

REPORTING NEW HIRES MAY HELP STOP MISUSE OF UNEMPLOYMENT BENEFITS



Employers are required by law to report new hires to the Department of Labor (DOL). Making such a report is filed in the specified time may assist the DOL in restricting some people who exploit the benefits of unemployment insurance (UI). According to a press release from the Idaho Department of Labor, well under half -- approximately 30 percent -- of employers in Idaho abide by the New Hire Reporting Act of 1997, which states that all new hires or rehires must be reported within 20 days. The law was initially passed for recovering child support. It helps identify employees who owe child support so that their wages can be garnished. Since 1997, the results have been compelling, with child support collected via wages moving from less than a third to over half. However, the law also assists the DOL in locating people who are being overpaid for unemployment insurance. Of those collecting for unemployment, a number of them have returned to work but continue receiving UI checks every week. With so many employers not reporting new hires, it can take the DOL months to track down employees still claiming unemployment, which makes it considerably more problematic to recoup overpayments. The DOL compares a list of those receiving unemployment benefits against the new hires on a weekly basis. With this, the department can halt additional benefits being paid to claimants who have returned to work, as well as initiate an investigation into the person(s) unlawfully receiving UI. The DOL has retrieved an excess of three million dollars in overpayments since the recession, which, according to the National Bureau of Economic Research, started in December of 2007 (though the Bureau further stated the recession ended in June of 2009). The department will be increasing education on benefits and taxes for both UI claimants and employers, as well as augmenting training for staff to better aid claimants in sustaining proper use of unemployment benefits. Likewise, the DOL will work on employers having real-time information on employee separations and link directly with the IRS to utilize federal tax refunds as a means of recouping overpayments. The current computer system for benefits and tax payments, which is over 30 years old, will be updated with a new system, in an effort to assist the DOL. The Department of Labor Director Roger B. Madsen stated: "Unemployment benefits play a critical economic role in Idaho, ensuring that workers laid off during severe recessions like this last one get some assistance in paying their bills so they're still here when the economy picks up and employers need them." Madsen further stated that the DOL is trying to maintain the validity of UI and manage overpayments. The department's recent implementations is an effort to stop false claims for unemployment benefits and ensure that employers pay only the unemployment tax for which they are legitimately responsible.