



**DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH
UNEMPLOYMENT INSURANCE AGENCY**

Statewide Employer Seminars
Breakout Session 1:
**HOW UI BENEFITS ARE PAID
AND CHARGED TO EMPLOYER'S ACCOUNT**

Fall 2009

■ **HOW MONETARY ELIGIBILITY IS DETERMINED, AND HOW
BENEFIT AMOUNT AND DURATION ARE CALCULATED**

The Base Period

The "Standard" Base Period

The first 4, of the last 5 completed calendar quarters.

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 5	Quarter 6
				Lag Quarter	Claim filed

The "Alternate" Base Period

If the claimant cannot qualify for a claim, based on wages in the "Standard Base Period," then we'll check the claimant's wages in the "Alternate" Base Period. It's the 4 most recently completed calendar quarters.

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 5	Quarter 6
				Lag Quarter	Claim filed

The Method of Determining Entitlement Based on Base Period Wages

Using the “Standard” Base Period:

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 5	Quarter 6
				Lag Quarter	Claim filed

“Regular” Qualifying Method:

To set up a claim, each of the following conditions must be met in the four quarters of the base period:

- There must be at least 2 quarters with some wages
- Wages in the quarter with the highest wages must be at least \$2,871).
- Wages in all 4 quarters must equal at least 1½ the high quarter wages

“Alternate Earnings Qualifier:”

If the claimant cannot qualify for benefits using the “Regular” Qualifying Method, the “Alternate” method will be considered. This requires that each of the following conditions be met:

- There must be at least 2 quarters with some wages
- Total Wages in all 4 quarters must equal at least 20 times the State Average Weekly Wage. (In 2009, the State Average Weekly Wage is \$834.79. Twenty times \$834.79 = \$16,695.80.)

Using the “Alternate” Base Period:

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 5	Quarter 6
				Lag Quarter	Claim filed

The “Regular” Qualifying Method (as described above) is considered; if the claimant cannot qualify, then the “Alternate Earnings Qualifier” is considered.

The Method of Calculating Weekly Benefit Amount

Multiply by 4.1% (.041) the wages paid to the claimant in the quarter with the highest wages, rounded down. Add \$6.00 for each dependent properly claimed by the claimant, up to 5 dependents. The result is the claimant’s Weekly Benefit Amount. Regardless of the amount calculated, the Weekly Benefit Amount cannot exceed \$362.00.

The Method of Calculating Duration of Benefits

Multiply by 43% (.43) the total wages paid to the claimant in the base period, and divide by the claimant’s Weekly Benefit Amount. Round the result down to the nearest half number. This is the number of weeks the claimant can receive benefits. Regardless of the amount calculated, the claimant cannot receive fewer than 14 weeks nor more than 26 weeks of benefits.

Standard Base Period:	Alternate Base Period:
<p style="text-align: center;">1</p> <p><u>Using Regular Qualifying Method:</u></p> <ul style="list-style-type: none"> ✓ High quarters wages at least \$2,871 ✓ Total wages at least 1½ times high quarter wages 	<p style="text-align: center;">3</p> <p><u>Using Regular Qualifying Method:</u></p> <ul style="list-style-type: none"> ✓ High quarters wages at least \$2,871 ✓ Total wages at least 1½ times high quarter wages
<p style="text-align: center;">2</p> <p><u>Using Alternate Earnings Qualifier (AEQ):</u></p> <ul style="list-style-type: none"> ✓ Wages in at least 2 quarters ✓ Total base period wages of at least 20 x State Average Weekly Wage (\$16,695.80 in 2009) 	<p style="text-align: center;">4</p> <p><u>Using Alternate Earnings Qualifier (AEQ):</u></p> <ul style="list-style-type: none"> ✓ Wages in at least 2 quarters ✓ Total base period wages of at least 20 x State Average Weekly Wage (\$16,695.80 in 2009)

■ **EFFECT OF EARNINGS ON BENEFITS (INCLUDING EFFECT OF WAGES, ALLOCATED VACATION AND HOLIDAY PAY, SEVERANCE PAY, AND PAYMENT IN LIEU OF NOTICE)**

In this example, the claimant’s weekly benefit rate is \$120.00 and the claimant earns \$140.00 that week:

STEPS	INSTRUCTIONS FOR THIS STEP	CALCULATION
A	Enter your weekly unemployment benefit amount.	\$120
B	Enter the amount of your gross earnings (before taxes) in the calendar week (Sunday through Saturday week). Round down to the nearest whole dollar.	\$140
C	Divide “B” by “2”.	\$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 your unemployment benefit payment for the week.	\$40

If a contributing employer pays gross wages in a week at least equal to their share of the claimant’s unemployment benefits for the week, the employer can request that their account be “noncharged” for benefits for that week. Check out Form UIA 1136, *Statement of Unemployment Benefits Charged or Credited to Employer’s Account*, to see your charge for the claimant for any week.

Severance Pay

- What the law says**
 This issue is covered by Sections 48 and 27(c) of the *Michigan Employment Security Act*. The law says that severance pay, wage continuation pay, and any other similar payment made by an employer as continuing wages or other monetary consideration as the result of a worker’s separation from employment, except for Supplemental Unemployment Benefits (SUB), is “remuneration” which must be used in determining whether the worker is an “unemployed person” and must also be used to reduce the worker’s unemployment benefits.
- Allocation of Severance Pay by the Employer**
 The law provides that the severance payment may be allocated by the employer to a week or weeks (regardless of when in the past the severance payment was actually made). This period to which the payment may be allocated can be specified by a contract or collective bargaining agreement. If there is no contract or agreement specifying the period of allocation, then the employer may designate any period to which the severance payment may be allocated, and is not required to notify workers of the allocation or impact on benefits.

- **How Allocated Severance Pay Reduces UI Benefits**

The severance payment, like any other kind of “remuneration,” will reduce unemployment benefits otherwise payable in the weeks to which the severance payment is allocated. If there is no allocation by contract or by the employer, then the reduction in unemployment benefits will occur only in the week in which the severance payment is actually made. The amount benefits will be reduced by the severance payment is determined in the following way:

- ✓ If the severance payment attributed to a week equals or exceeds 1½ times the claimant’s weekly benefit amount, then the claimant is entitled to no unemployment benefits for the week.
- ✓ If the claimant’s earnings are less than 1½ times the claimant’s weekly benefit amount but greater than the claimant’s weekly benefit amount, then the full amount of the severance payment is subtracted from 1½ times the claimant’s weekly benefit amount (and the claimant’s balance of weeks of benefits will be reduced by 1 week, if the claimant claims benefits for that week).
- ✓ If the severance payment is equal to, or less than, the claimant’s weekly benefit amount, then half the severance payment is subtracted from the claimant’s weekly benefit amount (and the balance of weeks of benefits will be reduced by 1 week if the claimant claims that week).

- **Lump Sum Versus Continuing Payments**

If the employer makes a lump sum severance payment to a worker at the time the worker is separated from employment, and allocates that severance payment to a week or weeks other than the week in which the payment is made, then the worker’s unemployment benefits otherwise payable for that week will be reduced by the severance payment allocated to that week. The amount unemployment benefits will be reduced in a week depends upon how much of the severance payment is allocated by the employer to that week.

If the employer makes a lump sum severance payment to a worker at the time the worker is separated from employment, but does not allocate that severance payment to a week or weeks, then the severance payment will reduce the unemployment benefits only in the week in which the lump sum severance payment is made.

If the employer makes weekly or monthly payments of severance pay (sometimes referred to as salary or wage continuation payments), that severance payment will be used to reduce unemployment benefits in the week in which it is paid, unless the employer otherwise allocates the severance payments to other weeks.

■ WEEKLY ELIBILITY FOR UNEMPLOYMENT BENEFITS

- Claimant must work in covered employment for a liable employer
- Claimant must be unemployed or underemployed for a claimed week.
- Claimant must file claim on time and report via either “telephone-MARVIN” or “Internet-MARVIN” on schedule.

- Claimant must register for work with the local Michigan Works! Agency (although the claimant's application for unemployment benefits will serve as the registration if the claimant is expected to return to work within 120 days).
- Claimant must demonstrate attachment to labor market by:
 - ✓ Being able to perform suitable, full-time work
 - ✓ Being available for full-time, suitable work
 - ✓ Seeking work, unless waived. An employer who wishes this requirement waived must request waiver from the Agency before the first week of benefits is paid. To secure the waiver, the employer must expect the worker to return to work within 45 days.
- The claimant must participate in scheduled profiling/reemployment services in a week under UIA's *profiling system*, unless the claimant can show good cause for failure to do so.

■ **DISQUALIFICATIONS FOR UNEMPLOYMENT BENEFITS**

Summary of Disqualifications

SUBDIVISION OF SUBSECTION 29(1) OF MES ACT	METHOD OF REQUALIFYING	BENEFIT REDUCTION
(a) Vol Leaving	Rework	None
(b) Discharge, or intoxication	Rework	None
(c) fail to apply	13 wks	up to 13 wks
(d) Fail to interview	13 wks	up to 13 wks
(e) Refusal of work	13 wks	up to 13 wks
(f) Jailed	13 wks	up to 13 wks
(g) Wildcat strike	13 wks	up to 13 wks
(h) Assault & Battery	26 wks	All I/E †
(i) Theft	26 wks	All I/E
(j) Willful destruction	26 wks	All I/E
(k) Theft after layoff	26 wks	All I/E
(l) No notice to TSA	13 wks	up to 13 wks
(m) Failing drug test	26 wks	All I/E

† All I/E = All Benefits attributable to Involved Employer are reduced to zero, and any remaining entitlement from other base period employers is reduced by 13 weeks.

Requalification for Benefits, after Disqualification

After being disqualified from receiving unemployment benefits, a worker can “requalify” and draw benefits.

To requalify after being disqualified for “voluntary leaving” or “discharge for misconduct, the way to requalify is to “rework”:

The “rework amount” is equal to:

- For Voluntary Leaving: 12 times the claimant’s weekly benefit amount
- For Discharge for Misconduct: 17 times the claimant’s weekly benefit amount.

To requalify after the rest of the disqualifications, the claimant must satisfy a 13-week or 26-week period of requalification. In each week the worker must do one of the following:

- Certify to MARVIN that the worker was otherwise eligible for benefits for the week (was able to work, available for work, seeking work, and unemployed or underemployed), or
- Earn in the week at least \$220.

If the requalification is for 26 weeks, then no benefits are payable based on employment with the employer involved in the 26-week disqualification reason, although there may be other base period employers that are chargeable.

■ **DENIAL PERIOD FOR SEASONAL EMPLOYEES OF DESIGNATED SEASONAL EMPLOYERS**

An employer (other than an employer in the construction industry) may request that the UIA determine the employer to be a “seasonal employer.” If the UIA issues such a Determination, then the seasonal employees of that employer will be denied unemployment benefits who have reasonable assurance of returning to work the following season will be denied unemployment benefits chargeable to the seasonal employer during the period between seasons. “Reasonable assurance” is a good-faith estimate, not a guarantee.

To be designated as “seasonal” both the employer, and the industry of which the employer is a part, must do either or both of the following: (1) customarily operate for not more than 26 week within a 52-week period; (2) customarily employ at least 50% of its workers for not more than 26 weeks within a 52-week period.

When first applying for seasonal designation, an employer must apply for such designation not less than 20 days before the start of the season to which the designation will apply, and must display that application for workers to see. If determined seasonal, the employer must display a notice of that Determination, and of the beginning and ending dates of the seasonal period. The notice must also tell workers they must file claims for unemployment benefits at the end of the season if they wish to preserve their right to benefits in the event they are not subsequently recalled to work. The employer must notify workers at the time of hire that they are being hired as seasonal.

MONETARY DETERMINATION (Form UIA 1575)

UC 1575E WR
 (10/21/2003)

State of Michigan
 Department of Consumer & Industry Services
 Bureau of Workers' & Unemployment Compensation

Branch Office: 023

Monetary Determination


 MOTORS LLC
 UC TAX OFFICE 11 FL
 3024W GRAND BLVD
 DETROIT, MI 48202-6024

PO BOX 11671
 DETROIT, MI 48211-0671
 PHONE: 800-638-3995
 FAX: 313-456-2596

UC Account No:
 - 000
 Mail Date: 10/22/2003

CLAIM INFORMATION

FILED A CLAIM FOR UNEMPLOYMENT INSURANCE ON 10/17/2003.
 THE CLAIMANT HAS SUFFICIENT WAGES TO ESTABLISH A BENEFIT YEAR. THE CLAIMANT IS ENTITLED TO RECEIVE
 BENEFIT PAYMENTS UNLESS BENEFIT PAYMENT IS DELAYED OR DENIED FOR OTHER REASONS UNDER THE LAW.
 THIS DETERMINATION IS EFFECTIVE FOR WEEKS OF BENEFITS CLAIMED, BEGINNING 10/12/2003.

BENEFIT YEAR BEGINS: 10/12/2003
 BENEFIT YEAR ENDS: 10/09/2004
 HIGH QTR. WAGES USED TO CALCULATE BENEFITS: \$7,840.00

Reference Codes
 (See Back of Form)

DEPENDENTS
 CLAIMED
 0

WEEKLY BENEFIT AMOUNT	BENEFIT WEEKS ALLOWED
\$321.00	23.5

LAST EMPLOYER

Employer	Reference Codes (See Back of Form)	Claimant's Separation Reason	Total Wages	Last Employer Charge for First 2 Benefit Weeks	Non-charge Amount
MOTORS LLC	24, 25	QUIT	\$5200.00	\$642.00	

BASE PERIOD EMPLOYER(S)

BASE PERIOD BEGINS: 07/01/2002 AND ENDS: 06/30/2003

Employer	Reference Codes (See Back of Form)	Separation Reason	Base Period Wages	Maximum Charge	Non-charge Amount
STORES LP	32	QUIT	\$1935.45	\$757.09	
PAYROLL SERVIC	32	LACK OF WORK	\$15700.99	\$6144.41	

IMPORTANT NOTICE TO EMPLOYERS: YOUR ACCOUNT WILL BE CHARGED FOR BENEFITS UNLESS YOU NOTIFY THE BUREAU OF ANY POSSIBLE INELIGIBILITY/DISQUALIFICATION AND PROVIDE SPECIFIC DETAILS. BENEFITS PAID IN ACCORDANCE WITH THIS MONETARY DETERMINATION WILL BE CONSIDERED PROPERLY PAID AND WILL NOT BE CHANGED UNLESS THE BUREAU RECEIVES NEW, CORRECTED, OR ADDITIONAL INFORMATION FROM YOU, WITHIN 10 CALENDAR DAYS AFTER THE MAIL DATE SHOWN ABOVE OR 30 CALENDAR DAYS FOR A VOLUNTARY LEAVING SEPARATION (QUIT).

TO MEET THE 10 DAY DEADLINE INFORMATION MUST BE RECEIVED NO LATER THAN : 11/03/2003

EMPLOYERS: IF YOU DISAGREE WITH THIS DETERMINATION AND PROVIDE INFORMATION SHOWING YOUR ACCOUNT SHOULD NOT BE CHARGED AFTER THE 10 DAY NOTICE PERIOD DESCRIBED ABOVE, BUT WITHIN 30 DAYS OF THE MAIL DATE, ANY REDETERMINATION OF CHARGEABILITY WILL BE EFFECTIVE WITH THE WEEK IN WHICH THE INFORMATION IS RECEIVED EXCEPT FOR A VOLUNTARY LEAVING SEPARATION. A REDETERMINATION OF CHARGEABILITY ON A VOLUNTARY LEAVING SEPARATION IS EFFECTIVE FROM THE BEGINNING OF THE CLAIM IF THE INFORMATION IS RECEIVED WITHIN 30 DAYS. IF YOUR REQUEST FOR A REDETERMINATION OF CHARGEABILITY IS RECEIVED AFTER THE 30-DAY PERIOD, IT WILL BE DENIED UNLESS YOU ESTABLISH GOOD CAUSE FOR FAILURE TO PROTEST WITHIN THE 30-DAY PERIOD. TO BE RECEIVED WITHIN THE 30-DAY PERIOD, YOUR PROTEST MUST BE RECEIVED NO LATER THAN

Protest Due Date: 11/21/2003

The due date is 30 calendar days from the date of mailing of this notice.
 Protest rights are explained on the reverse side of this form.

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■ CHARGING BENEFITS TO AN EMPLOYER'S ACCOUNT

- Many employers who would have been charged for benefits in the past are no longer being charged on a claim, because they are very recent employers and the base period of a claim generally no longer includes the most recent weeks of employment.
- 100% of the first 2 weeks of benefits are charged to the account of the last employer, even if that employer was not a base period employer, if that employer paid the worker at least an amount equivalent to 40 times the state minimum hourly wage, times 7, which equals \$2,072.00.
- Each base period employer (going back as much as 18 months) is charged only a pro rata share of benefits, usually beginning with week 3 of the claim. The pro rata share is calculated by determining wages paid by each base period employer and determining what percentage those wages are of the claimant's total base period wages. That percentage is then the employer's share of each week's benefit charges. However, if a base period employer paid a worker \$200.00 or less, that employer will not be charged for any benefits.
- The "maximum charge" shown on the Monetary Determination is not necessarily the amount that will be charged to the employer's account, because the average claimant does not draw out their full benefit entitlement, and because reductions are often made from the benefit amount shown.

■ BENEFITS NOT CHARGED TO EMPLOYERS' ACCOUNTS

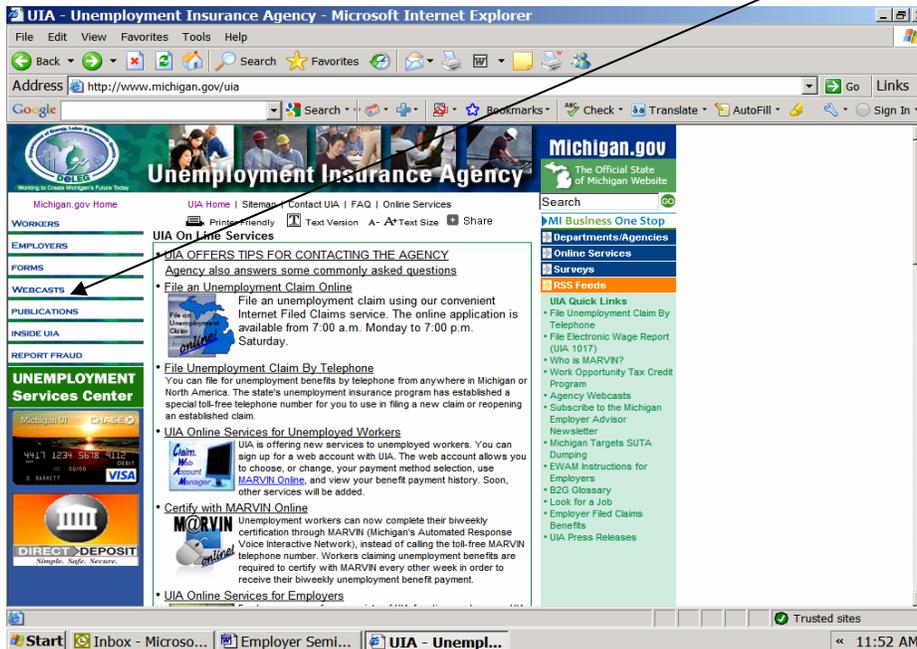
Up to 26 weeks of regular, state unemployment benefits can be charged to an employer's account, if the employer paid wages to the claimant during the base period of the claim.

An employer's account is not charged for the following extensions of unemployment benefits:

- Up to 33 weeks of Emergency Unemployment Compensation (EUC)
- Up to 20 weeks of Extended Benefits (EB) (while those benefits are paid by the federal government under federal law). However, governmental entities, including Indian tribes and tribal units, are charged 100% of EB.

■ **FOR MORE INFORMATION...**

Check out the UIA's "UI Tube" on the UIA's website. Go to the UIA Homepage at www.michigan.gov/uiu. From there, look along the left side for "Webcasts."



Click on "Webcasts" and that will take you to the "Webcasts" page. Scroll down to "Employer Webcasts." Click on that and you will see a series of available Webcasts. Check out the Webcast entitled *How an Employer's Unemployment Account is Charged*.