



American Payroll Association

Government Relations • Washington, DC

American Bankruptcy Institute **NACTT 52nd Annual Seminar** **July 15, 2017**

Commission on Consumer Bankruptcy **Committee on Chapter 13**

Written Statement

The American Payroll Association (APA) appreciates the opportunity to participate in the Commission on Consumer Bankruptcy's public meeting. We are committed to sharing our knowledge about the role of payroll professionals in the context of the Commission's mission to recommend improvements to the consumer bankruptcy system. While we have specific recommendations for the Commission to consider, we are open to assisting other stakeholders with their concerns and recommendations.

APA was established in 1982 as a nonprofit professional association serving the interests of payroll professionals in the United States. Today, we have more than 20,000 members. APA's primary mission is to educate members and the payroll industry about the best practices associated with all applicable federal, state, and local laws. Our Government Relations Task Force works with federal and state legislators and regulators to help members understand their legal obligations. In turn, we recommend improvements to minimize the administrative burden on employers, individual workers, and government bodies. We also act with private groups to share expertise and develop best practices for better processes and procedures for all stakeholders.

APA's Subcommittee on Child Support and Other Garnishments is interested in the Commission on Consumer Bankruptcy's Committee on Chapter 13 because our members process bankruptcy deduction orders and send payments to trustees on behalf of employees under Chapter 13 bankruptcy protection.

We offer two primary recommendations for consideration by the Commission: (1) implementation of electronic delivery of bankruptcy deduction orders and electronic transfer of payments to trustees and (2) creating a standardized bankruptcy deduction order form.

Develop and implement electronic systems

APA encourages the development and implementation of electronic capabilities for employer receipt of bankruptcy deduction orders and payments to trustees. Given an imperative to keep administrative costs low for employers and to carefully track a debtor's plan, it seems essential that bankruptcy transactions be electronic. Where paper is necessary, i.e., for very small employers or trustees, the bankruptcy system should enable simple electronic fill-in forms or, at a minimum, two-dimensional bar codes for any paper submission process.

A standardized file format would be beneficial to ensure that data elements are consistent among states. Ideally, bankruptcy deduction orders and payments should be processed through a centralized location. This includes electronic funds transfer such as the Third Party Payment file format created by NACHA – The Electronic Payments Association. NACHA's system is already known to employers and financial institutions as a reliable method for paying wages to employees electronically.

Create a standardized Bankruptcy Deduction Order form

APA recommends that the Committee on Chapter 13 develop a standardized bankruptcy deduction order form. Uniformity in forms adds greatly to employers' ability to process bankruptcy deduction orders, which leads to faster, more efficient processing of payments. In turn, a standardized form helps trustees, attorneys, and employees understand what information is needed by employers to effectively process orders.

The standardized bankruptcy deduction order form should include, at minimum, the following information:

- Type of notice, "Bankruptcy Deduction Order."
- Form category, including "Original," "Amended," or "Termination."
- Type of bankruptcy filing (Chapter 7, Chapter 13).
- Payment remittance identifier, such as the bankruptcy case number.
- Trustee information, including name, business name (if applicable), mailing address, telephone number, facsimile number, and email address.
- Bankruptcy court information, including court name, court clerk's name, mailing address, telephone number, facsimile number, and clerk's email address.

- Employee information, including full name, full or last four numbers of Social Security number, and any other identifying information (if known), such as the date of birth and home address.
- Fixed withholding dollar amount per month or specific pay frequency, as applicable.
- Effective beginning date of the wage withholding.
- Specific remittance instructions, including frequency (monthly or by pay period), electronic payment information or mailing address, and contact person's name.
- Contact information to obtain a list of creditors named in the filing.
- Other instructions as determined relevant by the trustee.

Conclusion

APA supports a bankruptcy system that offers standardized, effective, and efficient methods to managing bankruptcy deduction orders, including electronic communication capabilities and forms. We look forward to working with the ABI Commission on Bankruptcy to improve the bankruptcy system. To discuss APA's request further, please contact Corri Flores at 909-971-5858 (office), 909-895-9565 (mobile), or by email at corrinne.flores@adp.com.

Respectfully submitted,



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