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# New Hire Reporting:

*Answers to Employer Questions*

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It's good for children  
It's good for business



Department of Health and Human Services  
Administration for Children and Families  
Office of Child Support Enforcement

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, known as welfare reform, requires all employers to report certain information on their newly hired employees to a designated state agency.

In response to the many questions employers have asked regarding their responsibilities for New Hire reporting, the Federal Office of Child Support Enforcement (OCSE) has compiled this brochure to help employers understand and comply with the law's requirements.

## GENERAL ISSUES

### *What is New Hire reporting?*

New Hire reporting is a process by which you, as an employer, report information on newly hired employees to a designated state agency shortly after the date of hire. As an employer, you play a key role in this important program by reporting all your newly hired employees to your state.

### *What is done with the New Hire information?*

States match New Hire reports against their child support records to locate parents, establish an order, or enforce an existing order. In addition to matching within a state, states transmit the New Hire reports to the National Directory of New Hires (NDNH).

State agencies operating employment security (unemployment insurance) and workers' compensation programs have access to their state

New Hire information to detect and prevent erroneous benefit payments.

In addition, each state can conduct matches between its own New Hire database and other state programs to prevent unlawful or erroneous receipt of public assistance, including welfare and Medicaid payments and food stamps.

***Why have a National Directory of New Hires?***

It is estimated that more than 30 percent of child support cases involve parents who do not live in the same state as their children. By matching this New Hire data with child support participant information at the national level, the Office of Child Support Enforcement assists states in locating parents who are living in other states. Upon receipt of New Hire information from other states, state child support enforcement agencies can take the steps necessary to establish paternity, establish a child support order, or enforce an existing order.

***Why was New Hire reporting part of the welfare reform legislation?***

A major focus of PRWORA is parents' responsibility to support their children. It contains strict work requirements for custodial parents receiving public assistance and increases the effectiveness of the Child Support Enforcement Program by including New Hire reporting programs in each state. The Federal government attributes tens of millions of dollars in new collections to the use of New Hire data, as determined through on-site studies recently conducted in four states.

***Is the reporting process a burden to employers?***

The majority of the information you submit is already collected when your employee completes a W-4 form. Although the reporting process is an additional requirement, the majority of employers participating in state-established programs report either “no” or a “minor” cost impact on their operations. To ease the process, states are working closely with their employers, offering them a variety of reporting methods.

***Isn't this information available through quarterly wage reporting?***

Quarterly wage data is often out of date before the child support office receives the information. There can be as much as a six-month lag between the time the data is submitted and when it is available to the child support office. With New Hire reporting, the data are available within a significantly shorter time period. Because the data are more current, noncustodial parents can be located more quickly, allowing child support orders to be established and/or enforced more quickly.

***How does New Hire reporting benefit employers?***

A potential benefit to employers is the reduction and prevention of fraudulent unemployment and workers' compensation payments. Timely receipt of New Hire data allows each state to cross-match this data against its active workers' compensation and unemployment insurance claimant files—either stopping payments or recovering erroneous payments. States have saved million of dollars of erroneous unemployment insurance payments because of these cross-matches.

## DEFINITIONS

***What is the definition of “employer” for New Hire reporting purposes?***

Federal law states that an “employer” for New Hire reporting purposes is the same as for Federal income tax purposes (as defined by Section 3401(d) of the Internal Revenue Code of 1986) and includes any governmental entity or labor organization. At a minimum, in any case where an employer is required to have an employee complete a W-4 form, the employer must meet the New Hire reporting requirements.

***What is the “date of hire”?***

The “date of hire” is the first day services are performed for wages by an individual.

***If I lay off and then re-hire an employee, or an employee returns after a leave of absence, do I need to send in another New Hire report?***

If the employee returning to work is required to complete a new W-4 form, you should report the individual as a New Hire to the State Directory of New Hires (SDNH). If, however, the returning employee has not been formally terminated or removed from payroll records, there is no need to report that individual as a New Hire.

***Do I need to submit a New Hire report for independent contractors performing services for me?***

Some states do require the reporting of independent contractors. However, federal law does not require it. Check with your state New Hire contact for state-specific requirements.

***As a temporary employment agency, must we report as a New Hire each individual placed by our agency?***

If your agency is paying wages to the individual, you must submit a New Hire report. The individual needs to be reported only once except when there is a break in service from your agency such that a new W-4 form is required. If your agency simply refers individuals for employment and does not pay salaries, New Hire reports are not necessary. However, the employer who actually hires and pays the individual, whether on a part-time or full-time basis, will be required to report the New Hire information.

***Are labor organizations and hiring halls required to report members under the New Hire reporting program?***

Labor organizations and hiring halls must report their own employees, that is, individuals who work directly for the labor organization or hiring hall. As with a temporary employment agency, if the labor organization or hiring hall simply refers individuals for employment, a New Hire report does not need to be filed.

## ADMINISTRATIVE

### *How soon must I submit a report after hiring someone?*

Federal law mandates that New Hires be reported within 20 days of the date of hire. However, states are given the option of establishing reporting time frames that may be shorter than 20 days. You must adhere to the reporting time frame of the state to which you report. Be sure to check with your state New Hire contact to learn your state's requirements.

### *What form do I use to send in my New Hire reports?*

Reports must be made either on a copy of the W-4 form or, at your option, an equivalent form developed by you. Some states have developed an alternate form for reporting, but its use is optional.

### *What information must be reported on each New Hire report?*

Each New Hire report must contain the six data elements found on the W-4 form:

- Employee name, address, and Social Security number (SSN)
- Employer name, address, and Federal Employer Identification number (FEIN)

Although most states require only these six basic data elements, some states require or request additional data. Check with your state for reporting requirements.

***What if my new employee does not have a Social Security number?***

To apply for an SSN card, your employee needs to complete Form SS-5, which is available for download at <http://www.ssa.gov/online/ss-5.html>. Form SS-5 can also be obtained by calling 1-800-772-1213 or by visiting a local Social Security office. These services are free.

***Does the Federal government check for errors in Social Security numbers in the New Hire reports submitted by the states?***

The Social Security numbers (SSNs) on all New Hire reports sent to the National Directory of New Hires (NDNH) are verified by the Social Security Administration. Unverified SSNs are not posted to the NDNH.

Before submitting your New Hire report, you may wish to double-check the SSN/name combinations for accuracy. SSNs/names may be verified by calling the Social Security Administration's toll-free number for employers, 1-800-772-6270, weekdays from 7:00 a.m. to 7:00 p.m. EST, which provides a number of options for this purpose. For more information, you may visit <http://www.ssa.gov/employer/ssnv.htm>.

***Should our payroll office address or the employee's work site address be reported?***

If the work site address is different from the payroll address, report both the relevant work site and the payroll address. The work site address provides a locate resource while the payroll address is used for sending an income-withholding order. If you can provide only one address, report



the address where you want an income-withholding order to be sent.

***Do I need to send a New Hire report on a newly hired individual who quits before the New Hire report is due?***

Yes. Because the employer/employee relationship existed and wages were earned, a New Hire report must be submitted.

Even though the employment period was short, the reported information may be the key to locating a noncustodial parent.

***Where and how do I send the information?***

New Hire reports should be sent to the SDNH in the state where the employee works. Federal law identifies three methods for submitting New Hire information: first class mail, magnetic tapes, or electronically. For employer convenience, states offer additional options such as fax, email, phone, and website transmissions. Your state New Hire contact can provide you with instructions on where and how to send New Hire information.

Federal employers report New Hire data directly to the NDNH.

***Are there different reporting time frames for employers who submit New Hire reports electronically? What record layout should I use?***

If you are an employer sending New Hire reports by magnetic tape or electronically, two monthly transmissions must be made, not less than 12 or more than 16 days apart. You should contact the state where you submit your New Hire reports for all technical information regarding electronic reporting.

***How will the New Hire data be safeguarded after it is submitted?***

Security and privacy of New Hire data are important issues for all those involved in this nationwide program. Federal law requires all states to establish safeguards for confidential information handled by the state agency.

All state data is transmitted over secure and dedicated lines to the NDNH. Federal law also requires that the Secretary of Health and Human Services (HHS) establish and implement safeguards to protect the integrity and security of information in the NDNH and restricts access to and use of the information to authorized persons and for authorized purposes.

***Are there penalties for employers who do not report New Hires?***

States have the option of imposing civil monetary penalties for noncompliance. Federal law mandates that if a state chooses to impose a penalty on employers for failure to report, the fine may not exceed \$25 per newly hired employee. If there is a conspiracy between the employer and

employee not to report, that penalty may not exceed \$500 per newly hired employee. States may also impose non-monetary civil penalties under state law for noncompliance.

## MULTISTATE EMPLOYER ISSUES

### *I am a multistate employer. Do I have to report to each state in which I have employees?*

If you are a multistate employer, you have two reporting options. You may report newly hired employees to the states in which they are working, or alternatively you may select one state where you have employees working to which to report all your New Hires. If you choose to report to one state, your New Hire reports must be submitted by magnetic tape or electronically. Also, you must notify the Secretary of HHS, in writing, of the state you have chosen. Fax or mail your notification to:

U.S. Department of Health and Human Services  
Office of Child Support Enforcement  
Multistate Employer Registration  
Box 509  
Randallstown, MD 21133  
(410) 277-9325 (fax)

You also can electronically submit a Multistate Employer Notification form via the Internet. The form can be found in the *Employer Services – Library* section of the OCSE website: <http://www.acf.hhs.gov/programs/cse/newhire/employer/publication/publication.htm>. This address will take you to New Hire Reporting Instructions for Multistate Employers.

The NDNH will maintain a list of multistate employers and their designated reporting locations.

***What if I have more questions?***

The state where you operate a business can provide you with complete information and instructions, as necessary, regarding all aspects of its New Hire program and your responsibilities as an employer. If you have additional questions or concerns, please refer to the new hire reporting contact information at:

[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).



All of us in the child support enforcement community thank you for helping to build the strong partnership that exists today between employers and child support programs across the country. The real beneficiaries are, of course, the millions of children whose lives are made more secure because their parents are paying their child support through income withholding. The New Hire Reporting Program is essential to this effort and, together with income withholding, has resulted in tens of millions of increased support dollars for children. Your cooperation makes a difference in children's lives, and we thank you again for your commitment.

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**STATE NEW HIRE CONTACT INFORMATION**

To obtain new hire contact information and the reporting requirements for all states, go to:

[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)