



Remuneration and “Underemployed” (Earnings)

What the law says: This issue is covered by Section 48 of the *Michigan Employment Security Act* and Unemployment Insurance Agency (UIA) Administrative Rules 112, 113, and 302. The law says that to be entitled to unemployment benefits for a week, the worker must be either “unemployed” or “underemployed”.

An “unemployed” worker is one who has no earnings in a week; an “underemployed” worker is one who has some earnings in a week but is still entitled to some unemployment benefits for that week.

However, a person who is working full-time in a week is not unemployed or underemployed and therefore cannot receive unemployment benefits for that week.

“Earnings” can include: a payment of a wage; of room, board or other living expenses; of vacation or holiday pay; or a payment made by an employer to a separated worker in lieu of notice of a discharge or layoff.

If an unemployed worker has earnings in a week while drawing unemployment benefits, the unemployed worker may be able to continue drawing partial benefit payments. The formula is that for every \$1.00 the unemployed worker earns in a week while drawing unemployment benefits, the benefit payment is reduced by 50 cents.

WORKSHEET FOR CALCULATING WEEKLY BENEFITS WHEN UNEMPLOYED WORKER HAS EARNINGS IN THE WEEK

STEPS	INSTRUCTIONS FOR THIS STEP	EXAMPLE
A	Enter the unemployed worker's weekly unemployment benefit amount.	\$120
B	Enter the amount of the unemployed worker's gross earnings (before taxes) in the calendar week (Sunday through Saturday week). Round down to the nearest whole dollar.	\$140
C	Multiply "B" by "0.5".	\$70
D	Subtract "C" from "A". Round down to the nearest whole dollar. If the result is zero or less than zero, enter "0" as your answer.	\$50
E	Add together "B" and "D".	\$190
F	Multiply "A" by 1.5.	\$180
G	Subtract "F" from "E". Round down your answer to the nearest whole dollar. If the result is zero or less than zero, enter "0" as your answer.	\$10
H	Subtract "G" from "D". Round down your answer to the nearest whole dollar. The answer you get will be the amount of the unemployed worker's unemployment benefit payment for the week.	\$40

The information on this sheet is intended to provide a general understanding of the subject matter.

Form UIA 1982-H

It does not have the force or effect of law or regulation.

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However, when the combination of the earnings and the unemployment benefits in a week exceeds 1.5 times the claimant's weekly unemployment benefit rate, then for every \$1.00 the unemployed worker earns, the benefit payment is reduced by \$1.00.

The calculation chart can be helpful in determining how earnings will affect a claimant's weekly unemployment benefits.

If the reason a person is unemployed or underemployed in a week is that he or she turned down work an employer offered, the amount the person would have received is counted as if it were actually received in order to determine whether the person was unemployed or underemployed, that is, whether a reduced benefit is payable.

Examples: If an unemployed worker for unemployment benefits gets a weekly unemployment payment of \$200.00, and he or she earns \$125.00 for work done in the week, the unemployed worker would be underemployed and could receive a benefit payment of \$57.00.

If an unemployed worker for gets a weekly unemployment payment of \$200.00, and he or she earns \$210.00 for work done in the week, the unemployed worker could receive a benefit payment of \$90.00.

If an unemployed worker for unemployment benefits gets a weekly unemployment payment of \$200.00, and he or she earns \$90.00 for work done in the week, but turned down other work for the week that would have paid \$50.00 more, the unemployed worker would be regarded as having earned \$140.00 for the week ($\$90.00 + \$50.00 = \140.00), and would be entitled to a benefit payment of \$130.00.

If the unemployed worker does not tell UIA about the actual earnings, or offered work, for a week, and benefits are overpaid for the week, repayment (restitution) will be required, and fraud penalties will be imposed if it is determined that the unemployed worker intentionally failed to tell UIA about the earnings.

Proof at the Hearing: The employer or the Agency would have to prove that earnings were received for a week that should have resulted in a lower benefit payment for the week. The unemployed worker may have to prove that the Agency or employer records are wrong. To prove fraud, intention to misrepresent information or to conceal information must be proven.

For Further Help: The UIA Advocacy Program can provide assistance to employers and/or unemployed workers in preparing for an Administrative Law Judge hearing. Call 1-800-638-3994, Item 2.