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| EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210 | CLASSIFICATION UI |
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ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 13-19

TO: STATE WORKFORCE AGENCIES

FROM: MOLLY E. CONWAY 
Acting Assistant Secretary

SUBJECT: National Directory of New Hires (NDNH) and State Directory of New Hires (SDNH) Guidance and Best Practices

1. **Purpose.** To issue enhanced Recommended Operating Procedures (ROPs) for NDNH and SDNH Cross-Matching Activity, that expand upon ROPs previously attached to Unemployment Insurance Program Letter (UIPL) No. 19-11, *National Effort to Reduce Improper Payments in the Unemployment Insurance (UI) Program*, by providing additional guidance and updated best practices on the use of New Hires tools.
2. **Action Requested.** State Unemployment Insurance (UI) agency administrators are requested to provide the information in this UIPL and its attachment to UI staff and other appropriate staff involved in New Hires operations and are advised to: 1) replace the ROPs attached to UIPL No. 19-11 with the ROPs attached to this UIPL; 2) immediately apply the enhanced guidance provided in this UIPL and the attached ROPs to improve New Hires cross-match operations; and 3) use technical assistance opportunities offered by the UI Integrity Center (<https://integrity.naswa.org/contact-us>) to institute recommended New Hires practices.
3. **Summary and Background.**
 - a. **Summary** — This UIPL provides enhanced and updated ROPs that focus on targeted issues associated with New Hires operations that impede New Hires processes and outcomes in reducing UI improper payments.
 - b. **Background** — The UI program has been out of compliance with the Improper Payment Elimination and Recovery Act (IPERA) of 2010, reporting an improper payment rate that exceeds 10 percent. This designation triggers additional oversight by Congress, the Office of Management and Budget (OMB), and the Office of the Inspector General (OIG). For the 2018 annual reporting period, the U.S. Department of Labor (Department) reported an estimated improper payment rate of 13.05 percent for the UI program. The Department is committed to bringing the UI program into compliance and has called on all states in this effort to reduce UI improper payments to achieve that goal.

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| RESCISSIONS None | EXPIRATION DATE Continuing |
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The Department has partnered with states to implement a wide array of national integrity strategies and to develop tools and share best practices to prevent improper payments and reduce the improper payment rate. The Department expects states to continue implementing integrity strategies that focus on targeting the leading root causes of improper payments, including payments to individuals who continue to claim benefits after they have returned to work and either fail to report or underreport their earnings, which result in Benefit Year Earnings (BYE) errors.

Overpayments resulting from BYE errors were the second leading cause of improper UI benefit payments in 2018. *The Strategic Plan for Reducing the Improper Payment Rate*, discussed in UIPL No. 19-11, explains that the strategy of cross-matching with the NDNH and SDNH, followed by immediate contact with the claimant and employer when there is a match, is considered one of the most effective improper payment detection strategies for addressing BYE errors.

In 2017, the OIG conducted an audit to verify the effectiveness of the NDNH cross-match by states. The OIG issued its audit report on September 27, 2018, *Improved Oversight of States' Use of New Hire Tools Would Help Reduce Improper Payments*, https://www.oig.dol.gov/cgi-bin/oa_rpts-v4.cgi?s=&y=2018&a=all. The OIG cited weaknesses in New Hires cross-match operations and concluded that states were underutilizing New Hires cross-matches.

The ROPs attached to UIPL No. 19-11 outlined best practices to detect and prevent improper payments using NDNH and SDNH cross-matches for the Benefit Accuracy Measurement (BAM) program which is used to estimate the UI improper payment rate and state UI Benefit Payment Control (BPC) programs, which are responsible for preventing, detecting, and recovering improper payments and detecting and prosecuting fraud.

4. **New Hires Directories.** UIPL No. 3-07, Change 1 Use of National Directory of New Hires (NDNH) in Unemployment Insurance (UI) Benefit Accuracy Measurement (BAM) Audits, mandated the use of NDNH for the BAM program beginning the week of December 30, 2007, and UIPL No. 19-11, mandated the use of NDNH for BPC related work performed by BPC or other staff by December 11, 2011.

To strengthen the efficacy of New Hires cross-matches, the Department strongly encourages states to implement processes and best practices included in this UIPL and the attached enhanced ROPs. We particularly encourage states to utilize the SDNH in addition to the NDNH for BPC programs, given that SDNH data is more current and enables states to detect BYE errors more quickly, thus preventing improper payments.

- **State Directory of New Hires (SDNH)**

It is important for states to understand the advantages of cross-matching against both the NDNH and the SDNH. Since the SDNH is the state's internal data source, there is no limit on the frequency for states to perform this cross-matching. SDNH cross-matching

can be conducted daily and on any day of the week, while NDNH cross-matching occurs only once a week. Daily SDNH cross-matching has the potential to prevent or reduce overpayments by one week or more.

The SDNH database is dynamic. Cross-match information is available shortly after new or updated information is entered into the SDNH database. Employer-reported New Hires W-4 information (Internal Revenue Service Form W-4 information regarding recently hired individuals) will be available in the SDNH for cross-matching five or more days before it is available in the NDNH. The SDNH database may also contain additional data elements not found in the NDNH database that could expedite investigations, such as the employer's phone number or the employer's email address. States can use this information to contact the employer when conducting NDNH investigations. Given these beneficial aspects, states are strongly encouraged to cross-match with their state SDNH on a daily basis.

- **National Directory of New Hires (NDNH)**

The NDNH cross-match has essential improper payment detection characteristics. Multi-state employers (employers that have businesses in more than one state) may report New Hires W-4 information to any one of the states where their business is located, rather than in the specific state where the individual was hired. Further, multi-state employers may elect to report New Hires information to only one state, rather than in all states where their businesses are located. Since multi-state employers have these reporting options, the state where the individual was hired may not have the New Hires W-4 information in their SDNH if the employer is reporting in a different state. NDNH provides states access to multi-state employer New Hires information that was reported in any and all states. Additionally, NDNH contains New Hires information submitted by all states. If a claimant in one state goes to work in another state, this information should be available through an NDNH cross-match. Finally, NDNH also provides information on Federal employees because the Federal government reports new hires directly to NDNH.

5. Availability, Accessibility, and Quality of New Hires Data.

A. Employer Compliance with New Hires Data Reporting.

Employers are required to submit New Hires data to the SDNH by a deadline that each state designates. The Department of Health and Human Services' Office of Child Support Enforcement (HHS-OCSE) is the Federal agency that manages the NDNH. Quarterly reports that are provided to states by HHS-OCSE contain information about employers that may not have reported new hires. States are strongly encouraged to review these reports and to remind those employers that appear to be noncompliant of the requirement to report new hires. In notifying employers of this requirement, states are encouraged to also include information on how to correctly report New Hires data and its value in preventing UI improper payments, which helps keep UI employer taxes low.

Additionally, state UI agencies are encouraged to collaborate with the agency in their state responsible for the New Hires directories to promote greater employer compliance, such as having laws or regulations in place to impose monetary or nonmonetary penalties on employers for failure to report new hires and ensuring enforcement of those penalties. The Department's data demonstrate that states that more actively promote and enforce employer compliance with New Hires reporting have more complete and accurate New Hires data and, as a result, have lower BYE overpayment rates.

B. Data Quality.

States designate various agencies to oversee the SDNH including receiving employer New Hires W-4 data and sending it to the NDNH. These agencies include child support agencies, state workforce agencies (SWAs) (i.e., the state UI agency), state revenue departments, and any other agency a state may choose to send and receive this data. Employers and the designated state agency managing the SDNH must follow specific data submission guidelines and reporting requirements to submit New Hires W-4 records successfully to the SDNH and to the NDNH. In some cases, employers and state agencies managing the SDNH are failing to adhere to these requirements. The resulting data errors can affect the availability of and access to NDNH data for cross-matching. Each submitting state agency receives a notification report with information about the data supplied, such as the total number of records the NDNH received and processed, and any data errors. These reports can help states identify and resolve data quality issues.

Another source of data quality issues is state UI agencies not meeting specific data requirements when requesting an NDNH cross-match. State UI agencies must follow the guidelines provided for record layout specifications; otherwise, data submission errors may occur. If data submission errors occur, they should be corrected and the records resubmitted for cross-matching, to ensure access to all available NDNH information. See Sections 4.1 through 4.3 (Employer Input Records, State Input Records, and NDNH Output Records) of the attached ROPs for guidance on submitting data.

State UI agencies should coordinate with the state agency managing the SDNH to develop initiatives to conduct employer outreach, provide technical assistance to employers, and address issues relating to data preparation or processing that might impact data submission (including the timeliness of submissions to the NDNH) or data reporting accuracy. If the state UI agency manages the SDNH, it should conduct these actions.

6. **Enhanced ROPs.** The Department identified several practices at various stages in the New Hires process that maximize the value of the New Hires information and potentially reduce the number of successive improper payments over the course of a claim. The enhanced ROPs being provided with this UIPL expand upon the ROPs originally issued on June 10, 2011, as an attachment to UIPL No. 19-11, highlight these practices, and provide guidance and instruction about their use. States should use these enhanced ROPs to assess their current New Hires procedures; to improve their New Hires detection performance; and to prevent more UI improper payments. State UI agencies needing to reduce BYE errors are strongly

encouraged to include the implementation of these enhanced ROPs as part of the Integrity Action Plan submitted as part of their State Quality Service Plan.

A. New Strategies to Maximize New Hires Cross-Match Outcomes to Bring Down the UI Improper Payment Rate:

- Establishing Date Parameters to Target NDNH Claimant Populations for Cross - matching — As states prepare to cross-match against the NDNH, they should take steps to determine which UI benefit records should be selected to request NDNH data, by parsing claimant data using specific date parameters. Date parameters allow states to designate specific periods to compare UI benefits weeks to a reasonable period when the employer may have submitted W-4 information. The Department recommends states use date parameters to match BPC records against New Hires files that are 40 days old to compare the most comprehensive data. By requesting a match of BPC records against New Hires records that extend 40 days prior to the date of the match, states can optimize the management of BPC New Hires workloads. The 40-day period was established by taking into account the timeframes permitted for employers, Federal agencies, the SDNH and the NDNH to report information that ultimately populates the NDNH. See Section 4.7 (Understanding New Hires Timeframes) in the attached ROPs. These permitted timeframes isolate the date of hire and provides a reasonable period within which “hits” (when there is a date of hire during the same period as UI benefit payments) will potentially occur and are more likely to be detected. States that set date parameters that extend further, such as 60 days prior or starting from the benefit year beginning date (as is required for BAM) for BPC, may find that this is a factor that contributes to backlogs and delays in processing New Hires cases, by generating additional and unnecessary workload. States should consider the 40-day period as a starting point for matching new claims. If a claimant received UI benefits and was hired during the 40-day or 6-week period (the first 6 weeks for the claim), there would be a “hit” when compared against the NDNH database. Using a date parameter that extends further back would be unnecessary, and as long as the claimant is receiving UI benefits and a date of hire has not been identified, the state may continue to include the claimant record in the group of records sent to NDNH for cross-matching.
- Using a Case Management System to Prioritize Cross-Match Results — Once the population of selected records is sent to the NDNH, workload “hits” are returned to the state. The “hits” identify claimants who are potentially working and receiving UI benefits. An automated case management system can help states manage and organize cross-match workloads by using data analytics to prioritize “hits.” In addition to setting the priority of “hits,” a case management system may have other features that improve the efficiency of the cross-match process including comparing “hit” information with benefit claim information and electronically generating documents for outreach with claimants and employers. To achieve better outcomes on “hits,” case management systems allow states to set parameters that can prioritize “hits” to escalate prevention and detection of overpayments with a greater impact, such as those with large dollar amounts or involving an excessive number of weeks.

Another valuable feature in some case management systems used to support state integrity activities is the identification of duplicate records. Duplication occurs when New Hires comparisons result in multiple hits that contain the same characteristics. Section 4.5 (Using Parameters for Workload Management) in the attached ROPs contains additional guidance on the detection of duplicate records.

- Using the SIDES Earnings Verification to Independently Verify Cross-Match Results — States should make efforts to independently verify New Hires information with claimants and employers. For the employer, states request an earnings verification to obtain specific information on days worked and dollars earned. Some states use electronic systems to allow employers to respond to earnings verification requests. Electronic systems, such as the State Information Data Exchange System (SIDES) Earnings Verification module, provide employers the ability to respond instantaneously and in a standardized format where employers can apply wage information in a configuration necessary to compute the overpayment amount. States are encouraged to have a program/system that upon receipt will automatically compare weekly earning amounts reported by the claimant with the earnings information reported by the employer. This comparison and the list of potential weeks affected by potential overpayments or underpayments should be generated and stored electronically in the claimant's case file. The BPC staff can use this information to determine whether an issue exists and conduct further investigation as needed.

The Department recommends that states implement the SIDES Earnings Verification module to enhance employer information and to augment New Hires cross-match investigations. The SIDES Earnings Verification module is managed by the National Association of State Workforce Agencies (NASWA). The SIDES NASWA team is available to assist with implementation and technical assistance, <http://www.itsc.org/Pages/sidescontact.aspx>.

- Using the Continued Claims Process to Independently Verify Cross-Match Results — To bolster states efforts to independently verify New Hires information with the claimant, the Department recommends integrating identified New Hires "hits" with the continued claims process. This practice can be effective in improving the prevention and detection of improper payment outcomes. While claimants are in continued claims status, they certify their eligibility for UI benefits. If a claimant is the subject of a New Hires "hit," the date of hire reported by the employer, employer name, address and account number are automatically added to the individual's claim. When the claimant contacts the agency's Interactive Voice Response (IVR) system or files on-line to attempt to certify, a questionnaire is generated. The claimant must complete the questionnaire prior to certification. Once completed, the claimant may receive payment and continue to certify for future weeks while the agency concludes its investigation. This practice helps address nonresponsive claimants by allowing staff to obtain information prior to claimants certifying to receive additional weeks of benefits. This practice is most effective when applied to the next continued claim

certification that is due immediately following a New Hires “hit.” To achieve this, the state must establish automated business processes for handling continued claim filing exceptions related to New Hires “hits.” Additionally, the UI agency should document the claimant’s case to indicate that wage information was obtained, and they should identify and address any other issues such as a separation or suitable work. Staff and/or the system should also promptly establish any improper payments or remove any barriers that were applied to the continued claim process and release any payments due.

B. Recommended Practices for Immediate Notification, Timely Determinations, and Investigation Follow-up.

The most important thing that states can do to prevent improper payments related to BYE errors is to take immediate steps when there is a New Hires cross-match “hit” to ensure that the claimant is made aware that the state UI agency has received information indicating that (s)he has returned to work and/or has earnings, and for the state to commence fact-finding and to adjudicate the issue as quickly as possible. As in the case with the ROPs issued in 2011, attached to UIPL No. 19-11, the enhanced ROPs provided with this UIPL instruct states to immediately contact (no later than the next business day) claimants and employers once a New Hires cross-match “hit” is flagged for investigation. When data identifying a cross-match “hit” is received states should immediately send a letter/notice to the claimant and employer identified by the match and provide a deadline for all parties to respond to the cross-match investigation. ETA continues to encourage states to adopt these processes.

The notices the state sends to the claimants and to the employers who are identified by the cross-match results should communicate the relevant claimant and employer responsibilities. The notice should instruct claimants to report or respond and provide information by a specific deadline date, and the notice to the employer should clearly indicate the earnings verification information to be provided by a specific deadline date. A party’s failure to timely respond and to provide the needed information hinders the state’s ability to complete an overpayment determination at the earliest point possible. Therefore, it is important to provide clear instructions and specific deadlines.

If the claimant fails to respond to the notice within the allowed response time, then the BPC unit must treat the failure to report in accordance with state law or policy. State law or policy may provide for an open or indefinite denial period or a closed denial period for the failure to report and/or failure to provide information when directed. If the state law or policy allows for such a determination then it must be applied. The reporting issue is a separate determination from the question of earnings and any denial based on reporting may not begin any sooner than the week in which the claimant failed to report or provide information. Therefore, after the claimant has been given an opportunity to respond, the reporting requirement issue may be used to stop payment of benefits for failure to report or failure to contact the agency for any week until such time that the individual reports or contacts the agency as directed. The Department reminds states that the failure to report is not sufficient to make a finding on whether or not any prior weeks of benefits were

improperly paid. The state is required to make a separate determination based on the facts to determine whether an overpayment has occurred (UIPL No. 01-16, Change 1, Q&A #10). Establishing a reporting requirements issue and completing a failure to report/provide information determination are critical steps in New Hires cross-match operations to control investigations and ensure payment when due.

In New Hires cross-match investigations, it is essential that sufficient information is obtained and quickly followed by the immediate completion of a determination. Although the notice serves as an attempt to obtain information, the Department recognizes that not all claimants and employers respond to the notice and that this failure to respond can result in lapses in relevant information. The Department reminds states that “[i]t is the responsibility of the agency to take the initiative in the discovery of information. This responsibility may not be passed on to the claimant or the employer” (Employment Security Manual (ESM), Section 6012, *Criteria for Review of State Law Conformity with Federal Requirements*, A. 1.). Because it is the responsibility of the state unemployment compensation (UC) agency to take the initiative to obtain information regarding an individual’s claim, independent verification of the information that is the basis of the overpayment, such as an individual’s return to work, must be initiated by the state agency. State agency staff must independently verify the information through the normal required fact-finding process and make the determination of eligibility based upon that verification (UIPL No. 01-16). As such, states must pursue the relevant and critical information when encountering non-responsive parties.

To ensure that states are proactive in the discovery of the information critical to completing a determination on an overpayment, the enhanced ROPs issued with this UIPL include a new recommendation as part of the New Hires cross-match investigations: the Department instructs states to make another attempt to obtain information immediately in those cases where there is no response to the state’s initial notice. The Department has determined that a second effort to obtain information is particularly helpful in augmenting investigation outcomes. This new recommendation, set out in 4.6 of the ROPs, is intended to enhance investigation outcomes and minimize BYE overpayments. Furthermore, states should work to complete determinations immediately after deadlines have expired.

UIPL No. 1145, *Procedures for the Implementation of the JAVA Decision*, describes requirements imposed on UI agencies, as a result of the U.S. Supreme Court ruling in California Dept. of Human Resources Development v. Java, 402 U.S. 121 (1971), regarding when UC is payable. UIPL No. 04-01, *Payment of Compensation and Timeliness of Determinations during a Continued Claim Series*, addresses payment of UC and timeliness of determinations during a continued claim series. UIPL No. 04-01 explains that because individuals in a continued claim series have been determined to be eligible for UC, benefit payments may not be suspended or delayed pending a determination on an eligibility issue. UIPL No. 01-16, Change 1, *Federal Requirements to Protect Claimant Rights in State Unemployment Compensation Overpayment Prevention and Recovery Procedures – Questions and Answers*, further explains: “If a

determination of ineligibility has not been made, a benefit payment must be made by the end of the week following the week in which an issue is detected. In practice, that means that states would have at most 7–10 days to make a determination of ineligibility in order to not issue the benefit payment.” These directives further establish that it is critical that states complete overpayment determinations promptly, since claimants can continue to draw UI benefit payments, once the 7–10-day timeframe expires, thereby increasing the duration and amount of improper payments.

7. **Integrity Resources.** ETA encourages states to make use of the various integrity resources discussed in this section to address BYE errors. NASWA operates the UI Integrity Center, a state-driven source of innovative program integrity strategies to prevent and detect improper payments and reduce fraud. The Department strongly encourages states to actively use UI Integrity Center resources designed to reduce improper payments. The UI Integrity Center continues to develop new products and should be considered a technical assistance resource for states in addressing integrity-related matters. Among its offerings to states, the Integrity Center compiles best-promising practices (such as integrating the continued claims process into the NDNH cross-match); provides a blueprint for state BPC operations using state best practices; and provides training curriculum for state BPC and integrity staff through its National Integrity Academy. When identifying potential strategies to address improper payments, states are also encouraged to use the “Integrity” tab on the UI Community of Practice (CoP) on the WorkforceGPS website, which is populated with best-promising practices by the Integrity Center (see <https://ui.workforcegps.org>). States that require technical assistance with integrity-related matters may contact UI Integrity Center staff at <https://integrity.naswa.org/contact-us>.

8. **Employment and Training Administration (ETA) 227 Overpayment Detection and Recovery Activities Report.** The Employment and Training Administration (ETA) 227, *Overpayment Detection and Recovery Activities Report*, is the required quarterly report states use to record data on established overpayments, recovered overpayments, criminal and civil actions involving fraud overpayments, and the age of overpayments. The ETA 227 report is vital because it provides information on the improper payment prevention, detection, recovery, and prosecution activities conducted by the state as part of its BPC operations. ETA 227 data can be used by states to evaluate and monitor the work performed by examining fluctuations in quarterly data. ETA 227 data is also important, because it is used in the computation of integrity-related UI performance measures; therefore, reporting accuracy is essential.

The NDNH and the SDNH are considered methods of detecting potential overpayments for investigations that are reported on the ETA 227 report. In addition to reporting NDNH and SDNH investigations, states report the number of overpayments established using the new hires detection method and associated overpayment amounts. ET Handbook No. 401, 5th Edition, contains the ETA 227 reporting instructions. When states conclude investigations and report quarterly on the NDNH and SDNH outcomes, they must ensure that they are adhering to ETA 227 reporting instructions and definitions.

States report NDNH and SDNH data in Section B., Line 210 (for – NDNH) and Line 204 (for – SDNH), on the ETA 227 report. The Department reminds states that they must ensure that NDNH data and SDNH data:

- 1) are reported on the appropriately designated line;
- 2) are not combined;
- 3) are not over or under reported; and
- 4) properly depict the quarterly counts of NDNH and SDNH investigations and amounts of overpayment determinations — and not quarterly counts of NDNH and SDNH cross-match “hits.”

States are encouraged to program their systems to separate NDNH and SDNH data to ensure proper reporting. This automated process allows states to easily identify the source of the investigation and overpayment, i.e., whether it was from NDNH or SDNH. Identifying the source should occur when the state receives the cross-match “hit.” By automating this activity, BPC staff will not have to perform this task. Rather, it will occur routinely as the state receives “hits.” However, if states rely on staff to distinguish between the two New Hires cross-match sources, they should ensure that staff are trained and can accurately identify and code each cross-match appropriately for proper accounting and reporting on the ETA 227 report.

Section B, of the ETA 227 report, is subject to Data Validation. Data Validation is the program that compares the data on UI required reports and the data in benefit systems to ensure such data is consistent, validating report counts and classification accuracy. States must use Data Validation results to reveal and investigate issues associated with ETA 227 reporting and work to resolve discovered issues. During FY 2019, the Department will provide interactive webinars to reinforce required reporting and share best practices.

9. **Inquiries.** Please direct inquiries to the appropriate ETA Regional Office.

10. **References.**

- Improper Payment Information Act (IPIA) of 2002 (P.L. 107-300);
- Improper Payment Elimination and Recovery Act (IPERA) of 2010 (P.L. 111-024);
- UIPL No. 1145, *Procedures for Implementation of the Java Decision*, issued November 12, 1971;
- UIPL No. 04-01, *Payment of Compensation and Timeliness of Determinations during a Continued Claims Series*, issued October 27, 2000;
- UIPL No. 3-07, Change 1, *Use of National Directory of New Hires (NDNH) in Unemployment Insurance (UI) Benefit Accuracy Measurement (BAM) Audits*, issued October 31, 2006;
- UIPL No. 19-11, *National Effort to Reduce Improper Payments in the Unemployment Insurance (UI) Program*, issued June 10, 2011;
- UIPL No. 2-12, *Unemployment Compensation (UC) Program Integrity – Amendments made by the Trade Adjustment Assistance Extension Act of 2011 (TAAEA)*, issued December 20, 2011;

- UIPL No. 2-12, Change 1, *Unemployment Compensation (UC) Program Integrity - Amendments made by the Trade Adjustment Assistance Extension Act of 2011 (TAAEA) -- Questions and Answers*, issued August 7, 2012;
- UIPL No. 2-12, Change 2, *Unemployment Compensation (UC) Program Integrity Provisions - Amendments made by the Trade Adjustment Assistance Extension Act of 2011 (TAAEA) - Combined Wage Claim (CWC) Program Questions and Answers*, issued October 15, 2014;
- UIPL No. 8-12, Change 1, *Consolidation of the Employment and Training Administration (ETA) 9000 and ETA 227 Reports*, issued July 27, 2015;
- UIPL No. 1-16, *Federal Requirements to Protect Individual Rights in State Unemployment Compensation Overpayment Prevention and Recovery Procedures*, issued October 1, 2015;
- UIPL No. 1-16, Change 1, *Federal Requirements to Protect Claimant Rights in State Unemployment Compensation Overpayment Prevention and Recovery Procedures – Questions and Answers*, issued January 13, 2017;
- Employment and Training (ET) Handbook No. 401, 5th Edition;
- ET Handbook No. 301, 5th Edition; and
- OIG Audit Report, Report number: 04-18-003-03-315, *Improved Oversight of States' Use of New Hire Tools Would Help Reduce Improper Payments* (September 27, 2018).

11. Attachment.

- I. Recommended Operating Procedures for Cross-Matching Activity: National and State Directories of New Hires (2019).

Recommended Operating Procedures For Cross-Matching Activity:

National and State Directories of New Hires

(2019)

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1. PURPOSE

These Recommended Operating Procedures (ROPs) for benefit cross-matching with the National Directory of New Hires (NDNH) and the State Directory of New Hires (SDNH) contain key guidelines, procedures, and requirements designed to successfully operate effective cross-matching programs to prevent, deter, and detect improper payments. The U.S. Department of Labor (Department) has enhanced these ROPs, (originally issued on June 10, 2011, as an attachment to Unemployment Insurance Program Letter (UIPL) No. 19-11, *National Effort to Reduce Improper Payments in the Unemployment Insurance (UI) Program*) to share additional effective procedures and recently updated best practices focused on targeting issues associated with states' New Hires cross-matching operations. These ROPs replace the original ROPs attached to UIPL No. 19-11. A summary and reasoning for the enhanced guidelines in this document is provided in the accompanying advisory – UIPL No. XX-19. The Department strongly encourages states to use the processes and procedures outlined in these ROPs when conducting NDNH and SDNH cross-matches.

2. SCOPE

These ROPs are not all-inclusive of the actions and procedures that states may undertake in order to improve the efficiency and efficacy of cross-match activities. However, the expectation is for states to use these recommendations provided herein as a model for results-oriented cross-matching activities. States may add or incorporate other successful practices not covered in these ROPs.

3. RESPONSIBILITIES

In most state workforce agencies (SWAs), the Benefit Payment Control (BPC) unit is generally responsible for conducting benefit payment cross-matches against data sources and are responsible for implementing procedures contained in these ROPs. States should consider the tasks contained in these ROPs and determine the appropriate BPC, Benefit Accuracy Measurement (BAM) or other staff to carry out these tasks and functions.

4. RECOMMENDED OPERATING PROCEDURES FOR NEW HIRES CROSS-MATCHES

This section outlines recommended and required actions and timelines identified as being key activities in a state's New Hires cross-matching program.

Overview

4.1 Employer Input Records

Provides instructions on submitting of employer New Hires W-4 information (Internal Revenue Service W-4 information regarding recently hired individuals) to the SDNH.

4.2 State Input Records

Provides instructions on submitting state records for the purpose of New Hires cross-matching.

4.3 NDNH Output Records

Provides information on NDNH records that are returned to states.

4.4 Frequency and Timing of Cross-Matches

Describes the frequency in which states should submit records for New Hires cross-matches.

4.5 Using Parameters for Workload Management

Provides information on the effective use of parameters to organize and prioritize New Hires cross-match hits.

4.6 Key Actions

Describes the key follow-up actions that states should take upon receiving NDNH and SDNH responses.

4.7 Understanding New Hires Timeframes

Describes critical activities and timeframes associated with the New Hires cross-match process.

Procedures

- 4.1 Employer Input Records** – The new hires employee data that employers send to the SDNH are referred to as employer input records. The employer input records contain information regarding newly hired and rehired individuals that states will submit to populate New Hires directories. Employers send a W-4 form or an equivalent form, for each newly hired individual that contains required data elements to the SDNH. The W-4 form is available on the Internal Revenue Service (IRS) website <https://www.irs.gov/pub/irs-pdf/fw4.pdf>. Employer input records also include quarterly wage information that states are required to submit to NDNH. In addition to the employer input records, states are required to submit Unemployment Insurance (UI) claims information to the NDNH. These records are all critical for state cross-matching and child support enforcement purposes.

Employer input records submitted to the SDNH are subsequently submitted to the NDNH by the state agency designated to manage the SDNH and the records must be formatted properly to guarantee successful submission. The NDNH will reject individual or groups of employer input records that are formatted incorrectly and return them to the state as errors in a response file. Corrections to employer input records may require the state agency managing the SDNH process to follow-up with employers. Errors left uncorrected by states or employers can prevent the records from being included in the NDNH database and may reduce the amount of data accessible to states. UI state agencies should coordinate and direct the state agency managing the SDNH process to pursue errors made by submitting employers and the state, apply corrections and resubmit records to the NDNH. Data submission requirements for employer input records are established by the Department of Health and Human Services' Office of Child Support Enforcement (HHS-OCSE) and are described in the *NDNH Guide for Data Submissions*, <https://www.acf.hhs.gov/css/resource/ndnh-guide-for-data-submission> (Note: Naming conventions established by HHS-OCSE may differ from those established by the Department; therefore, states should refer to descriptions provided by each agency for clarification).

Types of data submission issues that result in errors include missing dates of hire, missing employer addresses, missing or partial employer or employee names, missing or nonnumeric Social Security Numbers (SSNs), and missing Federal Employer Identification Numbers (FEINs). Other data submission issues that can result in the rejection or prevention of a state's record submission to the NDNH database may include significant reductions or increases in the volume of records submitted by the state and state's internal system edits that set higher submission standards (for example, requiring additional data elements not required for record submission to NDNH) and can prevent record submission entirely. The Department recommends that for NDNH input record submissions, states:

- Review the accompanying advisory section 5B *Availability, Accessibility, and Quality of New Hires Data*;
- Use the HHS-OCSE's *NDNH Guide for Data Submission*: <https://www.acf.hhs.gov/css/resource/ndnh-guide-for-data-submission>;
- Review employer records to ensure they are accurate/in the correct format and contain all required data elements;
- Report all required data elements in records submitted to SDNH;

- Perform outreach to employers that fail to submit records in the proper format, apply corrections, and resubmit corrected records;
- Provide technical assistance to employers on formatting guidelines;
- Ensure the volume of records is consistent with each submission, since record volumes are compared against historic norms; and
- Ensure that state system edits are in place to validate the data required for the NDNH submission, but are not severely restrictive to prevent the submission of employer records to the SDNH.

In addition to HHS-OCSE data submission guidelines, there are certain reporting requirements, established by the Social Security Act, relative to employers' submission of New Hires data to the SDNH. Each employer will furnish a report that contains the following information for the employee: name, address, SSN, and the date of hire. Although the state UI agency may not be directly involved in receiving New Hires information from the employer, the UI agency should still educate employers on the requirements for New Hires reporting. To reinforce these requirements, the Department highly recommends that states include in the letter/notice that is sent to the employer as part of the conduct of a New Hires investigation, an educational component that advises employers: 1) of the definition of the date of hire; 2) to report the date of hire of an individual; and 3) to report individuals who have been rehired (rehires). Rehires are employees who have temporarily separated from the employer for a period of 60 days or more. The "date of hire" is the date on which services for remuneration were first performed by the new employee.

When a rehired employee returns to work, the employer is required to report the employee as a new hire even if the individual is returning in the same job capacity held previously. Rehire reporting must include the date of hire (the date the employee first performed services for remuneration following a break in service of 60 days or more). State UI agencies should conduct ongoing employer education and/or engagement that may include using other methods of communication such as reminders on agency websites, information supplied in employer guides, etc.

4.2 State Input Records – State input records refers to records that states send to the NDNH and SDNH to match against the information in each directory. States send a SWA Input Detail Record (Appendix F) to the NDNH for each claimant to generate a cross-match request. The SWA Input Detail Record layout is used to define the cross-match parameters that determine the type of information returned to states following the cross-match. Similar to the employer input records, cross-match request record layouts must meet specific data submission guidelines that are defined in the SWA Input Detail Record layout. The Department advises states to follow SWA Input Detail Record layout instructions to prevent data submission issues and ensure essential information is returned. Additionally, states should:

- Submit records for cross-matching through their state designated hub so that the SWA Input Detail Records arrive at the NDNH each Friday by 3:00 p.m., Eastern Time;
- Submit records for cross-matching each week for the NDNH;

- Submit records for cross-matching each day for the SDNH; and
- Ensure that record formats are correct and contain all required data elements.

To run an efficient NDNH operation, states need practices in place to contend with increasing workloads. States construct SWA Input Detail Records and submit them to NDNH each week to cross-match new and existing claims. Whether and when a claimant is selected for cross-matching can be determined by isolating key UI claim characteristics. To prepare records for cross-matching, states should complete a record construction process using claim characteristics to determine the population of claimant records submitted to the NDNH. Record construction allows states to focus on cross-matching claimants that meet an established selection criteria and minimizes inflated NDNH workloads. The following section describes how to identify the population of claimants for cross-matching and several parameters that the state must address during record construction.

A. Selection of the Claimant Population for NDNH Cross-Matching –

State certification policies, payment lag times, determination timeliness issues, and the NDNH timeframes (the amount of time it takes for information to populate and be available in the NDNH) create the need for a “reach-back period” for constructing SWA Input Detail Records. The “reach-back period” refers to the period or days prior to the date that cross-match will be conducted. The “reach-back period” allows states to compare prior UI benefit weeks to the New Hires directory information submitted by employers, to determine if claimants worked and earned wages during the same period that UI benefits were paid. The “reach-back period” is the critical component that the Department recommends states use to determine which claimants should be matched against the NDNH directory. For the “reach-back period,” the state first determines whether a claimant has received a payment within the past 40 days. Selecting claimants that have received a payment (compensated weeks) within the past 40 days compared to selecting claimants who have only certified for benefit weeks within the past 40 days will help states manage workloads and prioritize “hits.”

Filtering out claimants with no compensated weeks refines the cross-match parameters and provides a sensible approach to workload management, since states are attempting to detect weeks worked and weeks paid. Matching against individuals who only certified during the 40-day period increases the number of NDNH record submissions and NDNH outcomes that require filtering to determine whether investigation is needed. If the claimant has received payment within 40 days, then their name and SSN must be included with that week’s submission file to the NDNH and a SWA Input Detail Record is created for that claimant. The 40-day period takes into account the timeframes allowed for the employers, the SDNH, and the NDNH to submit data elements that populate the NDNH. These timeframes are described in section 4.7 (Understanding New Hires

Timeframes). Employer data submission timeframes may vary based on state law or policy.

Table 1 (below) provides an example of the process for selecting claimants for cross-matching while factoring in the “reach-back period.” As demonstrated in Table 1, states parse claimant data for cross-matching by applying certain filters. This filtering process should be automated to eliminate the need for BPC or other state staff to perform this function. This automated file construction process should include the following fields as shown in the columns in Table 1:

1. **Record Construct and Transmit Date** – This cell is the date that records are compiled for submission to the NDNH. The Department recommends that states construct their records on Thursday for transmission to the NDNH on Friday. Constructing records on Thursday takes into account state payment cycles and provides for the inclusion of benefits paid through Thursday of the week’s record submission to the NDNH occurring on Friday.
2. **Record Construct and Transmit Day of Week** – This cell reflects the day of week (Thursday) when records are compiled for submission to the NDNH.
3. **NDNH Cross-Match Date Always Occurs on Friday** – This cell reflects the Friday date of the week’s submission.
4. **SWA Cross-Match Day of the Week** – This cell should always be Friday. HHS-OCSE requires the submission of records to the NDNH for cross-matching by Friday, 3:00 pm Eastern Time. Records submitted to HHS-OCSE after this deadline will not be matched until the following Friday.
5. **Weeks Compensated in Last 40 days? (Y/N)** – Did the claimant receive UI payments in the last 40 days, “Y” for Yes or “N” for No. This 40-day period represents the “reach-back period.”
6. **If Week Compensated = “Y” for a Given SSN** – This cell directs the state to create a SWA Input Detail Record for claimants in receipt of UI payments in the last 40 days, which is the “reach-back period.”
7. **W-4 From Date = Record Construct Date – 46 Days** – The *W-4 From Date* is a field in the SWA Input Detail Record. It is used to insert the beginning period for which the cross-match should occur. *W-4 From date* should be 47 days prior to the cross-match date (Record Construct Date minus 46 days).
8. **W-4 From Date Day of the Week = Benefit Week Beginning (BWB) Day** – If a state constructs their records on Thursday, the *W-4 From date* day of the week will always be Sunday. In most states, this is also the day of the week when the benefit week begins.

Table 1

| 1. | 2. | 3. | 4. | 5. | 6. | 7. | 8. |
|------------------------------------|---|---|---------------------------------|--|---|---|---|
| Record Construct and Transmit Date | Record Construct and Transmit Day of Week | NDNH Cross-Match Date Always Occurs on Friday | SWA Cross-Match Day of the Week | Weeks Compensated in Last 40 Days? (Y/N) | If Week Compensated = "Y" for a Given SSN | W-4 From Date = Record Construct Date - 46 Days | W-4 From Date Day of the week = BWB Day |
| 1/10/2019 | Thursday | 1/11/2019 | Friday | Y | If "Y" create SWA Input Detail Record | 11/25/2018 | Sunday |
| 1/17/2019 | Thursday | 1/18/2019 | Friday | Y | | 12/2/2018 | Sunday |
| 1/24/2019 | Thursday | 1/25/2019 | Friday | Y | | 12/9/2018 | Sunday |
| 1/31/2019 | Thursday | 2/1/2019 | Friday | Y | | 12/16/2018 | Sunday |

Each row in Table 1 represents a claimant that has received at least one UI payment within the last 40 days. The table also contains a number of dates/days to consider, since the NDNH process is very time sensitive. For more information about timeframes, refer to section 4.7 (Understanding New Hires Timeframes).

B. SSN-Name Verification – The SWA Input Detail Record contains several fields. Many of the fields are “Optional” and some are designated as “Required.” However, a state’s decision on whether to populate certain fields can have significant consequences on the information returned from NDNH.

As mentioned, a state constructs a SWA Input Detail Record for each claimant selected during the automated filtering process. The “Optional” field, field name *Verification Request Indicator*, notifies the NDNH on whether a state is requesting SSN-name verifications against the Social Security Administration (SSA) database. If states enter “Y,” the SSN-name verification is requested. Any record that fails verification is eliminated from the cross-match and the verification result is returned in the *Reject Code* field on the SWA Notify Output Detail Record. The NDNH performs the SSA verification regardless of whether “Y” is entered and unverified SSN-name combinations are rejected from the cross-match. If a state selects “N” in the *Verification Request Indicator* field, the state is choosing not to be notified that the records failed verification and that the records were eliminated from the cross-match.

The Department advises states to select “Y” in the *Verification Request Indicator*, to conduct SSN-name verifications, for all BPC records. This action ensures states are notified by the NDNH of unverifiable SSN-name combinations. States should review records eliminated from the cross-match, resolve the issues if possible, and resubmit the record(s) for cross-match. For example, an SSN-name combination submitted by the state could differ from the one on file with the SSA (e.g., due to marriage, divorce, adoption, or a misspelled name). Records that could not be verified may also be an indicator of identity theft or the fraudulent use of an SSN.

C. Request a Match of In-State Records – Another “Optional” field in the SWA Input Detail Record is the *W-4 Same State Data Indicator*. The Department suggests

that states enter 'Y' in the *W-4 Same State Data Indicator* field to ensure that claimant records are cross-matched against New Hires records submitted to the NDNH by its own state/state employers. By selecting this option, states are provided an opportunity to match against New Hires information that an employer reported late (after the required reporting period) or information that was resubmitted to NDNH to correct errors.

Another reason to include in-state requests concerns the "reach-back period" for SDNH cross-matches. While there is a recommended "reach-back period" for the NDNH (40 days), states set their own "reach-back period" for the SDNH. In some cases, states are reaching back for a shorter duration. By requesting in-state cross-matching through NDNH, states are afforded New Hires information that may not be detected during the state designated SDNH "reach-back period."

There is a potential that states will encounter some of the same records identified in the SDNH. However, the existence of duplicates is a characteristic of the NDNH process and can occur at various stages. Duplication issues should be managed by applying an automated routine that filters out duplicate records – see discussion in section 4.5 (Using Parameters for Workload Management).

D. W-4 From Date – As discussed in section A (Selection of the Claimant Population for NDNH Cross-Matching), the *W-4 From Date* is a field that states should apply when filtering claimants for cross-matching. The *W-4 From Date* is an "Optional" field in the SWA Input Detail Record that instructs states to provide a date that will represent the beginning period to conduct the cross-match comparison. This date is one of two dates that form the critical 40-day "reach-back period," where the NDNH completes a comparison that identifies employer W-4 records that were processed during the period. The Department recommends that states provide a date in *W-4 From Date* field that designates the beginning of the 40-day "reach-back period." Providing a *W-4 From Date* will ensure that records are matched against employer provided W-4 records that were processed starting from the *W-4 From Date* specified by the state. If this field is left blank or if an invalid date is provided, the cross-match will be limited to comparing W-4 records from two weeks prior to the match date.

E. W-4 Through Date – The "Optional" *W-4 Through Date* field, in the SWA Input Detail Record, is the second of the two dates that form the critical 40-day "reach-back period." The *W-4 Through Date* allows states to request (for a given SSN) the return of all available W-4 records processed by the NDNH for a period that begins on the *W-4 From Date* and ends on the *W-4 Through Date*. The Department recommends that states populate the *W-4 Through Date* with a date that is no earlier than the date of the cross-match (Friday). By using the date of the cross-match, states will match the most up-to-date information available. States may also leave this field blank to ensure the entire "reach-back period" is requested, since the *W-4 Through Date* will default to end on the date of the cross-match (Friday).

4.3 NDNH Output Records – NDNH output records refer to the cross-match information records that the NDNH returns to the state in response to the request submitted in the SWA Input Detail Records. The NDNH returns two records to the state: the SWA W-4 Output Detail Record (described in Appendix G) and the SWA Notify Output Detail

Record (described in Appendix H). The SWA W-4 Output Detail Record is also known as the “hit” file. The “hit” file contains the results of a state’s cross-match request including SSN-name verification results and the date of hire. The date of hire is a critical element since it can assist states in organizing cross-match results and establishing parameters for prioritizing “hits” that require investigation. When the “hit” file is received, states can use the date of hire as a starting point for comparing weeks compensated, to narrow down the weeks affected by the “hit.” The date of hire can also be used to review claimant certification responses that were provided during the week the claimant was hired and subsequent to that date. Certification responses can reveal how a claimant responded to questions regarding having worked and earned wages, to identify potential fraud or a claimant’s failure to report earnings. If the New Hires record received from the NDNH does not contain the date of hire, the *W-4 From Date* should be used instead to organize cross-match results.

The SWA Notify Output Detail Record is used to provide states with an acknowledgement that the cross-match request was received and in the *Reject Code* field it notifies states of any errors that occurred. Errors occur when records contain insufficient name information, the SSN was missing or invalid, or the SSN-name combination submitted was unverifiable. These errors cause records to be eliminated from the match process. States should work to correct errors and resubmit records to NDNH.

4.4 Frequency and Timing of Cross-Matches – SDNH input records are generally expected to be submitted on a daily basis since these files are updated daily. NDNH input records are generally expected to be submitted on a weekly basis (each Friday before 3:00 pm, Eastern Time). States should ensure that records are submitted to the NDNH each Friday by 3:00 pm, Eastern Time, because records submitted after 3:00 pm will not be processed (cross-matched) until the following Friday. HHS-OCSE performs the NDNH cross-match on Friday and any records submitted by states for cross-matching before Friday are not matched until that time.

4.5 Using Parameters for Workload Management – Effective automation allows states to effectively manage workloads with the innovative use of parameters to perform various functions. Parameters can be used to narrow the scope of the information in the cross-match results returned by HHS-OCSE. Workload management through the effective use of parameters helps to identify duplicate records, identify “hits” requiring investigation, or prioritize the work (“hits”) by screening out matches that do not require immediate action. Many states use automated case management systems to perform these tasks thereby eliminating the need for these activities to be performed manually by BPC staff.

There are different types of parameters states should apply for effective workload management:

Duplicate detection parameters can classify records as identical when they contain information for the same claimant (i.e., duplicate claimant name and SSN); who was hired by the same employer (i.e., duplicate employer name, employer address and FEIN); and who was hired (or rehired) on the same date (i.e., duplicate date of hire or rehire date). Dual “hit” records are identified when comparing newly received New Hires data to UI claims information in the UI benefits system to determine if there are

any identical records that would eliminate the need to investigate the new “hit” due to an existing staff investigation assignment. The duplication occurs when the same claimant record is submitted for cross-matching more than once and each submission results in a cross-match “hit.” States should institute a process to detect duplicate records to filter out “hits” that have already been assigned to staff for investigation. Including this parameter prevents this type of duplication that can inflate workloads.

The detection of duplicates function should also be used to ensure that records are correctly classified as duplicates. This approach to detecting duplicates is particularly helpful when states match against the SDNH and also in-state records through the NDNH. In matching against both directories, it is important for the state to consider the variables that would constitute an actual duplicate record. For example, a state may have records with similar characteristics, with the exception of the date of hire. These characteristics may represent an individual who has different dates of hire due to different periods of employment (e.g., a rehired employee). This differential would suggest that there would be an individual record for each employment period rather than one record being characterized as a duplicate and being eliminated from investigation.

Identifying dates of hire within the “reach back period” is another parameter that states should apply when the “hit” record is returned. States should review the information contained in the SWA W-4 Output Record to determine whether a date of hire has been provided that falls within the “reach-back period,” or if a W-4 was processed during the “reach-back period.” These date parameters manage “hits” by allowing states to use the date of hire or *W-4 Processed Date* as a starting point for comparing weeks compensated during the “reach-back period” to days that the claimant may have worked and simultaneously received UI benefit compensation. This comparison can assist states in determining which records require further investigation. States should also use date parameters to eliminate records from investigation when there is no indication of any days worked within the weeks compensated during the “reach-back period.”

Other characteristics in the “hit” file can be used to set parameters. The *Employee State of Hire*, can allow states to identify claimants who worked for a multi-state employer (employer who has employees in two or more states), if states include this field with the data elements used to conduct comparisons of cross-match and UI data to identify potential investigations. States should use the *Employee State of Hire* field as part of their established parameters in order to include claimants employed by multi-state employers in the population of potential investigations.

There are other types of parameters that states can consider for workload management. These boundaries can help determine whether the claimant-committed fraud, failed to report earnings, or underreported based on state law. They can also help standardize the sequence for prioritizing “hits” for investigation. These types of parameters include:

- Did the claimant have a prior fraud overpayment determination?
- Did the claimant have a prior non-fraud overpayment determination?

- Did the claimant previously fail to report wage information resulting in an earnings adjustment of benefit weeks paid?
- Did the claimant previously “underreport” earnings resulting in earnings adjustment of benefit weeks paid?
- What responses did the claimant provide, during the continued claims process, regarding whether they worked and earned wages?
- Does the amount of the overpayment constitute fraud based on state law or policy?
- Is the overpayment amount excessive as established by the state law or policy?
- Is the overpayment duration excessive as established by the state law or policy?

The Department advises states to immediately apply parameters to cross-match results as they are received and use all available NDNH data and UI claims data to determine whether records should be eliminated or considered for potential investigation. The elimination of duplicate records, selection of “hits” for investigation, and the prioritization of investigations will allow states to focus on investigations with the most significant impact to the UI system. States are reminded that circumstances (such as a minimal number of weeks overpaid (e.g., 1 week) or a minimal dollar amount overpaid (e.g., \$50)) may be used to determine the priority of investigations; however, it should not be a determining factor for eliminating cases from investigation. Established parameters also provides states with information to determine outcomes of overpayment investigations, i.e., a fraud determination, a non-fraud determination or an earnings adjustment. Review section 6A (*New Strategies to Maximize New Hires Cross-Match Outcomes to Bring Down the UI Improper Payment Rate*) in the accompanying advisory for more information on the use of parameters for workload management.

States are reminded that when establishing investigations it is important to assign work to staff with the skills and experience to handle these investigations and any other issues that may arise (e.g., separation issues or non-separation issues). States should assign work in a manner to avoid delays in the resolution of all outstanding issues on an individual’s claim and to ensure payment when due.

4.6 Key Actions – States should ensure the following actions occur during New Hires cross-match operations:

- States are encouraged to process data from the SDNH and the NDNH as soon as it is received (which is daily for SDNH and weekly (generally, Mondays) for NDNH).
- States should identify issues based on “hit” results and designate the Issue Detection Date (IDD). Many state systems either are programmed to automatically identify the IDD or are programmed to allow state staff to enter the IDD manually. **The IDD is the date that the state receives the “hit.”** The IDD is not the date that an employer returns the earnings verification notice/request. It is also not the date the state completes the investigation of the “hit” and/or establishes the overpayment. See ET Handbook No. 401, 5th Edition, Section V-3 and ET

Handbook No. 301, 5th Edition, Chapter V, for additional information regarding IDD.

- As states process data, they should determine the sequence of investigations, begin conducting investigations and complete determinations. The Department reminds states to refer to and ensure compliance with UIPL No. 1-16 and UIPL No. 1-16, Change 1, *Federal Requirements to Protect Individual Rights in State Unemployment Compensation Overpayment Prevention and Recovery Procedures* and review the accompanying advisory section 6B (*Recommended Practices for Immediate Notification, Timely Determinations, and Investigation Follow-up*).
- States are strongly encouraged to take immediate action and send a letter/notice on the same day as the cross-match result is received (or no later than the next business day) to claimants and employers identified by the NDNH or SDNH “hits.” Since state laws and policies vary regarding the repercussions for committing fraud (criminal prosecution, etc.) and the ineligibility period for failure to report or provide information, states should modify the sample notice (below) to reflect state specific information.

Sample Notice for Claimants:

IMPORTANT NOTICE ABOUT YOUR UNEMPLOYMENT BENEFITS

Agency records indicate that you received unemployment insurance benefits for a period of time during which you may have also been employed. Employer information has been received that indicates you are working or have worked and earned wages.

We are contacting this employer for a breakdown of actual wages for each week in question in order to assist this agency in determining whether a benefit payment issue exists. Such an issue exists if wages were earned during the same period/week(s) that you received benefits.

*During each week that you are claiming benefits, you are required to inform this agency of your employment status. If you are working, you must report any and all wages earned. Please note: Reporting of wages is required for the week(s) in which such wages are earned, not delayed until the wages are paid. Working, earning wages and failing to report such work and earnings while filing for unemployment insurance benefits may constitute **FRAUD**. Individuals may be criminally prosecuted, fined and/or imprisoned for committing fraud and will be required to repay any benefits determined to be overpaid.*

We need you to respond to this notice by (insert date/time). Please contact this agency by calling (xxx) xxx-xxxx. If you fail to respond within the required response timeframes, you may be held ineligible for benefits until you respond and provide the information requested. Additionally, you will be prevented from completing (filing) your weekly (or biweekly) certifications.

- States are strongly encouraged to notify affected claimants that they are required to report or required to contact the state UI agency, preferably before the date of the next

continued claim certification, in order to resolve the issue.

- States should use the continued claims filing system to manage claimants that fail to report or contact the agency in response to the notice (see section 6A (*New Strategies to Maximize New Hires Cross-Match Outcomes to Bring Down the UI Improper Payment Rate*)) in the accompanying advisory. The Department recommends two practices:
 1. Program the continued claim filing system to allow an adjudicator or BPC staff to intervene to speak to claimants who have been identified as potentially working (based on NDNH/SDNH matches).
 2. Program the continued claim filing system to automatically add the date of hire reported by the employer, employer name, address and account number to an individual's claim when they have been identified as potentially working (based on NDNH/SDNH matches), and have the system generate a questionnaire that the claimant must complete before filing their certification.

These practices allow states to conduct necessary fact-finding and resolve the issue with the claimants at the time the claimant attempts to file their next weekly (or biweekly) claim certification. In some cases, this intervention will give states an opportunity to gather information from a claimant even earlier than the due date of the claimant response to the agency's notice/letter.

- States are strongly encouraged to notify appropriate employers that the state is seeking earnings information and require responses within a specified period of time (for example, within 7 business days). The Department recommends that states use an electronic system to expedite the transmission of the earnings verification from the employer to the state.
- States should capture the employer provided wage information in a benefits system and run an automated program to compare claimant certified earnings to the employer reported earnings. The automated system should have the capability to calculate differences between weekly values, identify weeks with differences, and flag a potential overpayment or underpayment. This type of activity can be performed by a case management system (see section 6A (*New Strategies to Maximize New Hires Cross-Match Outcomes to Bring Down the UI Improper Payment Rate*)) in the accompanying advisory.
- States should make an immediate additional attempt to obtain information from any claimants or employers that fail to respond to the initial letter/notice. Review section 6B (*Recommended Practices for Immediate Notification, Timely Determinations, and Investigation Follow-up*) in the accompanying advisory.
- States should conclude investigations promptly after the allotted response deadline has elapsed and issue an appropriate determination based on the responses or lack of responses. Determinations may include denials for failure to report or failure to contact the agency, as required under the state's UI law (lack of responses from both parties prevents a determination based on NDNH matches since these are generally needed to complete an independent verification of the NDNH data).

4.7 Understanding New Hires Timeframes –

| Activity | Timeframe |
|---|--|
| Employers report W-4 (New Hires) data to the SDNH | Required to be made no later than 20 days after the date the employer hires the employee; or in the case of an employer transmitting reports magnetically or electronically, by 2 monthly transmissions (if necessary) no less than 12 days, no more than 16 days apart. |
| New Hires data received from employers entered into the SDNH | Within 5 business days of receiving W-4 New Hires reports from employers, states must enter these reports into the SDNH database. |
| Timeframe For New Hires information to be available for cross-matching in the SDNH | If employers and the SDNH adhere to minimum reporting timeframes, New Hires data could be available in the SDNH in 20 days or earlier. However, if the maximum timeframes described for SDNH are used, a total of 25 days may lapse before SDNH information is available for matching. If the employer and SDNH use the maximum amount of time allotted for reporting and recording new hires, a claimant may have worked between 21 and 25 days (or later) before New Hires information is available for matching. |
| SDNHs transmit New Hires data to the NDNH | Within 3 business days after the New Hires data is entered into the SDNH, the state must furnish the New Hires data to the NDNH. |
| New Hires data from Federal agencies and SDNHs entered into the NDNH | New Hires data must be entered into the NDNH within 2 business days upon receiving the data. |
| Timeframe For New Hires information to be available for cross-matching in the NDNH | If employers, Federal agencies, the SDNH and the NDNH adhere to minimum reporting timeframes, New Hires data could be available in the NDNH in 25 days or earlier. However, if the maximum timeframes described for NDNH are used, a total of 30 days may lapse before NDNH information is available for matching. If the employer, Federal agencies, the SDNH, and the NDNH use the maximum amount of time allotted for reporting and recording new hires, a claimant may have worked between 26 and 30 days (or later) before New Hires information is available for matching. |
| State constructs and submits its cross-match request daily to the SDNH | For BPC, the Department recommends that the state requests a cross-match for all claimants who have received payment within the past 40 days. This allows for the business steps shown above and takes into consideration the weekly or biweekly certification processes and time lags associated with the claim. The 40-day “reach-back period” also accounts for payment delays due to other issues that result in temporary ineligibility and a claimant being paid benefits later in the benefit year. State requests the return of all new hires reported to SDNH from 47 days prior to the cross-match date for each individual SSN. |
| State constructs and submits its cross-match request <u>every week</u> to the NDNH. State may transmit multiple requests (input records) in a week. NDNH will cross-match requests received during the prior 7 days if the state submits the request | For BPC, the Department recommends the state request a cross-match for all claimants who have received payment within the past 40 days. This allows for the business steps shown above and takes into consideration the weekly or biweekly certification processes and time lags associated with the claim. The 40-day “reach-back period” also accounts for payment delays due to other issues that result in temporary ineligibility and a claimant being paid benefits later in the benefit year. State requests the return of all new hires reported to NDNH from 47 days prior to the cross-match date for each individual SSN. |

| Activity | Timeframe |
|--|---|
| before 3:00 pm, Eastern time on Friday. | For BAM, the state requests the return of all audited claimants starting from the benefit year beginning date through 30 days after the end of the key week. At least one request must be transmitted to NDNH 30 days after the end of the key week. See UIPL No. 03-07, Change 1, for BAM cross-match parameters. |
| NDNH returns summary and transmittal data, including error reporting, to the submitter | NDNH sends transmittal, summary, and error data to the submitting Federal or state agency and/or SDNH (agency), as appropriate, within 4 business days of the system receiving the data. |
| Report matches from the NDNH to the state | NDNH matching information is transmitted to the state within 2 business days of the match. The earliest information would be available is on the following Sunday or Monday after the cross-match occurs. |
| State processes the NDNH/SDNH records that are returned | State eliminates duplicate records from the dataset (Same SSN, employer, hire date, etc.) on the date of receipt of the information from NDNH/SDNH. |
| State compares cross-match outcomes to compensated weeks and determines "hits" requiring investigation | State software determines whether weeks are compensated after the hire date (or <i>W-4 From Date</i> if hire date is not provided). If the claimant reports work in the weeks identified, the state may verify earnings reported on the date of receipt of the NDNH/SDNH information. |
| State begins investigation | State simultaneously sends a letter/notice to the claimant and a request for earnings verification to the employer no later than the next business day following receipt of the information from the NDNH/SDNH. |
| State manages delays and nonresponsive claimants and employers | If feasible, the state requires the claimant to contact the agency to resolve the issue prior to the date of filing the next continued claim for benefits, or to complete a questionnaire prior to filing the next continued claim. The employer is required to provide information within a specified time (e.g., 7 business days), preferably using an electronic system to accelerate responses. Without delay, the state makes an additional attempt to nonresponsive claimants and employers to obtain needed information. |
| State concludes investigation | A written determination is made and processed promptly following the deadline for the requested information, as appropriate. |

Appendices

This section contains the appendices to the Recommended Operating Procedures for Cross-Matching Activity, which include various flow charts that illustrate NDNH and SDNH technical operations and tables describing record layout formats that are used for NDNH and SDNH file transfers. The flow charts and tables are provided in order to assist state technology staff with New Hires cross-match system programming and benefit system integration.

Appendix A: Figure 1 Process Flow – State New Hires Workflow Overview

This figure depicts the steps involved in New Hires operations -- beginning with states' transmission of records to NDNH and SDNH through the completion of cross-matching "hits" investigation.

Appendix B: Figure 2 Process Flow – New Hires Cross-match Hits – Applying Parameters

This figure depicts the steps involved for states to apply parameters and eliminate duplicate cross-match "hits" once cross-match results are received from NDNH and SDNH.

Appendix C: Figure 3 Process Flow – Generate Claimant Letter/Notice and Distribute Staff Assignments

This figure depicts activities states should undertake to adjudicate overpayments selected for investigation once the claimant letter/notice is generated.

Appendix D: Figure 4 Process Flow – Generate Employer Letter/Notice and Process Employer Responses

This figure depicts the activities states should undertake to adjudicate overpayments selected for investigation once the employer letter/notice is generated.

Appendix E: Figure 5 Process Flow – Electronic Earnings Verification (EV)

This figure depicts state activities that may be involved when using an electronic system to receive and verify employer wage information.

Appendix F: SWA Input Detail Record

This table presents the record layout format used by states to submit individual claimant records to NDNH for cross-matching.

Appendix G: SWA W-4 Output Detail Record

This table presents the record layout format used by the NDNH to return cross-match information and SSN-name verification outcomes to states.

Appendix H: SWA Notify Output Detail Record

This table presents the record layout format used by the NDNH to provide an acknowledgement to states that the cross-match request was received and to notify the state of any errors that occurred during the NDNH process.

Figure 1 Process Flow – State New Hires Workflow Overview

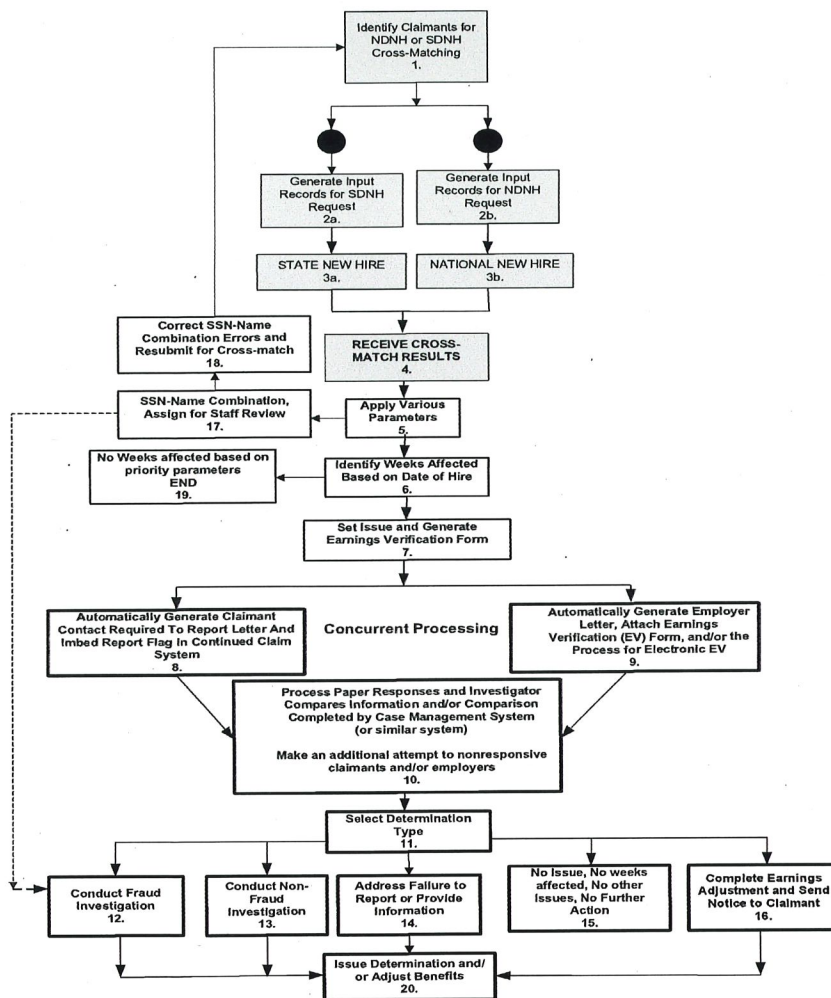
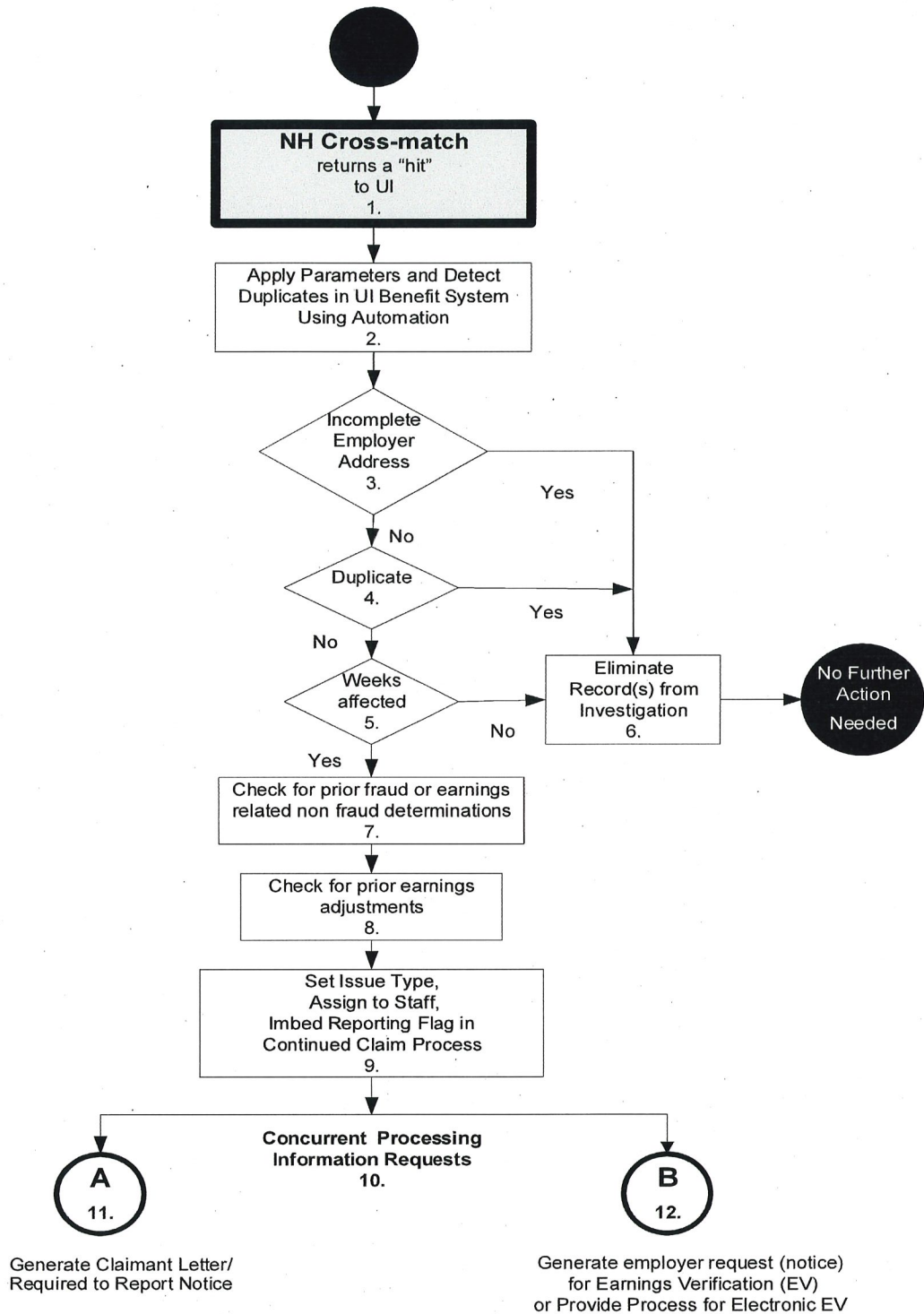


Figure 2 Process Flow – New Hires (NH) Cross-match Hits – Applying Parameters



**Figure 3 Process Flow –
Generate Claimant Letter/Notice and Distribute Staff Assignments**

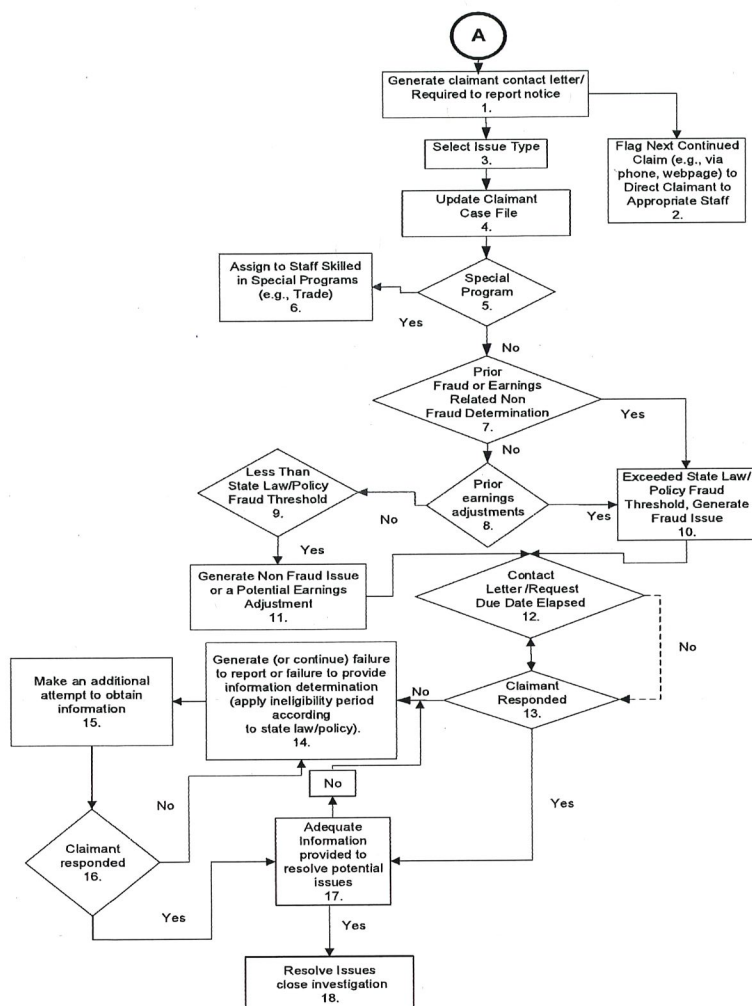


Figure 4 Process Flow– Generate Employer Letter/Notice and Process Employer Responses

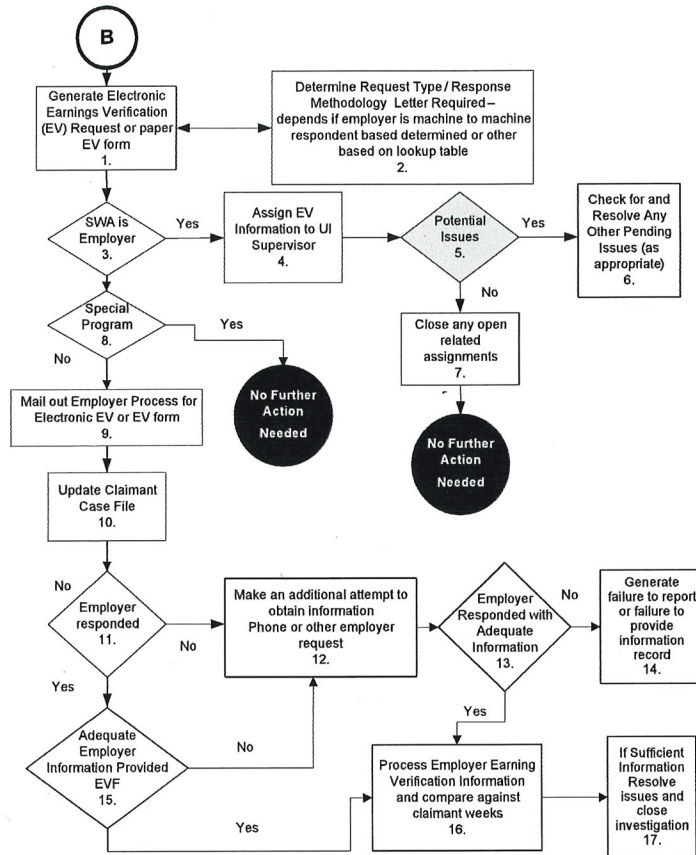
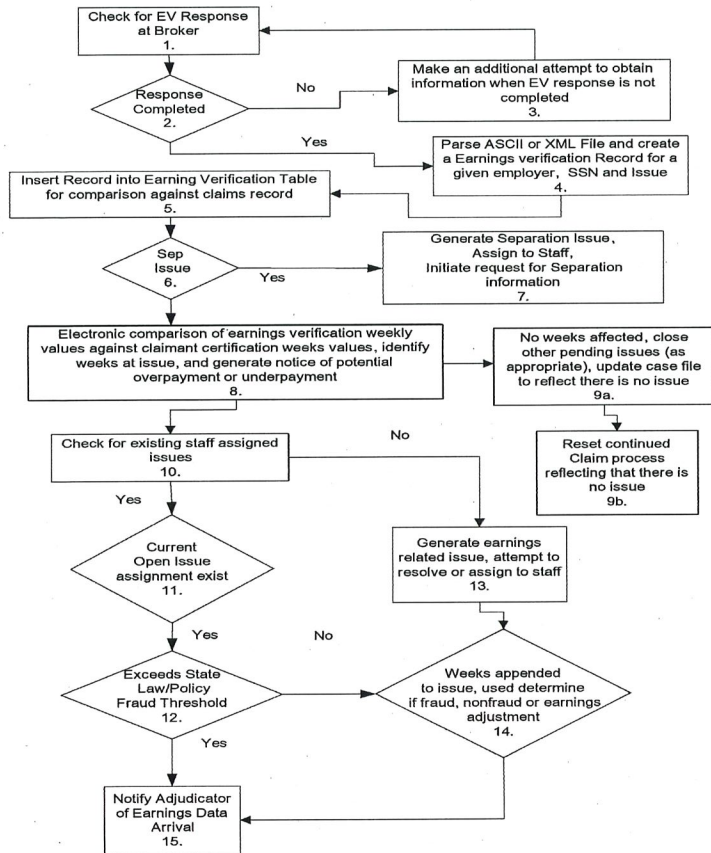


Figure 5 Process Flow – Electronic Earnings Verification (EV)



| SWA INPUT HEADER RECORD | | | | |
|------------------------------|----------|--------|-------------------|---|
| Field Name | Location | Length | Alpha/ Numeric | Comments |
| Submitter Identifier | 1-3 | 3 | A/N | Required This field uniquely identifies the submitter of the request file and must contain the characters 'SWA'. |
| Record Identifier | 4-6 | 3 | A/N | Required This field must contain the characters 'HDR'. |
| Submitting State Code | 7-8 | 2 | A/N | Required for State Submitters This field must contain the 2-digit numeric state FIPS code of the state submitting the transaction. |
| Date Stamp | 9-16 | 8 | A/N | Required This field must contain the input file transmission date. This must be in the Year 2000-compliant format of CCYYMMDD. |
| Filler | 17-24 | 8 | A/N | This field may be used for future enhancements. For the current version, this must be spaces. |
| Batch Number | 25-32 | 8 | N | Optional This field may contain the unique number assigned by the submitter to identify the batch of transactions submitted. Batch numbers are not edited for uniqueness. It is the responsibility of the submitter to ensure that a unique batch number is used for each submission. |
| Filler | 33-200 | 168 | A/N | This field may be used for future enhancements. For the current version, this field must be spaces. |

| SWA INPUT DETAIL RECORD | | | | |
|---------------------------------------|----------|--------|-------------------|---|
| Field Name | Location | Length | Alpha/ Numeric | Comments |
| Submitter Identifier | 1-3 | 3 | A/N | Required This field uniquely identifies the submitter of the request file and must contain the characters 'SWA'. |
| Record Identifier | 4-6 | 3 | A/N | Required This field must contain the characters 'MCH'. |
| SSN | 7-15 | 9 | A/N | Required This field must contain a nine-digit Social Security number (SSN). If this field is spaces, contains any alphabetic characters, is all zeros, all sixes or all nines, then the record will be eliminated from the match and notification will be returned on the Output Error Detail Record. |
| Verification Request Indicator | 16 | 1 | A/N | Optional This field must contain one of the following values to indicate if the submitter is requesting verification of the person's SSN and Name combination: 'Y' – SSN/Name verification is requested. Verification will be performed using SSA SSN verification routines. If verification fails, the record will be eliminated from the match and the verification result will be returned on the Output Error Detail Record. 'N' – SSN/Name verification is not requested and the submitter is certifying that this SSN/Name combination has been verified using SSA SSN verification routines prior to the match request. Default is 'Y'. |

| SWA INPUT DETAIL RECORD | | | | |
|----------------------------|----------|--------|-------------------|---|
| Field Name | Location | Length | Alpha/ Numeric | Comments |
| Person First Name | 17-26 | 10 | A | Required This field must contain at least one alphabetic character or the record will be eliminated from the match and notification will be returned on the Output Error Detail Record. This field may contain hyphens. |
| Person Middle Name | 27-36 | 10 | A | Optional This field must contain alphabetic characters or spaces. This field may contain hyphens. |
| Person Last Name | 37-56 | 20 | A | Required This field must contain at least two alphabetic characters or the record will be eliminated from the match and notification will be returned on the Output Error Detail Record. This field may contain hyphens. |
| Passback Data | 57-76 | 20 | A/N | Optional This field may be used by the submitter for identifying information and will be returned on the corresponding output match detail or error record. |
| W-4 Match Indicator | 77 | 1 | A/N | Optional This field indicates if a state wants to match the submitted SSN to NDNH W-4 data. This field must contain a space or an 'N'. 'N' – Do not match the submitted SSN to NDNH W-4 data. ' ' – A space in this field indicates that the submitted SSN will be matched to NDNH W-4 data. Default is ' ' space. |

| SWA INPUT DETAIL RECORD | | | | |
|--------------------------------------|----------|--------|-------------------|--|
| Field Name | Location | Length | Alpha/ Numeric | Comments |
| W-4 Same State Data Indicator | 78 | 1 | A/N | <p>Optional</p> <p>This field indicates if the submitter is requesting W-4 data submitted to the NDNH by their state. This field must contain a space or one of the following values:</p> <p>‘Y’ - Return matches where the submitter is the same as the W-4 submitting state.</p> <p>‘N’ – Do <u>not</u> return matches where the submitter is the same as the W-4 submitting state.</p> <p>Default is ‘N’.</p> |
| W-4 From Date | 79-86 | 8 | A/N | <p>Optional</p> <p>If this field contains a date in CCYYMMDD format, match only W-4 records processed from this date forward, dependent upon the W-4 Through Date.</p> <p>If this field contains spaces or an invalid date, match all available W-4 records from two weeks prior to the match, dependent upon the W-4 Through Date.</p> |
| W-4 Through Date | 87-94 | 8 | A/N | <p>Optional</p> <p>If this field contains a date in CCYYMMDD format and the W-4 indicator is ‘Y’, match only W-4 records processed through this date, dependent upon the W-4 From Date.</p> <p>If this field contains spaces or an invalid date, match all available W-4 records, dependent upon the W-4 From Date.</p> |

| SWA INPUT DETAIL RECORD | | | | |
|-------------------------------------|----------|--------|-------------------|--|
| Field Name | Location | Length | Alpha/ Numeric | Comments |
| QW Match Code | 95 | 1 | A/N | Optional This field must contain one of the following values to indicate if the submitter is requesting QW data and the type of match requested: ‘N’ – QW matching is not requested. ‘R’ – QW matching is requested based on Reporting Period. Default is ‘N’. |
| QW Same State Data Indicator | 96 | 1 | A/N | Optional This field indicates if the submitter is requesting QW data submitted to the NDNH by their state. This field must contain one of the following values: ‘Y’ – Return matches where the submitter is the same as the QW submitting state. ‘N’ – Do <u>not</u> return matches where the submitter is the same as the QW submitting state. Default is ‘N’. |
| QW From Reporting Period | 97-101 | 5 | A/N | Optional If this field contains a reporting quarter in QCCYY format and the QW match code is ‘R’, match only QW records containing this calendar year reporting period forward, dependent upon the QW Through Reporting Period. If this field contains spaces or an invalid date and the QW Match Code is ‘R’, match all available QW records, dependent upon the QW Through Reporting Period. Valid quarter values (Q) are 1, 2, 3, or 4. |

SWA Input Detail Record

| SWA INPUT DETAIL RECORD | | | | |
|------------------------------------|----------|--------|-------------------|--|
| Field Name | Location | Length | Alpha/ Numeric | Comments |
| QW Through Reporting Period | 102-106 | 5 | A/N | Optional If this field contains a reporting quarter in QCCYY format and the QW Match Code is 'R', match only QW records up through this calendar year reporting period, dependent upon the QW From Reporting Period. If this field contains spaces or an invalid date and the QW Match Code is 'R', match all available QW records, dependent upon the QW From Reporting Period. Valid quarter values (Q) are 1, 2, 3, or 4. |
| Filler | 107-200 | 94 | A/N | This field must contain spaces. |

| SWA INPUT TRAILER RECORD | | | | |
|-----------------------------|----------|--------|-------------------|---|
| Field Name | Location | Length | Alpha/ Numeric | Comments |
| Submitter Identifier | 1-3 | 3 | A/N | Required This field uniquely identifies the submitter of the request file and must contain the characters 'SWA'. |
| Record Identifier | 4-6 | 3 | A/N | Required This field must contain the characters 'TRL'. |
| Data Record Count | 7-17 | 11 | N | Required This field must contain the number of records in the transmission, including the header and trailer records. |
| Filler | 18-200 | 183 | A/N | This field may be used for future enhancements. For the current version, this should be spaces. |

| SWA W-4 OUTPUT DETAIL RECORD | | | | |
|---|----------|--------|-------------------|--|
| Field Name | Location | Length | Alpha/ Numeric | Comments |
| Submitter Identifier | 1-3 | 3 | A/N | This field will contain the data submitted on the Input Detail Record. |
| Record Identifier | 4-6 | 3 | A/N | This field will contain the characters 'W4M'. |
| SSN | 7-15 | 9 | A/N | This field will contain the data submitted on the Input Detail Record. |
| Verification Request Indicator | 16 | 1 | A/N | This field will contain the information used in the match process. 'Y' - SSN/Name verification was performed. 'N' - SSN/Name verification was not performed. |
| Filler | 17-21 | 5 | A/N | This field will contain spaces. |
| Person First Name | 22-31 | 10 | A/N | This field will contain the data submitted on the Input Detail Record with special characters removed. |
| Person Middle Name | 32-41 | 10 | A/N | This field will contain the data submitted on the Input Detail Record with special characters removed. |
| Person Last Name | 42-61 | 20 | A/N | This field will contain the data submitted on the Input Detail Record with special characters removed. |
| Filler | 62-71 | 10 | A/N | This field will contain spaces. |
| W-4 Processed Date | 72-79 | 8 | A/N | This field will contain the date the W-4 record was processed by OCSE in the Year 2000-compliant format of CCYYMMDD. |
| W-4 Employee First Name | 80-95 | 16 | A/N | This field will contain the Employee First Name as provided on the W-4 record submitted to the NDNH. |
| W-4 Employee Middle Name | 96-111 | 16 | A/N | If present, this field will contain the Employee Middle Name as provided on the W-4 record submitted to the NDNH. |
| W-4 Employee Last Name | 112-141 | 30 | A/N | This field will contain the Employee Last Name as provided on the W-4 record submitted to the NDNH. |
| W-4 Employee Street Address Line 1 | 142-181 | 40 | A/N | If present, this field will contain the Employee Street Address Line 1 as provided on the W-4 record submitted to the NDNH. |

| SWA W-4 OUTPUT DETAIL RECORD | | | | |
|---|----------|--------|-------------------|---|
| Field Name | Location | Length | Alpha/ Numeric | Comments |
| W-4 Employee Street Address Line 2 | 182-221 | 40 | A/N | If present, this field will contain the Employee Street Address Line 2 as provided on the W-4 record submitted to the NDNH. |
| W-4 Employee Street Address Line 3 | 222-261 | 40 | A/N | If present, this field will contain the Employee Street Address Line 3 as provided on the W-4 record submitted to the NDNH. |
| W-4 Employee City | 262-286 | 25 | A/N | If present, this field will contain the Employee City as provided on the W-4 record submitted to the NDNH. |
| W-4 Employee State | 287-288 | 2 | A/N | If present, this field will contain the Employee State as provided on the W-4 record submitted to the NDNH. |
| W-4 Employee Zip Code | 289-293 | 5 | A/N | If present, this field will contain the Employee Zip Code as provided on the W-4 record submitted to the NDNH. |
| W-4 Employee Zip Code Extension | 294-297 | 4 | A/N | If present, this field will contain the Employee Zip Code Extension as provided on the W-4 record submitted to the NDNH. |
| Employee Foreign Country Code | 298-299 | 2 | A/N | If present, this field will contain the Employee Foreign Country Code as provided on the W-4 record submitted to the NDNH. |
| Employee Foreign Country Name | 300-324 | 25 | A/N | If present, this field will contain the Employee Foreign Country Name as provided on the W-4 record submitted to the NDNH. |
| Employee Foreign Zip Code | 325-339 | 15 | A/N | If present, this field will contain the Employee Foreign Zip Code as provided on the W-4 record submitted to the NDNH. |
| Employee Date of Hire | 340-347 | 8 | A/N | If present, this field will contain the Employee Date of Hire as provided on the W-4 record submitted to the NDNH. |
| Employee State of Hire | 348-349 | 2 | A | If present, this field will contain the Employee State of Hire as provided on the W-4 record submitted to the NDNH. |

| SWA W-4 OUTPUT DETAIL RECORD | | | | |
|---|----------|--------|-------------------|--|
| Field Name | Location | Length | Alpha/ Numeric | Comments |
| Federal EIN | 350-358 | 9 | A/N | If present, this field will contain the Federal Employer Identification Number (FEIN) as reported on the NDNH W-4 record. Values are 000000001 through 999999999, or spaces. |
| State EIN | 359-370 | 12 | A/N | If present, this field will contain the state Employer Identification Number (EIN) as reported on the NDNH W-4 record. Values are A through Z, 0 through 9, or spaces. |
| Department of Defense Code (DOD) | 371 | 1 | A/N | (DOD only) If present, this field will contain the information on the record submitted. The valid values are: A – Active duty employees C – Civilian employees P – Pension/Retired employees R – Reserve employees |
| Employer Name | 372-416 | 45 | A/N | If present, this field will contain the Employer Name as provided on the W-4 record submitted to the NDNH. |
| Employer Street Address Line 1 | 417-456 | 40 | A/N | If present, this field will contain the Employer Street Address Line 1 as provided on the W-4 record submitted to the NDNH. |
| Employer Street Address Line 2 | 457-496 | 40 | A/N | If present, this field will contain the Employer Street Address Line 2 as provided on the W-4 record submitted to the NDNH. |
| Employer Street Address Line 3 | 497-536 | 40 | A/N | If present, this field will contain the Employer Street Address Line 3 as provided on the W-4 record submitted to the NDNH. |

| SWA W-4 OUTPUT DETAIL RECORD | | | | |
|--|----------|--------|-------------------|--|
| Field Name | Location | Length | Alpha/ Numeric | Comments |
| Employer City | 537-561 | 25 | A/N | If present, this field will contain the Employer City as provided on the W-4 record submitted to the NDNH. |
| Employer State | 562-563 | 2 | A/N | If present, this field will contain the Employer State as provided on the W-4 record submitted to the NDNH. |
| Employer Zip Code | 564-568 | 5 | A/N | If present, this field will contain the Employer Zip Code as provided on the W-4 record submitted to the NDNH. |
| Employer Zip Code Extension | 569-572 | 4 | A/N | If present, this field will contain the Employer Zip Code Extension as provided on the W-4 record submitted to the NDNH. |
| Employer Foreign Country Code | 573-574 | 2 | A/N | If present, this field will contain the Employer Foreign Country Code as provided on the W-4 record submitted to the NDNH. |
| Employer Foreign Country Name | 575-599 | 25 | A/N | If present, this field will contain the Employer Foreign Country Name as provided on the W-4 record submitted to the NDNH. |
| Employer Foreign Zip Code | 600-614 | 15 | A/N | If present, this field will contain the Employer Foreign Zip Code as provided on the W-4 record submitted to the NDNH. |
| Employer Optional Street Address Line 1 | 615-654 | 40 | A/N | If present, this is the address where an employer receives child support wage withholding orders. This is a number, street name, rural route or post office box, city, state, and zip code. This may be a foreign address. |
| Employer Optional Street Address Line 2 | 655-694 | 40 | A/N | |
| Employer Optional Street Address Line 3 | 695-734 | 40 | A/N | |
| Employer Optional City | 735-759 | 25 | A/N | |
| Employer Optional State | 760-761 | 2 | A/N | |
| Employer Optional Zip Code | 762-766 | 5 | A/N | |

| SWA W-4 OUTPUT DETAIL RECORD | | | | |
|---|----------|--------|-------------------|--|
| Field Name | Location | Length | Alpha/ Numeric | Comments |
| Employer Optional Zip Code Extension | 767-770 | 4 | A/N | |
| Employer Optional Foreign Country Code | 771-772 | 2 | A/N | |
| Employer Optional Foreign Country Name | 773-797 | 25 | A/N | |
| Employer Optional Foreign Zip Code | 798-812 | 15 | A/N | |
| Filler | 813-814 | 2 | A/N | This field will contain spaces. |
| Passback Data | 815-834 | 20 | A/N | This field will contain the data submitted on the Input Detail Record. |
| W-4 Match Indicator | 835 | 1 | A/N | This field will contain information that was used in the match. 'Y' - W-4 match was performed. |
| W-4 Same State Data Indicator | 836 | 1 | A/N | This field will contain information that was used in the match. 'Y' - Return matches where the submitter is the same as the W-4 submitting state. 'N' - Do not return matches where the submitter is the same as the W-4 submitting state. |

| SWA W-4 OUTPUT DETAIL RECORD | | | | |
|---|----------|--------|-------------------|--|
| Field Name | Location | Length | Alpha/ Numeric | Comments |
| W-4 From Date | 837-844 | 8 | A/N | This field will contain the date in CCYYMMDD format that was used as the beginning process date for the W-4 match process. This field will contain spaces when the match was performed using the earliest available data from the NDNH. |
| W-4 Through Date | 845-852 | 8 | A/N | This field will contain the date in CCYYMMDD format that was used as the ending process date for the W-4 match process. This field will contain spaces when the match was performed using the most recent available data on the NDNH. |
| Filler | 853-908 | 56 | A/N | This field will contain spaces. |
| Transmitter Agency Code | 909-917 | 9 | A/N | If the submitter of the W-4 record was a federal agency, this field will contain the Federal Employer Identification Number (FEIN) or the FIPS code of the Federal agency that submitted the data to the NDNH. Valid values are the FEIN or the letter 'A' followed by a valid four-digit FIPS code. |
| Transmitter State Code | 918-919 | 2 | A/N | If the submitter of the W-4 record was a state or territory, this field will contain the state or territory that transmitted the data to the NDNH. Valid values are the numeric FIPS code of the state or territory, or spaces. |
| Transmitter State or Agency Name | 920-977 | 58 | A/N | This field will contain the descriptive name of the Federal agency or state that submitted the data to the NDNH. |
| Filler | 978-1000 | 23 | A/N | This field will contain spaces. |

| SWA NOTIFY OUTPUT DETAIL RECORD | | | | |
|---------------------------------------|----------|--------|-------------------|---|
| Field Name | Location | Length | Alpha/ Numeric | Comments |
| Submitter Identifier | 1-3 | 3 | A/N | This field will contain the data submitted on the Input Detail Record. |
| Record Identifier | 4-6 | 3 | A/N | This field will contain the characters 'ERM'. |
| SSN | 7-15 | 9 | A/N | This field will contain the data submitted on the Input Detail Record. |
| Verification Request Indicator | 16 | 1 | A/N | This field will contain the information used in the match process. 'Y' – SSN/Name verification was performed. 'N' – SSN/Name verification was not requested. |
| Person First Name | 17-26 | 10 | A/N | This field will contain the data submitted on the Input Detail Record with special characters removed. |
| Person Middle Name | 27-36 | 10 | A/N | This field will contain the data submitted on the Input Detail Record with special characters removed. |
| Person Last Name | 37-56 | 20 | A/N | This field will contain the data submitted on the Input Detail Record with special characters removed. |
| Passback Data | 57-76 | 20 | A/N | This field will contain the data submitted on the Input Detail Record. |
| Filler | 77-150 | 74 | A/N | This field will contain spaces. |
| Reject Code | 151 | 1 | A/N | This field will contain one of the following values: 'N' - the Input Detail Record contained insufficient name information. The record was eliminated from the match. 'S' - the SSN was missing or invalid. The record was eliminated from the match. 'U' - the SSN/Name combination submitted did not verify using SSA SSN verification routines. The record was eliminated from the match. |
| Filler | 152-1000 | 849 | A/N | This field will contain spaces. |