



Budget Briefs from the Legislative Reference Bureau

October 1997

“NEW HIRES” REPORTING SYSTEM

The biennial state budget act (1997 Wisconsin Act 27), signed by Governor Tommy Thompson on October 11, 1997, created a hiring reporting system to meet federal requirements.

Under the federal Personal Responsibility and Work Reconciliation Act of 1996, all states were mandated to establish a new hires registry, and employers are required to report the name, address and social security number of each newly hired employee, along with the employer's name, address and identification number. The registry is designed to assist government officials in enforcement of child support orders and to promote timely income withholding for support payments. In Wisconsin, the Department of Workforce Development (DWD) is responsible for developing and maintaining the hiring reporting system in compliance with federal laws and regulations.

I. SPECIFICATIONS OF THE HIRING REPORTING SYSTEM

In compliance with federal law, the new state law requires every employer who employs individuals in Wisconsin to report new hires to the DWD within a specified period of time from the date of hire. The state in turn will report the new hires to the Federal Parent Location Service (FPLS) which will establish a National Directory of New Hires. The FPLS will be able to match the new hires database with a national registry of all child support orders under enforcement. States will be notified when matching names are found. (New hire information will also be used to prevent persons from claiming unemployment insurance for which they are not eligible.) Multi-state employers are allowed to select one state for reporting. They must then notify both DWD and the U.S. Department of Health and Human Services as to what state they have designated.

II. ADMINISTRATION OF THE SYSTEM

In developing the Wisconsin hiring reporting system, DWD will specify:

- Information employers must provide
- Proper reporting formats, including paper and electronic submissions
- Schedules and procedures for reporting

The effective date for the first new hires reporting will be January 1, 1998, if DWD determines the system can be operating that early, or April 1, 1998, if the earlier date is not possible.

In Wisconsin, there are privacy safeguards for the information reported under the new hires reporting system. No person may use or disclose information obtained from employers

except for purposes specified under state and federal law, e.g., establishing and enforcing paternity, enforcing child and spousal support, and income verification for programs, such as Wisconsin Works (W-2), Medicaid and food stamps.

III. PENALTIES/FINES

Under federal law, states may impose a civil penalty for failure to comply with the new hires reporting provisions. However, Wisconsin Act 27 requires that DWD provide an employer with notice of any violation and offer an opportunity to correct the violation before levying a fine. Employers who fail to comply with the new hires reporting system will be fined up to \$25 for each employee concerning whom a violation occurred, but a fine of up to \$500 may be levied for not supplying information about an employee or for submitting false or incomplete information as a result of a conspiracy between the employer and the employee.

IV. FOR MORE INFORMATION

For copies of Sections 20.445 (1) (gd) and 103.05, Wisconsin Statutes, and 1997 Wisconsin Act 27, Section 9426 (1h), relating to the new hires reporting system, contact the Legislative Reference Bureau at (608) 266-0342. For more detailed information on the implementation of the system, contact the DWD Division of Economic Support at (608) 266-3035.