations on technology trends such as refactoring/replatforming, Application Programming Interfaces (APIs), and Cloud services. Multiple states shared their experiences and lessons learned on a variety of projects and system modernization approaches. OCSE also led a discussion on the feasibility study process and acquisition management. Feedback from attendees was almost uniformly positive and also illustrated the hunger for opportunities for "both sides" to have opportunities to talk together and to interact with other states: *"I connected with other people in my field from other states which was amazing"; "The networking and states' openness to share... was priceless"*; and even, *"There was not enough time for the systems people to network... If you were interested in speaking with several of the states, you didn't have enough time."*

It's clear from these two meetings as well as other feedback from the NCSEA, ERICSA, and WICSEC attendees that all of the systems-related communication opportunities have been successful — and continue to be necessary for state systems projects to be successful.

Agile Methodologies

Another theme throughout last year was state child support program staff hearing about and using "agile" system development lifecycle (SDLC) methodologies. Our IT brethren have known for years about this more flexible way of obtaining end user input throughout the system project (as opposed to weighting that input at the beginning and the end in a traditional "waterfall" SDLC approach).

However, the newer technology approaches seem to demand some flavor of an agile SDLC. Therefore, child support program managers and staff in several states have now used this approach and, in conjunction with IT staff, are spreading the word. This column is not the right place to give more details on this approach, but state program staff who are moving down almost any kind of system modernization project are likely to hear this term and receive training on what it means.

2020 promises to see more states starting down the path of system modernization, so stay tuned. Meanwhile you may want to revisit three other columns from 2019 NCSEA Child Support CommuniQue (CSQ) newsletters:

- "Technology that Benefits Our Customers: System Modernization" CSQ April 2019
- "Organizational Change Management" CSQ January 2019
- "Agile Approach to Child Support Business Practices" in the July 2019 CSQ.

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