Montana Child Support Enforcement Division

Income Withholding and New Hire Reporting Information For Employers

MONTANA
Department of Public Health & Human Services

Employers play a vital role in child support enforcement and make a valuable contribution to the lives of children. Your role in the child support enforcement system is essential to ensure children receive financial and medical support from their parents. It is proven that regular child support payments can help families become financially self-sufficient and less dependent upon welfare benefits.

Today, the law requires nearly all parents to have child support withheld from their pay checks. We realize this takes extra effort and is costly for you as an employer/payor.

This information will provide you, the employer/payor, with the best customer service possible. Working together we can improve the lives of children.

Thank you!

Julie Bailey
Employer Relations Specialist
New Hire Reporting Liaison
jbailey@mt.gov
406-444-6893

Wage Withholding

- State and federal law requires Montana CSED issue a wage or income withholding notice when an employee/obligor's child support order is subject to immediate income withholding no matter if the employee/obligor is current or behind in their child support. Employer/payors are required to withhold child support the first pay period after the Order to Withhold (OWI) has been served and remit the garnishment within seven (7) business days of the employee/obligor's pay date. Reference Montana Code Annotated (MCA) §40-5-421.
- Income withholding when income is not wages, earnings or remuneration for personal services can be up to 100% of net income. For example, income such as rental monies or contract proceeds not for personal services is subject to withholding of up to 100% of net income.
- If an employer/payor receives multiple OWIs on an employee/obligor, please feel free to contact Julie Bailey directly for assistance.
- Send IW Payments: Montana CSED
  Wage Withholding Unit
  PO Box 8001
  Helena, MT 59604-8001

Notices

- Montana CSED sends employer/payor withholding notices by regular mail, certified mail or personal service. Employer/payors must sign and return the Acknowledgement of Receipt of Order(s) and Waiver of Service back to the regional office that issued the OWI after receiving the notice. This acknowledgement is used in lieu of personal process server and notifies the caseworker the employer/payor has acknowledged receipt of the OWI and/or Order to Enroll (OTE) for Medical Support for the employee.

Income Withholding and Pay Date

- Employer/payors are required to withhold the amount listed on the OWI and send the payment to Montana CSED within seven (7) working days of the employee/obligor's pay date. Montana CSED *policy* is to only require employer/payors to withhold no more than 50% of the employee/obligor's net income (disposable earnings). Disposable earnings are wages left after taking out federal, state, FICA and Medicare taxes. **Note: Montana law does allow up to the maximum allowable under the Federal Consumer Credit Protection Act (FCCPA). Reference: FCCPA 15 U.S.C. 1673(b) as amended**

- Under federal regulation and state law, CSED is required to record the correct pay date on child support payments withheld from an employee/obligor's pay check. Employer/payors are required to tell CSED the pay date the child support was actually withheld from the employee/obligor's wages. The correct pay date is very important because it may have an effect on the amount of money a family receives. The correct pay date also lets the CSED determine if the collection is for the previous month or the current month. **Reporting the correct pay date can eliminate CSED calling you for this information**. Reference: Administrative Rules of Montana 37.62.307. Employer/payors are encouraged to place pay date on the information being sent to CSED. Please do **not** place any of the following dates on the information sent to CSED: pay period ending, check date as date of collection.

IMPORTANT: When sending in your withholding payment, be sure to include:

A. **Name of employee (if common name, please include middle initial);**
B. **PAR ID number of the employee off the OWI**
C. **Pay Date.**

If an employer/payor withholds payments for several employee/obligors, you can write one check for the total amount. This will save you the expense of writing one check for each employee/obligor's child support withholding. Please include with the payment a list containing all of the information shown above (A,B,C). Make the check payable to: Montana CSED Wage Withholding Unit, PO Box 8001, Helena, MT 59604-8001. If you have questions, please call us at 1-800-346-5437 or 406-444-6856 (Helena or our-of-state). **All income withholding payments are due to the Montana CSED within seven (7) working days after the employee/obligor's pay date. Employer/payors are encouraged to use the income withholding form for multiple payments. The form can be found at http://www.dphhs.mt.gov/csed/related topics/iwform997.pdf**

NOTE: If an employee/obligor owes money to the employer/payor, child support takes priority over the money owed to the employer/payor.

Employers Can Make On-Line Child Support Payments

Employer/payors can now pay their employee/obligor's child support garnishment payments on-line with a credit card or e-check on the CSED's website. The CSED payment site is geared to businesses and employee/obligor's who owe support and would rather pay on-line rather than write a check.

This process is easy and convenient to use. Employer/payors still have the ability to pay electronically through Electronic Funds Transfer/Electronic Data Interchange system. Please contact CSED at 406-444-6856 to get information about the EFT/EDI process. To pay on-line please go to http://app.mt.gov/csp. This service allows employer/payors to enter child support garnishment payments quickly and easily. An employer/payor will be required to set up an ePass Montana account to make payment through this service.

You will be asked to set up a username and password. Once that information is entered you will be asked for that username and password each time you sign into Child Support Payments.

Hardship on Arrears

- Montana CSED has a hardship process that an employee/obligor can apply for to work on reducing their large arrears payments owed. Employer/payors are encouraged to discuss this process with their employee/obligors when an OWI is received and the amount leaves only 50% of net income for the employee/obligor to live on. The employee/obligor would need to contact his/her CSED caseworker to request the paperwork for this process.

Employee Information

- When requested **(in writing)**, employer/payors are required to provide CSED or any other state child support agency the following employee/obligor information if known: last known residential address; Social Security Number; dates of employment or union membership; amounts of wages, salaries, commissions, contract proceeds, and other earnings or amounts paid; whether health insurance coverage is or was available through the employer/payor or union; and names, telephone numbers, and address of current and former employers, payors and unions. Employer/payors must also promptly notify the CSED **(in writing)** of an employee's termination or separation from employment and provide the obligor/employee's last known address, name and address of the employee/obligor's new employer or other source of income, if known.

Employers are Required to Keep orders to Withhold Income, Orders to Modify Withholding and Orders to Terminate Withholding on File

- If an employer/payor is served with an OWI, Order to Modify Withholding (OTM) or Order to Terminate Withholding (OTT), the employer/payor is required to keep the OWI, OTM or OTT on file and reinstate the garnishment for the OWI or OTM if the employee/obligor returns to work for the employer/payor.

- Employer/payors may stop garnishment of an employee's wages when they receive an OTT. If an employee/obligor, who has previously worked for a business in the past, returns to work, the OTT will be the employer/payor's only notification that the OWI or OTM does not need to be reinstated. The OTT cancels the OWI/OTM. CSED requests that employer/payors do not send OTTs back to the CSED office notifying CSED that the employee/obligor no longer works for the employer/payor. Please keep the OTT on file in case the employee/obligor returns to work for you. Reference: MCA §40-5-415.

$5.00/Month Employee Processing Fee

Montana CSED's OWI or OTM notifies employer/payors that they may assess their employee/obligor an additional $5.00/month processing fee to help defray the cost of the child support withholding. This fee is to repay handling costs incurred by the employer/payor during the garnishment process, such as postage, envelopes, payroll fees, and check costs. Employer/payors cannot withhold the additional $5.00/month processing fee from the child support garnishment. For example, the OWI notifies the employer/payor to withhold $125.00/month child support. The employer/payor withholds $125.00 and sends the full $125.00 garnishment to CSED and charges the employee/obligor the additional $5.00/month processing fee.

However, as stated on the notice, if an employer/payor chooses to withhold the fee, the maximum amount withheld from the employee/obligor's wages, including fees, may not exceed 50%. Reference: §MCA 40-5-416 (1)(c)

Medical Insurance Enrollment

- State and federal regulations require states to implement and enforce the National Medical Support Notice. The CSED has the authority and duty under Montana law to issue and enforce orders requiring parents to provide medical support to their children. The CSED may issue an Order to Enroll (OTE) for Medical Support to any employer/payor of income requiring enrollment in any health insurance plan that is or may become available through that employer/payor. The employer/payor must enroll the children in the same plan as the employee/obligor, or in the least expensive plan available if the employee/obligor is not currently enrolled.
- Enrollment in the health insurance plan must take place within 40 business days from the date the OTE was served. Additionally, the employer/payor is responsible for retaining Part A and transferring Part B - Notice to Plan Administrator to Enroll Children for Medical Support to the administrator of each appropriate group health plan. Part B must be transferred to the Plan Administrator no later than 20 business days after the date of the OTE.
- The premiums for health insurance must be withheld from any money paid to the employee/obligor by the employer/payor. Withholding for health insurance premiums is in addition to any child support obligation already being withheld. Employer/payors must attempt to withhold the total amount of all orders. However, when the withholding is from wages or earnings, the grand total of all ordered withholdings cannot be more than 50% of net income per Montana CSED policy. If it exceeds 50% of net income, employer/payors must first satisfy all OWIs, and then satisfy all other orders. In other words, total child support obligation is paid first and then medical insurance costs second.

Enrollment in health insurance may not be delayed until an open enrollment period per Montana law. An employer/payor shall continue withholding premiums when an obligated parent resumes employment following any break in service, layoff, leave of absence, or other similar circumstances.

Employer/payors are responsible for calculating out-of-pocket expenses for children only medical coverage. If the cost of a children only medical coverage is not identified separately by the insurance plan, derive the amount by subtracting the cost of a parent-only package from the cost of the parent-child coverage.

If the employee/obligor already has the children enrolled on a voluntary basis, do not stop withholding premiums just because the 50% cap is being exceeded. Determine if the employee wishes to continue voluntary enrollment and, if so, notify both the CSED and the Plan Administrator of the voluntary enrollment status.

Net=Gross earnings less mandatory deductions such as federal, state, and local income taxes, and Social Security and Medicare taxes.

Employer/payors can contact CSED to request a shorter version of the National Medical Support Notice.

New Hire Reporting

- Montana employer/payors must report all newly hired or rehired employees to the New Hire Reporting Program (NHR) within the first 20 days of the date of hire. The information is used by CSED to locate employee/obligors and to collect child support.

- **Report all newly hired or rehired employees:**

  Report within 20 days of the date of hire or rehire.

  Report even if more than 20 days passed since you hired the employee.

  Report all hires regardless of age or gender.

  Report everyone you reported to Labor and Industry in the last quarterly report.

- **Required New Hire Data Elements:**

Employer:	**Employee:**
Employer Business Name	Employee Name
Address	Address
Federal Employer Identification Number	Social Security Number
	Date of Hire

- **Optional Information**:

  Employee: home phone number; date of birth

  Employer: work phone number; fax number, state of hire; health insurance availability

Reporting Options:

Telephone:
1-888-866-0327 (in-state)
1-406-444-9290 (out-of-state and for the Helena area)
Fax:
1-888-272-1990 (in-state)
1-406-444-0745 (out-of-state and for the Helena area)
Internet: E-Pass File Transmissions
http://www.dphhs.mt.gov/csed/relatedtopics/filetransmission.shtml

Mail to:
Montana New Hire Reporting
PO Box 8013
Helena, MT 59604-8013

Web: www.childsupport.mt.gov, click on employer information and On-line New Hire Reporting System. On-line New Hire Reporting allows employers to load their new hires at their convenience. Employers enter their business FEIN without any dashes and follow the prompts. The information is uploaded into the new hire reporting program on a nightly basis.

Electronic: Electronic file layout can be found in the Montana's Guide to New Hire Reporting Brochure.

http://www.dphhs.mt.gov/csed/relatedtopics/newhirebooklet.pdf, Pages 11-13

***Please do not submit SSN'S through Email as Email is public information**

Multi-State Employer Registration

- Employers doing business in two or more states can register with the National New Hire Program and report all their new hires to one designated state.
- Send a registration to:

  Multi-State Employer Notification

  PO Box 509

  Randalls Town, MD 21133-0509

  FAX: 410-277-9470
- Include Business Name, Business address, and Federal Identification Number (FEIN)
- Montana employers who comply with the Federal and Montana law requirements directly impact the lives of children by helping them receive financial support from their parents. The information employers provide is cross-matched with the names of parents who owe child support. Once the employment of the parent owing support is identified through the NHR process, CSED begins collecting child support through income withholding to ensure consistent support to children. NHR also helps reduce Unemployment Insurance, Workman's Compensation and Welfare Fraud.