

Key Methods for Reducing Unemployment Compensation Costs

Situation

There are several ways that an employer can reduce unemployment costs. The primary method for controlling costs is by effectively scrutinizing each and every unemployment claim received. If an employee voluntarily quits without good cause or is discharged for willful and intentional misconduct, these claims should be aggressively pursued and protested. Many employees may not realize there are other key ways – depending on situation and industry – an employer can keep benefit payouts to a minimum, thereby keeping tax costs to a minimum.

Solution

- **Implement Pre-employment Screening** – Becoming as knowledgeable as possible about an applicant’s employment background and abilities before making the hire can substantially lower exposure benefits. It can also reduce other significant costs such as training.
- **Use Probationary Periods** – Establishing and enforcing a probationary period can limit the amount of time someone who is the “wrong fit” earns wages and therefore can limit exposure. Remember the longer someone works, the more liability you build toward future unemployment claims.
- **Offer Jobs to “Re-hirable” Employees** – When you become aware that a former employee has filed a claim consider contacting them to offer work if they are eligible for rehire and offer the skills needed for an open position. The sooner an employee returns to work after a claim has been filed, the less likely they will collect.
- **Stagger Temporary Layoffs Between Weeks** – Since eligibility for unemployment benefits is based on the amount of wages earned in a given week, consider staggering scheduled layoffs or shutdowns between two weeks. This will ensure at least partial earnings in each week and reduce the affected employees’ ability to collect full unemployment benefits.
- **Make Effective Use of Part-time Employees** – When hiring for part-time positions, be certain to specify a set schedule or number of hours per week. Doing so will ensure that you are not charged for benefits paid out in certain states, even if partial benefits are paid.

Value

When you join UST, you'll automatically be assigned a dedicated claims expert through TALX Employer Services. This service is provided as part of your participation in UST. Your claims expert will be your partner in lowering your unemployment costs. Your representative will process and monitor all claims filed against your organization, giving your staff more time to focus on other tasks.

For more information please contact Bill Downey at 888-249-4788 ext. 1156 or via email at bdowney@chooseust.org.