

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 Services
Administration for Children and Families
U.S. Department of Health and Human Services

1. Circumstances Making the Collection of Information Necessary

Income withholding in child support cases is a federally mandated tool. Federal law also requires a standard income withholding process to increase child support collections for all families, promote self-sufficiency for low-income families, and reduce the burden on employers. The federal Office of Child Support Services (OCSS) is the agency responsible for providing federal child support program oversight and developed a standard form, Income Withholding Order/Notice for Support (IWO), to help state child support agencies (CSAs) fulfill federal child support requirements.

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 fulfills the federal mandate that a standard form is used for federally required income withholding processes for child support.

CSAs, courts, private attorneys, custodial parties, and others must use the IWO form and send it to an employer or income provider to withhold child support from an obligor's income.

The IWO form contains employer and case information, the amount and frequency of the withholding and instructions for the parent's employer or income provider to remit payments to the State Distribution Unit (SDU) or tribal payee. It also 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.

Employers or income providers may complete the IWO form's termination section, either manually or electronically, to notify the IWO sender that the obligor is either no longer employed or has never been employed by that company or organization.

OCSS developed and manages the IWO form; however, it does not use the information collected on the IWO for any purpose.

3. Use of Improved Information Technology and Burden Reduction

OCSS employs existing technology to minimize the burden on IWO respondents. In accordance with 42 U.S.C. 654a, states are required to have automated systems, and to

establish and maintain a state case registry (SCR) in that system. The SCR includes case information needed to establish or modify an order and each SCR submits their records to OCSS's federal case registry (FCR) (OMB No.: 0970-0421). OCSS verifies the SCR data with the Social Security Administration, matches it with the National Directory of New Hires (NDNH) (OMB No.:0970-0166) and external locate sources, if requested, and then proactively returns the matched data to the states automated systems to enhance their child support withholding outcomes.

The burden minimized with OCSS's e-IWO process, which is mandatory for CSAs, except for tribal CSAs. The e-IWO is a centralized Internet batch portal application that lets child support agencies 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 whether the IWO was accepted or rejected. Employers can also use e-IWO to report terminations and lump sum payment information. This technology increases child support collections; reduces administrative expenditures for child support agencies; reduces processing costs for employers and income withholders; improves communication between child support agencies, employers, and income withholders; and, exchanges information in a consistent and uniform format.

As a usual and customary function, if a court or other tribunal issues a child support order and the CSA enforces it, the CSA enters the terms of the order and other data elements into the automated system to issue income withholding orders and to process payments. Child support agencies send copies of the IWO form to employers by mail when the employer does not participate in the e-IWO process. They also send copies of the IWO to all parties in intergovernmental cases and if required by state law.

In addition to the e-IWO, OCSS also offers a fillable portable document format (PDF) version of the IWO, which is available on OCSS's website. The PDF version 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 provides instructions for employers and income withholders to set up electronic payments with child support agencies to the SDUs to eliminate the burden to create and mail paper checks.

4. Efforts to Identify Duplication and Use of Similar Information

There are no other forms that collect the same information because federal law requires a standard form and processes. The IWO is the standard form and replaced all of the state-developed income withholding forms.

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, short in length, and available electronically. All of the necessary information to withhold and remit child support payments is contained on the IWO form and in the IWO instructions.

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 would also negatively impact OCSS's mission to ensure that children and families receive the support to which they are entitled.

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), OCSS published a notice in the Federal Register at 88 FR 3994 on January 23, 2023. The notice announced the OCSS's intention to seek OMB approval of collection of information and to provide a 60-day comment period for the public to submit written comments about this information collection activity. OCSS received comments, most of which largely support the instrument changes. Other comments suggested minor formatting and language changes that OCSS will consider for future revisions. A few comments pertained to state-specific changes that OCSS will not consider because the IWO form and instructions are standardized and must be used by and apply to all program participants.

9. Explanation of Any Payment or Gift to Respondents

Not applicable.

10. Assurance of Confidentiality Provided to Respondents

There are no assurances of confidentiality for respondents that use the IWO form; however, the information contained on the IWO, including the e-IWO record layout, is subject to the federal confidentiality requirements, as provided in 45 CFR 303.21.

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

11. Justification for Sensitive Questions

OCSS’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. The IWO uses Social Security numbers to ensure income withholdings are properly issued and correctly processed.

12. Estimates of Annualized Burden Hours and Costs

The information required by child support agencies to populate IWOs is contained in the SCRs of each state’s mandated automated systems. As a result, there is no burden for CSAs.

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.

Collection Instrument	Total Annual Number of Respondents	Total Annual 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)	4,694,517	1	5 minutes	391,210	\$46.64	\$18,246,034
Income withholding orders/termination of employment/income status (Employers and other income withholders)	1,277,952	8.01	2 minutes	341,213	\$50.28	\$17,156,190
Electronic income withholding orders/termination of employment/income status (Employers and other income withholders)	33,746	67.70	30 seconds	19,038	\$0.00	\$0
Estimated Annual Burden Total:				751,461	Estimated Annual Cost Total:	\$36,359,455

Burden and Cost Calculations

OCSS calculated the cost for courts, private attorneys, custodial parties or their representatives using the Bureau of Labor Statistics (BLS) job code for a legal secretary [43-6012] and private collection agency [43-3011] wage data from May 2022, which is \$26.05 and \$20.59 per hour, respectively. If an attorney's office legal secretary or private collection agency is issuing the IWO on behalf of a custodial party or their representatives, the average cost is \$23.32 an hour.

There are approximately 4,694,517 IWOs issued to employers or income withholders by, or on behalf of custodial parties. Since it takes a legal secretary or private collection agency five minutes to complete an IWO, the total annual burden required is 391,230 hours. To account for fringe benefits and overhead the average labor rate was multiplied by two which is \$46.64. The estimated annualized cost to respondents is 391,230 hours times \$46.64 or \$18,246,034.

OCSS calculated the cost for employers to process hard copy IWO using the Bureau of Labor Statistics (BLS) job code for a payroll clerk [43-3051] and wage data from May 2022, which is \$25.14 per hour.

The number of employers that process hard copy IWOs is estimated to be 1,277,952, with approximately 8.01 IWOs per employer processed annually. Since it takes a payroll clerk two minutes to respond to an IWO, the total annual burden required is 341,213 hours. To account for fringe benefits and overhead the hourly payroll clerk wage was multiplied by two which is \$50.28. The estimated annualized cost to respondents is 341,213 hours times \$50.28 or \$17,156,190.

There is no average annualized cost for employers using e-IWO. It takes 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

For custodial parties not receiving CSA services, OCSS estimates \$1 in administrative cost to send each hard copy IWO, which includes the cost of postage, paper, and envelopes. The total annual cost for mailing is estimated to be \$4,694,517 as the total mailing costs.

OCSS estimates that the employer's administrative cost to mail individual hard copy IWO responses to be \$1, which includes the cost of postage, paper, and envelopes resulting in \$10,236,396 ($\$1 \times 1,277,952 \times 8.01$) as the total annual mailing costs for IWO responses.

There are no direct operations and maintenance costs pertaining to the IWO or e-IWO.

14. Annualized Cost to the Federal Government

The annual cost to the federal government for e-IWO is estimated to be \$953,334. This includes the system enhancements and technical assistance contracting costs, telecommunications, security, data quality, and software and hardware costs incurred by OCSS in association with e-IWO.

15. Explanation for Program Changes or Adjustments

All of the IWO instruments underwent revisions to change the “Office of Child Support Enforcement (OCSE)” to “Office of Child Support Services (OCSS).” The IWO form instructions underwent minor edits to clarify the language and OCSS augmented the instructions to include a sample form to improve the respondent’s ability to properly complete the IWO Form. All of the minor edits constitute a program change but do not impact the burden.

OCSS adjusted the respondent burden hour from the previous approval to reflect the increase in respondents using the IWO form and an increase in the number of responses from the employer respondents. There are more employer respondents using e-IWO over secure server connection since the previous approval request, which constitutes an adjustment; however, the e-IWO process decreases respondent’s time and costs, which also constitutes an adjustment since the previous approval.

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.