INTRODUCTORY GUIDE

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1.0 INTRODUCTION

The State Information Data Exchange System (SIDES) facilitates the electronic exchange of information between employers/their third party administrators ("TPAs") and State Unemployment Insurance (UI) agencies for purposes related to administration of UI benefits and taxes. SIDES is operated by the Center for Employment Security Education and Research (CESER) of the National Association of State Workforce Agencies (NASWA) under the terms and conditions of a grant from the U.S. Department of Labor.

This Guide introduces SIDES to top level state and business leaders who are considering implementation of SIDES in their respective organizations. It gives a high-level overview of the features and benefits of SIDES and of the technical and organizational resources necessary for implementation. Those who elect to participate in SIDES will be provided with additional detailed technical information as well as access to training to facilitate their implementation efforts.

2.0 BACKGROUND

SIDES grew out of an effort by states to address: 1) administrative problems related to untimely and/or incomplete responses by employers and TPAs to requests for job separation information, and 2) complaints from large employers/TPAs that responding to potentially 53 different forms asking for essentially the same information made compliance very difficult.

The states' efforts to address this problem were supported by the U.S. Department of Labor through the UI Information Technology Support Center (ITSC). Both the Department and the states were concerned that incorrect initial eligibility determinations, caused in part by untimely/incomplete information from employers, were a significant cause of improper payments of UI benefits.

Working through the ITSC, a group of 12 states, four large employers and two TPAs developed and tested paper-based standardized formats for separation information requests and responses in 2005-2006. The success of this effort led a consortium of states to seek and obtain support from the Department of Labor for development of an electronic (computer-to-computer) separation information exchange system through the ITSC. Over several years, hardware, software, and data center services were secured through ITSC to provide the central point for data exchange. Meanwhile states and employers/TPAs were developing the systems and programs necessary to connect their existing information technology systems with the central data "broker"using Web services, a method of computer-to-computer communication over a network.

At the same time, states expressed interest in improving information exchanges with their smaller, single state employers who receive information requests from states occasionally, but don't have sufficient volume to justify the effort necessary to connect with SIDES using Web services. As a result, the SIDES E-Response website was developed to permit non-participating employers to provide information electronically when requested by a state.

The SIDES data exchange for job separation information went into production in early 2010, and its success led to development of additional data exchange formats including Earnings Verification, Monetary and Potential Charges, Determinations and Decisions and UI Benefit Charges. Currently, most states participate in SIDES, and the number of employers and TPAs increases continually.

3.0 SIDES OPERATIONS OVERVIEW

SIDES is fundamentally an electronic message broker for communication between state unemployment insurance agencies and employers/TPAs. The SIDES central broker relays electronic mail to and from participating states and employers/TPAs.

- States post requests for information from participating employers/TPAs to the central broker.
- The broker sorts the requests by employer/TPA to which they are addressed.
- Participating employers/TPAs pull their requests submitted by all participating states from the central broker at least once a day.
- Employers post their responses to the broker.
- The broker sorts the responses by state.
- States pull their response information from the broker at least once per day.

4.0 SIDES E-RESPONSE OPERATIONS OVERVIEW

- States notify a non-participating employer of a request for information through a (non-SIDES) state communication channel (e.g., paper, e-mail) and provide instructions for logging in to the E-Response website.
- States post the specific information request to the E-Response website.
- The employer logs in to E-Response using state provided credentials and responds to the information request.

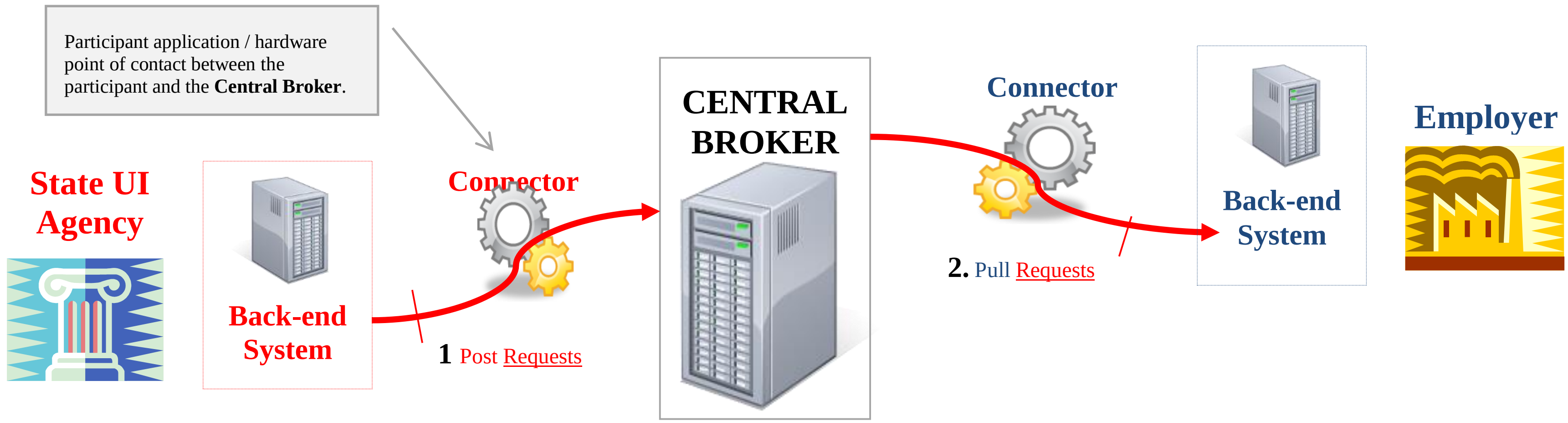
- Responses entered through E-Response are uploaded to the broker and sorted by state.
- States pull the responses received through E-Response along with those received from participating employers from the broker.

Each participating state and participating employer must use “connector” software to post and pull information, and SIDES has developed model connector software which states and employers/TPAs may use, or they may develop their own connector. However, each participating state and employer/TPA must develop its own unique software to interface its connector software with its internal IT system. The resouces required to develop this interface can vary greatly depending on the individual state/employer/TPA’s IT system. Non-participating employers need access to the web in order to log in to the E-Response website and provide information to a participating state on a case by case basis.

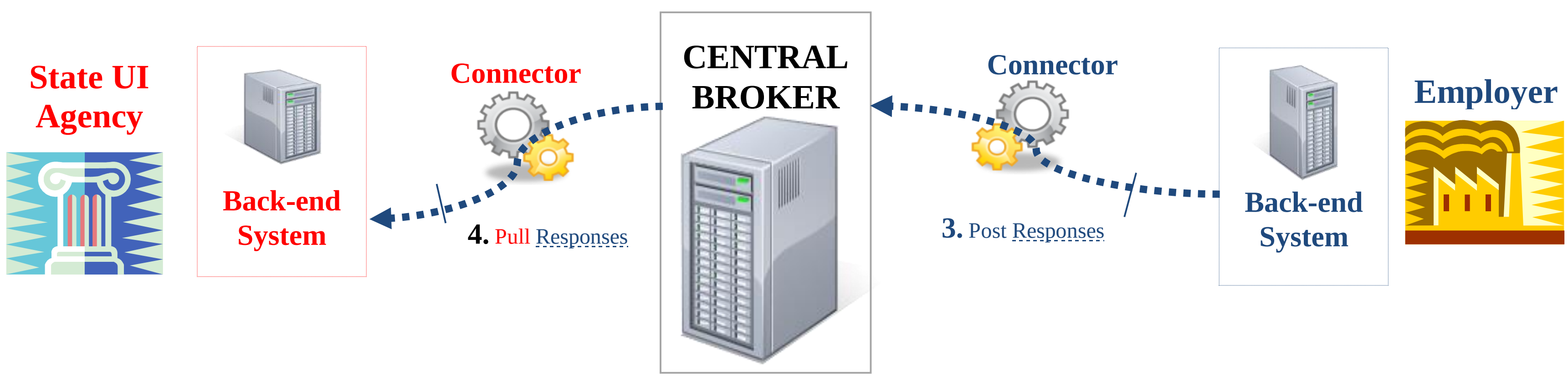
Schematics showing how SIDES and SIDES E-Response operate are shown on the following pages.

SIDES Participant Communication Flows
WEB SERVICES

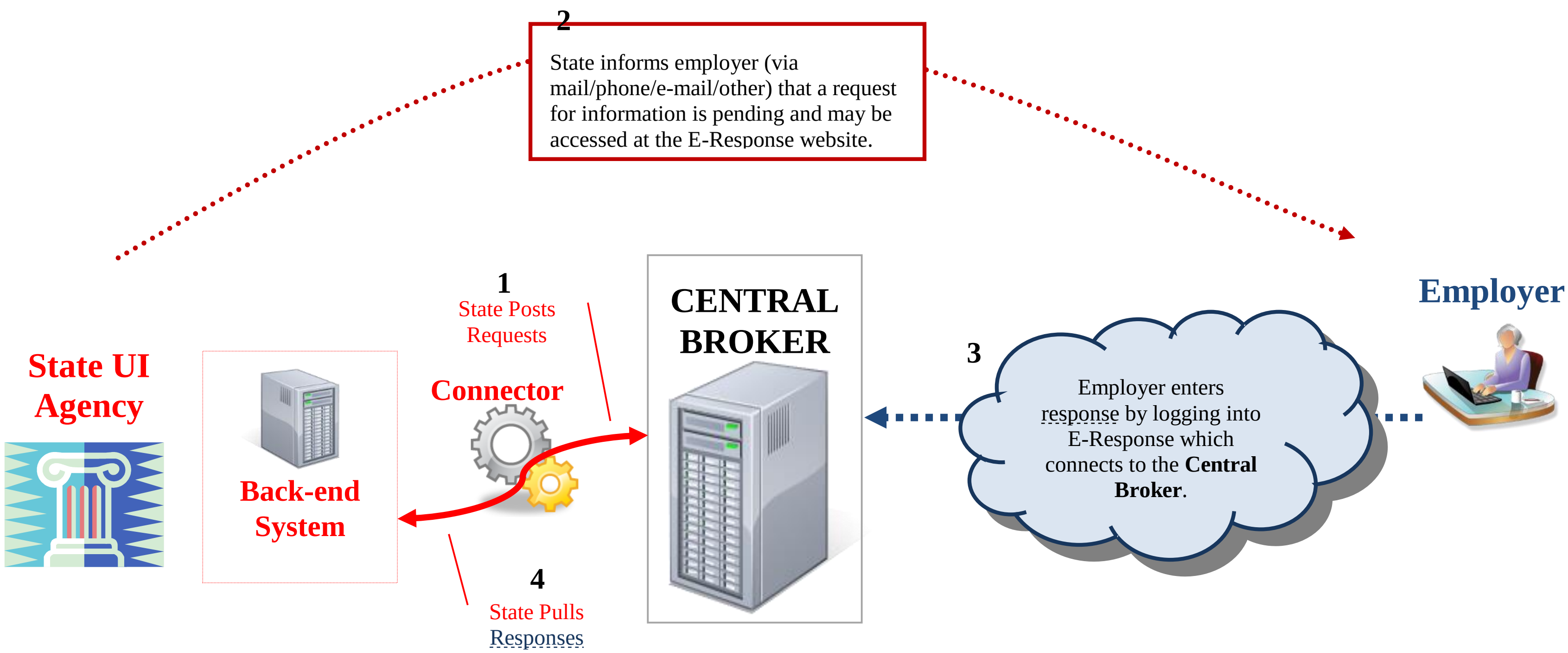
State Information Request to Employer



Employer Response to State Request



SIDES E-Response Website Communication Flows



5.0 WHY PARTICIPATE IN SIDES?

Both states and employers/TPAs can save administrative resources by communicating with each other electronically. The reasons include reduced postage and paper handling costs and reduced staff time involved in follow up by telephone to obtain complete information (due to edit checks and validations built into SIDES). In addition, employers/TPAs who do business in multiple states can save significantly in staff time and training when they respond to a single standard request format rather than multiple formats.

In addition to administrative cost savings, having timely and complete information from employers allows states to 1) pay benefits more quickly to eligible beneficiaries and prevent improper payments to those who are not eligible; 2) quickly identify beneficiaries who work and fail to report their earnings, reducing and preventing improper payments, and 3) reduce the number of appeals filed due to determinations based on untimely or incomplete information.

6.0 BUSINESS AND TECHNICAL REQUIREMENTS

The basic requirements for participation in SIDES are outlined below. If you choose to participate, the SIDES Team will provide you and your organization with much more detailed implementation documents as well as training for your implementation team and technical resources to guide you through the process.

Business Requirements

Employers/TPAs must have UI workload with at least one state participating in SIDES. Almost all states participate. The current list of participating states can be found at http:// info.uisides.org.

Employers and TPAs must agree to establish a single point of electronic exchange for their business even though the business may have multiple locations.

Both employers/TPAs and states must create and fund a team with both technical and business expertise to determine the scope of changes to existing IT systems and business processes that will be required in order to implement SIDES and provide that team with the resouces necessary to make those changes.

Technical Requirements

Both employers/TPAs and states must:

- Modify back-end systems to interface with either the model connector or a custom developed connector to the Central Broker in order to generate/receive data requests/responses in standard SIDES specified formats.
- Implement security measures such as transport and message level authentications, confidentiality, and integrity mechanisms.
- Be capable of delivering XML-provided data to their organization's users.
- Commit to fully testing their connector to ensure all requirements are met including the following:
    - Meeting all Central Broker specifications for data validations, business rules, and error handling;
    - Creating test data to demonstrate that their connector and related software has passed acceptance tests, meeting acceptance criteria which validate all SIDES central broker validations, UI business rules, and error handling; and
    - Providing these test results to the SIDES Technical Team (sides-support@itsc.org) for acceptance before implementation.

States must be able to generate requests and accept responses using SOAP messages per the Web Services Descriptor Language (WSDL) and Extensible Markup Language (XML) file requests (including attachments) that meet standard formats.

Employers/TPAs must be able to receive a request and generate a response using SOAP messages and XML-based files (including attachments) that meet SIDES standard formats.

The National SIDES Team provides Model Connector software (free of charge) to SIDES participants to simplify implementation with the SIDES broker. The Model Connectors can be used to secure the data and exchange requests/responses through the broker using web services and SOAP messaging.

7.0 CONTACT INFORMATION

If you have questions, would like additional information, and to request a copy of the SIDES Participation Agreement, please contact SIDES Director Jerry Pectol at 918-213-0029 or jerry.pectol@itsc.org. Additional information can also be found at the SIDES public website: http//info.uisides.org.