

Vermont's Automated Income Withholding Process Using NDNH Data

The National Directory of New Hires (NDNH) is a database of employment, unemployment insurance, and quarterly wage information. It contains new hire data from each State's Directory of New Hires (SDNH), quarterly wage (QW) and unemployment information (UI) from the State Employment Security Agency (SESA) from each State, as well as new hire and quarterly wage information from over 140 Federal agencies. Given the wealth of this current, accurate information, the NDNH has been appropriately called "the nation's warehouse of employment, unemployment, and wage data." Vermont has developed a way to capitalize on this employment information in order to produce automated income withholding orders.

The information returned from the NDNH is received in Vermont's automated system in a transaction that handles new hire, quarterly wage, and unemployment insurance data. The following three sections describe how that information is processed.

When New Hire Data is Received

If the case is in locate and an NCP address has been provided by the NDNH, the system updates the address, takes the case out of locate, and identifies the verification source to be NDNH new hire data.

The system then searches the employer file using the Federal Employer Identification Number (FEIN) provided by the NDNH. If the employer is not on file, the system adds the employer assigning an out-of-state number if the address state is not Vermont, or a temporary in-state number if the address is in Vermont.

The system also searches the table of employers currently associated with the NCP. If the employer is on file but currently inactive, the employer is reactivated in the NCP's record. Entries are made to the case chronology for each of the NCP's cases to reflect the addition of the new or reactivated employer.

If the NCP's record indicates that he/she is receiving unemployment, the record is updated to show that the NCP is now employed.

The system automatically generates an income withholding notice to the employer for each of the NCP's cases that meet the following criteria:

- The case must be active or arrears only
- The case must be either in-state or an interstate responding case
- The order must have an income withholding provision
- The NCP must not already have an active employer (a primary employer who has paid in the last 30 days)
- The NCP must not be receiving TANF benefits.

It is important to note that whenever an income withholding notice is generated to the employer, a medical support notice is also produced.

If an income withholding notice is not generated and the case requires the establishment of an order, an employer verification document is created.

For initiating an interstate case, if the employer reported by the NDNH is out of state, an interstate notice is generated to report the new employer to the other state, if the source of the information is not the other state. At the same time a future worker message (+45 days) is set up for the interstate case worker to check with the other state. Should payment be received from the other state before the due date for the future worker message, the message is removed. If the message is not removed, the worker message instructs the interstate worker to “contact OSA (out-of-state agency) to ask why no payment has been received and consider closing the OSA case and initiating direct wage withholding.”

When Quarterly Wage Data is Received

The system searches the employer file using the FEIN provided by the NDNH. If the employer is not on file, the system adds the employer assigning an out-of-state number if the address state is not Vermont, or a temporary instate number if the address is in Vermont.

The NCP's employment history is examined to see if the employer is already known.

- If known, and employment with that employer ended more than five months ago, the employer is reactivated as of the start of the quarter for which the QW data was reported.
- If known, and the employer was verified more than five months ago, the verification date is updated to be the end of the quarter for which the QW data was reported.
- If unknown, the employer name is subjected to matching logic, which screens for a duplicate employer name before adding the employer to the NCP. (If adding the employer, a case chronology record is stored for each active case. The user and the source are identified as NDNH wage data.)

The wage data record for the NCP and employer is updated with the QW data. If the employer is not known to be associated with the NCP a quarterly wage data record is added to the database.

A worker message is generated if the new employer reports more wages than the current primary employer.

As with new hire data, if the NCP's record indicates he/she is receiving unemployment, the NCP's record is updated to reflect that the NCP was employed since wages were reported during the last quarter.

The system also checks the amount of the quarterly wage reported to the NDNH. If the amount reported was less than \$500, the case is excluded from the automated income withholding process. Vermont decided to add this test after several "false starts" on NCPs who worked only a couple of days and then quit.

Then, for all active in-state and interstate responding cases not otherwise excluded and with a last employer paid date greater than 45 days, the system automatically generates an income withholding notice (as well as a medical support notice) for cases meeting the same five criteria as listed above in the New Hire Data section. As in the new hire data process, an income withholding order is not generated if the case requires the establishment of an order, but rather an employment verification document is generated. In addition, the same future worker messages are generated and processed in the same fashion.

When Unemployment Insurance Data is Received

NDNH unemployment insurance (UI) data varies considerably from the UI data provided by the Vermont Department of Employment and Training (DET). DET provides the weekly benefit information which allows the system to actively set up and monitor the UI garnishment and update addresses as verified.

NDNH unemployment insurance data is a quarterly summary of benefits received in a prior quarter. This information is noted in the case chronology comment record identifying the state, quarter, and amount reported from the NDNH.

If the case is an initiating interstate case and the FIPS state code of the state reporting the UI is not the same FIPS state code as the Agency Contact FIPS state, the system sends a worker message to the interstate worker. The worker message text is "Unemployment Benefits of \$(amount) from (state abbreviation) reported by NDNH. NCP may have moved; contact the responding OSA to ask about the case status."

Otherwise, if the case has an income withholding provision with no payment in the last 60 days, the system sends a worker message to the interstate worker. The worker message text is "Unemployment Benefits of \$(amount) reported by NDNH, contact OSA to ask why no unemployment garnishment has been received."

If the case is not an initiating interstate case, the system generates a worker message to the Case Owner that says "Unemployment Benefits of \$(amount) from (state abbreviation) reported by NDNH: consider initiating interstate action."

If the NCP is in locate and an address has been provided by the NDNH, the system updates the address, takes the case out of locate, and identifies the user and verification source to be NDNH Unemployment Benefits.

If the NCP is not in locate, but the address is new, the system generates a postal address verification. If the address is the same as on file, it is considered to be verified by source NDNH Unemployment Benefits.

For further information or questions on the use of NDNH data for automated income withholding in Vermont, please contact John Walz at 802-241-2323 or at jfw@policy-studies.com.