

# **COLLECTIONS/RECEIPTING/POSTING**

## **INTRODUCTION**

### **GENERAL INFORMATION**

This chapter contains information on the following topics:

1. The [North Carolina Child Support Centralized Collections \(NCCSCC\)](#) operation;
2. [Electronic Funds Transfer \(EFT\)](#);
3. [Automatic bank drafts](#) for noncustodial parents (NCPs);
4. [Direct deposits](#) to custodial parents/clients;
5. ["ncKIDScard" \(debit cards\) for clients](#);
6. [Intercept collections](#);
7. [Direct posting](#) by the CSS Collections Unit.

ACTS submits cases that meet certain criteria to a contracted vendor for the collection of arrearages that are owed to the State. (See [Vendor Collections](#).)

## **NORTH CAROLINA CHILD SUPPORT CENTRALIZED COLLECTIONS OPERATION**

### **GENERAL INFORMATION**

This topic contains information on the following subjects:

1. [An overview of the North Carolina Child Support Centralized Collections \(NCCSCC\) operation](#);
2. [Remittance processing](#);
3. [Proration](#);
4. [Payments remitted to other entities](#).

### **NCCSCC OVERVIEW**

Per North Carolina General Statutes effective October 1, 1999, all CSS and Non-CSS child support payments are paid to the North Carolina Child Support Centralized Collections Operation (NCCSCC). The Clerks of Court in all one hundred (100) counties are notified of payments that are made for Non-CSS cases (also referred to as "Non-IV-D" cases). Non-CSS cases are maintained by each local Clerk of Court's office.

The NCCSCC uses automated receipting technology for mail handling, forms processing, exceptions processing, and remittance systems to prepare child support payments for deposit into the State Treasurer's bank account and transmit payment information daily into the ACTS system. ACTS distributes and disburses checks to recipients of child support processed that day, then shares this disbursement information for Non-CSS cases with the Administrative Office of the Court's automated Support Enforcement System (SES).

### **REMITTANCE PROCESSING**

#### ***NCCSCC GENERAL OPERATIONS***

The automated central payment processing ties the following components together:

- Incoming mail from direct payors, employer remittance, military remittance, out-of-state remittance, and other miscellaneous remittance;
- Document scanning;
- Remittance forms processing;
- Payment balancing;
- Deposits to the State Treasurer's account;
- Internet access; and
- Customer service for employers and child support personnel.

#### **POST OFFICE BOXES**

Payors of child support direct their payments to one (1) of four (4) post office boxes owned by the state. Payments delivered to the post office boxes are picked up each day for processing.

A post office box has been designated for each of the following types of payments:

- Direct Payments from obligors -  
NC CS Centralized Collections  
PO Box 900006  
Raleigh, NC 27675
- Payments from employers -  
NC CS Centralized Collections  
PO Box 900012  
Raleigh, NC 27675
- Payments from military branches -  
NC CS Centralized Collections  
PO Box 900015  
Raleigh, NC 27675
- Other types of payments -  
NC CS Centralized Collections  
PO Box 900020  
Raleigh, NC 27675

"Other" types of payments include out-of-state payments, payments from insurance companies, liens payments, bond payments, purge payments, financial account seizure remittances by Clerks of Court, and Worker's Compensation claims. These types of payments need a separate post office box because additional research could be necessary to ensure proper identification of the payment type.

#### **DIRECT PAYORS**

The NCCSCC operation provides a scannable billing coupon and return envelope for to all participants whom ACTS identifies to be the direct payor for each child support case. The return envelopes are pre-

addressed with the post office box designated for direct payments. Payments that are returned to NCCSCC should contain a coupon and a form of payment, such as personal checks, money orders, cashier checks, certified checks, account debiting, and possibly cash. Payments that are received with no coupons and/or no identifying information are sent to exception processing, where NCCSCC tries to identify the participant who made the payment. Blank coupons are available through the DHHS website at:  
<http://www.ncdhhs.gov/dss/cse/collections.htm>.

If the NCCSCC operation receives payments with no coupons and/or no identifying information, it sends these payments to exception processing, which attempts to identify the participant who made the payment.

#### ***EMPLOYER REMITTANCE***

Income withholding forms that the child support staff sends to employers contain the appropriate post office box where payments are to be sent. NCCSCC provides employer remittance forms to employers with eight(8) or more employees for payments from wage withholding. Employers receive an Excel spreadsheet on a diskette with a layout similar to the employer remittance form that ACTS produces for smaller employers. Employers can obtain the remittance form by either contacting the NCCSCC operation or accessing the Internet web site.

Employers that ACTS identifies as having seven (7) or fewer employees under wage withholding are provided with an employer remittance form that is printed from the ACTS system whenever the withholding is changed for any one of their employees. This remittance document provides space for up to seven (7) employees and a blank area for the addition of a new employee. Local CSS caseworkers must include the remittance form with the wage withholding notice that is mailed to the employers. Employers must then photocopy the new remittance to include with future child support payments and discard any prior forms.

#### ***MILITARY PAYMENTS***

Military payroll centers have been notified of the appropriate post office box where they are to send payments and submit wage withholding payments with a hard copy listing of individuals. This post office box should not be used for alimony only remittances.

#### ***OTHER TYPES OF REMITTANCE***

Payments from out-of-state child support agencies or Clerks of Court, insurance companies, executions of liens, performance bonds, purges, financial institution account seizures, and Workers' Compensation payments are also directed through the NCCSCC operation. Local Clerks of Court remit purge, lien, and performance bond forfeiture payments to the appropriate post office box, since these payments still are initially received at the Clerk's office.

#### ***PAYMENT VERIFICATION***

Once the NCCSCC operation receives a payment, the image of the payment instrument, any remittance documents, and any other correspondence is scanned into the NCCSCC's automated system. NCCSCC verifies payments to ensure that they are acceptable for deposit. If a payment is

deemed unacceptable for deposit, NCCSCC returns the payment to the sender with a letter requesting a replacement payment. However, the payment is still scanned into the automated system for tracking purposes and can be recalled if information is needed about that payment in the future.

Efforts are made to identify the amount of the payment, the correct obligor, and the type of payment (cash, check, money order, etc.) in an automated fashion, whenever possible. Cash payments are not encouraged, since all payments must be made through the mail and require some remittance information.

NCCSCC verifies any personal check from a payor that is in excess of \$1000.00 with the bank before depositing the check. Likewise, any check in excess of \$10,000.00 that is remitted by an employer is verified before it is deposited.

*NOTE: Upon receipt, payments that NCCSCC receives in foreign currency are converted to U.S. currency and are then processed using the normal distribution procedures. However, if payments are not converted, the local CSS agency can report conversion fees as administrative costs and request reimbursement through federal financial participation.*

#### **INSUFFICIENT FUNDS (NSF) PROCESSING BY NCCSCC**

Acceptance of personal checks does increase the risk of payments being made on accounts with insufficient funds. Two (2) safeguards exist to minimize the risk to both the client and the state:

1. NCPs are only allowed one NSF check incident. If a check is returned for this reason, the NCP's MPI # is flagged in the NCCSCC operation's automated system, and DHHS Controller's Office is notified of the NSF check. If the NCP makes child support payments by check in the future, NCCSCC returns the check with a letter instructing the individual to use other forms of remittance.
2. Any payment made by an NCP that exceeds \$1000.00 or by an employer that exceeds \$10,000.00 is automatically directed to exceptions processing to be handled manually by an operator. Operators attempt to verify whether enough funds are in the account to cover the check before receipting it.

NCPs who have questions about NSF can contact the DHHS Controller's Office at (919) 334-1199 or 334-1200.

#### **DEPOSITS**

The NCCSCC operation prepares the checks for deposit into the State Treasurer's office and generates deposit slips and reports. This information is then faxed to the State Treasurer's Office, the DHHS Controller's office, and the CSS Central Office. Information concerning payment identification and amounts is then transmitted through an interface between the NCCSCC's automated system and ACTS on a daily basis.

## **PRORATION**

If a payment can positively be identified, it is receipted to the NCP's MPI number in ACTS. In North Carolina, an NCP cannot designate a single payment to one client if he/she has multiple support obligations. If an NCP owes support on more than one order, payments are prorated among all obligations each time a payment is made, regardless of case type or income withholding status.

Caseworkers should not make an adjustment request that designates a payment to a single case when the payment has been correctly prorated and allocated to multiple cases. The proration formula is based on the same formula currently used to prorate among all income withholding orders. This includes payments made by both in-state and out-of-state payors.

## **PAYMENTS REMITTED BY OTHER ENTITIES**

While federal regulations require that payments coming into North Carolina be paid to the centralized collection unit (NCCSCC), the following exceptions exist:

- Direct payments to the Cherokee Tribal Court are exempt from the federal requirement to pay through a central collection unit; however, effective January 1, 2002, the Tribal Court elected to use NCCSCC.
- Local Clerk of Court's offices collect lien executions, performance bonds, and purge payments and submit them to the central collections Unit. These payment types ARE NOT prorated across multiple obligations.
- Disbursement refunds and recoupment of overpayments should not be sent to NCCSCC.

## **ELECTRONIC FUNDS TRANSFER (EFT)**

### **GENERAL INFORMATION**

This topic contains information on the following subjects:

1. [An overview of how CSS uses electronic funds transfer \(EFT\);](#)
2. [EFT collections;](#)
3. [EFT processing;](#)
4. [The posting, allocation, and distribution of EFT payments;](#)
5. [EFT cost recovery.](#)

### **EFT (ELECTRONIC FUNDS TRANSFER) OVERVIEW**

EFT is the movement of funds between financial accounts through electronic means rather than paper documents or hard currency. N.C. CSS can enter into agreements with employers and in-state and out-of-state agencies so that funds can be transferred from their financial accounts into CSS's financial account.

At the request of the noncustodial parent (NCP), CSS can use EFT to automatically draft child support payments from that NCP's designated bank account. At the request of the client, CSS can use EFT to make direct deposits upon receipt of child support payments into the

client's designated bank account. If the client does not request direct deposit, CSS uses EFT to make deposits into an "[ncKIDScard](#)" (debit card) account for the client.

## **EFT COLLECTIONS**

Employers and other states can submit income withholding payments through EFT. ACTS accepts EFT payments from both employers and other states that use the National Automated Clearinghouse Association (NACHA) standard file in both the CCD+ (Cash Concentration and Disbursement Plus) and the CTX (Corporate Trade Exchange) formats. [Automatic bank drafts](#) for child support payments from noncustodial parents' (NCPs') bank accounts and [direct deposits](#) to clients' checking accounts can be made, using the PPD (Prearranged Payments and Deposits) EFT format.

Upon request, ACTS sends EFT payments to agencies in other states that have the capability to receive NACHA files in the CCD+ format. These files identify the state receiving the interstate collections and the type of payment (tax, employer, or regular) being transferred.

EFT payments in both CCD+ and CTX formats must include a Child Support Services (CSS) addendum record.

## **EFT PROCESSING**

The Electronic Funds Transfer data is transmitted as a file from the employer's or other state's bank through an automated clearinghouse to the N.C. State Treasurer's contracted bank for EFT. Each day, ACTS retrieves the file via the mainframe and uploads the CSS addendum that contains the receipt detail. Funds are then automatically posted to the appropriate payor accounts.

The Collections Unit at the CSS Central Office receives a Receipts Register each morning, as a result of the previous night's ACTS processing. The appropriate worker in the Collections Unit must certify the deposit in the State Treasurer's account. This certification/verification of funds is achieved by one on-line transaction.

The responsible Collections Unit worker requisitions the amount of the deposit and moves it to the disbursement account for N.C. CSS. EFT funds received by the State Treasurer's account and subsequently posted in ACTS are disbursed in the same manner as funds from NCCSCC. A 24-hour turnaround exists for EFT transmittals, which starts when the payment leaves the employer or other state.

## **POSTING/ALLOCATION/DISTRIBUTION OF EFT PAYMENTS**

### ***EFT PAYMENTS FROM EMPLOYERS***

When the CSS addendum record for an EFT payment from an employer contains a Social Security number that matches an NCP's Social Security number in ACTS, the payment is posted as a "State Electronic Funds Transfer" payment to that NCP's participant account. If no match can be found, the payment is posted to the "Unidentified Payor" account.

If the employer sends a valid pay date with the payment via the CSS addendum, the payment's effective date is set to the supplied date. If the CSS addendum does not contain a valid pay date, ACTS sets the payment's effective date to the date that the funds were transmitted. The EFT payment are distributed accordingly. EFT payments are prorated among all of the payor's obligations, regardless of case type or income withholding status.

#### ***EFT PAYMENTS FROM CSS AGENCIES IN OTHER STATES***

For EFT payments from other states' agencies, ACTS first matches on the NCP's SSN and then on the associated CSS case (IV-D) number. EFT payments from other states' agencies are posted as "Other State" payments, unless they are classified as tax payments. Then they are posted as "EFT for Other State Tax Intercept" payments. Responding states certify and collect only state tax.

The CSS Central Office EFT Unit attempts to have all CSS case (IV-D) numbers from N.C. updated in other state's systems so that these case numbers can be included in all EFT files from other states.

ACTS uses the effective date for the other state's EFT payment (the pay date that was sent via the CSS addendum) to determine whether or not the payments are for a prior month. Once this has been determined, the payments are distributed accordingly. ACTS prorates EFT payments among all obligations, regardless of case type or income withholding status.

#### **EFT COST RECOVERY**

States that practice "cost recovery" send their EFT payments using the CCD+ format. This format identifies the total amount collected and the amount that is transmitted to the bank. ACTS posts the total amount that was collected to the NCP and tracks the cost-recovery amount separately. Cost recovery is not tracked for EFT payments that use the CTX format.

ACTS gives full credit to the NCP for the total collection from an EFT payment. However, only the net collection (the amount that was sent to the bank) is distributed to the payee. The difference between these two is the cost-recovery amount, and it is retained by the other state.

### **AUTOMATIC BANK DRAFT FOR NONCUSTODIAL PARENTS**

#### **GENERAL INFORMATION**

This topic contains information on the following subjects:

1. [An overview of automatic bank drafts;](#)
2. [The process for requesting an automatic bank draft;](#)
3. [How automatic bank drafts are processed;](#)
4. [The posting/allocation of automatic bank drafts for child support payments;](#)
5. [Changing and terminating automatic bank drafts.](#)

## **AUTOMATIC BANK DRAFTS OVERVIEW**

Noncustodial parents (NCPs) who are not under an income withholding order have the option of making their child support payments through automatic bank drafts. Payment by bank draft CANNOT be substituted for income withholding in cases that qualify for withholding (per G.S. 110.136.3).

Automatic bank drafts are the withdrawal of funds from an NCP's checking account using EFT (Electronic Funds Transfer). Bank drafts eliminate the possibility of lost or misapplied payments and generally shorten the time between when a payment is made and when the funds are disbursed.

## **REQUESTING AUTOMATIC BANK DRAFTS**

To request automatic bank drafts, NCPs must complete an N.C. CSE Automatic Withdrawal Authorization Form For Bank Draft. NCPs can obtain this form online at the eChild Support web site:

<http://www.ncchildsupport.com> .

When completing the authorization form, NCPs should enter their name, Social Security number, MPI number, mailing address, home and/or work telephone number(s), valid email address, the financial institution's name, telephone number, routing number, account number, and type of account.

NCPs must indicate whether the funds should be drafted either on a MONTHLY or SEMI-MONTHLY basis, the desired day(s) of the month when funds should be drafted, and the amount to be drafted. For a MONTHLY bank draft, NCPs must enter ONE date (EX: 1st) and the amount; for a SEMI-MONTHLY draft, NCPs must enter TWO dates (EX: 3rd and 18th) and the amount. Next NCPs must enter the name and location of the financial institution and sign and date the form. A "VOIDED" blank check from the financial institution where the funds are to be drafted must be attached to the form.

Mail the form and attached materials to:

N.C. Child Support Centralized Collections  
P.O. Box 900020  
Raleigh, N.C. 27675

Or fax to: (919) 789-0140

Any questions can be referred to Customer Service at (1-877-361-5437).

## **AUTOMATIC BANK DRAFT PROCESSING**

Bank draft authorization forms are processed by the contracted vendor that is responsible for processing payments. The "pre-note" process takes ten (10) days while the routing and checking account numbers are verified.

During the pre-note period, the NCP is still responsible for making child support payments that are due before the initial draft date. If the date the NCP selects for the initial draft is on a weekend or

holiday, the draft date is the next business day. Draft payments are sent on receipt files to ACTS on the same day that the payment is drafted from the NCP's bank account.

#### ***INSUFFICIENT FUNDS (NSF) PROCESSING FOR BANK DRAFTS***

NCPs are only allowed one NSF bank draft incident. If the NCP is no longer allowed to pay through bank draft, the DHHS Controller's Office then sends a file with this information to ACTS, where it is stored for future reference.

NCPs who have questions about NSF can contact SMI at 1-877-361-5437.

#### **POSTING/ALLOCATION OF AUTOMATIC BANK DRAFTS**

ACTS receives an EFT receipt file from the contracted vendor that is responsible for processing payments on the same day that funds are drafted from the NCP's account. The system then posts the funds.

The payment effective date is set to the date when the payment was posted. Automatic bank draft payments are prorated and allocated among all of the payor's obligations, regardless of case type or income withholding status. Bank draft payments are distributed according to the current rules of distribution.

#### **CHANGING/TERMINATING AUTOMATIC BANK DRAFTS**

Upon the NCP's request, automatic bank drafts from financial institutions can be changed or terminated. NCPs could request a change/termination for various reasons: a change in financial institution, a change in the checking account number, or the NCP wants to cancel bank draft processing. (For example, NCPs who are ordered to make payments through income withholding are responsible for requesting the termination of their bank drafts.)

NCPs can make changes to or terminate their automatic bank drafts online by accessing the eChild Support web site: <http://www.ncchildsupport.com>. NCPs can also download the N.C. CSE Automatic Withdrawal Authorization Form for Bank Draft from this web site.

Mail or fax requests for any changes to:

N.C. Child Support Centralized Collections  
P.O. Box 900020  
Raleigh, NC 27675

FAX: (919) 789-0140

When completing the authorization form, NCPs enter their name, Social Security number, MPI number, mailing address, home and/or work telephone number(s), valid email address, the financial institution's name, telephone number, routing number, account number, and type of account. (The payor's SSN and MPI numbers that are used to register MUST match the SSN and MPI numbers in the N.C. Payment Web Site database.)

NCPs are still responsible for making their child support payments until the new bank draft record becomes active. NCPs should work with their banks to ensure that any outstanding bank drafts are honored during this transition period.

If the request is to terminate automatic bank draft payments, NCPs must go online to make the change or submit the authorization form by mail or fax.

## **DIRECT DEPOSITS FOR CLIENTS**

### **GENERAL INFORMATION**

This topic contains information on the following subjects:

1. [An overview of direct deposits;](#)
2. [The process for requesting direct deposit;](#)
3. [How direct deposits are processed;](#)
4. [The distribution/disbursement of child support payments that use direct deposit;](#)
5. [Changing and terminating direct deposit.](#)

### **DIRECT DEPOSIT OVERVIEW**

Clients have the option of receiving their child support payments through direct deposit or through the "[ncKIDScard](#)" (debit card) program. When a client requests direct deposit, payments from the noncustodial parent (NCP) are automatically deposited through EFT (Electronic Funds Transfer) into the client's designated bank account.

Direct deposit eliminates the possibility of lost or stolen checks and generally shortens the time required for clients to receive payments. However, the processing time can be affected by the holidays.

### **REQUESTING DIRECT DEPOSIT**

Clients have the option of receiving their child support payments through direct deposit and should be informed of this option at the time of application, order establishment, and redirection of services. This option is available to both IV-D and Non-IV-D clients.

If an active direct deposit account exists, caseworkers must verify with the client whether or not the bank account that was last updated in ACTS is currently the client's active bank account. If it is not the client's current bank account, caseworkers should immediately inactivate the bank account that is listed as active. (If the client has multiple accounts with the same bank, CSS verifies that the account number in ACTS is still active with the bank.)

If clients do not request direct deposit, they are enrolled in the "[ncKIDScard](#)" (debit card) program, with some [exceptions](#).

Clients must complete an Authorization For Automatic Deposit Of Child Support (DSS-4718) form. Clients can request that this form be mailed to them by contacting any county Clerk of Court, local CSS agency, or the CSS Central Office Customer Service Unit (at **1-800-992-9457**.)

Clients also can download an English or Spanish version of this document from the Department of Social Services web site: "<http://www.ncdhhs.gov/dss/cse/eft.htm>" or from the N.C. eChild Support website: "<http://www.ncchildsupport.com>". This form includes instructions for submittal.

When completing the authorization form, clients must specify the account number and routing code where their payments should be deposited. For checking accounts, clients must attach a "VOIDED" check from the designated financial institution. Many banks offer a "debit card" account that can be used for direct deposit of child support payments. This service allows payees to withdraw the child support through an ATM after it is deposited. If payees have established a debit card account with their bank, their bank must attach another form of verification with the bank account number (not the debit card number) and bank transit number. Mail the form and attached materials to:

NCCSS-EFT  
P.O. Box 19807  
Raleigh, N.C. 27619

#### **DIRECT DEPOSIT PROCESSING**

After receiving the completed Authorization For Automatic Deposit Of Child Support (DSS-4718) form from a client, CSS Central Office EFT Unit workers create a direct deposit record for that client. ACTS generates a "pre-note" transaction on the same day that the direct deposit record is created. These test transactions are sent to the designated financial institution in order to verify the routing and bank account numbers. The pre-note process takes ten (10) business days. During the pre-note period, the child support payments that are received are mailed as checks to the client.

If the pre-note data is verified, future child support payments are deposited into the designated bank account that was provided. If EFT Unit workers receive notice that the pre-note data was not valid or that the account is not active, they verify that the information on the authorization form is the same information that was submitted to the financial institution and resubmit it, if necessary.

Just as with regular payments, the client must have a valid mailing address record in ACTS, or the system places a "hold" on the client's participant account. This prevents any funds from being disbursed until a valid mailing address is entered in ACTS for the client. Once the client has a valid mailing address in ACTS, the system releases the "hold" and funds are deposited in the client's bank account.

If the bank notifies the EFT Unit that an account has been closed or "frozen" or after the client has notified CSS to cancel the direct deposit, payments are reissued as a paper check unless direct deposit can be set up again for the payee with the correct banking information. Payees might or might not decide to have direct deposit set up again.

#### **DISTRIBUTION/DISBURSEMENT OF DIRECT DEPOSITS**

Direct deposit only affects the manner in which payments are disbursed, not the manner in which payments are distributed. Just as with regular child support payments, the client must have a valid mailing address record in ACTS, even though payments are not being mailed to the client. If the client does not have a valid mailing address in ACTS, the system places a "hold" on the client's participant account. This prevents any funds from being disbursed until a valid mailing address is entered for the client. Once the client has a valid mailing address in ACTS, the system releases the "hold" and the funds are deposited in the client's bank account.

Direct deposit transmissions generally require a processing time of two (2) business days once the payment is disbursed from the client's participant account. (EX: If a child support payment is disbursed from the client's participant account on Monday, the payment is deposited into the client's account on Wednesday.) However, the processing time can be longer than two (2) business days for smaller banks, and it can also be affected by the holidays.

#### **CHANGING/TERMINATING DIRECT DEPOSIT**

Upon the client's request, EFT Unit workers can change or terminate direct deposit transactions to financial institutions. Clients can request a change/termination for various reasons: a change in financial institution, a change in the bank account number, or the client might want to cancel direct deposit processing.

Requests for changes or termination are submitted using the Authorization For Automatic Deposit Of Child Support (DSS-4718) form. This authorization form can be obtained by contacting the local CSS office or the CSS Central Office Customer Service Unit. Clients can download an interactive English or Spanish version for this form from the DSS website: "<http://www.ncdhhs.gov/dss/cse/eft.htm>" or from the N.C. eChild Support website: "[www.ncchildsupport.com](http://www.ncchildsupport.com)".

If the request is to change the financial institution, the client must submit a new authorization form with the "Bank Change" field marked and the new banking information. (If the bank account is a checking account.) Upon receipt, EFT Unit workers enter the changes in ACTS. ACTS sends a "pre-note" test transaction to verify the routing and bank account numbers. The pre-note process takes ten (10) business days.

If the authorization form is not submitted prior to bank account closure and a payment is submitted to the financial institution, the financial institution notifies the EFT worker of the closed account and refunds the payment submitted. Payments are mailed as checks to the client. Upon receiving the authorization form, EFT Unit workers make the changes in ACTS, and ACTS sends the pre-note transaction.

If the request is to change the bank account number for deposit and NOT the financial institution, the client submits a new authorization form with the "Bank Change" field marked and the new banking information. (A voided check should be attached if the new account is a checking account.) EFT Unit workers enter the new account information in ACTS, and ACTS sends a pre-note transaction to verify the routing and checking account numbers.

If the change notice is not received and a payment is sent to a closed

account, the financial institution notifies the EFT worker of the change in account numbers and deposits the child support payment in the new account. Some banks might return the funds; then an adjustment is made to reissue the funds to the new account.

If the request is to terminate direct deposit of child support payments, the client must submit the Authorization form with the "Cancellation" box marked. The EFT Unit worker processes the termination in ACTS, which stops the direct deposit process and results in payments being mailed as checks to the client.

## **NCKIDSCARD (DEBIT CARD) PROGRAM FOR CLIENTS**

### **GENERAL INFORMATION**

This topic contains information on the following subjects:

1. [An overview of the ncKIDSCard \(debit card\) program;](#)
2. [The benefits of the ncKIDSCard \(debit card\) program;](#)
3. [The criteria for the ncKIDSCard \(debit card\) program;](#)
4. [Exclusions from the ncKIDSCard \(debit card\) program;](#)
5. [How the ncKIDSCard \(debit card\) process works;](#)
6. [Customer service information for the ncKIDSCard \(debit card\) program;](#)
7. [Terminating participation in the ncKIDSCard \(debit card\) program.](#)

### **NCKIDSCARD (DEBIT CARD) PROGRAM OVERVIEW**

The N.C. CSS program began to phase in the "ncKIDSCard" (child support debit card) program in April 2007. Clients have the option of receiving their child support payments through direct deposit or through the "ncKIDSCard" program. Electronic payments have replaced paper checks for most clients.

If a client does not request direct deposit and meets the enrollment criteria, he/she will be enrolled in the ncKIDSCard program. During the initial implementation period, any client who had received a child support check in the last six (6) calendar months and did not request direct deposit was enrolled. Payments from the noncustodial parent are deposited automatically into the client's ncKIDSCard account, where clients can access the funds by using a VISA debit card that is issued to them.

### **BENEFITS OF NCKIDSCARD (DEBIT CARD)**

The benefits of the "ncKIDSCard" program are:

- Clients can use the "ncKIDSCard" to make purchases wherever VISA debit cards are accepted.
- Clients can get cash back at retail stores that accept VISA debit cards or get cash from automated teller machines (ATMs).
- Clients can receive free point-of-sale (POS) transactions at all retail locations that accept VISA debit cards worldwide.
- Clients can avoid check cashing fees.

- ncKIDScards are safer than paper checks.
- Clients can receive payments faster.
- Clients can obtain account information through the Internet.
- Clients can receive free monthly statements or choose to receive free paper statements through a secure web site: "<http://www.smionecard.com>".
- Clients can sign up for alerts by email or text message through this web site. They can choose to receive alerts each time a deposit is made to their account or sign up to receive a weekly account balance alert each Friday.

#### **CRITERIA FOR NCKIDSCARD (DEBIT CARD) ENROLLMENT**

The "ncKIDScard" (debit card) program replaces paper checks for clients who meet the enrollment criteria and have not authorized direct deposit. (This program began in April 2007.) To qualify for automatic enrollment in the ncKIDScard program, a client must be an active participant in an open case in ACTS and have:

- A Social Security number (SSN) and date of birth stored in ACTS.
- A mailing address stored in ACTS.
- An MPI number greater than "2000".
- Received a child support payment by check. The ncKIDScard enrollment process begins as soon as the client receives a payment by check.

During the initial implementation period, any client who has received a child support check in the last six (6) calendar months is enrolled.

#### **EXCLUSIONS FROM NCKIDSCARD (DEBIT CARD) ENROLLMENT**

Some clients are excluded from enrollment in the "ncKIDScard" program, such as clients who already are receiving their child support payments through direct deposit. Also excluded from enrollment are clients in:

- Foster Care cases;
- DSS Director cases;
- Interstate responding cases;
- International cases (if the client has an international address);
- Non-CSS cases in which the payee is a non-participant payee, such as an agency, bank, or attorney.

#### **NCKIDSCARD ENROLLMENT PROCESS**

N.C. CSS began to phase in the "ncKIDScard" (child support debit card) program in April 2007. Systems and Methods, Inc. (SMI) originally provided the debit cards through a subcontract with JPMorgan Chase. As each local CSS agency implemented this program, ACTS identified the clients who met the [enrollment criteria](#).

Effective April 2011, SMI manages the "ncKIDScard" program and The Bancorp Bank issues the "smiONE Visa" debit card for new enrollees in

the program. The last date of enrollment for the JPMorgan Chase debit card was March 31, 2011.

An enrollment file containing identifying information for each client is sent daily to the private vendor who operates the North Carolina Child Support Centralized Collections Operation (NCCSCC). The enrollment process can take up to (10) business days. If the noncustodial parent (NCP) makes a payment during the processing period, the client receives it by check.

Clients who already have a debit card through JPMorgan Chase are issued a new debit card from The Bancorp Bank, based on a scheduled rollout of local CSS agencies that begins on May 2, 2011. Funds will continue to be loaded to JPMorgan Chase debit cards until after the 10-day pre-note period of enrollment for The Bancorp Bank ncKIDScards.

When the enrollment process is completed, clients receive an ncKIDScard and a welcome packet. Clients must activate the ncKIDScard by calling The Bancorp Bank Customer Service and providing their debit card number and the last four (4) digits of their Social Security Number.

One card is issued per client, based on the client's MPI number. Clients can request up to five (5) secondary cards. If clients request additional cards, they must actually transfer funds to the secondary cards, which gives clients more protection and control. A card is good for four (4) years before it expires.

Child support payments are no longer sent by checks, and all future payments are automatically deposited in the ncKIDScard account within two (2) business days after the NCP's payment has been applied to the client's case.

#### **CUSTOMER SERVICE INFORMATION FOR NCKIDSCARD (DEBIT CARD) PROGRAM**

Upon receiving the "ncKIDScard", clients must activate it by calling The Bancorp Bank Customer Service at 1-877-7769765 and providing their debit card number and last four (4) digits of their Social Security Number. If a client's ncKIDScard is lost, stolen, or damaged, the client can get one (1) free replacement card per year.

While every effort has been made to keep costs associated with the ncKIDScard as low as possible, certain ATM fees still apply, such as inactivity fees, balance inquiry and monthly maintenance fees, or fees incurred when the card is used at an ATM outside the AllPoint network. Other fees also can apply.

To verify the account balance for the ncKIDScard, clients can call The Bancorp Bank Customer Service, access the account online ("<http://www.smionecard.com>"), or verify the balance using an ATM machine. Clients also receive monthly electronic or paper statements for their ncKIDScard accounts.

If clients have a balance remaining on their JPMorgan Chase ncKIDScard and have questions regarding the account, they can call the JPMorgan Chase Customer Service at 1-866-834-1120 or access the account online ("<http://www.myaccount.chase.com>").

When clients contact the local CSS agency with inquiries related to their ncKIDScard or ncKIDScard account, CSS caseworkers should refer them to The Bancorp Bank Customer Service at 1-877-776-9759.

#### **TERMINATING PARTICIPATION IN THE NCKIDSCARD (DEBIT CARD) PROGRAM**

Clients can stop participating in the "ncKIDScard" program by requesting the direct deposit of their child support payments. A client can request a change from ncKIDScard to direct deposit for various reasons, including the establishment of a new bank account.

Requests for direct deposit are submitted using the Authorization For Automatic Deposit Of Child Support (DSS-4718). Clients can obtain this authorization form by contacting the local CSS agency or the Customer Service Center or by downloading it from the DSS website: "<http://www.ncdhhs.gov/dss/cse/eft.htm>" or from the eChild Support website: "<http://www.ncchildsupport.com>".

### **INTERCEPT COLLECTIONS**

#### **GENERAL INFORMATION**

This topic contains information on the following subjects:

1. [An overview of intercept collections;](#)
2. [Intercept collections processing.](#)

#### **INTERCEPT COLLECTIONS OVERVIEW**

ACTS currently receives three (3) types of automated intercept payments:

1. Federal Tax Intercept; see "FMS (Federal Tax Intercept) Collections" in the [Enforcement](#) chapter.
2. State Tax Intercept; see "DOR (State Tax Intercept) Collections" in the [Enforcement](#) chapter.
3. Unemployment Insurance Benefits (UIB); see "Unemployment Insurance Benefits (UIB) Withholding/Intercept" in the [Enforcement](#) chapter.

#### **INTERCEPT COLLECTIONS PROCESSING**

ACTS contains computer programs that are tailored to the specifications of other involved agencies. This allows detailed intercept information to be transmitted, received, and loaded into the ACTS databases. The system posts this intercept information in the same way as data it receives from the interface with NCCSCC and from EFT transmissions. Its format is similar to a receipt, indicating such information as the name of the payor, the name of the payee, the amount of the payment, the date of the payment, and the type of payment.

ACTS receives tapes from the involved agencies, uploads the detailed information from these tapes, and posts the funds to the appropriate

payor accounts. During nightly batch processing, the system distributes the funds to the appropriate accounts and subaccounts, then it disburses the funds and prints checks (which can be mailed on the following morning.)

The CSS Central Office Collections Unit has established procedures to process the tape when funds are transferred from the collecting agency through the Cash Management Control System (CMCS). Once the funds are deposited or transferred, the Collections Unit accesses CMCS online to certify/verify the deposits. Funds are then requisitioned and moved to the Automated Disbursements Account to cover the checks that have been printed as a result of the nightly batch processing.

## **DIRECT POSTING BY THE CSS COLLECTIONS UNIT**

### **DIRECT POSTING OVERVIEW**

Even though the NCCSCC operation receipts the majority of child support payments, ACTS permits workers in the CSS Central Office Collections Unit to enter payments online, when necessary. These payments are grouped in "batches" to facilitate the daily balancing of funds that are received. ACTS identifies the payment amount that is due for individual payors/noncustodial parents (NCPs) based on the ordered obligation amount, any modifications to the order, and the previous payments that have been received.