Employer Alert: State Modifies Unemployment Claims Hearing Process

The state Department of Labor has modified the initial fact-finding hearing for the unemployment compensation claims adjudication process.

Employers will no longer receive Form UC-840E, Notice to Employer of Hearing, but will now be mailed Form UC-790, Fact Finding Supplement, and are required to respond in writing within 10 calendar days of when the form is mailed.

Claimants also must now respond in writing to a fact-finding inquiry.

Previously, if DOL decided that a fact-finding hearing was necessary to determine a claimant's eligibility for benefits, employers were mailed Form UC-840 and could appear in person at the hearing, call in, or send a written response.

Now, the last option is the primary choice.

Challenge for Employers

The modification of the fact-finding hearing is a way for the department to improve decision promptness while still adhering to strict U.S. Department of Labor performance metrics.

It will also help DOL reduce personnel costs in the face of dwindling federal funding for unemployment programs, says Richard Siegel, president of the Unemployment Tax Management Corporation, a third-party administrator that helps employers reduce state unemployment costs.

Siegel is also president of his industry's national trade organization, the Association of Unemployment Tax Organizations.

For employers, Siegel says, the DOL move poses a new challenge.

"Previously, employers could rely on the date of the fact-finding hearing as the due date for their response," he said.

"But now, the form they receive indicates that a response is due 10 calendar days from the mailing date [specified in current Connecticut law], so it's incumbent on the employer to figure out a due date based on when DOL mailed the form."

As a result, says Siegel, employers can find themselves in a time crunch, particularly if the form is mailed just prior to a holiday weekend.

And that's potentially a big problem because, by law, failure to provide a "timely adequate written response" can subject employers to significant additional unemployment compensation charges.

It should be noted that this new adjudications process will be more in line with the pending ReEmployUSA Modernization System, which has a tentative implementation date of 2020.

The new internet-based system will help improve efficiency and enable DOL to provide better customer service to claimants and employers.

Solution: Respond Electronically Using SIDES

To avoid penalties resulting from a late response to a fact-finding request from DOL, says Siegel, "employers need to somehow be able to avoid relying on the mail"— which is where SIDES comes in.

An initiative of the U.S. DOL, the State Information Data Exchange System is an integrated computer-to-computer interface that allows for the accurate, efficient exchange of unemployment information requests between businesses, claimants, and state labor departments.

Connecticut adopted SIDES in 2016, joining 46 other states already using it.

In addition to being free of charge, SIDES offers many benefits to employers, including:

- The elimination of potentially costly mail-related delays

- Multiple layers of security to protect sensitive data

- Better information exchange, which will result in fewer improper payments

That last point represents a critical goal for the state, says Siegel.

"Adopting SIDES is one way the state is trying to bring about better decisions at the early stages of the claims process and reduce fraudulent and unwarranted unemployment compensation payments," he said.

SIDES is particularly helpful to employers located in multiple states because it allows them to respond to requests for information related to individual unemployment claims in a nationally standardized format.

Any Connecticut business with an internet connection and an email address can register and participate in the program.

For more information, contact CBIA's Eric Gjede (860.480.1784) or Mark Soycher (860.244.1138).