

<b>Employment and Training Administration</b> <b>Advisory System</b> <b>U.S. Department of Labor</b> <b>Washington, D.C. 20210</b>	<b>CLASSIFICATION</b> UI
	<b>CORRESPONDENCE SYMBOL</b> OWS/DUIO
	<b>DATE</b> June 2, 2006

**ADVISORY:** UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 22-06

**TO:** STATE WORKFORCE AGENCIES

**FROM:** CHERYL ATKINSON *Cheryl Atkinson*  
 Administrator  
 Office of Workforce Security

**SUBJECT:** National Directory of New Hires – Use for Unemployment Insurance (UI) Program Integrity

1. **Purpose.** To provide information about the National Directory of New Hires (NDNH); to provide the results of a pilot study of the effectiveness of using NDNH data in preventing and detecting overpayments due to unreported earnings by UI beneficiaries who have returned to work and continue to receive benefits; and to encourage state workforce agencies to take full advantage of the NDNH as a tool for UI program integrity.
2. **Reference.** Unemployment Insurance Program Letter (UIPL) No. 35-99; UIPL No. 25-05; Computer Matching and Privacy Protection Act of 1988 Public Law (P.L.) 100-501; Office of Inspector General (OIG) Report No. 05-04-002-03-315, Unemployment Insurance Benefit Payment Control, New Hire Detection Is A Better Method For Establishing UI Overpayments Than The Wage/UI Benefit Crossmatch, Dated 9/30/04; UIPL No. 14-05, Changes to UI Performs and UIPL 14-05, Change 1; and Public Law (P.L.) 108-295.
3. **Background.** The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), P.L. 104-193, otherwise known as "welfare reform," required the establishment of directories of new hires at both the state and national levels. The Department of Health and Human Services (HHS), Office of Child Support Enforcement (OCSE) is responsible for the NDNH, which is operated by the Social Security Administration. P.L. 108-295, the SUTA Dumping Prevention Act of 2004, authorized state UI agencies to match against the NDNH data for UI program administration purposes. States can greatly benefit by using the NDNH to detect UI overpayments quickly and effectively.

<b>RESCISSIONS</b> None	<b>EXPIRATION DATE</b> June 30, 2007
----------------------------	---

Unreported or erroneously reported benefit year earnings are the leading cause of UI overpayments. In Fiscal Year (FY) 2005, the UI Benefit Accuracy Measurement (BAM) program estimated that these types of overpayments accounted for \$835 million nationally, over half of the \$1.6 billion detectable and recoverable overpayments included in the BAM “operational overpayment rate.” The majority of these overpayments are due to unreported earnings by UI beneficiaries while they are receiving UI benefits.

4. UI Performance. As a result of its commitment to reducing improper payments, the U.S. Department of Labor (USDOL) established an overpayment detection goal for the UI system as a whole and a minimum acceptable level of overpayment detection at the state level. Many of these overpayments can be detected through the NDNH.
  - National Goal. The fiscal year (FY) target for the national measure, established under the Government Performance and Results Act (GPRA) and outlined in UIPL No. 25-05, is that at least 59.5 percent of the estimated detectable, recoverable overpayments will be established for recovery.
  - State-level acceptable level of performance (ALP). The state-level Core Measure under UI Performs is that at least 50 percent of estimated detectable, recoverable overpayments are established for recovery. UI performance is discussed in detail in UIPL No. 14-05, Change 1.

In addition, ETA has developed a performance measure related to the states’ facilitation of UI beneficiaries’ reemployment. The NDNH is a valuable source of information needed to calculate the percent of UI beneficiaries who return to work within a specified time after receiving their first UI check.

5. BAM Usage of NDNH. USDOL is proposing to incorporate an NDNH crossmatch into the BAM investigative methodology (*Federal Register*, Volume 71, Number 35). This modification to the BAM investigations emanates from a recommendation by the USDOL’s Office of Inspector General in order to capture the full extent of overpayments due to unreported earnings. Data from BAM investigations form the denominator for both the national GPRA and the state overpayment detection measures.
6. NDNH Pilot Study. A three-state pilot study was conducted in March 2005 to evaluate the effectiveness of using NDNH data, and the results were very positive. The findings demonstrate that the NDNH is one of the most effective tools states have to prevent and detect overpayments caused by unreported or under reported earnings. A summary of the results are provided in Attachment I and the full report can be found at: [http://www.ows.doleta.gov/unemploy/pdf/ui\\_new\\_hires\\_pilot.pdf](http://www.ows.doleta.gov/unemploy/pdf/ui_new_hires_pilot.pdf).
7. Advantages of the NDNH. There are significant advantages for states to use the NDNH instead of the State Directories of New Hires (SDNH) or benefit-wage crossmatch. Advantages of using the NDNH include: 1) it is more comprehensive than the SDNH – an estimated 40 percent of new hires are reported by multi-state employers to a state other than the state where the new hire works and the NDNH contains information about Federal civilian and military hires which is not contained in any other database; and 2) it allows better targeting of investigations than the

benefit-wage crossmatch – about 70 percent of the new hire reports included the “date of hire,” which helps eliminate false-positive “hits.”

The three states that piloted the crossmatch with the NDNH significantly increased actual overpayments detected. The increase from overpayments detected using SDNH ranged from 41 percent to 114 percent. Further, informal feedback from states suggests that compared to the benefit-wage crossmatch, the new hires information:

- requires fewer requests for wage information from employers;
- generates a higher percentage of investigations that result in the establishment of overpayments;
- provides greater savings to the Trust Fund due to smaller average dollar amounts of overpayment per case (because overpayments are detected early in the claims series);
- yields higher rates of recovery of the overpayments established; and
- offers a very effective “skip-tracing” tool that has helped states increase their collections from debtors who have relocated to another state.

Finally, states have also reported that they have detected nonmonetary issues as a result of the new hires crossmatch, including job refusals and separation issues.

8. Office of the Inspector General (OIG) Report Concerning the NDNH. In September 2004, the OIG issued the report, Unemployment Insurance Benefit Payment Control, New Hire Detection Is A Better Method For Establishing UI Overpayments Than The Wage/UI Benefit Crossmatch, on the states’ use of new hires information and recommended promoting states’ use of the NDNH. The OIG report can be found at: <http://www.oig.dol.gov/public/reports/oa/2004/05-04-002-03-315.pdf>.
9. Action Required. State Administrators are encouraged to provide this information to appropriate staff and take full advantage as quickly as possible of the opportunity to use the NDNH as a tool to prevent and detect UI overpayments due to unreported earnings.
10. Inquiries. Direct questions to the appropriate Regional Office.
11. Attachments. Attachment I - Summary of the National Directory of New Hires Pilot Study Report; and Attachment II – Frequently Asked Questions (FAQ) Regarding the National Directory of New Hires.

## SUMMARY OF THE NATIONAL DIRECTORY OF NEW HIRES PILOT STUDY REPORT

In March 2005, a pilot test match was conducted to evaluate the effectiveness of the National Directory of New Hires (NDNH) and to obtain information about the best use of the NDNH for UI purposes. The three states that participated in the pilot were Texas, Utah, and Virginia. These states matched UI data against data in three databases contained in the NDNH. The three databases<sup>[1]</sup> matched for the NDNH pilot include:

- W-4 (new hire) data reported by employers,
- UI benefit data, and
- Quarterly wage (QW) data.

The three states investigated a random sample of paid weeks where a corresponding W-4, UI claim, or wage record match was found to determine if there were improper payments. Using the states' findings, Deloitte Consulting, LLP conducted an analysis of the results and found that "the potential benefit to the states by using the NDNH is significant." The percentage increase in the additional overpayments detected using NDNH W-4 data as compared to the overpayments that were detected through the SDNH W-4 data is shown in the table below. The following chart shows the percentages of additional overpayments detected for fourth quarter 2004 claims using the NDNH compared with the SDNH and the value of the additional overpayments that were identified.

Additional Overpayments Identified in Fourth Quarter 2004 Using the NDNH Compared to the SDNH <sup>[2]</sup>		
	Additional Overpayments Identified	Value of Additional Overpayments Identified
Texas	114%	\$1.6 million
Utah	41%	\$0.4 million
Virginia	73%	\$0.8 million

<sup>[1]</sup> See question and answer #1 in Attachment II for database descriptions.

<sup>[2]</sup> The additional overpayments in this table are for the identified 4th quarter claims using the 2004 average benefit year earnings overpayment amount of \$482 per claim determined from a separate research project on use of the SDNH.

A copy of the Deloitte Consulting, LLP report can be found at:  
[http://www.ows.doleta.gov/unemploy/pdf/ui\\_new\\_hires\\_pilot.pdf](http://www.ows.doleta.gov/unemploy/pdf/ui_new_hires_pilot.pdf).

## **Frequently Asked Questions (FAQs) Regarding the National Directory of New Hires**

### **GENERAL INFORMATION**

#### ***1. What is the National Directory of New Hires?***

The National Directory of New Hires (NDNH) is a compilation of new hire and other information that is contained in three databases:

- The W-4 database contains the new hire reports submitted by private employers to the individual state agencies responsible for the State Directories of New Hires (SDNH), and it contains the new hire reports from Federal civilian and military employers which are submitted directly to the NDNH;
- The UI claims database contains all initial claims and paid claims data submitted by state UI agencies; and
- The UI wage database contains all UI quarterly wage (QW) data submitted by state agencies, and quarterly wage data from the Federal agencies (both civilian and military wages are reported).

Additional information about the NDNH may be found on the Health and Human Services Web site: <http://www.acf.hhs.gov/programs/cse/newhire/ndnh/ndnh.htm>.

#### ***2. What is the State Directory of New Hires?***

The State Directory of New Hires (SDNH) contains new hire reports submitted by non-governmental employers to a designated state agency. Employers are required to submit this information as a result of P.L. 104-193, the welfare reform legislation of 1996, which created directories of new hires in each state. The data along with UI claim and wage data are sent to the NDNH. The primary use of the data is for child support enforcement; however, states workforce agencies have access to these data for UI program purposes.

#### ***3. What is the percentage of newly hired workers being reported to the SDNH/NDNH?***

Because there are several inconsistencies in the way new hire data are reported by employers as opposed to the way quarterly wage data are reported by employers, it is difficult, if not impossible, for OCSE to determine employer compliance accurately at the national level.

However, prior to implementing New Hire Reporting, the Congressional Budget Office estimated that there would be about 60 million new hires annually. For fiscal year 2005, over 59 million new hires were reported to the National Directory of New Hires.

If we assume that 60 million is the standard, then the employer compliance rate has consistently exceeded 90%. In addition, the number of new hires reported nationally by OCSE is consistent with the number of new hires reported by the Department of Labor's Bureau of Labor Statistics.

**4. *What are the benefits to state UI agencies in accessing and using the NDNH?***

States can improve their ability to detect incidents of overpayments by 40 percent or more when UI beneficiaries have returned to work and continued to claim benefits. In addition, for collection purposes, it is a useful skip-tracing tool to locate individuals with outstanding UI overpayments and is particularly good for locating UI debtors who have moved out of state.

The NDNH is a valuable resource to help states meet the performance criterion for detecting UI overpayments and to collect information about the states' performance in facilitating reemployment of UI claimants. In October 2005, UIPL No. 1-06 was issued to provide instructions to the states on the use of the NDNH QW data to measure the state's performance to facilitate the reemployment of UI beneficiaries. States will be able to use the NDNH data to identify out-of-state, Federal civilian and military employment.

States may begin using the NDNH as part of their BAM audits to enhance their ability to detect erroneous payments. The United States Department of Labor (USDOL) proposes mandatory use of the NDNH as part of the investigations of BAM paid claims effective January 2008. States may begin using the NDNH as part of their BAM audits prior to the proposed effective date.

**5. *What has been states' experience using the SDNH?***

Many states have reported that the SDNH crossmatch identifies potential overpayments much sooner in the claims series than the states' benefit-wage crossmatch. One reason is that employers report new hire information continuously throughout the quarter. Another reason is that since employers are required to report this information shortly after hiring new employees, it is available relatively soon after initial overpayments occur and before claimants have drawn many more weeks of benefits. Thus, overpayments can be established and benefits stopped before many weeks have been overpaid. This results in lower average overpayment amounts. USDOL estimates that use of the SDNH has resulted in \$75 million in UI Trust Fund savings in each of the last five years.

**6. *What additional advantage will states realize using the NDNH rather than the SDNH?***

The NDNH will allow states to detect unreported earnings by Federal employees and employees of multi-state employers. These data have been unavailable to states through the SDNH. Federal (civilian and military) new hires and wages are reported directly to the NDNH.

Multi-state employers (those with employees in two or more states) may designate one state to which they report all their new hires. Large employers, typically multi-state employers, represent 2–3 percent of all businesses and employ 44 percent of all workers. Therefore, a state that matches only against its SDNH is unable to obtain information on a significant number of the new hires that have occurred within its borders.

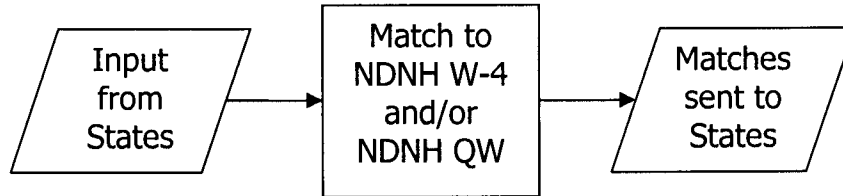
**7. *How useful did the pilot states find the information in each of three databases contained in the NDNH?***

- The W-4 database was found to be very useful as demonstrated by the pilot results.
- The UI Claims database was not sufficiently tested to evaluate its usefulness. ETA plans to work with states to further explore use of the UI claims database.
- The QW database, except for the Federal civilian and military wage reports, was of limited value to the pilot states for the purpose of identifying benefit year earnings violators. This was partly because of the match format, but mostly because states currently submit wage information to the NDNH four months after the end of the quarter; however, if QW information was submitted to the NDNH earlier or on a more frequent basis, the QW match could also become a beneficial tool for detecting overpayments. States should note that Federal wages are submitted one month following the end of the quarter.

The QW data can provide information to measure states' performance in facilitating reemployment of UI beneficiaries. Additionally, if all states submitted the full first and last names of UI beneficiaries, the information would allow the Social Security Administration (SSA), where the data are housed, to verify a higher percentage of the Social Security Numbers, (SSNs); thus, the QW data would become more useful and accurate. The QW database promises to be an excellent tool for measuring UI beneficiary reemployment.

Subsequent to the NDNH pilot crossmatch project, the early implementing states worked with USDOL and OCSE to modify the match format to provide states with greater flexibility in using the NDNH QW database. This new format will allow states to request QW matching by individual SSN. This feature will allow the states to submit a *QW From and Through Reporting Period* request to match against. This feature will also provide a Passback Data field for state tracking purposes that will be returned on the QW Output Detail Record to the states. In addition, this feature will allow the SWAs to submit one record that will provide matching for both the W-4 query and the quarterly QW query.

The early implementing states have determined that this feature will be useful for skip-tracing purposes to pursue both claimant and employer UI debtors. The following graphic demonstrates the flow of information.



**8. *What can states do to educate employers to further improve NDNH compliance and the utility of the NDNH?***

States can inform employers about the value of NDNH data for purposes of preventing, detecting, and collecting UI overpayments that will result in decreased benefit outlays and, possibly lower state UI taxes. State agencies responsible for the SDNH should encourage employers to report a “start work” date that should be defined as the first day of paid employment; which is the date needed to make the best use of the NDNH data.

**COSTS TO MATCH DATA**

**1. *What costs are involved in accessing the NDNH and how are they paid?***

The cost to match with NDNH is an annual flat fee based on the Federal fiscal year. The cost is different from state to state based on the UI caseload of participating state. USDOL has entered into an interagency agreement with OCSE on behalf of the state UI agencies and will pay the states’ NDNH access costs directly to OCSE. This process is similar to the way USDOL handles payment of states’ postal costs for UI program purposes.

**DATA CONTENT**

**1. *What information is reported on the W-4 tax form?***

For each new hire, employers must report, at a minimum, six data elements required for the W-4 tax form:

- Employee name, address, and SSN, and
- Employer name, address, and Federal Employer Identification Number



## ***2. How often do employers report new hires?***

Employers are required to report each new hire within 20 days of the new hire or, in the case of magnetic or electronic transmissions, twice a month but not less than 12 days or more than 16 days apart.

**Note:** In the NDNH pilot study 90 percent of hires were reported within 37 days of the date of hire.

## ***3. How often is the new hire information updated in the NDNH?***

The state agency responsible for the SDNH must enter the new hire information received from employers into its system within five business days. This information must, then, be transmitted within three business days to the NDNH.

Federal agencies (civilian and military) report new hire information and QW data directly to the NDNH. QW data and UI claim information which state UI agencies report to their respective SDNH are compiled in the NDNH. The purpose of including this information in the NDNH is to populate the database with information (e.g., address, employment, and compensation) about parents with child support obligations.

## ***4. Why isn't "date of hire" information a required data element reported to the NDNH?***

The primary purpose of state and national new hire directories is child support enforcement; they are used for skip-tracing and garnishments which do not require a date of hire. However, PRWORA permits states to require employers to report information in addition to the W-4 data required. Since the date of hire is important for UI purposes, many states have greatly increased the efficiency of their UI overpayment detection efforts by requiring employers to report the "date of hire" for each new employee that is hired; other states include date of hire as an optional reporting item and encourage employers to voluntarily report this information. The definition of "date of hire" varies in states.

**Note:** States participating in the NDNH pilot reported that 70 percent of all new hire reports received from the NDNH match included a date of hire.

## ***5. The term "date of hire" has several meanings. Is OCSE considering requiring the information and standardizing the definition of date of hire?***

USDOL has included a legislative proposal in the FY 2007 budget request that would require employers to report the "start work date." The proposal includes a comprehensive definition for the "start work date."

**6. *Will the states receive information about Federal employees when matching against the NDNH?***

Yes. This is one of the significant advantages of matching with the NDNH. Information about Federal civilian and military employees will be returned to the states on new hire and quarterly wage matches.

**7. *Will OCSE verify SSNs when states conduct a crossmatch with the NDNH?***

Yes. When states submit their input files, OCSE will verify the name and SSN combination with the SSA, where the data are housed, unless the state requests (on the input file) that no verification be performed on the input record. Note that if no verification is requested, the state is certifying that the name/SSN combination has already been verified using the SSA's SSN verification routines. If verification is requested by the SWA, and the name/SSN combination is not verified, the record will be rejected.

**8. *Does OCSE verify SSNs provided to the NDNH by employers and states for new hire and quarterly wage (QW) reports?***

SSNs and names submitted to the NDNH for the new hire, quarterly wage, and UI benefit records are submitted to SSA for verification. If the name/SSN is verified, they are loaded into the NDNH. If the name/SSN is not verified, SSA will attempt to correct the SSN or locate the correct SSN. Corrected SSNs are loaded into the NDNH and returned to the submitter with a warning code that the SSN could not be verified.

SSA requires four characters of the last name and one character of the first name in order to verify these data, except in the case of last names shorter than 4 characters, e.g., Lee. When too few characters are available to verify name information, SSA performs a "high group check" to verify that the first five digits of the SSN have been issued by SSA. Items that pass the "high group check," are classified as "non-verifiable." If a match returns information to the state that is "non-verifiable," there is an indicator on the record to let the state know that the OCSE was unable to verify the name and SSN combination. All Federal agency quarterly wage records (civilian and military) contain names, and are sent through the full verification process.

## **DATA MATCHING**

**1. *What NDNH database will be matched against when state UI agencies submit their payment files to OCSE?***

State payment files will be matched against the W-4 (new hire) database to provide information to states to detect UI overpayments due to unreported or under reported earnings. States may also send SSN to match against the QW database for skip-tracing and reemployment measure purposes.

**2. How many weeks of NDNH W-4 data will be matched against the state input files?**

Two weeks of NDNH data will be matched against the state files. Each Friday states' claims payment files will be matched against the W-4 file for the most recent reported two weeks.

**3. The QW data was determined to be of little value for detecting benefit year earnings violations. Can OCSE provide states quarterly wage information for Federal civilian and military claims determinations?**

Yes, OCSE may be able to offer this as an option. See General Information, question 7 above.

**4. Will states receive UI claimant data?**

No, based on the results of the NDNH pilot match, it was decided that UI claimant data will not be part of the crossmatch at this time. However, states will be asked to evaluate potential uses of the NDNH UI claims database.

**5. Will the NDNH match identify records submitted by states that include names and SSNs belonging to deceased persons?**

No, not at this time. However, access to "death file" information which SSA houses may be an option in the future.

**6. Section VII.A of the Computer Matching Agreement (CMA) indicates that an agency can not deny payment on a claim based on the NDNH match results until it has independently verified the information. What exactly does this mean?**

Under the Computer Matching Agreement, the UI agency can not deny benefits until it has independently verified the NDNH information with the claimant and/or the employer; this includes providing the claimant an opportunity to rebut information which may result in a denial of benefits. If the UI agency notifies the claimant of the information and the claimant does not respond (within the state's applicable timeframe), the state can issue a determination denying benefits based on the information it has received from the employer or based on the claimant's failure to report or respond in accordance with state law. However, when a state is unable to verify the information with either the claimant or the employer, it may not deny the claimant based solely on the information from the NDNH match.

## **CONNECTIVITY**

**1. What method is used for transferring data to the NDNH for the match and receiving match results?**

To conduct the NDNH match, states will use CONNECT:Direct (C:D), a data transfer software product that allows data centers within and across networks to send and receive large amounts of data via a mainframe-to-mainframe data exchange.

**2. *Is the C:D process for the NDNH match the same process states use to report the SDNH data to the NDNH?***

Yes. The basic technical process is the same, although the file names will be different.

**3. *Will the state UI agency be allowed to have its own direct access to the NDNH, or will it be required to enter into an interagency service arrangement with the agency currently housing the C:D node and use the existing NDNH connection as the transmission and reception portal?***

There is a single C:D node within each state from which the SSA sends/receives data. If the state UI agency does not house the node, the state UI agency will have to make arrangements with the agency currently housing the node, just as it does for reporting to the NDNH.

**4. *Can input files be submitted on a compact disc?***

Test files will be submitted via a compact disc. However, production files cannot be submitted via compact disc. States must submit all production data via C:D. If a state has issues accessing C:D, it should contact OCSE State Technical Support Liaison.

Contact information for all State Technical Support Liaisons may be found at:  
<http://www.acf.hhs.gov/programs/cse/newhire/contacts/fcrtscontacts.htm>.

**AGREEMENTS**

**1. *What agreements are necessary before a state UI agency can match against the NDNH?***

Before the state can match against the NDNH, it must submit a signed Computer Matching Agreement (CMA), which will be provided to the state by HHS upon request. This CMA sets out the legal framework for the match. It includes a Security Addendum, which specifies the physical, administrative and technical security requirements.

**2. *Who should sign the CMA?***

The CMA should be signed by a state official who has the authority to enter into a legal agreement with the Federal government and bind the state to comply with the terms of the agreement. The Security Addendum, which is an integral part of the CMA, should be signed by the state official responsible for ensuring the physical, technical and administrative safeguarding of the NDNH data match results.

**3. *When and how should the CMA be submitted?***

The signed CMA must be received by OCSE by the Monday before the state's first match. An OCSE State Technical Support Liaison is available to answer states' questions.

**4. *Should the Security Addendum be attached to the signed CMA?***

Yes. These two documents must be signed by the appropriate parties and returned together; they make up the agreement and provide the terms for receiving NDNH data match results.

**5. *The CMA mentions an interagency agreement for the costs of the NDNH match. When does the state have to sign it?***

USDOL has entered into an interagency agreement with OCSE on behalf of the states and will pay the states' NDNH access costs directly to OCSE. This is similar to the way USDOL handles payment of postage costs for states for UI purposes, which are paid directly to the U.S. Postal Service.

**AUTHORIZED PURPOSES FOR USE OF DATA BY STATE UI AGENCIES**

**1. *What are the purposes for which the states are legally authorized to use the match data returned by the NDNH?***

The law authorizes states to use the NDNH match results only for purposes of administering the UI program. The Social Security Act, amended by the SUTA Dumping Prevention Act of 2004, [42 U.S.C. 453(j)(8)(C)(i)], states that a state agency may not use or disclose information from the NDNH except for purposes of administering a UI program under Federal or State law.

**2. *Can the NDNH match results be used for UI Performs, specifically, the UI Benefit Accuracy Measurement program?***

Yes. The use of the NDNH match results for these UI activities complies with purposes authorized in the statute.

**3. *Can these NDNH match results be used for performance measures such as facilitating reemployment of UI beneficiaries?***

Yes. This is an acceptable use of the data. The data use falls within the parameters of the statute.

**4. *Can these NDNH match results be used in the Labor Market Information (LMI) programs for identifying growth trends in small businesses?***

No. Access for LMI, Workforce Investment Act and other non-UI purposes is not permitted. Legislation would be required to authorize the use of NDNH match results for such purposes.

**SECURITY AND PRIVACY ISSUES**

**1. *Is an “online” notice sufficient to meet the individualized notice requirement advising the individual that the information they provide may be verified?***

Yes. The physical form of the notification is not specified. The notice requirement is met as long as the individuals receive the individualized notice at the time of application and periodically thereafter advising them that the information they provide may be verified through matching programs. Therefore, if the application process is online, and the notice is part of the online application, this notice would be sufficient.

**2. *Why is an independent security assessment required for the NDNH match?***

A provision of the Security Addendum to the Computer Matching Act standard agreement that governs granting access to the NDNH match results requires that each state agency must provide documentation of an independent security assessment (audit) conducted on the information system that will be processing the NDNH match results. This assessment must have occurred within the last three years.

**3. *Will OCSE accept states’ Independent Verification & Validations (IV&Vs) for their SSA data exchange to meet the NDNH Security Certification?***

Yes. A state will be considered to have met the security requirements if it has successfully completed an IV&V for the SSA data exchange and a copy of the SSA IV&V is provided to OCSE.

**4. *What should be provided to OCSE by states that have not completed an SSA IV&V?***

The state can submit its Security Plan or any security policies/documentation which reflects the current security posture of the system that will process the NDNH match results. For example, the most recent Internal Revenue Service Safeguard Review is also acceptable as an independent security assessment.