



# Your Advantage

*News and information to help you and your business succeed*

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## Employer Advantage announces

Several Employer Advantage employees attended the "Jo Mo Regional Payroll/HR Conference" on October 9, 2009. In attendance were: Payroll Specialists **Trish Anderson** and **Kathy Long**; Benefits Specialists **Michelle Frost** and **Nancy Casper**; Accounting Department **Rhonda Reynolds** and **Debbie Cash**, Human Resources Representatives **Steve Chaquette** and **Suzanne Bowling**; as well as Risk Manager/Loss Prevention Supervisor **Max Gebhart**, who also presented one of the sessions.

Employees attended sessions designed to increase knowledge in various payroll and human resource topics and earned credit toward national certifications.

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**Steve Chaquette, PHR**, attended the Spence Fane Britt and Browne conference on "FLSA Audits". The conference discussed the increase of government agency audits under the Obama Administration and what employers can do to minimize potential audit problems.

## The Future of Unemployment

The Department of Labor released the October unemployment rate at 10.2% on Friday, November 6, 2009. This is the first time that the United State's unemployment rate has hit double digits since 1983. Some economists believe that we are in "recovery" but caution that the unemployment numbers are usually the last indicators to change in a recovery situation.

With the economy issues over the last year, 2010 will bring unemployment insurance increases for all employers. In light of this information, we thought we would answer some of your frequently asked questions about unemployment insurance.

### Q: What affects Unemployment Insurance rates?

**A:** Higher usage of benefits is the greatest factor. The current high unemployment rates, along with extended benefits, have impacted every state in the United States. All employers in a state share the cost of other employers who, both go out of business and no longer contribute or those who have reached the maximum tax rate.

### Q: How has the recession impacted employers?

**A:** The biggest impact is increased unemployment. The US Bureau of Labor Statistics shows that the unemployment rate has more than doubled since 2006.

### Q: How long will unemployment remain high?

**A:** There isn't a set answer on how and when the economy will fully rebound from this recession. However, employment recovery traditionally lags behind all the other sectors of business in recovery.

### Q: Where do unemployment insurance funds come from?

**A:** The state-federal unemployment system is funded by employer contributions. Employers' contributions come from two components: a fixed cost contribution and experience rating charges. ("Experience" is more layoffs or employee decision claims – which results in more money that an employer must pay.)

Both the fixed costs and experience ratings increase during a recession. Also business failures and increased utilization of unemployment benefits increases the costs to all remaining employers in the system.

**Q: How did Congress “expanding” unemployment benefits affect costs?**

**A:** The Stimulus Bill of 2009 that encouraged states to increase the benefit amounts and/or extend the benefits to additional workers – which increased the burden on the system and is driving up the costs for all employers.

As an example, pending Congressional action, an unemployed worker could collect as many as 92 weeks of unemployment as compared to the usual 26 weeks (varies according to state) during better economic times.

**Q: How much will employers have to pay for the increased unemployment insurance costs?**

**A:** If we look to the history of recessions as a guide, employer costs in the past have doubled during periods of high unemployment. Experts think that this is not an unrealistic estimate and could actually be low. Some states may also decide to increase the unemployment insurance rates and the amount of wages that are subject to unemployment insurance tax. (SUTA)

**Q: What if I didn’t lay anyone off – why should I pay more?**

**A:** Unfortunately, unemployment insurance costs are spread over all employers:

- Fixed costs will increase due to high administration of claims – so all employers will pay a share of the increased costs.
- States may increase the wage base on which to base SUTA.
- Costs will increase due to failed businesses no longer contributing.
- Borrowing – when states run out of money for benefits, they must borrow from the federal government. The interest on the loan is charged to the employers in the borrowing state.
- Extended benefit periods.

**Q: How long will increased costs last?**

**A:** It depends on a variety of factors, but costs can be expected to remain high for 5 to 10 years.

**Q: How does Employer Advantage help my business?**

**A:** Employer Advantage helps with the handling of unemployment insurance, provides expertise and guidance on terminations and layoffs as well as prevents illegitimate claims for workers not entitled to unemployment benefits. We have employees who can provide professional expertise in dealing with the unemployment insurance systems, managing claims and hearings and finding alternatives to mass layoffs.

**Q: Can I do anything to contain costs?**

**A:** Unfortunately, there isn’t anything to stop an increase for 2010. However, employers can do the following:

- Documentation and recordkeeping. By documenting disciplinary action and providing it to Employer Advantage for recordkeeping, some unnecessary claims may be avoided in the case of “for cause” terminations.
- Be on the look out for fraud. It is estimated at least 10% of costs are due to fraud.
- Hire good employees. Human Resources can assist you in setting up pre-employment screening processes, job descriptions, and interviewing practices that will help you select the best candidate for the job, to decrease the number of terminations.

We hope that the recovery becomes stronger over the next year and that even though the unemployment costs will increase, clients can see an end to the recession.

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## GINA Poster Available

On November 21, 2009, the Genetic Information Nondiscrimination Act (GINA) will go into effect. This Act, which is designed to prevent discrimination against employees and applicants based on genetic tests and information affects private employers with 15 or more employees, employment agencies and labor unions, and some public section employers.

Employers who are affected by GINA are required to post the “EEO is the Law” Poster Supplement by November 21, 2009. Employer Advantage will send copies of this supplemental poster to clients during the next few weeks.

Please contact your Human Resources Representative if you would like an electronic version of the poster or have questions about the federal and state posters in your workplace.

# Getting Ready for the New Year!

We'd like to remind you about a few things before we finish up 2009.

## **Bonuses/Gifts**

If your company normally distributes Christmas or year-end bonuses, please supply the necessary figures to EA as early as possible. If any taxable fringe benefits (disability, insurance, company car, moving expenses) need to be included on the W-2's, please call our office by December 8th, so that we will be aware of the additions. It is best to include these benefits in one or more checks during 2009, so as to ensure proper withholding and W-2 reporting.

## **2009 W-2 forms**

This year we are offering the option to receive W-2 forms electronically instead of through the mail. Employees may register by going to: <https://www.getmytaxform.com/employeradvantage>

## **Address Changes**

Now is the ideal time for employees to submit address changes to Employer Advantage. Put your change in written form and sign, then mail or fax the information to :

Employer Advantage  
Payroll Department  
1230 E 7th Street  
Joplin, MO 64801  
fax: 417-782-3802

## **W-4 and W-5 forms**

Current W-4 forms remain in effect until a new form is submitted. Employees may want to amend their W-4 form if their filing status or number of allowances has changed.

Form W-5 expires on December 31 of each year. A new form must be filed each year in order to continue receiving advance EIC payments.

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## Influenza Update

### **National Influenza Vaccination Week**

The Centers for Disease Control and Prevention (CDC) has announced the week of December 6-12, 2009, as National Influenza Vaccination Week. This event is designed to highlight the importance of continuing influenza (flu) vaccination, as well as foster greater use of flu vaccine through the months of December, January and beyond.

### **OSHA Directive for Health Care Employers**

The Occupational Safety and Health Administration (OSHA) announced that a compliance directive for health care employers regarding the H1N1 flu will be issued soon.

A statement from Jordan Barab, acting OSHA Assistant Secretary of Labor said the upcoming compliance directive "will closely follow" the new Centers for Disease Control and Prevention (CDC) guidance, published Oct. 14. The directive aims to ensure uniform inspection procedures for high and very high risk occupational exposures, such as in health care.

### **Workers' Compensation for the Flu?**

"I should be out on workers' comp because I got the flu at work," could be heard by employers across the nation. According to Margaret Spence, CEO of Douglas Claims and Risk Consultants, Inc., "It's a stretch. Carriers have taken the position that you are in no greater risk at work than you are in other public places."

Some occupations, such as nursing or teaching, may put the employee in a higher risk category, and OSHA plans to issue guidance on those workplaces.

Employees who file for workers' compensation may not see big payouts. Most states have a week waiting period and after that first week, employees are usually on the mend and not off work that much longer. The potential for large claims could come from employees with underlying medical issues that are complicated by the flu and require hospitalization or additional time off.

What should an employer do if an employee approaches them about filing a claim for the flu? According to Amy Stelts, Workers' Compensation Claims Specialist, "Contact Employer Advantage. We're here to help."

# Save Time, Control Labor Costs And Obtain Better Information

According to the American Payroll Association, studies showed that accumulating employee worked hours accounts for over 50% of all time associated with payroll. The study further stated that controlling overtime costs, reducing fraudulent hours and tracking paid time off are very important.

Employer Advantage's time and attendance systems greatly reduce the amount of time to collect and process employee time while at the same time, substantially improving accuracy. Overtime, tardiness, job information and accurate information about accrued paid time off are all important aspects that are handled by the wide array of systems we install and support.

For more information, please see our solutions on the "Payroll Time & Attendance" page at [www.employeradvantage.com](http://www.employeradvantage.com).

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## Supervisor Training is Now Easier

Employer Advantage is pleased to announce the addition of online Supervisor Training provided through ELT, and in collaboration with Littler Mendelson, an internationally recognized law firm in the areas of employment and labor law.

Many companies recognize the need for management training, but finding the time, money and right courses can be difficult. Employer Advantage has taken the work out of management training by providing the online courses, available at the supervisor's convenience and delivered by computer, as another part of the services offered to clients. In addition, Employer Advantage will track the progress of your staff and a certificate is provided at the completion of the coursework.

### The training courses include:

- Workplace Harassment (2 hour training – designed to comply with many state laws)
- EEO basics
- Gender discrimination
- Employee Complaint Management
- Retaliation
- Hiring and Interviewing Lawfully
- Performance Management and Discipline
- Terminating Lawfully

The Human Resources Representatives will begin contacting companies to set up supervisory staff for these courses. The website and passwords will then be mailed to the supervisors for them to start the courses at their convenience within 30 days of the passwords being issued. Participants can start and stop courses and the learning management system will track their progress.

In addition, if you want on-site training for management or employees, the Human Resources offers live training and a DVD lending library with the following subjects:

- Hiring Success
- Documenting Discipline
- Performance Appraisals
- Customer Service
- I-9 documentation and completion
- Diversity
- Customer Service
- Labor Law updates
- Harassment in the workplace

If you have any questions or want to get or your management staff set up for online training immediately, contact your Human Resources Representative for more information and the key to award winning training at your worksite.