Controlling Unemployment Costs

It is essential that employers make every effort to control their unemployment costs (UC) because these costs may easily erode an employer’s profits. To successfully control unemployment taxes, employers must understand all facets of the tax calculations and have knowledge of and comply with the administrative processes for the state(s) in which the employer has employees.

Eliminating Employee Separations

The ideal way to control UC costs is to keep employees working. Employers can minimize employee separations by using consistent personnel practices including, but not limited to, the following:

Provide Well-Written, Detailed Job Descriptions. Clear and well-detailed job descriptions will minimize confusion about the scope of the job and inform a prospective employee of an employer’s expectations. A good job description will also help the employer identify the qualifications needed to fill a particular position.

Require a Completed Application Form. Employers should require all candidates to affirm, through their signatures, that the information they provide is true and accurate. Whenever possible, each applicant’s qualifications, experience, and references should be verified.

Test Applicants when Appropriate. If specific skills are required for certain jobs (such as telephone skills and word-processing skills) employers should apply uniform testing of each applicant for the positions. Employers must keep records of tests as documentation of the hiring process.

Offer an Information Orientation Session. New hires should receive a standard orientation session, uniformly applied to all new hires, which provides employees with all the information necessary to quickly become a productive member of the company. Employers should keep a record of those who attend the orientation sessions, verified by the employee’s signature, including the dates and times they attended. Such documentation demonstrates that new hires were immediately notified of the employer’s expectations, policies, and rules.

Provide Workplace Rules and Employee Handbooks. Employers must establish and communicate specific workplace rules and personnel policies. Such policies are one of the best ways to protect an employer from unnecessary benefit charges by the state. In a disputed unemployment case where the claimant was discharged for violating a rule, policy, or procedure, the employer must usually prove that the employee was adequately informed of the employer’s expectations.

Issue All New Employees an Employee Handbook. The best way to be certain employees are aware of the rules, policies, and procedures is by issuing each new employee an employee handbook. Employees should be required to verify in writing that they have received the handbook and have become familiar with the company’s policies. Changes or updates to the handbook should be distributed in writing to each employee, and employees must be required to acknowledge, again in writing, that they have received and are familiar with any change in rules, policy, or procedure.

Implement New Employee Performance Appraisals. Employers must determine whether a new employee meets the standards and expectations of the job during the employee’s initial period of employment.