

Income Withholding for Support (IWO)

**OMB Information Collection Request
0970 - 0154**

Supporting Statement Part A - Justification

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Submitted By:
Office of Child Support Enforcement
Administration for Children and Families
U.S. Department of Health and Human Services

SUPPORTING STATEMENT A – JUSTIFICATION

1. Circumstances Making the Collection of Information Necessary

The Income Withholding Order/Notice for Support (IWO) information collection is necessary to fulfill federal child support enforcement program requirements. The IWO is the standard form that must be used to order employers and income withholders to withhold child support payments from an obligor's income. It also provides payment remittance information for employers and other income withholders, as well as information needed to withhold child support correctly.

Child support agencies, courts, private attorneys, custodial parties, and others must send the IWO form to an employer or income provider to withhold child support from an obligor's income. Child support agencies are required to have automated systems containing current order and case information. Child support agencies providing services to custodial and/or noncustodial parties enter the terms of a child support order established by a tribunal into the automated system, which automatically populates the IWO form.

Employers and income withholders also use the form to respond to the IWO with termination or income status information. Employers and other income withholders may choose to receive the IWO form from child support agencies on paper or electronically, and may respond on paper or electronically to notify the sender of termination of employment or change in the income status.

The information collection activities pertaining to the IWO form are authorized by 42 U.S.C. §§666(a)(1), (a)(8) and 666(b)(6), which require the use of the IWO form to order income withholding for all child support orders. 45 CFR 303.100(e)(x) provides that the form require employers to notify child support agencies when employees are terminated.

This request is for a revision of a currently approved information collection; see A.15 for an explanation of changes.

2. Purpose and Use of the Information Collection

The IWO form must be used by child support agencies, courts, tribunals, private attorneys, private collection agencies, and custodial parties to order or send notice to employers and income withholders to withhold payments for child support from a parent's income. It must also be used to modify an existing IWO. The IWO form is populated with all information needed to withhold and remit payments, including the amount and frequency of the withholding. The IWO form provides instructions for the parent's employer or income provider to remit payments to the State Distribution Unit (SDU) and includes instructions that provide guidance about the maximum percentage that may be withheld from the parent's income, per the Consumer Credit Protection Act, and other information needed to withhold payments correctly. If the termination section is completed by an employer or income provider, either manually or electronically, the IWO form notifies the IWO sender that the

parent is either no longer employed or has never been employed by that company or organization.

The Office of Child Support Enforcement (OCSE) does not use the the information collected on the IWO since it does not administer child support cases.

3. Use of Improved Information Technology and Burden Reduction

Child support agencies are required to have a federally-approved automated data processing and information retrieval system with the capability to generate and download income withholding information to assist child support enforcement efforts (Advance Planning Document (APD) & Services Condition for Federal Financial Participation (FFP) for the Administration for Children and Families (ACF), OMB #0970-0417). As a result, the information needed to populate an IWO is already in the required automated system for cases enforced by the child support agency. If a child support agency establishes a child support order, the entire process to populate an IWO form and initiate the withholding is automated, thereby eliminating any burden. If a court or other tribunal issues a child support order and the child support agency enforces it, the terms of the order and other data elements must be entered into the automated system to issue income withholding orders and to process payments. Child support agencies send copies of the IWO form to all parties in intergovernmental cases and if required by state law. Child support agencies send copies to the employer or income provider by mail or electronically via OCSE's electronic income withholding order (e-IWO) process. Some child support agencies also have IWOs available on a portal for employers to access.

In 2008, OCSE implemented the e-IWO process, which is a centralized Internet batch portal application that enables child support agencies to easily and securely send income withholding orders to employers, income withholders, or payroll processors. The portal picks up e-IWOs from child support agencies and sends them to employers and income withholders. The employers or income withholders electronically acknowledge to child support agencies when the IWO was received and have the ability to report terminations and lump sum payments. Benefits of OCSE's e-IWO process include an increase in child support collections; reduced administrative expenditures for child support agencies; reduced processing costs for employers and income withholders; improved communication between child support agencies, employers, and income withholders; and exchange of information in a consistent and uniform format. Attachment 1 is the e-IWO record layout, the document that maps the fields in the IWO for an electronic exchange of information.

In addition to improvements realized by e-IWO, OCSE also developed a fillable portable document format (.pdf) version of the IWO available on OCSE's website. This provides child support agencies, courts, attorneys, private collection agencies, and other entities an efficient method for filling out the IWO. Limited numbers of these forms may also be printed by child support agencies in hard copy for use in emergencies when automated systems are not available or in situations in which computer-generated forms are not available.

The IWO form encourages employers to remit their payments electronically to the SDUs, saving time and money for both employers and income withholders and child support agencies, thereby relieving employers and income withholders of the burden of creating paper checks for individual custodial parties.

4. Efforts to Identify Duplication and Use of Similar Information

Since Section 324 of the Personal Responsibility and Work Opportunity Reconciliation Act 1996, P.L. 104-193, [42 U.S.C. §666(b)(6)] requires the use of the Income Withholding for Support (IWO) Order/Notice, the IWO has replaced all of the state-developed income withholding forms with a single standardized format, which allows employers and income withholders to process more easily and prevents duplicated withholdings.

5. Impact on Small Businesses or Other Small Entities

The impact on small businesses and other small entities is minimal. The IWO form is easy to understand and short in length. All of the necessary information to withhold and remit child support payments is contained on the IWO form and in the IWO instructions. Efforts to minimize burden on small businesses and entities are explained under item 3, describing increased use of technology and automation, and item 4, describing use of a single streamlined form to avoid duplication.

6. Consequences of Collecting the Information Less Frequently

The income withholding process and the IWO form are federal requirements; therefore, collecting the IWO information less frequently or not at all violates federal law. Less frequent collections also negatively impact OCSE's mission to ensure that children and families receive the support to which they are entitled.

The e-IWO process is mandated for use by child support agencies with the exception of tribal child support agencies; fifty-two states and territories have successfully implemented e-IWO. As a result, child support collections have increased because employers and income withholders are able to remit child support payments more quickly when receiving an electronic version of the IWO rather than waiting for a printed form through the mail. Child support agencies, employers, and income withholders realize a reduction in administrative expenditures, as well. For example, in fiscal year 2017, approximately 75 percent of child support payments were collected via income withholding making it the most effective and important enforcement tool.

7. Special Circumstances Relating to the Guidelines of 5 CFR 1320.5

Respondents are required to issue and implement IWOs more frequently than quarterly to fulfill statutory requirements and to ensure timely withholding and processing of support payments.

8. Comments in Response to the Federal Register Notice and Efforts to Consult Outside the Agency

In accordance with the Paperwork Reduction Act of 1995 (Pub. L. 104-13) and Office of Management and Budget (OMB) regulations at 5 CFR Part 1320 (60 FR 44978, August 29, 1995), ACF published a notice in the Federal Register announcing the agency's intention to request an OMB review of this information collection activity. This notice was published on December 18, 2019, Volume 84, Number 243, pages 69382-69383, and provided a sixty-day period for public comment. During the notice and comment period, we received comments from 21 states and national payroll and child support organizations. In addition, one comment was submitted by the OCSE Portal Help Desk based on their experience in responding to questions about uses for the portal. The specific comments received and OCSE's responses are provided in Attachment 2. In general, the comments identified areas that needed clarification or re-wording.

Consultation efforts included formation of the IWO Workgroup composed of representatives of child support agencies and OCSE to discuss and recommend changes to the IWO form and Instructions. Some of the proposed changes are listed below:

- a) Changed effective date from a calendar date to a text entry. This clarifies that IWOs are effective on either the date of mailing, receipt, or service to the employer. These terms are consistent with state statutes and eliminate confusion about when an employer or income payor should begin withholding child support payments.
- b) Added a textbox in Remittance Information regarding payments in interstate cases. This change incorporates information disseminated in [Action Transmittal 17-07](#), Interstate Child Support Payment Processing.
- c) Simplified and consolidated wording of information for employers and other income payors and moved some of the wording from Additional Information into Remittance Information.
- d) Moved a link to OCSE's Child Support Portal within Additional Information to Lump Sum Payments and added a link to the Portal to Notice of Employment Termination or Income Status.

9. Explanation of Any Payment or Gift to Respondents

Not applicable.

10. Assurance of Confidentiality Provided to Respondents

No assurance of confidentiality in the revision of the IWO was provided to any respondent; however, the information contained within the IWO, including the e-IWO record layout, is subject to the federal confidentiality requirements described at 45 CFR 303.21.

As provided under Title V of the E-Government Act, Confidential Information Protection and Statistical Efficiency Act of 2002 (CIPSEA), OCSE has the proper security controls in place to secure information.

11. Justification for Sensitive Questions

OCSE’s operation of the Federal Parent Locator Service (FPLS) is a federal requirement for the primary purpose of helping child support agencies locate, establish, enforce, and collect child support. Sensitive information, if any, is justified because states are required to obtain sensitive information pertaining to the establishment of parentage and the establishment, modification, and enforcement of support obligations. The collection of Social Security numbers is necessary to electronically match information to assist child support agencies or other authorized users.

For IWO purposes, Social Security numbers are required to ensure income withholdings are properly issued and correctly processed.

12. Estimates of Annualized Burden Hours and Costs

The IWO form information collection activities pertain to entities that do not have access to the form via a child support system: employers responding to IWOs and custodial parties who are not receiving child support agency services and either issue the IWOs to the employers themselves or have attorneys or private collection agencies issue them on their behalf. The collection of information required by child support agencies to populate IWOs is contained in APD & Services Conditions for FFP for ACF, OMB #0970-0417, which addresses information collection for child support systems. As noted in #3 above, if a child support agency establishes a child support order, the entire process to populate an IWO form and initiate the withholding is automated, thereby eliminating any burden.

Information Collection Title	Total Number of Respondents	Total Number of Responses Per Respondent	Average Burden Hours Per Response	Annual Burden Hours	Average Hourly Wage	Total Annual Cost
Income withholding order/notice (Courts, private attorneys, custodial parties or their representatives)	4,091,591	1.00	5 minutes	340,966	\$42.44	\$14,470,597
Income withholding orders/termination of employment/income status (Employers and other income withholders)	1,256,624	9.07	2 minutes	379,919	\$44.34	\$16,845,608
Electronic income withholding	19,000	96.30	30 seconds	1,525	\$0.00	\$0.00

orders/termination of employment/income status (Employers and other income withholders)						
Estimated Annual Burden Total:				722,410	Estimated Annual Cost Total:	\$31,316,205

Burden and Cost Calculations

The first row in the burden estimate table is calculated as follows: there are 4,423,720¹ orders not enforced by a child support agency on the Federal Case Registry (FCR). IWOs are sent to approximately 92.5 percent of the cases in the FCR with orders in a given year, which is the current estimated rate for cases enforced by child support agencies. As a result, the number of IWOs issued to employers or income withholders by, or on behalf of custodial parties, is estimated to be 4,091,591. The labor associated with IWOs completed by or on behalf of custodial parties by attorneys and private collection agencies to populate information required in an IWO is approximately 5 minutes per notice for a total burden of 340,966 hours.

According to the U.S. Bureau of Labor Statistics (BLS)², the average wage for a legal assistant is \$24.06 an hour and a collections agent is \$18.38 an hour. If an attorney’s office or private collection agency (PCA) is issuing the IWO on behalf of a custodial party, the average cost is \$21.22 an hour³. To account for fringe benefits and overhead the rate is multiplied by two, which is \$42.44 per hour. The cost burden, therefore, based on BLS wage information is approximately \$14,470,597.

Method used to estimate total annual costs for custodial parties who are not receiving child support agency services: 340,966 hours X \$42.44 hourly rate = \$14,470,597 annually

The second and third rows in the burden estimate table are calculated as follows: there are an estimated 1,275,624 employers in the United States with 10 or more employees. Out of this total estimate, 1,256,624 employers receive and process a hard copy IWO form, and 19,000 use e-IWO. Employers use the information on the IWOs in two ways. First, they use it to enter the information into a payroll system in order to send payments to the SDU. Second, they use it to send termination of employment or income status updates.

The number of responses represents the average number of IWO responses each employer sends back to the states annually. For the paper IWO, the number of responses is approximately 9.07 per employer, as seen in the middle row of the burden table, and for the e-IWO, the number of responses per employer is approximately 96.30, as shown in the bottom row of the burden table.

¹ From the OCSE Federal Case Registry, data available in Preliminary FY 2018 OCSE Annual Report to Congress [https://www.acf.hhs.gov/sites/default/files/programs/css/fy_2018_preliminary_data_report.pdf]

² May 2018 National Occupational Employment and Wage Estimates United States [https://www.bls.gov/oes/2018/may/oes_nat.htm#00-0000]

³ Average hourly rate including overhead equals $(\$24.06 + \$18.38)/2 * 2$

These calculations are based on child support caseload data and statistics taken from studies of the National Directory of New Hires data that OCSE conducts every year.

Relative to the second row in the table, according to the BLS, the hourly wage for a payroll clerk is \$22.17. To account for fringe benefits and overhead the rate is multiplied by two, which is \$44.34 per hour. It takes approximately 2 minutes to complete the response and return it to the sender for a total annual cost of \$16,845,608, which represents the cost for the time it takes payroll clerks to respond to IWO forms.

Method used to estimate total annual costs for employers responding to IWOs: 379,919 hours X \$44.34 hourly rate = \$16,845,608 annually.

Finally, regarding the third row in the table, there is no average annualized cost for employers using e-IWO. It takes only 30 seconds for the system to complete a response and does not require labor from payroll clerks.

13. Estimates of Other Total Annual Cost Burden to Respondents and Record Keepers

There are no operations and maintenance costs. Employers are required to report terminations of employees with income withholding orders, as well as respond to new orders when the person no longer or never worked for them. It is assumed that the cost to the employer to mail each individual IWO response would be \$1, which includes the cost of postage, paper, and envelopes resulting in \$11,397,580 as the total annual mailing costs for IWO responses.

Method used to calculate costs for employers to mail IWO responses:
1,256,624 respondents x 9.07 responses x \$1= \$11,397,580 annual mailing costs.

It is assumed that the cost to custodial parties who are not receiving child support agency services of sending each individual IWO would be \$1, which includes the cost of postage, paper, and envelopes resulting in \$4,091,591 as the total mailing costs.

Method used to calculate costs for employers to mail IWO responses:
4,091,591 respondents x 1 response x \$1= \$4,091,591 annual mailing costs.

The total annual cost burden to the entities involved in this IWO process is \$46,805,376.

The cost to state child support agencies for the one-time statewide systems modifications related to this form is already included under the separate information collection, APD & Services Conditions for FFP for ACF (OMB #0970-0417).

14. Annualized Cost to the Federal Government

There are no costs to the federal government associated with text changes to the paper IWO; however, the annual cost to the federal government for e-IWO is estimated to be \$2,073,375. This includes the system enhancements and technical assistance contracting costs,

telecommunications, security, data quality, and software and hardware costs incurred by OCSE in association with the e-IWO.

As similarly noted under item 13, the cost to the Federal Government for the one-time statewide systems modifications related to this form is included under the separate information collection, APD & Services Conditions for FFP for ACF (OMB #0970-0417).

15. Explanation for Program Changes or Adjustments

Adjustments were made to the respondent burden hour from the previous approval request to reflect the increase in respondents using the IWO form and an increase in the number of responses sent by respondents. Additionally, there is an increased number of respondents now using e-IWO since the previous approval request. Currently used by 52 states and territories and 17,985 employers and income withholders comprising over 19,000 Federal Employer Identification Numbers, the e-IWO initiative decreases costs and increases child support collections.

The table entry in section 12 for “programming for electronic withholding order/notice (child support agencies)” shown in prior Supporting Statements is removed because states are required to make the changes to the form for use in paper format in their automated systems. To generate e-IWOs, they pull the data from the system which would have already been updated with the changes.

16. Plans for Tabulation and Publication and Project Time Schedule

There is no planned analysis or publication of the data collected.

17. Reason(s) Display of OMB Expiration Date is Inappropriate

Not applicable

18. Exceptions to Certification for Paperwork Reduction Act Submissions

No exceptions are necessary for this information collection.