

WICSEC 2015

FORT WORTH
CITY OF COWBOYS AND CULTURE

Shaping the Future for Children

Improving New Hire and Wage Data

What can you do?

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Background: NDNH DQ Efforts

- States and agencies have been submitting data to the NDNH since 1996 (approximately 18 years)
 - OCSE ongoing data quality efforts
 - Track the New Hire, QW, and UI files
 - Create Management Information (MI) reports to analyze and detect state reporting issues
 - New batch process created to generate a report for each state and federal agency with specific parameter settings for all required
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Background: NDNH DQ Efforts

- Current MICRS ad hoc reporting parameters did not include all of the required data elements for new hires, wage records and UI
 - Coordinated with MICRS team to produce more robust reports
 - New report highlights and assists in monitoring specific reporting issues
 - Develop Employer Participation Reports to assist states in identifying new hire reporting compliance issues
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Background: NDNH DQ Efforts

- Resolve employer and third party payroll reporting issues
- Review and detect QW reports containing incorrect quarterly information (for example, old quarters reported versus current)

NDNH DQ Initiative Objectives

- Evaluate New Hire (NH), Quarterly Wage (QW), and Unemployment Insurance (UI) data transmitted to NDNH from SDNHs, SWAs, and federal agencies
 - Phase 1 (Dec-14 thru Mar-15): Assess data transmitted to NDNH for data quality and employer compliance
 - Phase 2 (Dec-14 thru May-15): Isolate and document data quality or reporting compliance issues
 - Phase 3 (May-15 thru Aug-15): Remediate identified issues and track progress
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Phase 1: Assessing NDNH Data

- Measure and review each state's reporting compliance by errors and warnings generated
 - Are data submissions meeting the required reporting timeframe?
 - Started sending email reminders prior to the due date
 - Revised delinquency letter to send when a state is more than 30 days late in submitting QW

Phase 1: Assessing NDNH Data

- Are all required data elements submitted with valid data (for example, date of hire)?
 - Identified several states that do not submit all required data. Reached out to these states via email to advise them of missing requirements
 - Some states were unaware records were being submitted without the required elements have since made changes to their systems
 - Some states were not aware of all required elements. The NDNH Guide for data submission was provided to states
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Phase 1: Assessing NDNH Data

- Analyze new hire and QW data to identify specific trends, strengths, and weaknesses
 - Identify states that have the highest rate of noncompliance
 - Evaluate and customize Employer Participation Project (EPP) reports to assist in reporting compliance

Phase 2: Findings

- Through consistent outreach and conference calls with states, we've learned:
 - Some states/vendors are unaware of the error and warning reports and the impact on DQ
 - Resource and systems issues impact consistent and accurate file submissions
 - Lack of employer outreach
 - Need for regular communication between SWA and state
 - Conducted 5 1-hour sessions in May 2015
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Phase 3: Remediate/Track Issues

- Create scorecards to portray state performance
 - Develop strategic action plan with measurable goals and improvements for each submitter based on assessment
 - Work with DOL to urge SWAs to comply with reporting requirements – coordinate with SWA training effort
 - Establish short & long-term methods to improve DQ issues
 - Identify possible changes to our NDNH processing
 - Maintain continuous communication with SDNHs, SWAs, third-party payroll vendors and federal agencies
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Success Stories

<u>Error</u>	<u>Type of Submission</u>	<u>Total States</u>
Missing FEIN	QW	6
Missing FEIN	W4	5
DOH	W4	6
Missing First Name	UI	1
Missing First Name	W4	2
Invalid SSN	QW	1

Quarterly Wage Submissions

6 states improved their submissions by providing the FEIN

1 state improved their submissions by providing correct SSN's

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## **New Hire Submissions**

6 states improved their submissions by providing the Date Of Hire

5 states improved their submissions by providing the FEIN

2 states improved their submissions by providing the First Name

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Unemployment Insurance Submissions

1 state improved their UI submissions by providing the First Name

Questions



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Improving New Hire & Wage Data:

What does the data tell us?

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Tried and True Methods

- Outreach...outreach...outreach
 - Electronic submissions
 - Employer Repository
 - Call Centers
 - Improved Websites
 - Webinars
 - How-To Videos
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Questions?

- What are the questions we need to be asking about New Hire Reporting?
 - Which employers are compliant, non-compliant?
 - Who is reporting bad data?
 - What are the trends over the past few years?
 - Is there a group we can target?
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Compliance Analysis Methodology



Compliance Analysis

- Establish Baseline
- Compare current Quarterly Wage data to previous quarter's Quarterly Wage data
- Determine which employers have New Hires
- Employers with no New Hires – Fully Compliant
- Determine Company Size

Compare QW
Data

Employer Classification (Size of Company)

9 (1000+ Employees)	8 (500-999 Employees)	7 (250-499 Employees)	6 (100-249 Employees)	5 (50-99 Employees)	4 (20-49 Employees)	3 (10-19 Employees)	0 (1-9 Employees)
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Compliance Analysis

- **Create “Assumed” QW New Hire list**
 - **Separates out the QW records that appear to be new hires**
 - **Baseline for New Hire reporting Comparison**
- **Collect employer information related to the “Assumed” QW New Hire list**
 - **NAICS Code – National American Industry Classification System**
 - **FEIN – Federal Employer Identification Number – Tax ID**

Assumed QW
New Hires

Match
Employers

Compliance Analysis

Mark MSE B
Employers

- **MSE - Multi-State Employers**
 - **MSE B – reporting to another state**
 - **Based on FEIN match on primary company FEIN and subsidiary FEINs**
 - **Consider MSE B matches as Fully Compliant new hires**
 - **Can be the source of the appearance of non-compliance**
 - **Look for employers that are MSE B, but are reporting new hires**
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Compliance Analysis

- **Compare State New Hire Reporting records to the “Assumed” QW New Hire records**
 - **Compare FEIN and SSN**
 - **Compare SSNs**
- **Determine percentage of new hire matches per company (FEIN) – Fully compliant, Partially compliant, Non-compliant**

Match
Reported
New Hires

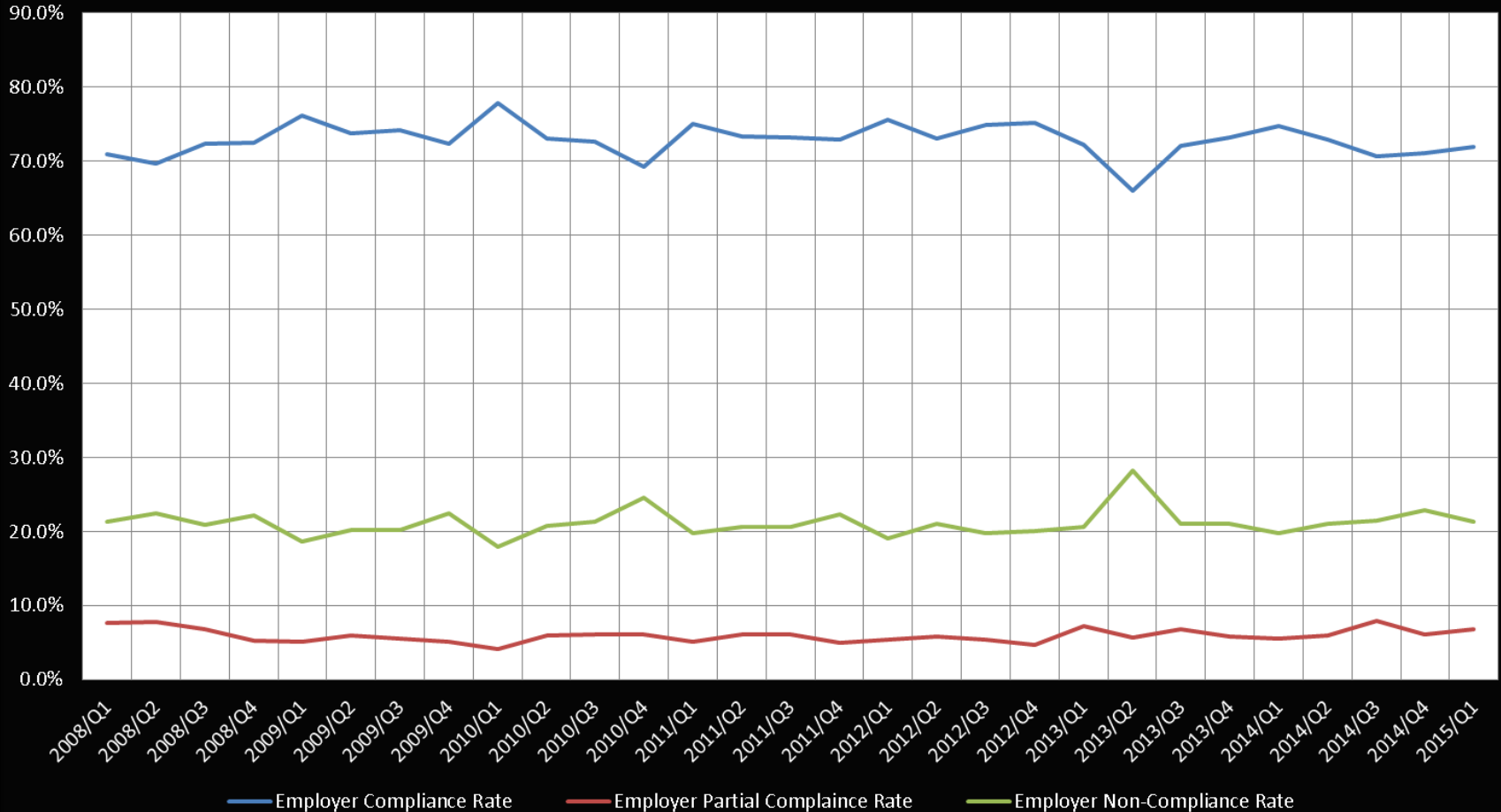
Compliance Analysis

- **Many ways to review data**
 - **Compliance levels by size of company**
 - **Compliance by NAICS codes**
 - **Compliance levels of State new hires reported**
 - **By company size**
 - **By NAICS codes**
- **Use to pinpoint data issues, trends, outreach targets, etc...**

Analysis by
NAICS code &
Company Size

Examples

Employer Compliance Rate Comparison per Quarter - All Classes



Examples

Employer Compliance levels by Company Size

Employer Type		Compliance Status	9 (1000+ Employees)	8 (500-999 Employees)	7 (250-499 Employees)	6 (100-249 Employees)	5 (50-99 Employees)
With Assumed New Hires	Partially-Compliant	354	521	1,089	2,693	3,205	
	Non-Compliant	79	129	303	1,155	2,195	
	Fully-Compliant	2	20	121	886	1,808	
With No Assumed New Hires	Fully-Compliant	-	1	4	94	547	
Multi-State Employers	Fully-Compliant	279	255	413	789	677	
Fully-Compliant Employers Per Class		281	276	538	1,769	3,032	
Total Number of Employers Per Classification		714	926	1,930	5,617	8,432	
Percent of Employers in Each Classification		0.3%	0.4%	0.8%	2.3%	3.4%	

Employer Type		Compliance Status	4 (20-49 Employees)	3 (10-19 Employees)	0 (1-9 Employees)	Compliance Status Totals	Compliance Rates
With Assumed New Hires	Partially-Compliant		4,586	2,505	1,753	16,706	6.8%
	Non-Compliant		7,407	10,552	30,705	52,525	21.3%
	Fully-Compliant		4,974	4,772	8,560	21,143	71.9%
With No Assumed New Hires	Fully-Compliant		3,863	10,549	136,452	151,510	
Multi-State Employers	Fully-Compliant		874	547	1,059	4,893	
Fully-Compliant Employers Per Class			9,711	15,868	146,071	177,546	
Total Number of Employers Per Classification			21,704	28,925	178,529	246,777	
Percent of Employers in Each Classification			8.8%	11.7%	72.3%		

Examples

Employer Compliance levels by NAICS Code

		11	21	22	23	31	32
		Agriculture, Forestry, Fishing and Hunting	Mining, Quarrying, and Oil and Gas Extraction	Utilities	Construction	Manufacturing	Manufacturing
Employer Type	Compliance Status						
With Assumed New Hires	Partially-Compliant	76	21	18	917	209	381
	Non-Compliant	401	63	58	5,085	480	710
	Fully-Compliant	103	33	34	1,429	223	500
With No Assumed	Fully-Compliant	992	334	211	15,235	952	2,145
Multi-State	Fully-Compliant	10	15	19	274	62	145
Fully-Compliant Employers Per Code		1,105	382	264	16,938	1,237	2,790
Total Number of Employers Per Code		1,582	466	340	22,940	1,926	3,881
Percent of Employers in Each Code		0.6%	0.2%	0.1%	9.3%	0.8%	1.6%

Examples

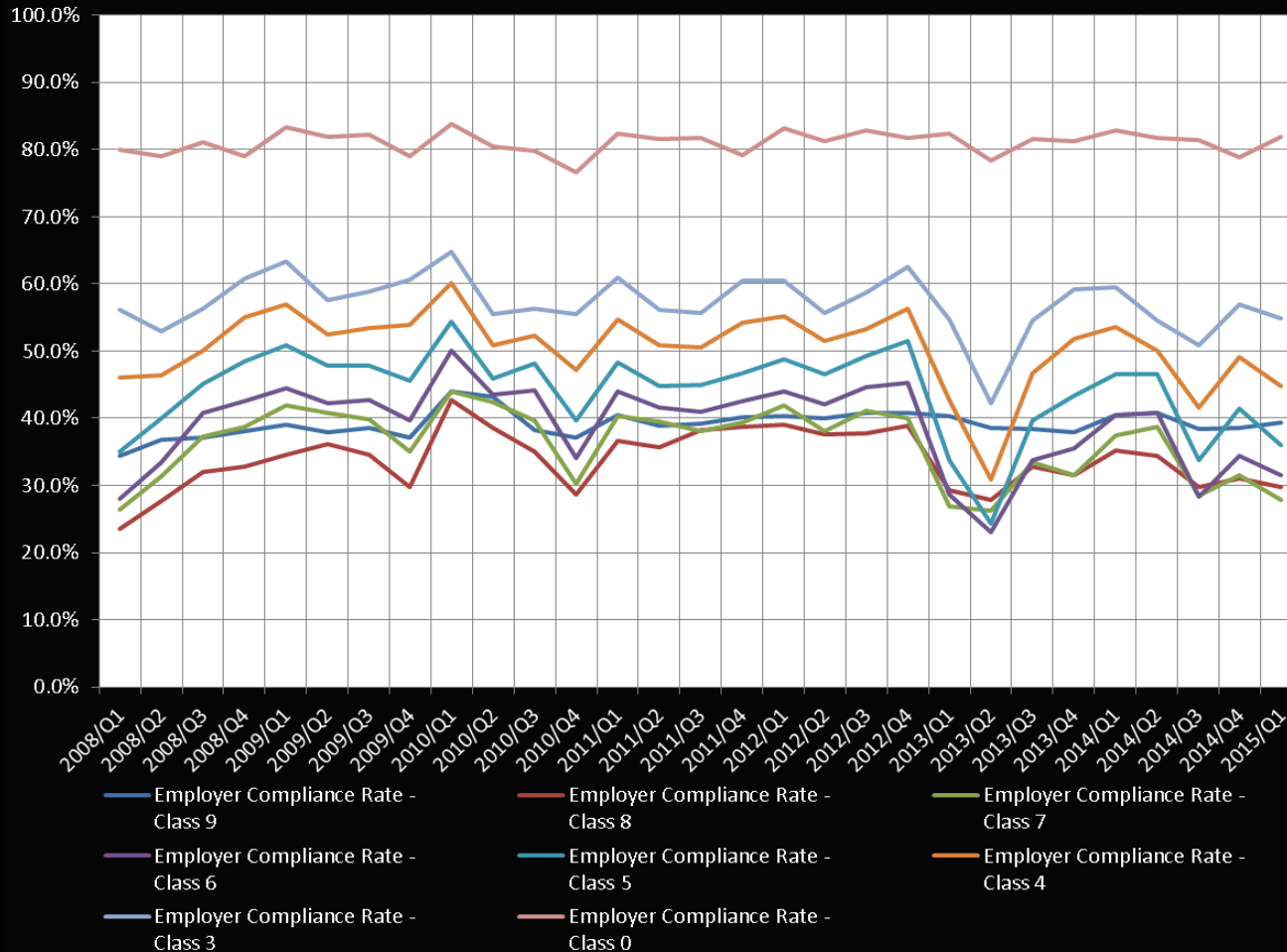
New Hire Compliance levels by Company Size

Class	Compliance Rate	Employer Count	New Hire Comparisons (Employee Counts)		
			Reported	Not Reported	Total
9 (1000+ Employees)	0%	97	-	40,944	40,944
	1-25%	42	2,216	62,837	65,053
	26-50%	30	6,109	9,054	15,163
	51-75%	75	10,900	6,271	17,171
	76-99%	183	52,078	6,235	58,313
	100%	19	3,036	-	3,036
9 - Class Totals		446	74,339	125,341	199,680
9 - Percent of New Hires in Class			37.2%	62.8%	
9 - Percent of Cumulative Totals		0.5%	19.8%	31.0%	25.6%
8 (500-999 Employees)	0%	98	-	9,361	9,361
	1-25%	48	728	5,500	6,228
	26-50%	40	1,543	2,209	3,752
	51-75%	99	5,941	3,327	9,268
	76-99%	297	27,062	2,275	29,337
	100%	86	4,692	-	4,692
8 - Class Totals		668	39,966	22,672	62,638
8 - Percent of New Hires in Class			63.8%	36.2%	
8 - Percent of Cumulative Totals		0.7%	10.6%	5.6%	8.0%

Top Non-Compliant Employers

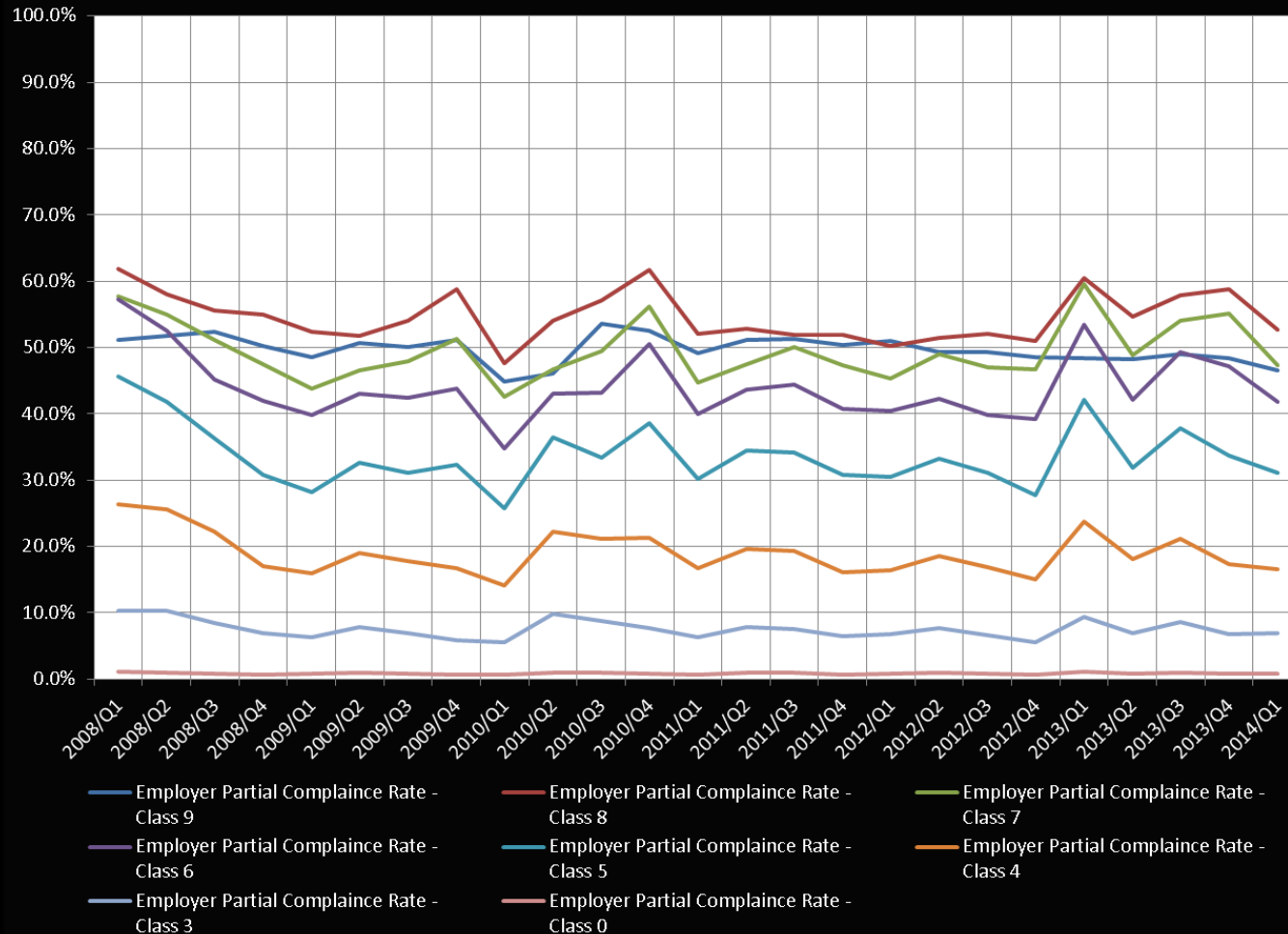
Examples

Employer Class Comparison - Compliant Employers



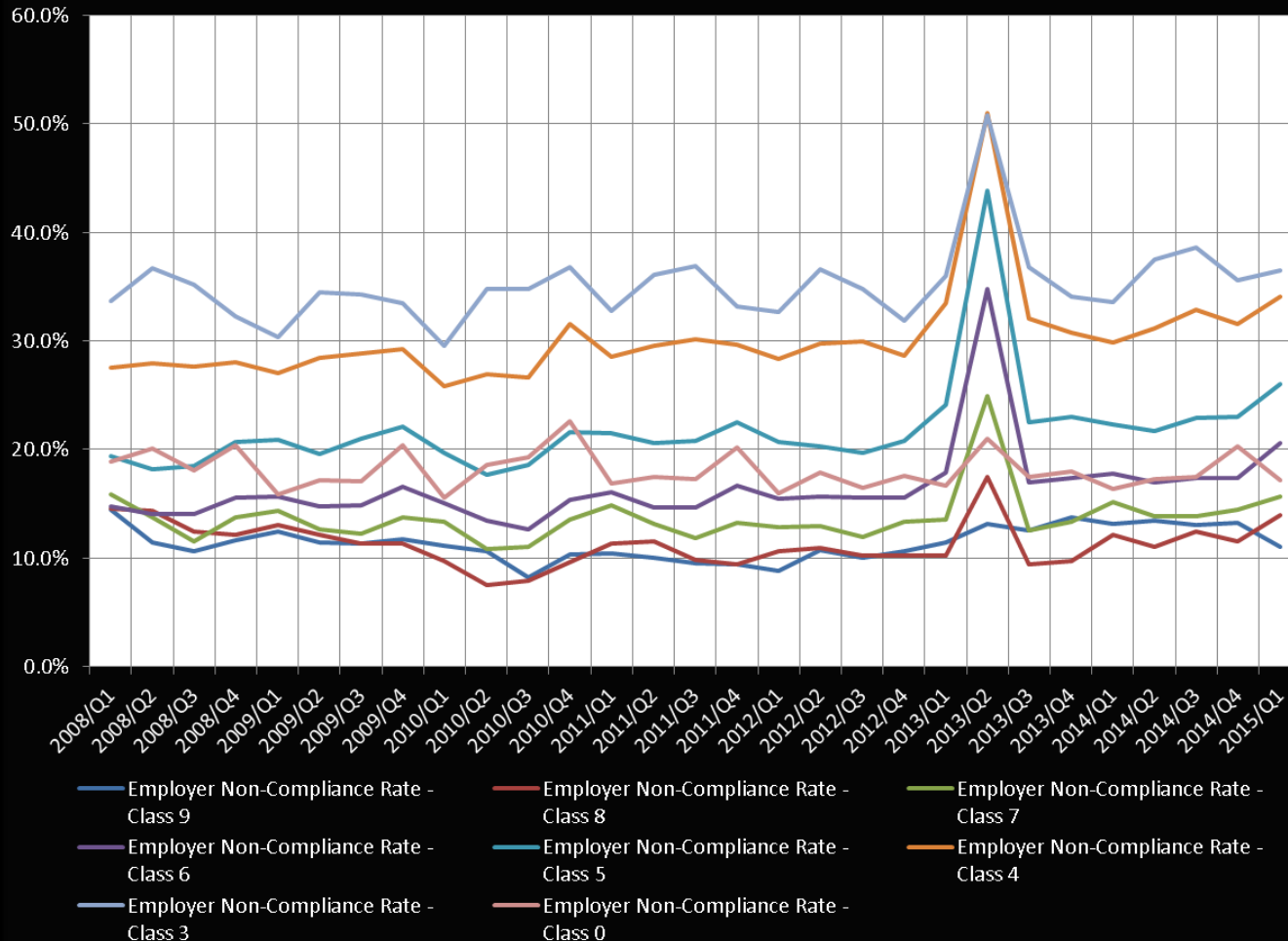
Examples

Employer Class Comparison - Partially Compliant Employers



Examples

Employer Class Comparison - Non-Compliant Employers



Keep In Mind

- **Multi-State Employer registrations**
 - **Remember they are “Assumed” New Hires**
 - **Data anomalies**
 - **Change or addition of new FEIN**
 - **Report QW and State New Hire with different FEINs**
 - **New Hire reporting not so commonly known**
 - **Constant employer education**
 - **If a trend takes an unusual swing, don’t always assume it is because new hire reporting has caused it, the data for the analysis may have changed, or missing data**
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What Does the Data Tell Us?

- Helps answer our questions; who, which ones, how many, why do they appear this way?
 - Allows trending to discover unusual changes
 - Insight into what groups to target outreach
 - Leads to further research into potential reporting issues
 - Bad data – SSN, FEIN, date of hire
 - Days from hiring to reporting
 - Multi-State registrations
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Texas Sized Story to Increase New Hire Reporting

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Employer Compliance Project

- Purpose

The Employer Compliance Project was launched April 25, 2014, to analyze the New Hire Reporting processes to recommend improvements and establish best practices for:

- Identifying non-compliant employers
 - Encouraging employer compliance with state and federal regulations
 - Providing employer education and outreach
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Project Goals

- To improve New Hire Reporting by developing repeatable process used to encourage employer compliance
 - To increase number of employers reporting new hires, as mandated by federal/state law
 - To increase collections
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Initial Analysis

- Initial analysis included:
 - Reviewing current outreach efforts
 - Identifying shortcomings
 - Evaluating anomalies
 - Resulted in a new approach at looking at employers and compliance.
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Employer Compliance Project

- New criteria:
 - Employers who receive one (1) or more income withholding orders based on state quarterly wage data and have not received a single income withholding order in the previous six (6) months based on state or federal new hire information.

Note: Employers with known anomalies are excluded

Employer Classifications

- Employers are categorized as follows:
 - Employers with NCPs, on the CSD caseload, that have prior Income Withholding Orders in place (210,784 employers)
 - Employers without NCPs with income withholding orders in place. (973,242 employers)
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Benefits

- The benefits of the new approach:
 - More accurate identification of noncompliant employers because Texas Employer Repository consolidates multiple FEINs to single Employer ID
 - Compliance letters directed at employers who have failed to report at all rather than failed to report some
 - Able to identify actual child support cases harmed by employers' omissions
 - Focus on employers with NCPs on CSD caseload
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Employer Outreach Letters

- **Welcome letters:** Letter reminding new employers with an active child support order to report new hires
 - **Buck Slips:** Messages explaining new hire reporting requirements inserted with income withholding orders
 - **Initial Contact letters:** Letter to employers who appear to have neglected to report new hires
 - **Escalation letters:** Letter to employers who failed to respond to Initial Contact Letter – signed by general counsel
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Outreach Efforts = Early Wins

- Initial Contact Letters and Buck Slips
 - Prompted phone calls from a few employers
 - Encouraged others to start reporting new hires
 - Escalation Letters identified compliance and outreach issues especially with
 - Local municipalities
 - Large staffing companies
 - Multi-State Employers
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Quarter 1- Pilot

- **Quarter 1 – Pilot**
 - **Initial Contact Letters – 541**
 - Escalation Letters (After 90 days) - 74
 - **Welcome Letters – 235**
 - **Resulted in 8,745 new hire reports from 247 employers (31.8% increase)**
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Quarter 2

- **Quarter 2**
 - **Initial Contact Letters – 2,995**
 - Escalation Letters (After 90 days) - 731
 - **Welcome Letters – 1,895**
 - **Resulted in 20,895 new hire reports from 1,356 employers (27.7% increase)**
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Quarter 3

- **Quarter 3**
 - **Initial Contact Letters – 3,355**
 - Escalation Letters (After 90 days) - 408
 - **Welcome Letters – 2,229**
 - **Resulted in 13,084 new hire reports from 1,444 employers (25.8% increase)**
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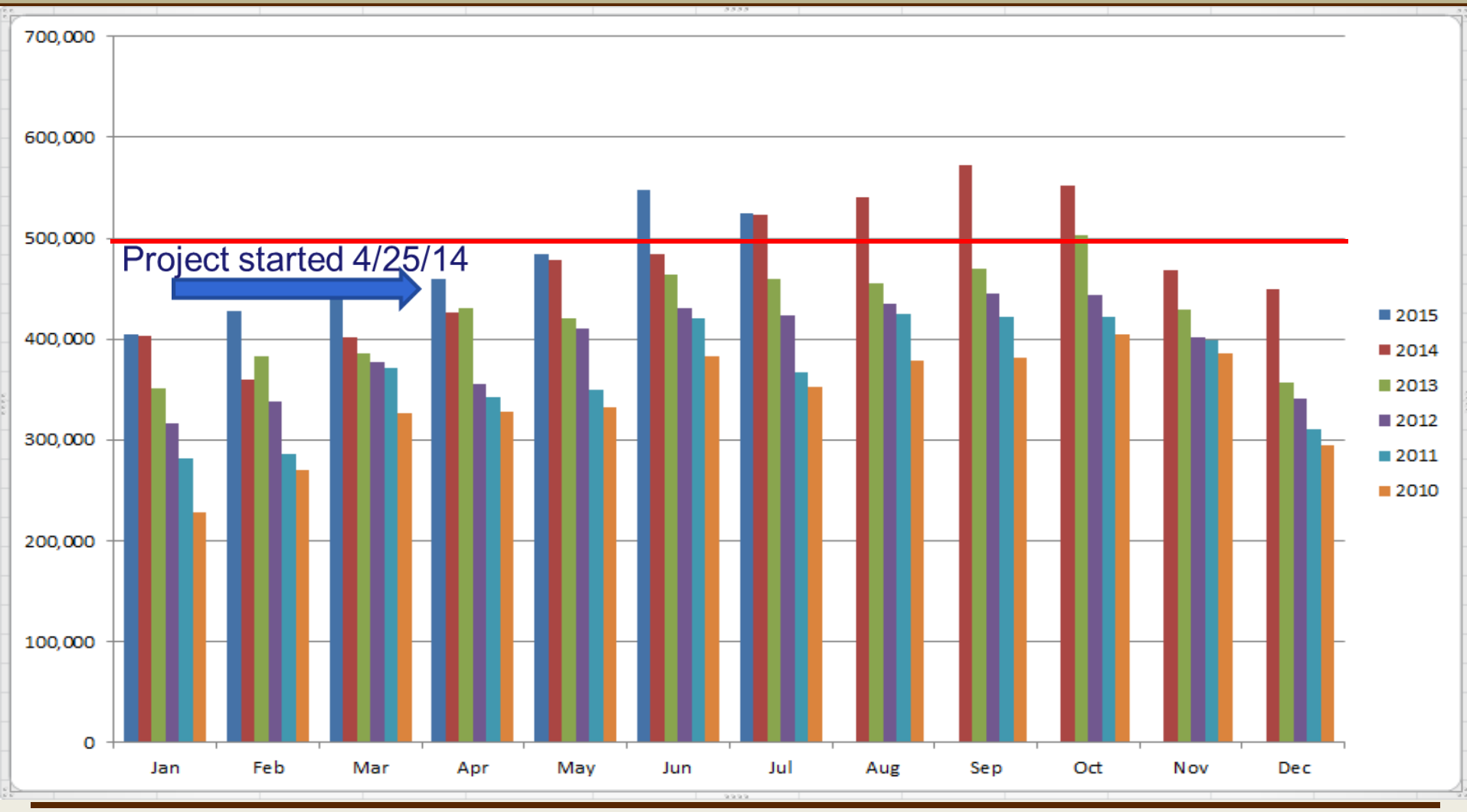
Quarter 4

- **Quarter 4**
 - **Initial Contact Letters – 2,766**
 - Escalation Letters (After 90 days) - n/a
 - **Welcome Letters – 2,238**
 - **Resulted in 13,772 new hire reports from 1,451 employers (29.0% increase)**
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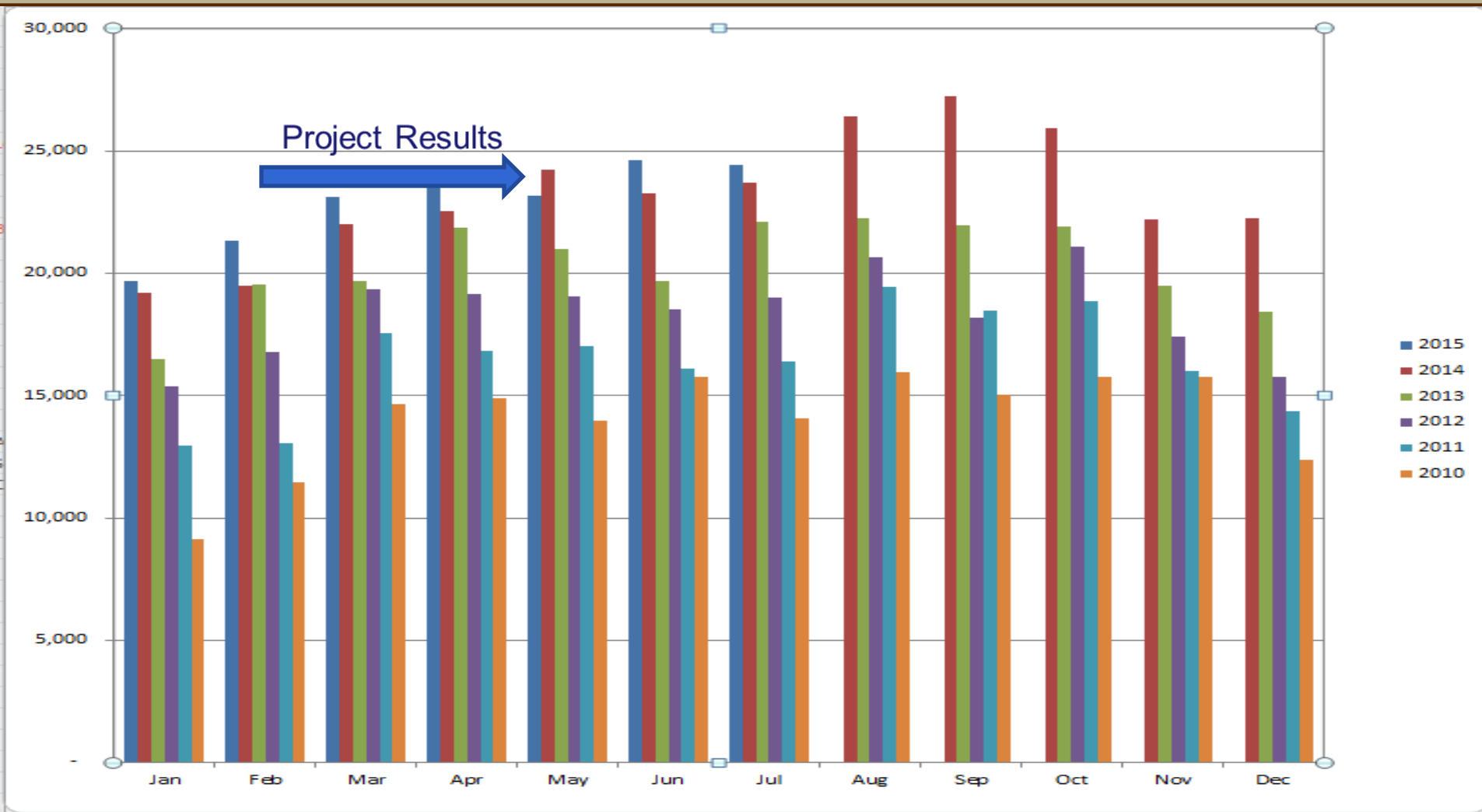
Quarter 5

- **Quarter 5**
 - **Initial Contact Letters – 1,682**
 - Escalation Letters (After 90 days) - 206
 - **Welcome Letters – 1,714**
 - **Resulted in 7,386 new hire reports from 799 employers (23.5% increase)**
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Total New Hire Reports



New Hire IWOs



Key Project Findings

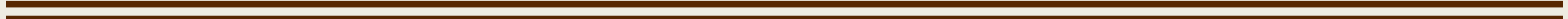
- 40% of employers contacted submitted new hires
 - Less than 4% remained non-compliant
 - 20% increase in New Hire reports
 - Over 100,000 new hire reports during quarter directly attributable to non-reporting employers
 - IWOs increased over 4,000 per month on average
 - Welcome letters increased education and awareness
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Unexpected Results

- New hires reports have increased approximately 40,000 to 100,000 per month
 - Several months with new hires over 500,000 (375,000 is our average)
 - Over 8,000 employers who were not previously reporting began reporting New Hires accounting for 268,468 employees
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Employer Compliance Today

- Project is operational
- Determining how to handle employers who are truly non-compliant
- Working with OCSE to determine how employer compliance can be done at federal level



Questions



Contact Information

Thank you!

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