

*Unemployment Insurance*

*Cost Containment  
and Risk Management*



NORTH  
**Dakota** | Job Service  
Be Legendary.™

**Unemployment insurance costs can be controlled** when employers understand how and when benefits are paid and the impact of benefits paid on their tax rate. Employers pay unemployment insurance taxes into the state's unemployment insurance trust fund. Benefits paid to claimants filing for unemployment insurance are paid from the trust fund. Benefits paid are charged to the accounts of liable employers for whom the claimant worked during the base period. The payment of benefits affects the tax rate for that employer in subsequent years.

## The Role of Supervisors/Management in Controlling

### Unemployment Insurance Costs

The first line of defense in controlling unemployment insurance costs is having sound personnel policies, procedures and practices in place. The following personnel practices will help reduce employee turnover:

- Hire the right person for the job. Identify hard and soft skill requirements for the job. Screen job applicants. Evaluate skills, training, and experience before hiring the individual for the job. Staff at a Job Service local office can help.
- Check out applicants' references.
- Provide job orientation, furnish adequate training to the employee, and make proper use of probationary periods.
- Have sound, clearly defined employee policies and procedures in place, and consistently apply them.
  - Leave of Absence
  - Grievances/Complaint
  - Discipline/Discharge
  - Rules of Conduct
  - Employee Assistance Programs
- Ensure both supervisors and employees are knowledgeable about policies and procedures.
- Provide employees with a handbook and obtain their acknowledgment of receipt of the handbook.
- Provide employees with regular performance evaluations covering their strengths and weaknesses, provide performance counseling and commendation.
- Maintain good documentation. (Maintain accurate records such as tardiness, absences, continued poor performance, etc. Give written warnings as appropriate prior to discharging an employee and keep copies and other supporting information to justify any action taken. It is a good practice to have the employee sign and be given a copy of the termination notice. If mailing the termination notice send it certified, return receipt.)

- Conduct exit interviews. (This will help you know why an employee is leaving and may result in changes to company policies or procedures that will assist you in retaining your employees and lessening your costs.)
  - a. Be sure an employee understands the reason for separation.
  - b. If the employee is resigning, have him/her sign a statement explaining the reason for resigning.

## **Supervisory/Management Personnel Training**

Train supervisory and management staff and provide ongoing information on the following topics as a way to control costs under unemployment insurance.

- The North Dakota Unemployment Compensation Law. (How benefit amounts and tax rates are determined.)
- Understand the impact of a job attachment designation for claimants and the impact on employer individual tax rates and the trust fund.
- The process for setting Unemployment Insurance tax rates in North Dakota.
- Definition of terms for unemployment compensation purposes. (Terminology used in separation may make a difference in whether a claim is paid or not.)
- The unemployment insurance claims and appeals process.
- Appropriate responses at various stages of claims filing and the supervisor's role in that process.
- The importance of a "final incident" and releasing the employee as soon as possible after the employee has committed an act that requires termination.
- Conduct an investigation prior to decision to discharge.
- The role of the Human Resource Department in the unemployment insurance claims filing process.

## **Minimizing Unemployment Insurance Contribution Rates and Benefit Charges**

Experience rated employers who maintain a stable payroll will generally have a lower Unemployment Insurance Tax Rate. Reimbursing employers, who maintain a stable payroll, will pay fewer and lower benefit charges. Experience rated employers with high employee turnover or large fluctuations in their payroll will generally have a higher Unemployment Insurance Tax rate. Reimbursing employers with a high turnover will pay more in unemployment benefit charges.

## Tips for minimizing costs:

- File and pay taxes timely. (If employers are delinquent, those employers cannot make voluntary contributions to reduce tax rates and unpaid contributions are not calculated in the formula for determining a tax rate.)
- Monitor your trust fund reserve balance to ensure that the account does not go into deficit status and result in a substantial tax increase.
- Minimize temporary layoffs by reducing hours, scheduling vacation time off, allowing leave for personal reasons. (Every separation has a potential to increase unemployment insurance rates or result in direct benefit charges.)
- Diversify where possible to allow employees to work longer. Develop cooperative arrangements with other employers who could use workers during off seasons or periods of a layoff.
- Set up an off-season employee leasing option.
- Conduct off-season employee upgrade training to improve the skills of your work force to provide greater flexibility in their use.
- Have a reasonably flexible leave of absence policy. (This may help to keep fully trained personnel and may avoid unemployment insurance benefit costs.)
- Whenever possible, consider rehiring former satisfactory employees who are currently receiving Unemployment Compensation benefits.
- Combine jobs to avoid excessive part-time eligible claimants, where it is feasible.
- If feasible, make voluntary contribution payments to increase your trust fund reserve balance and reduce the state unemployment insurance tax rate.
- Notify Job Service North Dakota of job refusals by individuals who you know are, or you believe to be currently filing for unemployment benefits.
- Time your layoffs. (Layoffs in September through December will not have an effect on your tax rate for a full year.)

## Administration of your state unemployment tax account

- When/if you receive a “Notice of Claim for Unemployment Insurance Benefits” respond promptly, accurately and in detail with any appropriate accompanying documentation. (Be careful to avoid penalties for giving incorrect information.) If you have questions, call the Unemployment Insurance Claims Center at 701-328-4995.
- File timely appeals to initial decisions when there is a basis for the appeal. Provide the reason for the appeal and be prepared to participate in the appeal hearing and present pertinent documentation and testimony.

- Promptly provide answers to telephone inquiries from Job Service North Dakota.
- Participate in appeals hearings and be prepared:
  - a. Furnish documentation.
  - b. Review all facts, including the determination prior to the hearing.
  - c. Ask to review the claimant's statement prior to the hearing.
  - d. Discuss the case with your witnesses before the hearing.
  - e. Know what points you want to make in advance and plan how you can best get these points across.
  - f. Prepare a list of questions you want the claimant to respond to.
  - g. If the claim involves difficult or complex issues, you may want to seek legal counsel.
  - h. Make available witnesses with firsthand knowledge of pertinent facts when attending a telephone or in person hearing.
- Review quarterly "Statements of Benefits Paid" sent to you by Job Service North Dakota. These notices outline benefit payments made to your former workers and any resulting charges to your account. (You may find people working for you or another employer while drawing unemployment benefits.)
- Review options for experience rate assumption when acquiring a business or expanding a business.
- Use electronic filing options for filing quarterly Unemployment Insurance Tax reports.
- Provide early notification to Job Service North Dakota when planning to cut back and lay off staff. (Individuals may be placed in other temporary or full time employment prior to drawing unemployment insurance benefits.)
- Appeal erroneous charges to your account and adverse decisions which you do not agree with within time limits established by law or administrative rule.
- Actively participate in the state and federal legislative process to ensure employer concerns are represented in the legislative decision making process.

## Documenting Separation Information

Every peer, work group, or industry has its own language in communicating. The area of unemployment insurance is no different.

The way the separation report is worded or a response to an unemployment insurance claim is worded, can have a significant bearing on the claimant's eligibility for unemployment benefits.

When you document separation information, be as specific as possible. Avoid using broad or vague terminology. Information regarding the separation could be needed well after the initial date of separation. Here are some facts to be aware of when documenting separation information:

1. **Voluntary quit/personal reasons.** (What were the personal reasons - child care, divorce, medical, a family member, etc.?)
2. **Voluntary quit accepting other employment.** (With what company?)
3. **Voluntary quit/dissatisfaction with a job.** (What was the individual dissatisfied with - pay, hours, duties? Had any of those areas recently changed? Did the employee express this dissatisfaction to any supervisory personnel?)
4. **Voluntary quit due to health reasons.** (What was the nature of health condition? Was it work related? Was it caused by a job condition?)
5. **Voluntary quit moving.** (Where is the person moving to? Why did the person move?)

Discharging an employee requires facts. When documenting reasons for discharge, be specific. Usually, Job Service North Dakota will focus on the last incident, which caused the separation. Prior warnings and work record will also be considered.

1. **Discharge - poor or unsatisfactory performance.** (What was or wasn't the individual doing which caused his/her performances to be unsatisfactory?)
2. **Discharge - violation of company policy.** (What was the policy? Was the employee aware of the policy? How was the employee aware of the policy? Had he or she been warned?)
3. **Discharge - excessive absenteeism.** (Had he or she been warned? Did he or she call in to report absences?)
4. **Discharge - insubordination.** (What were the actions or words that were considered insubordinate?)
5. **Discharge - refusal to follow orders or instructions.** (What did the individual refuse to do? Was it a normal function of their position? Had he or she done it before?)
6. **Discharge - fighting on the job.** (Did the individual throw the first blow? What were the circumstances of the fight? Were the police called? Had the individual been warned about fighting before? Were there witnesses to the fight?)
7. **Discharged - alcohol related violations or illegal drugs.** (Who witnessed such and was there any evidence? Were the police involved? Were there blood test results? Did individual refuse a blood test?)

**For more information on Unemployment Insurance Cost Containment you may**

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