



**Congressional
Research Service**

Informing the legislative debate since 1914

The National Directory of New Hires: An Overview

Updated January 19, 2024

Congressional Research Service

<https://crsreports.congress.gov>

RS22889



RS22889

January 19, 2024

Jessica Tollestrup
Specialist in Social Policy

The National Directory of New Hires: An Overview

The National Directory of New Hires (NDNH) is a database (part of the Federal Parent Locator Service [FPLS]) that contains personal and financial data on nearly every working American, as well as those receiving unemployment insurance benefits. It was originally established as part of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA; P.L. 104-193). It is maintained by the Office of Child Support Services (OCSS). (Prior to June 5, 2023, this office was named the Office of Child Support Enforcement [OCSE].) The NDNH database includes information on (1) all newly hired and rehired employees, compiled from state reports (and reports from federal employers), (2) the quarterly wage reports of existing employees (in Unemployment Insurance [UI]-covered employment), and (3) UI applications and claims.

The NDNH was originally established to help states locate noncustodial parents living in a different state so that child support payments could be withheld from that parent's paycheck. Since its enactment in 1996, the authority to access the NDNH has been extended to several additional programs and agencies to verify program eligibility, prevent or end improper payments, collect overpayments, or ensure that program benefits are correct. Some argue that access to the NDNH should be further expanded to additional programs and agencies. Although the directory is considered to be effective, concerns about data security and the privacy rights of employees remain a part of debates regarding expanded access. In addition, some observers have argued that the fact that the NDNH does not include data on non-wage workers (e.g., independent contractors) limits its effectiveness as a child support enforcement tool.

Table A-1 lists NDNH access-related proposals that have been included in the President's budget submissions between FY2015 and FY2024. At least one NDNH proposal was identified in these source documents each fiscal year since FY2015, except for FY2022 and FY2023.

Contents

System Components and Data Processes	2
Components.....	2
Data Verification	3
Reporting Time Frames.....	3
Child Support Enforcement Time Frames.....	4
Data Deletion	4
Entities That May Receive NDNH Data	4
Selected Policy Issues	9
Use of NDNH Data for Program Integrity and Research.....	9
Program Integrity.....	9
Research.....	10
Privacy and Data Security.....	11
Non-wage Workers.....	12

Tables

Table 1. Non-CSE Entities Authorized to Receive NDNH Data, and Purposes.....	5
Table A-1. NDNH Access Proposals in the President’s Budget Submission	14

Appendixes

Appendix. NDNH Access Proposals in the President’s Budget Submission, FY2015- FY2024.....	13
--	----

Contacts

Author Information.....	22
-------------------------	----

The National Directory of New Hires (NDNH) is a national database of personal, wage, and employment information on American workers.¹ Although the authority for the NDNH was originally established as part of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA; P.L. 104-193), more than two dozen states had established new hires reporting programs at their own initiative prior to its enactment.² Historically, the primary purpose of the NDNH has been to aid in efforts by state child support enforcement (CSE) agencies to locate parents and enforce child support orders. (According to HHS, an estimated 4.5 million noncustodial parents and putative fathers³ were located through the NDNH in FY2022, up from 2.8 million in FY1999.⁴) However, federal law also permits NDNH data to be shared with other specified programs and agencies (mostly for program integrity and policy evaluation research purposes).

The NDNH is part of the Federal Parent Locator Service (FPLS).⁵ It is maintained by the federal Office of Child Support Services (OCSS),⁶ which is a component of the Administration of Children and Families (ACF) at the Department of Health and Human Services (HHS).⁷ (Prior to June 5, 2023, this office was named the Office of Child Support Enforcement [OCSE].⁸) The data in this system come from information that is reported by the State Directories of New Hires, State Workforce Agencies, and federal agencies to OCSS. HHS estimates that about 861 million records were posted to the NDNH during FY2022.⁹

The first section of this report provides an overview of the NDNH system components and data processes. The second and third sections discuss the entities that may receive NDNH data and selected policy issues associated with the system. The **Appendix** identifies NDNH access proposals included in the President's budget submissions since FY2015.

¹ Federal law provisions related to the State Directory of New Hires are in Section 453A of the Social Security Act. Federal law provisions specifically related to the NDNH (i.e., the national system) are in Sections 453(i) and (j) of the act. The NDNH, together with the State Directories of New Hires and the federal and state Child Support Case Registries, was established as part of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193). Other provisions in Section 453 governing the Federal Parent Locator Service (FPLS), of which the NDNH is a component system, may also be relevant.

² U.S. Department of Health and Human Services (HHS), Administration for Children and Families (ACF), Office of Child Support Enforcement (OCSE), *15 Facts on Employer New Hire Reporting Child Support Enforcement: A Compilation of Evidence and Experience from the States*, February 12, 1997, pp. 1-2.

³ A putative father is “the person alleged to be the father of the child but who has not yet been medically or legally declared to be the legal father” (HHS, ACF, OCSE, *Glossary of Common Child Support Terms*, 2013, https://www.acf.hhs.gov/sites/default/files/programs/css/child_support_glossary.pdf).

⁴ HHS, ACF, OCSE, *Preliminary Data Report for FY2022*, Table P-97, https://www.acf.hhs.gov/sites/default/files/documents/ocse/fy_2022_preliminary_report.pdf.

⁵ For a summary of FPLS components, see CRS Report RS22380, *Child Support Enforcement: Program Basics*.

⁶ The NDNH system itself is housed in the Social Security Administration's (SSA's) enterprise data infrastructure.

⁷ Title IV-D of the Social Security Act and the regulations in 45 C.F.R. refer to the “Office of Child Support Enforcement” and the “Child Support Enforcement Program.” However, on June 5, 2023, the U.S. Department of Health and Human Services (HHS) published a notice in the *Federal Register* changing the name of the program and administering entity within HHS to the Office of Child Support Services in Part K of the Statement of Organization, Functions, and Delegations of Authority of the Department of Health and Human Services, Administration for Children and Families (ACF) (*Federal Register*, Vol. 88, No. 107, Monday July 5, 2023, p. 36587). As no conforming changes have been made to Title IV-D or 45 C.F.R., this report continues to refer to the program as “Child Support Enforcement.” (The CSE program statutory authorities are found in Title IV-D of the Social Security Act [42 U.S.C. §651 through §669b]. The CSE federal regulations are found in 45 C.F.R. §301 through §310. Note.)

⁸ See footnote 7. For citations, this report uses the name of the entity and program listed on the cited publication.

⁹ HHS, ACF, OCSE, *Preliminary Data Report for FY2022*, Table P-97, https://www.acf.hhs.gov/sites/default/files/documents/ocse/fy_2022_preliminary_report.pdf.

System Components and Data Processes

Components

The NDNH contains data from three different sources (or “files”): the new hires file, the quarterly wage file, and the Unemployment Insurance file.

The *new hires (NH) file* contains information from each employee’s W-4 form.¹⁰ Employers are required by Section 453A of the Social Security Act to send NH reports to the appropriate State Directory of New Hires (SDNH), which then compiles and sends the required information to the NDNH. (The state directories may be housed in a state or local child support agency, the state workforce agency, the state revenue department, or a private vendor under contract with the state.¹¹) Federal employers (i.e., agencies) send their NH reports directly to the NDNH.¹² An NH report contains six data elements: the name, address, and Social Security number of each new employee; and the employer’s name, address, and tax identification number. (Some states require or request additional information.)

The *quarterly wage (QW) file* contains quarterly wage information on individual employees in Unemployment Insurance (UI)-covered employment.¹³ This information comes from the records of the State Workforce Agencies (SWAs; sometimes called State Employment Security Agencies) and the federal government. The SWAs and federal government employers must submit the name, Social Security number, and wage amount for each employee, and the employer’s name, address, and tax identification number.¹⁴ All of these data must be delineated by quarterly reporting period. Separate quarterly wage records are established for each job held by an individual.

The *Unemployment Insurance (UI) file* contains information pertaining to persons who have received or applied for unemployment benefits, as reported by the SWAs.¹⁵ With respect to this file, the state can only submit information that is already contained in the records of the state agency that administers the UI program (generally the SWA).¹⁶ The required data elements are the claimant’s name, Social Security number, address, benefit amount, and reporting period.

¹⁰ The W-4 form, also called the Employee’s Withholding Allowance Certificate, is the form all employees must complete so that employers can withhold the correct federal income tax from each person’s paycheck. Since the enactment of P.L. 112-40, the requirement to report “newly hired employees” has been expanded to include rehired employees who have been separated from employment for at least 60 days.

¹¹ HHS, ACF, OCSE, *National Directory of New Hires Guide for Data Submission*, Version 13.3, February 8, 2019, pp. 2-1 and 2-2, https://www.acf.hhs.gov/sites/default/files/ocse/ndnh_guide_for_data_submission.pdf.

¹² States have the option of imposing a civil monetary penalty for the failure of employers to report the required new hire information. The penalty cannot exceed \$25 per failure to meet the requirements with respect to each newly hired employee, or \$500 if under state law the failure is the result of a conspiracy between the employer and the employee not to supply the required report or to supply a false or incomplete report. Section 453(n) of the Social Security Act allows certain employees of a federal or state agency performing intelligence or counterintelligence functions not to be reported to the new hires directories.

¹³ For information on the federal-state UI system, including coverage issues, see CRS Report R46687, *Unemployment Insurance (UI) Benefits: Permanent-Law Programs and the COVID-19 Pandemic Response*.

¹⁴ See 20 C.F.R. §603.6(b)(5).

¹⁵ HHS, ACF, OCSE, *A Guide to the National Directory of New Hires*, January 13, 2023, p. 2.

¹⁶ *Ibid.*

Data Verification

The names and Social Security numbers in the NH, QW, and UI data received from the states are transmitted by HHS to the SSA for verification. To the extent necessary, HHS also has the authority to transmit additional information on employees (dates of birth) and employers (tax identification numbers) contained in the NH reports to be verified by the SSA as well. The SSA is required to verify the accuracy of, correct, or supply missing data to the extent possible.¹⁷

According to OCSS, all Social Security numbers in NH reports and UI files are verified by the SSA before the information is added to the NDNH database. Some state's QW files, however, do not include all of the elements necessary for a successful verification. In such situations, the information is transmitted to the NDNH but is flagged to indicate that the SSA was not able to verify the Social Security number and name combination.¹⁸

Reporting Time Frames

In general, each of the three files that comprise the NDNH have different time frames for reporting and matching. Selected elements of these time frames are summarized below.¹⁹

NH data generally are reported on an ongoing basis in the days and weeks after the hire occurs:

- Generally within 20 days after the employee is hired, employers and federal agencies must provide an NH report on the employee to the SDNH.
- Within five business days of receipt from an employer, the NH report must be entered into the database maintained by the SDNH.
- Within three business days after the new hire information from the employer has been entered into the SDNH, the SDNH must submit its NH reports to the NDNH.
- Within two business days after the NH information is received from the SDNH, the information must be entered into the computer system of the NDNH.

In contrast, QW and UI reporting from the states generally occurs on a less frequent basis:

- Within four months of the end of a reporting quarter, QW information on existing employees must be transmitted to the NDNH from the SWAs. (For example, January through March data are due no later than July 31.)²⁰ While most states follow this quarterly schedule, some states report QW data on a monthly or weekly basis.
- Within one month of the end of a reporting quarter, UI information (which comes from SWAs) must be transmitted to the NDNH. (For example, January through March data are due no later than April 30.)

¹⁷ Social Security Act §453(j).

¹⁸ HHS, ACF, OCSE, *National Directory of New Hires Guide for Data Submission*, Version 13.4, August 10, 2022, pp. 1-5 and 1-6, https://www.acf.hhs.gov/sites/default/files/documents/ocse/ndnh_guide_for_data_submission.pdf.

¹⁹ For a full list of time frames for reporting and matching, see *ibid.*, pp. 2-1, 3-1, and 4-1.

²⁰ Federal agencies are required to transmit QW information on federal employees to the NDNH no later than one month after the end of a calendar quarter.

Child Support Enforcement Time Frames

The NDNH is used routinely for various child support enforcement-related purposes. To locate individuals in a paternity establishment case or assist in a case involving the establishment, modification, or enforcement of child support, the HHS Secretary must compare information in the NDNH against information in the child support abstracts in the Federal Child Support Case Registry (another component system of the FPLS) at least every two business days. If a match is found, the HHS Secretary must report the information to the appropriate state CSE agency within two business days.

In addition to locating absent parents, the NDNH can be used to identify wages that could be subject to income withholding. About three-quarters of child support is collected via this method.²¹ In each case where a CSE agency identifies such wages, it is required to instruct the appropriate employer to withhold child support obligations from the employee's paycheck within two business days (unless the employee's income is not subject to withholding).

Data Deletion

All NDNH data must be deleted from the database no later than 24 months after the date of entry. These deletion requirements, coupled with the reporting schedules outlined in the previous section, result in a constant cycling of wage and employment data into and out of the NDNH.

For CSE purposes, access to QW and UI reports is prohibited starting 12 months after they have been entered if no match has occurred as part of information comparison procedures.

Non-CSE programs and agencies that enter into data matching agreements with OCSS are required to delete the NDNH data that are shared with them on a timeline that is negotiated with OCSS based on the purpose for which the match will be used (e.g., recertification of benefit eligibility). In addition, the HHS Secretary may keep samples of data entered into the NDNH for research purposes that are specified in Section 453(j)(5) of the Social Security Act, but without personal identifiers.

Entities That May Receive NDNH Data

The original purpose of the NDNH was to help states locate child support obligors who were working in other states so that child support could be withheld from the noncustodial parent's paycheck. It is estimated that about one-quarter of child support cases involve noncustodial parents who either live outside the state in which their children reside or have unknown whereabouts.²² The benefit of using the NDNH (as opposed to an individual state's data) is that the system provides nationwide information about noncustodial parents who have obtained work or claimed unemployment insurance benefits, or who are employed by the federal government. Moreover, because many noncustodial parents are in temporary employment or move from job to job, the quick reporting of information on new hires greatly increases the likelihood that the NDNH will be able to locate a noncustodial parent and pass on the information to states so that

²¹ HHS, ACF, OCSE, *Preliminary Data Report for FY2022*, Table P-29, https://www.acf.hhs.gov/sites/default/files/documents/ocse/fy_2022_preliminary_report.pdf.

²² Kye Lippold and Elaine Sorensen, *Characteristics of Families Served by the Child Support (IV-D) Program: 2016 Census Survey Results*, Urban Institute, November 2018, p. 1, https://www.acf.hhs.gov/sites/default/files/documents/ocse/iv_d_characteristics_2016_census_results.pdf.

the CSE agencies can pursue support orders and collect child support via income withholding before the noncustodial parent changes jobs.²³

While the NDNH is primarily intended to be a CSE tool that aids in the location of noncustodial parents, several additional programs and agencies have the authority to receive data from it to verify program eligibility, prevent or end improper payments, collect overpayments or ensure that program benefits are properly paid, or conduct research. Although the directory is considered effective, concerns about data security and the privacy rights of employees remain a part of debates regarding expanded access to NDNH data. (These are discussed in the next section.) To safeguard the privacy of individuals in the NDNH, federal law requires that OCSS restrict access to the NDNH database to “authorized” persons. Moreover, the NDNH cannot be used for any purpose not authorized by federal law. Thus, the enactment of law is required for any entity not mentioned in this section to receive NDNH data.

The non-CSE entities authorized to receive NDNH data and the purposes for which it can be received (as of the date of this report) are summarized in **Table 1**. (Authorities enacted outside of Title IV-D of the Social Security Act are listed at the end of the table.)

Table 1. Non-CSE Entities Authorized to Receive NDNH Data, and Purposes

Statutory Citation	Entity	Purpose(s)	Legislative History
42 U.S.C. §§653(i)(3) and (j)(9) <i>Social Security Act §453(j)(3) and (j)(9)</i>	Secretary of the Treasury	To administer Section 32 (earned income tax credit; EITC) of the Internal Revenue Code (IRC), including verification in order to make an advanced payment of the EITC. To verify a claim of employment in a tax return. To collect delinquent nontax debt owed to the federal government (e.g., small business loans, Department of Veterans Affairs loans, agricultural loans, etc.) when the debt has been referred to the Secretary of the Treasury in accordance with 31 U.S.C. §3711(g).	EITC and employment verification: P.L. 104-193 (enacted August 22, 1996) Nontax debt: P.L. 108-447 (enacted in December 8, 2004)
42 U.S.C. §653(j)(3) <i>Social Security Act §453(j)(3)</i>	State Welfare (Title IV-A or Temporary Assistance for Needy Families) Agencies	To carry out state responsibilities under programs funded under Title IV, Part A of the Social Security Act.	P.L. 104-193 (enacted August 22, 1996)
42 U.S.C. §653(j)(3) <i>Social Security Act §453(j)(3)</i>	State Child and Family Services (Title IV-B) Agencies	To carry out state responsibilities under programs funded under Title IV, Part B of the Social Security Act.	P.L. 110-351 (enacted October 7, 2008)
42 U.S.C. §653(j)(3) <i>Social Security Act §453(j)(3)</i>	State Foster Care and Adoption Assistance (Title IV-E) Agencies	To carry out state responsibilities under programs funded under Title IV, Part E of the Social Security Act.	P.L. 110-351 (enacted October 7, 2008)
42 U.S.C. §653(j)(4) <i>Social Security Act §453(j)(4)</i>	Commissioner of the Social Security Administration (SSA)	The NDNH “shall provide the Commissioner of Social Security with all information in the National Directory.” ^a	P.L. 104-193 (enacted August 22, 1996)

²³ Section 454(17) of the Social Security Act requires that all state CSE programs have in effect agreements with HHS for the use of the FPLS, which includes the NDNH.

Statutory Citation	Entity	Purpose(s)	Legislative History
42 U.S.C. §653(j)(5) <i>Social Security Act §453(j)(5)</i>	HHS Researchers/others	To conduct research found by the HHS Secretary to be likely to contribute to achieving the purposes of Part A or Part D of the Social Security Act (without personal identifiers).	P.L. 104-193 (enacted August 22, 1996)
42 U.S.C. §653(j)(6) <i>Social Security Act §453(j)(6)</i>	Secretary of Education	To collect debt from individuals who have defaulted on student loans or owe an obligation to refund an overpayment of a grant. To conduct analyses of student loan defaults (after removal of personal identifiers).	P.L. 106-113 (enacted November 29, 1999)
42 U.S.C. §653(j)(7) <i>Social Security Act §453(j)(7)</i>	Secretary of Housing and Urban Development (HUD)	To verify the employment and income of individuals participating in certain enumerated HUD housing programs. To conduct analyses of the employment and income reporting of those individuals (after removal of personal identifiers).	P.L. 108-199 (enacted January 23, 2004)
42 U.S.C. §653(j)(8) <i>Social Security Act §453(j)(8)</i>	State Workforce Agencies (SWAs)	To administer an unemployment compensation program under federal or state law. ^b	P.L. 108-295 (enacted August 9, 2004)
42 U.S.C. §653(j)(10) <i>Social Security Act §453(j)(10)</i>	State Supplemental Nutrition Assistance Program (SNAP) Agencies	To administer SNAP under the Food and Nutrition Act of 2008.	P.L. 109-250 (enacted July 27, 2006) P.L. 110-246 (enacted June 18, 2008) P.L. 113-79 (enacted February 7, 2014) ^c
42 U.S.C. §1396w-2 note	Medicaid and Children’s Health Insurance Program (CHIP)	To permit state programs that meet certain criteria to receive data from the NDNH “relevant to eligibility determinations and determining the correct amount of benefits under a State child health plan under CHIP or a State plan under Medicaid.” ^d	P.L. 111-3 (enacted February 4, 2009)
31 U.S.C. §721 note	Government Accountability Office (GAO)	To discharge the duties of the Comptroller General under 31 U.S.C. §716. ^e	P.L. 115-3 (enacted January 31, 2017)
P.L. 115-334, §6417	Secretary of Agriculture (USDA)	To verify the income of individuals participating in certain enumerated USDA housing programs. To conduct analyses of the employment and income reporting of those individuals (after removal of personal identifiers). ^f	P.L. 115-334 (enacted December 20, 2018)

Source: Adapted from U.S. Department of Health and Human Services (HHS), Administration for Children and Families (ACF), Office of Child Support Enforcement (OCSE), *A Guide to the National Directory of New Hires*, pp. 4-5, https://www.acf.hhs.gov/sites/default/files/documents/ocse/a_guide_to_the_national_directory_of_new_hires.pdf, with additional CRS legislative analysis.

- a. The SSA uses NDNH data (pursuant to this authority) to establish or verify eligibility or payments under the Supplemental Security Income program, to establish or verify eligibility or continuing entitlement under the Disability Insurance program, to administer the Ticket-to-Work and Self-Sufficiency program, and to determine eligibility of applications for Extra Help (low-income subsidy assistance) under the Medicare Part D Prescription Drug Coverage Program. For further information, see SSA matching agreements 1074, 1098, and 1306, https://www.ssa.gov/privacy/computer_matching_programs.html.

- b. Although State Workforce Agencies (SWAs) already have access to the quarterly wage and UI data elements, SWAs require the new hires data element for UI program administration purposes so UI claimants who are employed/reemployed do not receive UI benefits.
- c. P.L. 109-250 allowed state agencies that administer the “Food Stamp program” to receive NDNH data. P.L. 110-246 changed program references to the “Supplemental Nutrition Assistance Program.” P.L. 113-79 required all state SNAP agencies (rather than giving them the option) to data-match with the NDNH at the time of SNAP certification for the purposes of determining eligibility to receive SNAP benefits and determining the correct amount of those benefits.
- d. Section 1942(e) of P.L. 111-3 directed that “The Secretary shall enter into such agreements as are necessary to permit a State that elects the Express Lane option under section 1902(e)(13) of the Social Security Act to receive data directly relevant to eligibility determinations and determining the correct amount of benefits under a State child health plan under CHIP or a State plan under Medicaid from the following: (1) The National Directory of New Hires....” It does not appear that this authority has ever been implemented.
- e. 31 U.S.C. §721 provides that “no provision in the Social Security Act, including Section 453(l) of that Act, shall be construed to limit, amend, or supersede the authority of the Comptroller General to obtain any information or to inspect any record under section 716 of this title.” For background, see Department of Justice, Whether the Department of Health and Human Services May Provide the Government Accountability Office Access to Information in the National Directory of New Hires, Memorandum Opinion for the Acting General Counsel, August 23, 2011, <https://www.justice.gov/opinion/file/833541/download>.
- f. P.L. 115-334 granted the USDA “the same access to information and subject to the same requirements applicable to the Secretary of Housing and Urban Development as provided in Section 453 of the Social Security Act ... to verify income for individuals participating in [enumerated programs].” These USDA authorities were intended to align the treatment of the rural housing programs with similar HUD programs, as well as to address the Improper Payments Act. They were originally enacted on a temporary basis in Section 749 the FY2018 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act (P.L. 115-141, Division A).

When the authority for the NDNH was established as part of the PRWORA in 1996, it specified that certain entities (in addition to state CSE agencies) could receive data from the NDNH, namely

- State Welfare (Title IV-A or Temporary Assistance for Needy Families [TANF]) Agencies (to carry out their responsibilities under the TANF program);
- the Secretary of the Treasury (to administer the EITC and conduct employment verification for tax returns); and
- entities conducting research found by the HHS Secretary to be likely to contribute to achieving the purposes of Part A (i.e., the TANF program) or Part D (i.e., the CSE program) of the Social Security Act.

The PRWORA also required the NDNH to provide the Social Security Commissioner with “all information in the directory.” NDNH data are currently used by the SSA (pursuant to this authority) for purposes that include determinations of eligibility and payment amounts for the Supplemental Security Income (SSI) program, the Disability Insurance (DI) program, the Ticket-to-Work and Self-Sufficiency (Ticket) program, and Extra Help (low-income subsidy assistance) under the Medicare Part D Prescription Drug Coverage Program.²⁴

Subsequent to the enactment of the PRWORA, the list of entities that can receive NDNH data has been expanded to include, in

- 1999, the Secretary of Education (to collect student loan debt or grant overpayments, and to conduct analyses of student loan defaults);

²⁴ For further information, see SSA matching agreements 1074, 1098, and 1306, https://www.ssa.gov/privacy/computer_matching_programs.html.

- 2004, the Secretary of HUD (for employment and income verification for certain HUD housing programs, and to conduct analyses of the employment and income reporting);
- 2004, SWAs (to administer a UI program)²⁵;
- 2006, State SNAP Agencies (to administer a SNAP program)²⁶;
- 2008, the Secretary of the Treasury (to collect delinquent nontax debt owed to the federal government under specified circumstances);
- 2008, State Child and Family Services (Title IV-B) Agencies and State Foster Care and Adoption Assistance (Title IV-E) Agencies (to carry out state responsibilities under these titles);
- 2009, state Medicaid and Children’s Health Insurance Programs (to permit state programs that meet certain criteria to receive data from the NDNH for the purposes of determining eligibility and benefit amounts);
- 2017, GAO (to discharge the duties of the Comptroller General under 31 U.S.C. §716); and
- 2018, the Secretary of Agriculture (for income and employment verification for certain USDA housing programs, and to conduct analyses of the employment and income reporting).

Readers should note that NDNH data that are used by HHS, ED, HUD, and USDA to conduct research or analyses of certain topics (as authorized under the Social Security Act) generally does not contain personal identifiers.²⁷

In addition to the above authorities, the Secretary of Veterans Affairs (VA) has previously been required during two separate time periods to provide the HHS Secretary with information for comparison with the NDNH to determine eligibility for certain veterans’ benefits and services.²⁸ The original matching requirements under P.L. 110-157 (enacted December 26, 2007) were to terminate September 30, 2011, but were subsequently extended through November 18, 2011 (P.L. 112-37, enacted on October 5, 2011). During the period from November 19, 2011, through September 29, 2013, the requirements were not in effect. The matching requirements were again effective on September 30, 2013, and for 180 days thereafter (P.L. 113-37, enacted September 30, 2013), but have not been since that time. According to GAO, the VA and OCSE never reached an

²⁵ Although SWAs already have access to the quarterly wage and UI data elements, SWAs require the new hires data element for UI program administration purposes so UI claimants who are employed/reemployed do not receive UI benefits.

²⁶ The original authority referenced the “Food Stamp” program. P.L. 110-246 changed program references to the “Supplemental Nutrition Assistance Program” (SNAP). P.L. 113-79 required all state SNAP agencies (rather than giving them the option) to data-match with the NDNH at the time of SNAP certification for the purposes of determining eligibility to receive SNAP benefits and determining the correct amount of those benefits. For further information about SNAP data matching with the NDNH, see CRS Report R45147, *Errors and Fraud in the Supplemental Nutrition Assistance Program (SNAP)*.

²⁷ See HHS, ACF, OCSE, “A Guide to the National Directory of New Hires,” pp. 4-5.

²⁸ See Social Security Act §453(j)(11). For background on how the VA anticipated that the requirement to match data with the NDNH might overlap with existing income-verification processes, see the testimony of Daniel L Cooper, Under Secretary for Benefits, U.S. Department of Veterans Affairs, before the Senate Committee on Veterans’ Affairs, May 9, 2007, <https://www.veterans.senate.gov/services/files/14537789-78D6-40A6-B2E1-B5E607E4809D>.

agreement, reportedly due to “limited financial and workforce resources,” that allowed for data sharing outside of either of the time periods when the matching requirements were in effect.²⁹

Selected Policy Issues

The policy issues historically associated with the NDNH generally can be divided into three categories: the use of NDNH data for program integrity and research, privacy and data security, and workers outside the scope of the system (i.e., non-wage workers). These issues are briefly summarized below.

Use of NDNH Data for Program Integrity and Research

The federal government and states administer numerous benefit programs that provide aid to persons with limited income. As discussed above, some of these programs have been given statutory authority to use NDNH data for the purposes of improving program integrity or conducting policy research related to those programs (see “Entities That May Receive NDNH Data” for a list of these authorities). Although some observers have argued that these authorities should be expanded to additional programs and purposes, others are concerned that some of the strict limitations on access hamper the effective use of these data.

Program Integrity

Many programs that have piloted or fully implemented the use of NDNH data to prevent improper payments have reported significant savings as a result.³⁰ For example, with regard to the UI program, one leading source of UI improper payments is *benefit year earnings*, which happen when claimants continue to claim UI benefits after they return to work, or do not correctly report earnings for a week when they are claiming UI benefits.³¹ NDNH data matching is a tool that can identify benefit year earnings and, thus, reduce UI improper payments. For FY2005, an NDNH pilot initiated by the DOL for UI programs in three states found that “using the national cross-match along with the statewide cross-match helped detect 50 percent more cases of potential fraud in one quarter than it would have detected otherwise.”³² In addition, with regard to SSA-administered programs, SSA estimated in FY2015 that the use of NDNH data (at a cost of about \$175 million) for program integrity purposes associated with the SSI, DI, and Ticket programs resulted in program savings of about \$923 million.³³

The question of who should have access to NDNH data, and for what purposes, has been debated since the database’s inception. President’s budget submissions from the past few administrations have proposed changes that would increase the use of or access to the NDNH. (See **Appendix** for

²⁹ U.S. Government Accountability Office (GAO), *Veterans Disability Benefits: VA Can Better Ensure Unemployment Decisions Are Well Supported*, GAO-15-464, June 2015, p. 23, <https://www.gao.gov/assets/680/670592.pdf>.

³⁰ See, for example, the discussion of the use of NDNH data to locate TANF recipient workers with unreported income, Wade F. Horn, Assistant Secretary for Children and Families, U.S. Department of Health and Human Services, *Testimony before the Human Resources Subcommittee*, July 14, 2005, <https://www.acf.hhs.gov/olab/resource/wade-f-horn-on-ndnh-and-tanf>.

³¹ See DOL, Office of Inspector General (OIG), “U.S. Department of Labor’s Top Management and Performance Challenges,” November 2023, p. 3, <https://www.oig.dol.gov/public/DOL%202023%20Top%20Management%20and%20Performance%20Challenges.pdf>.

³² GAO, *Improper Payments: Federal and State Coordination Needed to Report National Improper Payment Estimates on Federal Programs*, GAO-06-347, April 2006, p. 59, <https://www.gao.gov/assets/250/249728.pdf>.

³³ See SSA-OCSE Quarterly Match Agreement 1704, p. 46, <https://www.hhs.gov/sites/default/files/cma-1704.pdf>.

examples of these.) These proposals have included a statutory requirement that states must use NDNH to ensure that UI claimants have not returned to work³⁴ as part of a suite of UI program integrity changes.³⁵ Some, however, have raised concerns that programs that might more effectively detect improper payments through the use of NDNH data lack the computer capacity or capability to use that type of automated system.³⁶ Agencies and programs that are administered at the local level might have a limited or nonexistent ability to exchange data regularly with OCSS. Moreover, many of the privacy protections and strict security requirements tied to the NDNH may be administratively burdensome for such agencies.

Research

NDNH data also have been used by policy researchers to help determine the effectiveness of new or existing programs. For example, NDNH wage data were used in a 2018 study commissioned by HHS to examine whether youths who had participated in the Year Up workforce program experienced increased earnings over a 12-quarter period.³⁷ Recent President's budgets also have proposed that the ability to use these data for research be expanded. (See **Appendix** for examples of these.) Some observers, however, have noted that the usefulness of NDNH data for research is limited by its data deletion and de-identification requirements. For example:

A one or two year time span provides a relatively limited window for observing earnings before, during, and after the time of program participation. Data of particular interest may have already been deleted before a research agreement can be reached. In the absence of identifiers, it is impossible for researchers to incorporate additional years or sources of administrative data into their research sample or correct problems with prior linkages once the de-identified file with NDNH data has been returned. While it is possible to construct a longitudinal research sample in the future, this requires greater involvement by OCSE (since only OCSE has access to the identifiers needed to continue updating the earnings data), increasing the cost and complexity of the project.³⁸

³⁴ Although this is currently required in DOL program guidance, there is no statutory requirement for states to use NDNH (or several other related data cross matches). See DOL, Employment and Training Administration (ETA), "National Effort to Reduce Improper Payments in the Unemployment Insurance (UI) Program," UIPL No. 19-11, June 10, 2011, <https://wdr.doleta.gov/directives/attach/UIPL/UIPL19-11.pdf>; and DOL, ETA, "National Directory of New Hires (NDNH) and State Directory of New Hires (SDNH) Guidance and Best Practices," UIPL No. 13-19, June 17, 2019, https://wdr.doleta.gov/directives/attach/UIPL/UIPL_13-19.pdf.

³⁵ Similar proposals also have been made by the DOL OIG (See DOL OIG, "OIG Oversight of the Unemployment Insurance Program," <https://www.oig.dol.gov/doloigoversightwork.htm#recm>) and have been included in several pieces of legislation. (For example, in the 117th Congress, see S. 1699, S. 4507, H.R. 3268, H.R. 8000, and H.R. 8661. For additional information on UI program integrity bills introduced in the 117th Congress, see CRS Report R46789, *Unemployment Insurance: Legislative Issues in the 117th Congress, First Session*; and CRS Report R47393, *Unemployment Insurance: Legislative Issues in the 117th Congress, Second Session*. Additionally, in the 111th Congress, the House Engrossed Amendment of H.R. 4899 included a statutory requirement for states to use NDNH data matching; however, the version of this bill that was enacted into law as P.L. 111-212 did not include this NDNH provision.)

³⁶ See, for example, the findings with regard to SWA utilization of the NDNH in Department of Labor, Office of Inspector General—Office of Audit, *Improved Oversight of States' Use of New Hire Tools Would Help Reduce Improper Payments*, report to the Employment and Training Administration, September 27, 2018, 04-18-003-03-315, <https://www.oig.dol.gov/public/reports/oa/2018/04-18-003-03-315.pdf>.

³⁷ David Fein and Jill Hamadyk, *Bridging the Opportunity Divide for Low-Income Youth: Implementation and Early Impacts of the Year Up Program*, HHS, ACF, Office of Planning, Research, and Evaluation, Report #2018-65 (Washington, DC: Office of Planning, Research, and Evaluation, May 2018), https://www.acf.hhs.gov/sites/default/files/documents/opre/pace_8_year_up_narrative_6_1_18_508.pdf.

³⁸ Christin Durham and Laura Wheaton, *Investigating Alternative Sources of Quarterly Wage Data: An Overview of the NDNH, LEHD, WRIS, and ADARE*, Urban Institute, October 18, 2012, p. 3, <http://www.urban.org/sites/default/files/continued...>

Privacy and Data Security

The sensitivity of the information contained in the NDNH—personal and financial data on millions of working Americans, as well as those receiving UI benefits—necessitates that precautions be taken with regard to the security of the system.³⁹ Access to the NDNH system (housed at a secure SSA facility) is limited to authorized personnel. In addition, according to the OCSE *Guide to the National Directory of New Hires*, recipients of NDNH information must agree to comply with security safeguards, such as:

Operational safeguards that ensure NDNH information is secure from unauthorized entities and unauthorized uses at all times;

Technical safeguards that ensure NDNH information is processed, stored, and transmitted in a secure manner and that information is processed using methods that protect the confidentiality and integrity of the information; and

Management safeguards that are tailored to the information system environment and require written security agreements, policies, and procedures which must include: notification to OCSE of any breach of NDNH information, and provision that OCSE has the right to request a site visit or assessment to ensure compliance with security requirements.⁴⁰

In addition to requirements related to the security of the NDNH data while they are in the system or shared outside OCSS, the Social Security Act includes provisions that require the removal or deletion of certain information in the NDNH after specified time periods (see the “Data Deletion” section).

Nevertheless, the size and scope of the NDNH has caused some to be concerned that individual privacy protections might be insufficient and that the type of data that are gathered might gradually be expanded.⁴¹ Some have observed that, as an increasing number of federal and state programs have obtained access to the system, wider access to and use of NDNH data could potentially lead to privacy and confidentiality breaches, financial fraud, identity theft, or other crimes.⁴² Others have expressed related apprehensions that allowing NDNH data to be shared with a variety of federal programs could lead to new reporting requirements that are not necessary to carry out the core CSE mission of the system.⁴³ Those new requirements could be difficult or

publication/25971/412688-Investigating-Alternative-Sources-of-Quarterly-Wage-Data-An-Overview-of-the-NDNH-LEHD-WRIS-and-ADARE.PDF.

³⁹ The NDNH is subject to security and privacy requirements under Sections 453(l) and (m) of the Social Security Act. It also is considered to be a system of records under the Privacy Act, and thus is subject to the requirements under that act for administrative, technical, and physical safeguards for both the records matched and any results of those matches (see 5 U.S.C. 552a).

⁴⁰ HHS, ACF, OCSE, *A Guide to the National Directory of New Hires*, p. 8. See also HHS, ACF, OCSE, *Accuracy of Data Maintained by the National Directory of New Hires and the Effectiveness of Security Procedures*, Report to the House of Representatives Committee on Ways and Means and Senate Committee on Finance, July 31, 2002.

⁴¹ See, for example, Cato Institute, “‘Deadbeat Dad’ Database Endangers Everyone,” by Doug Bandow, April 30, 1998, <https://www.cato.org/publications/commentary/deadbeat-dad-database-endangers-everyone>.

⁴² GAO, *National Sex Offender Registry: New Hires Data Has Potential for Updating Addresses of Convicted Sex Offenders*, GAO-06-766, July 2006, p. 26, <https://www.gao.gov/products/GAO-06-766>. See also U.S. Department of the Treasury, Inspector General for Tax Administration, Hearing before the House Committee on Oversight and Government Reform, Subcommittee on Government Organization, Efficiency, and Financial Management, *Problems at the Internal Revenue Service: Closing the Tax Gap and Preventing Identity Theft*, Testimony of the Honorable J. Russell George, Treasury Inspector General for Tax Administration, April 19, 2012, https://www.treasury.gov/tigta/congress/congress_04192012.pdf.

⁴³ See, for example, the proposal to expand access to and the data collected by the NDNH in Center for Law and Social (continued...)

costly to implement at the state and employer levels, and might cause additional burdens on employers that lead to reduced reporting.⁴⁴

Non-wage Workers

As a child support tool, the NDNH can be used to locate noncustodial parents and identify wages that could be subject to income withholding. (As previously mentioned, about three-quarters of child support is collected by the CSE program via income withholding.⁴⁵)

With regard to non-wage employment, the NDNH generally does not gather information on self-employed workers (e.g., independent contractors), which are a growing proportion of the working adult population, according to various estimates.⁴⁶ However, recent President's budgets have proposed requiring that self-employed workers be reported to the SDNH for inclusion in the NDNH.⁴⁷ A 2019 study identified 16 states that require employers to report the income of independent contractors in some form (in many cases, to the SDNH).⁴⁸ That study also found low employer compliance with those reporting requirements, and that it was “virtually impossible” to successfully withhold child support from one-time payments to non-wage workers.⁴⁹ Nevertheless, the CSE staff interviewed for the study felt that independent contractor reporting could improve certain outcomes, such as when that reporting enabled them to locate those parents or attach income withholding orders to regular payments.⁵⁰

Policy, *CLASP Comments on a Proposed Postsecondary Institution Rating System, Submitted to the U.S. Department of Education*, January 31, 2014, p. 5, <http://www.clasp.org/resources-and-publications/publication-1/CLASP-Comments-on-PIRS-2-4.pdf>.

⁴⁴ Vicki Turetsky, *Preserve the Child Support System: Don't Let the New Hire Database Be Hijacked for Immigrant Employment Verification*, Center for Law and Social Policy, May 6, 2008; National Women's Law Center, *Impact of the New Employee Verification Act (HR 5515) on Child Support Enforcement*, written statement of Joan Entmacher to the Subcommittee on Social Security, House Committee on Ways and Means, May 8, 2008, <https://nwlc.org/wp-content/uploads/2015/08/NWLCOnNEVAandChild%20Support.pdf>.

⁴⁵ *Ibid.*, Table P-29.

⁴⁶ Lawrence F Katz and Alan B. Krueger, “The Rise and Nature of Alternative Work Arrangements in the United States, 1995–2015,” *ILR Review*, vol. 72, no. 2 (March 2019), pp. 382–416; and CRS Report R44365, *What Does the Gig Economy Mean for Workers?*.

⁴⁷ See, for example, *FY2017 ACF Congressional Justification*, p. 308; and *FY2021 ACF Congressional Justification*, p. 242.

⁴⁸ These state-level requirements have differing income thresholds and a variety of other qualifying criteria for the reporting. See Asaph Glosser and Justin Germain, *Independent Contractors and Nontraditional Workers: Implications for the Child Support Program*, HHS, Office of the Assistant Secretary for Planning and Evaluation, May 10, 2019, <https://aspe.hhs.gov/system/files/pdf/261736/IndependentWorkersChildSupportProgram.pdf>.

⁴⁹ *Ibid.*, p. 6.

⁵⁰ *Ibid.*, pp. 7–8. See also National Child Support Enforcement Association, “Resolution Supporting New Hire Reporting and Income Withholding Changes for Independent Contractors,” August 10, 2019.

Appendix. NDNH Access Proposals in the President’s Budget Submission, FY2015-FY2024

Table A-1 below lists NDNH access-related proposals that have been included in the President’s budget submissions between FY2015 and FY2024. An excerpt of each proposal is also included in that table. These examples were identified through searches of the “Analytical Perspectives” volume of the President’s Budget and congressional justifications for the time period.

At least one NDNH proposal was identified in these source documents each fiscal year since FY2015, except for FY2022 and FY2023. Note that, in some cases, items in this table represent overlapping or duplicative descriptions of proposals across documents. In addition, in some cases, the documents did not have enough detail to determine which specific entities were within the scope of the proposal. In such cases, the table indicates that these were for multiple departments or agencies.

Table A-1. NDNH Access Proposals in the President’s Budget Submission

FY2015-FY2024

FY	Dept.	Agency	Excerpt of Proposal
2015	HHS	ACF	“The FY 2015 budget re-proposes legislative changes that would reauthorize and modify LIHEAP for five years to increase program oversight and promote program effectiveness by ... authorizing LIHEAP access to the National Directory of New Hires to detect and prevent program waste, fraud, and abuse.” [HHS, <i>FY2015 ACF Congressional Justification</i> , p. 35.]
2015	HHS	ACF	“The Budget proposes to narrowly expand access to the National Directory of New Hires Database to assess the effectiveness of federal policies and programs in achieving positive labor market outcomes and to provide related demographic or economic statistics. This proposal would allow certain federal agencies a more reliable and affordable way to obtain data essential for research, evaluation, and statistical purposes while maintaining necessary mandated security, privacy, and confidentiality standards.” [HHS, <i>FY2015 ACF Congressional Justification</i> , p. 275.]
2015	Treasury	IRS	“The IRS has taken a number of steps under existing law to improve compliance. These efforts would be enhanced by specific tax administration proposals that would Expand the IRS access to information in the National Directory of New Hires for tax administration purposes (\$12 million).” [Treasury, <i>FY2015 IRS Congressional Budget Justification</i> , p. IRS-100.]
2015	Treasury	IRS	“The Administration proposes to amend the Social Security Act to expand IRS access to the NDNH data for general tax administration purposes, including data matching, verification of taxpayer claims during return processing, preparation of substitute returns for non-compliant taxpayers, and identification of levy sources.” [<i>FY2015 President’s Budget</i> , “Analytical Perspectives,” p. 170.]
2016	Multiple	Multiple	“Consistent with bipartisan Congressional proposals, the Budget would allow select Federal statistical and evaluation units to access the NDNH for statistical purposes, subject to strong privacy and confidentiality protections. The proposal would allow NDNH data to be used to evaluate Federal job training and other programs intended to increase employment and earnings, as well as to construct job training service provider “scorecards” based on participant employment and earnings outcomes, consistent with WIOA and the goals laid out as part of the Administration’s review of job-training programs. The proposal would also permit the use of NDNH data to improve the completeness and efficiency of the Census LEHD program and the 2020 decennial census.” [<i>FY2016 President’s Budget</i> , “Analytical Perspectives,” p. 70.]
2016	Treasury	IRS	“The IRS has taken a number of steps under existing law to improve compliance. These efforts would be enhanced by specific tax administration proposals that would ... Expand the IRS access to information in the National Directory of New Hires for tax administration purposes (\$12 million).” [Treasury, <i>FY2016 IRS Congressional Budget Justification</i> , p. IRS-114.]
2016	Treasury	IRS	“The Administration proposes to amend the Social Security Act to expand IRS access to the NDNH data for general tax administration purposes, including data matching, verification of taxpayer claims during return processing, preparation of substitute returns for non-compliant taxpayers, and identification of levy sources.” [<i>FY2016 President’s Budget</i> , “Analytical Perspectives,” p. 189.]

FY	Dept.	Agency	Excerpt of Proposal
2016	DOL	ETA	“In order to streamline, standardize, and more accurately capture the outcome information essential to supporting high-quality performance information and evaluations, the Budget proposes to eliminate the ban on developing a national database of personally identifiable information for WIOA participants, and grant DOL access to the wage data information held in the National Directory of New Hires.” [DOL, <i>FY2016 ETA Congressional Budget Justification</i> , p. ETA-3.]
2016	Multiple	Multiple	“Consistent with bipartisan Congressional proposals, the Budget would allow select Federal statistical and evaluation units to access the NDNH for statistical purposes, subject to strong privacy and confidentiality protections. The proposal would allow NDNH data to be used to evaluate Federal job training and other programs intended to increase employment and earnings, as well as to construct job training service provider “scorecards” based on participant employment and earnings outcomes, consistent with WIOA and the goals laid out as part of the Administration’s review of job-training programs. The proposal would also permit the use of NDNH data to improve the completeness and efficiency of the Census LEHD program and the 2020 decennial census.” [FY2016 <i>President’s Budget</i> , “Analytical Perspectives,” pp. 81-82.]
2016	Multiple	Multiple	“The Budget proposes to narrowly expand access to the National Directory of New Hires Database. This proposal enables the Census Bureau access to these data in time to incorporate the data in its efforts to reduce the need to conduct in-person follow up interviews with non-responding households. This proposal would also allow several agencies a more reliable and affordable way obtain data essential for research, evaluation, and statistical purposes while maintaining necessary security, privacy, and confidentiality standards.” [Commerce, <i>FY2016 U.S. Census Bureau Budget Estimates</i> , p. CEN-84.]
2017	Multiple	Multiple	“In order to streamline access to the data by authorized agencies for program integrity purposes, the package includes a proposal which would allow the authorized agencies to access the NDNH data through the Do Not Pay Business Center at the Department of the Treasury.” [FY2017 <i>President’s Budget</i> , “Analytical Perspectives,” p. 75.]
2017	Multiple	Multiple	<p>“The 2017 Budget includes a package of proposals to allow certain additional programs and agencies authority to access the National Directory of New Hire data ...</p> <p>Program Integrity Proposals</p> <ul style="list-style-type: none"> • Treasury/DNP: Allow Treasury’s Do Not Pay (DNP) system to serve as a pass-through between NDNH and agency programs authorized NDNH access for improper payment purposes. • HHS/CMS: Assist with income and employer verification and improve the ACA advance premium tax credit payment accuracy to reduce improper payments. • USDA/Rural Housing Service: Verify eligibility and validate the income source information provided by means-tested single family housing loan applicants and multifamily housing project-based tenants. • Railroad Retirement Board: Establish eligibility for processing disability benefits in a more efficient manner. DOL/UI: Require (rather than permit) states to cross-match with NDNH to identify improper payments.

FY	Dept.	Agency	Excerpt of Proposal
			<p>Evaluation/Statistical/Program Administration Proposals</p> <ul style="list-style-type: none"> Multi/Statistical and Evaluation Access: Access to NDNH for specified federal statistical agencies, units, and evaluation offices or their designees for statistical, research, evaluation, and performance measurement purposes associated with assessing positive labor market outcomes. Workforce Programs: Provide access for program administration, including federal oversight and evaluation, and authorize data exchanges between state child support and workforce agencies.” <p>[HHS, <i>ACF Congressional Justification</i>, pp. 303-304.]</p>
2017	HHS	CMS	<p>“The Budget would provide CMS with access to the National Directory of New Hires, a database maintained by the Administration for Children and Families, to assist with the eligibility determination and verification process for financial assistance in the Marketplace.” [HHS, <i>FY2017 CMS Congressional Justification</i>, p. 80.]</p>
2017	Treasury	FS	<p>“Option to access the National Directory of New Hire Data via the Do Not Pay Portal.” [Treasury, <i>FY2017 Fiscal Service Congressional Budget Justification</i>, p. FS-14.]</p>
2017	Treasury	FS	<p>“The Budget also proposes to allow programs that are statutorily authorized to access HHS’s National Directory of New Hires data the option to do so via the Do Not Pay system at Treasury, providing them a centralized portal of information.” [FY2017 <i>President’s Budget</i>, “Analytical Perspectives,” p. 136.]</p>
2017	DOL	ETA	<p>“A comprehensive integrity legislative package designed to provide states with new tools and resources to combat UI fraud and improper payments. The package includes the following components ... Requires National Directory of New Hires (NDNH) cross-matching for benefit payment control (BPC) and requires states to provide monetary penalties for employers that fail to report. Current law only permits states to provide penalties not to exceed \$25 for failure to comply and not to exceed \$500 for fraud. The bill requires penalties of not less than \$25 for failure to comply and not less than \$500 for fraud.” [DOL, <i>FY2017 ETA Congressional Budget Justification</i>, p. SUIISO-18.]</p>
2017	DOL	ETA	<p>“Included in this package are proposals to: ... mandate the use of the National Directory of New Hires to conduct cross-matches for program integrity purposes [relates to UI].” [FY2017 <i>President’s Budget</i>, “Analytical Perspectives,” p. 133.]</p>
2017	Education	CTAE	<p>“Included in the President’s budget request for the Department of Health and Human Services (HHS) is a proposal to allow other agencies and their State partners access to the National Directory of New Hires, a Federal database of employment and unemployment insurance information administered by the Office of Child Support Enforcement within HHS. This resource, which would be utilized at the sole discretion and option of a State, would provide States with an additional data collection tool to determine employment and wage outcomes across State lines for the purpose of reporting program performance under WIOA.” [DOL, <i>FY2017 CTAE Congressional Budget Justification</i>, p. M-37.]</p>

FY	Dept.	Agency	Excerpt of Proposal
2017	USDA	RHS	“The 2017 Budget includes a package of proposals to allow additional programs and agencies authority to access the National Directory of New Hire Data ... Because the primary cause for improper payments is related to information received from applicants and borrowers which RD [Rural Development Housing Programs] cannot verify by an independent source, the agency needs access to updated and reliable data sources to effectively manage its programs.” [USDA, <i>FY2017 Congressional Budget Justification Explanatory Notes: Rural Housing Service</i> , p. 29-35.]
2017	Commerce	Census	“The Census Bureau is working with the appropriate committees to narrowly expand access to the National Directory of New Hires Database (NDNH). This proposal enables the Census Bureau access to these data in time to incorporate the data in its efforts to reduce the need to conduct in-person follow up interviews with non-responding households.” [Commerce, <i>FY2017 U.S. Census Bureau's Budget</i> , p. 92.]
2018	RRB	NA	“Amend the Social Security Act to provide access for the Railroad Retirement Board to the National Directory of New Hires and to waive the customary fees for the RRB.” [RRB, <i>FY2018 Justification of Budget Estimates</i> , p. 68.]
2018	DOL	ETA	“This proposal will require state UI agencies to use the National Directory for New Hires to better identify individuals continuing to claim unemployment compensation after returning to work, which is one of the leading root causes of UI improper payments.” [DOL, <i>FY2018 ETA Congressional Budget Justification</i> , SUIISO-15.]
2018	DOL	ETA	“The Budget includes proposals aimed at improving integrity in the Unemployment Insurance (UI) program.... Included in this package are proposals to: ... mandate the use of the National Directory of New Hires to conduct cross-matches for program integrity purposes.” [FY2018 <i>President's Budget</i> , “Analytical Perspectives,” p. 101.]
2019	Treasury	FS	“This proposal seeks an expansion of Treasury's authority to access the National Directory of New Hires (NDNH) to prevent, identify and recover improper payments. For the purpose of eliminating waste, fraud, and abuse in Federal programs and preventing improper payments, agencies must review pre-payment and pre-award procedures and review available databases with relevant information on eligibility prior to the release of Federal funds.” [Treasury, <i>FY2019 Fiscal Service Congressional Budget Justification</i> , p. Fiscal Service-10.]
2019	RRB	NA	“Amend the Social Security Act to provide access for the Railroad Retirement Board to the National Directory of New Hires and to waive the customary fees for the RRB.” [RRB, <i>FY2019 Justification of Budget Estimates</i> , p. 71.]

FY	Dept.	Agency	Excerpt of Proposal
2019	Multiple	Multiple	<p>“The Budget proposal includes statutory access to NDNH for units within Federal agencies that conduct research, statistical activities, evaluation, and/or performance measurement that would otherwise require costly surveys, state-by-state memoranda of understanding, or other agreements to obtain the same data contained in NDNH. For example, the proposal would enable DOL and ED to use NDNH data to conduct program evaluations of employment and training programs. The proposal would also enable data linkages across states and programs, with strict privacy and security safeguards in place.</p> <p>The NDNH access proposals also include good government provisions to enable efficiencies for program integrity and eligibility verification, while ensuring data privacy and security. The Budget proposals would enable the Department of the Treasury’s Do Not Pay Business Center to access NDNH and to assist agencies to reduce improper payments. The proposals also allow using NDNH to establish disability benefit eligibility for the Railroad Retirement Board in a more efficient manner, and to enhance integrity of HHS’ Centers for Medicare & Medicaid Services programs.” [FY2019 President’s Budget, “Analytical Perspectives,” p. 63.]</p>
2019	DOL	ETA	<p>“This proposal will require state UI agencies to use the National Directory for New Hires to better identify individuals continuing to claim unemployment compensation after returning to work, which is one of the leading root causes of UI improper payments.” [DOL, FY2019 ETA Congressional Budget Justification, p. SUIISO-16.]</p>
2019	DOL	ETA	<p>“The Budget includes proposals aimed at improving integrity in the Unemployment Insurance (UI) program ... Included in this package are proposals to: ... mandate the use of the National Directory of New Hires to conduct cross-matches for program integrity purposes.” [FY2019 President’s Budget, “Analytical Perspectives,” p. 110.]</p>
2020	Multiple	Multiple	<p>“The Budget includes the following proposals to expand access to NDNH in statute for program integrity and evidence-building purposes.</p> <p>Program Integrity Proposals</p> <ul style="list-style-type: none"> • Treasury/DNP: Allow Treasury’s Do Not Pay (DNP) Business Center to serve as a pass-through between NDNH and federal agency programs that are authorized NDNH access for improper payment purposes. • Railroad Retirement Board: Establish eligibility for processing disability benefits in a more efficient manner. • HHS/CMS: Allow access to NDNH for HHS’ Centers for Medicare & Medicaid Services (CMS) for program integrity purposes. <p>Evidence Building Proposals</p> <ul style="list-style-type: none"> • Multi/Statistical and Evaluation Access: Grant access to NDNH for federal statistical agencies, units, and evaluation offices or their designees for statistical, research, evaluation, and performance measurement purposes. • State Agencies/Workforce Programs: Enable state agencies (designated by each governor with workforce program responsibilities) with the authority to match their data with NDNH for program administration, including program oversight and evaluation. Authorize data exchanges between state agencies that administer child support, workforce, and vocational rehabilitation programs. Would simplify state reporting on WIOA performance and evaluation results.” <p>[HHS, FY2020 ACF Congressional Justification, pp. 330-331.]</p>

FY	Dept.	Agency	Excerpt of Proposal
2020	Treasury	FS	<p>“This proposal seeks an expansion of Treasury’s authority to access the National Directory of New Hires (NDNH) to help prevent, identify and recover improper payments. The Social Security Act specifies which agencies may receive information from the database and the limited purposes for which disclosures are permitted. Under the current law, the Secretary of the Treasury has access to information in the NDNH for debt collection purposes. This proposal would expand the Secretary’s access to information in the NDNH to include the purposes of preventing, identifying, and recovering improper payments for Federal agencies. Such access would permit the Secretary to assist paying agencies that are currently authorized by the Social Security Act to access NDNH, in comparing information from the NDNH with data about persons receiving federal payments and identify individuals who are ineligible to receive payments or who are receiving erroneous payments.” [Treasury, <i>FY2020 Fiscal Service Congressional Budget Justification</i>, p. Fiscal Service-10.]</p>
2020	RRB	NA	<p>“Amend the Social Security Act to provide access for the Railroad Retirement Board to the National Directory of New Hires and to waive the customary fees for the RRB.” [RRB, <i>FY2020 Justification of Budget Estimates</i>, p. 72.]</p>
2020	Multiple	Multiple	<p>“NDNH Access for Program Integrity: The NDNH access proposals also include good government provisions to enable efficiencies for program integrity and eligibility verification, while ensuring data privacy and security. The Budget proposals would enable the Department of the Treasury’s Do Not Pay Business Center to access NDNH and to assist agencies to reduce improper payments. The proposals also allow using NDNH to establish disability benefit eligibility for the Railroad Retirement Board in a more efficient manner, and to enhance integrity of HHS’ Centers for Medicare & Medicaid Services programs.” [FY2020 <i>President’s Budget</i>, “Analytical Perspectives,” p. 63.]</p>
2020	DOL	ETA	<p>“Require states to cross match against the National Directory of New Hires (NDNH). This proposal will require state UI agencies to use the National Directory of New Hires to better identify individuals continuing to claim unemployment compensation after returning to work, which is one of the leading root causes of UI improper payments.” [DOL, <i>FY2020 ETA Congressional Budget Justification</i>, p. SUIISO-21.]</p>
2020	DOL	ETA	<p>“Mandate the use of the National Directory of New Hires to conduct cross-matches for program integrity purposes. This proposal would require State UI agencies to use the National Directory of New Hires to better identify individuals continuing to claim unemployment compensation after returning to work, which is one of the leading root causes of UI improper payments.” [FY2020 <i>President’s Budget</i>, “Analytical Perspectives,” p. 88.]</p>

FY	Dept.	Agency	Excerpt of Proposal
2021	Multiple	Multiple	<p>“The NDNH access proposals also include good government provisions to enable efficiencies for program integrity and eligibility verification, while ensuring data privacy and security. The Budget proposals would enable the Department of Treasury’s Do Not Pay Business Center to provide assistance with making data connections between NDNH and federal agency programs that are authorized NDNH access for improper payment purpose. This proposal will also include NDNH access proposals to support HHS’s Centers for Medicare & Medicaid Services.</p> <p>Program integrity Proposals</p> <ul style="list-style-type: none"> • Treasury/DNP: Allow Treasury’s Do Not Pay (DNP) Business Center to provide assistance with making data connections between NDNH and federal agency programs that are authorized NDNH access for improper payment purposes. <p>Evidence Building Proposals</p> <ul style="list-style-type: none"> • Multi/Statistical and Evaluation Access to NDNH for federal statistical agencies, units, and evaluation offices or their designees for statistical, research, evaluation, and performance measurement purposes associated with assessing positive labor market outcomes. • Workforce Programs/DOL and ED: Provide DOL, ED, and state access for program administration, including federal oversight and evaluation, authorize data exchanges between state child support and workforce agencies. Would simplify WIOA performance- and evaluation-related data reporting and decrease burden on states and eligible training providers.” <p>[HHS, <i>FY2021 ACF Congressional Justification</i>, pp. 337-339.]</p>
2021	USDA	RHS	<p>“The U.S. Department of Agriculture’s (USDA) Rural Housing Service Rental Assistance Program has been seeking access to the NDNH since its inception in 1996. ACF is proposing a technical fix to amend section 453(j) of the Social Security Act to grant USDA Rural Housing Service access to NDNH for the purpose of verifying eligibility and validating income source information provided by means-tested single family housing loan applicants and multifamily housing project-based tenants.” [HHS, <i>FY2021 ACF Congressional Justification</i>, p. 338.]</p>
2021	Treasury	FS	<p>“This proposal expands the Secretary’s access to information in the NDNH to include the purposes of preventing, identifying, and recovering improper payments for Federal agencies.” [Treasury, <i>FY2021 Fiscal Service Congressional Budget Justification</i>, p. Fiscal-10.]</p>
2021	DOL	ETA	<p>“This proposal will require State UI agencies to use the National Directory of New Hires to better identify individuals continuing to claim unemployment compensation after returning to work, which is one of the leading root causes of UI improper payments.” [DOL, <i>FY2021 ETA Congressional Budget Justification</i>, SUIISO-22.]</p>
2021	DOL	ETA	<p>“This proposal would require State UI agencies to use the National Directory of New Hires to better identify individuals continuing to claim unemployment compensation after returning to work, which is one of the leading root causes of UI improper payments.” [FY2021 <i>President’s Budget</i>, “Analytical Perspectives,” p. 65.]</p>

FY	Dept.	Agency	Excerpt of Proposal
2021	DOL	VETS	“This request would enable the Department to expand the existing capabilities of the Veteran’s Data Exchange Initiative (VDEI) to more efficiently interact with the National Directory of New Hires (NDNH) in order to better track and analyze the employment outcomes of transitioning service members. The Department is in the process of expanding the DOL data analytics platform to a cloud-based system for a variety of purposes, including securely storing, matching, and analyzing NDNH data. This request is for a module that would focus specifically on tracking and analyzing veterans’ employment outcomes.” [DOL, <i>FY2021 Veterans Employment Congressional Justification</i> , p. 14.]
2024	Treasury	FS	“This proposal would authorize DNP to facilitate data exchange with paying agencies that are currently authorized by the Social Security Act to access NDNH regarding persons receiving Federal payments while identifying individuals who are ineligible to receive payments or who are receiving erroneous payments.” [Treasury, <i>FY2024 Fiscal Service Congressional Budget Justification</i> , Fiscal Service-10.]

Source: FY2015-FY2024 President’s Budget, “Analytical Perspectives” volumes, and Congressional Budget Justifications for HHS, Treasury, DOL, ED, RRB, USDA, and Commerce.

Notes: FY=Fiscal Year; HHS=Department of Health and Human Services; ACF=Administration for Children and Families; Treasury=Department of the Treasury; IRS=Internal Revenue Service; DOL=Department of Labor; ETA=Employment and Training Administration; Commerce=Department of Commerce; Census=Bureau of the Census; CMS=Centers for Medicare and Medicaid Services; FS=Bureau of the Fiscal Service; ED=Department of Education; CTAE=Career, Technical, and Adult Education; USDA=Department of Agriculture; RHS=Rural Housing Service; UI: Unemployment Insurance; RRB=Railroad Retirement Board, VETS=Veterans Employment and Training Service.

Author Information

Jessica Tollestrup
Specialist in Social Policy

Acknowledgments

An earlier version of this report was authored by Carmen Solomon-Fears, retired CRS Specialist in Social Policy.

Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.