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# Unemployment Insurance Non- Profit Organizations

The logo for Us4U features the text 'Us4U' in a bold, sans-serif font. The 'U's are green and the '4' is blue. There are three small blue circles of varying sizes to the right of the 'U's, suggesting a globe or a network.

Leader in Unemployment  
Software Solutions

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## White Paper

October 29, 2013

## 1. Introduction / Background

Federal law requires states to allow nonprofit organizations the option of financing unemployment insurance benefit costs either by paying contributions or by reimbursing the state fund only for claims paid out to former employees. Many nonprofits don't realize they may be eligible for the reimbursement method and continue to pay into the state's unemployment tax system unnecessarily.

Tax financing employers pay a quarterly unemployment tax on the wages paid to their employees. Reimbursement financing employers do not pay a quarterly tax, although they must still file the quarterly tax and wage reports. Instead, they reimburse the department for 100% of the unemployment benefits charged to their account. Either option you choose, you may be paying more than needed to the state and these funds could be used elsewhere i.e., fundraising, supplies or even hiring more employees.

## 2. Abstract / Business Case

Financial Variances between contributory vs. reimbursable financing:

- Only 501C3 may elect reimbursable financing
- Requirements to participate – must elect via required form, post a bond (1% of taxable wages for most recent 4 quarters), and participate for at least 2 years
- Contributory pays quarterly taxes – Reimbursable pays monthly or quarterly actual benefit charges
- Contributory may request relief from charge – Reimbursable are not eligible for relief from charge
- Contributory always pays taxes quarterly – Reimbursable pays nothing if no claims are paid for a quarter

Contributory must budget for employee growth in payroll and increased taxes irrespective of claims. Reimbursable must only address anticipated claim growth.

### 3. Problem Statement / Introduction

How does a nonprofit organization control their unemployment costs?

### 4. Proposed Solution(s)

#### a. Introduction of Solution

The first step in controlling your unemployment costs is to understand what you need to look for.

Do you currently:

- Manage and track each unemployment claim
- Appeal unfavorable decisions
- Audit your benefit charge statement to ensure the charge is valid and correct
- Protest erroneous charges
- Generate analytical reporting to track and understand what employee turnover means to your bottom-line

#### b. Application of Solution

In order to have full control and understanding of your unemployment liability and risk, you may consider a software solution that can track, manage and provide streamlined functionalities to avoid unnecessary risk. Unemployment Solutions For You has the advanced tools needed to maintain UI claims and audit benefit charges that will save time and money for your non-profit, allowing you to focus on what's important to your organization.

Us4U has 2 software applications to assist you:

#### **Unemployment Claims Auditor 360 (UCA 360)**

- Process, maintain and monitor unemployment claim records
- Storage/tracking/maintenance of all termination data, claims, hearings, and charges by employee
- Track hearings and download hearing dates directly to Outlook calendar

- Generate both internal and external reporting using your company terms and timelines
- Application that will house all claims, at all levels, in all States, and their outcome
- UI Integrity ACT ready via predefined in depth protest letter templates at all 3 levels (initial, hearing and board of review)
- Payroll data import and available to verify benefit awards, liability, base period claims and benefit audits

### **Extractor 360 (EXT 360)**

### **Benefit Charge Extractor (BCE) & Unemployment Claim Extractor (UCE)**

- These tools have saved our Clients thousands of dollars in labor for data entry/verification of claims and benefit charges
- Output of extracted data in any file format such as csv, txt, SQL, Oracle
- Time savings and increased accuracy of claim and charge verification
- Automatic extracted data import to UCA360 or any internal/external systems

## **5. Future Direction / Long-Term Focus**

We are all aware that unemployment will not be disappearing anytime soon. The technology and methodology you use to manage your unemployment costs should be up to date with the proper tools to assist and help you maintain the lowest cost possible.

## **6. Results / Conclusion**

Us4U has cutting edge technology created solely for the purpose of maintaining, tracking and auditing your UI claims and charges. Our clients have seen over 13% of audited charges credited back to them. The Department of Labor admits an improper payments of 11.4% overall. This means they have charged you for either an employee that doesn't belong to you, charged you for an amount that exceeds the taxable wage base allowed by your state, charge you on a favorable decision and many others. Us4U software solution will correct each and every issue mentioned that may be affecting your bottom-line.

## Appendices

### *Appendix A – Scenarios*

A non-profit organization in California with a gross annual payroll of \$1.6 million has an unemployment tax rate of 4.8 percent. In 2005, their SUI taxes will be more than \$45,000 even though their actual claims have not exceeded \$12,000 annually. Assuming similar tax rates and claims history, this organization could save more than \$300,000 if they decide to reimburse over the next 10 years.

### *Appendix B – Authors*

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### *Appendix D – References*

[www.us4u.us](http://www.us4u.us)