

Update: November 2010

Unemployment Update

10 Ways to Minimize Unemployment Costs

Unemployment costs are one of the few employment-related costs that employers can control, and each unemployment claim that goes uncontested or is lost can directly affect your bottom line. Here are a few strategic approaches that may help you reduce your unemployment costs.

1. **Document, document, document!** Effective documentation is crucial. In the majority of cases involving discharge, documentation (meeting the "burden of proof") is the only means an employer may have to back up the decision to terminate. Be sure to provide your policies and policy updates to all employees, and always get their sign-off.
2. **Compose effective written warnings.** Warnings are an aspect of progressive discipline that ensures an employee understands what is expected of them. State unemployment agencies look for warnings to determine if misconduct is involved. Elements of a good written warning include the violation, expected action to improve, the consequences if the standard is not met, action plan and comments, signature of employee, signature of witness, and signature of issuer.
3. **Hire wisely.** Practices include performing detailed reference checks and thorough talent assessment before hire to alleviate problems down the road with turnover and its related costs.
4. **Track unemployment costs and budget appropriately.** Track claims, monitor potential liability and review past history to forecast budgets for unemployment taxes. Be familiar with the base period and benefit year in your states and use tax information to ensure budgets are adequate.
5. **Know the difference between quits and discharges.** In a voluntary quit, the "burden of proof" is on the employee to show they had no choice but to quit. In a discharge, the employer must prove willful and intentional misconduct. In all cases, a claimant must be able, available and actively seeking work.
6. **Be prepared for hearings.** Always try to arrange for direct, first-hand testimony to testify to the facts and events around an employee separation. Have all documents readily available during the hearing.
7. **When warranted, file an appeal.** An appeal is your request to the state to schedule a hearing because you believe the eligibility rules have not been properly applied. Be prepared to present facts and evidence.
8. **Weigh consequences of partial employment & independent contractors.** Under-employed employees, such as part-timers and those that are on-call, can collect benefits. For independent contractors, be prepared to prove they are not employees.
9. **Consider a reemployment strategy.** Helping transitioning employees find another job rapidly after a reduction, position elimination, or other separation can help control the duration of non-contestable claims – the claims that normally result in the longest duration and highest total benefit payout.
10. **Use available resources to stay informed.** Look to expert assistance for informational content, including blogs, e-seminars and industry highlights.

TALX's experience, expertise, and proven results help employers navigate the uncertainty of the unemployment insurance system. For additional information regarding this article or other proactive unemployment cost management techniques, please visit our corporate blog at <http://blog.talx.com/> or contact Pete Krieshok at 314-214-7325, or by e-mail at pkrieshok@talx.com.