



OKLAHOMA
Employment Security Commission

EMPLOYER HANDBOOK

An Employer's Guide to Unemployment Taxes,
Employee Separations and Recruitment

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OESC is an equal opportunity employer/program. Auxilliary aids and services are available upon request to individuals with disabilities.

Introduction

The Oklahoma Employment Security Commission (OESC) is a United States Department of Labor (USDOL) funded agency dedicated to providing workforce-related services to Oklahoma citizens, employers and workforce organizations. There are OESC offices located across the state to provide services to individuals and employers in their local communities. OESC has always been at the forefront of cultivating emerging industries, supporting existing businesses and developing and enhancing the skills of the Oklahoma workforce.

This Employer Handbook is designed to serve as an introductory guide for employers who want to learn more about their requirements and obligations to the State of Oklahoma, as well as various no-cost services available to help employers find workers, save money and protect their interests.

Contact OESC

For general information:



Give us a call:
Mon. - Fri. 8:00 a.m. - 4:15 p.m.
405-552-6799



Visit us in-person:
Mon. - Fri. 8:00 a.m. - 5:00 p.m.
Find OESC office locations at:
oklahoma.gov/oesc/locations



Visit us online:
oklahoma.gov/oesc

Employer Responsibilities

An employer has a few key responsibilities when it comes to state unemployment taxes and reporting. We will break down the essentials of what Oklahoma employers need to know about unemployment tax contributions, requirements, calculations and reporting.

Paying Unemployment Tax

Most Oklahoma employers are required to pay a tax, or contribution rate, to the Oklahoma Unemployment Insurance (UI) Trust Fund. This fund issues temporary income or benefits to eligible claimants who become totally or partially unemployed. These contributions ensure a safety net for workers, fostering economic stability and offering peace of mind during challenging times.

Who is Required to Pay

Employers are generally required to contribute to the unemployment trust fund if:

- They pay wages totaling \$1,500 or more in any calendar quarter
- OR
- They have had at least one employee working for a minimum of one day per week for a total of 20 weeks during the calendar year, regardless of whether the weeks were consecutive

Specific types of employers, such as agricultural, domestic (e.g., private homes or local chapters of organizations) and some non-profit organizations, have additional requirements.

Reimbursing Accounts

Some government and tribal agencies, as well as non-profit organizations, can choose to be a reimbursing employer. Reimbursing employers don't pay a standard contribution rate. Instead, they pay unemployment benefits as they are issued to eligible claimants. There are various restrictions on whether an employer can choose to be reimbursing versus contributing. If you have questions about this please contact OESC.

Changes in Liability

If an employer's business situation changes, then liability may also change. Employers should contact OESC if any of the below situations apply:

- They sell, acquire or terminate a business
- The assigned corporate officer(s) on the account changes or leaves
- They need to re-establish a business
- They change to or from a non-profit status
- They have filed a bankruptcy on this business

Manage Everything Online

OESC allows employers to manage their accounts, pay contributions, file reports and view electronic communications online at <https://eztaxexpress.oesc.state.ok.us>.

How Your Contribution Rate is Calculated

OESC calculates employer contribution rates using the information provided in an employer's quarterly wage reports, as well as the state's current experience factor and conditional factor. The rate calculation involves dividing the benefit wage charges into the timely taxable wages to create a benefit wage ratio which is used to calculate the employer's contribution rate using the contribution rate table that can be downloaded from oklahoma.gov/oesc/employers/tax.

To find the benefit wage ratio, divide the benefit wage charges by the timely taxable wages. OESC then uses this ratio with the rate table in *Oklahoma Statute 40, Section 3-109* to set the employer's contribution rate.

Note - the rate for new employers who have been operating for less than 1 year is 1.5%.

Example

A benefit wage charge amount of \$10,000 divided by the amount of timely taxable wages of \$300,000 ends up with a benefit wage ratio of 3.3%. The \$10,000 is 3.3% of the \$300,000. The benefit wage ratio is then referenced on the rate table, using the state's current experience factor (50%), which shows a contribution rate of 1.7%. Since this rate is greater than 1.0%, multiply it by 1.667, which gives a final contribution rate of 2.8%.*

*Exception - rates of 3.4% or greater will not increase by more than 2% in two years.

Benefit Wage Charges

When an individual is approved for unemployment benefits and gets their fifth week of benefits, OESC mails a *Notice of Benefit Wages Charges (OES-502)* to each of the claimant's base period employers. The regular base period is the first four of the last five completed calendar quarters. This means employers may get this notice for an employee who left their business over a year prior.

This notice lists the benefit wage charges, which are the taxable wages reported by employers in their quarterly wage reports. These charges help determine an employer's benefit wage ratio, which is used to calculate the annual contribution rate.

Penalties

Penalties and interest will accrue on employer accounts who do not submit their quarterly contribution reports (i.e., quarterly wage reports) within 15 days of the *Notice of Non-Receipt (OES-054)*, which is mailed out to employers who fail to submit their quarterly report by the deadline. These quarterly reports must be submitted on any active tax accounts regardless of whether or not any wages or taxable wages were paid during the quarter.

For experience-rated employers, a penalty of \$200 plus 10% of the total contributions due will be applied if the quarterly report is not filed within 15 days of the date on the *Notice of Non-Receipt (OES-054)*. Interest continues to accrue at 1% per month until paid.

For reimbursing employers, a penalty of \$20 each day, up to a maximum of \$200, will be applied. If reimbursing payments are not made within 45 days of the mailing of the Quarterly Statement for Reimbursement of Benefits Paid, a penalty of 5% of the amount due will be added. Interest continues to accrue at 1% per month until paid.

Quarterly Wage Reporting

All employers and third-party administrators must file a quarterly wage report online that reports the wages paid to all employees during the quarter. This report is then used to calculate unemployment taxes and determine unemployment benefits available to claimants, making it essential for accurate tax and benefit administration.

Current Online System

Employers can manage their accounts, pay contributions, file reports and view electronic communications in OESC's online portal. Currently, the agency is transitioning from the legacy EZ Tax System to our new Employer Portal. To make this transition easier, employers only need a single sign-on to access both systems and can seamlessly switch between the two. The features managed by each system are listed below for reference:

Unemployment Tax Fraud

Any employer who knowingly makes a false statement, fails to disclose material facts or who willfully fails or refuses to furnish appropriate records when requested or inspected by OESC is committing a crime and will be prosecuted. The punishment includes a fine between \$50 and \$500, up to 90 days imprisonment, or both. Each false statement, failure to disclose material fact, and each day that employers fail to follow the rules will be a separate offense (*Oklahoma Statute 40, Section 5-103*).

If you are made aware of an employee working and still collecting unemployment benefits, please contact OESC via the employer hotline 405-552-6799.

Current Online System

EZ Tax

- Legacy system being phased out
- Single sign-on for both tools
- Traditional, less user-friendly interface
- File quarterly wage reports, manage unemployment insurance tax accounts and ensure compliance with reporting needs

Employer Portal

- New system being rolled out in phases
- Single sign-on for both tools
- Modern and user-friendly interface
- Electronic notifications for benefit wage charge, centralized viewing and tracking of notices and ability to respond to notices electronically

<https://eztaxexpress.oesc.state.ok.us>

New Hire Reporting

In Oklahoma, employers must report newly hired employees to OESC. This database of new hires is managed and utilized by OESC and the Child Support Enforcement Division (CSED) of the Oklahoma Department of Human Services to prevent fraud and retain the integrity of government programs.

Reporting new hires accurately and timely provides direct benefits to employers including protection against fraudulent unemployment claims and workers' compensation payments. New hire data is also cross-matched with active unemployment claims to stop or recover fraudulent payments and is used to enforce child support obligations.

To ensure accuracy, employers must provide both the employee's name and Social Security Number when reporting new hires. All newly hired employees must be reported to OESC within 20 days of being hired. Reporting new hires can be done at ok.gov/oesc/newhire/app/.

Employee Separations

Employers have certain rights and responsibilities when it comes to employees who separate from employment, whether voluntarily or involuntarily. Employers can find information below on how to handle employee separations, respond to separation notices and make use of available resources.

Understanding the Process

When an unemployment claim is filed by an individual, the employer is mailed a *Notice of Application for Unemployment Compensation (OES-617)*. Additionally, employers may elect to receive an electronic notification and review the details to the notice through OESC's Employer Portal. This notice will include the reason the claimant provided that led to their separation. If employers disagree with the claimant's statement, they are encouraged to respond to or protest the separation notice online through the OESC Employer Portal or via SIDES Web Services or E-Response. Failure to respond to separation notices could impact an employer's tax rate.

To save time and effort, employers are encouraged to pre-file any separations. In this instance, the moment an employee is separated from employment, the employer can provide a statement upfront, which eliminates the need to wait for a separation notice and respond at that time.

What is SIDES?

The State Information Data Exchange System (SIDES) was developed through a strategic partnership between the United States Department of Labor and state unemployment insurance agencies to provide employers and third-party administrators a free, secure and nationally standardized electronic format for responding to employee separations. When responding to employee separations using SIDES, users can attach documentation as needed and receive a date-stamped confirmation of receipt.

To learn more about SIDES and how to manage employee separations, visit oklahoma.gov/oesc/employers/employee-separations.

Layoffs

OESC provides a variety of free services to employers and their employees when it becomes necessary to downsize. The agency aims to help workers transition from notification of layoff to reemployment as quickly as possible and support employers to provide a smooth and efficient process. You can read more about layoffs on the website: oklahoma.gov/workforce/employers/layoffs.

Rapid Response

Typically, these services are provided when employers submit permanent layoff and business closing notices under the Worker Adjustment and Retraining Notification (WARN) Act or when there is an announcement or notification of a permanent closure (regardless of the number of affected employees), a mass layoff (affecting 50 or more workers), a mass job dislocation resulting from a natural or other disaster or when a Trade Adjustment Assistance petition is filed. In addition, the Rapid Response program includes layoff aversion activities and services provided by local Rapid Response coordinators.

WARN Notices

Under certain circumstances, the Worker Adjustment and Retraining Notification (WARN) Act requires employers to provide notice 60 days in advance of plant closures or mass layoffs. The WARN Act is intended to offer protection to workers, their families and communities. OESC provides compliance assistance materials to help employers and workers understand their rights and responsibilities under the provisions of WARN, including everything needed to know about requirements for a WARN notice.

Mass Claims for Unemployment Benefits

Mass claims streamline the unemployment benefit claims process for employers faced with temporary layoffs. Employers can submit basic worker information on behalf of their employees to initiate claims for unemployment benefits. There are many advantages to submitting mass claims, allowing employers to submit layoff information before the layoff, which ensures a smooth transition for both employer and worker. This process establishes unemployment benefit claims more efficiently than when workers submit their own claims. Employers can submit the worker's final week of earnings, helping to ensure proper payment and provide information on severance pay or wages in lieu of notice of layoff, reducing subsequent contact by OESC. Additionally, employers do not receive a *Notice of Application for Unemployment Benefits (OES-617)* for each employee's claim and automatically become a party of interest to each claim filed.

To learn more about mass claims and how to get started, visit oklahoma.gov/oesc/employers/employee-separations.

Support Services For Employers

OESC offers a variety of services at no charge to help employers take advantage of hiring and tax incentives, recruit and retain skilled workers, find and screen job candidates and even provide space to conduct hiring events, interviews and orientations of new employees. Continue reading to learn more about some of the specific programs, services and resources available to Oklahoman employers.

All of these support services are offered to employers at no charge.

OKJobMatch

OKJobMatch helps employers find the perfect employee. With OKJobMatch, employers can save searches, flag reviewed resumes and connect with staff to find the talent they need. Employers can create new job postings or edit existing ones and they have the option to manage their own recruitment efforts or request Oklahoma Workforce Center staff assistance for each job posting and other advice and support. Additionally, employers can promote their company through their profile. Employers can find their next employee online at okjobmatch.com/employer.

Work Opportunity Tax Credit (WOTC)

The Work Opportunity Tax Credit (WOTC) is a federal tax credit of \$2,400 to \$9,600 available to employers as an incentive to hire individuals from certain target groups who have consistently faced significant barriers to employment. Individuals must be certified by OESC in order to be eligible for the tax credit.

After a new employee has been certified by OESC, taxable employers can claim the tax credit using *IRS Form 5884 and 3800*, and tax-exempt employers can claim the credit using *IRS Form 5884-C*. Employers can learn how to take advantage of this program and which groups are eligible by visiting oklahoma.gov/oesc/individuals/programs/wotc.

Federal Bonding

Many employers carry insurance to protect themselves against employee theft or dishonesty. This insurance is called fidelity bonding. When such commercial insurance is denied because of an individual's background, the employer often denies a job to that person.

The Federal Bonding program provides individual fidelity bonds to employers for job applicants who are deemed unbondable by commercial carriers. Bonds are issued in increments of \$5,000, up to \$25,000, and are available at no cost to employers or job candidates. This insurance covers employees who handle money, valuable tools or goods and helps employers to hire qualified individuals who would otherwise be denied work. To learn more about who is eligible for bonding services, visit oklahoma.gov/oesc/individuals/programs/federal-bonding.

Hiring Foreign Workers

Employers who anticipate a shortage of domestic workers may take advantage of the H-2A and H-2B programs by hiring foreign, non-immigrant workers to perform temporary or seasonal labor or services. Both programs have similar requirements, with the primary difference being the type of work needed. The H-2A program focuses on agricultural work, such as harvesting, planting and livestock. The H-2B program focuses on non-agricultural sectors, such as meat processing, hospitality, construction and landscaping, just to name a few.

Employers do have certain obligations when utilizing either program, with the H-2A program having more stringent requirements surrounding housing and transportation. While these obligations and requirements may seem daunting at first, these programs can offer a guaranteed workforce for temporary needs when there are no available or qualified American workers to tackle the work. To learn more or get started, visit <https://oklahoma.gov/oesc/employers/find-workers/hiring-foreign-workers>.

Job Fairs and Hiring Events

OESC can host small-scale job fairs and hiring events at any one of its local offices or assist with promoting or coordinating on-site events for employers. Additionally, OESC will occasionally host large scale job fairs and industry specific job fairs. All hiring events can be found at oklahoma.gov/oesc/events-calendar.

Workforce Data

OESC collects, analyzes and publishes a large amount of data regarding the workforce. Much of this work is done in collaboration with federal partners, which is available to employers, business groups and other members of the public. This data can be used to help make business decisions that involve hiring, retention or other aspects of the workforce and area economics. Learn more by visiting oklahoma.gov/oesc/labor-market.

In-Person Services

OESC offers a range of resources and services to support employers, including labor market research for recruitment and retention, Work Opportunity Tax Credit and Federal Bonding certifications and registration for work experience, on-the-job training and apprenticeship programs. OESC provides assistance during mass layoffs and host personalized hiring events, career fairs and veteran hiring events with facilities and support for interviews, orientations, online applications and resume development. Additionally, OESC helps with recruitment by assisting in building job descriptions, searching resumes and screening applicants.

To find the office nearest you, visit oklahoma.gov/oesc/locations.