

## Minnesota's New Hire Compliance Procedure

### Identifying and Engaging Employers in New Hire Reporting

One of the biggest challenges that new hire reporting has presented to States is identifying non-participating employers and encouraging their compliance with reporting requirements. In Minnesota, the Child Support Enforcement Division (CSED) uses a file of employers maintained by another department to identify those employers not participating in new hire reporting, and engages in positive outreach and education to encourage greater employer compliance.

CSED's approach was to match all known, registered employers with those employers who had reported new hires within the last six months. Minnesota's Department of Revenue (DOR) maintains a file of all Minnesota employers, including non-profit organizations and small businesses, while the New Hire Reporting Center (NHRC) retains six months of employment records. NHRC obtained DOR's text file and converted it into an ACCESS database. Then the Federal Employer Identification Number (FEIN) of the registered employers was compared with the FEIN of those that had submitted a new hire report to the NHRC in the previous six months. The remaining list of employers then needed to be examined further.

Since multistate employers have the option of reporting all their new hires to only one of the States in which they do business, CSED filtered out those employers that report to a State other than Minnesota. To accomplish this, the list of non-reporting employers was manually compared with the list provided by the Federal Office of Child Support Enforcement (OCSE) of "multistate" employers that report their new hires to another State, a process which took about three hours. The final, filtered list showed that, of the 150,033 employers registered with the DOR, approximately 87,000 had not made a report to the NHRC in the previous six months. Minnesota notes that this number included some employers that may not have hired a new employee within the previous six months.

Working under the assumption that non-reporting is a result of such circumstances, or is inadvertent, CSED developed and mailed a brochure that "gently" reminds employers of the new hire reporting requirement and educates them on the reporting process. (Portions of the brochure are displayed in the text boxes.) CSED contracted at the lowest possible cost to have the addresses printed and mailed at a bulk rate cost of \$.21 per brochure. The total cost of three mailings to date is \$7,350.

We haven't heard  
from you in a  
while...

Maybe we haven't heard  
from you because you  
haven't hired anyone lately.

Maybe you are reporting to  
a different state.

Maybe you just forgot  
about the requirements.

Read on for a quick  
refresher on how to meet  
your New Hire Reporting  
requirements ...

**A Friendly Reminder.**

Failure to report a new employee could result in a fine of up to \$500.

New hire reporting has proven to be an effective means of increasing child support collections, lowering public assistance costs, and reducing fraudulent unemployment and worker's compensation payments.

If you have any questions about reporting new hires, complying with this law, or if you are reporting to another state, please contact the numbers listed above.

If you ask, we will give you this information in another form, such as Braille, large print, or audiotape.

Since CSED was not sure how large the response from employers would be, the mailing of the reminders was staggered; the first month 5,000 brochures were mailed, followed by 10,000 the next month, and 20,000 two months later. As a result of these mailings, 774 employers are participating in new hire reporting for the first time and over 3,000 new employees have been added to the NHRC database. CSED believes that most of these newly reporting employers are small employers who may not have known about the new hire reporting law. Furthermore, while some employers have no new employees to report, many have asked for more information to use in the event they do hire new employees.

In addition to the brochure, Minnesota also offers multiple ways for employers to contact the NHRC if they have questions or need additional information. Minnesota's CSED has taken proactive steps to identify employers who are not complying with new hire reporting, and has worked to design programs that maintain a positive relationship with them. By detecting non-compliant employers in innovative ways, CSED has sent a message that employer participation in child support is enforceable. By engaging employers positively, Minnesota's CSED has not only encouraged their participation in new hire reporting, but also in other important child support activities, such as income withholding. A little extra work in employer compliance ensures that more non-custodial parents can be found, more child support collected, and that children can attain the financial support they deserve.

For more information on Minnesota's New Hire Compliance Program, please contact Kay Dunkelberger, Supervisor of Operations, at 651-297-4267 or [kay.dunkelberger@state.mn.us](mailto:kay.dunkelberger@state.mn.us).

**How to Comply:**

Employers can submit these reports by any of the following methods:

- ◆ *Electronic Reporting.* If you have a computer and a modem, call the Center for the dial-up procedure.
- ◆ *Pre-formatted Diskette.* Call the Center and request a copy of the diskette.
- ◆ *Diskette.* Call the Center for the format.
- ◆ *Magnetic tape.* Call the Center for the format.
- ◆ *Printed List.* Fax or mail a printed list with the required information.
- ◆ *W-4 form.* After a new hire completes this Federal form, fill in the required employer information on lines eight and ten. Fax or mail a copy of the W-4 form to us.
- ◆ *New Hire Form.* Fax or mail the completed form to us. Call the Center for a copy of the form.
- ◆ *Payroll Service.* If you use a payroll or accounting service, consider asking the service to report your new hires for you.