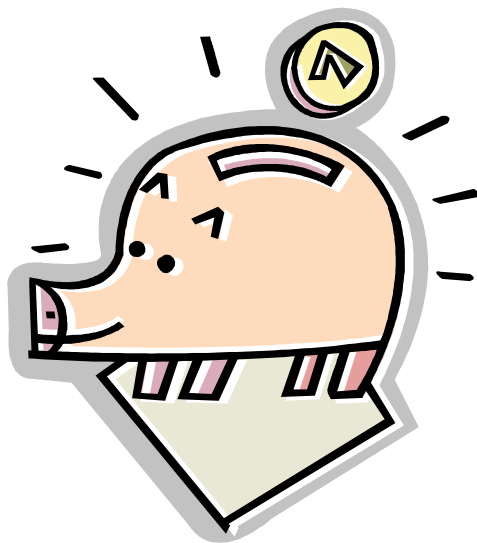


## COST CONTAINMENT OF UNEMPLOYMENT CLAIMS

### Unemployment Compensation History

Just to give you a very brief history... It all started during the Depression. In 1935, Federal laws required each state to enact legislation. The purpose of the legislation was to provide temporary income to employees who lose their job through no fault of their own. Legislation also designated that employment benefits are paid by the employer.

### Unemployment – “Who pays for it anyway?”



This may have been the first question on your mind. The answer is -- we do! The Archdiocese of San Francisco pays the entire cost of unemployment insurance benefits through state unemployment tax payments to the California Employment Development Department (EDD). Benefits are paid through a tax on the earnings of each employee. The state unemployment tax is an expense that cannot be charged back to employees. Unemployment tax is the only corporate tax that increases or declines based on claim charges. The more benefits charged to the Archdiocese' unemployment account, the higher the tax rate. Under the law, we are required to open an account and pay taxes in the State of California where the Archdiocese of San Francisco is located. Unemployment benefits paid on a claim are taken from our tax reserve accounts. As that balance is depleted, the State will increase our unemployment tax contribution rate to replenish our

balance. Tax payments are generally credited to a reserve account from which benefits are drawn. Each year, the State assesses the reserve account to insure there are sufficient funds to cover all our employees. If there are insufficient funds because benefit payments have depleted the account, the tax rate will be increased to make up for the shortage. Therefore, the amount the Archdiocese pays for each employee will change based on the tax rate assigned for the year. Rising taxes will increase the cost per employee.



One unwarranted claim may impact the Archdiocese tax rate. It is necessary, therefore to adhere to the cost containment procedures relating to unemployment claims and separations to avoid unnecessary charges. Following Archdiocesan policies coupled with good management practices and procedures will help reduce unwarranted costs. Written acknowledgments of receipt are the best evidence for overcoming “amnesia” about dissemination of handbooks, rules or warnings. ( See HR Connect Issues #28, #19, #35)

## Unemployment Insurance Benefits

When employees lose their jobs through no fault of their own, they're entitled to collect unemployment insurance benefits. These benefits are paid by the California Employment Development Department (EDD). Employers must also give employees notices about their unemployment benefit rights (i.e. a pamphlet "For Your Benefit, California's Program for the Unemployed") and keep records of their wages.

## Eligibility for Unemployment Benefits

**Voluntary Terminations:** It is often believed that all quits disqualify claimants from unemployment benefits. While most quits, especially for non-compelling personal reasons, are disqualifying there are significant exceptions. The following examples of quits have been provided to us by TALX UC eXpress to use as a guideline. **TALX UC eXpress ("TALX")** is the agent for our organization in all State unemployment compensation matters.

**Quit –Without Good Cause:** *to attend school; to get married; looking for or found other work; to stay home with children; leaving in anticipation of discharge; job abandonment, "no call no show" for three or more days, etc.* Quitting "without good cause" disqualifies a claimant from unemployment benefits.

**Quit – With Good Cause:** *substantial or adverse change in terms of hire (e.g. reduction in hours, pay, change in duties or worksite.); working conditions detrimental to health or safety; medical reasons; care for dependent parent or child; quit to follow spouse who transferred elsewhere.* Employees may be eligible to collect unemployment when they quit with good cause or they're involuntarily terminated (unless for misconduct). Good cause generally means that compelling circumstances force the employee to leave, and the employee has attempted to remain employed.

It is highly recommended that careful reporting and documentation of voluntary quits be a standard practice as it is vital in the effective control of unwarranted claims. Since laws and exceptions vary greatly, you should take care to obtain, if possible, a letter of resignation and/or conduct an exit interview documenting reasons for a "quit." If an employee is leaving because of an alleged problem on the job, document background and attempts, if any, to find a solution (e.g. offer of a transfer or leave of absence). A quit in lieu of discharge is not a voluntary quit since continuing work was not available.

**Involuntary Terminations:** *Lack of Work and Poor Performance.* These two types of involuntary terminations will allow a claimant to collect unemployment benefits.

An employee's poor performance should not be considered misconduct if there was no willful disregard of Archdiocesan rules and policies.

**Lack of Work** – A permanent or temporary absence of available work due to a reduction in the work force will allow the claimant to collect unemployment benefits. **Poor Performance** – The inability to meet company standards of performance will allow the claimant to collect unemployment benefits.

Employees who have been laid-off, discharged, or involuntarily terminated (except for misconduct) may apply for unemployment benefits by filing a claim with their state unemployment agency.



**Involuntary Terminations for Misconduct:** *violation of workplace rules and policies; insubordination; fighting with co-workers; alcoholism and drugs; theft; poor performance (if intentional and has been reprimanded for same problem in the past); absenteeism or tardiness, etc.*

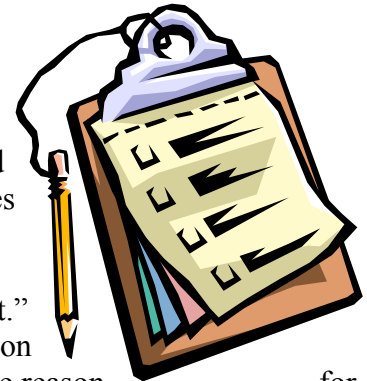


The Archdiocese' reserve account will not be charged if it terminates employees for misconduct. However, "misconduct" does not mean the same as "good cause for termination." The burden of proof is on the employer if the discharge is for alleged misconduct. You must have documentation to prove your case. When dealing with the State unemployment agencies, appropriate written documentation is generally crucial to determining a claimant's ineligibility for benefits. TALX relies upon your documentation. The documentation you create may be valuable to you if your decisions are later questioned by any of the several government agencies. In particular, if you are called to be a witness at an unemployment hearing, this information will solidify the

Archdiocese' position and help you recall what occurred. The objective of written documentation is to record warnings and incidents justifying termination or to explain reasons and/or events leading to a voluntary quit. Our memory is often unreliable so documentation of facts (not conclusions) and details are necessary. Well-written records are often key to resolving issues of credibility. In most cases, the claimant will have a very different view of what happened. Your documentation will help when a claim is filed or a hearing is scheduled and supervisors and witnesses may not be available. (See HR Connect Issue #42)

### **Unemployment Cost Containment Claims Procedures**

Proper administration of this program will result in reduced unemployment insurance costs and savings to our organization. We need your cooperation, and we request that you observe the following procedures when any lay employee leaves the organization (terminates):



- Fill out an "Archdiocese of San Francisco Employee Separation Report." The Employee Separation Report lists several reasons for termination which you can select from, and if necessary, provide an explanation. The reason for termination indicated on this form will help TALX determine if the claim should be contested or not in order to protect our reserves and to help control our costs. There are 2 types of forms: one is used for terminated school employees only; and the other form is for terminated employees in parishes, agencies and the Chancery. Each form has four (4) copies and each copy should be kept in or sent to various specific locations:

#### **School**

- 1) Blue copy – should be sent to the Dept. of Catholic Schools
- 2) Yellow copy – should be retained in the personnel file in the school where terminated employee worked

#### **Parish/Agency/Chancery**

- 1) White copy – should be sent to the Office of Human Resources
- 2) Yellow copy – should be retained in the personnel file of the terminated employee in the parish, agency or the Chancery
- 3) Pink copy – should be sent to our Claims Administrator, TALX UC Express, P.O. Box 4121, Concord, CA 94524
- 4) Gold copy – should be given or sent to the terminated employee

Be clear on the immediate cause of separation. If it is a voluntary quit, it will either be “without good cause” or “with good cause”. If it is a discharge, describe briefly on the form the misconduct or reason for discharge. If an employee was offered and accepted an invitation to resign in lieu of termination, state as such on the form.

- DO NOT COMPLETE ANY PART OF THE CLAIM FORM THAT YOU RECEIVE FROM THE STATE UNEMPLOYMENT INSURANCE OFFICE.
- FAX ALL unemployment claims, forms, and notices you receive from the State Unemployment Insurance Office to **TALX (Fax: 866/219-8832)**. Please remember that we have a limited number of days from the mail date to respond to the State, so please DO NOT MAIL THE CLAIM FORM.
- FAX with the claim notice: All separation information. Please include all supporting documentation (i.e. resignation letters, warnings, & supporting discharge information). Full documentation is required to protect our reserve from UI charges. (See HR Connect Issue #42)
- If you receive a telephone inquiry from the EDD State Unemployment Office, (please refer them to **TALX (Tel: 800/846-9242 ext. 6933)**). DO NOT ANSWER THE STATE’S QUESTIONS, or discuss the former employee’s separation with the unemployment agency representative. TALX is our designated representative with the State agency.
- In the event that there is an unemployment hearing scheduled on a former employee, you could be contacted by a TALX representative and asked to participate in the hearing. This may involve your appearance at the hearing proceeding either in person or by telephone.

### **What do State Unemployment Agencies look for when reviewing claims?**

When state agencies rule on unemployment claims, they generally expect employers to have in place good personnel policies such as reasonable work rules, employee handbooks, etc. (See HR Connect Issues #3, #35, #26, #28, #9.) The employee needs to understand the requirements of his/her job by being given a job description during the orientation process. (See HR Connect Issues #2, #13.) Review of an employee’s performance and giving time to meet the expected standards are important (see HR Connect Issues #17, 18 & 10). Explaining what needs to be improved and what happens if the pattern is not corrected are also important. These policies should be applied uniformly. If the situation warrants, progressive disciplinary action should be initiated. Warnings must be given in a consistent manner and must be fully documented and request the employee to sign the warning notice (see HR Connect Issue #10, #42). An involuntary termination must meet the requirements stated in the Archdiocesan policy (see HR Connect Issue #41). Please be sure to call the Office of Human Resources and/or the Legal Office before any involuntary termination.

**Forward all claims, hearing notices & telephone calls to:**

**TALX UC eXpress**  
**P. O. Box 4121**  
**Concord, CA 94524-4121**  
**Tel.: (800) 846-9242 ext. 6933**  
**Fax: (866) 219-8832**



**Contact: Nancy Moore, Sr. Unemployment Insurance Consultant**  
**Email: [nmoore@talx.com](mailto:nmoore@talx.com)**