

	INDIANA DEPARTMENT OF CHILD SERVICES TITLE IV-D POLICY MANUAL	
	Chapter 12: Enforcement	Effective Date: 03/22/2021
	Section 2.4: Withholding of Unemployment Compensation Benefits	Version: 2 Revision Date: 02/15/2021

BACKGROUND

Federal law mandates that State child support agencies determine whether Title IV-D participants owing child support are receiving unemployment compensation and enforce the child support obligation through withholding from such compensation.¹

In the State of Indiana, the Department of Workforce Development (DWD) administers the unemployment compensation system.²

POLICY

The Child Support Bureau (CSB) notifies DWD of the amount of child support to be deducted from an obligor’s unemployment compensation subject to DWD’s withholding limitations.³

REFERENCES

- [IC 22-4-18-1](#): Creation of department; powers and duties related to unemployment insurance program; reports to general assembly and interim study committee
- [IC 22-4-39-3](#): Deductions; amount
- [IC 31-16-15-2.5](#): Income withholding order issued by Title IV-D agency; implementation
- [IC 31-16-15-3.5](#): Notice to withhold income
- [IC 31-16-15-4.3](#): Income withholding order; contesting implementation
- [IC 31-25-4-8](#): Additional duties of bureau
- [465 IAC 3-3-3](#): Request for Hearing
- [CSB-AT-116](#): Unemployment Compensation Interface
- [CSB-AT-224](#): Unemployment Compensation Intercepts
- [42 U.S.C. § 654\(19\)](#): State Plan for Child and Spousal Support
- [42 U.S.C. § 666](#): Requirement of Statutorily Prescribed Procedures to Improve Effectiveness of Child Support Enforcement
- [45 C.F.R § 303.100](#): Procedures for income withholding

PROCEDURE

1. Application for Unemployment Compensation Benefits

¹ 42 U.S.C. § 654(19)

² IC 22-4-18-1(b)(1)

³ IC 31-25-4-8

During the initial application for unemployment compensation benefits submitted to DWD, claimants are required to read and agree to each section of the DWD's *Benefits Rights Agreement* (Agreement). The Agreement states that the applicant understands that they are required to read the *Indiana Workforce Development Unemployment Insurance Claimant Handbook* (Claimant Handbook), which contains detailed information regarding unemployment insurance procedures. The Claimant Handbook contains a section under "How Much Will My Benefits Be" specifying that child support payments may be automatically deducted from a claimant's weekly compensation benefits.⁴

2. CSB and DWD Interface

On a weekly basis, CSB transmits to DWD, via the statewide child support system, an electronic file listing every child support obligor with an open Title IV-D case eligible for enforcement, as well as the obligor's weekly child support obligation for all of the obligor's eligible Title IV-D cases.

In order for a case to be listed on the electronic file, it must be an open Title IV-D case with a pay order type indicating immediate or initiated income withholding.⁵ Unless a STOP has been entered for unemployment compensation enforcement in the statewide child support system, the following is submitted to the DWD in sum as the weekly child support obligation for all of the obligor's eligible Title IV-D cases:

- a. Current weekly support order; plus
- b. Adjudicated arrears order; plus
- c. An additional amount for unadjudicated arrears based on the following table:⁶

Unadjudicated Arrears Withholding Amount	
Amount of Arrears	Additional Amount to Withhold
\$10.00-\$499.99	\$10.00 per week
\$500.00-\$2,999.99	\$20.00 per week
\$3,000.00-\$4,999.99	\$25.00 per week
\$5,000.00-\$9,999.99	\$30.00 per week
\$10,000.00-\$14,999.99	\$35.00 per week
\$15,000.00-\$19,999.99	\$40.00 per week
\$20,000.00-\$24,999.99	\$45.00 per week
\$25,000.00 and greater	\$50.00 per week

DWD imposes a 50% maximum limit for withholding of an obligor's unemployment compensation to be applied to child support obligation(s).

3. Applying Unemployment Compensation to the Title IV-D Case

In response to CSB's weekly electronic file of eligible obligors and their weekly child support obligation, DWD submits to CSB intercepted unemployment compensation benefits for matched obligors. The withheld unemployment compensation benefits are posted with the payment type UC.

⁴ IC 22-4-39-3; 42 U.S.C. § 654(19)(B)(i)

⁵ CSB-AT-116

⁶ IC 31-16-15-2.5(f)

If the obligor has more than one (1) open eligible Title IV-D child support obligation for current child support and/or arrears, the statewide child support system will automatically prorate the unemployment compensation to each Title IV-D case based upon each case's total percentage amount to be withheld that is submitted to DWD. Unemployment compensation benefits are then applied first to the obligor's current child support obligation and then towards any arrears balance.

4. Notice to Withhold Income (NOW) and Opportunity to Appeal

If a Notice to Withhold Income (NOW) has never been previously sent to the obligor, a NOW is automatically generated by the statewide child support system and sent to the obligor upon the receipt of intercepted unemployment compensation benefits.⁷ If required by local rules established by the Title IV-D Prosecutor's Office, additional NOWs may be issued manually and concurrently with each subsequent IWO issued on the case. The NOW provides notice to the child support obligor of the following:

- a. Income withholding has commenced and that an IWO will be sent to all current and future income payors;
- b. The amount of child support arrears that exists on the case;
- c. The amount of income to be withheld as the sum of the following:
 - i. The amount of the obligor's current child support obligation;
 - ii. The amount of any court ordered payments toward arrears;
 - iii. The amount of any statutory payment toward unadjudicated arrears; and
 - iv. A \$2.00 fee to be paid by the obligor, at the income payor's option, for each payment forwarded by the income payor to the Indiana State Central Collection Unit (INSCCU); and
- d. How to contest the initial IWO, due to a mistake of fact, via written request to CSB no more than 20 days after the NOW is issued.⁸

If the obligor wishes to contest the withholding, within 20 days of the date the NOW is mailed, the obligor must submit a written request for an administrative hearing to CSB.⁹ The only basis for contesting the withholding is that a "mistake of fact" has occurred.¹⁰ A mistake of fact, for the purposes of contesting the withholding, is either:

- a. An error in the amount of current or past due support listed on the NOW; or
- b. Mistaken identity of the obligor.¹¹

5. Unemployment Compensation Benefit Payment(s) Hold when a NOW is Generated

When a NOW is generated because of the receipt of intercepted unemployment benefits, a hold is placed on the unemployment benefit payment for 25 days upon its receipt by INSCCU. Subsequent unemployment benefit payments received by INSCCU are also held during this 25 day hold period. If an eligible administrative hearing has not been requested, then the unemployment benefit payment(s) will post to obligee's case(s) after the 25 day hold has lapsed. The obligor may contact the Centralized Enforcement Unit (CEU) to request the release of the unemployment benefits payment(s) to the obligee prior to the lapse of the 25 day hold.

⁷ IC 31-16-15-3.5(a); 42 U.S.C. § 666(b)(4); 45 C.F.R. § 303.100(d)(1)

⁸ IC 31-16-15-3.5(b); 45 C.F.R. § 303.100(d)

⁹ IC 31-16-15-4.3(a); 465 IAC 3.3.3(c)

¹⁰ IC 31-16-15-4.3(b)

¹¹ IC 31-16-15-4.3; 465 IAC 3-3-3(k); 45 C.F.R. § 303.100(c)(2)

If an eligible administrative hearing has been requested by the obligor, the 25 day hold is extended until an administrative hearing disposition is entered. Subsequent unemployment benefit payments received by INSCCU are also held until the administrative hearing disposition is entered. The resulting administrative hearing disposition will dictate if the held unemployment benefit payment(s) is to be refunded to the obligor or posted to obligee's child support case(s).

6. Case Event

A case event is generated in the statewide child support system when a case becomes eligible for unemployment compensation benefits withholding. This case event, however, does not indicate that the obligor is receiving unemployment compensation.

7. Manual Stop of Unemployment Compensation Withholding Submission to DWD

The Title IV-D Prosecutor's Office, or CSB, maintains the discretion to cease the weekly submission of the obligor's child support obligation to DWD for any of, but not limited to, the following reasons:

- a. Upon receiving a court order prohibiting unemployment compensation withholding;
- b. When Indiana is the initiating state in an intergovernmental case; or
- c. Double dipping: If the obligor's child support obligation is currently being fulfilled via an income withholding order (IWO).¹²

The Title IV-D Prosecutor's Office or CSB may also restart the weekly submission of the obligor's child support obligation to DWD.

8. Intergovernmental Case Processing

Because Indiana is a direct income withholding state, DWD will accept and process another State's IWO for unemployment compensation benefits.

a. Indiana as an Initiating State

When another State is enforcing an obligor's Indiana child support obligation, the Title IV-D Prosecutor's Office or CSB enters a manual stop to cease the weekly submission of the obligor's child support obligation to DWD.

b. Indiana as a Responding State

Because Indiana is enforcing the obligor's child support obligation, the obligor's information is submitted to DWD weekly and any unemployment compensation withheld is processed by the statewide child support system.

9. Case Closure

Once an obligor's case is closed to Title IV-D services, the statewide child support system will cease to submit the obligor's child support obligation for that case to DWD.

¹² CSB-AT-224

FORMS AND TOOLS

1. [Administrative Enforcement Matrix](#)
2. [Appeals Processing: How to Process Appeals in ISETS](#)
3. [Indiana Workforce Development Unemployment Insurance Claimant Handbook](#)
4. [ISETS Income Withholding Complete Guide](#)

FREQUENTLY ASKED QUESTIONS

N/A

RELATED INFORMATION

Examples of amounts submitted and withheld by DWD:

1. Obligor Has One (1) Open Eligible Title IV-D Case

Current support order: \$100.00 per week
Adjudicated arrears order: \$5.00 per week
Unadjudicated arrears balance: \$4,000.00
Obligor gets \$150.00 unemployment compensation benefits for that week

\$130.00 (\$100.00 + \$5.00 + \$25.00) total for that week is submitted to DWD for withholding of obligor's potential unemployment compensation benefits. DWD will withhold \$75.00 from the obligor's unemployment compensation benefits to be applied to obligor's child support obligation.

2. Obligor Has Two (2) Open Eligible Title IV-D Cases

Order #1:
Current support order: \$50.00 per week
Adjudicated arrears order: \$0.00 per week
Unadjudicated arrears balance: \$500.00

Order #2:
Current support order: \$0.00 per week
Adjudicated arrears order: \$0.00 per week
Unadjudicated arrears balance: \$10,000.00

Obligor gets \$250.00 unemployment compensation benefits for that week

\$105.00 (\$50.00 + \$0.00 + \$20.00 + \$0.00 + \$0.00 + \$35.00) total for that week is submitted to DWD for withholding of obligor's potential unemployment compensation benefits. DWD will withhold \$105.00 from the obligor's unemployment compensation benefits to be applied to obligor's child support obligations, with \$70.00 applied towards order #1 and \$35.00 applied towards order #2.

3. Obligor Has Three (3) Open Eligible Title IV-D Cases

Order #1
 Current support order: \$0.00 per week
 Adjudicated arrears order: \$0.00 per week
 Unadjudicated arrears balance: \$8,000.00

Order #2
 Current support order: \$35.00 per week
 Adjudicated arrears order: \$30.00 per week
 Undajudicated arrears balance: \$7,000.00

Order #3
 Current support order: \$0.00 per week
 Adjudicated arrears order (owed to State for past public assistance): \$40.00
 Unadjudicated arrears balance: \$0.00

Obligor gets \$150.00 unemployment compensation benefits for that week

\$165.00 (\$0.00 + \$0.00 + \$30.00 + \$35.00 + \$30.00 + \$30.00 + \$0.00 + \$40.00 + \$0.00) total for that week is submitted to DWD for withholding of obligor's potential unemployment compensation benefits. DWD will withhold \$75.00 from the obligor's unemployment compensation benefits. The statewide child support system will prorate payments into each of obligor's accounts based upon each case's total percentage amount to be withheld that is submitted to DWD. Therefore \$13.50 will be applied towards order #1, \$43.50 will be applied towards order #2 (with \$35.00 applied towards the current support order and \$8.50 applied towards the arrears balance), and \$18.00 will be applied towards order #3.

REVISION HISTORY

Version	Date	Description of Revision
Version 1	02/18/2020	Final Approved Version
Version 2	03/22/2021	Updated for consistency with other parts of Section 2. Verified citations are correct.