New Hampshire Employment Security
www.nhes.nh.gov
"We're working to keep New Hampshire working"

GEORGE N. COPADIS, COMMISSIONER
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LEGAL SECTION
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CONCORD, NH 03301-4857

CJG

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October 1, 2024

His Excellency, Governor Christopher T. Sununu
and the Honorable Council
State House
Concord, NH 03301

REQUESTED ACTION

To authorize New Hampshire Employment Security (NHES) to enter into a **sole source** Integrity Data Hub (IDH) Participation Agreement Version 6.0 with the National Association for State Workforce Agencies' (NASWA's) Center for Employment Security Education and Research, Inc. (CESER), located at 444 N. Capitol Street, NW Suite 300, Washington, DC, from the date of Governor and Council approval through September 30, 2027.

EXPLANATION

During the pandemic, a serious problem arose with fraudulent Unemployment Insurance (UI) claims being filed across the country. This occurred in large part through the filing of claims by criminal enterprises using stolen identities. Even before the pandemic, there was significant concern regarding the potential for fraud in the payment of UI benefits. For this reason, the National Association of State Workforce Agencies (NASWA) worked with the United States Department of Labor (USDOL) to develop an Integrity Data Center and Integrity Data Hub (IDH), to facilitate cross-matching of suspicious UI claims information by and between the States. CESER has a Cooperative Agreement with USDOL to operate the Integrity Data Center and IDH. States must enter into a "Participation Agreement" to engage in the resulting data exchange network. NHES is authorized by law to participate in the IDH and received Governor & Council approval to enter into IDH Participation Agreement Version 5.0 in September of 2021.

Participation by the States in the IDH includes the submission of suspicious actor data and UI claims data, and States receiving associated lookup/matching/analysis results from the IDH and associated applications as defined in the Agreement. Since the last Participation Agreement was signed, the IDH has been expanded to include provisions for the collection of employer data, to include information on fraudulent employers as well as new employer registrations. This update was undertaken to support the Center's development of a new Employer Data Module (EDM) as part of the IDH. The initial version of the EDM will collect information on fraudulent employers identified by States in a Fictitious Employer Repository (FER) and cross-match new employer registrations against the FER to identify potential fraud. The EDM will be expanded incrementally to include additional functionality

such as validation checks on new employer registrations, additional cross-matching of employer data against other IDH data (UI claimants), and verification of employer bank accounts. The EDM provides much needed capability to States to combat emergent employer-related fraud affecting the Unemployment Insurance community.

The Agreement has also been expanded to include provisions for NASWA/CESER to be designated as an agent of the State in specific transactions with the US Treasury Bureau of Fiscal Service (Fiscal Service). NASWA is working closely with Fiscal Service to obtain access to new data sources and to provide alternative capabilities that currently exist within IDH, specifically Identity Verification (IDV) and Bank Account Verification (BAV) solutions, through Fiscal Service. NASWA/CESER's designation as an agent of the state for these specific purposes will allow NASWA to continue to provide access to these highly valuable services through the IDH. Once the IDH has transitioned to receiving ID verification and bank account verification capability through Fiscal Services, only states that have signed this revised agreement will be able to access those services.

There is no cost to the State for participating in the IDH. Over the course of many Unemployment Insurance Program Letters (UIPLs), USDOL first recommended and then admonished States to take advantage of the fraud prevention benefits provided through participation in the IDH. In particular, the IDH has helped identify suspicious actors who are filing UI claims in multiple States, and now provides new methods for detecting fictitious employer-related fraud.

IDH continues to provide the opportunity for New Hampshire to work smarter by streamlining and better deploying limited resources in coordination with other States in order to effectively fight back against a national problem and continue to protect our Unemployment Compensation Trust Fund. Participating in the IDH will greatly enhance NHES' fraud prevention capabilities and reduce the amount of manual work that is currently being done to identify fraudulent claims before payments are made.

Respectfully submitted,

George N. Copadis
Commissioner

INTEGRITY

NASWA UI Integrity Center

In Partnership with USDOL

Unemployment Insurance Integrity Center

Integrity Data Hub (IDH)

Participation Agreement

Version: 6.0

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1. AGREEMENT

This Agreement is by and between the National Association of State Workforce Agencies' (NASWA) Center for Employment Security Education and Research, Inc. (CESER) and the New Hampshire Employment Security, hereinafter referred to as "State".

2. INTRODUCTION

This document defines an Agreement between CESER and State for participation in the Integrity Data Hub (IDH). Participation includes State submitting State Unemployment Insurance (UI) data, State employer data, and data State has identified as suspicious (which includes confidential information and personally identifiable information (PII)), and State receiving associated lookup/matching/analysis results from the IDH, and associated applications as defined in this agreement.

3. BACKGROUND

About the UI Integrity Center

Overpayments, errors, and instances of fraud within the UI program have been long-standing concerns for Congress, the Federal Office of Management and Budget (OMB), the U.S. Department of Labor (USDOL), and State Workforce Agencies (SWAs). To address these concerns, the USDOL and SWAs have initiated strategies and initiatives designed to reduce the risk of overpayments and prevent fraud.

NASWA's subsidiary, CESER, is the lead organization responsible for the operation of the UI Integrity Center. The UI Integrity Center is charged with developing "innovative UI program integrity strategies to reduce improper payments, prevent and detect fraud, and recover any improper payments made" (UIPL No. 28-12).

Purpose of the IDH

The purpose of the IDH is to provide States, the USDOL Office of Inspector General (DOL-OIG), and Federal law enforcement agencies that meet the definition of a "public official" as defined by 20 C.F.R. 603.2(d) with a centrally managed data hub where State UI data and State employer data (which includes confidential information and PII), can be analyzed and cross-matched with UI data from other states and various fraud detection sources designed to assist in the detection and prevention of fraudulent activity in UI programs.

4. ROLES AND RESPONSIBILTIES – CESER

CESER shall be responsible for coordinating with State and managing the IDH. Specific responsibilities shall include:

- Project management, including preparation and maintenance of the IDH development and enhancement project plan/schedule;
- Scheduling/coordinating meetings, working sessions and reviews as needed;
- Documenting system functional and operational business requirements, including security requirements;
- Developing and maintaining the system technical architecture/design;
- Developing and maintaining the IDH including all associated system documentation,

- Implementing and maintaining a secure, FedRAMP compliant information technology (IT) infrastructure and ensuring all required updates and security systems are in place;
- Planning, coordinating, and assisting in system testing;
- Coordinating system implementation with States, DOL-OIG, other participating agencies, and with Federal law enforcement agencies, when appropriate;
- Developing measures to evaluate performance/value;
- Preparing data sharing agreements as needed;
- Providing resources, as available, to States and other participating agencies to support participation in the IDH project;
- Establishing agreements and Non-Disclosure Agreements (NDA's) with all CESER authorized contractors; and
- Ensuring all transmissions are secure using the appropriate NIST/security standards.

5. ROLES AND RESPONSIBILITIES - STATE

State shall provide UI program and technical/IT personnel to assist with IDH implementation efforts. Specific responsibilities shall include:

- Providing suspicious actor data to populate the Suspicious Actor Repository (SAR) database;
- Providing State UI data (which includes confidential information and PII) for matching and analysis (specific data elements to be provided are listed in Attachment 1 – IDH State UI Data Elements);
- Providing suspicious employer data to populate the Suspicious Employer Repository (SER) database;
- Providing State employer data (which includes confidential information and PII) for matching and analysis (specific data elements to be provided are listed in Attachment 2 – IDH State Employer Data Elements);
- Receiving results from the IDH for analysis and appropriate action;
- Providing input on IDH usage and potential impact on workflows and business rules;
- Designating an IDH State Administrator to manage State user types and roles;
- Participating in system testing, implementation, and evaluation; and
- Providing all data necessary to obtain cross-match hits from the IDH, which will use data provided by State to cross-match against data from other participating states, IDH's authorized contractors, Federal government agencies and their authorized agents and contractors, and third parties, for the purpose of identifying, preventing, and recovering improper payments in state and Federal UI programs.

6. PERIOD OF PERFORMANCE

This Agreement shall be valid for a five (5) year period beginning on date the agreement is executed and may be extended upon mutual agreement of both parties. The Agreement may be terminated by either party, in accordance with the Termination of Agreement clause in this Agreement.

7. PROJECT CONTACTS

Table 1 defines the primary project leadership points of contact for the IDH.

Table 1: IDH Project Contacts

Name	Title	Telephone	Email
Jerome Lord	Support Team Mgr.	(406)422-9379	jlord@naswa.org
Kendrah Gonzalez	Program Analyst	(531)739-9443	kgonzalez@naswa.org
James Cotter	Project Director	(703)587-8353	jcotter@naswa.org

Table 2 defines the primary project leadership points of contact for State. This list should include State Business lead, State Technical lead, and others as deemed appropriate.

Table 2: State IDH Project Contacts

Name	Title	Telephone	Email
Eleanor Goodbread	Administrator, NHES Integrity Division	(603)228-4037	Eleanor.E.Goodbread@ nhes.nh.gov
Anthony Camelo	Dep. Administrator, Integrity Division	(603)228-4016	Anthony.J.Camelo@ nhes.nh.gov
Michael Burke	UI Director	(603)4471463-	Michael.H. Burke@nhes.nh.gov

8. TERMS AND CONDITIONS

Voluntary Participation: The parties have entered into this Agreement voluntarily and agree to participate in the operation and utilization of the IDH.

Data Sharing Authority: By entering into this agreement, State attests they have the authority under state and Federal law to release State UI data and State employer data (which includes confidential information and PII), to the IDH for the purpose of identifying, preventing, and recovering improper payments in state and Federal UI programs.

Data Ownership: All data provided by State shall remain the property of State.

Termination of Agreement: Either party may terminate this Agreement for any reason upon thirty (30) days written notice to the other party. In case of termination, parties will work collectively to determine disposition of collected data.

Data Management

Data Collection and Storage

The data elements submitted from State for analysis, cross-matching, and population of the SAR are identified on Attachment 1 – IDH State UI Data Elements, and data elements submitted from State for analysis, cross-matching, and population of the SER are identified on Attachment 2 – IDH State Employer Data Elements. Any modifications to Attachment 1 or Attachment 2 will be made only by mutual agreement of both parties.

Data submitted to the IDH by State shall be retained by CESER, for purposes of analysis and cross-matching to assist in the prevention and detection of improper payments and fraud.

Data Sharing

State acknowledges that State UI data, State employer data, and data State has identified as suspicious (which includes confidential information and PII), submitted to the IDH will be used by the IDH for cross-matching against data provided by other participating states, IDH's authorized contractors, Federal government agencies and their authorized agents and contractors, and third parties, for the purpose of identifying, preventing, and recovering improper payments in state and Federal UI programs. The data may be shared only pursuant to written agreements which include the confidentiality requirements for exchanging UI and employer data. Lookup requests (UI and employer data) provided by individual states, DOL-OIG, and Federal law enforcement agencies (where appropriate) to the IDH are not shared with other states. IDH results, along with the associated ID for reference, are transmitted back to the requesting state that identifies the state where a match(s) occurred. The transmitted results do not include specific UI and employer data. States with matches can contact other participating states directly to obtain details and additional information as needed.

Notwithstanding the restrictions on disclosure of IDH data set out elsewhere in this agreement, CESER is authorized to report any allegations as described in item 1 below to USDOL, and to transfer the data described in both items 1 and 2 from the IDH to DOL-OIG and other Federal law enforcement agencies that meet the definition of a "public official" as defined by 20 C.F.R. 603.2(d).

1. Any IDH data regarding allegations that are reasonably believed to constitute fraud, waste, abuse, mismanagement, or misconduct related to UI programs; and
2. Any cross-match hits and data directly related to cross-match hits.

Identity Verification (No Effect on an Individual's Credit Score)

State acknowledges that participation in the IDH Identity Verification (IDV) option requires the use of a third-party Identity Verification vendor who is subject to provisions of Section 609 of the Fair Credit Reporting Act (FCRA). This act specifically requires an FCRA subject vendor to log the Inquiry for compliance by updating their existing vendor Transaction Log File (TLF) to document that such an inquiry from CESER was initiated. This Inquiry **has no impact on an individual's credit score**, is not a disputable query, and is not a part of the vendor operational, search, or analysis data. The TLF entry is stored offline with access limited to CESER and regulatory auditors. In addition, CESER requires the IDV vendor to verifiably delete the PII and other data elements from their operational and searchable database. Provisions outlined in this paragraph shall be applicable to the current IDV vendor and shall remain in effect in the event of a change in IDV vendor.

CESER Third-Party Data Retention

State acknowledges CESER may issue subcontracts with third-party vendors or enter into agreements with other third parties, including Federal government agencies and their authorized agents and

contractors, to provide new IDH services and/or functionalities in the future. These subcontractors and other third parties may be required to retain data for compliance with regulatory and/or audit requirements. CESER will validate requirements for subcontractor, and other third party, data retention and will notify State of the details of the subcontracting and other third party arrangements, including the purpose of the subcontracting and other third party arrangements, the functions that the subcontractor or other third party will perform, the identity of the subcontractor and other third party, the process by which CESER selected the subcontractor or other third party, and any associated data retention requirements prior to implementation of new services and/or functionalities. State will have the ability to opt out of any IDH third-party services as they deem appropriate.

Data Security and Confidentiality

Each participating State is subject to Federal and state laws which, with few exceptions, restrict the disclosure of such information and data by State or any agent of such State. State and CESER agree:

1. The information provided by, and to, the IDH shall be used solely for administration of state and Federal UI laws, including but not limited to the identification, recovery, and prevention of improper payments.
2. Access to or disclosure of IDH data shall be limited to authorized employees of State, CESER, Federal government agencies (and their authorized agents and contractors) performing services for State or CESER, or other authorized persons who perform services for State or CESER, as set out in 20 CFR 603.9.
3. CESER will store and protect confidential UI information as set out in 20 CFR 603.9(b).
4. All data submitted to and retained by CESER will be done using the security and encryption protocols discussed in this document and other CESER data security documents.
5. CESER shall notify the states, separate from this agreement, which contractors and third parties (i.e., Federal government agencies and their authorized agents and contractors) will be receiving IDH data, why CESER is working with the contractor or Federal government agency, and what the contractor or Federal government agency (and its authorized agents and contractors) will be doing with the data.
6. The State may conduct inspections of CESER to assure the requirements of the State's law and the agreement are being met.

Provisions for a Data Breach

A data breach shall be defined as an incident in which sensitive, protected, or confidential data has potentially been viewed, stolen or used by an individual unauthorized to do so. In the event of a data breach or unauthorized disclosure of IDH data residing on State system, State will notify CESER immediately using the following contact list.

Priority Listing	Name	Title	Phone	Email
Primary	Jerome Lord	Team Manager	(406)422-9379	jlord@naswa.org
Secondary	James Cotter	Project Manager	(703)587-8353	jcotter@naswa.org
Alternate 1	Rich Thielman	IT Security Mgr.	(202)329-4227	rthielman@naswa.org

State shall continue to notify CESER representatives until State receives confirmation that their message regarding a potential breach has been received by CESER. CESER will suspend State access to the IDH until both parties agree the data is reasonably secured from further data breaches or unauthorized disclosure.

In the event of a data breach or unauthorized disclosure at CESER, CESER will notify State, and will address the breach in accordance with the latest version of the *Center Data Breach Policy*.

IDH Access/Use:

- CESER IDH Administrator shall be designated by the CESER Project Director.
- State IDH Administrator shall be approved by State UI Director, or his/her designee.
- State users of the IDH shall be approved by State IDH Administrator.
- All IDH user access and permissions shall be verified, at a minimum, twice each year. Validation shall be performed by the state IDH Administrator through workflows within the IDH.
- All IDH users shall not allow the sharing of IDH user login and password information.

IDH is intended to flag suspicious UI data, employer data, and/or potentially suspicious activity. As such, State shall not establish an improper payment based solely on IDH data. Independent verification of the data and appropriate investigation must be conducted by State in accordance with Unemployment Insurance Program Letter (UIPL) No.1-16 (Federal Requirements to Protect Individual rights in State Unemployment Compensation Overpayment Prevention and Recovery Procedures), UIPL No. 1-16, Change 1, and 5 U.S.C. §552a(p).

Security Testing:

The IDH and associated applications transmit and process sensitive UI and employer data (which includes confidential information and PII). To fully protect this data, CESER has implemented a comprehensive information security approach including security policies, procedures, and tools. The IDH was developed in accordance with the Federal Information Security Management Act (FISMA) and NIST Special Publication 800-60 and has a security classification of "Moderate". With this classification, the IDH follows the corresponding minimum-security controls, processes, and protocols specified in NIST Special Publication 800-53.

As a critical part of the comprehensive security approach, CESER has contracted with a specialized data security consulting firm to conduct penetration testing on the IDH. Penetration testing is an authorized simulated attack on a computer system, performed to evaluate and improve the security of the system. As part of some testing processes, security testers will be given temporary access to the IDH and, as such, will have visibility to sensitive, protected, or confidential state-owned information.

To ensure the integrity of the testing process, CESER shall:

- Fully vet any authorized contractor selected to conduct security testing;
- Execute a Non-Disclosure Agreement that requires compliance with 20 CFR 603 and expressly prohibits the sharing of sensitive, protected, or confidential data, as well as security techniques employed by the IDH;

- Limit access of security testers to sensitive, protected, or confidential data to the minimum required to support testing; and
- Verify that temporary application access and visibility to the system provided to testers is revoked immediately upon conclusion of testing.

Penetration testing is a critical element of CESER's comprehensive security approach to identify and safeguard against any system vulnerabilities now, and in the future. Periodic ongoing security testing is planned in concert with ongoing internal security assessments.

Application, Architecture, and Development Support:

The IDH has been developed using an open architecture and database application that can be expanded, as needed, to accommodate increased information collection, and processing, associated with the addition of participating states and providing expanded capabilities. To ensure the IDH architecture can adequately meet user's needs, CESER intends to use internal developers and specialized IT contractors to provide periodic application, development, and architecture support. Support elements may include, but not be limited to: application/database monitoring, technical architecture, database development and assessments, troubleshooting, and architecture/database optimization. As part of some support activities, support personnel will be given temporary access to the IDH and, as such, will have visibility to sensitive, protected, or confidential state-owned information.

To ensure the integrity of application and architecture support activities, CESER shall:

- Fully vet any authorized Contractor selected to provide application, development, and/or architecture support;
- Execute a Non-Disclosure Agreement that requires compliance with 20 CFR 603 and expressly prohibits the sharing of sensitive, protected, or confidential data/practices;
- Limit access of support personnel to sensitive, protected, or confidential data to the minimum required to provide support; and
- Verify that temporary access and visibility to the system provided to support personnel is revoked upon conclusion of support activities.

Disputes: In the event of a dispute concerning the terms and conditions of this Agreement, or any order thereunder, which cannot be resolved by mutual agreement between the parties, either party to this Agreement may pursue any right or remedy it may have at law or in equity in any court of competent jurisdiction, or, if both parties agree, submit the dispute to the American Arbitration Association for arbitration.

Independent Parties: Nothing contained in this Agreement shall be deemed or construed to create a partnership or joint venture, to create relationships of an employer-employee or principal-agent, or to otherwise create any liability for one party whatsoever with respect to the indebtedness, liabilities, and obligations of the other party except as expressly provided herein. Notwithstanding the foregoing, State designates CESER to be an agent of State for the limited purpose of providing State UI data and State employer data (which includes confidential information and PII), to the Treasury Working System (operated by the Bureau of the Fiscal Service, U.S. Department of the Treasury (Fiscal Service)) in order to cross-match State data using the Do Not Pay system and provide the information

back to State to improve program integrity. State directs CESER to enter into an agreement with Fiscal Service, on State's behalf, to obtain data relevant to the identification, prevention, and recovery of improper payments in connection with all state-administered UI programs.

Public Information Releases: State release of general public information concerning the activities conducted under this Agreement shall be coordinated with and approved by CESER.

Entire Agreement: This Agreement, composed of this document, all other documents incorporated by reference herein and any amendments executed in accordance with this paragraph, contains the entire understanding of the parties relating to the subject matter contained herein. No amendment or modification of any provision of this Agreement will be effective unless set forth in a document that purports to amend this Agreement and is executed by all parties.

Severability: If any terms or conditions of this Agreement are held to be invalid or unenforceable as a matter of law, the other terms and conditions shall not be affected, and shall remain in full force and effect.

Non-Waiver: The failure of CESER to exercise any right or to require strict performance of any provision of this Agreement will not waive or diminish CESER's right thereafter to exercise such right or to require strict performance of any provision.

Non-assignment: State may not assign this Agreement, its obligations, or any interest hereunder, without the express prior written consent of CESER and NASWA. Any assignment made without consent shall be null and void and may constitute grounds for immediate termination of this Agreement by CESER.

Liability: States have various laws and constitutional restrictions regarding state liability related to contracts and agreements. Subject to such laws and restrictions, a party to this Agreement may be liable to another party to this Agreement only for the acts and omissions of its own employees and contractors, and only to the extent allowed or permitted by applicable state law.

By signing below, the signatories agree to bind their respective agencies/entities to the terms and conditions of this Agreement.

State of New Hampshire Department of Employment Security

By:

Signature: _____

Name: George N. Copadis

Title: Commissioner

Date: September 10, 2024

Center for Employment Security Education and Research, Inc.

By:

Signature: _____

Name: Scott B. Sanders

Title: President and CEO

Date: September 26, 2024

Office of the NH Department of Justice (Approval of Form, Substance and Execution)

By:

Signature: Duncan A. Edgar

Title: Assistant Attorney General

Date: October 1, 2024

Attachment 1

IDH State UI Data Elements

DATA FIELD	COMMENTS
State code	Two-digit postal code of submitting state
Unique ID	State-created unique ID for each record submitted. Could be Client ID, random generated number or anything else state determines. No SSN or PII.
Claimant address	If data in Claimant address, data for city, state, and zip code is required
Claimant address city	City of Claimant address
Claimant address state	State of Claimant address
Claimant address zip code	Left justify if less than 9 characters
Claimant phone number	Phone number provided by clamant
Direct Deposit Account Number	Direct deposit account number for payment to Claimant
Direct Deposit Routing Number	Routing number associated with above account number
IP Address	IP address from where claim was filed
Claimant Email	Email address provided by claimant
Claim Effective Date	Effective date of claim filed
Claim Occurrence Date	Date suspicious activity started
First Name	Claimant first name
Last Name	Claimant last name
Middle I	Claimant middle initial
SSN	Claimant SSN
DOB	Claimant date of birth
Claim Type	Initial, Continued, Re-open, Additional
Program Type	UI, PUA, PEUC, TRA, EB

ATTACHMENT 2

IDH State Employer Data Elements

DATA FIELD	COMMENTS
Company Name	Legal Name of Business
Business Name or DBA	DBA
Business Type	Sole Proprietor, LLC, Corp., Etc.
Business Email	Email address for Business
Business Physical Address	
Business Mailing Address	
Business Phone	
Federal Employer Identification Number (FEIN) or Employer Identification Number (EIN)	
Employer State Account Number	May be used as UID for SER and EDM
Liability Begin Date	
Registration Date	
Business Owner/Operator/POC Name	
Business Owner/Operator/POC SSN	
Business Owner/Operator/POC DOB	
Business Owner/Operator Address	
NAICS Code	
IP Address	
Business Bank Account No.	
Business Bank Account Routing No.	

Exhibit # 1

National Association of State Workforce Agencies (NASWA)

Data Breach Response Policy

Version 2.5

REDACTED

This document has been redacted to protect sensitive IT Security information

RESOLUTION OF THE CENTER FOR EMPLOYMENT SECURITY EDUCATION AND RESEARCH, INC.

Approved on December 5, 2023

A meeting of the Board of Directors of the Center for Employment Security Education and Research, Inc. was held on December 5, 2023, whereby this resolution was passed to authorize and approve signing authority to conduct business to: Scott B. Sanders, President and Chief Executive Officer, and/or Charles R. Gillespie, Vice President, Finance and Integrity. The foregoing signing and authority granted shall include, but shall not be limited to, any and all contractual obligations on behalf of this Corporation, and checks, notes, drafts and other orders of payment of money by the Corporation.

Bradford Barger, Treasurer