

Housekeeping Items

- This is one of a series of complimentary webinars that ADP offers to tax and finance professionals each year.
- Today's webinar will last for 60 minutes, ending at 1pm Eastern time.
- You will have the opportunity to ask questions during the last 10 minutes of today's broadcast.
- CPE certificates will be emailed to those who qualify within 30 days of today's broadcast.



For more information on the TotalPay Card and other ADP Payment Solutions, visit us on the web at adp.com

We will launch a brief survey at the conclusion of today's webinar. Complete the survey and earn a chance to win an ADP TotalPay Card, preloaded with \$100 and good anywhere Visa is accepted.

CPE Credit

Are you applying for CPE credit for today's webinar?

- A. Yes
- B. No
- C. Not applicable



NASBA (National Association of State Boards of Accountancy) requirements for receiving CPE Credit:

- •Log in from same e-mail address that you used to register
- •Stay for the full hour
- Answer 3/4polling questions



Polling Question #1

What is e-IWO?

- A. Program created to allow states to send income withholding orders electronically
- B. Name given to electronic fund transfers within the state of IOWA
- C. New mandate for child support payments
- D. All of the above
- E. None of the above



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Today's Guest Speaker



- Corrinne Flores
 - Manager, Agency Relations, ADP
 - Corrinne_Flores@adp.com

- 15+ years of experience with ADP tax and financial services products including
 - Garnishments
 - New Hire Reporting
 - Unemployment Compensation Management (UCM).
- Experienced with Tax e-File initiatives
- She and her team manage the relationships and compliance requirements between ADP and state agencies
- Has presented at Child Support Agency Conferences as well as the American Payroll Association (APA) Congress
- Has participated on the APA Child
 Support Workgroup for the past 6 years.
- Certified Payroll Professional (CPP)
- Bachelor's of Science in Business
 Management



Agenda

- About ADP
- Child Support and its impact on Garnishments
- Electronic Funds Transfer (EFT)
- What is an electronic income withholding order (e-IWO)?
 - How it Began
 - The Portal
 - The States Participating
- ADP and e-IWO Adventure
 - ADP Highlights
 - The Process
 - The Benefits



About ADP

Experts in automating back-office processes



- Listed on NASDAQ: ADP
- Fortune 300 company
- Experts in automating backoffice processes so that organizations can stay focused on the core business
- 60 years of experience
- Revenues of \$9 Billion

- More than half a million clients worldwide
- •A financially solid partner: AAA credit rating from both Moody's and Standard & Poor's



Why Businesses Choose to Work with ADP







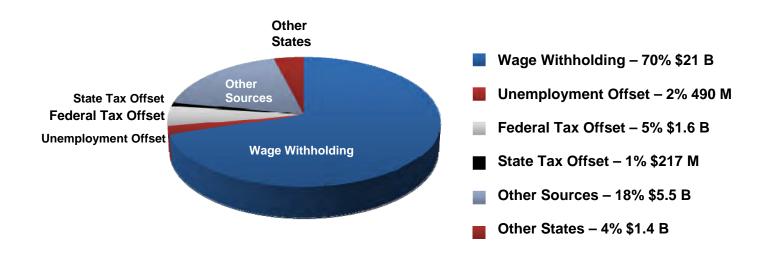








Child Support: The Impact on Garnishments

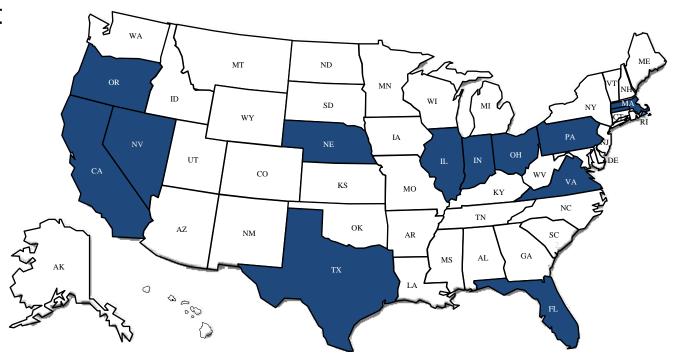


- Payments disbursed via EFT, check, or direct deposit
- Costs the government \$5.6 billion to collect child support
- 70% of all monies collected by employers



Electronic Funds Transfer (EFT) Payments

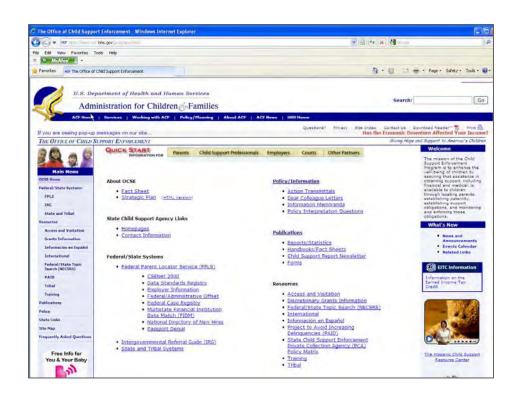
- Eleven states currently mandating EFT
 - CA, FL, IL, IN, MA, NE, NV, OH, OR, PA, TX, VA
 - Effective July 1, 2010 employers with 50 or more employees, the employer must make the payments to Nevada via an electronic transfer of money.
 - Faster receipt of payments
 - Reduced errors / unidentified payments
 - Agencies realize labor savings
 - Faster disbursement as to families





Electronic Income Withholding Orders (e-IWOs)

- For child support lien types only
- Allows states to send income withholding order electronically
- Office of Child Support
 Enforcement (OCSE) created a portal to allow a central processing point
- 38 participating states, 20 states receiving electronic orders
- Trend that most states will eventually participate (if resources are available)
- Impact to Employers
 - Future enhancements or maintenance required
 - Development efforts are extensive and costly
 - Acknowledgements required at two levels of authority
 - Requires notification to employees
 - States not required to implement





What is e-IWO?

- States, tribes and territories send income withholding orders (IWOs) electronically and employers accept and process them electronically
- States put IWOs into an electronic file – no paper sent to the employer
- Federal Employer Identification Number (FEIN) is the KEY identifier
- Electronic acknowledgement from employer advises State of e-IWO status, e.g., was it accepted or rejected
- Also handles terminations, lump sums and bonuses

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How e-IWO Began

- First meeting in Chicago August 2004
- Attended by 11 employers and 18 states, tribes, and territories
- Formed workgroups that designed, developed:
 - Flat file layouts and XML schema based on the "Order/Notice" form
 - An electronic acknowledgement process from employers to States
 - Flat file layouts and XML schema based on the acknowledgement process/design



Polling Question #2

- States are required to implement e-IWO.
 - A. True
 - **B.** False
 - C. Don't Know



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The Pilot

- Established between several states and employers
- Tested layouts and process developed by the workgroup
- Used the Federal Office of Child Support's Frame Relay Network (OCSENet) to transfer files between state, tribes and territories and the Defense Finance Accounting Service (DFAS).

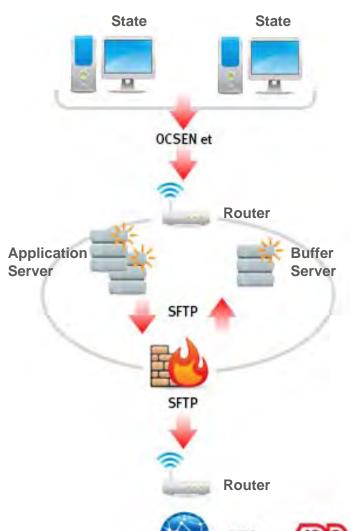


Now It's a Portal

- Greatly facilitates transmission of e-IWOs from states to employers/payroll processors and acknowledgements from employers to states, tribes, and territories
- Employers and states have just one communication point
- Ability to "convert" and forward file formats
- PDF's are offered to employers along with data file
- Handles "payroll processors" IWO addressed to employer but the e-IWO goes to the payroll processor
- Transmissions are secure SFTP and PGP



e-IWO Process



- 1. e-IWOs are pulled from states via OCSENet
- 2. e-IWOs are unbatched from States
- 3. e-IWOs are validated for errors and returned to States when critical errors exist
- 4. When necessary, e-IWOs are transformed into a reciever-specific format
- 5. e-IWOs are batched for ADP
- 6. e-IWOs are pushed to ADP via the internet
- Read Receipts for e-IWOs are pulled from ADP via the Internet
- 8. ADP transmits to each employer Client
- ADP Client returns disbursement and interpretation files to ADP
- 10.Acknowledgments are pulled from ADP via the Internet
- 11.Acknowledgments are pushed to the states via OCSENet



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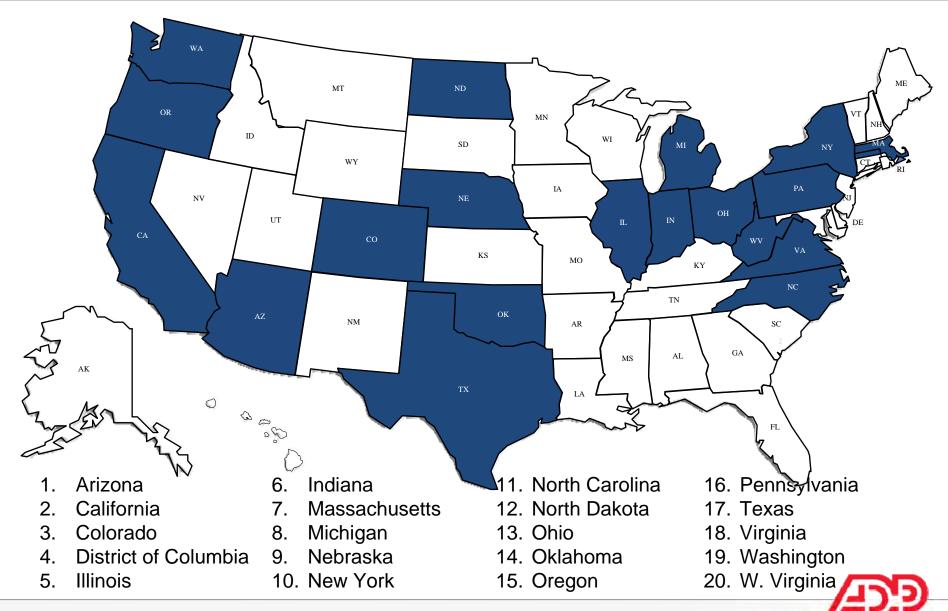




ADP Client/Employer



Portal Implementations



Portal Registration, Profile and Testing

- Employers, payroll processors, and states must register to use Portal
- Registration includes "agreement" to send or receive electronic income withholding orders
- Complete a "profile" form indicating contact information,
 file transfer preferences, server address, etc.
- Automated Testing Module submit test files get report indicating errors or if file was OK.



Polling Question #3

- Participants can choose to receive PDF images of electronic Income Withholding Orders.
 - A. True
 - B. False
 - C. Don't Know



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ADP and the e-IWO Adventure!



ADP Garnishment Services Highlights

- ADP has been processing wage garnishments since 1997
 - Comprehensive service launched 2001
- Liens Processed: Over 91,000 orders per month
 - 65% Child Support Orders
 - 35% Other Types
- Payments Disbursed: Over 720,000 per month
 - 62% EFT
 - 38% ADP Check
- Major contributor to defining EFT processes and data element
- ADP is the largest depositor to all State Disbursement Units



Our Adventure Begins

- Active participants since the creation of the workgroup
 - Attended first meeting in Chicago
 - Met again in September 2006 in D.C.
- Considered a project within ADP
 - Projects need prioritization
- Authorization process needed to be defined
- Determine formats to receive
 - PDF file or not?



Processing in the New World

- Clients authorize ADP to receive e-IWOs
- Client's Federal Identification Number (FEIN) information transmitted manually to OCSE
 - FEIN's filtered to the states
- 30 days to add / terminate clients from the process
- ADP begins receiving XML files via the portal from participating states
- New acknowledgement process



Steps Along the Way

- Dedicated internal project group met weekly
- Completed functionality testing
- Developed internal training classes
 - New procedures
- Determined clients for internal pilot participation
 - Phased implementation for existing clients



Lessons Learned

Benefits

- Faster turnaround time for processing orders
- Increased accuracy
- Standardization and consistency of data received
- Increased security of confidential data (Social Security Numbers)
- Reduction in calls for status of case/order
- Payments disbursed faster

Detours and Roadblocks

- Internal resources multiple internal system development
- Not all states participating continue to maintain two processes



And the Adventure Continues...

- Electronic transmission of Federal Employment
 Identification Numbers (FEINs)
- Full base roll out
- Lump sum capability
- Participating in the Electronic National Medical Support
 Notice workgroup



Polling Question #4

Which of the following does ADP provide to its Garnishment clients?

- A. Zero ongoing maintenance
- B. Cost savings of up to 300 hours of IT time
- C. Continuous support for any ongoing changes the Office of Child Support Enforcement (OCSE) imposes
- D. Control of data through on-line viewing of child support order information
- E. None of the above
- F. All of the above





Benefits of Choosing ADP

- Working with ADP means that you will gain efficiencies that translate into more accurate processing and appreciable time-savings. Benefits include:
 - Cost savings of up to 300 hours of IT resources.
 - •No additional IT development or configuration is required from an employer since ADP develops and manages the formatting or other interface requirements with the Office of Child Support Enforcement (OCSE)
 - Zero maintenance
 - ADP provides continuous support for any change in process that OCSE imposes

- Safe and secure file transmission with electronic acknowledgement between OCSE and ADP
- Understandable forms for clear explanation to employees, custodial parents, and agencies
- Expeditious processing due to seamless transmissions from OCSE
- Control of data through on-line viewing of child support order information



Questions & Answers

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