

TRAINING AND EMPLOYMENT NOTICE	NO. 34-13
	DATE June 9, 2014

TO: STATE WORKFORCE AGENCIES
STATE WORKFORCE LIAISONS
UNEMPLOYMENT INSURANCE DIRECTORS

FROM: PORTIA WU 
Assistant Secretary

SUBJECT: Publication of the Final Rule for the Federal-State Unemployment Insurance (UI) Program - Data Exchange Standardization as Required by Section 2104 of the Middle Class Tax Relief and Job Creation Act of 2012

1. Purpose. To inform states regarding the publication of the final rule for the Data Exchange Standardization as required by Section 2104 of the Middle Class Tax Relief and Job Creation Act of 2012.

2. Background. On February 22, 2012, the President signed the Middle Class Tax Relief and Job Creation Act of 2012, Public Law 112-96 (Act). Section 2104 of the Act amends Title IX of the Social Security Act (SSA) (42 U.S.C. 1101 *et seq.*) by adding a new section 911, which requires the Department of Labor (Department) to issue rules that establish data exchange standards for certain functions related to administration of the UI program. Section 911, SSA, contains two major subsections, (a) and (b), each of which requires data exchange standards; these requirements are discussed in detail below.

- Section 911(a)(1), SSA, requires that the Secretary of Labor “shall, by rule, designate a data exchange standard for any category of information required under title III [42 U.S.C. 501 *et seq.*], title XII [42 U.S.C. 1401 *et seq.*], or this title [IX] [42 U.S.C. 1101 *et seq.*].” 42 U.S.C. 1111(a)(1).
- Section 911(b)(1), SSA, requires that the Secretary of Labor “shall, by rule, designate data exchange standards to govern the reporting required under [the same specified titles].” 42 U.S.C. 1111(b)(1).

3. Publish Final Rule. The Department’s Employment and Training Administration (ETA) issued a final rule to designate in regulation data exchange standards for UI administration, as required by amendments to Title IX of the SSA made by the Act. These regulations establish data exchange standards for three categories of information:

- The real-time applications on the Interstate Connection (ICON) Network;
- The real-time applications of the State Information Data Exchange System (SIDES); and

- The implementation of the standards identified for ICON and SIDES in major Information Technology (IT) modernization projects to upgrade UI Benefits and Tax systems by State Workforce Agencies (SWAs) using Federal funds.

The final rule was published on February 19, 2014 in the Federal Register at 79 FR 9404 and can be accessed at <http://www.gpo.gov/fdsys/pkg/FR-2014-02-19/pdf/2014-03496.pdf>.

4. Final Rule Description. To meet the requirements of Section 911, SSA, the Department has designated in the final rule that eXtensible Markup Language (XML)¹ will be the data exchange standard for two systems that support the reporting of data and information for two core UI administrative functions: (1) employer reporting of information requested by SWAs to support eligibility determinations (SIDES); and (2) the reporting and exchange of wage information among the States that also supports determination of eligibility for benefits (ICON). XML is a markup language that defines a set of rules for encoding documents in a format designed to structure, store and transport data. XML data are stored in plain text format that is both human-readable and machine-readable. Use of XML also provides for a software- and hardware-independent method of exchanging data over incompatible applications or systems over the Internet.

XML provides an interoperable standard framework using common computer languages and standard formats and protocols to manage certain functions or communications. Gaining interoperability among the Department and 53 States and territories with different IT infrastructure and different program parameters (State UI programs have differing eligibility requirements and processes for supporting those requirements) is challenging. Therefore, the Department focused the new rule on core functions and reporting requirements that are truly common among the States.

The Paperwork Reduction Act documentation for the implementation of this data exchange standard was approved by the OMB on March 21, 2014 (OMB Control No. 1205-0510; Expiration: March 31, 2017).

In accordance with these provisions, this final rule implements the following data exchange standards:

- Under Section 911(a), SSA, the Department designates XML as the data exchange standard for the real-time applications² of ICON;
- Under Section 911(a), SSA, the Department designates XML as the standard for the SIDES data exchange modules;
- Under Section 911(b), SSA, the Department designates XML as the data exchange standard to govern reporting of information shared through SIDES; and

¹ XML is a nonproprietary, searchable, computer-readable format, and has the capacity to be upgraded continually, as necessary. Interoperability helps information technology systems more readily interface to carry out shared functions and manage communications.

² ICON applications are available in real-time and batch mode. States vary in the use of real-time applications versus the batch mode. The batch mode allows for processing of multiple requests at a scheduled time instead of immediate “real-time” processing.

- Under Section 911(a), SSA, the Department designates XML as the data exchange standard for real-time applications of ICON and SIDES data exchange modules in association with major IT modernization projects using Federal funds.

In publishing the final rule, the Department did not foreclose the possibility of later establishing additional data exchange standards by regulation, as technological and other advances make it feasible and appropriate. The Department will explore on an ongoing basis other functions where data exchange standards would be valuable to the UI program and as it relates to shared data exchange with other Federal agencies.

Additionally, the Department encourages the use of these data exchange standards by States as part of their IT modernization efforts with ICON and overall UI system modernization efforts.

5. Action Requested. State Administrators are requested to provide this information to the UI Directors and IT staff.

6. Inquiries. Inquiries should be directed to the appropriate ETA Regional Office.