

**HUMAN SERVICES DEPARTMENT [441]**

**Adopted and Filed**

Pursuant to the authority of Iowa Code section 252D.22 and section 252D.17 as amended by 2010 Iowa Acts, Senate File 2088, section 337, the Department of Human Services amends Chapter 97, “Collection Services Center,” Iowa Administrative Code.

The amendments implement a legislative requirement that payors of income begin submitting child support payments to the Collection Services Center electronically (rather than by check) no later than June 30, 2015, unless an exemption applies. The use of electronic funds transmission is a faster and safer way for payors of income to make payments. Since the payments are not sent through the U.S. mail, payments are received timely and provide a stable payment frequency for families receiving the support.

The amendments provide a phased-in implementation schedule, beginning with larger employers, since they often already have the capability to make other types of payments electronically. The schedule is as follows:

<u>of Employees</u>	<u>Deadline for Compliance</u>
1,000 or more	December 31, 2011
500 to 999	December 31, 2012
200 to 449	December 31, 2013
100 or more with an agent for payroll processing	December 31, 2013

Payors of income that have fewer than 200 employees and process their own payroll and all payors of income that have fewer than 100 employees are exempt from these requirements, since for these payors electronic submission would be less cost-effective and possibly more of a hardship to implement. The amendments emphasize electronic funds transmission, but also allow payment via a secure Web site as an alternative if electronic funds transmission is an undue hardship.

Requests for a waiver of any rule may be submitted under the Department's general rule on exceptions at 441—1.8(17A,217).

Notice of Intended Action on these amendments was published in the Iowa Administrative Bulletin on November 3, 2010, as **ARC 9215B**. The Department received no comments on the Notice of Intended Action. The Department also held four public hearings for the purpose of receiving comments on the proposed amendments. No one attended the hearings. These amendments are identical to those published under Notice of Intended Action.

The Council on Human Services adopted these amendments on January 12, 2011.

These amendments are intended to implement Iowa Code section 252D.17 as amended by 2010 Iowa Acts, Senate File 2088, section 337.

The amendments are effective April 1, 2011.

The following amendments are adopted.

ITEM 1. Adopt the following new definitions in rule **441—97.1(252B)**:

“Electronic funds transmission” means, for purposes of this chapter, the use of a NACHA-approved child support format for the electronic transmission of funds to the collection services center.

“Employee” shall have the same meaning provided this term in Iowa Code section 252G.1.

“NACHA-approved child support format” means a child support payment transmission format approved by the National Automated Clearing House Association (NACHA).

“Web site” means the Web site operated by the department of human services for the purpose of allowing a payor of income to make a support payment through electronic transmission to the collection services center.

ITEM 2. Renumber rule **441—97.5(252B)** as **441—97.4(252B)**.

ITEM 3. Amend renumbered rule 441—97.4(252B) as follows:

**441—97.4(252B) Method of payment.** Payments shall be accepted in specific forms from obligors and payors of income.

**97.4(1)** Form of payment. ~~Support~~ Except as otherwise provided in this rule and in rule 441—97.5(252D), support payments may be paid in the form of cash, check, bank draft, money order, preauthorized withdrawal of funds, or other financial instrument, and sent by mail to the collection services center, or by electronic ~~transfer~~ transmission of funds.

**97.4(2)** Treatment of insufficient funds payments. The unit shall have a process in place to handle insufficient funds payments.

a. An obligor ~~or payor of income~~ submitting an insufficient funds support payment to the collection services center shall be required to submit payments by cash, bank draft, or money order for a period of up to 12 months unless waived by the collection services center.

b. A payor of income submitting an insufficient funds support payment to the collection services center shall be required to submit payments through electronic funds transmission, cash, bank draft, or money order for a period of up to 12 months unless waived by the collection services center.

c. Insufficient funds payments shall not be credited to the collection services center

account for the obligor or shall be removed from the account if credited before sufficiency was verified. Insufficient funds support payments shall be subject to additional collection by the collection services center for the dishonored amount.

~~b. d.~~ The collection services center shall not process additional payments other than cash, bank drafts or money orders from an obligor or payor of income who has previously submitted insufficient funds payments without first verifying the payment. The collection services center shall have a process in place to allow the obligor or the payor of income the opportunity to replace any additional moneys submitted for payment of support before processing in order to avoid additional insufficient funds entries into the official payment records on the affected cases.

**97.4(3)** No change.

ITEM 4. Adopt the following new rule 441—97.5(252D):

**441—97.5(252D) Electronic transmission of payments.** Payors of income shall electronically transmit to the collection services center the amounts withheld under an income withholding order.

**97.5(1)** Thresholds for electronic funds transmission. A payor of income shall transmit payment through electronic funds transmission if either of the following applies:

- a. The payor of income employs 100 or more employees and uses an agent for payroll processing.
- b. The payor of income employs 200 or more employees.

**97.5(2)** Use of the Web site. Unless paragraph 97.4(2)“b” applies, a payor of income required to use electronic funds transmission under subrule 97.5(1) may elect to submit payments electronically by using the Web site if the payor of income determines that using electronic funds transmission would cause undue hardship.

**97.5(3)** Implementing electronic funds transmission. A payor of income implementing

electronic funds transmission shall complete all the following before the implementation date specified in subrule 97.5(5):

- a. Contact the collection services center to obtain file layout and case reconciliation information.
  - b. Provide to the collection services center:
    - (1) The contact information for the person responsible for electronic funds transmission for the payor of income or the payor of income's agent for payroll processing;
    - (2) The contact information for the person responsible for payroll accounts for the payor of income or the payor of income's agent for payroll processing;
    - (3) The name and address of the authorized financial institution from which the payment will be withheld; and
    - (4) A sample file layout in a NACHA-approved child support format and, if necessary, a test file in a NACHA-approved child support format.
  - c. If needed upon review by the collection services center:
    - (1) Make corrections to the file layout to meet a NACHA-approved child support format, and
    - (2) Provide a corrected copy to the collection services center for review.
  - d. Upon approval of the file layout by the collection services center, provide an implementation date before the first submission of payment through electronic funds transmission.
- 97.5(4) Maintaining information and file format after implementation.** A payor of income that has implemented electronic funds transmission shall:
- a. Transmit both payment amounts and detailed information records in accordance with a NACHA-approved child support format.

- b. Advise the collection services center of a payment error within two business days.
- c. Provide the collection services center ten working days' advance notice when changing between NACHA-approved child support formats.
- d. Correct case number or file problems identified by the collection services center before sending any additional files.

**97.5(5)** Time frames for implementation. A payor of income shall comply with the following implementation schedule:

- a. A payor of income that employs 1,000 or more employees shall implement electronic funds transmission or begin using the Web site no later than December 31, 2011.
- b. A payor of income that employs between 500 and 999 employees shall implement electronic funds transmission or begin using the Web site no later than December 31, 2012.
- c. A payor of income that employs between 200 and 499 employees shall implement electronic funds transmission or begin using the Web site no later than December 31, 2013.
- d. A payor of income that employs 100 or more employees and uses an agent for payroll processing shall implement electronic funds transmission or begin using the Web site no later than December 31, 2013.

**97.5(6)** Exemption from electronic transmission. To avoid undue hardship, a payor of income that has fewer than 200 employees or a payor of income that has fewer than 100 employees and uses an agent for payroll processing is exempt from using electronic transmission unless subrule 97.4(2) applies.

ITEM 5. Amend **441—Chapter 97**, implementation sentence, as follows:

These rules are intended to implement Iowa Code sections 252B.13A through 252B.17 and section 252D.17 as amended by 2010 Iowa Acts, Senate File 2088, section 337.