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Unemployment Update for Reimbursing Employers

Probationary Periods: Impact on Reimbursing Employers

It All Starts With Hiring the Right Person

Each time you make a decision to hire a new employee, every attempt possible is made to ensure the individual hired will be a good match for the specific position at hand and will be a compatible addition to your workplace family.

As part of the hiring process, many questions need to be asked. Does the applicant's work and educational experience meet the requirements of the position? Are there any unexplained breaks in employment history? Are the reasons for leaving past jobs clear? Did any information gathered through your reference or background check conflict with the information provided by the applicant?

Most of the time, all of the information gathered enables you to make the right choice and the individual selected becomes a welcome and productive addition to your organization. However there are occasions when, for any number of reasons, the individual hired turns out not to be a good fit and the relationship unfortunately must come to an end.

Probationary Periods – Impact on the Cost of Unemployment Claims

Although most employers utilize a "probationary period" as part of their process for evaluating new hires, this does not mean that each new hire must remain employed by you until that probationary period comes to an end. It's important to remember that it is often best to terminate an individual as soon as you become aware they will not be able to effectively get the job done.

As the separating employer, the reason for separation from your employ will determine an individual's eligibility for unemployment compensation benefits. If a person was not violating a specific rule or policy, but was simply unable to do the job, they will most likely be eligible for benefits. However, as you employed them for just a short period of time, you should not yet have any earnings in their "base period" and will, therefore, not be chargeable for any benefits resulting from their initial claim.

Costly Exceptions - Significantly Increase Liability

There are several states that assign total financial responsibility for an individual's unemployment claim to the last employer, if that person worked for them for a minimum period of time specified by the state. That period of time can be as short as thirty days. If your former employee had earnings from more than one employer, you will not only pay for your percentage of the claim, but you will also assume responsibility for benefits resulting from earnings with their previous employer(s). In these situations, it is possible that the cost of the unemployment benefits you reimburse to the state will far exceed the earnings you originally paid to the individual.

Know the Guidelines for Your State

It is critical for you to know the guidelines for assignment of claim liability in your state and adapt your policies regarding probationary periods in an appropriate manner. If the most recent thirty day employer is responsible for the entire cost of a claim in your state and, after three weeks, you know the new hire is not going to work out, you may want to consider letting them go before reaching that thirty day threshold. Much time, effort and financial resources are allocated to making the right hiring decision when a position needs to be filled. You don't want to increase the cost of hiring by paying unnecessary or excessive unemployment benefits on claims for new hires.

Conclusion

In these difficult economic times, no one wants to see benefits denied to individuals who have lost their jobs through no fault of their own or who were lacking the skills needed to meet the requirements of the jobs they were hired to perform.

However, through sound hiring and proper planning, you can save money that can be better allocated to meeting your organizational goals and retaining jobs for the members of your staff who help you meet those goals.

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.