Regulatory Analysis

Notice of Intended Action to be published: 441—Chapter 97
"Collection Services Center"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 252B.13A and 252B.16

State or federal law(s) implemented by the rulemaking: Iowa Code sections 252B.13A, 252B.17, and 252D.17; 42 U.S.C. Section 654.27(a); and 42 U.S.C. Section 654(b)

Public Hearing

A public hearing at which persons may present their views orally or in writing will be held as follows:

November 19, 2024 2 to 3 p.m.	Microsoft Teams Meeting ID: 222 143 545 89 Passcode: Ythqof

Public Comment

Any interested person may submit written or oral comments concerning this Regulatory Analysis, which must be received by the Department of Health and Human Services no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

Victoria L. Daniels
Department of Health and Human Services
Lucas State Office Building
321 East 12th Street
Des Moines, Iowa 50319
Phone: 515.829.6021
Email: compliancerules@hhs.iowa.gov

Purpose and Summary

This proposed chapter describes the process of transferring support cases or information from the clerks of district court to the collection services center and the policies and procedures used to receive, monitor, and distribute support payments.

Analysis of Impact

1. **Persons affected by the proposed rulemaking:**

- **Classes of persons that will bear the costs of the proposed rulemaking:**

None have been identified.

- **Classes of persons that will benefit from the proposed rulemaking:**

People receiving child support services will benefit.

2. **Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:**

- **Quantitative description of impact:**

Child Support Services receives a portion of its cases referred by the Clerk of Court for services. The Collection Services Center distributed a total of $384,441,151 in support payments in SFY 2023.

- **Qualitative description of impact:**

These rules play an important role in ensuring affected parties are notified that support payment disbursement responsibilities have been transferred to the Collection Services Center.

3. **Costs to the State:**

- **Implementation and enforcement costs borne by the agency or any other agency:**

The Department incurs personnel costs for team members to implement the program.

- **Anticipated effect on state revenues:**

None have been identified.

4. **Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:**

Child Support Services would be unable to perform its essential functions. The rules ensure families are supported.

5. **Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:**

None have been identified.

6. **Alternative methods considered by the agency:**

- **Description of any alternative methods that were seriously considered by the agency:**

This chapter clarifies specific procedures but only as defined by the Iowa Code.

- **Reasons why alternative methods were rejected in favor of the proposed rulemaking:**

The rules in this chapter are mandated by the Iowa Code or are necessary to provide additional detail.

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.
- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.
- Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.
- Establish performance standards to replace design or operational standards in the rulemaking for small business.
- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

There is no impact on small business.

Text of Proposed Rulemaking

ITEM 1. Rescind 441—Chapter 97 and adopt the following **new** chapter in lieu thereof:

CHAPTER 97
COLLECTION SERVICES CENTER

441—97.1(252B) Definitions. The definitions of terms used in this chapter will follow those terms defined in rule 441—95.1(252B) with the exception or addition of the following:

"Collection services center" means the public agency designated to receive, record, monitor, and disburse support payments as defined in Iowa Code section 598.1, 252B.15 or 252D.16, in accordance with Iowa Code sections 252B.13A and 252B.14.

"Correlated non-IV-D case" means a non-IV-D case where income withholding information must be maintained by child support services in order to properly process an income withholding payment because the obligor has both a non-IV-D and a current or former IV-D case.

"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" means the same as defined in Iowa Code section 252G.1.

"Former IV-D case" means a case that previously received services from child support services under rule 441—95.2(252B) but currently receives only payment processing services from the collection services center.

"Insufficient funds payment" means a support payment by check or other financial instrument that is dishonored, not paid, or the funding of the payment is determined to be inadequate.

"IV-D case" means a case that receives services from child support services under rule 441—95.2(252B), including payment processing services from the collection services center.

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

"Non-IV-D case" means a support order that never received services from child support services under rule 441—95.2(252B) but that receives payment processing services from the collection services center for income withholding payments.

"Obligee" means the guardian, custodial parent, person, or entity entitled to receive support payments.

"Obligor" means a parent, relative, or any other person declared to be legally liable for the support of a child or the custodial parent or guardian of the child.

"Payor of income" means the same as defined in Iowa Code section 252D.16.

"Support payment" means the same as "support" or "support payments" as defined in Iowa Code section 252D.16.

"Website" means the website operated by the department for the purpose of allowing a payor of income to make a support payment through electronic transmission to the collection services center.

441—97.2(252B) Transfer of records and payments. For non-IV-D cases, the clerk of court shall provide core case information to child support services upon the filing of a new income withholding order or upon the request of child support services. "Core case information" means information listed in paragraphs 97.2(1)*"a"* and *"b"* and subrule 97.2(2). For IV-D and correlated non-IV-D cases, the clerk of court shall provide detailed case information to child support services upon request. After the establishment of a case, child support services will send notices of transfer to obligors and obligees based upon case type.

97.2(1) *Transfer of information on non-IV-D and correlated non-IV-D cases.*

a. In non-IV-D cases, child support services will request the following information necessary for the receipt, recording and disbursement of payments from the clerk of the district court:

(1) The obligor's name and address.

(2) The obligee's name and address.

(3) The court order numbers.

b. In correlated non-IV-D cases, child support services will request the following information necessary for the receipt, recording and disbursement of payments from the clerk of the district court:

(1) The obligor's name and address.

(2) The obligee's name and address.

(3) The court order numbers.

(4) The income withholding order.

c. The clerk of the district court must provide case information to child support services on a regular basis when an income withholding order is filed with a clerk of court or when child support services requests the information in order to process a payment.

d. Child support services will automatically create cases for payment processing based upon the information received from the clerks of court.

97.2(2) *Transfer of information on IV-D cases.* In IV-D cases, the clerk of the district court shall provide child support services with the following information if the information has been provided to the clerk upon request of child support services:

a. The obligee's name, date of birth, last-known mailing address, the social security number if known and, if different in whole or part, the names of the persons to whom the obligation of support is owed by the obligor.

b. The name, birth date, social security number, and last-known mailing address of the obligor.

c. A copy of all support orders that establish or modify a support amount.

d. The names, social security numbers, and dates of birth of any minor dependents for whom support is ordered, if available.

e. A record of any support payments received by the clerk of district court prior to the transfer of case information and any payments received by the collection services center and the date of transfer to the collection services center.

f. A record of any determination of controlling order under the Uniform Interstate Family Support Act.

441—97.3(252B) Support payment records. Each IV-D, former IV-D and non-IV-D case type shall have an official payment record.

97.3(1) *Official records for cases.* The official payment records for each case type are maintained by a designated entity.

a. The collection services center will establish, maintain and certify the official support payment records for IV-D or former IV-D cases.

b. The clerk of the district court shall establish, maintain and certify the official support payment records for non-IV-D and correlated non-IV-D cases. The collection services center will establish and maintain records for receipt and disbursement of income withholding payments for these cases but will not certify these records as the complete payment record.

97.3(2) *Informal conference for payment records.* Child support services will provide an informal conference or desk review regarding the contents of any support payment record to the obligor or obligee upon request.

a. In IV-D or former IV-D cases, the conference shall be available to review the payment record and to answer questions of the obligee or obligor regarding the accuracy of the record.

b. In non-IV-D and correlated non-IV-D cases, the conference shall be available to review the accuracy of the contents of any record of income withholding payments.

97.3(3) *Certified payment records.* Child support services will provide certified copies of the official support payment records as described in paragraph 97.3(1)*"a"* in accordance with Iowa Code section 252B.9.

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

97.4(1) *Form of payment.* 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 transmission of funds.

97.4(2) *Treatment of insufficient funds payments.* Child support services will have a process in place to handle insufficient funds payments.

a. An obligor submitting an insufficient funds support payment to the collection services center will 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 is 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 will not be credited to the collection services center account for the obligor or will be removed from the account if credited before sufficiency was verified. Insufficient funds support payments will be subject to additional collection by the collection services center for the dishonored amount.

d. The collection services center may 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 will 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) *Distribution of payment.* Nonincome withholding support payments received by the collection services center in IV-D, former IV-D, non-IV-D, or correlated non-IV-D cases that are not directed to a specific account or support obligation will first be applied proportionately to the current support obligation on all cases for the obligor and, secondly, to the support arrearages owed by the obligor.

441—97.5(252D) Electronic transmission of payments. Payors of income must 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 must 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 website.* 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 website 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 in advance of transmitting payments electronically:

a. Contact child support services 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) *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.

441—97.6(252B) Authorization of payment. The collection services center must authorize the generation of payments for support paid. The collection services center will issue payments as follows:

97.6(1) *Submittal of information to department of administrative services.* In order to disburse payments to the obligee within two working days, the collection services center will submit information daily to the department of administrative services to issue a warrant or electronic file transfer (EFT) payment to the obligee.

97.6(2) *Release of funds.* The following workday, an electronic transfer of funds will be sent to the designated account of the obligee or an alternate account to be accessed by the obligee through an electronic access card, or if subrule 97.6(5) applies, a state warrant may be sent by regular mail to the last-known address of the obligee.

97.6(3) *Electronic transfer.* Obligees who want electronic transfer of support payments to a designated account shall complete a form prescribed by the department and submit it to the collection services center. Unless subrule 97.6(5) applies, any obligee not using automatic deposit to a designated account will be issued an electronic access card for receipt of support payments.

97.6(4) *Walk-ins.* Support payments will not be hand-delivered to the obligee on a walk-in basis.

97.6(5) *Warrants.* The collection services center may authorize generation of a warrant if any one of the following conditions applies:

a. Generation of a warrant is necessary to meet federal requirements to disburse a payment to an obligee within two working days when electronic transfer is not feasible.

b. The obligee has not requested automatic deposit to a designated account of the obligee, and payment is from a source that is nonrecurring or is not expected to continue in a 12-month period.

c. The obligee has not requested automatic deposit to a designated account of the obligee and has asserted in writing on a form prescribed by the department that one of the exemptions listed in this paragraph applies. To claim an exemption, the obligee must return the form prescribed by the department to the collection services center within ten days of the date the form was issued. An exemption granted under this paragraph is subject to periodic review by the collection services center. The exemptions available under this paragraph are:

(1) A physical disability imposes a hardship in accessing an electronically transferred payment.

(2) A mental disability imposes a hardship in accessing an electronically transferred payment.

(3) A language barrier imposes a hardship in accessing an electronically transferred payment.

(4) A literacy barrier imposes a hardship in accessing an electronically transferred payment.

(5) The obligee's home and work addresses are more than 30 miles from an automated teller machine and more than 30 miles from a financial institution where the account funds can be accessed.

d. The representative payee, court appointee, or trustee notifies the collection services center or unit in writing that one of the following applies:

(1) The obligee is under a court-ordered guardianship or conservatorship.

(2) The obligee is involved in other legal proceedings, including bankruptcy, which require payments to be sent to a trustee or other representative payee.

441—97.7(252B) Processing misdirected payments. If the collection services center receives a payment for which a corresponding obligee cannot be identified, the collection services center will contact the person or entity that directed the payment to obtain additional information. Payments inappropriately directed to the collection services center will be returned to the person or entity sending the payment.

441—97.8(17A) Right of appeal. Department actions under this chapter are not subject to administrative appeal under 441—Chapter 7.

These rules are intended to implement Iowa Code chapter 17A and sections 252B.13A through 252B.17 and 252D.17.