



**INCREASE IN STATE MINIMUM HOURLY WAGE
 Effect on Unemployment Benefit Payments and Charges**

The Michigan Workforce Opportunity Wage Act, Public Act No. 138 of 2014, increases the state minimum hourly wage (currently set at \$7.40) according to the following schedule:

- September 1, 2014 - \$8.15
- January 1, 2016 - \$8.50
- January 1, 2017 - \$8.90
- January 1, 2018 - \$9.25

To establish a new claim for benefits, the *Michigan Employment Security Act* requires that an individual must have been paid wages of a certain amount during the “base period” of a claim. The base period is defined as a period of four consecutive completed calendar quarters. There are two types of base periods, the Standard Base Period and the Alternate Base Period. The Standard Base Period is the first four of the last five completed calendar quarters prior to when the claim was filed. The Alternate Base Period is the last four completed calendar quarters prior to when the claim was filed. The four calendar quarters in a year are: January – March, April – June, July – September, and October – December.

The law requires that in the calendar quarter of the base period in which the claimant had his or her highest wages, the wages must be a statutory minimum amount. That minimum amount of “high quarter wages” is calculated by multiplying the state minimum hourly wage by a factor of 388.06. **The state minimum hourly wage beginning September 1, 2014 is \$8.15.**

Due to the increase in the state minimum hourly wage, for the indicated benefit year beginning dates, the following high quarter wages will be required:

Effective Dates of Benefit Years	Phased Amounts of High Quarter Wages
January 4, 2015	Applies to Alternate Base Period or Alternate Earnings Qualifier only
April 5, 2015	\$3,162
July 3, 2016	\$3,298
July 2, 2017	\$3,453
July 1, 2018 and after	\$3,589

There are two ways in which an individual’s earnings may qualify them for benefits:

- **Regular (Standard Base Period) method:** For benefit years beginning **January 4, 2009** and after, there must be wages in at least two quarters in the base period. In one of those quarters wages must be at least \$2,871.00 ($388.06 \times \7.40); and total wages for all four quarters must equal at least one and a half times the highest amount of wages paid in any quarter of the base period. ($\$2,871 \times 1.5 = \$4,306.50$).

OR

- **Alternate Earnings Qualifier (AEQ):** There must be wages in at least two quarters; and total wages for all four quarters must equal at least 20 times the state average weekly wage (SAWW). For 2014, the SAWW amount is \$893.44. As a result, the requirement for the Alternate Earnings Qualifier (AEQ) is \$17,868.80 ($20 \times \$893.44 = \$17,868.80$).

- **Regular (Standard Base Period) method:** There must be wages in at least two quarters in the base period. For benefit years beginning **April 5, 2015** and after, one quarter’s wages must be at least \$3,162 (388.06 x \$8.15); and total wages for all four quarters must equal at least one and a half times the highest amount of wages paid in any quarter of the base period (\$3,162 x 1.5 = \$4,743.00).

OR

- **Alternate Earnings Qualifier (AEQ):** There must be wages in at least two quarters; and total wages for all four quarters must equal at least 20 times the state average weekly wage (SAWW). For 2015, the SAWW amount has not been announced.

When unemployment benefits are paid, the accounts of the claimant’s former employers are usually charged for those benefits. The account of the separating employer (the employer for whom the claimant worked immediately before he or she filed the new claim) is charged 100 percent of the first two weeks of benefits if the claimant was paid at least 280 times the state minimum hourly wage during the claimant’s last period of employment with that employer. On that basis, listed below are the gross wage amounts that the separating employer would have to pay in order to be chargeable for 100 percent of the first two weeks of benefits:

Effective Dates of Benefit Years	Phased Amount of Wages Paid by Separating Employer
April 5, 2015	\$2,282
July 3, 2016	\$2,380
July 2, 2017	\$2,492
July 1, 2018 and after	\$2,590