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The *Employer Advisor* is a quarterly publication provided by the Utah Department of Workforce Services • [jobs.utah.gov](http://jobs.utah.gov)

## Best *in the* Nation

### *Kudos from Governor Huntsman*

The U.S. Department of Labor recently honored Utah's Unemployment Insurance (UI) program as having attained the best performance nationally in the administration of the Unemployment Insurance program. "This shows the hard work and dedication the Department of Workforce Services' (DWS) has put forth to ensure this population of Utahns is well-served," Governor Huntsman said. "DWS deserves this national recognition."

The U.S. Department of Labor celebrated performance excellence in the Unemployment Insurance system by awarding its first annual Unemployment Insurance State Performance Excellence Awards. These awards recognize state workforce agencies that have demonstrated the highest levels of performance in state UI operations. Utah received the highest honor, the Pinnacle Award, which is awarded to the state with the top performance overall.

"By attaining the Pinnacle Award, your state is the top performer in areas that reflect the breadth of the



***"This recognition shows the hard work and dedication that DWS has put forth to ensure that the State of Utah is well served."***

*Utah Governor Jon M. Huntsman Jr.*

UI system and that are most critical to its success," said Emily Stover DeRocco, Assistant Secretary for Employment and Training. "It is gratifying to know that workers and businesses in your state are receiving the outstanding services offered by staff at the Utah Department of Workforce Services. We look forward to celebrating your success."

Utah was honored at a recent awards ceremony in Denver, Colorado attended by state Unemployment Insurance directors from across the nation.

### ***Use the Internet to Respond to Notices of Claims Filed***

DWS encourages employers to complete the Employer Notice of Claim Filed (Form 606 series) on the Internet at [jobs.utah.gov/ui/606](http://jobs.utah.gov/ui/606). For security purposes, the Utah employer's registration number and an assigned PIN shown on the Notice of Claim Filed are required. This PIN is unique

to the Notice of Claim Filed. The employer's PIN for New Hire reporting or Contributions' Filing of Quarterly Reports cannot be accepted. Completing this form on the Internet makes it easier for employers to provide the requested information within the required time frame. A cover sheet can be

downloaded to use in returning the supporting documentation. In the future, additional system enhancements will allow employers to upload supporting documents and to access these forms through the Contributions website where the employer will not be required to use the unique assigned PIN.



## We Are Here For YOU!

Employers often ask what DWS does to ensure that unemployment insurance benefits are paid properly. Every state is required by the federal government to have a Benefit Payment Control (BPC) unit to monitor payments and fraud. Only individuals entitled to benefits should receive them.

BPC employs a number of cross match programs to monitor those payments. DWS reviews cross matches with earnings in areas such as both in and out-of-state employment, state and national new hire registers, social security, the National Guard, alien registration, the prison system, and address checks among others. During 2006, BPC checked over 50,000 cases. It found fraud in 3,386 cases and non-fraud overpayments in 1,218 cases. For 2006, total overpayments and assessed penalties came to \$6,967,531.

The Department also has an aggressive prosecution program in the criminal courts. In Utah, unemployment insurance fraud can be a 2nd or 3rd degree felony. In 2006, the Department referred 37 claimants for prosecution, obtained 33 convictions, and has 47 cases pending statewide. Since 1980, the Department has obtained a 100 percent prosecution success rate.

The Department encourages employers to complete and return all forms as requested in the specified format. If forms are returned quickly and accurately, the Department can stop possible fraud immediately or with very little cost to the UI trust fund.

To provide a confidential tip or to request more information, please visit [jobs.utah.gov/ui/fraud](http://jobs.utah.gov/ui/fraud) or call 801-526-9364. Alternately, you may write to DWS/BPC, P.O. Box 778, Salt Lake City, Utah 84110-0778. Please include a claimant name, social security number, a detailed description of the offense, your name and telephone number.

Together, the Department and employers can ensure that only those who are entitled to benefits receive them.

### **Modified Employer Poster**

The “Unemployment Insurance Notice to Workers” has been changed slightly. Employers may print the latest version by visiting [jobs.utah.gov/ui/uipubs.asp](http://jobs.utah.gov/ui/uipubs.asp)

## **What is SUTA Dumping?**

State Unemployment Tax Act (SUTA) Dumping is the practice of circumventing or manipulating a state’s Unemployment Insurance (UI) experience rating system to qualify for a reduced tax rate by moving or eliminating (“dumping”) UI benefit charges from the employer’s tax rate calculation. State legislation enacted in 2005 was designed to prevent the practice of “SUTA Dumping” in conformity with federal legislation.

Employers that have higher UI benefit charges (paid to former employees) typically have higher UI tax rates than employers who maintain stable workforces. Although there are a number of methods, a typical scenario is for an employer to set up one or more “shell” companies and then transfer all or part of its payroll to one of the shells with a lower UI rate. The experience of the former company is “dumped,” the employer’s tax liability is reduced, and all employers must make up for the lost revenue in the form of higher “social costs.” The statute is designed to ensure that employers with higher unemployment experience risks are accountable for these risks and employers with low unemployment risks are protected.

Section 35A-4-304 of the Employment Security Act provides special provisions regarding transfer of unemployment experience and contribution rates. It provides that if an employer transfers its trade or business (including its workforce), or a portion of its trade or business, to another employer and, at the time of the transfer, there is common ownership, management, or control of the employers, then the unemployment experience attributable to each employer shall be combined, and both entities will have the same UI tax rate for up to three years. The legislation also provides meaningful civil and criminal penalties for any person, including tax advisors, who knowingly violates or attempts to violate any provision of the legislation.

Utah was awarded federal money to help develop an automated system to detect employers who may be involved in UI tax rate manipulation schemes. We are committed to ensuring the UI trust fund is protected.

All parties to a transfer are required to notify the Department within 30 days of the transfer by completing a Form 1, which may be obtained from our website or requested by phone. For questions, contact us at 801-526-9400.