



US VIRGIN ISLANDS
DEPARTMENT
of **LABOR**

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New Hire FAQ Sheet

Effective October 1, 1997 the nation's employers have been required to report essential employment information for every new hired employee to a State New Hire Directory. Federal legislation in the form of "The Personal Responsibility and Work Opportunity Reconciliation Act of 1996" (PRWORA) requires States to operate a system for employers to report new hire information to the Office of Child Support Enforcement (OCSE). The New Hire data, together with Quarterly Wage and Unemployment Claims data enable OCSE to maximize enforcement of child support orders through the Parent Locator Service.

State Child Support Enforcement agencies use the New Hire data to match against their child support records to assist in locating parents, establishing support orders or enforcing existing orders. New Hire reports are also transmitted to the National Directory of New Hires (NDNH) which allows OCSE to assist States in locating parents on a national level.

State Unemployment Insurance, Workers Compensation, and Public Assistance programs may use New Hire information to detect and prevent the payment and receipt of erroneous or unlawful benefits and assistance. The New Hire reporting initiative has resulted in significant increases in child support collections, reductions in welfare payments, and millions of dollars saved in Medicaid, Food Stamps, Unemployment Insurance benefits, and Workers Compensation claims.

The following questions and answers are intended to help you understand and comply with the law's requirements.

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 a child support 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, food stamps and Medicaid payments.

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 case 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 agencies can take the necessary steps to establish paternity, establish a child support order, or enforce an existing order.

Why was New Hire reporting part of 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 program by including New Hire reporting programs in each state. The federal government attributes tens of millions of dollars in collections to the use of New Hire data.

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 "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 are often outdated when the child support office receives it. 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, data are available within a significantly shorter time period. Because 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 to either stop or recover erroneous payments. States have saved millions 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 day an individual first performs services for wages.

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

You must first make the determination of whether or not there is an existing employer/employee relationship. If the work being performed is based on a contract rather than an employer/employee relationship, under federal laws you are not required to report. In such a circumstance, the contractor is responsible for reporting his/her employees.

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 of 60 days or more or that would require a new W-4 form. 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.

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?

Employers are encouraged to report new hires by (1) submitting New Hire Reporting form by electronic media (2) mailing or (3) fax to:

New Hire Reporting
Virgin Islands Department of Labor
2353 Kronprindsens Gade
St. Thomas, VI 00802-6221
Phone: 340-776-3700 x. 2032
Fax: 340-774-5908
Email: newhire@vidol.gov

What information must be reported on each New Hire report?

Each New Hire report must contain seven data elements:

- Employee name, address, Social Security number (SSN) and date of hire (the date an employee first performs services for pay)
- Employer name, address and Federal Employer Identification number (FEIN)

The following items are also being requested to be reported to avoid future paperwork being sent to you:

- Employer's Account Number
- Employee's Occupation and Salary
- Employee's Date of Birth
- Is Dependent Health Insurance Available?
- Is this employee still employed with your company?
- Recall (Rehire) Date
- Employer date and signature

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. To report that someone has quit before the New Hire report is due, answer "NO" to the question "Is this person still employed with your company?"

How do I report Recalled or Rehired employees?

These employees are reported by completing the same information as required for new hires. These are employees for whom a new W-4 is not required. Check "recalled" on the form to indicate this employee had previously worked for your company, was laid-off and then rehired or recalled. You should re-report these employees as "recalled" using the return-to-work-date after layoffs ends.

Who should complete the New Hire Reporting Form?

You or your personnel staff should complete the form, not the employee. If an accounting or payroll firm completes the form for you, the employer's name must be listed under the "employer" section.

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 restrict 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?

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

What if I have more questions?

If you have questions about new hire reporting, call the Department of Labor at 340-776-3700

Questions regarding income assignments or other matters relating to Child Support should be directed to the Department of Human Services, Child Support Enforcement Division.