

To: Local Child Support Agencies

Subject: Veterans Affairs Conversion to DFAS

Date: October 11, 2006

This information from the feds relates to a very small pilot project which moves the payroll processing function for employees of the Austin, Texas VA office to DFAS. It impacts wage withholding for only those employees, not recipients of VA benefits in general. In fact, there are only 26 cases nationwide affected by this pilot. It is probable that most, if not all, of the cases are Texas cases.

Background Information:

As part of the Federal Government's ePayroll Initiative, Federal agency payroll providers are combining into four major financial centers. One center is the Defense Finance and Accounting Service (DFAS), which has responsibility for both military and Department of Defense (DoD) civilian payrolls. As part of the consolidation, DFAS has already taken over the payroll and garnishments for employees of the Department of Energy, the Department of Health and Human Services, and the Environmental Protection Agency. Effective September 2, 2006, DFAS has begun a gradual transfer of payroll functions for employees of the Department of Veterans Affairs (VA) offices across the country.

The VA conversion to DFAS's payroll is expected to take approximately two years. Under the first phase that began on September 2, the VA is conducting a pilot for one office. In this pilot, the VA will convert employees located at the Austin, Texas office to the DFAS DCPS (Civilian Pay System), and DFAS will handle the payments for those employees' child support obligations. There are approximately 1,300 employees at that location with 26 garnishments in place.

New Process:

Please immediately redirect new income withholding orders for VA employees at Austin, Texas to DFAS Cleveland, as indicated below:

Current address for income withholding orders:

Austin Data Processing Center
1615 East Woodward St.
Austin, TX 78772

Replace with:

DFAS Cleveland Center
DFAS-DGG/CL
P.O. Box 998002
Cleveland, OH 44199-8002

DFAS Fax: 216-522-6960

DFAS toll-free Customer Service: (888) 332-7411

DFAS web site for garnishment information:
<http://www.dod.mil/dfas/militarypay/garnishment.html>

Do not send all VA orders to DFAS Cleveland. Send only orders for noncustodial parents /VA employees whose New Hire and Quarterly Wage reports show DFAS Cleveland Center in the Employer Optional Address (Employer Address 3).

If you have any further questions, please contact Nancy Benner at (202) 401-5528 or nancy.benner@acf.hhs.gov.

Questions and Answers

1. Question: Does DFAS's takeover of child support payments for employees of VA affect income withholding orders sent to attach the beneficiary payments of NCPs who are veterans?

Answer: No. The payroll change only affects VA EMPLOYEES, who are civilian employees. The VA will continue to process child support payments from veterans who are BENEFICIARIES of VA benefits.

2. Question: Do all VA facilities use the same FEIN?

Answer: Yes. If your State cannot store multiple addresses for one FEIN, you should have a table of income withholding addresses for VA offices. OCSE provides such a table/list at the following web site.

http://www.acf.hhs.gov/programs/cse/newhire/contacts/iw_fedcontacts.htm

Select "D" for the Department of Veterans Affairs and scroll down to the VA link.

3. Question: If a VA employee works at the Austin office, what address will be returned to the State from the FPLS?

Answer: You will receive the Austin, TX address as Employer Address 1 and the DFAS Cleveland address as the Employer Optional Address (Address 3, which is for income withholding). For VA employees working at other VA offices, only Employer Address 1 will be provided, which will be the office where the employee works. That is also the office where the income withholding order should be sent.

4. Question: Our system is programmed to send out income withholding orders automatically when we receive a “hit” or return from the FPLS. Do we need to make a change regarding VA’s Austin, TX office?

Answer: Yes. The VA’s Austin, TX office address should be replaced with the address for DFAS Cleveland. As DFAS takes over more of VA’s payroll, there will be other VA office addresses to replace, but right now this only applies to the VA’s Austin, TX office address.

5. Question: If we send an income withholding order to DFAS for a VA employee who is working in a VA office other than Austin, what will happen to the income withholding order?

Answer: The order will be rejected by DFAS and returned to you, either electronically (if your State participates in Kids 1st) or manually if you send income withholding orders by paper to DFAS.

6. Question: Where should we send the National Medical Support Notice (NMSN) if the NCP is a VA employee?

Answer: Continue to send the NMSN to the VA address where the employee works. See the web site referenced in Question 2 for a list of VA facilities.