Situation

State workforce agencies are under significant pressure to improve the solvency of the unemployment trust fund system. As a result, employers can expect sustained levels of high unemployment tax rates for the foreseeable future. Evaluating the financial impacts of an employer’s unemployment tax rates requires continuous monitoring and an understanding of current economic conditions, tracking of relevant legislative and regulatory initiatives, and applying an employer’s unique employment history.

Solution

Using sophisticated forecasting techniques, Equifax is able to assist employers in anticipating the impacts of unemployment taxes on their businesses and budgeting for continually changing unemployment tax costs.

Many variables impact unemployment tax rates. The following highlights some of the more significant factors which should be considered in forecasting unemployment tax rates.

Economic variables
- Broad economic trends
- National and state unemployment trends
- Federal Title XII loan activity and potential FUTA credit reductions
- Legislative and regulatory responses to state trust fund solvency

State variables
- Updates to unemployment rating factors
- Changes to taxable wage bases
- Imposition of interest surcharges and other adjustment factors
- Impacts of recently enacted unemployment tax legislation

Employer variables
- Current and projected employee head count and taxable payroll
- Unemployment claim and benefit charge activity
- Tax contributions throughout the rating period
- Mergers, acquisitions, reorganizations, and reductions in workforce

Equifax offers two unemployment tax rate forecasting solutions

State unemployment tax rate forecasting - An annual state tax rate forecast solution which incorporates both state and employer variables. This solution is designed for employers with basic budgeting needs and forecasts state unemployment tax rates for the upcoming year.

Federal and state unemployment tax planning and liability analysis - A quarterly tax rate forecast solution which incorporates federal, state, and employer variables. This solution is designed for employers requiring more frequent updates of the dynamics impacting unemployment tax liabilities. In addition, the enhanced solution provides insight into: how state and employer variables independently impact tax rates, employer specific federal and state unemployment tax trending, Title XII loans and resulting FUTA credit reductions, and legislative initiatives.

Value

Economic circumstances and legislative initiatives can be just as impactful to unemployment tax rates as the employer’s own unemployment experience. Forecasting unemployment tax rates allows an employer to better budget for future tax costs, undertake proactive cost management strategies sooner, and avoid unexpected outcomes. Equifax has the expertise necessary to accurately forecast unemployment tax liabilities.

Contact Us Today

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