

Department of Human Services
House Finance and Taxation Committee
Representative Craig Headland, Chairman

February 27, 2019

Chairman Headland and members of the Finance and Taxation Committee, I am Jim Fleming, Director of the Child Support Division of the Department of Human Services (Department). I am here today to ask for the Committee's support for Senate Bill 2111.

Senate Bill 2111 addresses two critical components of the child support program: new hire reporting and income withholding. Reporting of new hires is the primary source of information regarding employment of parents who owe child support. Income withholding is the largest source of child support collections.

Senate Bill 2111 continues the evolution of information exchange between employers and the state, including the enactment of similar requirements in 2017 House Bill 1296 for employers who provide information and make payments to Job Service North Dakota.

Although only large employers are currently required to report hires and make payments electronically, nearly all small employers also take advantage of our award-winning website to report new hires. In 2018, 97.06% of new hire reports were provided electronically. Only 5,753 new hire reports were received in paper form in 2018, compared to 87,908 paper reports in 2001. The number of paper checks received from employers has similarly declined over the years. This bill will bring the remainder of our employers into this electronic environment.

Employer feedback on our website indicates that electronic reporting and payment is easy and saves them time. For the Department, the technology for scanning and uploading information on paper reports and payments is not as efficient, and is

becoming obsolete and difficult to maintain in a secure manner. For parents who pay and receive child support, electronic payments by employers is faster, and the website's automatic verification of the information entered by the employer significantly reduces the risk of human error.

Senate Bill 2111 preserves the Department's authority to waive the electronic filing requirement if the employer can show "good cause" for why electronic reporting or payment is not feasible for the employer. The effective date of the bill is delayed until January 1, 2020, to give the Department time to work with employers on the new requirement.

Senate Bill 2111 will improve the efficiency of the Department's child support program, and improve customer service, and we request a "Do Pass" recommendation.

This concludes my testimony, and I am happy to answer any questions you may have.