

# U.S. Department of Labor

Office of Inspector General—Office of Audit

REPORT TO THE EMPLOYMENT  
AND TRAINING ADMINISTRATION



## BETTER STRATEGIES NEEDED TO INCREASE EMPLOYER PARTICIPATION IN THE STATE INFORMATION DATA EXCHANGE SYSTEM

Date Issued March 31, 2017  
Report Number: 04-17-003-03-315

## BRIEFLY...

March 31, 2017

### BETTER STRATEGIES NEEDED TO INCREASE EMPLOYER PARTICIPATION IN THE STATE INFORMATION DATA EXCHANGE SYSTEM

#### WHY OIG CONDUCTED THE AUDIT

The Department of Labor's (DOL) Employment and Training Administration (ETA) estimated improper payments related to Unemployment Insurance (UI) benefits were \$3.6 billion (11.8 percent) of \$30.8 billion paid in Fiscal Year (FY) 2016. One of the leading causes of UI improper payments was overpayments (\$464 million) due to claimant separation issues. Specifically, state workforce agencies (SWA or states) overpaid UI claimants when employers did not provide timely and accurate information on the reasons individuals separated from employment.

To address UI improper payments caused by separation-related issues, ETA, in collaboration with SWAs, implemented the State Information Data Exchange System (SIDES), which was designed to enable more rapid and accurate communication between SWAs and employers, resulting in better initial eligibility determinations and a reduction in UI improper payments. While SWAs' and employers' participation in SIDES is voluntary, DOL provided \$43.4 million to 51 SWAs to build and integrate SIDES into their current systems, and to market the benefits of SIDES to employers. As of January 2017, 48 of the 51 SWAs were using SIDES. Of the 3 remaining SWAs, 2 were in the implementation phase and 1 had suspended its SIDES operations.

#### WHAT OIG DID

We conducted this performance audit in five states to determine the following:

Has SIDES contributed to a reduction in separation-related UI improper payment rates?

#### READ THE FULL REPORT

To view the report, including the scope, methodology, and full agency response, go to:

<https://www.oig.dol.gov/public/reports/oa/04-17-003-03-315.pdf>.

#### WHAT OIG FOUND

SIDES has contributed to a reduction in separation-related improper payment rates for all five SWAs we sampled; however, better strategies are needed to increase employer participation, which could result in further reductions. All five SWAs' separation-related improper payment rates declined from 2012 to 2016, with fluctuations during that period. For UI claims filed from January 2012 to June 2015, the SWAs received 70 of 321 (22 percent) employer responses to requests for separation information within two days when using SIDES, as compared to 6 percent when using paper. As a result, the SWAs had more time to evaluate the accuracy and completeness of UI claim information, which allowed them to make better eligibility determinations before making the first UI payments, thus reducing the risk of improper payments. Nationwide, separation-related improper payments decreased an estimated \$132 million from FY 2015 to FY 2016.

The five SWAs used SIDES to request separation information from employers for 31 percent of the 2.7 million UI claims filed during our audit period. This low percentage of SIDES usage occurred because only 19.8 percent of employers with UI claims filed had signed up to use SIDES. Focusing on enrolling additional employers with the highest volume of UI claims to use SIDES, would likely yield a substantial increase in UI claims being processed using SIDES, and further reductions in improper payments. Our analysis showed if potential SIDES users (employers) with 20 or more claims filed had used SIDES, the rate of UI claims processed using SIDES would have been 23.6 percentage points higher for the sampled SWAs collectively. Assuming SWAs achieved the same level of reductions in improper payments as when claims were processed using SIDES, we estimate this 23.6 percent increase in claims could have decreased improper payments by an additional \$26 million.

SWAs and employers experienced technical challenges when using SIDES, such as interpreting and responding to system-generated messages. These technical challenges delayed the SWAs' verification of UI claimants' separation information, which could have resulted in separation-related improper payments.

#### WHAT OIG RECOMMENDED

We recommended the Deputy Assistant Secretary for Employment and Training work with SWAs to increase the number of employers using SIDES, and resolve SIDES' technical challenges.

ETA generally agreed with our recommendations.

**TABLE OF CONTENTS**

**INSPECTOR GENERAL'S REPORT** ..... 1

**RESULTS IN BRIEF** ..... 2

**BACKGROUND** ..... 2

**RESULTS** ..... 4

    SIDES had an Impact on Reducing States' Improper Payments ..... 5

    Only 19.8 Percent of Employers Signed Up to Use Sides ..... 7

    Employers Signed Up to Use Sides Did Not Respond to 41 Percent of SWA  
    Requests ..... 10

    Marketing Did Not Increase Employer Participation in SIDES ..... 10

    SIDES Infrastructure Presented Technical Challenges ..... 12

**OIG RECOMMENDATIONS** ..... 13

    Management Response ..... 13

**APPENDICES**

(A) Objective, Scope, Methodology, and Criteria ..... 16

(B) Louisiana HiRE – A New Computer System, Delays in Implementation of SIDES  
    and E-RESPONSE ..... 19

(C) ETA's Response..... 20

(D) Acknowledgements ..... 28

**U.S. Department of Labor**

Office of Inspector General  
Washington, D.C. 20210



March 31, 2017

## INSPECTOR GENERAL'S REPORT

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The Department of Labor's (DOL) Employment and Training Administration (ETA) estimated improper payments related to Unemployment Insurance (UI) benefits were \$3.6 billion (11.8 percent) of \$30.8 billion paid in Fiscal Year (FY) 2016. One of the leading causes of UI improper payments was overpayments (\$464 million)<sup>1</sup> due to claimant separation issues. Specifically, state workforce agencies (SWA) overpaid UI claimants when employers did not provide timely and accurate information on the reasons individuals separated from employment.

To address UI improper payments caused by separation-related issues, ETA, in collaboration with SWAs, implemented the State Information Data Exchange System (SIDES), which was designed to enable more rapid and accurate communications between SWAs and employers, resulting in better initial eligibility determinations and a reduction in UI improper payments. While SWAs' and employers' participation in SIDES is voluntary, DOL provided \$43.4 million to 51 SWAs to build and integrate SIDES into their current systems and to market the benefits of SIDES to employers.<sup>2</sup> As of January 2017, 48 of the 51 SWAs were using SIDES. Of the 3 remaining SWAs, 2 were in the implementation phase and 1 had suspended its SIDES operations.

We conducted this performance audit in five states to determine the following:

Has SIDES contributed to a reduction in separation-related UI improper payment rates?

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<sup>1</sup>In 2016 estimated improper payments increased from \$3.4 (10.7 percent) to \$3.6 billion (11.8 percent), while separation-related improper payments decreased from \$596 (18 percent) to \$464 million (13 percent).<sup>2</sup>ETA offered SIDES funding to all 53 SWAs. Arkansas and Minnesota, 2 of the 53 SWAs chose not to participate in the SIDES system implementation.

<sup>2</sup>ETA offered SIDES funding to all 53 SWAs. Arkansas and Minnesota, 2 of the 53 SWAs chose not to participate in the SIDES system implementation.

## RESULTS IN BRIEF

SIDES has contributed to reductions in separation-related improper payment rates for all five SWAs we sampled; however, better strategies are needed to increase employer participation, which could result in further reductions. All five SWAs' separation-related improper payment rates declined from 2012 to 2016, with some fluctuation during that period. For UI claims filed from January 2012 to June 2015, the SWAs received 70 of 321 (22 percent) employer responses to requests for separation information within two days when using SIDES, as compared to 6 percent when using paper. As a result, the SWAs had more time to evaluate the accuracy and completeness of UI claim information, which allowed them to make better eligibility determinations before making the first UI payments, within time periods prescribed by state laws, thus reducing the risk of improper payments. Nationwide, separation-related improper payments decreased an estimated \$132 million from FY 2015 to FY 2016.

The five SWAs used SIDES to request separation information from employers for 31 percent of the 2.7 million claims filed during our audit period. This low percentage of SIDES usage occurred because only 19.8 percent of employers with UI claims filed signed up to use SIDES. Our analysis showed if potential SIDES users (employers) with 20 or more claims filed had used SIDES, the rate of claims processed using SIDES would have been 23.6 percentage points higher for the sample SWAs collectively. Assuming SWAs achieved the same level of reductions in improper payments as when claims were processed using SIDES, we estimate this 23.6 percent increase in claims could have decreased improper payments by up to an additional \$26 million.

Furthermore, the number of UI claims processed using SIDES could have increased if employers that signed up had used SIDES to respond to every request for separation information. Nationwide, employers who signed up to use SIDES did not respond to SWAs' requests for 41 percent of their 4.2 million requests from May 2015 to April 2016. Our audit work also showed more claims could have been processed through SIDES if states deployed more effective strategies for using SIDES marketing funds to increase employer participation.

SWAs and employers experienced technical challenges when using SIDES, such as interpreting and responding to system generated messages, and an overall lack of user friendliness. These technical challenges delayed the verification of UI claimants' separation information, which could have resulted in separation-related improper payments.

## BACKGROUND

On November 20, 2009, the President issued Executive Order 13520, Reducing Improper Payments and Eliminating Waste in Federal Programs, which required federal

agencies to make significant efforts to reduce improper payments. One of the four main causes of UI improper payments is untimely and/or incomplete job separation information. In these instances, employers or their third party administrators (TPA)<sup>3</sup> provide SWAs potentially disqualifying information about why claimants separated from work, but only after the response expiration date when the SWAs have already adjudicated issues and paid UI benefits.<sup>4</sup> By using SIDES, these SWAs have more time to evaluate the accuracy and completeness of UI claim information, which allows them to make better eligibility determinations before making the first UI payments within the time period prescribed by state laws, thereby reducing the risk of improper payments.

After the initial UI benefit payment, states often receive separation information that would have disqualified a claimant from being eligible, such as: (1) discharged because of deliberate misconduct in a willful disregard of the employing interest; (2) voluntarily left without substantial and credible evidence that they had good cause for leaving; (3) quit because of dissatisfaction with pay, supervisor or for personal reasons; and (4) discharged for use of intoxicants or control substance, theft, and incarceration for conviction of law violation. Accordingly, timely receipt of separation information is critical to reducing the risk of improper payments, while also increasing the chances that eligible UI claimants will receive benefit payments sooner.<sup>5</sup>

To help SWAs improve the timeliness and accuracy of separation information they receive from employers, and to reduce UI improper payments, ETA, in collaboration with SWAs, implemented SIDES, an automated computer-to-computer interface for employers and TPAs to receive and respond electronically to UI information requests. SIDES is best suited for employers and TPAs that typically handle a large volume of UI information requests. For employers and TPAs with a limited number of annual UI claims, SIDES E-Response is a free website through which they may submit electronic responses to UI information requests. Both SIDES and SIDES E-Response streamline communication between SWAs and employers. SWAs' and employers' participation in SIDES is voluntary. However, using SIDES is in their best interest to provide a faster response to claims' separation requests and prevent improper payments before they occur, and reduces the risk of higher UI experience ratings.<sup>6</sup> As of January 2017, 48 of the 51 SWAs were using SIDES. Of the 3 remaining SWAs, 2 were in the implementation phase and 1 had suspended its SIDES operations.<sup>7</sup>

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<sup>3</sup>TPA is an individual or business that acts on behalf of an employer. One area of employer support is providing employee wage information.

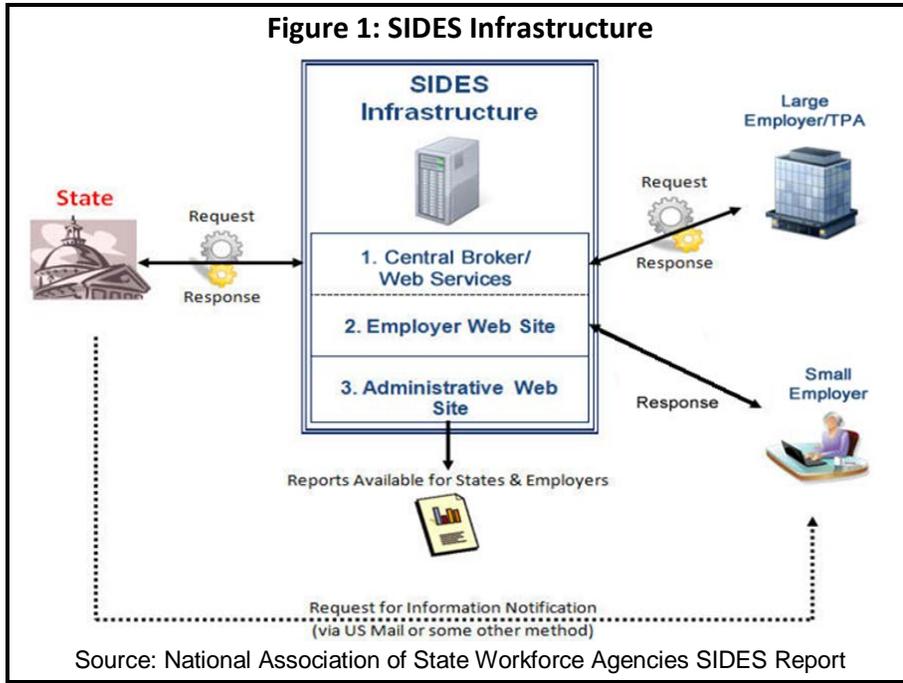
<sup>4</sup>The five sample SWAs required employers to respond to requests for separation information from 7 days to 12 days from the requests dates.

<sup>5</sup>First Payment Promptness is one of ETA's core performance measures for UI.

<sup>6</sup>UI benefits are primarily financed through the quarterly assessment of taxes on employer payrolls. The tax system is experience rated. An employer begins at an initial rate of tax that subsequently varies based on the amount of benefits charged to the employer's account.

<sup>7</sup>The states of Connecticut and Montana were in various stages of implementation. Montana's projected date for SIDES implementation is March 2017, while Connecticut is actively testing.

Figure 1 provides a diagram of the SIDES infrastructure and UI separation information request/response process.



## RESULTS

SIDES contributed to reductions in improper payment rates related to separation issues for all five SWAs we sampled; however, better strategies are needed to increase employer participation. We found the following:

1. SWAs received 70 of 321 (22 percent) employer responses to requests for separation information within two days when using SIDES, as compared to 6 percent when using paper.
2. The five sampled SWAs used SIDES to request separation information from employers for 31 percent of the 2.7 million UI claims filed from January 2012 to June 2015. This low percentage of SIDES usage occurred because only 19.8 percent of employers with UI claims filed signed up to use SIDES.<sup>8</sup>

<sup>8</sup>Source: Database analysis for all five SWAs from Jan 1, 2012 through June 15, 2015

3. SWAs and employers experienced technical challenges when using SIDES.

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### **SIDES HAD AN IMPACT ON REDUCING STATES' IMPROPER PAYMENTS**

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We found SIDES contributed to a reduction in separation-related improper payment rates for all five SWAs we sampled. Unemployment Insurance Program Letter (UIPL) No. 19-11 provided information to SWAs about a national strategic plan to aggressively target UI overpayment prevention and to request that all states participate in a federal-state collaboration to significantly reduce each state's and the national UI improper payment rates.

Based on our sample of initial UI claims filed, the SWAs received 70 of 321 (22 percent) employer responses to requests for separation information within two days.<sup>9</sup> As a result of using SIDES, the SWAs had more time to evaluate the accuracy and completeness of UI claim information. This allowed them to make better eligibility determinations before making the first UI payments within the time period prescribed by state laws, thereby reducing the risk of improper payment.<sup>10</sup> Conversely, for paper responses we found several instances in which SWAs received the requested separation information from employers far beyond state-established deadlines.<sup>11</sup> For example, whereas the timeframes for employers to respond to requests from SWAs for separation information ranged from 7 days to 12 days, our sample results showed SWAs received paper responses from 14 employers more than 20 days past the response due dates. In addition, employers responded to requests for separation information at a rate of 89 percent when using SIDES versus 57 percent when using paper.

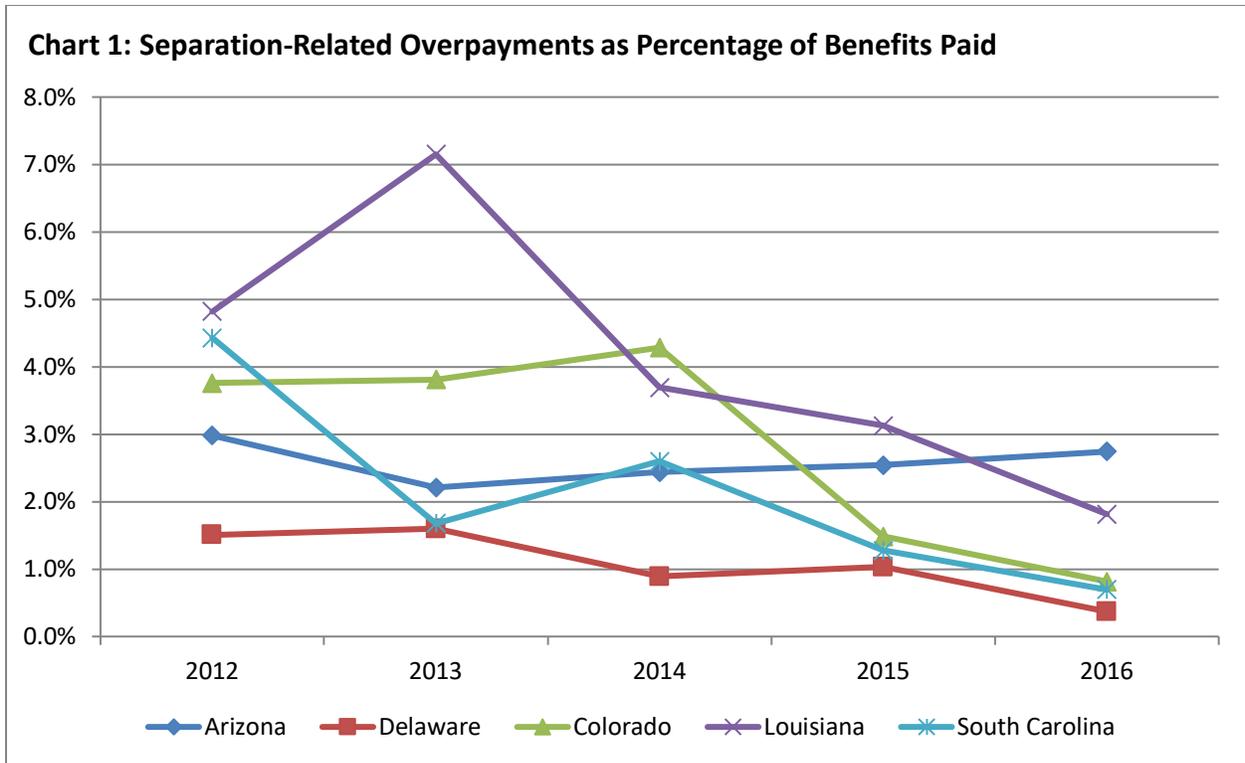
Chart 1 shows all five SWAs' separation-related improper payment rates declined from 2012 to 2016, with some fluctuations during that period. We attributed this decline to more timely and accurate responses to separation information requests when using SIDES.

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<sup>9</sup>Employers transmitted 57 of the 70 responses within one day.

<sup>10</sup>ETA measures the extent to which nonmonetary determinations (including separation) are completed within 21 days. ETA also measures the promptness of payments made to eligible UI claimants.

<sup>11</sup>Paper means requests and responses sent by fax or mail.



Source: Generated from DOL Benefit Accuracy Measurement reports<sup>12</sup>

The dollar amount of improper payments related to separation declined for all five states within the same period. For example, from 2012 to 2016, South Carolina’s improper payment amount declined from \$17.5 million to \$1.2 million, while Colorado’s declined from \$23.8 million to about \$4.2 million.

Officials at the five SWAs credited SIDES as one of several factors responsible for their reductions in separation-related improper payments. Other factors mentioned included:

- National Directory of New Hires cross matching of social security numbers against new hires
- Interactive Voice Response for adequate separation requirement
- Fewer claims than in the past
- More staff time to process claims
- Change in improper payments calculation using the "technically proper" payments method<sup>13</sup>

<sup>12</sup>The Benefit Accuracy Measurement program is designed to determine the accuracy of paid and denied claims in three major UI programs.

<sup>13</sup>ETA worked with the Office of Management and Budget to identify a new methodology for estimating the UI improper payment rate. This new methodology no longer nets out recoveries, but excludes improper payments that are determined to be "technically proper" under state UI law. For example, for payments with an eligibility issue(s), the state cannot take official action to establish an overpayment for recovery because the time elapsed between the decision to pay the claimant and the detection of the eligibility.

Nevertheless, SIDES was primarily responsible for the employers' more timely responses to requests for separation information, which contributed to the reduction in improper payments.

**ONLY 19.8 PERCENT OF EMPLOYERS SIGNED UP TO USE SIDES**

Nationwide, SWAs used SIDES to request separation information from employers for 31 percent of the 13.5 million UI claims filed from May 2015 to April 2016. By comparison, the five SWAs we sampled used SIDES to request information for 45 percent of the 665,536 UI claims filed. UIPL 13-14 required states to commit to implementing and expanding SIDES, and established a minimum threshold for employer participation.<sup>14</sup> If employers are not signed up to use SIDES, then SWAs cannot use SIDES to request separation information. SIDES allows employers to simplify and streamline responses to UI information requests, saving time and money by: eliminating delays related to paper mail delivery; allowing more time to gather information and respond; ensuring more complete information is provided through standard edits, validations, and business rules; reducing time-consuming follow-up phone calls; reducing paper handling, staff time, and postage costs; and keeping UI tax rates lower by reducing improper payments.

DOL provided 51 SWAs \$43.4 million<sup>15</sup> to build and integrate SIDES into their current systems. However, the five SWAs we sampled used SIDES for 31 percent of the 2.7 million UI claims filed during our audit period, based on our analysis of data obtained from the SWAs. Additional analysis showed only 19.8 percent of the eligible 261,056 employers with UI claims filed had signed up to use SIDES (see Table 1).

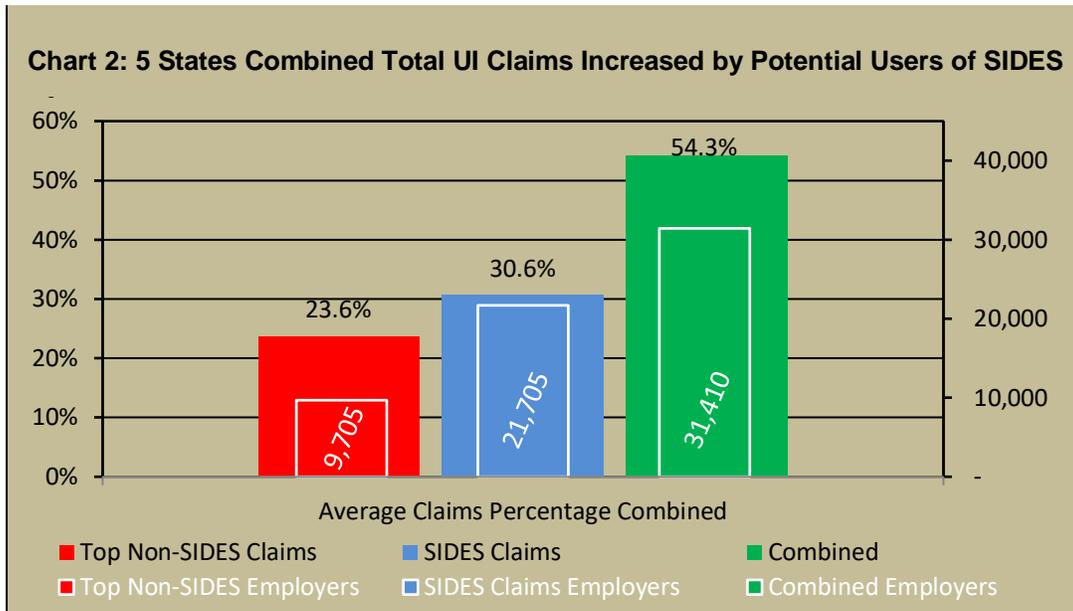
State	Number of Employers with UI Claims Filed	Number of Employers Signed up to Use SIDES	Percentage of Employers Signed up to Use SIDES
Arizona	61,118	12,213	20.0
Delaware	28,995	3,433	11.8
Colorado	82,322	19,809	24.1
Louisiana	40,244	2,925	7.3
S. Carolina	48,377	13,329	27.6
<b>Total</b>	<b>261,056</b>	<b>51,709</b>	<b>19.8</b>

Source: Generated by OIG based on data obtained from SWAs as of September 2016

<sup>14</sup>According to UIPL 13-14, states must commit to using SIDES to transmit requests to individual employers not using TPAs for information on separations and receive employer responses for at least 35 percent of all UI initial claims.

<sup>15</sup>The five SWAs received \$4.4 million in SIDES funding.

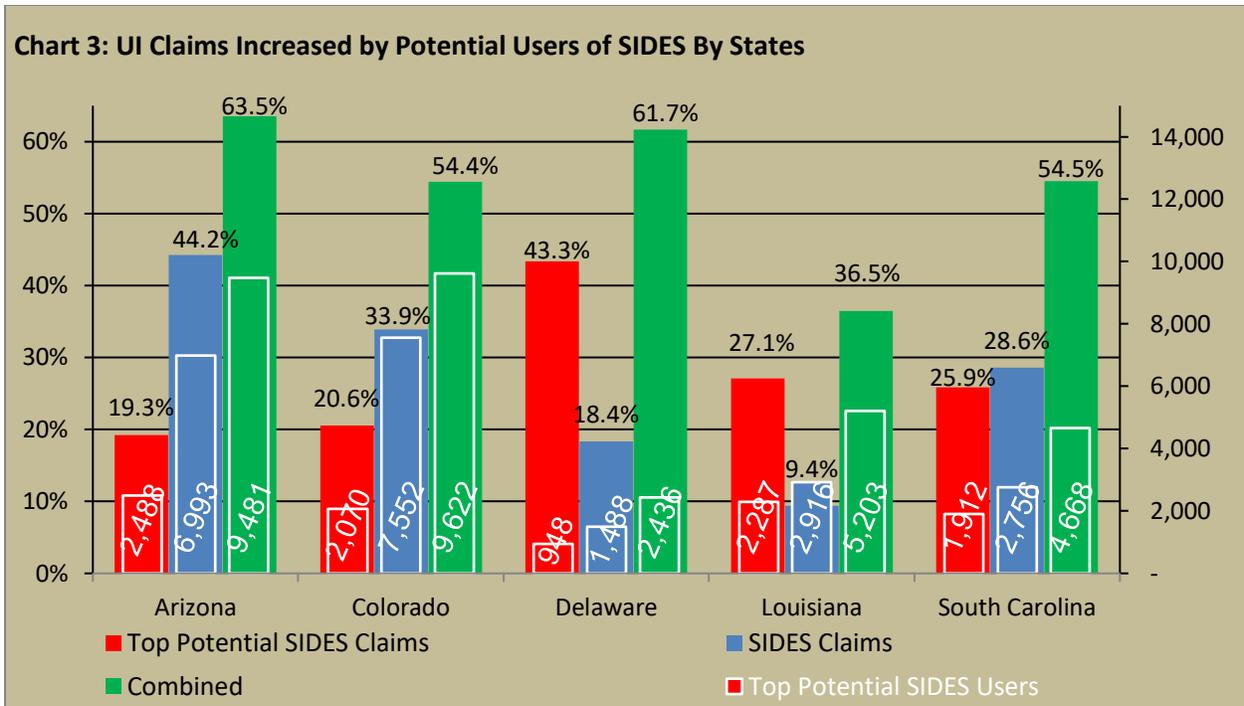
Enrolling additional employers, especially those with the highest volume of UI claims, would likely yield a substantial increase in the number of claims processed using SIDES. We analyzed UI claims that were not processed using SIDES across all five SWAs and grouped them by employers with the highest to the lowest number of claims.<sup>16</sup> We determined there were 9,705 employers with 20 or more claims filed (Top Potential SIDES Users) and their claims represented 23.6 percent of the claims that were not processed using SIDES (Top Potential SIDES claims) (see Chart 2).



Source: Generated by OIG based on data from SWAs for our audit period

We also determined that if these top potential SIDES users (employers) had signed up for SIDES, most likely, the number of employers would have increased from 21,705 to 31,410 for the five SWAs we sampled; and the rate of UI claims processed using SIDES would have increased from 30.6 percent to 54.3 percent. During the 3.5-year period, improper payments declined by \$33.7 million with 30.6 percent of claims being processed through SIDES. Assuming SWAs achieved the same level of reductions in improper payments as when claims were processed using SIDES, we estimate this 23.6 percent increase in claims could have decreased improper payments by an additional \$26 million. According to ETA, nationwide, separation-related improper payments decreased an estimated \$132 million from FY 2015 to FY 2016. In addition, for individual SWAs, the rate of UI claims processed using SIDES would have increased as well. Most notably, by signing up 948 employers with 20 or more claims, Delaware could have received separation information responses through SIDES for 62 percent of its UI claims, a 43 percentage point increase (see Chart 3).

<sup>16</sup>We excluded potential SIDES users (employers) with less than 20 claims.



Source: Generated by OIG based on data from SWAs for our audit period.

Arizona processed 44 percent of its UI claims using SIDES by targeting employers with the highest volume of claims.<sup>17</sup> As Arizona continues to target those employers with the highest number of claims, it should increase the number of employers enrolled to use SIDES and the volume of claims processed through SIDES. If all SWAs enrolled employers with the highest number of claims to use SIDES, they would likely decrease the risk of receiving untimely separation information, the third leading cause of UI improper payments.

Furthermore, some SWAs could benefit from the best practices of other SWAs to increase employer enrollment and use of SIDES by: 1) assigning specific work units to register and answer questions/concerns from interested employers; 2) regularly publishing newsletters to employers and posting them on the SWAs' Web sites; 3) mailing the quarterly tax-and-wage report and SIDES information to employers; 4) producing public-service announcements to air on television and radio stations; and 5) providing outreach seminars for employers. The more SWAs increase the enrollment of employers and their use of SIDES, the better ETA's chances are to reduce the billions of dollars in improper payments reportedly caused by separation issues each year.

SWA officials we spoke to generally were unaware of which employers had 20 or more UI claims filed because they did not track or analyze this data, and ETA did not require them to do so. Tracking employers' filing activity would enable SWAs to more easily identify employers with a high volume of claims who do not use SIDES. SWAs could

<sup>17</sup>Not all employers that Arizona targeted actually signed up to use SIDES.

then reach out to these potential SIDES users (employers) to introduce them to SIDES and how it will help them provide more timely and accurate information to complete the UI claims process.

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### **EMPLOYERS SIGNED UP TO USE SIDES DID NOT RESPOND TO 41 PERCENT OF SWA REQUESTS**

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The number of claims processed using SIDES could have increased if employers who signed up to use SIDES responded to every request SWAs made for separation information. Nationwide, employers who signed up to use SIDES did not respond to 41 percent of the 4.2 million requests from May 2015 – April 2016. By comparison, for the five SWAs we reviewed, employers did not respond to 10 percent of the 299,608 requests for the same period. During our audit period, employers who signed up to use SIDES did not respond to 11 percent of the 360 sampled requests.

Nonresponding employers gave us the following reasons:

- Feared saying the wrong thing, due to pending litigation
- Needed assistance in completing SIDES or paper requests
- Faxed a paper response but the SWA never received it
- Tried to respond by paper, but the fax was busy
- Chose to not protest the award of benefits, such as for a layoff

If an employer fails to respond, the SWA must make a determination whether to pay a claimant UI benefits based on information from the claimant. However, without the employer's input there is no guarantee the claimant is eligible to receive benefits. Therefore, UI payments made to claimants without an employer's response or separation verification can result in improper payments.

UIPL 13-14 required SWAs to commit to implementing and expanding the use of SIDES to transmit separation requests sent by SWAs to employers for information on employee separations and receive employer responses. For these reasons, employers should use SIDES to respond to SWA requests for separation information and do so in a timely manner. Even in instances where an employer does not intend to contest a claim for UI benefits, SWAs need employers to respond using SIDES to demonstrate the extent to which SWAs are complying with UIPL 13-14.

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### **MARKETING DID NOT INCREASE EMPLOYER PARTICIPATION IN SIDES**

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UIPL No. 26-11 notified SWAs of funding availability to implement a messaging campaign targeted at UI claimants and employers, including specific messaging to improve employers' awareness of their responsibility to respond to state requests for separation information and/or earnings/wage verifications. Accordingly, ETA provided

SWAs nationwide funding, products, and tools to communicate with employers about the benefits of using SIDES. However, our analysis showed the five sampled SWAs' marketing and outreach efforts to sign up employers were limited and not as effective as they could have been regardless of strategies used or how much they spent. Considering the level of funds expended and percentage of employers still not signed up to use SIDES, we did not find any correlation between the dollars SWAs spent and their success rate in improving SIDES enrollment or usage. For example, Table 2 shows Louisiana spent 39 percent (\$78,739) of nearly \$200,000 in available SIDES marketing funds as of May 2016, but as of August 2016, nearly 93 percent of Louisiana's employers with claims filed were not signed up to use SIDES.<sup>18</sup>

<b>State</b>	<b>SIDES Funding for Marketing<sup>19</sup></b>	<b>Marketing Expenditures</b>	<b>Remaining Balance</b>	<b>Percentage of Marketing Funds Spent</b>
Arizona	256,468	134,200	122,175	52%
Delaware	33,000	1,998	31,002	6%
Colorado	277,600	195,558	82,042	70%
Louisiana	199,998	78,739	121,259	39%
S. Carolina	100,000	95,317	4,683	95%
<b>Total</b>	<b>\$867,066</b>	<b>\$505,812</b>	<b>\$361,161</b>	<b>58%</b>

Source: Generated by OIG based on data obtained from SWAs for our audit period

Delaware had spent 6 percent of its SIDES marketing funds as of May 2016. As of August 2016, 88 percent of Delaware's employers with UI claims filed were not signed up to use SIDES. Delaware's SIDES messaging was limited to sending out flyers.

Unlike Louisiana and Delaware, South Carolina had spent 95 percent of its SIDES marketing funds as of May 2016. Similarly, however, a significant number (72 percent) of South Carolina's employers with UI claims filed were not signed up to use SIDES as of August 2016.

According to ETA officials, the adoption of SIDES by TPAs who represent employers with a high percentage of the workforce has been challenging, due to the significant financial investment needed to implement SIDES Web Services. Despite this and other challenges to increasing employer participation, ETA continues to provide opportunities for SWAs to apply for supplemental funding to implement strategies to promote employer use of SIDES. Regarding the extent to which SWAs have successfully used marketing funds to sign up employers for SIDES, ETA officials stated it is important to

<sup>18</sup>Louisiana plans to market SIDES E-Response within HiRE (Helping Individuals Reach Employment), a web-based system that processes all UI claims (see Appendix B).

<sup>19</sup>The period of funding for marketing was 2012 through 2014.

keep in mind that the use of SIDES is not mandatory, but voluntary for both states and employers.

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## **SIDES INFRASTRUCTURE PRESENTED TECHNICAL CHALLENGES**

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We found ETA has not provided adequate support for the technical challenges SWAs and employers have faced when using SIDES, such as interpreting and responding to system generated messages, and an overall lack of user-friendliness. These technical challenges delayed SWAs' verification of UI claimants' separation information and could have caused separation-related improper payments. A partial list of reported technical issues are as follows:

- SWAs unable to reset employers' passwords
- SWAs unable to see employers' systems while trying to assist them
- Employers unable to log in the SIDES System
- Employers unable to cut and paste actions
- Employers unclear about what information is being requested or provided

Despite efficiencies SWAs gained in more timely responses as a result of employers using SIDES, these technical issues required SWAs to call employers to clarify information contained in their responses. This slowed the response time very similar to the slow paper request/response process that SIDES was designed to replace. Also, at times SWAs did not have the ability to help employers resolve their technical issues. According to SWA officials, updates to the SIDES Portal application would help to resolve the system's quality issues they have encountered. In addition to reducing improper payments, SIDES is designed to lessen the time and cost involved in processing UI claims and to alleviate inefficiencies created by paper processes.

ETA anticipated these technical challenges, as stated in UIPL No. 19-11:

The Department will continue to engage with states...and it is anticipated that there will be opportunities to offer a wide array of technical assistance including webinars and newly developed tools to support state efforts.

While ETA has taken steps to resolve some of the SIDES technical issues, it needs to do more to ensure all reported issues are resolved and SWAs have the training and tools they need to help employers. Therefore, identifying and resolving technical issues that impact SIDES' ability to improve the timeliness and quality of UI claimants' separation information is essential to its success.

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## **CONCLUSION**

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Overall, the issues we identified may have been detected for corrective action if ETA officials had: (1) required states to track and enroll employers with the highest number

of claims to increase the number of employers using SIDES; (2) explored more effective marketing strategies for SIDES marketing funds to increase employers' awareness, interest and participation; and (3) implemented policies and procedures to ensure SIDES technical challenges were effectively corrected. Until the issues we identified are resolved, the SWAs we sampled will continue to operate at increased risk of approving UI claims that result in separation-related improper payments. Notwithstanding these issues, according to ETA, separation-related improper payments decreased an estimated \$132 million nationwide from FY 2015 to FY 2016.

## OIG RECOMMENDATIONS

We recommend the Deputy Assistant Secretary for Employment and Training work with SWAs to:

1. Increase the overall number of employers using SIDES.
2. Track and enroll employers with the highest numbers of UI claims.
3. Find better marketing strategies for creating employers' awareness and generating employers' interest in SIDES.
4. Resolve technical challenges related to the use of SIDES.

## MANAGEMENT RESPONSE

ETA generally agreed with our findings and recommendations and noted that additional work is needed to increase the overall number of employers using SIDES. ETA will take specific actions to support states in tracking and enrolling employers with the highest number of UI claims. In addition, ETA plans to work with the National Association of State Workforce Agencies/Information Technology Support Center to explore better marketing strategies for creating employer awareness and interest in SIDES, and to resolve technical challenges identified by states related to the use of SIDES.

ETA provided additional information, which we took into consideration and made changes to the report as we deemed appropriate. Management's response to our draft report is included in its entirety in Appendix C.

We appreciate the cooperation and courtesies that Employment and Training Administration personnel extended to the Office of Inspector General during this audit. OIG personnel who made major contributions to this report are listed in Appendix D.



Elliot P. Lewis  
Assistant Inspector General  
for Audit

## Appendices

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**APPENDIX A**

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**OBJECTIVE, SCOPE, METHODOLOGY, AND  
CRITERIA**

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**OBJECTIVE**

We conducted a performance audit in five states to determine the following:

Has SIDES contributed to a reduction in separation-related UI improper payment rates?

**SCOPE**

We conducted onsite work at ETA's Office of Unemployment Insurance headquarters in Washington DC, and ETA's Atlanta Regional Office in Atlanta, GA. We conducted work by phone with ETA's Regional Offices in Philadelphia, PA; Atlanta, GA; Dallas, TX; and San Francisco, CA.

Our audit focused on five SWAs (Arizona, Delaware, Colorado, Louisiana, and South Carolina) that received \$4.4 million in SIDES funding. From the selected states, we examined two random samples of 692 UI claims<sup>20</sup> processed during our audit period of January 1, 2012, through June 30, 2015.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

**METHODOLOGY**

To accomplish our audit objective, we interviewed management and staff at ETA, and officials at the five selected states. We reviewed applicable laws, regulations, policies, and processes for SIDES operations. We considered the internal control elements of control environment, risk assessment, control activities, information and communication, and monitoring during our planning and substantive audit steps. We performed internal control work for ETA's oversight of states' efforts to reduce improper payments. During our work, we found ETA had not established adequate controls to ensure more employers were signed up for and using the SIDES system. We have reported on the deficiencies found in ETA's oversight of states' efforts to reduce improper payments.

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<sup>20</sup>We examined 360 sample claims where requests for separation information were made using SIDES and 332 claims where requests for separation information were made using paper.

We judgmentally selected five states to conduct fieldwork based on their improper payment rates related to separation issues and at least three years of SIDES implementation. We ranked states based on their improper payment separation rates (HIGH, MEDIUM, and LOW) and selected one state from each category to determine what impact, if any, SIDES had on reducing improper payments. For these reasons — and also because they covered three of DOL’s six regions — we selected Colorado, South Carolina, and Delaware.

We also selected Arizona and Louisiana for the following reasons: ETA considered Arizona to be a top user of SIDES, and the agency had been using Arizona’s Portal for employers as a best practice for states; and Louisiana installed a new UI system in November 2015 that featured other means of reducing improper payments.

From the five states’ UI claims data, we selected two random samples that totaled 692 UI claims (360 SIDES claims and 332 paper claims) processed during our audit period. We coordinated with a statistician to develop an overall sampling methodology to evaluate the selected samples. For each state, we reviewed the database; analyzed data before sampling by checking data against ETA 5159<sup>21</sup> numbers, notating and removing duplicates if any, identified any unique number for each claim; updated the sampling form and sent it to the statistician for review and approval with the attached database numbers for SIDES and non-SIDES claims and years processed; used ACL to run random lists for sample size; listed methodologies used to include all support and procedures; and issued sampling numbers to the respective states for a list of the files to be reviewed.

We performed limited data reliability testing by reviewing the 692 claims and data provided by ETA and the SWAs. We found the data to be reliable for the purposes of our audit. We relied on the SWAs’ system claims data provided by ETA, which included reported SIDES results for all 51 SWAs during our audit period. In addition, we used each state’s database results to support our findings and conclusions.

## **CRITERIA**

- Executive Order 13520 – Reducing Improper Payments and Eliminating Waste in Federal Programs
- UIPL No. 19-11 – National Effort to Reduce Improper Payments in the Unemployment Insurance Program
- UIPL No. 26-11 – Unemployment Insurance Supplemental Funding Opportunity for Program Integrity and Performance and System Improvements

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<sup>21</sup>ETA 5159 reports UI claimant activities for all states, including those that use SIDES.

- UIPL No. 13-14 – Unemployment Insurance Supplemental Funding Opportunity for Program Integrity and Performance and System Improvements

**APPENDIX B**

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**LOUISIANA HiRE – A NEW COMPUTER SYSTEM,  
DELAYS IN IMPLEMENTATION OF SIDES AND  
E-RESPONSE**

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HiRE (Helping Individuals Reach Employment) – a web-based system that processes all claims can facilitate the following activities:

1. Employer Survey for tips paid in cash – Initiate an investigation whenever information is received or obtained indicating potential fraudulent activity regarding the receipt of UI benefits paid as tips in cash.
2. Duplicate Address - Search is conducted within HiRE for duplicate addresses as part of the nightly batch process. If duplicate addresses are detected, an alert is sent to the BAT<sup>22</sup> Unit staff for review.
3. Interstate system Liable Agent Data Transfer – One of the interfaces that connect HiRE with the Interstate Connection system used for transmissions between SWAs. This information is used to establish employment trends and identify commuter claims of people that live in one state but typically travel to a border state for work.
4. Foreign IP address blocking – HiRE will not allow claims to be filed from a foreign IP address.
5. Department of Health and Hospital (DHH) death files cross-match – On the 10th of each month the DHH transmits a list of all deceased Louisiana residents to the Louisiana Workforce Commission (LWC). Claims of deceased individuals are flagged and reviewed for suspect claim activity.
6. Incarcerated claims – LWC will cross match incarceration records against active claims.
7. Social Security Administration interface – The name and date of birth of every new claim is validated against the records of the SSA.

The goals of Louisiana’s HiRE web-based system and SIDES E-Response are to help reduce paperwork, response time, and improper payments. In order to go live with SIDES E-Response Louisiana needed the capability of assigning a PIN code to each employer. Louisiana delayed its planned 2014 implementation of HiRE Phase 2 due to programming complexities and an abundance of caution in regard to the quality of data migration. HiRE Phase 2 went live in November 2015 for claimants. However, additional work is needed for employer unemployment services. Louisiana officials anticipated employer UI services will be available in HiRE by February 2017. Employers may opt to use HiRE exclusively in lieu of SIDES E-Response. Louisiana plans to aggressively market SIDES E-Response as a valuable service within HiRE.

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<sup>22</sup>Benefits Analysis Team (BAT). BAT adjudicates claims to determine eligibility.

APPENDIX C

ETA'S RESPONSE

<b>U.S. Department of Labor</b>	Employment and Training Administration 200 Constitution Avenue, N.W. Washington, D.C. 20210	
<b>MAR 28 2017</b>		
MEMORANDUM FOR:	ELLIOT P. LEWIS Assistant Inspector General for Audit	
FROM:	BYRON ZUIDEMA  Deputy Assistant Secretary	
SUBJECT:	Response to the Office of Inspector General (OIG) Draft Report No. 04-17-003-03-315, <i>Better Strategies Needed to Increase Employer Participation in the State Information Data Exchange System</i>	
<p>This is in response to your memorandum, dated February 24, 2017, regarding the subject draft audit report. The Employment and Training Administration (ETA) continues to work aggressively with states to utilize effective strategies, such as the State Information Data Exchange System (SIDES), to combat Unemployment Insurance (UI) improper payments.</p> <p>Although the use of SIDES is voluntary by states, ETA has been actively promoting and encouraging its full implementation and use of its separation information components (Web Services and E-Response). We are seeing success with these efforts. A total of 48 states have implemented and are now using SIDES and 31 of these states are processing separation information exchanges with all Third Party Administrators operating in their state.</p> <p>ETA has a very good partnership with the National Association of State Workforce Agencies (NASWA) in operating SIDES. NASWA's Information Technology Support Center (ITSC), in collaboration with ETA, has created a dedicated SIDES Team to promote participation in SIDES by states and employers, as well as to provide operational and technical support for all SIDES-related functions.</p> <p>We agree that although there has been significant progress with state implementation of SIDES, there is still work to be done in achieving greater employer usage of this new tool. ETA continues its work with the states, the employer community, and the NASWA/ITSC SIDES Team to promote SIDES usage and to enhance SIDES and its applications to help prevent and detect fraud and improper payments in the UI program.</p> <p>Please find attached our comments and responses to the recommendations in the draft audit report. If you have questions, please contact Jim Garner, Deputy Administrator, Office of Unemployment Insurance, at (202) 693-3029.</p> <p>Attachment</p>		

**Employment and Training Administration (ETA) Response to  
Office of Inspector General (OIG) Draft Report No. 04-17-003-03-315, *Better Strategies  
Needed to Increase Employer Participation in the State Information Data Exchange System***

ETA has continued to work aggressively with states to address the issue of Unemployment Insurance (UI) improper payments and on implementation of national strategies for the detection, prevention, and recovery of improper benefit payments. Below are ETA's comments and responses to the recommendations contained in the draft report.

First, we note an update to the information in the audit report. As of January 2017, 48 state workforce agencies (SWAs) are participating in the State Information Data Exchange System (SIDES), two SWAs are in the process of implementing SIDES, and three SWAs are not using SIDES. In addition, we offer below clarifications and suggested corrections to the draft report:

- Page 1, second paragraph, second to last sentence: There is an error in the number reported for SWAs that had implemented SIDES as of June 2016. The number should be 47, not 49. Revise the sentence as follows: "As of June 2016, 47 of these 51 SWAs had implemented SIDES, and two states had suspended operations." The last sentence should remain, stating: "The two remaining SWAs were in the SIDES implementation phase."
- Page 2, first paragraph, second sentence: Insert "with" before the phrase "some fluctuation during that period."
- Page 2, second paragraph, last sentence: Insert "up to" before the phrase "an additional \$29 million." This definitive projection does not take into account selection bias, in that current users of SIDES are likely more diligent and proactive than the remaining potential SIDES user population. Therefore, gains may not be directly proportional as the OIG projection implies.
- Page 3, last paragraph: Delete the last sentence, which is carried over onto page 4 and the first sentence on page 4 and replace them with: "As of June 2016, 47 of 51 SWAs that received SIDES funding from DOL were using SIDES and/or SIDES E-Response and two had suspended operations. The two remaining SWAs were in the SIDES implementation phase."
- Page 6, Chart 1: Separation Related Overpayments as Percentage of Benefit Paid: The chart appears to have the incorrect values. **See the table in Attachment A which reflects the correct percentages.** The data are available at the following link: <https://www.dol.gov/general/maps/data>.

The data reflected in the chart appears to have flipped the percentage values associated with Colorado and Delaware for 2012, and used incorrect percentage values for Colorado, Louisiana, and South Carolina for 2016. It is also noted that this chart, as well as the other charts/graphs contained in this report, are not Section 508 compliant.

- Page 6, first paragraph: The sentences under Chart 1 appear to rely on incorrect data. For example, the report states that Colorado’s value declined from \$23.8 million to about \$1.7 million. The Department’s website data for the period ending June 30, 2016, indicate that the value for Colorado’s improper payment amount due to separation had declined to \$4,274,227 (see the table in Attachment A for the correct amounts).
- Page 5, item #2, and Page 7, second paragraph: The report states that “...the five selected SWAs used SIDES for 31 percent of the 2.7 million UI claims filed...”. We do not understand how this calculation was determined and thus we are unable to verify this percentage. Please explain the data and calculation used to determine the 31 percent.
- Page 10, second paragraph, fourth sentence: Insert the word “separation” before “requests” and “sent by SWAs” after “requests.”

Below are ETA’s responses to the OIG’s four recommendations set out in the draft report:

1. The OIG recommends that the Assistant Secretary for Employment and Training work with State Workforce Agencies (SWAs) to: **Increase the overall number of employers using SIDES.**

**ETA Response:** ETA agrees that additional work is needed to increase the overall number of employers using SIDES and continues to aggressively work with states to achieve this goal. ETA has actively encouraged states to adopt and use SIDES exclusively for the exchange of employment separation information. The use of SIDES has greatly reduced the length of time required to obtain needed information for UI claims processing and has helped improve the quality of information received due to data exchanges with standardized formats. Additionally, its ease of use and the efficiencies it provides for employer responses are incentives for employer participation.

As of January 2017, there are 48 states participating in SIDES: 31 states are exchanging SIDES data live with all 21 large employers and Third Party Administrators (TPAs) using SIDES Web Services. Additionally, as of January 2017, 100 percent of information requests were received from participating employers and TPAs through SIDES Web Services, and 18 percent were received from employers using SIDES E-Response. Since its initial implementation, there has been increased usage of SIDES reflecting positive results from state outreach efforts designed to increase adoption and use of SIDES by employers and TPAs.

Below are specific actions ETA has already taken or plans to take to increase the overall number of employers/TPAs using SIDES:

- Beginning in Fiscal Year (FY) 2011, ETA has provided states with supplemental funding opportunities to implement SIDES, conducted outreach and communicated with employers regarding the availability and efficiencies provided by SIDES, and

encouraged its adoption. To date, ETA has provided states with \$49 million for SIDES implementation, expansion, and outreach to employers. Pending budget considerations, ETA will continue providing supplemental funding to states to promote the use of the SIDES separation information exchange and the other data exchange components to communicate with employers.

- States that have received funding for SIDES have used varying outreach methods to communicate the benefits of SIDES to employers. States have used social media, mailing of marketing materials, creation of portals for signing up new employers, and have used SIDES as a default method for employer communications. ETA is strongly encouraging states to use SIDES E-Response as the default method by which employers respond to separation information requests. By making SIDES E-Response the default method, employers are automatically directed to SIDES E-Response with an opt-out feature to decline its use. Please refer to pages 5 - 6 of Unemployment Insurance Program Letter (UIPL) No. 19-16 for details: [https://wdr.doleta.gov/directives/attach/UIPL/UIPL\\_19\\_16.pdf](https://wdr.doleta.gov/directives/attach/UIPL/UIPL_19_16.pdf)
  - ETA will work with the National Association of State Workforce Agencies (NASWA)/Information Technology Support Center (ITSC) SIDES Team to update the 2013 video – “SIDES Employer Messaging,” (<http://www.dol.gov/dol/media/webcast/20130409-dol-sides-test-4578/>) that specifically targets businesses for the purpose of educating them about the benefits of SIDES. ETA plans to update this video and release it to states for uploading to their websites and distribution to local businesses and business organizations during FY 2017.
2. The OIG recommends that the Assistant Secretary for Employment and Training work with SWAs to: **Track and enroll employers with the highest numbers of UI claims.**

**ETA Response:** SIDES is used by states to request separation information from employers and their TPAs. In order to send an information request to employers, a state system must be able to determine whether or not an employer is using SIDES. The SIDES system design allows states to track employers/TPAs using SIDES. Additionally, the NASWA/ITSC SIDES Team tracks TPAs and large employers that participate in SIDES and the individual states that are exchanging information with these TPAs and large employers.

The NASWA/ITSC SIDES Team conducts outreach to large employers and new TPAs that represent employers in multiple states across the nation and provides any technical assistance necessary for them to implement SIDES. This outreach to promote SIDES includes participating in employer conferences and events such as the annual National Foundation for Unemployment Compensation and Workers’ Compensation conference. The NASWA/ITSC SIDES Team also produces a monthly detailed report that provides workload tracking information on the number of requests and responses to separation information; status updates on testing and implementation of SIDES employers and

states; and production and usage information by state, employers, and TPAs. As stated previously, as of January 2017, there are 48 states participating in SIDES; which processed approximately 268,000 requests for separation information with the same number of responses produced; processed 46,000 timely E-responses; and 31 of these states exchanged information with all large employers and TPAs using SIDES.

ETA will take the following specific actions to support states in tracking and enrolling employers with the highest number of UI claims:

- To help new states encourage additional employers to use SIDES, ETA in collaboration with the NASWA/ITSC SIDES Team will host a national webinar in FY 2017 to promote SIDES, including targeting high impact employers and TPAs. The webinar will highlight best practices from states, and provide states with outreach techniques and marketing tools available to recruit new employers, including tracking and targeting those employers with the highest levels of UI claims. The target audience for the webinar will be state UI directors, state UI benefit chiefs, state BPC staff and state staff who work with SIDES. The webinar will also be recorded and archived for future availability for states. SIDES subject matter experts will also discuss SIDES' primary application that supports UI eligibility determinations and program integrity, as well as its four other important applications: 1) *Earnings Verification* to address unreported or underreported earnings when UI claimants have returned to work and continue to claim benefits, thus, helping to reduce overpayments by verifying work and earnings; 2) *Monetary and Potential Employer Charge Notifications* that notify employers about a UI claim and potential benefit-related employer charges; 3) *Nonmonetary Determinations and Appeals Decisions* that communicate the outcome(s) of UI adjudications related to a claimant's benefit eligibility; and 4) *Billing and Employer Charge Notices* that provide periodic billing statements detailing benefit charges to an employer's UI account. These additional modules also create efficiencies for employers and TPAs.
- Information about targeting high impact employers will be shared on the UI Community of Practice and the SIDES website.

3. The OIG recommends that the Assistant Secretary for Employment and Training work with SWAs to: **Find better marketing strategies for creating employers' awareness and generating employers' interest in SIDES.**

**ETA Response:** ETA, in collaboration with the NASWA/ITSC SIDES Team continues to explore better marketing strategies for creating employer awareness and interest in SIDES. Below are actions ETA will take to continue to promote SIDES awareness with employers:

- In 2012, ETA worked with the NASWA/ITSC SIDES Team to develop a Messaging and Communications Toolkit (Toolkit) containing products and tools designed for use by state UI agencies to communicate with employers and TPAs about the benefits of

SIDES and SIDES E-Response and to support state UI agencies in their employer outreach campaign. The nine message products included in the Toolkit could be used as provided, or customized by states, to ensure consistency with established programs, styles, and procedures. The Toolkit also provided state agencies with specific recommendations to augment their existing employer communication strategies, recognizing that differences exist between state processes, terminology, and regulations. The Toolkit was updated in 2015. ETA will review the viability of the products and tools in the existing Toolkit, and will make necessary updates and disseminate the revised Toolkit to the states in FY 2018.

- Since FY 2012, the NASWA/ITSC SIDES Team has provided an annual UI SIDES Implementation Training Seminar for states and employers. This training seminar is targeted to facilitate SIDES-related business and technical discussions between state UI agencies and employers and TPAs. Each seminar highlights best practices, including successfully partnering with employers and TPAs for the best information exchange results and discussions about UI integrity and the role of SIDES. The target audience includes UI Directors, UI benefit managers, adjudication managers, state and employer/TPA SIDES liaisons, SIDES IT system analysts and programmers and employers. ETA will continue to support and promote these training seminars. The next training seminar is scheduled for April 18 - 20, 2017.
- The NASWA/ITSC SIDES Team also conducts several regular and ad hoc outreach events to states, large employers, and TPAs, providing technical assistance about SIDES implementation and use. For example, the NASWA/ITSC SIDES Team attends and presents at the annual National Foundation for Unemployment Compensation and Workers' Compensation conference, a national employers' organization, to educate employers about SIDES. Additionally, the NASWA/ITSC SIDES Team also presents at ETA's National Integrity Symposium. Most recently, the team participated in the December 2016 Integrity Symposium in Baltimore, Maryland, promoting the effective and efficient use of SIDES to states. Since the use of SIDES promotes consistency, timeliness, and accuracy of claim filing and determination information, SIDES will continue to be on the agenda during future symposiums. ETA will continue to support NASWA/ITSC SIDES Team's participation in employer conferences and UI integrity related events.

4. The OIG recommends that the Assistant Secretary for Employment and Training work with SWAs to: **Resolve technical challenges related to the use of SIDES.**

**ETA Response:** ETA will work with the NASWA/ITSC SIDES Team to resolve technical challenges identified by states related to the use of SIDES.

As stated previously, the NASWA/ITSC SIDES Team provides the necessary support for the maintenance and operations of SIDES. The NASWA/ITSC SIDES Team includes staff with both UI program and technology expertise. The NASWA/ITSC SIDES Team members are available to states for technical assistance in implementing SIDES, and in

troubleshooting and resolving issues that arise during SIDES operations. Furthermore, the SIDES Operations Committee, which is made up of representatives of participating states, participating employers and TPAs, and ETA, guide the development of improvements to SIDES existing functionality and the development of new functionality and features.

States are requested to contact the NASWA/ITSC SIDES Team for any technical issues or concerns via e-mail or telephone. The NASWA/ITSC SIDES Team addresses all issues and inquiries, usually by the end of the business day, Pacific Time. Each inquiry is noted as resolved, or elevated to the SIDES Operations Committee for consideration, approval, or implementation. The NASWA/ITSC SIDES Team also maintains a folder of issues reported by states, which are used in determining future software updates or changes. Most recently, the NASWA/ITSC SIDES Team released new updates to the system in March 2016, with software updates to the SIDES Separation Information format and E-Response website.

Below are actions ETA will take to address this recommendation:

- As part of its monthly status meetings with the NASWA/ITSC SIDES Team, ETA staff will continue to closely monitor status reports on system operations, state and employer use of SIDES, and planned system improvement efforts. Additionally, ETA will continue its participation in the SIDES Operations Committee meetings to ensure that software updates and/or temporary workaround solutions are in place to address technical challenges identified by states in the use of SIDES.
- ETA wishes to note that not all technical challenges identified in the OIG report require software updates. Often, issues identified are due to a lack of staff training on the use of SIDES. As stated previously, since FY 2012, the NASWA/ITSC SIDES Team has provided an annual UI SIDES Training Seminar for states and employers. These seminars not only highlight state best practices and promote information sharing between states, but also train staff on the SIDES system's functions and features. The next training seminar is scheduled for April 18 - 20, 2017.

Again, we appreciate the opportunity to respond to your draft report and its recommendations. If you have questions, please contact Jim Garner, Deputy Administrator, Office of Unemployment Insurance, at (202) 693-3029.

Attachment A

July 1, 2011 to June 30, 2012		July 1, 2012 to June 30, 2013		July 2013 - June 2014		July 1, 2014 - June 30, 2015		July 1, 2015 to June 30, 2016						
IP/A 2012		IP/A 2013		IP/A 2014		IP/A 2015		IP/A 2016						
ST Cause	Percent of Dollars Paid	Estimated Amount	ST Cause	Percent of Dollars Paid	Estimated Amount	ST Cause	Percent of Dollars Paid	Estimated Amount	ST Cause	Percent of Dollars Paid	Estimated Amount			
AZ Separation Issues	2.98%	\$15,626,279	AZ Separation Issues	2.21%	\$8,126,513	AZ Separation Issues	2.436%	\$8,132,127	AZ Separation Issues	2.541%	\$7,419,322	AZ Separation Issues	2.744%	\$7,132,701
CO Separation Issues	3.76%	\$23,857,382	CO Separation Issues	3.81%	\$21,806,627	CO Separation Issues	4.284%	\$23,229,305	CO Separation Issues	1.485%	\$7,387,935	CO Separation Issues	0.816%	\$4,274,227
DE Separation Issues	1.51%	\$1,956,618	DE Separation Issues	1.60%	\$1,698,757	DE Separation Issues	0.888%	\$874,297	DE Separation Issues	1.031%	\$834,909	DE Separation Issues	0.370%	\$280,559
LA Separation Issues	4.82%	\$14,637,008	LA Separation Issues	7.15%	\$14,717,920	LA Separation Issues	3.694%	\$6,071,314	LA Separation Issues	3.127%	\$5,184,984	LA Separation Issues	1.814%	\$3,810,246
SC Separation Issues	4.43%	\$17,429,269	SC Separation Issues	1.68%	\$4,369,996	SC Separation Issues	2.566%	\$5,922,020	SC Separation Issues	1.275%	\$2,474,449	SC Separation Issues	0.695%	\$1,249,204

**APPENDIX D**

**ACKNOWLEDGEMENTS**

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Key contributors to this report were Dwight Gates (Audit Director), Betty Norwood (Audit Manager), Sharon Newby (AIC), Thomas Price, Christy Powell, Velma Ivey, Lorenzo Thornton, Ronald Larry, and Christine Allen.

**TO REPORT FRAUD, WASTE OR ABUSE, PLEASE CONTACT:**

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