

Optimizing State Unemployment Tax Rate (SUTA) Through Creative Staffing Solutions

A manufacturing company was grappling with a high state unemployment tax rate (SUTA), which was negatively impacting their profitability. At 10.3%, their SUTA rate was among the highest possible and the associated costs were straining their loss statement. This issue was exacerbated by significant seasonal fluctuations in their workforce requirements. Recognizing the challenge, the company's CFO turned to Staffing Inc. to explore potential solutions.

..... **Here's How**

The Problem

The company's operations involved substantial seasonal workforce spikes, necessitating the hiring of over 100 temporary employees for three to four months annually. Without a strategic approach, this hiring practice led to increased costs due to:

- **In-House Recruitment and Payroll Management:** Managing onboarding, payroll, and associated administrative tasks for short-term hires created inefficiencies.
- **SUTA Rate Escalation:** The turnover and high volume of seasonal employment significantly impacted the company's SUTA rate.
- **Turnover and Production Delays:** Replacing core employees who left unexpectedly was time-consuming and costly, negatively affecting productivity.

The Staffing Inc. Solution

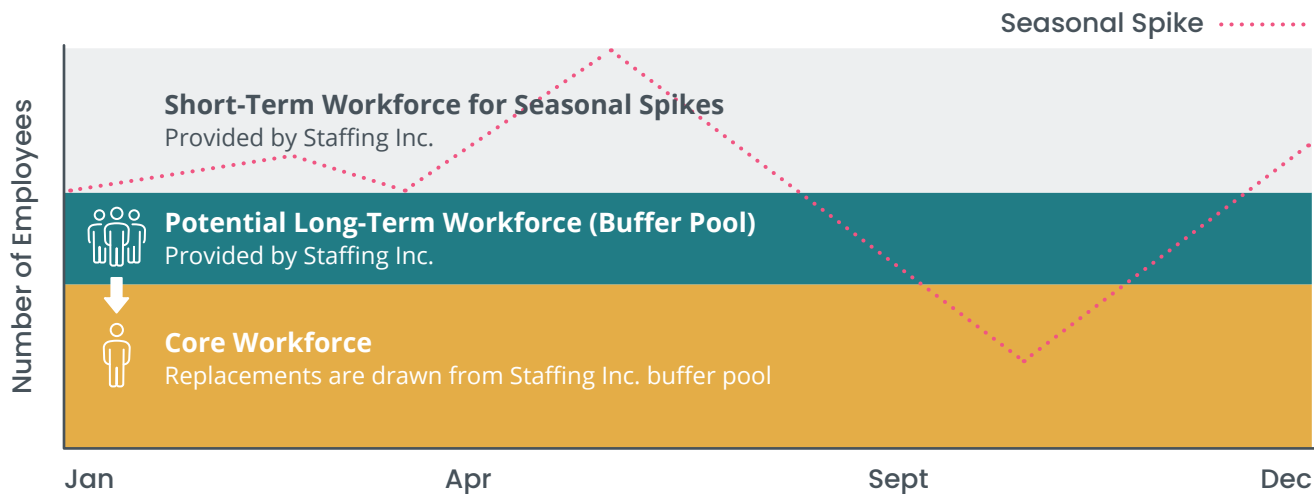
Staffing Inc. collaborated with this client to implement a comprehensive workforce strategy that addressed both core and seasonal employment needs. The solution included the following components:

- **A Core Workforce and Buffer Pool:** The company maintained a core workforce of year-round employees supplemented by a buffer pool of 10-20% employees managed by Staffing Inc. The buffer pool acted as a reserve of trained, experienced workers who could be seamlessly transitioned into the core workforce as vacancies arose.

When a core workforce employee left, the best-performing employee from the Staffing Inc. buffer pool was hired immediately, eliminating delays and reducing turnover costs.

- **A Short-Term Workforce for Seasonal Spikes:** Staffing Inc. also provided a pool of temporary employees to meet the company's seasonal demands. This included recruiting college students and teachers available during the summer months.

By outsourcing, Staffing Inc. managed the entire recruitment, onboarding, and payroll process for all seasonal workers, reducing the administrative load on the company's HR and finance teams.



The Result

This case study highlights the importance of partnering with a strategic staffing firm when overcoming workforce challenges and achieving financial sustainability.

- **Reduced SUTA Rate:** By outsourcing seasonal employment to Staffing Inc. and managing turnover through the buffer pool, the company reduced its SUTA rate significantly over the next several years, saving substantial costs.
- **Increased Operational Efficiency:** By being able to quickly fill vacancies and adapt to seasonal demands minimized disruptions and maintained productivity. With a clear plan in place, the company gained greater control over its day-to-day workforce dynamics and financial outcomes.
- **Improved Employee Morale:** The Staffing Inc. employees were motivated by the opportunity for permanent advancement into the core workforce, resulting in higher engagement and retention.