

## **New Hire Reporting**

### ***Why the state new hire reporting process exists***

- The new hire reporting process<sup>1</sup> was created as part of welfare reform enacted in 1996 to enhance child support enforcement.
- New hire information is provided by the employer to their state and maintained in a State Directory of New Hires. Each state then submits their data to the National Directory of New Hires (NDNH).
- The NDNH also receives information from other reporting agencies, including federal agencies, a state's case registry of child support orders, and state workforce agencies.
- Employment and unemployment insurance information in the NDNH is then used to assist states in overcoming the challenges of interstate child support enforcement by locating child support obligors working in other states.<sup>2</sup> Over time use of the directory has been expanded for other purposes.
- The NDNH is operated by the Federal Office of Child Support Enforcement (OCSE) in the Department of Health and Human Services, and is maintained by the Social Security Administration (SSA).

### ***How employers use the system***

- Employers submit an "Employee's Withholding Allowance Certificate," or W-4 form, which includes the employee's name, Social Security Number (SSN), address, as well as the employer's name and address.
- The employer may choose the Internet, telephone or first class mail as the preferred method of transmitting the information to the state directory. Employers predominately elect to file their new employee's information electronically, with approximately 40 states making websites available for employers to submit information.<sup>3</sup>
- Federal law allows each state to determine the time in which an employer must submit the new hire information to the state directory except that the time allowed may not exceed 20 days from the date of hire.

### ***How the law is enforced to ensure compliance by all employers***

- Compliance with the law is typically done by state enforcement agencies.
- States may impose civil monetary penalties upon employers who fail to comply, and that penalty may not exceed more than \$25 per employee.
- It is estimated that between 1999 and 2004 employer compliance exceeded 90 percent.<sup>4</sup>
- All data entered onto the NDNH must be deleted within 24 months following its entry.

### ***How the "New Employee Verification Act" changes the process***

- Adds to the list of required information the employee's date of birth, the date the employee first reports for duty and alien identification number for non-citizens.
- Requires employers to submit the new hire information no later than three business days after the employee reports for duty.

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<sup>1</sup> Title 42, § 653A

<sup>2</sup> Federal Parent Locator Service, National Directory of New Hires, *Guide for Data Submission, General Information*, December 29, 2004. <http://www.acf.hhs.gov/programs/cse/newhire/library/ndnh/guide/1.htm>

<sup>3</sup> Administration for Children and Families, State New Hire Reporting Information. [http://www.acf.hhs.gov/programs/cse/newhire/employer/contacts/nh\\_matrix.htm](http://www.acf.hhs.gov/programs/cse/newhire/employer/contacts/nh_matrix.htm)

<sup>4</sup> Information provided by the Office of Child Support Enforcement, Department of Health and Human Services. July 13, 2006.