

Texas Cleans Up Its Quarterly Wage Data

Quarterly wage (QW) reports are an important source of information for child support workers. These reports, which employers submit every quarter to their state employment security agency (SESA), identify the employer for whom an employee is working and what wages he/she earned that quarter. Therefore, when the New Hire Reporting program was established under the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) in 1996, Congress required SESAs to provide QW data to the National Directory of New Hires (NDNH).

Background: quarterly wage employer address problem

Quarterly wage reports are used by SESAs to determine an employer's unemployment insurance (UI) taxes. Unfortunately, the way SESAs capture and store quarterly wage data was not designed to support child support case processing, leading to the following situation:

- Generally, when an employer hires a UI claims administrator, that agent typically submits (to the SESA) its own "c/o" address as the employer's "mailing address of record." In order to receive UI claims information quickly, the agent prefers to use its own mailing address rather than the employer's address that is appropriate for child support purposes.
- The address that a SESA uses when sending QW data to the NDNH is often the employer's "mailing address of record." So for an employer who has hired a UI claims administrator, this agent's address is often sent to the NDNH with the QW data rather than the employer's address that is appropriate for child support purposes.

As part of the new hire reporting process, the NDNH compares state QW data with participants in child support cases all over the country. If the UI Claims Administrator reports the incorrect address (incorrect for child support purposes, that is) that address will be forwarded to another state when a match occurs. The state, in turn, sends a child support request (e.g., request for employment verification or income withholding order) to the noncustodial parent's employer, using the (incorrect) address provided.

Current status of problem

Because of the problem stated above, Texas is receiving some NDNH matches that have the noncustodial parent's employer name and Federal Employer Identification Number (FEIN) with the mailing address of a UI claims administrator such as Frick, R. E. Harrington, or Gates McDonald. When a state sends a request for employment verification or an income withholding order to a UI claims administrator, this misdirected mail presents a burden to the administrator. Even if the administrator forwards the mail to the employer, there is a delay. Some claims administrators simply return the mail to the child support office, either because no employer is identified or because they lack the manpower to research each piece of misdirected mail. Child support workers can become frustrated by these "bad addresses," and case processing is often delayed or thwarted.

The ICESA format and the TIB-4 format

Employers who file their QW reports electronically typically use either the ICESA format, which was developed by the Interstate Conference of Employment Security Agencies (ICESA--the SESA member association) or the TIB-4 format developed by the Social Security Administration. Both formats have space (fields) for two employer addresses. If an employer uses a payroll processor to complete the QW reports, for example, the payroll processor's name and address would appear in the "Transmitter Record" fields and the actual employer's name and address would appear in the "Employer Record" fields.

However, prior to the New Hire Reporting program, TWC (and SESAs in general) had no need to record (store) the actual employer addresses (which child support workers need). The result was that the employer's "address of record" *already on file* was forwarded to the NDNH in the QW file. And that "address of record" was often that of a UI claims administrator.

To improve the accuracy of employer addresses on QW reports provided to the NDNH, TWC changed its programs to read and store the employer addresses actually reported on QW reports and add them to their Employer Master File, which was then used to create the QW file that is sent to the NDNH.

TWC also wrote to payroll processors already using the ICESA or TIB-4 format asking them to be sure to include (in their QW reports) a second employer address appropriate for child support purposes.

Finally, there was one group of payroll processors reporting QW on a third format, an 80-byte diskette that does not include space for a second employer address. The TWC wrote to these companies and asked them to begin reporting using the ICESA format.

How Texas initiated an interagency agreement

When the Texas Office of the Attorney General (OAG), which administers the child support enforcement agency, learned of the employer address problem from the Texas Workforce Commission (TWC--Texas' SESA), they decided to work together to improve the employer addresses on the QW data that were being sent to the NDNH. At the request of the TEXAS OAG, TWC presented a proposal outlining the programming and administrative changes they would have to make to their Unemployment Insurance Tax System in order to ensure that QW reports sent to the NDNH had an income-withholding address for the employer. They estimated that the changes would affect approximately 22% of total QW reports.

Region VI involvement

The TEXAS OAG, in turn, took TWC's proposal to the Administration for Children and Families' Region VI Office for review. Region VI approved the proposal as eligible for Federal Financial Participation (FFP) regular operating expenses, which are reimbursed by OCSE at the rate of 66%. The total cost for the programming changes was approximately

\$8,300. Commented James Travis, Region VI Program Manager: "Because these changes were made to benefit the Texas child support enforcement program, we determined them to be allowable administrative expenses."

Great expectations

The contract between the TEXAS OAG and TWC was signed at the end of March 2000. TWC actually made the requisite programming changes back in October 1999; for the fourth quarter of 1999, TEXAS added 38,340 "actual" employer addresses to its Employer Master File. TWC does business with an average of 370,000 employers in Texas.

Because of the changes made, both State agencies expect that the fourth quarter 1999 QW file to the NDNH will show great improvement in terms of providing an employer address that is useful to child support workers, both in Texas and out of state.

Results

Commented Thomas Neal, Contract Services Manager at the TEXAS OAG, "The OAG is pleased with the initial progress this cooperative measure has contributed towards gathering accurate addresses and information, a requirement for effective child support collection." UI claims administrators in TEXAS expect and hope that they will see a great decrease in the amount of misdirected mail that they are currently receiving from child support enforcement offices.

For more information on this clean-up initiative, please contact either Mike Sheridan (Texas Workforce Commission) at (512) 463-0735 or Thomas Neal, Contracts Service Manager (Texas Office of the Attorney General) at (512) 460-6129.