

Utah's Creative Uses of NDNH Data

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 requires each State to collect information from employers on all newly hired employees. Under the provisions of this law, the information obtained is used to locate parents who have a child support obligation and to assist in the collection of overdue payments. However, the law also allows State agencies to use the new hire data to determine eligibility and to detect possible fraud in other State assistance programs.

Utah has had a new hire-reporting program since October 1997. The Utah New Hire Registry is housed in the Department of Workforce Services (DWS), as is the Utah Unemployment Insurance program. Realizing the value of receiving timely employment reports, Utah's State agencies have been pursuing innovative ways to utilize new hire data. Utah was an early proponent of using new hire data to detect possible fraud in its unemployment insurance program. In June 1998 the Utah Unemployment Insurance program began using data collected for the State New Hire Registry to identify individuals who might be committing unemployment insurance (UI) benefits fraud. The Benefit Payment Control (BPC) unit of the Utah UI program now conducts a daily cross match between the State New Hire Registry and UI benefit recipients to identify individuals who have returned to work but are still receiving benefits. Individuals identified by this cross match system are referred for investigation of potential benefit fraud under provisions of State law that limit earnings while one is receiving UI benefits.

From June 1998 through January of 1999, the New Hire Registry cross match program identified 173 individuals who fraudulently received \$148,939 in benefits while working. The \$861 average overpayment amount detected by the New Hire Registry cross match is 43% lower than the \$1,513 average overpayment detected using all other fraud detection methods during the same period. (A lower average overpayment means that the fraud has been detected earlier; new hire data is fresher than quarterly wage data historically used by UI programs to detect fraud.) Commented Jim Finch, Director of the Utah Unemployment Insurance program, "The New Hire cross match system is the most timely fraud detection tool that we have ever used. We anticipate that this system will allow us to significantly reduce benefit fraud, saving the Utah UI trust fund hundreds of thousands of dollars each year."

One year after the Utah State Legislature passed legislation setting up the Utah New Hire Registry, it passed legislation allowing the Utah Higher Education Assistance Authority (UHEAA), a branch of the Utah Office of Higher Education, to receive employment information from the Utah Department of Workforce Services. UHEAA intended to use this employment information to collect on defaulted student loans. Student loans are awarded to individuals attending or accepted to attend an eligible post-secondary education institution. Sources for the funds include private lending institutions, State appropriations, and Federal appropriations. As the guarantor of these funds, the UHEAA was interested in locating persons who had failed to repay their student loans.

In the spring of 1999, the UHEAA began sending a list of its student loan defaulters to the UT DWS. The DWS compared the student loan default list to its new hire database and to its UI wage data base. The results were startling—more than 50% of the individuals on the student loan default list were identified as now working.

For the first month of the cross match (May 1999), there was a 56% match rate between individuals who had defaulted on their student loans but who were now working. Through the use of administrative wage garnishment, collections increased by almost \$15,000 within one month of the inception of the program. UHEAA collected more \$728,478.47 in just the first seven months of the program.

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