

NATIONAL DIRECTORY OF NEW HIRES

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 (also known as Welfare Reform) was signed into law on August 22, 1996. One key provision of PRWORA is that all states must have a program to collect information about newly hired employees. Under new hire reporting, employers must report information about newly hired employees to a State Directory of New Hires (SDNH). States match new hire reports against their child support records to locate parents, establish orders, or modify or enforce existing orders.

With implementation of the SDNH, the child support agency can quickly locate non-custodial parents employed within the state. However, one-third of all child support cases involve parents living in different states. To address the large number of cases where the parent who owes child support is employed in another state, PRWORA called for the establishment of the National Directory of New Hires (NDNH). The NDNH is a major component of the Federal Parent Locator Service (FPLS).

What is the National Directory of New Hires (NDNH)?

The NDNH is a national repository of employment, unemployment insurance, and quarterly wage information. The data residing in the NDNH includes: records from the SDNH; quarterly wage and unemployment insurance data from the State Employment Security Agencies (SESAs), new hire and quarterly wage data from federal agencies.

How does the NDNH help states establish and collect child support obligations?

The NDNH interacts with the Federal Case Registry (FCR), another key component of the FPLS. The FCR contains information about persons in all child support cases being handled by state child support agencies, and in all support orders issued or modified after October 1, 1998. The FPLS automatically and regularly compares the data in the NDNH against child support cases and order data in the FCR. In addition, states can make a locate request to the FPLS, which includes an NDNH search. When there is a match, the FPLS provides the new hire, quarterly wage, or unemployment information concerning the custodial or non-custodial parent to appropriate states. Those states use the information to establish initial child support obligations, or enforce (through income withholding) existing orders.

In many instances, The FPLS will learn through the NDNH that a non-custodial parent is living and/or working in a state different from his or her dependents. With this information, a state can take appropriate actions regarding interstate establishment, modification, or enforcement of a child support order.

What are the employers' responsibilities?

Employers have up to 20 days from the date of hire – depending on state law – to report the following information for a newly hired employee to their SNDH:

- Name, address and Social Security Number (SSN) of employee
- Name, address and Federal Employer Identification Number (FEIN) of employer
- Any state-specific required data

What are the states' responsibilities?

States have five business days to enter the new hire data into the SDNH, then two business days to search for a match against their child support cases and issue an income withholding (if appropriate). States have three business days to forward the new hire information to the NDNH after entering it into the SNDH.

Once a state learns that a non-custodial parent has a new employer, the state must take the next appropriate action on the corresponding child support case(s).

How do federal agencies report their new hire data?

Federal agencies are required to report new hire and quarterly wage information directly to the NDNH rather than go through state agencies. Federal agencies electronically transmit records for each newly hired employee to the NDNH within 20 days of the hire date or by two monthly transmissions.

Is anyone exempt from being reported to the NDNH?

Federal agencies that are classified in nature may choose not to report to the NDNH certain individuals performing intelligence or counter-intelligence functions, if reporting could endanger the safety of the employee or compromise an investigation or intelligence mission. The FPLS may still request employment information for a specific non-custodial parent directly from these agencies, at a state's request.

Why are SSNs important to the FPLS?

Social Security Numbers are key to the information stored in the FPLS. All SSNs received through new hire, quarterly wage and unemployment insurance reporting are verified through the Social Security Administration before being placed on the NDNH. Records containing unverified SSNs are not posted to the NDNH. Without a valid SSN, information regarding a participant cannot be obtained nor passed to another state.